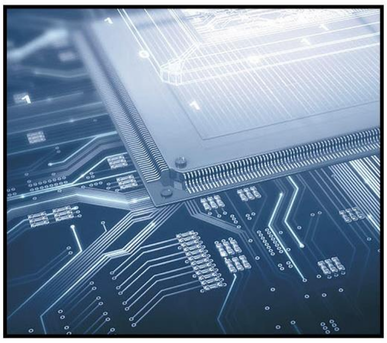


REGISTRATION DOCUMENT 2015

AUTORITÉ DES MARCHÉS FINANCIERS

MESSAGE

of the Chairman of the Executive Board of ACTIA Group

Jean-Louis Pech

Our Group registered further growth in 2015, building on the momentum of the previous year. With revenue up by more than 12%, we exceeded our objectives despite a number of important factors worth noting:

- A slowdown, as expected, by the Telecommunications Division, with activity returning to nominal operating levels, reflecting in particular the phase out of the Comcept program.
- A slowdown in China and, more generally, in emerging countries that was less foreseeable, impacting our growth.

Two product segments in particular fueled this strong performance, both within the Automotive segment which remains the Group's largest business:

- Telematics, with continuing gains by equipment for light vehicles, now the Group's largest segment, but also sustained growth by telematics for trucks, confirming ACTIA's® position as a major player in this area as well.
- Electric vehicles where we are continuing to show steady growth as a supplier of power chains.

These results confirm the strength of our business model as a mid-sized company capable, alongside much more powerful large global industrial groups, of offering its customers innovation, agility, technical performance through its expertise across the entire product cycle from design to manufacture, and beyond in extending product life. As an active stakeholder in innovation, ACTIA Group is proud of it success in maintaining the confidence of its customers.

In this context, it is important to note our sustained investment efforts in supporting research and development representing nearly 14% of revenue, but also our manufacturing base in order to maintain a competitive technological edge.

Another significant event in 2015 was the euro's sharp drop in relation to the US dollar. With a decline of more than 20% in just a few weeks, this situation could have had a particularly adverse impact on our profitability, dramatically inflating our purchase costs for electronic components. However, overall our teams managed this crisis perfectly. As a result, we were able to limit this impact, maintain an operating result close to the level of 2014, and achieve a marginal increase in net income to more than €16 million.

Finally, with respect to the Group's organization, ACTIA Muller was merged into ACTIA Automotive. This merger is important for us by establishing a systemic approach to our business lines as electronics engineering specialists for the Automotive sector. In addressing the major priorities of environmental protection, energy efficiency and safety, technical prowess by itself is not meaningful if not accompanied by a positive contribution to our world. Reconciling the challenges for OEM and Aftermarket equipment requires a more relevant global vision that covers the entire product lifecycle and is aligned with the evolving trends of an economy increasingly focused on applications. Associating these two universes will ensure that ACTIA Group remains well-prepared to participate in the major developments for connected vehicles combining high levels of service delivery with low environmental impacts. Technical inspections, connected garages, fleet management are at the cutting edge of technological advances where our Group is not only present but will remain a driving force in developing new solutions and products for our customers.

This means we can continue to look to the future with confidence. And while the world in which we operate remains uncertain, given the strengths of our teams, organizations and our entrepreneurial spirit, we are well-equipped to move forward.

Jean-Louis Pech
Chairman of the Executive Board
ACTIA Group

1. PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

1.1 Person responsible for the Registration Document

Jean-Louis Pech – Chairman of the Executive Board
ACTIA Group
5 rue Jorge Semprun - BP 74215 - 31432 Toulouse Cedex 04
Tel: +33 (0)5 61 17 61 61

1.2 Responsibility statement

"I declare, after having taken all reasonable measures in this regard that to the best of my knowledge the information presented in this Registration Document is accurate and there are no omissions likely to alter its import.

I declare that, to the best of my knowledge, the consolidated and separate financial statements set out in Sections 7.1 "Consolidated financial statements" and 7.2 "Separate financial statements" were drawn up pursuant to applicable accounting standards and give a fair view of the assets, financial position and earnings of the Company and the companies included in the consolidation taken as a whole as well as a description of the principal risks and uncertainties that they face, and that the Management Report set out on Section 5 "Management Report of the Executive Board including the Group's Management Report" presents an accurate description of business developments, earnings and the financial position of the Company and the companies included in the consolidation.

I received a completion of work letter from the Statutory Auditors confirming that they have verified the information relating to the financial position and the financial statements set out in this Registration Document and read the whole Registration Document.

The Statutory Auditors' reports on the financial information presented in the original French language version of this document are reproduced on pages 186 and 202 of the original document.

The Statutory Auditors' reports on financial information for the period ended December 31, 2014, presented in the original French language version of the Registration Document filed with the AMF on April 21, 2015 incorporated by reference, and that includes emphasis of matter paragraphs, are reproduced on pages 200 and 216 of the original French document.

The Statutory Auditors' reports on financial information for the period ended December 31, 2013, presented in the original French language version of the Registration Document filed with the AMF on April 14, 2014 incorporated by reference, and that includes emphasis of matter paragraphs, are reproduced on pages 177 and 193 of the original French document.

Jean-Louis Pech
Chairman of the Executive Board

2. STATUTORY AUDITORS

2.1 Statutory Auditors

- **KPMG AUDIT** – a department of KPMG S.A. Rue Carmin - BP 17610 – 31676 Labege Cedex

  Appointed by the Combined Ordinary General Meeting of May 22, 2012 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2017.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 26, 2000.

- **Eric Blache** - 11, rue Laborde - 75008 Paris

  Appointed at the Combined Ordinary and Extraordinary General Meeting of May 28, 2013 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2018.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 28, 2013.

2.2 Alternate Auditors

- **Christian Liberos** – Rue Carmin – BP 17610 – 31676 Labege Cedex

  Appointed by the Combined Ordinary General Meeting of May 22, 2012 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2017.

  Date of commencement of first term of office: Ordinary General Meeting of April 30, 2001.

- **Muriel Correia** – 4, impasse Henri Pitot – 31500 Toulouse,

  Appointed at the Combined Ordinary and Extraordinary General Meeting of May 28, 2013 for a term of office of six financial years that will expire at the end of the General Meeting called to approve the financial statements for the financial year ending December 31, 2018.

  Date of commencement of first term of office: Combined Ordinary and Extraordinary General Meeting of May 28, 2013.

3. INFORMATION RELATING TOTHE ISSUER

3.1 Statutory information

3.1.1 Legal and commercial name

Legal name: ACTIA Group

3.1.2 Place of registration and registration number

The issuer is registered with the Toulouse Companies Register under number: 542,080,791.

3.1.3 Date of incorporation and term

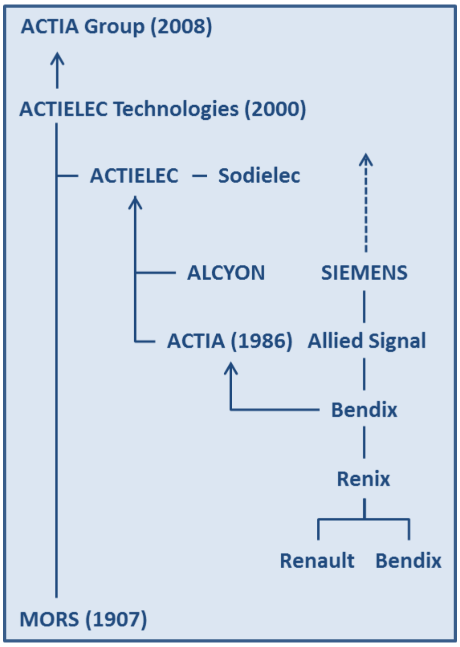
Article 5 of the articles of association

"The Company's term, initially set at fifty years from September 27, 1907, the date of its incorporation, was extended, by a resolution of the Extraordinary General Meeting of December 18, 1956, for 99 years, from September 27, 1957, unless dissolved before that or extended by the Extraordinary General Meeting."

3.1.4 Registered office and legal form

Registered office: 5, rue Jorge Semprun – Toulouse (Haute-Garonne)
Legal form: A French corporation with an Executive Board and a Supervisory Board
Share capital: €15,074,955.75
Legislation governing the issuer's activities: French law
Country of origin: France
Postal address: 5 rue Jorge Semprun - BP 74215 - 31432 Toulouse Cedex 04
Tel: + 33 (0)5.61.17.61.61

3.2 History of the Company



ACTIA Group originated from the acquisition in 1986 by ACTIA, a French limited corporation (*Société Anonyme*), created for this purpose, of the "Special Products" Division of Bendix Electronics S.A., itself originating from Renix S.A., a joint venture created in the early 1970s by Renault and Bendix to invent a solid-state electronic ignition, a precursor of embedded electronics on light vehicles.

The original funding round for ACTIA S.A. included Louis Pech and Pierre Calmels, prominent business figures from the Midi-Pyrenees Region, the current Chairman and Vice-Chairman of the Supervisory Board of ACTIA Group S.A., who directly and indirectly hold a majority interest, and Eric Chabrerie, an industry executive from the automobile sector.

To lay foundations for future growth, in a first phase of development ACTIA S.A. acquired majority interests in regional companies like Alcyon Production System S.A. (Electronics Manufacturing) and Sodielec S.A. (Telecommunications). In 1991, the core of what would become ACTIA® Group had been formed, then comprising 315 employees with consolidated sales of €26.8 million and operating cash flows of €1.2 million.

In 1992, following the very rapid development of ACTIA S.A. and its subsidiaries, through a legal reorganization, the role of holding company was transferred to ACTIELEC S.A., created for this purpose, and the industrial entities were organized by sector according to their recognized areas of expertise:

- ACTIA S.A., the company at the head of the Automotive Division;
- SODIELEC S.A., the company at the head of the Telecommunications Division;
- ALCYON Production System S.A., the company at the head of the Electronics Manufacturing division;

The Group continued to develop its businesses in particular through a series of acquisitions, creations and organizational measures including notably:

- 1989: MEIGA (France);
- 1990: AIXIA, renamed ACTIA 3E (France) and ACTIA UK (UK),
- 1991: TEKHNE, renamed ACTIA Muller UK (UK), wound up in 2014,
- 1992: VIDEO BUS, renamed ACTIA Systems (Spain) and ATAL, renamed ACTIA CZ (Czech Republic),
- 1993: ACVIBUS, renamed ACTIA de Mexico (Mexico) and I+Me, renamed ACTIA I+Me (Germany),
- 1994: ACTIA INC (US) and DATENO S.A. (France),
- 1996: ATON Systèmes, renamed ACTIA PCs (France),
- 1997: ACTIA Do Brasil (Brazil) and CIPI, renamed CIPI ACTIA (Tunisia),
- 2000: ACTIA Italia (Italy), Advanced Technology Inc., renamed ACTIA Corp. (U.S.A.), BERENISCE SAS (France), ACTIA Nederland (Netherlands), merger of ACTIELEC S.A. and MORS S.A., a listed company, and creation of MORS Technologies and OCEANO Technologies,
- 2001: ACTIA Polska (Poland) and EBIM S.A. (France),
- 2002: ACTIA India (India) and merger of ALCYON Production System and ACTIA,
- 2003: ACTIA Shanghai (China), LUDICAR, renamed ACTIA Muller España (Spain), acquisition of MULLER Bem (France) and MEIGA/BERENISCE SAS/MULLER Bem merger to become ACTIA Muller,
- 2004: NIRA Components A.B., renamed ACTIA Nordic (Sweden) and merger of DATENO / MORS Technologies (originating from MORS) / EBIM into SODIELEC,
- 2005: ARDIA (Tunisia),
- 2008: ACTIA Tunisia (Tunisia).

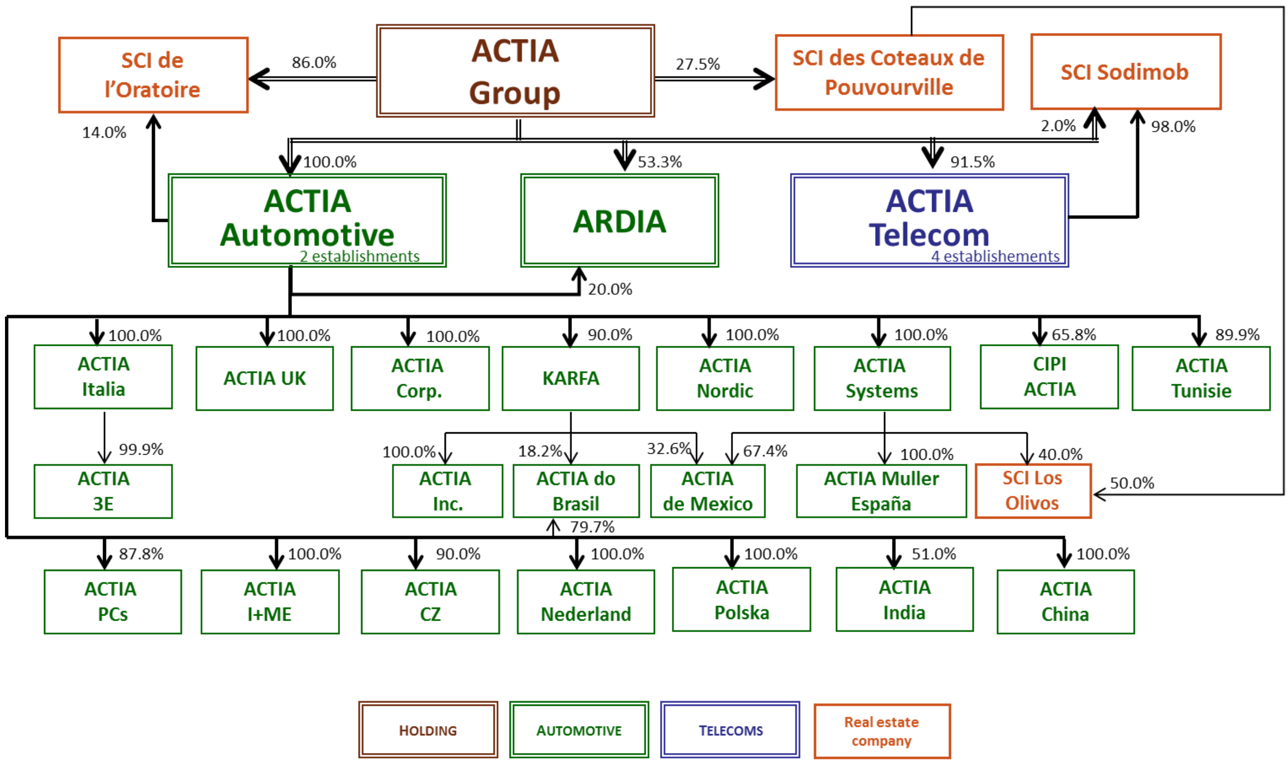
Following the merger of MORS S.A. and ACTIELEC S.A. on May 26, 2000, the Group was renamed ACTIELEC Technologies. On September 15, 2008, the Extraordinary and Ordinary General meeting approved the change of the company's name to ACTIA Group to organize it under a single banner ACTIA®. On that basis, since 2008, the ACTIA® brand has been integrated into the company names of Group entities, and namely its main subsidiaries ACTIA S.A. and Sodielec S.A., companies heading the Automotive and Telecommunications divisions, and renamed respectively ACTIA Automotive S.A. and ACTIA Telecom S.A.

At the General Meeting of July 20, 2015, ACTIA Automotive S.A. merged its subsidiary ACTIA Muller S.A. by absorption in order to group its aftermarket, garage and technical control operations within a single Aftermarket strategic business unit.

4. ORGANIZATIONAL CHART

4.1 Organizational chart

The Group's organizational chart at December 31, 2015 was as follows:



4.2 Group structure

This topic is covered in Note 2 to the consolidated financial statements on "Consolidated companies".

ACTIA Muller was merged into ACTIA Automotive in 2015. This operation was carried out to address a need to develop our Aftermarket activities and had no impact on the consolidated financial statements, in the absence of minority shareholders in the structure.

4.3 Brief description of the Group

ACTIA Group is the publicly traded Company of the Group. The notes to the separate annual financial statements of ACTIA Group S.A. in Section 7.2.3 "Notes to the financial statements" provide a clearer explanation of its role and balance sheet structure.

The Group is organized as follows:

- **A lead holding company LP2C**, the Group's main shareholder tasked with helping ACTIA Group set out and implement the Group's strategy and to ensure the governance and control of Group companies. It provides support for:
  - management: general organization, steering and management methods, financial planning, economic forecasting;
  - Coordinating business activities: defining and managing the industrial strategy, information searching and new technology research in order to adapt products and win new markets; monitoring potential acquisition opportunities, as well as searching for partners;

- The Group's integration into the regional and national economy: participation in competitiveness clusters such as "Aeronautics, Space and Embedded Systems" , management of relations vis-à-vis state agencies and in particular state laboratories on behalf of all Group companies, participation involving up to chairing of advanced major schools or institutions of higher learning (INSA, IDEI, IRT, etc.), relations with representatives of regional industrial and financial associations and entities (Tompasse, UIMM, MEDEF, the Bank of France, Toulouse Place Financière, various banks, contributions to the French social housing financing programs, etc.);
- Communications;
- Accounting, legal, administrative and financial issues.

ACTIA Group, benefiting from these services, makes them available in turn to its subsidiaries, providing them with support notably in the areas of technology, marketing, organization, quality and information systems.

These dealings result in related party agreements, the scope and financial details of which are set out in Section 5.16.3 "Special Report of the Statutory Auditors on regulated agreements and commitments".

❖ **Two Divisions** specialized respectively in:

- The design, manufacture and diagnostics for embedded electronic systems for small and medium-sized production runs (Automotive);
- The design and production of professional and military equipment using microwave beam technologies (Telecommunications).

Every subsidiary, under the control of the holding company, has full responsibility in respect of legal, commercial, technological, industrial, economic, financial and labor issues.

5. MANAGEMENT REPORT OF THE EXECUTIVE BOARD INCLUDING THE GROUP'S MANAGEMENT REPORT

5.1 Presentation of resolutions

On May 30, 2016, we will call a Combined Ordinary and Extraordinary General Meeting as required by statute and pursuant to the provisions of the Company's articles of association, to report on the Company's activities during the financial year ended December 31, 2015, to present the Reports of the Executive Board, of the Supervisory Board and of the Statutory Auditors, and to ask shareholders to approve the financial statements in respect of this financial year, the allocation of earnings and the agreements covered by Articles L225-86 *et seq.* of the French commercial code.

The following resolutions will be submitted to this Meeting.

5.1.1 Agenda

I. MATTERS WITHIN THE REMIT OF THE ORDINARY GENERAL MEETING

- Management Report of the Executive Board on the financial year ended December 31, 2015, including the Group's Management Report;
- Reports of the Statutory Auditors on the performance of their engagement for the period ended December 31, 2015;
- Report of the Executive Board on the use of authorizations to proceed with capital increases;
- Report of the Supervisory Board;
- Report of the Chairman of the Supervisory Board provided for in Article L.225-68 of the French commercial code;
- Report of the Statutory Auditors on the Report of the Chairman on Internal Control and approval of agreements ;
- Approval of the separate financial statements for the year ended December 31, 2015, approval of non-tax-deductible expenses;
- Approval of the consolidated financial statements for the year ended December 31, 2015;
- Reports of the Statutory Auditors on agreements covered by Articles L.225-86 *et seq*. of the French commercial code;
- Appropriation of earnings for the financial year ended December 31, 2015;
- Grant of authority to the Executive Board for the purchase of Company shares in accordance with the procedures provided for under Article L.225-209 of the French commercial code, duration of the authorization, purposes, procedures and maximum amount;

II. WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL MEETING:

- Auditors' report on the capital increase through the issuance of shares reserved for employees participating in a Company Savings Plan pursuant to the provisions of Articles L3332-18 *et seq.* of the French Labor Code;
- Authorities to be granted to the Executive Board to increase the capital through the issue of ordinary shares, suspending the preferential subscription rights of existing shareholders for the benefit of employees participating in a Company Savings Plan pursuant to the provisions of Articles L3332-18 *et seq*. of the French Labor Code and set the duration of the authority and maximum nominal amount of the capital increase;
- Powers to be delegated.

5.1.2 Draft resolutions

I. WITHIN THE REMIT OF THE ORDINARY GENERAL MEETING

RESOLUTION I: APPROVAL OF THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

The General Meeting, having considered the Reports of the Executive Board, the Supervisory Board and the Statutory Auditors on the financial year ended December 31, 2015, approves the separate financial statements adopted on said date, as presented, showing a profit of €4,353,577.13.

The General Meeting also approves the transactions reflected in said financial statements or summarized in these reports.

As provided for in Article 39-4 of the French General Tax Code with respect to corporate income tax, the General Meeting approves the non-deductible expenses of €2,753 for this period relating to surplus depreciation on company cars.

RESOLUTION II: GRANT OF DISCHARGE

Pursuant to the preceding resolution, the General Meeting grants full discharge to the Executive Board and the Supervisory Board with regard to the performance of their duties in respect to this financial year.

RESOLUTION III: APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

The General Meeting, having considered the Reports of the Executive Board (including the Group's Management Report), the Supervisory Board and the Statutory Auditors with respect to the financial year ended December 31, 2015, approves the consolidated financial statements at that date, as presented, showing a profit attributable to the Group of €15,290,033.

RESOLUTION IV: AGREEMENTS COVERED BY ARTICLES L.225-86 *ET SEQ*. OF THE FRENCH COMMERCIAL CODE

Ruling on the basis of the Special Report of the Statutory Auditors submitted to it on the agreements covered by Articles L225-86 *et seq.* of the French commercial code, the General Meeting approves the new agreements referred to therein.

RESOLUTION V: APPROVAL OF THE APPROPRIATION OF EARNINGS FOR THE YEAR ENDED DECEMBER 31, 2015

On the proposal of the Executive Board, the General Meeting resolves to appropriate earnings for the year ended December 31, 2015 as follows:

Source		
"Retained earnings" at December 31, 2015:		6,189,394.36 €
Profit of the period:		4,353,577.13 €
Appropriation		
To "Retained earnings" resulting in a balance of:	8,532,977.39 €	
Dividends:	2,009,994.10 €	
TOTAL	**10,542,971.49 €**	**10,542,971.49 €**

<u>Amount - Payment - Tax regime for dividends</u>

The gross dividend per share is set at €0.10.

The cash dividend shall be payable from the Company's registered office no later than September 30, 2016.

For individual investors (natural persons) having their tax residence in France, the dividend is eligible for the tax rebate provided for in Article 158-3-2 of the French General Tax Code.

It will be subject to a compulsory social contribution levy for a total amount of 15.5% deducted at the source by the Company.

In addition, a 21% income tax prepayment will also be deducted at the source by the Company.

An exemption for this prepayment is granted to single, widowed, or divorced taxpayers whose tax revenue of reference for the preceding penultimate year is less than €50,000. This limit is increased to €75,000 for taxpayers filing jointly.

It is noted that Shareholders who may qualify for this exemption shall provide the Company with a sworn statement certifying their revenue is less than the limits mentioned above no later than November 30 for distributions to be made in the following years.

On that basis, dividends are subject to a total withholding tax of 36.5%.

In consequence, and subject to application as appropriate of the exemption provided for above, only 63.50% of the amount of dividends will actually be paid to shareholders who are natural persons.

Pursuant to the provisions of Article 243 bis of the French General Tax Code, the General Meeting duly notes the disclosure of dividends paid out by the Company over the past three financial years.

For the period	Income eligible for tax relief		Income not eligible for tax relief
	Dividend per share	Other income distributions	
2012	€0.07		
2013	€0.07		
2014	**€0.10**		

RESOLUTION VI: GRANT OF AUTHORITY TO THE EXECUTIVE BOARD TO TRADE IN OWN SHARES WITHIN THE FRAMEWORK OF PROVISIONS PROVIDED FOR UNDER ARTICLE L.225-209 OF THE FRENCH COMMERCIAL CODE

The General Meeting, having considered the report of the Executive Board, grants an authorization for eighteen months in accordance with the provisions of Articles L225-209 *et seq*. of the French commercial code, to acquire, on one or more occasions at times of its choosing, up to 2 % of the shares of the Company comprising the Share Capital, where applicable adjusted to take into account increases or reductions in the share capital that may be carried out during the period the share buyback authorization is in force.

Acquisitions under this authorization that may not increase the total number of treasury shares held to more than 10 % of the Share Capital may be made for the following purposes:

- Market-making on the secondary market or share liquidity services provided by an investment service provider (ISP) through a liquidity contract in compliance with the conduct of business rules of the AMAFI recognized by the AMF;
- The retention of shares for future use for payment or exchange in connection with acquisitions, it being specified that the total amount of shares acquired for this purpose may not exceed 5% of the Company's share capital;
- Set aside shares for bonus share plans, stock option plans and other forms of share grants for employees and/or officers of the group in accordance with the conditions and procedures provided for by law, notably for the purpose of employee profit sharing schemes in connection with a Company Savings Plan or under Bonus Share Grants;
- Set aside shares to meet applicable securities regulations with respect to securities giving rights to grants of the Company's shares.

These purchases may be carried out by any means including through the acquisition of blocks of shares and at times of the Executive Board's choosing. However, these transactions may not be carried out while public tender offers are in effect.

The maximum purchase price is €12 per share. In the case of equity transactions including notably stock splits or reverse stock splits or bonus share grants, the amount indicated above will be adjusted in the same proportions (by the application of a multiplier factor equal to the ratio between the number of shares comprising the share capital before and after the transaction).

The maximum amount for the purchase of shares under this authorization is €4,823,976.

The shareholders grant all powers to the Executive Board to proceed with these transactions, set the terms and conditions and procedures, conclude all agreements and fulfill all formalities.

This authorization cancels the authorization granted to the Executive Board by the fifth resolution of the previous General Meeting of May 28, 2015.

II. WITHIN THE REMIT OF THE EXTRAORDINARY GENERAL MEETING:

RESOLUTION VII: GRANT OF AUTHORITY FOR A CAPITAL INCREASE RESERVED FOR PARTICIPANTS IN A COMPANY SAVINGS PLAN

The General Meeting, having considered the report of the Executive Board and the Auditors' special report, ruling in accordance with the provisions of Articles L.225-129-6 and L.225-138-1 of the French commercial code and L.3332-18 *et seq*. of the French labor code:

- Authorize the Executive Board, as deemed appropriate, at its sole discretion, to increase the Share Capital on one or more occasions through the issuance of ordinary shares for cash and, when applicable, through the grant of ordinary bonus shares or as well as any other securities of any nature convertible or exchangeable for shares, reserved to employees and Executive Managers of the Company and affiliated companies with the meaning of Article L.225-180 of the French commercial code, participating in a Company Savings Plan established for employees,
- Cancel in favor of these persons the preferential subscription rights to shares that may be issued under this authorization;
- Set the period of validity of this authorization at twenty-six months from the date of this meeting;
- Determine that the maximum nominal amount of the rights issue(s) that may be undertaken by virtue of this authorization shall be limited to 3% of the Share Capital on the date of the Executive Board's decision to implement this authorization;
- Decide that the price of the shares to be issued pursuant to subsection 1 of this authorization may not be more than 20% below, or 30 % when the lock-up period provided for under the plan in accordance with Articles L.3332-18 *et seq*. of the French labor code is greater than or equal to 10 years, the average listed price for the twenty trading sessions preceding the date of the Executive Board's decision regarding the rights issue and the issue of corresponding shares, nor greater than this average;
- Grant all powers to the Executive Board to implement this authorization take all necessary measures and proceed with all formalities.

RESOLUTION VIII: POWERS FOR FORMALITIES

The General Meeting grants all powers to the holder of an original, a short-form certificate or a copy of these minutes to carry out all the publication, filing and other formalities that may be required by law.

This General Meeting was called in the proper manner and the documentation provided for under applicable regulations was sent to shareholders or made available to them within the prescribed deadlines.

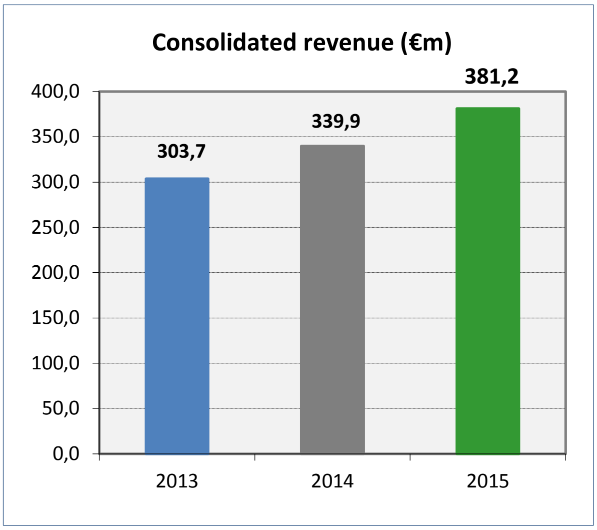
This Management Report aims to provide complete information on the various resolutions to permit shareholders to make informed decisions. It is also meant to present the position of the Company and the Group.

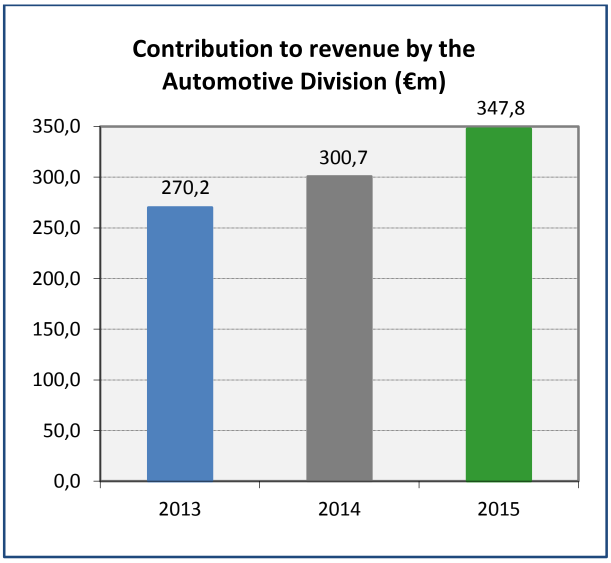
5.2 Selected financial information for the period

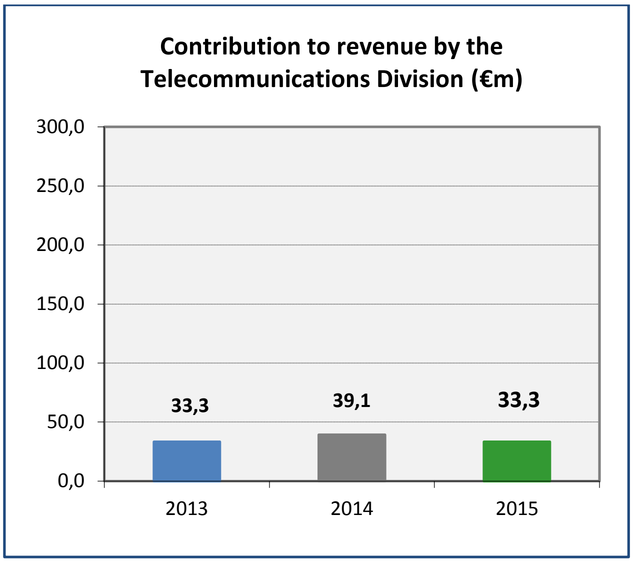
The following tables and charts represent audited figures. To facilitate the reader's understanding, in the presentation of data in the management report, we have given preference to figures for contributions by divisions as an alternative to the divisions' consolidated figures. The differences between these two figures are minor, though we believe that it was important to harmonize the presentation of data throughout this registration document.

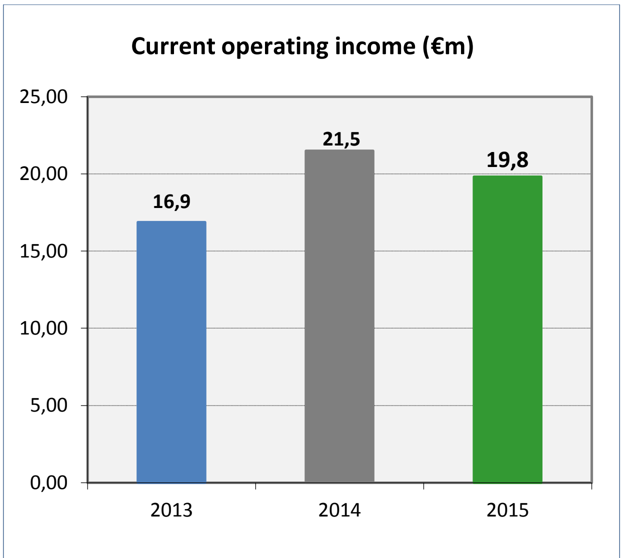
The separate annual and consolidated financial statements as of December 31, 2015 were approved by the Executive Board on March 29, 2016.

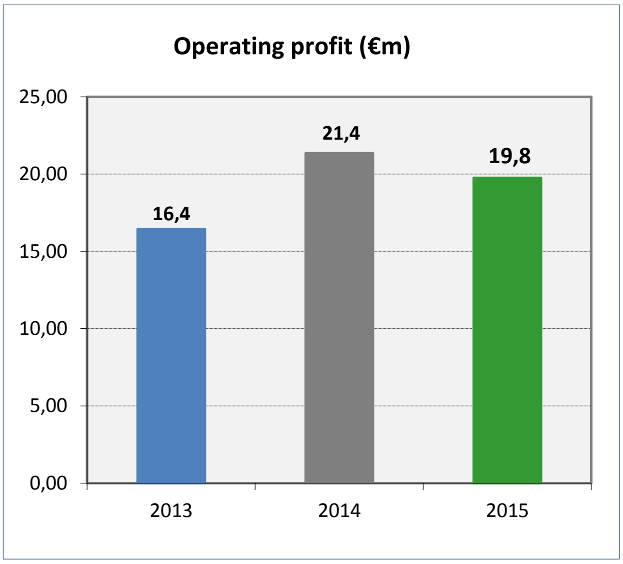
5.2.1 Key figures

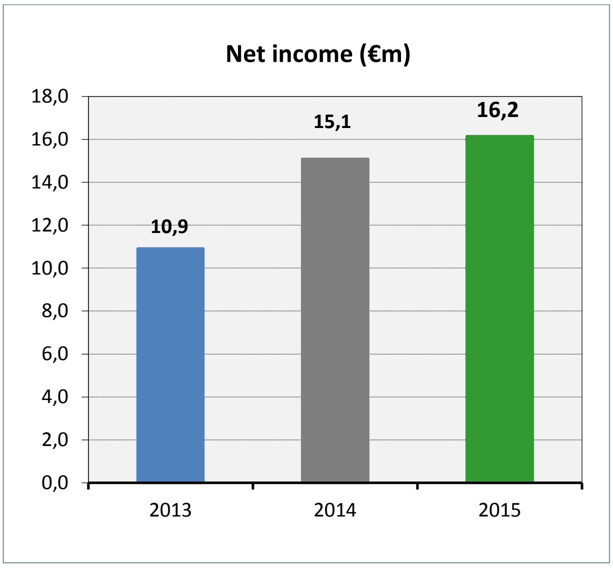


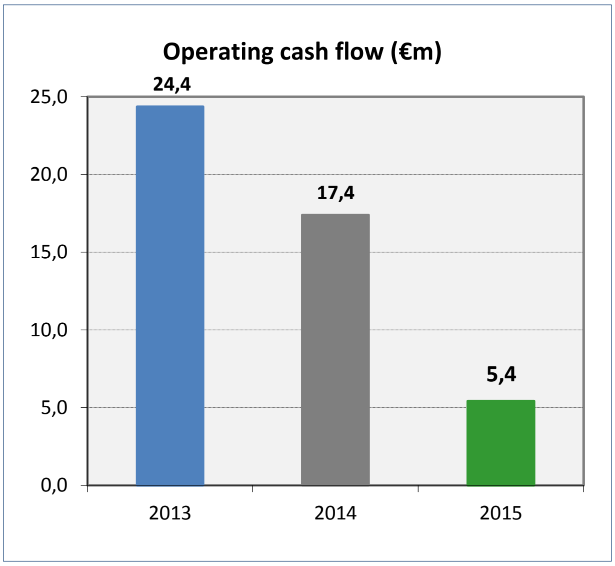


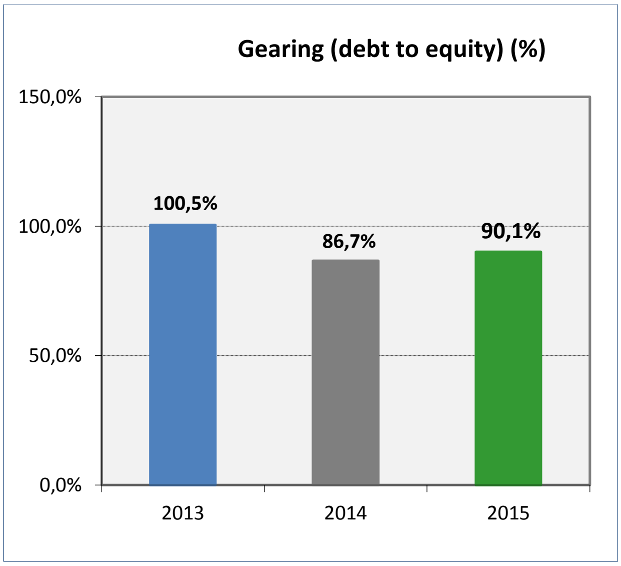


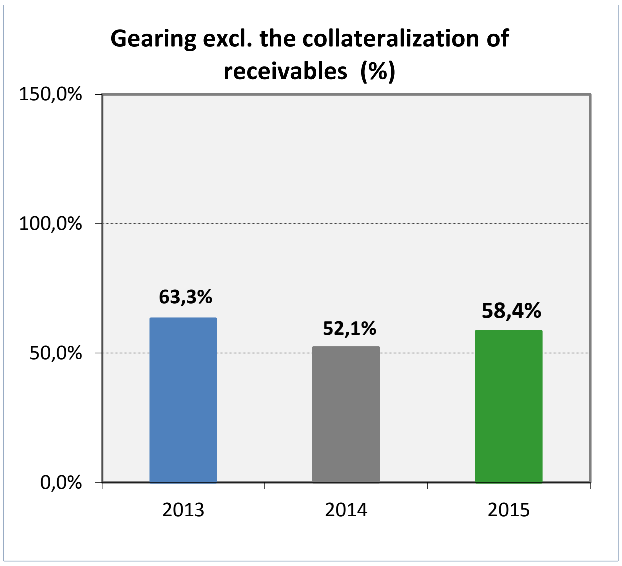












Details on the calculation for gearing are set out in Note 12 to the consolidated financial statements "Financial liabilities".

5.2.2 Consolidated results

The Group's consolidated financial statements show sales up 12.2 % to €381.2 million, and Net Income of €15.3 million compared to €14.2 million in 2014.

Consolidated results for the 2015 financial year break down as follows:

Group consolidated results (€ thousands)	**2015**	2014	2013
Revenue	**381,208**	339,893	303,655
Current operating income	**19,812**	21,482	16,870
Operating profit/(loss)	**19,752**	21,351	16,432
Net financial income (expense)	**<2,102>**	<1,635>	<2,490>
Net income (A)	**16,160**	15,126	10,922
✓ Attributable to Group shareholders	**15,290**	14,235	10,564
✓ Attributable to non-controlling interests	**870**	891	358
Tax (B)	**1,633**	4,719	3,153
Change in the value of goodwill (C)	**118**	0	0
Interest expense and other financial charges (D)	**2,620**	2,669	2,482
Depreciation and amortization (E)	**13,685**	12,784	10,708
EBITDA (A) + (B) + (C) + (D) + (E)	**34,216**	35,298	27,265

We will ask shareholders to approve these consolidated financial statements.

5.2.3 Summary of the Group's position during the 2015 financial year – Progress made and difficulties encountered

The basis for preparing consolidated financial statements is set out in Section 7.1.1 "Foreword" of the notes to the consolidated financial statements.

In 2015, ACTIA Group had sales of €381.2 million, up 12.2 % with growth exceeding initial guidance of 8 %, and driven by international expansion.

On that basis, the Group had an operating profit of €19.8 million compared to €21.5 million one year earlier. This trend reflects certain difficulties encountered in the period but also illustrates the success of measures adopted to reduce their impact.

In addition, after remeasuring interest rate hedging instruments at December 31, 2015, the amount of provisions written back to income was marginally lower than in 2014, generating a variance of <€415,500> under net financial income.

The first factor concerned euro/dollar exchange rate trends marked by sharp fluctuations at the start of 2015 that significantly impacted Group profitability. While foreign exchange hedging instruments made it possible to purchase dollars at an average exchange rate of 1.171, the average price on the spot market was 1.110, resulting in a positive hedging result of €2.5 million. This represented a very significant difference compared to last year since the average exchange rate for the purchase of dollars in 2014 was 1.1342 in 2014 or a €5.8 million shortfall in relation to that year.

The second factor concerned the product mix where increased sales for very large production series weighed upon the Group margin. In addition, with a decrease in R&D expense chargebacks (-9.4%), the Group has put greater focus on product development through the technological building blocks acquired. This has contributed to winning new calls for tender, particularly in the railway and fleet management sectors. Even if our customers are still participating in R&D programs, the share of their contribution has declined and today represents only 38.4% of R&D expenditures. This in turn impacts the immediate margin, where the remainder of R&D expenditures is amortized against the product sales.

The workforce was reinforced in 2015, even if this increase was outpaced by revenue growth, particularly if the comparison is made over a period of three years. In order to meet the expected production volumes, it was necessary to reinforce staffing levels both for the engineering department and production, in relation with the new production lines established in 2014 and 2015. These new production lines increased capacity required to fulfill orders and improve the productivity of our manufacturing plants.

Furthermore, particular attention paid to managing costs made it possible to limit the increase in staff costs to +7.6% (+6.0% excluding currency effects) and external charges to +10.8% (+9.1% excluding currency effects). The Group makes regular use of subcontracting and temporary personnel to maintain a certain degree of organizational flexibility, even if this involves slightly higher costs, in order to address specific one-time needs and meet demand during peak activity periods while maintaining the necessary margin of maneuver. The expense item for transport continued to register significant increases, both for purchases and sales (+12.2%) and also for travel expenses (+14.9%), with the Group's international activity requiring a significant amount of travel.

In terms of financial results, interest expense decreased marginally in the period by 1.8% with average interest rates declining from 2.50% in 2014 to 2.16%, benefiting from both extremely low market rates and improved banking terms.

Finally, income tax for 2015 declined by €3.1 million, reflecting lower results by certain Group subsidiaries but also the capitalization of €1.5 million in tax loss carryforwards compared with the derecognition of €0.8 million in tax losses in 2014 (see note 19 "Income tax")

In a year of strong growth, the Group paid attention to all components of its working capital requirements. Though it did not yet succeed in shortening customer and supplier payment periods, inventory management was and remains a major priority for ACTIA®. While not yet fully benefiting from the adoption of consignment stocks for selected references of our large production run series, with legal, IT and logistics difficulties delaying expected benefits, the Group registered a significant increase in raw material inventories (+24.6%). This resulted from, on the one hand, growth in business but also the need for "Last Buy Orders" covering all future component needs after the discontinuation of its production was announced and in this way cover the Group's needs. Another important reason why inventory increases significantly outpaced growth in business was the euro/dollar exchange rate trend, with purchases of US dollars outside the US region amounting to more than US$60.6 million in 2015 compared to US$49.5 million in 2014.

This increase in inventory in turn impacted working capital by <€23.3> million resulting in additional requirements of more than €10.3 million in relation to 2014 and in consequence impacting free cash flow generation. Given the excellent level of financing for our production capacity investments and the short-term collateralization of our receivables (trade receivables, research tax credits and pre-financing of the CICE wage tax credit), the Group was able to support this year of strong growth without a significant adverse impact on its financial ratios.

Automotive Division

At the end of 2015, international customers accordingly accounted for 66.9 % of revenue, with gains both in Europe and the US, representing 9.2% as the fourth-largest market for sales after France (32.8 %), Sweden (11.8%) and Germany (9.5 %).

Bolstered by multi-year supply contracts for telematics devices, this strong growth was fueled by the Automotive Division (+15.7% to €347.8 million), in line with the performances of previous years, with an increased share of deliveries to international markets.

Deliveries of telematics portals also grew both for trucks and light vehicles, as production output was ramped up.

In line with the order book, activities for the power chain product for electrical vehicles registered further gains (+29.2%) for the third consecutive year with regular deliveries throughout the period.

Business trends for other segments of the Automotive Division remain on track overall for the period, except for Latin America where the economic situation of Mexico and Brazil contributed to significant declines of activity for our historic customers. While Mexico was able to absorb this trend by making selected organizational adjustments, Brazil required support from France to reduce the Group's financial costs (with interest rates applied by local banks exceeding 25%). Despite this, with commercial successes in several of the Group's business lines through multi-year deliveries, ACTIA Group decided to maintain its presence in these countries by optimizing its front office structure.

Finally, China experienced a third difficult quarter linked to economic and financial turmoil, while activity at the end of the year illustrated the importance of maintaining a presence in this market, particularly in the Public Transit segment.

Telecommunications Division

Concerning the Telecommunications Division, revenue in 2015 was in line with the budget at €33.3 million (-14.8% in relation to 2014), returning to a more normal level, following an exceptional performance in 2014. Revenue continued to benefit from the deployment of 4G by different French carriers and the Comcept program (*COMplément de Capacités en Elongation, Projection et Théâtre*), with the programmed phase out for the delivery of stations accompanied by a good level for operating maintenance services (OMS),

Subsidiaries and dealings in existing inter-company holdings

This information is presented in further detail in Note 2 to the consolidated financial statements on "Consolidated Companies". The merger of ACTIA Muller into ACTIA Automotive by absorption was carried out on July 20, 2015 with retroactive effect as of January 1, 2015 resulting in the creation of a structured business fully devoted to the Aftermarket segment.

5.2.4 Indebtedness

This information is presented in Note 12 to the consolidated financial statements under "Financial liabilities".

5.2.5 Off-balance-sheet commitments

This information is set out in Note 23 "Off-balance sheet commitments", Note 24 "Encumbered assets" and Note 26 "Other information" to the consolidated financial statements.

5.3 Business overview

In 2015, there were no particular changes in ACTIA Group's industrial scope though it was restructured by market to better address the challenges of its business lines and the Group's natural evolution.

ACTIA Group remains organized around two sectors:

- The Automotive Division
- The Telecommunications Division

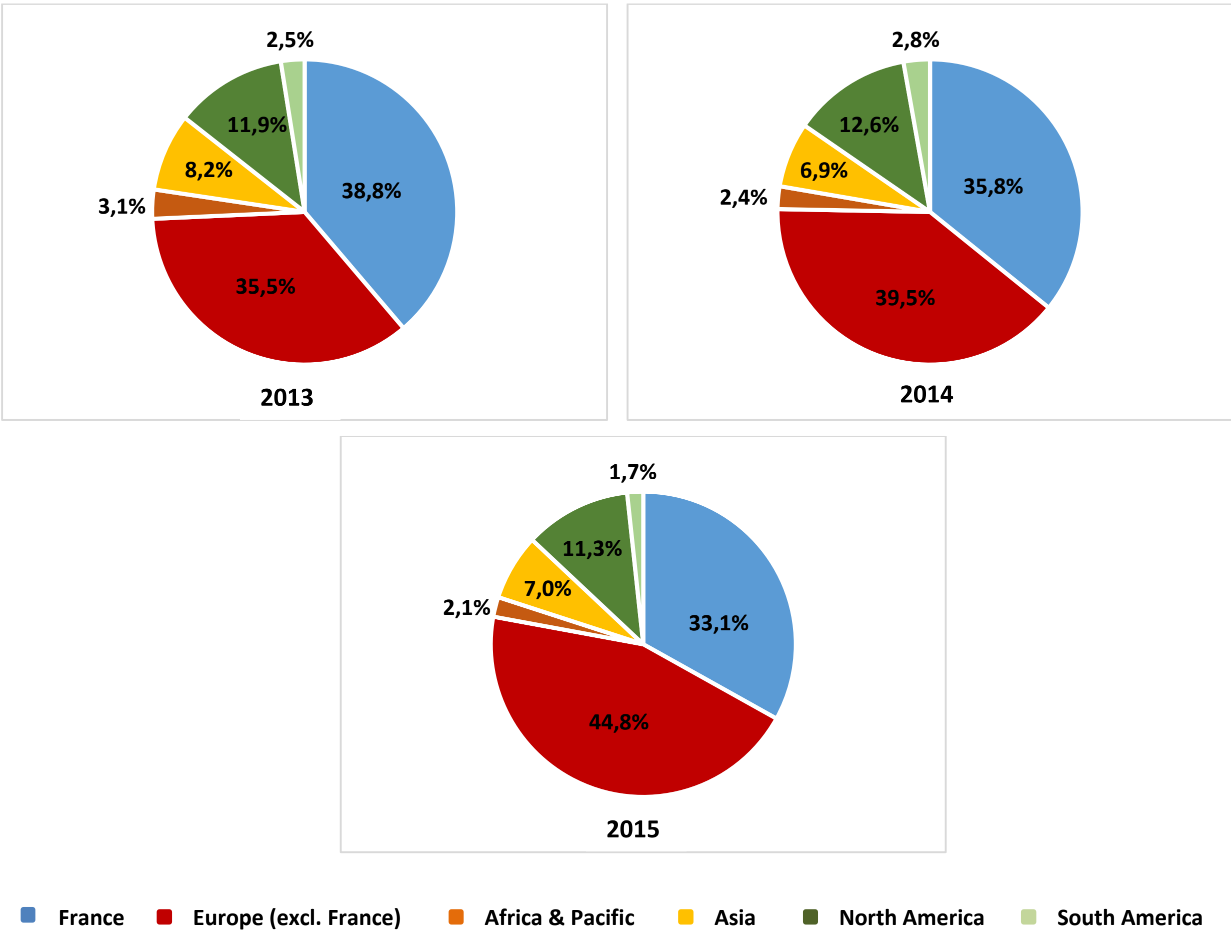
with descriptions provided below.

The main changes concerned the Automotive Division where ACTIA Automotive S.A absorbed through a merger its subsidiary ACTIA Muller S.A. specialized in garage equipment and technical inspections. This resulted in the creation of an Aftermarket business unit with a well-defined business focus. Particularly innovative in areas like the connected vehicle or the connected garage, ACTIA® proposes a high level front-line service to professionals in the maintenance, repair, technical inspection and fleet management segments. Grouping these activities within a single structure increases the international reach of the ACTIA® offering for the multi-make diagnostics and garage equipment segments.

In addition, the Spanish subsidiary ACTIA Muller España has also been restructured to better address the Group's needs in particular for its deployment to markets in Latin America.

Finally, for a number of years, the two divisions have been developing their own technologies and specific know-how. We are continuing to implement synergies in the railway and public transit sectors to propose offerings combining telecommunications equipment with different systems developed by the Automotive division, and also potentially in the energy sector. While a considerable amount of time is required to develop these markets, the initial commercial successes are encouraging for this strategy. This synergy has not yet led to intra-division exchanges, with rates still remaining very low (2.3% in 2015, compared to 1.2% in 2014) with each entity able to invoice the customer directly.

To facilitate an understanding of the Group's international activities, figures for revenue trends by region for the last three years are presented below:



5.3.1 Automotive Division

The Automotive Division of the Group is organized into three strategic business units:

- The **OEM** (Original Equipment Manufacturers) business unit for vehicle manufacturers;
- The **Aftermarket** business unit;
- The **Manufacturing-Design & Services** business unit covering the design and manufacture of electronic circuit boards for third parties and associated services.

Combining expertise in embedded electronics with know-how in electronics production, the division is also developing in the electric vehicle, aeronautics and railway segments.

The Automotive division's contribution to Group results was as follows:

Automotive division's contribution to Group results (€ thousands)	2015	2014	2013
Revenue	**347,808**	300,728	270,235
Current operating income	**19,115**	18,880	15,731
Operating profit/(loss)	**18,859**	18,927	15,571
Net income (A)	**15,083**	12,657	10,247
Tax (B)	**1,388**	4,560	2,998
Change in the value of goodwill (C)	**118**	0	0
Interest expense and other financial charges (D)	**2,371**	2,377	2,123
Depreciation and amortization (E)	**12,572**	9,951	9,078
EBITDA (A) + (B) + (C) + (D) + (E)	**31,533**	29,545	24,446

These figures are presented in compliance with Note 17 to the consolidated financial statements on "Operating segments".

Furthermore, the Group's management control reporting systems provide a breakdown for sales between the three departments:

Business activity(€ thousands)	2015	2014	2013
OEM	**260,558.0**	214,862.3	178,027.0
Aftermarket	**47,947.1**	46,057.5	52,058.2
MDS	**39,566.4**	39,807.8	40,149.4
TOTAL	**348,071.4**	**300,727.7**	**270,234.6**

OEM

- ACTIA® products and solutions

ACTIA Group is highly diversified in terms of customer base, product portfolio and geographic coverage. In each of these cases, the Group is supported by cutting edge expertise to ensure its competitive position in all its target segments.

In the OEM market, the main products and services may be broken down as follows:

Electronic architecture and multiplexing

One of ACTIA's® areas of excellence are designing and manufacturing electronic systems connecting all embedded electrical and electronic parts of a vehicle. These products consist of calculators generating a number of inputs and outputs to control all embedded components and supply them with electricity.

This type of system is referred to as multiplexed because the devices designed by ACTIA® constitute nerve centers compared to a design where all the electrical components are connected to the battery and their control system by individual wires. Multiplexing offers considerable benefits:

- for facilitating the design of new vehicles,
- for production savings,
- for facilitating diagnostics and reliability.

ACTIA® also provides software applications to customize and configure these systems. In addition, the sale of its equipment is accompanied by a significant level of support for customers who are not necessarily a specialist in electronics.

The multiplexing range of ACTIA® is at the cutting edge of innovation in the universe of vehicles for professionals. The offering of embedded electronic products for buses had been renewed in 2014 with the launch of the Actimux product range and services, which has now entered the operational phase. In the special vehicles segment, the ACTIWAYS range provides control solutions offering a high level of security.

"Instrumentation" and driver cockpit systems

This range includes instrument displays, dashboards and complete driver cockpit systems for all types of professional vehicles. In 2015, ACTIA® unveiled PODIUM 2, the new driver cockpit for buses and coaches, fully integrated within the vehicle's electronic architecture.

Audio and video systems

In this area, ACTIA® supplies professional solutions for:

- CCTV video surveillance,
- Infotainment broadcasting systems for passenger to provide information and entertainment such as music, films, radio, Internet, etc.
- radio and audio systems for vehicles, combining professional quality with specialized functions such as audio-guidance, multi-region broadcasting…

In 2015, ACTIA®unveiled its ACT-IES solution for on-demand video. This product is destined mainly for coaches.

Telematics systems

ACTIA® has a strong technological legacy in the field of telematics based on nearly 15 years of experience both for professional vehicles and light vehicles. In addition, the Group's expertise covers safety requirements associated with legal constraints with respect to tachograph (certified records documenting driving hours and data).

On this basis, ACTIA® develops telematics platforms including global positioning systems (GPS) and telecommunications (GSM, GPRS), a calculator and memory, with the entire system connected to the electronics network of the vehicle. These features make it possible to deploy different functionalities for the driver or fleet manager:

- optimization of vehicle and driver performance, for example in terms of eco-driving,
- comfort, with remote services, Wi-Fi,
- security, as with automated emergency calls (E-call),
- diagnostics,

Electric motors

ACTIA® has expertise in power electric and electronic engineering which applies to motors for light and utility electric vehicles. ACTIA® designs and produces complete electric power chains starting from 50 kW for light vehicles to up to 200 kW necessary for buses (under development).

These power trains are integrated into the electric vehicle fleets for professionals (last mile delivery services) or rental companies.

In addition, ACTIA® is also a designer and manufacturer of batteries for vehicles. The Group is present in markets specialized in providing a high level of customization with batteries ranging from low-power fuel cells to 600V batteries for public transit vehicles.

Vehicle diagnostics

ACTIA® engineers possess expertise in electronic diagnostics. This covers the collection, preparation and exploitation of technical data for the electrical and electronic systems of a vehicle.

On this basis, we offer manufacturers two types of services:

- complete systems for diagnostics for vehicles on the assembly chains, referred to as End of Line systems. These include equipment for communicating with the vehicle incorporating specialized software contributing to the process of validating the proper functioning of the manufactured vehicle. Furthermore, the system's operation increasingly involves downloading software applications embedded in the vehicle. The service proposed by ACTIA® is not limited to the system but also covers installing and commissioning it on the automobile production line.
- Diagnostic systems for the brand's workshops consisting of vehicle connection interfaces (VCI) and a diagnostic tool for rugged PCs or tablets. This application includes a knowledge base provided by the automobile manufacturer and may use model or case-based (experience) reasoning to diagnose a breakdown and assist in the repair. In addition, services may be proposed to support these products in the form of hotlines, training teams and monitoring equipment.

❖ The market

Each product targets a specific market with geographic boundaries characterized by regular expansion.

Multiplexing, first focused on coaches and buses, is used in all commercial vehicles, particularly high-end vehicles.

With the driving station products with which it can be combined and the increased research on safety, respecting the environment and comfort, control and optimization of costs, growth areas are concentrated in the developed markets of Europe, the United States and Asia. However, solutions better adapted to emerging countries are currently under development.

The telematics market covers all vehicle types including light vehicles which naturally involve very significant production volumes.

The audio and video products (infotainment) address the needs of an important growth market in Latin America where travel by road is more widely used than air or rail.

This market has also been expanded to include the railway segment where the Group is successfully developing a position by providing an increasingly global offering.

❖ Customers

OEM customers consist of companies who design and manufacture vehicles which always have specific requirements. For that reason, these contracts are based on customer-defined specifications and generally awarded through calls for tenders.

The vehicle manufacturers cover a very large range of customers:

- Small production runs: planes, military vehicles, agricultural machinery, trains and tramways,
- Medium-sized production runs: trucks, buses, coaches, specialist vehicles, boats,
- Large production runs: light vehicles.

Business volumes vary significantly since these series cover per year quantities ranging from dozens of parts for planes to several hundred thousand parts for light vehicles.

In the diagnostics sector, the PSA Group granted vendor certification to ACTIA® as "Major Supplier" with whom it continues to maintain a very close technical partnership. ACTIA® supports PSA Peugeot Citroën Group through a complete range of hardware and software solutions as well as services for both industrial sites and the aftermarket networks of the French auto manufacturer throughout the world.

❖ The competition

The division enjoys a clear technological advantage for its product families and relative protection from major equipment makers who find this market less attractive because of the small size of production runs.

With the exception of specific cases such as Continental and Stoneridge in the bus and truck sector as well as Blaupunkt (Europe) and Rey (South America) for Audio & Video, its competitors are generally smaller than the Group and without its international presence that today increasingly represents a major competitive advantage.

In the light vehicle segment, the market leaders are the major automotive part manufacturers, considerably larger than ACTIA® in terms of size.

❖ Operating highlights

In 2015, revenue from the OEM business once again registered strong growth, increasing 21.3% from €214.9 million to €260.6 million. This performance reflects first the production ramp up for new generation telematics products, both for light vehicles and trucks.

In the segment for trucks, buses and coaches, results are mixed. Successes by the new range of multiplexing products offset the adverse impacts of a difficult year in 2015 in emerging countries like Mexico, India and Brazil.

In the diagnostics sector, ACTIA® commissioned its diagnostic services on the assembly line of Renault Nissan Automotive India, highlighting the relevance of our solution for emerging markets. In contrast, in Europe, certain contracts with manufacturers were not renewed, though here as well offset by successes from the vehicle communications interface (VCI) in the commercial vehicle segment.

Finally, ACTIA® confirmed its positions in the more recent maritime and electric vehicle markets. After gains registered in previous years, growth has remained strong: +33.7% for the maritime market and +35.6% for electric vehicles.

Aftermarket Business Unit

The Aftermarket department groups together the activities for Automotive customers other than manufacturers, i.e.:

- after-sales networks,
- garages,
- transport equipment lessors and operators.

As a reminder, this business unit includes operations contributed by the subsidiary ACTIA Muller that was merged into ACTIA Automotive in 2015.

❖ ACTIA® solutions

Certain products proposed in the Aftermarket sector are of the same type as those proposed to OEM manufacturers. These nevertheless consist of products distributed under the ACTIA® brand rather than specific systems developed within the framework of calls for tenders according to specifications of a specific manufacturer. Equipment concerned includes:

- Telematics systems (ACTIA TGU2 product),
- Physically embedded systems (SAM ATOM, PES) and Intelligent Human Machine Interaction (IHMI) screens,
- On and off-board vehicle telecommunications products,
- Onboard audio and video systems.

In contrast, certain equipment and software are specific to the Aftermarket.

Multi-make diagnostic systems

Technicians of the Aftermarket business unit maintain an up-to-date proprietary knowledge base for the electric and electronic configuration and operation of different car models. This knowledge base allows ACTIA® to market diagnostic systems covering different brands to be used in repair workshops through its Multi-Diag range®.

This product covers nearly 85 % of multi-make vehicles for the Europe vehicle population (internal sources). Considered by industry professionals to be one of the best products on the market, the Group has applied all its know-how to making a very complex tool simple. The Group also distributes a line of multi-make diagnostic tools specifically designed for trucks, buses and utility vehicles.

Workshop equipment

ACTIA® has been providing technical inspection and repair equipment for light vehicles, utility vehicles or trucks for a long time. The main tools provided for garages include wheel balancers, alignment testing equipment, vehicle lifts and complementary products to equip garages.

ACTIA® entered into the new territory of the "connected workshop" a number of years ago, by developing solutions integrating diagnostics solutions within the garage's information system, making it possible to either improve interactions with other repair tools or optimize the management of the garage or network of garages. This technological development brings customers improvements in performance, productivity and quality for their workshops.

This strategy has won ACTIA® numerous industry awards. For example, it was given the "2015 Equipment of the Year Award" by Décision Atelier for its innovation in vehicle wheel alignment and suspension testing by analyzing 3-D images.

Technical inspection solutions

With a target market also including technical inspection centers, the Group has developed applications for the pre-inspection diagnostics segment as well as diagnostics for after-market inspections for distribution worldwide. These represent comprehensive solutions integrating precision equipment around a software package and secure communications channel. Equipment included covers break testers, suspension, tire scrubbing, headlamp control equipment and exhaust emission test units for all types of vehicles, (motorbikes, light vehicles and trucks). Paying close attention to local needs, ACTIA® has been marketing for several years a mobile station for testing light vehicles or trucks ideally suited for regions with low population densities. Henceforth, the Group's multi-make diagnostic solutions are also for vehicle technical inspection operations for access to the pollution data – on-board diagnostic (OBD) systems – in several European countries.

As with all multi-make diagnostic systems and workshop equipment, service quality is decisive. In this area, the Group is supported by a very positive image with a focus on innovation: on-site installation and commissioning, training, software updating, hotline services, telephone support, after-sales service and maintenance. Innovative service offerings have met with a positive response from customers such as the online repair solution, the "ACTIA Connect" connected-vehicle solution for owners of Multi-Diag® or the "courtesy" service for dismounting tires.

Vehicle fleet management solutions

ACTIA® proposes vehicle management and remote diagnostics systems and services. These are based either on embedded equipment or Cloud-based solutions.

The embedded equipment consists of an electronic unit linked to the vehicle computer, while ensuring, on the one hand a remote connection either by Wi-Fi or more frequently GSM. For buses and coaches, ACTIA® proposes SAMI and TGU gateway solutions.

For light vehicles, ACTIA® launched the iCAN product in 2015. This compact product facilitates the management of fleets of light vehicles or utility vehicles of all sizes. This moderately priced unit concentrates ACTIA's considerable expertise and includes:

- a high level of professional quality,
- recognition of the vehicle and an automatic configuration ensuring easy installation of the iCAN product,
- access to reliable operating data of the vehicle based on a multiple diagnostics approach.

The launch of iCAN was met with a positive response by winning the Grand Prix Gold Award for Automotive Innovation at the Equip'Auto show in 2015.

In all cases the onboard communications unit is connected with a management information system platform. For this cloud-based feature, ACTIA® proposes several complementary solutions

- the ACTIA Fleet management system,
- the ECOFleet system devoted to buses, with a significant presence in the UK market.

- the DMT system for managing buses in China.

These systems provide multiple benefits for operators, passengers and the environment.

- For the transport of passengers, needs related to developing intermodal passenger transport solutions are multiplying with central transit hubs, real-time passenger information, single transit passes, Internet or mobile phone ticketing and optimized connections requiring increasingly complex solutions. In this way, ACTIA®'s market position is as a provider of innovative solutions for measuring and reducing vehicle consumption, measuring and improving passenger comfort and preventive maintenance for vehicles.
- Freight transport is demanding both in terms of safety criteria and regulations governing driving times, traceability and deadlines. The number of projects to reduce CO_2 emissions is increasing. With personnel, fuel, the vehicle and maintenance representing the main costs, productivity is sought at every level. Connected systems offers solutions in these different areas.

Finally, the Group has developed an embedded information technology solution built around “EasyTach” services that has opened up the market of managers of transport fleets for goods.

❖ The market

The diagnostics market demands continuous adaptation to keep pace with the sustained growth in the amount of embedded electronic equipment in vehicles and their constant renewal. With embedded electronics occupying an increasingly important place in the vehicle ecosystem, diagnostic functions are a strategic issue for manufacturers. They require the highest levels of quality and service to give their after-sales network a competitive edge.

Furthermore, express repair service networks and independent garages required to adopt to changes both with respect to vehicles and regulations, notably European, today represent a large market for the line of Multi-Diag® solutions.

The technological evolutions offered by solutions developed within the framework of the "connected garage" by ACTIA® Group is also a factor behind international development both for the networks of automobile manufacturers and independent repair service providers.

Technical inspections represent a growing worldwide market bolstered by the adoption of regulations in certain regions such as Africa, South America or the Middle East. Our global offering includes notably management software applications and fixed or mobile station solutions perfectly adapted to the needs of these countries to test their fleets of vehicles and thereby improve road safety.

Finally, the standardization introduced by the European Bus System of the Future project (EBSF) represents an important development in the public transport fleet segment. By harmonizing specifications and communications protocols, EBSF will make it possible to offer open solutions and more enhanced services. ACTIA® is a member of the ITxPT (Information Technology for Public Transport) initiative and is anticipating these developments for its offering.

ITxPT by EBSF

Information Technology for Public Transport

❖ Customers

Multi-make diagnostics, heavy garage equipment and testing devices are marketed through Group subsidiaries and a network of distributors and agents organized in 140 countries. In this way, the strength of this organization combined with high quality products has made it possible to meet the needs of express repair networks such as Midas, Feu Vert and Euromaster…

In the technical inspection segment, ACTIA® responds to calls for tenders in countries adopting regulations, either directly, or in partnership with large international groups operating in this area, tasked with managing these inspection centers.

For vehicle fleets, customers may include the transport operators themselves (bus, coach and truck operators). They may also be integrators, i.e. companies that use ACTIA® services through complementary equipment and software applications to offer operators specialized functions.

❖ The competition

The profile of competition is divided into compartmentalized markets such as manufacturers, independent garages, repair service networks or networks dedicated to technical inspections.

In all cases, the main barrier to entry is the level of technological sophistication and in consequence the high cost of developing a new diagnostics system, which can run into millions of euros. Sharing R&D for technological building blocks makes it possible to maintain the quality and performance of products at lower cost. This gives ACTIA Group a competitive advantage.

For repair workshop equipment, there is the additional requirement of access to a distribution network and the appropriate services along with brand name recognition.

The competitors of ACTIA® include:

- for "multi-make" diagnostics, the main competitors are Swedish, German and Italian. The Group has taken several initiatives to produce ergonomically designed equipment and adapted to capacity requirements for general maintenance while proposing an offering of complementary services, some of which are now accessible through the ACTIA Connect functionality rolled out in 2014.
- In the automotive testing segment, the major competitor is German.
- The fleet segment is highly competitive and ACTIA® occupies a position focusing on market niches. For equipment, key players include in particular Continental, Transics, Elocom, Oleane-Martec or Faiveley. For data processing, a number of players coexist which include large sized generalists, data specialists as well as small size opportunistic competitors.

❖ Operating highlights

2015 was a year of recovery with a good performance for multi-make diagnostic solutions selected to support the PSA network's multi-make repair service offering or to equip Autodistribution's bodyshops. The year was also marked by important projects in the technical inspection sector, for example in Chile with the first technical inspection centers equipped with the VIMS management software, with ACTIA Group establishing a leadership position in this market, or in international markets, through a "key account" partnership with Opus Inspection for Pakistan, Sweden or Chile, or alone as in Malaysia to support the local operator Puspakom with fixed lines and mobile stations. The technical inspection business also registered growth in France driven by the application of the new "OTC-lan" regulation providing for the introduction of a new secure communication protocol.

The "4G" geometric control system was selected for the "2015 Equipment of the Year" award by the Décision Atelier magazine and provided a boost to the Connected Workshop Business Unit as did the air-conditioning refill stations which benefited from the introduction of a new refrigerating gas for vehicles.

Finally, the construction of an attractive offering based on telematic devices and diagnostics, supplemented by a back-office service offering built around the ACTIA Fleet range should reduce sensitivity to the Latin American markets where the Group registered lower sales for onboard audio and video equipment or onboard equipment for public transport in emerging countries marked by the economic crisis.

Revenue with vehicle fleets declined 6%. This reflects the drop in sales of audio-video solutions in emerging countries linked to the short-term economic cycle as well as lower sales by embedded equipment for public transport.

Overall, Aftermarket revenue rose from €46.1 million to €47.9 million, representing a good performance in a competitive market though still under 2013 (€52.1 million).

The Manufacturing-Design & Services Business Unit

- Products

The MDS business unit designs and manufactures cards and electronic systems for third parties. ACTIA Group focuses on its expertise in segments for embedded electronics. The main customers naturally include manufacturing companies and systems manufacturers in the railway, aeronautics sectors, etc.

ACTIA's manufacturing capabilities meet the most stringent quality criteria both in the automotive sector (medium-sized and large-scale production runs) and aeronautics, railway and healthcare sectors (small, complex production runs).

Through its two-pronged manufacturing operations in France and Tunisia, the Group is able to meet all internal production needs in line with the highest quality standards as well as the needs of customers for whom quality control is a strategic factor.

ACTIA Group in this way offers a series of services ranging from the design to the manufacturing of electronic boards, not to mention testing and integration.

ACTIA® also possesses specific expertise in long-term maintenance for complex electronic systems with a team of experts with a platform for monitoring component obsolescence. On this basis, it is able to:

- Monitor systems,
- Propose alternative solutions on a predictive basis,
- Make any necessary changes,
- Carry out functional validations;
- Manage related documentation.

This business is built directly on expertise acquired from assuring operating maintenance services (OMS) for our own products ranging from in-depth knowledge of the system that needs operate for many more years to redesigning sub-assemblies in order to add new components, up to repairing defective parts, in-depth and constantly updated studies on the obsolescence of electronic components including the recommendations with respect to their eventual replacement.

With continued focus on improving industrial performances and quality, the Group was rewarded for its efforts in 2008 by the first NADCAP certification (National Aerospace on Defense Contractors Accreditation Program) in Europe for special assembly processes for electronic boards for which certification has since been renewed. The Toulouse plant has also been certified IRIS (railways) and ISO TS 16949 (automotive). The aircraft equipment activity has also been covered by Part 145 certification for repair stations.

This commitment to performance was rewarded in 2015 by a prize granted by the French Automotive Industry & Mobilities association (PFA) for achieving the most progress in the Industrial Efficiency category

- The market

ACTIA Group addresses the market for small and medium production runs, with facilities capable of meeting the most stringent quality criteria.

Focused on its own products, the Group is strengthening services to automotive, aeronautic, railway or even home automation and healthcare sectors customers in order to satisfy their own requirements both in terms of cost and quality and to apply these standards to its own products.

In the area of long-term maintenance, the market is concentrated on companies with products and equipment having very long life cycles with replacement costs that are much higher than the cost of operating maintenance services (OMS), notably for the nuclear and civil and military aeronautic sectors.

- Customers

In 2015, Airbus was once again the largest contributor to revenue, though the customer base remains large and diversified. The healthcare sector registered further gains this year of more than 10%.

Electronics manufacturing services are offered to all industrial operators looking for high-quality, small- and medium-sized production runs. The Toulouse site services in particular the aircraft industry, railway and healthcare segments. The Tunisian sites produce medium and large production runs, and are more specifically focused on the automotive and home automation sectors.

In the field of long-term maintenance, our main customers are major industrial users of systems with very long life cycles (up to 30 or more years).

- The competition

Apart from the major large-scale Asian manufacturers, there are fewer and fewer competitors in Europe.

- Operating highlights

Revenue remained stable in 2015 at €39.6 million (-0.6 % in relation to 2014).

Following substantial investments in Tunisia in 2014, it was France's turn to install a new SMD (surface mounted device) line to increase capacity while improving productivity. This investment made it possible to support further growth in Group business without adversely affecting our customers in this sector. A second high-capacity line is currently being installed in Toulouse and scheduled to be commissioned in the 2016 first half.

5.3.2 Telecommunications Division

The Telecommunications Division operates in four markets:

- Satcom (SAT);
- Energy/Aeronautics/Defense (EAD)
- Broadcast/Railways/Transport (BRT);
- Infrastructure/Networks/Telecom (INT).

The Telecommunications division's contribution to Group results was as follows:

Telecommunications division's contribution to Group results (€ thousands)	2015	2014	2013
Revenue	**33,313**	39,088	33,333
Current operating income	**1,538**	3,327	1,794
Operating profit/(loss)	**1,757**	3,149	1,630
Net income (A)	**1,554**	2,851	1,305
Tax (B)	**150**	92	90
Change in the value of goodwill (C)	**0**	0	0
Interest expense and other financial charges (D)	**85**	100	159
Depreciation and amortization (E)	**1,110**	2,827	1,674
EBITDA (A) + (B) + (C) + (D) + (E)	**2,898**	5,871	3,228

These figures are presented in compliance with Note 17 to the consolidated financial statements on "Operating segments".

The Group's management control reporting provides the following breakdown for sales between the four businesses:

Business activity (€ thousands)	2015	2014	2013
SAT (Satcom)	**18,156**	20,870	15,999
EAD (Energy/Aeronautics/Defense)	**7,864**	7,888	7,895
BRT (Broadcast/Railways/Transport)	**2,755**	5,251	5,001
INT (Infrastructure/Networks/Telecom)	**4,538**	5,079	4,438
TOTAL	**33,313**	39,088	33,333

The Telecommunications Division (8.7% of Group revenue), despite a 14.8% decline in sales, largely in line with the level in 2013, ended the period with an operating profit and income higher than that year.

Satcom (SAT)

❖ Products

Using technologies developed in the power amplifier and signal processing sector, the Telecommunications division has established itself in the field of satellite telecommunications earth stations, creating complete, easily transportable systems that meet the needs primarily of the military sector for armed forces deployed in foreign theaters of operation but also of civilian Telecommunications markets.

The Group also offers related products, such as amplifiers, encoders and decoders, products and solutions for monitoring earth stations to various systems manufacturers in markets in which it cannot provide a comprehensive offering.

❖ The market

This market is above all national. For nearly 15 years, the Group has supported the different programs of the French defense procurement agency (DGA) relating to the military telecommunications segment, through multi-year contracts. These also include operating maintenance services (OMS) for stations for periods of more than 10 years after delivery. The last contract signed in partnership with Airbus Defense & Space began in early 2013, through the COMCEPT program.

Addressing these same Telecommunications needs, the Group has also developed relations at the European level, winning its first contract with NATO in 2008 that has been regularly supplemented by annual amendments.

The civilian sector is split between several carriers as well as leading systems manufacturers.

❖ Customers

The armed forces, whose requirements are classified, are the main customers of this segment, directly or indirectly via large private or semi-state companies, leading systems manufacturers in the Telecommunications or Broadcast sectors.

In the civilian or TV/radio sector, customers are satellite telecommunications operators or service bundlers in France and abroad.

Efforts to acquire new customer base should focus on effectively leveraging the successes achieved in France.

❖ The competition

The competitive picture is very complex, especially in the satellite telecommunications sector, due to the size of the competitor companies, the projects as well political and economic factors.

In the sub-systems sector, competition is represented by major Telecommunications groups.

In the equipment sector, the main competitors are US and up to 2014 benefited from a particularly positive US Dollar effect.

Group competitors include Metracom in France, NDSatcom – subsidiary of Airbus Defence & Space – in Germany, Pals in Turkey or CPI, Xicom in the US and EMS in Australia in the field of amplifiers.

❖ Operating highlights

Following an exceptional 2014 in terms of the level of billings, for the Satcom operating division, 2015 was marked by:

- Continuity in the production of terminals for the Comcept ground segment, with continuing production of Ka-band stations for the French military procurement agency (DGA), keeping in mind that new orders have been announced. Contracts are now in place for the next phase of providing Operating Maintenance Services for these stations.
- The first export successes with the United Arab Emirates for very large trailer-based 3.90 m stations for a very important satellite operator in the Middle East.
- The success of a contract for the trailer-based Flyaway Ka band stations in Brazil through Thales Alenia Space.
- Production of a 3.50 m Ka-band Teleport for CNES in Toulouse.
- Production of a TCR station for Eutelsat in Sao Paulo (Brazil) with local support from ACTIA do Brasil.

Energy / Aeronautics / Defense (EAD)

❖ Products

Energy: with experience of more than 40 years in control units and supervision of electricity networks, the Group provides a full range of equipment for electrical power transmission and distribution.

The Group accordingly proposes a complete range of products and systems adapted to the Smartgrid networks in France and international markets including:

- Remote control systems,
- Digital command and control unit systems for source substations,
- Advanced Network Functions (ANF) for the delivery point substations,
- High capacity managed stations (RTU),
- Event recorders,
- Communication gateways,
- High-voltage switch boxes,
- IP modems, SIGFOX, etc.
- Remote security systems for renewable energy installations (photovoltaic , wind power),
- Turnkey solutions: control rooms, communication networks…

Aeronautics / Defense : the Group designs and provides long-term equipment maintenance in addition to offering a full range of services, on-board products and systems for different applications:

- Aeronautics: passenger telephony, wireless multimedia, on-board calculators, test benches, etc.
- Defense: design and durability of transmission, telephony, data, image video products, radio navigation equipment, calculators, optronics, test benches, etc.

❖ The market

Energy: the introduction of new Smartgrid-related digital technologies, the integration of renewable energies, and the implementation of networks to operate the future electrical vehicles increasingly require reinforced digital capabilities and the digitization of source substations, a core field of the Group's Energy, Aeronautics, Defense (EAD) business unit.

Aeronautics / Defense: the Defense market is based mainly on providing operating maintenance services (OMS) for equipment and the provision of specific transmission systems and test bench services.

❖ Customers

Primarily focused on French-speaking markets, the major customers are:

Energy: ErDF, RTE, SNCF for the French, and for export markets, electricity for Burundi, ONCF and ONE in Morocco, Togo, Benin, Luxembourg and a strong position in the segment for insular networks (Tahiti, Mayotte, etc.).

Aeronautics: leading integrators and airlines.

❖ Partners

- Siemens for the PCCN contract for digital substation equipment (ErDF),
- ICE for the PCCN and Electre contracts (RTE and ErDF),
- Fournié Grospaud for the remote control system contract for the high-speed train in Morocco.

❖ The competition

In the Energy sector, our competitors consist mainly of French or European companies comparable to us in size, such as SCLE as well as considerably larger companies like General Electric Grid or Schneider.

Certain major groups may also be both competitors and partners as for example Siemens for the PCCN (*Poste Contrôle Commande Numérique*) contract for digital substation equipment.

For our Aeronautics / Defense activities, competition is more fragmented and involves specific projects through close relationships with our customers.

❖ Operating highlights

Energy: This activity continues to be driven by the development of digitization of source substations for energy transmission or distribution and monitoring electrical power networks. Work has been pursued to address the arrival of new ranges of equipment devoted to the Smartgrid networks.

We were able to strengthen in this way our position with RTE for the deployment of Electre "d" and also to position ourselves for the new Smart Electre platform to be rolled out in 2019. ACTIA® was also selected by ErDF to supply Mini-PCCN solutions for the PCCN3 market.

Supervision Units and PCCN3 automation

Aeronautics / Defense: As part of our strategy to strengthen our positions in this market, we decided to boost our test bench activity. In 2016, we expect to confirm important new projects in the Defense segment.

Broadcast/Railways/Transport (BRT)

❖ Products

Broadcast:

ACTIA Telecom offers products, systems and services to broadcast operators who wish to measure the quality of their digital radio broadcast service, and to companies operating wind farms in order to test the impact of their deployment on DTT broadcasting.

Thanks to its two-fold experience as a designer of both broadcasting products and monitoring solutions, ACTIA Telecom offers expertise as a system architect and expertise on site.

Our solutions:

- Flagship station,
- Broadcast transmission,
- Broadcast contribution,
- Wireless transport (satellite, Wi-Fi…),
- Live video-over-IP

Signal processing, Radio Frequency (RF) transmission and High-Frequency (HF) installation and setup are also part of the expertise deployed in the industrial activity where the BRT operating department proposes solutions for industrializing and manufacturing HF equipment.

Railways – Transport:

In early 2015, building on expertise in developing railway safety products, RF and HF transmissions and also an ability to produce high-quality small production runs, ACTIA Group decided to group its railway activity within ACTIA Telecom in the Broadcast/Railways/Transport operating department at the Aveyron site (France). Henceforth, ACTIA Telecom designs and supplies equipment and embedded systems for tramways, metros, regional trains, high-speed trains and also collective or individual wireless announcement systems for the safety of personnel working along the tracks.

For the rolling stock market ACTIA Telecom proposes:

- Information and video surveillance systems co-developed with the subsidiary ACTIA Systems (Spain).
- Specific train-to-ground transmission systems
- High-voltage detection equipment.

- The market

<u>Broadcast</u>:

After the migration to digital radio and television that opened up a new segment where the Group achieved some noteworthy successes, the market is currently focused on maintenance and equipment renewal.

ACTIA Telecom remains a solutions integrator and supplier of operating maintenance services.

<u>Railways – Transport</u>:

The development of the **railway market** is driven by urban development and the resulting public transport challenges but also network repairs (aging infrastructure).

For rolling stock, evolving passenger needs, increasing safety challenges and the requirement for operators to optimize circulation flows is driving a growing demand for the systems proposed by ACTIA® in terms of passenger information, high-definition video surveillance and the adoption of broadband communications systems for transmitting video, sound and data.

For infrastructure, needs for network repairs, the challenges with respect to competitiveness and worksite safety combined with the requirement to maintain circulation result in strong demand for trackside safety systems. Within this framework, ACTIA Telecom provides innovative, rapid to implement and secure wireless announcement systems (SIL4).

- Customers

<u>Broadcast</u>:

The French market is divided into three segments:

- Broadcasters and infrastructure operators such as TDF, Towercast…
- Local government in France
- Content operators with televisions stations

In export markets, customers are primarily broadcasting operators in Europe and North Africa.

<u>Railways – Transport:</u>

The market is driven by the manufacturers and operators of regional, national and urban transport systems.

For ACTIA Telecom, SNCF, the manufacturing companies ALSTOM and SIEMENS for the automatic subway systems (such as VAL) are currently the main customers.

- The competition

<u>Broadcast:</u>

ACTIA Telecom is positioned in the low-power TV broadcaster market. Its main competitors are similar-sized European companies also leaders in their domestic markets.

The leading companies in the high-power TV broadcaster market, such as Rhode & Schwarz, may become competitors in high level calls for tender.

<u>Railways – Transport:</u>

The historic competitors, suppliers of transmission solutions or passenger information systems remain present in the French and European markets. New competitors originating from different sectors (manufacturing, services, etc.) and geographical regions outside Europe are attempting to penetrate these markets.

Competitors in the passenger information systems market consist of known European companies. The barrier to entry is high in the European market (stringent requirements and rigorous standards such as SIL4 resulting in costs and approval delays).

- Operating highlights

<u>Broadcast</u>:

Sales were driven mainly by monitoring equipment where ACTIA Telecom has an adapted product offering and good name recognition. This market has remained steady and ACTIA® is continuing to win new contracts for export markets.

Railways – Transport:

2015 was a year of transition marked by new contracts/orders that will generate revenue streams over the next five years. The most significant, listed chronologically include:

- The EASNG study for SNCF,
- The order for developing and supplying the ALSTOM Transport passenger information system for the future RATP metros (MP14 program),
- The order for supplying train-to-ground transmission systems in connection with the contract signed with SIEMENS France Division Mobility for New York and Algiers.

Infrastructures/Networks/Telecom (INT)

❖ Products

Over the last 16 years, ACTIA Telecom has developed a broad range of telecommunications network infrastructure solutions for mobile phone, ADSL broadband and also broadcast and railway applications.

This offering is developed, qualified and manufactured by our Manosque site (France).

While proposing optimal solutions in terms of functional needs, ACTIA Telecom combines a mix of production and logistics process adapted to rapid response time and seasonal deployment requirements.

Today this offering ranges from simple electrical powering products up to complex and full systems for the creation of a global broadcasting site incorporating significant innovations and an integrated ecological approach. These include:

- Outdoor units,
- Low voltage power supply systems,
- Continuous power supply systems,
- Rapid deployment of telecommunication sites, mobile vehicle-based telecommunications site,
- Complementary solutions: fixed or mobile shelters, protection system against lightning, galvanic isolation system, etc.,

❖ The market

Growing communications needs offer the Group growth opportunities based on ease of implementation and the service quality offered.

❖ Customers

Primarily focused on the French market, the major customers are: SFR, Bouygues, Benning and Orange on the deployment of an ambitious national plan for increasing broadband speed. Several new possibilities are opening up in the export market, in particular in Morocco with the unbundling program launched in 2015.

❖ The competition

In the market for French developers and carriers for fixed and mobile phone services, our main competitors are companies of intermediate size based in France that in many cases have adopted a strategy of vertical integration. We also are witnessing the emergent of competition from entities originating from Eastern Europe or Asia through French subsidiaries.

❖ Operating highlights

The supply contract signed with Orange for outdoor units for the deployment of broadband ADSL in scarcely populated areas, in line with government objectives promoting universal digital access remains in force with 360 sites in 2015 and the same by expected in 2016. Developments of this product offering are destined maintain this range in service up until 2019 and also to be used for the deployment of fiber optics.

ACTIA Telecom also signed a contract with Bouygues Telecom for the supply of products for powering GSM 4G sites and renewed its supplier certification agreement for similar products with SFR / Numéricâble.

5.3.3 Competitive position

In general and for the Group overall, regardless of the division, it should be noted that because of the niche strategy targeted and developed by ACTIA®, it is not possible to provide a clear and precise presentation on overall competitive positioning as no official source exists that adequately fits our specific profile.

This strategy has made it possible to position ourselves in product niches that meet the requirements of "certain" client needs. For this reason homogeneous segmentation for the purposes of peer group comparisons is difficult to achieve, since competitors cover only a portion of the products developed by ACTIA® while the Group does not have the same offering as they do.

In general, market data is difficult to obtain. For example, in our OEM business, ACTIA Group has strong global penetration in the multiplexing field for buses and coaches but specific data quantifying the "number of buses and coaches" likely to use this technology does not exist. The number of buses and coaches manufactured worldwide can be found but the multiplexing technology only targets top-of-the-range buses and coaches. In addition, certain countries, such as China and India, have begun to incorporate these technologies and the market share that they represent now and in the near future is not known, all the more so given that they are fast growing markets. Relevant statistics can be found but they are only partial. As such, they do not make it possible to produce quantitative data for the worldwide market in which the Group operates.

5.3.4 Factors materially affecting the operating results

The tables presented below represent audited figures.

	2015			2014			2013
	1st half	2nd half	TOTAL	1st half	2nd half	TOTAL	
Sales (excluding intercompany sales)	**183,040**	**198,168**	**381,208**	**163,818**	**176,076**	**339,894**	**303,655**
o.w Automotive	166,144	181,664	347,808	143,913	156,815	300,728	270,235
o.w. Telecommunications	16,858	16,455	33,313	19,875	19,213	39,088	33,333
Current operating income	**7,609**	**12,203**	**19,812**	**7,095**	**14,387**	**21,482**	**16,870**
o.w Automotive	7,673	11,442	19,115	6,704	12,176	18,880	15,731
o.w. Telecommunications	407	1,130	1,538	1,692	1,635	3,327	1,794
Operating profit / (loss)	**7,521**	**12,231**	**19,752**	**8,012**	**13,339**	**21,351**	**16,432**
o.w Automotive	7,491	11,368	18,859	6,790	12,137	18,927	15,571
o.w. Telecommunications	500	1,256	1,757	1,713	1,436	3,149	1,630
Net income / (loss)	**4,676**	**11,485**	**16,160**	**5,783**	**9,343**	**15,126**	**10,922**
o.w Automotive	4,356	10,727	15,083	4,593	8,064	12,657	10,247
o.w. Telecommunications	621	933	1,554	1,596	1,255	2,851	1,305
Current operating margin (%)	**4.2%**	**6.2%**	**5.2%**	**4.3%**	**8.2%**	**6.3%**	**5.6%**
o.w. Automotive	4.6%	6.3%	5.5%	4.7%	7.8%	6.3%	5.8%
o.w. Telecommunications	2.4%	6.9%	4.6%	8.5%	8.5%	8.5%	5.4%
Operating margin (%)	**4.1%**	**6.2%**	**5.2%**	**4.9%**	**7.6%**	**6.3%**	**5.4%**
o.w. Automotive	4.5%	6.3%	5.4%	4.7%	7.7%	6.3%	5.8%
o.w. Telecommunications	3.0%	7.6%	5.3%	8.6%	7.5%	8.1%	4.9%

With growth based on production ramp up for telematics gateways, the Group's operating characteristics remained unchanged. In effect, the Group's profitability was lower in the first half reflecting prices negotiated with customers as from January 1 of the period and the measures to restore margins by lower component prices, also applied as from January 1 by our suppliers, but only impacting the income statement in the middle of the first half due to sourcing and production time lags.

Reflecting the characteristics of the Telecommunications Division whose organization is a component of fixed costs, the level of business in 2015 resulted in margin more in line with historic levels, even though representing an improvement in relation to 2013.

For the Automotive Division, efforts to lower purchase costs, contain internal costs and improve manufacturing productivity, while not fully absorbing the euro's sharp decline in relation to the dollar, nevertheless largely limited its impact. Changes in the product mix with an increase in the share of large production runs and lower sales from studies also contributed to a marginal decline in the margin.

Finally, new equipment in production both in Tunisia (in 2014) and in France (in 2015) made it-possible to absorb capacity requirements while continuing to improve productivity.

5.4 Trend information

5.4.1 Material events after the end of the reporting period

There were no material events to report between the end of the reporting period and the date of this document.

5.4.2 Targets – Performance and outlook

Sales performance

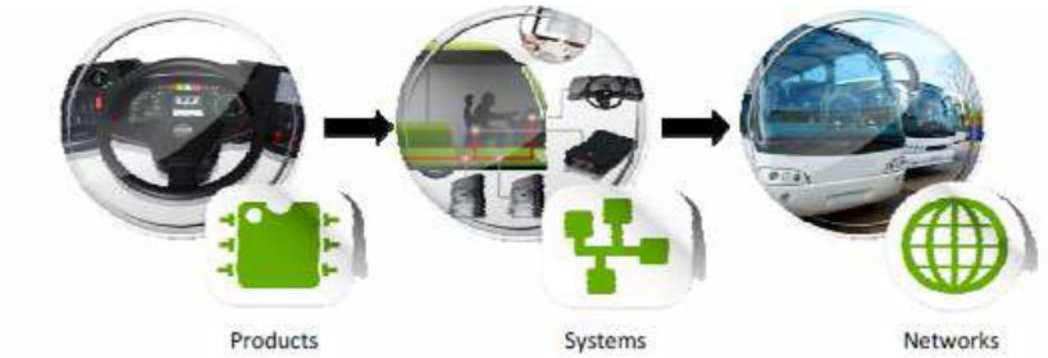
With a solid base of multi-year contracts, and in the absence of exceptional invoicing receipts for the Telecommunications division, ACTIA Group has set a target for revenue growth of 5 % in 2016.

Outlook

With a diverse customer-market mix, it is difficult to present in the short-term ACTIA Group's future prospects. Despite this, successes achieved over a number of years should contribute to a further sustained growth, in line with the gains of the last three years, according to forecasts for volumes announced by our customers.

❖ Automotive Division

ACTIA Group is pursuing its strategy based on know-how developed over a period of more than 25 years during which it has gradually expanded across the value chain. Beginning with specific products addressing a defined set of precisely defined requirements, Group propositions have evolved from a systems offering allowing for optimal integration of several products and/or functions to a more global offering. This new offering is built around a system designed to contribute to overall optimization.



Successful inroads in the telematics segment provide a good illustration of this positioning in the value chain, with ACTIA® teams having succeeded in imagining and creating the high added value embedded telecommunications platforms of tomorrow. These systems have been successfully sold to major brands of premium vehicles of northern Europe as well as most European manufacturers of industrial vehicles.

- OEM:

  In 2016, the strategy of ACTIA Group regarding vehicle manufacturers will remain focused on supplying advanced systems based on the Group's technological platforms and adapted to customer specifications. These systems integrate equipment and software on an open architecture and modular basis in order to better address all constraints faced by users. By developing a partnership approach with customers, ACTIA® will continue promote its capacity to tailoring products and/or systems to their specific needs.

  Revenue will continue to grow as contracts already concluded are executed, particularly in the telematics sector. Furthermore, 2016 will experience significant activity for studies as a result calls of tender awarded in 2014 and 2015 that will enter in the production phase at the end of the year and in 2017.

- Aftermarket:

  The aftermarket sector is characterized by less visibility as sales are more intermittent than in the OEM market where products fall within the scope of multi-year programs.

  Business should show marginal growth as emerging markets recover and with the commercial development of the iCAN product.

Regulatory changes help maintain revenue at a good level in the technical inspection segment both in France and in export markets.

- Manufacturing-Design & Services:

  This sector remains a Group cornerstone. The design, industrial scale up and manufacturing of systems for third parties makes it possible to maintain a cutting edge industrial base. This business is expected to remain stable. The 13485 certification of the Toulouse site opens up possibilities in the healthcare sector.

❖ Telecommunications

After remaining on track with budget for 2015, this division is expected to register moderate growth in business. For 2016, the order book is going through a phase of consolidation.

- Satcom (SAT):

  This Business Unit will continue to benefit from the COMCEPT contract to produce the network and ground segment on behalf of the Defense French Procurement Agency (DGA) in partnership with Airbus Defence & Space as well as NATO contract amendments in the process of being executed. Its actions in 2016 will seek to transform new international calls for tender into contracts, notably pursuant to the 2015 commercial initiatives in the Middle East.

- Energy/Aeronautics/Defense (EAD):

  With the multi-year contract for PCCN and Electre "d" in partnership with ICE and Eiffage for the energy portion, this Business Unit should start showing growth in 2016. Activities linked to the digital transition of energy networks are expected to continue in the coming years.

- Broadcast/Railways/Transport (BRT):

  As it gradually refocuses operations in the transport sector, the Operating Business Unit should bolster its positioning particularly in the railway segment. Despite the gradual decline in Broadcast segments sales, measures taken will allow this Operating Business Unit to stabilize revenue.

- Infrastructure – Networks– Telecom (INT).

  Continuing to be driven by the introduction of 4G in Europe, and in particular in France, activity for this Business Unit should hold its ground, and remain in line with the level of 2015.

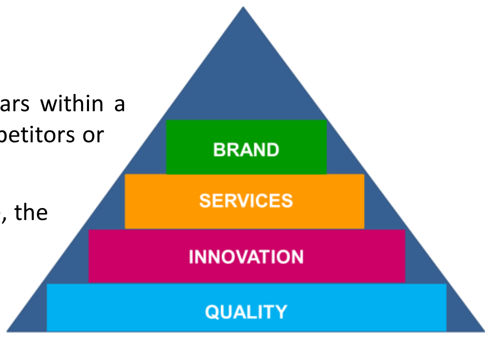
Priorities for 2016

Group priorities remain unchanged for the year ahead:

ACTIA® will continue measures destined to maintain or improve the level of its margins. Uncertainty about foreign exchange trends, in particular for the euro/dollar requires ACTIA to be vigilant and focus on achieving industrial efficiencies and savings on purchases. In addition, the Group continues to actively respond to new calls for tenders by manufacturers and lay the groundwork to ensure its future revenue streams.

For the years ahead, the Group will continue to focus on evolving into a provider of advanced high-technology solutions, increase production capacity, improve total quality, contain debt while continuing to grow.

5.5 Strategy



ACTIA Group has been experiencing sustained pace in growth for a number of years within a difficult environment, linked in particular to its size in relation to its customers, competitors or suppliers.

To better manage the risks associated with our business and the size of our structure, the strategy adopted is supported by the following four areas:

1. Quality, the essential cornerstone underlying all Group development;

2. Innovation, a critical component of our competitiveness;
3. Securing our business activities in a difficult environment;
4. The Brand to support the Group's long-term viability, indispensable for its financial and strategic independence.

5.5.1 Strategic priorities

ACTIA®'s core business is designing and manufacturing embedded systems. Such systems are divided into four constituent parts:

- An electronic part produced on a printed circuit board on which electronic components are mounted (control units, memory, resistors, inductors, capacitors, etc.);
- A software application installed on the electronic memory card;
- And electrical energy power supply source;
- A mechanical assembly comprised of a minimum a device and sometimes screens, control buttons or instruments.

ACTIA® is on that basis organized around:

- An engineering department staffed by engineers and highly qualified technicians to design the software, electronic, electrical and mechanical systems making up the embedded systems;
- Manufacturing facilities for producing all equipment, downloading software and monitoring the quality of the corresponding system.

The embedded systems make it possible to process external data obtained from sensors, analyze and synthesize the data and provide instructions to the actuators (for example electrical engines, valves, etc.).

ACTIA® uses raw materials in the form of electronic components (calculators, memories, resistances, inductors, capacitors, etc.) mechanical units (base, top, front) making up the device boxes and items capable of providing electrical power at the desired current and voltage levels.

ACTIA® also uses intangible materials, and namely software.

The products thus sold are generally installed onboard vehicles, whether industrial equipment (trucks, buses, coaches, tractors, work vehicles…), cars, trains, planes, military vehicles, boats, etc. Today these embedded systems are found on every type of vehicle. For example, today a car is equipped with computing power considerably greater than most commercial aircraft, many of which were designed in the early 80s.

Essentially, this involves equipping vehicles with onboard intelligence with three final objectives:

- Vehicle security (automatic triggering of airbags in the event of shocks, blocking safety belts, automatic calls to the nearest rescue platform, etc.);
- Environmental protection (optimizing fuel consumption by stratification of air and fuel vapor in the pistons before combustion, recycling and processing exhaust gas, efficient management of an engine or battery, etc.);
- Vehicle equipment connectivity (navigation, hands-free phone, Internet access, films, games, etc.).

In this area, ACTIA® devotes a significant percentage of sales to R&D and proposes customers in a proactive manner new embedded services for vehicles based on the technological innovations and reliability of the systems it develops.

With an approach focused on sustained development, the intrinsic industrial values of ACTIA® are pursued through **several strategic priorities**:

- Become a cutting-edge high tech company;
- Improve total quality;
- Achieve continuing growth;
- Increase production capacity and quality.

Become a cutting-edge high tech company

ACTIA® has a growth strategy based above all on intelligence with work organized around lines of action such as:

- Acquiring and maintaining expertise with new development tools, systematic validations, widespread adoption of management and design tools, knowledge management, a network of outside experts, an expanded engineering department, etc.;

- Focus on a modular and scalable design with technological building blocks structured around:
  - a modular architecture in terms of mechanics, electronics, information technology or energy,
  - modules having been validated and able to be reused,
  - taking into account changes in customer needs, evolving market demand and the emergence of new technologies.
- Think globally to express an innovative vision of systems and services by:
  - imagining and validating the systems of tomorrow for garages and technical inspection service centers, vehicles of the future and vehicle fleets,
  - designing specifications for and developing new products,
  - increasing the strength of the brand image,
  - developing and selling associated services.
- Supporting the local environment in all countries where ACTIA is present, with for example:
  - in France, use of resources supporting innovation: Research Tax Credits, public aid, participation in the IRT Saint Exupéry Excellence Centre in Aeronautics and Space in Toulouse, as well as local competitiveness clusters;
  - in Germany, participating in research groups on recycling;
  - in China, developing partnerships within the ecosystem made up of public authorities, vehicle manufacturers and technical partners.

Improving total quality

For the Group's specialization in electronic equipment a **total quality** approach has been implemented, recognized by several certifications.

ACTIA® has adopted a continuing improvement process with the implementation of the lean manufacturing approach built around:

- Formalized and applied processes;
- Shared intelligence and accountability;
- An arsenal of tools;
- Management guided by indicators;
- A process of continuing improvement ;
- Reducing waste.

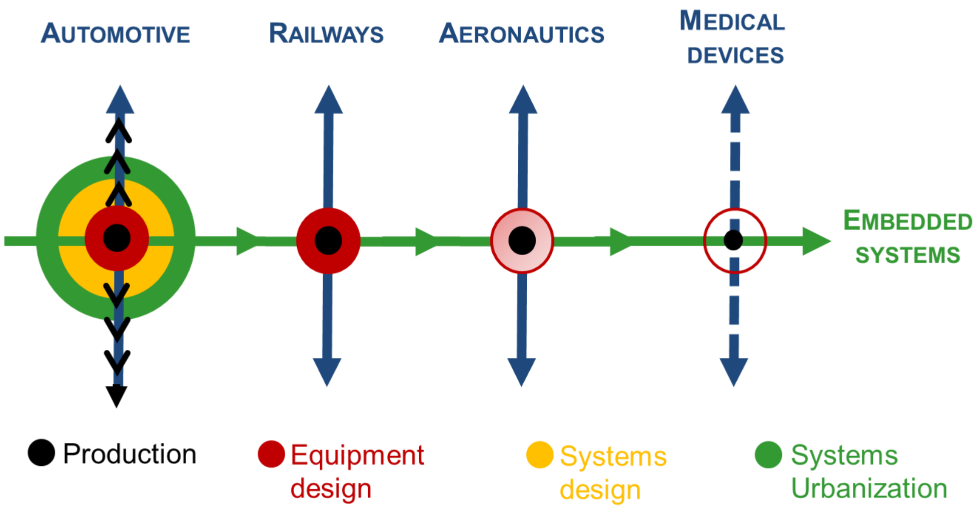
This management is consequently based on the principle of a learning organization open to new technologies, managing disruptions and continuing training throughout the careers of employees.

Continuing growth

On the strength of its first strategic priority based on technological innovation, quality and competitiveness, ACTIA Group, a mid-sized family-owned business must ensure its sustainability over the long-term, pursue its diversification and in consequence maintain its growth trajectory and focus on highly profitable markets.

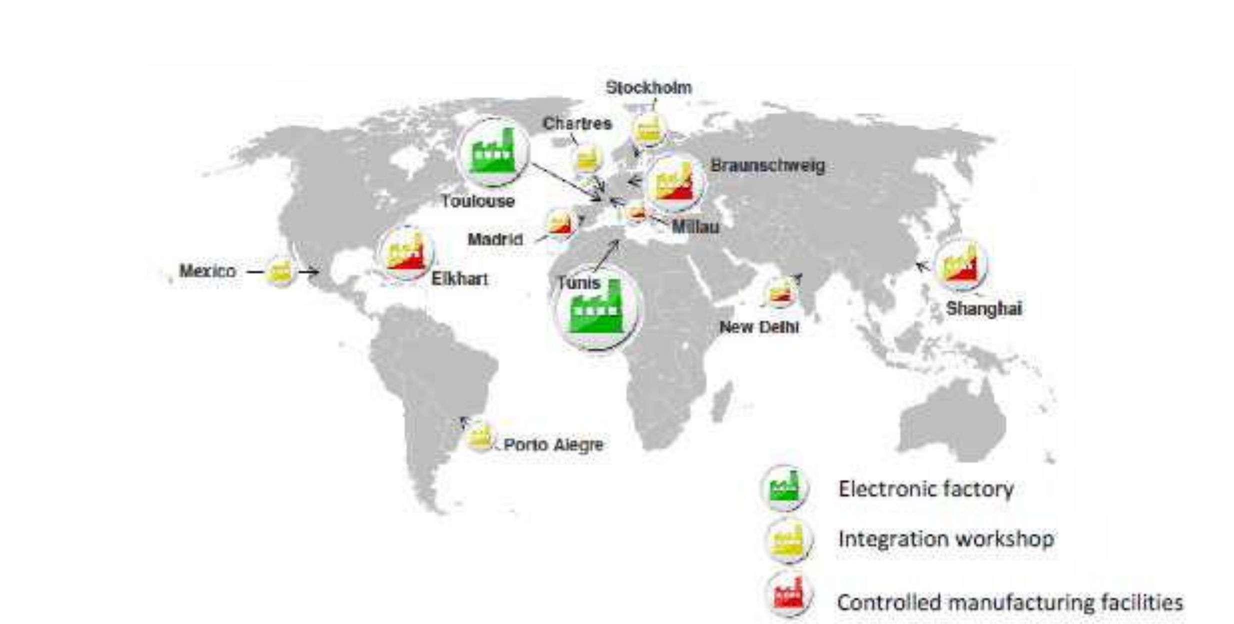
This growth may be pursued by focusing on three areas:

- Diversification within its core area of expertise of embedded systems;
- Diversification towards the urbanization of systems;
- Geographic growth in countries with strong industrial and commercial potential, particularly in China and the United States.



Increasing production capacity

ACTIA Group organizes the industrialization of its products at a worldwide level through electronic factories, integration workshops and controlled manufacturing facilities. To guarantee the capacity of its engineering departments for innovation while maintaining optimal productivity, its tools are supported by an engineering laboratory for Group proprietary processes.



On the strength of contracts recently awarded and assured internal growth, ACTIA® is adapting its organization to expand its production capacity for the future.

By investing in new production capabilities over the last three years, the Group was able to support its revenue growth. Another highlight of 2015 was the investment in the new SMD (surface mounted device) line in Toulouse deployed in the period to replace the previous line, introducing the latest technological advances that will improve performance and capacity (see Section 5.6 "Investments").

5.5.2 Research & development as a core ACTIA® priority

Since its creation, ACTIA Group's strategy has remained focused on research and development to develop innovative solutions and sources of differentiation for its customers.

At the heart of its strategy which has remained a priority even during the demanding period of economic crisis requiring rigorous selection investments, the Group has made important investments in R&D that is supported by more than 740 engineers and technicians across all its entities.

The Group's organization has made it possible to set up centers of expertise in specific areas on which ACTIA® can draw to respond to the needs of its customers, with, for example, a center of excellence in Germany for the Vehicle Communication Interface (VCI) communications cards, a tool providing an interface between the vehicle and the diagnostic tool or, in Spain, with infotainment developments, providing dedicated audio and video services to public transit passengers (bus, coaches, trains, etc.).

Through a procedure resulting in Executive Committee decisions, the corporate governance body comprised of the executive officers of the most important subsidiaries and department managers, and validated by the Supervisory Board, major R&D programs are selected that will provide the foundations, by business, of tomorrow's strategy.

The challenges

In response to needs expressed internally and in light of the requirements of the highly competitive market for embedded systems and societal changes, the number of challenges to be met are many.

ACTIA® must respond to the following major challenges:

- Strengthen the competitiveness of offerings for customers and users

  In response to existing competition and the developing positions of new players in low-cost countries such as China, India or Brazil, the challenge for a mid-sized French company is to increase the economic performance of its products: acquisition costs, operating costs, etc., improve the technical performance and reduce costs and cycle times: development, market release, redesign, etc.

- Improve the efficiency and attractiveness of transportation systems

  With traffic for public transport expected to double, it is necessary to develop new concepts, while guaranteeing a high level of performance in terms of punctuality and customer satisfaction. Technology is being deployed to increase vehicle uptime, and in this way transforming it into a service rather than an object.

- Developing new applications and associated services

  Already new applications have been identified in the areas of E-health, agriculture, mobility, eliminating the digital divide, etc. Embedded systems represent a formidable vehicle for innovations of interest for many other areas.

- Become a major contributor to sustainable development

  The objective is to reduce the environmental footprint of products and services (reducing consumption of resources, particle emissions, sound emissions, dismantling aircraft, etc.), developing new approaches for monitoring and managing the environment, taking into account new applications.

- Guarantee the safety, security and resilience of products and systems

  Despite increased complexity and threats that could potentially affect the use of different products and systems ACTIA Group must guarantee a very high level of safety and security through intelligent connected systems, while participating in the process of building confidence between the consumer, manufacturers and the networks.

The drivers

To address these industrial priorities, ACTIA® will pursue its research and development based on **strategic drivers** to respond to the challenges in the area of embedded systems.

A number of these challenges will require breaking down new technological barriers or increasing the scope of innovation initiatives focusing on selected priority areas, and namely:

- Increase the performances of industrial vehicles: Multiplexing - Smart power - ARM - Linux;
- Designing new architectures and innovative configurations: Standardization - Openness - Flexible solutions - Ethernet ;
- Optimizing and improving the work environment for drivers: Driver cabin ergonomics - Eco-driving - Intelligent Transportation Systems;
- Optimizing and improving the work environment of garages: Diagnostic Tools - Connected Garage - Mechatronics;
- Efficient and dynamic energy management for vehicles: Electrical vehicles - Hybrid solution - Embedded climate control systems;
- General adoption and automation of supervision, diagnostics and maintenance: Security - Operating safety - Autonomous conduct;
- Exploit new technologies to develop new applications: Understanding behavior – Multimodal (combining several types of transport) - ITS (intelligent transport system) – GIS (geographical information systems).

5.5.3 ACTIA® and its technological environment

In response to these growing markets and challenges, in particular technological, for the sectors concerned, the Toulouse-Midi-Pyrénées region today occupies a specific, original and key position both at the European and global levels.

In this unique local context, ACTIA® is integrated within this remarkably dynamic hub and organization of stakeholders actively engaged in the Midi-Pyrénées region. This active engagement as a stakeholder is exemplified in particular by our participation in the following:

Type of relation	Designation
Relationship by market segment	Aeronautics – Space – Embedded systems: Tompasse (Toulouse Midi-Pyrenees Aeronautics Space On-Board Systems); CSRF (*Comité Stratégique Régional de la Filière Aerospatiale*)
	Rail transport: MipyRail
	CNPA: The French National Federation of Automotive Industry Professionals
	Automotive: Automotech (ARIA - PFA)
	Workshop and diagnostic equipment: GIEC
	Electronic manufacturing: PLEIADE (WE Network)
	Medical: BioMedicalAlliance (BMA)
Relations with the Clusters	Aerospace Valley, a world-class competitiveness cluster (aeronautics, space and embedded systems)
	Agri Sud-Ouest Innovation cluster
	Cancer-Bio-Health cluster
	LUTB Lyon Urban Trucks Bus cluster(transportation and mobility)
Relations and technology	IRT Saint-Exupéry in Toulouse (aeronautics and space)
	LAAS-CNRS affiliate partners club
	INSA Foundation
	PFI GNSS - Navigation GUIDE innovation platform
	Projects with CEA-Tech
	AFNOR / UTE Obsolescence Group

ACTIA® has submitted several applications within the framework of the program for future investments (PIAVE) such as BGLE, ADEME, FUI, PSPC, ANR, Region-FEDER, Horizon 2020.

In 2015, the following programs were continued or launched:

- Institute for Technological Research **IRT Saint-Exupéry**: The positioning of ACTIA® is consistent with the challenges and research programs of Saint-Exupéry Technology Research Institute. ACTIA® is a member of the Board of Directors; several platforms have today been selected and ACTIA® is involved in two projects;
- **VUE-FLEX** (*Véhicule Utilitaire Electrique FLEXible*) is a research and development project (*Projet de recherche et développement Structurant Pour la Compétitivité* or PSPC) pursued through the French-government-sponsored "Investing for the Future" program, spearheaded by the Commissariat-General for Investment and run by par Bpifrance. Its aim is to develop a 3.5 ton utility vehicle with an optimized design in terms of electrification, flexibility and intelligence offering a competitive TCO (total cost of ownership) to provide an alternative to today's combustion vehicles;
- MIMOSA: Navigation and telematic system by GPS and hybridization of sensors;
- E-Tag: helicopter turbine engine micro-hybridization project;
- EBSF (European Bus System of the Future): a European research program adopting a comprehensive approach to the bus system;
- BUSINOVA Evolution: a project allowing for work on supervising the multi-hybrid propulsion for urban public transit buses;
- IT-Agro project: innovation supporting intensive agriculture focusing on intra-plot modulations for soil work;
- GENOME: obtaining a prognosis using a high-speed rotating machine; health monitoring;
- RESPECT: a monitoring system for at risk seniors (an intelligent footwear insert);

- Fragil-IT: connected health;
- Serious-Games: for training in the field of automotive diagnostics;
- Factory of the future: industrial excellence project, Colomiers (France).

Cancer-Bio-Santé
PÔLE DE COMPÉTITIVITÉ

5.5.4 Production of industrial property

With respect to the protection of the intellectual property of its products, ACTIA Group has a legal department responsible for taking all measures involving patents, brands and models. In addition, the Group has recourse on a periodic basis to an outside firm specialized in this area.

To date, several patents have been filed by the Group both at the national and international levels.

5.6 Investments

The total capital expenditures for property, plant and equipment and intangible assets capitalized by the Group amounted to €18.6 million in 2015 compared to €16.1 million in 2014.

5.6.1 Property, plant and equipment

The details of capital expenditures on property, plant and equipment in the period are set out in Note 4 to the consolidated financial statements on "Property, plant and equipment" of this Registration Document.

In 2015, the Group continued to renew its computer and manufacturing assets to improve productivity at its manufacturing sites. However, to support continuing business growth, ACTIA® has entirely replaced one of the production lines of its Toulouse-based site by a SMD (surface mounted device) line for scalable high-technology medium-sized production runs. Installed in the 2015 third quarter, the first electronic cards started to be produced in the fourth quarter of the year.

5.6.2 Intangible assets

Information on capital expenditures for intangible assets in the period is presented in Note 3 to the consolidated financial statements “Intangible assets” of this Registration Document. These items relate mainly to research and development.

Research and development expenditures in 2015 amounted to €52.5 million, up 9.3% from the prior year and reflecting increased requirements to support customer programs under development as well as the Group's own programs. On that basis, the customer chargeback rate for R&D costs declined from 46.3% in 2014 to 38.4%.

This activity remains of strategic importance, since it enables the Group to maintain a high level of technical sophistication. Information provided by the Group's management control presented below summarizes trends in this area:

(€ thousands)	2015	2014	2013
Total cost of R&D	**52,524**	48,065	45,360
Cost of R&D services sold	**20,179**	22,278	23,754
R&D capitalized during the financial year	**10,745**	8,925	7,728
Expensed during the period (A)	**21,600**	16,872	13,878
Amortization during the period of capitalized R&D (B)	**8,493**	7,646	5,801
Research tax credit recognized under income in the period and grants (C)	**4,263**	3,732	3,391
Impact of R&D on the income statement (A) + (B) – (C)	**25,830**	20,776	16,287
Headcount	**742**	654	567

Total R&D costs include payroll costs of the engineers and technicians that work on R&D projects as well as costs that may be incurred for services subcontracted.

It is noted that the Group invests heavily in R&D. In 2015, R&D expenditures amounted to 14.3 % of total consolidated sales. Offering specific solutions to its clients, based on recognized expertise and innovation, a portion of certain specific developments may be carried out by clients.

Furthermore, a portion of its work has benefited from research tax credits, grants and/or repayable advances. Also, the level of R&D expenditures incurred by the Group recognized in the income statement, excluding the portion billed to clients and government subsidies, increased to 6.8 % of sales in 2015 from 6.1 % in the prior period. The share of capitalized R&D expenditures was 20.5% in 2015, which while high is close to the level of 2012 (23.2%). This trend is explained by the development of new generation products such as the Podium 2 dashboard or iCAN, the telematic unit for the aftermarket segment. And reflecting significant investments in recent years, the level of allowances for amortization was up 11.1% to €8.5 million.

The increase in R&D expenditures in the 2015 income statement of nearly of €5.1 million was nevertheless absorbed by the activity.

Able to benefit from the expertise of its Swedish engineering department, accredited by the Ministry of Higher Education and Research for its work in the field of telematics, in co-development with the Toulouse-based engineering department, ACTIA Group received funding in the form of a research tax credit and subsidies amounting to €4.5 million, up 17.7 % on the prior year.

At the business division level, this breaks down as follows:

Automotive Division

Figures presented in these tables are derived from the management control reporting systems.

R&D expenditure in 2015 totaled €46.4 million compared to €41.7 million in 2014, breaking down as follows:

(€ thousands)	2015	2014	2013
Cost of R&D services sold	**16,976**	18,714	19,758
R&D capitalized during the financial year	**8,980**	7,649	6,625
Expensed during the period	**20,480**	15,335	13,017
Headcount	**686**	616	525

The share of the cost of R&D services sold declined 9.3 % and now represents 36.6 % of expenses. Maintaining the practice of taking on R&D expenditures constitutes a major strength of the Group developing partnership relations with our customers. However, due to the economic context, customers have reduced the amount of R&D costs immediately expensed in favor of amortizing this cost in the price of the finished product.

Telecommunications Division

Figures presented in these tables are derived from the management control reporting systems.

R&D expenditure in 2014 totaled €6.1 million compared to €6.4 million in 2014, breaking down as follows:

(€ thousands)	2015	2014	2013
Cost of R&D services sold	**3,203**	3,564	3,996
R&D capitalized during the financial year	**1,765**	1,276	1,104
Expensed during the period	**1,121**	1,527	861
Headcount	**56**	38	43

In addition to multi-year programs, the Telecommunications Division has also launched the development of products within the framework of new commercial successes. Without significantly impacting the level of R&D expenditures, total amounts charged back to customers have also fallen in this division, declining 10.1%.

5.6.3 Committed future investments

On the date this document was issued, the Group has budgeted a certain number of investments relating to its normal operating activities.

These programs concern R&D with the continuation of developments launched in 2015 for telematic gateways both in the OEM and aftermarket segments, the connected garage or for digital command and control units for telecommunications.

For the last three years, after executing multi-year contracts providing significant growth, the Group is adapting and preparing its manufacturing organization to help support this forward momentum. After an in-depth study for the creation of a new production site, capital expenditures for new generation production equipment will serve to meet Group needs until 2017.

In this context, the Toulouse site is also being equipped with a new very high capacity SMD (surface mounted device) line. This investment will impact the 2016 financial statements and provide the site with production capacity for very large production runs, thus making it possible to a better manage potential Tunisian risks.

In addition, our Spanish and Tunisian subsidiaries (engineering department) are considering important real estate investments. Indeed, the Spanish subsidiary is currently at full capacity with a workforce that is steadily growing. As owner of its own property through the French real estate ownership entity, SCI Los Olivos (see Section 5.9.1), the construction of an additional floor on the existing building would make it possible to meet space requirements for the next 5 to 10 years.

As for Tunisia, a building should be built to host the entire ARDIA engineering department team on land belonging to the Group whereas at present we are renting. For an identical rental payment, we should be owner of a building property.

Depending on the success of commercial efforts, geopolitical trends and the needs of its customers, ACTIA® will adapt its production strategy either by renewing equipment at its plants or use of subcontracting for products having reached stable high production volumes, or by setting up facilities near customers, or a combination of these three options.

5.7 Report on Social, Societal and Environmental Information

CSR disclosures on social-related, societal and environmental data are based on the reporting boundary for financial consolidation as set out in Note 2 "Consolidated companies" of the consolidated financial statements.

The reporting boundary is systematically updated to reflect changes in the Group structure.

Data herein covers all Group subsidiaries with an operating activity. However, given the particular situation of the Dutch subsidiary that has only one employee, it has been decided to exclude it as the administrative constraints associated with collecting information are considerably greater than this subsidiary's contribution to Group earnings. On that basis, the following companies, not exercising any activity and without salaried employees, and accordingly starting this year, ACTIA NL, are excluded from this reporting boundary:

Name	Registered office	Country	Activity
SCI Los Olivos	Getafe Madrid	Spain	Real estate
KARFA	Mexico	Mexico	Administration of holdings
ACTIA NL	Helmond	Netherlands	Electronics research & manufacturing
SCI SODIMOB	St Georges de Luzençon	France	Real estate
SCI de l'Oratoire	Colomiers	France	Real estate
SCI Les Coteaux de Pouvourville	Toulouse	France	Real estate

Furthermore, in the interest of clarity, information herein is aggregated by segment:

- Automotive France;
- Automotive Europe (outside France);
- Automotive Tunisia;
- Automotive Global;
- Total Automotive;
- Telecommunications (France);
- Automotive France;
- Total ACTIA Group

The tables have been produced according to the following methodology:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
	①	②	③	④	⑤	⑥	⑦	⑧
Totals					①+②+③+④		①+⑥ + **ACTIA Group S.A.**	②+③+④+⑦

It is specified that in the tables and charts, information under the heading "Europe" does not include France that is presented separately.

Finally, figures presented in the following charts and tables are derived from the management control reporting systems.

5.7.1 Employees

For the Group as a whole, changes in headcount including both open-ended and fixed-term employment contracts at 31 December over the last three financial years were as follows:

- 2013 2,680 employees (-3.2 %)
- 2014 2,762 employees (+3.1 %)
- 2015 3,067 employees (11.0 %)

Human resources and labor relations

Employment

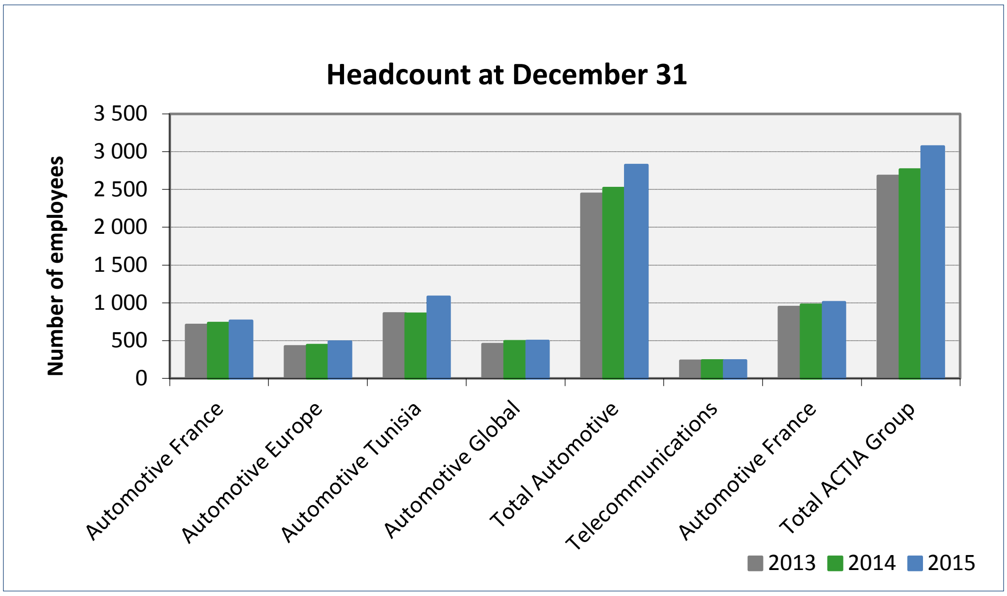
The **breakdown in staff** at year-end for the last three financial years is presented below:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	706	425	860	452	2,443	233	943	**2,680**
2014	731	440	855	493	2,519	238	974	**2,762**
2015	762	487	1,080	495	2,824	237	1,005	3,067
Change/2014	+ 31	+ 47	+ 225	+ 2	+ 305	<1>	+ 31	+ 305
Change (%)	+ 4.2%	+ 10.7%	+ 26.3%	+ 0.4%	+ 12.1%	<0.4%>	+ 3.2%	+ 11.0%

This headcount includes permanent contracts (defined as contracts without a fixed term that may be interrupted only by a dismissal, retirement, a negotiated termination, or other form of voluntary departure) and fixed-term contracts. Employees with an apprenticeship or work-study contract have fixed-term contracts and as such are included in headcount figures.

Changes in headcount vary significantly from one structure to another according to the economic context of the country of the operation concerned and the ACTIA Group's development in the regions where it intervenes. Regarding Tunisia, which registered a marginal decline in 2014, this year personnel rose significantly, mainly at the production site, (reflecting the launch of an additional line and increased activity) but also at the engineering department. Overall, headcount rose in all geographic regions. The total Group workforce rose 11.0% from 2014, exceeding the previous record reached in 2012 and corresponding to a period of very strong growth in business over the last three years (+25.6%) regularly requiring the structures to be resized. With recruitments carried out throughout the year, this will have a financial impact on a full-year basis only in 2016.

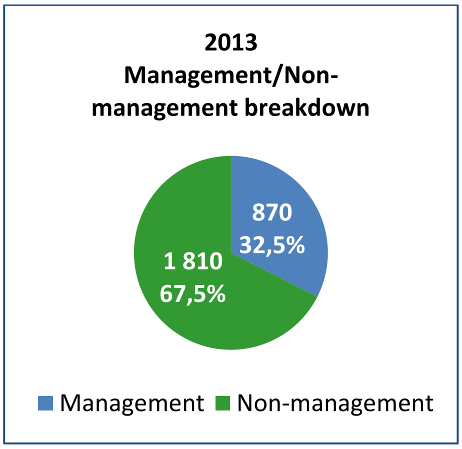
Trends for the last three years break down as follows:

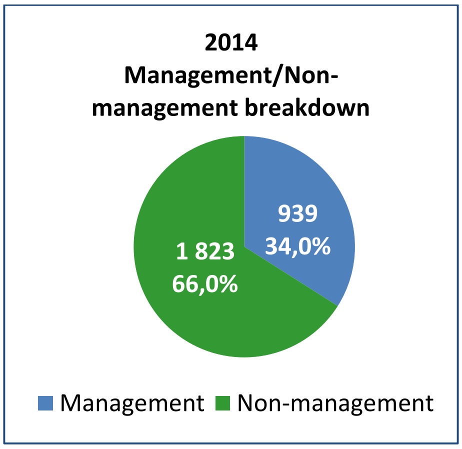


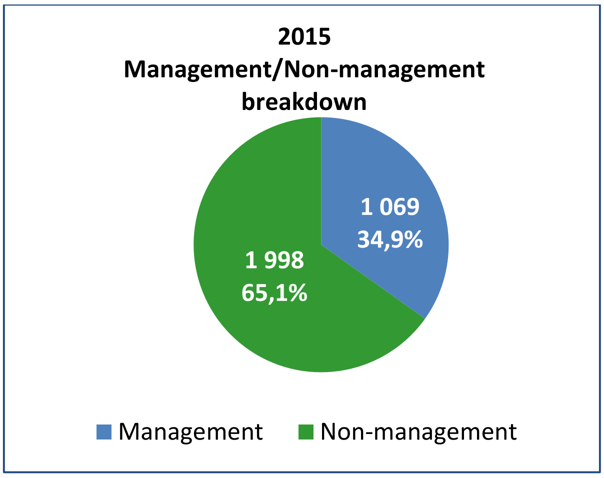
The changes in the **management / non-management staff** break down were as follows:

Management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	311	47	283	108	749	118	432	**870**
2014	321	56	314	117	808	127	452	**939**
2015	**348**	**57**	**390**	**146**	**941**	**124**	**476**	**1,069**
Change/2014	+ 27	+ 1	+ 76	+ 29	+ 133	<3>	+ 24	+ 130
Change (%)	+ 8.4%	+ 1.8%	+ 24.2%	+ 24.8%	+ 16.5%	<2.4%>	+ 5.3%	+ 13.8%

Non-management staff	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	395	378	577	344	1,694	115	511	**1,810**
2014	410	384	541	376	1,711	111	522	**1,823**
2015	**414**	**430**	**690**	**349**	**1,883**	**113**	**529**	**1,998**
Change/2014	+ 4	+ 46	+ 149	<27>	+ 172	+ 2	+ 7	+ 175
Change (%)	+ 1.0%	+ 12.0%	+ 27.5%	<7.2%>	+ 10.1%	+ 1.8%	+ 1.3%	+ 9.6%







Changes in the breakdown between management and non-management staff reflect significant disparities according to geographic region. Overall, the number of management staff rose in all regions, and at the same time, the number of non-management staff rose significantly, mainly in Tunisia, whereas in the previous year this category registered a decline. This phenomena is explained by productivity gains in 2014 from the installation of a new large capacity production line which made it possible to achieve production gains while reducing staffing levels. Strong growth in business continued in 2015 and fully benefited from this capacity, requiring further recruitment for the organization of teamwork. Management staff now account for 34.9% of the Group's total workforce compared to 34.0% in 2014 and 32.5% in 2013, reflecting a need for consolidation both in terms of the organization of production (staff supervision), the engineering department for new projects and support functions (logistics, purchasing, sales, etc.).

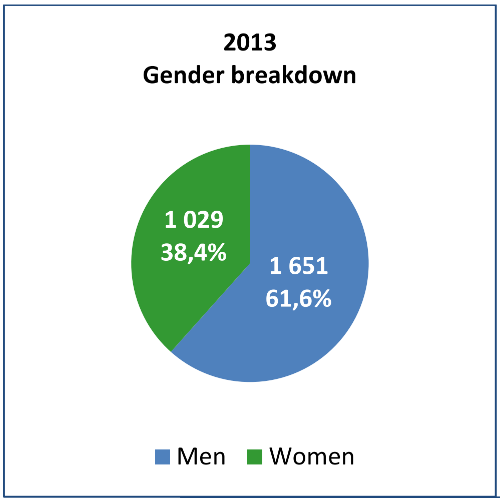
In France, management staff now account for 47.4 % of the total workforce compared to 46.4 % in 2014 and 45.8 % in 2013. This is explained by the size of the engineering department which represents nearly one quarter of the Group's research and development capabilities.

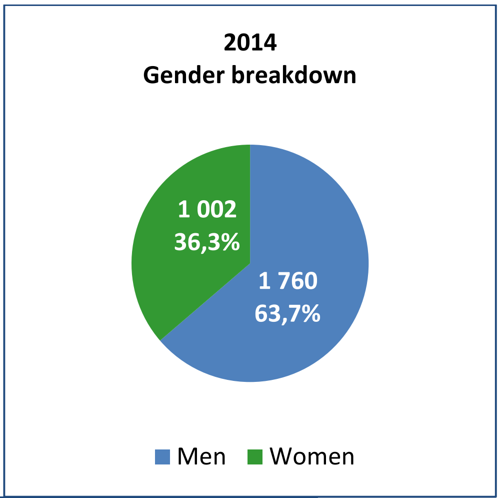
Breakdown in the workforce between men and women: In 2015 women represented 34.7 % of the workforce on average, down from 36.3 % at December 31, 2014. The reduced number of women in the Group workforce reflects a difficulty in finding female candidates in the technical fields, particularly in Europe and Tunisia. Indeed, at our production site where women were highly represented (nearly 60% of the workforce in 2013), the implementation of more automated production equipment requiring technical skills (less manual integration) and supervisory requirements led to the recruitment of men reducing the percentage of women to 47.4% at December 31, 2015.

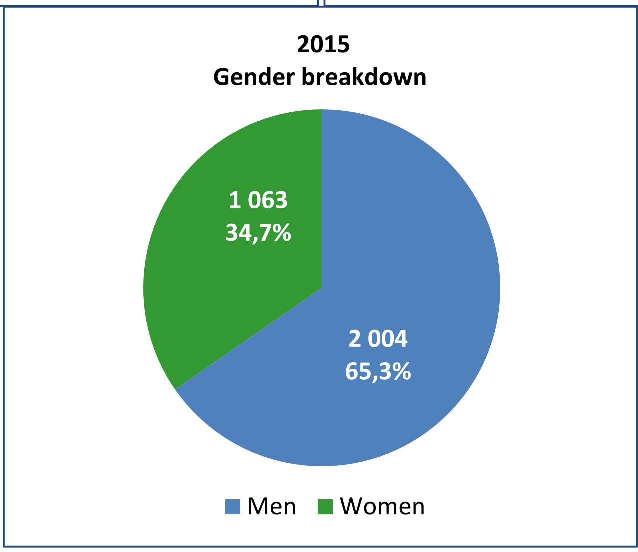
As for the entire reporting boundary, in France, while headcount for women increased in number, it mechanically reduced in consequence the percentage of women in the total workforce.

Men	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	501	329	350	294	1,474	175	678	**1,651**
	71.0%	77.4%	40.7%	65.0%	60.3%	75.1%	71.9%	61.6%
2014	524	343	379	330	1,576	181	708	**1,760**
	71.7%	78.0%	44.3%	66.9%	62.6%	76.1%	72.7%	63.7%
2015	**548**	**382**	**568**	**322**	**1,820**	**181**	**732**	**2,004**
	71.9%	78.4%	52.6%	65.1%	64.4%	76.4%	72.8%	65.3%
Change/2014	+ 24	+ 39	+ 189	<8>	+ 244	0	+ 24	+ 244
Change (%)	+ 4.6%	+ 11.4%	+ 49.9%	<2.4%>	+ 15.5%	0.0%	+ 3.4%	+ 13.9%

Women	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	205 29.0%	96 22.6%	510 59.3%	158 35.0%	969 39.7%	58 24.9%	265 28.1%	**1,029** 38.4%
2014	207 28.3%	97 22.0%	476 55.7%	163 33.1%	943 37.4%	57 23.9%	266 27.3%	1,002 36.3%
2015	**214** 28.1%	**105** 21.6%	**512** 47.4%	**173** 34.9%	**1,004** 35.6%	**56** 23.6%	**273** 27.2%	**1,063** 34.7%
Change/2014	+ 7	+ 8	+ 36	+ 10	+ 61	<1>	+ 7	+ 61
Change (%)	+ 3.4%	+ 8.2%	+ 7.6%	+ 6.1%	+ 6.5%	<1.8%>	+ 2.6%	+ 6.1%
% of women / change in the workforce	22.6%	17.0%	16.0%	-	20.0%	-	22.6%	20.0%







Breakdown by age: changes for this data broke down as follows:

≤30	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	66	72	334	147	619	14	80	**633**
2014	87	73	345	193	698	24	111	**722**
2015	**92**	**92**	**448**	**185**	**817**	**13**	**106**	**831**
Change/2014	+ 5	+ 19	+ 103	<8>	+ 119	<11>	<5>	+ 109
Change (%)	+ 5.7%	+ 26.0%	+ 29.9%	<4.1%>	+ 17.0%	<45.8%>	<4.5%>	+ 15.1%

>30 and ≤50	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	439	272	492	258	1461	143	583	**1,605**
2014	446	277	464	243	1,430	129	577	**1,561**
2015	**440**	**289**	**580**	**252**	**1,561**	**128**	**570**	**1,691**
Change/2014	<6>	+ 12	+ 116	+ 9	+ 131	<1>	<7>	+ 130
Change (%)	<1.3%>	+ 4.3%	+ 25.0%	+ 3.7%	+ 9.2%	<0.8%>	<1.2%>	+ 8.3%

>50	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	201	81	34	47	363	76	280	**442**
2014	198	90	46	57	391	85	286	**479**
2015	**230**	**106**	**52**	**58**	**446**	**96**	**329**	**545**
Change/2014	+ 32	+ 16	+ 6	+ 1	+ 55	+ 11	+ 43	+ 66
Change (%)	+ 16.2%	+ 17.8%	+ 13.0%	+ 1.8%	+ 14.1%	+ 12.9%	+ 15.0%	+ 13.8%

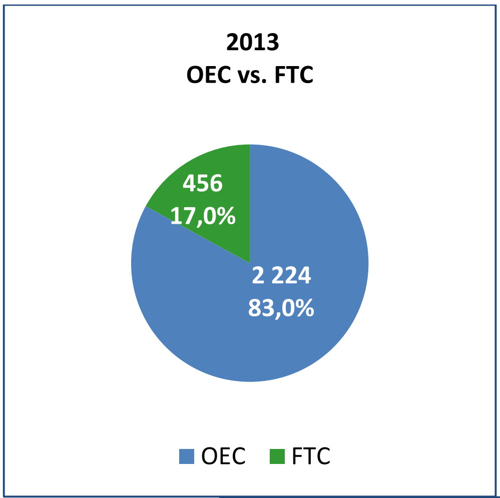
Here again, trends vary according to the regions. The overall trend is an increase in the under 30 age bracket that concerned mainly Tunisia. This age bracket represented in 2015 more than one quarter of the total Group workforce. The age bracket of employees over 50 also increased reflecting the relatively low turnover for part of our structures, particularly in France, the entry of employees into the category of 50 and older and by the gradual increase in the retirement age from 60 to 62 which led to the significant rise for this age bracket.

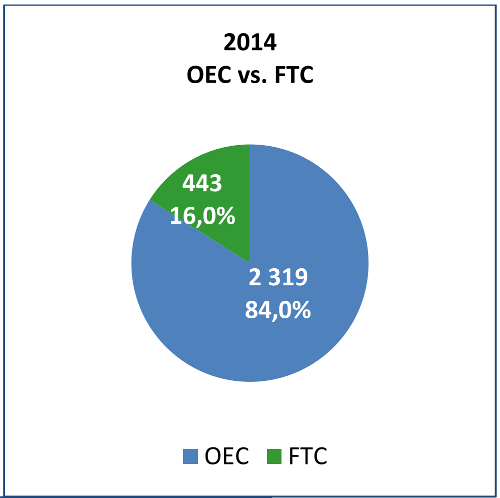
Breakdown between open-ended ("permanent") and fixed-term contracts: with open-ended contracts accounting for 58.4% of recruitment, the Group has sought to ensure a certain degree of flexibility, given the growth in the number of employees in the period of 11.0% If activity is consolidated over time, these contracts are destined to be rendered permanent in the form of open-ended contracts. On that basis, the number of employees with fixed term contracts increased in 2015 in all regions except France. Indeed, in France 5.8 % of staff had fixed-term contracts at December 31, 2015, compared to 6.4 % in 2014 and 4.3 % at the end of 2013. Globally, 19.2 % of staff have fixed-term contracts in consequence compared with 16.0 % the previous year. It should be noted however that according to local regulations, the length of open-ended contracts can vary significantly. In Tunisia for example the maximum cumulative duration of these contracts is four years which makes it possible to better adapt our structure to the length of these contracts.

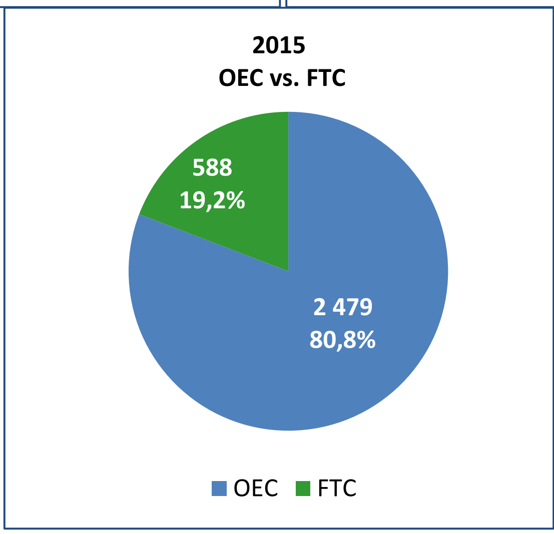
The breakdown between fixed-term and permanent contracts is as follows:

Permanent contracts	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	666	393	570	359	1,988	232	902	**2,224**
2014	676	413	594	400	2,083	231	912	**2,319**
2015	**710**	**446**	**700**	**386**	**2,242**	**231**	**947**	**2,479**
Change/2014	+ 34	+ 33	+ 106	<14>	+ 159	0	+ 35	+ 160
Change (%)	+ 5.0%	+ 8.0%	+ 17.8%	<3.5%>	+ 7.6%	0.0%	+ 3.8%	+ 6.9%

Fixed-term contracts	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	40	32	290	93	455	1	41	**456**
2014	55	27	261	93	436	7	62	**443**
2015	**52**	**41**	**380**	**109**	**582**	**6**	**58**	**588**
Change/2014	<3>	+ 14	+ 119	+ 16	+ 146	<1>	<4>	+ 145
Change (%)	<5.5%>	+ 51.9%	+ 45.6%	+ 17.2%	+ 33.5%	<14.3%>	<6.5%>	+ 32.7%

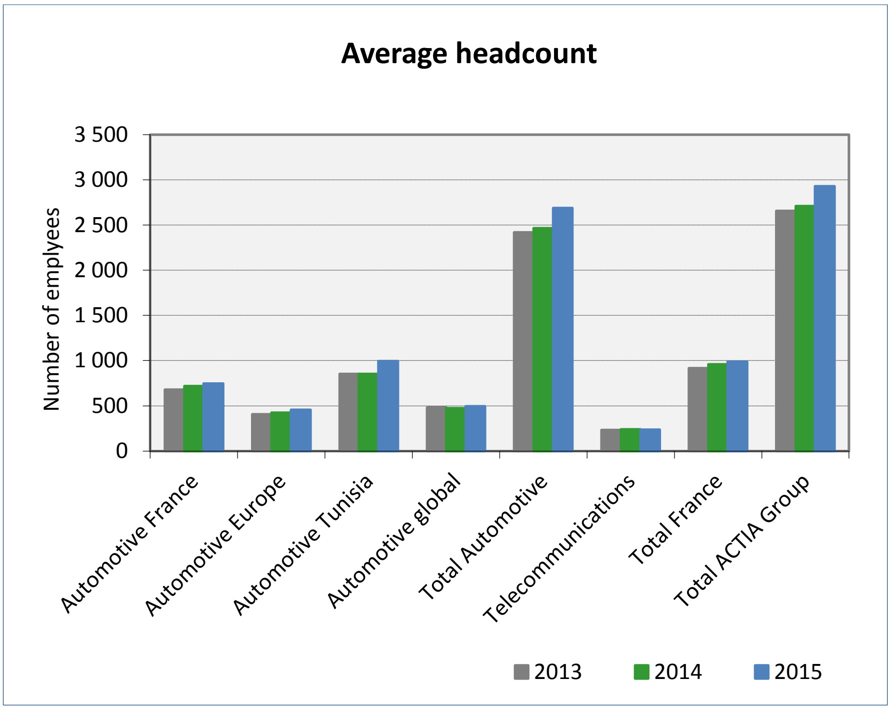






Overall, permanent contract employees now account for 80.8% of the total workforce compared to 84.0% in 2014 and 83.0% in 2013.

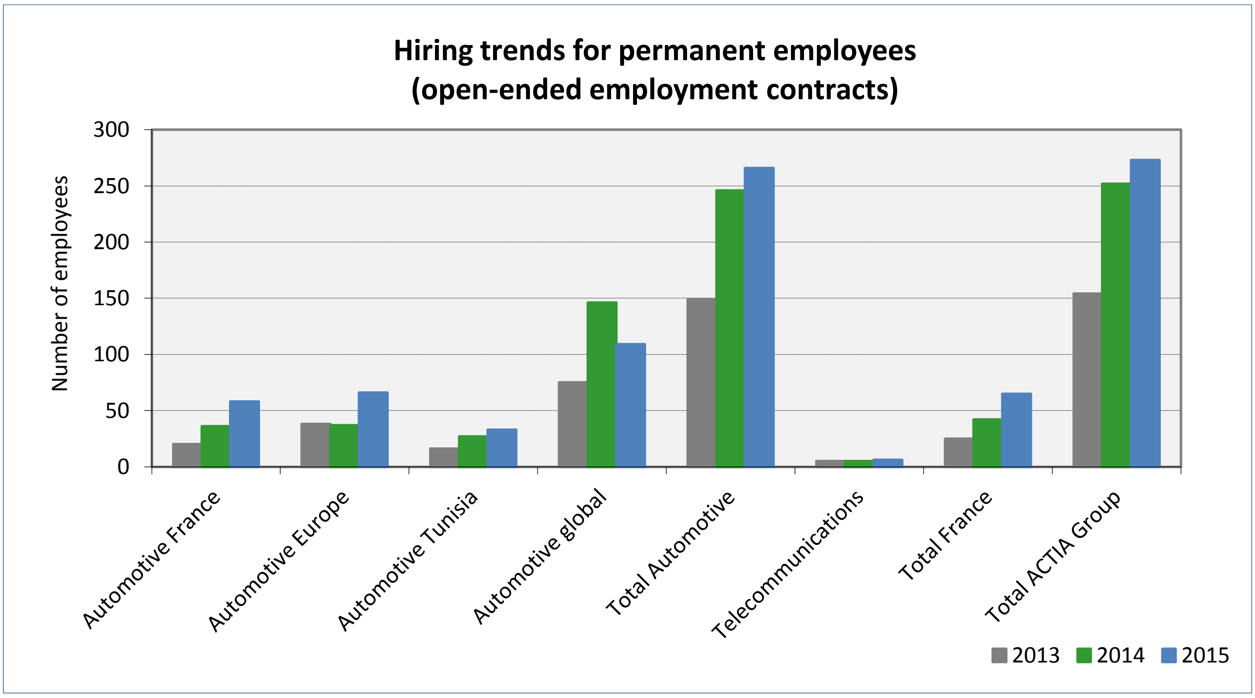
Furthermore, the Group has also observed changes with respect to its **average workforce**. This indicator tracks headcount at the end of the period and provides a means for producing ratios for analyzing the profitability of structures.

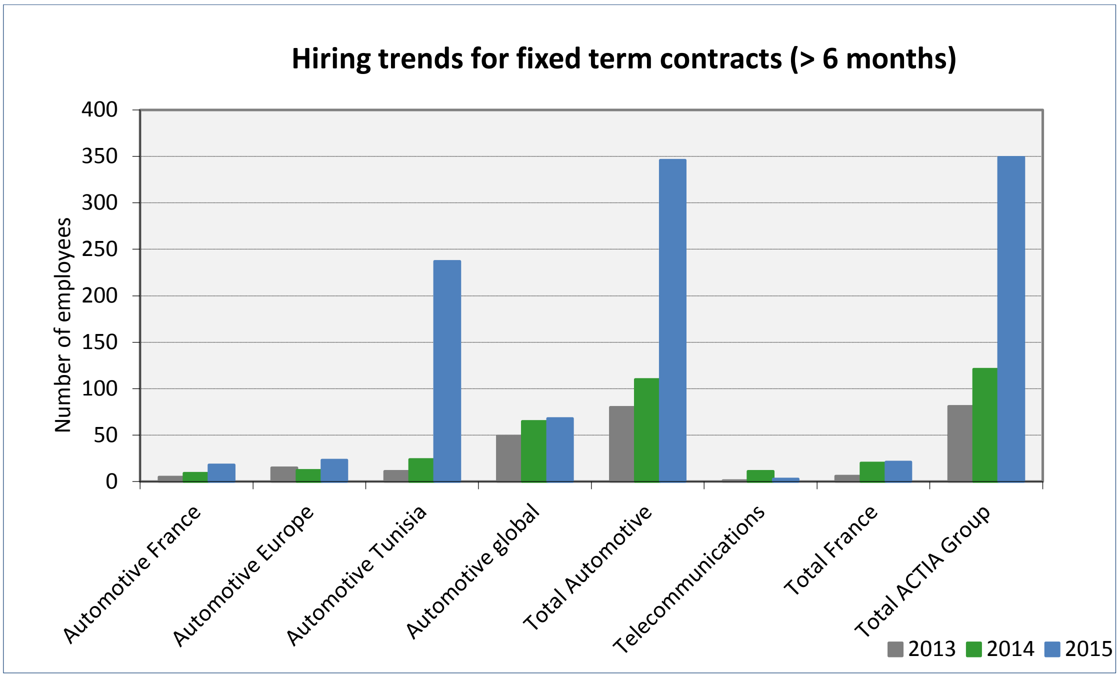


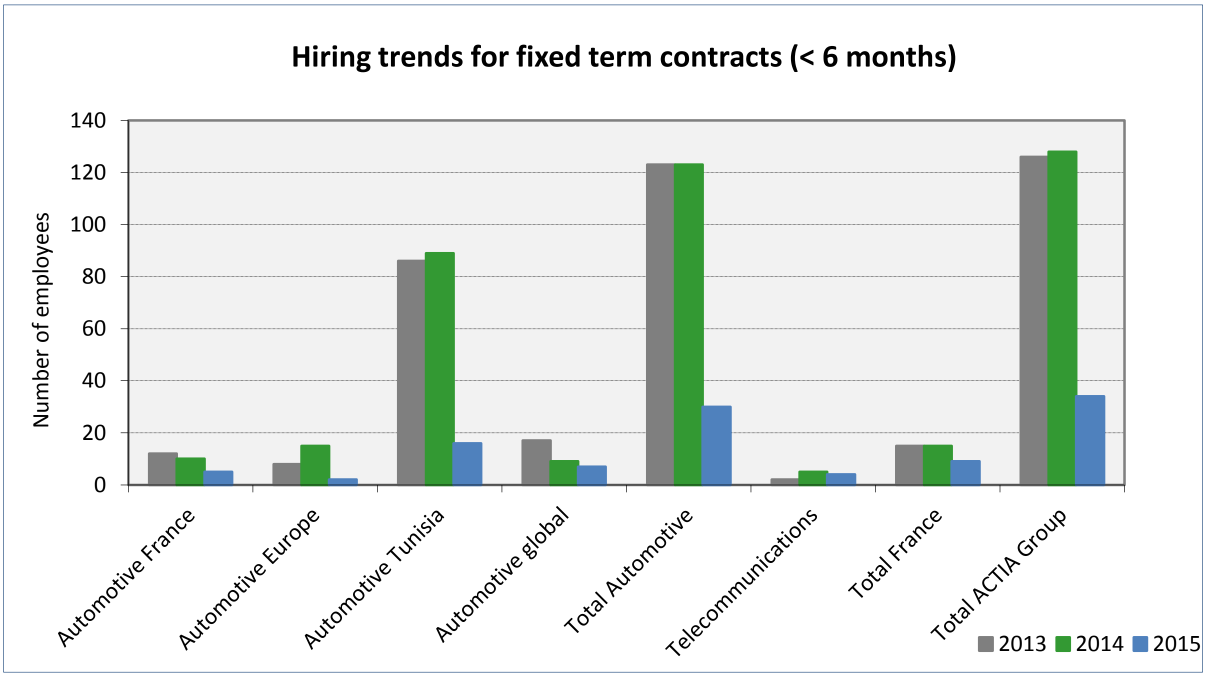
For fiscal 2015, **recruitment** at the Group level increased by 30.9%, following the substantial increase of 38.8% in 2014. These figures do not include subsidized fixed-term contracts such as apprenticeship and work-study contracts, that with elsewhere, in reference to recruitment.

For the entire Group reporting boundary, 656 employees were recruited, compared with 501 in 2014 and 361 in 2013, a direct consequence of necessary adjustments in resources to support growth in Group revenue. These recruitments were largely concentrated in subsidiaries located in Tunisia, the United States and France.

However, it must be noted that turnover remains high in the United States reflecting the situation of full employment and also in China with the growth in remuneration of skills generating certain difficulties in maintaining staffing stability.







Fixed-term contracts (FTC) represented more than one half of employees hired, up in relation to the prior year. Tunisia, China and France accounted for 66.1 %, 14.9 % and 7.8 % respectively of recruitments for fixed-term contracts.

Furthermore, 105 fixed-term contracts signed in 2014 were transformed into permanent contracts in 2015 while 175 such contracts previously signed were renewed.

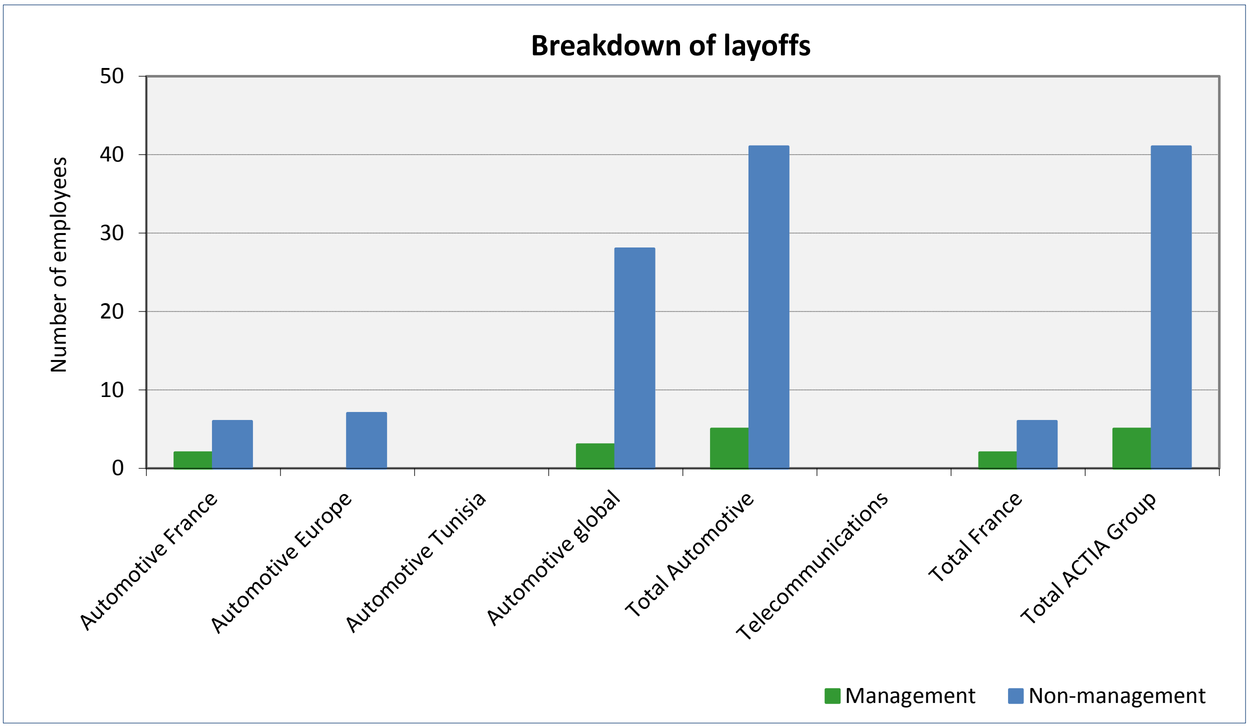
Some difficulties were reported in recruiting for reasons that remain diverse and recurrent in nature: compensation levels in relation to the local market, shortages for certain technical expertise, characteristics linked to the Company, lack of mobility, etc.

Representing only 4.8 % of positions within the Group, use of temporary personnel rose substantially by 71.2 % in relation to 2014, with 147 temporary employees in the period compared to 86 one year earlier. The main countries concerned in decreasing order are France, Sweden and Germany which taken together account for 89.1% of interim personnel employed in the period. The average temporary assignment ranged from thirty-five days to more than seven months, depending on the subsidiary.

ACTIA Group makes use of subsidized contracts (apprenticeship contracts, work-study contracts, etc.) in those countries where permitted by local regulation. On that basis, the Group employed 95 people under **subsidized contracts** in 2015, representing a 15.9% decrease on the prior year that had experienced a significant rise in this personnel category. France accounts for 70.5 % of such contracts, followed by Tunisia for 29.5 %, down sharply in relation to 2014. In 2015, these contracts generated 20 recruitments, including 16 in Tunisia, with their number up 66.7% on 2014.

Lastly, the Group employed 134 trainees through qualifying professional programs, remaining relatively stable in relation to the prior year. These traineeships range from 30 to 365 days with an average period for the Group of 68 days. Thirty were hired at the end of their training program. These traineeships were provided in France, the largest contributor this year, and in Tunisia.

Dismissals in the period involved 46 employees, mainly outside of France (82.6 %), particularly in the US, a decrease of 45.9 % from the prior year.



The reasons were as follows:

- incapacity: 34.8 %, mainly in the US, are linked to the high turnover referred to above and difficulties in recruiting quality personnel;
- misconduct: 30.4 %;
- economic reasons: 26.1% of layouts, mainly in Brazil which experienced significant difficulties where the economic and political context require the Group to reduce its exposure while continuing to maintain its presence to monitor its key accounts.
- serious misconduct: 8.7 %.

Furthermore, the Group registered 210 **resignations**, a figure on the decline, with nearly 50 % in the United States and China, resulting from specific characteristics of the local job market. This figure broke down by 163 non-management employees and 47 management employees.

Finally, 17 employees retired including 11 non-management employees, with France accounting for 70.6% of this number.

With respect to **annual remuneration**, trends for the last three financial periods are presented below:

Average salary expense in €	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Automotive France	Total ACTIA Group
2013	56,435	54,056	8,087	18,530	31,456	57,091	56,994	**33,879**
2014	56,369	54,718	8,795	19,181	32,530	61,508	58,085	**35,271**
2015	**57,482**	**54,538**	**8,941**	**21,827**	**32,497**	**63,820**	**59,529**	**35,250**

The average salary expense corresponds to gross payroll, increased by social charges as presented in the accounting of each subsidiary, divided by average headcount.

Furthermore, the percentage of social charges in relation to the gross salary breaks down as follows:

Social security/salaries and wages	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Automotive France	Total ACTIA Group
2013	47.7%	27.9%	19.0%	27.5%	36.1%	47.3%	47.6%	**37.7%**
2014	47.8%	26.9%	15.0%	22.1%	34.6%	52.3%	48.9%	**37.1%**
2015	**46.8%**	**28.3%**	**15.1%**	**27.0%**	**34.9%**	**50.3%**	**47.6%**	**37.0%**

France remains the world champion in terms of the amount of social charges as a percentage of wages, despite the adoption of the CICE wage tax credit which had only a marginal impact on charges overall.

Human resources policy

Most group entities have annual **training** plans. These plans are prepared through:

- Annual employee performance assessment meetings;
- Forward planning skills management;
- Discussions with staff representatives or the site manager.

Accordingly, in 2015, for the entire Group, 57,355 hours were spent on training which represents an average of 19 hours per employee. In decreasing order, the Tunisian, American, Spanish and Chinese subsidiaries are the largest contributors with more than 20 hours of training per employee in the period.

Organized with subsidiaries in 15 countries for a number of years, **diversity** is concretely experienced through meetings and shared initiatives, whether in the area of research, sales, management or cross-corporate functions. The breakdown of the Group's 3,067 employees in terms of country is as follows:

- 97.5 % are of the same nationality as the subsidiary,
- 1.7 % are EU nationals,
- 0.8 % come from other countries.

This breakdown varies very little country by country and remains relatively stable from one year to the next.

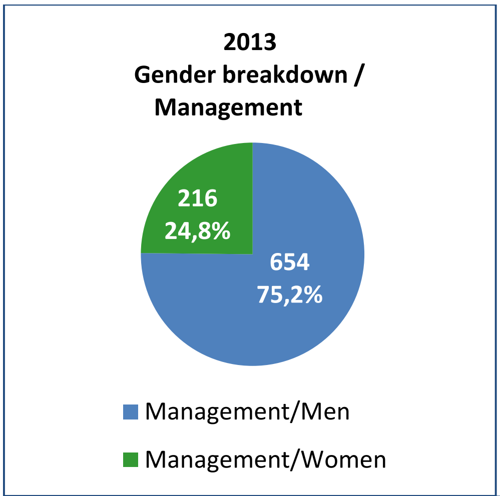
Equal opportunity employment is assured in each structure and internal mobility at the international level is being gradually implemented within the Group. In the absence of a structured information tool in this area, opportunities still are pursued on a case-by-case basis.

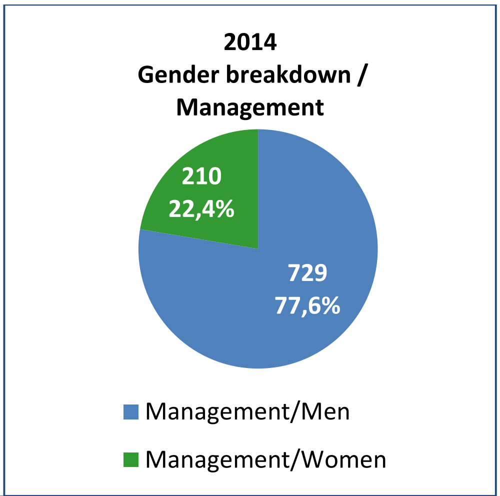
With the principle of occupational equality between men and women respected for employees throughout the Group, no incident of perceived discrimination has been reported.

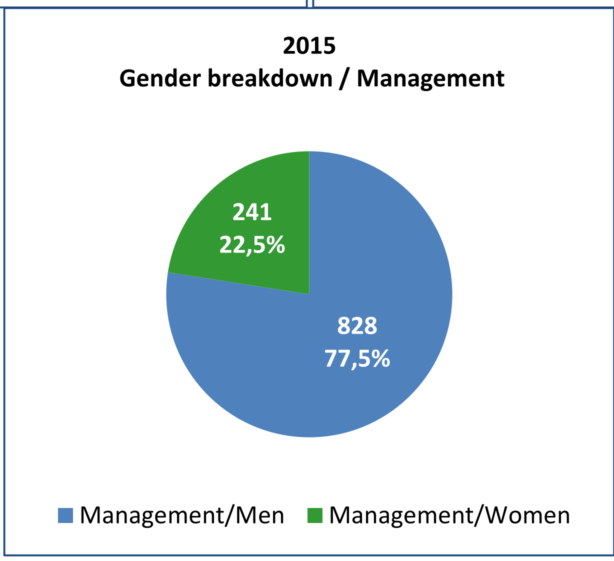
The tables below present the breakdown of management and non-management staff by gender.

Management/ Men	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	258	38	175	83	554	98	358	**654**
2014	264	48	214	93	619	107	374	**729**
2015	**285**	**49**	**274**	**113**	**721**	**104**	**392**	**828**
Change/2014	+ 21	+ 1	+ 60	+ 20	+ 102	<3>	+ 18	+ 99
Change (%)	+ 8.0%	+ 2.1%	+ 28.0%	+ 21.5%	+ 16.5%	<2.8%>	+ 4.8%	+ 13.6%

Management/ Women	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	53	9	108	25	195	20	74	**216**
2014	57	8	100	24	189	20	78	**210**
2015	**63**	**8**	**116**	**33**	**220**	**20**	**84**	**241**
Change/2014	+ 6	0	+ 16	+ 9	+ 31	0	+ 6	+ 31
Change (%)	+ 10.5%	0.0%	+ 16.0%	+ 37.5%	+ 16.4%	0.0%	+ 7.7%	+ 14.8%

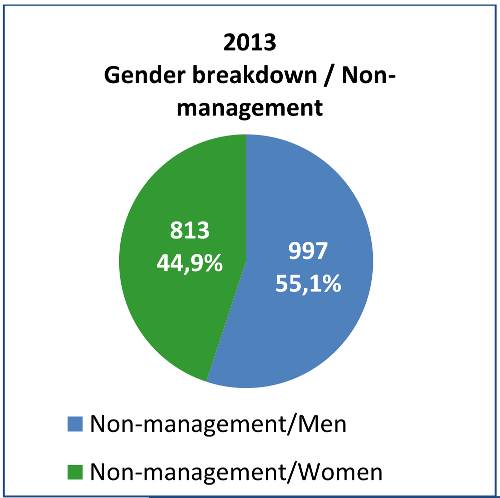


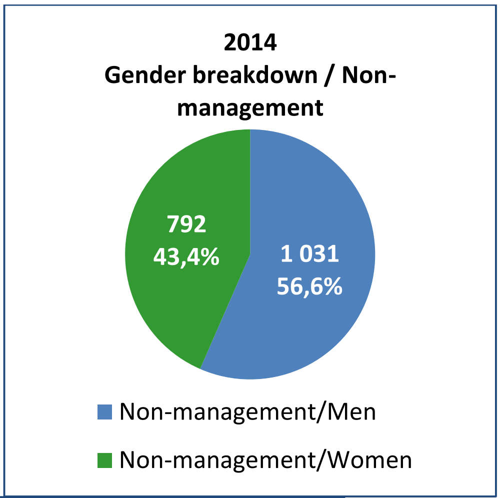


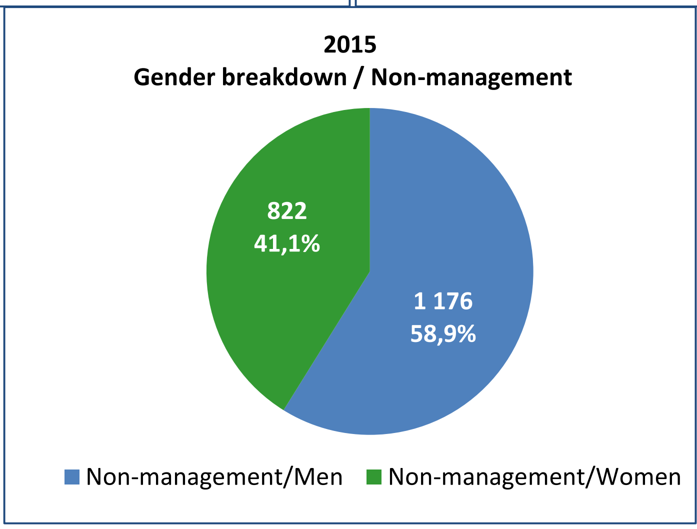


Non-management /Men	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	243	291	175	211	920	77	320	**997**
2014	260	295	165	237	957	74	334	**1,031**
2015	**263**	**333**	**294**	**209**	**1,099**	**77**	**340**	**1,176**
Change/2014	+ 3	+ 38	+ 129	<28>	+ 142	+ 3	+ 6	+ 145
Change (%)	+ 1.2%	+ 12.9%	+ 78.2%	<11.8%>	+ 14.8%	+ 4.1%	+ 1.8%	+14.1%

Non-management /Women	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	152	87	402	133	774	38	191	**813**
2014	150	89	376	139	754	37	188	**792**
2015	**151**	**97**	**396**	**140**	**784**	**36**	**189**	**822**
Change/2014	+ 1	+ 8	+ 20	+ 1	+ 30	<1>	+ 1	+ 30
Change (%)	+ 0.7%	+ 9.0%	+ 5.3%	+ 0.7%	+ 4.0%	<2.7%>	+ 0.5%	+ 3.8%







Proportionally, women are in consequence less represented among management than non-management staff, though this gap is improving both in absolute terms and as a percentage, with the situation varying according to country. In France, the number and percentage of women increased in the management segment, in contrast to non-management positions. Group data has been impacted by the specific case of Tunisia as indicated at the beginning of this section.

In 2015, 41 **disabled workers** were employed within ACTIA Group, a figure that registered a significant increase of 36.7%. Certain local regulations require the employment of disabled workers and the Group does not meet the mandatory number for 78 for such positions to be filled by law. On that basis, there exists a shortfall and in response the sites have recourse to sheltered work facilities (*Centres d'Aide par le Travail* or CAT). This subcontracting representing the equivalent of 11 persons unfortunately was not sufficient to cover this shortfall. The Group was obliged to pay a total fine of €104,000 for noncompliance with its obligations in this area. Accordingly, ACTIA Group will maintain its efforts in order to gradually make up for this gap.

For all entities the Group actively promotes the application and compliance with the core conventions of the International Labor Organization, and notably respecting the right of freedom of association and collective bargaining, eliminating discrimination in employment and professional life, abolishing forced labor and the effective abolition of child labor.

Within this framework, CIPI ACTIA, the Tunisian subsidiary, has been a partner of the United Nations Global Compact since 2006.

Finally, 78.4 % of entities using subcontractors declare that they ensure that these subcontractors respect the core conventions of the International Labor Organization.

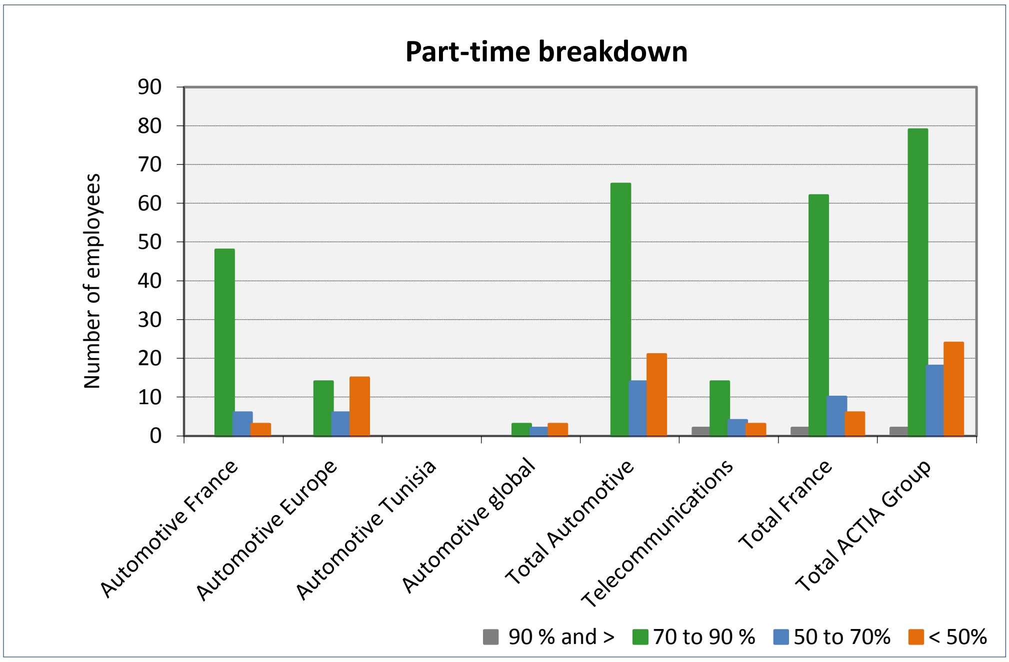
Working time organization

In France French companies operate on the basis of a five-day workweek. In connection with the provisions of French law and the "*Rebond*" agreement signed by the main French company in 2014 and applying for a period of three years, employees in the management or equivalent categories are employed according to a fixed annual amount of 218 days of work per year, the maximum duration authorized in France. The other categories are employed on the basis of a full-time annualized French 35 hour legal workweek.

The Indian and Mexican subsidiaries, in accordance with local regulations, operate according to six-day work weeks.

As for manufacturing plants for electronic printed circuit boards, the Colomiers site generally operates according to 2x8 hour shifts and, if required to meet specific production demand, can operate on 3x8 hour shifts. As for the Tunisian site of CIPI ACTIA, a significant number of production lines are organized on a shiftwork basis (3x8 … 5x8) according to the requirements of production volumes and performance and/or the workload for production units and have adopted a six-day work week.

Group-wide, the number of **part-time employees** rose in relation to prior periods to 123, with women accounting for 76.7 % of this number. The part-time breakdown is shown in the graph below:



The total number of overtime hours was 65,069, down from 2014, 98.8 % involved non-managers. It is however noted that most French management staff are employed on a flat-rate basis according to a given number of days per year which skews this analysis. The Tunisian production sites accounted for 28.8% of total overtime to meet the growth in Group business.

Labor relations

All the Group's French facilities are subject to the national metallurgy industry **collective bargaining agreement**. The two Tunisian electronic board production sites are covered by the collective bargaining agreement for the electricity and electronics industry. However, this notion of collective bargaining does not exist in all countries where the Group operates.

56.2 % of the Group's staff work in entities where **labor unions** are present.

There are 113 **employee representatives**.

All Group employees receive information from management through different means of communication that vary from one subsidiary to the next. In general, bulletin boards are systematically used, along with e-mail, meetings and internal letters. Employees at all facilities are informed of Company results and targets. Since 2014, measures have focused on intra-group communications with the deployment of video screens in each subsidiary to strengthen synergies and foster Group cohesion across international operations, as well as the feeling of belonging to the Group.

In addition to measures imposed by local legal obligations, the following **benefits** are offered:

- health: supplementary benefits, etc.: 64.9 % of employees;
- restaurant vouchers: 54.6 % of employees;
- supplementary retirement scheme: 17.5 % of employees;
- maternity (maternity bonus): 15.9 % of employees;

On that basis, 67.6% of employees are eligible for various bonuses including a “13th month” bonus, one-off bonuses, funeral expenses, marriage allowances, travel insurance benefits, supra-legal bonuses relating to quality, attendance, behavior, output, profit-sharing and other bonuses.

With respect to **collective bargaining agreements**, in entities with a labor union, these concerned working the organization of working hours, mutual insurance benefits and statutory life insurance benefits and promotion. In France, the last agreement adopted by the main subsidiary focused on the coordination between "professional/personal life" with the implementation of a concierge service offered by the company and providing different services to employees to facilitate their life and reinforce employee retention. This new service which has been in a trial phase since September 2014 did not fulfill its objectives (insufficient employee demand) and was discontinued in September 2015.

Health and safety

For 2015, 29 **occupational accidents** resulting in lost time days were recorded. It should be noted that the commuting accidents were excluded from this indicator in order to remain comparable with indicators used in France and to improve the reliability of the data and the reporting process. These accidents represented 484 lost workdays, a figure that is down, despite the increase in the number of accidents.

Furthermore, one fatal accident occurred at our Spanish subsidiary in the logistics department. Investigations are underway to determine the cause and specific counseling is being provided to do with the trauma of such an event.

- With a frequency rate of 5.5% in 2015, this figure is up in relation to the prior year. This corresponds to the number of occupational accidents, excluding work commutes, occurring in the year resulting in a lost time day, X 1,000,000 / the total number of hours worked in the year, according to the standard in force.
- The incidence rate amounted to 9.9, a figure that also was up. This corresponds to the number of occupational accidents, excluding work commutes, occurring in the year resulting in a lost time day, X 1,000 / average Group headcount, according to the standard in force.
- The severity rate, remaining stable, was 0.2. This includes the total number of lost time days resulting from accidents occurring in the year or prior years excluding work commutes X 1,000 / total number of hours worked in the year.

No **occupational illnesses** were reported within the Group.

Sick leave accounted for 21,092 lost-time days in 2015, 6,996 of which in France. This figure was up for the Group from the previous year. The breakdown by business unit and employee is as follows:

Sick leave per employee	Automotive France	Automotive Europe	Automotive Tunisia*	Automotive Global	Automotive average	Telecom-munications	France average	Group average
2013	7.2	6.8	2.4	3.2	4.6	7.5	7.2	**4.9**
2014	6.8	6.3	1.1	2.4	3.9	6.7	6.8	**4.2**
2015	**7.8**	**6.2**	**10.3**	**2.1**	**7.4**	**4.9**	**7.1**	**7.2**
Change/2014	+ 1.0	<0.1>	+ 9.2	<0.3>	+ 3.5	<1.8>	+ 0.3	+ 3.0
Change (%)	+ 14.5%	<2.0%>	+ 818.5%	<11.5%>	+ 89.1%	<26.3%>	+ 4.8%	+ 73.2%

* In the main Tunisian subsidiary, tools were adopted to monitor this figure which explains the significant increase recorded as previously this indicator represented a simple estimate.

With respect to **occupational health and safety**, all Group companies enforce a smoking ban on their premises.

In addition, most of the facilities have put in place workstation ergonomics diagnostics or assessments, generally within the framework of a CHSCT (Health, Safety and Working Conditions Committee). In Germany, the labor inspectorate performed an annual audit.

Fire safety and electrical installation standards are met by all subsidiaries. Subsidiaries that do not perform the inspections themselves benefit from this service specifically provided for under their leases.

For 84.6 % of the workforce, a Health, Safety and Working Conditions Committee (CHSCT) is present at the site. Numbering 11 in total, they are comprised of 71 members.

In 2015, as no specific agreements were concluded with labor organizations with respect to occupational health and safety, the previous agreements have thus been maintained in the relevant entities.

Outsourcing

Most facilities covered have recourse to outsourcing for different tasks.

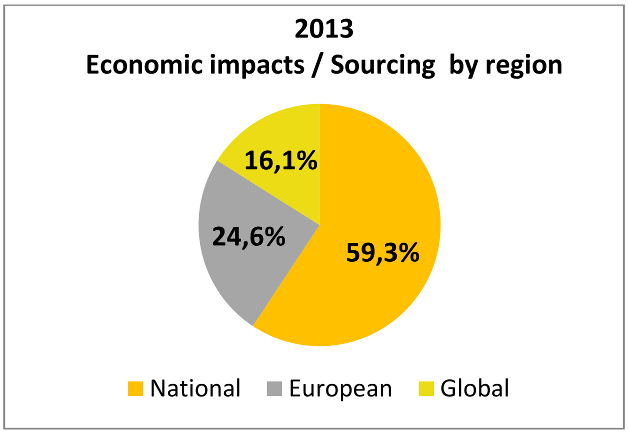
The Group has recourse to two types of outsourcing:

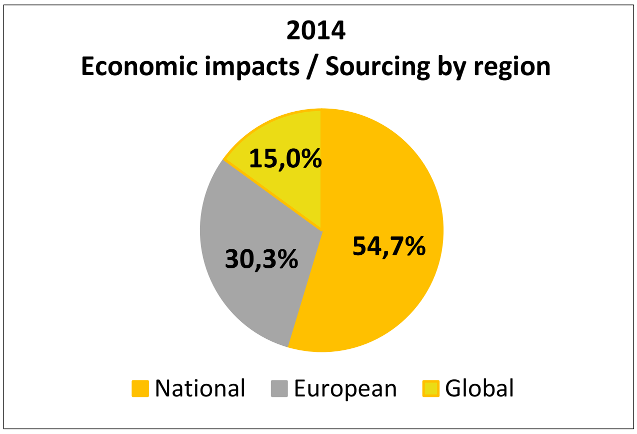
- For manufacturing, certain sub-assemblies, such as in the area of embedded audio and video systems, may be outsourced. This production is assured directly at the site of subcontractors having been approved by the Group.
- In the area of research and development, according to the specific nature of the requests, the subcontractors may intervene directly in the company's premises or externally.

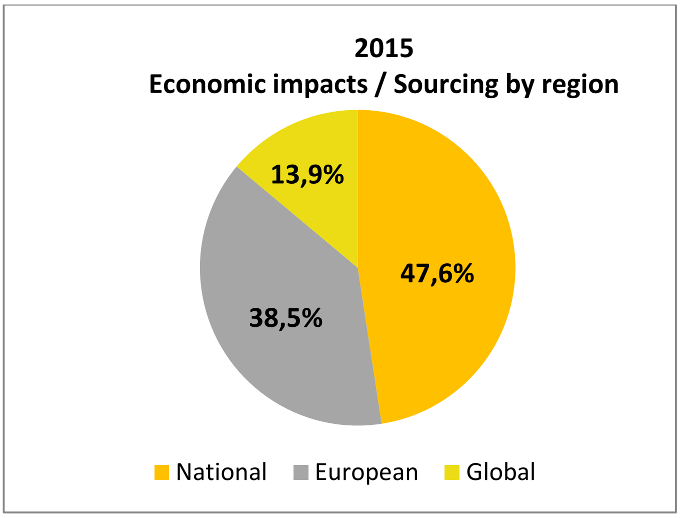
Current subcontractors vary according to Group entity and some subsidiaries have adopted assessment procedures (audits) to comply with requirements relating to quality standards, employee working conditions and the desired environmental standards depending on their certification level.

Relations with the local environment

The economic impact of the Group's operations is calculated on the basis of the breakdown of production-related purchases that is as follows:







Economic impacts are increasing in the European market.

While it has grown internationally, the Group's lasting position in its national market has made it possible to ensure continuing positive economic impacts in France.

Relations with stakeholders and social works

Certain Group entities are members of professional bodies: The UIMM industry association (*Union des industries et métiers de la métallurgie or the Union of Metallurgies Industries*), the Medef (the French employers union), scientific ANRT (French National Association of Technical Research), Aerospace Valley (a bi-regional competitive cluster dedicated to aeronautics, space and embedded systems), Tompasse (Toulouse Midi-Pyrenees Aeronautics Space On-Board Systems), various social programs in France (for example CILEO, an agency that collects contributions to finance the construction of social housing in France) and in the international arena, through CIPI ACTIA's adhesion, a supporter of the United Nations Global Compact on human rights and the environment, the ANFIA (the Italian automotive industry association), the metallurgy employers' association in Madrid, MAFEX (the Spanish railway association), SMMT (the British Society of Motor Manufacturers & Traders) or the Coach and Bus Industry Association in China.

The Group also has good relations with educational institutions with whom it participates in research activities and has intern program partnerships both in France and Tunisia. ACTIA Group signed a partnership agreement with six *Grandes Écoles* or leading French institutions for advanced studies: the *École des Mines ALBI-CARMAUX*, the *École Supérieure de Commerce* of TOULOUSE, ENSEEIHT (*École Nationale Supérieure d'Électrotechnique, d'Électronique, d'Informatique, d'Hydraulique et des Télécommunications*), ENSIL (*École Nationale Supérieure d'Ingénieurs de Limoges*), INSA (*Institut National des Sciences Appliquées de Toulouse*) and ISAE (*Institut Supérieur de l'Aéronautique et de l'Espace*) in pursuing the E^+ program of excellence launched by the Group as from 2008. In addition, at the international level: Turin and Milan engineering schools, Universita di Bari (Italy), the Monterrey Technology Institute (Mexico), the University of Shanghai or the Nanjing College of Engineering (China).

Lastly, there are no noteworthy lawsuits or disputes with resident associations, or even with individuals living near our facilities.

Fair practices

ACTIA Group set up a commission to establish a charter of ethical conduct at the Group level with the goal of transmitting to all staff the values of respect and integrity upheld by its founding families. Having been adopted in France in 2014, its implementation at the international level remains a priority.

With respect to matters adopted in favor of consumer health and safety, safety is an integral priority of products developed by the Group in conjunction with improvements in respecting the environment.

ACTIA Group in most cases intervenes in one of the components of a more complex product that may subsequently be used by the end customer. On this basis, the Group respects the requirements established to this purpose set by the manufacturer of the end product.

Profit sharing

The following table summarizes amounts expensed by the Group in connection with statutory and voluntary profit-sharing plan agreements signed by the different subsidiaries:

Statutory profit-sharing (€ thousands)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	0	232	0	113	345	0	0	**345**
2014	0	198	0	39	237	0	0	**237**
2015	**0**	**255**	**0**	**46**	**300**	**0**	**0**	**300**

Voluntary profit-sharing (€ thousands)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013	302	382	0	126	810	0	302	**810**
2014	659	496	0	134	1,289	568	1,227	**1,857**
2015	**731**	**609**	**0**	**287**	**1,628**	**554**	**1,286**	**2,182**

By geographical sector, the percentage of employees benefiting from such agreements breaks down as follows:

	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Total France	Total ACTIA Group
2013 statutory profit-sharing	96%	46%	0%	46%	44%	100%	97 %	**49%**
2014 statutory profit-sharing	97%	33%	0%	42%	42%	100%	97 %	**47%**
2015 statutory profit-sharing	**97%**	**34%**	**0%**	**39%**	**39%**	**100%**	**97%**	**43%**
2013 voluntary profit-sharing	99%	37%	0%	90%	52%	100%	99%	**56%**
2014 voluntary profit-sharing	99%	37%	0%	91%	53%	100%	99%	**57%**
2015 voluntary profit-sharing	**99%**	**37%**	**0%**	**91%**	**49%**	**100%**	**99%**	**53%**

For both statutory and voluntary profit-sharing agreements, procedures of application vary from one company and country to the next, according to local regulations.

Group Savings Plan and International Group Savings Plan

There is no Group Savings Plan or International Group Savings Plan.

Percentage of share capital held at the end of the reporting period

As of the balance sheet date, there was no employee ownership in the Share Capital of ACTIA Group S.A as per the terms of Article L.225-102 of the French commercial code.

Reserved share capital increase

The French Act of February 19, 2001 on employee savings plans requires that when employees hold less than 3 % of the Share Capital, the Executive Board must submit a draft resolution every 3 years to proceed with a capital increase reserved for employees participating in a company savings plan (P.E.E.) to a vote of Shareholders.

Accordingly, in compliance with this obligation and to promote employee stock ownership, we submit for your vote a resolution to grant authority to the Executive Board to proceed with a capital increase reserved for employees participating in a Company Savings Plan implemented in accordance with the provisions of articles L3332-18 *et seq.* of the French labor code through the issuance of ordinary shares for cash and, when applicable, through the grant of ordinary bonus shares or any other securities of any nature convertible or exchangeable for shares. The law furthermore entails the cancellation of the preferential subscription rights for existing shareholders in favor of the beneficiaries of the capital increase.

It is specified that pursuant to the provisions of Article L.3332-19 of the French labor code, the price of shares that may be issued may not be 20 % below (or 30 % when the lock-up period provided for under the plan in accordance with Articles L3332-25 and L3332-26 of the French labor code is greater than or equal to 10 years) the average listed price for the 20 trading sessions preceding the date of the Executive Board's decision fixing the opening date of the subscription period, nor greater than this average.

The maximum nominal amount of the capital increase(s) that may be carried out under this authorization is limited to 3 % of the Share Capital on the date of the Executive Board's decision to implement this authorization.

To this purpose, we propose that you grant the Executive Board with all powers for a period of 26 months to make use of this authorization.

The Executive Board will be vested with, within the limits set forth above, all powers necessary notably to set the terms and conditions of the issue or issues, record the completion of the resulting capital increases, amend the articles of association in consequence, charge at its sole discretion the costs of the capital increase to the corresponding share premium and appropriate therefrom all amounts required to ensure that the legal reserve represents one tenth of the new share capital after each increase, and in general, take all actions required.

Appointment of employee shareholders to the Supervisory Board

As the threshold of 3% in the Share Capital by employees has not been met to date, the Company is not required to appoint employee shareholders as members of the Supervisory Board.

Appointment of Supervisory Board members by employees

With employee ownership as per the terms of Article L.225-102 of the French commercial code under 3% of the Company's share capital, there is no need to put in place procedures for the appointment of members of the Supervisory Board by employees.

5.7.2 The environmental impact of the business activities

Internal organization of environmental management

ACTIA Group's Executive Management is responsible for coordinating all environmental actions.

Implementation of environmental management actions is managed by an Environment Manager reporting to the Systems - Quality / Environment Department of ACTIA Automotive S.A. for the two Toulouse-based sites. In light of the merger with ACTIA Muller in Luce (France) on July 20, 2015, this establishment is currently being integrated in the process. At the Colomiers site (production), a technician is in place for the site's waste management.

The Environment Manager has taken environmental management training.

In line with the implementation of the ISO 14001 standard, the general awareness session to train and inform employees on environmental matters was carried out, for the sites concerned. A training plan and awareness planning were drawn up as part of the SME (Environmental Management System) in order to raise the awareness of all new employees. Staff is informed of actions taken and the channels are available to them to report all relevant information.

The internal organization of risk management in the event of an accident was completed at the sites of ACTIA Automotive S.A., with an environmental management system in place using the AMDEC method. This system requires the identification and assessment of emergency situations (such as pollution accidents) in order to better remedy them, with the requirement to draft an emergency response procedure as well as to identify any such emergencies.

Entities with a dedicated environmental department such as ACTIA Automotive and ACTIA Telecom (France), CIPI ACTIA and ACTIA Tunisia (Tunisia), ACTIA Nordic (Sweden), ACTIA India (India), ACTIA do Brasil (Brazil) have total dedicated staff equivalent to 5 employees. These structures account for 58.4 % of the Group workforce.

In addition, there is regulatory monitoring at these facilities. They also take into account environmental impacts when designing new products and vendor/supplier procedures.

Consumption and waste

Consumption of water resources

Water consumption of the Group totaled 38,068 m^3, an increase on 2014 after declining for two consecutive years. This increase is due to several factors, including in particular, the following:

- in contrast to 2014, our US site resumed automatic watering of its green spaces due to a very dry summer resulting in an increase of 2,882 m^3.
- as in 2014, our main production site in Tunisia did not use water from its well for outside watering due to climatic conditions, resulting in a savings of 2,100 m^3; the increase of 589 m^3 in consequence results from higher production and the 13.3% increase in the workforce.
- our Tunisian engineering department implemented significant measures to reduce water consumption, after a significant increase linked to a leak, involving monthly surveillance to detect possible leaks and measures to raise employee awareness about water consumption; however, the suspicion of a leak beneath ground remains. Measures were taken with the owner, though it would appear that the repair is complicated to carry out. The Group has plans for the construction of a new building to house its R&D activities in Tunisia, with the move scheduled for late 2016/early 2017, putting an end to years of leakage problems in the leased building experienced to date.
- the Tunisian integration site discovered a leak in the 2015 fourth quarter, which partially explains the increase in the period of 1,505 m^3, and that has since been repaired. Another factor contributing to this rise was the 34.6% increase in the workforce;
- in summary, the total increase and consumption amounted to 16.6%, with an average growth in the workforce over the period of 8.2%.

Measures adopted to limit consumption at the most important sites have contributed to containing total Group consumption. For example, as in 2014, the Group did not draw water from its wells for outdoor watering, particularly in Tunisia. In France, dry toilets and water saving devices were installed which lowered consumption. Overall, water consumption is monitored by the Group which makes it possible to analyze all variations and contributes to improved awareness.

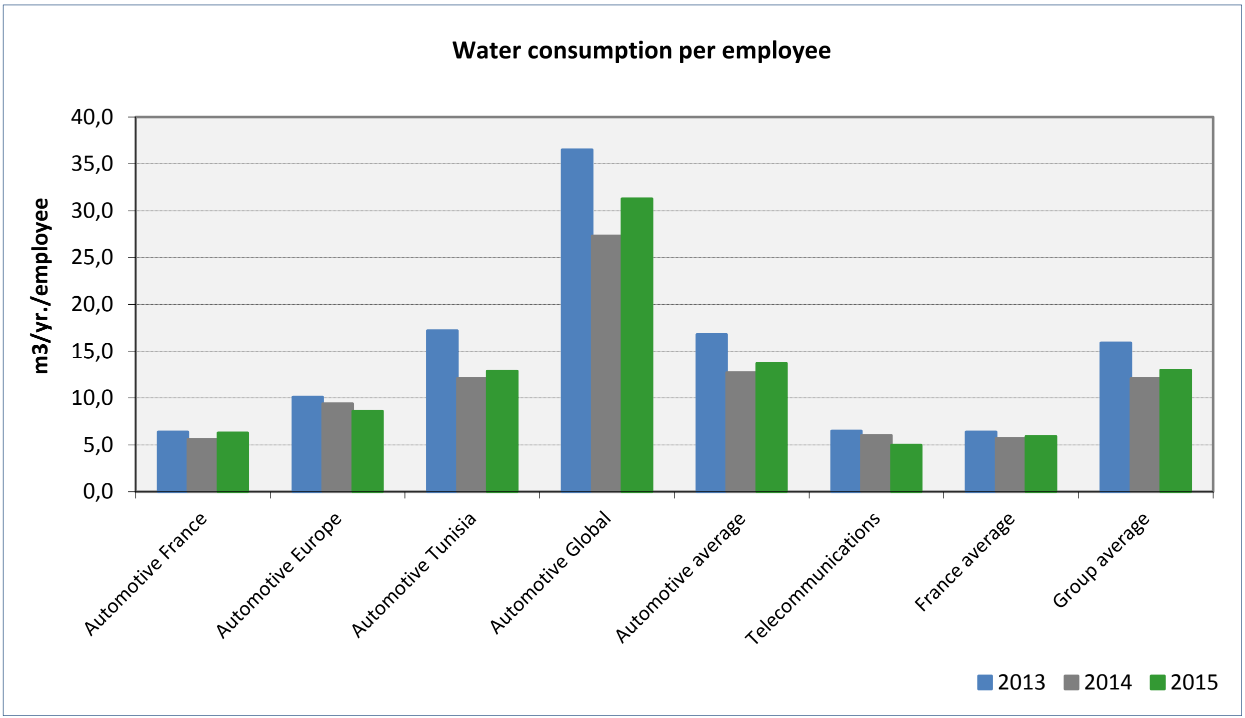
It should be noted that certain subsidiaries do not have access to data on their water consumption whereby this utility service is included in rental charges. For these subsidiaries, the Group has opted to take into account estimated water consumption based on national or sector averages according to available information. This approach concerns a subsidiary in France and subsidiaries in Sweden and India and covers 4.2 % of the Group workforce.

Water consumption at all facilities is drawn from the drinking water system.

In relation to the number of employees, water consumption at all sites in 2015 was approximately 13.0 m^3/yr./employee, up marginally from 2014, though still below 2013, and breaking down as follows

m^3/yr./ employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Automotive average	Telecom-munications	France average	Group average
2013	6.4	10.1	17.2	36.5	16.8	6.5	6.4	**15.9**
2014	5.6	9.4	12.1	27.3	12.7	6.0	5.7	**12.1**
2015	**6.3**	**8.6**	**12.9**	**31.3**	**13.7**	**5.0**	**5.9**	**13.0**
Change/2014	+ 0.7	<0.8>	+ 0.8	+ 4.0	+ 1.0	<1.0>	+ 0.2	+ 0.9
Change (%)	+ 12.5%	<8.5%>	+ 6.6%	+ 14.7%	+ 7.9%	<16.7%>	+ 3.5%	+ 7.4%

The following chart highlights a reduction in water consumption per employee since 2013:



Consumption at the facilities except for the manufacturing sites such as ACTIA Automotive in Colomiers (France), CIPI ACTIA in Tunis (Tunisia) and ACTIA Telecom in Puy-Sainte-Réparade (France) relates to "research services".

Furthermore, the Group attempts to explain all fluctuations in its water consumption.

Consumption of raw materials and packaging

The Group's operations do not directly consume raw materials drawn from the natural environment since it uses only manufactured products (electronic components, electrical wiring, etc.), primarily consisting of metals and plastic. Most facilities have had waste separation systems in place for a number of years notably for packaging (cardboard, wood, packing fill materials, plastics, palettes) and procedures providing for the reuse of wooden crates, plastics and cardboard boxes and promote recovering of materials from these items. Measures in favor of standardization and reducing the number of packaging references remain in place.

With respect to packaging, the Group uses different types of materials: cardboard, wood packing fill materials, plastics films, paper, extruded foam. It remains very difficult to obtain quantitative reporting data on the consumption of these materials as there is no specific monitoring tool in place. Certain data is today reported in units, tons or m^3.

In line with its increasing commitment to environmental monitoring of its activities, ACTIA Group has developed reporting on data relating to its consumption of chemical products. Based on this reporting, the Group uses approximately 30.4 m^3 of various chemical products, and mainly varnishes, solvents, soldering cream, Isopropyl alcohol.

To be more meaningful, the Group decided to take into account only the main products used at its principal production sites, and namely varnishes, solvents, diluents and soldering cream, to more efficiently monitor changes in the future. As a result of this change, comparison with 2014 is not possible.

Energy consumption

There are two types of energy that continue to be largely used by all sites:

- **electricity**: 11,866.9 MWh, up 4.7% in relation to 2014, a year that already registered a 6.0% increase, and which is explained by the growth in business. The main contributors to this increase are the French and Tunisian production sites, resulting in particular from just-in-time production lines (Tunisia) and ramping up the last production line (Tunisia and France), the integration site in Tunisia with the deployment of a new production line and the Chinese subsidiary with an increase in area of approximately 30% and the installation of air-conditioning and electric equipment. This energy source accounts for 76.0% of total energy consumption.

- **natural gas**: with 2,941.4 MWh represented a new decline of 6.1% in relation to 2014. This decline was nearly universal and explained by milder weather conditions during the 2014/2015 winter.

Total consumption was 15,615.0 MWh in 2015, up 2.8 % from 2014. When analyzed on a per employee basis, consumption registered a new decrease of 5.0%, after declining 1.7% in 2014. This overall rise results from new production lines and an increase in the number of working hours in Tunisia.

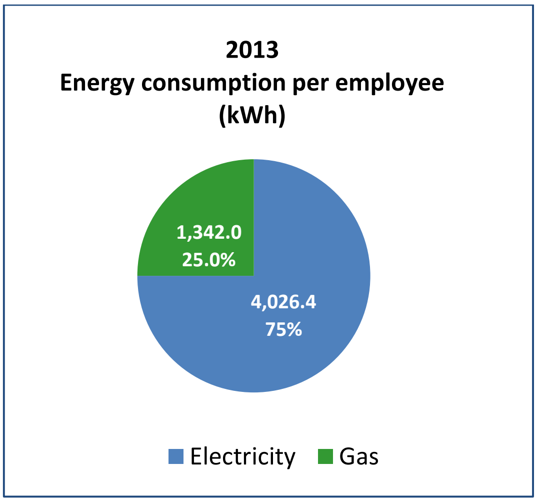
As for water, the Group monitors its energy consumption and seeks to provide coherent explanations for all fluctuations. Accordingly, certain subsidiaries registered increases from growth in their workforce or the development of their activity. For others, declines were registered in response from more favorable weather conditions, internal measures including initiative to raise employee awareness about energy savings and responsible practices: turning off equipment at night, controlling heating and air-conditioning settings, etc.

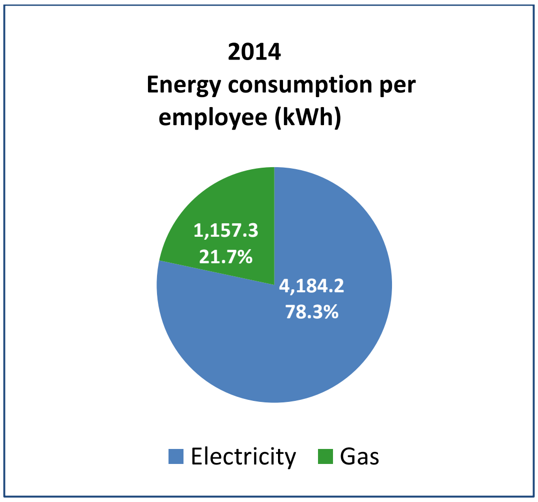
Fuel oil consumption is extremely limited as it is used mainly by the Spanish subsidiary and represents only 0.2 % of total energy consumption.

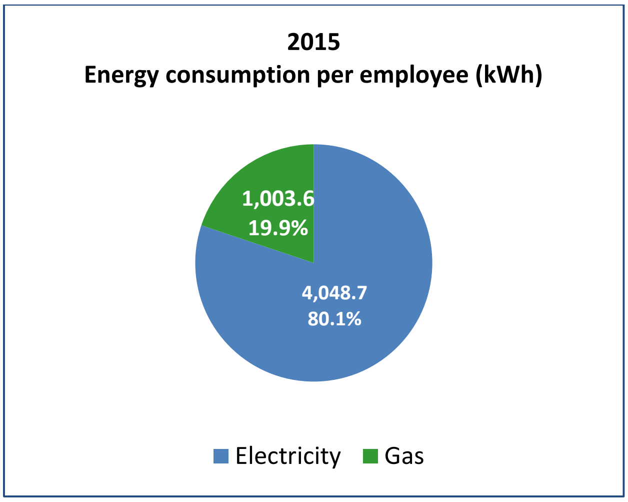
Energy consumption can be summarized as follows:

kWh/yr./employee	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Automotive average	Telecom-munications	France average	Group average
Electricity 2013	5,442.8	2,136.6	4,368.6	2,792.3	3,982.4	4,571.1	5,192.3	**4,026.4**
Electricity 2014	4,597.2	2,056.4	5,545.3	2,903.4	4,163.7	4,466.4	4,545.6	**4,184.2**
Electricity 2015	**4,824.3**	**1,685.2**	**5,103.0**	**2,880.7**	**4,040.1**	**4,232.7**	**4,658.1**	**4,048.7**
Change/2014	+ 227.1	<371.2>	<442.3>	<22.7>	<123.6>	<233.7>	+ 112.5	<135.5>
Change (%)	+ 4.9%	<18.1%>	<8.0%>	<0.8%>	<3.0%>	<5.2%>	+ 2.5%	<3.2%>
Gas 2013	2,518.2	1,381.4	0.0	997.2	1,113.7	3,511.1	2,755.9	**1,342.0**
Gas 2014	1,984.3	1,073.2	0.0	1,257.9	1,003.0	2,775.1	2,172.1	**1,157.3**
Gas 2015	**1,718.0**	**984.7**	**46.5**	**849.5**	**817.4**	**3,136.6**	**2,049.2**	**1,003.6**
Change/2014	<266.3>	<88.5>	+ 46.5	<408.4>	<185.6>	+ 361.5	<122.9>	<153.7>
Change (%)	<13.4%>	<8.2%>		<32.5%>	<18.5%>	+ 13.0%	<5.7%>	<13.3%>

The graph below illustrates the changes in energy consumption per employee:







The ratio of energy consumption per year and employee for the entire Group continued to decline ending the year at 5,327.5 kWh, compared to 5,610.8 kWh in 2014 and 5,705.9 kWh in 2013.

Renewable energy consumption has remained stable and concerns Tunisia where hot water is provided by solar energy and in Sweden where all electricity consumption is supplied by wind turbines (60 MWh) and tidal flows (100 MWh). Accordingly, 160 MWh, without counting solar-heat water for which we do not have any equivalent consumption, originate from renewable energy sources, that account for 1.0 % of the Group's total energy consumption.

On this subject, it should be noted that up to 2014, this subsidiary indicated that electricity originating from renewable energy accounted for all its energy consumption. In 2015, these figures were refined and on that basis 160 MWh of electricity originated from renewable energies (title flow and wind) whereas the premises were heated by means of hot water supplied by a waste incineration station (100 MWh).

Our German subsidiary also uses energy for heating originating entirely from **energy recovery.** This consumption totals 780 MWh or 5.0% of total Group energy.

Throughout the Group the priority of limiting energy consumption is reflected through a range of actions implemented at local levels for identified targets:

- Buildings: the installation of presence sensors, climate control mechanisms, timers, programmable units, door closing mechanisms to isolate areas for heating, replacing existing boilers by reversible air conditioning/heating units, as the buildings are renovated (Toulouse site) and by improving insulation;
- equipment: by instructions given to Purchasing departments for low power consumption equipment, lighting and other energy-efficient equipment, new low-power servers;
- individual behavior: awareness-raising campaigns on shutting down equipment in the evening, shutting off heating at night, turning off air-conditioning units, a centralized switch to shut off electricity;
- Organization: through control of air-conditioning settings in the summer and work time organization (through the organization of vacation time) in order to avoid summer consumption peaks, display indicators at certain sites to promote employee involvement, broad -based employee-awareness raising and more particularly in 2015, the introduction of general oversight by a third-party to examine the improvement measures planned for 2016.

These measures, supplement those already undertaken in previous periods, and highlight a strong commitment to environmental responsibility.

Ground use conditions

None of our facilities uses the ground as such, other than to serve as sites for buildings.

The facilities taken together cover a total of 57 acres (23 hectares). Of this surface area, 47.0 % is covered by landscaped green areas (61.6 % in France). Wooded areas represent 0.6% of these green spaces.

Air emissions

The operations carried on at the facilities do not generate any significant air emissions. Despite this, certain sites of their own initiative perform quantitative and qualitative assessments of their air emissions, including the two production sites. The results of these assessments are thoroughly satisfactory. It should be noted that ACTIA Automotive, a subsidiary based in Toulouse, in accordance with its regulatory obligations, adopted procedures for conducting a greenhouse gas emission assessment.

In addition, as part of an initial global approach, we sought to identify greenhouse gas emissions originating from energy consumption of the different Group entities using electricity for industrial purposes (ovens, soldering machines, environmental test chambers, etc.) and gas used exclusively for heating premises. Emission factors taken into account are based on guidelines of the French Environment and Energy Management Agency (ADEME) guidelines (www.basecarbone.fr), and supplemented by the IPCC (Intergovernmental Panel on Climate Change) (www.ipcc.ch). Emissions expressed in tons of CO_2 equivalent (TCO_2eq) reflect a rigorous policy for monitoring energy consumption through the ISO14001 certified Environmental Management System implemented in more than 58.4 % of Group entities.

Expressed in tons of CO2 equivalent (tCO_2eq)	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Automotive France	Total ACTIA Group
2013	700	411	2,037	873	4,021	279	979	**4,300**
2014	569	360	2,187	860	3,977	228	797	**4,205**
2015	**577**	**353**	**2,355**	**883**	**4,168**	**245**	**822**	**4,413**

If one excludes the variation linked to updating carbon emission factors, one notes an increase, particularly for sites which in terms of production are supporting Group growth. Based on a fixed rate, total Group emissions amounted to 4,918 Mt CO_2-equivalent at December 31, 2015 compared to 4,702 Mt CO_2 at December 31, 2014.

Water and ground discharges

The operations carried on at the facilities do not generate significant water or ground discharges:

- **wastewater** is "domestic" in nature and is discharged in the sanitation networks for treatment; several alternatives exist: wastewater networks, septic tanks, drainage, and even spreading of wastes on farming sites in China;
- **potential pollutants** (varnish, solvents …) are not stored on the ground but rather in ad hoc storage containers prior to treatment in compliance with regulations in force (See the section on "**Waste**").

Noise and odor pollution

Our activities are little noisy and odorless. Two items were reported by our subsidiaries:

- in India, the use of chemical products, namely varnishes, indisposed the personnel, though did not have any affect outside. Protective measures were immediately taken that included providing gloves and masks and the installation of a machine to automate this part of the production process and, in this way, limit the risks of nuisance.
- in Tunisia, engineering department personnel are sometimes bothered by odors emanating from the nearby treatment plant. This nuisance is in consequence not associated with our activity. Measures were taken with local authorities which to date have not yet produced results.

Excluding these reported items, no incident of nuisance has been recorded by the various facilities and there were no complaints from neighbors in 2015 or in the previous year.

Waste

Waste from all operations consists primarily of packaging materials (cardboard boxes, pallets, plastic covers, etc.), office waste and manufacturing waste, with 5.5 % falling under the category of “hazardous waste”. This waste is not eliminated or treated on-site. Instead, it is temporarily stored in areas designated and equipped for each type of waste (skips, compactors, holding tanks, etc.) before being properly removed to approve disposal facilities for recycling, recovery or treatment. Tunisia represents a specific problematic as there do not exist locally viable channels for handling hazardous waste. In consequence this waste is for the time being maintained on-site under optimal storage conditions.

Recycling has already been adopted for the relevant sites, especially for packaging: cardboard, paper, plastic as well as metals; batteries are also recovered through a specific waste separation collection process at several facilities. Certain facilities have implemented a waste sorting and collection system for certain materials such as cardboard, pallets, wooden crates under a policy for recycling material instead of energy when feasible.

The active waste separation collection policy is already in place at most facilities and covers 91.5% of the total population at the global level. The rate of coverage for French sites remained at 100 % in 2015.

An increasing number of sites have formal reporting systems for tracking the quantity of waste produced and/or recycled. In 2015, the subsidiaries producing a complete or partial qualitative or quantitative report on the amount of their waste, represented 79.6% of the Group's workforce. Based on assessments performed, it is possible to provide the following summary on recycling, which even though still partial, highlights an improvement:

Types of waste treatment/ Tons	Automotive France	Automotive Europe	Automotive Tunisia	Automotive Global	Total Automotive	Telecom-munications	Automotive France	Total ACTIA Group
Recycling	116.8	30.7	26.2	38.8	212.5	0.0	116.8	212.5
Energy recovery	51.7	0.0	131.8	0.0	183.5	28.1	79.8	211.6
Controlled disposal	2.7	0.0	89.8	0.0	92.5	0.0	2.7	92.5
Special treatment	0.7	3.0	5.0	1.0	9.7	1.2	1.9	10.9
TOTAL	**171.9**	**33.7**	**252.8**	**39.8**	**498.2**	**29.3**	**201.2**	**527.5**
% HIW* / Total waste	4.2%	27.0%	3.1%	0.0%	4.9%	4.1%	4.2%	4.8%

* Specific treatment is either by use of chemical processes or incineration, or, for our Tunisian subsidiaries, storage, until a solution has been found at the governmental level.

** HIW: Hazardous Industrial Waste

To comply with the WEEE (Waste Electrical and Electronic Equipment) directive, our German subsidiary recovers used or broken computer equipment from customers, thus impacting the percentage of Hazardous Industrial Waste, and reached 27.0% in Europe (excluding France), though at the Group level, the percentage remains the marginal at 5.5%. This computer waste is then recycled.

It should be noted that some subsidiaries have a waste separation collection systems but do not systematically produce quantified data for this activity. Certain subsidiaries may make estimates that are then analyzed at the Group level in order to validate the consistency of data.

Measures taken to limit environmental damage

Operations at the facilities do not cause any significant damage to the ecological balance, the natural environment and animal or plant species.

There are virtually no air emissions, noise pollution or direct use of the natural environment (use of ground, consumption of raw materials, etc.).

Measures to limit wastewater discharges and potentially polluting products are already in place (see the Sections on Air emissions, Water and Ground discharges and on Waste).

47.0 % of the total surface area at the facilities is covered by green areas, reflecting our desire to integrate our activities into their local landscape.

Actively promoting sustainable mobility through numerous solutions and services proposed by the Group to customers in France, the Executive Management wanted to expand its engagement to employees to promote changes in practices in day-to-day activities. With this in mind, in 2015, an arrangement was set up with COOVIA a company specialized in developing carpooling services with two objectives:

- a subscription with this company starting in 2016 to offer carpooling solutions to its employees, starting from the Colomiers site, due to its proximity to Airbus in order to optimize the launch of the solution;
- acquiring an equity stake in this company to support its development and expand, as possible, this type of practice.

In this same spirit, the Toulouse sites acquired electric vehicles destined to be made available for professional purposes.

Assessment and certification steps

The sites of ACTIA Automotive and ACTIA Telecom (France), ACTIA Nordic (Sweden), CIPI ACTIA and ACTIA Tunisia (Tunisia), ACTIA India (India) and ACTIA do Brasil (Brazil) have been certified ISO 14001. Henceforth, 58.4 % of the Group workforce is concerned by a defined and validated environmental policy. In addition, ACTIA I+ME (Germany) and ACTIA Systems (Spain) initiated the process and hope to obtain this certification in respectively 2016 and 2008.

Measures taken to ensure compliance

The environmental management systems put in place at the certified facilities, regulatory monitoring and the resulting follow-up processes ensure they remain in compliance with regulations.

It should be noted that the Group is not subject to any specific regulatory constraints with regard to its activities.

As regards ISO 14001 certified facilities, they comply with all the regulations applying to their businesses and facilities, including national and local regulations (for example in France the “Local Town Plan” or “*Plan Local d’Urbanisme*”).

Expenditures incurred to prevent environmental impacts

Given the very limited dangers in the event of malfunctions at facilities, measures already in place to limit environmental impacts of normal operations (waste removal, disposing of wastewater in the sewage system, etc.) and environmental certification procedures requiring sites to pursue continuous improvements and better manage impacts, the Group's more important structures have incurred the following expenditures over the last three years to prevent such impacts on the environment from operations.

- Reducing energy consumption:
  - Replacement of boilers with reversible air conditioning units in all buildings. This program will be completed in 2016 when the last building of the Toulouse site is fitted to standards.
  - Efforts focused on shutting down equipment, installing presence detectors and timers,
  - Replacing lighting with more energy-efficient systems,
  - Modifying the organization of summer holidays to reduce electricity consumption,
  - Employee awareness-raising programs for turning off lights,
  - Installation of a centralized on-off switch to turn off all devices at the same time,
  - Carrying out an energy audit in order to implement action for improvements.
- Reduction and recycling of waste:
  - Installation and rental of waste storage containers and equipment destined for processing waste, and compacting certain categories of waste,
  - Reducing and recovering waste production, recycling and treatment of electrical and electronic waste,
  - Recycling and reprocessing cardboard, paper and soiled packaging,
  - Increasing the recovery rate and waste management,
  - Initiation by a Toulouse production unit of a study on achieving a "zero paper" objective. Several steps have already been scheduled with gradual deployment to start in 2016,
  - Employee campaigns, providing for the possibilities for recycling their batteries on site, respect of instructions on the use of paper (rational use, sorting, collection, etc.).
- Pollution prevention:
  - For water: water analysis and maintenance systems, employee awareness-raising on the rational use of water,
  - For air: regular analysis at the Indian site (specific local requirements linked to high levels of general pollution rather than discharges from the structure) for the purpose of protecting employees, installation of filters,
  - For noise: regular analysis of noise at the Indian site,
  - For sustainable transport: as part of the greenhouse gas emissions assessment at the Toulouse site, the initiative for developing a plan for employee transport was not achieved in 2014, though provided momentum resulting in the undertaking with COOVIA described above.

Climate change and biodiversity

As demonstrated throughout this section, the environmental impact of the Group's activity is limited and all measures have been adopted to take into consideration climate change underway, both with respect to actions taken to limit water and energy consumption and raise employee awareness through:

- Brochures;
- Regularly displaying objectives, plans for improvement and the results of audits;
- Meetings, certification audits and working practice instructions on energy savings;
- Intranet and e-mails;
- At the time employees are hired and/or in the course of the year;
- Locally, in Brazil, for example, new employees benefit from environmental-awareness initiatives while existing employees participate in a training program entitled "environmental balance" covering the main items and results linked to environmental issues. Also, during the country's environmental month organized each year, one day per week is devoted to environmental training, including conferences and films.

Taking into account the environment and biodiversity has also contributed during the design and development process of products in the following areas:

- Adopting a different approach in terms of the choice of materials and certain components;
- Developing products and software contributing to fuel efficiency improvements, by monitoring vehicle fuel consumption and driver performance;
- Taking into account the ecodesign guide for new products;
- Certification criteria or the environmental approach integrated within the system for evaluating suppliers, developing a manual defining requirements for their classification, verification of ISO14001 certification, supplier audits and/or annual evaluations, developing environmental initiatives with key suppliers;
- Locally, with Brazil, for example, where a supplier's manual has been produced to define classification requirements: each supplier classified as having an activity with an environmental impact must present its operating license issued by the relevant environmental agency. The objective is to develop environmental measures with key suppliers;
- Production methods taking into account environmental considerations, by brazing and welding without lead, recovery and reuse of raw materials in this process, seeking to reduce the use of plastic packaging, waste, reducing the environmental impact of the product, incorporating environmental requirements in the manufacturing documentation;
- Requests for certification audits carried out in each Group structure.

Finally, at the present time, the Group has not identified any major risks related to possible climate changes that could potentially affect its activity. We note that all Group risks are describe in Note 25 to the consolidated financial statements on "Risk factors".

Amount of provisions and guarantees

Given that the Group's operations do not present any material environmental risk, no provision or guarantee was put in place in 2015 nor in previous financial years.

Amount of indemnities paid during the period and remediation work

In 2015 no indemnity had to be paid for any environmental problem or accident and no environmental remediation work was required.

Summary

Fluctuations in water and energy consumption are studied and effectively managed and in large part reflect Group business trends.

In addition, the two major manufacturing facilities (Colomiers and Tunis) have proactively put in place a series of measures designed to more accurately assess air emissions from their operations. The results have been excellent and demonstrate the Group's commitment to effectively manage its environmental impacts.

This commitment was recognized and rewarded in 2015. Specifically, ACTIA Group joined the 70 companies forming the GAÏA Index, the benchmark Sustainable Development Index for mid-caps. Among the 700 companies listed on the Paris stock exchange, the top 70 are selected from a panel of 230 assessed and ranked according to their level of transparency on environmental, social and governance (ESG) criteria and their Corporate Social Responsibility (CSR) performance (governance, human capital, environment relations with stakeholders).

5.8 Statutory auditors' independent third-party report on the social, and environmental information

This is a free translation into English of the original report issued in French and is provided solely for the convenience of English-speaking readers. This report should be read in conjunction with, and construed in accordance with, professional guidelines applicable in France.

To the Shareholders,

As statutory auditors of ACTIA Group designated as an independent third party and certified by COFRAC under No.3-1049[1], we hereby present our report on consolidated employment, environmental and social information (hereinafter referred to as "CSR Information") provided in the management report for the year ended December 31, 2015 pursuant to the provisions of Article L.225-102-1 of the French commercial code.

Responsibility of the company

The Executive Board is responsible for preparing a management report including CSR Information in accordance with the provisions of Article R.225-105-1 of the French commercial code and the procedures used by the Company (hereinafter the "Guidelines") summarized in said report and available on request from the company's headquarters.

Independence and quality control

Our independence is defined by regulations, the code of ethics of the profession and by the provisions of Article L.822-11 of the French commercial code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable legal and regulatory texts.

Responsibility of the auditors

It is our responsibility, on the basis of our work to:

- certify that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French commercial code (Statement of disclosure of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work drew upon the expertise of seven people and was conducted between September 2015 and April 2016 for a mission lasting overall approximately two weeks. In the performance of this engagement, we were assisted by our specialized CSR experts.

We performed our work in accordance with the professional auditing standards applicable in France and with the legal order published on 13 May 2013 determining the conditions in which the independent third party performs its engagement and concerning the reasoned opinion of fairness in accordance with the ISAE 3000 international standard[2].

Statement of disclosure of CSR information

Nature and scope of our work

We conducted interviews with the relevant heads of department to familiarize ourselves with sustainable development policy, according to the impact of the Company's activity on labor and the environment, of its social commitments and any action or programs related thereto.

We compared the CSR Information presented in the management report with the list as provided for in Article R.225-105-1 of the French commercial code;

For any consolidated Information that was not disclosed, we verified that the explanations provided complied with the provisions of Article R. 225-105, paragraph 3 of the French commercial code

We verified that the CSR Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by Article L.233-1 and the entities it controls as defined by Article L.233-3 of the French commercial code within the limitations set out in the section "Report on Social, Environmental and societal Information" (CSR) of the management report.

[1] the scope of which may be consulted at www.cofrac.fr

[2] ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information*

Conclusion

Based on this work and the limitations mentioned above, we attest to the completeness of the required CSR Information in the management report.

Reasoned opinion on the fairness of the CSR Information

Nature and scope of our work

We conducted seven interviews with persons responsible for preparing CSR information, departments responsible for collecting information and, where appropriate, those in charge of internal control and risk management procedures in order to:

- assess the suitability of the Guidelines in light of their relevance, completeness, reliability, impartiality and comprehensibility, and taking industry best practice into account when necessary;
- verify the implementation of a data-collection, compilation, processing and control procedure that is designed to produce CSR Information that is exhaustive and consistent, and familiarize ourselves with the internal control and risk management procedures involved in preparing the CRS Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information in light of the nature of the company, the social and environmental challenges of its activities, its sustainable development policy and industry best practice.

With regard to the CSR Information that we considered to be the most important[3]:

- At parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policy, action), we followed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data and we verified their consistency and concordance with the other information in the management report;
- at the level of a representative sample of sites selected by us[4] by activity, contribution to the consolidated indicators, location and risk analysis, we conducted interviews to ensure that procedures are followed correctly, and to identify possible omissions and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The sample thus selected represents 23% of the workforce and between 18% and 43% of quantified environmental information presented.

For the other CSR consolidated information published, we assessed its consistency based on our knowledge of the company.

Finally, we also assessed the relevance of explanations given for any information not disclosed, either in whole or in part.

We consider that the sampling methods and the size of the samples retained based on our professional judgment allow us to issue a moderate assurance. A higher level of assurance would have required more extensive verifications. Because of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity has not been detected.

---

[3] Social information:

- Quantitative information: Year-end headcount and breakdown by gender, age and region, number of recruitments, number of dismissals, average salary, number of occupational accidents resulting in lost time days, number of training hours, frequency rate of accidents resulting in lost time days, severity rate.
- Qualitative information: The organization of dialogue between management and employees, and in particular procedures for information, consultation of and negotiation with personnel; health conditions and occupational safety; training policies implemented.

Environmental information:

- Quantitative information: total water consumption, total energy consumption (electricity, gas and fuel), greenhouse gas emissions linked to energy consumption, quantity of hazardous waste and nonhazardous products.
- Qualitative information: The company's organizational structure to take into account environmental issues, and as applicable, environmental assessment or certification approaches; energy consumption, energy performance measures and use of renewable energies.

Qualitative societal information: The manner in which the company's purchasing policy takes into account social and environmental issues.

[4] ACTIA Automotive S.A. (France) and CIPI ACTIA (Tunisia).

Conclusion

Based on this work, nothing has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly, in all material respects, in accordance with the Guidelines.

Paris-La Défense and Toulouse, April 19, 2016
[*French original signed by*:]

KPMG S.A.

Philippe Arnaud *Partner, Climate Change and Sustainable Development Practice*	Jean-Marc Laborie *Partner*

5.9 Property, plant and Equipment

5.9.1 Existing or planned material items of property, plant and equipment

O: Owner FL: Finance lease L: Lessee SL: Internal Group sub-lessee

Name	Site	Business activity	Form of title
ACTIA Group	Toulouse	Holding company	SL
Automotive			
ACTIA Automotive	Toulouse establishments	Electronics research & manufacturing	SL
	Lucé establishments	Manufacturing and distribution of mechanical equipment for garages and inspection centers	L
ACTIA PCs	Maisons Alfort	Electronics research & manufacturing	L
ACTIA UK	Newtown *(Wales)*	Electronics research & manufacturing	O
ACTIA Muller UK	Newtown *(Wales)*	Distribution of diagnostics solutions	L
ACTIA Systems	Getafe, Madrid *(Spain)*	Research and manufacturing of audio and video equipment	L
ACTIA Muller España	Getafe, Madrid *(Spain)*	Distribution of diagnostics solutions	L
SCI Los Olivos	Getafe, Madrid *(Spain)*	Real estate	O
KARFA	Mexico City *(Mexico)*	Administration of holdings	L
ACTIA de Mexico	Mexico City *(Mexico)*	Manufacturing and distribution of audio and video equipment solutions	L
ACTIA do Brasil	Porto Alegre *(Brazil)*	Electronics research & manufacturing	L
ACTIA Inc.	Dearborn - Michigan *(USA)*	Electronics research & manufacturing	L
ACTIA CZ	Tabor *(Czech Republic)*	Electronics research & manufacturing	O
ACTIA Italia	Torino *(Italy)*	Electronics research & manufacturing	L
ACTIA 3E	Le Bourget du Lac	Electronics research & manufacturing	L
ACTIA I + Me	Braunsweig *(Germany)*	Electronics research & manufacturing	O
ACTIA Corp.	Elkhart - Indiana *(USA)*	Electronics research & manufacturing	O
ACTIA NL	Helmond *(Netherlands)*	Electronics research & manufacturing	L
ACTIA Polska	Piaseczno *(Poland)*	Electronics research & manufacturing	L
CIPI ACTIA	Tunis *(Tunisia)*	Electronics manufacturing	O
ACTIA Tunisia	Tunis *(Tunisia)*	Electronics manufacturing	L
ACTIA India	New Delhi (India)	Electronics research & manufacturing	L
ACTIA Shanghai	Shanghai (China)	Electronics research & manufacturing	L
ACTIA Nordic	Spanga (Sweden)	Electronics research & manufacturing	L
Telecommunications			
ACTIA Telecom SA	St Georges de Luzençon	Electronics research & manufacturing	O/L
	Dinard	Electronics research & manufacturing	FL/L
	Puy Sainte Réparade	Electronics research & manufacturing	FL
	Manosque	Electronics research & manufacturing	O
SCI SODIMOB	St Georges de Luzençon	Real estate	O
ARDIA	Tunis *(Tunisia)*	Electronics research	L
SCI de l'Oratoire	Toulouse / Colomiers	Real estate	FL/O
SCI Les Coteaux de Pouvourville	Toulouse	Real estate	FL

It should be noted that the core assets are owned by the Group. As these assets were not measured at the time of the first-time adoption of IFRS at the end of 2004, they continue to be carried at their historic cost in the consolidated financial statements.

For the purpose of improving the disclosure of information, it has been decided to retain the services of independent firms of appraisers to measure the value of these assets on a regular basis. Property assets of the Group were appraised in 2013. The accumulated appraisal value of these assets came to €39.5 million. The value of these assets will probably be remeasured in 2018.

It has not been possible to reconcile this amount with the carrying value of these assets because:

- These assets are directly or indirectly held by Group subsidiaries, certain of which are accounted for under the equity method;
- Certain of these assets are financed through leaseback arrangements and on that basis it is not possible for us to legally claim ownership.

In accordance with the option adopted by the Group, in order to ensure that its accounts would not be impacted by fluctuations in the real estate market which does not represent its core business, and in accordance with IFRS, ACTIA Group will not perform accounting procedures to remeasure these assets in the consolidated financial statements. From a strategic perspective, the Group has always considered that real estate assets constitute tools made available to it exclusively within the framework of its industrial activities.

Property assets considered strategic relate to, above all, manufacturing activities. Accordingly, the French manufacturing facility, belonging to ACTIA Automotive S.A., located in Colomiers is wholly owned by the Group via SCI de l'Oratoire and financed via a property lease back (expiring in February 2017). The Tunisian manufacturing facility located in Tunis is owned by our subsidiary CIPI ACTIA, which is 65.8 % owned by the Group.

Major industrial equipment of the French site is generally financed through finance leases, whereas equipment in Tunisia is financed through medium term bank loans.

In 2015, the **Colomiers facility** had the following activities:

- Electronic manufacturing;
- A repair center;
- A logistics unit;
- Support services.

These activities made it possible to produce close to 180,000 hours and facility usage stood at an average of 70 % in 2015. Infrastructure has evolved to allow for the possibility of growth in our business of more than 50% in the years ahead, with the creation of a dedicated workshop for large automotive production runs and by securing in part our Tunisian production. Two main new investments were deployed and are in the process of being ramped up in terms of charges. Other investments in the period have concentrated on improving quality and shortening production cycles. Pursuing the actions launched in 2014, teams have continued to work on production planning and reducing in process production and on preparing and studying future developments for our installations and infrastructures to create a showcase manufacturing plant in terms of technology and production methods. During 2015, the Colomiers and CIPI ACTIA sites continued to transfer equipment to ACTIA Tunisia as part of the renewal cycle in order to gradually equip the site for the production of electronic boards.

The master plan for our **Tunisian sites** is as follows:

- CIPI ACTIA: manufacture of electronic boards for medium and large production runs, mainly for the automotive sector;
- ACTIA Tunisia: assembly and integration for medium and high-volume production runs for all markets.

The CIPI ACTIA electronic circuit board and equipment manufacturing facility achieved close to 550,000 hours of activity in 2015 or an increase of approximately 15 % on a like-for-like basis taking into account the transfer of production to ACTIA Tunisia, and facility usage stood at 80 %. Current infrastructure has a capacity for additional growth of close to 20 %. Investments in 2015 covered additional equipment for the SMD (surface mounted device) line implemented in 2014 and, in this way, increased capacity and productivity (feeders, trolleys, laser marker, varnishing robot...). The site was also equipped with 300 m² of office space to support logistics and supervisory activities, with growth in business and in consequence staff (+147 employees); efforts in terms of organization and investments made it possible to reduce manufacturing transit time by nearly one half and in this way maintaining our growth capacity at the site. The number of components installed in the year rose from 662 million to more than 760 million, highlighting the growth in business that was absorbed by the site, but also the increasing complexity of the cards thus manufactured.

The activity of the ACTIA Tunisia plant, initially focused on integration, has evolved with the recovery of equipment from CIPI ACTIA and from France being replaced by the latest generation of equipment, and the transfer of production made it possible to optimize the French-Tunisian dual manufacturing hub. Activity of the ACTIA Tunisia plant remained stable over the year. It accordingly had production output of more than 100,000 hours or 60 % of capacity. Our Tunisian operation remains one of the top electronic production sites of the Mediterranean basin.

Excluding these three production sites, the Group's other facilities include primarily offices (administrative, research) and integration workshops. As a general rule, these latter facilities are not subject to specific requirements and consequently easier to occupy on a rental basis. Nevertheless, the Group has over the years taken advantage of opportunities to acquire real estate representing notably assets that may originate from entities obtained from acquisitions. It has in this way acquired ownership, directly or indirectly of certain buildings.

It should be otherwise noted that the UK, US, Czech and German subsidiaries own their own premises, offices and workshops.

The Telecom division’s sites are directly owned by ACTIA Telecom, acquired through finance leases or through SCI Sodimob, a wholly-owned Group subsidiary. A portion of this property is also financed on a leaseback basis.

Lastly, two sites, considered non-strategic, in Spain and France respectively, are partly held by the Group, partly by management and partly by non-controlling shareholders. In Spain these consist of buildings comprising offices and workshops held via SCI Los Olivos for which the breakdown in the capital is as follows:

Held by:	%
SCI Les Coteaux de Pouvourville	50.0 %
ACTIA Systems	40.0 %
Individuals	10.0 %
Total	**100.0 %**

And in France buildings accommodating ACTIA Group S.A. and ACTIA Automotive S.A., comprising an office complex, held under a leaseback arrangement by SCI Les Coteaux de Pouvourville for which the capital breaks down as follows:

Held by:	%
ACTIA Group	27.5 %
LP2C	50.1 %
Individuals	22.4 %
Total	**100.0 %**

The Group has ensured that the price of rental payments applied for these latter two infrastructure facilities is consistent with market rates, when the leaseback financing arrangements were put into place and subject to lease increases according to the index published by INSEE, the French National Institute for Statistics and Economic Studies.

5.9.2 Environmental impact resulting from their use

This information is set out in the Section “Measures taken to limit environmental damage”.

5.10 Risk factors

In line with IFRS 7 B6, ACTIA Group discloses information on financial instrument risks in its financial statements. All Group risks are thus covered in Note 25 to the consolidated financial statements on "Risk factors".

5.11 Information about the issuer

The separate financial statements of ACTIA Group S.A. show revenue of €2.5 million, an increase of 11.6 % in relation to 2014. The resulting net income amounted to €4,354,000, up from €3,403,000 one year earlier. This trend is linked the level of dividends paid by its subsidiaries.

Highlights of the 2015 separate financial statement are presented below:

Separate parent company results (€ thousands)	2015	2014	2013
Net sales	**2,528**	2,264	2,097
Operating revenue	**3,178**	2,615	2,431
Operating expenses	**4,011**	3,332	3,130
Operating income/(loss)	**<833>**	<717>	<699>
Net financial income	**5,552**	4,162	2,981
Non-recurring items	**<295>**	0	<70>
Net income / (loss)	**4,354**	3,403	2,169

We will ask shareholders to approve these separate financial statements.

5.11.1 Difficulties encountered

ACTIA Group S.A. does not have its own operating activities and all functions exercised on behalf of its subsidiaries or the investment holding company are invoiced to these entities on the basis of actual cost plus a margin of 15 % corresponding to management fees. These amounts invoiced do not cover all statutory auditing expenses, communications, tax and legal consulting services, and other expenses related to the company's status as a listed company that cannot be allocated to all subsidiaries under existing legal and regulatory provisions. Only services specified in support agreements and described in Section 4.3 “Brief description of the Group” are invoiced.

The Company’s operating loss accordingly stems from costs incurred as a publicly traded company and its role as a holding company involving external interventions in legal matters, communications, statutory auditing for separate and consolidated financial statements, etc. that by themselves represented a cost of €299,600 for the period, compared to 265,400 in 2014. Nondeductible VAT represents an additional cost of €60,100, including €12,500 in 2015 and €47,600 for the 2012 to 2014 fiscal years linked to the tax audit carried out this year. This also concerned provisions predating the merger with MORS S.A. (May 26, 2000), reducing the tax losses of the holding carried forward (<€363,200> out of 6,381,000 after deduction).

5.11.2 Highlights

No material event has affected the structure of the holding company.

5.11.3 Allocation of earnings

In accordance with statute and our articles of association, the following appropriation of earnings for the period ended December 31, 2015 will be proposed at the General Meeting:

Source		
"Retained earnings" at December 31, 2015		6,189,394.36 €
Profit of the period:		4,353,577.13 €
Appropriation		
To "Retained earnings" resulting in a balance of:	8,532,977.39 €	
Dividends	2,009,994.10 €	
TOTAL	**10,542,971.49 €**	**10,542,971.49 €**

Amount - Payment - Tax regime for dividends

The gross dividend per share is set at €0.10.

The cash dividend shall be payable from the Company’s registered office no later than September 30, 2016.

For individual investors (natural persons) having their tax residence in France, the dividend is eligible for the tax rebate provided for in Article 158-3-2 of the French General Tax Code.

It will be subject to a compulsory social contribution levy for a total amount of 15.5% deducted at the source by the Company.

In addition, a 21.0 % income tax prepayment will also be deducted at the source by the Company.

An exemption for this prepayment is granted to single, widowed, or divorced taxpayers whose tax revenue of reference for the preceding penultimate year is less than €50,000. This limit is increased to €75,000 for taxpayers filing jointly.

It is noted that Shareholders who may qualify for this exemption shall provide the Company with a sworn statement certifying their revenue is less than the limits mentioned above no later than November 30 for distributions to be made in the following years.

On that basis, dividends are subject to a total withholding tax of 36.5%.

In consequence, and subject to application as applicable of the exemption provided for above, only 63.50% of the amount of dividends will actually be paid to shareholders who are natural persons.

5.11.4 Previous dividend distributions

Pursuant to the provisions of Article 243 bis of the French General Tax Code, dividends paid out by the Company over the past three financial years are disclosed below:

For the period	Income eligible for tax relief		Income not eligible for tax relief
	Dividend per share	Other income distributions	
2012	€0.07		
2013	€0.07		
2014	€0.10		

The shareholders accordingly noted that they were duly informed of these items.

5.11.5 Non-tax-deductible expenses (Article 39-4 of the French General Tax Code)

The General Meeting will be asked to approve the total amount of expenses covered by Article 39-4 of the French General Tax Code, namely the sum of €2,753, relating to surplus depreciation on company cars.

Excluding the additional contribution to corporate income tax payable on dividends in the amount of €60,224 in France and the withholding tax of €10,241, or 5% on Tunisian dividends received in the period, no tax payments are owed for fiscal 2015.

5.11.6 Equal opportunity employment

As indicated in Section 4.3 "Brief description of the Group", ACTIA Group S.A. is the Group's holding company. For the performance of its functions as the management holding company, it has 6 employees.

To date, as indicated in the Section on "Human resources policy" no incidents of discrimination occurring either in the Group and the holding company or any incidents of professional inequalities with respect to gender have been noted.

The local establishment-level work councils that exist at all the Group's French entities were called upon to rule on these matters.

5.11.7 Analysis of accounts payable

At year-end, the balance of accounts payable of ACTIA Group S.A. (excluding amounts accrued for invoices not yet received from suppliers) by maturity broke down as follows:

(€ thousands)	Aged trial balance			Total
	Past due	Due within 30 days	Due within 60 days	
Accounts payable at December 31, 2014	15.2	775.3	0.00	790.5
Accounts payable at December 31, 2015	0.0	895.0	0.0	895.0

With LP2C invoices accounting for 89.8% of these payables, the non-Group portion is 10.1% of the total.

5.11.8 Analysis of accounts receivable

At year-end, the aged trial balance for accounts receivable was as follows:

(€ thousands)	Aged trial balance			Total
	Past due	Due within 30 days	Due within 60 days	
Accounts receivable at December 31, 2014	10.3	934.7	0.0	945.0
Accounts receivable December 31, 2015	10.7	1,121.8	0.0	1,132.4

Group invoices accounted for 99.8 % of the total.

5.11.9 Events after the balance sheet date

No material events have occurred after the 2015 balance sheet date.

5.11.10 Financial results over the past five years

Euros	2015	2014	2013	2012	2011
Financial position at year end					
Share capital	**15,074,956**	15,074,956	15,074,956	15,074,956	15,074,956
Number of shares issued	**20,099,941**	20,099,941	20,099,941	20,099,941	20,099,941
Number of convertible bonds	**0**	0	0	0	0
Results from operations					
Sales excluding tax	**2,527,501**	2,264,219	2,097,228	2,036,521	2,719,056
Earnings before tax , depreciation, amortization and provisions	**4,120,084**	3,446,339	2,221,608	<383,444>	<333,860>
Income tax	**70,465**	42,203	42,203	0	0
Earnings after tax, depreciation, amortization and provisions	**4,353,577**	3,402,633	2,169,090	<403,379>	<351,004>
Earnings distributed	**2,009,994**	2,009,994	1,406,996	1,406,996	0
Earnings per share					
Earnings after tax but before depreciation, amortization and provisions	**0.20**	0.17	0.11	<0.02>	<0.02>
Earnings after tax, depreciation, amortization and provisions	**0.22**	0.17	0.11	<0.02>	<0.02>
Dividends allocated to each share	**0.10**	0.10	0.07	0.00	0.00
Staff					
Number of employees	**5**	4	5	6	5
Payroll for the financial year	**564,687**	472,840	449,767	502,495	437,398
Sums paid out in respect of employee benefits in the financial year (social security, social action, etc.)	**244,267**	200,748	198,268	207,948	194,624

5.12 Major shareholders

5.12.1 Breakdown of the share capital and voting rights

Below we provide the identity of those persons directly or indirectly holding over 5 % - 10 % - 15 % - 20 % - 25 % - 33.33 % - 50 % - 66.66 % - 90 % and 95 % of the share capital or voting rights at General Meetings on the dates cited.

Share capital and voting rights at December 31, 2013

	Interest		Control / gross voting rights		Control / net voting rights	
LP2C	9,829,890	48.91%	19,651,419	62.91%	19,651,419	62.91%
Individuals - Pech and Calmels families	130,265	0.65%	260,530	0.83%	260,530	0.83%
Pech and Calmels families subtotal	9,960,155	49.56%	19,911,949	63.74%	19,911,949	63.74%
SIDMIA International	1,157,629	5.76%	2,314,531	7.41%	2,314,531	7.41%
Individuals - Thrum family	213	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	1,157,842	5.76%	2,314,957	7.41%	2,314,957	7.41%
Total concert agreement	**11,117,997**	**55.31%**	**22,226,906**	**71.15%**	**22,226,906**	**71.16%**
SGPFEC	1,037,141	5.16%	1,037,141	3.32%	1,037,141	3.32%
General public	7,941,474	39.51%	7,971,958	25.52%	7,971,958	25.52%
Treasury shares	3,329	0.02%	3,329	0.01%	0	0.00%
Total	**20,099,941**	**100.00%**	**31,239,334**	**100.00%**	**31,236,005**	**100.00%**

Share capital and voting rights at December 31, 2014

	Interest		Control / gross voting rights		Control / net voting rights	
LP2C	9,840,899	48.96%	19,662,428	62.82%	19,662,428	62.83%
Individuals - Pech and Calmels families	129,818	0.65%	259,636	0.83%	259,636	0.83%
Pech and Calmels families subtotal	9,970,717	49.61%	19,922,064	63.65%	19,922,064	63.66%
SIDMIA International	1,158,586	5.76%	2,315,488	7.40%	2,315,488	7.40%
Individuals - Thrum family	213	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	1,158,799	5.77%	2,315,914	7.40%	2,315,914	7.40%
Total concert agreement	**11,129,516**	**55.37%**	**22,237,978**	**71.05%**	**22,237,978**	**71.06%**
SGPFEC	1,037,141	5.16%	1,037,141	3.31%	1,037,141	3.31%
General public	7,929,956	39.45%	8,020,390	25.63%	8,020,390	25.63%
Treasury shares	3,328	0.02%	3,328	0.01%	0	0.00%
Total	**20,099,941**	**100.00%**	**31,298,837**	**100.00%**	**31,295,509**	**100.00%**

Share capital and voting rights at December 31, 2015

	Interest		Control / gross voting rights		Control / net voting rights	
LP2C	9,840,899	48.96%	19,662,428	63.00%	19,662,428	63.03%
Individuals - Pech and Calmels families	129,818	0.65%	259,636	0.83%	259,636	0.83%
Pech and Calmels families subtotal	9,970,717	49.61%	19,922,064	63.83%	19,922,064	63.87%
SIDMIA International	1,158,586	5.76%	2,315,488	7.42%	2,315,488	7.42%
Individuals - Thrum family	213	0.00%	426	0.00%	426	0.00%
Thrum family subtotal	1,158,799	5.77%	2,315,914	7.42%	2,315,914	7.42%
Total concert agreement	**11,129,516**	**55.37%**	**22,237,978**	**71.25%**	**22,237,978**	**71.29%**
SGPFEC	1,037,141	5.16%	1,037,141	3.32%	1,037,141	3.32%
General public	7,914,217	39.37%	7,917,885	25.37%	7,917,885	25.38%
Treasury shares	19,067	0.09%	19,067	0.06%	0	0.00%
Total	**20,099,941**	**100.00%**	**31,212,071**	**100.00%**	**31,193,004**	**100.00%**

Gross or theoretical voting rights: the total number of voting rights including those attached to shares deprived of voting rights, and namely those held in treasury.

Net voting rights or rights exercisable in General Meetings: shares held in treasury are not recorded.

LP2C is equally owned by the Pech and Calmels families.

SIDMIA International is held by the Thrum family.

The concert agreement between the Pech, Calmels and Thrum family shareholder groups covers all the shares held by the companies and virtually all the shares held by individuals. The shares not included at the outset of the agreement do not represent a sufficiently material percentage to be detailed. It should be noted that the agreement does not have an expiry date. Main provisions of this agreement are described in Section 5.12.3 "Shareholders Agreement".

To the best of the Company's knowledge, there are no other shareholders not mentioned in the above table that hold 5 % or more of the share capital or voting rights of ACTIA Group S.A.

Information on voting rights is presented in Section 8.2.3 “Rights, preferences and restrictions in respect of shares”.

Items having a potential impact in the event of public offerings

Pursuant to Article L.225-100-3 items with potential for having an **impact on a tender offer** are duly noted:

- The structure of the share capital as well as the direct and indirect holdings known to the Company and all information in this regard are set out above;
- There is no restriction on the exercise of voting rights in the articles of association;
- To the best of the Company’s knowledge, a shareholders' agreement was signed by the families of the senior executives (Louis Pech and Pierre Calmels) and an industrial operator (SIDMIA International), and described herein in Section 5.12.3 "Shareholders' agreement”;
- There are no shares with special control rights;
- There are no control mechanisms provided for in any employee shareholding system with control rights other than those exercised by employees;
- The rules for appointing and removing members of the Supervisory Board are those prescribed by law and article 17 of the articles of association;
- With regard to the powers of the Executive Board, the current authorizations are set out in the capital increase authorizations table in Section 5.13 "Authorizations granted in respect of capital increases";
- Amendments to the Company's articles of association are made in accordance with provisions provided for by statute and regulations;
- There are no agreements (sales contracts, financial contracts, etc.) signed by the Company that would be amended or terminated in the event of a change in control at the Company;
- There are no agreements providing for severance payments for members of the Supervisory Board or the Executive Board.

Disclosures concerning the crossing of ownership thresholds

For the last three years, ACTIA Group S.A. was not informed the crossing of any **ownership thresholds**.

Other securities granting entitlement to the share capital

There are no other shares or securities of any nature convertible or exchangeable for shares.

Adjustment of the conversion bases of securities granting rights to the share capital, subscription and purchase options and bonus shares

In 2015, there were no adjustments made to the conversion bases of securities.

Market in ACTIA Group shares

ACTIA Group S.A. is traded on Euronext Paris (Segment C), ISIN Code FR0000076655.

During 2015, total volume of ACTIA Group shares traded was 13,638,614 compared to 17,367,476 in 2014 and 9,286,144 in 2013, representing average daily trading volume of 53,039 shares over 257 trading days compared to 68,109 shares in 2014 and 36,416 shares in 2013.

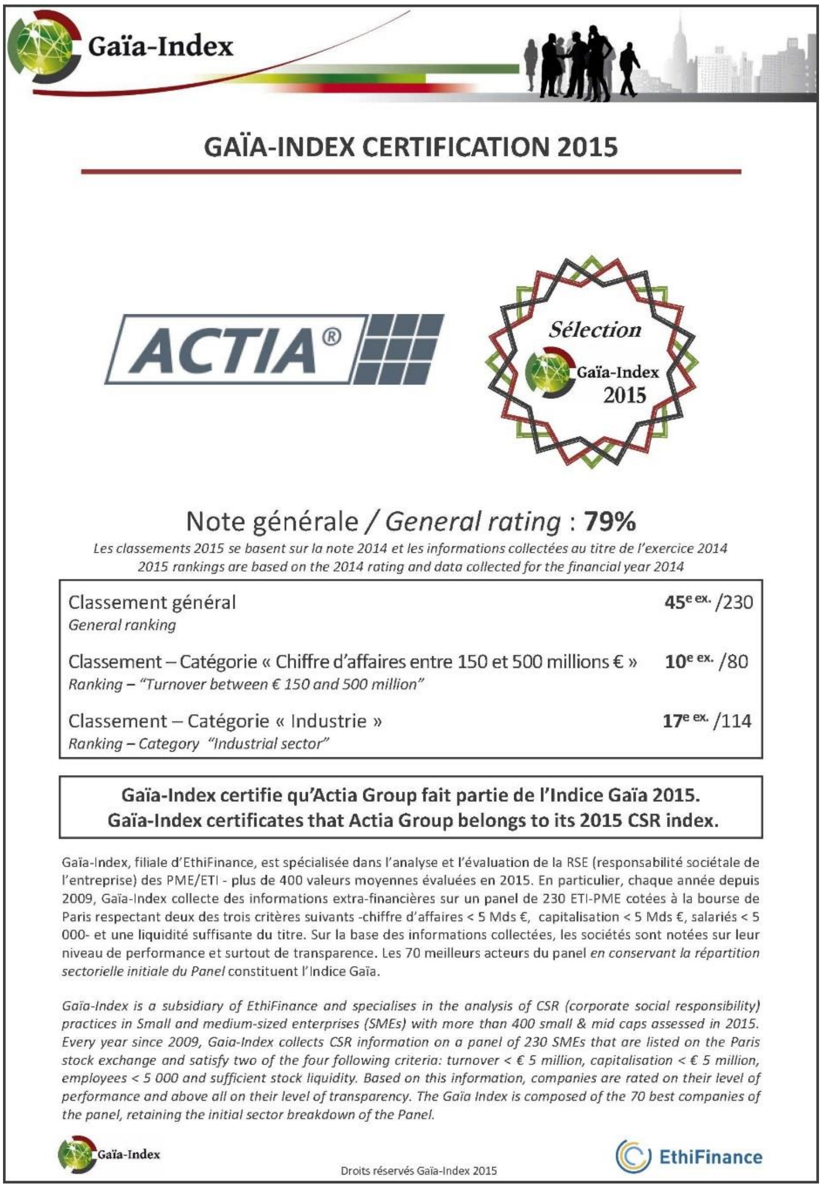
In 2015, the share price trading range was as follows:

- high: €7.71 on March 17, 2015;
- low: €4.63 on September 25 and 29, 2015
- Closing price on 12/31/2015 €5.22.

After registering a very strong increase in 2014 of 87.0% and ending the year up 60.2%, in 2015 trading volume in ACTIA Group shares declined 21.5% in relation to 2014 and closed marginally down for the year at €5.22 compared to €5.24 at December 31, 2014. With a high in the period representing an increase of 22.4% and a low a decrease of 58.0%, the ACTIA Group share outperformed the CAC Mid&Small index from February to the end of July, though ended the year below the index (<0.4%> compared to +18.2%).

More than 389,260 shares were purchased through the liquidity contract in 2015 and 390,574 sold over the full year, representing 5.7% of total trading volume. These daily interventions contributed to optimizing the day-to-day and intra-day trading activity for the share by reducing sharp fluctuations.

In 2015, ACTIA Group was among the 70 companies forming the GAÏA Index, the benchmark Sustainable Development Index for mid-caps. Among the 700 companies listed on the Paris stock exchange, the top 70 are selected from a panel of 230 assessed and ranked according to their level of transparency on environmental, social and governance (ESG) criteria and their Corporate Social Responsibility (CSR) performance (governance, human capital, environment relations with stakeholders). Based on its 2014 results, ACTIA Group was ranked 45th out of 230 in the general ranking and 17th out of 114 in the "industry" category.


Gaïa-Index

GAÏA-INDEX CERTIFICATION 2015

ACTIA®

Sélection Gaïa-Index 2015

Note générale / *General rating* : **79%**

Les classements 2015 se basent sur la note 2014 et les informations collectées au titre de l'exercice 2014
2015 rankings are based on the 2014 rating and data collected for the financial year 2014

Classement général *General ranking*	**45e ex.** /230
Classement – Catégorie « Chiffre d'affaires entre 150 et 500 millions € » *Ranking – "Turnover between € 150 and 500 million"*	**10e ex.** /80
Classement – Catégorie « Industrie » *Ranking – Category "Industrial sector"*	**17e ex.** /114

Gaïa-Index certifie qu'Actia Group fait partie de l'Indice Gaïa 2015.
Gaïa-Index certificates that Actia Group belongs to its 2015 CSR index.

Gaïa-Index, filiale d'EthiFinance, est spécialisée dans l'analyse et l'évaluation de la RSE (responsabilité sociétale de l'entreprise) des PME/ETI - plus de 400 valeurs moyennes évaluées en 2015. En particulier, chaque année depuis 2009, Gaïa-Index collecte des informations extra-financières sur un panel de 230 ETI-PME cotées à la bourse de Paris respectant deux des trois critères suivants -chiffre d'affaires < 5 Mds €, capitalisation < 5 Mds €, salariés < 5 000- et une liquidité suffisante du titre. Sur la base des informations collectées, les sociétés sont notées sur leur niveau de performance et surtout de transparence. Les 70 meilleurs acteurs du panel *en conservant la répartition sectorielle initiale du Panel* constituent l'Indice Gaïa.

Gaïa-Index is a subsidiary of EthiFinance and specialises in the analysis of CSR (corporate social responsibility) practices in Small and medium-sized enterprises (SMEs) with more than 400 small & mid caps assessed in 2015. Every year since 2009, Gaia-Index collects CSR information on a panel of 230 SMEs that are listed on the Paris stock exchange and satisfy two of the four following criteria: turnover < € 5 million, capitalisation < € 5 million, employees < 5 000 and sufficient stock liquidity. Based on this information, companies are rated on their level of performance and above all on their level of transparency. The Gaïa Index is composed of the 70 best companies of the panel, retaining the initial sector breakdown of the Panel.

Gaïa-Index

Droits réservés Gaïa-Index 2015

EthiFinance

On March 24, 2016, ACTIA Group was included in the following indexes:

INDEX	ACTIA Group index weighting
CAC ALL SHARES	0.01 %
CAC ALL-TRADABLE	0.00 %
CAC EL. & EL. EQ.	0.22 %
CAC INDUSTRIALS	0.03 %
CAC MID & SMALL	0.04 %
CAC SMALL	0.21 %
ENT PEA-PME 150	0.35 %

The following table summarizes trading activity and trends for the ACTIA Group share for the last three years:

	Performance		Volatility	
	ACTIA Group	CAC MID & SMALL	ACTIA Group	CAC MID & SMALL
2013	172.5 %	26.7 %	43.5 %	11.2 %
2014	60.2 %	8.4 %	51.9 %	12.6 %
2015	**<0.4> %**	**18.1 %**	**36.9 %**	**16.4 %**
Last six months	<21.5> %	1.5 %	41.0 %	18.2 %

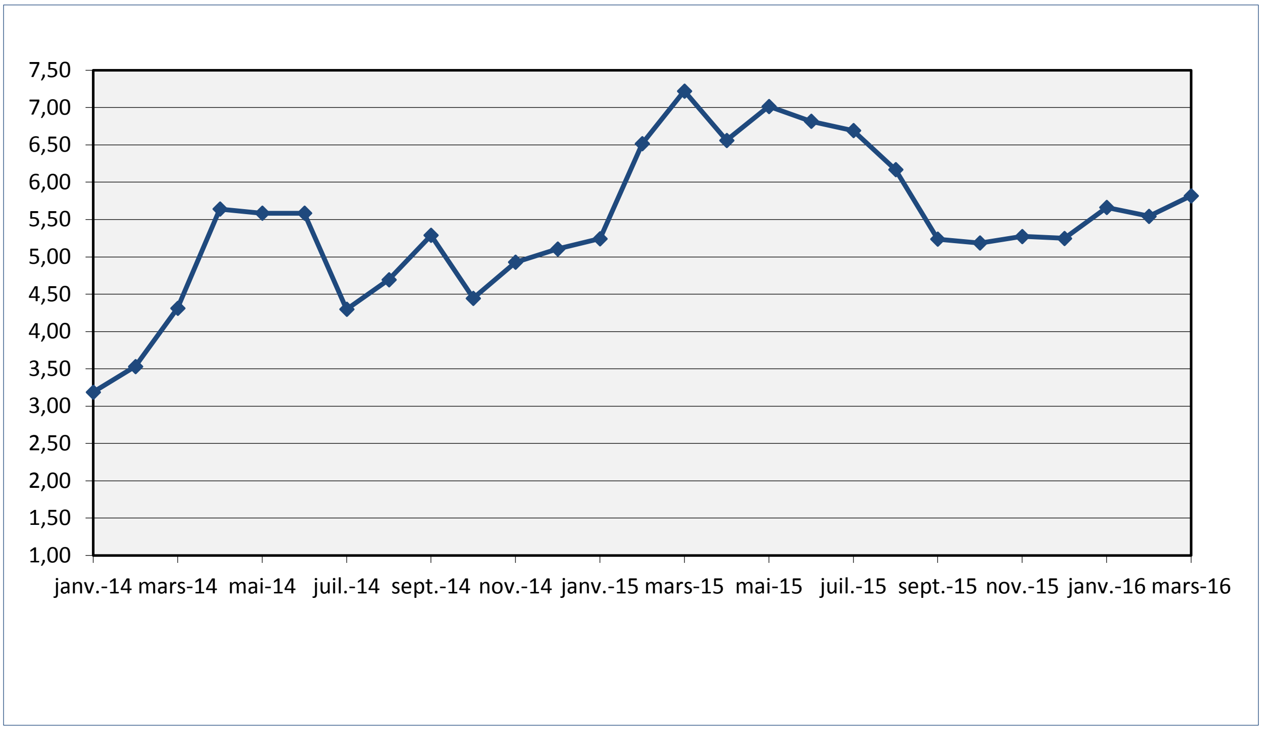
Closing price trends and trading volumes from January 1, 2014 to March 24, 2016 (closing price in euros)

2014	High	Low	Average	Trading volume
Jan-14	3.43	2.93	3.19	2,173,589
Feb-14	3.99	3.05	3.53	1,641,812
Mar.-14	5.19	3.72	4.31	1,610,595
Apr-14	6.30	4.88	5.64	1,989,252
May-14	5.90	5.20	5.58	1,324,495
Jun-14	5.74	5.33	5.58	777,769
Jul-14	4.92	3.86	4.30	1,923,372
Aug-14	5.03	4.15	4.69	1,521,341
Sept-14	5.59	4.87	5.29	978,037
Oct-14	5.07	3.88	4.44	1,421,221
Nov-14	5.30	4.72	4.93	777,237
Dec-14	5.28	4.76	5.11	1,229,026

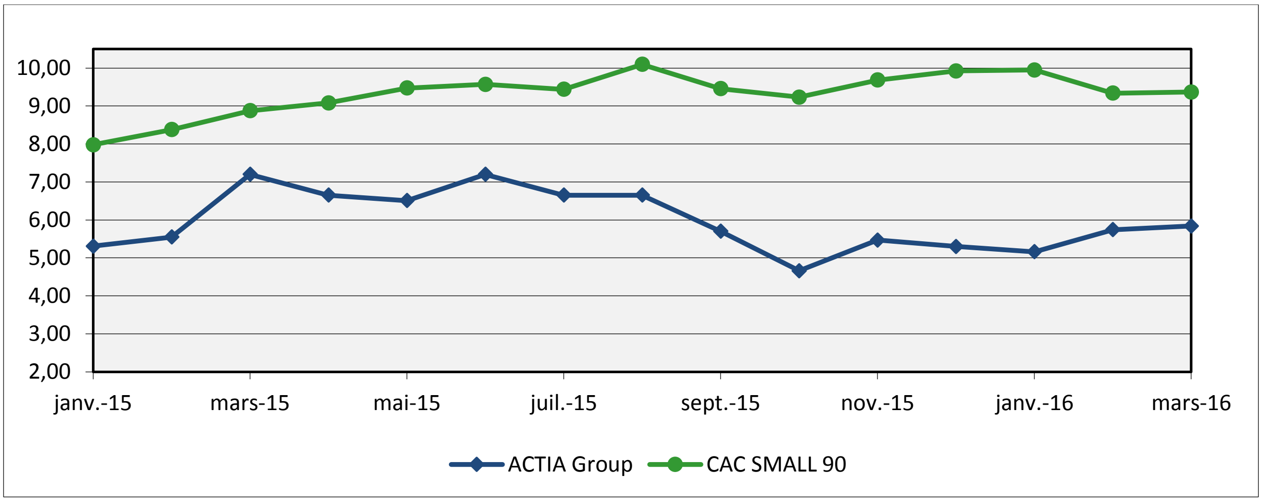
2015	High	Low	Average	Trading volume
Jan-15	5.52	5.04	5.24	1,019,574
Feb-15	7.41	5.55	6.52	2,351,629
Mar.-15	7.71	6.66	7.22	2,081,387
Apr-15	6.76	6.32	6.56	1,076,099
May-15	7.35	6.48	7.02	958,301
Jun-15	7.20	6.37	6.82	828,885
Jul-15	7.28	6.18	6.69	1,137,910
Aug-15	6.83	5.29	6.17	1,639,670
Sept-15	5.70	4.63	5.24	871,390
Oct-15	5.43	4.66	5.19	810,737
Nov-15	5.47	5.13	5.27	387,360
Dec-15	5.41	5.06	5.25	475,699

2016	High	Low	Average	Trading volume
Jan-16	6.36	5.16	5.66	1,148,369
Feb-16	5.91	5.23	5.54	2,351,629
Mar.-16	6.18	5.63	5.82	493,208

Share price trends (average monthly closing price in euros)



Share price trends since January 1, 2015 (closing price of 1st day of the month)



5.12.2 Control and ownership

Information on holdings in share capital and voting rights is presented in Section 5.12.1 “Breakdown of the share capital and voting rights”.

As indicated in Section 5.12 “Main shareholders”, the Group is majority owned and controlled, both directly and indirectly by the Pech and Calmels families, notably through the company LP2C.

To ensure control is not unfairly exercised and guarantee good corporate governance, the Group has adopted a dual system of governance combining a Supervisory Board with an Executive Board, presented in Section 5.14.1 "Membership of the Supervisory Board and of the Executive Board". The Pech and Calmels families hold the positions of Chairman (Louis Pech) and Vice-Chairman (Pierre Calmels) of the Supervisory Board. Of the five other Board members that are unrelated to each other, four are wholly independent, providing a guarantee of good governance for the Group.

The two families Pech and Calmels are also represented on the Executive Board, via Marine Candelon (daughter of Pierre Calmels), Catherine Mallet (daughter of Louis Pech) et Jean-Louis PECH (son of Louis Pech), the Executive Board's Chairman.

The founding families have in this way ensured the continuity and long-term development of the Group while maintaining an independent governance within the Board.

5.12.3 Shareholders' agreement

A shareholders' agreement was signed by Louis Pech and Pierre Calmels, on the one hand, and Günther Thrum, on the other hand, on December 11, 2000.

The parties agreed to act in concert with respect to ACTIA Group S.A. primarily with regards to:

- A commitment to consult prior to all Board Meetings and all General Meetings;
- A commitment to maintain the division of seats on the Board;
- A commitment to maintain their interests so that the parties to the agreement may hold a minimum voting rights percentage in the Company;
- A commitment to consult prior to any disposal by any of the signatories of all or part of their interest (including unregistered holdings);
- A reciprocal preemptive right between the two groups of shareholders;
- In the event of a tender offer that either party wishes to accept, all the parties undertake to consult for the purpose of making decisions by mutual agreement in order to be able to carry out the proposed transaction without jeopardizing the basis of this agreement with respect to maintaining control of ACTIA Group and the pursuit of its industrial strategy;
- In the event that for whatever reason ACTIA Group shares are no longer listed on a regulated market, and the "Pech and Calmels" shareholder group wishes to dispose of all or part of its ACTIA Group shares and such disposal is likely to cause it to lose control (40 % of the voting rights) of ACTIA Group, it must offer the shareholders of the "Thrum" group the option of disposing of their ACTIA Group shares on the same price and payment terms as it got from the buyer.

At December 31, 2015, this agreement covered a total of 11,129,516 shares (55.4 % interest) and 22,237,978 voting rights (control of 71.3 %).

5.12.4 Commitments to retain shares

Other than the shareholders' agreement described above there is, to the best of our knowledge, no commitment to retain shares in ACTIA Group.

5.12.5 Share or asset pledges

Name of registered shareholder	Beneficiary	Date pledge was established	Date pledge expires	Exercise conditions	Number of Company shares pledged	% of Company’s share capital pledged
LP2C	Crédit Lyonnais	27-Jul-12	27-Jul-17	Loan repayment	551,000	2.7%
TOTAL SHARES PLEDGED					**551,000**	**2.7%**

To the best of the Company’s knowledge, 551,000 shares were thus pledged in favor of financial institutions at December 31, 2015, representing 2.7 % of the Company’s share capital.

5.12.6 Treasury shares

Detailed information about the share buyback program is presented in Section 7.2.3, Note 3.7 to the separate annual financial statements,“Treasury shares”.

5.12.7 Authorization to implement a share buyback program

We propose that the Executive Board be granted an authorization for 18 months to purchase, on one or more occasions at times of its choosing up to 2 % shares of the Company comprising the Share Capital, where applicable adjusted to take into account subsequent increases or reductions in the share capital that may be carried out during the period the share buyback authorization is in force.

Acquisitions under this authorization that may not increase the total number of treasury shares held to more than 10 % of the Share Capital, may be made for the following purposes:

- Market-making on the secondary market or share liquidity services provided by an investment service provider through a liquidity contract in compliance with the conduct of business rules of the AMAFI recognized by the AMF;
- The retention of shares for future use for payment or exchange in connection with acquisitions, it being specified that the total amount of shares acquired for this purpose may not exceed 5% of the Company’s share capital;
- Set aside shares for bonus share plans, stock option plans and other forms of share grants for employees and/or officers of the group in accordance with the conditions and procedures provided for by law, notably for the purpose of employee profit sharing schemes in connection with a Company savings plan or bonus share grants;
- Set aside shares to meet applicable securities regulations with respect to securities giving rights to grants of the Company's shares.

These transactions may not be carried out during periods when public tender offers are in effect.

We propose that the maximum purchase price be set at 12 euros per share with in consequence the maximum amount for the share buyback program at €4,823,976.

The Executive Board shall be vested with all powers to take all actions required for said purpose.

5.13 Authorizations granted in respect of capital increases

5.13.1 Share capital increase

At the balance sheet date, the authorizations granted in respect of capital increases still in force were as follows:

ITEM	Extraordinary General Meeting	Expiry	Amount authorized	Increases and issues carried out in previous years	Increases and issues carried out during the financial year	Residual authorization as of the date of drafting of this table
Authorization to increase the capital in favor of members of an Employee Savings Plan	28-May-13	28-Jul-15	3% of the capital	None	None	None

5.13.2 Stock option plan

No stock option plans are in force in the Company or in other Group companies.

5.13.3 Bonus share plan

No bonus share plans are in force in the Company or in other Group companies.

5.13.4 Authorizations provided in respect of the granting of options

No authorization with respect to granting share subscription options giving rise to a share capital increase was in force as of the balance sheet date.

5.14 Administrative, management and supervisory bodies and senior management

5.14.1 Supervisory Board and Executive Board membership

As indicated in Section 6.1.1 "Corporate governance" the Company has applied the MiddleNext corporate governance code since December 2009. At December 31, 2015, membership of the Supervisory Board and Executive Board was as follows:

Supervisory Board

❖ Louis Pech	Chairman of the Supervisory Board
❖ Pierre Calmels	Vice-Chairman of the Supervisory Board
❖ Henri-Paul Brochet	Supervisory Board member, independent
❖ Alain Costes	Supervisory Board member, independent
❖ Carole Garcia	Supervisory Board member, independent
❖ Günther Thrum	Supervisory Board member
❖ Véronique Vedrine	Supervisory Board member, independent
❖ Jean-Philippe Brinet	Non-voting observer (*Censeur*)
❖ Christian Desmoulins	Non-voting observer (*Censeur*)

Executive Board

❖ Jean-Louis Pech	Chairman of the Executive Board, son of Louis Pech
❖ Marine Candelon-Bonnemaison	Executive Board member, daughter of Pierre Calmels
❖ Catherine Mallet	Executive Board member, daughter of Louis Pech

5.14.2 Offices and positions held by corporate officers over the past 5 years – Management expertise and experience of Directors and Officers

❖ **Louis Pech** is Chairman of the Company's Supervisory Board. Appointed at the Extraordinary General Meeting of November 12, 2002, his term of office was renewed on the date of the Annual General Meetings of May 6, 2008 and May 28, 2014, and will expire at the General Meeting of 2020 called to approve the financial statements for the financial year ended December 31, 2019. He also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Executive Board	LP2C	France
Director	ACTIA Automotive	France
	ACTIA de Mexico	Mexico
	KARFA	Mexico
	ACTIA Italia	Italy
	ACTIA India	India
	ACTIA Nederland	Netherlands
	ACTIA China	China
	ACTIA Nordic	Sweden
	ACTIA Tunisia	Tunisia
	ARDIA	Tunisia
	ACTIA Corp.	USA
Advisory Board member	ACTIA do Brasil	Brazil
Permanent representative of ACTIA Group	ACTIA Telecom	France
Permanent representative of LP2C	CIPI ACTIA	Tunisia
	ACTIA Systems	Spain
Permanent representative of ACTIA Automotive	ACTIA 3E	France
Co-Manager	SCI de l'Oratoire	France
Chairman	Midi Capital investment committee	France
Vice-Chairman	Le Cercle d'Oc	France
Regional Advisory Board member	Société Générale	France
	Natixis	France
Honorary Advisor	Banque de France de Toulouse	France
	Conseil du Commerce Extérieur de la France	France
Honorary Chairman	CCI de Toulouse	France
	Conseil du Commerce Extérieur de Midi-Pyrénées	France
Member	Académie d'Occitanie	France
	Association des Capitouls	France
Member of the Comité des Sages	Muséum d'Histoire Naturelle	France
Official non-voting observer	Caisse d'Épargne Midi-Pyrénées	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Chairman of the Board of Directors	Fonderies Financière MERCIE	France	2012
	ACTIA Automotive	France	2014
Permanent representative of ACTIA Automotive	ACTIA Muller	France	2015
Director	Banque Tuniso-Koweitienne	Tunisia	2011
	YMCA Cépière	France	2012
	CIPI ACTIA	Tunisia	2014
	ACTIA Systems	Spain	2015
	EUROSUD Transport Atlantique Méditerranée	France	2013
Co-Manager	SCI du 4 rue Jules Védrines	France	2013

- Address

ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

- Expertise and experience

  - CIVIL STATUS:

    Born on April 27, 1934 in Ferrals-Les-Corbières (Aude)

    Married, 4 children

  - ACADEMIC BACKGROUND:

A graduate of the École Supérieure de Commerce of Toulouse	1954-1957

  - PROFESSIONAL BACKGROUND:

ATELIERS SEMCA – Corporate Secretary	1960-1962
Microturbo on January 2, 1963 after having arranged for the setting up of this company from ABG SEMCA – Sales Manager before becoming Deputy Managing Director Left the company having simultaneously held for a period of three years his position in MICROTURBO and management positions at MERCIE and ACTIA Automotive	1963 – 1989
ACTIA Automotive	since 07/1989
LP2C (Group holding company)	since 07/1994

  - DECORATIONS:

    Silver long-service medal

    Officer in the National Order of Merit

    Knight in the Order of Academic Palms

    Officer in the National Order of the Legion of Honor

  - AWARDS:

Prix Chivas	1985

  - PAST SOCIAL ACTIVITIES

Associate Member of the Toulouse Chamber of Commerce and Industry	1986 - 1991
Chairman of the Industry and Foreign Trade Committee of the Toulouse Chamber of Commerce and Industry	1986 - 1991
Vice-Chairman of the Foreign Trade Committee of the Toulouse Regional Chamber of Commerce and Industry	1988 - 1992
Chairman of the Midi-Pyrenees Regional Committee of the Association of French Foreign Trade Advisers	1988-1993
Chairman of the Regional Export Committee (Regional Council)	1990-1993
Chairman of the Midi-Pyrenees Study and Mobilization Group	1991-1993
Chairman of the Committee for the Promotion of International Trade (Export Charter)	1991-1995
Member of the Toulouse Chamber of Commerce and Industry	1991-1997
Advisor of the Banque de France de Toulouse	1993-2005
President of the Toulouse Chamber of Commerce and Industry	1994-1997
Vice-Chairman of the Midi-Pyrenees Regional Employers Association	1994-1997
Vice-Chairman of the Midi-Pyrenees Regional Employers Association	1994-1997
Chairman of ADERMIP (Association for the development of Education, Economy and Research in Midi-Pyrenees)	1994-1999
Member of the Board of the Haute-Garonne Employers Association	1994-1999

Administrator of the National Polytechnic Institute of Toulouse	1994-2002
Vice-Chairman of the Midi-Pyrenees Regional Chamber of Commerce and Industry	1995-1997
Vice-Chairman of the Departmental Economic Development Committee (General Assembly)	1995-2000
Chairman of IERSET (European Institute for Research into Electronic Systems for Transportation)	1996-2003
Chairman of Société d'Épargne Locale Toulouse Nord (Caisse d'Epargne Group)	2000-2004
Director of Société d'Epargne Locale Toulouse Nord (Groupe Caisse d'Épargne)	2000-2007
Non-voting observer on the Supervisory Board of Tofinso	2003-2005
Director of Espace Sport Technologies (France)	2003 - 2005
Director of the FACE Grand Toulouse Association (France)	2003-2005

- **Pierre Calmels** is Vice Chairman of the Company's Supervisory Board. Appointed at the Combined Ordinary and Extraordinary General Meeting of May 9, 2003, his term of office was renewed on the date of the Annual General Meetings of May 14, 2009 and May 28, 2015, and will expire at the general meeting of 2021 called to approve the financial statements for the financial year ended December 31, 2020. He also holds the following offices and positions in the Companies listed below:
- Offices

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Supervisory Board	LP2C	France
Vice-Chairman of the Board of Directors and Director	ACTIA Automotive	France
Director	ACTIA Italia	Italy
	SCI Los Olivos	Spain
	ACTIA Nederland	Netherlands
	ACTIA Systems	Spain
	ACTIA Corp.	USA
	ACTIA Inc.	USA
	KARFA	Mexico
	ACTIA Nordic	Sweden
Permanent representative of ACTIA Group	CIPI ACTIA	Tunisia
Co-Manager	SCI les Coteaux de Pouvourville	France
	SCI de l'Oratoire	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Vice-Chairman of the Board of Directors	Fonderies Financière MERCIE	France	2012
Permanent representative of LP2C	Fonderie Mercie Europe	France	2012
Advisory Board member	ACTIA do Brasil	Brazil	2015
Director	ACTIA PCs	France	2012
	CIPI ACTIA	Tunisia	2014
	ACTIA de Mexico	Mexico	2015
	Fonderies Financière MERCIE	France	2012
Co-Manager	SCIPIA	France	2013
	SCI du 4 rue Jules Védrines	France	2013

- Address

ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ Expertise and experience

- CIVIL STATUS:

  Born on November 29, 1936 in Ploubazlanec (Côtes d'Armor)

  Married, 5 children

- ACADEMIC BACKGROUND:

Ecole Polytechnique (School of Engineering)-Paris – AFN	1957-1959
Military service – Marignane Avord	1959-1960
Graduate School of Economics, Statistics and Finance (ENSAE) – Paris	1960 – 1962
ICG – Toulouse	1983-1985

- PROFESSIONAL BACKGROUND:

Aeronautical Test Center of Toulouse (CEAT) Weapons engineer Head of Conditioning Laboratory (3 years) Head of the Materials and Structure Group (4 years)	1962-1969
Microturbo SA – Toulouse Technical Director (7 years) Program Director (9 years) Chief Executive Officer (5 years)	1969-1990
ACTIA Automotive SA – Toulouse	since 12/1990
LP2C (Group holding company)	since 07/1994

❖ **Günther Thrum** is Member of the Company's Supervisory Board. Appointed at the Extraordinary General Meeting of November 12, 2002, his term of office was renewed on the date of the Annual General Meetings of May 6, 2008 and May 28 2014 and will expire on the date of the Annual General Meeting that will be held in 2020 to approve the financial statements for the year ended December 31, 2019. He also holds the following offices and positions in the Companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Manager	SIDMIA S.A.S.	France
	SIDMIA International SARL	France
Director	INTELLIGENT GENERATION LLC	USA
Offices and directorships held within the last 5 years		
None		

❖ Address

SIDMIA International – 58, avenue du Général Leclerc – 92100 Boulogne Billancourt

❖ Expertise and experience

- CIVIL STATUS:

  Born on June 9, 1938 in Karlsruhe (Germany)

  Married, 2 children

- ACADEMIC BACKGROUND:

Technical University – Karlsruhe (Germany) 1957-1963

Engineering Degree

- PROFESSIONAL BACKGROUND:

REINZ (Germany) 1963-1969
Field Applications Engineer
Head of the Field Applications Unit

SNECI (Levallois) 1969-1972
Commercial engineer

SIDMIA (Boulogne-Billancourt) since 1972
Manager

SIDMIA International (Boulogne-Billancourt) since 1988
Manager

❖ **Alain Costes** is Member of the Company's Supervisory Board. Appointed at the Ordinary General Meeting of November 10, 2003, his term of office was renewed on the date of the Annual General Meetings of May 14, 2009 and May 28, 2015, and will expire at the General meeting of 2021 called to approve the financial statements for the financial year ended December 31, 2020. He also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Board of Directors	Gip RENATER	France
	GROUPE ESC de Toulouse	France
	INP-Ensat de Toulouse	France
	IUT de Figeac	France
Vice-Chairman	CANCEROPOLE de Toulouse	France
	AMPERE	France
Director	ACTIA Automotive	France
	MAPPING Consulting	France
	Cancer-Bio-Health competitiveness cluster	France
	AVAMIP	France
	PRES Université Toulouse	France
	RTRA Aéronautique	France
Associate Member	CCI de Toulouse	France
Chairman of the Scientific Advisory Board	Fondation de Recherche InNaBioSanté	France
Scientific Advisory Board member	Sciences-Animation	France
Consultative Chairman Research/Innovation	CRCI Midi-Pyrénées	France
Offices and directorships held within the last 5 years		
None		

❖ Posts

- Professor, INP – 6, Allées Emile Monso – 31000 Toulouse;
- Career scientist at LAAS-CNRS – 7, Avenue du Colonel Roche – 31077 Toulouse Cedex 04;
- Member of the French Technology Academy

- Address

MAPPING Consulting – 26, rue Saint-Antoine du T - 31000 Toulouse

- Expertise and experience

  - CIVIL STATUS:

    Born on July 29, 1939 in Toulouse (Haute-Garonne)

  - ACADEMIC BACKGROUND:

Licence ès Sciences	1963
Engineering graduate from the ENSEEIHT (École Nationale Supérieure d'Électrotechnique, d'Électronique, d'Informatique	
d'Hydraulique de Toulouse (ENSEEIHT)	1963
Doctorate of Science	1966
Docteur ès Sciences	1972

  - PROFESSIONAL BACKGROUND:

Researcher, Higher Education Institute President	
Member of the design and validation team for dependable computer systems at the CNRS LAAS (French National Center for Scientific Research, Laboratory for Analysis and Architecture of Systems)	since 1974
Lecturer	1975-1980
Vice-Chairman of the International Federation for Information Professing	since 1979
Professeur sans chaire	1981-1983
Deputy Director of LAAS-CNRS and of the Dependable Computing and Fault Tolerance group	1981 – 1985
Vice-Chairman of the Association for the Development of Teaching, the Economy and Research in Midi-Pyrenees	since 1981
Professeur de 1ère classe (University professor)	1983 – 1988
Technical adviser to the Toulouse Chamber of Commerce and Industry	since 1984
Director of LAAS-CNRS and of the Dependable Computing and Fault Tolerance Group	1985-1996
President of the Computer Science, Automatic Control, and Signal Processing section of the CNRS laboratory	1988-1991
Professeur de classe exceptionnelle (university professor)	since 1989
Elected member and committee member of Computer Science, Automatic Control and Signal Processing section of the CNRS laboratory	1992-1995
Chairman of the Council of the Science Department for the *Ingénieur*	1992-1995
Member of the Scientific Council of the CNRS	1992-1997
Rapporteur Général of the 2nd plenary session of the CNRS	1993
Member of the Advanced Research and Technology Committee of the MESR	since 1994
Chairman of the National Polytechnic Institute of Toulouse (INPT)	1996-2000
Member of the Board of Directors of the CNRS	1996-2000
Member of ENSEEIHT, of the Technological Development Consultative Committee (CCDT)	since 1998
Director of Technology, Ministry of Research	2000-2003
Professor at the National Polytechnic Institute of Toulouse (INPT)	since 2003
Chairman of the 3rd plenary session of the CNRS	
Career scientist at LAAS-CNRS	since 2003

Member of Branch 07 of the National Committee for Scientific Research

Chairman of the Engineering Science Department Committee and of the CNRS Scientific Committee

- PUBLICATIONS:

  Countless scientific articles and publications in specialized journals.

- DECORATIONS:

  Commander of the Legion of Honor

  Commandeur des Palmes Académiques

  Member of the French Technology Academy

  Silver Core Award of the IFIP

❖ **Véronique Vedrine** is member of the Company's Supervisory Board. Her appointment was ratified by the Combined Ordinary and Extraordinary General Meeting of April 30, 2004, renewed on the date of the Annual General Meetings of May 14, 2009 and May 28, 2015, and will expire at the General meeting of 2021 called to approve the financial statements for the financial year ended December 31, 2020. She also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Director	Bpifrance Régions	France
	Groupe la dépêche du midi	France
Permanent Representative of Bpifrance Investissement on the Board of Directors	IRDI	France
	Midi Pyrénées Croissance	France
Offices and directorships held within the last 5 years		
NONE		

❖ Post

Director of Réseau Sud Bpifrance – a French Limited Corporation (*Société Anonyme*) with a capital of €750,860,784 – Creteil Companies Register (RCS) 320 252 489.

❖ Address

Bpifrance – 27/31 avenue du Général Leclerc – 94710 Maisons Alfort.

❖ Expertise and experience

- CIVIL STATUS:

  Born on June 25, 1959 in Mantes-La-Jolie (Yvelines)

  2 children

- ACADEMIC BACKGROUND:

  A graduate from the École Supérieure de Commerce of Clermont-Ferrand 1977-1980

- PROFESSIONAL BACKGROUND:

  CEPME
  Case Manager – Auvergne Regional Office 1981-1991
  Registered office - Commitments Department: tourism, health, local authorities 1991-1997
  Head of Tourism Department – central agency
  Assistant to the Network Director during the CEPME – SOFARIS merger

  Regional Director, BDPME Midi-Pyrénées 1998-2005

Director of Réseau Sud Méditerranée OSÉO Bdpme (PACA, Corse, Languedoc-Roussillon, Midi-Pyrénées)	since 02/2005
Director of Réseau Sud Méditerranée OSEO (OSEO Financement – OSEO Innovation)	since 10/2006
Director of Réseau Sud OSEO (PACA, Corse, Languedoc-Roussillon, Midi-Pyrénées)	since 01/2009
Director of Réseau Sud Bpifrance (France's public investment bank formed from the merger of Oseo, CDC Entreprises, FSI and FSI Régions)	since 07/2013

- DECORATIONS:

  Knight in the National Order of Merit

  Knight of the Legion of Honor (2015)

- SOCIAL ACTIVITIES:

  Treasurer of the Provence-Alpes-Côte d'Azur Banks Regional Committee

  Chairman of the I.F.A. (French Institute of Independent Directors) - Midi-Pyrénées region.

❖ **Henri-Paul Brochet** is member of the Company's Supervisory Board. Appointed at the Combined General Meeting of September 15, 2008, his term of office was renewed on the date of the Annual General Meeting of May 28, 2014 and will expire on the date of the Annual General Meeting to be held in 2020 to approve the financial statements for the financial year ended December 31, 2019. He also holds the following offices and positions in the companies listed below:

❖ Offices

Offices and directorships held within the last 5 years		
Offices	**Company**	**Country**
Chairman	Aliage	France
	CANCEROPOLE Grand Sud-Ouest Société HBIC	France
Manager	Holding MBBCS	France
Director	SOGECLAIR	France
Qualified Personality	CESER	France
Alternate Director	AEROSPACE Valley	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Vice President Responsible for Integration	For the merger of Alcatel Space and Alenia Spazio	France	2012
Deputy Chief Executive Officer	Thales Alenia Space	France	2012
Vice President	Thales Alenia Space (Toulouse site)	France	2012
Advisor to the Chairman	Thales Alenia Space	France	2012
Permanent representative of THALES ALENIA SPACE	INTESPACE	France	2012

❖ Posts

- Member of the Scientific Advisory Board of Université Paul Sabatier,
- Technical Adviser I.P. to the CCIT.

❖ Address

132, chemin Saint Pierre – 31170 Tournefeuille

❖ Expertise and experience

- CIVIL STATUS:

  Born on September 12, 1945 in Limoges (Haute-Vienne)

- ACADEMIC BACKGROUND:

  Doctorat in physics - microwave option

  Business degree from the Institut d'Administration des Entreprises

- PROFESSIONAL BACKGROUND:

THOMSON- CSF “Microwave Division” Engineer for tests and integration for Microwave Systems	1973-1977
Head of the Local Oscillators Laboratory	1977-1982
Thomson- CSF “Space Division” Head of Microwave and TT&C product lines	1982-1988
Director of Space Equipment, ALCATEL-ESPACE	1988-1993
ALCATEL- ESPACE thereafter ALCATEL- SPACE (following the merger with Aérospatiale “satellites”) Chief Industrial Officer and director of the Toulouse site	1993-2003
Alcatel - Space thereafter Alcatel Alenia Space (following the merger with Alenia Spazio) Director of Industrial Engineering and Director of the Toulouse site	2003-2007
THALES ALENIA SPACE Deputy General Manager of Thales Alenia Space France and Director of the Toulouse site	2007-2010

- DECORATIONS:

  Knight of the Legion of Honor

Carole Garcia is member of the Company’s Supervisory Board. Appointed at the Annual General Meeting of May 28, 2014, her term of office expires at the General Meeting to be held in 2020, called to approve the financial statements for the year ended December 31, 2019. She also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships			
Offices	**Company**	**Country**	
Chairman	SAS Graine de pastel	France	
Chairman and Director	Financière Graine de pastel	France	
Manager	SCI Clément Laffont	France	
Advisor Member of the Midi-Pyrénées office	Conseil du Commerce Extérieur de la France	France	
Founding member	Académie des Arts et des Sciences du Pastel	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Manager	Cocagne & Compagnie	France	2013

❖ Address

Graine de Pastel – 4 place Saint Etienne 31000 Toulouse

❖ Expertise and experience

- CIVIL STATUS:

  Born on September 10, 1971 in L'Union (Haute-Garonne)

  3 children

- ACADEMIC BACKGROUND:

  École Supérieure de Commerce of Bordeaux 1992

  Masters in strategic marketing, Paris Dauphine University 1993

  Cycle des Hautes Etudes pour le Développement Economique (CHEDE), French Ministry of Economy 2015

- PROFESSIONAL BACKGROUND:

  Marketing functions, Pharmaceutical Group PIERRE FABRE 1994 – 2001

  Chair and co-founder of GRAINE DE PASTEL Since 2002

❖ **Jean-Philippe Brinet** is a non-voting observer (*Censeur*) of the Company's Supervisory Board. Appointed by the Supervisory Board on September 14, 2009, his term of office was renewed by the Supervisory Board on September 6, 2013 and will expire on September 6, 2017. He also holds the following offices and positions in the companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Director	KGF	France
	Université Bordeaux 4	France
Offices and directorships held within the last 5 years		
NONE		

❖ Posts

- Manager of JPF Conseil

❖ Address

16, rue du Temple – CAVALIERE – 83980 LE Lavandou

❖ Expertise and experience

- CIVIL STATUS:

  Born on March 14, 1943 in Neuilly sur Seine

- ACADEMIC BACKGROUND:

  Business degree from the Institut d'Administration des Entreprises

  Graduate of the Centre d'Études Supérieures de Banque de Paris

  Advanced degree in Private Law

- PROFESSIONAL BACKGROUND:

  Research Director for the Québec Ministry of Labor 1968-1969

  Assistant to the Chief Financial Officer, Procter & Gamble 1970-1971

  Account Manager, Major Accounts Commercial Banking Division, BRED 1971-1974

  Assistant to the Chief Operating Officer, BRED 1974-1975

Manager for BRED - Paris-Est	1975-1977
Manager for BRED - Rouen	1978-1981
Regional Director, BRED - Est Parisien	1981-1989
Vice President of Marketing, BRED	1989-1991
Vice President for branch operations, BRED	1991-1993
Managing Director, CIC Société Bordelaise	1994-2009

❖ **Christian Desmoulins** is a Non-voting observer (*Censeur*) of the Company's Executive Board. Appointed at the Supervisory Board Meeting of June 27, 2014 after serving for 11 years as the Chairman of ACTIA Group's Executive Board. He also holds the following offices and positions in the Companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Chairman of the Board of Directors and Director	ACTIA Telecom	France
	ACTIA Automotive	France
	ACTIA India	India
	Institut National Universitaire Champollion	France
	Le Cercle D'oc	France
Director	CIPI ACTIA	Tunisia
	ARDIA	Tunisia
	ENSIACET: Ecole Nationale Supérieure des Ingénieurs en Arts Chimique et Technologiques	France
	Institut National Polytechnique de Toulouse	France
	IRT Antoine de Saint Exupéry	France
Advisor	Conseil du Commerce Extérieur de la France	France
Board member	Ecole Doctorale Systèmes	France
Manager / Co-Manager	SCI Bridge – Bayard	France
Honorary Chairman	Midi-Pyrenees Regional Committee of the Association of French Foreign Trade Advisers	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
CEO and Director	ACTIA Automotive	France	2014
Chairman of the Executive Board	ACTIA Group	France	2014
Chairman	Midi-Pyrenees Regional Committee of the Association of French Foreign Trade Advisers	France	2015
Chairman of the Supervisory Board	Les Ateliers de l'Ayguette	France	2015
Director	ACTIA Muller	France	2015
	ACTIA Nederland	Netherlands	2015
	ACTIA de Mexico	Mexico	2015
	ACTIA PCs	France	2015
	ACTIA Polska	Poland	2015
	ACTIA Tunisia	Tunisia	2015
	YMCA Cépière	France	2015
	Aerospace Valley	France	2015
	Club des Affiliés du LAAS-CNRS	France	2015
Advisory Board member	ACTIA do Brasil	Brazil	2015
Manager / Co-Manager	SCI les Coteaux de Pouvourville	France	2015
	ACTIA Muller España	Spain	2015
Advisor	Banque de France de Toulouse	France	2015

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Permanent representative of ACTIA Group	ARDIA	Tunisia	2014
Chairman of the Board of Directors and Director	ACTIA Muller UK	England	2014
	ACTIA PCs	France	2014
	ACTIA Nordic	Sweden	2015
	ACTIA Corp	USA	2015
	SCI Los Olivos	Spain	2015
	ACTIA 3E	France	2015
	ACTIA China	China	2015
	ACTIA UK	England	2015
	ACTIA Inc.	USA	2015
	ACTIA Italia	Italy	2015
	ACTIA Systems	Spain	2015
	KARFA	Mexico	2015
	Toulouse INSA engineering school	France	2015
	ACTIA Nederland	Netherlands	2011
Permanent representative of ACTIA Automotive	ACTIA Tunisia	Tunisia	2014
Observer	OSEO	France	2013
Steering Committee Member	OSEO	France	2013

❖ Posts

- Académicien des Technologies.

❖ Address

ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ Expertise and experience

- CIVIL STATUS:

  Born on October 18, 1951 in Safi (Morocco)

  Married, 1 child

- ACADEMIC BACKGROUND:

  Ecole Polytechnique (School of Engineering)

  Civil engineer

- PROFESSIONAL BACKGROUND:

  District Manager at the Nièvre Public Works Department 1976-1981

  Division Head at the Provence-Alpes-Côte d'Azur DRIRE and Special Assistant to the Regional Prefect 1981-1986

  Regional Director of Industry, Research and the Environment and Regional Delegate of Auvergne ANVAR 1986-1991

  Regional Director of Industry, Research and the Environment and Director of the Ecole des Mines d'Albi 1991-1998

  Head of the Manufacturing Industries Unit at the French Ministry for the Economy, Finance and Industry 1998-1999

  Director of Technological Research at the CEA and Chair of CEA Valorisation 1999-2003

  Chairman of the Executive Board of ACTIA Group and Chief Executive Officer of ACTIA Automotive 2003-2014

- DECORATIONS:

  Knight in the National Order of the Legion of Honor

  Knight in the National Order of Merit

  Knight in the National Order of Academic Palms

❖ **Jean-Louis Pech** was appointed Chairman of the Supervisory Board on June 27, 2014. Appointed member of the Company's Executive Board on March 24, 2014, he was reappointed by the Supervisory Board on September 8, 2014 for a term expiring on November 12, 2018. He also holds the following offices and posts in the Companies listed below:

❖ Offices

Current offices and directorships		
Offices	**Company**	**Country**
Vice-Chairman	GIE France Recyclage Pneumatique	France
	Cluster Automotech	France
Executive Board member	LP2C	France
CEO and Director	ACTIA Automotive S.A.	France
CEO	JLS Invest	France
	ALPHA Recyclage Franche Comte	France
Chairman of the Board of Directors and Director	ACTIA 3E	France
	KARFA	Mexico
	ACTIA Nordic	Sweden
	ACTIA Corp	USA
	ACTIA Inc.	USA
	ACTIA Systems	Spain
	ACTIA UK	England
	SCI Los Olivos	Spain
	ACTIA Italia	Italy
Director	ACTIA de Mexico	Mexico
	ACTIA Telecom	France
	ARDIA	Tunisia
	ACTIA Polska	Poland
Observer	ACTIA China	China
Advisory Board member	ACTIA do Brasil	Brazil
Permanent representative of ACTIA Automotive	CIPI ACTIA	Tunisia
	ACTIA Systems	Spain
Sole Director	ACTIA Muller España	Spain
Manager / Co-Manager	IDE Ingénierie	France
	Alpha Carbone	France
	Sopyram	France
	Soregom	France
	Alpha Recyclage Composites	France
	SCI Jean MERMOZ	France
	SCI du 4 rue Jules Védrines	France
	SCI Louis BLERIOT	France
	SCI La Confluence	France
Advisor	Banque de France de Toulouse	France
Member	Cercle D'oc	France
Chairman	Commission Prospective CNPA	France
Deputy National Treasurer	CNPA	France
Midi-Pyrénées Regional Chairman	CNPA	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	OC-TV	France	2014
Member, for CGPME (*Confédération Générale des Petites et Moyennes Entreprises*), the French small and medium-sized employers' organization	Commission Consultative sur le Statut de Déchets	France	2014
National Treasurer	CNPA	France	2015
Chairman of the Board of Directors and Director	ACTIA Muller	France	2015

- Address

ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

- Expertise and experience
  - CIVIL STATUS:

    Born on December 19, 1960 in Toulouse

    Married, 2 children
  - ACADEMIC BACKGROUND:

    Engineering Degree, INSA, specialization in "Industrial and Environmental Engineering Processes" 1985
    Postgraduate degree (D.E.A.) "Antipollution Engineering"
  - PROFESSIONAL BACKGROUND:

Sotracim – Chief Executive Officer	1987 – 1988
I.D.E. Ingénierie S.A. – Creator and Manager	since 1987
LP2C S.A. Toulouse - Member of the Executive Board	since 1992
Alpha Recyclage Franche Comte – Creator and Manager	since 1998
JLS Invest – Creator and Manager	since 2007
GIE France Recyclage Pneumatique – Chairman	2009-2014
GIE France Recyclage Pneumatique – Vice-Chairman	since 2014
Chairman of the Executive Board of ACTIA Group	since 2014
Chief Executive Officer of ACTIA Automotive	since 2014

- **Catherine Mallet** (maiden name Pech) is a member of the Company's Executive Board. Appointed by the Supervisory Board on November 12, 2002, her term of office was renewed by the Supervisory Board on September 8, 2014 and will expire on November 12, 2018. She also holds the following offices and positions in the companies listed below:

- Offices

Current offices and directorships		
Offices	**Company**	**Country**
Executive Board member	LP2C	France
Director	ACTIA China	China
	ACTIA PCs	France
	ACTIA Italia	Italy
	ACTIA de Mexico	Mexico
	ACTIA Systems	Spain
	Banque Populaire Occitane	France
Advisory Board member	ACTIA do Brasil	Brazil
Permanent representative of MEDEF 31	CILEO	France
Permanent representative of CILÉO	CILEO Développement	France
	Promologis S.A. H.L.M.	France
Chairman of the Audit Committee	Promologis S.A. H.L.M.	France

Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	Fonderies Financière MERCIE	France	2012
	ACTIA Muller	France	2015
Co-Manager	SCIPIA	France	2013
	SCI du 4 rue Jules Védrines	France	2013

❖ Address

ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ Expertise and experience

- CIVIL STATUS:

  Daughter of Louis Pech

  Born on May 26, 1969 in Toulouse (Haute-Garonne)

  Married, 2 children

- ACADEMIC BACKGROUND:

  A graduate of the École Supérieure de Commerce of Toulouse 1989-1992

- PROFESSIONAL BACKGROUND:

  Crédit Mutuel Île de France Boulogne-Billancourt 1992-1993

  ACTIA Automotive S.A Toulouse – Executive Assistant 1993-1996

  ACTIA Group S.A Toulouse – Executive Assistant 1996-2003

  ACTIA Group S.A Toulouse – Chief Financial Officer since 2003

  LP2C S.A. Toulouse – Executive Board member since 1999

❖ **Marine Candelon-Bonnemaison** (maiden name Calmels) is a member of the Company's Executive Board. Appointed by the Supervisory Board on November 12, 2002, her term of office was renewed by the Supervisory Board on September 8, 2014 and will expire on November 12, 2018. She also holds the following offices and posts in the companies listed below:

❖ Offices

Current offices and directorships			
Offices	**Company**	**Country**	
Executive Board member	LP2C	France	
Director	ACTIA Telecom	France	
	ACTIA 3E	France	
	ACTIA PCs	France	
Permanent representative of ACTIA Group	ACTIA Automotive	France	
Offices and directorships held within the last 5 years			
Offices	**Company**	**Country**	**End of term**
Director	ACTIA Muller	France	2015

❖ Address

ACTIA Group – 5 rue Jorge Semprun – BP 74215 – 31432 Toulouse Cedex 04

❖ Expertise and experience

- CIVIL STATUS:

  Daughter of Pierre Calmels

  Born on December 2, 1961 in Paris

  Married, 2 children

- ACADEMIC BACKGROUND:

  First Certificate of Cambridge 1979

Proficiency of Cambridge	1980
BTS Executive Secretary	1982

- PROFESSIONAL BACKGROUND:

Technal France Toulouse: Export Secretary	1982-1985
Maurice Messegue Auch - Executive Secretary	1986
Laboratoires Des Herbes Sauvages Fleurance - Executive Secretary	1986-1990
SARL ACTE Nérac - Executive Assistant	1990-1993
SA M3S Castelginest - Chairman and Chief Executive Officer	1993-2002
LP2C S.A. Toulouse - Member of the Executive Board	since 1999

- The criteria for independence adopted as well as the list of Independent Directors are presented in Section 6.1.1 on "Corporate governance".

5.14.3 Declaration attesting to the absence of prior convictions by Supervisory and Executive Board members

To the best of the Company's knowledge, over the past five years:

- No member of the Supervisory Board or Executive Board has been found guilty of fraud;
- No member of the Supervisory Board or Executive Board has been a party to a bankruptcy, receivership or liquidation, except in respect of the one entity Fonderies Financières Mercie, wound up in 2012. This entity was wound up through a voluntary liquidation linked to the discontinuation of its operating activities. As indicated above under the heading of offices exercised within the last five years, Louis Pech, Pierre Calmels and Catherine Mallet served on the Board of Directors of this entity. Furthermore, in fiscal 2013, SCI du 4 rue Jules Védrines was subject to a voluntary liquidation, for discontinuation of activity. As indicated above, with respect to offices held in the last five years, Louis Pech, Pierre Calmels and Catherine Mallet were co-managers of this entity. In 2013 Société Civile SCIPIA was merged into LP2C for the Group simplification purposes. This merger resulted in the liquidation of SCIPIA. As indicated above, with respect to offices held in the last five years, Pierre Calmels and Catherine Mallet were co-managers of this entity. Finally, in 2015, the French limited company, ACTIA Muller was merged into its parent company, also a French limited company, ACTIA Automotive, for the purpose of simplifying the Group's organization. As a result of this merger, ACTIA Muller was wound up; as indicated above, with respect to the offices exercised in the last five years, Jean-Louis Pech was Chairman of the Board of Directors, and Louis Pech (permanent representative of ACTIA Automotive) Catherine Mallet and Marine Candelon-Bonnemaison were Directors;
- No charges were brought and / or official sentences handed down against any member of the Supervisory Board or Executive Board by statutory or regulatory authorities (including designated professional bodies);
- No member of the Supervisory Board or Executive Board was banned by a Court from acting as a member of an administrative, management or supervisory body of an issuer or from being involved in the management or running of an issuer.

5.14.4 Conflicts of interest within Administrative, Management and Supervisory bodies and Senior Management

To the best of the Company's knowledge, there are no potential conflicts of interest between their duties as members of the Company's Management and Supervisory Boards and their personal interests.

5.14.5 Appointments, reappointments and confirmation of cooption

No Supervisory Board member is up for reappointment at this General Meeting.

5.15 Remuneration and benefits

5.15.1 Remuneration and directors' fees

Pursuant to the provisions of Article L.225-102-1 of the French commercial code and the recommendation of the French securities market regulator, the AMF (*Autorité des Marchés Financiers*) of December 9, 2012, we hereby notify you of the total gross remuneration (fixed, variable and non-recurring) and benefits of all kinds paid during this past financial year to each corporate officer, as well as the criteria used to calculate them or the circumstances under which they arose.

We also indicate commitments of all types entered into on behalf of its corporate officers, relating to items of remuneration and benefits likely to be payable upon taking up, leaving or changing duties or subsequent thereto, as well as how such commitments are determined.

It is noted for the record that with the exception of stock option and performance share plans that may be established within ACTIA Group, compensation mentioned concerns mainly that paid by LP2C, the consolidating holding company for the offices exercised at the level of the LP2C, a French limited company, and voted by the Supervisory Board of the latter. As such, this compensation does not specifically represent compensation paid on behalf of ACTIA Group. Furthermore, the remuneration of Jean-Louis PECH, Chairman of the Executive Board of ACTIA Group is broken down between LP2C, for his office as a member of the Executive Board, ACTIA Group, for his office as Executive Board Chairman and ACTIA Automotive, for his office as Chief Executive Officer.

In connection with a service agreement, LP2C invoices the Group only a portion of salaries paid, through miscellaneous services described in Section 5.16.3 "Special Report of the Statutory Auditors on regulated agreements and commitments". The balance relating to its own operating costs are charged to LP2C based the rule for allocating time worked.

Compensation paid and decisions rendered for the financial year ended December 31, 2015 were as follows; figures provided concern total remuneration paid to each executive officer of ACTIA Group by the issuer and by any other Group company:

Table 1 - Summary of remuneration, stock options and bonus shares granted to each executive corporate officer by the issuer and any other Group company		
Name and function of executive corporate officer:	**Amount received in 2015**	**Amount received in 2014**
Jean-Louis Pech – Chairman of the Executive Board		
Remuneration payable for the period (details provided in table 2)	265,903	157,950[(1)]
Valuation of options granted in the period (details provided in table 4)		
Valuation of performance shares granted in the period (details provided in table 6)		
TOTAL	**265,903**	**157,950**
Catherine Mallet - Executive Board member		
Remuneration payable for the period (details provided in table 2)	104,429	93,768
Valuation of options granted in the period (details provided in table 4)		
Valuation of performance shares granted in the period (details provided in table 6)		
TOTAL	**104,429**	**93,768**
Marine Candelon - Executive Board member		
Remuneration payable for the period (details provided in table 2)	53,350	51,101
Valuation of options granted in the period (details provided in table 4)		
Valuation of performance shares granted in the period (details provided in table 6)		
TOTAL	**53,350**	**51,101**

(1) For 2014, remuneration of Jean-Louis Pech covers the entire year, without taking into account the fact that he assumed the function as of July 1, 2014.

Table 2 – Summary of remuneration of each executive officer by the issuer and any other Group company				
Name and function of executive corporate officer:	Amounts payable	Amount received	Amounts payable	Amount received
	2015		In 2014	
Jean-Louis Pech – Chairman of the Executive Board				
Fixed compensation(1)	212,183	212,183	157,950	157,950
Variable remuneration(2)	50,000	50,000		
Exceptional remuneration				
Directors' fees				
Benefits in kind	3,720	3,720		
TOTAL	**265,903**	**265,903**	**157,950**	**157,950**
Catherine Mallet - Executive Board member				
Fixed compensation(2)	100,276	100,276	89,577	89,577
Variable remuneration				
Exceptional remuneration(2)	1,810	1,810	1,635	1,635
Directors' fees				
Benefits in kind	2,343	2,343	2,556	2,556
TOTAL	**104,429**	**104,429**	**93,768**	**93,768**
Marine Candelon - Executive Board member				
Fixed compensation(2)	49,927	49,927	47,723	47,723
Variable remuneration				
Exceptional remuneration(2)	1,345	1,345	1,300	1,300
Directors' fees				
Benefits in kind	2,078	2,078	2,078	2,078
TOTAL	**53,350**	**53,350**	**51,101**	**51,101**

(1) Remuneration for the office exercised at the level of the French limited corporation LP2C: €164,124 - Remuneration for his executive offices within the ACTIA Group: € 48,059.

(2) Remuneration for offices exercised at the level of the French limited corporation LP2C.

Benefits in kind relate to the use of a company car.

Table 3 – Directors' fees and other compensation received by non-executive officers by the issuer and any other Group company.		
Non-executive corporate officers – Name and office	Amount received in 2015	Amount received in 2014
Louis Pech - Chairman of the Supervisory Board		
Directors' fees		
Other compensation(1)	103,635	102,140
Pierre Calmels Vice-Chairman of the Supervisory Board		
Directors' fees		
Other compensation(1)	72,000	72,000
Henri-Paul Brochet – Supervisory Board member		
Directors' fees		
Other compensation		
Alain Costes – Supervisory Board member		
Directors' fees	NONE	NONE
Other compensation		
Carole Garcia – Supervisory Board member		
Directors' fees		
Other compensation		

Table 3 – Directors' fees and other compensation received by non-executive officers by the issuer and any other Group company.		
Günther Thrum – Supervisory Board member		
Directors' fees		
Other compensation		
Véronique Védrine – Supervisory Board member		
Directors' fees		
Other compensation		
TOTAL	175,635	**174.** 140

(1) Remuneration for offices exercised at the level of the French limited corporation LP2C.

Table 4 - Stock options granted in the period to each executive corporate officer by the issuer and by any Group company						
Name of executive corporate officer	Plan date	Nature of options (for purchase of existing shares or to subscribe for new shares)	Valuation of options according to the method adopted for the consolidated financial statements	Number of options granted in the period	Exercise price	Exercise period
TOTAL	NONE					

Table 5 - Options to subscribe for new shares or purchase existing shares exercised in the period by each executive corporate officer			
Name of executive corporate officer	Plan date	Number of options granted in the period	Exercise price
TOTAL	NONE		

Table 6 - Performance shares allotted by the Shareholders' General Meeting granted in the period to each executive corporate officer granted by the issuer and by any Group company						
Name of the corporate officer	Plan date	Number of shares granted in the period	Valuation of shares according to the method adopted for the consolidated financial statements	Vesting date	Date of availability	Conditions of performance
TOTAL	NONE					

Table 7 - Performance shares becoming available for each corporate officer			
Name of executive corporate officer	Plan date	Number of shares becoming available in the period	Vesting conditions
TOTAL	NONE		

Table 8 - Summary of stock option grants	
Shareholders' Meeting date	NONE
Executive Board meeting date	
Total number of shares that may be subscribed for or purchased	
Inception date for the exercise of options	
Expiry date	
Subscription or purchase price	
Exercise procedures (when the plan provides for several tranches)	
Number of shares subscribed to date	
Total number of options to subscribe for or purchase shares canceled or forfeited	
Options to subscribe for or purchase shares outstanding at year-end	

Table 9 - Options to acquire or purchase shares granted to the ten non-executive salaried employees having received the largest number and exercised by the latter

	Total number of options granted/of shares subscribed or purchase	Weighted average price	Plan 1	Plan 2
Options granted in the period by the issuer and/or any company included in the scope of companies subject to these allotment conditions to the 10 employees of the issuer or any other eligible company, for which the number of options thus granted is the highest	NONE			
Options held of the issuer and the companies indicated above, exercised in the period by the ten employees of the company and these companies, for which the number of options thus purchased or subscribed is the highest				

Table 10 – History of bonus share grants – Information on bonus share grants

	Plan 1	Plan 2	Plan 3	...
Meeting date	NONE			
Executive Board meeting date				
Number of bonus shares granted of which number granted to:				
Vesting date				
End of the holding period				
Number of shares subscribed at xxx				
Cumulative number of shares canceled or lapsed				
Bonus shares outstanding at year end				

Table 11 - Executive corporate officers

	Employment contract	Supplementary retirement plan	Indemnities or benefits payable or that could be payable on termination or change in function	Indemnities relating to a non-compete clause
Name: **Jean-Louis Pech** Post: Chairman of the Executive Board Beginning of term: 07/01/2014 End of term: 11/12/2018 Benefits:	No	No	No	No
Name: **Marine Candelon** Post: Executive Board member Beginning of term: 11/12/02 End of term: 11/12/2018 Benefits:	No	No	No	No

Table 11 - Executive corporate officers				
Name: **Catherine Mallet** Post: Executive Board member Beginning of term: 11/12/02 End of term: 11/12/2018 Benefits:	**No**	**No**	**No**	**No**

As a general rule, the fixed portion of compensation of ACTIA Group executive officers tracks trends for employees of the main French structure, except for exceptional periods when the Group is subject to significant pressure, in which case, any increase is lower or nil. Compensation is compared on a regular basis with that of members of the Management Committee of ACTIA Automotive and when possible it is aligned as in 2014.

The variable portion is paid in the form of target-based bonuses with a minimum indexed to the n^{-1} salary. Qualitative criteria are established and defined with precision in advance before each period. For reasons of confidentiality, they are not disclosed. The level of completion for these objectives was fully reached, justifying payment of the total amount of the bonus thus defined.

Benefits in kind relate to the use of company cars.

No commitment of any kind relating to items of remuneration and benefits payable or likely to be payable upon taking up, leaving or changing duties or subsequent thereto has been entered into other than the commitments discussed above.

Finally, no directors' fees were paid.

5.15.2 Trading in Company shares

To the best of the Company's knowledge, there have been no transactions involving the Company's shares by corporate officers in 2015.

5.15.3 Statutory Auditors

No Statutory Auditor is up for reappointment at this General Meeting.

5.16 Related-party transactions

No service contract providing for the grant of benefits upon expiration of the contract establishes relations between Executive Board members, Managers or Supervisory Board members with ACTIA Group S.A. or with any of its subsidiaries other than those presented in the paragraph below.

5.16.1 Specific disclosure on related party agreements

In accordance with the last paragraph of Article L.225-102-1 of the French commercial code, relating to agreements entered into between one of the members of its Executive Board or Supervisory Board or a Shareholder possessing more than 10% of a company's voting rights and, on the other hand a controlling company, possessing directly or indirectly more than half the capital, we hereby inform you that no agreement was entered into falling under these provisions in 2015.

5.16.2 Nature and amount of related-party agreements entered into by the Company

We will ask shareholders to approve the new agreements covered by Article L.225-86 of the French commercial code, which were duly authorized by the Supervisory Board. These items are covered in the first part of the Special Report of the Statutory Auditor on regulated agreements and commitments and reproduced in full in Section 5.16.3 "Special Report of the Statutory Auditor on regulated agreements and commitments".

Selected information on this subject is presented in further detail in Note 21 to the consolidated financial statements on "Related-party transactions".

Furthermore, all agreements were reported to the Statutory Auditors who present all the required disclosures on these agreements in their Special Report reproduced below.

Detailed information on the relations between LP2C and ACTIA Group, on the one hand, and between ACTIA Group and its subsidiaries, on the other hand, is provided in Section 4.3 " Brief description of the Group".

5.16.3 Special Report of the Statutory Auditor on regulated agreements and commitments

This is a free translation into English of the Statutory Auditors' report on regulated agreements and commitments issued in French and is provided solely for the convenience of English speaking readers. This report on regulated agreements and regulated commitments should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and the report does not apply to those related party agreements described in IAS 24 or other equivalent accounting standards.

To the shareholders,

In our capacity as statutory auditors of your Company, we hereby present to you our report on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such other transactions, if any, but to communicate to you, based on information provided to us, the principal terms and conditions of those agreements and commitments brought to our attention or discovered in the performance of our engagement and the interests thereof for the company, without expressing an opinion on their merits. It is your responsibility, pursuant to article R.225-58 of the French commercial code, to assess the interest of these agreements and commitments with a view to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article L.225-88 of the French commercial code concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.

We performed procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie nationale des Commissaires aux Comptes*) relating to this engagement. These procedures require that we ensure that the information provided to us is consistent with the relevant source documents.

Agreements and commitments submitted for approval to the shareholders' meeting

Agreements and commitments approved in the period ended

We inform you that we have not been informed of any agreement or commitment authorized in the year ended to be submitted to the approval of the General Meeting in accordance with the provisions of Article L.225-86 of the French commercial code.

Agreements and commitments previously approved by the General Meeting

Agreements and commitments approved in prior years

In accordance with Article R. 225-57 of the French commercial code, we have been informed that the following agreements and commitments approved by the Annual General Meetings in prior years, remained in effect in the period under review.

With ACTIA Automotive S.A.

- Parties concerned: ACTIA Group S.A, director of ACTIA Automotive, represented by Marine Candelon, Louis Pech, Pierre Calmels, Jean-Louis Pech and Alain Costes.
- Nature and purpose: Service agreement
- Terms of application:

This agreement is concluded for a five-year period commencing on January 1, 2013.

a) Recurring assignments

Your company provides support services to its subsidiary ACTIA Automotive S.A. in the following areas:

- Application of general policy and the overall strategies defined by your company and the parent company, LP2C S.A.; ;
- Facilitation and coordination of strategic and international management;
- Human resources, quality and information systems;
- Administration, finance (accounting, financing, guarantees, etc.), legal and management control services.
    - Your company receives in compensation for these recurring assignments, a fixed fee based on a provisional budget drawn up at the beginning of the period and subject to revision at the end of the period. This compensation is calculated on the basis of actual costs incurred by your company, plus a margin of 15% for direct costs and no margin for indirect costs.
    - This fee is invoiced to ACTIA Automotive S.A. on a quarterly basis prior to the end of each calendar quarter in the form of advance interim payments. At the end of the year, the balance payable is adjusted in accordance with the final results.

With respect to this fee, your company invoiced ACTIA Automotive S.A. €2,090,780 excluding tax for fiscal 2015.

b) Non-recurring assignments

- Guarantees:

  Your company may, as necessary, put into place guarantees in favor of its subsidiary ACTIA Automotive S.A. This agreement provides for the possibility of granting to third parties, and in particular banking establishments, its guarantee for commitments incurred by ACTIA Automotive S.A with respect to these entities.

  For these guarantees, your company receives in exchange a fixed annual fee of 1 % excluding tax of the amount owed by ACTIA Automotive S.A. at the beginning of the quarter. The invoices are established at the end of the quarter with respect to the commitment thus guaranteed.

  On this basis, for the preceding financial periods, your company executed in favor of its subsidiary a collateral security agreement for €200 million in connection with the Airbus contract of November 1, 2007. This guarantee did not result in an invoice by your company for the period under review.

- Current account advances:

  Your company may also make current account advances to ACTIA Automotive S.A. For these current account advances of treasury, your company will invoice charges according to the origin of the amounts made available, and namely:

  - if the company has not sought financing on the market, at the Euribor 3 month rate plus 50 basis points;
  - if the company has undertaken to secure financing on the market, the interest rate applied to the loan plus 50 basis points.

  At December 31, 2015, the current account debit balance of ACTIA Automotive S.A. was €9,346,378. In fiscal 2015, income interest from this balance for your company amounted to €176,649.

- Ad hoc assignments:

  Your company may execute, pursuant to a formal request by ACTIA Automotive S.A. and on its behalf specific, clearly defined assignments for limited durations not typically included in the services listed above.

  Among its assignments of a non-recurring nature, your company may intervene in the process of identification, selection, study, negotiation, purchasing of companies and acquiring ownership or controlling interests in outside companies as well as seek to identify partners.

  These assignments are subject to a separate invoicing for which terms are to be defined by mutual consent, taking into account both the specific expenses incurred by your company and the results obtained for the subsidiary.

  The invoicing for these services are not included in the calculation of the fees for recurring assignments.

  No ad hoc assignments were performed in the period ended December 31, 2015.

With ACTIA Telecom S.A.

- Parties concerned: ACTIA Group S.A., director of ACTIA Telecom, represented by Louis Pech, Marine Candelon and Jean-Louis Pech.
- **Nature and purpose:** Service agreement
- Terms of application:

This agreement is concluded for a five-year period commencing on January 1, 2013.

a) Recurring assignments

Your company provides support services to its subsidiary ACTIA Telecom S.A. in the following areas:

- Application of general policy and the overall strategies defined by your company and the parent company, LP2C S.A.; ;
- Facilitation and coordination of strategic and international management;
- Human resources, quality and information systems;

- Administration, finance (accounting, financing, guarantees, etc.), legal and management control services.
  - Your company receives in compensation for these recurring assignments, a fixed fee based on a provisional budget drawn up at the beginning of the period and subject to revision at the end of the period. This compensation is calculated on the basis of actual costs incurred by your company, plus a margin of 15% for direct costs and no margin for indirect costs.
  - This fee is invoiced to ACTIA Telecom S.A. on a quarterly basis prior to the end of each calendar quarter in the form of advance interim payments. At the end of the year, the balance payable is adjusted in accordance with the final results.

  With respect to this fee, your company invoiced ACTIA Automotive S.A. €316,421 excluding tax for fiscal 2015.

b) Non-recurring assignments

- Guarantees:

  Your company may, as necessary, put into place guarantees in favor of its subsidiary ACTIA Telecom S.A. This agreement provides for the possibility of granting to third parties, and in particular banking establishments, its guarantee for commitments incurred by ACTIA Telecom S.A with respect to these entities.

  For these guarantees, your company receives in exchange a fixed annual fee of 1 % excluding tax of the amount owed by ACTIA Telecom S.A. at the beginning of the quarter. The invoices are established at the end of the quarter with respect to the commitment thus guaranteed.

  No guarantee was given by your company in 2015.

- Current account advances:

  Your company may also make current account advances to ACTIA Telecom S.A. For these current account advances of treasury, your company will invoice charges according to the origin of the amounts made available, and namely:

  - if the company has not sought financing on the market, at the Euribor 3 month rate plus 50 basis points;
  - if the company has undertaken to secure financing on the market, the interest rate applied to the loan plus 50 basis points.

  At December 31, 2015, the current account balance of ACTIA Telecom S.A. was nil. No interest was invoiced in respect to the 2015 financial year.

- Ad hoc assignments:

  Your company may execute, pursuant to a formal request by ACTIA Telecom S.A. and on its behalf specific, clearly defined assignments for limited durations not typically included in the services listed above.

  Among its assignments of a non-recurring nature, your company may intervene in the process of identification, selection, study, negotiation, purchasing of companies and acquiring ownership or controlling interests in outside companies as well as seek to identify partners.

  These assignments are subject to a separate invoicing for which terms are to be defined by mutual consent, taking into account both the specific expenses incurred by your company and the results obtained for the subsidiary.

  The invoicing for these services are not included in the calculation of the fees for recurring assignments.

  No ad hoc assignments were performed in the period ended December 31, 2015.

❖ **Nature and purpose:** Authorization for pledging securities

❖ Terms of application:

Within the framework of an overdraft facility authorized by a bank, 125,000 shares of its subsidiary ACTIA Telecom S.A. were pledged as security by your company. The outstanding amount at December 31, 2015 was nil.

❖ **Nature and purpose:** Treasury agreement:

❖ Terms of application:

With the goal of rationalizing and optimizing Group cash management, your company has concluded a treasury agreement with ACTIA Telecom S.A. in order to optimize the use of this subsidiary's surplus cash.

The maximum amount under the treasury agreement amounts to €3 million paying interest at the intermediary rate between the borrowing rate and the interest rate on short-term investments.

At December 31, 2015, the treasury advance by ACTIA Telecom S.A. amounted to €1,965,177 and the interest expense for fiscal 2015 for your company to €15,039.

With ACTIA LP2C S.A.

- Parties concerned: Louis Pech, Pierre Calmels, Marine Candelon and Catherine Mallet, executive officers in common
- **Nature and purpose:** Service agreement
- Terms of application:

This agreement is concluded for a five-year period commencing on January 1, 2013.

a) Recurring assignments

LP2C S.A. provides support services to ACTIA Group S.A. in the following areas:

1. Assistance in the application of the Group's general strategy and management, and in particular all matters relating to:
    - The application of general policy and the overall strategies defined by LP2C S.A.;
    - Facilitation and coordination of corporate governance and management methods;
    - Financial engineering;
    - Economic forecasting;
2. Business coordination support;
3. Communications support;
4. Accounting, legal and administrative support;
5. Financial support.

LP2C S.A. receives in compensation for these recurring assignments, a fixed fee based on a provisional budget drawn up at the beginning of the period and subject to revision at the end of the period.

Remuneration for services 1 and 4 is calculated on the basis of direct and indirect costs actually incurred by LP2C S.A. plus a 15% margin. This fee is invoiced to ACTIA Group S.A. on a quarterly basis prior to the end of each calendar quarter in the form of advance interim payments. At the end of the year, the balance payable is adjusted based on the revised budget referred to above.

Remuneration for services 2 and 3 is based on time spent by LP2C S.A. according to a daily fee of €3,149 excluding tax. This fee is revised yearly on January 1 according to the changes in the Services Producer Price Index (management consulting) published by INSEE, the French National Institute for Statistics and Economic Studies. The index to be used is that of the first quarter of 2008, with this benchmark representing the same as the one used for the same quarter of the following year.

For the remuneration of the provision of guarantees (service 5), your company is invoiced a fixed annual fee of 1% excluding tax of the amount owed by ACTIA Group S.A. at the beginning of the quarter. The invoices are established at the end of the quarter with respect to the commitment thus guaranteed.

For the current account advances of treasury, your company will be invoiced charges determined according to the origin of the amounts made available, and namely:

- if the company has not sought financing on the market, at the Euribor 3 month rate plus 50 basis points;
- if the company has undertaken to secure financing on the market, the interest rate applied to the loan plus 50 basis points.

With respect to services for categories 1 to 4, LP2C S.A. invoiced your company €1,951,009 excluding tax in fiscal 2015.

For service 5, no guarantees or current account treasury advances were granted by LP2C S.A. to your company during fiscal 2015.

b) Non-recurring assignments

LP2C S.A. may execute, pursuant to a request by ACTIA Group S.A. and on its behalf specific, clearly defined assignments for limited durations not typically included in the services listed above.

Among these assignments of a non-recurring nature, LP2C S.A. may intervene in the process of studying, negotiating, purchasing companies and acquiring ownership or controlling interests in outside companies.

These assignments shall be subject to a new agreement drawn up in the same form and according to the same terms as this agreement.

No ad hoc assignments were performed in the period ended December 31, 2015.

- **Nature and purpose:** Accounting and financial services:
- Terms of application:

Your company performed accounting and financial services for LP2C S.A.

For the fiscal year ended December 31, 2015, your company invoiced €87,524 excluding tax for these services.

With Ardia

- Party concerned: ACTIA Group S.A. represented by Christian Desmoulins
- **Nature and purpose:** Current accounts
- Terms of application:

Your company may also make current account advances to Ardia. For these current account advances of treasury, your company will invoice charges according to the origin of the amounts made available, and namely:

- if the company has not sought financing on the market, at the Euribor 3 month rate plus 50 basis points;
- if the company has undertaken to secure financing on the market, the interest rate applied to the loan plus 50 basis points.

At December 31, 2015, the current account debit balance of Ardia S.A. was €87,496. In fiscal 2015, your company had interest income of €826.

- **Nature and purpose:** Service agreement

Your company provides assistance to its subsidiary Ardia in certain areas and in particular all item relating to the following matters:

- General management support;
- Strategic and international management;
- Human resources, quality and information systems;
- Administration, finance (accounting, financing, guarantees, etc.), legal and management control services.

Your company receives in compensation for these recurring assignments, a fixed fee based on a provisional budget drawn up at the beginning of the period and subject to revision at the end of the period.

This compensation is calculated on the basis of actual costs incurred by your company, plus a margin of 15% for direct costs and no margin for indirect costs. This fee is invoiced to Ardia on a quarterly basis prior to the end of each calendar quarter in the form of advance interim payments. At the end of the year, the balance payable is adjusted in accordance with the final results.

With respect to this fee, your company invoiced €32,775 excluding tax for fiscal 2015.

With S.C.I. de L'Oratoire

- Parties concerned: Louis Pech and Pierre Calmels, executive officers in common
- **Nature and purpose:** Treasury agreement:
- Terms of application:

Your company concluded a treasury agreement with S.C.I. de L'Oratoire in connection with the leaseback transaction on buildings for the purpose of providing remuneration for the provision of funds of up to €2,000,000 by SCI L'Oratoire.

The treasury advance in favor of your company at December 31, 2015 amounted to €180,363. The corresponding interest expense recognized by your company at December 31, 2015 amounted to €895.

- **Nature and purpose:** Authorization for pledging shares

- Terms of application:

  Within the framework of a leaseback agreement for a real estate complex for a maximum amount of €3,000,000 with a 12-year term, your company has pledged the total amount of the shares of S.C.I de L'Oratoire it holds for the duration of the transaction.

With S.C.I. Les Coteaux de Pouvourville

- Parties concerned: Pierre Calmels, related party
- **Nature and purpose:** Sub-lease agreement
- Terms of application:

  Under the terms of a sublease agreement, S.C.I. Les Coteaux de Pouvourville leases to your company the premises located at 5 rue Jorge Semprun in Toulouse with a chargeback for the property tax.

  Rental payments made in the fiscal year amounted to €78,120 excluding tax.

  Property tax charged back in the period amounted to €7,817.

- **Nature and purpose:** Authorization for pledging securities
- Terms of application:

  Within the framework of a leaseback agreement for a real estate complex for a maximum amount of €4,5000,000 with a 12-year term, your company has pledged the total amount of the shares of S.C.I. Les Coteaux de Pouvourville it holds for the duration of the transaction.

Labège, April 19, 2016 Paris, April 19, 2016

[*French original signed by*:]

KPMG Audit
A Division of KPMG S.A.

Philippe Saint-Pierre
Partner

Eric Blache

5.16.4 Related-party transactions

See Note 21 to the consolidated financial statements, “Related-party transactions”.

5.17 Conclusion

Shareholders are asked to fully and definitively discharge the Executive Board in respect of its management for the financial year ended December 31, 2015, as well as the Statutory Auditors for the performance of their duties described in their report on the annual financial statements.

The Executive Board asks all shareholders to vote in favor of the proposed resolutions.

THE EXECUTIVE BOARD

6. CORPORATE GOVERNANCE PRACTICES

6.1 Report of the Chairman of the Supervisory Board

By law, the Chairman of the Supervisory Board of French joint stock companies (*sociétés anonymes*) whose shares are admitted to trading on a regulated market, is required to include a report with the Executive Board report providing information on:

- The composition, conditions of the preparation and organization of the Board's work, limits that may be imposed on the Executive Board's powers, the company's code of corporate governance and special procedures relating to participating in shareholders' general meetings;
- Internal control and risk management procedures established by the Company.

Because the shares of our Company are listed on a regulated market, this report also specifies:

- The principles and rules established to determine the remuneration and benefits of any nature granted to corporate officers;
- Items with a potential impact in the event of a public offering.

This report was submitted to the Supervisory Board for approval on March 29, 2016 and transmitted to the Statutory Auditors.

6.1.1 Corporate governance:

The Company's code of corporate governance is based on the code for listed companies of December 2009 issued by MiddleNext (the French association of Mid Cap companies) and available for consultation at the MiddleNext website (hereinafter the Code). The Supervisory Board duly noted the items presented under the heading of "vigilance points".

Certain provisions of this Code have been adapted to the Group's structure in line with the options specifically provided for by this Code:

- Audit committee

In light of its composition, it is noted in this report that the Board must fulfill the functions of audit committee. In compliance with Article L.823-20 of the French commercial code, the Company is accordingly exempted from the obligation to form a specific specialized committee.

In line with the Code recommendations, a study was undertaken of this subject. On that basis, it was considered that such a committee would not make any material contribution to our Company notably as regards to the monitoring and preparation of financial information or the efficiency of internal control and risk management systems.

- Nominating and Compensation Committee

No such committee has been created to date. Decisions concerning appointments and remuneration are made on a collegial basis. Because the percentage of Independent Members serving on the Board is in line with recommendations of the Code and the Company's shareholder base, it is not deemed necessary to create such a committee in the immediate future.

All useful information relating to compliance with the MiddleNext Code of December 2009 and relating to compensation of directors and/or corporate officers is provided in Section 5.15 “Remuneration and benefits” of this Registration Document.

Membership of the Supervisory Board

At December 31, 2015, the Supervisory Board had the following members:

- Louis Pech — Chairman of the Supervisory Board
- Pierre Calmels — Vice-Chairman of the Supervisory Board
- Henri-Paul Brochet — Supervisory Board member
- Alain Costes — Supervisory Board member
- Carole Garcia — Supervisory Board member
- Günther Thrum — Supervisory Board member
- Véronique Védrine — Supervisory Board member

- Jean-Philippe Brinet — Non-voting observer (*Censeur*)
- Christian Desmoulins — Non-voting observer (*Censeur*)

It is noted that no limitation was placed on the powers of the Supervisory Board, as defined by law.

The Chairman's report must provide information on the application of the Copé-Zimmermann Act of January 27, 2011 for the balanced representation on the Supervisory Board between men and women members (with at least one woman serving on the date of the law's publication, 20% on January 1, 2014 and 40% on January 1, 2017). The company was in compliance with this law until December 31, 2015.

Independent Officers

Criteria applied: independent officers may not be:

- Former employees or executive corporate officers of the Company or a company of the Group having held said status in the last three years;
- Auditors of the Company or a company of the Group having served as such in the last three years;
- The major shareholder;
- Significant suppliers, bankers and customers of the Company or a company of the Group;
- Family members of a corporate officer or a main shareholder.

List of independent corporate officers:

- Alain Costes — Supervisory Board member;
- Véronique Védrine — Supervisory Board member;
- Henri-Paul Brochet — Supervisory Board member;
- Carole Garcia — Supervisory Board member.

However, and in general, to the Company's knowledge on the date of this report, there are no conflict of interest between the duties of each of the members of the Board vis-à-vis the Company and their private interests or other duties.

6.1.2 Preparation and organization of the work of the Supervisory Board

ACTIA Group S.A. has been organized as a French corporation with a Supervisory Board and an Executive Board since the Extraordinary General Meeting of November 12, 2002.

The annual financial statements established by the Executive Board as well as the draft management report were submitted to members of the Supervisory Board within the week preceding the meeting called for the purpose of reviewing them.

Whenever a Board Member so requested, the Chairman provided, to the extent possible, him/her with the additional information and documents she/he wished to receive.

In compliance with the articles of association, the agenda of the meeting is set by the Chairman of the Supervisory Board.

Frequency of meetings

The rules governing the calling, holding, quorum and majority of Supervisory Board meetings are set out in the Company's articles of association and the Supervisory Board charter.

During the past financial year, the Supervisory Board met five times, in line with the law and the Articles of Association.

The Supervisory Board meets as often as is required for the management of any ordinary business within the remit of this body. It is duly convened to review financial statements on the basis of intermediate positions or at the end periods, according to a policy of systematic quarterly, six-monthly and annual analysis, and the positions and strategies to be put in place.

Financing issues, either involving the holding or the subsidiaries, are also looked at together with the related guarantees.

At these meetings, the Supervisory Board hears presentations on:

- The accounting policies and methods applied;
- Key accounting options taken;
- The impact of any changes in method;
- Changes in consolidation scope;
- Key figures published relative to the separate and consolidated financial statements (breakdown of net income, presentation of the balance sheet and of the financial position).

It also hears the report of the Statutory Auditors on the scope, progress and conclusions of their work when audits or limited reviews of financial statements are provided for by applicable regulation.

Calling board meetings

In line with applicable regulations, our articles of association and the Company's practices, members of the Supervisory Board were invited to meetings by telephone, email and/or post sufficiently in advance to enable the attendance of the largest possible number at all meetings. The date is normally set two months prior to the meeting and the agenda is communicated within the week preceding the meeting.

In addition, in accordance with the provisions of Article L.823-17 and R823-9 subsection 2 of the French commercial code, the Statutory Auditors were invited to all meetings that reviewed and approved the annual and interim financial statements, by email and by registered letter with acknowledgment of receipt.

To enable the Board members to properly prepare for the meetings, the Chairman makes a point to send them all the necessary information or documentation a reasonable time in advance.

Holding of meetings

Supervisory Board meetings were all held at the Registered Office. In accordance with internal rules of procedure, Supervisory Board members may attend meetings through videoconferencing and any means of telecommunications.

The attendance rate of Supervisory Board members may vary from one meeting to the next, while in compliance with the rules on the necessary quorum and majority. Board members were in regular attendance and no particular non-attendance needs to be censured. The attendance rate of members present or represented at all these Board meetings remained stable at 94 %.

Resolutions adopted

All resolutions put to the Supervisory Board were unanimously approved.

Meeting minutes

Minutes of Supervisory Board meetings are drawn up at the end of each meeting and immediately given to all members, so that they can be checked through. The approval of these minutes takes place at the subsequent Board meeting.

Number of shares that must be held by Supervisory Board members

As of the Extraordinary General Meeting of May 28 2015, the Company's articles of association provide that the requirement to hold one share in the Company is no longer necessary to be a Supervisory Board member.

In compliance with the recommendations of the Code, we inform you that the number of shares personally held by each corporate officer at December 31, 2015 is presented below:

Corporate officer	Interest		Control / gross voting rights	
Louis Pech	61,344	0.31%	122,688	0.39%
Pierre Calmels	62,895	0.31%	125,790	0.40%
Henri-Paul Brochet	100	0.00%	200	0.00%
Alain Costes	5	0.00%	10	0.00%
Carole Garcia (1)	1	0.00%	1	0.00%
Günther Thrum	213	0.00%	426	0.00%
Véronique Védrine	20	0.00%	40	0.00%

Corporate officer	Interest		Control / gross voting rights	
Jean-Louis Pech	2,996	0.01%	5,992	0.02%
Marine Candelon	74	0.00%	148	0.00%
Catherine Mallet	796	0.00%	1,592	0.01%

(1) This concerns the loan of one share (qualifying share) by ACTIA Group, in connection with her corporate office.

For more complete information on their holdings, year-end details are provided in Section 5.12.1 "Breakdown of share capital and voting rights".

Number of Supervisory Board members elected by employees

All Supervisory Board members were elected or confirmed at our General Meetings. No member was appointed via the process for appointing employee members.

Number of observers appointed

On September 14, 2009, the Supervisory Board appointed a Non-voting observer (*Censeur*). This appointment was renewed by the Supervisory Board on September 6, 2013.

A second non-voting observer was appointed by the Supervisory Board on June 27, 2014.

Supervisory Board charter

The Supervisory Board adopted a Charter setting its rules of procedures that is available for consultation at the Company's registered office. The main provisions of this Charter cover:

- The role of the Supervisory Board;
- Supervisory Board membership;
- The duties and code of conduct of members;
- Supervisory Board meetings;
- Board committees;
- Remuneration;
- Evaluation of Board's performance;
- Adaptations, modifications and public notifications of the Charter.

Evaluation of the Board's work

In accordance with the Code adopted by the Supervisory Board, on December 21, 2015, the Board's work was reassessed and the procedures carrying out this assessment were discussed. With no irregularities noted, an analysis of the different information reported was carried out to improve operating performances.

Remuneration of corporate officers

All information on the remuneration of corporate officers may be found in Section 5.15.1 "Remuneration and directors' fees".

6.1.3 Participation in Shareholders' General Meetings

The procedures for participating in Shareholders' General Meetings are set forth in article 31 of the articles of association.

The right to participate in General Meetings is evidenced by an accounting record of shares in the name of the shareholder or with an authorized intermediary at midnight (Paris time) on the second business day preceding the meeting either:

- In the account for registered shares maintained by the Company;
- In the account for bearer shares maintained by the authorized intermediary.

The registration or book entry of bearer shares is evidenced by a special certificate (*attestation de participation*) issued by the authorized intermediary.

If not personally participating in the Meeting, Shareholders may choose one of the following three options:

- Grant a proxy to any individual or legal entity of his or her choice;

- Send a proxy to the Company;
- Vote by mail.

Requests to place draft resolutions on the agenda by Shareholders must be sent to the registered office, by registered letter with acknowledgment of receipt no later than 25 days prior to the meeting.

6.1.4 Factors that might have an impact in the event of public offerings

This information is presented in the Executive Board's report in Section 5.12.1 “Breakdown of share capital and voting rights”.

6.1.5 Internal control procedures established by the Company

Our Group has established internal control procedures to ensure financial management and risk control and draw up the information provided to Shareholders on the financial position and the financial statements. The Executive Board has decided to refer to the "Internal control reference framework – Implementation guide for small and midcaps" published by the French securities regulator, the AMF. To date, the Group has not carried out an evaluation of its internal control procedures.

The procedures implemented constitute a framework to prevent and control risks stemming from our activities and the risk of error or fraud, in particular in accounting and financial matters, so as to safeguard the Group's assets and sustainability.

Internal control, implemented by the Group's Executive Board, management and employees at the level of the parent company and all consolidated subsidiaries is designed to provide us with assurance that the financial information is accurate, comprehensive and reliable, drawn up in compliance with the general rules applicable in this regard, and that applicable laws and regulations are respected. This process is subject to regular adjustments by Management, to ensure ongoing improvements and its adaptation to the Group's organization.

Control of operating-related risks

ACTIA Group is an electronics equipment manufacturer operating in two business segments:

- The Automotive division through ACTIA Automotive S.A. and its subsidiaries;
- The Telecommunications division through ACTIA Telecom S.A.

Referring to the work and recommendations issued as part of the business coordination role exercised by the holding, LP2C, the Company's Executive Board sets the general policy, the strategy and the markets in which it wishes to develop.

Business monitoring is structured by business department. It should be recalled that this means:

- For the Automotive division:
  - OEM (Original Equipment Manufacturers): telematics systems, electronic architecture and multiplexing, instrumentation, audio and video systems, electric motors, diagnostics,
  - Aftermarket: multi-make diagnostics, workshop equipment, technical inspection and fleet management solutions,
  - MDS (Manufacturing-Design & Services): electronic production and associated services, life-cycle optimization.
- For the Telecommunications division:
  - Satcom (SAT): earth station equipment;
  - Energy / Aeronautics / Defense (EAD): energy network transmission and distribution grid control and command equipment, specific transmission systems, operating maintenance services (OMS),
  - Broadcast/Railways/Transport (BRT): equipment and systems for digital TV and radio, equipment for railway applications;
  - Infrastructures / Networks / Telecom / (INT): Equipment and systems for telecommunications destined for carriers.

In all these areas, the Group has obtained the necessary quality certifications to exercise its activities and in particular ISO 9001. Information on certifications is provided in Section 6.1.7 "Certification of Group company quality systems at December 31, 2015". The Group has risk management expertise for risks relating to the main design, purchasing, procurement, manufacturing and product control processes. Quality standards are subject to an annual external audit by several authorities and independent certification agencies as well as multiple client audits.

The certifications obtained and/or in the process of being obtained attest to the Group's desire to continue improving quality levels in line with customer demand.

- Stakeholders

The Executive Board of the ACTIA Group holding company, the Boards of Directors, the Management Committees and their related teams in the subsidiaries play an essential role in internal control. In addition, the Group has recourse, as necessary, to specialists, including for example in the field of insurance, research tax credits, social security taxes and fiscal matters.

- Their role

At their regular meetings, the Executive Board of ACTIA Group, the Boards of Directors and the Management Committees of the subsidiaries track the risks already identified, and continually monitor the markets, technological developments and the competition in order to identify possible new risks that may arise.

They are responsible for establishing and regularly checking indicators in various fields under the supervision of the CFO, the Corporate Secretary and the Chairman of the Executive Board, taking appropriate preventive and/or corrective measures and exercising a key role in risk prevention.

They also coordinate the process of developing budget forecasts at the divisions and monitor actual performance.

- The main areas of intervention identified include:
  - financial, technological, industrial and commercial risks;
  - risks relating to the main design, development, industrialization, purchasing, procurement, manufacturing and product control processes,
  - environmental risks,
  - inventory turnover,
  - interest rate and exchange rate risks,
  - overhead and other expenses,
  - R&D goals and monitoring,
  - legal and litigation risks,
  - risks of fraud and cyber fraud.

An analysis of potential impacts and the estimated level of control over the main risks identified is performed on the basis of the information set out in Note 25 on "Risk factors".

Internal communication on risks is mainly carried out, depending on their nature at Management Committee meetings, Budget Meetings, Executive Committee meetings, etc.

Internal control

With respect to accounting and financial matters, management control and internal audit is organized by each division at the level of each business department and/or operating department / business unit.

This internal control is carried out by a dedicated management control team or by the subsidiary’s CFO for subsidiaries with a low number of employees.

Accounting procedures are in place and specifically adapted to the business activity, identified risks, computer systems and the size of the different subsidiaries concerned.

On Group financial control: a dedicated team is responsible for the Group's international financial control.

This control is carried out through reporting procedures that are regularly updated backed up by on-site visits to the subsidiaries as well as, on a more periodic basis, a meeting of the accounting and finance teams of the subsidiaries. The main areas of work cover:

- Supervising, organizing and coordinating the supply and control of financial information by the Group's administrative, accounting and finance departments; ensuring the consistency of the accounting methods applied;
- Collecting all the necessary information from line managers and statutory auditors;
- Structuring the information representative of the Group's performance for decision-making purposes (balance sheets, income statements, scorecards);
- Advising Senior Management on short and medium-term forecasts;
- Coordinating the monitoring of internal control procedures and the implementation of the recommendations made by the Statutory Auditors;
- Making proposals regarding the Group's management systems, developments and their implementation;
- Carrying out the necessary financial and economic analyses (selection of capital expenditure programs, etc....).

The Group's reporting procedure consists of:

- Monthly reporting using computer applications developed in-house and regularly adapted to evolving conditions;
- A quarterly update on the financial statements;
- The consolidation of the financial statements.

In addition, the Financial Committee, chaired by the Group's Corporate Secretary, is responsible for monitoring the main subsidiaries to ensure the consistency of the various accounting and financial systems and the reliability of the financial and economic summaries drawn up. It primarily operates in the following areas:

- Monitoring budgets and cost accounting structures and in particular, working capital requirements;
- Improving existing reporting procedures;
- The time taken to draft the financial statements;
- Monitoring the Group's accounting rules and methods, and in particular those relating to development costs, capitalized and inventoried, revenue recognition;
- Monitoring local rules on drawing up the separate financial statements;
- Monitoring IFRS developments for the purpose of preparing consolidated financial statements.

The accounting principles used by Group companies are those required under local GAAP (for example in France, Regulation No. 2014-03 of the CRC, the national standards setting body) for producing separate financial statements (statutory accounts). The accounting policies and IFRS restatements are centralized at the parent company at the time of consolidation.

In light of the regulatory compliance required for all listed companies, a schedule of recurring obligations has been drawn up both with regard to disclosure issues and other regulatory matters (legal, tax, etc.). Regulatory monitoring is the responsibility of the consolidation unit and the Group's Finance Department.

Prior to its disclosure, information from the consolidation unit is submitted to management control and approved by the CFO and the Corporate Secretary. Subsequently, all published information is validated by Senior Management.

The development of **information systems** is designed to satisfy the requirements in terms of the reliability, availability, security and relevance of the accounting and financial information.

The rationalization of servers and ERP software used (MOVEX, SAP Business One and AX-dynamix-Microsoft) in the main ACTIA Group structures of both France and foreign operations is ongoing, with the ERP software supporting operating activities. IT investments have been focused on systems' robustness, the deployment of recent developments in terms of networks and software solutions for project management and scientific applications.

As a systematic measure, system access (technical IT systems-ERP, HR, financial, messaging, etc.) is only possible after the user has identified him/herself via a password with a restrictive procedure in place for changing it.

Applications we use are off-the-shelf software packages. The manner they process information is checked when brought on line on-site and over the course of their utilization.

Our servers are managed externally on a facilities management basis with third parties or internally by the Group's IT teams. For facilities management, we have service level agreements with our IT service providers that guarantee us daily and weekly data backups and the physical integrity of the data on the data servers.

The first audits for IT security certification were performed in 2015. Our subsidiaries ARDIA (engineering services in Tunisia) was certified ISO 27001 in 2015. The Group also launched a recruitment process for an Information Systems Security Manager.

Areas for improvement - Monitoring execution of actions

Certification monitoring audits were successfully performed at the end of 2015 and on that basis, the certifications were confirmed, with selected areas for improvement identified but above all with a positive assessment regarding the maturity of the system.

Detailed information on current certifications in force in the Group is provided in Section 6.1.7 "Certification of Group company quality systems at December 31, 2015".

With regard to IT systems, the following actions were taken:

- Office automation: the continuing renewal of office automation equipment (25 %) and harmonization,
- Communications services: development of private international networks - improving physical and virtual networks (safety and Wi-Fi),
- Management services: operating and improving productivity and reporting tools for financial functions, integrated configuration management, CRM, EDI contract database management, HRIS,
- Software developments: project management software upgrade – development tools and software validations,
- Security services: Group directory – improved business continuity plan – improved archiving systems.

6.1.6 Powers of the Executive Board

The limits of the powers of the Executive Board were laid down by the Supervisory Board at its meeting of February 3, 2004, on the following terms:

"In line with the provisions of Article 16 of the Articles of Association, the Supervisory Board resolved to change the limits it had set at its meeting of November 12, 2002 and accordingly authorized the Executive Board to carry out, without prior authorization from the Supervisory Board, the following transactions within the following limits:

- Purchase of buildings worth under €1,000,000 excl. VAT. ;
- Purchase, sale, exchange, contribution of all other real property assets and any rights on real or movable property worth under €1,000,000 excl. VAT. ;
- Establishment of all entities, both in France and abroad, representing capital expenditure of under €1,000,000 with an obligation to inform the Supervisory Board;
- Borrowings even unsecured for an amount under €1,000,000 per borrowing with a term of less than 7 years. The total annual amount of these borrowings may not exceed €3,000,000 and will be reviewed annually;
- Establishment of companies and taking of interests of all forms in any company or entity, involving less than €1,000,000 per transaction, with an obligation to inform the Supervisory Board;
- Loans, credits or advances granted by the Company with a term of under 1 year and a principal of under €500,000 per transaction and €2,000,000 per annum for all transactions taken together;
- Renting, leasing of all buildings or business assets, for a period of up to 9 years representing annual lease payments of under €500,000 excl. VAT. per year;
- Commercial contracts with terms of less than 3 years and involving amounts under €2,000,000 ex. VAT ;
- Direct commitments even without guarantees, involving amounts under €2,000,000;
- Taking on and laying off Company employees with annual salaries of under €300,000.

All transactions exceeding the limits set out above must be authorized in advance by the Supervisory Board. In addition, the Executive Board may not provide deposits, avals or guarantees without the prior authorization of the Supervisory Board. "

6.1.7 Certification of Group company quality systems at December 31, 2015

Company	NOTE 9001	ISO TS 16949	NOTE 14001	EN 9100	IRIS	NADCAP
	Quality management systems	Quality management systems – automotive industry	Environmental management systems	Quality management systems – aviation, space and defense	Quality management systems – railway industry standard	Aerospace standard for suppliers of electronics printed circuit boards
ACTIA Automotive SA	Certified	Certified	Certified	Certified	Certified	Certified
ACTIA PCs	Certified					
ACTIA 3E						
ACTIA Italia	Certified					
ACTIA I+Me	Certified		Pending. Expected for 2016			
ACTIA Systems	Certified		Prepared for 2018			
ACTIA Nordic	Certified		Certified			
ACTIA UK	Certified					
ACTIA India	Certified	Certified	Certified			
ACTIA de Mexico	Pending. Expected for 2016		Planning suspended			
ACTIA China	Certified	Certified	Pending			
ACTIA do Brasil		Certified	Certified			
ACTIA Corp. and Inc.	Certified					
CIPI ACTIA	Certified	Certified	Certified			
ACTIA Tunisia	Certified	Certified	Certified			
ARDIA	Certified					
ACTIA Telecom	Certified		Certified		Scheduled for 2016	

- Other certifications:
  - ACTIA Telecom: Total Quality according to Appendix V of the R&TTE directive (Telecom) for the Millau and Dinard sites - PART 21 G + PART 145 (aeronautic requirements for the Provence site),
  - ACTIA CZ: approval of the Quality Management System, according to the criteria of the Slovakian government,
  - ACTIA Automotive : for Lucé: certification of the quality system by LNE (legal metrology, gas analyzer and opacimeter repairs and authorization delivered by the DRIRE for the control of pollution measurement devices); EN 9110 (aerospace repairs) ; ISO 13485 (medical devices),
  - ARDIA: ISO 17025 since January 2013, ISO27701 since March 2015.
- Certifications pending official approval:
  - ARDIA: CMMI **DEV v1.2,** in progress, scheduled for mid-2016,
  - ACTIA Automotive: EN 9110-Part 145 in progress for Toulouse,
  - ACTIA India: OHSAS 18001 V2007 in progress.

Toulouse, March 29, 2016
Louis Pech
Chairman of the Supervisory Board

6.2 Report of the Statutory Auditors on the Report of the Chairman of the Supervisory Board

This is a free translation into English of a report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In our capacity as Statutory Auditors of ACTIA Group S.A and in accordance with the provisions of Article L.225-235 of French commercial code (*Code de Commerce*), we hereby present our report on the report prepared by the Chairman of your company in accordance with Article L.225-68 of the French commercial code for the fiscal year ended December 31, 2015.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the company and containing the other disclosures required by Article L.225-68 of French commercial code, particularly in terms of corporate governance.

It is our responsibility to:

- report to you on the information contained in the Chairman's report with respect to the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and,
- certify that the report contains the other information required by Article L.225-68 of the French commercial code, while specifying that we are not responsible for verifying the fairness of this other information.

We performed our procedures in accordance with the relevant professional standards applicable in France.

Information on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

These standards require us to perform procedures to assess the fairness of the information presented in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information. These procedures notably consist in:

- Obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, on which the information presented in the Chairman's report is based, as well as reviewing supporting documentation;
- Obtaining an understanding of the work performed to prepare this information, as well as reviewing supporting documentation;
- Ensuring that any material weaknesses in internal control procedures relating to the preparation and processing of financial and accounting information that might be detected in the course of our engagement have been properly disclosed in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information given on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information, contained in the report of the Chairman of the Supervisory Board, prepared in accordance with Article L.225-68 of the French commercial code.

Other information

We certify that the Chairman of the Supervisory Board's report includes the other information required by Article L.225-68 of the French commercial code.

Labège, April 19, 2016

Paris, April 19, 2016

[*French original signed by*:]

KPMG Audit
A Division of KPMG S.A.
Philippe Saint-Pierre

Eric Blache

Partner

6.3 Report of the Supervisory Board

Called to the Ordinary and Extraordinary General Meeting of the shareholders in the legally prescribed manner and in line with the articles of association, the Shareholders were informed of the Reports of the Executive Board, of the Chairman of the Supervisory Board and of the Statutory Auditors in respect of the financial year ended December 31, 2015.

Pursuant to the provisions of Article L.225-68 of the French commercial code, we wish to present our observations on the Reports of the Executive Board and the Chairman of the Supervisory Board and on the financial statements for the period ended December 31, 2015.

6.3.1 Observations of the Supervisory Board

- On the Report of the Executive Board:

  The Supervisory Board has no particular comments to make regarding the Report of the Executive Board.

- On the Report of the Chairman of the Supervisory Board:

  The Supervisory Board has no particular comments to make regarding the Report of the Chairman of the Supervisory Board.

- On the financial statements for the financial year ended December 31, 2015:

  As presented, and after having been certified by the Statutory Auditors, the Supervisory Board has no particular comments to make on the financial statements for the financial year ended December 31, 2015.

  The Board asks you to approve the resolutions proposed by the Executive Board.

6.3.2 Scope of the Supervisory Board's work

In accordance with applicable legal provisions, and in addition to reviewing the separate financial statements and the Report of the Executive Board with respect to the observations it has just presented, the Executive Board regularly reports to the Supervisory Board on the Company's performance. It authorizes the granting of sureties, the partial or complete disposal of interests and property assets and rights.

Toulouse
March 29, 2016
The Supervisory Board

_Toc454809588

7. FINANCIAL INFORMATION ON THE ASSETS, FINANCIAL POSITION AND EARNINGS OF THE ISSUER

7.1 Consolidated financial statements

7.1.1 Foreword

The consolidated financial statements at December 31, 2015 were approved by the Executive Board on March 29, 2016 and will be submitted for ratification at the General Meeting of May 30, 2016.

Entity presenting the financial statements

ACTIA Group is domiciled in France. The registered office of the Company is 5, rue Jorge Semprun - 31432 Toulouse (France). The consolidated financial statements of the Company include the Company and its subsidiaries (jointly referred to as "the Group"). The Group's main areas of activity cover high added value, electronic on-board systems for the automotive and telecommunications markets.

Compliance statement

The consolidated financial statements were prepared in accordance with IFRS published by the IASB and as adopted by the European Union, including the definitions and procedures for the recognition and measurement recommended by the IFRS as well as all disclosures required thereunder. The financial statements comply with all IFRS provisions mandatory at December 31, 2015. They were also prepared in accordance with the IFRS issued by the International Accounting Standards Board (IASB).

Basis of preparation of financial statements

The accounting and calculation methods adopted are the same for all periods presented, with the exception of those standards, amendments and interpretations whose application became mandatory for periods beginning on or after January 1, 2015 (in particular IFRIC 21)

Amounts mentioned in these financial statements are denominated in euros and rounded to the nearest thousand (€ thousands).

Use of estimates and judgments

The preparation of financial statements under IFRS requires management to make judgments, estimates and assumptions that have an impact on the application of the accounting methods and on the amounts of the assets, liabilities, income and expenses. These estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They are thus used as the basis of judgment required to calculate the carrying amounts of certain assets and liabilities that cannot be obtained directly from other sources. Actual amounts may differ from estimates.

All estimates and underlying assumptions are reassessed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period in which the change occurs where it only affects that period, or in the period in which the change occurs and subsequent periods where the latter are likewise affected by the change.

The main balance sheet line items affected by these estimates are goodwill (see Note 3 "Intangible assets"), capitalized development costs (Note 3 "Intangible assets"), deferred tax assets (Note 10 "Deferred tax") and provisions (Note 15 "Provisions").

Changes to IFRS

The new IAS/IFRS effective for periods commencing on January 1, 2015 and thereafter and applied by the Group for the preparation of its consolidated financial statements for the period ended 31 December were as follows:

	IASB application date	EU adoption date	EU application date
IFRIC 21 – Levies	01/01/2014	06/13/2014	06/17/2014
Annual improvements to IFRS / 2011-2013	07/01/2014	12/18/2014	01/01/2015

Pursuant to adoption of IFRIC 21, the Group reviewed on January 1, 2015, the date for recognizing taxes applied to entities belonging to the Group's consolidation scope. IFRIC 21 stipulates that no tax or levy should be recognized before the occurrence of the obligating event as specified by tax regulations.

In particular, the Group determined that the tax liability linked to the French social security levy (*Contribution Sociale de Solidarité des Sociétés*) must be recognized for its full amount on January 1, 2015, the date of occurrence of the tax obligating event as described by the regulations. Previously, this liability was recognized by the Group over the course of the year of taxation. The Group applied on a retrospective basis this change in accounting method by recording under shareholders' equity net of deferred taxes an amount of €237,000.

The new IAS/IFRS, interpretations and amendments having been adopted by the European Union applicable for periods commencing after January 1, 2015 are as follows:

	IASB application date	EU adoption date	EU application date
Amendments to IAS 1 - Disclosure initiative	01/01/2016	12/18/2015	01/01/2016
Amendments to IAS 16 and IAS 38 - Clarification of acceptable methods of depreciation and amortization	01/01/2016	12/02/2015	01/01/2016
Amendments to IAS 19 - Employee contributions	07/01/2014	01/09/2015	02/01/2015
Annual improvements 2010-2012 (see Appendix 2)	07/01/2014	12/17/2014	02/01/2015
Amendments to IFRS 11 - Accounting for of acquisitions of interests in joint operations	01/01/2016	11/24/2015	01/01/2016
Annual improvements 2012-2014 (see Appendix 3)	01/01/2016	12/15/2015	01/01/2016

The Group has not elected to apply in advance these standards, interpretations and amendments in preparing its 2015 consolidated financial statements. Today, while it is not possible to assess the impact of their application on the Group's consolidated financial statements, we do not anticipate a material effect.

The new IAS/IFRS and interpretations in issue but pending adoption by the European Union and not yet applicable are:

	IASB application date	EU adoption date	EU application date
IFRS 9 - Financial instruments - Classification and measurement of financial assets and liabilities (11/12/09 and 12/16/11) - Amendments to IFRS 9, IFRS 7 and IAS 39 - General hedge accounting	01/01/2018	H1 2016 ?	01/01/2018 ?
IFRS 14 - Regulatory deferral accounts	01/01/2016	N/A	N/A
IFRS 15 - Revenue from contracts with customers	01/01/2018	Q2 2016 ?	01/01/2018 ?
Amendments to IFRS 10, IFRS 12 and IAS 28: Investment entities - Application of the exception to consolidation	01/01/2016	Q2 2016 ?	01/01/2016 ?
Amendments to IFRS 10 and IAS 28 - Sale or contribution of assets between an investor and its associate or joint venture	Postponed sine die	Deferred	Deferred

The main impacts of applying the new standards IFRS 9 and IFRS 15 are in the process of evaluation at the Group level.

7.1.2 Consolidated balance sheet

Consolidated assets (€ thousands)	Notes	12/31/2015	12/31/2014
Goodwill	Note 3	21,668	21,786
Development costs	Note 3	36,875	34,019
Other intangible assets	Note 3	554	623
Total intangible assets	**Note 3**	**59,097**	**56,428**
Land	Note 4	2,961	2,896
Buildings	Note 4	6,087	5,821
Plant and equipment	Note 4	10,504	8,402
Other property, plant and equipment	Note 4	5,044	4,462
Total property, plant and equipment	**Note 4**	**24,597**	**21,581**
Investments in associates (equity method)	Note 5	870	751
Non-current financial assets	Note 11	789	732
Deferred tax	Note 10	8,407	7,534
Non-current tax credit	Note 11	10,239	8,701
TOTAL NON-CURRENT ASSETS		**103,998**	**95,727**
Inventory and work-in-process	Note 7	90,728	76,700
Accounts receivable	Note 8	109,315	97,069
Other current receivables from operations	Note 8	5,634	4,358
Current tax credit	Note 8	5,076	4,904
Miscellaneous current receivables	Note 8	1,384	828
Current financial assets	Note 9.2	1,212	419
Total current receivables		**213,349**	**184,278**
Cash equivalents	Note 9.1	154	150
Cash	Note 9.1	20,884	24,350
Total cash and cash equivalents	**Note 9.1**	**21,039**	**24,500**
TOTAL CURRENT ASSETS		**234,388**	**208,778**
TOTAL ASSETS		**338,386**	**304,505**

Shareholders' Equity & Liabilities (€ thousands)	**Notes**	**12/31/2015**	**12/31/2014**
Share capital	Note 13	15,075	15,075
Share premiums	Note 13	17,561	17,561
Reserves	Note 13	51,422	40,065
Retained earnings	Note 13	6,423	4,907
Cumulative translation differences	Note 13	1,017	<459>
Treasury shares	Note 13	<162>	<162>
Net income	Note 13	15,290	14,235
Shareholders' equity attributable to Group shareholders	**Note 13**	**106,626**	**91,221**
Non-controlling interests	**Note 13**	**4,378**	**3,797**
SHAREHOLDERS' EQUITY	**Note 13**	**111,004**	**95,018**
Bank borrowings	Note 12	42,195	32,923
Other financial liabilities	Note 12	1,511	2,499
Finance lease liabilities	Note 12	2,455	1,837
Total non-current financial liabilities	**Note 12**	**46,161**	**37,259**
Deferred tax liabilities	Note 10	2,839	2,556
Provisions for pensions and other non-current employee benefits	Note 15	7,607	7,467
TOTAL NON-CURRENT LIABILITIES		**56,607**	**47,282**
Other provisions	**Note 15**	**5,431**	**5,536**
Current financial liabilities	Note 12	74,865	69,669
Financial instruments	Note 9.2	251	678
Total current financial liabilities		**75,116**	**70,347**
Accounts payable	Note 16	50,403	45,462
Other operating liabilities	Note 16	30,186	31,263
Tax payables (income tax)	Note 16	1,232	1,083
Miscellaneous liabilities	Note 16	255	690
Deferred income		8,153	7,824
TOTAL CURRENT LIABILITIES		**170,776**	**162,205**
TOTAL SHAREHOLDERS' EQUITY & LIABILITIES		**338,386**	**304,505**

7.1.3 Consolidated income statement

Consolidated income statement (€ thousands)	**Notes**	**FY 2015**	**FY 2014**
Revenue *(Sales)*	**Note 17**	**381,208**	**339,893**
- Purchases consumed	Note 17	<203,875>	<171,262>
- Staff costs	Note 17	<94,795>	<88,114>
- External charges	Note 17	<52,797>	<47,647>
- Taxes and duties other than on income		<5,837>	<5,431>
- Depreciation and amortization	Note 17	<13,685>	<12,784>
+/- Changes in inventories of work-in-process and finished goods		4,674	4,407
+/- Translation gains and losses on operating transactions		1,719	<671>
+ Research tax credit		3,200	3,091
Current operating income	**Note 17**	**19,812**	**21,482**
+ Other operating income		348	873
- Other operating expenses		<254>	<1,114>
+/- Gains (losses) on disposals of non-current assets		<35>	110
- Goodwill impairment	Note 3	<118>	
Operating profit/(loss)	**Note 17**	**19,752**	**21,351**
+ Income on cash and cash equivalents		73	25
- Interest expense and other financial charges	Note 17	<2,620>	<2,669>
+ Other financial income		1,381	1,806
- Other financial expenses		<936>	<797>
Net financial income (expense)	**Note 20**	**<2,102>**	**<1,635>**
+ Share in the earnings of equity-method associates	Note 5	143	128
+ Income tax	Note 17	<1,633>	<4,719>
Income (loss) for the period	**Note 17**	**16,160**	**15,126**
* attributable to Group shareholders		15,290	14,235
* attributable to non-controlling interest		870	891
Basic and diluted earnings (loss) per share (in €) – Attributable to the Group	**Note 14**	**0.76**	**0.71**

7.1.4 Statement of comprehensive income

Statement of comprehensive income (€ thousands)	**FY 2015**	**FY 2014**
Net income/(loss) for the period	**16,160**	**15,126**
Items that will not be subsequently reclassified in profit or loss		
Post-employment benefits- actuarial gains and losses	506	<1,297>
Deferred taxes on post-employment benefits- actuarial gains and losses	<169>	432
Items that may be subsequently reclassified in profit or loss		
Cumulative translation differences	1,449	1,217
Other comprehensive income	**1,786**	**352**
Comprehensive income/ (loss) of the period	**17,946**	**15,478**
* attributable to Group shareholders	17,104	14,669
* attributable to non-controlling interest	842	810

7.1.5 Changes in shareholders' equity

(€ thousands)	Share capital	Treasury shares	Share premiums	Reserves, retained earnings, net income	Cumulative translation differences	* Total attributable to Group shareholders	Non-controlling interests	Total equity including non-controlling interests
At 12/31/2013	**15,075**	**<162>**	**17,561**	**47,245**	**<1,757>**	**77,961**	**3,146**	**81,106**
Comprehensive income								
Net income/(loss) for the period				14,235		14,235	891	15,126
Other comprehensive income				<865>	1,298	433	<81>	352
Comprehensive income/ (loss) of the period	**0**	**0**	**0**	**13,371**	**1,298**	**14,669**	**810**	**15,478**
Transactions with shareholders								
Dividends paid				<1,407>		<1,407>	<133>	<1,539>
Other				<1>		<1>	<26>	<27>
At 12/31/2014	**15,075**	**<162>**	**17,561**	**59,207**	**<459>**	**91,221**	**3,797**	**95,018**
Change in method*				234		234	3	237
At 01/01/2015 (restated)	**15,075**	**<162>**	**17,561**	**59,441**	**<459>**	**91,455**	**3,800**	**95,255**
Comprehensive income								
Net income				15,290		15,290	870	16,160
Other comprehensive income				338	1,477	1,814	<28>	1,786
Comprehensive income/ (loss) of the period	**0**	**0**	**0**	**15,628**	**1,477**	**17,104**	**842**	**17,946**
Transactions with shareholders								
Dividends paid				<2,008>		<2,008>	<266>	<2,274>
Other				74		74	2	76
At 12/31/2015	**15,075**	**<162>**	**17,561**	**73,135**	**1,017**	**106,626**	**4,378**	**111,004**

* Impact of first-time application of IFRIC 21 - See section on changes in IFRS

7.1.6 Consolidated statement of cash flows

Consolidated Statement of Cash Flows (€ thousands)	Notes	FY 2015	FY 2014
Net income/(loss) for the period	**7.1.3**	**16,160**	**15,126**
Adjustments for:			
Depreciation, amortization and provisions	7.1.3	13,039	12,451
(Gains) losses on disposal of non-current assets	7.1.3	1	<110>
Interest expense	7.1.3	2,620	2,669
Current income tax (excluding research tax credit)	7.1.3	2,540	3,164
Change in deferred taxes	7.1.3	<906>	1,555
Research tax credit	7.1.3	<3,200>	<3,091>
Other income and expenses	7.1.3	550	<256>
Share in the earnings of equity-method associates	7.1.3	<143>	<128>
Operating cash flows before change in working capital requirements		***30,660***	***31,380***
Change in working capital requirements from operating activities	Note 25.5	<23,339>	<13,001>
Cash generated by operating activities		7,322	18,379
Income tax paid (excluding research tax credit)		<2,391>	<2,511>
Research tax credit collected		480	1,565
Net cash generated by operating activities		**5,411**	**17,434**
Acquisitions of non-current assets	Note 3	<17,419>	<13,783>
Dividends received from associates		25	21
Proceeds from disposals of non-current assets	7.1.3	109	155
Net cash used by investing activities		**<17,285>**	**<13,608>**
Dividends paid to parent company shareholders		<2,008>	<1,407>
Dividends paid to non-controlling interests in subsidiaries		<276>	<138>
Increases in borrowings	Note 12	33,006	23,697
Repayment of borrowings	Note 12	<20,029>	<20,356>
Interest payments	Note 20	<2,620>	<2,669>
Net cash generated (used) by financing activities		**8,074**	**<874>**
Impact of changes in exchange rates		<782>	<487>
Opening cash and cash equivalents	Note 9.1	<26,861>	<29,327>
Closing cash and cash equivalents	Note 9.1	<31,444>	<26,861>
Net cash and cash equivalents		**<4,583>**	**2,465**

7.1.7 Notes to the consolidated financial statements

NOTE 1. Accounting policies

Note 1.1 Basis of preparation and consolidation

The financial statements of companies directly or indirectly controlled by ACTIA Group are fully consolidated in the consolidated financial statements. The financial statements of companies in which ACTIA Group has a significant influence are accounted for under the equity method.

The balance sheet date for all companies within the scope of consolidation is December 31.

Companies included in the scope are presented in Note 2 to the consolidated financial statements "Consolidated Companies".

Note 1.2 Elimination of transactions between consolidated companies

All transactions between consolidated companies as well as internal gains and losses from the disposal of fixed assets or inventories of these companies are eliminated. Internal losses are eliminated in the same way as internal gains though only to the extent they do not represent an impairment loss.

Note 1.3 Translation of financial statements of subsidiaries in foreign currencies

The financial statements of foreign companies outside the Euro zone are translated as follows:

- Assets and liabilities, including goodwill and fair-value consolidation adjustments are translated at the exchange rate of the end of the reporting period, except for goodwill items predating the transition date of January 1, 2005;
- Income statement line items are translated at the exchange rate applicable on the transaction dates or, in practice, an approximate rate that in the absence of any major currency fluctuations corresponds to the average rate for the period. For operations in high-inflation countries, the income statement line items of the subsidiary in question must be translated at the applicable rate at the balance sheet date in line with IAS 29 and IFRIC 7;
- Exchange differences are recognized as a separate component of shareholders' equity and do not impact the income statement.

Note 1.4 Translation of foreign currency denominated transactions

Foreign currency transactions are translated into the functional currency of each company at the exchange rate applicable on the transaction date.

Foreign currency liabilities and receivables are translated at the exchange rate applicable on December 31. Unrealized exchange gains (losses) generated as a result are recognized in the income statement.

In accordance with IAS 21 and IFRIC 16 (adopted by the European Union and coming into force for periods beginning on and after July 1, 2009), exchange differences relating to permanent financing constituting part of the net investment in a consolidated subsidiary are recognized in other comprehensive income, under cumulative translation differences. Upon the subsequent disposal of these investments, cumulative translation differences initially recognized in shareholders' equity will be recognized in income.

Note 1.5 Revenue recognition principles

Recognition of revenue in the consolidated financial statements depends on the type of revenue:

- Construction contracts;
- Services: research, after-sales service etc.; and;
- Sale of goods.

Revenue is recognized where the following criteria are satisfied:

- The amount of revenue can be reliably measured;
- The costs that have been or are to be incurred can be reliably identified; and
- It is likely that the future economic benefits associated with the transaction will flow to the company.

Construction contracts

IAS 11 construction contract selection criteria:

A construction contract is a contract specifically negotiated for the construction of an asset or a group of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Two or more contracts, whether with a single customer or with several customers, should be treated as a single construction contract where:

- The contracts are negotiated as a single package;
- The contracts are so closely interrelated that they are, in effect, part of a single project with an overall profit margin; and
- The contracts are performed concurrently or in an uninterrupted sequence.

Type of construction contract

Within ACTIA Group, there are two types of construction contracts:

- Research and manufacturing contracts for a specific client; profit is recognized in accordance with the actual stage of completion, or "milestones", or the components manufactured;

- Specific multi-year manufacturing contracts: sales and profit are recognized in accordance with the amount of costs incurred compared to the estimated cost of the contract.

Where it becomes likely that estimated contract costs will exceed forecast revenue, the expected loss is immediately expensed.

Services

Revenue from **after-sales services** is allocated on a straight-line basis over the warranty period.

Under **subscription** contracts, companies invoice at the beginning of the period for services that are delivered on a staggered basis. Revenue is recognized on a straight-line basis over the periods in question.

In the case of other services, where the outcome can be reliably measured, the revenue and profit are recognized using the percentage-of-completion method.

Sale of goods

Revenue from the sale of goods is recognized as sales upon transfer of the risks and rewards relating to the goods. In most cases this is the delivery date of the good.

Note 1.6 Business combinations

Business combinations between January 1, 2004 and December 31, 2009 were accounted for in accordance with the previous version of IFRS 3. Business combinations after January 1, 2010 are accounted for in accordance with the revised IFRS 3.

The Group applies the purchase method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the sum of fair values of the assets transferred and the liabilities incurred by the acquirer at the acquisition date and the equity interest issued by the acquirer. The consideration transferred includes contingent consideration, measured and recognized at fair value at the acquisition date.

At the acquisition date, goodwill corresponds to the aggregate of the consideration transferred and the amount of any non-controlling interest in the acquiree minus the net amounts (usually at fair value) of the identifiable assets acquired and the liabilities assumed. Acquisition-related costs are recorded as an expense as incurred.

In the case of a step-acquisition that leads to the Group acquiring control of the acquiree, the equity interest previously held by the Group is remeasured at its acquisition-date fair value and any resulting gain or loss is recognized in profit or loss.

The initial measurement of goodwill is finalized within a period of twelve months from the acquisition date.

Goodwill is not amortized but tested for impairment annually at the closing date or more frequently if events or changes in circumstances indicate a potential impairment. The main indicators of impairment used by the group are as follows:

- Quantified indicators:
  - A 15% decline in revenue or a 30% decline in operating profit of a CGU at constant structure and exchange rates
  - A carrying value of the net asset that exceeds the market capitalization
- Non-quantified indicators:
  - A performance below forecasts
  - A significant change in the economic, technological, regulatory or political environment in the markets in which the Group operates.

Note 1.7 Other intangible assets

Other intangible assets are presented in the balance sheet at acquisition or production cost, less cumulative amortization and impairment losses. They are recognized as assets, if they are controlled by the Group, when they generate future economic benefits for the Group and meet the identification criteria below:

- They are separable from the entity (possibility of sale, transfer, disposal, etc.) individually or together with another asset/liability; or
- They stem from contractual or other legal rights.

The various types of intangible assets identifiable in ACTIA Group include notably development costs and patents and brands.

Except for development costs, the other intangible assets are amortized on a straight-line basis calculated over their useful lives of three to seven years.

Development costs

An intangible asset resulting from a development phase is recognized in assets if and only if the following criteria are satisfied:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale;
- The entity must intend to complete the intangible asset and use or sell it;
- It must be able to use or sell the intangible asset;
- It must know how the intangible asset will generate probable future economic benefits. Among other things, the entity must be able to demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset;
- Adequate technical, financial and other resources must be available to complete the development and to use or sell the intangible asset; and
- It must be possible to reliably measure the expenditure attributable to the intangible asset during its development.

The cost of this internally generated intangible asset includes all expenses necessary to create, produce and prepare the non-current asset to be exploited as planned by the Group.

Other development costs are expensed as they arise.

No intangible asset arising from research is recognized as an asset. Research costs are expensed as they arise.

The amortization of development costs reflects the expected rate at which economic benefits will be obtained from the asset. The methods used are straight-line amortization or unit of production. The useful lives depend on the assets in question. They run from three to five years, except for the tachograph, which has a useful life of 15 years.

The useful lives are reviewed at each balance sheet date. There are no intangible assets for which the useful life is considered indefinite.

Note 1.8 Property, plant and equipment

Items of property plant and equipment are recognized as assets at acquisition cost less cumulative depreciation and impairment losses. ACTIA Group has chosen the cost model as the measurement method.

Cost components include:

- The purchase price, including import duties and non-refundable purchase taxes less trade discounts and rebates;
- Costs directly attributable to transferring and commissioning the asset; and
- If applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site.

When material components of items of property, plant and equipment can be determined and they have different useful lives and depreciation methods, they are recognized by component as separate items of property, plant and equipment.

The Group recognizes the replacement cost of a component of an item of property, plant or equipment in the carrying amount of that asset when the cost is incurred, if it is likely that the future economic benefits associated with this asset will flow to the Group and its cost can be reliably measured. All ordinary upkeep and maintenance costs are expensed when incurred.

ACTIA Group has identified three components of buildings:

- Building shell: 40-year useful life;
- Finishing work: 20-year useful life;
- Fixtures: 10-year useful life.

The breakdown of certain buildings with very specific structures (exterior glass paneling, etc.) has been adjusted so the useful lives reflect the actual lives of the asset.

The depreciable amount is systematically allocated over the useful life of the asset. Depreciation is calculated on a straight-line basis and the useful lives chosen by the Group are as follows:

- Plant and equipment, facilities and tools: 6 to 10 years;

- Other items of property, plant and equipment: 3 to 10 years.

The useful lives are reviewed at each balance sheet date.

The Group has not determined any material residual value for its property, plant and equipment.

Note 1.9 Finance leases

Leases that effectively transfer substantially all risks and rewards inherent in the ownership of an asset to the Group are classified as finance leases.

Assets financed by means of finance leases are presented as assets at the lower of the fair value or the present value of minimum lease payments. This value is subsequently reduced to reflect cumulative depreciation and any impairment losses. The corresponding debt is recognized under financial liabilities using the effective interest rate method over the term of the lease.

The asset is depreciated in accordance with the useful life applied by the Group for similar assets.

Note 1.10 Impairment of intangible assets and property, plant and equipment

Annual impairment tests are performed on:

- Goodwill (see Note 3 to the consolidated financial statements on "Intangible assets");
- Intangible assets in-process.

Where there are indications of impairment, an impairment test of the other assets is systematically performed.

This test covers a specific asset or a cash generating unit ("CGU"). A CGU is the smallest identifiable group of assets generating cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is allocated to one or more CGUs. The CGU for goodwill is generally that of the entity originally acquired. In one specific case, namely ACTIA Corp., goodwill has been allocated to various CGUs:

- €2 million to the CGU group corresponding to the Automotive division, due to synergies relating to the Group's presence in the US; and
- The remainder to the US entities: ACTIA Corp. (Embedded Systems) and ACTIA Inc. (Diagnostics).

The impairment test is intended to compare the carrying amount of the asset or CGU group with its recoverable amount. The recoverable amount is the greater of:

- The fair value less selling costs; and
- The value in use, this being the present value of the future cash flows likely to flow from the asset or CGU. Future cash flows are determined from four-year budgets for the CGU or CGU groups in question, approved by Group management. The growth rates used for subsequent periods are flat. The discount rates are determined by using a risk-free rate for the geographic region in question, plus a specific risk premium for the assets in question.

Where the carrying amount exceeds the recoverable amount, an impairment loss is recognized in the income statement under the line item “goodwill impairment”. Impairment in a CGU is firstly allocated to the goodwill and then to the other assets of the CGU in proportion to their carrying amounts.

Impairment losses recognized in respect of goodwill are never reversed.

Impairment losses recognized in respect of other assets may be reversed where there has been a change in the estimates used to determine the recoverable amount. The carrying amount of an asset that has been increased due to reversal of impairment, may not exceed the carrying amount that would have existed, net of depreciation or amortization, if no impairment loss had been recognized.

In the event of an impairment loss on an asset or CGU, a provision is systematically recognized. It is allocated to the "Depreciation and amortization expense" line item in the income statement, which is accordingly renamed "Depreciation and amortization expense and impairment loss".

Note 1.11 Inventory and work-in-process

Inventory costs include:

- Purchase cost: purchase price and related expenses;

- Conversion costs: labor and indirect expenses; and
- Other costs: included in inventory costs only if incurred to bring the inventories to their current location and condition.

Inventories of services in process are measured at the cost of production, labor and other personnel expenses directly incurred to provide the service.

Inventory costs are determined according to the weighted average cost method.

Inventories are measured at the lower of cost and net realizable value, this being the estimated selling price in the normal course of business less estimated completion and selling costs.

Note 1.12 Trade and other receivables

Accounts receivable are measured at fair value upon initial recognition and then at amortized cost less any impairment.

Where there are objective indications of impairment, the amount of the loss recognized is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate of the asset.

Note 1.13 Cash and cash equivalents

Cash is comprised of the sums available in bank accounts at the balance sheet date. Instantly repayable bank overdrafts constitute a component of cash and cash equivalents for cash flow statement purposes.

Cash equivalents are very liquid short-term investments comprised of marketable securities readily convertible into a known amount of cash and subject to an insignificant risk of a change in value. They are recognized at the market value at the balance sheet date, with the investment bonus recognized in income.

Note 1.14 Tax credits, grants and other public subsidies

ACTIA Group receives government assistance in the form of repayable advances. This form of interest-bearing financing does not fall within the scope of government grant management and criteria of IAS 20. Given the projects financed and the strong likelihood that these advances will be repaid, they are presented in the financial statements under borrowings.

The Group's research and development policy results in the receipt of a research tax credit by the companies established in France. This research tax credit qualifies as a grant under IAS 20 and as such is allocated to a specific income statement line item, impacting operating income. However, the portion of research tax credits that may be allocated to capitalized projects is recognized under deferred income and associated with operating income for the duration of the useful lives of the assets for which it was received.

Grants received able to be allocated to capitalized projects are also accounted for in this manner.

The CICE tax credit for competitiveness and employment (*Crédit d'Impôt pour la Compétivité et L'emploi*) was introduced in France by the 3rd Amending Finance Act (*Loi de Finance rectificative*) for 2012 as from January 1, 2013. This tax credit is calculated by calendar year and for 2015 corresponds to 6% of wages equal to or less than 2.5 times the French minimum-wage (SMIC). The Group has not considered the CICE as a subsidy but instead as a tax credit on compensation making it possible to reduce the cost of labor. On that basis, it has been recognized in accordance with IAS 19 as a deduction from staff costs as the corresponding compensation amounts are expensed. The amount of the CICE wage tax credit applied to staff costs for fiscal 2015 amounted to €1,107,000.

Note 1.15 Tax

Income tax includes current and deferred taxes.

Current tax

Current tax is the estimated amount of tax due on taxable profit for the period at applicable tax rates and any adjustment to current tax liabilities in respect of previous periods.

Deferred taxes

Deferred taxes stems in particular from:

- Tax-loss carryforwards; and
- Temporary differences that may exist between the consolidation amount and the tax base of certain assets and liabilities.

In line with the balance sheet liability method, deferred tax is measured on the basis the tax rates and regulations adopted or substantially adopted at the balance sheet date.

Tax liabilities of a company may under certain conditions be reduced by the amount of deferred tax losses that may be reasonably allocated as a reverse entry and deferred taxes on deductible temporary differences.

Deferred tax assets are recognized when their recovery is likely. Tax losses or timing differences must be applied to future taxable income, within the limits that may apply under French law. Deferred tax assets are written down where the availability of sufficient taxable profit ceases to be likely.

Pursuant to IAS 12, deferred tax assets and liabilities are not discounted. They are presented in the balance sheet according to the case as non-current assets and liabilities.

The CVAE added value business tax

The Group decided not to account for CVAE contributions assessed on added value (*cotisation sur la valeur ajoutée des entreprises*) as a tax on income and as from January 1, 2010 records it as an operating expense. The Group in effect considers that added value corresponds to an intermediary income statement aggregate for which the amount varies significantly from that on which income tax is assessed.

Tax on dividends

In France, payment of the 3% levy on dividend distributions introduced by the 2nd amending 2012 Finance Act is attached to the date of the decision on the distribution by the General Management. This tax was recognized in full in the income statement under current tax for €165,000.

Note 1.16 Financial instruments

The various financial instrument categories are held-to-maturity assets, loans and receivables issued by the Company, financial assets and liabilities at fair value through profit or loss and other financial liabilities.

Held-to-maturity assets

ACTIA Group does not have any such assets.

Loans and receivables issued by the Company

After their initial recognition, they are carried at amortized cost using the effective interest rate method and an impairment may be recognized when there are indications of a loss in value.

Derecognition of financial assets from the financial statements is dependent on the transfer of the risks and rewards inherent in the asset, as well as the transfer of control over it. Accordingly, discounted bills not yet due and the Dailly-type factored receivables for guarantee purposes are carried in "Accounts receivable".

Financial assets and liabilities at fair value through profit or loss

Purchases and sales of financial assets at fair value through profit or loss are recognized at the transaction date.

Marketable securities are recognized at market value at the balance sheet date.

Other liabilities (interest-bearing loans and borrowings)

After their initial recognition, they are recognized using the effective interest rate method.

Investment securities

The Group has holdings in companies without having significant influence or control. In accordance with IAS 39, the securities are considered as available for sale and normally accounted for at fair value with the change in value recognized under other comprehensive income, except when the decrease in fair value is not material or durable. However, if the fair value cannot be reliably determined, the securities are carried at cost. Where there are objective indications of impairment, an impairment loss is recognized.

Hybrid financial instruments

The Group may also issue convertible bonds and share warrants. These hybrid financial instruments are broken down into debt and shareholders' equity components.

Derivatives

ACTIA Group uses derivatives to hedge its exposure to interest rate and exchange rate risks arising from its operating, financing and investing activities. In accordance with its treasury management policy, the Group neither holds nor issues derivatives for trading purposes. However, derivatives not satisfying the hedge accounting criteria are treated as speculative.

- Interest rate risk hedging: ACTIA Group has adopted a global interest rate hedging policy; these hedging instruments are not directly attributable to specific borrowings but make it possible to hedge variable rate borrowings as a whole. These derivatives are measured at fair value. Gains or losses resulting from fair value remeasurement are immediately recognized in income;
- Exchange rate risk hedging: because the applicable criteria were not met, (cash flow hedge) hedge accounting was not applied. The foreign exchange hedges were measured at fair value and recognized as interest rate risk hedging instruments.

Transfers of financial instrument assets

The Group derecognizes a financial asset when the contractual rights to receive cash flows generated therefrom expire, or when it transfers the rights to receive these contractual cash flows through a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or when it neither retains nor transfers substantially all the risks and rewards of ownership and no longer retains control of the transferred asset. Any interest in derecognised financial assets that is created or retained by the Group is recognized as a separate asset or liability.

Otherwise, receivables are maintained as balance sheet assets and the Group continues to bear the risk of debtor default. The sum paid by the bank is recognized in cash with an offset for the bank debt in liabilities. This debt and the receivable are only eliminated from the balance sheet where the debtor has settled its debt with the financial institution. Expenses incurred are recognized as a deduction from debt which is measured using the amortized cost method at the effective interest rate.

Note 1.17 Capital management

Ordinary shares, excluding own shares held in treasury (see Note 1.18 "Treasury shares" to the consolidated financial statements) are recognized in shareholders' equity.

The Group regularly monitors changes to its debt to shareholders' equity ratio.

At present, there is no Group Savings Plan (*Plan d'Epargne Group*, hereinafter "PEG") or International Group Savings Plan (*Plan d'Epargne Groupe International*, hereinafter "PEGI") within ACTIA Group.
In addition, shares held in registered form for more than four years carried double voting rights (see Section 8.2.3. "Rights, preferences and restrictions in respect of shares" of the Registration Document).

Note 1.18 Treasury shares

The treasury shares held by ACTIA Group are deducted from shareholders' equity. No gain or loss is recognized in the income statement upon the purchase, sale or cancellation of treasury shares. The consideration paid or received in these transactions is recognized directly in shareholders' equity.

Note 1.19 Provisions

A provision is recorded:

- When an entity has a legal or constructive obligation stemming from a past event;
- When it is likely that an outflow of resources will be required to settle the obligation; and
- Where the amount of the obligation can be reliably estimated.

The amount provided for corresponds to the best estimate of the expense. If the impact is material, the amount is discounted using a pretax interest rate that reflects the time value of money and the risks specific to the liability.

A provision for warranties is recognized upon the sale of the corresponding good or service. The provision is based on past warranty data and is measured by weighting all possible outcomes in accordance with their likelihood.

Except in special cases that are duly justified, provisions are recognized in the balance sheet under current liabilities.

Note 1.20 Employee benefits

Short-term benefits are recognized in personnel expenses for the period.

Long-term benefits involve:

- Defined-contribution plans: the Group's liabilities are limited to paying periodic contributions to external bodies. The expense is recognized in the period under the "Personnel expenses" line item;
- Other long-term benefits: these are retirement benefits, provided for using the projected unit credit method and taking into account demographic factors such as staff turnover and mortality tables and financial variables such as wage increases. The discount rate used is that of investment grade bonds (i.e. rated “AA”). When there does not exist an active market for these bonds, the rate of government bonds is used. Actuarial gains and losses are recognized in OCI (Other Comprehensive Income);
- Other long-term benefits: provisions are recorded for these benefits as they vest for the employees in question. The amount of the liability is measured using the projected unit credit method. Changes in fair value of obligations relating to other long-term benefits are recognized under net income of the period in which they occur.

Note 1.21 Accounts payable

Trade and other payables are recognized at fair value upon initial recognition and then at amortized cost.

Deferred income involves subscription agreements signed with clients. The revenue from these contracts is allocated on a straight-line basis over their term (see Note 1.5 to the consolidated financial statements "Revenue recognition principles")

Note 1.22 Earnings per share calculation methods

Basic earnings per share are calculated using the income attributable to the Group divided by the weighted average number of shares in circulation in the period, less treasury shares.

Diluted earnings per share take into account all arrangements that could grant the holder the right to buy ordinary shares known as dilutive potential ordinary shares.

Note 1.23 Operating segments

In line with the analysis of performance based on the internal management approach, information is presented for two distinct operating segments “Automotive” and “Telecommunications”.

Note 1.24 Other operating income and expenses

These line items presents only income or expenses resulting from a major event occurring during the accounting period that might distort the presentation of the Group's performance. These include accordingly a very limited number of income or expense items, unusual and infrequent in nature, presented separately by the Group in its income statement.

NOTE 2. Consolidated companies

Name	Registered office	Siren no. or country of incorporation	Controlling interest (%) Dec-14	Controlling interest (%) Dec-15	Consolidation method Dec-14	Consolidation method Dec-15	Activity
ACTIA Group	Toulouse	542 080 791	Consolidating company		Consolidating company		Holding company
Automotive							
ACTIA Automotive	Toulouse	389 187 360	99.98	99.98	FC	FC	Electronics research & manufacturing
ACTIA Muller (1)	Toulouse	350 183 182	99.99	/	FC	/	Manufacturing and distribution of mechanical equipment for garages and inspection centers
ACTIA PCs	Maisons-Alfort	384 018 263	87.80	87.80	FC	FC	Electronics research & manufacturing
ACTIA UK	Newtown	United Kingdom	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Systems España	Getafe Madrid	Spain	100.00	100.00	FC	FC	Research and manufacturing of audio and video equipment
ACTIA Muller España	Getafe Madrid	Spain	100.00	100.00	FC	FC	Distribution of products
SCI Los Olivos	Getafe Madrid	Spain	39.99	39.99	EM	EM	Real estate
KARFA	Mexico	Mexico	90.00	90.00	FC	FC	Administration of holdings
ACTIA de Mexico	Mexico	Mexico	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA do Brasil	Porto Alegre	Brazil	97.97	97.97	FC	FC	Electronics research & manufacturing
ACTIA Inc.	Dearborn - Michigan	USA	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Cz	Tabor	Czech Republic	89.98	89.98	FC	FC	Electronics research & manufacturing
ACTIA Italia	Torino	Italy	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA 3E	Le Bourget du Lac	381 805 514	99.93	99.93	FC	FC	Electronics research & manufacturing
ACTIA I+Me	Braunschweig	Germany	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Corp.	Elkhart-Indiana	USA	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA NL	Helmond	Netherlands	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Polska	Piaseczno	Poland	100.00	100.00	FC	FC	Electronics research & manufacturing
CIPI ACTIA	Tunis	Tunisia	65.80	65.80	FC	FC	Electronics manufacturing
ACTIA India	New Delhi	India	51.00	51.00	FC	FC	Electronics research & manufacturing
ACTIA China	Shanghai	China	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Nordic	Sollentuna	Sweden	100.00	100.00	FC	FC	Electronics research & manufacturing
ACTIA Tunisia	Tunis	Tunisia	89.87	89.87	FC	FC	Electronics manufacturing
Telecommunications							
ACTIA Telecom	St Georges de Luzençon	699 800 306	91.51	91.51	FC	FC	Electronics research & manufacturing
SCI SODIMOB	St Georges de Luzençon	419 464 490	100.00	100.00	FC	FC	Real estate
ARDIA	Tunis	Tunisia	73.33	73.33	FC	FC	Electronics research
SCI de l'Oratoire (2)	Colomiers	345 291 405	100.00	100.00	FC	FC	Real estate
SCI Les Coteaux de Pouvourville	Toulouse	343 074 738	27.50	27.50	EM	EM	Real estate

(1) ACTIA Muller was merged into its parent company ACTIA Automotive by absorption on July 20, 2015.
(2) SCI de l'Oratoire is 86%-owned by ACTIA Group and 14% by ACTIA Automotive.

NOTE 3. INTANGIBLE ASSETS

The **gross amounts** of intangible assets changed as follows:

- In 2015:

(€ thousands)	12/31/2014	Changes in scope	Cumulative translation differences	Acquisitions <Transfers>	Disposals and other reductions	12/31/2015
Goodwill	23,010					23,010
Development costs	63,949		778	10,745	<3,503>	71,969
Other intangible assets	10,939		<19>	482	<3>	11,399
Other intangible assets in process						
Total	**97,898**		**758**	**11,227**	**<3,506>**	**106,378**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in process						

- In 2014:

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Acquisitions <Transfers>	Disposals and other reductions	12/31/2014
Goodwill	23,010					23,010
Development costs	57,478		<80>	8,980	<2,429>	63,949
Other intangible assets	10,719		<58>	326	<49>	10,939
Other intangible assets in process						
Total	**91,207**		**<138>**	**9,307**	**<2,478>**	**97,898**
Of which finance leases						
Other intangible assets	*513*					*513*
Other intangible assets in process						

No intangible asset at ACTIA Group is subject to a pledge or other encumbrance.

Amortization and impairment charges were as follows:

- In 2015:

(€ thousands)	12/31/2014	Changes in scope	Cumulative translation differences	Allowances	Reversals	12/31/2015
Goodwill	1,224			118		1,342
Development costs	29,931		173	8,493	<3,503>	35,093
Other intangible assets	10,316		<16>	546	<0>	10,845
Total	**41,470**		**157**	**9,156**	**<3,503>**	**47,280**
Of which finance leases						
Other intangible assets	*513*					*513*

No impairment was recorded at December 31, 2015.

❖ In 2014:

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Allowances	Reversals	12/31/2014
Goodwill	1,224					1,224
Development costs	24,109		51	8,200	<2,429>	29,931
Other intangible assets	9,783		<46>	628	<49>	10,316
Total	**35,115**		**5**	**8,828**	**<2,478>**	**41,470**
Of which finance leases						
Other intangible assets	*478*			*35*		*513*

Net carrying amounts:

❖ In 2015:

(€ thousands)	12/31/2014	Changes in scope	Cumulative translation differences	Net acquisitions <disposals>	12/31/2015
Goodwill	21,786			<118>	21,668
Development costs	34,019		605	2,252	36,875
Other intangible assets	623		<3>	<66>	554
Other intangible assets in process					
Total	**56,428**		**601**	**2,068**	**59,097**
Of which finance leases					
Other intangible assets	*<0>*				*<0>*
Other intangible assets in process					

❖ In 2014:

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Net acquisitions <disposals>	12/31/2014
Goodwill	21,786				21,786
Development costs	33,369		<131>	780	34,019
Other intangible assets	936		<12>	<301>	623
Other intangible assets in process					
Total	**56,091**		**<143>**	**479**	**56,428**
Of which finance leases					
Other intangible assets	*35*			*<35>*	*<0>*
Other intangible assets in process					

At the end of 2015, the carrying amounts of **goodwill** broke down as follows:

(€ thousands)	Net balance sheet amounts at 12/31/2015	Net balance sheet amounts at 12/31/2014
CIPI ACTIA	922	922
ACTIA PCs	390	390
KARFA	0	30
ACTIA Corp	7,501	7,501
ACTIA MULLER ESPAÑA	0	88
ACTIA NORDIC	1,351	1,351
ACTIA TELECOM	11,415	11,415
SODIMOB	88	88
Total	**21,668**	**21,786**

In accordance with IAS 36, impairment tests are conducted for all goodwill using the discounted cash flow method to the business plans of the relevant CGUs.

The discount rates used for these impairment tests are presented below:

(€ thousands)	2015		2014	
	Europe	USA	Europe	USA
AUTOMOTIVE sector	7.3% to 8.2%(1)	7.3% to 8.4%	7.5% to 8.0%	8.5% to 9.0%
TELECOMMUNICATIONS sector	7.4% to 8.2%	-	7.5 % to 8.0%	-

(1): CIPI-ACTIA (Tunisia): 11.5% to 12.4%

The perpetuity growth rate is 1 % for all impairment tests conducted in Europe. In light of the prospects for an earlier recovery from the crisis in the Americas, the perpetuity rate was increased in 2012 to 1.5% for the test performed in this region.

Based on these tests applied to the reasonable cash flow forecast scenarios and including the analysis of the sensitivity of amounts to changes in assumptions and the parameters used, no impairment was identified. The items used to evaluate the most significant entities tested (UGT ACTIA Telecom and ACTIA Corp.) are presented below:

❖ Tests of **ACTIA Telecom** goodwill:

ACTIA Telecom's goodwill was allocated to a CGU comprised of all the operating assets of this entity.

The recoverable amount represents the value in use of the CGU. It was determined on the basis of the following assumptions:

- **Cash-flow forecasts** prepared by management taking into account changes in sales, based on an assessment of the order book for the subsequent four years and the change in the working capital requirement calculated in relation to business trends;
- The level of annual replacement capital expenditures,
- Management calculates these assumptions on the basis of its experience as well as prior results;
- The period covered by these cash-flow forecasts is four years (2016 to 2019);
- The rate used to discount the cash flows and terminal values was 7.80 % after tax.
- Below are the assumptions underlying the rates applied:
    - Cost of capital:

      Risk-free rate: 1.75 %
      Average market premium risk: 6.75 %
      Unlevered beta: 0.90; unlevered: 0.92 (five-year average)
    - Cost of debt:

      Cost of medium to long-term debt before tax of 2.2 %
      A 33.33 % tax rate used to determine the cash flows;
- the AAGR for sales is 6.9 %;
- an EBITDA/Sales ratio used for the calculation of the normalized cash flow of 13.9 % (the actual rate in 2015 was 6.9%);
- the terminal value was calculated from cash flows to which a 1 % perpetuity growth rate was applied;
- analysis of the sensitivity of the value of goodwill to changes in assumptions for expected operating cash flows and the discount rate indicate that the possibility of a loss in value would arise from the following adverse assumptions:
    - a normalized EBITDA/revenue rate of less than 13.6% for a perpetuity growth rate of less than 0.75%, or respectively 30 and 25 basis points less than the amounts adopted to estimate terminal cash flows,
    - a discount rate of more than 8% or 20 basis points above the central rate previously presented.

❖ Test of **ACTIA Corp.** goodwill (USA):

The goodwill of ACTIA Corp. is allocated to a series of CGUs:

- €2 million to the whole Automotive division, due to synergies relating to the Group's presence in the US; and

- The remainder to the US entities: ACTIA Corp. (Embedded Systems) and ACTIA Inc. (Diagnostics).

The recoverable amount represents the value in use of the CGU. It was determined on the basis of the following assumptions:

- **Cash-flow forecasts** prepared by management taking into account changes in sales, based on an assessment of the order book for the subsequent three years and the change in the working capital requirement as a result of sales trends;
- The level of annual replacement capital expenditures,
- Management assumptions are calculated on the basis of past experience;
- The period covered by these cash-flow forecasts is three years (2016 to 2018);
- The rate used to discount the cash flows and terminal values was 7.70 % after tax.
- Below are the assumptions underlying the rates applied:
  - Cost of capital:

    Risk-free rate: 2.67 %
    Average market premium risk: 6.25 %
    Unlevered beta: 0.90; unlevered: 1.04
  - Cost of debt:

    Cost of medium to long-term debt before tax of 3.3 %,
    A 40 % tax rate used to determine the cash flows,
- An AAGR for sales of 11.3 %;
- an EBITDA/Sales ratio used for the calculation of the normalized cash flow of 8.1 % (the actual rate in 2015 was 8.9%);
- the terminal value was calculated from cash flows to which a 1.5 % perpetuity growth rate was applied, in light of the prospects for a recovery from the crisis in the Americas region;
- analysis of the sensitivity of the value of goodwill to changes in assumptions for expected operating cash flows and the discount rate indicate that the possibility of a loss in value would arise from the following adverse assumptions:
  - a normalized EBITDA/revenue rate of less than 7.2% for a perpetuity growth rate of less than 0.5%, or respectively 90 and 100 basis points less than the amounts adopted to estimate terminal cash flows,
  - a discount rate of more than 8.05% or 35 basis points above the central rate previously presented.

To date, **impairment charges for goodwill** amounted to €1,342,000 and corresponded to:

- A goodwill impairment loss for ACTIA Polska: €224,000 (recognized in 2008),
- A goodwill impairment loss for ACTIA Telecom: €1 million (€500,000 recognized in 2009 and €500,000 in 2012).
- A goodwill impairment loss for KARFA: €30,000,
- A goodwill impairment loss for ACTIA Muller España: €88,000.

The **main intangible assets** added in the last three fiscal years are presented below:

(€ thousands)	2015	2014	2013
Development costs			
AUTOMOTIVE sector	8,980	7,703	6,625
o.w. Diagnostics	*403*	*810*	*1,338*
o.w. Embedded Systems	*8,577*	*6,893*	*5,286*
TELECOMMUNICATIONS sector	1,765	1,276	1,104
Total	**10,745**	**8,979**	**7,728**
Other intangible assets			
AUTOMOTIVE sector	442	321	276
TELECOMMUNICATIONS sector	39	6	19
Total	**481**	**326**	**295**

New intangible assets:

- Produced in-house (capitalized development costs) for +€10.7m (+ €9.0m in 2014)
- Purchased externally for +€0.5m (+€0.3m in 2014)

The table below summarizes the changes in the total research and development expenditure:

(€ thousands)	2015	2014
Automotive Division	**46,436**	**41,698**
o.w. Cost of research commissioned by clients	*16,976*	*18,714*
non-current assets	*8,980*	*7,649*
o.w. Period expenses	*20,480*	*15,335*
Telecommunications Division	**6,088**	**6,367**
o.w. Cost of research commissioned by clients	*3,203*	*3,564*
non-current assets	*1,765*	*1,276*
o.w. Period expenses	*1,121*	*1,527*
Total	**52,524**	**48,065**
Amortization of capitalized development costs not included in the total expenditure calculation	*8,493*	*7,646*

Most companies of the Automotive division engage in R&D activity. ACTIA Automotive (France) contributes 51.4 % (approximately 45.2 % in 2014) I+Me ACTIA (Germany) for 11.6 % (12.2 % in 2014) and ACTIA Nordic (Sweden) 27.9 % (32.6 % in 2014), with the balance of R&D activity equally allocated among the other entities of the division.

In the Telecommunications division, the work is performed by all ACTIA Telecom establishments.

The Group's R&D policy with regard to capital expenditures is focused on three areas:

- Embedded systems for vehicles;
- Automotive diagnostics and technical inspection;
- Professional microwave communications equipment.

In these three areas, ACTIA Group must anticipate the arrival of new products and use the most modern technologies while meeting the requirements of increasing global standardization. ACTIA® must also support its clients with exports or identify new foreign markets.

ACTIA Group operates in 15 countries and incurs considerable R&D expenditure. Over the past three years, these expenses have averaged 14.3 % of consolidated sales. This proactive policy generates inflows for France in the form of significant research tax credits and grants (€4.6 million for 2015 compared to €3.9 million in 2014).

In 2015, total R&D expenditures accounted for 13.8 % of Group revenue compared with 14.1 % in 2014. However, these expenses are overall shared with customers, and confirm the Group's commitment to meet market needs through innovation.

The level of R&D expenditures incurred in ACTIA Group's income statement, i.e. adjusting for the portion billed to clients, government subsidies and time lags (fixed assets/depreciation), increased to 6.8 % of sales in 2015 from 6.1 % in the prior period. The customer chargeback rate was 38.4% in 2015 compared to 46.3% in 2014. On that basis, capitalized R&D expenditures of the Group increased by 8.4%.

NOTE 4. PROPERTY, PLANT AND EQUIPMENT

Gross amounts of property, plant and equipment changed as follows:

- In 2015:

(€ thousands)	12/31/2014	Changes in scope	Cumulative translation differences	Acquisitions <Transfers>	Disposals and other reductions	12/31/2015
Land	2,910		61	4		2,974
Buildings	15,244		303	667		16,215
Plant and equipment Facilities and tools	45,378		249	4,275	<62>	49,841
Other items of property, plant and equipment	18,973		154	2,421	<985>	20,562
Total	**82,505**		**767**	**7,368**	**<1,047>**	**89,593**
Of which finance leases						
Land	*260*					*260*
Buildings	*6,079*					*6,079*
Plant and equipment Facilities and tools	*7,525*			*1,611*		*9,136*
Other items of property, plant and equipment	*3,707*			*479*		*4,186*

- In 2014:

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Acquisitions <Transfers>	Disposals and other reductions	12/31/2014
Land	2,433		35	441		2,910
Buildings	14,753		260	311	<80>	15,244
Plant and equipment Facilities and tools	41,513		52	4,194	<380>	45,378
Other items of property, plant and equipment	17,993		189	1,854	<1,063>	18,973
Total	**76,692**		**536**	**6,800**	**<1,523>**	**82,505**
Of which finance leases						
Land	*260*					*260*
Buildings	*6,079*					*6,079*
Plant and equipment Facilities and tools	*7,525*					*7,525*
Other items of property, plant and equipment	*3,607*			*100*		*3,707*

Depreciation:

- In 2015:

(€ thousands)	12/31/2014	Changes in scope	Cumulative translation differences	Allowances	Reversals	12/31/2015
Land	13					13
Buildings	9,423		173	532		10,128
Plant and equipment Facilities and tools	36,976		147	2,692	<479>	39,337
Other items of property, plant and equipment	14,511		135	1,331	<459>	15,518
Total	**60,924**		**455**	**4,554**	**<937>**	**64,996**

(€ thousands)	12/31/2014	Changes in scope	Cumulative translation differences	Allowances	Reversals	12/31/2015
Of which finance leases						
Land	*13*					*13*
Buildings	*5,029*			*90*		*5,120*
Plant and equipment Facilities and tools	*7,350*			*175*		*7,525*
Other items of property, plant and equipment	*2,711*			*300*		*3,011*

❖ In 2014:

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Allowances	Reversals	12/31/2014
Land	13					13
Buildings	8,862		147	418	<3>	9,423
Plant and equipment Facilities and tools	34,971		13	2,378	<385>	36,976
Other items of property, plant and equipment	13,613		162	1,205	<469>	14,511
Total	**57,459**		**321**	**4,001**	**<857>**	**60,924**
Of which finance leases						
Land	*13*					*13*
Buildings	*4,939*			*90*		*5,029*
Plant and equipment Facilities and tools	*7,174*			*175*		*7,350*
Other items of property, plant and equipment	*2,410*			*300*		*2,711*

Net carrying amounts:

❖ In 2015:

(€ thousands)	12/31/2014	Changes in scope	Cumulative translation differences	Net acquisitions <disposals>	12/31/2015
Land	2,896		61	4	2,961
Buildings	5,821		130	136	6,087
Plant and equipment Facilities and tools	8,402		102	2,000	10,504
Other items of property, plant and equipment	4,462		19	563	5,044
Total	**21,581**		**312**	**2,703**	**24,597**
Of which finance leases					
Land	*247*				*247*
Buildings	*1,049*			*<90>*	*959*
Plant and equipment Facilities and tools	*175*			*1,435*	*1,611*
Other items of property, plant and equipment	*997*			*178*	*1,175*

- In 2014:

(€ thousands)	12/31/2013	Changes in scope	Cumulative translation differences	Net acquisitions <disposals>	12/31/2014
Land	2,420		35	441	2,896
Buildings	5,891		114	<183>	5,821
Plant and equipment Facilities and tools	6,543		39	1,820	8,402
Other items of property, plant and equipment	4,380		27	55	4,462
Total	**19,233**		**215**	**2,133**	**21,581**
Of which finance leases					
Land	*247*				*247*
Buildings	*1,140*			*<90>*	*1,049*
Plant and equipment *Facilities and tools*	*351*			*<175>*	*175*
Other items of property, plant and equipment	*1,197*			*<201>*	*997*

Encumbered property, plant and equipment are set out in Note 24 to the consolidated statements on "Encumbered assets".

The main acquisitions relate to:

(€ thousands)	2015	2014	2013
Land			
AUTOMOTIVE sector	4	441	
TELECOMMUNICATIONS sector	-	-	-
Subtotal	**4**	**441**	
Buildings			
AUTOMOTIVE sector	662	311	38
TELECOMMUNICATIONS sector	5	1	6
Other (incl. holding)			75
Subtotal	**667**	**311**	**119**
Plant and equipment			
AUTOMOTIVE sector	4,185	4,006	1,481
TELECOMMUNICATIONS sector	90	188	295
Subtotal	**4,275**	**4,194**	**1,776**
Other property, plant and equipment			
AUTOMOTIVE sector	2,311	1,769	973
TELECOMMUNICATIONS sector	110	67	40
Other (incl. holding)		19	-
Subtotal	**2,421**	**1,854**	**1,013**
Total	**7,368**	**6,800**	**2,908**

All new items of property, plant and equipment were purchased from third-party suppliers.

NOTE 5. INVESTMENTS IN ASSOCIATES

(€ thousands)	Value of securities		Share of net income	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
SCI Los Olivos	428	408	20	14
SCI Les Coteaux de Pouvourville	442	343	123	115
Total	**870**	**751**	**143**	**128**

After the investor's interest is reduced to zero, additional losses are recognized by a provision (liability) only to such extent that the investor has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. (See Note 15 on "Provisions" to the consolidated financial statements).

Financial information on the investments in associates (equity method) is set out below:

- At December 31, 2015:

(€ thousands)	Total assets	Liabilities	Sales	Net income / (loss)
SCI Los Olivos	1,118	47	126	50
SCI Les Coteaux de Pouvourville	1,562	275	764	74

- At December 31, 2014:

(€ thousands)	Total assets	Liabilities	Sales	Net income / (loss)
SCI Los Olivos	1,171	149	132	34
SCI Les Coteaux de Pouvourville	1,551	248	761	76

NOTE 6. NON-CURRENT FINANCIAL ASSETS

(€ thousands)	12/31/2015			12/31/2014		
	Gross	Impairment	Net	Gross	Impairment	Net
Non-consolidated fixed securities	326	<242>	**84**	325	<240>	**85**
Receivables on non-consolidated investments	133	<72>	**62**	396	<379>	**17**
Deposits and guarantees	632		**632**	619		**619**
Loans and miscellaneous	11	<0>	**11**	11		**11**
Total	**1,102**	**<314>**	**789**	**1,350**	**<618>**	**732**

In 2015, financial assets generated €91,000 in income, included in the income statement under "Other financial income" (€66,000 in 2014).

NOTE 7. Inventory and work-in process

The net realizable value of inventory breaks down as follows:

(€ thousands)	12/31/2015	12/31/2014
	Net	Net
Raw materials	39,201	30,543
Work/services-in-process	17,795	16,236
Semi-finished and finished goods	22,938	18,998
Goods held for resale	10,795	10,922
Total	**90,728**	**76,700**

Changes in inventories in 2015 are set out below:

(€ thousands)	Gross	Impairment	Net
At 12/31/2014	**86,211**	**<9,510>**	**76,700**
Change in the period	13,103		13,103
Net impairment		778	778
Changes in scope			0
Impact of changes in exchange rates	197	<50>	147
At 12/31/2015	**99,510**	**<8,782>**	**90,728**

In 2015, scrapped inventories amounted to €2,666,000 (€2,903,000 for 2014) and concerned primarily:

- ACTIA Automotive €297,000 (fully accrued in prior periods);
- ACTIA Telecom €2,168,000 (accumulated provision of €2,039,000 from prior periods);

The gross value of inventory increased €13.3 million in 2015 compared with €2.8 million in 2014. The breakdown of these changes is presented below:

In € millions			2015	2014
Raw materials			**+ 8.6**	**+ 0.3**
	o.w.	*ACTIA AUTOMOTIVE*	*+ 8.7*	*+ 1.1*
		ACTIA TELECOM	*<0.0>*	*<0.0>*
Work/services-in-progress			**+ 1.6**	**+ 1.5**
	o.w.	*ACTIA AUTOMOTIVE*	*+ 3.2*	*+ 1.3*
		ACTIA TELECOM	*<1.7>*	*<0.3>*
Semi-finished and finished goods			**+ 3.1**	**+ 3.0**
	o.w.	*ACTIA AUTOMOTIVE*	*+ 3.2*	*+ 3.8*
		ACTIA TELECOM	*<0.1>*	*<0.8>*
Goods held for resale			**+ 0.0**	**<1.9>**
	o.w.	*ACTIA AUTOMOTIVE*	*+ 0.0*	*<0.2>*
		ACTIA TELECOM	*-*	*-*

Pledged inventories are set out in Note 24 on "Encumbered assets" to the consolidated financial statements.

NOTE 8. Trade and other receivables

Trade and other current receivables are presented below:

(€ thousands)	Net value at 12/31/2014	Change in the period	Net allowances / reversals	Changes in scope	Impact of changes in exchange rates	Net value at 12/31/2015
Accounts receivable	**97,069**	**6,649**	**729**	**3,856**	**1,012**	**109,315**
Advances and prepayments	**2,133**	263			11	**2,407**
Amounts receivable from payroll tax agencies	**478**	248			<36>	**690**
VAT receivable	**429**	582			0	**1,011**
Prepaid expenses	**1,317**	196			13	**1,526**
Other current receivables from operations	**4,358**	**1,288**			**<11>**	**5,634**
Tax receivables	**1,679**	<655>			12	**1,036**
Other tax and income tax receivables	**816**	<346>			<22>	**449**
Research tax credit	**2,409**	1,182				**3,591**
Current tax credit	**4,904**	**182**			**<10>**	**5,076**
Miscellaneous current receivables	**828**	**560**			**<4>**	**1,384**
Total	**107,159**	**8,679**	**729**	**3,856**	**986**	**121,410**

At December 31, 2015, the maturity of gross receivables not due and due (aged trial balance) was as follows:

(€ thousands)	Not due	Past due 0 to 30 days	Past due 31 to 60 days	Past due 61 to 90 days	Past due more than 91 days	Gross value of total accounts receivable
Gross value at 12/31/2015	90,478	8,701	3,199	2,402	6,750	**111,530**
Gross value at 12/31/2014	76,654	9,892	3,417	1,658	8,381	**100,002**

No **losses on bad debt** were recognized in 2015 as in 2014 by ACTIA Group.

NOTE 9. CASH, CASH EQUIVALENTS AND FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Note 9.1 Cash and cash equivalents

These items changed as follows:

(€ thousands)	12/31/2015	12/31/2014	Change
Cash equivalents	154	150	4
Cash	20,884	24,350	<3,465>
Cash and cash equivalents	**21,039**	**24,500**	**<3,461>**
<Current bank facilities>	**<52,482>**	**<51,361>**	**<1,121>**
Total	**<31,444>**	**<26,861>**	**<4,583>**

Current bank facilities are included under “Current financial liabilities”.

ACTIA Group sells marketable securities at year-end which are accordingly recorded under income as definitive capital gains.

Note 9.2 Financial instruments at fair value through profit or loss

These include:

- Interest rate hedging instruments break down as follows:

(€ thousands)	Initial amount	Amount at 12/31/2015	Fixed rate	Inception date	Expiry date	Amortization
SWAP 1	20,000	20,000	2.23%	02/13/12	02/13/2016	On maturity
SWAP 2	5,000	1,000	1.64%	10/03/11	10/03/2016	Quarterly
SWAP 3	5,000	0	0.50%	06/01/2016	06/01/21	On maturity
SWAP 4	5,000	0	0.34%	06/01/2016	06/01/21	Quarterly
SWAP 5	5,000	0	0.25%	09/01/2016	09/01/21	Quarterly
SWAP 6	5,000	0	0.45%	09/01/2016	09/01/21	On maturity
Total	**45,000**	**21,000**				

While these interest rate hedges are not associated with specific financing agreements they did cover Group debt for up to €21.0 million at December 31, 2015 (€37.0 million at December 31, 2014).

ACTIA Group recognizes interest rate hedging instruments at fair value through profit and loss.

Details of the impact of this accounting treatment on earnings are set out below:

(€ thousands)	12/31/2015		12/31/2014	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS <LIABILITIES>				
Swap	<251>	427	<678>	507
Total	**<251>**	**427**	**<678>**	**507**

The interest rate risk incurred by ACTIA Group is analyzed in Note 25 to the consolidated financial statements on "Risk factors".

- Exchange rate hedging instruments break down as follows:

In foreign currency	Maximum Initial amount	Maximum amount to be acquired at 12/31/2015	Floor	Strike	Inception date	Expiry date
Forward currency purchases EUR / USD	US$ 100,000	-	-	1.3200	02/23/2015	12/19/2016
TARN - EUR / USD	US$ 16,400,000	$0	-	1.1450 / 1.1000	03/20/2015	01/05/2016
Accumulator - EUR / USD	US$ 13,200,000	US$ 2,000,000	1.2330	1.4000	09/18/2013	05/13/2016
Accumulator - EUR / USD	US$ 3,750,000	US$ 250,000	1.1400	1.2610	01/08/2015	06/21/2016
Accumulator - EUR / USD	US$ 5,200,000	US$ 2,400,000	1.2500	1.4210	06/20/2015	06/24/2016
Accumulator - EUR / USD	US$ 3,750,000	US$ 1,450,000	1.0975	1.2175	02/05/2015	07/19/2016
Accumulator - EUR / USD	US$ 16,200,000	US$ 7,600,000	1.0480	1.1700	02/13/2015	09/19/2016
Accumulator - EUR / USD	US$ 8,900,000	$0	1.1420	1.2660	01/20/2015	09/28/2016
"ABF Protégé" EUR/USD	US$ 18,200,000	US$ 9,600,000	1.0480	1.1750	03/11/2015	11/30/2016
Accumulator - EUR / USD	US$ 19,000,000	US$ 10,400,000	1.0510	1.1860	03/11/2015	12/28/2016
Forward currency purchases EUR / USD	US$ 300,000	-	-	1.1860	04/20/2015	12/30/2016
Accumulator - EUR / USD	US$ 19,400,000	US$ 11,000,000	1.0480	1.1865	02/13/2015	01/16/2017
Accumulator - EUR / USD	US$ 24,000,000	US$ 14,000,000	1.0150	1.1705	03/16/2015	02/16/2017
Accumulator - EUR / USD	US$ 8,500,000	US$ 8,500,000	1.0285	1.1620	12/07/2015	04/18/2017
Accumulator - EUR / USD	US$ 5,700,000	US$ 5,700,000	1.0500	1.2110	04/28/2015	04/28/2017
Accumulator - EUR / USD	US$ 11,800,000	US$ 11,800,000	1.0500	1.2108	04/28/2015	04/28/2017
Accumulator - EUR / USD	US$ 8,550,000	US$ 8,550,000	1.0500	1.2100	04/28/2015	04/28/2017
Accumulator - EUR / USD	US$ 27,200,000	US$ 27,200,000	1.0250	1.1630	12/01/2015	05/11/2017
Accumulator - EUR / USD	US$ 7,800,000	US$ 7,200,000	1.0320	1.1643	11/19/2015	05/23/2017
Accumulator - EUR / USD	US$ 7,500,000	US$ 7,500,000	1.1200	1.2740	08/24/2015	08/24/2017
Accumulator - EUR / JPY	¥ 120,000,000	¥ 120,000,000	125.0000	138.1000	12/04/2015	12/16/2016

ACTIA Group recognizes these exchange rate hedging instruments at fair value through profit or loss.

Details of the impact of this accounting treatment on earnings are set out below:

(€ thousands)	12/31/2015		12/31/2014	
	Fair value	Impact on earnings	Fair value	Impact on earnings
Financial instruments ASSETS <LIABILITIES>				
EUR/USD hedge	1,205	800	406	941
EUR/JPY hedge	6	<7>	13	188
Total	**1,212**	**793**	**419**	**1,129**

NOTE 10. DEFERRED TAX

(€ thousands)	12/31/2015	12/31/2014
Tax assets recognized in respect of:		
Temporary differences	3,096	3,723
o.w. provision for retirement severance payments	*1,532*	*1,630*
o.w income from inventory	*576*	*520*
o.w other adjustments	*988*	*1,573*
Tax-loss carryforwards	5,311	3,811
Total net tax assets	**8,407**	**7,534**
Tax liabilities recognized in respect of:		
Deferred tax liabilities	2,839	2,556
Total net tax liabilities	**2,839**	**2,556**
Total net deferred tax assets /(liabilities)	**5,568**	**4,978**

Deferred tax assets are recognized when their recovery is likely. Temporary differences or deficits must be attributable to future taxable profit. Deferred tax assets are written down where the availability of sufficient taxable profit ceases to be likely.

Use of tax loss carryforwards for French companies is capped and in accordance with our business plans, ACTIA Group now works with four-year budgets. In consequence unused tax losses for which no deferred tax asset was recognized amount to €29.2 million (€37.7 million at December 31, 2014). The potential tax gain represents €9.5 million (€12.4 million at December 31, 2014). These tax losses do not expire.

NOTE 11. FINANCIAL ASSETS AND LIABILITIES

Three categories of financial instruments are defined by the Group according to the consequences of their characteristics on the valuation method. The Group refers to this classification for the purpose of presenting certain disclosures required by IFRS 13:

- Level I: "market price": financial instruments with observable fair market values based quoted prices in an active market;
- Level 2 "internal model based on observable inputs": financial instruments valued using inputs other than quoted prices as described for level 1 but which are observable;
- Level 3: "model with unobservable inputs".

Note 11.1 Financial assets

The following table presents the carrying value of financial assets.

(€ thousands)	12/31/2015				12/31/2014			
	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Group consolidated financial statements (*)	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Group consolidated financial statements (*)
Non-current assets								
Non-current financial assets	119		670	**789**	74		658	**732**
Non-current research tax credit			10,239	**10,239**			8,701	**8,701**
Current assets								
Accounts receivable			109,315	**109,315**			97,069	**97,069**
Current tax			5,076	**5,076**			4,904	**4,904**

(€ thousands)	12/31/2015				12/31/2014			
	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Group consolidated financial statements (*)	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Loans and receivables	Group consolidated financial statements (*)
credit								
Miscellaneous current receivables			1,384	**1,384**			828	**828**
Financial instruments		1,212		**1,212**		419		**419**
Cash equivalents		154		**154**		150		**150**
Cash			20,884	**20,884**			24,350	**24,350**
Total	**119**	**1,366**	**147,568**	**149,053**	**74**	**569**	**136,510**	**137,153**

(*) For all financial assets, fair value is identical to the value recognized in the consolidated financial statements.

At December 31, 2015, financial assets measured at fair value were classified as follows:

(€ thousands)	Category 1 Market price	Category2 With observable inputs	Category3 With unobservable inputs
Financial instruments		1,212	
Cash equivalents	154		
Total	**154**	**1,212**	**-**

Note 11.2 Total financial liabilities

The following table presents the carrying value of financial liabilities:

(€ thousands)	12/31/2015			12/31/2014		
	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Group consolidated financial statements (*)	Financial liabilities at amortized cost	Financial liabilities at fair value through profit or loss	Group consolidated financial statements (*)
Non-current liabilities						
Bank borrowings	42,195		**42,195**	32,923		**32,923**
Other financial liabilities	829	682	**1,511**	1,843	656	**2,499**
Finance lease liabilities	2,455		**2,455**	1,837		**1,837**
Current liabilities						
Current financial liabilities	73,794	1,071	**74,865**	69,273	395	**69,669**
Financial instruments		251	**251**		678	**678**
Accounts payable	50,403		**50,403**	45,462		**45,462**
Miscellaneous liabilities	255		**255**	690		**690**
Total	**169,931**	**2,004**	**171,935**	**152,028**	**1,730**	**153,758**

(*) For financial liabilities, fair value is close to the value recognized in the consolidated financial statements.

At December 31, 2015, financial liabilities measured at fair value were classified as follows:

(€ thousands)	Category 1 Market price	Category2 With observable inputs	Category3 With unobservable inputs
Non-current liabilities			
Other financial liabilities	682		
Current liabilities			
Current financial liabilities	1,071		
Financial instruments		251	
Total	**1,753**	**251**	**-**

NOTE 12. FINANCIAL LIABILITIES

Financial liabilities by type of financing and maturity break down as follows:

(€ thousands)	12/31/2015				12/31/2014			
	< 12/31/2016	>01/01/2017 <12/31/20	>01/01/21	Total	<12/31/2015	>01/01/2016 <12/31/2019	>01/01/20	Total
Bank borrowings	19,687	40,476	1,720	**61,883**	16,226	31,372	1,550	**49,149**
Other financial liabilities	1,354	1,244	267	**2,864**	1,027	2,213	286	**3,526**
Finance lease liabilities (*)	1,342	2,071	384	**3,797**	1,055	1,837		**2,892**
Bank facilities and overdrafts	52,482			**52,482**	51,361			**51,361**
Total	**74,865**	**43,791**	**2,370**	**121,026**	**69,669**	**35,422**	**1,837**	**106,928**

* See Section "Property, plant and equipment”

Changes in financial liabilities in 2015 are set out below:

(€ thousands)	At 01/01/2015	Increases in borrowings	Repayments of loans and other changes	Cumulative translation differences	At 12/31/2015
Bank borrowings	**49,149**	30,633	<18,055>	155	**61,883**
Other financial liabilities	**3,526**	46	<739>	32	**2,864**
Finance lease liabilities	**2,892**	2,089	<1,184>		**3,797**
Bank facilities and overdrafts	**51,361**		966	156	**52,482**
Total	**106,928**	**32,768**	**<19,012>**	**342**	**121,026**

Changes in financial liabilities in 2014 are set out below:

(€ thousands)	At 01/01/2014	Increases in borrowings	Repayments of loans and other changes	Cumulative translation differences	At 12/31/2014
Bank borrowings	**44,695**	21,350	<17,059>	163	**49,149**
Other financial liabilities	**3,607**	2,347	<2,476>	48	**3,526**
Finance lease liabilities	**3,924**	100	<1,132>		**2,892**
Bank facilities and overdrafts	**46,210**		5,092	59	**51,361**
Total	**98,435**	**23,796**	**<15,574>**	**271**	**106,928**

At December 31, 2015, the maturity of financial liabilities including non-accrued interest breaks down as follows:

(€ thousands)	< 12/31/2016		>01/01/2017 <12/31/2020		>01/01/21		Total		
	Face value	Interest	Face value	Interest	Face value	Interest	Face value	Interest	Face value + interest
Bank borrowings	19,687	922	40,476	1,194	1,720	11	**61,883**	**2,127**	**64,009**
Other financial liabilities	1,354		1,244		267		**2,864**	**0**	**2,864**
Finance lease liabilities	1,342	82	2,071	119	384	8	**3,797**	**209**	**4,006**
Bank facilities and overdrafts	52,482	610					**52,482**	**610**	**53,092**
Total	**74,865**	**1,613**	**43,791**	**1,313**	**2,370**	**19**	**121,026**	**2,945**	**123,972**

At December 31, 2014, the maturity of financial liabilities including non-accrued interest broke down as follows:

(€ thousands)	< 12/31/2015		>01/01/2016 <12/31/2019		>01/01/2020		Total		
	Face value	Interest	Face value	Interest	Face value	Interest	Face value	Interest	Face value + interest
Bank borrowings	16,226	1,164	31,372	1,647	1,550	16	**49,149**	**2,828**	**51,977**
Other financial liabilities	1,027		2,213		286		**3,526**	**0**	**3,526**
Finance lease liabilities	1,055	112	1,837	120			**2,892**	**232**	**3,124**
Bank facilities and overdrafts	51,361	896					**51,361**	**896**	**52,257**
Total	**69,669**	**2,172**	**35,422**	**1,767**	**1,837**	**16**	**106,928**	**3,955**	**110,883**

At December 31, 2015 financial liabilities by currency break down as follows:

(€ thousands)	EUR	USD	Other	Total
Bank borrowings	60,216	1,493	174	**61,883**
Other financial liabilities	1,817	368	680	**2,864**
Finance lease liabilities	3,797			**3,797**
Bank facilities and overdrafts	51,964	10	508	**52,482**
Total	**117,794**	**1,870**	**1,362**	**121,026**

At December 31, 2014 financial liabilities by currency broke down as follows:

(€ thousands)	EUR	USD	Other	Total
Bank borrowings	47,789	1,338	21	**49,149**
Other financial liabilities	2,354	325	847	**3,526**
Finance lease liabilities	2,892			**2,892**
Bank facilities and overdrafts	49,297	9	2,055	**51,361**
Total	**102,332**	**1,672**	**2,923**	**106,928**

Bank lines and overdrafts are generally granted for a year and are renewable mid-period. They are impacted by the proportion of accounts receivable financing (Dailly-type factored receivables, bills discounted not yet due and other factoring) amounting to €26.2 million at December 31, 2015 compared to €25.5 million at December 31, 2014 and other government-related receivables financing (CIR/CICE) amounting to €9.0 million at December 31, 2015 compared to €7.4 million at December 31, 2014.

The ratio of net debt to shareholders' equity or gearing breaks down as follows:

(€ thousands)	12/31/2015	12/31/2014
Bank borrowings	61,883	49,149
Other financial liabilities	2,864	3,526
Finance lease liabilities	3,797	2,892
Bank facilities and overdrafts	52,482	51,361
Subtotal A	**121,026**	**106,928**
Other marketable securities	154	150
Cash at bank and in hand	20,884	24,350
Subtotal B	**21,039**	**24,500**
Total net debt = A - B	**99,988**	**82,428**
Total shareholders' equity	**111,004**	**95,018**
Gearing	**90.1%**	**86.7%**

The "net debt/equity “ratio (gearing) adjusted for the impact of the receivables account for French research tax credits and wage tax credits (CIR and CICE) is as follows:

(€ thousands)	12/31/2015	12/31/2014
Bank borrowings	61,883	49,149
Other financial liabilities	2,864	3,526
Finance lease liabilities	3,797	2,892
Bank facilities and overdrafts	52,482	51,361
- Financing receivables account	*<26,205>*	*<25,527>*
- CIR collateralization	*<7,236>*	*<6,252>*
- CICE collateralization	*<1,737>*	*<1,100>*
Subtotal A	**85,848**	**74,049**
Other marketable securities	154	150
Cash at bank and in hand	20,884	24,350
Subtotal B	**21,039**	**24,500**
Total net debt = A - B	**64,810**	**49,549**
Total shareholders' equity	**111,004**	**95,018**
Gearing	**58.4%**	**52.1%**

The breakdown between variable and fixed rate debt is set out below:

(€ thousands)	12/31/2015			12/31/2014		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Bank borrowings	26,948	34,934	**61,883**	13,380	35,769	**49,149**
Other financial liabilities	2,864	0	**2,864**	3,526	0	**3,526**
Finance lease liabilities	3,797	0	**3,797**	2,892	0	**2,892**
Bank facilities and overdrafts	2,474	50,008	**52,482**	3,522	47,839	**51,361**
Total	**36,083**	**84,943**	**121,026**	**23,319**	**83,608**	**106,928**
Breakdown by percentage	29.8%	70.2%	**100.0%**	21.8%	78.2%	**100.0%**

All covenants on the borrowings and bank credit lines must be verified annually at the end of each period. They apply to 13.9 % of borrowings, or €16.9 million.

In 2015, the trend for ACTIA Group sales had a significant impact on the "Net Debt to Equity" and "Net debt / EBITDA" ratios with:

- An improvement in equity reflecting the limited payout of consolidated profit (dividend for fiscal 2014 = 13.9% of 2014 consolidated profit);
- Growth in gross debt after significant financing was obtained to cover working capital requirements and investments (R&D, production) and a slight increase in cash and cash equivalents;
- A marginal decline in EBITDA, with business growth of the Automotive division offsetting a decline in profitability resulting from the significant change in EUR/USD exchange rates, and the return to a normalized period for the Telecommunications division after an exceptional 2014 both for revenue and earnings.

All non-current debt are in compliance with the financial ratios. In consequence, there were no request for waivers or reclassifications.

Detailed information on these covenants at December 31, 2015 is presented below:

Debt subject to a covenant				Covenant		Respected (3)		Reclassification under current borrowings (4)	
Category (1)	Year of inception	Balance at 12/31/2015 (€ thousands)	Final maturity	Ratios	Basis of calculation (2)	At Dec. 31, 2014	**At Dec. 31, 2015**	At Dec. 31, 2014	**At Dec. 31, 2015**
Borrowings									
L	2011	58	Aug. 2016	Net debt / Equity < 1.15	CA AG	R	R	0	0
				Interest expense / GOS (5) < 30%	CA AG	R	R		
L	2011	150	Aug. 2016	Net debt / GOS < 3.0	CA AG	R	B	0	0
L	2012	129	Jun. 2016	Net debt (>1 yr.) / Equity < 1.12	CA AG	R	R	0	0
L	2012	300	Jun. 2017	Net debt / Equity < 1.20	CA AG	R	R	0	0
				Interest expense / EBITDA < 30%	CA AG	R	R		
				Net debt / EBITDA < 5	CA AG	R	R		
L	2012	1,050	Sept. 2017	Net debt / Equity < 1.20	CA AG	R	R	0	0
				Net debt / EBITDA < 4	CA AG	R	R		
L	2013	668	Jul. 2017	Equity / Net debt ≥ 1	CA AD	R	R	0	0
				Net Equity N ≥ 90% x Net Equity N-1	CA AD	R	R		
L	2013	274	Aug. 2018	Net debt / Equity ≤ 1.15	CA AG	R	R	0	0
				Interest expense / EBITDA < 30%	CA AG	R	R		
				Net debt / EBITDA < 5	CA AG	R	R		
L	2013	299	Nov. 2018	Net debt / Equity ≤ 1.15	CA AG	R	R	0	0
				Interest expense / EBITDA < 30%	CA AG	R	R		
				Net debt / EBITDA < 5	CA AG	R	R		
L	2014	1,719	Jul. 2018	Equity / Net debt ≥ 1	CA AG	R	R	0	0
				Net Equity N ≥ 90% x Net Equity N-1	CA AG	R	R		
L	2014	750	Dec. 2018	Net debt / Equity ≤ 1.15	CA AG	R	R	0	0
				Interest expense / EBITDA < 30%	CA AG	R	R		
				Net debt / EBITDA < 5	CA AG	R	R		
L	2014	756	Aug. 2019	Net debt / Equity ≤ 1.15	CA AG	R	R	0	0
				Interest expense / EBITDA < 30%	CA AG	R	R		
				Net debt / EBITDA < 5	CA AG	R	R		
L	2015	1,488	Jan. 2020	Net debt (>1 yr.) / Equity ≤ 1.20	CA AG	-	R	-	0
				Net debt / EBITDA ≤ 4	CA AG	-	R		
L	2015	2,625	Jun. 2019	Equity / Net debt ≥ 1	CA AG	-	R	-	0
				Net Equity N ≥ 90% x Net Equity N-1	CA AG	-	R		
				Net debt / Net Equity ≤ 2	CA AG	-	R		
L	2015	3,443	Sept. 2020	Net debt / Equity < 1.20	CA AG	-	R	-	0
				Net debt / EBITDA ≤ 4	CA AG	-	R		
L	2015	1,300	Dec. 2018	Net debt / Equity < 1.15	CA AG	-	R	-	0
				Net debt / GOS < 3.5	CA AG	-	R		
L	2015	1,839	Jul. 2020	Net debt / Equity ≤ 1.15	CA AG	-	R	-	0
				Interest expense / EBITDA < 30%	CA AG	-	R		
				Net debt / EBITDA < 5	CA AG	-	R		
Overdraft facility									
O	-	9	-	Non-Group debt / (Equity + Group debt) <3	SA AC	R	R	-	-
				EBITDA / Interest > 1	SA AC	R	R		
				Equity > US$3.5 million	SA AC	R	R		
Total		**16,857**						**0**	**0**

(1) L = Loan
O = Overdraft

(2) CA AD = Consolidated Accounts - Automotive Division
CA AG = Consolidated Accounts - ACTIA Group
SA AC = Separate Accounts - ACTIA Corp.

(3) R = Respected
B = Breached

(4) Non-current portion of debt reclassified under "Current financial liabilities"

(5) GOS = gross operating surplus (EBE or *excédent brut d'exploitation*)

Guarantees given in respect of borrowings and liabilities are set out in Note 24 to the consolidated financial statements on "Encumbered assets”.

In connection with the loan agreements obtained by the Group, certain banks include in these agreements general provisions relating to the right to use assets or obtain new loans.

NOTE 13. SHAREHOLDERS’ EQUITY

The Group's main capital management goal is to maintain the balance between shareholders' equity and debt, so as to facilitate its business and increase shareholder value.

To maintain or adjust the structure of its capital, the Group can propose dividend distributions to shareholders or carrying out new capital increases.

The main ratio used by the Group to manage its capital is the debt ratio.

Capital management goals, policies and procedures remain unchanged.

Detailed information about the **share buyback program** is presented in Note 3.7 to the consolidated financial statements on “Treasury shares ”.

At December 31, 2015, there were no stock option plans established.

The General Meeting of May 28, 2013 authorized the issue of new shares to participants in an employee stock ownership plan (PEE) representing 3% of the capital of ACTIA Group S.A. This authorization was granted to the Executive Board for 26 months. At December 31, 2015, no new shares were issued under this authorization.

The breakdown of the **changes in numbers of shares** over the period is as follows:

Units	12/31/2014	share capital increase	12/31/2015
ACTIA Group shares - ISIN FR 0000076655	**20,099,941**	**None**	**20,099,941**

At December 31, 2015, the share capital was comprised of 8,984,483 shares with ordinary voting rights, 11,112,130 shares with double voting rights and 3,328 treasury shares with no voting rights.

There are 12,188,397 registered shares and 7,911,544 bearer shares.

There are no preferred dividend stock or preference shares within ACTIA Group S.A.

The par value is €0.75 per share.

The appropriation of 2015 earnings is set out in Section 5.11.3 "Earnings appropriation" of the Registration Document. A proposal will be submitted to distribute a dividend of €0.10 per share, identical to the amount distributed for 2014.

NOTE 14. EARNINGS PER SHARE

Note 14.1 Basic earnings per share

Basic earnings per share at December 31, 2015 were calculated on the basis of consolidated income attributable to Group shareholders according to the breakdown provided below.

Euros	12/31/2015	12/31/2014
Consolidated net income (loss) attributable to Group shareholders *(in €)*	**15,290,034**	**14,235,475**
Weighted average number of shares		
Shares issued at January 1	20,099,941	20,099,941
Treasury shares held at the end of the period	<3,328>	<3,328>
Weighted average number of shares	**20,096,613**	**20,096,613**
Basic earnings (loss) per share *(in €)*	**0.761**	**0.708**

Note 14.2 Diluted earnings per share

Diluted earnings per share at December 31, 2015 were calculated on the basis of net income attributable to Group. This result was not subject to any adjustments. The weighted average number of potential ordinary shares that may be created for the period totaled 20,096,613. These calculations break down as follows:

Euros	12/31/2015	12/31/2014
Diluted net income *(in €)*	15,290,034	**14,235,475**
Weighted average number of potential shares		
Weighted average number of ordinary shares	20,096,613	20,096,613
Impact of share subscription plans	0	0
Diluted weighted average number of shares	20,096,613	**20,096,613**
Diluted earnings per share *(in €)*	**0.761**	**0.708**

NOTE 15. PROVISIONS

These changed as follows:

- In 2015:

(€ thousands)	12/31/2014	Changes in scope, translation difference	Allowances	Reversals		12/31/2015
				Applied	Unused	
Provisions for pension and other non-current employee benefits	**7,467**	**2**	**489**	**<148>**	**<203>**	7,607
Other provisions						
Lawsuit contingencies	**225**			<131>		**94**
Warranties	**2,524**	20	444	<707>		**2,282**
Losses on contracts	**266**		27	<53>		**240**
Fines/penalties	**981**	<16>	124	<283>		**805**
Other risks	**1,256**	26	637	<177>		**1,742**
Tax	**0**			<7>	7	**0**
Other expenses	**286**	2	22	<42>		**268**
Other provisions	**5,536**	**33**	**1,254**	**<1,399>**	**7**	**5,431**
Total	**13,003**	**35**	**1,743**	**<1,547>**	**<196>**	**13,038**

- In 2014:

(€ thousands)	12/31/2013	Changes in scope, translation difference	Allowances	Reversals		12/31/2014
				Applied	Unused	
Provisions for pension and other non-current employee benefits	5,620	<0>	2,216	<158>	<211>	7,467
Other provisions						
Lawsuit contingencies	**225**					**225**
Warranties	**2,517**	18	928	<939>		**2,524**
Losses on contracts	**236**		186	<156>		**266**
Fines/penalties	**418**	<55>	755	<123>	<15>	**981**
Other risks	**1,107**	54	276	<182>		**1,256**
Tax	**0**			<7>	7	**0**
Other expenses	**738**	<1>	97	<538>	<10>	**286**
Other provisions	**5,241**	**16**	**2,242**	**<1,945>**	**<18>**	**5,536**
Total	**10,861**	**16**	**4,458**	**<2,103>**	**<229>**	**13,003**

Provisions for other risks are comprised primarily of tax and sales-related lawsuit contingency provisions.

At December 31, 2015, ACTIA Group had no noteworthy material contingent liability to be disclosed.

In line with IAS 19 - Employee Benefits, the pension provision recognized in balance sheet shareholders' equity and liabilities is designed to show the pension benefit vested for staff members at period-end. A provision is recorded for the full amount of pension benefit obligations which are not covered by dedicated assets.

In 2015, provisions for pension and other non-current employee benefits rose €140,000 to 7,607,000 at December 31, 2015. This increase in the provision reflects the following items:

- Service cost: €471,000
- Finance cost: €173,000
- Actuarial gains and losses: <€504,000>

The actuarial gain recognized in OCI (Other Comprehensive Income) results from the change in the:

- discount rate of 2.03 % (1.49 % in 2014) for French companies and 6.60% (6.50 in 2014) for Tunisian companies.

The other assumptions have not changed:

- Retirement age: 67 for French companies and 60 for Tunisian companies;
- Salary escalation rate; 2.25% for French companies, 3% for Tunisian companies
- Mortality table: INSEE 2007:

Age of employee	20	30	40	50	60	65
Life expectancy for men (%)	99,076	98,187	96,849	93,532	86,496	81,202
Life expectancy for women (%)	99,382	99,080	98,464	96,858	93,667	91,188

- Low or high turnover rates according to the companies and employee category (management or non-management) :

Age of employee	20	30	40	50	60	65
Low turnover rate:	5.80%	2.77%	2.04%	0.10%	0.05%	0.00%
High turnover rate (management and non-management staff)	18.30%	10.90%	6.30%	4.20%	1.00%	0.00%

A study of the sensitivity of a change in the discount rate indicates that:

- A 1% increase would have a positive impact on consolidated income of €882,000;
- A 1% decrease would have a negative impact on consolidated income of <€1,070,000>.

Provisions for retirement liabilities amounted to:	**2015**	**2014**
All French subsidiaries of the Group	€6,245,000	€6,218,000
For the Italian subsidiary	€1,206,000	€1,111,000
For the Group's Tunisian subsidiaries	€156,000	€138,000

Provisions for pension liabilities at the balance sheet dates of preceding years were as follows:

- At December 31, 2014 €7,467,000;
- At December 31, 2013 €5,620,000;

Retirement liabilities at the end of the next fiscal period (12/31/2016) should total approximately €7,008,000.

Retirement severance payments paid in fiscal 2015 amounted to €148,000.

Concerning defined contribution schemes, pension contributions paid for fiscal 2015 totaled €3,318,000 versus €3,181,000 for 2014.

NOTE 16. OTHER CURRENT FINANCIAL LIABILITIES

A breakdown of **other current financial liabilities** is presented below:

(€ thousands)	Net value at 12/31/2014	Change in the period	Changes in scope	Impact of changes in exchange rates	Net value at 12/31/2015
Accounts payable on goods and services	**45,462**	**927**	**3,856**	**158**	**50,403**
Advances and prepayments received	**7,637**	<1,957>		24	**5,704**
Amounts payable to payroll tax agencies	**17,036**	734		104	**17,874**
Tax payables (other than income tax)	**6,590**	<51>		69	**6,608**
Other operating liabilities	**31,263**	**<1,274>**	**0**	**197**	**30,186**
Tax payables (income tax)	**1,083**	**140**		**9**	**1,232**
Liabilities on non-current assets	**1**	32		0	**33**
Creditor curr. accs	**18**	73		<1>	**90**
Other miscellaneous liabilities	**672**	<533>		<6>	**132**
Miscellaneous liabilities	**690**	**<428>**	**0**	**<7>**	**255**
Total	**78,498**	**<636>**	**3,856**	**357**	**82,076**

Advances and prepayments received on orders that decreased by €1,933,000 in 2015 included mainly:

	2015	2014
❖ ACTIA Automotive	€355,000	€270,000
❖ ACTIA I+ME	€3,683,000	€4,272,000
❖ ACTIA Automotive	€1,263,000	€1,834,000

NOTE 17. OPERATING SEGMENTS

In compliance with IFRS 8, information provided by operating sector is based on the management approach, i.e. the method used by Management to allocate resources according to the performances of different sectors. At ACTIA Group, the Chairman of the Executive Board is the entity's chief operating decision-maker. The Group has two segments that propose different products and services and are managed separately as they require different technological and commercial strategies. The activities covered by the different segments can be summarized as follows:

- The Automotive segment includes "Original Equipment Manufacturers", "Aftermarket" and "Manufacturing Design & Services";
- The Telecommunications segment that includes Satcom (SAT), Energy, Aeronautics, Defense (EAD), Broadcast, Railways, Transport (BRT) and Infrastructure, Networks, Telecom (INT).

In addition to these two operating segments there are two other headings:

- "Other" that includes the holding company, ACTIA Group S.A., and the real estate investment company, SCI Les Coteaux de Pouvourville (accounted for under the equity method).

In 2015, the breakdown of key line items by operating segment was as follows:

(€ thousands)	12/31/2015			
	Automotive segment	Telecom segment	Other	Group consolidated financial data
Revenue				
(Sales)				
* Non-Group (external clients)	347,808	33,313	88	**381,208**
Purchases consumed	<192,989>	<10,601>	<285>	**<203,875>**
Staff costs	<80,663>	<13,314>	<818>	**<94,795>**
External charges	<45,570>	<4,365>	<2,862>	**<52,797>**
Allowances for amortization (A)	<12,572>	<1,110>	<3>	**<13,685>**
Current operating income	**19,115**	**1,538**	**<841>**	**19,812**
Goodwill impairment (C)	<118>	0	0	**<118>**
Operating profit/(loss)	**18,859**	**1,757**	**<864>**	**19,752**
Interest expense and other financial charges (B)	<2,371>	<85>	<164>	**<2,620>**
Tax (D)	<1,388>	<150>	<95>	**<1,633>**
NET INCOME / (LOSS) (E)	**15,083**	**1,554**	**<476>**	**16,160**
EBITDA (F) = (E)-(A)-(B)-(C)-(D)	**31,533**	**2,898**	**<215>**	**34,216**
SEGMENT ASSETS				
Non-current assets	85,747	17,643	608	**103,998**
Inventories	80,755	9,973	0	**90,728**
Accounts receivable	92,314	17,000	2	**109,315**
Other current receivables	11,617	1,613	76	**13,306**
Cash and cash equivalents	19,295	1,541	202	**21,039**
TOTAL SEGMENT ASSETS	**289,729**	**47,769**	**888**	**338,386**
CAPITAL EXPENDITURES				
Intangible assets	9,422	1,804	1	**11,227**
Property, plant and equipment	7,162	205	0	**7,368**
Financial assets	11	42	0	**53**
TOTAL CAPITAL EXPENDITURES	**16,595**	**2,051**	**1**	**18,647**
SEGMENT LIABILITIES				
Non-current liabilities	47,540	4,487	4,580	**56,607**
Current financial liabilities	66,751	1,386	6,728	**74,865**
Accounts payable	45,539	3,969	895	**50,403**
Other current liabilities	34,831	9,970	706	**45,507**
TOTAL SEGMENT LIABILITIES	**194,661**	**19,812**	**12,910**	**227,382**

In 2014, the breakdown of key line items by operating segment was as follows:

(€ thousands)	12/31/2014			
	Automotive segment	Telecom segment	Other	Group consolidated financial data
Revenue				
(Sales)				
* Non-Group (external clients)	300,728	39,088	77	**339,893**
Purchases consumed	<158,092>	<13,164>	<5>	**<171,262>**
Staff costs	<74,441>	<12,992>	<680>	**<88,114>**
External charges	<40,253>	<4,789>	<2,605>	**<47,647>**
Allowances for amortization (A)	<9,951>	<2,827>	<6>	**<12,784>**
Current operating income	**18,880**	**3,327**	**<724>**	**21,482**
Goodwill impairment (C)	0	0	0	**0**
Operating profit/(loss)	**18,927**	**3,149**	**<724>**	**21,351**
Interest expense and other financial charges (B)	<2,377>	<100>	<193>	**<2,669>**
Tax (D)	<4,560>	<92>	<66>	**<4,719>**
NET INCOME / (LOSS) (E)	**12,657**	**2,851**	**<382>**	**15,126**
EBITDA (F) = (E)-(A)-(B)-(C)-(D)	**29,545**	**5,871**	**<118>**	**35,298**
SEGMENT ASSETS				
Non-current assets	78,205	16,985	537	**95,727**
Inventories	66,330	10,370	0	**76,700**
Accounts receivable	79,612	17,451	6	**97,069**
Other current receivables	9,836	598	74	**10,508**
Cash and cash equivalents	21,608	2,517	375	**24,500**
TOTAL SEGMENT ASSETS	**255,592**	**47,920**	**993**	**304,505**
CAPITAL EXPENDITURES				
Intangible assets	8,024	1,282	0	**9,305**
Property, plant and equipment	6,526	255	19	**6,800**
Financial assets	12	0	0	**12**
TOTAL CAPITAL EXPENDITURES	**14,561**	**1,537**	**19**	**16,117**
SEGMENT LIABILITIES				
Non-current liabilities	38,011	4,161	5,110	**47,282**
Current financial liabilities	60,326	1,137	8,205	**69,669**
Accounts payable	41,275	3,400	787	**45,462**
Other current liabilities	34,700	11,686	689	**47,075**
TOTAL SEGMENT LIABILITIES	**174,312**	**20,385**	**14,790**	**209,487**

NOTE 18. CONSTRUCTION CONTRACTS

The breakdown for **construction contracts** of the Group in progress at December 31, 2015 is as follows:

(€ thousands)	12/31/2015	12/31/2014
Income recognized in the period	16,268	18,944
Advances and prepayments received (<Liabilities>)	<470>	<960>
Accounts receivable	3,954	2,161

NOTE 19. INCOME TAX

The breakdown for Group **income tax** aggregates is as follows:

(€ thousands)		12/31/2015	12/31/2014
Earnings (loss) of consolidated companies		16,017	14,998
Current tax <credit>		2,540	3,164
Deferred tax <credit>		<906>	1,555
o.w.	*Deferred tax arising from timing differences*	*<895>*	*1,582*
	Deferred tax on change in tax rate	*<11>*	*<27>*
Pretax earnings (loss) of consolidated companies		**17,650**	**19,717**

The table below provides an analysis of tax in the consolidated financial statements:

(€ thousands)		12/31/2015	12/31/2014
Theoretical income tax calculated at the standard rate in France	(theoretical tax rate: 33.33%)	5,883	6,572
Research tax credit		<1,067>	<1,030>
CICE wage tax credit		<369>	<356>
Tax on dividends		165	147
Impact on theoretical income tax of:			
- Tax rate differential (between French and foreign rates)		<835>	*<864>*
- Impact of changes in deferred tax rates		11	27
- Non-capitalized tax losses		816	414
- Change in outlook for utilization of tax losses		<2,615>	<139>
o.w.	*Income on the utilization of non-capitalized tax losses*	*<868>*	*<612>*
	Income on modification of capitalization of tax losses	*<1,500>*	*<488>*
	Losses on changes to capitalization of tax losses	*<247>*	*961*
- Tax on capital gains		0	0
- Adjustment of prior year's tax		<367>	<18>
- Adjustment of current year's tax		<144>	0
- Other (including permanent differences)		154	<34>
Income tax recognized	(actual tax rate: 9.25%)	**1,633**	**4,719**

This information is presented in Note 10 to the consolidated financial statements on "Deferred taxes".

NOTE 20. NOTE ON NET FINANCIAL EXPENSE

Net financial expense breaks down as follows:

(€ thousands)		12/31/2015	12/31/2014
Income on cash and cash equivalents		73	25
Interest expense and other financial charges		<2,620>	<2,669>
o.w.	*Interest expense on financial liabilities*	*<2,620>*	*<2,669>*
Other financial income		1,381	1,806
o.w.	*Interest income*	*91*	*66*
	Dividends received	*12*	*27*
	Income from financial instruments	*1,237*	*1,640*
Other financial expenses		<936>	<797>
o.w.	*Expenses on financial instruments*	*<632>*	*<797>*
Net financial expense		**<2,102>**	**<1,635>**

NOTE 21. RELATED-PARTY TRANSACTIONS

Related party transactions with ACTIA Group have been defined in accordance with IAS 24 and are presented below along with details of transactions in fiscal 2015.

Note 21.1 With the holding company: LP2C S.A.

The **scope of relations** with LP2C is defined in an agreement signed between the two companies on June 14, 2013:

- Recurring assignments concern:
  - Group general strategy and management;
  - Business coordination support;
  - Communications support;
  - Accounting, legal and administrative support; and
  - Financial support.
- Periodic assignments: ACTIA Group may ask LP2C to carry out on its behalf specific, clearly defined assignments for limited durations not typically included in the services listed above. These periodic assignments shall be subject to a new agreement prepared in the same manner and terms as the contract governing the recurring assignments and must be authorized in advance by the Board.

This agreement is concluded for a fixed period of five years from January 1, 2013 to December 31, 2017.

The **financial details** for 2015 are set out below:

(€ thousands)		Dedicated staff (No. of persons)	2015
Recurring assignments			**1,951**
o.w.	*Management support*	*4*	*467*
	Business coordination support	*5*	*768*
	Communications support	*5*	*214*
	Accounting, legal and administrative support	*5*	*352*
	Financial support	*4*	*150*
Non-recurring assignments		-	

The **financial details** for 2014 are set out below:

(€ thousands)		Dedicated staff (No. of persons)	2014
Recurring assignments			**1,721**
o.w.	*Management support*	*4*	*412*
	Business coordination support	*5*	*698*
	Communications support	*5*	*187*
	Accounting, legal and administrative support	*5*	*298*
	Financial support	*4*	*126*
Non-recurring assignments		-	

No particular benefit was granted under this agreement.

This agreement is also covered in Section 5.16.3 "Special Report of the Statutory Auditors on regulated agreements and commitments" of the Registration Document.

The financial details concerning key balance sheet aggregates are set out below:

(€ thousands)		2015	2014
Net transaction amount (<expense>)		**<1,858>**	**<1,639>**
o.w.	*Invoicing agreement*	*<1,951>*	*<1,720>*
	Sundry services to the holding company	*93*	*81*
Net balance sheet amount (<liability>)		**<804>**	**<696>**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*<804>*	*<696>*
	Trade receivables	*0*	*0*
Invoicing terms		Quarterly	Quarterly
Payment terms		Immediate	Immediate
Impairment of doubtful accounts		**0**	**0**

Note 21.2 With equity-method associates

Relations between SCI Los Olivos, SCI Les Coteaux de Pouvourville and the Group relate to **real estate operations**:

- SCI Los Olivos owns land and a building in Getafe (Spain) leased to ACTIA System,
- SCI Les Coteaux de Pouvourville has a leaseback agreement with CMCIC Lease and OSEO Financement and subleases this land and the buildings in Toulouse (31) to ACTIA Group and ACTIA Automotive in proportion to floor space used.

The financial details concerning SCI Los Olivos are set out below:

(€ thousands)		2015	2014
Net transaction amount (<expense>)		**126**	**132**
o.w.	*Rental charges*	*126*	*132*
	Interest expense and other financial charges	*0*	*0*
Net balance sheet amount (<liability>)		**0**	**<20>**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*0*	*<20>*
	Trade receivables	*0*	*0*
Invoicing terms		Monthly	Monthly
Payment terms		Immediate	Immediate
Impairment of doubtful accounts		**0**	**0**

The financial details concerning SCI Les Coteaux de Pouvourville are set out below:

(€ thousands)		2015	2014
Net transaction amount (<expense>)		**<802>**	**<791>**
o.w.	*Rental charges*	*<764>*	*<761>*
	Chargebacks of misc. expenses	*<74>*	*<66>*
	Building security charges	*36*	*36*
Net balance sheet amount (<liability>)		**43**	**43**
o.w.	*Current accounts*	*0*	*0*
	Accounts payable	*0*	*0*
	Trade receivables	*43*	*43*
Invoicing terms		Quarterly	Quarterly
Payment terms		Immediate	Immediate
Impairment of doubtful accounts		**0**	**0**

Note 21.3 With subsidiaries

These are companies included in the Group's scope of consolidation (see Note 2 to the consolidated financial statements on “Consolidated Companies”).

All transactions with subsidiaries are wholly eliminated in the consolidated financial statements, as are all transactions between fully consolidated subsidiaries of the Group. They are varied in nature:

- Purchase or sale of goods and services;
- Leasing of premises;
- Transfer of research and development;
- Purchase or sale of capitalized assets;
- License agreements;
- Management fees;
- Current accounts;
- Loans....

Note 21.4 With members of management bodies

This involves remuneration paid to **corporate officers of ACTIA Group S.A.:**

- By ACTIA Group: Members of the Executive Board and the Supervisory Board;
- By the controlling company LP2C: Members of the Executive Board and the Supervisory Board;
- By the control Companies, subsidiaries of ACTIA Group.

The **breakdown of remuneration paid** to corporate officers is set out below:

(€ thousands)		2015	2014
Remuneration of corporate officers		**424**	**553**
o.w.	*Fixed*	*366*	*456*
	Variable	*50*	*91*
	Non-recurring	*0*	*0*
	Benefits in kind	*8*	*6*
Other remuneration of non-executive corporate officers		**176**	**174**
Directors’ fees		**0**	**0**
Total		**599**	**727**

To date, no stock option plan is in force in ACTIA Group S.A or in other Group companies.

Information relating to retirement plans, amounts paid on retirement as well as other benefits is provided in Section 5.15.1 “Remuneration and directors’ fees” of the Registration Document.

Note 21.5 With other related parties

- GIE PERENEO

ACTIA Automotive S.A. owns 50% of GIE PERENEO. The goal of this economic interest grouping (EEIG) is to provide operating maintenance services (OMS) and to extend the lifespan of electronic systems, Cassidian Tests & Services, join-partner of the EEIG.

The **financial details relating to transactions** with GIE Pereneo are set out below:

(€ thousands)	12/31/2015	12/31/2014
Amount of transaction (<expense>)	1,735	1,632
Balance sheet amount (<liability>)	903	948
Payment terms	Immediate	Immediate
Impairment of doubtful accounts	0	0

Key financial aggregates for GIE PERENEO are set out below:

(€ thousands)	12/31/2015	12/31/2014
Total assets	2,069	3,567
Liabilities	2,033	3,543
Sales	4,429	4,614
Net income / (loss)	12	6

NOTE 22. HEADCOUNT

Headcount at December 31	2015	2014
France	1,005	974
Foreign operations	2,062	1,788
Total	**3,067**	**2,762**

The breakdown of headcount by operating segment at December 31, 2015 was as follows:

Headcount at December 31	Management staff	Non-Management	Total
AUTOMOTIVE	944	1,880	2,824
TELECOMMUNICATIONS	124	113	237
Other (including holding company)	4	2	6
Total	**1,072**	**1,995**	**3,067**

For further information, see Section 5.7.1 "Employees" of the Registration Document.

NOTE 23. OFF-BALANCE-SHEET COMMITMENTS

Off-balance-sheet commitments break down as follows:

(€ thousands)	12/31/2015	12/31/2014
Commitments received		
Bank guarantees	3,553	613
Total commitments received	**3,553**	**613**

The above information does not include:

- Amounts owed under finance leases dealt with in Note 12 “Financial liabilities” to the consolidated financial statements;
- Commitments relating to capital leases and operating leases presented in Note 26 “Other information” to the consolidated financial statements;
- Interest on borrowings presented in Note 12 “Financial liabilities” to the consolidated financial statements;
- Commitments relating to forward currency sales and interest rate swaps described in Note 9.2 to the consolidated financial statements on “Financial instruments at fair value through profit or loss”.

NOTE 24. ENCUMBERED ASSETS

Encumbered assets are assets used as collateral for balance sheet liabilities. They break down as follows:

(€ thousands)	12/31/2015				12/31/2014			
	Automotive Division	Telecom-munications Division	Other subsidiaries	Total	Automotive Division	Telecom-munications Division	Other subsidiaries	Total
Participating interests in consolidated companies (*)	199	1,290	0	**1,489**	199	1,290	0	**1,489**
Balance of debt guarantee	*339*	*0*	*0*	***339***	*632*	*0*	*0*	***632***
Trade receivables pledged	34,540	0	0	**34,540**	31,063	0	0	**31,063**
o.w. Dailly-type, guaranteed	*15,096*	*0*	*0*	***15,096***	*10,343*	*0*	*0*	***10,343***
Dailly-type, with recourse	*19,444*	*0*	*0*	***19,444***	*20,720*	*0*	*0*	***20,720***
Bills discounted not yet due	*0*	*0*	*0*	***0***	*0*	*0*	*0*	***0***
Pledges on CIR & CICE tax credits	8,973	0	0	**8,973**	7,352	0	0	**7,352**
Inventory pledged	9	0	0	**9**	9	0	0	**9**
Other receivables pledged	0	0	0	**0**	0	0	0	**0**
Equipment pledged	1,680	0	0	**1,680**	1,980	0	0	**1,980**
Mortgages / pledges (land / buildings)	4,621	0	0	**4,621**	5,334	0	0	**5,334**
Total	**50,023**	**1,290**	**0**	**51,312**	**45,937**	**1,290**	**0**	**47,226**

(*) Carrying value of pledged securities

NOTE 25. RISK FACTORS

In addition to the other information set out in the Registration Document, shareholders and potential shareholders should carefully consider the factors set out below when assessing the Group and its business activities.

ACTIA Group has conducted assessments of risks that could have a material adverse effect on its business, financial position, results and ability to meet its objectives. This section presents the relevant material risk factors identified as of the date of publication of the Registration Document. ACTIA Group does not consider that there exist material risks other than those presented below.

Note 25.1 Legal and tax risks

There do not exist, to the best of our knowledge, any legal or tax risks relating to the regulatory environment and/or the performance of contracts that could or have had in the last 12 months a material impact on the Group's financial position or profitability.

Note 25.2 Industrial and environmental risks

As mentioned in our environmental report included in the Registration Document in Section 5.7.2 “The environmental impact of the business activities” therein, the Group does not have any particular exposure to environmental risks.

The Group's activities do not pose any material risks to the environment and the Group is not subject to any actual regulatory constraints specifically related to its business.

Note 25.3 Credit and/or counterparty risks

Because of both the profile of its main counterparties, the solvency of its main customers and the highly diversified nature of its other customers, the Group's exposure to credit risk is limited. The ten largest customers account for 51.8 % of total sales. The largest customer in terms of sales accounts for 10.1 % of total Group revenue. It is important to note that these entities are in most cases international groups with many subsidiaries operating in differentiated markets both in terms of legal form (subsidiaries/divisions) and products addressing the needs of independent segments. The next nine customers account for percentages of between 9.8 % and 2.3 % of consolidated revenue. This situation did not change significantly in 2015 despite growth in business and the entry in the top three a customer that was not among the top ten in 2014.

The Group does not anticipate any material risks relating to customer default with respect to amounts not accrued for financial receivables due (see NOTE 8 "Accounts receivable" to the consolidated financial statements).

Furthermore, the Group may have recourse to credit insurers in certain cases. In 2015, credit insurance covered 3 % of consolidated sales generating a total expense of €24,000.

For specific geographic areas subject to particular risks, product deliveries are assured by means of recognized tools such as documentary credit facilities. These deliveries however concerned amounts of only 0.4 % of sales in 2015.

Note 25.4 Operational risks

As indicated above in this document (see Sections 3.2, 4.2, 5.2.3, 5.3, 5.14.3 and Note 2 "Consolidated Financial Statements" to the consolidated financial statements), the Automotive division was impacted by the merger of ACTIA Muller into ACTIA Automotive resulting in a new organization for the division divided into three departments:

- OEM – Original Equipment Manufacturers (vehicle manufacturers);
- Aftermarket;
- MDS – Manufacturing Design & Services, covering the manufacturing design, scale up and electronic production for third parties.

This development represents a new step forward for deploying ACTIA® solutions, in particular in the fleet management sector.

However, in line with measures undertaken for improving the Group's performance in terms of quality and productivity, efforts have continued to focus on the plants and executing the inventory action plan, and also strengthening certain subsidiaries, without however having reached the target for stability.

With continuing growth at a sustained pace, the impact of the EUR/USD exchange rate on the price of components and the need to carry out last buy orders for components reaching the end of their manufacturing lifecycle, the inventory of raw materials increased significantly (+24.6%). The implementation of larger buffer stocks at the request of customers, particularly in the light vehicle segment, also led to an increase in our own buffer stocks (+14.7%) that outpaced the growth in Group business (+12.2%). Significantly impacting working capital requirements, this area is among the priorities for action for all Group companies.

No particular risks were identified with respect to relations with suppliers. Measures undertaken since 2012 with the main suppliers to provide for consignment stock for the primary Tunisian manufacturing structure has not yet had a significant impact on the organization of the inventory. This very complicated subject with regards to its legal, organizational, IT and logistics implementation was able to be initiated with a supplier. New agreements are expected to be signed in the 2016 first half, and building on the experience acquired to date, should be able to be implemented by year end.

Despite constant growth in the size of R&D teams, (+13.4% in number of employees), the Group continues to subcontract outside R&D resources, particularly for areas involving cutting edge technological areas and during periods of peak activity, as in 2015, when teams were solicited to work on projects directly related to a customer development and also on the Group's own projects.

It should be specified that trends with respect to political developments in Tunisia have reinforced the Group's position in this country. There were no disruptions in either production or R&D in 2015, and local teams focus on continuous improvements in processes and quality for the renewed recognition of our know-how from customers.

Note 25.5 Liquidity risks

The Company is carrying out a specific review of its liquidity risk and considers that it is able to honor its future debt obligations. By performing reviews on a regular basis in this matter, rapid responses can be adopted as necessary.

A detailed analysis of financial liabilities, cash, net debt and other financial liabilities including interest-bearing debt is presented in Note 12 to the consolidated financial statements on "Financial liabilities".

Liquidity risk for ACTIA Group is concentrated with the ACTIA Group parent company and its subsidiary ACTIA Automotive that account for 83.0 % of total debt. Furthermore, dependency on lenders is limited by diversifying sources of financing.

In 2015, Group recourse to short-term financing increased by €1,121,000:

- Accounts receivable financing (Dailly-type): + €678,000
- Overdraft facility: <€1,257,000>
- CIR research tax credit financing: + €984,000
- CICE wage tax credit financing: + €637,000
- Cash credit lines: + €79,000

The level of gross debt increased by €14,098,000

It should be noted that the increase in collateralized research tax credits (RTC) in 2015 reflects difference between the 2014 tax credit collateralized in 2015 and the 2010 tax credit repaid by the French government in 2015. Total collateralized research tax credits amounted to €7,236,000.

Furthermore, cash and cash equivalents declined by <€3.5 million> (see Note 9.1 "Cash and cash equivalents" to the consolidated financial statements), highlighting the considerable pressure on working capital with changes in working capital increasing by €10.3 million (<€23.3 million> in 2015, compared to <€13.0 million> in 2014).Given the very low level of market yields and the allocation of cash available within the Group, ACTIA Group has used its cash and reduced the use of its overdraft facilities. Overall, its banking partners maintained their short-term credit lines in 2015, with increase authorizations for the collateralization of receivables in all forms ("Dailly" receivables, factoring, CIR / CICE tax credit receivables).

All non-current debt are in compliance with the financial ratios (see Note 12 to the consolidated financial statements, "Financial liabilities").

The level of debt, in particular excluding the collateralization of receivables (see Note 12 "Financial liabilities" to the consolidated financial statements) and the continuing improvement in equity provides confirmation that the liquidity risk is effectively managed by the Group.

A detailed analysis of financial assets and liabilities is provided in Note 11 to the consolidated financial statements on “Financial assets and liabilities" and presented in the following table by maturity:

- At December 31, 2015:

(€ thousands)	< 12/31/2016	>01/01/2017 <12/31/2020	> 01/01/2021	Total
Total financial assets	138,025	10,239	789	**149,053**
Total financial liabilities	<125,774>	<43,791>	<2,370>	**<171,935>**
Net position before hedging	**12,251**	**<33,552>**	**<1,582>**	**<22,882>**
Off-balance-sheet commitments	<3,553>			**<3,553>**
Net position after hedging	**8,698**	**<33,552>**	**<1,582>**	**<26,435>**

- At December 31, 2014:

(€ thousands)	< 12/31/2015	>01/01/2016 <12/31/2019	>01/01/2020	Total
Total financial assets	127,720	8,701	732	**137,153**
Total financial liabilities	<116,499>	<35,422>	<1,837>	**<153,758>**
Net position before hedging	**11,221**	**<26,721>**	**<1,105>**	**<16,605>**
Off-balance-sheet commitments	<613>			**<613>**
Net position after hedging	**10,608**	**<26,721>**	**<1,105>**	**<17,218>**

For ACTIA Group, an entity's risk of experiencing difficulties in meeting its financial obligations is linked to the level of amounts invoiced and receivables collection. In this respect, there are no difficulties to be reported.

ACTIA Group companies independently manage their cash needs. The parent company only intervenes in the event of difficulties. The cash is generated from the company’s operating activities and sometimes from bank lines put in place locally. Significant investments are decided at the level of Management (buildings, plant and machinery, significant R&D projects) financed partially through borrowing or lease financing by the entity concerned. ACTIA Automotive S.A., as the head of the Automotive division, sometimes finances major capital expenditure programs for its subsidiaries (for example, a telematics equipment investment for ACTIA Nordic).

In 2015, in response to the sharp increase in interest rates by banks in Brazil and, for several months, the Group has decided to carry the short term financing needs of the structure from France and provide it with the funds required to cover its operating activity, through current account advances from its parent company. In this way, significant savings will be achieved in terms of bank interest starting in 2016 (approximately €250,000).

Lastly, the Group benefits from cash surpluses at certain subsidiaries, and has established bilateral treasury management agreements.

To date, ACTIA Automotive S.A. has signed master agreements for cash pooling with its subsidiaries ACTIA Systems (Spain), I+Me ACTIA (Germany), ACTIA Italia (Italy) and ACTIA PCs (France) to optimize surplus cash flows within the Group. In 2015, ACTIA Automotive S.A had cash of €1,900,000 originating from its subsidiaries:

- ACTIA PCs: €900,000,
- ACTIA I+Me: €1,000,000

At December 31, 2015, a balance of €1.0 million remained available for ACTIA Automotive S.A. and will be largely repaid in the first half of 2016.

Similarly, ACTIA Telecom executed a bilateral cash pooling agreement with its parent company ACTIA Group S.A. for €3.0 million, with €2.0 million used at December 31, 2015.

It should be noted that the purpose of these cash pooling agreements is to make use of available cash within the Group to limit recourse to short-term financing facilities and in this way reduce financial expenses. As such, they do not involve the transfer of bank loans to the subsidiaries.

Note 25.6 Market risks

- Interest rate risk

The Company has conducted an analysis of its interest rate risk. Figures obtained from this analysis are provided below:

(€ thousands)	Financial assets* (a)		Financial liabilities* (b)		Net position before hedging (c) = (a) - (b)		Interest rate risk hedges (d)		Net position after hedging (e) = (c) + (d)	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
< 1 year	138,025		62,867	62,906	75,158	<62,906>	21,000	<21,000>	**54,158**	**<41,906>**
1 to 2 years	3,239		7,412	9,789	<4,173>	<9,789>			**<4,173>**	**<9,789>**
2 to 3 years	3,292		6,384	6,942	<3,092>	<6,942>			**<3,092>**	**<6,942>**
3 to 4 years	3,708		4,984	4,097	<1,276>	<4,097>			**<1,276>**	**<4,097>**
4 to 5 years			2,975	1,207	<2,975>	<1,207>			**<2,975>**	**<1,207>**
> 5 years	789		2,370		<1,582>	0			**<1,582>**	**0**
Total	**149,053**	**0**	**86,992**	**84,943**	**62,060**	**<84,943>**	**21,000**	**<21,000>**	**41,060**	**<63,943>**

* Detailed information on financial assets and liabilities is provided in Note 11 to the consolidated financial statements.

At Group level, the control is carried out on the breakdown of total interest rate risk to ensure that interest expense on bank remains at a reasonable levels.

In most cases, bank borrowings are obtained at variable rates and the benchmark rate is the 3-month Euribor. The breakdown of financial liabilities between variable and fixed rate debt is set out in Note 12 "Financial liabilities" to the consolidated financial statements. Anticipating a significant decline in interest rate hedging instruments at the end of 2015 and early 2016, ACTIA Group obtained four one-year forward-start interest rate swaps, half of which amortizing and the other half, payable on maturity (bullet structure). However, given the level of market interest rates, and not expecting a significant rise in the short-term, the Group did not consider it necessary to hedge all its floating-rate debt exposure. Tools will gradually be put into place in order to benefit from the exceptionally low interest rates, with the lowest possible risk.

With that objective, the Group has made use of hedging instruments which reduced the variable portion of its bank borrowings to 46 %. The characteristics of interest rate swaps obtained by ACTIA Automotive S.A. are described in Note 9.2 to the consolidated financial statements on "Financial instruments at fair value through profit or loss".

The sensitivity to a 1 % increase or decrease in the benchmark has been calculated on a post-hedging basis. Detailed figures on the basis of this analysis are presented below:

(€ thousands)	12/31/2015	
	Impact on pretax earnings	Impact on shareholders' equity before tax
Impact of a 1% increase in interest rates	<639>	<639>
Impact of a 1% decrease in interest rates	639	639

It is important to note that many banks impose a floor of 0% which prevents ACTIA Group from taking advantage of the financial market's negative rates.

- Exchange rate risk

Foreign currency-denominated commercial and financial transactions present a systematic exchange rate risk.

The Group invoices in euros all inter-company flows in countries with the highest currency risks and limits customer payment terms in countries with weakening currencies.

For transactions denominated in foreign currencies (for example in US dollars (USD) or Japanese yens (JPY) denominated purchases or sales by Euro zone entities), the companies involved manage their exchange rate risks independently, putting in place exchange rate hedges when necessary.
At December 31, 2015, ACTIA Automotive, the main buying entity of the Group, obtained foreign exchange hedges for which details are presented in Note 9.2 to the consolidated financial statements "Financial instruments at fair value through profit or loss" for the purpose of ensuring an average purchase price for US dollars (USD) for 2016 to better respond to constraints with respect to the sale prices of products sold to its customers.

Since 2015, very rapid movements in the EUR/USD exchange rate have had very different impacts depending on the approaches adopted by the Group from a short-term or medium-term perspective:

- For the short term, this trend adversely impacted component purchases that are in part bought in US dollars and largely manufactured in US dollar regions. Beyond the use of hedging instruments to limit the impact of rapid changes in exchange rates, measures were implemented with suppliers as well as customers to make the necessary price adjustments. However, in light of our size relative to our customers and suppliers, few products benefited from price adjustments in our favor.
- For the medium-term, changes in exchange rates must enable the Group to restore its competitiveness in international calls for tender but with a time lag of 18 months to 3 years at the level of revenue, reflecting the development (R&D) and industrialization cycle.

In response to this sudden difficulty, and through the active hedging strategy in force for several months, ACTIA Group was able to preserve a portion of its margins with an average exchange rate for purchases of 1.171 compared to 1.110 had the Group purchased dollars on the spot market. However, compared to the average purchase price for 2014 of 1.342, the impact is significant in the case of growing business volume.

The Company has conducted an analysis of its **interest foreign exchange risk** for accounts receivable and payable. Figures obtained from this analysis are provided below:

(€ thousands)	Trade receivables (Gross amounts) (a)	Trade payables (b)	Off-balance-sheet commitments (c)	Net position before hedging (d)=(a)+(b)+(c)	Financial hedging instruments (e)	Net position after hedging (f)=(d)+(e)
EUR	97,970	<36,582>	0	61,388		61,388
USD	3,623	<8,328>		<4,705>	6,320	1,615
Other currencies	9,937	<5,492>		4,444	145	4,590
Total	**111,530**	**<50,403>**	**0**	**61,127**	**6,465**	**67,592**

The majority of transactions are accordingly in euros. The analysis of the sensitivity to a 1 % increase or decrease in foreign exchange rates was performed on the US dollar, the second currency most used within the Group. The nine other currencies grouped together in the above table under "Other currencies" do not present a material risk.

The sensitivity to a 1 % increase or decrease in the EUR/USD exchange rate has been calculated on a post-hedging basis. Detailed figures on the basis of this analysis are presented below:

(€ thousands)		Impact on pretax earnings		Impact on shareholders' equity before tax	
		Increase of 1%	Decrease of 1%	Increase of 1%	Decrease of 1%
Net position after hedging in USD		1,615	1,615	1,615	1,615
USD	0.91853	0.92772	0.90934	0.92772	0.90934
Estimated risk		**+ 15**	**-15**	**+ 15**	**-15**

❖ Risks on equities and other financial instruments

There are no investments in equities. Only a limited number of own shares are held for ACTIA Group S.A (see Note 3.7 to the separate financial statements "Treasury shares"). No financial instruments have been implemented other than those in connection with interest rate and foreign exchange hedging (see Note 9.2 to the consolidated financial statements on “Financial instruments at fair value through profit or loss”).

❖ Raw material sourcing and energy supply risks

ACTIA Group does not implement hedges in connection with the sourcing of raw materials and/or energy. In effect, because the Group does not engage in purchases of source materials it is therefore not directly impacted by the current pressure on supplies in certain markets.

Because the Group's energy consumption requirements are limited (see Section 5.7.2 "Consumption and waste" of the Registration Document), price increases in this area would not have a significant impact on the cost structure.

❖ Financing strategy

The Group's expertise is based on an active innovation strategy, with research and development accounting for two thirds of investments. This priority guides our financing strategy that is broken down into two parts:

- Medium-term financing: The Group has recourse to this type of funding to ensure the sustainability of its developments and lay the foundations for its future. In particular, medium-term financing is arranged in the form of bank loans or finance leases for average terms of 4 to 5 years. They are destined in particular to finance key strategic R&D projects representing approximately 35% to 45 % of the Group's R&D expenditures (see Section 5.6 "Investments" of the Registration Document). The remaining R&D financing is assured either by customers through different forms of public aid (grants, advances, research tax credits) or equity financing. Other investments concern the renewal of equipment to maintain high quality standards and manufacturing capacity for the Group's products that as a general rule are financed through capital leases (France) or medium-term loans (Tunisia).
- Short-term financing: short-term credit lines that are generally subject to requests for renewal, have remained stable for several years, except for trade receivables financing that is adapted to business trends. These tools are used to manage working capital requirements.

It should be short-term credit lines are rarely notified. The Group has accordingly requested that they be renewed on the same basis and has not experienced any difficulties as of December 31 with regards to these lines.

NOTE 26. OTHER INFORMATION

- Operating leases

Operating leases mainly relate to lease agreements for buildings, vehicles and IT equipment.

At December 31, 2015, the minimum future lease payments under these operating leases are as follows:

(€ thousands)	12/31/2015			
	< 12/31/2016	>01/01/2017 <12/31/2020	>01/01/2021	Total
Buildings	1,091	1,566	92	**2,749**
Equipment and vehicles	783	603	14	**1,400**
Total	**1,874**	**2,169**	**106**	**4,149**

At December 31, 2014:

(€ thousands)	12/31/2014			
	< 12/31/2015	>01/01/2016 <12/31/2019	>01/01/2020	Total
Buildings	1,143	2,488	305	**3,935**
Equipment and vehicles	902	859	18	**1,779**
Total	**2,045**	**3,346**	**323**	**5,714**

- Finance leases

Finance leases relate to software, buildings and plant and equipment leases.

At December 31, 2015, the minimum future lease payments under these agreements are as follows:

(€ thousands)	12/31/2015			
	< 12/31/2016	>01/01/2017 <12/31/2020	>01/01/2021	Total
Software				**0**
Buildings	669	359		**1,029**
Plant and equipment	672	1,712	384	**2,768**
Total	**1,342**	**2,071**	**384**	**3,797**

- At December 31, 2014:

(€ thousands)	12/31/2014			
	< 12/31/2015	>01/01/2016 <12/31/2019	>01/01/2020	Total
Software				**0**
Buildings	639	1,029		**1,668**
Plant and equipment	415	808	0	**1,224**
Total	**1,055**	**1,837**	**0**	**2,892**

NOTE 27. EVENTS AFTER THE BALANCE SHEET DATE

There have been no noteworthy events to report since December 31, 2015.

7.1.8 Report of the Statutory Auditors on the consolidated financial statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In accordance with our appointment as Statutory Auditors by your Annual General Meeting, we hereby present you with our report for the financial year ended December 31, 2015 on

- The audit of the consolidated financial statements of ACTIA Group S.A. enclosed herewith;
- The justification of our assessments,
- The specific procedures and disclosures required by law.

These consolidated financial statements were prepared by the Executive Board. Our role is to express an opinion on these annual financial statements based on our audit.

Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatements. An audit includes examining, on a test basis as well through the use of other methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

In our opinion, the financial statements for the fiscal year ended December 31, 2015 give a true and fair view of the assets, financial position and the results of the companies and entities comprising the consolidated group, in accordance with IFRS standards as adopted by the European Union.

Justification of our assessments

In application of the terms of Article L.823-9 of the French commercial code relating to the basis of our assessments, we bring to your attention the following matters:

- In performing our assessment of the accounting policies applied by your Company, we have verified the criteria adopted for capitalizing development expenditures as well as those applied for their amortization and the estimation of recoverable value. We have also verified that Note 1.7 of Section 7.1.7 to the financial statements provides the appropriate disclosures;
- Note 1.5 of Section 7.1.7 to the financial statements describes the revenue recognition method used for long-term contracts and studies in progress spread over several periods that involves in part the use of estimates. Our work has consisted in assessing the data and assumptions on which estimated results on completion of these contracts are based, reviewing the company's calculations, comparing estimates of previous years with the actual results and reviewing the procedures for their approval by the company;
- The company systematically tests goodwill for impairment at the end of each reporting period according to the procedures described in Note 1.10 of Section 7.1.7 to the financial statements. We reviewed the procedures implemented for these impairment tests as well as the cash flow and assumptions applied and verified that Note 3 of Section 7.1.7 to the financial statements provided the appropriate disclosures;
- Note 1.15 of Section 7.1.7 to the financial statements presents the procedures for the recognition and measurement of deferred tax assets. We verified the overall consistency of data and assumptions used for measuring these assets.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to our opinion expressed in the first part of this report.

Specific procedures

As required by professional standards applicable in France we have also verified, in accordance with professional standards applicable in France, the information relating to the Group given in the management report.

We have nothing to report with respect to the fair presentation of such information and its consistency with the consolidated financial statements.

Statutory Auditors

[*French original signed by*:]

Labège, April 19, 2016	Paris, April 19, 2016
KPMG Audit *A Division of KPMG S.A.*	
Philippe Saint-Pierre *Partner*	Eric Blache

7.2 Separate financial statements

7.2.1 Balance sheet of ACTIA Group SA

Balance sheet - assets (in €)	12/31/2015			12/31/2014
	Gross amount	Amortization/ Depreciation	Net	Net
Share capital subscribed and uncalled				
INTANGIBLE ASSETS				
Start-up expenses				
Research and development costs				
Concessions, patents and similar rights	62,585	62,145	**441**	75
Goodwill				
Other intangible assets				
Advances and prepayments on intangible assets				
PROPERTY, PLANT AND EQUIPMENT				
Land				
Buildings	11,627	11,627		
Plant and equipment, facilities and tools				
Other property, plant and equipment	134,914	116,970	**17,944**	19,980
Property, plant and equipment in process				
Advances and prepayments				
NON-CURRENT FINANCIAL ASSETS				
Investments in associates				
Other holdings	48,587,303	57,314	**48,529,988**	48,529,988
Receivables on investments	9,433,875		**9,433,875**	6,895,951
Other non-current investments	15,550		**15,550**	15,550
Loans	1,138	104	**1,035**	1,034
Other non-current financial assets	4,573		**4,573**	4,573
TOTAL NON-CURRENT ASSETS	**58,251,565**	**248,159**	**58,003,405**	**55,467,152**
INVENTORY AND WORK-IN-PROCESS				
Raw materials and supplies				
Work-in-process - goods				
Work-in-process - services				
Semi-finished and finished goods				
Goods held for resale				
Advances and prepayments on orders				
RECEIVABLES				
Accounts receivable	1,132,447		**1,132,447**	944,998
Other receivables	6,376		**6,376**	31,884
Subscribed and called capital but not yet paid up				
MISCELLANEOUS				
Marketable securities	316,933	146,549	**170,383**	166,746
o.w. treasury shares: 162,076				
Cash at bank and in hand	48,297		**48,297**	224,620
ACCRUAL ACCOUNTS				
Prepaid expenses	69,217		69,217	41,977
TOTAL CURRENT ASSETS	**1,573,270**	**146,549**	**1,426,720**	**1,410,225**
Deferred expenses				
Bond redemption premiums				
Translation difference - assets				
TOTAL ASSETS	**59,824,834**	**394,709**	**59,430,126**	**56,877,377**

Balance sheet - shareholders' equity and liabilities (in €)		12/31/2015	12/31/2014
Share capital	(of which paid up: 15,074,956)	15,074,956	15,074,956
Share premiums (issue, merger, contribution)		17,560,647	17,560,647
Revaluation reserves	(o.w. equity method revaluation: 0)		
Legal reserve		1,507,496	1,394,945
Reserves under bylaws or agreements			
Tax-based reserves	(including price fluctuation reserve: 0)	189,173	189,173
Other reserves	(including purchases of original works of art: 0)		
Retained earnings		6,189,394	4,906,922
NET INCOME (LOSS) FOR THE PERIOD		**4,353,577**	**3,402,633**
Investment subsidies			
Restricted provisions			
SHAREHOLDERS' EQUITY		**44,875,244**	**42,529,277**
Proceeds from issues of equity securities			
Subordinated loans			
OTHER SHAREHOLDERS' EQUITY			
Provisions for contingencies			
Provisions for expenses			
PROVISIONS FOR RISKS AND EXPENSES			
FINANCIAL LIABILITIES			
Convertible bonds			
Other bonds			
Bank borrowings		11,225,058	11,322,181
Other financial liabilities	(including equity loans: 0)	2,145,540	1,881,244
Advances and prepayments on orders			
OPERATING LIABILITIES			
Accounts payable		895,660	790,027
Amounts payable to payroll tax agencies		158,231	133,718
OTHER MISCELLANEOUS LIABILITIES			
Liabilities on non-current assets			
Other liabilities		47,893	55,931
ACCRUAL ACCOUNTS			
Deferred income		82,500	165,000
LIABILITIES		**14,554,882**	**14,348,099**
Unrealized translation differences			
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**59,430,126**	**56,877,377**

7.2.2 Separate income statement of ACTIA Group SA

Income statement (in €)	France	Exports	12/31/2015	12/31/2014
Sales of goods held for resale				
Sales of work				
Sales of services			2,527,501	2,264,219
NET SALES			**2,527,501**	**2,264,219**
Stored production				
Capitalized production				
Operating subsidies				
Reversals of depreciation, amortization and provisions and expense reclassifications			650,667	350,322
Other income				
OPERATING INCOME			**3,178,168**	**2,614,541**
Purchases of goods held for resale (including customs duties)				
Changes in inventories of goods held for resale				
Purchases of raw materials and other supplies (including customs duties)				
Changes in inventories of raw materials and other supplies				
Other purchases and external charges			3,175,458	2,628,878
Taxes and duties other than income tax			23,525	22,434
Wages and salaries			564,687	472,840
Payroll charges			244,267	200,748
OPERATING ALLOWANCES				
On non-current assets: depreciation and amortization			2,740	6,972
On non-current assets: allowances to provisions				
On current assets: allowances to provisions				
For contingencies and expenses: allowances for provisions				
Other expenses				30
OPERATING EXPENSES			**4,010,677**	**3,331,902**
NET OPERATING INCOME (LOSS)			**<832,509>**	**<717,361>**
JOINT VENTURES				
Profits attributed or losses transferred				
Losses incurred or profits transferred				
FINANCIAL INCOME				
Financial income from investments			5,097,271	4,025,610
Income from other marketable securities and capitalized receivables			323,316	343,399
Other interest and similar income				
Reversals of provisions and expense reclassifications			309,314	6,001
Foreign exchange gains			510	
Net gains on disposal of marketable securities			38,305	396
FINANCIAL INCOME			**5,768,717**	**4,375,406**
Amortization and allowances to provisions			2,604	532
Interest and similar charges			179,486	213,104
Foreign exchange losses			15	20
Net losses on disposal of marketable securities			34,653	
FINANCIAL EXPENSES			**216,758**	**213,656**
NET FINANCIAL INCOME (LOSS)			**5,551,959**	**4,161,750**
NET INCOME (LOSS) BEFORE NON-RECURRING ITEMS/INCOME TAX			**4,719,449**	**3,444,388**

Income statement (in €)	12/31/2015	12/31/2014
Non-recurring income from hedging transactions	14,168	451
Non-recurring income from capital transactions	30	
Reversals of provisions and expense reclassifications		
NON-RECURRING INCOME	**14,198**	**451**
Non-recurring expenses on hedging transactions	2,870	4
Non-recurring expenses on capital transactions	306,724	
Non-recurring depreciation, amortization and allocations to provisions	12	
NON-RECURRING EXPENSES	**309,606**	**4**
NET NON-RECURRING ITEMS	**<295,408>**	**448**
Statutory employee profit-sharing scheme		
Income tax	70,465	42,203
TOTAL INCOME	**8,961,083**	**6,990,398**
TOTAL EXPENSES	**4,607,506**	**3,587,765**
NET INCOME (LOSS) FOR THE PERIOD	**4,353,577**	**3,402,633**

7.2.3 Notes to the separate financial statements of ACTIA Group SA

NOTE 1. HIGHLIGHTS OF THE FINANCIAL YEAR

ACTIA Group S.A. fulfilled its role as Group coordinating holding company in 2015.

The Company was subject to a tax audit for the 2012 and 2013 fiscal years extended to September 30, 2014 for VAT and completed in May 2015. Resulting in three minor tax adjustments, the outcome of this audit was favorable.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The 2015 annual financial statements were prepared on the basis of French GAAP and notably the provisions of Regulation 2014-03 of the French accounting standard setter (*Autorité des Normes Comptables*) approved by the ministerial decree of September 8, 2014 relating to the French General Chart of Accounts (*Plan Comptable Général*).

Note 2.1 Intangible assets

Rights and concessions are amortized on a straight-line basis over one or two years.

Note 2.2 Property, plant and equipment

Capitalized assets are broken down and amortized or depreciated over their own useful lives if these differ from the principal item of property, plant and equipment.

Items of property, plant and equipment are recognized at acquisition cost. Cost components include:

- The purchase cost, including customs duties and non-refundable purchase taxes less trade discounts and rebates;
- Costs directly attributable to transferring and commissioning the asset; and
- If applicable, the initial estimate of the costs of dismantling and removing the item and restoring the site.

Borrowing costs are excluded from the cost of non-current assets.

Where material components of items of property, plant and equipment can be determined and they have different useful lives and depreciation methods, the depreciation is recognized by component. To date the treatment by component has not been applied for any non-current asset, in the absence of significant capitalization.

The depreciable amount is systematically allocated over the useful life of the asset. Depreciation is calculated on a straight-line basis and the useful lives applied are as follows:

- Plant and equipment, facilities and tools: 6 to 10 years;
- Other items of property, plant and equipment: 3 to 10 years.

Note 2.3 Financial assets

Investment securities are recognized in the balance sheet at acquisition cost or contribution value.

When the net assets of the company fall below the acquisition cost and there are no grounds to expect a recovery, an impairment loss may be recorded to the extent that the value in use is under the carrying amount of the securities held in this company.

The value in use is assessed using in particular the discounted future cash flow method. This approach is based on the outlook for revenue and future profitability at the end of the reporting period. It should be noted that this approach that is subject to unpredictable occurrences and uncertainties like any forecasting method, confirms that the securities in question did not incur any impairment.

Note 2.4 Receivables

Receivables are measured at their nominal value. A provision for impairment is recognized depending on the age of the receivables and risks of non-recovery.

Note 2.5 Pension liabilities

Pension liabilities have been calculated according to the French accounting regulation CNC 2003-R-01 according to an actuarial estimate of potential rights vested by employees on the balance sheet date.

The main assumptions applied at the end of the reporting period were:

- A discount rate: 2.03 % (1.49 % in 2014),
- Salary escalation rate; 2.25 %
- Retirement age: 67,
- Low turnover rate:

Age of employee	20	30	40	50	60	65
Employee turnover rate (management and non-management staff)	5.80%	2.77%	2.04%	0.10%	0.05%	0.00%

- Mortality table: INSEE 2007:

Age of employee	20	30	40	50	60	65
Life expectancy for men (%)	99,076	98,187	96,849	93,532	86,496	81,202
Life expectancy for women (%)	99,382	99,080	98,464	96,858	93,667	91,188

Off-balance sheet commitments include pension liabilities of €83,198.

NOTE 3. ADDITIONAL INFORMATION ON THE BALANCE SHEET AND INCOME STATEMENT

The balance sheet date of the financial statements is December 31, 2015 and covers a period of 12 months.

Note 3.1 Intangible assets

The gross amounts of **intangible fixed assets** changed as follows:

(in €)	12/31/2014	Acquisitions	Disposals and write-offs	12/31/2015
Start-up expenses	0			0
Other intangible assets	61,642	1,081	138	62,585
Total	**61,642**	**1,081**	**138**	**62,585**

The amortization was as follows:

(in €)	12/31/2014	Allowances	Reversals	12/31/2015
Start-up expenses	0			0
Other intangible assets	61,567	715	138	62,145
Total	**61,567**	**715**	**138**	**62,145**

Note 3.2 Property, plant and equipment

Gross amounts of **property, plant and equipment** changed as follows:

(in €)	12/31/2014	Acquisitions	Disposals and write-offs	12/31/2015
Land	0			0
Buildings	11,627			11,627
Plant and equipment, facilities and tools	0			0
Other	135,441		527	134,914
Property, plant and equipment in process	0			0
Total	**147,068**	**0**	**527**	**146,541**

The amortization was as follows:

(in €)	12/31/2014	Allowances	Reversals	12/31/2015
Land	0			0
Buildings	11,627			11,627
Plant and equipment, facilities and tools	0			0
Other	115,461	2,037	527	116,970
Total	**127,088**	**2,037**	**527**	**128,597**

Note 3.3 Financial assets

These changed as follows:

(in €)	Amounts of Securities in the Balance Sheet				Held at 12/31/2015 (%)	Shareholders' equity prior to earnings appropriation at 12/31/2015	2015 sales excl. tax	Net income (loss) at 12/31/2015
	12/31/2014		12/31/2015					
	Gross amounts	Carrying amounts	Gross amounts	Carrying amounts				
HOLDINGS								
Subsidiaries and holdings > 10%								
ACTIA AUTOMOTIVE	24,891,882	24,891,882	24,891,882	24,891,882	99.98%	43,157,018	223,137,865	7,064,370
ACTIA TELECOM	23,225,509	23,225,509	23,225,509	23,225,509	91.51%	31,344,892	33,785,216	1,572,897
MORS INC.	0	0	0	0	100.00%	ND	ND	ND
CYT	33,494	0	33,494	0	15.00%	ND	ND	ND
ARDIA (*)	151,680	151,680	151,680	151,680	53.33%	852,279	6,530,496	492,978
SCI ORATOIRE	199,098	199,098	199,098	199,098	86.00%	6,307	448,560	238,688
SCI POUVOURVILLE	41,161	41,161	41,161	41,161	27.50%	1,212,614	764,300	74,043
Subsidiaries and holdings < 10%								
CIPI ACTIA (*)	10,138	10,138	10,138	10,138	0.20%	2,820,007	10,783,465	1,379,231
SCI SODIMOB	7,030	7,030	7,030	7,030	2.00%	217,671	100,896	63,985
Non-Group								
MPC	3,489	3,489	3,489	3,489	0.02%	ND	ND	ND
CONTINENTALE	47	0	47	0	NM	ND	ND	ND
STEM	22,812	0	22,812	0	NM	ND	ND	ND
CGC	960	0	960	0	NM	ND	ND	ND
Total	**48,587,303**	**48,529,988**	**48,587,303**	**48,529,988**				
OTHER NON-CURRENT INVESTMENTS								
1% Construction (French social housing tax)	15,550	15,550	15,550	15,550				
Total	**15,550**	**15,550**	**15,550**	**15,550**				
OTHER NON-CURRENT FINANCIAL ASSETS								
Loan	1,138	1,034	1,138	1,035				
Miscellaneous receivables	4,573	4,573	4,573	4,573				
Total	**5,712**	**5,608**	**5,712**	**5,608**				

NM : Not material - ND: : Not disclosed

(*) Foreign subsidiaries for which the balance sheet data is translated at the year-end exchange rate and income statement data at the average exchange rate.

Note 3.4 Inventories

None.

Note 3.5 Advances and prepayments on orders

None.

Note 3.6 Accounts receivable

(in €)	Gross amounts	Carrying amounts	Due < 1 year	Due > 1 year
Investment-related receivables	9,433,875	9,433,875	5,487,496	3,946,379
Accounts receivable	1,132,447	1,132,447	1,132,447	
Current accounts on investments				
Other receivables (including deferred expenses)	75,593	75,593	75,593	
Total	**10,641,915**	**10,641,915**	**6,695,536**	**3,946,379**

Note 3.7 Treasury shares

ACTIA Group holds 1,399 treasury shares with a gross value of €153,043. These shares were owned by MORS S.A. at the time of the merger in 2000.

Since the merger with MORS S.A., the Group has proceeded with a number of share buyback programs.

The last share buyback program was authorized by the General Meeting of May 28, 2015 for 18 months. This program complies with articles L.225-209 *et seq.* of the French commercial code. Under this program, shares may be purchased to:

- Ensure the orderly trading of and liquidity in the Company's share;
- Retain shares for future use for payment or exchange in connection with acquisitions;
- Set aside shares for bonus share and stock option plans;
- Set aside shares to meet requirements relating to securities giving rights to share grants.

Since the inception of the programs to December 31, 2015, ACTIA Group bought back 61,996 shares.

In addition, ACTIA Group also transferred:

- 35 treasury shares to a shareholder upon the exercise of 70 share warrants in 2005; and
- 32 treasury shares to two shareholders upon exercise of 64 share warrants in 2007.

On September 20, 2010, at the end of the grant period 60,000 treasury shares were transferred to Christian Desmoulins, Chairman of the Executive Board until June 30, 2014

At December 31, 2015, ACTIA Group S.A. now holds in connection with the buyback programs, 1,929 treasury shares recognized as current assets at a gross value of €9,033, representing an average price of €4.68.

A provision for treasury shares (1,929 shares of the share buyback program and 1,399 shares held pursuant to the MORS SA merger) is calculated on the basis of the closing price, i.e. on December 31, 2015 a provision of €145,740 on the basis of a price of €5.22.

Breakdown of treasury shares at December 31, 2015:

Origin	Number of shares	Gross amount	Provision	Net value
Merger with MORS S.A. in 2000	1,399	153,043 €	145,740 €	7,303 €
Share buyback programs:	1,929	€ 9,033	- €	€ 9,033
Total	**3,328**	**162,076 €**	**145,740 €**	**16,336 €**

On December 31, 2015, ACTIA Group held through this **liquidity contract** assigned to Portzamparc, 16,983 of its own shares and €60,678.88 in cash.

Note 3.8 Shareholders' equity

At December 31, 2015, there were no stock option plans established by the Company and the Share Capital amounted to €15,074,955.75 divided into 20,099,941 shares with a par value of €0.75 per share. The total amount of additional paid-in capital is €14,693,643.96.

Accordingly net assets changed as follows over the period:

(in €)	Balance at 12/31/2014 prior to earnings allocation	Earnings allocation 2014			Share capital increase	Balance at 12/31/2015 prior to proposed earnings appropriation
		Retained earnings	Dividends			
			Paid to shareholders	Treasury shares		
Share capital	15,074,956					15,074,956
Share premiums	14,693,644					14,693,644
Merger premiums	2,867,003					2,867,003
Legal reserves	1,394,945	112,550				1,507,496
Restricted reserves	189,173					189,173
Retained earnings	4,906,922	1,280,089		2,383		6,189,394
Net income (loss) for 2014	3,402,633	<1,392,639>	<2,007,611>	<2,383>		<0>
Net income (loss) for 2015	0					4,353,577
Total	**42,529,277**	**0**	**<2,007,611>**	**0**	**0**	**44,875,244**

At December 31, 2015, restricted reserves set aside to cover treasury shares totaled €16,336.

Note 3.9 Provisions for expenses

None.

Note 3.10 Liabilities

The breakdown of liabilities by type and maturity at the balance sheet date was as follows:

(in €)	12/31/2015			Total
	< 12/31/2016	>01/01/2017 <12/31/2019	>01/01/20	
Bank borrowings and debts	6,728,036	4,497,023		11,225,058
o.w. MLT borrowings	*2,371,303*	*4,497,023*		*6,868,326*
ST bank lines and commercial paper	*4,348,119*			*4,348,119*
Interest accruing on financial liabilities	*8,614*			*8,614*
Other financial liabilities		2,145,540		2,145,540
Advances and prepayments on orders				0
Accounts payable	895,660			895,660
Amounts payable to payroll tax agencies	158,231			158,231
Other liabilities (including deferred income)	130,393			130,393
Total	**7,912,320**	**6,642,562**	**0**	**14,554,882**

Certain medium to long-term loans are subject to conditions imposed by covenants. These covenants apply to loans for amounts totaling €3,976,931 or 57.9 % of medium and long-term debt. Compliance with these covenants is verified at the end of each period on the basis of ACTIA Group's consolidated financial statements.

At December 31, 2015 the breakdown of the medium to long-term borrowings and covenants is as follows:

Amount at inception (in €)	Year of inception	Term (years)	Outstanding principal at 12/31/2015	Covenant				
				Ratios at Dec. 31, 2015 (calculated on the basis of the consolidated financial statements)	Compliance (1)		Reclassification under current borrowings (2)	
					At Dec. 31, 2014	At Dec. 31, 2015	At Dec. 31, 2014	At Dec. 31, 2015
700,000	2011	5	111,417	-				
400,000	2011	5	57,577	Net debt / Equity < 1.15	R	R	-	-
				Interest expense / GOS* < 30%	R	R		
1,000,000	2011	5	159,442	-				
1,000,000	2012	5	300,000	Net debt / Equity < 1.20	R	R	-	-
				Interest expense / EBITDA < 30%	R	R		
				Net debt / EBITDA < 5	R	R		
1,000,000	2012	5	362,310	-				
500,000	2013	5	274,423	Net debt / Equity ≤ 1.15	R	R	-	-
				Interest expense / EBITDA < 30%	R	R	-	-
				Net debt / EBITDA < 5	R	R	-	-
2,000,000	2013	5	1,121,083	-				
1,000,000	2014	5	756,306	Net debt / Equity ≤ 1.15	R	R	-	-
				Interest expense / EBITDA < 30%	R	R		
				Net debt / EBITDA < 5	R	R		
1,000,000	2014	4	750,000	Net debt / Equity ≤ 1.15	R	R	-	-
				Interest expense / EBITDA < 30%	R	R		
				Net debt / EBITDA < 5	R	R		
1,500,000	2014	5	1,137,142	-				
2,000,000	2015	5	1,838,625	Net debt / Equity ≤ 1.15	/	R		
				Interest expense / EBITDA < 30%	/	R		
				Net debt / EBITDA < 5	/	R		
Total			**6,868,326**				**0**	**0**

* GOS = gross operating surplus (EBE or *excédent brut d'exploitation*)

In 2015, the trend for ACTIA Group sales had a significant impact on the "Net Debt to Equity" and "Net debt / EBITDA" ratios with:

- An improvement in equity reflecting the limited payout of consolidated profit (dividend for fiscal 2014 = 13.9% of 2014 consolidated profit);
- Growth in gross debt after significant financing was obtained to cover working capital requirements and investments (R&D, production) and a slight increase in cash and cash equivalents;
- A marginal decrease in EBITDA, with growth in revenue offsetting the decline in profitability linked to sharp fluctuations in the EUR/USD exchange rate.

Based on these factors, all covenants at December 31, 2015 were satisfied, as at December 31, 2014.

Note 3.11 Revenue

Because of the nature of its activity as a holding company, revenue of ACTIA Group S.A. corresponds to amounts originating from chargebacks to its affiliated undertakings.

Note 3.12 Deferred income

Deferred income corresponds to the share of dividends paid by SCI Les Coteaux de Pouvourville, (27.5%-held) to ACTIA Group S.A. in 2005. These dividends, amounting to €990,000, are spread over a period of 12 years, which is identical to the term of lease-back after the sale of the buildings by SCI Les Coteaux de Pouvourville. This straight-line deferred recognition began in 2005 and will end in 2016.

Note 3.13 Reclassifications of operating expenses

Under operating expenses, expense reclassifications concern amounts invoiced for expenses incurred by ACTIA Group S.A. for its subsidiaries:

- Travel and miscellaneous expenses: 6,827 €
- Licenses: 287,826 €
- Insurance (including brokerage services): 356,013 €

Note 3.14 Net financial income (expense)

The most significant items of **financial income** are:

- Dividends received from subsidiaries: 4,919,796 €
- Interest on current accounts of subsidiaries: 177,475 €
- Income from off-balance sheet commitments in favor of subsidiaries: 323,246 €

Financial expenses are mainly comprised of:

- Interest on commercial paper: 42,590 €
- Interest and similar expenses on bank borrowings: 113,305 €
- Interest on bank current account credit balances: 7,617 €

Note 3.15 Non-recurring items

There were no other material non-recurring items in fiscal 2015.

Note 3.16 Earnings per share

Basic earnings per share at December 31, 2015 are calculated on the basis of the net income of €4,353,577 divided by the number of shares in circulation excluding treasury shares. These calculations break down as follows:

(in €)	12/31/2015	12/31/2014
Net income (loss)	4,353,577	3,402,633
Shares issued at January 1	20,099,941	20,099,941
Issuance of new shares	0	0
Treasury shares	<3,328>	<3,328>
Earnings per share	**0.22**	**0.17**

Note 3.17 Financial commitments and collateral provided

Collateral provided by ACTIA Group S.A. to banks on behalf of its subsidiaries represented €30,080,067 at December 31, 2015 versus €25,322,751 at December 31, 2014.

The guarantees provided by ACTIA Group S.A. on behalf of its subsidiaries to non-banking third parties amounted to €207,283,228, breaking down as follows:

- Client guarantees [(1)]: 206,450,728 €
- Lease payment guarantee: 832,500 €

[(1)] *Including a guarantee of €200,000,000 covered by an insurance policy taken out directly by the subsidiary in question.*

Collateral provided by ACTIA Group S.A. for bank borrowings:

- 125,000 shares in its subsidiary ACTIA Telecom;

Lease-back agreement guarantees:

- 1,650 shares in its subsidiary SCI Les Coteaux de Pouvourville;
- 860 shares in its subsidiary SCI Oratoire.

NOTE 4. OTHER INFORMATION

Note 4.1 Accrued expenses

Accrued expenses consist of auditors' fees in the amount of €47,570.

Note 4.2 Dividends

The appropriation of 2015 earnings is set out in Section 5.11.3 "Earnings appropriation" of the Registration Document. A proposal will be submitted to distribute a dividend of €0.10 per share, identical to the amount distributed for 2014.

Note 4.3 Unrealized tax position

At December 31, 2015, the unrealized tax position was comprised of losses of €6,924,027 remaining to be carried forward.

Note 4.4 Headcount at year-end

	2015	2014
Managers and supervisors	4	4
Employees	2	1
Students on work placements		
Workers		
Total	**6**	**5**

On January 1, 2015 the previous French system of vested training benefits (*Droit Individuel à la Formation* or DIF) was replaced by a new system (*Compte Personnel de Formation* or CPF) that is not carried by the companies and managed individually by the employee.

Note 4.5 Related-party transactions

Related-party balances at 12/31/2015	Parent	Subsidiaries	Other related companies
Balance sheet ASSETS			
Investment-related receivables		9,433,875	
Provision for receivables on investments			
Accounts receivable		1,130,318	
Other receivables			
Balance sheet SHAREHOLDERS' EQUITY AND LIABILITIES			
Accounts payable	804,076	2,145,710	
Income statement			
Operating expenses	1,951,009	92,047	
Financial expenses		15,934	
Non-recurring expenses			
Operating income	93,368	3,073,434	
Financial income		5,420,518	
Non-recurring income			

Operating expenses payable to the parent company represent amounts invoiced for services rendered.

Note 4.6 Risks and hedging policy

❖ Interest rate risk:

The table below provides a breakdown between fixed and variable rate financial debt of ACTIA Group S.A. at December 31, 2015:

(in €)	2015			2014		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Medium and long-term borrowing	2,470,625	4,397,700	**6,868,326**	1,146,635	6,671,119	**7,817,754**
Commercial paper/short-term bank lines		4,348,119	**4,348,119**		3,489,587	**3,489,587**
Total in euros	**2,470,625**	**8,745,819**	**11,216,444**	**1,146,635**	**10,160,706**	**11,307,341**
Total in %	22%	78%	**100%**	10%	90%	**100%**

The sensitivity to a 1 % increase in the benchmark (3 month Euribor) was calculated on a pre-hedging basis. At December 31, 2015, this represented €87,000 including €44,000 for medium and long-term borrowings (€102,000 at December 31, 2014 including €67,000 for medium and long-term borrowings).

However, interest rate hedges have been set up at the level of the main subsidiary ACTIA Automotive S.A., with an analysis of interest rate risk at the Group level, which reduces it on a consolidated basis to 56 %.

❖ Equity risk:

At December 31, 2015, ACTIA Group S.A. held 3,328 treasury shares. The sensitivity to a 1 point decline in the share price is consequently €3,000.

❖ Exchange rate risk:

There are currently no foreign currency transactions in progress.

Note 4.7 Remuneration for management body members

Supervisory Board members do not receive any remuneration from ACTIA Group S.A and only the Chairman of the Executive Board receives remuneration for his office. For further information see Section 5.15 "Remuneration and benefits".

Note 4.8 Post-closing events

No noteworthy events have taken place since December 31, 2015

Note 4.9 Consolidating company

S.A. **LP2C** with a capital of € 6,751,560

Registered office: 5 rue Jorge Semprun - 31432 Toulouse

Toulouse Companies Register (RCS): Toulouse B 384 043 35

7.2.4 Report of the Statutory Auditors on the annual financial statements of ACTIA Group SA

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the shareholders,

In accordance with our appointment as Statutory Auditors by your Annual General Meeting, we hereby present you with our report for the financial year ended December 31, 2015 on

- The audit of the annual financial statements of ACTIA Group S.A., as enclosed herewith;
- The justification of our assessments,
- The specific procedures and disclosures required by law.

The financial statements have been approved by the Executive Board. Our role is to express an opinion on these annual financial statements based on our audit.

Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatements. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the company as at December 31, 2015 and the results of its operations for the year ended in accordance with French accounting standards.

Justification of our assessments

In application of the terms of Article L.823-9 of the French commercial code relating to the basis of our assessments, we bring to your attention the following matters:

Note 2.3 on "Financial Assets" of Section 7.2.3 to the financial statements presents the accounting rules and methods to determine value in use of investment securities.

Our work has consisted in evaluating the data and assumptions on which these estimations have been based, reviewing the calculations made by the company and examining the procedures for management's approval of these estimations.

These assessments were made as part of our audit of the annual financial statements taken as a whole and, therefore, contribute to the audit opinion we formed which is expressed in the first part of this report.

Specific verifications and information required by law

We have also performed in accordance with professional practice standards applicable in France the specific verifications required by French law.

We have nothing to report with respect to the fairness and compliance with the annual financial statements of the information given in the Executive Board's management report and in the documents addressed to the shareholders on the financial condition and annual financial statements,

Regarding the information provided in accordance with the provisions of Article L.25-102-1 of the French commercial code on compensation and benefits paid to corporate officers as well as commitments incurred in their favor, we have verified their consistency with the accounts or with the data used to prepare these accounts, and when necessary, obtained by your company from companies exercising control over or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

As required by law, we have verified that the management report contains the appropriate disclosures relating to the identity of holders of capital and voting rights.

Labège, April 19, 2016 Paris, April 19, 2016

[*French original signed by*:]

KPMG Audit
A Division of KPMG S.A.

Philippe Saint-Pierre Eric Blache
Partner

7.3 Miscellaneous financial information

7.3.1 Fees paid to the Statutory Auditors

Pursuant to Article 222-8 of the General Regulations of the AMF, the table below presents the amount excluding tax of audit fees paid in respect of the Group's separate and consolidated financial statements. These fees cover services provided and expensed in fiscal 2015 in the accounts of ACTIA Group S.A. and its subsidiaries whose income statements of the period and balance sheets are fully consolidated. For information, the balance of Auditors' fees relating to the period is often invoiced in the first half of the following period. This was the case for the balance of fees for 2014 invoiced in early 2015.

For improved clarity with respect to information on the parent company and subsidiaries, we have opted for a presentation of amounts as agreed in the letter of engagement

Overall, Auditors' fees have remained stable from one period to the next.

(€ thousands)	KPMG				Eric Blache			
	Amount ex-VAT		%		Amount ex-VAT		%	
	2015	2014	2015	2014	2015	2014	2015	2014
Audit fees in respect of the separate annual and consolidated financial statements:								
Issuer: ACTIA Group S.A.	82	82	16.6%	16.3%	41	41	100.0%	100.0%
Fully consolidated subsidiaries	400	408	81.5%	81.6%	0	0	0.0%	0.0%
Other services directly related to statutory auditing								
Issuer: ACTIA Group S.A.	7	10	1.4%	2.0%	0	0	0.0%	0.0%
Fully consolidated subsidiaries	2	0.5	0.4%	0.1%	0	0	0.0%	0.0%
SUBTOTAL	**491**	**500**	**100.0%**	**100.0%**	**41**	**41**	**100.0%**	**100.0%**
Other services provided by the networks to fully consolidated subsidiaries:								
Legal, tax, labor	4	4	100.0%	79.8%	0	0	0.0%	0.0%
Other	0	1	0.0%	20.2%	4	1	100.0%	100.0%
SUBTOTAL	**4**	**5**	**100.0%**	**100.0%**	**4**	**1**	**100.0%**	**100.0%**
TOTAL ACTIA Group	**495**	**505**	**100.0%**	**100.0%**	**44**	**41**	**100.0%**	**100.0%**

Audit fees for the separate and consolidated financial statements for the fiscal periods ended December 31, 2015 and 2014 respectively concern primarily professional services undertaken to review and certify the consolidated financial statements of the Group prepared in accordance with IFRSs as adopted in the European Union and certification of the statutory accounts of certain Group subsidiaries, compliance with local regulations and review of documents filed with the AMF, the French financial market authority.

Other services provided related directly to missions performed by the Auditors or a member of their networks concern those relating to normal statutory auditing missions (drafting of special certificates, performance of due diligence in connection with acquisitions or disposals or companies to be consolidated or deconsolidated).

Other legal, tax, labor services concern services provided by the network to fully consolidated subsidiaries that do not fall under the scope of auditing services rendered by a member of the network of KPMG or by Eric Blache and his firm to consolidated subsidiaries. These assignments concern primarily providing assistance in respect to compliance with tax obligations unrelated to services relating to the statutory audit engagement, and outside of France.

7.3.2 Dividend policy

FY	Dividend per share €	Total dividend distributed €
2007	0.05	992,997.05
2008	0.05	992,997.05
2009	0.00	0.00
2010	0.00	0.00
2011	0.00	0.00
2012	0.07	1,406,995.87
2013	0.07	1,406,995.87
2014	0.10	2,009,994.10

After a period of support by the Group, notably in connection with requirements relating to R&D expenditures for electronic diagnostics and the emergence of digital tachographs, ACTIA Group has adopted a dividend policy since fiscal 2007, in line with its policy for Shareholders' Equity described in Note 13 "Shareholders' equity" to the consolidated financial statements, and in relation with consolidated earnings. This policy was temporarily interrupted for fiscal years 2009 to 2011 in response to the economic situation and was resumed as soon as results returned to the level for equity initially budgeted in order to permit the Group to reduce debt for all Group structures.

It is furthermore specified that this policy covers all qualifying Group companies showing a profit to which is applied a percentage of distribution defined in accordance with their authorized capital spending requirements and legal constraints.

7.3.3 Legal and arbitration proceedings

In the normal conduct of its operating activities, the Group is faced with a certain number of disputes or legal proceedings (involving employees, customers, suppliers, etc.). Provisions are established for these proceedings in accordance with applicable accounting procedures.

As indicated since the 2010 Registration Document, a claim was filed against our subsidiary ACTIA Muller S.A. (today merged into its parent company ACTIA Automotive, its successor-in-interest) by the Work Inspectorate in connection with two fatal accidents that occurred at its expert shock absorber units for trucks, arising under very similar circumstances, whereby an error caused by the victims had been identified in both cases.

Charged in 2012 for manslaughter in connection with the workplace in both these cases, on January 8, 2013 ACTIA Muller S.A. was granted a ruling of dismissal for one of these cases.

The other case was referred to the Criminal Court (*Tribunal Correctionnel*) by a ruling of August 7, 2013 issued by the investigating judge. In connection with this proceeding, ACTIA Muller appeared before the Criminal Court on July 2, 2015 and was convicted of corporate manslaughter within a work-related situation. In light of in particular the limited reasons presented in support of the judgment, the Company immediately filed an appeal against this decision.

For a period of at least the last twelve months there have been no other governmental, legal or arbitration proceedings, (including any of which the Company is aware that are pending or threatened), that could have or recently had a material impact on the financial position or profitability of the issuer and/or the Group.

Concerning disputes in progress in 2015, provisions are established on a case-by-case basis according to the degree of risk or the duration of the proceeding (see details provided in the Note 15 to the consolidated financial statements on "Provisions"). However, none of these disputes constitutes material risks for the Group.

7.3.4 Significant changes in the issuer's financial or trading policies

There have been no material events since the balance sheet date of December 31, 2015 in connection with the Group's financial or trading position.

8. ADDITIONAL INFORMATION

8.1 Share capital

At December 31, 2015 and until the publication date of this document, shares of ACTIA Group are included in Segment C of Euronext Paris (companies with a capitalization of less than €150 million) under ISIN code FR0000076655 (see Note 13 to the consolidated financial statements on “Shareholders' equity”).

8.1.1 Subscribed share capital

The Share Capital amounts to €15,074.955.75, split into 20,099,941 shares with a par value of €0.75 each, fully paid up and all in the same class.

Since the last capital increase recorded on September 15, 2008, there have been no change in the Share Capital up until the date of signature of this document.

8.1.2 Shares not representing capital

Not applicable.

8.1.3 Treasury shares

Information on these securities is provided in Note 3.7 to the separate financial statements on "Treasury shares".

8.1.4 Convertible or swappable securities or securities with warrants

Not applicable.

8.1.5 Vesting conditions

Not applicable.

8.1.6 Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option

None.

8.1.7 History of the Share Capital

FY	Transactions	Par value	Premium	Successive capital amounts	Cumulative number of shares
1993		FFR 50	FFR 113,645,832	FFR 142,727,000	2,854,540
June 1994	Capital reduction by reducing the par value of shares from FFR 50 to FFR 10	FFR 10	FFR (113,645,832)	FFR 28,545,400	2,854,540
July 1994	Capital increase for cash via the issue of shares with share warrants	FFR 10	FFR 129,917,897	FFR 92,772,550	9,277,255
January 1995	Capital increase via the exercise of share warrants	FFR 10	FFR 6,696	FFR 92,775,340	9,277,534
August 1997	Capital increase via the exercise of share warrants	FFR 10	FFR 2,400	FFR 92,776,340	9,277,634
June 1998	Capital reduction by reducing the par value of shares from FFR 10 to FFR 4	FFR 4	FFR (129,926,993)	FFR 37,110,536	9,277,634

FY	Transactions	Par value	Premium	Successive capital amounts	Cumulative number of shares
February 1999	Issue of share warrants in favor of Electropar	FFR 4	FFR 1	FFR 37,110,536	9,277,634
May 2000	Share capital reduction pursuant to losses by reducing the par value of shares	FFR 0.5	-	FFR 4,638,817	9,277,634
May 2000	Capital increase via the contribution of ACTIELEC securities	FFR 0.5	FFR 31,737,488	FFR 77,341,042	154,682,084
May 2000	Reverse share split and capital reduction	FFR 5	-	FFR 77,341,040	15,468,208
May 2000	Conversion of capital into euros	€0.75	-	11,601,156 €	15,468,208
October 2000	Recording of the exercise of subscription options by Group employees (5th tranche)	€0.75	327,168 €	11,792,856 €	15,723,808
December 2000	Capital increase for cash	€0.75	9,148,160 €	12,864,906 €	17,153,208
October 2004	Capital increase for cash in the form of share warrants	€0.75	4,875,000 €	14,271,156 €	19,028,208
April 2005	Capital increase for cash following the grant of bonus share warrants	€0.75	3,606,685 €	14,879,024 €	19,838,699
March 2006	Capital increase for cash, following the subscription of share warrants	€0.75	€79,466	14,894,956 €	19,859,941
September 2008	Capital increase for cash, following the exercise of stock options	€0.75	280,800 €	15,074,956 €	20,099,941

8.1.8 Description of the Company's share buyback program

See Note 3.7 to the separate financial statements on “Treasury shares".

8.2 Memorandum of Incorporation and articles of association

8.2.1 Corporate purpose

Article 3 of the articles of association: Purpose

"The Company's purpose in France and abroad includes:

- The analysis, design, manufacture and after-sales servicing of mechanical, hydraulic, electrical and electronic systems;
- Any transaction of any kind whatsoever directly or indirectly relating to this object and likely to facilitate its development, achievement or sale;

- The concession, franchising of any trademark, patent, product or service and more generally investment by the Company in any existing or future company or entity, that may directly or indirectly relate to the corporate objects or to any similar or connected objects and by any means in particular via the incorporation of new companies, contributions, mergers, alliances or joint ventures;
- The management of its portfolio of securities as well as all movable and real property transactions and related services;
- The provision of services in particular legal, financial, accounting, administrative, organization and management, communications, marketing and in general all financial, commercial, industrial, movable and real property transactions that may directly or indirectly relate to the above objects or to any similar or related activity."

8.2.2 Members of Administrative, Management and Supervisory bodies

ACTIA Group S.A. has been organized as a French corporation with a Supervisory Board and an Executive Board since the Extraordinary General Meeting of November 12, 2002.

Membership of the management bodies, Supervisory Board and Executive Board, is covered in Section 5.14.1 "Membership of the Supervisory Board and the Executive Board" of the Registration Document.

Supervisory Board

"Article 22 of the articles of association: Missions and powers of the Supervisory Board

The Supervisory Board exercises permanent control over the management of the Company by the Executive Board. Throughout the course of the year it carries out whatever checks and controls it feels are appropriate and may request any documentation it feels necessary for the performance of its work. It authorizes the Executive Board, to the extent permitted under applicable legislation, to provide deposits, avals or guarantees in the Company's name, to dispose of buildings, to partially or wholly dispose of or acquire interests and to grant sureties."

Executive Board

"Article 16 of the articles of association: Powers and obligations of the Executive Board – Executive Management

The Executive Board is empowered with the broadest possible powers to act on the Company's behalf vis-à-vis third parties in all circumstances, within the scope of the corporate purpose and subject to those powers expressly reserved by the French commercial code for the Supervisory Board and General Meetings. In its dealings with third parties, the Company is bound even by the acts of the Executive Board outside the scope of the corporate purpose, unless it transpires that the third party was aware that such acts exceeded these objects or could not but have been aware given the circumstances.

However, other than transactions in respect of which the Supervisory Board's authorization is required by law, it is stipulated for internal purposes and not binding on third parties, that certain decisions may not be taken by the Executive Board and that certain acts or undertakings may not be entered into or signed by the Chairman of the Executive Board or, as the case may be, by a Chief Executive Officer, without prior authorization by the Supervisory Board when they in particular relate to the following:

- Purchase of buildings worth in excess of a sum determined by the Supervisory Board;
- Purchase, sale, exchange, contribution of all other real property assets and any rights on real or movable property worth in excess of a sum determined by the Supervisory Board;
- The setting up of entities of any kind both in France and abroad, representing an investment in excess of a sum determined by the Supervisory Board; closure of these entities;
- Borrowings even unsecured, of an amount in excess of a sum determined by the Supervisory Board;
- Incorporation of companies and taking of interests of all forms in any company or entity where the amount exceeds a sum determined by the Supervisory Board;
- Loans, credits or advances granted by the Company for a period and / or amount in excess of those determined by the Supervisory Board;
- Renting, leasing of all buildings or business assets for a period and/or amount in excess of those determined by the Supervisory Board;
- Any contract with a term in excess of that determined by the Supervisory Board;
- Direct commitments even unsecured, of an amount in excess of a sum determined by the Supervisory Board;
- Membership of an economic interest grouping or any form of venture or company that may give rise to joint and / or indefinite liability for the Company;

- Taking on and laying off Company employees with annual salaries in excess of a sum determined by the Supervisory Board;
- Representing the Company in respect of legal actions, legal settlements, voluntary liquidation, administration or court-ordered winding up;
- Calling an Ordinary General Meeting where the agenda includes:
  - The nomination of candidates for membership of the Supervisory Board;
  - The dismissal of one or more members of the Supervisory Board;
  - The reappointment of one or more members of the Supervisory Board;
- Calling an Extraordinary General Meeting where the agenda includes:
  - The total or partial contribution of corporate assets, to one or more, existing or future, companies, by way of merger, spin-off or partial asset contribution;
  - The reduction, increase, whether directly or indirectly, immediately or over time, or redemption of the share capital;
  - The amending of one or more provisions of the articles of association;
- The exceeding of the budget for the current financial year, previously approved by the Supervisory Board;

In addition, the acceptance by a member of the Executive Board of an executive, management or supervisory position, as well as a position of employee, in another company should be submitted by the member in question for the approval of the Supervisory Board.

At least once a quarter, the Executive Board presents a report to the Supervisory Board. Within three months of the end of each financial year, it presents to it, for verification and control purposes, the accounting documentation that must be submitted to the Annual General Meeting.

The Chairman of the Executive Board represents the Company in its dealings with third parties. The Supervisory Board may grant the same powers of representation to one or more members of the Executive Board who shall thus carry the title of Chief Executive Officer. The Chairman and the Chief Executive Officer may be dismissed by a decision of the Supervisory Board. Acts binding the Company vis-à-vis third parties may be validly entered into by the Chairman of the Executive Board or by any member having been appointed Chief Executive Officer by the Supervisory Board.

When making appointments, the Supervisory Board sets the type and amount of the remuneration of each Executive Board member."

Established at the General Meeting of November 12, 2002 and comprised of seven members since the Ordinary General Meeting of May 28, 2014, its responsibilities include the setting of the Group's strategy, both at a global level and for each division, in respect not only of industrial matters but also Research & Development (an essential platform for the sustainability of the Group), organization and finance, and its activities extend to operational matters:

- Senior management of the Group's main subsidiary;
- Relations with banks and the implementation of management systems;
- Reporting;
- Negotiation of key contracts;
- Decisions regarding major capital expenditure programs or disposals undertaken by the Group;
- Reviewing the targets it sets.

8.2.3 Rights, preferences and restrictions in respect of shares

"Article 10 of the articles of association: rights attached to ordinary shares - voting rights

Ownership of an ordinary share automatically entails acceptance of the Company's articles of association and of the resolutions duly adopted by all General Meetings in accordance with procedures governing shareholders' meetings.

Shareholders bear losses only up to the amount of their capital contributions.

Each ordinary share carries a right to a portion of corporate assets, earnings and any liquidation surplus in proportion to the share capital they represent.

As the case may be, and subject to any statutory provisions, all tax exemptions or charges applicable to the total number of ordinary shares as well as all taxation which may be borne by the Company shall be taken into account prior to any reimbursement either within the course of the life of the Company or upon its liquidation so that, according to their nominal value, all the existing shares of the same class shall receive the same net amount irrespective of their origin or their date of issuance.

The voting right attached to ordinary shares shall be proportional to the portion of the Capital they represent and each share carries at least one voting right, subject to the exceptions provided for by law and the articles of association.

Voting rights:

At all Ordinary and Extraordinary General Meetings, voting rights attached to ordinary shares shall be proportional to the portion of the capital they represent and each share carries at least one voting right, subject to the exceptions provided for by law and the articles of association.

Nevertheless, voting rights double those granted to other ordinary shares, having regard to the portion of the Share Capital they represent, are granted to:

- All fully paid up ordinary shares that have been registered in the name of the same shareholder for at least four uninterrupted years,
- Registered ordinary shares granted free of charge to a Shareholder in the event of a Capital increase via the capitalization of reserves, earnings or issue premiums, on the basis of existing shares that enjoyed this right;

Double voting rights shall be automatically revoked for any ordinary share converted to bearer form or transferred.

Nevertheless, the aforementioned period shall not be interrupted and the vested rights retained in the event of:

- Any transfer as a result of inheritance, separation of marital assets or *inter vivos* gift to a spouse or a relation entitled to inherit,
- Any transfer via merger, spin-off or complete transfer of assets by a legal entity shareholder to another company:
  - Of which it directly or indirectly controls more than 50 % of the capital and / or voting rights;
  - That directly or indirectly controls more than 50 % of the capital and / or voting rights."

The major shareholders of ACTIA Group S.A. do not have different voting rights other than the same double voting rights to which all shareholders may be entitled (see above).

"Article 12 of the articles of association: Treatment of fractional shares

Whenever it is required to possess more than one share to exercise a right of any nature in connection with an exchange, a share consolidation or share grants, in the event of an increase or decrease in the Share Capital, a merger or any other corporate action that might result in the creation of fractional shares, owners of individual shares or a number of shares lower than required, may exercise said rights only if undertake at their personal initiative to combine their shares with others and, as the case may be, purchase or sell the necessary shares. "

8.2.4 Actions necessary to change shareholder rights

The changing of shareholder rights may only legally result from the amending of the articles of association decided by an Extraordinary General Meeting.

8.2.5 General Meetings

Summary of Articles 29 *et seq.* of the articles of association

General Meetings are called according to the conditions, forms and time periods imposed by statute.

The right to participate in or be represented at General Meetings is subject either to the registration of the shareholder in the share register or by filing, in the case of bearer shares, a certificate confirming the shares are held in a blocked account (*attestation d'immobilisation*) issued by an authorized intermediary, before the second business day preceding the date of the Shareholders' Meeting at midnight, Paris time.

General Meetings are comprised of all shareholders. A Shareholder may always be represented at Meetings by another Shareholder or by his or her spouse or civil law partner.

Ordinary and Extraordinary General Meetings, deliberating as per the quorum and majority requirements governing each of them, exercise their powers provided under statute.

8.2.6 Change in control provisions

To the best of the Company's knowledge, no provision of the Memorandum of Incorporation, the articles of association, a charter or bylaws of the issuer could result in delaying, deferring or blocking a change in its control.

A shareholder' agreement exists that is described in Section 5.12.3 “Shareholder’s agreement” of the Registration Document.

8.2.7 Crossing of thresholds

"Article 7 of the articles of association: Issuance of securities conferring special rights - preferred shares - form of equity securities and other securities - maintaining accounts - identification of shareholders - crossing ownership thresholds

The company may issue securities giving access to the share capital or conferring rights to the allotment of debt securities. Authorizing the issue of such securities is subject to the remit of the Extraordinary General Meeting. Decisions and authorizations to proceed with bond issues are subject to the remit of the Ordinary General Meeting. In accordance with the provisions provided for by law, the Company may issue securities giving access to the capital of a company in which it exercises control or a company exercising control in it. Shareholders have a preferential right to subscribe for securities giving access to the capital, in accordance with the procedures provided for in the case of capital increases carried out immediately by the issuance of shares for cash. On the issue date of the securities giving access to the capital, the Company must take all necessary measures to ensure that the rights of the holders of these securities are maintained according to the cases and conditions provided for by law.

No specific advantages are granted by these articles of association in favor of certain persons, whether partners or otherwise.

The Company may create preferred shares, with or without voting rights, and carrying special rights of any nature, whether temporary or permanent.

Preferred shares without voting rights may not represent more than one half of the Share Capital. Preferred shares may be repurchased or converted into ordinary shares or preferred shares of another category in accordance with statutory provisions. In the case of a change in or redemption of capital, the Extraordinary General Meeting shall determine the impact of these actions on holders of preferred shares.

Except where provided for otherwise by the terms and conditions set forth in the issuance agreement or statutory provisions, equity securities or any other securities that may be issued by the Company shall be in registered or bearer form, according to the choice of their holder. Shares may however be in bearer form only after having been fully paid up. Fully paid up shares may be either in registered or bearer form at the choice of the Shareholder.

At the request of the holder of an equity security (*titre de capital*), a certificate of registration may be issued to said holder by the issuer or by the authorized intermediary.

The Company may at all times ask the entity responsible for clearing securities for the information provided for by law on the identification of holders of securities granting immediate or future voting rights at General Meetings.

The Company is moreover entitled in the manner prescribed by the French commercial code to request the identity of security holders where it feels that certain holders, the identity of which has been disclosed to it, hold the securities on behalf of third parties.

The Company may ask any legal entity that owns in excess of 2.5 % of the capital or voting rights to disclose to it the identity of those persons directly or indirectly holding in excess of one third of the share capital of this legal entity or of the voting rights at General Meetings.

All individuals or legal entities, acting alone or in concert, having acquired a number of shares exceeding one of the statutory thresholds must comply with the corresponding disclosure obligations within prescribed time periods. This information must also be provided when holdings in share capital or voting rights fall below these statutory thresholds.”

8.2.8 Procedure for changing the capital

"Article 41 of the articles of association: share capital increase

The Share Capital may be increased via the issue at par or with a premium of new, ordinary or preference shares, paid up either in cash, by offsetting definite cash receivables owed by the Company, by capitalizing reserves, earnings or issue premiums, or by contributions in kind all of this pursuant to a resolution of the Extraordinary General Meeting or the Executive Board, specially empowered for this purpose by said Meeting.

Where the Capital increase is via the capitalization of reserves, earnings or issue premiums, the General Meeting must deliberate in line with the quorum and majority requirements for Ordinary General Meetings and the transaction is concluded either by increasing the par amount of the shares or by distributing bonus shares.

No Capital increase for cash may be carried out, at the risk of being voided where the former Capital has not firstly been fully paid up.

In line with the provisions of the French commercial code, Shareholders enjoy preferential subscription rights to shares issued for cash as part of a Capital increase in proportion to the number of shares they hold.

The period of time granted to Shareholders to exercise this right may not be shorter than the period prescribed in the French commercial code or regulations applicable on the date of commencement of subscription. This right may be traded where it is detached from shares that may themselves be traded; otherwise, it may be disposed of in the same manner as the share itself.

The outstanding shares not fully subscribed for as part of the Capital increase shall be distributed by the Executive Board unless otherwise decided by the Extraordinary General Meeting. Having regard to this distribution, the Executive Board may, moreover, decide to limit the Capital increase to the amount of subscriptions subject to the twin conditions that this represents at least three quarters of the approved increase and that this option has been expressly provided for in respect of the issue.

The Capital increase may be carried out notwithstanding the existence of "fractions" and Shareholders who do not have a sufficient number of subscription or grant rights to be issued a whole number of new shares must make it their business to buy or sell the necessary rights.

The Extraordinary General Meeting deciding the Capital increase may, pursuant to the provisions of the French commercial code, waive the exercise of preferential subscription rights and reserve the subscription for the new shares for those persons of its choosing.

Any contributions in kind are subject to the verification and approval procedure provided for in the French commercial code."

"Article 42 of the articles of association: Reduction of capital

The Extraordinary General Meeting may also, subject, as the case may be, to the rights of creditors, authorize or resolve to reduce the Share Capital for whatever reason and by whatever means, but in no event may the Capital reduction affect the equal treatment of Shareholders.

Reducing the Capital, for whatever reason, to an amount under the legal minimum may only be approved subject to the condition precedent of a Capital increase designed to take this amount back up to at least the legal minimum unless the Company transforms itself into a type of company that does not require a Capital in excess of the Share Capital following its reduction.

In the event of a failure to do so, any interested party may apply to the Courts to have the Company wound up; this may not be granted if by the day the ruling is handed down by the Court the issue has been corrected. "

9. MATERIAL CONTRACTS

Other than the contracts signed in the normal course of business disclosed in Section 5.3 "Business overview" of the Registration Document, subject to the limits of authorizations granted by our customers with respect to disclosures to third parties (nondisclosure agreements or clauses), the Group signed no material contract during the two years immediately preceding the publication of this Registration Document.

10. THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST

Not applicable.

11. DOCUMENTS ON DISPLAY

The articles of association, financial statements and reports, minutes of the General Meetings and other corporate documentation may be consulted at the Company's Registered Office: 5, rue Jorge Semprun – BP 74215 - 31432 Toulouse Cedex 04 or on its website: http://www.actiagroup.com.

Contact information

ACTIA Group

A French corporation with an Executive Board and a Supervisory Board
with share capital of €15,074,955.75
Registered with the Toulouse Companies Register (RCS) number: 542 080 791 – APE: 6420Z

5, rue Jorge Semprun
BP 74215
31432 Toulouse Cedex 4, France
Tel.: +33 (0)5.61.17.61.98
By email: contact@actiagroup.com
Investor relations:
Catherine Mallet: catherine.mallet@actia.fr

Company website:

www.actiagroup.com

12. INFORMATION ON HOLDINGS

The information on this topic is set out in Note 2 to the consolidated financial statements on “Consolidated companies”.

13. CONCORDANCE TABLES

13.1 Registration Document concordance table

In compliance with Annex I of EC regulation 809/2004 and article 212-13 subsection 1 of the General Regulation of the French financial market regulator, the AMF (*Autorité des marchés financiers*) and to facilitate the reading of the Registration Document, the table below provides cross-references between the AMF Instruction No 2005-11 of December 13, 2005 and the corresponding pages of the Registration Document.

	Information	Registration Document Section	Registration Document Pages
1.	**PERSONS RESPONSIBLE**		
1.1.	Person responsible for the Registration Document	1.1	7
1.2.	Responsibility statement	1.2	7
2.	**STATUTORY AUDITORS**		
2.1.	Name and address of the Statutory Auditors	2.1 2.2	8 8
2.2.	Resignations, removals and non-renewal of appointments of Statutory Auditors	NA	-
3.	**SELECTED FINANCIAL INFORMATION**		
3.1.	Financial information for the period	5.2	16
3.2.	Interim reporting	-	-
4.	**RISK FACTORS**	NOTE 25	178
5.	**INFORMATION ABOUT THE ISSUER**		
5.1.	History and development of the Company	3.2 5.4.2	9 38
5.1.1.	Legal and commercial name	3.1.1	9
5.1.2.	Place of registration and registration number	3.1.2	9
5.1.3.	Date of incorporation and term	3.1.3	9
5.1.4.	Registered office and legal form	3.1.4	9
5.1.5.	Important events	5.4.1	38
5.2.	Investments	5.6	45
5.2.1.	Completed investments	5.6.1 5.6.2 NOTE 3 NOTE 4	45 45 149 154
5.2.2.	Investments in progress	5.6.1 5.6.2	45 45
5.2.3.	Committed future investments	5.6.3	46
6.	**BUSINESS OVERVIEW**		
6.1.	Principal activities	5.3	21
6.1.1.	Nature of activities and products	5.3	21
6.1.2.	New products	5.3	21
6.2.	Principal markets	5.3	21
6.3.	Exceptional factors	5.3	21
6.4.	Extent of dependence on patents, licenses, contracts	-	-
6.5.	Competitive position	5.3.3	36
7.	**ORGANIZATIONAL STRUCTURE**	4.1	11
7.1.	Description of the Group	4.1 4.3	11 11
7.2.	List of subsidiaries and ownership interests	NOTE 2	148

	Information	Registration Document Section	Pages
8.	**PROPERTY, PLANT AND EQUIPMENT**		
8.1.	Existing or planned material items of property, plant and equipment	5.6.1 5.6.3 5.9.1	45 46 77
8.2.	Environmental impact resulting from their use	5.7.2	65
9.	**OPERATING AND FINANCIAL REVIEW**		
9.1.	Financial position	7.1.2 7.1.3 7.1.4 7.1.5 7.1.6 7.2.1 7.2.2 5.2 5.3	135 136 137 137 138 187 190 16 21
9.2.	Operating profit/(loss)		
9.2.1.	Factors materially affecting operating results	5.3.4	37
9.2.2.	Material changes in net sales	5.3 NOTE 17	21 170
9.2.3.	Strategy affecting operations	5.3 5.4 5.9	21 38 77
10.	**CAPITAL RESOURCES**		
10.1.	Short and medium term capital resources	7.1.2 NOTE 11 NOTE 12 NOTE 13	135 161 163 167
10.2.	Sources and amounts of cash flows	7.1.5 NOTE 12	138 163
10.3.	Borrowing requirements and funding structure	Note 25.5	179
10.4.	Restrictions on the use of capital resources	NOTE 12	163
10.5.	Anticipated sources of funds	NA	-
11.	**RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES**	5.5.2	42
12.	**TREND INFORMATION**		
12.1.	Most significant trends	5.4	38
12.2.	Uncertainties regarding trends	5.4	38
13.	**PROFIT FORECASTS OR ESTIMATES**	NA	-
14.	**ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT**		
14.1.	Information on members of the Company's administrative and management bodies	5.14	90
14.2.	Conflicts of interests within the administrative, management and supervisory bodies and senior management	5.12.3 5.14.4	88 106
15.	**REMUNERATION AND BENEFITS**		
15.1.	Remuneration paid and benefits in kind	5.15	107
15.2.	Pension, retirement or other benefits for which sums are set aside	5.15	107
16.	**PRACTICES OF THE ADMINISTRATIVE AND MANAGEMENT BODIES**		
16.1.	Period and expiry date of terms of office	5.14.2	91
16.2.	Service contracts	5.16	111
16.3.	Audit committee and remuneration committee	6.1.1	119
16.4.	Corporate governance compliance	6.1.1	119
17.	**EMPLOYEES**		
17.1.	Breakdown of workforce	5.7.1	48

	Information	Registration Document Section	Pages
17.2.	Shareholdings and stock options	5.13 5.15	89 107
17.3.	Share ownership agreement	5.12.7 5.13	89 89
18.	**MAJOR SHAREHOLDERS**		
18.1.	Shareholders other than members of administrative, management and supervisory bodies	5.12	82
18.2.	Ordinary and double voting rights of major shareholders	5.12	82
18.3.	Control and ownership	5.12.2	88
18.4.	Arrangements in a change of control	NA	-
19.	**RELATED PARTY TRANSACTIONS**	5.16	111
20.	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS, FINANCIAL POSITION AND EARNINGS**		
20.1.	Historical financial information	7.1	133
20.2.	Pro forma financial information	NA	-
20.3.	Separate financial statements	7.2	187
20.4.	Auditing of historical annual financial information		
20.4.1.	Audit statement for the historical financial information	7.1.8 7.2.4	185 201
20.4.2.	Other information audited by the Statutory Auditors	NA	-
20.4.3.	Financial information not audited by the Statutory Auditors	-	-
20.5.	Age of the latest financial information	-	-
20.6.	Interim and other financial information	-	-
20.7.	Dividend policy	7.3.2	204
20.8.	Legal and arbitration proceedings	7.3.3	204
20.9.	Significant changes in the issuer's financial or trading policies	7.3.4	204
21.	**ADDITIONAL INFORMATION**		
21.1.	Share capital	8.1	205
21.1.1.	Subscribed share capital	8.1.1	205
21.1.2.	Shares not representing capital	8.1.2	205
21.1.3.	Treasury shares	8.1.3	205
21.1.4.	Convertible securities	8.1.4	205
21.1.5.	Vesting terms and conditions	8.1.5	205
21.1.6.	Options or agreements	8.1.6	205
21.1.7.	History of the Share Capital	8.1.7	205
21.2.	Memorandum of Incorporation and articles of association	8.2	206
21.2.1.	Corporate purpose	8.2.1	206
21.2.2.	Bylaws of the administrative, management and supervisory bodies	8.2.2	207
21.2.3.	Rights, preferences and restrictions in respect of shares	8.2.3	208
21.2.4.	Actions necessary to change shareholder rights	8.2.4	209
21.2.5.	Calling and participating in General Meetings	8.2.5	209
21.2.6.	Provisions impeding a change in control	8.2.6	210
21.2.7.	Declaration of crossing of thresholds	8.2.7	210
21.2.8.	Procedure for changing the capital	8.2.8	211
22.	**MATERIAL CONTRACTS**	9	212
23.	**THIRD PARTY INFORMATION AND STATEMENTS BY EXPERTS AND DECLARATIONS OF INTEREST**		
23.1.	Statements by experts	10	213
23.2.	Other declarations	10	213
24.	**DOCUMENTS ON DISPLAY**	11	214

Information	Registration Document Section	Pages
25. INFORMATION ON HOLDINGS	12	215

13.2 Financial Report concordance table

Information in the Financial Report	Registration Document Section	Pages
1. EXECUTIVE BOARD MANAGEMENT REPORT	5	13
2. CONSOLIDATED FINANCIAL STATEMENTS AT December 31, 2015	7.1	133
2.1. Consolidated balance sheet	7.1.2	135
2.2. Consolidated income statement	7.1.3	136
2.3. Notes to the consolidated financial statements	7.1.7	139
2.4. Consolidated statement of changes in cash flow	7.1.6	139
2.5. Statement of changes in shareholders' equity	7.1.5	138
2.6. Report of the Statutory Auditors	7.1.8	185
3. SEPARATE FINANCIAL STATEMENTS AT December 31, 2015	7.2	187
3.1. Balance sheet	7.2.1	187
3.2. Income statement	7.2.2	189
3.3. Notes to the separate financial statements	7.2.3	190
3.4. General Report and Special Report of the Statutory Auditors	7.2.4	201
4. AGENDA AND RESOLUTIONS IN RESPECT OF THE GENERAL MEETING OF May 30, 2016	5	13
4.1. Agenda	5.1.1	13
4.2. Resolutions	5.1.2	13

13.3 Incorporation by reference of 2014 and 2013 financial statements

The following information has been incorporated by reference in this registration document:

- Reviews of operations, IFRS consolidated financial statements and French GAAP separate financial statements for the period ended December 31, 2014 as well as the related Statutory Auditors' reports;
- Reviews of operations, IFRS consolidated financial statements and French GAAP separate financial statements for the period ended December 31, 2013 as well as the related Statutory Auditors' reports;
- Selected financial information.

This information is included in the French language versions of the 2014 Registration Document (*Documents de Référence*) filed on April 21, 2015 and the 2013 Registration Document filed on April 14, 2014 with the AMF.

14. GLOSSARY

To facilitate the reader's understanding, selected technical terms and acronyms are defined below:

- **ACTIA Connect**: an extranet type portal proposing connected Web services directly available from the Multi-Diag® diagnostic tool .These services offer the mechanic on line support. The portal provides a secure area reserved for Multi-Diag® customers through a user ID and password.
- **ACTIA Fleet**: a global solution combining equipment and services for managing commercial vehicle fleets designed and developed by ACTIA®. ACTIA Fleet proposes a modular equipment approach – telematics devices, displays… and services - global positioning, fuel management, management of and exploitation of driving event data.
- **ACT-IES (ACTIA Entertainment System)**: an onboard entertainment system for passenger transport vehicles which allows passengers to access a range of media, video, music through their personal devices (smart phone or tablet) during their trip. This system consists of an onboard server storing the media, and on board Wi-Fi communications module and an application to be downloaded.
- **ActiMux**: an embedded multiplexed architecture solution for buses and coaches developed by ACTIA® This solution includes a range of electronic calculators, dashboard clusters and gauges.
- **Actuator**: A mechanism for ensuring the regular flow and pressure of a fluid (air, diesel, oil) for the purpose of operating another system under specific conditions.
- **Aftermarket**: the secondary market of the automotive industry. In the sector for industrial vehicles, a distinction is made between the original equipment manufacturer market (OEM) and the secondary market that covers post-equipment operations, maintenance and repairs.
- **Chronotachygraphe:** a device for monitoring the activity of commercial vehicles transporting passengers and merchandise. Mandatory in the European Union, this equipment measures driving time and speed in order to regulate the circulation of commercial vehicles by contributing to improved security.
- **Cluster**: a term that in our area (and which may have other meanings in other areas) refers to an electronic instrument cluster or panel ("digital dash") that includes different displays: screen, gauges.
- **COMCEPT:** an acronym for *COMplément de Capacités en Elongation, Projection et Théâtre*, a contract awarded by the French military procurement agency (DGA) to Airbus Defence and Space (ex-Astrium) and its partner ACTIA Telecom (ex-ACTIA Sodielec) to provide the French military forces access to Ka-band broadband satellite networks starting in 2014.
- **DGA:** an acronym for *Direction Générale de l'Armement*, the French military procurement agency responsible for designing, purchasing and evaluating military systems for the French forces.
- **DMT:** the DMT (Diagnostic Multiplexage Telematics) portal combining information captured from three onboard systems provided by ACTIA to improve the operation of public transit vehicles in China.
- **DTT:** Digital Terrestrial Television. DTT constitutes the migration to a new broadcasting technology for the transmission of digital content that gradually replaced analog terrestrial television.
- **Earth Station:** an earth station (ground station) is a terrestrial radio station for receiving and/or broadcasting satellite communications for civil or military applications.
- **EasyTach:** a software application developed and sold by ACTIA Group for automatically downloading legal data from the tachograph equipping the commercial vehicles (see "Tachograph").
- **EBSF:** European Bus System of the Future. EBSF is the first joint project for the urban bus system in the form of a consortium of 49 partners from 11 countries. Launched in 2008 and coordinated by UITP, the International Association of Public Transport, this project integrates through a global approach the needs of passengers, operators, transit authorities, and drivers and is focused on addressing issues relating to urban infrastructure and the place of the bus in the city of tomorrow.
- **Eco-Fleet:** one of the digital services of the ACTIA Fleet telematics portal for monitoring and analyzing driver behavior (fuel and comfort)
- **Electre:** a project for the deployment of digital substations led by RTE (see "RTE").
- **Embedded Systems:** a generic term referring to all onboard electronic equipment on vehicles. These systems are in most cases located at the level of the chassis but communicate with cabin devices, and mainly displays (see "cluster", "gauges", "switch pack").

- **ErDF**: Electricité Réseau Distribution France, a French company managing electricity power distribution.
- **FAR:** an acronym for *Fonctions Avancées de Régulation* in reference to advanced control features for optimizing the yields of electric lines and transformers based on a significant increase in the number of measures making it possible to more efficiently distribute the energy flows.
- **Gauge**: an instrument for measuring and visually displaying indicators on vehicle dashboards. Such instruments provide different indications to the driver: vehicle speed, engine speed, fuel consumption…
- **IATF**: International Automotive Task Force.
- **iCAN:** a telematics unit designed for vehicles in the aftermarket segment. This device is connected to the OBD socket in the driver cabin to transmit vehicle operating data to a fleet management software application.
- **IHM-I:** a range of intelligent and connected solutions equipped with a control interface for buses and coaches. These products are available for the post-equipment market. They include communications protocols that make it possible to provide customers with onboard access to Internet, telephony or different navigation, driving and operating services such as antitheft and shock detection, emergency calls, opening doors, engine ignition authorization or fleet management.
- **Infotainment**: a term within the activities of ACTIA® referring to product ranges used to provide passenger entertainment and information services on buses, coaches, subways, tramways and trains.
- **IRIS:** International Railway Industry Standard. Created in 2006 at the initiative of UNIFE (see "UNIFE"), this standard is the industry quality benchmark integrating all requirements specific to this sector.
- **ISO/TS 16949:** the international quality management system standard for the automotive sector. Developed by IATF (see "IATF"), the International Automotive Task Force representing European and American automotive manufacturers and equipment manufacturers, with the objective of harmonizing requirements of the different stakeholders in terms of the quality system.
- **Lean**: referring to "lean manufacturing", a management theory developed in Japan, by Toyota to reduce waste by applying a continuous improvement approach across the entire organization.
- **MCO**: an acronym for *Maintien en Condition Opérationnelle* (Operating Maintenance Services or OMs). This global support package covers all processes required to guarantee the operations of a system over time. In the case of electronic systems, these processes cover the redesign of the cards, their repair, the storage of components, etc.
- **Microwave**: the microwave technology is based on the emission and analysis of high-frequency radio waves. ACTIA Group uses this technology in transmission equipment for stations (see "earth stations").
- **Multi-Diag®**: is the multi-make offering for diagnostics devices and software developed and marketed by ACTIA Group. This range is designed to maintain and repair electronic parts of passenger and commercial vehicles irrespective of the manufacturer. It is sold to after-market vehicle maintenance and repair service networks worldwide
- **NADCAP:** National Aerospace and Defense Contractors Accreditation Program. NADCAP is a quality certification program for subcontractors and suppliers in the aerospace and defense sectors. This program defines the quality standard criteria for each product, manufacturing process and service. This program was developed by major customers like Boeing, Airbus, Safran, Rolls Royce, Bombardier or Zodiac.
- **NATO:** North Atlantic Treaty Organization. Founded on April 4, 1994, a political and military alliance grouping 28 member countries (Europe and North America) with the mission of protecting the liberty and security of its members.
- **OBD**: On Board Diagnostic.
- **ONCF:** an acronym for Office National des Chemins de Fer, the Moroccan national railway company.
- **OTC-Lan:** a new communications protocol that is mandatory for all new equipment installed in a technical inspection center since July 1, 2014 As from July 1, 2016, all equipment of a technical inspection center must be in compliance or replaced by compliant equipment. This protocol makes it possible to standardize and secure all information collected and transmitted by different equipment during a technical inspection.
- **PCCN:** an acronym for *Poste Contrôle Commande Numérique*, a digital protection and control system This system is used by ErDF (see "ErDF") and defines a new technical level (PCCN level) that equips all new installations and replaces previous equipment requiring costly operating maintenance.
- **PES:** an acronym for *Plateforme d'Exécution des Services* or "Services Execution Platform" referring to a computer vehicle environment (bus, Tramway) and equipped with the necessary communications interfaces making it possible to host all software applications necessary to operate the vehicle (ticketing, multimedia, fleet management passenger information, etc.).

- **RE:** an acronym for Renewable Energy or energy coming from sources that are naturally replenished or replenished at a pace faster than it is used.
- **RTE**: is the electricity transmission system operator of France. It is responsible for the operation, maintenance and development of the French high-voltage transmission system and ensuring the security of the electrical system.
- **RTU (Remote Terminal Unit):** a device for reliable communications making it possible to ensure regional dispatching for executing controls in the electric transmission station (opening the circuit breaker, controls, etc.).
- **SAM ATOM:** An embedded PC for buses and coaches to manage applications and services for location, communication, multimedia and driver-vehicle interface functions between the driver and passengers, ticketing, video surveillance, etc..
- **SAMI:** an embedded unit for the post-equipment market making it possible to transmit operating data of transport vehicles for advanced maintenance operations. It also features a black box function for detailed recordings of technical parameters that may be analyzed in the event of a vehicle failure or accident.
- **SMARTGRID**: an intelligent electrical grid for optimized energy performance with a remote control capability.
- **SMD:** an acronym for Surface Mounted Device (*Composant Monté en Surface* or CMS in French). The SMD is a method for producing electronic circuits in which the components are mounted and soldered directly on the surface of printed circuit boards instead of being attached by pins.
- **Tachograph**: (see "Chronotachygraphe)
- **Telematics:** etymologically a technology combining telecommunications and information technology. In the areas covered by ACTIA®, telematics refers to vehicle connectivity and covers not only embedded communications devices capable of transmitting data but also user services for the exploitation of data: global positioning, vehicle fleet management, monitoring fuel consumption, etc.
- **TGU2:** Telematic Gateway Unit 2. The TGU2 is an electrical unit designed and manufactured by ACTIA® equipping commercial and industrial vehicles that allows these vehicles to communicate with their environment. This communications capability serves many purposes: global positioning, monitoring fuel consumption, maintenance…
- **UNIFE**: The European Rail Industry Association (*Union des Industries Ferroviaires Européennes*).
- **VCI**: Vehicle Communication Interface, referring to the device connected to the OBD (see "OBD") for vehicle connectivity. This device normally located in the vehicle cabin is connected to the vehicle's electronic control units and giving access to a range of vehicle operating data. Exploiting this data through the VCI provides information about the electronic health of the vehicle and as such contributes to its maintenance A VCI is consequently an embedded telematics unit.