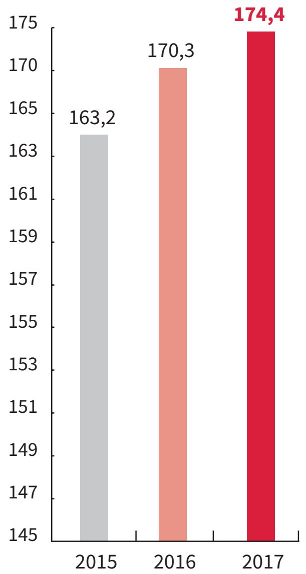
DOM Security

2017 ANNUAL REPORT

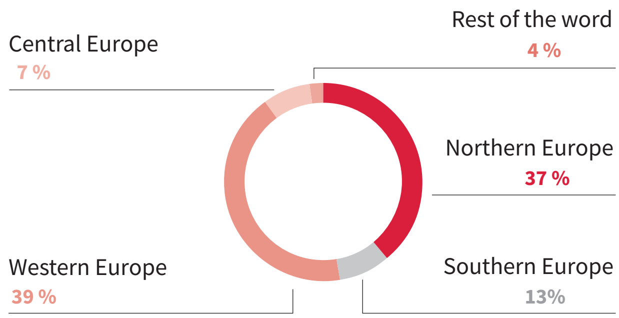
DOM

KEY-FIGURES 2017

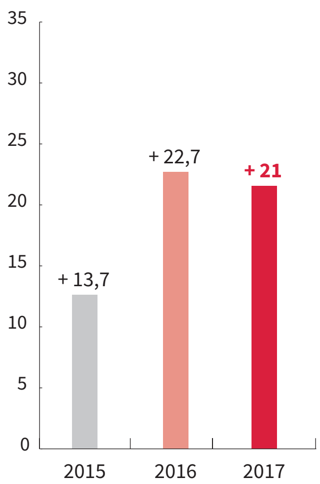
Sales evolution
in €M



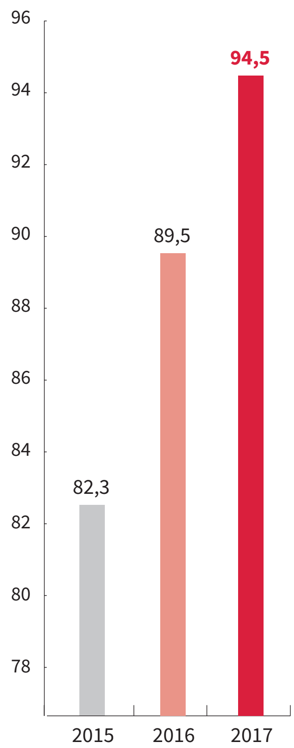
Sales split in 2017



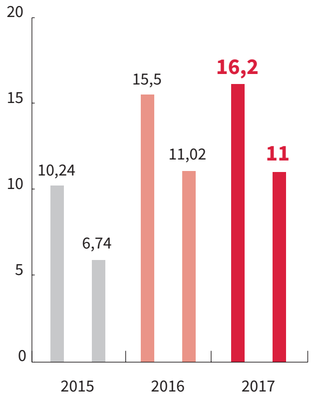
Net cash evolution
in €M



Equity evolution
in €M



Evolution of operating income and net income Group share
in € M

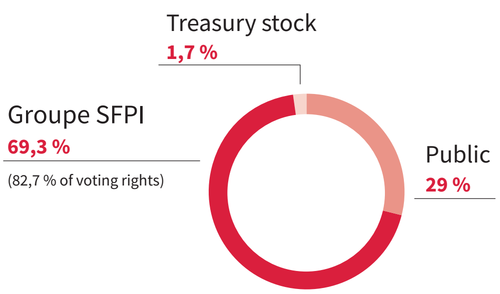


Data per share

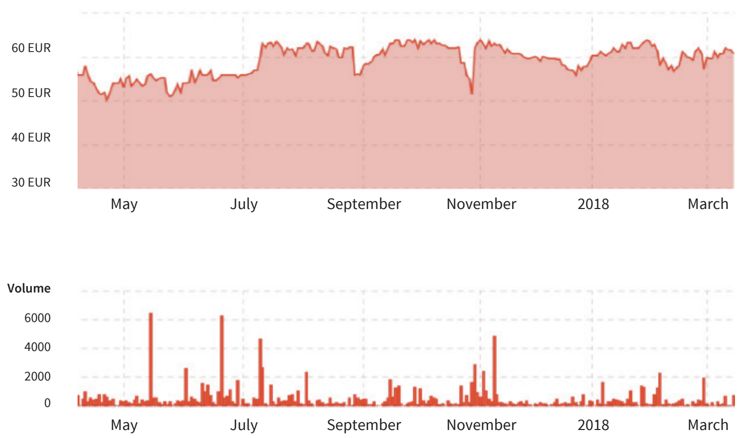
In €	2015	2016	2017
Net income per share Group share	2,76 €	4,58 €	4,57 €
Cashflow / share	5,30 €	7,57 €	7,15 €
Net dividend	1,50 €	1,75 €	1,75 €
Nb of shares (treasury stock)	**2 387 746**	**2 401 787**	**2 401 787**

Listing market : Euronext Paris
Compartment : C
ISIN Code : FR0000052839
Reuter Code : SCDV
Indice : CAC all shares

Shareholder mapping at 31/12/2017
in %
(% of voting rights)



12 months stock price evolution
Stock price at 21/03/2018 : € 60,4



Summary

Foreword from the CEO

"European lock and security system specialist"

DOM SECURITY is an independent industrial group specialising in locks and security systems.

DOM SECURITY's mission is to design, manufacture and market the following products:

- **mechanical, electrical and electronic access control systems** for large organisations and high-risk sites;
- **locking solutions for material and equipment,** developed for industrial use by providing turnkey solutions, in collaboration with their consulting firms;
- **locking solutions for buildings,** offering a wide and renowned range of equipment for the OEM and the aftermarket.

The 2017 consolidated turnover reveals an increase of 2.5% compared to 2016 and brings the total figure to €174,436k.

The current trading profit amounts to €15,951k as compared to €16,633k in 2016.

The net income of the consolidated companies is €11,000k as compared to €11,018k in 2016 and the cash generated from operations has seen a reduction of 5.9% to €17,163k.

The net profit for each share is €4.57 compared with €4.58 in 2016.

Across the entire financial year, the turnover is distributed as follows, in accordance with the operational geographic sectors listed below:

- Western Europe: €72,941k (41.82%).
- Northern Europe: €60,823k (34.87%).
- Southern Europe: €28,920k (16.58%).
- Central Europe: €11,752k (6.74%).

Management Report

Management and activity report from the Board of Directors at the Shareholders' General Meeting held on 17 May 2018

Ladies and gentlemen, shareholders,

We have summoned you to this General Meeting in application of the statutes and provisions of the French Commercial Code to:

> **by the competence of the General Meeting**:

- provide you with a report of the activity of the Company over the course of the financial year ending 31 December 2017, the profits and losses of this activity, future perspectives and also to submit, for your approval, the report and annual accounts of the said financial year;
- request your authorisation for a share buyback programme, and to grant the Board of Directors all powers to proceed to the Company's purchase of their shares;

> **submit for your decisions,** within the scope of the Extraordinary General Meeting:

- delegation to the Board of Directors to ensure the compliance of the articles with legislative and regulatory provisions,
- authorisation for the Board of Directors to cancel, if necessary, the shares acquired as part of the share buyback programme,
- the principle of a capital increase for employees.

The convocations ordered by law have been sent to you on a regular basis and all documents and articles provided by the regulations in force have been made available to you in due time.

Management Report

By the competence of the General Meeting

Presentation of annual accounts of the financial year ended 31 December 2017.

The annual accounts of the financial year ended 31 December 2017 that we wish to submit for your approval have been established in compliance with the presentation rules and with the assessment methods provided by the regulations in force.

The presentation rules and the assessment methods which have been selected are identical to those used for the previous financial year.

The income statement shows a net profit of €7,737,400.55 after the deduction of regulatory and justified depreciation and provisions, which we suggest distributing in compliance with the articles, as shall be stated below.

The Company's activity and financial performance over the course of the financial year ended 31 December 2017.

(1) The Company's activity

On 28 June 2017, DOM SECURITY submitted an offer for the share capital increase for their subsidiary DOM-METALUX, this increase amounting to €2,000,000.

Following the reduction of share capital by the purchase and cancellation of shares of their subsidiary DOM PARTICIPATIONS SAS, coming into effect on 17 July 2017, DOM SECURITY received a total of €1,237,000.

The holding percentage of DOM SECURITY in the Slovenian company DOM-TITAN increased from 96.14% to 98.63%

(2) The Company's financial performance

The turnover of €2,849,000 largely represents the re-invoicing of communal charges and personnel charges borne by DOM SECURITY on behalf of their subsidiaries.

The trading profit remains negative, shifting from €(279) k to €(377) k.

Financial income is also rising, increasing from €4330k to €9302k, this increase being essentially due to the increase in dividends paid by subsidiaries.

The extraordinary profit has increased from €(99) k to €(223) k.

The main expenditure and revenue accounts for the lapsed financial year entail the following income, in comparison to the 2016 financial year:

	2017 FINANCIAL YEAR	2016 FINANCIAL YEAR
Turnover	2,849,323	2,665,378
Operating income	2,859,384	2,737,994
Operating expenses	3,235,918	3,016,534
OPERATING PROFIT	**-376 534**	**278 540**
Financial income	9,351,820	4,393,128

Financial expenses	50,242	63,157
FINANCIAL PROFIT	**9,301,578**	**4,329,971**
CURRENT RESULT	**8,925,044**	**4,051,431**
Extraordinary income	1,385,189	1,842,723
Extraordinary expenses	1,608 607	1,941 852
EXTRAORDINARY PROFIT OR LOSS	**-223,418**	**-99,129**
Employee investment in company performance	--	--
Taxes on profits	964,225	457,731
PROFIT OF THE FINANCIAL YEAR	**7,737,401**	**3,494,571**

LEGAL ACTIVITY

Approval of 2016 financial year accounts

During your Annual General Meeting, held on 18 May 2017, you approved the accounts of the financial year ended 31 December 2016, revealing a net carrying profit of €3,494,571,09, which you decided to allocate as follows:

Source:

- Income of the financial year: €3,494,571,09.

Allocation:

- Dividend: €4,276,916 or €1.75 per share, debited as follows:
  - €3,476,916 from the profit of the financial year.
  - €800,000 debited from the Other Reserves account.
- The total balance for the financial year on the Other Reserves account, which had a balance of €32,488,790.84 which has been reduced to €31,706,445.93.

The cash dividend was made payable on 26 May 2017.

In compliance with the law, the shares held by the Company on the date on which the dividend was made available for payment have not conferred any right to the dividend.

Conventions and regulated commitments

We have provided our Official Auditors with all useful information which may assist them in presenting their special report on the conventions and commitments concerned by Article L. 225-38 et seq of the French Commercial Code.
For this purpose, we specify that the regulated conventions have been subject to examination by your Board of Directors, which took place on 26 September 2017.

Allocation of income of 2017 financial year

We suggest allocating the profit of the financial year, which amounts to €7,737,400.55, in the following manner:

Source:

- Income of the financial year: €7,737,400.55.

Allocation:

- Dividend: €4,276,916 or €1.75 per share, debited from the income of the financial year.
- The balance of the financial year's income, amounting to €3,460,484.55 on the Other Reserves account, which has a balance is €31,706,445.93 due to be reduced to €35,166,930.48.

We would like to inform you that, since the establishment of the Finance Act for 2018, dividends collected by a taxpaying natural person are lawfully taxed on the fixed-sum single debit of 30% (12.80% for income tax and 17.20% for social contributions). Regardless, the taxpayer may request, as an explicit option, that their dividends are taxed on a progressive income tax scale.

The cash dividend was made payable on 30 May 2018.

Dividend and shareholding by the Company of their own shares

In the case whereby, as the dividend is made payable, the Company should hold certain of their own shares, the distributable profit corresponding to the dividend which has not been paid due to the holding of the said shares, will be made to the Retained Earnings account.

Reminder of dividends paid over the course of previous financial years

In compliance with the provisions of Article 243 bis of the French General Tax Code, we would like to remind you that the sums distributed for dividends, for the three previous financial years, were the following:

FINANCIAL YEAR	DIVIDEND PAID	DIVIDEND PER SHARE
2014	€3,665,928	€1.50
2015	€3,665,928	€1.50
2016	€4,276,916	€1.75

Non-tax deductible sumptuary expenses and costs

In compliance with the provisions of Articles 223 ter and 223 bis of the French Tax Code, we specify that the accounts for the past financial year do not take into account expenses which are non-deductible from the taxable income.

Research and development activity

Our Company has not blocked fees of this nature during the 2017 financial year in the entry "Research and development costs" in the balance sheet.

Tables of the Company's profits and losses over the past five financial years

The table showing the profits and losses of the past five financial years, provided by Article R. 225-102 of the French Commercial Code, is attached to this report.

Information concerning the deadline of supplier debts and customer credits

In application of the provisions of Articles L. 441-6-1 and D. 441-l of the French Commercial Code, I provide you with the breakdown, upon the closure of the last financial year, of the balance of debts concerning suppliers and debtors, by due date:

SUPPLIER DEBTS						
	Article D. 441-4 I-1: Invoices **RECEIVED** unpaid as of the closing date of the financial year of which the due date has been exceeded					
	0 days *(account 401)*	1 to 30 days	31 to 60 days	61 to 90 days	91 days and above	**TOTAL** *(1 day and over)*
(A) OVERDUE PAYMENT INSTALMENTS						
Number of invoices concerned	29					**10**
Total incl. tax in €k of invoices concerned	258	26	--	--	3	**29**
% of total incl. tax on purchases over the financial year *(Tax Forms: FS + FU + FW)*	9.2	1.1	--	--	0.1	**1.2**
(B) INVOICES EXCLUDED FROM (A) CONCERNING CONTENTIOUS DEBTS						
Number of invoices excluded	--					
Total incl. tax in €k of invoices excluded	--					
(C) REFERENCE PAYMENT TIME FRAMES USED (CONTRACTUAL OR LEGAL TIME FRAMES - ART. L. 441-6 or ART. L. 443-1 OF THE FRENCH COMMERCIAL CODE)						
Payment time frames used to calculate payment delays	☐ Contractual time frames: (to be specified) ☒ Legal time frames: Application of the LME Act (Law on the Modernisation of the Economy): Within 45 days of the end of month or 60 days net					

<table>
<tr><th colspan="7">CUSTOMER DEBTS</th></tr>
<tr><td rowspan="2"></td><td colspan="6">Article D. 441-4 I-2: Invoices ISSUED unpaid as of the closing date of the financial year which have exceeded their due date</td></tr>
<tr><td>0 days
(account 411)</td><td>1 to 30 days</td><td>31 to 60 days</td><td>61 to 90 days</td><td>91 days and above</td><td>TOTAL
(1 day and over)</td></tr>
<tr><td colspan="7">(A) OVERDUE PAYMENT INSTALMENTS</td></tr>
<tr><td>Number of invoices concerned</td><td>17</td><td colspan="4"></td><td>2</td></tr>
<tr><td>Total incl. tax in €k of invoices concerned</td><td>66</td><td>--</td><td>--</td><td>--</td><td>2</td><td>2</td></tr>
<tr><td>% of turnover incl. tax of the financial year (Tax Forms: FL)</td><td>2.1</td><td>--</td><td>--</td><td>--</td><td>0.06</td><td>0.06</td></tr>
<tr><td colspan="7">(B) INVOICES EXCLUDED FROM (A) CONCERNING CONTENTIOUS DEBTS OR DOUBTFUL CUSTOMERS</td></tr>
<tr><td>Number of invoices excluded</td><td colspan="6">--</td></tr>
<tr><td>Total incl. tax in €k of invoices excluded</td><td colspan="6">--</td></tr>
<tr><td colspan="7">(C) REFERENCE PAYMENT TIME FRAMES USED (CONTRACTUAL OR LEGAL TIME FRAMES - ART. L. 441 or ART. L. 443-1 OF THE FRENCH COMMERCIAL CODE)</td></tr>
<tr><td>Payment time frames used to calculate payment delays</td><td colspan="6">☐ Contractual time frames: (to be specified)
☒ X Legal time frames: Application of the LME Act (Law on the Modernisation of the Economy): Within 45 days of the end of month or 60 days net</td></tr>
</table>

EQUITY OR CONTROLLING SHARE INVESTMENT AND TRANSFER

Equity invested over the course of the financial year

We remind you that the table of subsidiaries and equity investments is attached to the annual accounts.

Over the 2017 financial year, our Company increased its equity investment in the share capital of DOM-TITAN, which increased from 96.14% to 98.63%.

Distribution of share capital and voting rights

We indicate below the identity of the natural or legal persons, in compliance with the provisions of Article L. 233-13 of the French Commercial Code and taking into account the information received, in particular in application of Article L. 233-7 and L. 233-12 of this Code:

	% share capital	% voting rights
INTERNATIONAL VALUE ADVISERS LLC "IVA" SARL 2711 Centerville Road, Suite 400, Wilmington, 19808 Delaware, USA	8	4.72
GROUPE SFPI SA 20 rue de l'Arc de Triomphe - 75017 Paris, France TCR Paris B 393 588 595	69.3	82.68
STOCK PICKING FRANCE FCP Managed by Jousse Morillon Investissement 4 rue Frédéric Bastiat - 75008 Paris, France	2.19	1.41

ELEMENTS LIKELY TO INFLUENCE IN THE EVENT OF A PUBLIC OFFER INITIATED ON THE COMPANY

The structure of the Company's share capital on 31 December 2017 is the following:

- GROUP SFPI: 69.3% (82.68% of the voting rights of DOM SECURITY)
- Public: 29%
- Cross shareholding: 1.73%

Double voting rights

The voting right attached to shares is proportional to the capital which they represent. With the same par value, each capital share or bond confers a voting right.

Nevertheless, a voting right which doubles that conferred to other shares, in view of the round lot size of the share capital that the shares represent, is assigned to all actions which have been entirely freed for which a nominative registration over three years at least under the name of the same shareholder may be justified.

Threshold exceeding

The Company has anticipated exceeding statutory thresholds. Effectively, any natural or legal person, acting alone or in concert, who should come to hold or cease to hold a fraction equivalent to 2% of the share capital or of the voting rights or any multiple of this percentage, is obliged to inform the Company, within fifteen (15) days as of the exceeding of the equity threshold, by registered letter with acknowledgement of receipt sent to the head offices, specifying the number of shares and voting rights held.

Failing declaration in the above conditions, the shares exceeding the fraction which should have been declared are refused the right to vote, in accordance with conditions provided by the law.

Actions registered in the name of the Company

As part of the share buyback programme which was authorised by the vote of the General Meeting held on 29 November 2011 and which expired on 29 May 2013, the Company held, on 31 December 2017, 1.73% of their share capital, or 42.165 of their own shares of a purchase value of €27.29 for a nominal value of €15.

Statement of employee investment in the share capital

In compliance with the provisions of Article L. 225-102 of the French Commercial Code, we inform you that on the last day of the 2017 financial year, no employee held any of the Company's securities.

Director mandates

For the director mandates of Mr Thierry CHEVALLIER and of the company GROUPE SFPI SA, to expire at the end of this meeting, we suggest renewing the said mandates for a new period of three (3) years, or until the end of the General Meeting which will be summoned to adjudicate in 2021 for the accounts of the 2020 financial year.

These directors have indicated in advance that they accept the renewal of their mandate and were in no case struck by any measure or incapacity likely to prohibit them from this renewal.

Official auditor mandates

For the mandate of KPMG AUDIT PARIS-CENTRE, one of the official auditors, to expire at the end of this meeting, we suggest not renewing the said mandates and naming, as a replacement, KPMG SA, 2 avenue Gambetta – Tour Eqho – 92066 Paris La Défense Cedex, France, for a new period of six (6) years, or for a duration which expires at the end of the meeting summoned to adjudicate in 2024 for the accounts of the 2023 financial year.

For the mandate of KPMG AUDIT PARIS-NORD, one of the alternate official auditors, to expire at the end of this meeting, we suggest not renewing the said mandate and naming, as a replacement, SALUSTRO REYDEL SA, for a new period of six (6) years, or for a duration which expires at the end of the meeting summoned to adjudicate in 2024 for the accounts of the 2023 financial year.

Internal control and risk management procedure implemented by the Company

We specify that the company DOM SECURITY relied on the September 2016 publication of the corporate governance code of MIDDLENEXT for Small and Medium-Sized Companies.

For this, the Board of Directors have read and understood the elements presented in the "Vigilance Points" tab.

— Internal control definition and objective

The internal control is comprised of all control systems, established by executive management, management and other members of staff, to provide reasonable assurance for:

- the reality and efficacy of operations,
- the reliability of the reports,
- the compliance with laws and regulations in force,
- asset safeguarding.

An internal control system designed to response to the various objectives described above does not, however, provide certitude that the set objectives will be achieved, due to limits inherent of any procedure.

General organisation of internal control

Our Company's internal control is assured on two levels, firstly within the DOM SECURITY Group's subsidiaries under the responsibility of their directors; and secondly from outside of the Group by the Management Control and Legal services of our parent company, GROUPE SFPI.

In order to ensure, as far as possible, rigorous financial management and risk control, and with the purpose of elaborating the information provided to shareholders on the financial situation and accounts, the management control department of GROUPE SFPI proceeds to auditing the accounts of each subsidiary prior to the intervention of the official auditors.

This control service also supervises the financial report sent each month by each subsidiary. It manages the adaptation of accounting and budgeting procedures as well as the centralisation of financial information. It produces consolidation and manages insurance.
The Management Control Director reports the performance of their department's work to the CEO and, if necessary, provides recommendations.

A code of ethics for the controlling of financial and legal risks has been signed by all subsidiary directors and executives.

The accounting of cash operations and banking reconciliations of the Group are also managed by the Finance and Management Control department of the parent company, GROUPE SFPI.

The cash management and financing department is organised around the treasury.

Its main roles are:

- monitoring financial flows and fund distribution,
- monitoring financial investment or borrowing operations,
- managing overdraft facilities and commitments.

As part of legal risk control, GROUPE SFPI's Legal Management Team are handle the drafting of deeds and also assist and advise subsidiaries in legal affairs. They also manage and monitor contentious files in liaison with the Group's lawyers.

Other internal control procedures

For operational processes, the main controls listed below are carried out:

- for subsidiaries' commercial departments, to monitor and control using the monthly dashboards, the invoiced completed sales, order placements, margin rates, etc., in order to compare the realisation by activity sector with fixed and budgeted objectives,
- for subsidiaries' technical departments, in order to monitor and control the progression and volume of activity in terms of post-sale service, technical support, product testing and referencing and solution research.

For the elaboration and processing of financial and accounting information:

- The process falls within the jurisdiction of the department of Finances and Management Control.
- The accounting and management system is reliant on an integrated information system which facilitates the monitoring of the completeness, the correct evaluation of transactions and the drafting of accounting and financial information in accordance with the accounting methods and rules in force and applied by the Company for both corporate and consolidated accounts.
- Executive Management ensure the accuracy of the accounting and financial information produced by Management Control and Finances Management. This information is controlled by the official auditors, who proceed to verification procedures in accordance with standards in force.

— **Information and communication of shareholders**

The essential act of informing shareholders is managed via the Company's **website** (www.dom-security.com) under the control and management of the CEO of DOM SECURITY.

— **Principle risks encountered by the Group and management procedures**

The main risk factors are the following:

Customer risks

The risk of the non-recovery of debts is controlled upstream by in-depth knowledge of the market, the clientele and in the case of some new customers, by the determination of outstanding balances resulting from specific financial analyses.

Interest rate and exchange

There are no loans at variable interest rates.

The DOM SECURITY Group is little exposed to the risk of change.

Insurance

The Group has taken out insurance policies which correctly cover risks entailed by their activity.

Country risk

No activity has been developed in a country identified as being at risk.

Share buyback programme

We request that you authorise the Company to implement a share buyback programme, in compliance with the provisions of Articles L. 225-209 et seq of the French Commercial Code, as well as the provisions of the European Regulation No. 596/2014 dated 16 April 2014 pertaining to market abuse, in anticipation of proceeding to:

> recovery or exchange operations during the exercising of rights associated with the transferable securities providing access to the Company's capital;

> the conservation and later refund in payment or in exchange as part of external growth operations;

> transfers or reductions of Company shares to employees and/or eligible board members of the companies belonging to the GROUPE SFPI Group as part of saving plans or shareholding plan imposed by French or foreign law, share allocation plans and/or share purchase option plans;

> the organisation of the securities market or share liquidity (by purchase or sale) as part of a liquidity agreement which is compliant with an ethical charter practised by the Securities and Markets Authority and which is entrusted to an investment services provider who acts independently;

> the cancellation, as part of the Company's financial policy, of securities thus purchased, subject to the adoption of the thirteenth resolution of this meeting in the terms of which the latter authorises the Board of Directors to reduce the Company's share capital by cancelling treasury shares;

> more generally, to the implementation of all market practices, all objectives and all operations which should be admitted by the law or the regulations in force or even the Securities and Markets Authority as part of the share buyback programmes.

The maximum price for each share shall be 80 Euros.

The maximum number of shares which may be purchased may not exceed 10% of the capital.

The maximum total of purchases made may not exceed 19,551,616 Euros.

We would like to indicate that the power conferred to us in order to execute the share buyback operation shall have a term of eighteen (18) months, as of this meeting, or a term expiring on 17 November 2019.

We would like to inform you that, should you authorise this share buyback programme, your Board of Directors shall proceed, prior to its implementation, to the anterior reduction of the Company's capital by means of cancelling 1.73% of the capital currently held and this shall be done in application of the authorisation which you conferred to them during your general meeting held on 29 November 2011.

Significant events which occurred between the closing date of the financial year and the date on which the report was established

No significant event occurred between the closing date of the financial year and the date on which this report was established.

Management Report

On 31 December 2017, the scope of consolidation of the DOM SECURITY Group included the companies featuring on the list provided in the annex attached to the consolidated accounts.

In compliance with Articles L. 225-100 and L. 233-16 of the French Commercial Code, we request your approval of the consolidated accounts provided for your consultation in the annexes.

The provisions of Article R. 225-102 of the French Commercial Code specify that all information concerned by the said article and concerning the contents of the management report are also applicable to the Group's management report, which may be included in the Company's management report.

1 - SCOPE OF CONSOLIDATION

The Group's consolidated accounts, which were closed on 31 December 2017, have been established in the IFRS referencing system.

The mean employment of the consolidated companies is 1527 people.

The principle income statements for the lapsed financial year generate the following profits and losses which, in comparison to the previous financial year, evolve in the following manner:

PERFORMANCE (€K)	2017 FINANCIAL YEAR*	%	2016 FINANCIAL YEAR*	% 2017/2016
Turnover	174,436	--	170,256	2.5
Current trading profit	15,951	9.1	16,633	-4.1
Trading profit	16,145	9.3	15,535	+3.9
Financial income	-243	--	-34	--
Corporate tax	-4961	--	-4399	--
Consolidated companies' net income	11,000	6.3	11,018	--
Shareholders' interest	12	--	15	--
Group share	10,988	--	11,003	--

* *Average rate*

2 - ACTIVITY AND PRINCIPLE PROFITS AND LOSSES

A - DOM SECURITY CONSOLIDATED

The consolidated 2017 turnover reached €174,436k at the average exchange rate, increasing by 2.5% against a 2016 turnover of €170,256k.

The current trading profit decreased from €16,633k (or 9.8% of the turnover) to €15,951k (or 9.1% of the turnover).

The financial profit is negative by €(243)k, against a financial loss of €(34)k for the previous financial year.

The consolidated corporate tax amounts to €(4961)k.

The consolidated companies' net income is a profit of €11,000k, which is stable in regard to 2016.

The self-funding capacity of the DOM SECURITY Group has decreased from €18,179k in 2016 to €17,163k in 2017, that is to say a decrease of 5.6%.

Operational investments reached €8840k as compared to €5900k for the previous financial year.

Over the course of the financial year, the net cash decreased from €22,683k to €21,012k.

B - PRINCIPAL PROFITS AND LOSSES FOR AREAS OF THE DOM SECURITY GROUP

WESTERN EUROPE

This area corresponds to the companies' activities: DENY SECURITY, PICARD-SERRURES, DOM-METALUX, DOM RONIS, DOM TSS, OMNITECH SECURITY, INISSYS and DOM UK. It represented 42% of the activity of the DOM SECURITY Group.

	2017	2016
Turnover (*in €k*)	72,941	67,453
% of gross profit *(in % of production)	64.1%	65.1%
Current trading profit (*in €k*)	8817	8093
% across turnover	12.1%	12%
* *On production, including subcontracting*		

The turnover of this sector has increased by 8.14%.

On 26 September 2017, the DOM SECURITY Group acquired, via their subsidiary OMNITECH SECURITY, 75% of the share capital of the start-up INVISSYS, specialising in connected objects dedicated to security, for €176k. Over the 2017 financial year, this company generated a turnover of €35k and a net loss of €(72)k.

NORTHERN EUROPE

This area corresponds to the companies' activities: DOM GMBH & CO and DOM SUISSE. It represented 35% of the activity of the DOM SECURITY Group.

	2017	2016
Turnover (*in €k*)	60,823	62,705
% of gross profit *(in % of production)	74.4%	75.1%
Current trading profit (*in €k*)	4121	6062
% across turnover	6.8%	9.7%
* *On production, including subcontracting*		

The turnover of this sector has increased by 3%.

SOUTHERN EUROPE

This area corresponds to the companies' activities: DOM-CR, UCEM, DOM-MCM, SÉCURIDEV IBERICA, DOM-TITAN and TITAN-OKOVI. It represented 16% of the activity of the DOM SECURITY Group.

	2017	2016
Turnover (*in €k*)	28,920	28,956
% of gross profit *(in % of production)	53.9%	55.1%
Current trading profit (*in €k*)	1846	1315
% across turnover	6.4%	4.5
* *On production, including subcontracting*		

The turnover of this sector is stable in regard to the 2016 financial year.

CENTRAL EUROPE

This area corresponds to the companies' activities: EURO-ELZETT, DOM POLSKA, DOM CZECH, DOM ROMANIA and SÉCURIDEV HONGRIE. It represented 7% of the activity of the DOM SECURITY Group.

	2017	2016
Turnover (*in €k*)	11,752	11,142
% of gross profit *(in % of production)	51.2%	51.9%
Current trading profit (*in €k*)	1079	1517
% across turnover	9.2%	13.6%

* *On production, including subcontracting*

The turnover of this sector has increased by 5.5%.

C - SUBSIDIARIES' PRINCIPLE SOCIAL PERFORMANCE

1 - TURNOVER (IN €K)

COMPANIES	2017	2016
DÉNY SÉCURITY	22,828	22,485
DOM PARTICIPATIONS (France)	209	223
DOM-MÉTALUX	12,871	12,244
PICARD-SERRURES	17,710	15,674
DOM RONIS	13,524	13,227
OMNITECH SÉCURITY	9613	7053
DOM SÉCURITY	2849	2665
DOM TSS	2557	2511
DOM-CR	5283	5255
DOM SUISSE	3562	4010
DOM POLSKA	4977	4647
DOM SICHERHEITSTECHNIK GMBH & CO. LG (Germany)	64,567	65,411
EURO-ELZETT	8102	7738
DOM UK	3998	4195
DOM CZECH	1213	1341
DOM-TITAN	15,622	15,498
TITAN-OKOVI	261	227
DOM ROMANIA	761	603
SÉCURIDEV HONGRIE	87	77
UCEM SISTEMAS DE SEGURIDAD	3776	3276
DOM-MCM	11,774	11,300

2 - TRADING PROFIT (IN €K)

COMPANIES	2017	2016
DÉNY SÉCURITY	4282	3887
DOM PARTICIPATIONS (FRANCE)	34	-58
DOM-MÉTALUX	-324	-531
PICARD-SERRURES	2016	1659
DOM RONIS	200	310
OMNITECH SÉCURITY	731	717
DOM SÉCURITY	-377	-278
DOM TSS	578	539
DOM-CR	305	466
DOM **SUISSE**	343	202
DOM POLSKA	70	116
DOM SICHERHEITSTECHNIK GMBH & CO. LG (Germany)	4014	6655
EURO-ELZETT	495	797
DOM UK	-25	213
DOM CZECH	81	125
DOM-TITAN	569	593
TITAN-OKOVI	8	--
DOM ROMANIA	73	46
SÉCURIDEV HONGRIE	85	75
UCEM SISTEMAS DE SEGURIDAD	233	-223
DOM-MCM	711	593

3 - NET PROFIT OF THE FINANCIAL YEAR (IN €K)

COMPANIES	2017	2016
DÉNY SÉCURITY	2862	2613
DOM PARTICIPATIONS (France)	36	-54
DOM-MÉTALUX	-224	-488
PICARD-SERRURES	1380	1189
DOM RONIS	711	727
OMNITECH SÉCURITY	673	941
DOM SÉCURITY	7737	3495
DOM TSS	563	350
DOM-CR	204	372
DOM **SUISSE**	319	41
DOM POLSKA	139	76
DOM SICHERHEITSTECHNIK GMBH & CO. LG (Germany)	1997	4433
EURO-ELZETT	435	699
DOM UK	-273	122
DOM CZECH	91	95
DOM-TITAN	-577	523
TITAN-OKOVI	16	3
DOM ROMANIA	68	34
SÉCURIDEV HONGRIE	81	71
UCEM SISTEMAS DE SEGURIDAD	126	-140
DOM-MCM	539	364

4 - **LONG- AND AVERAGE-TERM BANKING DEBTS**
(excluding lease liabilities taken out in consolidation) (in €k)

Companies without long- and average-term debts are not included.

COMPANIES	Debts from 1 to 5 years	Debts over +5 years
DOM SICHERHEITSTECHNIK GMBH & CO. KG	2033	--
DOM-MCM	63	--
PICARD-SERRURES	287	--
OMNITECH SÉCURITY	102	--
DOM SÉCURITY	3797	--
DOM-METALUX	53	--
DOM UK	493	615
Others	17	--
TOTAL	**6845**	**615**

5 - NET SITUATION (IN €K)

COMPANIES	2017	2016
DÉNY SÉCURITY	16,157	15,377
DOM PARTICIPATIONS (France)	1211	2412
DOM-MÉTALUX	1427	-348
PICARD-SERRURES	6093	5657
DOM RONIS	3074	2363
OMNITECH SÉCURITY	1687	1715
DOM SÉCURITY	81,653	78,119
DOM TSS	792	731
DOM-CR	1618	1659
DOM **SUISSE**	2015	1909
DOM POLSKA	1111	918
DOM SICHERHEITSTECHNIK GMBH & CO. LG (Germany)	8534	8534
EURO-ELZETT	5182	4960
DOM UK	560	876
DOM CZECH	645	521
DOM-TITAN	7465	8051
TITAN-OKOVI	48	27
DOM ROMANIA	335	275
SÉCURIDEV HONGRIE	207	99
UCEM SISTEMAS DE SEGURIDAD	-792	-884
DOM-MCM	9425	8798

3 - INTEREST RATE AND EXCHANGE RISK ANALYSIS.
(INCLUDING DOM SÉCURITY SA)

There are no unswapped loans at variable interest rates.

The DOM SECURITY Group is little exposed to the risk of change.

4 - FUTURE PERSPECTIVES

For the 2018 financial year, the DOM SECURITY Group aims to achieve a turnover of approximately €180m, excluding external growth.

By the competence of the Extraordinary General Meeting

1. DELEGATION TO THE BOARD OF DIRECTORS TO ENSURE THE COMPLIANCE OF STATUTES WITH LEGISLATIVE AND REGULATORY PROVISIONS

In order to allow the Board of Directors to make the necessary modifications to the statutes should any new legislative or regulatory provisions be imposed upon the Company to ensure compliance, we request that you give delegation to the Board so that they may proceed to such modifications, subject to ratification by the next extraordinary general meeting.

2. AUTHORISATION TO BE GIVEN TO THE BOARD OF DIRECTORS TO REDUCE THE SHARE CAPITAL BY MEANS OF CANCELLING TREASURY SHARES

Should you decide in favour of the share buyback programme, we request that you authorise the Board of Directors to cancel, if necessary, on their sole decisions, in one or several times, within the limit of 10% of the share capital, the shares acquired within the context of the buyback programme for which we request your authorisation.

3. PRINCIPLE OF A CAPITAL INCREASE FOR EMPLOYEES, IN COMPLIANCE WITH ARTICLE L. 225-129-6 OF THE FRENCH COMMERCIAL CODE

Within the context of the provisions of Article 225-129-6 of the French Commercial Code, we submit to you a draft resolution aiming to realise a capital increase with deletion of the rights issue, for a total of 1,099,778.40 Euros at most, which would be reserved for employees who subscribe to an existent company savings plan or a similar plan which is to be created, in the conditions provided by Articles L. 3332-18 to L. 3332-24 of the French Labour Code.

As part of this capital increase, the rights issue will have to be deleted in favour of employees who have subscribed to a company savings plan.

We suggest, subject to your meeting's approval of this capital increase for employees, delegating the power to set the modalities of this issue to the Board of Directors, as well as the power to:

- establish, in compliance with the provisions of Article L. 3332-4 of the French Labour Code, a company savings plan, within a maximum delay of six (6) months as of the date of this meeting;
- determine the subscription price of new shares, in the conditions defined by Articles L. 3332-18 to L. 3332-24 of the French Labour Code;
- complete the capital increase with deletion of the rights issue, by their own decisions, in one or several times, within a maximum delay of twenty-six (26) months as of the meeting's decision, in favour of the employees, after having established a company savings plan in the conditions provided by Article L. 3332-4 of the French Labour Code and to set the total of the capital increase within the limit of the overall ceiling of 1,099,778.40 Euros;
- determine the allocation conditions for new shares hence issued in favour of the said employees, in the legal conditions, including the conditions of seniority, to end the beneficiary list and the number of securities likely to be allocated to each employee, within the limit set by the capital increase ceiling;
- Generally, take all measures to ensure the realisation of the capital increase.

This resolution is submitted to you in order to satisfy imperative legal obligations.

We hope that the above resolution will be granted your approval and that you will vote in favour of the resolutions submitted before you.

The CEO *A director*

TABLE OF RESULTS FOR THE FIVE PREVIOUS FINANCIAL YEARS

NATURE OF INDICATIONS	2013	2014	2015	2016	2017
1 - END OF FINANCIAL YEAR CAPITAL					
Number of existing ordinary shares	2,443,952	2,443,952	2,443,952	2,443,952	2,443,952
Number of existing priority dividend shares (without voting rights)					
Maximum number of future shares to be created:					
▪ by obligatory conversion					
▪ By exercising of stock purchase warrants					
2 - TURNOVER	1,334,858	1,382,295	2,040,883	2,665,378	2,849,323
3 - OPERATIONS AND PROFITS AND LOSSES OF THE FINANCIAL YEAR					
Profit before taxes, employee investment and allocation to provisions and reductions	13,606,294	3,639,410	4,576,092	5,522,634	7,760,493
Profit tax	2,081,645	1,481,112	161,826	457,731	964,225
Profit after taxes, employee investment and allocation to provisions and reductions	11,049,861	(6,385,725)	3,605,090	3,494,571	7,737,401
Distributed profit	4,178,556	3,581,619	3,602,680	4,203,127	
4 - PROFIT PER SHARE					
Profit after taxes, employee investment but before allocation to provisions and reductions	4.56	0.88	1.81	2.07	2.78
Profit after taxes, employee investment and allocation to provisions and reductions	4.52	-2.61	1.47	1.43	3.17
Dividend assigned to each share	1.75	1.50	1.50	1.75	
5 - PERSONNEL					
Mean employment of employees	3.0	2.0	3.0	3.25	4.8
Total payroll of the financial year	270,755	236,574	355,540	422,577	521,050
Total of sums paid for social contributions and benefits	43,811	30,930	95,002	111,341	145,589

In compliance with the requirements of Article L. 225-37 of the French Commercial Code, this report must inform you of:

- the composition of the Board of Directors (the "Board") and the application of the principle of equal representation of men and women within it;
- the preparatory and organisational conditions of the Board's work;
- the potential limitations applied to the powers of the Executive Director;
- internal control and risk management procedures implemented by the Company.

It aims to present to you:

- the principles and rules of determination for remuneration and benefits of any nature which may be granted to the Company's board members;
- the elements which may prove likely to bear influence in the event of a public offer (Article L. 225-10-3) as well as the modalities concerning shareholder investment in the general meeting.

This report has been established following discussions and interviews with the managers of the Company's financial and management control and legal departments.

This report covers the following points:

(1) Company governance strategies.

(2) Board of Directors.

(3) Preparatory and organisational conditions of the Board's work.

(4) Board member remuneration policy.

(5) Other subjects.

(1) Company governance strategies

Since 2010, the Company has decided to adopt the Middlenext code (the "Code") which was published in December 2009 and revised in September 2016, as its referential code for company governance, deeming that it is the most suited to the Company's size and the structure of its share ownership. DOM SECURITY undertake to comply with its recommendations.

This Code is available for consultation on the Middlenext website (www.middlenext.com).

Furthermore, over the course of previous years, the Board has initiated a procedure to progressively ensure compliance with the recommendation of the Middlenext code. The revision of this Code obliged the Company to pursue this procedure in order to respect the new recommendations.

The Board, in compliance with recommendation No. 19, have been made aware of the vigilance points of the Code and undertakes to revise them on a regular basis.

Executive Management working method

In compliance with Article R. 225-102 of the French Commercial Code, we indicate to you that your Board have proceeded to the selection of one of the two Executive Management working methods provided by Article L. 225-51-1 of the French Commercial Code.

The Board have decided to opt for the accumulation of the functions of the President of the Board of Directors and of the Executive Director.

Consequently, Mr Henri Morel assumes sole responsibility for the general management of the Company.

The executive director exercises their powers in compliance with the law and the statutes.

Internal regulation provides that the Board are summoned for any question concerning the correct running of the Company and, in particular:

- to appoint managing board members,
- to close annual and quarterly account books,
- to summon and set the agenda of shareholders' general meetings,
- to proceed to the controls and verification procedures which they may deem advisable,
- to examine major operations which the Company may envisage,
- to remain informed of any significant event concerning the Company.

(2) Board Composition

(2.1) The Board is composed of seven directors, including two independent directors, namely:

> Mr Henri Morel
CEO
Born on 27 May 1957 in Saverne (67)
Date of first appointment to the Board: 21 December 1990
Expiry of current mandate: 2020
Number of Company shares held: 1

> M. Jean-Bertrand Prot
Director
Born on 6 June 1945 in Neuilly-sur-Seine (92)
Date of first appointment to the Board: 2 December 1993
Expiry of current mandate: 2020
Number of Company shares held: 1.

> Mr Thierry Chevallier
Independent Director
Born on 4 April 1958 in Neuilly-sur-Seine (92)
Date of first appointment to the Board: 15 October 2004
Expiry of current mandate: 2018
Number of Company shares held: 1

> Mr Hermann Röser
Independent Director
Born on 19 April 1951 in Wermelskirchen (Germany)
Date of first appointment to the Board: 7 June 2013
Expiry of current mandate: 2019
Number of Company shares held: 1

> Ms Valentine Laude
Director
Born on [1] June 1978 in Paris 14th Arrondissement (75), France
Date of first appointment to the Board: 6 June 2014
Mandate expiry: 2020
Number of Company shares held: 1

> Ms Sophie Morel
Director
Born on 16 July 1985 in Strasbourg (67)
Date of first appointment to the Board: 6 June 2014
Expiry of current mandate: 2020
Number of Company shares held: 1

> GROUPE SFPI SA
Director
Represented by Ms Sarina Desfontaine
Born on 3 April 1975 in Clamart (92)
Date of first appointment to the Board: 16 May 2017
Mandate expiry: 2018
Number of Company shares held: 0

(2.2) Composition of the Board and of the Auditing Committee

Surname, first name, title or role of directors	Director independent	First year of appointment to the Board	Mandate expiry	Auditing Committee	Experience and expertise contributed
Henri Morel *Director and CEO*	No	1990	2020	No	--
Jean-Bertrand Prot *Director*	No	1993	2020	Member	Fusion and acquisition
Thierry Chevallier *Director*	Yes	2004	2018	President	Management and finance
GROUPE SFPI SA *Director, represented by* **Sarina Desfontaine**	No	2015	2018	No	--
Herman Röser *Director*	Yes	2013	2019	Member	Company management and administration
Valentine Laude *Director*	No	2014	2020	Member	--
Sophie Morel *Director*	No	2014	2020	Member	CRS Lawyer, communication and Group Committee

In compliance with recommendation No. 1 of the Code, managing directors do not exercise more than two other mandates.

(2.3) List of corporate mandates

In compliance with the provisions of Article L. 225-102-1, paragraph 3 of the French Commercial Code, we provide you below with the list of all mandates and roles exercised within other companies by each of the Company's board members:

Board members / Company	Mandate and/or function
Mr Henri Morel	
NEU SA – GROUPE SFPI SA FEVI SAS – NEU FEVI SA – SOREMEC SA	Director
GROUPE SFPI SA – NEU SA - SOREMEC SA	CEO
PICARD-SERRURES SAS – DOM-MÉTALUX SAS – DOM RONIS SAS DÉNY SECURITY SAS – OMNITECH SECURITY SAS DELTA NEU SAS - LA FONCIERE NEU SAS – NEU PROCESS SAS ARC MANAGEMENT SAS - AUBERGE HAZEMANN SAS	President
SCI B.G.M. - MP ASSOCIES SARL SCI AVENUE GEORGE NUTTIN SCI NEU – SCI LA CHAPELLE D'ARMENTIERES SCI HOTEL DU CHAMP DU FEU – SCI 1896	Manager
MAC SAS	Member of the Supervisory Board
Mr Jean-Bertrand Prot	
FRANCE FERMETURES SAS – FRANCIAFLEX SAS - SIPA MENUISERIES SAS MMD SAS – BARRIQUAND ECHANGEURS SAS - ASET SAS FINANCIERE BARRIQUAND SAS - SPRING MANAGEMENT SAS – LB SAS	President
GROUPE SFPI SA	Director - Delegated Executive Director
MAC SAS	President of the Supervisory Board
STORISTES DE FRANCE SA - BAIE OUEST SA	Permanent representative
SCI ALU DES DEUX VALLEES – SCI LUZECH SCI STERIMMO – SCI MANCHESTER – SCI ROCHETOIRIN	Manager

Mr Thierry ***Chevallier***	
None	
Mr Hermann ***Röser***	
None	
Ms Sophie ***Morel***	
SOREMEC SA – GROUPE SFPI SA	Director
DATAGROUPE SA	Permanent representative
Ms Valentine ***Laude***	
GROUPE SFPI SA	Director

(2.4) Application of the principle of equal representation of men and women

The Board includes three women amongst its seven members, in compliance with the law dated 27 January 2011 pertaining to the equal representation of men and women on boards.

(2.5) Independent directors

The notion of an independent director is the notion selected in application of recommendation No. 3 of the Code, which states that an independent director:

> has not been over the course of the past five years, and currently is not, an employee nor a managing board member of the Company or of a company within its group;

> has not been over the course of the past two years, and currently is not, involved in significant business relations with the Company or its group (customer, supplier, competitor, service provider, debtor, banker, etc.);

> is not a referential shareholder of the Company or does not hold a significant percentage of voting rights;

> does not have a close relation or family tie with a board member or a referential shareholder;

> not having been, over the course of the past six years, an official auditor of the Company.

In regard to the independence criteria, the Board is composed of two independent directors, who are: Mr Thierry Chevallier and Hermann Röser.

(2.6) Mandate term

The term of the directors' mandates is set at three (3) years. This term is compliant with recommendation No. 9 of the Code. Furthermore, the Company believes that given its size and the composition of its Board, the three-year term of the mandates favours directors' experience over the knowledge of the Company, their markets and their activities within the context of their decision-making, without diminishing the quality of the supervision.

(2.7) Ethical rules

In compliance with recommendation No. 1 of the Code, each administrator is made aware of the responsibilities incumbent to them at the time of their appointment to the Board and is encouraged to observe the ethical rules relative to their mandate. At the beginning of their mandate, they sign the Board's internal regulation and undertake to: comply with legal rules for mandate accumulation, inform the Board in the event of a conflict of interest which may arise following the obtaining of the mandate, demonstrate reliable attendance at Board meetings and general meetings, ensure that they have all information necessary for the agenda of Board meetings prior to making any decision and respect professional secrecy.

(2.8) Choice of directors

At the time of designating or renewing the mandate of each direction, information concerning their experience, skills and the list of mandates exercised is provided in the annual report and sent to the general meeting. This information is published online on the Company's website. The appointment to the Board of each director is subject to a distinct resolution, in compliance with recommendation No. 8 of the Code.

(3) Preparatory and organisational conditions of the Board's work

(3.1) Internal regulation

In compliance with recommendation No. 7 of the Code, the Board has adopted an internal regulation which is available on the Company's website.

This internal regulation specifies:

> the role of the Board and, if necessary, the operations subject to the prior authorisation of the Board;

> the composition of the Board, the criteria for member independence;

> the duties of the members (ethics: duty to loyalty and non-competition, duty to declare any conflicts of interest and duty to abstain, ethics, confidentiality, etc.);

> the functioning of the Board (frequency, summons, member information, self-assessment, use of videoconferencing and telecommunication methods, etc.) and in the case of committees, specifying their missions;

> protective modalities for corporate managers: civil liability insurance for board members (RCMS);

> director remuneration determination rules.

Internal regulation further specifies that:

> Board deliberation is only deemed valid if at least half of all board members are present or represented. Any contrary clause is deemed unwritten.

> Unless the Board is summoned to proceed to operations concerned by Articles L. 232-1 and L. 233-16, the internal regulation provides that directors participating in the meeting by means of videoconferencing or telecommunication are deemed to be present for the calculation of quorum and the majority.

> The vote of the president of the session is the deciding vote in the event of ties.

(3.2) Board member information

In compliance with internal regulation, directors receive all documents and information necessary to allow them to prepare meetings. The president endeavours to communicate elements at least every five (5) days prior to the sessions. Additionally, the president follows up the requests of members concerning obtaining supplementary information. Board members assess whether they receive sufficient information to accomplish their mission.

Furthermore, in compliance with recommendation No. 4 of the Code, directors are regularly informed between meetings when the current events concerning the Company justify this additional information.

(3.3) Establishment of committees

In compliance with recommendation No. 6 of the Code, we provide you with a report of the Company's selection of specialist committees.

The Company considers that its structure and characteristics (company size and small number of directors) does not necessitate the creation of a specialist committee, all directors being solicited to sit on a bench on all important points which are of interest to the management of the Company.

In compliance with the provisions of Article L. 823-19 of the French Commercial Code, the Board have decided, during the session of 5 November 2009, not to create an independent auditing authority and to exercise, in plenary session, the functions of the auditing committee.

Mr Thierry Chevallier, independent director in accordance with the criteria of the Code, presents special skills in the domains of finance and accounting. He ensures the presidency of the Board when it is summoned as an auditing committee.

The CEO, exercising executive functions, has abstained from participating on the Board when it is summoned as auditing committee. However, as the financial director, they may be invited to participate in part of the meeting depending on the nature of the subjects, precisions and information that they may be able to contribute in order to enrich and facilitate discussions.

The Board of Directors adopted a charter of the auditing committee on 20 March 2018. This charter indicates the auditing committee's composition and missions.

For this and in compliance with the law, the Auditing Committee will supervise:

- the drafting process for financial information;
- the efficacy of internal control and risk management systems;
- the legal control of annual accounts and, if necessary, accounts consolidated by the official auditors;
- the independence of the official auditors.

As part of this auditing mission, the auditing committee will meet prior to each closing of the Company's books. Hence, the Auditing Committee met on:

22 March 2017	▪ Examination and analysis of annual accounts of the financial year ending on 31 December 2016; ▪ Examination and analysis of consolidated accounts of the financial year ending on 31 December 2016.
26 September 2017	▪ Examination and analysis of consolidated accounts on 30 June 2017; ▪ Official auditors' presentation of their consolidated accounts on 30 June 2017; ▪ Summary on the anticorruption enacting terms issued by the Sapin II Law.

(3.4) Board meetings

The functioning of the Board (summons, meetings, quorum, director information) is compliant with the legal provisions and the Company's statutory and is specified in the internal regulation.

The Board determine the strategic directions of the Company, supervises their implementation and is summoned for all questions concerning the correction functioning the Company and of all significant management or investment operations. They also close the corporate books, consolidated accounts and provisional management documents and summons shareholders to meetings and also sets the agenda and resolution text. Furthermore, they proceed to a detailed examination of the functioning of the Group's business: sale evolution, financial income, debts and cash position. Moreover, the Board proceed to the controls and verification procedures which they deem advisable and authorises conventions relevant to Article L. 225-38 of the French Commercial Code.

In addition to annually scheduled meetings, a Board meeting may be summoned for any other subject bearing considerable importance. The Board are then regularly informed of the progression of these files.

Over the course of the 2017 financial year, the Board met three times, with an attendance rate of 99%. It notably deliberated the following points:

22 March 2017:	▪ Examination and closure of annual accounts of the financial year ending on 31 December 2016; ▪ Examination and closure of consolidated accounts of the financial year ending on 31 December 2016; ▪ Establishment of the management and activity report on annual and consolidated accounts for the financial year ending on 31 December 2016; ▪ Approval of the CEO's report, established in application of the final paragraph of Article L. 225-37 of the French Commercial Code; ▪ Conventions and regulated commitments; ▪ Situation concerning Directors' mandates; ▪ Employee shareholding; ▪ Decisions to be made for the preparation and summoning of the annual general meeting concerning the accounts of the said financial year; ▪ External growth project; ▪ Internal reclassification of the company USEM's securities and assets held by DOM SECURITY; ▪ Subscription to the capital share increase of DOM-METALUX; ▪ Participation in the reduction of the share capital, not motivated by the losses of DOM PARTICIPATIONS; ▪ Real estate project of DOM SECURITY;

	▪ Presentation of provisional management accounts.

18 May 2017	▪ Distribution of directors' emoluments; ▪ Situation of the director mandate of GROUPE SFPI SA; ▪ Change of permanent representative of GROUPE SFPI SA; ▪ Signatory authorisation of a fiscal integration convention.
26 September 2017	▪ Presentation of consolidated accounts on 30 June 2017; ▪ Legal financial publication; ▪ Examination of conventions and regulated commitments; ▪ Equity investment in the company INVISSYS; ▪ Examination and adoption of the MIDDLENEXT anti-corruption code.

Prior to meetings, directors are sent documents which allow them to prepare the subjects due to be discussed. Furthermore, a report of the activity of companies within the Group is distributed to directors during each meeting.

(4) Board member remuneration policy

(4.1) Remuneration of non-managing directors

Only natural person directors, non-managing and not employed by the Group receive directors' emoluments. These emoluments are allocated by the general meeting and distributed by the Board, on the basis of a fixed-sum amount and, partially, in view of attendance: the effective presence at Board meetings.

(4.2) Remuneration of managing board members

We inform you that the principles and rules applicable to the determination of remuneration and allowances of any nature granted to the Company's board members are subject to the prior examination of the Board. The Board examine all rules pertaining to the determination of the fixed part and, if necessary, the variable part of remuneration and allowances granted to board members.

All of these elements are subject, since the establishment of the law of 9 December 2016, to the approval or to the authorisation of the shareholders' general meeting.

The remuneration of the corporate manager includes the following components:

- fixed remuneration;
- allowances in kind.

The corporate managers do not receive directors' emoluments for their corporate mandate within the Company.

Board members do not benefit from any differed remuneration, severance grant or retirement guarantee, as concerned by recommendations No. 16 and No. 17 of the Code.

The Company has not implemented a policy of stock-option assignment nor a policy of gratuitous shares in favour of the board members as concerned by recommendation No. 18 of the Code.

The breakdown of remuneration and allowances granted to board members are included in the management report presented at the general meeting in the form of three tables created in compliance with the Middlenext recommendations.

(4.3) Remuneration and allowances of board members and directors

1 Summary table of remuneration assigned to each managing board member (in Euros)

	2017 Financial year		2016 Financial year	
	Totals owed	*Totals paid*	*Totals owed*	*Totals paid*
Henri MOREL *President of DENY SECURITY SAS*				
Fixed remuneration [1]	135,800.88	135,800.88	135,664.21	135,664.21
Annual variable remuneration	--	--	--	--
Exceptional remuneration	--	--	--	--
Directors' emoluments	--	--	--	--
Allowances in kind [2]	8793	8793	8656	8656
TOTAL 1	**144,593.88**	**144,593.88**	**144,320.21**	**144,320.21**

Henri MOREL *President of GROUPE SFPI SA*				
Fixed remuneration [1]	300,000	300,000	300,000	300,000
Annual variable remuneration	--	--	--	--
Exceptional remuneration	--	--	--	--
Directors' emoluments	--	--	--	--
Allowances in kind [2]	20,021.96	20,021.96	16,804.52	16,804.52
TOTAL 2	**320,021.96**	**320,021.96**	**316,804.52**	**316,804.52**

(1) *On a gross basis prior to taxes.*

(2) *Total assessed for unemployment insurance for managers and for supplementary pension scheme (GSC)*

2 Table of directors' emoluments allocated to Board of Directors members (in Euros)

	Totals paid during the 2017 financial year		Totals paid during the 2016 financial year	
	Totals owed	*Totals paid*	*Totals owed*	*Totals paid*
Thierry CHEVALLIER *President of DOM SECURITY SA*				
Directors' emoluments	7000	7000	6700	6700
TOTAL	**7000**	**7000**	**6700**	**6700**

	Totals paid during the 2017 financial year		Totals paid during the 2016 financial year	
	Totals owed	*Totals paid*	*Totals owed*	*Totals paid*
Valentine LAUDE *President of DOM SECURITY SA*				
Directors' emoluments	7000	7000	6650	6650
TOTAL	**7000**	**7000**	**6650**	**6650**

	Totals paid during the 2017 financial year		Totals paid during the 2016 financial year	
	Totals owed	*Total paid*	*Totals owed*	*Totals paid*
Sophie MOREL *President of DOM SECURITY SA*				
Directors' emoluments	--	--	--	--
TOTAL 1	--	--	--	--

Sophie MOREL *Employee and director of GROUP SFPI SA*				
Fixed remuneration [1]	66,248.22	66,246.22	67,375	67,375
Directors' emoluments	--	--	--	--
TOTAL 2	**66,248.22**	**66,246.22**	**67,375**	**67,375**

[1] *On a gross basis prior to taxes.*

	Totals paid during the 2017 financial year		Totals paid during the 2016 financial year	
	Totals owed	*Total paid*	*Totals owed*	*Totals paid*
Jean-Bertrand Prot *President of DOM SECURITY SA*				
Directors' emoluments	--	--	--	--
TOTAL 1	--	--	--	--

	Totals paid during the 2017 financial year		Totals paid during the 2016 financial year	
	Totals owed	*Total paid*	*Totals owed*	*Totals paid*
Hermann RÖSER *President of DOM SECURITY SA*				
Directors' emoluments	7000	7000	6650	6650
TOTAL	**7000**	**7000**	**6650**	**6650**

Moreover, Mr Hermann RÖSER received a sum of 95,287 Euros from the company DOM GMBH & CO. KG for his retirement scheme.

In compliance with the French Commercial Code, we request that you approve the distribution of directors' emoluments paid to the Board of Directors members during the 2017 financial year. We specify that the directors' emolument is reserved exclusively for independent directors.

Directors' emoluments

We suggest setting the sum of twenty-one thousand (21,000.00) Euros as the total of the directors' emoluments distributed to the Board of Directors.

Delegations to the Board of Directors

In compliance with the provisions of Article L. 225-100 of the French Commercial Code, no delegation concerning capital share increases has been consented to the Board of Directors.

The Board of Directors

Management Report

CONSOLIDATED CORPORATE, ENVIRONMENTAL AND SOCIETAL INFORMATION

Table of Contents

A. Presentation and Methodology

Presentation

Since the order dated 19 July 2017 and its decree dated 9 August 2017, the enacting terms of "Grenelle 2", pertaining to Corporate Social Responsibility (CSR) is replaced by a declaration of extra-financial performance.

From a specific and predefined list of information to be completed by companies, a more relevant and in-fact approach is now preferred for companies around the following subjects:

- Respect of Human Rights,
- Anti-corruption actions,
- Social, societal and environmental consequences of their activities.

It his hence in this manner that this extra-financial performance report has been established for the company DOM SECURITY.

Methodology

Taking into account the active holding activity of DOM SECURITY, in the continuity of the previous financial years, the company has decided to establish its extra-financial report on the entire scope of the Group. Hence, 14 companies have been solicited to provide their data. One company with 3 employees has been excluded from the scope due to its size. This data concerns the 2017 financial year, over the calendar year. Apart from the excluded holding, the scope is identical to that used for 2016.

The collection of data deemed "quantitative" and essentially relevant to corporate and environmental data, is managed by the intermediary of an Excel table to be completed. This document is sent in priority to Human Resource Managers, Administrative and Financial Managers and Accountants, in view of the size and organisation of the concerned structure.

The collection of data deemed "qualitative" and essentially relevant to corporate and environmental data is managed by the intermediary of an Excel table to be completed. This document is sent in priority to the Executive Directors, Managers or Site Managers, depending on each case.

The collection of information is carried out over the period from 9 January 2018 to 22 February 2018.

The collection documents are accompanied by a form explaining the procedure and methodology. It specifies definitions and is available in French and English.

One referential person within the group has also been appointed and a work schedule has been defined.

All data has been collected in a quasi-exhaustive manner both for quantitative and qualitative data.

All data presented in this report falls within the consolidated scope.

B. Business model

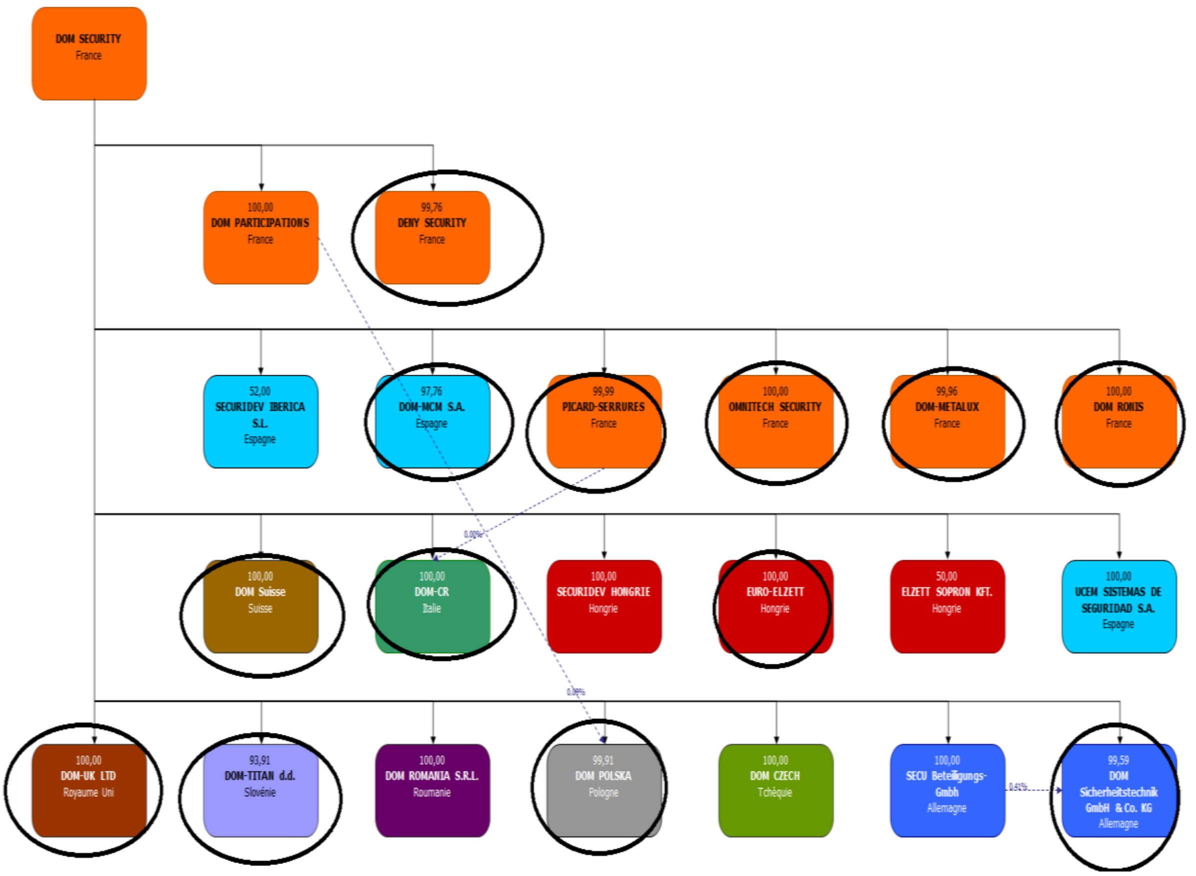
A European leader in mechanical and electronic access solutions in the security market, the group designs, manufactures and markets:

- For individuals and small businesses: mechanical and electronic solutions.
- For large businesses: mechanical and electronic locking solutions.
- For industrial groups: locking equipment, offering turnkey solutions developed in collaboration with engineering departments.

With a turnover exceeding 174 million Euros and over 1600 employees across twenty European companies, DOM Security is one of the highest performing security equipment manufacturers in Europe.

Thanks to our Research and Development department, we regularly offer our European customers innovative products, whilst still providing proactive local services in order to respond to each country's standards.

GROUP'S ORGANISATIONAL CHART AS OF 6 MARCH 2018



COMPANIES WITHIN THE SCOPE OF CONSOLIDATION

The Group owns 14 sites in 10 European countries (Germany, Spain, France, Great Britain, Hungary, Italy, Holland, Poland, Slovenia and Switzerland).

1	DOM CR	10	DOM SICHERHEITSTECHNIK
2	DOM CZECH	11	DOM TITAN
3	DOM MCM	12	DOM TSS
4	DOM METALUX	13	DOM UK LTD
5	DOM NEDERLAND	14	DÉNY SECURITY
6	DOM POLSKA	15	EURO ELZETT
7	DOM ROMANIA	16	OMNITECH SECURITY
8	DOM RONIS	17	PICARD SERRURES
9	DOM SCHWEIZ		

The Group's brands are the following:

A valued player in the security sector, the objective is to conserve and develop this leading position by showcasing its competitive assets. The Group's strategy is based on two key points:

- Organic growth fuelled by the development and optimisation of industrial, commercial and technical synergies between the group's subsidiaries;
- External acquisitions allowing the provision of additional allowances in terms of geographic markets, products and technologies.

The Group wish to act as a responsible figure in the industry in their activities and in terms of social, societal and environmental management.

C. The activity's effects on anti-corruption measures

1. DESCRIPTION AND RISKS

The Group have never been condemned for corruption and forcefully rejects any practice which may be associated with it.
Nevertheless, given that there is a high risk of fines in cases of non-compliance, the Group ensure that they take all measures necessary to further reduce this risk by developing, across the entire Group, process improvement measures. This is achieved by appointing external firms to assist or participate in interprofessional working groups.

2. APPLIED POLICIES

Within the DOM SECURITY Group, there is a code of ethics which allows for the anticipation of any risks of corruption and/or fraud. Furthermore, since 2017, DOM SECURITY's Board of Directors has adopted the Middlenext anti-corruption code.

3. POLICY RESULTS

A code of conduct was adopted in 2017 and must be distributed during 2018. The Group's hazard mapping is currently being drafted. This code will make the Group's employees aware of any hazards and will allow for risks to be reduced.

D. The activity's social and societal consequences.

1. DESCRIPTION

The Group DOM SECURITY is an industrial group with employees based in a variety of geographic zones. The group's social reporting, dated 31 December 2017, is presented below.

a. **Employment**

The DOM SECURITY GROUP counts, excluding temporary staff, 1579 employees as of 31 December 2017, as compared to 1554 employees on 31 December 2016. 824 employees are employed directly in Production (direct employees) and 755 are employed in support (indirect employees).

The 2017 average workforce (incl. temporary staff) is 1576 employees.

Total workforce and distribution by contract type

On 31 December 2017, almost 92% of the Group's workforce have an open-ended contract (as compared to 94% in 2016). The table below presents the distribution depending on the professional category.

	Direct employees	Indirect employees	TOTAL	%
Open-ended contract	1579	655	**1423**	92%
Fixed-term contract	56	100	**156**	8%
TOTAL 31/12/2017	**824**	**755**	**1579**	

Distribution by sex

At the closing of the 2017 financial year, approximately 60% of permanent employees are male. In 2 years, the proportion of women in the workforce has increased by 2.5 points.

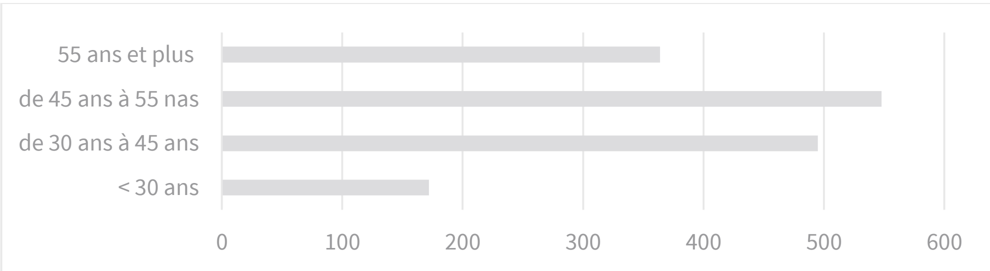
In the industry in 2012, only 28.5% of positions were held by women (source INSEE, observatory of inequalities). Since 2012, no new data has been published by the INSEE.

	TOTAL 2017	REMINDER 2016	REMINDER 2015
Men	59.1%	60.8%	61.6%
Women	40.9%	39.2%	38.4%

Breakdown of workforce distribution by sex depending on the professional category

Distribution by age

Within the DOM SECURITY Group, the age pyramid is the following:



Distribution by geographic zone

2/3 of the DOM SECURITY workforce are based outside of France.

	France	OUTSIDE France
Workforce	548	1051
% of Group's total workforce	34.7%	65.3%

Recruitment

In 2017, 205 employees were taken on, as compared to 187 in 2016 (+9.6%), following this distribution:

Contract type	Workforce	% 2017	% 2016	% 2015
Fixed-term contract	83	40%	35%	57.6%
Open-ended contract	122	60%	65%	42.4%

Sex	Workforce	% 2017	% 2016	% 2015
Men	118	61%	56.6%	57.6%
Women	87	39%	43.4%	42.4%

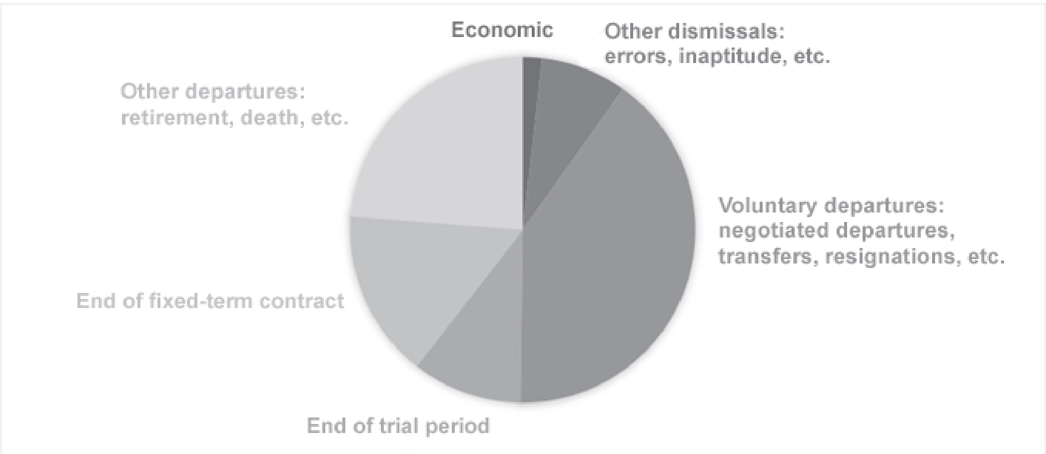
In 2017, the DOM SECURITY Group has predominantly led recruitment for open-ended contracts, even if this figure has waned (60% of recruitment as compared to 65% in 2016).

The proportion of male-female recruitment has slightly regressed (61%/39% in 2017 as compared to 57%/43% in 2016).

Departures

For the entire Group, departures in 2017 increased sharply in regard to the previous financial year (223 departures in 2017 as compared to 153 in 2016, or +45.7%):

Motive		% 2017	% 2016	16-17 evolution
Voluntary departures		40.4%	37.2%	↗
End of fixed-term contract		15.7%	9.2%	↗
Dismissals	Economic	1.8%	5.9%	↘
	Others	8.1%	5.9%	↗
Other departures (retirement, death, etc.)		23.8%	30.1%	↘
End of trial period		15.7%	11.8%	↗



In 2017, voluntary departures (resigning, breach of contract, etc.) have sharply increased (+33 departures) and become the leading cause of contract breaches. Fixed-term contract breaches have also significantly increased (+22 ended contracts).

Across the same period, 22 dismissals were declared, as compared to 18 dismissals in 2016.

On 31 December 2017, 6 labour court judgements (7 on 31 December 2016) are in progress and have dismissal without fair cause as their motive.

Remuneration and its evolution

This consolidated information regroups French and overseas subsidiaries.

	2017	2016	2015
Total payroll excl. fees (€k)	52,494	51,267	50,882

The consolidated total payroll increased by 2.4% with identical scopes between 2016 and 2017. Over the course of time, the workforce has largely remained stable.

b. Work organisation

Working hours organisation

The DOM SECURITY Group undertake to respect the legal and contractual obligations concerning working hours in each of its subsidiaries. Working hours vary depending on the activity and the legal provisions of the country, which varies from 1650 hours/year (France) to 1970 hours/year (in Hungary).

Absenteeism

The breakdown of absenteeism without the DOM Group is the following:

<table>
<tr><th></th><th>Hours of absence 2017</th><th>%</th><th>Hours of absence 2016</th><th>%</th><th>Evolution</th></tr>
<tr><td>Illness</td><td>95,788</td><td>44.5%</td><td>99,844</td><td>53.1%</td><td>-4.1%</td></tr>
<tr><td>long-term illness</td><td>83,413</td><td>38.7%</td><td rowspan="2">71,151</td><td rowspan="2">37.8%</td><td rowspan="2">+48.3%</td></tr>
<tr><td>maternity/paternity leave or parental leave</td><td>22,091</td><td>10.3%</td></tr>
<tr><td>Work accidents</td><td>5970</td><td>2.8%</td><td>6144</td><td>3.3%</td><td>-2.8%</td></tr>
<tr><td>Other absences, family events, early retirement, etc.</td><td>6038</td><td>2.8%</td><td>5438</td><td>2.9%</td><td>+11.03%</td></tr>
<tr><td>unjustified and/or unpaid absences</td><td>2019</td><td>0.9%</td><td>5545</td><td>2.9%</td><td>-63.7%</td></tr>
<tr><td>TOTAL</td><td>215,319</td><td>100%</td><td>188,122</td><td>100%</td><td>+14.6%</td></tr>
</table>

Within the same scope, absenteeism has increased by 14.6% between 2016 and 2017.

However, in hindsight, amongst the motives for absence, illness remains the main cause of absenteeism, accounting for over 44.5% of absences, as compared with 53% in N-1. There is a considerable number of absences due to long-term illness in 2017.

c. Health and safety

Health and safety conditions in the workplace

All companies within the Group have taken measures to guarantee the health and safety of workers. Furthermore, 10 companies belonging to the Group have begun to take measures with a view to promoting well-being in the workplace.

Work accidents

As of 2016, considerable collection work has been conducted to obtain this data for all companies within the Group.

In 2017, 39 notifiable accidents and 16 non-notified accidents were declared.

The frequency rate of notifiable accidents (TF1) is 14.18 and 20 for all accidents (notified and non-notified or TF2). Across a reduced scope in 2016, the consolidated frequency rate is 14.56.

Concerning the gravity rate, within the same scope, it is 0.31 (as compared to 0.58 in 2016)

In 2016, in France, the frequency rates of work accidents within companies manufacturing locks and fittings (NAF code 2572Z) was 16, and the gravity rate was 1 (source: assurance maladie (French health insurance body) - www.risquesprofessionnels.ameli.fr).

d. Social relations

The organisation of social dialogue and, in particular, staff information and consultation procedures and staff negotiation.

Social dialogue is organised within each structure depending on local legislation and common practices within the company. Across GROUPE SFPI, a Group committee was established in 2017.

Overview of collective agreements

Collective agreements have been negotiated in most of the companies within the Group.

These agreements are generic, occasionally unique and long-standing within most of the group's overseas branches. In France, the collective agreements predominantly concern working hours, professional equality or remuneration (agreement on arduous working conditions, senior employment, etc.).

In Germany, over twenty agreements are in force within DOM KG (working conditions agreement, work organisation agreement, etc.)

e. Training

Implemented training policies

The management of training activities within the DOM SECURITY Group is the product of good practices taken at the initiative of each subsidiary.

Training is essentially determined based on individual meetings and in view of the company's requirements.

Several companies incite their employees to participate in training to promote versatility. This policy allows individuals to improve their skills and to combat unexpected absences.

Total amount of training hours

Training hours for 2017 and 2016:

	Total amount of training hours	Training hours per employee
	2017	2017
Direct employees	2110	2.3
Indirect employees	6,919	9.9
TOTAL 2017	9029	5.6
TOTAL 2016	9717.2	6.1

The training dispensed is broken down as follows: 18% for safety, 0.5% for environmental training and 21.7% for well-being and personal development.

The 2017 training budget represents approximately €170k and all companies within the Group confirm that they encourage training.

f. Equal treatment

Measures taken to encourage male-female equality

Within the Group, 59.6% of employees are male and 40.4% are female.

By professional category, the male-female distribution is as follows:

2017	Direct employees	Indirect employees	2016 reminder
Male	54.7%	63.81%	60.8%
Female	45.3%	34.2%	39.2%

Amongst the Group's 700 indirect employees, 215 are managers. 36% of these managers are women.

Measures taken to encourage the employment and integration of disabled employees

Companies are taking special measures in view of the number of disabled employees currently contracted within their workforces (for example, access ramp installation).

	2017	2016	2015
Number of disabled employees (open-end and fixed-term contracts)	90	88	85
% of employees	5.55%	5.54%	5.46%

At a consolidated level within DOM SECURITY, the number of disabled employees has remained stable for 3 years, at around 5.5% of employees. Only 11 companies within the Group have implemented measures aiming to facilitate working conditions for disabled employees.

Anti-discrimination policy

Within each of its subsidiaries, the Group has established an action plan to encourage senior employment. Furthermore, **12 companies within the Group indicate that they have implemented measures to encourage diversity and 10 of these companies undertake to continue anti-discrimination measures.**

g. Information concerning societal commitments encouraging sustainable development

Societal commitments encouraging sustainable development

A survey conducted amongst the Group's companies revealed that 12 companies within the Group regularly hold talks with local figures to found partnerships or to improve their integration into the local community. Beyond integration, 13 companies within the Group participate in training activities for the local community by taking on interns and apprentices, etc. and by forging links with schools and training institutes.

Subcontracting and suppliers: purchasing policy and suppliers' social and environmental responsibility.

11 companies within the Group take into account geographic proximity when selecting their suppliers and subcontractors. 4 companies select their suppliers using social and environmental criteria and 3 companies have formalised a responsible purchasing charter.

The longevity of relations with subcontractors remains the main criteria for selecting partners within the Group.

Consumer safety

By means of their high-quality products and their utmost respect of the highest standards, DOM SECURITY remain loyal to their customers.

2. APPLIED POLICIES

The description of the social and societal organisation of the Group reveals several stakes and, in particular, a lack of male-female balance for positions of responsibility, a turnover which is yet to be mastered, increasing absenteeism, a need to protect the health and safety of works, training access which remains limited and social dialogue which needs to be maintained.

Each of these risks has variable stakes which have various social, reputational or financial impacts. Hence, the Group intends to continue to encourage its companies to:

- Improve their anti-discrimination policies and their promotion of equal chances by establishing good practices;
- Improve worker safety by strengthening site security, making employees aware of correct machine use and the obligation to wear personal protection equipment;

- Improve their drawing power to keep and attract new talents by also improving their communication policy and by multiplying actions in favour of employees;
- Improve their responsible purchasing policies by developing Group charters.

3. POLICY RESULTS

The results from the past two years are promising:

- The Male/Female balance has stabilised and female promotion is encouraged;
- A communication effort has been initiated;
- Employee safety has improved with an overall reduction of the amount of work accidents;
- Employees have been made more aware of various societal subjects.

E. The activity's environmental consequences

1. DESCRIPTION

a. General environmental policy

Organisation of the Company to take into account environmental issues and, as and when necessary, assessment or certification procedures concerning the environment

The DOM SECURITY Group is greatly concerned with respecting the environment and has taken out their active procedure to protect the environment in a transparent sustainable development policy.

In view of the nature of their activities, the DOM SECURITY Group's exposure to environmental risks is minor and the Group has not yet encountered any specific incident of pollution in France or overseas.

Based on transformed or consumed quantities, used products or exercised activities, the DOM SECURITY Group's French sites are subject, within the context of the regulation on Classified Facilities for Environmental Protection, either to declaration and/or to authorisation which is to be granted by the Direction Régionale de l'Environnement, de l'Aménagement et du Logement (DREAL - French Regional Directorate for Environment, Development and Housing).

Means devoted to environmental risk and pollution prevention

Two subsidiaries, DENY SECURITY and DOM CR have ISO 14001 certification and 11 subsidiaries have obtained ISO 9001. For this, each company within the Group will multiply preventative actions against risks to limit the consequences of any potential accident (double-checking, periodic facility controls, etc.). Overseas, companies are most often certified under their national standards; In Slovenia, DOM TITAN are controlled by the governmental agency for the environment (ARSO) and DOM NEDERLAND are applying for the MVO certification for 2018.

Total of provisions and guarantees taken
Training initiatives and informing employees about environmental protection

If employees have been able to be made aware of the environment as part of the implementation of ISO 14001 for the concerned companies, certain training initiatives dedicated completely to the environment were funded in 2017 (0.5% of training hours).

b. Pollution

Preventative, reductive or reparative measures of air, water and land pollution which may have severe impacts on the environment

In their workshops, various production sites have established an industrial dust removal system in line with the machines and tools used on the site. On certain sites, there are retention containers on tanks containing chemical products.

Half of all companies within the Group have special obligations concerning environmental protection and majority of these companies have implemented an operational procedure to be used in emergencies.

Finally, in a more general manner, the ISO 14001 certification and DREAL controls have increased the rigour applied in waste management and the establishment of pollution prevention measures.

All other forms of pollution which are specific to an activity and noise or light disturbances

The activity of the companies within the Group does not generate any particular noise or light disturbance and hearing protection is provided to employees in any positions where this may be necessary.

c. Circular economy

Waste prevention and management

- **Measures for the prevention, recycling, reuse, other forms of recovery and disposal of waste**

At the various stages of production, most companies within the Group take measures to reduce waste.
From product design, several companies have opted for the ecological design, whether that be in terms of the selected material (DOM KG, DOM METALUX) or in the limitation of energy consumption (DOM TITAN) or even in the use of recycled materials for manufacturing or packaging products (EURO ELZETT, PICARD SERRURES).

A special effort has been made by companies within the Group to use recycled materials for packaging.
At the final stage, most waste is sorted and recycled. Effectively, a lot of waste is recovered via recycling. The materials mainly recovered through this are steel, stainless steel, aluminium, brass, etc.

Several formulas are used for waste recycling:

- Specialised chains,
- Return to supplier.

All companies within the Group have provided their waste volume for 2017. All companies sort their waste.

	2017	2016	N/N-1 variation
Hazardous waste	254,036 kg	203,040 kg	+25%
Ordinary industrial waste	1,918 084 kg	1,923 148 kg	0.3%
Paper	61,700 kg	58,380 kg	+6%
Cardboard	44,380 kg	34,780 kg	+27.6%
Wood	68,676 kg	77,820 kg	-12%
Plastics	23 011 kg	22,748 kg	+1.2%
Scrap metal	1,860 499 kg	1,639,701 kg	+13.5%
Other	203 123 kg	160,393 kg	+26.6%

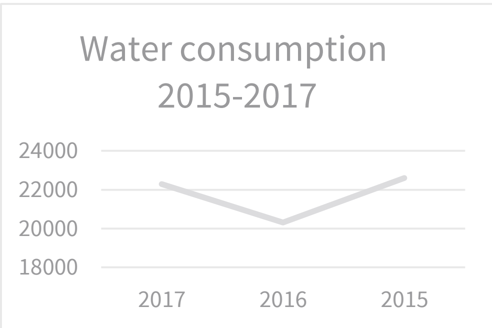
Sustainable use of resources

- **water consumption and supply in view of local limitations**

The nature of the companies' activity does not necessitate any particular monitoring of water consumption. Effectively, this is reduced to domestic use. 13 companies out of 14 have provided their water consumption data:

2017	2016	2015
22,283 m3	20,300 m3	22,600 m3

Between 2015 and 2017, water consumption slightly decreased (-1.5%).



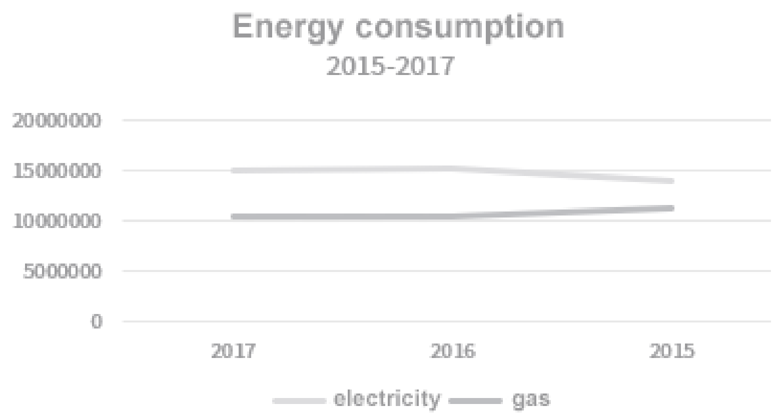
- **Raw material consumption and measures taken to improve the efficiency of their use**

Besides investments in machines which optimise the overlapping of parts in sheets to generate less waste, companies within the Group continue their efforts in the following fields:

- Product design using ecodesign,
- The use of recyclable raw materials,
- Efficient recycling of raw materials,
- The use of recycled packaging.

- **Energy consumption, measures taken to improve energy efficiency and the use of renewable energies (gas and electricity consumption)**

	2017	2016	2015	2016/2017 variation
Electrical consumption in KwH	14,991,955	15,187,850	13,923,011	-1.3%
Gas consumption	10,445,606	10,402,472	11,203,979	+0.41%



d. Climate change

Significant greenhouse gas emission items generated by the company's activity, notably by use of the goods and services which it produces

The impact of greenhouse gas emissions is not quantified in regard to the Group. The Group's activity does not allow, in its nature, for great measures in this domain.

The Group has taken measures to quantify its fuel consumption. All companies have provided data concerning their fuel consumption, including the consumption for N-1.

In 2016, 254k litres were consumed (12 companies) in comparison to 267k litres in 2017.

Adaptation to the consequences of climate change

Overall, the companies are beginning to progressively establish measures to adapt to the consequences of climate change.

e. Biodiversity protection: the measures taken to maintain or develop biodiversity

Each company ensures that they preserve as best as possible the environment in which they are located (river protection, waste control, double protection for tanks against leaks, etc.).

For this, the activity of companies within the DOM SECURITY Group does not allow for great measures to be taken on this issue.

2. APPLIED POLICIES

From founding, the Group have endeavoured to respect all standards pertaining to environmental protection and has always encouraged good practices.

A formalisation of the key principles must be envisaged over the course of upcoming financial years with a view to ensuring harmonisation.

3. POLICY RESULTS

Even if the driving force behind policies essentially remains to be the financial savings achieved, this does not alter the positive results, as companies have globally reduced water, fuel and gas consumption. Only electrical consumption has increased.

All of this is positioned within an overall context of activity growth which can only serve to increase the satisfaction gained with these results.

F. Impact of the activity in regard to the respect of Human Rights

1. DESCRIPTION

The DOM SECURITY Group contributes, on its level, by means of its daily actions to respect workers, the environment and stakeholders in accordance with human rights.

2. APPLIED POLICIES

The major risk of reputation loss or the loss of consumer confidence is deemed insignificant.

3. POLICY RESULTS

This indicator hasn't been established within the Group and is not envisaged to be established in the near future.

G. Incomplete information

Given the risk analysis, the following information has not been completed in the report:

- Promotion and respect of the stipulations of the International Labour Organisation's fundamental conventions.
- Other actions undertaken for societal information in favour of human rights.
- Food waste.
- The total of provisions and guarantees for environmental risks.
- Land use.

H. RISK SUMMARY

All information provided below demonstrates the various risks which are summarised in the following table.

Type of extra-financial information		Example of risks for the Group	Risk qualification	
Anti-corruption measures		Fine	High	4/5
		Reputation	Low	1.5/5
Social	Health and safety	Reputation / image	High	4/5
		Lack of drawing power	Moderate	2/5
		Financial costs	High	4/5
	Employment and skills	Loss of talent	Moderate	2/5
		Recruitment / training costs	Low	1/5
	Management	Industrial relations degradation	Moderate	2/5
		Loss of commitment and costs	Moderate	2/5
	Equality	Discrimination: image	Moderate	2/5
		Diversity: image	Moderate	2/5
Societal	Local involvement	Difficulties with local community	Very low	0.5/5
	Customer relations	Product safety	High	3.5/5
		Reputation	High	3.5/5
		Loss of Turnover	High	3.5/5
	Supplier relations	Supply rupture and costs	Moderate	2.5/5
Environmental	Environmental policy	Loss of operating rights	Low	1/5
		Site pollution / reputation	Low	1.5/5
	Climate change	Climate change and product obsolescence	Low	1.5/5
		Energy efficiency	Low	1.5/5
	Circular economy	Waste management	Moderate	2.5/5
Human Rights		Confidence	Very low	0.5/5
		Reputation	Very low	0.5/5

The risk qualification has been established with a multi-criteria approach, notably taking into consideration the number of companies and the workforce concerned, the financial risks in terms of turnover loss, extra expense costs, loss of saving opportunities or fines.

Hence, the scale is as follows:

Risks	Scale
Very low	0/5 to 0.5/5
Low	0.5/5 to 1.5/5
Moderate	2/5 to 3/5
High	3.5/5 to 4.5/5
Very high	4.5/5 to 5/5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Annual accounts

ANNUAL OVERVIEW DATED 31 DECEMBER 2017

ASSET

(In €k)	Net	Net
	31-12-2017	31-12-2016
Intangible assets	75	149
Tangible assets	229	375
Financial assets	77,535	77,235
Total Fixed Asset	77,839	77,759
Customer liabilities & related accounts	3076	1640
Misc. liabilities	10,149	9832
Marketable securities and availabilities	12,671	13,059
Prepaid expenses	-	34
Total Current Asset	25,896	24,565
Total of the ASSET	**103,735**	**102,324**

LIABILITIES

(In €k)	**31-12-2017**	**31-12-2016**
Capital	36,659	36,659
Issue, merger and acquisition premiums	1570	1570
Reserves	35,687	36,395
Profit	7737	3495
Shareholders' equity	81,653	78,119
Risk and expense provisions	-	285
Financial debts	5154	6502
Supplier debts & related accounts	379	446
Misc. debts	16,549	16,972
Debts	22,082	24,205
Total LIABILITIES	**103,735**	**102,324**

Annual accounts

ANNUAL INCOME STATEMENTS AS OF 31 DECEMBER 2017

(In €k)	**31-12-2017**	**31-12-2016**
Net turnover	2849	2665
Other operating income	10	73
Recovery on expense transfer provisions	-	-
Operating income	2859	2738
External expenses	-2269	-2153
Taxes, Duties & Other	-17	-24
Personnel costs	-667	-534
Funding of depreciation and other provisions	-220	-265
Other expenses	-63	-41
Trading expenses	-3236	-3017
OPERATING PROFIT	-377	-279
FINANCIAL PROFIT	9302	4330
CURRENT PROFIT BEFORE TAXES	8925	4051
EXTRAORDINARY PROFIT OR LOSS	-224	-99
Corporate Tax	-964	-458
NET INCOME	**7737**	**3495**

Balance sheet prior to distribution of the financial year ending on 31 December 2017, of which the total is €103,735k and on the income statement presented in list form of which the result is a profit of €7737k.

The financial year lasts 12 months, covering the period from 1 January 2017 to 31 December 2017.

The notes and tables below form an integral part of the annual accounts.

Accounting principles, rules and methods

The general conventions have been applied in respect of the prudence concept, in compliance with the following key assumptions:

- trading continuity,
- accounting method permanence,
- financial year independence,

  and in compliance with the establishment's accounting rules or the presentation of the annual accounts, in accordance with the accounting principles and methods defined by the general account plan which is presented by the ANC's regulation, No. 2016-07 dated 4 November 2016 published by the Autorité des Normes Comptables (ANC - French Accounting Standards Authority).

The historical cost method was selected.

Unless otherwise stated, the following totals are presented in thousands of Euros (€k).

Intangible assets

The rights and concessions of patents and licences acquired are accounted for in this entry. The depreciation is taken from the duration of the legal protection. Registration fees for trademarks are also included without being subject to depreciation.

Excluding exceptional and significant situations, research and development expenses are entered during the financial year in which they were paid. When they are blocked, with, if necessary, patent filing fees, they are depreciated across three years, as of the beginning of marketing or use. If the conditions of inclusion as an asset should cease to be met, they shall be subject to provisions.

Tangible assets

Tangible assets are assessed at their acquisition cost (purchase price and accessory expenses, excl. acquisition fees for assets) or at their production cost.

Depreciation is calculated in accordance with the intended duration of use.

The most commonly practised terms are the following:

Elements	Duration	Tax depreciation
New IT equipment	3 years	L
Tooling equipment	3 to 8 years	L

Only exceptional depreciation is processed as derogatory depreciation.

Leasing, long-term or financial leases

No asset used by the company by these funding methods has been blocked.

Financial assets

The gross value is constituted by the historical acquisition cost. When the utility value of securities is inferior to the accounting value, a impairment allowance is created and is equivalent to the discrepancy. The utility value of securities is estimated based on a multi-criteria approach which takes into account the Group share of shareholders' equity as well as the history and perspectives of profitability.

Customer liabilities

Liabilities are valued at their nominal value. A impairment allowance is applied when the recoverable value is inferior to the carrying value. Other than in cases of justified exception, all liabilities accrued over 12 months prior are entirely impaired, those of over six months being funded at 50%.

Liabilities and misc. debts

They are valued at their nominal value. An impairment allowance is applied when the salvage value of debts is inferior to the carrying value.

Liabilities and debts in foreign currencies are adjusted in view of the closing rates in return for asset-liability adjustment accounts.

Regulated provisions

Regulated provisions which appear in the balance sheet are provided in detail on the provisions statement and are part of the shareholders' equity in the balance sheet.

Risk and expense provisions

The risks and expenses clearly specified concerning their subject but of which the completion is uncertain and which, past events or events in progress render probably, entail the constitution of provisions for risks and expenses.

Accrued expenses and incomes

Accrued expenses and incomes are the resultant of the principle of independence of financial years which imply the subtraction of accounted expenses for which the payment (provision of the goods or service) has not yet been received and the incomes for which the payment (provision of the goods or service) has not yet been completed by the company.

Retirement benefits

The method selected for assessment is the prospective method with a discount rate of 2.3% and a salary progression of 2.1% including inflation. Retirement packages have been assessed with a percentage of life expectancy at the time of retirement and of the likely end-of-career salary. The main hypotheses selected are those which state that departures are to be made at the employees' initiatives at the age of 67 for executives and 62 for non-executives.

This benefit is not accounted for in provisions but appears in the benefits outside of the balance sheet.

Change of assessment method

Aucun changement notable de méthode d'évaluation n'est intervenu au cours de l'exercice.

Change of presentation method

Aucun changement notable de méthode de présentation n'est intervenu au cours de l'exercice.

Fiscal integration

The Company is head of fiscal integration. As provided by the fiscal integration convention, the equity quota of the subsidiary charged to the Group is calculated as if the company was not integrated.

Consolidation

The Company is held at 69.3% by the company GROUPE SFPI which has head offices at 20, rue de 'Arc de Triomphe 75017 Paris and is consolidated there by global integration.

Note on accountant statements

I - Key events in the financial year

Shareholders of the Slovenian company DOM-TITAN have been acquired for €135k, increasing the holding percentage from 96.14% to 98.63%.

DOM Security have agreed to the capital increase of their subsidiary DOM-METALUX for a total of €2000k. Nevertheless, the results of DOM-METALUX have limited DOM SECURITY to accounting for an additional provision of their securities for €224k.

Following the capital decrease via the purchasing and cancellation of the shares of their subsidiary DOM Participations, DOM SECURITY have received a total of €1237k.

II -Intangible, tangible and financial assets

Intangible and tangible assets

	Previous balance	Increase	Decrease	Closing
Intangible	328	-	-	328
Tangible	1440	-	-	1440
TOTAL	1768	-	-	1768
Depreciation & provisions	-1243	-220	-	-1463
Net	**525**	**-220**	**-**	**305**

Financial assets

	Previous balance	Increase	Decrease	Closing
Investments	119,555	2135	-1237	120,453
Treasury shares	1180	-	-	1180
Loans and other financial assets	255	-	-26	227
TOTAL	120,990	2135	-1263	121,862
Provisions	-43,755		-572	-44,327
Net	**77,235**	**2135**	**-1835**	**77,535**

The investment increase concerns the capital increase of the company DOM-METALUX for €2000k as well as the share purchasing of the company DOM-TITAN for €135k.

The reduction of investments concerns the capital decrease via the purchasing and cancellation of the company Dom investments' shares.

The variation of provisions concerns the DOM-METALUX securities, that is to say, €348k as part of the reclassification of the provision on the current account previously established and €224k in additional allowance.

III - Shareholders' equity

The capital of €36,659280 is divided into 2,443,952 outstanding shares.

	Previous balance	Capital variation	Regulated provision variation and investment subsidy	Profit assignment	Closing
Capital share	36,659	-	-	-	36,659
Share premium or intake	1570	-	-	-	1570
Legal reserve	3907	-	-	-	3907
Other reserves				31,706	31,706
New report	32,488	-	-	-32,414	74
Income of the previous financial year	3495	-	-	-3495	-
Income of the financial year		-	-		7737
Dividends	-	-	-	4203	-
Shareholders' equity	78,119	-	-	-	81,653

As the company holds 42.165 treasury shares, there have been dividends worth €73 which have not been distributed and which have been assigned in the new report.

IV - Risk and expense provisions

	31-12-2016	Allowance	Recovery	31-12-2017
Trading provision	-			-
Exceptional provision	285		-285	-
TOTAL	285		-285	-

The provision of €285k allocated in 2014 concerning the tax discrepancy between Germany and Holland has been paid, resulting in its recovery.

V - Loans and financial debts

No loan has been taken out this year. The average interest late for 2 loans in progress is 0.86%.

	31-12-2017	< 1 year	1 to 5 years	> 5 years
Loans and Financial Debts	5150	1353	3797	-

The positive cash flow of €12,671 is placed at €12,193 in fixed-term deposits without risks.

VI - Liabilities and debts

Liabilities	**31-12-2017**	**< 1 year**	**1 to 5 years**	**> 5 years**
Customer liabilities	3076	3076	-	-
Personnel and related accounts	13	13	-	-
Social security, social bodies	-	-	-	-
State - Benefit taxes	548	548	-	-
State - VAT	149	149	-	-
Group & associates	7056	7056		-
Other liabilities	2383	2383	-	-
Prepaid expenses	-	-	-	-
TOTAL	**13,225**	**13,225**	**-**	**-**

Customer liabilities correspond to the annual re-invoicing of expenses committed on behalf of the group's companies.

Other liabilities essentially correspond to a fiscal liability associated with the double taxation between Germany and Holland. The legal structure of DOM GMBH & CO KG makes their shareholder DOM SECURITY liable to pay German corporate tax. Following the tax adjustment resultant of the transfer price adjustment, DOM SECURITY have paid the notified adjustment for the 2006-2009 financial years. An approval procedure was initiated to avoid the double taxation and to procure a refund. The decision delivered on 17/02/2017 confirms a total of €1367 due to be received.
DOM SECURITY also had to pay the notified adjustment for the 2010-2013 financial years, for which the taxation rate differential had been provided. A total to be received of €963k has been accounted for by neutralising the double taxation.

As part of the cash management agreement, DOM SECURITY loaned: €1098k to DOM-METALUX, €523k to DOM RONIS, €2491k to DOM-TITAN, €1491k to UCEM, €761k to DOM-UK Ltd and €675k to DOM-POLSKA.

For the fiscal integration, DOM SECURITY's liability is €17k in regard to their subsidiaries.

Debts	31-12-2017	< 1 year	1 to 5 years	> 5 years
Suppliers, related accounts	379	379	-	-
Personnel and related accounts	69	69	-	-
Social security, social bodies	94	94	-	-
State - Benefit tax	4512	-	4512	-
State - VAT	265	265	-	-
State - Other	15	15	-	-
Group & associates	11,591	11,591	-	-
Other debts	2	2	-	-
Accrued income	-	-	-	-
TOTAL	**16,927**	**12,415**	**4512**	**-**

The Corporate Tax debt dating from over a year prior comes from the fiscal integration tax reductions associated with cumulated deficits of the integrated companies which will be due to be paid back to the Treasury, on their behalf, as soon as they are reinstated as beneficiaries.

As part of the cash management agreement, DOM SECURITY loaned to its subsidiaries the accumulated interests, amounting to: €3467k to DENY SECURITY, €1373k to PICARD-SERRURES, €529k to DOM TSS, €60k to EURO-ELZETT, €377k to DOM Participations, €950k to OMNITECH SECURITY, and €4100k to DOM GMBH.

The sum of €11,591k owed to the Group is to be overall compared:

- to the €7056k loaned to the Group;
- to the €12,193k invested in transferable securities, partially on behalf of subsidiaries.

Liabilities and debts in regard to the Group's companies are distributed as follows:

Loans to subsidiaries	223	
Customer liabilities	3076	
Group & associates Assets	7056	including 17 for corporate tax
Supplier debts	113	
Group & associates Liabilities	11,591	including 709 for corporate tax

For fiscal integration, DOM SECURITY's debt amounts to €709k in regard to their subsidiaries. It corresponds to the extra deposits paid for the final corporate tax.

VII - Distribution of expenses to be paid in balance sheet entries

The breakdown of this entry is the following:

Suppliers	92
Social-fiscal	106

VIII - Turnover

The turnover largely represents the re-invoicing of communal charges and personnel charges borne by DOM SECURITY on behalf of their subsidiaries.

Distribution by geographic zone:

National	1156
European Union	1716
Other Countries (Switzerland)	28

Breakdown by activity:

	TOTAL	Including Group
Service provisions & fee re-invoicing	2849	2849
TOTAL	2849	2849

IX - Financial income

Dividends	9256
Investment income	60
Net interests on current accounts	36
Loan interests	-50
TOTAL	9302

The source of dividends and investment revenues is indicated in the subsidiaries and investments table.

X - Extraordinary profit or loss

The exceptional loss of (-€223k) mainly comes from the additional allowance for DOM-METALUX securities.

XI -Other information

Operations completed with the companies within the Group have led to the following recordings:

Fee and personnel re-invoicing	2849
Operating income	**2849**
External expenses from DOM SECURITY subsidiaries	-952
External expenses from companies associated with GROUPE SFPI	-119
Trading expenses	**-414**
Financial income	36
Dividends	9256

External expenses concerning companies associated with GROUPE SFPI are composed of fees charged for commercial prospecting in Europe by the company POINT EST, amounting to €21k and €98k invoiced by GROUPE SFPI for management expenses and office sublets.

The subsidiaries DOM-CR, DOM UK, DENY SECURITY and the Dutch establishment of DOM Gmbh & Co KG invoice DOM SECURITY for personnel costs, IT costs and marketing expenditure. These external expenses are then re-invoiced to companies within the Group in compliance with the conventions in place.

XII - Taxation, tax breakdown

			Taxable base		
	Gross	Reprocessing	TOTAL	to + 33%	Corporate Tax
Operating profit	-377	1	-376	-376	-125
Financial income	9302	-9161	141	141	47
Extraordinary profit or loss	-224	213	-11	-11	-3
CT DOM Gmbh & Co KG [1]	-	-	-	-	1019
Contribution / Dividends					126
Fiscal integration	-	-	-	-	-100
	Total CT				**964**

The reprocessing of financial income corresponds to the cancellation of dividends following deduction from the equity quota of fees and expenses.

The exceptionally reprocessing largely comes from the allocation to provisions on intragroup securities.

(1) The company DOM Gmbh & Co KG is a company subject to the imputation system. Its parent company, DOM SECURITY, is liable to pay the German corporate tax which is not accounted for in the DOM Gmbh & Co KG subsidiary. DOM SECURITY observes the tax expense concomitantly upon the recording of the revenue of their investment.

The result of fiscal integration comes from the reprocessing of depreciation associated with intragroup transfers and the various corrections of internal Group taxes.

XIII - Increase and relief of future tax

No temporarily non-deductible expense has been recorded over the course of the financial year.

XIV - Off-balance-sheet commitments

Retirement leave indemnities €28k.

The loan, which has a current balance of €800k having served for the acquisition of 85% OMNITECH SECURITY's securities is guaranteed by the said securities.

XV - Advances and remuneration for managers

In compliance with Article L. 225-43 of the French Commercial Code, no advance or credit has been allocated to the company's managers.

XVI - Company's average workforce

Executives	Employees	Temps	Provision	Total personnel
4	0.8	-	-	4.8

On 31 December 2017, the company's workforce was comprised of 5 people.

XVII - Honorary statutory audit expenses

The honorary statutory audit expenses for the 2017 financial year amounted to €75k.

XVIII - Post-closing events

On 20 March 2018, the date on which the books were closed by the Board of Directors, no significant event had occurred.

Annual accounts

SUBSIDIARY AND INVESTMENT TABLE - ARTICLE L. 233-1 OF THE FRENCH COMMERCIAL CODE

Companies	Capital	Reserves, new report before result	Equity quota of held capital (in %)	Gross carrying value of held securities	Provisions on securities	Loans, non-reimbursed, consented advances	Loans, non-reimbursed, received advances	Retained dividends in 2017	Result of previous closed financial year	Turnover of previous closed financial year
French investments above or equal to 50%										
DOM-METALUX SAS SAINT-DIZIER Siren: 572 020 394	1656	-4	99.96	9691	8264	1098		-	-224	12,871
DENY SECURITY SAS SAINT-BLIMONT Siren: 552 105 603	414	12,880	99.73	25,530	-	-	3467	2103	2862	22,828
DOM RONIS SAS SANCOINS Siren: 345 004 147	1575	788	99.99	34,620	31,365	523	-	-	711	13,524
PICARD-SERRURES SAS FEUQUIERES-EN-VIMEU Siren: 341 148 823	1015	3697	99.99	2894	-	-	1373	944	1380	17,710
DOM PARTICIPATIONS SAS - PARIS Siren: 485 054 860	1000	176	100.00	1083	-	-	377	-	36	209
OMNITECH SECURITY SAS - PARIS Siren: 482 646 015	250	765	100.00	3304	-	-	950	700	673	9613
Overseas investments above or equal to 50%										
DOM Gmbh & Co KG Brühl – GERMANY	2503	6031	100.00	17,157	-	-	4100	4521	1997	64,567
DOM-CR Spa Turin - ITALY	1144	269	100.00	5057	2860	-	-	250	204	5283
EURO ELZETT Sopron - HUNGARY	870	3876	100.00	3797	-	-	60	679	435	8102
ELZETT Sopron Sopron - HUNGARY	1490	509	50.00	778	51	-	-	-	26	11,178
Dom POLSKA Czestochowa - POLAND	256	716	100.00	2104	1439	892	-	-	122	4977
DOM CZECH Spol Prague - CZECH REPUBLIC	4	550	100.00	3	-	-	-	-	91	1218
DOM-TITAN Kamnik - SLOVENIA	6497	1544	98.63	3064	-	2498	-	-	-577	15,622
DOM-UK Ltd Wolverhampton – UK	41	792	100.00	963	-	761	-	-	-273	3998
DOM Suisse SA Altendorf SWITZERLAND	923	773	100.00	1451	-	-	-	59	319	3562
DOM ROMANIA SRL Prahova ROMANIA	468	-201	100.00	490	214	-	-	-	68	761
SECU BETEILIGUNGS Gmbh Brühl – GERMANY	25	148	100.00	25	-	-	-	-	13	-
UCEM SISTEMAS DE SEGURIDAD Mondragon - Spain	206	-1,124	100.00	134	134	1491	-	-	126	3776
METALURGICA CERRAJERA DE MONDRAGON - MCM	2692	6195	100.00	8305		-	-	-	539	11,774

Consolidated accounts

CONSOLIDATED BALANCE SHEET DATED 31 DECEMBER 2017

(In €k)	Note	31-12-2017	31-12-2016
Goodwill	1	33,334	33,334
Intangible assets	2	1636	1160
Tangible assets	3	30,673	28,226
Investments in associated companies	4	1161	1101
Other non-current financial assets	6.1	1813	1680
Deferred tax asset	12	10,945	10,544
Total Non-current Assets		**79,562**	**76,085**
Stocks and sums outstanding	5	37,627	35,668
Customer liabilities	6.2	29,226	27,702
Other current financial assets	6.3	8655	7274
Cash and cash equivalent	6.4	31,627	31,889
Total Current Assets		**107,135**	**102,533**
Total of the ASSET		**186,697**	**178,618**

(In €k)	Note	31-12-2017	31-12-2016
Capital		36,659	36,659
Consolidation reserves / Group share		46,693	41,450
Result / Group share		10,988	11,003
Shareholders' equity Group share	7	**94,340**	**89,112**
Share interests		129	383
Shareholders' equity of all consolidated elements	7	**94,469**	**89,495**
Non-current provisions	8	41,621	38,891
Long-term financial debts	10	7639	6831
Differed tax liabilities	12	1694	1803
Total Non-current Liabilities		**50,954**	**47,525**
Current provisions	9	2322	2882
Short-term financial debts	10	2975	2375
Supplier debts	11	14,326	14,333
Deferred tax liabilities	11	375	1452
Other current liabilities	11	21,276	20,556
Total Current Liabilities		**41,274**	**41,598**
Total Liabilities and Shareholders' equity		**186,697**	**178,618**

Consolidated accounts

CONSOLIDATED PROFIT AND LOSS ACCOUNT DATED 31 DECEMBER 2017

(In €k)	Note	2017	2016
Net turnover	**14**	**174,436**	**170,256**
Stored production		2010	1138
Consumed purchases including subcontracting		-52,569	-49,619
Gross margin	14	123,877	121,775
% of turnover		71.0%	71.5%
% of production		70.2%	71.0%
Other operating income and subsidies		1143	1461
Net provision funding	15	-1,476	-244
External expenses		-30,762	-31,285
Taxes, Duties & Other		-1175	-1214
Personnel costs		-68,275	-65,758
Depreciation funding		-6265	-6568
Other expenses		-1116	-1534
CURRENT OPERATING PROFIT		**15,951**	**16,633**
% of turnover		9.1%	9.8%
Restructure cost		-	-643
Other income and non-recurrent fees		-	
Value loss variation and Goodwill impairment	1	194	-455
OPERATING PROFIT		**16,145**	**15,535**
% of turnover		9.3%	9.1%
Financial income	16	537	706
Financial expenses	16	-780	-740
FINANCIAL PROFIT		**-243**	**-34**
PROFIT BEFORE TAXES		**15,902**	**15,501**
Corporate Tax	17	-4961	-4399
Profit investment		59	-84
NET INCOME OF CONSOLIDATED BUSINESSES		**11,000**	**11,018**
% of turnover		6.3%	6.5%
- Shareholders' share		12	15
- Parent company share		10,988	11,003
- Net profit per share (excl. cross shareholding) in Euros	18	4.57	4.58

Consolidated accounts

STATEMENT OF COMPREHENSIVE INCOME DATED 31 DECEMBER 2017

(In €k)	Note	2017	2016
Net income of the financial year		11,000	11,018
Other elements of the comprehensive income which may later be reclassified in the consolidated result (gross)			
- Conversion differences of financial statements for subsidiaries using foreign currency		-146	2
- Financial acts, reassessment of financial assets available upon sale, reassessment surplus		-34	38
Tax on these other elements of the comprehensive income		-	-
Other elements of the comprehensive income which have been definitively reclassified outside of the consolidate result (gross)			
- Actuarial gains and losses on retirement packages		-2116	274
Tax on these other elements of the comprehensive income		601	-123
Total comprehensive income		9305	11,209
- Capital holders of the parent company		9293	11,194
- Shareholders' interests		12	15

Consolidated accounts

CONSOLIDATED FLOW TABLE DATED 31 DECEMBER 2017

(In €k)		2017	2016
Result before taxes	(*)	**15,902**	**15,501**
Elimination of fees and income without effect on the cash flow			
- Operation depreciation funding	(*)	5908	6568
- Variation of non-current financial operating provisions	(*)	36	-441
-Value loss provision variation	(*)	194	455
-Transfer gains or losses	(*)	-12	-7
Net variation of working capital requirement			
- Stock and sums outstanding variation		-1919	-1790
- Customer variation		-1395	3328
- Supplier variation		315	-1480
- Variation of other debts and liabilities		-2271	90
Cash flow from activities		16,758	22,224
Taxation on the result	(*)	-4882	-3897
Net cash flow from operating activities		**11,876**	**18,327**
Disposition of assets		102	392
Acquisition of consolidated securities		-311	-113
Cash flow from acquired companies		-13	
Tangible and intangible asset acquisition		-8840	-5908
Financial asset acquisitions		-178	-126
Variation of debts on assets			-52
Net cash flow from investment activities		**-9240**	**-5807**
Lease liabilities and financial leasing increase		-	-
Debts owed to credit establishments increase		3620	270
Increase in other financial debt		230	
Lease liabilities and financial leasing refund		-72	-75
Reimbursement of debts to credit establishments increase		-2371	-2395
Reimbursement of other financial debt		-10	-113
Purchasing of treasury shares			
Dividends paid by DOM SECURITY		-4203	-3603
Dividends paid to subsidiary shareholders		-5	-5
Net cash flow from financing activities		**-2811**	**-5921**
Cash variation		**-175**	**6599**
Cash flow at beginning of period (1)		31,730	25,125
Impact of exchange rate variations		-113	6
Cash flow at end of period (1)		31,442	31,730
Declared cash flow variation		**-175**	**6599**
Operating cash flow (*)	(*)	**17,163**	**18,179**
(1) The closing cash flow is broken down into:			
Availabilities		9201	11,665
Cash equivalents		22,426	20,224
Cash at bank		*31,627*	*31,889*
Overdrafts and credit spots		*-185*	*-159*
Cash		*31,442*	*31,730*

(*) Sums included in operating cash flow

Consolidated accounts

STATEMENT OF VARIATION OF SHAREHOLDER'S EQUITY DATED 31 DECEMBER 2017

	Group share					Minority interests	TOTAL
	Capital	Consolidated reserves	Conversion differences	Profit	TOTAL		
Balance published on 31-12-2015	**36,659**	**38,741**	**-550**	**6600**	**81,450**	**839**	**82,289**
Reclassification		410	-410		-		
Balance on 31-12-2015	36,659	39151	-960	6600	81,450	839	82,289
Profit assignment		2998		-2,998	-		
Dividends paid				-3602	-3602	-5	-3607
Cross shareholding		354			354		354
Total of transactions with shareholders	*-*	*3352*	*-*	*-6600*	*-3248*	*-5*	*-3253*
Variation of scope		*-285*			*-285*	*-466*	*-751*
Other elements of the comprehensive income		190	2		192		192
Result for the period				11,003	11,003	15	11,018
Total of accounted income and fees for the period	*-*	*190*	*2*	*11,003*	*11,195*	*15*	*11,210*
Balance on 31-12-2016	**36,659**	**42,408**	**-958**	**11,003**	**89,112**	**383**	**89,495**
Profit assignment		6800		-6800	-		
Dividends paid				-4203	-4203	-5	-4208
Cross shareholding							
Total of transactions with shareholders	*-*	*6800*	*-*	*-11,003*	*-4203*	*-5*	*-4208*
Variation of scope		*138*			*138*	*-261*	*-123*
Other elements of the comprehensive income		-1549	-146		-1695	-	-1695
Result for the period				10,988	10,988	12	11,000
Total of accounted income and fees for the period	*-*	*-1549*	*-146*	*10,988*	*9293*	*12*	*9305*
Balance on 31-12-2017	**36,659**	**47,797**	**-1,104**	**10,988**	**94,340**	**129**	**94,469**

Consolidated accounts

ANNEX ATTACHED TO CONSOLIDATED ACCOUNTS ON 31 DECEMBER 2017

Introduction

The DOM SECURITY Group includes 25 companies who design, manufacture and market mechanical and electronic access control systems, lock for equipment and material and building locking solutions, predominantly across Europe.

DOM SECURITY, a public limited company with a Board of Directors and with head offices located at 20 rue de l'Arc de Triomphe - 75017 Paris, is the parent company. DOM SECURITY is a holding company.

As of 20 March 2018, the Board of Directors have closed the books and have authorised the publication of the DOM SECURITY Group's consolidated financial reports for the financial year ending on 31 December 2017.

The consolidated accounts are established in Euros. Unless specifically mentioned otherwise, all figures are provided in units of thousands of Euros.

The DOM SECURITY Group is held at 69.3% by the company Groupe SFPI who have head offices located at 20 rue de l'Arc de Triomphe - 75017 Paris.

Summary

The consolidated turnover has progressed by 2.5% in comparison to 2016. With 8.2% increase, Western Europe (France and the United Kingdom) has the most sustained growth.

At the end of September 2017, the Group acquired via its subsidiary OMNITECH SECURITY and for €176k, 75% of the capital of the start-up INVISSYS who specialise in connected objects for use in the domain of security. This company generated a turnover of €35k in 2017.

List of consolidated companies

Name	Country	City	% control 2017	% control 2016	SIREN Number	Activity	Consolidation method
DOM Security	France	Paris			378.557.474	Holding	FC
Dény Security	France	Saint Blimont	99.73	99.73	552 105 603	Locking solutions	FC
Dom-Métalux	France	Saint Dizier	99.96	99.92	572 020 394	Locking solutions	FC
Picard-Serrures	France	Feuquières en Vimeu	99.99	99.99	341 148 823	Locking solutions	FC
DOM Ronis	France	SANCOINS	99.99	99.99	345 004 147	Locking solutions	FC
DOM-UK Ltd	G.B.	Wolverhampton	100	100	/	Locking solutions	FC
DOM-CR Spa	Italy	Turin	100	100	5988590013	Locking solutions	FC
Elzett-Sopron	Hungary	Sopron	50	50	/	Galvanisation	EM
Euro-Elzett	Hungary	Sopron	100	100	11404006	Locking solutions	FC
Dom Polska (ex-Metalplast)	Poland	Czestochowa	100	100	5730003798	Locking solutions	FC
DOM CZECH Spol	Czech Republic	Prague	100	100	/	Locking solutions	FC
DOM-Titan	Slovenia	Kamnik	98.63	96.14	34816712	Locking solutions	FC
Titan Zagreb	Croatia	Zagreb	30	30	/	Locking solutions	EM
Titan-Okovi Doo	Serbia	Belgrade	100	100	/	Locking solutions	FC
DOM TSS	France	SANCOINS	100	100	348 541 798	Locking solutions	FC
Dom Suisse	Switzerland	Altendorf	100	100	/	Locking solutions	FC
DOM Gmbh & Co KG	Germany	Brühl	100	100	/	Locking solutions	FC
Dom Participations	France	Paris	100	100	485 054 860	Holding	FC
Secu Beteiligungs Gmbh	Germany	Brühl	100	100	/	Locking solutions	FC
Dom Romania	Romania	Prahova	100	100	/	Locking solutions	FC
Securidev Hongrie	Hungary	Sopron	100	100	/	Locking solutions	FC
Ucem Sistemas de Seguridad	Spain	Mondragon	100	100	/	Locking solutions	FC
Securidev Iberica	Spain	Mondragon	52	52	/	Locking solutions	FC
DOM MCM	Spain	Mondragon	100	100	/	Locking solutions	FC
Omnitech Security	France	Merignac	100	100	482 646 015	Security system	FC
Springcard (ex Proactive)	France	Palaiseau	33.9	33.9	429 665 482	Security system	EM
Invissys	France	Merignac	75.0	-		Security system	FC
DIS	Austria	Vienna	66.7	-		Locking solutions	FC

Abbreviation: FC: Full Consolidation, EM: Equity Method

Accounting principles, assessment methods, selected IFRS options

1. Benchmark

The consolidated financial statements cover the periods of twelve months which came to an end on 31 December 2016 and 31 December 2017.

DOM SECURITY Group's consolidated financial statements, dated 31 December 2017, were prepared in compliance with the IFRS standards (International Financial Reporting Standards) adopted by the European Union on 31 December 2017.

These standards integrate international accounting standards (IAS and IFRS) and the interpretations of the Interpretation Committee (SIC and IFRIC) of which the application is obligatory as of 31 December 2017.

The IFRS standards adopted by the European Union (EU) on 31 December 2017 and the committee's interpretations are available for consultation in the IAS/IFRS standards and interpretations section of the following website:
http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm

The accounting principles selected are identical to those used for the preparation of the annual consolidated accounts for the financial year ending on 31 December 2016, with the exception of the standards and interpretations adopted within the European Union and of which the application is obligatory for financial years opened as of 1 January 2017:

- IAS 7 modification: Initiative concerning information to be provided;
- IAS 12 modification: Recognition of deferred tax assets for unrealised losses;
- Annual improvements to IFRS 2014-2016.

These texts have not had a significant impact on DOM SECURITY Group's accounts.

DOM SECURITY have not opted for early application of the new standards and improvements adopted by the EU.

The company has conducted an analysis of the standard "IFRS 15 Revenue from Contracts with Customers", which led to the conclusion that the standard would have no impact. DOM SECURITY are currently analysing the impact of the standard IFRS 16 Leases. This standard was published but should not be applied before 2019.

Presentation of financial statements

The DOM SECURITY Group publish annual financial statements on 31 December and quarterly summarised financial statements are published on 30 June, in compliance with the principles of the standards. The main presentation conventions are the following:

- Grouping by positions: by nature;
- Classification of assets and liabilities: in ascending order of liquidity and maturity by distinguishing non-current elements from current elements, in accordance with their realisation or maturity is at, more or less, twelve months following the closing date;
- Classification of income and expenditure: by nature and incorporation into the cost of an asset or liability element in application of a standard or interpretation;
- Compensation: in application of a standard or interpretation for the income and expenditure of a share and the income and expenditure of other shares;

Accounting methods, errors and estimates

A change of accounting method is only initiated is it responds to the provisions of a standard or interpretation or if it renders information more reliable and more relevant. Changes of accounting method are recognised retrospectively, excluding cases of transitory provisions which are specific to the standard or interpretation. The financial statements impacted by a change of accounting method are modified for all presented financial years, as if the new method had always been applied. Upon discovery, an error is also adjusted retrospectively.

The incertitude inherent to the activity necessitates recourse to estimates as part of the preparation of financial statements. Estimates are issued from judgements intended to provide reasonable assessment of the most recent and reliable information. An estimate is revised to reflect changes of circumstances, new information becoming available and associated effects. Estimate changes are recognised prospectively: they concern the financial year during which they intervened and, if necessary, the following financial years.

The key estimates made during the establishment of financial statements notably concern the hypotheses selected for the valuation and useful life of trading, tangible, intangible and goodwill assets, the calculation of provisions for employee benefits and the calculation of other provisions. Consolidated accounts from the financial year have been established by taking into account the current stagnant context and are based on the market financial parameters available on the closing date.

2. Variation of scope and consolidation method

The Group consolidates the controlled bodies using full consolidation and also using the equity method for those over which they exercise particular influence.
All companies close their books on 31 December.

3. Change of method

No change of method has been applied this year.

4. Change of presentation

No change of presentation has been applied this year.

5. Conversion of overseas subsidiaries' financial statements

Balance sheet items are converted at the exchange rate in force at the end of the financial year.
Expenditure and income of the profit and loss account are converted throughout the financial year.
Any discrepancies resulting from this conversion method are directly recognised in the overall income statement and appear in the balance sheet in shareholders' equity for the item "Conversion discrepancies".
The following rates are used:

	2017 closing rate	2017 average rate	2016 closing rate	2016 average rate
CHF (Switzerland)	1.17	1.11	1.07	1.09
GBP (UK)	0.89	0.87	0.86	0.82
HUF (Hungary)	310.33	309.35	309.83	312.22
PLN (Poland)	4.18	4.26	4.41	4.37
RON (Romania)	4.66	4.57	4.54	4.50
RSD (Serbia)	118.21	121.20	123.40	122.95
CZK (Czech Republic)	25.54	26.35	27.02	27.04
HRK (Croatia)	7.44	7.47	7.56	7.54

6. Intangible assets

Intangible assets essentially include development costs, patents and assessed software. They are recognised at their acquisition cost or production cost minus the accumulation of depreciation and value losses.

The principle periods of depreciation have been selected for these intangible assets:

- Software — 1 to 3 years
- Patents — legal protection period
- Development costs — 3 years counting from marketing
- Other intangible assets — 1 to 5 years

Development costs are only capitalised if they concern a significant investment. Costs are capitalised as of the moment when the project is technically feasible, its market has been identified and its profitability has been calculated with reasonable reliability. Previous expenses are never recycled.

Brands or business capital generated internally are not capitalised.

7. Goodwill

Company grouping is recognised in compliance with IFRS 3:

- Acquisition fees are recognised in expenditure;
- Minority interests can, should the option be chosen individually for each grouping, be assessed at their fair value by integrating their goodwill equity quota;
- Variations of interest percentages in subsidiaries without change of control are recognised directly in shareholders' equity, without creating supplementary goodwill;
- In the case of phased acquisition, previously held investment is subject to a reassessment at fair value on the date of control being taken, this reassessment being recorded directly in the results of the financial year and not in shareholders' equity.

12 months following the acquisition date, at the latest, goodwill is assigned to assets, liabilities and potential liabilities which may be identified for the acquired company at their fair value. Acquired assets intended to be transferred are marked down by resale costs.

The discrepancy between the grouping cost (price paid increased by acquirement fees excluding funding costs) and the Group share of shareholders' equity after assignment being returned to the acquirer constitutes the goodwill.

Goodwill is not impaired. It is tested at least once a year or more in the case of an indication of value loss and is subject to irreversible impairment.

8. Tangible assets

Tangible assets are recognised in compliance with the referencing method at their acquisition price or production price minus the accumulation of depreciation and value losses.

The depreciable sum is determined after deducting a salvage value, which is generally at zero as it is neither large nor significant.

Depreciation is calculated mainly following the linear mode, depending on its useful life.

The following depreciation periods were generally selected:

▪ Constructions	20-25 years
▪ Property, fixtures and office equipment	3-10 years
▪ Production material and equipment	3-8 years
▪ Used goods	2-3 years

Leases are capitalised with statements in return for a financial debt determined based on the contact's interest rates. They are depreciated across the following periods:

▪ Constructions	20 years
▪ Production material	3-8 years

Financial leases are withdrawn if the contract has a duration exceeding two years and does not concern a vehicle. The asset is capitalised for the up-to-date value of the flows of the contract at its interest rate and, by default, at the CMT rates at 10 years of the year increased by 2%.

The asset is depreciated across the duration of the contract, except in the cases of leases of less than 4 years which do not concern IT equipment, for which it is considered that the contract will be renewed once.

Surface treatment facilities are not subject to a legal obligation to dismantle, which leads to the recognition of an asset to be depreciated.

9. Value loss

Goodwill, intangible assets with non-determined useful lives and tangible assets are subject to impairment testing in cases of indication of value loss. This testing will be conducted at least once a year in the cases of goodwill and intangible assets with non-determined useful lives. This test is carried out on each cash-generating unit (CGU). The cash-generating units correspond to DOM SECURITY subsidiaries.

The net carrying value of an asset, or of the CGU itself, is compared to its recoverable value which corresponds to the highest total between its fair value minus selling costs (sale value or market value minus release costs) and its useful value.

The useful value is determined by discounting future cash flows.

The discount rate corresponds to the average weighted price of permanent shares, retaining:

- 40% of the fixed-sum debts paid at the average interest rate of the year of the CMT rate at 10 years increased by 1%, then reduced by tax deductibility;
- 60% of equity to be paid at the rate without risks (CMT at 10 years) plus an average published risk premium increased by a Beta risk co-efficient which is specific to each company, varying between 1.3 and 2.0.

As a departure point, future flows use the budget of the following year multiplied by a probability coefficient based on the following ratio: achieved operating results / budgeted operating results over previous financial years.

Failing specific perspectives, these flows are increased each year by inflation across the four following years. The terminal value of the fifth year is obtained by dividing the flow by the average weighted price of fixed shares without the reduction of inflation, which technically should be considered on the basis that results will collapse each year.

The useful value calculated using this method must cover the total of the fixed assets and the goodwill.

Any insufficiency will initially lead to an irreversible impairment of the goodwill. Beyond this, excluding lands and constructions with a market value exceeding the net carrying value, a reversible impairment has been declared on other fixed assets within the limit of their net carrying value.

10. Financial assets and liabilities

The assessment and recognition of financial assets and liabilities are defined by the standard IAS 39 "Financial Instruments: recognition and measurement" and by its amendments.

Financial assets and liabilities are recognised in the Group's balance sheet, when the Group becomes party to the contractual provisions of the instrument.

Financial assets

The standard IAS 39 defines four categories of financial assets, subject to specific accounting processing which results in specific measurement (classification following IFRS 7):

- financial assets at fair value by result;
- loans and liabilities: the key of the loan and liabilities category corresponds to customer liabilities resulting from income from ordinary activities and resulting in cash and in cash equivalents
- assets held until the due date;
- assets available for sale:
    - Financial assets available for sale are made up of non-consolidated investment shares. They are recognised at their fair value. If this fair value cannot be reliably determined, financial assets are recognised at their acquisition cost.
    - Variations in fair value are recognised under other elements of the comprehensive income, excluding negative variations constituted by objective evidence for value losses which are recognised in profits. The fair value is notably determined by taking into account the net situational equity quota and profitability perspectives.

Financial liabilities

The standard IAS 39 distinguishes several categories of financial liabilities which are subject to specific account processing:

- financial liabilities assessed at their fair value: loans are initially assessed,
- other financial liabilities not held for transactional purposes. They are assessed at depreciated price.

11. Cash and cash equivalents

The loan and liability category also includes cash, which is to say, the cash balances, sight deposits and cash equivalents. The latter are highly liquidated placements of 3 months at most, indexed on a monetary market rate and of which the total is known or subject to significant incertitude. In the cash flow statement, cash and cash equivalents also include the item "Bank lending" which is presented in the liability.

12. Stocks

Equipment and merchandise are assessed following the rule of FIFO and, by default, at the latest buying price which, taking into account the rapid stock turnaround, is similar to a "first-in first-out" valuation type.

Finished goods and sums outstanding are assessed based on their production cost.

The net realisation value is the sale price estimated in the normal order of business minus the estimated costs necessary to complete the sale. Furthermore, a probability of stock use is determined based on the turnover rate of items created over a year prior.

When the net probable value of use is inferior to the cost price, a provision for impairment is constituted.

Elements in stocks to be supplied are identified after their turnover. An impairment is calculated following the following method:

- Turnover rate exceeding 4 years of consumption: impairment at 100%;
- Rotation rate exceeding 3 years of consumption: impairment at 75%;
- Rotation rate exceeding 2 years of consumption: impairment at 50%;
- Rotation rate exceeding 1 years of consumption: impairment at 25%;
- All new income from within the past 12 months must not be subject to provisions.

The provision total calculated in this method is adjusted in view of the probabilities of use per income, in order to provide the net realisable value of stocks.

13. Liabilities

Liabilities are retained at their nominal value. An allowance is applied when their salvage value is inferior to the carrying value.

Customer liabilities to be provided are identified based on historical precedent. An impairment is calculated following the following method:

- Any liability not covered by a credit insurance policy at over a year is provided at 100%;
- Any liability not covered by a credit insurance policy at over 6 months is provided at least 50%;
- Any liability not covered by a credit insurance policy at over 3 months is provided at least 25%;
- Liabilities covered by a credit insurance policy are provided at 100% when the cut-off date for submission to the insurer has been exceeded.
- Liabilities covered by a credit insurance policy requiring compensation from the insurer are provided for their total sum not covered by the insurance.

The provision total hence calculated is adjusted in view of the recovery probabilities of the customer sums outstanding, line by line

14. Current and non-current provisions

A provision is carried over when, on the closing date, a legal or implicit obligation towards a third party exists, when it is likely that this obligation will provoke the release of resources to the benefit of the latter without at least equivalent return in economic benefits, and when the obliged total can be reliably estimated.

Provisions for guarantees are calculated statistically, based on the costs of guarantees taken on during the financial year, multiplied by the turnover remaining to be guaranteed, divided by the turnover on which the guarantees have taken effect.

When there is an obligation to replace an income, the provision is determined statistically based on estimations specific to the category of the concerned income.

15. Retirement package, service awards

End-of-career payments and service awards constitute defined benefit plans. They are recognised as non-current provisions. They are assessed following an actuarial prospective method which sorts services according to years of service (projected unit credit method). The main hypotheses selected are those which state that departures for retirement are to be made at the employees' initiatives at the age of 67 for executives and 62 for non-executives. DOM Allemagne additional staff retirement benefits are also assessed based on the same projected unit credit method by an external actuary.

The provision takes into account a percentage of life expectancy and presence within the company on the realisation dates of events generating payments.

The accounting standards impose the application of bond return rates as actuarial rates for category AA companies for duration reflecting the disbursement schedule. The actuarial rate thus selected in 2017 ranges from 0.75% to 2.28% for companies within the Euro zone and between 2.9% and 3.5% for other companies, as compared to 1.8% in 2016. In parallel, an inflation of 1.1% in 2017 (0.6% in 2016) is taken into account and a salary increase due to promotions excl. inflation, which may vary per country, is noted between 1% in the Euro zone and 3% outside of the Euro zone.

Actuarial differences generated by changes of hypotheses are recognised directly in the comprehensive income before being classified as reserves on the balance sheet.

16. Conversion of foreign exchange transactions

Expenses and income in foreign currencies are recorded for their exchange value on the date of the transaction. Debts and liabilities are included in the balance sheet at their exchange value during the financial year.
Goodwill generated during initial recognition of a company grouping is recognised as foreign currency and converted later, at the time of closing.

17. Corporate Tax

The total of taxes effectively due upon the closing of the financial year is corrected with differed taxes which are calculated based on the balance sheet method, which is to say, on the basis, of the timing differences which exist between the carrying values as they are read from consolidated accounts and fiscal values.

The surplus from differed tax assets, including those relating to reportable deficit, on differed tax liabilities, is declared when the probability of realisation of future beneficiary incomes is established within the concerned fiscal entity.

The CVAE (Company Value Added Contribution), responding to the definition of a tax on income as evoked by IAS 12.2 ("Income taxes based on taxable profit") is included in the "corporate tax" tab.

However, the tax credit for competition and employment (CICE), declared in line with the commitment of the corresponding remuneration expenditure, has been recorded as a deduction of personnel expenditure in compliance with IAS 19.

18. Turnover

The turnover is recognised at the moment of transfer of risks and allowances, which is to say during the transfer of ownership, generally upon delivery unless an offset has been imposed by the customer. Given the activity, no turnover upon advancement has been recognised.

19. Distinction between trading profit and current trading profit

The current trading profit is the profit generated by activities undertaken by the company as part of their business as well as associated activities which the company takes on as an accessory or as an extension of their normal activities.

Restructuring costs are presented on a separate line, like all other significant income and expenses of a non-recurrent nature and asset transfers.

Likewise, the impact of the comparison between the net carrying values of companies' assets and their salvage value is recognised separately on a line entitled "variation of value loss" which integrates irreversible goodwill impairments and impairment variations on fixed assets.

20. Trading sectors

Sectorial information is communicated, depending on the location and establishment of companies within the group, in the following regions:

- Western Europe, including France and the UK, excluding the holdings DOM SECURITY and Dom Participations;
- Northern Europe, including Germany, Holland and Switzerland;
- Southern Europe, including Spain, Italy, Slovenia, Croatia and Serbia;
- Central Europe, including Poland, Hungary, Romania and the Czech Republic.

The chief trading decision-maker analyses the information provided by trading sector, this information serving as the basis for their analysis of the Group's performance.

21. Cash flow table

This table was created to show trading flows, investment flows and withdrawn capital flows for all of the Group's internal operations.

22. Scope impacts

At the end of September 2017, the Group acquired 75% of the company INVISSYS for a value of €176k. The contributions to turnover and performance were €20k and €1k, for an annual turnover of €35k and a loss of €70k.

Other notes attached to consolidated financial reports

Unless otherwise states, the figures cited below are provided in units of thousands of Euros.

Note 1 - Goodwill

The goodwill values for each Cash-Generating Unit as of 31 December 2017 are the following:

	Gross values 31-12-2017	Impairments 31-12-2017	Net values 31-12-2017	Net values 31-12-2016
DOM RONIS	27,620	-27,620	0	0
DOM TSS	37	-37	0	0
PICARD-SERRURES	7525	-2588	4937	4937
DOM-METALUX	2799	-2799	0	0
DOM PARTICIPATIONS - Beugnot	1248		1248	1248
DENY SECURITY	27,814	-10,796	17,018	17,018
DOM CR	2814	-2814	0	0
DOM Polska (ex-METALPLAST)	692	-692	0	0
DOM TITAN	947	-947	0	0
DOM	7435		7435	7435
OMNITECH SECURITY	2696		2696	2696
INVISSYS	163	-163	0	
TOTAL	**81,790**	**-48,456**	**33,334**	**33,334**

The goodwill declared at the time of acquisition of the French company INVISSYS has been entirely impaired (€163k). No other impairment has been declared over the course of the financial year.

The calculations described in note I.9 have been had based on a risk premium of 6.55% and a risk-free borrowing rate of 0.79% (CMT at 10 years). In 2016, these rates were respectively 6.55% and 0.46%.

The discount rates used for the main CGU are:

	2017	2016
Deny Security	6.06%	5.77%
Dom Gmbh	6.08%	5.79%
Dom Participations - Beugnot	6.45%	6.17%
Picard-Serrures	6.28%	5.99%
Omnitech Security	6.45%	6.17%
DOM UK	6.15%	5.85%
DOM Ronis	6.64%	6.17%
DOM-Titan	8.23%	7.91%

A reduction or increase of 0.5 points for these discount rates would not have had any impact on the goodwill and asset impairments of the main CGU cited below.

A variation, either increasing or decreasing, of 5% of the EBIT throughout the entire duration of the plan would not have had any impact on the goodwill and asset impairments of the main CGU cited below.

Note 2 - Intangible assets

Intangible assets are broken down in the following manner:

	2017			2016		
	Gross	Depreciation value loss	Net	Gross	Depreciation value loss	Net
Research and development costs	681	-625	56	619	-612	7
Patents, licences, brands	10,303	-9 455	848	9813	-8996	817
Other assets	1847	-1700	147	1800	-1616	184
Advances and sums outstanding	584		584	152		152
Consolidated total	13,415	-11,780	1635	12,384	-11,224	1160

The variation of these net intangible assets is the following:

	Research and development costs	Patents, licences, brands	Others	Advances and sums outstanding	TOTAL
1 January 2016	0	841	27	96	964
Variation of scope					0
Acquisitions	7	428	127	152	714
Financial year output		-19			-19
Depreciation funding		-551	-75		-626
Reduction / funding of value loss					0
Impacts of exchange variations		-3			-3
Reclassification		121	105	-96	130
31 December 2016	7	817	184	152	1160
Variation of scope	55				55
Acquisitions		534	16	501 (*)	1051
Financial year output					0
Depreciation funding	-6	-541	-84		-631
Reduction / funding of value loss					0
Impacts of exchange variations					0
Reclassification		38	31	-69	0
31 December 2017	56	848	147	584	1635

(*) Two development projects in progress have been initiated in 2017 for €460k. They concern a smartphone and tablet application as well as the use of the Bluetooth Low Energy protocol (BLE).
The total sum of research costs and development costs recognised in the 2017 expenses amounts to €5.6m for research costs and €1m for development costs.

The distribution of these net assets by activity is the following:

	31-12-2017	31-12-2016
Western Europe	347	256
Northern Europe	1047	616
Southern Europe	146	110
Central Europe	21	29
Holding	74	149
Consolidated total	**1635**	**1160**

Note 3 - Tangible assets

After the incorporation of financial leases, the breakdown of tangible assets is presented in the following manner:

	2017			2016		
	Gross	Depreciation value loss	Net	Gross	Depreciation value loss	Net
Land and fixtures	8554	-355	8199	8234	-333	7901
Constructions	42,753	-34,055	8698	41,590	-33,305	8285
Technical facilities and industrial equipment	145,065	-136,560	8505	140,902	-133,522	7380
Other assets	17,598	-14,554	3044	17,238	-14,138	3100
Advances and sums outstanding	2260	-34	2226	1670	-69	1601
Consolidated total	216,230	-185,558	30,672	209,634	-181,367	28,267

The variation of these net tangible assets is the following:

	Land and fixtures	Constructions	Technical facilities, industrial equipment	Others	Advances and sums outstanding	TOTAL
1 January 2016	7844	7932	8285	3187	2415	29,663
Variation of scope						0
Acquisitions	37	112	3920	619	506	5194
Financial year output		-14	-36	18	-17	-49
Depreciation funding	-8	-518	-4880	-535		-5941
Reduction / funding of value loss	26		-280	-181	-20	-455
Impacts of exchange variations	2	15	-21	-8	-3	-15
Reclassification		758	392		-1280	-130
31 December 2016	7901	8285	7380	3100	1601	28,267
Variation of scope			12	1		13
Acquisitions	330	1175	4213	610	1460	7788
Financial year output			-23	-17		-40
Depreciation funding	-39	-887	-4081	-659		-5666
Reduction / funding of value loss	27	116	167	10	37	357
Impacts of exchange variations	-21	-12	-11	-1	-1	-46
Reclassification		21	850		-871	0
31 December 2017	8198	8698	8507	3044	2226	30,673

Recoveries / funding for value losses recognised in the income statement amount to €+357k in 2017.

The distribution of these net assets by activity is the following:

	31-12-2017	31-12-2016
Western Europe	7422	4986
Northern Europe	15,975	17,168
Southern Europe	5721	5261
Central Europe	1555	824
Holding	0	27
Consolidated total	**30,673**	**28,226**

Investments are distributed in the following manner:

	31-12-2017	31-12-2016
Western Europe	3139	1277
Northern Europe	2261	1830
Southern Europe	1647	1373
Central Europe	741	704
Holding		10
Consolidated total	**7788**	**5194**

No tangible investment has been financed via credit-lease or financial leasing over the course of the 2017 financial year, as was the case for the previous financial year.

NOTE 4 - INVESTMENTS IN ASSOCIATED COMPANIES

The investments correspond to the companies TITAN ZAGREB (€189k), ELZETT-FEK (€784k) and SPRINGCARD (€188k), subsidiary at 33.9% of OMNITECH SECURITY.
Their balance sheet data, turnover of performance, following consolidation withdrawal, for a holding at 100%, are:

	ELZETT - FEK		TITAN ZAGREB		SPRINGCARD	
	2017	2016	2017	2016	2016	2015
Asset total	4632	3796	1346	1283	1448	1436
Net situation	1565	1545	630	572	555	461
Turnover	11,178	10,417	1504	1538	2879	1927
Net income	26	26	66	-327	94	24

Taking into account the delayed closing of the company SPRINGCARD's books, their data is presented with an offset of one year.

NOTE 5 - STOCKS

Stock distribution is as follows:

	31-12-2017			31-12-2016
	Gross	Impairment	Net	Net
Raw materials	23,349	-6324	17,025	15,664
Outstanding sums for asset production	12,258	-2419	9839	8709
Intermediary and finished goods	7877	-1 441	6436	5765
Goods	6773	-2446	4327	5530
TOTAL	**50,257**	**-12,630**	**37,627**	**35,668**

Note 6 - Financial assets and liabilities - Distribution by financial assets by classification (IFRS 7) and by category (IAS 39)

Financial asset categories (IAS 39)	Assets held for transactional purposes	Assets held until expiry	Loans and liabilities	Excl. field IAS 39	TOTAL 31-12-2017
Financial asset classification (IFRS 7)	Assessed at fair value	Assessed at depreciated cost	Assessed at depreciated cost	Excl. field IFRS 7	
Non-current financial assets			1813		1813
Other non-current assets					0
Customer liabilities and other liabilities			29,226		29,226
Cash and cash equivalents	31,627				31,627
Other current assets			7934	721	8655

Financial asset categories (IAS 39)	Assets held for transactional purposes	Assets held until expiry	Loans and liabilities	Excl. field IAS 39	TOTAL 31-12-2016
Financial asset classification (IFRS 7)	Assessed at fair value	Assessed at depreciated cost	Assessed at depreciated cost	Excl. field IFRS 7	
Non-current financial assets			1680		1680
Other non-current assets					0
Customer liabilities and other liabilities			27,702		27,702
Cash and cash equivalents	31,889				31,889
Other current assets			6513	761	7274

Financial liabilities, loans and financial debts, supplier debts and other current liabilities are recorded at their depreciated cost.

Note 6.1 - Non-current financial assets

Assets with due date exceeding 1 year	31-12-2017	31-12-2016
Other fixed securities	0	0
Loans, pension provision deposits	1522	1478
Other financial assets	291	202
Consolidated total	**1813**	**1680**

Note 6.2 - Customers

The section is presented as follows:

	31-12-2017	31-12-2016
Gross	30,840	29,387
Impairment	-1614	-1685
Net	**29,226**	**27,702**

Credit risk:

There is no unimpaired customer liability exceeding one year.

The breakdown of customer liabilities by due date is as follows:

	<1 month	Between 1 and 3 months	Between 3 and 6 months	Between 6 and 12 months	>12 months	TOTAL
Liabilities expired and not provided for	2284	1152	19	0	0	3455
Liabilities expired and provided for	0	24	298	96	1264	1682
Total expired liabilities	2284	1176	317	96	1264	5137

The DOM SECURITY Group falls back on credit insurance policies for the customer liabilities of its English, French, Italian, Spanish and Slovenian companies.

NOTE 6.3 - OTHER CURRENT FINANCIAL ASSETS

	31-12-2017	31-12-2016
Operating liabilities	7934	6513
Prepaid expenses	721	761
Consolidated total	**8655**	**7274**

NOTE 6.4 - CASH FLOW AND CASH EQUIVALENT

They are detailed below in net value:

	31-12-2017	31-12-2016
Marketable securities	22,426	20,224
Availabilities	9201	11,665
Consolidated total	**31,627**	**31,889**

Marketable securities are almost always constituted with a certificate of deposit issued by the bank.

NOTE 7 - SHAREHOLDERS' EQUITY

As of 31 December 2017, the Company owns 42.165 capital shares of a nominal value of €15, or 1.7% of the capital. They were acquired for a total of €1.2m during a previous share buyback programme which was closed in May 2011.

NOTE 8 - NON-CURRENT PROVISIONS

Provisions for risks and expenses recorded in the consolidated balance sheet have evolved in the following manner:

	31-12-2017	31-12-2016
Retirement packages and service awards	7065	6,171
DOM Gmbh pension	33,022	31,215
Representatives' rights in Germany	1534	1505
Non-current provisions	**41,621**	**38,891**

The variations in provisions for retirement packages and pensions are broken down as follows:

	31-12-2017	31-12-2016
Retirement package and pensions at the beginning of the period	**37,386**	**37,149**
Recognised elements in the income statement	***585***	***511***
Service costs for the financial year	1222	952
Financial costs	634	700
Previous service costs		
Paid services	-1271	-1141
Elements recognised in other elements of the comprehensive income	***2116***	***-274***
Actuarial differences	2116	-274
Scope input		
Retirement package and pensions at the end of the period	**40,087**	**37,386**

An increase of 0.3 points to the discount rate would have entailed a reduction of retirement packages of €1.8m. This total would have been recognised for €1.3m net after taxation in other elements of the comprehensive income, in compliance with the rules applied by the Group.

A decrease of 0.3 points to the discount rate would have entailed a increase of retirement packages of €1.9m. This total would have been recognised for €1.3m net after taxation in other elements of the comprehensive income, in compliance with the rules applied by the Group.

An increase of 0.3 points to the inflation rate or the promotion rate excl. inflation would have entailed an increase of retirement packages of 1.4m. This total would have been recognised for €1.0m net after taxation in other elements of the comprehensive income, in compliance with the rules applied by the Group.

A decrease of 0.3 points to the inflation rate or the promotion rate excl. inflation would have entailed an decrease of retirement packages of €1.3m. This total would have been recognised for €0.9m net after taxation in other elements of the comprehensive income, in compliance with the rules applied by the Group.

NOTE 9 - CURRENT PROVISIONS

	31-12-2016	Funding	Consumed recoveries	Non-consumed recoveries	31-12-2017
Commercial disputes	152	26	-62	-4	112
Tax disputes	453		-453		0
Social disputes	148	135	-90	-17	176
Disputes and provisions for third parties	15				15
Provisions for restructuring	716		-342	-5	369
TOTAL	1484	161	-947	-26	672
Provisions for guarantees	1398	252			1650
Total Current Provisions	**2882**	**413**	**-947**	**-26**	**2322**

Note 10 - Loans and financial debts

Loans and financial debts are liabilities recorded at depreciated cost.

Their distribution by due date and by category is completed as follows:

Loans and Debts	Total on 31-12-2017				TOTAL
	< 1 year	>1 to < 5 years	> 5 years	TOTAL	31-12-2016
Loans and Debts	2682	6845	614	10,141	8907
Lease liabilities and financial leasing	22	37		59	131
Current bank lending	185			185	158
From credit institutions	2889	6882	614	10,385	9196
Other financial debts	86	143		229	0
Investment					10
From other bodies	86	143	0	229	10
TOTAL	**2975**	**7025**	**614**	**10,614**	**9206**
Short-term and long-term	**2975**	**7639**		**10,614**	

Liquidity risk:

The loans and financial debts below are due to liquidities and placements as of 31 December 2017, €31,626k as compared to €31,889k as of 31 December 2016.

The net cash flow has thus evolved in the following manner:

	31-12-2017	31-12-2016
Availabilities and other placed securities	31,626	31,889
Loans and financial debts owed to credit institutions	-10,385	-9196
Net cash flow to credit institutions	21,241	22,693
Other financial debts	-229	-10
Comprehensive net cash flow	**21,012**	**22,683**

There are no loans or financial debts indicated in any currencies other than those belonging within the Euro zone.

The DOM SECURITY Group has an authorised overdraft of €7570k.

Rate risk:
The average interest rate for loans for 2017 is 0.8% as compared to 1.0% for 2016.

There are no unswapped variable interest rate loans as of 31 December 2017. The short-term interest rate variation would therefore not have had any impact on the Group's financial profit.

Note 11 - Supplier debts and other current liabilities

Supplier debts and other current liabilities are liabilities recorded at depreciated cost.

Distribution by nature is as follows:

	31-12-2017	31-12-2016
Supplier debts	**14,326**	**14,333**
Tax debts	**375**	**1452**
Social and fiscal debts	16,182	15,412
Other debts	5079	5095
Social and fiscal de	15	49
Other current liabilities	**21,276**	**20,556**

These debts are all dated within a year or less. Other debts include advances and deposits received for €2.6m.

NOTE 12 - DIFFERED TAXES

Differed tax assets result from the impact:

	31-12-2017	31-12-2016
- of temporarily non-deductible expenses	1195	996
- of asset depreciation linked to value loss testing	390	712
- of reportable fiscal losses	837	915
- of the following consolidation withdrawals:		
Lease liabilities and financial leasing	-107	-104
Internal margins	464	443
Retirements and pensions	6652	6083
Adjustments to Group standards for depreciation rates and provision rules for overseas companies	1514	1492
Misc.	0	7
Consolidated total	**10,945**	**10,544**

Differed tax liabilities are pertaining to the revaluation of DOM Allemagne's assets which remain to be depreciated for €1694 (compared to €1803k on 31 December 2016).

Differed taxes linked to non-activated reportable losses amount to €1.6m as of 31 December 2017 as compared to €1.7m in 2016. They mainly concern the taxation scope within which future profits are too unpredictable. They are indefinitely reportable within the scope of the current legislation for €1.5m.

NOTE 13 - COMMITMENTS OFF THE BALANCE SHEET

	31-12-2017	31-12-2016
Deposits received	77	339
Security deposits / Mortgages	800	1200
Consolidated total	**877**	**1539**

There is no discount effect undue as of 31 December 2017.
As part of acquisitions, the Company benefits from liability guarantees.

NOTE 14 - TURNOVER, MARGIN, TRADING PROFIT

Sectorial information is communicated, depending on the location and establishment of companies within the group, in the following regions:

- Western Europe, including France and the UK, excluding the holding DOM SECURITY;
- Northern Europe, including Germany, Holland and Switzerland;
- Southern Europe, including Spain, Italy, Slovenia, Croatia and Serbia;
- Central Europe, including Poland, Hungary, Romania and the Czech Republic.

The turnover is distributed in accordance with trading sectors and in the following manner:

	Variation		2017		2016	
	in €k	%	in €k	%	in €k	%
Western Europe	5488	8.14%	72,941	41.82%	67,453	39.62%
Northern Europe	-1882	-3.00%	60,823	34.87%	62,705	36.83%
Southern Europe	-36	-0.12%	28,920	16.58%	28,956	17.01%
Central Europe	610	5.47%	11,752	6.74%	11,142	6.54%
Consolidated total	**4180**	**2.46%**	**174,436**	**100.00%**	**170,256**	**100.00%**

The majority of turnover is generated by property sales.

The income statement per sector is the following:

	Western Europe		Northern Europe		Southern Europe		Central Europe		Consolidated total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Turnover	77,478	71,810	66,184	67,142	32,977	32,218	14,066	13,399	174,436	170,256
Margin	49,685	47,158	49,544	50,537	18,406	17,987	7365	6953	123,877	121,775
% production (*)	64.1%	65.1%	74.4%	75.1%	53.9%	55.1%	51.2%	51.9%	70.2%	71.0%
% TO	64.1%	65.7%	74.9%	75.3%	55.8%	55.8%	52.4%	51.9%	71.0%	71.5%
Current trading profit	8817	8093	4121	6062	1846	1315	1079	1517	15,951	16,633
Trading profit	8989	7873	4121	5434	1621	1065	1326	1517	16,144	15,535
Financial income	-17	114	-260	-94	-46	-23	38	-48	-243	-34
Tax	-2954	-2879	-1422	-1426	-63	-329	-174	-248	-4961	-4399
Net income	**6048**	**5109**	**2438**	**3914**	**1527**	**614**	**1203**	**1234**	**11,000**	**11,018**

(*) The percentage of production is equal to: Gross margin / (Net turnover + Stored production)

The column "Consolidated total" includes eliminations between the four trading sectors as well as DOM SECURITY's shareholding activity. Inter-sector turnovers for 2016 and 2017 respectively amounted to €16,269 k and €14,313k.

Exchange risk:

Following Brexit, the English subsidiary's purchases were no longer protected as of 2017, this applying an increase to its sale prices to compensate the exchange discrepancy. For 2018, the DOM SECURITY Group protected its English subsidiary's purchases had in Euros. The valuation of this financial instrument on 31 December 2017 amounts to €25k (as compared to €59k in 2016) and is recognised in other financial assets (Note 6.3). The variation is included in other elements of the comprehensive income.

The DOM SECURITY Group is little exposed to the risk of change. An instant rise of 1% in the Euro in comparison to all other European currencies and the US $ would have a negative impact on the trading profit of €3k.

Distribution of assets and liabilities

The distribution of total net assets and current liabilities depending on sectors is as follows:

	Western Europe		Northern Europe		Southern Europe		Central Europe		Holding		Consolidated total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Total Assets (net)	68,345	66,228	64,849	61,943	28,552	27,124	10,783	9713	14,168	13,610	186,697	178,618
Total Non-current Liabilities	5968	4255	39,432	36,506	1110	1222	619	371	3825	5171	50,954	47,525
Total Current Liabilities	19,071	18,387	12,869	13,200	5606	5556	2232	2162	1496	2293	41,274	41,598

NOTE 15 - DEPRECIATION

Depreciation of the current trading profit, that is to say €6265k includes the depreciation originating from the withdrawals of financial leasing and lease liabilities for €64k.

NOTE 16 - FINANCIAL INCOME

The financial income is analysed as follows:

	2017	2016
Investment income	105	107
Exchange income	323	491
Other financial income	109	108
Interests and integrated financial expenses	-183	-212
Interests on lease liability	-3	-6
Exchange expenses	-248	-413
Other financial expenses	-346	-109
Consolidated total	**-243**	**-34**

The exchange income includes technical writing for consolidation, balancing out internal eliminations which are calculated at the average rate. In 2016, variations in the British Pound had led to a product of €186k, as compared to no product in 2017.

The adjustment of transfer costs between Germany and Holland required recognition of the notified late payment interests which amounted to €247k. They will be compensated by late payment interests paid to DOM Security when the final totals between both States have been calculated.

NOTE 17 - CORPORATE TAX

The net consolidated tax can be broken down as follows:

	2017	2016
Corporate tax France	3083	-2099
Corporate tax Overseas	1799	-1798
Net differed tax	79	-502
Net consolidated tax	**4961**	**-4399**

Differed tax account movements are analysed as follows:

	Asset	Liability	Balance
Differed taxes on 31-12-2016	**10,544**	**1803**	**8741**
Variation for the period			
including the variation in the income statement	**-187**	**-109**	**-78**
including the variation in other elements of the comprehensive income	**588**		**588**
including variation of scope			**0**
Differed taxes on 31-12-2017	**10,945**	**1694**	**9251**

The breakdown table for corporate tax is presented as follows:

	2017	2016
Profit before taxes	15,501	15,501
CVAE (included in CT)	-474	-532
Tax credit (included in subsidies)	-289	-593
CICE (included in personnel expenses)	-843	-709
Goodwill impairment	163	
Taxable income	14,522	13,667
Theoretical corporate tax (consolidated parent company rate 33.33%)	**4841**	**4556**
CVAE (Company Value Added Contribution)	474	532
Taxation rate difference	-628	-371
Impact of non-activated losses	-330	-116
Impact of permanent differences	306	125
Impact of rate changes	114	336
Impact of regularisations on previous financial years	184	-663
Others		
Effective tax expense	**4961**	**4399**
in %	**28.4%**	**28.4%**

All overseas corporate tax rates are lower than the rate applied in France. Overseas corporate tax rates vary from 9% in Hungary to 30.9% in Germany.

The impact of rate changes on differed tax assets originates from the decreasing of voted French taxation rates.

NOTE 18 - INCOME PER SHARE

The number of shares used for this calculation is equal to the total number of shares issued, from which cross held shares are deducted.

No shareholding dilution instruments have been issued by the company.

	31-12-2017	31-12-2016
Number of shares	2,443,952	2,443,952
Cross shareholding	42,165	42,165
Number of shares excl. cross shareholding	2,401,787	2,401,787
Net income per share in €	**4.57**	**4.58**

NOTE 19 - WORKFORCE

Real workforce at the end of the period are distributed as follows:

	31-12-2017	31-12-2016
Western Europe	571	583
Northern Europe	466	464
Southern Europe	303	314
Central Europe	239	227
Total	**1579**	**1588**

The DOM SECURITY Group's average workforce figures have increased, for full-time contracts, from 1518 employees in 2016 to 1527 in the previous financial year.

Note 20 - Information on associated parties

The list of the Group's main subsidiaries and associated companies is provided in the section "*Accounting principles, assessment method, selected IFRS options*".

Transactions between the parent company and its subsidiaries as well as transactions between subsidiaries are eliminated at the time of consolidation and are not presented in these notes.

Transactions and balances with associated parties and associated companies are provided in further detail below:

	Income		Expenses		Liabilities		Debts	
	2017	2016	2017	2016	2017	2016	2017	2016
Upstream associated parties (Groupe SFPI SA)			1717	1670			524	471
Associated companies (equity methods)	1038	1109	1033	686	213	272	99	69
Other associated parties (other Groupe SFPI hubs)	46	81	74	94	8	14	18	45
TOTAL	**1084**	**1190**	**2824**	**2450**	**221**	**286**		**585**

Board members who, in the terms of the IAS 24 standard, receive short-term remuneration within a DOM SECURITY subsidiary, have benefited from the following sums:

	2017	2016
Short-term remuneration excluding employers' contributions	252	250
Employers' contributions on remuneration	47	47

Note 21 - Proposed dividends

The dividend to be proposed to Shareholders, by the Executive Board summoned on 20 March 2018, during the General Meeting held on 17 May 2018, is 1.75 Euros per share.

Note 22 - Distribution of turnover by destination

In addition to the sectorial information (Note 13), in which the turnover is presented by origin of production, the table below indicates the distribution of the turnover by destination, between the following geographic zones:

	2017		2016	
	in €k	%	in €k	%
Western Europe	67,905	38.93%	62,711	36.83%
Northern Europe	63,791	36.57%	65,698	38.59%
Southern Europe	23,579	13.52%	23,820	13.99%
Central Europe	12,188	6.99%	11,481	6.74%
Export	6973	4.00%	6546	-3.84%
Consolidated total	**174,436**	**100.00%**	**170,256**	**100.00%**

Note 23 - Official Auditor honorary fees

2017	KPMG	Deloitte
Honorary fees pertaining to account certification	79	116
Services other than account certification	15	

The services within the scope of services other than account certification, which are provided upon the request of controlled entities, consist in fiscal services which do not impact official auditors' independence.

Note 24 - Contingent liabilities

A bond constitutes a contingent liability if the total cannot be estimated with sufficient reliability or if it is unlikely that the bond will lead to payment. Contingent liabilities constitute the Group's commitments and are not recognised in the balance sheet, unless they are identified within the context of acquisitions. In the latter case, they are part of the recognised identifiable elements.
There are no contingent liabilities as of 31 December 2017.

Note 25 - Events after closing

On 20 March 2018, the date on which the books were closed by the Board of Directors, no significant event had occurred.

DOM Security
We all deserve to feel safe

Official auditor reports

OFFICIAL AUDITOR REPORT ON ANNUAL ACCOUNTS FROM THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A l'Assemblée générale de la société DOM SECURITY S.A.,

Opinion

As part of the mission entrusted to us by your General Meeting, we audited the accounts of the company DOM SECURITY S.A. for the financial year ended 31 December 2017, which are attached to this report.

We certify that the annual accounts are, in regard to French accounting rules and principles, regular and accurate and justly reflect the income of operations carried out over the course of the previous financial year as well as the company's situation in terms of finances and assets at the end of this financial year.

The opinion expressed below is coherent with the contents of our report as official auditors.

Foundation of the opinion

Auditing references

We conducted our audit following French professional practice standards. We believe that the elements we collected are both suitable and sufficient for the foundation of our opinion.

The responsibilities incumbent on us by virtue of these standards are indicated in the section "Official auditor responsibilities concerning annual account auditing" of this report.

Independence

We completed our auditing mission in respect of the independence rules which apply to us, over the period beginning on 1 January 2017 and ending on the date on which this report was issued. Notably, we did not provide any services prohibited by Article 5, paragraph 1 of the EU regulation No. 537/2014 or by the code of ethics of the official auditor profession.

Justification of observations - Key points of the audit

In application of the provisions of articles L. 823-9 and R. 823-7 of the French Commercial Code pertaining to the justification of our observations, we would like to make you aware of the key points of the audit concerning significant anomaly risks which, according to our professional judgement, were the most significant for the auditing of annual accounts of the financial year, as well as the responses that we provided for these risks.

The observations hence drawn are part of the context of the annual account audit taken in their entirety and of the forming of our opinion expressed below. We do not express our opinion on isolated elements of these annual accounts.

KEY POINT OF THE AUDIT	RESPONSE CONCLUDED FROM AUDIT
Assessment of investment securities - €120m of gross values impaired up to €44m (Financial assets from the chapter Accounting principles, rules and methods, Note 2 Intangible, tangible and financial assets and Table of subsidiaries and investments)	
On 31 December 2017, the investment securities are features in the balance sheet for a net carrying value of 76 million Euros, in regard to a balance sheet total of 104 million Euros. They are recognised at their entry date at the acquisition price and impaired based on their useful value, which is	We obtained impairment testing which was implemented by the Company and we examined the implementation methods for this testing. For each subsidiary's investment securities, we completed the following missions:

determined upon each closing, when this value is lower than the securities' carrying value. The useful value is estimated by management based on historical elements (Group share of shareholders' equity at the end of the financial year) or provisional elements, depending on the case. The estimation of the useful value requires the management to judge this, selecting from elements to be considered in line with the concerned investments. These elements may correspond, depending on the case, to historical elements (equity) or provisional elements (profitability prospects). Given the significant sum of investment securities in the annual accounts and due to the judgements and hypotheses required for the determination of their useful value, we consider that the assessment of investment securities constitutes a key point of the audit.	- verification that retained shareholders' equity in impairment testing matched with the accounts of entities subject to the audit; - verification that profitability perspectives taken into account in the impairment testing are coherent with operating flow forecasts provided by the activities of the concerned entities, established under the surveillance of executive management and approved by the Executive Board; - comparison of retained forecasts for previous periods with corresponding achievements in order to assess the achievement of previous objectives.

Verification of the management report and other documents sent to Shareholders

In compliance with French professional practice standards, we also completed specific verifications required by law.

Information given in the management report and in other documents sent to shareholders concerning the financial situation and annual accounts

We have no observation to express concerning the accuracy and correlation with the annual accounts of the information provided in the Executive Board's management report and in the other documents sent to Shareholders concerning the financial situation and annual accounts.

Information concerning company governance

We confirm that all information required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code is included in the section of the Executive Board's management report dedicated to company governance.

As for the information provided in application of the provisions of Article L. 225-37-3 of the French Commercial Code concerning remuneration and allowances paid to board members as well as the commitments granted in their favour, we verified its correlation with the accounts or with the data which served the establishment as accounts and, if necessary, with the elements collected by your company from its controlling companies or companies under its control. Based on this work, we confirm the accuracy and precision of this information.

As for information concerning the elements considered by your company to be likely to pose issues in the case of a public purchase or exchange offer, provided in application of the provisions of Article L. 225-37-5 of the French Commercial Code, we verified its compliance with the documents based on this information and which were sent to us. Based on this work, we have no observation to express on this information.

Other information

In application of the law, we ensured that the various information concerning equity investments and control and concerning the identity of equity shareholders or voting rights was provided to you in the management.

Information resulting from other legal and regulatory obligations

Appointment of official auditors

We have been appointed as official auditors for the company DOM SECURITY S.A. by your General Meeting as of 24 June 2005 for the firm KPMG Audit Paris and Centre and as of 26 June 2003 for the firm Deloitte & Associés.

As of 31 December 2017, given the acquisitions and fusions of firms who have previously intervened on these dates, the firm KPMG Audit Paris et Centre was in the 24th consecutive year of their mission and the firm Deloitte & Associés in their 28th year, including 24 years for both cabinets since the securities of the company were submitted to negotiations on a regulated market.

Management responsibilities and persons constituting corporate governance concerning annual accounts

It is management's task to establish the annual accounts which present a just image in compliance with French accounting rules and principles as well as to implement internal controls deemed necessary for the establishment of annual accounts which don't feature any significant anomalies, whether these anomalies result from fraud or errors.

During the establishment of the annual accounts, the assessment of the company's capacity to continue operating is incumbent to management, as is the task of presenting, if required, the necessary information concerning the continuity of operations and applying the accounting convention of operation continuity, unless the liquidation of the company or the halting of its activity has been planned.

The auditing committee must track the drafting process for financial information and must track the efficiency of internal control and risk management systems, as well as internal auditing when necessary, concerning drafting processes and accounting and financial information processing.

The annual accounts were closed by the Executive Board.

Official Auditor responsibilities concerning annual account auditing

Objective of the auditing procedure

We are tasked with establishing a report on the annual accounts. Our objective is to obtain reasonable assurance that the annual accounts, taken in their entirety, do not feature any significant anomalies. Reasonable assurance corresponds to a high level of assurance. Nevertheless, this does not necessarily guarantee that an audit complying with professional practice standards systematically allows for all significant anomalies to be detected. Anomalies may result from fraud or errors and are deemed significant when it can be reasonably be expected that they, taken individually or accumulated, may influence account users' economic decisions based on the information including the anomalies.

As specified in Article L. 823-10-1 of the French Commercial Code, our account certification mission does not consist in guaranteeing the viability or the quality of your company's management.

Within the context of the audit completed in compliance with French professional practice standards, the official auditor exercises their professional judgement consistently throughout this auditing process. Furthermore:

- they identify and assess the risks posed by annual accounts featuring significant anomalies, whether they come from fraud or errors, they also define and implement auditing procedures in regard to these risks and collect elements which they may deem suitable and sufficient to found their opinion. The risk of a significant anomaly caused by fraud not being detected is higher than the risk of a significant anomaly caused by an error, as fraud may entail collusion, falsification, voluntary omissions, false declarations or internal control bypassing;
- they examine the internal control relevant to the audit in order to define the suitable auditing procedures in the circumstances and not with the goal of expressing an opinion on the internal control;
- they assess the suitable character of the retained accounting methods and the reasonable character of accounting estimates made by management, as well as the information concerning them which is provided in the annual accounts;

- they assess the appropriate character of the application by management of the accounting operation continuity and, based on the collected elements, the existence or non-existence of any significant incertitude due to events or circumstances likely to call into question the company's capacity to continue operating. This assessment is formed based on the elements collected up until the date of their report, it nevertheless being reminded that later circumstances or events may call into question the continuity of operations. Should the existence of a significant incertitude be concluded, they draw report readers' attention to the information provided in the annual accounts concerning this incertitude or, if this information is neither provided nor relevant, they form a conditional certification or a refusal to certify;
- they assess the presentation of all annual accounts and evaluate whether the annual accounts reflect the underlying operations and events in a manner which produces a just image.

Report to the auditing committee

We provide a report to the auditing committee which notably includes all auditing work and the work programme implemented as well as the resultant conclusions from our work. We also make the committee aware of, if the case arises, any significant weaknesses that we may have identified in the internal control concerning procedures for drafting and processing accounting and financial information.

The elements communicated in the report to the auditing committee include the significant anomaly risks that we deem to have been greater for the annual accounts audit for the financial year and which thus constitute the key points of the audit, which we are tasked with including in this report.

We also provide the auditing committee with the declaration anticipated by Article 6 of the EU regulation No. 537-2014 which confirms our independence in the terms of the rules applicable in France as set out by Articles L. 822-10 to L. 822-14 of the French Commercial Code and the code of ethics of the official auditor profession. If necessary, we will discuss any risks jeopardising our independence as well as any applied safeguarding measures with the auditing committee.

Official Auditors:

Paris La Défense, 27 April 2018	Neuilly-sur-Seine, 27 April 2018
KPMG Audit Paris et Centre	Deloitte & Associés
Nahid Sheikhalishahi	Philippe Soumah
Associate	*Associate*

Official auditor reports

SPECIAL OFFICIAL AUDITOR REPORT ON CONVENTIONS AND REGULATED COMMITMENTS

A l'assemblée générale de la société DOM SECURITY S.A.,

In our power as your company's official auditors, we wish to present you with our report on conventions and regulated commitments.

We were tasked with using information provided to us in order to supply a report concerning the characteristics, essential modalities and motives which justify the company's interest in the conventions and commitments which we have been informed of or which we may have discovered during our mission, without having to confirm their utility or grounding to us or having any need to seek the existence of other conventions and commitments. According to the terms of Article R. 225-31 of the French Commercial Code, you are tasked with assessing the interest associated with the conclusion of these conventions and commitments in view of their approval.

Furthermore, as and when necessary, we are tasked with providing you with the information envisaged in Article R. 225-31 of the French Commercial Code pertaining to the fulfilment, throughout the past financial year, of conventions and commitments which have already been approved by the general meeting.

We have implemented the diligence measures which we deemed necessary according to the professional doctrine of the French national body of auditors (Compagnie nationale des commissaires aux comptes) concerning this mission. These diligence measures consisted in verifying the correlation of information provided to us with the source documents from which it was generated.

CONVENTIONS AND COMMITMENTS SUBJECT TO THE APPROVAL OF THE GENERAL MEETING

Conventions and commitments concluded and authorised during the past financial year

In application of Article L. 225-40 of the French Commercial Code, we have been informed of the following conventions and commitments which were concluded during the past financial year and which were subject to the prior authorisation of your Executive Board.

TAX CONSOLIDATION AGREEMENT OF DOM SECURITY S.A. WITH OMNITECH SECURITY S.A.S.

- Individual concerned: Henri Morel, President of OMNITECH SECURITY S.A.S. and Director and CEO of DOM SECURITY S.A.
- Nature and purpose: tax consolidation agreement.
- Conditions: OMNITECH SECURITY S.A.S. is subject to the tax consolidation agreement of the company DOM SECURITY S.A.
- Grounds for its interest in the company: your Board of Directors indicated that the agreement is motivated by the desire to provide assistance as a holding company, corporate governance and the sound management of subsidiaries.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING

Agreements and commitments approved in previous financial years

In accordance with Article R 225-30 of the French Commercial Code (Code de commerce), we have been informed that the following agreements and commitments, already approved by the general meeting in previous financial years, have continued to be fulfilled during the past financial year.

SERVICE PROVISION AGREEMENT OF DOM SECURITY S.A. WITH ITS SUBSIDIARIES

- Persons concerned:
  - Henri Morel, President of DENY SECURITY S.A.S., President of DOM-METALUX S.A.S., President of DOM RONIS S.A.S., President of PICARD-SERRURES S.A.S., President of OMNITECH SECURITY S.A.S., Director of DOM-CR S.A., Member of the supervisory board of EURO-ELZETT Srl, Executive Director of DOM-UK Ltd, Manager of SECU BETEILIGUNGS Gmbh, which itself manages DOM Gmbh & CO, Member of the supervisory board of DOM-POLSKA, Director of UCEM S.A., Director of DOM-MCM, and Director and CEO of DOM SECURITY S.A.
  - Sophie Morel, member of the supervisory board of DOM-TITAN and director of DOM SECURITY S.A.,
  - Jean-Bertrand Prot, member of the supervisory board of DOM-TITAN and director of DOM SECURITY S.A.

- Nature and purpose: service provision agreement dated 5 December 2001 and its amendments (no.1 dated 26 November 2013, no.2 dated 21 December 2015 and no.3 dated 25 July 2016) in which the company DOM SECURITY S.A. undertakes to provide its guidance and assistance to its subsidiaries.

- Conditions: the basis on which the calculation is made is as follows:
  - Insurance: these services are invoiced at the exact cost,
  - Export: these services are re-invoiced on the basis of the turnover achieved directly or indirectly within the geographical area,
  - Trade shows and exhibitions: these services are invoiced at 50% of the exact cost,
  - Accounting and matters concerning the workforce: these services are re-invoiced at the exact cost for attributable costs, and at 50% for non-attributable costs,
  - Commercial: these services are re-invoiced on the basis of time spent for attributable costs and on the basis of contribution to consolidated production turnover for the business unit in question,
  - Communication: these services are re-invoiced on the basis of time spent for attributable costs and on the basis of contribution to consolidated turnover for the geographical area in question for non-attributable costs.

  The income recorded in the accounts for the financial year ending 31 December 2017 and relating to this agreement amounts to €2,742,812 excluding taxes, and breaks down as follows:

Subsidiary	Product
DENY SECURITY S.A.S.	€248,409
DOM-METALUX S.A.S.	€222,605
DOM RONIS S.A.S.	€164,572
PICARD-SERRURES S.A.S.	€283,328
OMNITECH SECURITY S.A.S.	€86,630
DOM-CR S.A.	€154,855
EURO-ELZETT S.A.R.L.	€63,981
DOM-UK LTD	€116,391
DOM-TITAN S.A.	€268,516
DOM GMBH & CO KG	€718,752
DOM POLSKA S.A.R.L.	€138,929
UCEM S.A.	€67,981
DOM SUISSE S.A.	€27,759
DOM-MCM S.A.	€180,104
Total	**€2,742,812**

SERVICE PROVISION AGREEMENT WITH THE COMPANY GROUPE S.F.P.I. S.A.

- Persons concerned:
  - Henri Morel, director and CEO of DOM SECURITY S.A. & GROUPE S.F.P.I. S.A.,
  - Jean-Bertrand Prot, director of DOM SECURITY S.A. & director and deputy CEO of GROUPE S.F.P.I. S.A.,
  - Sophie Morel, director of DOM SECURITY S.A. & GROUPE S.F.P.I. S.A.,
  - Valentine Laude, director of DOM SECURITY S.A. & GROUPE S.F.P.I. S.A.
- Nature and purpose: service provision agreement dated 30 September 1991 and its amendment no.1 dated 25 July 2016 in which the company GROUPE S.F.P.I. S.A. undertakes to provide its advice and assistance to DOM SECURITY S.A.
- Arrangements: the basis on which remuneration is calculated is as follows:
  - 1% excluding taxes of corporate turnover excluding taxes up to €75m of turnover,
  - 0.50% excluding taxes of corporate turnover excluding taxes for the proportion of turnover between €75m and €150m excluding taxes,
  - 0.25% excluding taxes of corporate turnover excluding taxes for the proportion of turnover between above €150m excluding taxes.

  The expense recorded in accounts for the financial year ending 31 December 2017 and relating to this agreement is €28,009 excluding taxes.

SUBLET AGREEMENT WITH THE COMPANY GROUPE S.F.P.I. S.A.

- Persons concerned:
  - Henri Morel, director and CEO of DOM SECURITY S.A. & GROUPE S.F.P.I. S.A.,
  - Jean-Bertrand Prot, director of DOM SECURITY S.A. & director and deputy CEO of GROUPE S.F.P.I. S.A.,
  - Sophie Morel, director of DOM SECURITY S.A. & GROUPE S.F.P.I. S.A.,
  - Valentine Laude, director of DOM SECURITY S.A. & GROUPE S.F.P.I. S.A.
- Nature and purpose: sublease agreement dated 27 September 2016 in which the company GROUPE S.F.P.I. S.A., undertakes to lease an office space with an area of 75 m^2.
- Conditions: annual fixed-rate rent of €62,500 excluding taxes, including charges, payable in advance in quarterly instalments of €15,625 excluding taxes, including charges.

  The expense recognised for the financial year ended 31 December 2017 and relating to this agreement is €62,500 excluding taxes.

FISCAL INTEGRATION AGREEMENT CONCLUDED BETWEEN DOM SECURITY S.A. AND THEIR SUBSIDIARIES

- Individual concerned: Henri Morel, President of DENY SECURITY S.A.S., President of DOM-METALUX S.A.S., President of DOM RONIS S.A.S., President of PICARD-SERRURES, and Director and CEO of DOM SECURITY S.A.
- Nature and purpose: tax consolidation agreement.
- Conditions: the following companies are subject to the tax consolidation agreement of the company DOM SECURITY S.A. :
  - DENY SECURITY S.A.S.
  - DOM-METALUX SECURITY S.A.S.
  - DOM RONIS S.A.S.
  - PICARD-SERRURES SECURITY S.A.S.
  - DOM PARTICIPATIONS S.A.S.
  - DOM TSS S.A.S.

Official Auditors:

Paris La Défense, 26 April 2018

KPMG Audit Paris et Centre
Nahid Sheikhalishahi
Associate

Neuilly-sur-Seine, 26 April 2018

Deloitte & Associés
Philippe Soumah
Associate

Official auditor reports

OFFICIAL AUDITOR REPORT ON CONSOLIDATED ACCOUNTS FROM THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A l'Assemblée générale de la société DOM SECURITY S.A.,

Opinion

As part of the mission entrusted to us by your General Meeting, we audited the consolidated accounts of the company DOM SECURITY S.A. for the financial year ended 31 December 2017, which are attached to this report.

We certify that the consolidated accounts are, according to International Financial Reporting Standards (IFRS) as adopted in the European Union, true and fair, and accurately reflect the figures relating to transactions during the past financial year, in addition to the financial situation and the assets, at the end of the financial year, of the sum of the persons and entities within the consolidation.

The opinion expressed below is coherent with the contents of our report as official auditors.

Foundation of the opinion

Auditing references

We conducted our audit following French professional practice standards. We believe that the elements we collected are both suitable and sufficient for the foundation of our opinion.

The responsibilities incumbent on us by virtue of these standards are indicated in the section "Official auditor responsibilities concerning consolidated account auditing" of this report.

Independence

We completed our auditing mission in respect of the independence rules which apply to us, over the period beginning on 1 January 2017 and ending on the date on which this report was issued. Notably, we did not provide any services prohibited by Article 5, paragraph 1 of the EU regulation No. 537/2014 or by the code of ethics of the official auditor profession.

Justification of observations - Key points of the audit

In application of the provisions of articles L. 823-9 and R. 823-7 of the French Commercial Code pertaining to the justification of our observations, we would like to make you aware of the key points of the audit concerning significant anomaly risks which, according to our professional judgement, were the most significant for the auditing of consolidated accounts of the financial year, as well as the responses that we provided for these risks.

The observations hence drawn are part of the context of the consolidated account audit taken in their entirety and of the forming of our opinion expressed below. We do not express our opinion on isolated elements of these consolidated accounts.

KEY POINT OF THE AUDIT	RESPONSE CONCLUDED FROM AUDIT
Later assessment of goodwill and intangible and tangible assets – €33m, €2m and €31m respectively (net values) (Paragraph 9 'Value loss' in the chapter 'Principles, assessment methods and selected IFRS options' and notes 1 Goodwill, 2 Intangible assets and 3 Tangible assets)	
On 31 December 2017, the goodwill, intangible assets and tangible assets are recorded on the balance sheet with a value amounting to 66 million Euros and represent 35% of consolidated net assets. These assets are subject to an impairment test in the event of value loss, and at least once a year with regard to goodwill and intangible assets with an indefinite useful life. For the purposes of the impairment test, these assets are attributed to cash-generating units (CGU) corresponding to the subsidiaries of the Dom Security Group. An impairment occurs when the recoverable amount of these assets is shown to be less than their net carrying value. The recoverable amount corresponds to the highest amount between the fair value minus costs to sell and the value in use. The useful value is determined by discounting future cash flows. The recoverable amount is determined on the basis of the management's judgements, in particular with regard to cash flow forecasts and the discount rate applied to them. In this context and in view of the significant value that they represent in the consolidated accounts, we consider the assessment of goodwill, intangible assets and tangible assets an essential element of the audit.	We obtained impairment testing which was completed by the Group and we examined the implementation methods for this testing. We have checked whether the methodology applied by the Group and the assessment model used for each CGU comply with current accounting standards, with the assistance of our specialists in financial assessment. In particular, our work has involved: - evaluating the process used to draw up budget forecasts and to subject them to approval by the Group's management; - corroborating the completeness and the correct designation to each UGT of the elements constituting the carrying value of the assets to be tested; - comparing future cash flows with the Management's estimates as part of the budget process for the 2018 financial year; - evaluating the determination of the probability coefficient applied to future cash flows by comparing with the results achieved and budget forecasts; - comparing the discount rate used with external sources as well as our internal database with the assistance of our specialists in financial assessment; - measuring how sensitive the results of the impairment tests are.
Key point of the audit	**Response concluded from audit**
Assessment of pension liabilities and long-service awards – €40.1 m (Paragraph 15 'Assessment of pension liabilities and long-service awards' in the chapter 'Accounting principles, assessment methods and selected IFRS options' and note 8 'Non-current provisions')	
On the 31 December 2017, the pension liabilities and long-service awards, are recorded on the balance sheet as non-current provisions with a value amounting to 40.1 million Euros, compared with a balance sheet total of 186.7 million Euros. They correspond to the assessed value of pensions of the German subsidiary Dom GmbH at €33m in addition to that of payments on retirement and long-service awards of the Group's other subsidiaries at €7.1m. The pension liabilities and long-service awards are assessed in accordance with the projected unit credit method. The Group's management uses the services of an external actuary to assess the liabilities of the German subsidiary Dom GmbH. On the other hand, the value of liabilities of other subsidiaries is determined by the group.	We have reviewed and considered the procedure used to assess pension liabilities and long-service awards, and to establish the actuarial and demographic assumptions applied by the Group. We have also analysed whether the methodology applied complies with current accounting standards, evaluated the competence and independence of the external actuary who estimated the pensions of the subsidiary Dom GmbH, and carried out an assessment of their work. Furthermore, we have tested the completeness and validity of the individual databases used as part of the assessments through sampling.

The assessment procedures implemented as above to a large extent incorporate estimations and assumptions, involving in particular: - forecasts on wage increases excluding inflation; - long-term inflation rates; - life expectancy and the probability that employees will be in the subsidiary on their retirement date and on the date when pensions and payments on retirement are paid; - the discount rate applied. Variations to these assumptions will have a major effect on the value of the liability recorded in the accounts, as well as on the Group's net earnings and consolidated equity capital. In view of the significant value that pension liabilities and long-service awards represent in the consolidated accounts, and due to the judgements and assumptions required to estimate them and the sensitivity arising from this, we consider that the assessment of pension liabilities and long-service awards forms an essential element of the audit.	With the assistance of our actuarial specialists, we have: - evaluated the consistency of the selected discount rates with the durations, reflecting the schedule for disbursements; estimated for each subsidiary, in addition to how reasonable they are in view of market conditions; - compared the selected inflation rate and mortality table with market references and indexes; - evaluated the consistency of the assumptions relating to wage increases and the probability that employees will be in the subsidiary with the specific characteristics of each subsidiary as well as with national references; - analysed whether the rights calculated comply with the terms of the collective bargaining agreements in force; - checked, through sampling, the accuracy of the calculations performed by the Group. Finally, we have checked the sensitivity analyses carried out by the Management in accordance with a variation of the main selected assumptions.

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

In accordance with the professional standards applicable in France, we have also specifically verified (as provided for by French law) the information relating to the group that was provided in the management report by the Board of Directors.

We have no comments to make on their accuracy or their correlation with the consolidated accounts.

Information resulting from other legal and regulatory obligations

Appointment of official auditors

We have been appointed as official auditors for the company DOM SECURITY S.A. by your General Meeting as of 24 June 2005 for the firm KPMG Audit Paris and Centre and as of 26 June 2003 for the firm Deloitte & Associés.

As of 31 December 2017, given the acquisitions and fusions of firms who have previously intervened on these dates, the firm KPMG Audit Paris et Centre was in the 24th consecutive year of their mission and the firm Deloitte & Associés in their 28th year, including 24 years for both cabinets since the securities of the company were submitted to negotiations on a regulated market.

Responsibilities of the Management and of persons constituting corporate governance concerning consolidated accounts

It is management's task to establish the consolidated accounts which present a just image in compliance with the IFRS standards which are applied in the European Union as well as to implement internal controls deemed necessary for the establishment of annual accounts which don't feature any significant anomalies, whether these anomalies result from fraud or errors.

During the establishment of the consolidated accounts, the assessment of the company's capacity to continue operating is incumbent to management, as is the task of presenting, if required, the necessary information concerning the continuity of operations and applying the accounting convention of operation continuity, unless the liquidation of the company or the halting of its activity has been planned.

The auditing committee must track the drafting process for financial information and must track the efficiency of internal control and risk management systems, as well as internal auditing when necessary, concerning drafting processes and accounting and financial information processing.

The consolidated accounts were closed by the Board of Directors.

Official Auditor responsibilities concerning consolidated account auditing

Objective of the auditing procedure

We are tasked with establishing a report on the consolidated accounts. Our objective is to obtain reasonable assurance that the consolidated accounts, taken in their entirety, do not feature any significant anomalies. Reasonable assurance corresponds to a high level of assurance. Nevertheless, this does not necessarily guarantee that an audit complying with professional practice standards systematically allows for all significant anomalies to be detected. Anomalies may result from fraud or errors and are deemed significant when it can be reasonably be expected that they, taken individually or accumulated, may influence account users' economic decisions based on the information including the anomalies.

As specified in Article L. 823-10-1 of the French Commercial Code, our account certification mission does not consist in guaranteeing the viability or the quality of your company's management.

Within the context of the audit completed in compliance with French professional practice standards, the official auditor exercises their professional judgement consistently throughout this auditing process. Furthermore:

- they identify and assess the risks posed by consolidated accounts featuring significant anomalies, whether they come from fraud or errors, they also define and implement auditing procedures in regard to these risks and collect elements which they may deem suitable and sufficient to found their opinion. The risk of a significant anomaly caused by fraud not being detected is higher than the risk of a significant anomaly caused by an error, as fraud may entail collusion, falsification, voluntary omissions, false declarations or internal control bypassing;
- they examine the internal control relevant to the audit in order to define the suitable auditing procedures in the circumstances and not with the goal of expressing an opinion on the internal control;
- they assess the suitable character of the retained accounting methods and the reasonable character of accounting estimates made by management, as well as the information concerning them which is provided in the consolidated accounts;
- they assess the appropriate character of the application by management of the accounting operation continuity and, based on the collected elements, the existence or non-existence of any significant incertitude due to events or circumstances likely to call into question the company's capacity to continue operating. This assessment is formed based on the elements collected up until the date of their report, it nevertheless being reminded that later circumstances or events may call into question the continuity of operations. Should the existence of a significant incertitude be concluded, they draw report readers' attention to the information provided in the consolidated accounts concerning this incertitude or, if this information is neither provided nor relevant, they form a conditional certification or a refusal to certify;
- they assess the presentation of all consolidated accounts and evaluate whether the consolidated accounts reflect the underlying operations and events in a manner which produces a just image;
- with regard to the financial information on persons or entities within the scope of the consolidation, they collect elements that they deem sufficient and appropriate in order to express an opinion on the consolidated accounts. They are responsible for managing, supervising and carrying out the audit of the consolidated accounts in addition to the opinion expressed regarding these accounts.

Report to the auditing committee

We provide a report to the auditing committee which notably includes all auditing work and the work programme implemented as well as the resultant conclusions from our work. We also make the committee aware of, if the case arises, any significant weaknesses that we may have identified in the internal control concerning procedures for drafting and processing accounting and financial information.

The elements communicated in the report to the auditing committee include the significant anomaly risks that we deem to have been greater for the consolidated accounts audit for the financial year and which thus constitute the key points of the audit, which we are tasked with including in this report.

We also provide the auditing committee with the declaration anticipated by Article 6 of the EU regulation No. 537-2014 which confirms our independence in the terms of the rules applicable in France as set out by Articles L. 822-10 to L. 822-14 of the French Commercial Code and the code of ethics of the official auditor profession. If necessary, we will discuss any risks jeopardising our independence as well as any applied safeguarding measures with the auditing committee.

Official Auditors:

Paris La Défense, 27 April 2018

Neuilly-sur-Seine, 27 April 2018

KPMG Audit Paris et Centre

Nahid Sheikhalishahi

Associate

Deloitte & Associés

Philippe Soumah

Associate

Official auditor reports

CERTIFICATE ISSUED BY THE OFFICIAL AUDITORS CONCERNING THE SERVICES INVOICED BY GROUPE SFPI SA
FOR THE FINANCIAL YEAR ENDING 31 DECEMBER 2017

Monsieur le Président Directeur Général,

As auditor for DOM SECURITY S.A. and in response to your request, we have drawn up this certification of the information relating to the services invoiced by Groupe S.F.P.I. S.A. which appear on the attached document as requested by the French regulator for financial markets (AMF).

This document, initialised only for the purposes of identification, brings to light a sum of € 1,448,033 excluding taxes.

This information has been drawn up under your responsibility on the basis of the accounting books used to prepare the consolidated accounts for the financial year ending 31 December 2017.

It is incumbent on us to certify this information.

As part of our mission as auditors, we have carried out an audit of the consolidated accounts of Dom Security S.A. for the financial year ending 31 December 2017. The intention of our audit, carried out in accordance with the professional standards applicable in France, was to express an opinion on the consolidated accounts considered as a whole, and not on specific elements of these accounts used to determine the information. As a result, we have not been able to carry out our audit testing or our sampling for this purpose, and we do not express an opinion on these elements considered in isolation.

We carried out our work, which constitutes neither an audit nor a limited review, in accordance with the professional standards of the French national body of auditors (CNCC) relating to this procedure. This work involved sampling or other selection methods, to:

- make the necessary comparisons between this information and the accounts from which they originate, and check that they correlate with the elements on the basis of which the consolidated accounts for the financial year ending 31 December 2017 were drawn up;
- check that this information complies with the provisions of the service provision agreement of Groupe S.F.P.I. S.A.

On the basis of our work, we have no comments to make on the information contained in the attached document.

This certification is drawn up for your attention within the context indicated in the first paragraph and must not be used, distributed or cited for other purposes.

Paris La Défense, 30 April 2018

KPMG Audit Paris et Centre
Nahid Sheikhalishahi
Associate

CERTIFICATE CONCERNING SERVICES INVOICED BY GROUPE SFPI S.A.

I the undersigned, Henri MOREL, acting as Chief Executive Officer of the company DOM SECURITY S.A., certify that the total amount of fees directly invoiced by GROUPE SFPI S.A. to the subsidiaries of DOM SECURITY S.A. for management costs, amounts to:

In € excl. tax	2017	2016
DENY SECURITY	229,410	224,850
DOM-METALUX	130,530	119,120
DOM RONIS	145,650	148,278
PICARD-SERRURES	175,960	156,690
DOM-TITAN	69,447	72,870
DOM GMBH & CO KG	287,554	416,003
EURO-ELZETT	38,780	37,009
DOM-CR	34,909	34,566
OMNITECH SECURITY	95,140	62,480
DOM SUISSE	24,934	28,076
DOM-MCM	73,416	71,799
UCEM	25,641	22,701
DOM UK	26,922	25,543
DOM NEDERLAND	89,740	85,001
TOTAL	**1,448,033**	**1,504,986**

Henri MOREL
CEO

Official auditor reports

A l'Assemblée Générale de DOM SECURITY S.A.,

As auditors of your company and to fulfil the mission provided for by Article L. 225-209 of the French Commercial Code (Code de commerce) in the event of a reduction in capital through the cancelling of purchased shares, we have drawn up this report to provide you with our evaluation of the grounds and conditions of the envisaged reduction in capital.

Your Board of Directors propose that you grant them all powers to cancel, up to a limit of 10% of its capital every 24-month period, the shares purchased under the authorisation for your company to purchase its own shares under the provisions of the aforementioned article.

We have implemented the diligence measures which we deemed necessary according to the professional doctrine of the French national body of auditors (Compagnie nationale des commissaires aux comptes) concerning this mission. These procedures serve to examine whether the grounds and conditions of the envisaged reduction in capital, which does not represent a threat to the equality of shareholders, are in order.

We have no comments to make on the grounds and conditions of the envisaged reduction in capital.

Official Auditors:

Paris La Défense, 26 April 2018

KPMG Audit Paris et Centre

Nahid Sheikhalishahi

Associate

Neuilly-sur-Seine, 26 April 2018

Deloitte & Associés

Philippe Soumah

Associate

Official auditor reports

AUDITORS' REPORT ON THE INCREASE IN CAPITAL FOR EMPLOYEES BELONGING TO A COMPANY SAVING SCHEME

A l'Assemblée Générale de DOM SECURITY S.A.,

As auditors of your company and to fulfil the mission provided for in Articles L. 225-135 et seq. of the French Commercial Code, we present our report on the planned increase in capital through the issuing of ordinary shares with the cancellation of the pre-emptive right to subscribe, up to a maximum of 1,099,788.40 Euros, and limited to employees who belong to a company savings scheme of your company. You are invited to express your opinion on this transaction.

This increase in capital is subject to your approval in accordance with the provisions of Articles L. 225-129-6 of the French Commercial Code and L. 3332-18 et seq.of the French Labour Code (Code du travail).

On the basis of their report, your Board of Directors propose that you grant them for a period of 26 months the authority to establish the arrangements for this transaction, and cancel your pre-emptive right to subscribe to the shares issued.

It is incumbent on the Board of Directors to draw up a report as required by Articles R. 225-113 and R. 225-114 of the French Commercial Code. It is incumbent on us to express our opinion regarding the accuracy of the figures obtained from the accounts, the proposal to cancel the pre-emptive right to subscribe, and other information provided in this report concerning the issuing of shares.

We have implemented the diligence measures which we deemed necessary according to the professional doctrine of the French national body of auditors (Compagnie nationale des commissaires aux comptes) concerning this mission. These procedures involved verifying the content of the report by the Board of Directors relating to this operation and the basis on which the issue price of shares is determined.

Subject to a later review of the conditions concerning the proposed increase in capital, we have no comments to make regarding the basis on which the issue price of ordinary shares is determined as set out in the report by the Board of Directors.

As the definitive conditions for the increase in capital have not been established, we have no opinion to express on these conditions and, therefore, on the cancellation of the pre-emptive right to subscribe as proposed to you.

In accordance with Article R. 225-116 of the French Commercial Code, we will draw up a supplementary report when your Board of Directors makes use of the powers granted to them.

Official Auditors:

Paris La Défense, 26 April 2018

Neuilly-sur-Seine, 26 April 2018

KPMG Audit Paris et Centre

Nahid Sheikhalishahi

Associate

Deloitte & Associés

Philippe Soumah

Associate

Report by the independent third-party body on the consolidated social, environmental and societal information

REPORT BY THE ACCOUNTING EXPERTS DESIGNATED AS AN INDEPENDENT THIRD-PARTY BODY ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION CONTAINED IN THE MANAGEMENT REPORT

Dear shareholders,

As accounting experts designated as an independent third-party body and accredited by the French accreditation committee (COFRAC) under number 3-1055 (the scope of which can be viewed at www.cofrac.fr), we present our report on the consolidated social, environmental and societal information relating to the financial year ending 31 December 2017, as presented in the management report (hereinafter the "CSR Information") as required by the provisions of Article L. 225-102-1 of the French Commercial Code (Code de commerce).

The Company's Responsibility

It is incumbent on the Board of Directors to draw up a management report including the CSR Information provided for by Article R. 225-105-1 of the French Commercial Code, prepared in accordance with internal procedures and within the internal standards framework (hereinafter "the Procedures", "the Standards").

Independence and quality control

Our independence is defined by French regulatory texts, the profession's code of conduct included in the decree dated 30 March 2012 relating to the accounting profession, and takes into account the provisions of the Article L. 822-11 of the French Commercial Code. Furthermore, we have implemented a system for quality control that includes policies and documented procedures that aim to guarantee the respect of the profession's code of conduct, professional standards and the applicable legal and regulatory texts.

Responsibility of the accounting experts

It is incumbent on us, on the basis of our work:

- to certify that the required CSR Information is contained in the management report or that its absence is explained in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (on certifying that CSR Information is present);
- to provide a conclusion based on the fact that the CSR Information considered as a whole is present, in all their significant aspects, in a truthful manner in accordance with the Benchmark (Reasoned opinion founded on the authenticity of the CSR Information).

Our work has involved the skills of 4 individuals between 14 November 2017 and 20 March 2018 for a period of 16 days with three on-site audits on 7 February (DOM Polska, DOM-METALUX) and 13 February (PICARD-SERRURES).

We undertook the work described below in line with the professional standards applicable in France and the order dated 13 May 2013 laying out the conditions under which the independent third-party body may undertake their mission.

1. Certification that CSR Information is present

Nature and scope of the work

We have reviewed and considered, on the basis of meetings with the heads of the departments concerned, the presentation of directions and policies concerning sustainable development, depending on the social and environmental impact associated with the company's activities and its societal commitments and, if applicable, the resulting actions or programmes.

We have compared the CSR Information presented in the management report with the list provided for by Article R. 225-105-1 of the French Commercial Code.

In the event that consolidated information was found to be missing, we have checked that explanations were provided in accordance with the provisions of Article R. 225-105, paragraph 3 of the French Commercial Code.

We have checked that the CSR Information covered the consolidated scope, namely the company in addition to its subsidiaries as defined by Article L. 233-1 and the companies under its control as defined by Article L. 233-3 of the French Commercial Code with the limits specified in the note of methodology presented in the paragraphs "Presentation and Methodology" and "Incomplete information" in the management report.

Conclusion

Based on this work and considering the limits mentioned above, we certify that the required CSR Information is contained in the management report.

2. Reasoned opinion founded on the authenticity of the CSR Information

Nature and scope of the work

We have conducted 14 interviews with individuals responsible for the preparation of CSR Information in conjunction with the departments in charge of collecting the information and, if applicable, responsible for internal control and risk management procedures, in order to:

- evaluate the appropriateness of the processes (in terms of the Benchmark) in view of the following points: relevance, completeness, reliability, neutrality, clarity;
- check that procedures have been implemented for collecting, compiling, processing and controlling information to guarantee the completeness and consistency of CSR Information, and to take note of the internal control and risk management procedures relating to the drawing up of CSR Information.

We have determined the nature and scope of our tests and controls in accordance with the nature and importance of the CSR Information in view of the characteristics of the company, the social and environmental aspects of its activities, its direction and policy regarding sustainable development, and best practice within the sector.

In addition to checks on consistency for the CSR Information as a whole, we have in particular studied:

- **Social information**: Number of employees per gender; absenteeism; number of accidents at work
- **Environmental information**: Organisation of the company to take into account environmental issues; measures for the prevention, recycling, reuse, other forms of recovery and disposal of waste; energy consumption
- **Societal information**: importance given to subcontracting and consideration, in relations with providers and subcontractors, of their social and environmental responsibility

For this CSR Information, which we consider highly important:

- with respect to the consolidating entity, we have viewed the documentary sources and conducted interviews in order to corroborate the qualitative information (organisation, policies, actions). For quantitative information we have checked the calculations as well as the consolidated data and have checked their consistency and correlation with the other information presented in the management report;
- with respect to the representative sample that we have selected on the basis of the following points: activity, contribution to consolidated indicators, geographical location and risks. We have conducted interviews to verify that the procedures have been correctly applied and tests of details implemented on the basis of sampling, which consists of verifying the calculations performed and comparing the data in supporting documents. The sample selected in the manner above accounts for between 21% and 31% of quantitative social information, and 21% of quantitative environmental information.

Finally, we evaluated the authenticity of the explanations relating, where necessary, to the total or partial lack of certain information.

The sampling methods and sample sizes have been selected using our professional judgement. On account of the use of sampling techniques, in addition to other limits inherent in the running of any information system and internal control system, the risk of not detecting a significant anomaly in the CSR Information cannot be completely eliminated.

Conclusion

On the basis of this work, we have not identified a significant anomaly that could call into question the authenticity of the CSR Information presented, in accordance with the Benchmark.

Toulouse, 22 March 2018

THIRD-PARTY INDEPENDENT BODY

SAS CABINET DE SAINT FRONT

Jacques de SAINT FRONT

President


ENiQ

Combined General Meeting of 17 May 2018

PROPOSED RESOLUTIONS

By the competence of the General Meeting

First resolution

Approval of the financial year's annual accounts; discharge given to the directors

The Meeting, adjudicating in the conditions of quorum and majority required for ordinary General Meetings, after having heard the reading of the Board of Directors' management and activity report and the official auditors' report on the annual accounts of the financial year ending 31 December 2017, approves the said accounts as they have been presented and which bring to light a net profit of €7,737,400.55 in addition to the transactions recorded therein or summarised in these reports.

As a result, the Meeting gives the administrators full and unconditional discharge from the fulfilment of their mandates for the past financial year.

The Meeting acknowledges that the accounts for the past financial year do not take into consideration any expenses that cannot be deducted from taxable income according to Article 39-4 of the French General Tax Code (Code Général des Impôts).

Second resolution

Allocation of income of the financial year; making the dividend available for payment

The Meeting, adjudicating in the conditions of quorum and majority required for ordinary General Meetings, approves the proposed allocation of income presented to it by the Board of Directors.

Consequently, the profit of the financial year, which amounts to €7,737,400.55, is allocated as follows:

Source:

- Income of the financial year: €7,737,400.55.

Allocation:

- Dividend: €4,276,916 or €1.75 per share, debited from the income of the financial year.
- The balance of the financial year's income, amounting to €3,460,484.55 on the Other Reserves account, which has a balance is €31,706,445.93 due to be reduced to €35,166,930.48.

The Meeting notes that, since the establishment of the Finance Act for 2018, dividends collected by a taxpaying natural person are lawfully taxed on the fixed-sum single debit of 30% (12.80% for income tax and 17.20% for social contributions). Regardless, the taxpayer may request, as an explicit option, that their dividends are taxed on a progressive income tax scale.

The cash dividend was made payable on 30 May 2018.

If, when the dividend is made payable, the Company should hold certain of their own shares, the distributable profit corresponding to the dividend which has not been paid due to the holding of the said shares, will be made to the Retained Earnings account.

The Meeting acknowledges that the sums allocated as dividends, for the three previous financial years, were as follows:

Financial year	Dividend allocated	Dividend per share
2014	€3,665,928	€1.50
2015	€3,665,928	€1.50
2016	€4,276,916	€1.75

Third resolution

Approval of agreements and commitments covered by Article L. 225-38 et seq. of the French Commercial Code, authorised during previous financial years, and which have continued to be fulfilled during the past financial year

The Meeting, adjudicating in the conditions of quorum and majority required for ordinary General Meetings, after having heard the reading of the official auditors' report on the agreements and commitments covered by Article L. 225-38 et seq. of the French Commercial Code and which have continued to be fulfilled in the past financial year, approves the conclusions of the said report and the agreements and commitments mentioned therein.

This resolution is subject to a vote, in which the shareholders concerned will not participate, it being specified that their shares are excluded from the calculation of the majority.

Fourth resolution

Approval of agreements and commitments covered by Article L. 225-38 et seq. of the French Commercial Code, and concluded during the past financial year

The Meeting, adjudicating in the conditions of quorum and majority required for Annual General Meetings, after having heard the reading of the Official Auditors' report on the conventions and commitments relevant to Article L. 225-38 et seq of the French Commercial Code concluded over the course of the past financial year, approves the conclusions of the report and the convention which is referred to in it.

This resolution is subject to a vote, in which the shareholders concerned will not participate, it being specified that their shares are excluded from the calculation of the majority.

Fifth resolution

Approval of the financial year's consolidated accounts

The Meeting, adjudicating in the conditions of quorum and majority required for ordinary General Meetings, after having heard the reading of the Board of Directors' management and activity report and the official auditors' report on the consolidated accounts of the financial year ending 31 December 2017, approves the consolidated accounts closed on 31 December 2017 as they have been presented and which bring to light a net income from the consolidated companies of €11,000K in addition to the transactions recorded therein or summarised in the management and activity report.

The Group's net share after minority interests amounts to €10 988K.

Sixth resolution

Approval of elements constituting the pay of members of the Board of Directors

The Meeting, adjudicating in the conditions of quorum and majority required for ordinary General Meetings, after having heard the reading of the report on the governance of the Board of Directors, approves the distribution of directors' emoluments paid to members of the Board of Directors as a result of their mandate, as presented in the aforementioned report.

Seventh resolution

Distribution of directors' emoluments

The Meeting, adjudicating in the conditions of quorum and majority required for ordinary General Meetings, sets the amount of directors' emoluments to be distributed amongst the directors at twenty-one thousand (21,000) Euros.

Eighth resolution

Renewal of the term as director of Mr Thierry CHEVALLIER

The Meeting, adjudicating in the conditions of quorum and majority required for ordinary General Meetings, noting that the term as director of Mr Thierry CHEVALLIER will end on conclusion of this meeting, decides to renew the said term for a new period of three (3) years, that being until the conclusion of the General Meeting which will adjudicate in 2021 on the accounts of the financial year ending 31 December 2020.

Ninth resolution

Renewal of the director mandate of the company GROUPE SFPI SA

The Meeting, adjudicating in the conditions of quorum and majority required for Annual General Meetings and declaring that the director mandate of the company GROUPE SFPI SA expires at the end of this meeting, has decided to renew the said mandate for a new period of three (3) years, or until the end of the General Meeting which will be summoned to adjudicate in 2021 for the accounts of the financial year ended 31 December 2020.

Tenth resolution

Renewal of the mandate of one of the official auditors, KPMG AUDIT PARIS-CENTRE

The Meeting, adjudicating in the conditions of quorum and majority required for ordinary General Meetings, noting that the mandate of one of the official auditors, KPMG AUDIT PARIS-CENTRE, will end on conclusion of this meeting, decides not to renew the said mandate and to appoint in their place KPMG SA, 2 avenue Gambetta – Tour Eqho – 92066 Paris La Défense Cedex, France for a new period of six (6) financial years, that being until the conclusion of the General Meeting which will adjudicate in 2024 on the accounts of the financial year ending 31 December 2023.

Eleventh resolution

Renewal of the mandate of one of the alternative official auditors, KPMG AUDIT PARIS-NORD

The Meeting, adjudicating in the conditions of quorum and majority required for Annual General Meetings and declaring that the mandate of one of the alternative official auditors, KPMG AUDIT PARIS-NORD, expires at the end of this meeting, has decided not to renew the said mandate and to rather appoint in their place SALUSTRO REYDEL SA, 2 avenue Gambetta – Tour Eqho – 92066 Paris La Défense Cedex, for a new period of six (6) financial years, or until the end of the General Meeting which will be summoned to adjudicate in 2024 for the accounts of the financial year ended 31 December 2023.

Twelfth resolution

Authorisation for the Company to buy back its own shares, as part of a share buyback programme

The Meeting, adjudicating in the conditions of quorum and majority required for ordinary General Meetings, having reviewed and considered the Board of Directors' report, in accordance with the provisions of Article L. 225-209 of the French Commercial Code, authorises the Company to trade in its own shares on the stock market as part of a share buyback programme involving 10% of the share capital, subject to the prior cancellation by the Board of Directors of the 42,165 treasury shares held to date.

Thirteenth resolution

Authorisation for the Board of Directors to buy, hold and/or transfer the Company's own shares

The Meeting, adjudicating in the conditions of quorum and majority required for ordinary General Meetings, having reviewed and considered *(a)* the Board of Directors' report and *(b)* the description of the 2018-2019 buyback programme, in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code, in addition to European Regulation No 596/2014 of 16 April 2014 relating to market abuse, authorises the Board of Directors, with the option to subdelegate, to trade in the Company's shares, within the legal and regulatory limits, on one or more occasions, on the stock market or otherwise, including by blocks of shares or by using options or derivatives in order to:

(a) recovery or exchange operations during the exercising of rights associated with the transferable securities providing access to the Company's capital;

(b) the conservation and later refund in payment or in exchange as part of external growth operations;

(c) on transfers or reductions of Company shares to employees and/or eligible board members of the companies belonging to the GROUPE SFPI Group as part of saving plans or shareholding plan imposed by French or foreign law, share allocation plans and/or share purchase option plans;

(d) the organisation of the securities market or share liquidity (by purchase or sale) as part of a liquidity agreement which is compliant with an ethical charter practised by the Securities and Markets Authority and which is entrusted to an investment services provider who acts independently;

(e) the cancellation, as part of the Company's financial policy, of securities thus purchased, subject to the adoption of the fifteenth resolution of this meeting in the terms of which the latter authorises the Board of Directors to reduce the Company's share capital by cancelling treasury shares;

(f) more generally, to the implementation of all market practices, all objectives and all operations which should be admitted by the law or the regulations in force or even the Securities and Markets Authority as part of the share buyback programmes.

The maximum price of each share is set at 80 Euros.

The maximum number of shares acquired on the basis of this authorisation may not exceed 10% of the capital, with this limit appreciating when the shares are bought back or up to 5% of the capital in the case of shares acquired by the Company in view of holding them for later allotment as payment or exchange as part of a merger, split or contribution of assets. The maximum total of purchases made may not exceed 19,551,616 Euros.

The purchase price of shares will be adjusted by the Board of Directors in the event of transactions involving the Company's capital under the conditions provided for by the regulations in force. In particular, should the capital increase with the incorporation of reserves and the allocation of performance shares, the price indicated above will be adjusted by a multiplying factor equal to the ratio between the number of securities making up the capital before the transaction and the number of securities making up the capital after the transaction.

The acquisition, transfer, recovery or exchange of these shares may be completed by all authorised means or any mean which may come to be authorised by the regulations in force, on the market or outside of the market, including via block transactions or by use of derivative products, notably by the purchase of share options as part of the regulations in force. The share of the share buyback programme required fulfilment by block transactions is not restricted.

These operations may intervene at any moment in respect of the regulations in force, except in public offer periods. Nevertheless, on prior authorisation by the General Shareholders' Meeting of the Company, the Board of Directors may make the decision to use this authorisation as of the deposit, by a third party, of a public offer concerning the Company's shares and this until the end of the offer period.

The acquisitions completed by the Company may in no case lead to the Company holding, at any moment in time, over 10% of ordinary actions constituting their capital.

Aiming to ensure the fulfilment of this authorisation, all powers are conferred to the Board of Directors, with the faculty to subdelegate within the legal conditions, to:

> decide on the implementation of this resolution and the methods within the limits of this authorisation;

> in the respect of the legal and regulatory provisions concerned, including those of stock market declaration, proceed to the permitted reallocation of purchased shares to fulfil one of the programme's objectives, or several of its other objectives, or even to their transfer, on the market or outside of the market;

> adjust the aforementioned maximum purchase price in order to take into consideration, in the event of the share nominal price being modified, any capital increase by the incorporation of reserves and the gratuitous assignment of shares, the division or regrouping of securities, the distribution of reserves or any other assets, capital depreciation or any other operation affecting shareholders' equity, the impact of these operations of the share value;

> set out the conditions and modalities to be used to, if needed, preserve the rights of security holders giving access to capital, share subscription or purchase options, or share performance allocation rights in compliance with the legal, regulatory or contractual provisions;

> place all stock orders, sign all purchase, transfer or cession deeds, conclude all agreements; and

> make all declarations, complete all formalities and, generally, take all necessary measures.

The Meeting gives all powers to the Board of Directors, with the faculty to delegate. for the purpose of placing all stock orders.

This authorisation is granted for a duration of 18 months as of the day of this meeting, or until 17 November 2019.

By the competence of the Extraordinary General Meeting

Fourteenth resolution

Delegation to the Board of Directors to ensure the compliance of the articles with legislative and regulatory provisions

The Meeting, adjudicating in the conditions of quorum and majority required for Extraordinary General Meetings, having examined the Board of Directors' report, gives all powers to the Board of Directors in order to allow them to make the necessary modifications to the statutes if new legislative and regulatory provisions impose upon the Company compliance with these new provisions, subject to ratification, by the next extraordinary general meeting, of these modifications.

Fifteenth resolution

Authorisation to be given to the Board of Directors to reduce the share capital by cancelling cross held shares

The Meeting, adjudicating in the conditions of quorum and majority required for Extraordinary General Meetings, having examined the Board of Directors' report and the official auditors' special report, authorises the Board of Directors, in compliance with the provisions of Article L. 225-209 of the French Commercial Code, to:

- cancel the shares acquired as part of the implementation of the authorisation granted to them by the thirteenth resolution and/or all other authorisations of the same nature, in the present or future, conferred by the general annual meeting, within the limit of 10% of the capital per periods of twenty-four (24) months,
- proportionately reduce the share capital by imputing the difference between the purchase price of cancelled shares and their nominal value on the available premiums and reserves.

The Meeting confers to the Board of Directors all powers to proceed to this/these capital reduction(s), to freeze the total of the capital reduction, to set out its modalities, declare the consecutive capital reduction(s) following cancellation operations authorised by this resolution, consequently modifying the statutes, to complete all formalities, procedures and declarations and, more generally, to accomplish all necessary tasks.

This authorisation is granted for a duration of twenty-six (26) months as of the day of this meeting, or until 17 July 2020.

Sixteenth resolution

Principle of a capital increase for employees, in compliance with Article L. 225-129-6 of the French Commercial Code

The Meeting, adjudicating in the conditions of quorum and majority required for Extraordinary General Meetings, having examined the Board of Directors' report and the official auditors' report, and acting to comply with the provisions of Article L. 225-129-6 of the French Commercial Code, after having declared that personnel hold no Company shares, delegate to the Board of Directors the powers hereafter necessary in order to:

- establish, in compliance with the provisions of Article L. 3332-4 of the French Labour Code, a company savings plan, within a maximum delay of six months as of the date of this meeting;
- determine the subscription price of new shares, in the conditions defined by Articles L. 3332-18 to L. 3332-24 of the French Labour Code;
- complete the capital increase with deletion of the rights issue, by their own decisions, in one or several times, within a maximum delay of 26 months as of the meeting's decision, in favour of the employees, after having established a company savings plan in the conditions provided by Article L. 3332-4 of the French Labour Code and to set the total of the capital increase within the limit of the overall ceiling of 1,099,778.40 Euros;
- determine the allocation conditions for new shares hence issued in favour of the said employees, in the legal conditions, including the conditions of seniority, to end the beneficiary list and the number of securities likely to be allocated to each employee, within the limit set by the capital increase ceiling;

Seventeenth resolution

Powers for formalities

The Meeting grants all powers to any person holding an original copy, a reproduced copy or a compliant certified extract of the formal notice for this Meeting with the purpose of accomplishing all legal or administrative formalities and to make all deposits and declarations envisaged by the legislation in force.

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