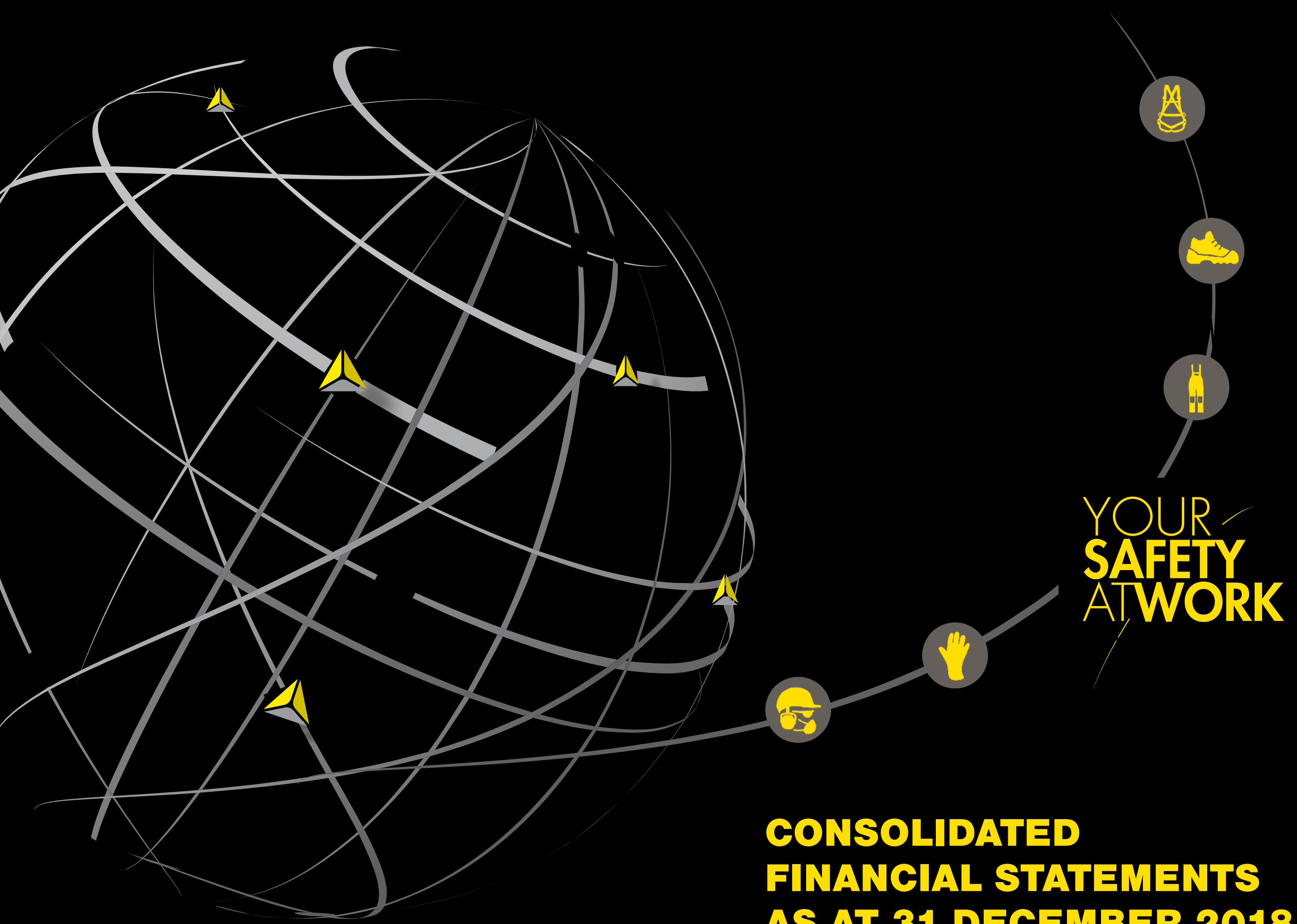

CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018 AND NOTES

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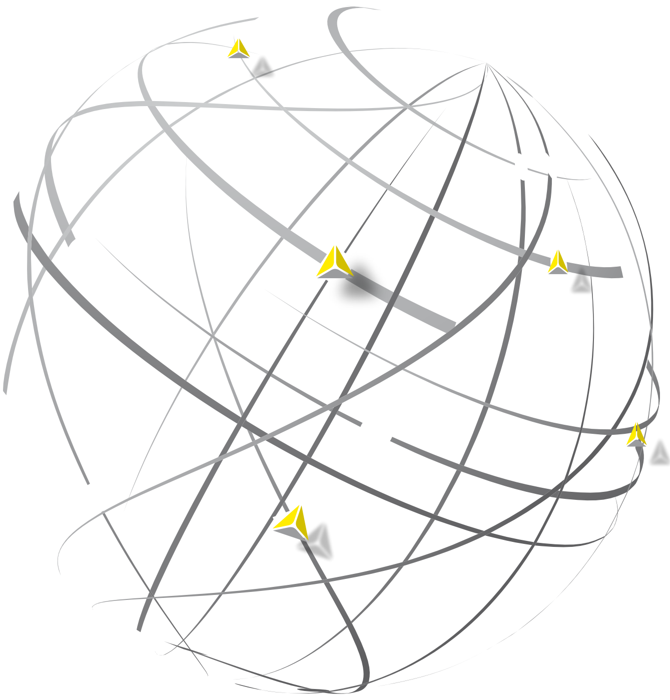


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In millions of euro

ASSETS	NOTE	31/12/2018	31/12/2017 (1)	31/12/2017
NON-CURRENT ASSETS				
Goodwill	6.3	91 537	80 906	80 906
Intangible assets	6.1	1 578	1 290	1 318
Property, plant and equipment	6.2	18 870	6 777	7 087
Other financial assets	6.4	2 042	2 157	2 183
Deferred tax assets	6.16	3 015	2 527	2 527
TOTAL NON-CURRENT ASSETS		**117 042**	**93 657**	**94 021**
CURRENT ASSETS				
Stocks	6.7	64 918	56 273	56 976
Trade receivables	6.8	48 058	44 968	45 748
Other receivables	6.8	11 095	15 412	15 423
Cash	6.9	16 953	17 938	17 956
Assets held for sale	6.27	1 828	1 876	-
TOTAL CURRENT ASSETS		**142 852**	**136 466**	**136 102**
TOTAL ASSETS		**259 894**	**230 123**	**230 123**

LIABILITIES	NOTE	31/12/2018	31/12/2017 (1)	31/12/2017
SHAREHOLDERS' EQUITY				
Capital	6.10	3 679	3 679	3 679
Treasury shares		(6 057)	(4 872)	(4 872)
Reserves and consolidated earnings		130 149	111 834	111 834
Non-controlling interests		740	291	291
TOTAL SHAREHOLDERS' EQUITY		**128 511**	**110 933**	**110 933**
NON-CURRENT LIABILITIES				
Non-current financial liabilities	6.12	42 720	39 934	39 934
Commitments given to employees	6.13	1 064	946	946
Non-current provisions	6.14	1 459	1 144	1 144
TOTAL NON-CURRENT LIABILITIES		**45 244**	**42 024**	**42 024**
CURRENT LIABILITIES				
Trade suppliers and payables		26 621	26 762	27 116
Social security and tax liabilities		12 116	11 680	11 902
Other debts		9 130	4 701	4 701
Other current financial liabilities	6.12	37 283	32 620	33 448
Liabilities held for sale	6.27	989	1 404	-
TOTAL CURRENT LIABILITIES		**86 139**	**77 166**	**77 166**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**259 894**	**230 123**	**230 123**

(1) Accounts adjusted according to IFRS 5.

CONSOLIDATED INCOME STATEMENT

In millions of euro

	NOTE	31/12/2018	31/12/2017 (1)	31/12/2017
Turnover	**6.17**	**240 462**	**226 637**	**229 786**
Cost of goods sold	6.20	(117 118)	(107 569)	(108 350)
Variable expenses	6.20	(18 410)	(18 005)	(18 253)
Fixed expenses	6.20	(30 833)	(31 441)	(32 054)
Staff costs	6.21	(42 308)	(41 258)	(42 390)
Other income and expenses	6.20	236	350	352
Current operating income		**32 030**	**28 714**	**29 091**
Non-current operating income	6.18	186	509	500
Non-current operating expenses	6.18	(695)	(524)	(518)
Non-current operating income		**(509)**	**(15)**	**(18)**
Operating income		**31 521**	**28 698**	**29 073**
Cost of gross financial debt	6.19	(1 943)	(1 735)	(1 748)
Other financing costs	6.19	(1 912)	(2 490)	(2 493)
Other financial income	6.19	243	139	139
Pre-tax earnings of consolidated companies		**27 909**	**24 613**	**24 972**
Tax on earnings	6.16	(6 611)	(5 881)	(5 943)
Net earnings from continuing activities		**21 298**	**18 732**	**19 029**
Profit from discontinued activities	**6.26**	**270**	**297**	**-**
Net earnings from companies consolidated using the equity method		-	-	-
Net earnings from all consolidated companies		**21 568**	**19 029**	**19 029**
Including the Group share		20 951	18 867	18 867
Including non-controlling interests' share		617	161	161
Net earnings per share from continuing activities	6.22	2,89	2,57	2,61
Diluted earnings per share from continuing activities	6.22	2,89	2,57	2,61
Net earnings per share	6.22	2,92	2,61	2,61
Diluted net earnings per share	6.22	2,92	2,61	2,61

(1) Accounts adjusted according to IFRS 5.

COMPREHENSIVE CONSOLIDATED INCOME STATEMENT

In millions of euro

	NOTE	31/12/2018	31/12/2017 (1)	31/12/2017
Net earnings from all consolidated companies		**21 568**	**19 029**	**19 029**
Translation adjustments		3 247	(10 221)	(10 221)
Hedges of net investments in foreign operations		-	-	-
Revaluation of financial assets classified as available for sale		-	-	-
Taxes on other comprehensive income items		-	-	-
Other items from comprehensive income that can be reclassified at a later date under net earnings		**3 247**	**(10 221)**	**(10 221)**
Actuarial gains and losses from pension obligations	6.13	(118)	80	80
Tax		33	(30)	(30)
Other items from comprehensive income that cannot be reclassified at a later date under net earnings		**(85)**	**50**	**50**
Net earnings and gains and losses recognised directly in equity		**24 729**	**8 858**	**8 858**
Including the Group share		24 112	8 707	8 707
Including non-controlling interests' share		617	151	151

(1) Accounts adjusted according to IFRS 5.

CASH FLOW TABLE

In millions of euro

	NOTES	31/12/2018	31/12/2017 (1)	31/12/2017	31/12/2016
Net earnings from all consolidated companies		**21 568**	**19 029**	**19 029**	**16 968**
Earnings from discontinued activities		**(269)**	**(297)**	**-**	**-**
Adjustments:					
Deduction of amortisation	6.1	2 057	1 977	2 117	1 694
Deduction of provisions		1 908	1 491	1 498	735
Other income and expenses with no impact on cash		310	(61)	(61)	(8)
Cash from operating activities after cost of net financial debt and taxation		**25 574**	**22 130**	**22 583**	**19 389**
Deduction of tax expenses (income)	6.16	6 611	5 881	5 943	4 967
Deduction of the cost of net financial debt	6.19	1 943	1 735	1 748	1 637
Cash from operating activities before cost of net financial debt and taxation		**34 128**	**29 746**	**30 274**	**25 993**
Impact on variations on WCR		(5 536)	(9 033)	(8 938)	2 348
Taxes paid		(7 099)	(6 234)	(6 296)	(5 847)
Cash flow related to discontinued operational activities		360	548	-	-
Cash flow related to operational activities		**21 852**	**15 027**	**15 040**	**22 495**
Impact of variations on the scope of consolidation		(7 055)	(25 807)	(25 807)	(2 700)
Acquisitions of tangible and intangible assets	6.2	(13 539)	(2 604)	(2 631)	(2 715)
Acquisitions of financial assets	6.4	(59)	(682)	(682)	(398)
Sales of tangible and intangible assets		50	111	111	32
Sale of long-term investments	6.4	224	482	482	100
Other cash flows related to investment operations		(105)	(3)	(3)	22
Cash flow related to discontinued operational activities		(26)	(27)	-	-
Cash flow related to investment activities		**(20 509)**	**(28 530)**	**(28 530)**	**(5 659)**
Capital increase		-	-	-	18
Sale (acquisition) net of own shares		(1 185)	(5 438)	(5 438)	279
Change in long-term financial liabilities	6.12	5 396	24 329	24 329	(10 980)
Net interest paid	6.19	(1 943)	(1 735)	(1 748)	(1 637)
Dividends paid to Group shareholders		(4 428)	(4 231)	(4 231)	(3 099)
Cash flow related to financing activities		**(2 160)**	**12 924**	**12 912**	**(15 419)**
Other cash flow related to discontinued activities		(65)	(18)	-	-
Impact of changes in exchange rates		(103)	(642)	(642)	1 081
Net changes in cash		**(985)**	**(1 238)**	**(1 220)**	**2 498**
Opening cash balance	6.9	17 938	19 175	19 175	16 677
Closing cash balance	6.9	16 953	17 938	17 956	19 175
Changes in cash		**(985)**	**(1 237)**	**(1 219)**	**2 498**

(1) Accounts adjusted according to IFRS 5.

In millions of euro

	31/12/2018	31/12/2017 (1)	31/12/2017	31/12/2016
Total borrowings at open	**73 383**	**53 294**	**53 294**	**64 348**
Borrowings	14 322	**29 970**	29 970	5 985
Loan repayments	(11 989)	**(8 157)**	(8 389)	(5 414)
Changes in bank borrowings	293	**2 683**	2 726	(14 272)
Changes in secured borrowings	(256)	**268**	230	856
Total cash flow	**2 370**	**24 765**	**24 537**	**(12 845)**
Changes in scope	4 454	**704**	704	885
CAT fair value	-	**-**	-	(217)
Changes in call options	-	**(4 697)**	(4 697)	1 266
Effects of exchange rates	(203)	**(456)**	(456)	(143)
Total non-cash movements	**4 251**	**(4 449)**	**(4 449)**	**1 791**
Total borrowings at year-end	**80 003**	**73 609**	**73 383**	**53 294**

(1) Accounts adjusted according to IFRS 5.

ISSUER'S CAPITAL

In millions of euro

	31/12/2018	31/12/2017 (1)	31/12/2017	31/12/2016
Consolidated shareholder's equity	**128 511**	**110 933**	**110 933**	**106 952**
Non-current financial liabilities	42 720	39 934	39 934	30 845
Current financial liabilities	37 283	32 620	33 448	22 450
Gross financial debt	**80 003**	**72 554**	**73 382**	**53 295**
Cash	16 953	17 938	17 956	19 175
Net financial debt	**63 050**	**54 616**	**55 426**	**34 120**
Net bank debt (2)	**58 567**	**51 410**	**52 220**	**22 920**

(1) Accounts adjusted according to IFRS 5.

(2) Net bank debt = net financial debt restated with non-bank debt of €4.5M corresponding to call options relative to the acquisition of ELVEX, ASPRESEG and VERTIC NEDERLAND BV.

TABLE OF CHANGES IN SHAREHOLDERS EQUITY

In millions of euro

	SHARE CAPITAL	SHARE PREMIUMS	RESERVES	TREASURY SHARES AND RELATED	EXCHANGE-RATE DIFFERENCES	CONSOLIDATED EARNINGS	GROUP PORTION OF SHAREHOLDER'S EQUITY	NON-CONTROLLING INTERESTS	TOTAL
As at 31 December 2016	**3 679**	**12 925**	**67 426**	**(619)**	**5 973**	**16 981**	**106 364**	**585**	**106 951**
Allocation of earnings and reclassification	-	-	16 981	-	-	(16 981)	-	-	-
Gains and losses recognised directly in equity	-	-	50	-	(10 210)	-	(10 160)	(11)	(10 170)
2017 Results	**-**	**-**	**-**	**-**	**-**	**18 867**	**18 867**	**161**	**19 029**
Net earnings and gains and losses recognised directly in equity	-	-	50	-	(10 210)	18 867	8 707	151	8 859
Capital increase	-	-	-	-	-	-	-		
Stock options	-	-	293	-	-	-	293	-	293
Dividend payments	-	-	(4 231)	-	-	-	(4 231)	-	(4 231)
Changes in treasury shares	-	-	(1 186)	(4 252)	-	-	(5 438)	-	(5 438)
Changes in scope	-	-	4 879	-	-	-	4 879	(445)	4 434
Translation adjustment	-	-	-	-	-	-	-	-	-
Other	-	-	66	-	-	-	66	-	66
As at 31 December 2017	**3 679**	**12 925**	**84 278**	**(4 871)**	**(4 237)**	**18 867**	**110 642**	**291**	**110 933**
Allocation of earnings and reclassification	-	-	18 867	-	-	(18 867)	-	-	-
Gains and losses recognised directly in equity	-	-	(1 213)	-	3 397	-	2 184	(151)	2 033
2018 Results	**-**	**-**	**-**	**-**	**-**	**20 951**	**20 951**	**617**	**21 568**
Net earnings and gains and losses recognised directly in equity	-	-	(1 213)	-	3 397	20 951	23 135	466	23 601
Capital increase	-	-	-	-	-	-	-	-	-
Stock options	-	-	144	-	-	-	144	-	144
Dividend payments	-	-	(4 415)	-	-	-	(4 415)	(13)	(4 428)
Changes in treasury shares	-	-	1 186	1 186	-	-	-	-	-
Changes in scope	-	-	(1 923)	-	-	-	(1 923)	-	(1 923)
Currency exchange adjustment	-	-	-	-	-	-	-	-	-
Other	-	-	(156)	-	345	-	189	(5)	184
As at December 2018	**3 679**	**12 925**	**96 768**	**(6 056)**	**(494)**	**20 951**	**127 771**	**740**	**128 512**

CHAPTER II NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1

GENERAL INFORMATION ON THE DELTA PLUS GROUP – DESCRIPTION OF THE ACTIVITY

DELTA PLUS GROUP is a limited company under French law. The company's shares are listed on NYSE Euronext Paris (compartment B).

The company was formed in 1986. The current Articles of Association of the company set its duration at 31 December 2036, subject to a new extension. The head office is located in Apt, France. The company is registered at the Registre du Commerce et des Sociétés (Trade and companies register) of AVIGNON, under number 334,631,868.

The DELTA PLUS GROUP designs, manufactures and distributes a complete range of Personal Protective Equipment (PPE) in Europe and the rest of the world.

The consolidated financial statements as at 31 December 2018 reflect the financial position of the DELTA PLUS GROUP and its subsidiaries (hereinafter "the DELTA PLUS GROUP"), as well as the interests of the DELTA PLUS GROUP in associated companies and joint ventures. They are presented in euro, rounded to the nearest thousand. The consolidates statements for the year 2018 were approved by the Board of Directors on 17 April 2019. They will be subject to approval by the shareholders at the Annual General Meeting of 7 June 2019.

NOTE 2

SIGNIFICANT EVENTS

In 2018 the Group recorded a consolidated turnover of €240.5 million, up 10.7% with a constant consolidation scope and exchange rates over the year.

Taking into account the impacts of changing consolidation scope and negative exchange rate effects, the growth in turnover, in euro, is equal to 4.6% in 2018.

The Group is seeing its sales grow for the ninth year in a row and has achieved a new record.

The dynamic growth recorded in the first few months of 2018 continued in the second half of the year, and this in all regions covered by the Group.

For the DELTA PLUS GROUP, the year 2018 will have been marked by solid growth in all European markets (+3.1%), by well sustained momentum in its Outside Europe business (organic growth in turnover of 18.3% in this region), by two acquisitions made at the end of the year in Canada and the Netherlands and by a transfer process in progress concerning a non-strategic, marginal activity, reclassified as an abandoned activity as at 31 December 2018.

In Europe, the Group's activity remained buoyant throughout the financial year 2018.

Growth, based on constant consolidation scope and exchange rates, rose 3.1% thanks in particular to solid sales momentum in Eastern and Southern countries (Spain, Poland, Romania, Greece, Czech Republic and Slovakia). The Benelux also achieved very good performance this year, thanks in particular to the efforts of business development carried out in the Netherlands.

Activity in the United Kingdom also grew in the second half of the year, after a sluggish start to the year.

The DELTA PLUS GROUP's activity in France and Italy remained stable compared to 2017.

In Outside Europe markets, the momentum recorded in the first half of the year continued to the end of the year.

For the entire year 2018, the Group performed extremely well, recording growth—with a constant group structure and exchange rates—of +18.3% (+8.4% in euro).

China, the top contributing country to consolidated turnover, remains the main engine of this growth. This trend continued into the second half of the year thanks to an increase of more than 20% in turnover. The Group has also experienced significant growth in sales across all Asian markets, as well as in North America.

Fluctuations in the euro compared to most currencies of emerging countries, particularly in South America (Argentina and Brazil) remained significant over recent months).

These fluctuations caused negative exchange-rate effects of -€12.5M in consolidated turnover for the year 2018.

Two thirds of these negative exchange-rate effects concern South American currencies. More generally, all countries in which the Group is present, outside of Europe, have seen parity with the euro depreciate.

It should be noted that Argentina being considered as a country experiencing hyperinflation, restatements have been applied in the 2018 statements in order to correct for inflation.

The main impacts of these restatements are summarised in note 6.19 “Financial profit/(loss)”.

Two new acquisitions carried out at the end of the year 2018

In 2018, DELTA PLUS GROUP continued with its development policy in the North American market.

Three years after setting-up in the United States through the acquisition of ELVEX, in November 2018 DELTA PLUS GROUP confirmed its desire to grow in this high value-added market through the 100% acquisition of shares in the companies Degil Safety and Ontario Glove & Safety, both based in Canada and acquired from the same shareholder.

For DELTA PLUS GROUP, this acquisition represented a positive change in consolidation scope of €1M over the last two months of the year.

At the same time, in the areas of fall-prevention infrastructure safety, a segment with high valued added, the Group has strengthened its presence on the markets of northern Europe by finalising, in the fourth quarter, the acquisition of 51% of the shares of the company Vertic Nederland BV, based in the Netherlands, with the aim of accelerating its growth in this segment, two years after having acquired Vertic France.

For DELTA PLUS GROUP, this acquisition represented a positive change in consolidation scope of €0.5M over the final three months of the year.

The year 2018 was also marked by more significant real-estate investments than in previous years, with a view to strengthen the Group’s production capacity. These investments have mainly been conducted in China, Argentina and to a lesser extent in India.

In Argentina, these investments were the result of the addition of the companies DELTA Argentina (company subject to French law) and DELTA Batiment (company subject to Argentine law) to the Group’s consolidation scope.

In millions of euro

	VERTIC NEDERLAND	ONTARIO GLOVE SAFETY	DEGIL SAFETY	D&S HOLDING	
Activities of structured entities					
Main established location	Holland	Canada	Canada	Canada	
Main activity	Fall-prevention infrastructure safety	Personal protective equipment		Holding	
Percentage of control and voting rights held	100,00%	100,00%	100,00%	100,00%	
Financial information (Period from 1st January 2018 to 31 December 2018) (1)					**TOTAL**
Turnover	3 392	2 254	4 833	1	10 480
Current operating income	321	167	281	-	769
Current assets	1 286	1 162	3 372	-	5 820
Non-current assets	86	99	145	784	1 114
Total Assets	**1 372**	**1 261**	**3 517**	**784**	**6 934**
Equity	397	293	963	783	2 436
Current liabilities	975	855	464	1	2 295
Non-current liabilities	-	113	2 090	-	2 203
Total liabilities	**1 372**	**1 261**	**3 517**	**784**	**6 934**

(1) with a scope comparable to pre-acquisition.

A non-strategic discontinued activity

Finally, in the second half of 2018, the Group initiated the sale of a marginal business, considered as non-strategic.

Negotiations are under way with a potential buyer. Also, the Group decided to reclassify this activity as a discontinued as at 31 December 2018.

The contribution made by this subsidiary to consolidated turnover for 2018 (€2.9M) is therefore excluded from published consolidated turnover.

Consequently, and in application of IFRS “assets held for sale and discontinued operations” the assets and liabilities of the entity Nueva Sibol SLU held in view of the sale are presented in the consolidated financial statements and in the cash flow table on a separate line.

The impacts are summarised in note 6.27.

An improvement in operational profitability in 2018

Thanks to the increase in its turnover and well-managed structural costs, continuing from previous financial years, in 2018 DELTA PLUS GROUP displayed growth of more than half a point in its operational profitability, which reached an historic level of 13.3% in turnover to 31 December 2018.

Non-current operating income increased to €(0.5)M in 2018 compared to 0 in 2017 owing to acquisition costs.

Financing costs remained stable compared to 2017, while other financial items were less impacted by the exchange-rate differences experienced in 2017: €(1.7) M in 2018 against €(2.4) M in 2017.

Effective tax rates, which rose to 24% in 2018, remained stabled compared to those recorded the previous year.

Integrating these different items, net earnings increased by +13.3% as at 31 December 2018, to €21.6 M against €19.0M for the previous year.

In terms of the balance sheet, the year 2018 allows the Group to strengthen improvements implemented in recent years, particularly with regard to working capital requirements.

This has stabilised compared to 2017, at 120 of turnover as at 31 December 2018, and this despite the integration at the end of the year of new subsidiaries acquired in the fourth quarter.

Net financial debt increased by €7.6M compared to 31 December 2017, a consequence mainly of bank finance put in place within the context of acquiring Degil Safety and Ontario Glove & Safety in Canada at the end of the year.

In particular, net banking debt increased by €6.0M.

Shareholder's equity increased by €17.6M over the year, net earnings for 2018 being partly offset by the dividends payment in June 2018.

NOTE 3
SUMMARY OF THE MAIN ACCOUNTING RULES AND METHODS

3.1.
Basis for preparing the financial statements

- The consolidated financial statements for the year 2018 are drawn up in accordance with the International Financial Reporting Standards (hereinafter "IFRS"), as adopted in the European Union, by mandatory application as at 31 December 2018, available on the website http://ec.europa.eu/internal_market/accounting/ias/index_en.htm and which, for the DELTA PLUS GROUP, do not differ from the mandatory application standards and interpretations by the ASB, with the exception of the application of IFRIC 21 "rights or taxes" whose potential impacts are not considered significant;
- They include the standards approved by the International Accounting Standards Board ("IFRS"), the International Accounting Standards ("IAS"), and interpretations from the International Financial Reporting Interpretations Committee ("IFRIC") or from the former Standing Interpretations Committee ("SIC").

  As a reminder, within the framework of the options offered by the IFRS 1 standard, in 2005 the DELTA PLUS GROUP decided:
  - To not proceed with the retrospective restatement of goodwill recognised before the 1 January 2004;
  - To transfer into "consolidated reserves" foreign-exchange gains/losses cumulated as at 1 January 2004.

  These standards and interpretations are applied consistently over the years presented, unless otherwise stated. The consolidated financial statements have been prepared under the historical cost convention with the exception of the following items valued at fair value:
  - Derivative financial instruments;
  - Financial instruments at fair value through profit or loss.

Amendments and interpretations entering into force in 2018

The new standards, standard amendments and interpretations adopted by the European Union and by mandatory application for the group as of 1 January 2018, are the following:
- IFRS 9: Financial instrumen;
- IFRS 15: Revenue from ordinary activities derived from contracts with customers.

The aforementioned texts do not have a significant impact on the consolidated accounts as at 31/12/2018, and therefore, no changes have been made.

There are no new standards, standard updates or major interpretations, the application of which is mandatory as of 1 January 2018, of which the impact is significant for the Group.

The DELTA PLUS GROUP has not applied, in anticipation of the new standards, and other amendments and interpretations, for which the application is not mandatory as at 1 January 2018:

- IFRS 16: Leases.

The DELTA PLUS GROUP is currently conducting analyses on the consequences of these new texts and the impact of applying them on the accounts. The impacts will be communicated along with the 2019 half-yearly financial statements.

3.2.

Assumptions and estimations

DELTA PLUS's Management carries out these estimations and assessments continuously on the basis of its past experience as well as various other factors deemed reasonable, which constitute the basis of these assessments. These estimates assume that the business will continue to operate as a going concern.

The amounts that will be included in future financial statements are likely to differ from present estimates according to changes in these assumptions or different conditions.

The main estimates made by Management to prepare the financial statements concern the valuation and useful life of operational assets, tangible and intangible, the amount of provisions for risks and charges and other provisions related to the business, the evaluation of the deferred tax assets recognised as well as assumptions made to calculate commitments related to staff benefits.

Thus, the consolidated financial statements have been prepared taking into account the current European context of slow economic and financial recovery, and on the basis of financial parameters shaping the market at year-end. The immediate effects of the past crisis have been taken into account, particularly in the valuation of assets (such as customer receivables and deferred tax assets) and liabilities. Concerning longer-term assets, such as intangible assets and goodwill, it has been assumed that the recovery would be slow over time in Europe.

The value of these assets is assessed in each financial year on the basis of the long-term economic outlook and on the best judgement of the DELTA GROUP's Management concerning future cash flow.

The recognition of certain provisions, financial instruments and the information provided concerning existing financial assets as at the date on which the consolidated financial statements were prepared, involves professional judgement. The items subject to judgement are detailed in the corresponding notes.

Profit forecast or estimation

The company does not intend to forecast or estimate profit.

The increase in sales for 2018 has enabled DELTA PLUS GROUP to achieve the stated target with further organic growth in revenue, both in Europe and in emerging countries.

The Group, which has been strengthened this year following new acquisitions, is capitalising on its historic presence in numerous countries, and is confirming its desire to grow by strengthening its geographical coverage in high growth-potential regions and in high value-added areas.

At the same time, DELTA PLUS GROUP is continuing efforts to manage costs, and to optimise its balance sheet structure with a view to having the means to finance the next stages of its development.

DELTA PLUS GROUP is therefore starting 2019 with a healthy financial structure and is setting the target of recording further organic growth this year in its turnover, in a buoyant market, while remaining vigilant on account of a geopolitical and monetary context that remains uncertain.

3.3.

Operating segments

An operating segment is a distinct component of the DELTA PLUS GROUP:

- That engages in activities from which it is likely to acquire products from ordinary activities and to incur charges;
- Whose operating results are regularly reviewed by the chief operating decision-maker of the DELTA PLUS GROUP with a view to deciding on resources allocated to the segment, and to evaluate its performance, and;
- For which isolated financial information is available.

The chief operating decision-maker of the DELTA PLUS GROUP has been identified as being the CEO and the deputy CEO who collectively make strategic decisions.

In accordance with the IFRS 8 standard on "operational segments", the information per operating segment is derived from the internal organisation of the DELTA PLUS GROUP's activities. The segments—determined in accordance with the IFRS 8 standard—are the geographical regions "Europe" and "Outside Europe".

Segment assets are operational assets used by a segment within the framework of its operational activities. They include attributable goodwill, stock and trade receivables. They do not include fixed assets, deferred tax assets, other assets and non-current financial assets. These assets are posted in the line "not-attributed".

3.4. Consolidation rules

Entries and retirements from consolidation scope are carried out on the date on which control is assumed or handed over.

Takeovers through successive acquisitions have been taken into account to prepare the consolidated financial statements of the DELTA PLUS GROUP. The subsidiaries are consolidated by overall integration as of the date on which control is transferred to the DELTA PLUS GROUP. They are disposed of as of the date on which control ceases to be exercised.

By control, this is understood to mean the authority to direct the financial and operating policies of a business in order to achieve benefits from its activities, this authority generally being accompanied by the holding of more than half of the voting rights. To assess control, the potential voting rights that can currently be exercised are taken into consideration.

All internal transactions between controlled companies (receivables, debts, reciprocal income and expenses) are removed completely as well as the internal results. The accounting methods of subsidiaries have been aligned with those of the DELTA PLUS GROUP.

3.5. Business Combinations

Business combinations are recognised according to the acquisition method. The consideration transferred upon a business combination is valued at the sum of the fair value of the assets being transferred, the debts incurred, and the equity share issued by the buyer.

The acquisition costs that the DELTA PLUS GROUP incur to carry out a business combination are recognized as expenses when they are incurred.

At the date on which control is assumed, the identifiable assets acquired, and the liabilities and contingent liabilities included in a business combination are valued at their fair value in accordance with IFRS requirements.

For each assumption of control, the DELTA PLUS GROUP decides to recognise the interests not granting control on the basis of their fair value or on the basis of their share of the net assets.

The surplus between the fair value of the consideration transferred, the amount of any interest not granting control in the acquired company, the fair value on the acquisition date of the interest previously owned by the buyer in the acquired company and the net balance of the amounts of the identifiable assets acquired and the liabilities assumed is recognised as goodwill.

When the result is a negative difference, it is recognised immediately in profit or loss.

3.6. The conversion of subsidiary accounts expressed in foreign currencies

The currency in which the consolidated financial statements have been prepared is the euro. Subsidiaries outside Europe use their local currency as their functional currency. The accounts are converted into euro using the closing rate method for all accounts, with the exception of:

- Equity that is converted using the historical rate method;
- Overall income that is converted at the average exchange rate for the period.

Goodwill and fair value adjustments arising from the acquisition by a foreign entity are considered as assets and liabilities of the foreign entity. They are therefore expressed in the functional currency of the entity and are converted at the closing rate.

According to IAS 1 revised, foreign exchange translation adjustment is recognised in the foreign-exchange gains/losses line of the comprehensive income statement. Long-term monetary assets held by an entity of the Group in a foreign subsidiary for which no regulation is planned nor likely to occur in the foreseeable future, constitute a part of the net investment abroad. Thus, in application of the provisions of IAS 21 "The Effects of Changes in Foreign Exchange Rates" exchange-rate differences relative to these items are also recorded in the foreign-exchange gains/losses line of the comprehensive income statement.

When an activity abroad is transferred with loss of control, in part or in full, the portion of the conversion differences recorded under reserves is transferred to profit and loss. In 2018, Argentina was added to the list of hyperinflationary economies according to criteria defined by standard IAS 29. See 6.19 on page 143 of the Document de Référence 2018.

3.7. Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are converted at the exchange rate in force at the date of the transaction. At the end of the financial year, assets and liabilities denominated in foreign currencies and not hedged are converted at the exchange rate in force at the year-end date. The resulting exchange-rate differences of these transactions are recognised in financial income or expenses.

3.8. Goodwill

The DELTA PLUS GROUP determines goodwill as being the surplus between:

- On the one hand, the total of:
  - The fair value of the consideration transferred;
  - The amount of any interest not granting control in the acquired company;
  - The fair value on the acquisition date of the interest previously held by the buyer in the acquired company in the case of a business combination carried out in stages;

And

- On the other hand, the net balance of the amounts, on the acquisition date, of the identifiable assets acquired and the liabilities assumed.

Rules specific to the initial adoption of IFRS

In accordance with the options offered by IFRS 1 revised, the DELTA PLUS GROUP has not recalculated goodwill on the acquisitions made before 1 January 2004, nor the effect on evaluating interests not granting control of changes in the percentage of interest.

In accordance with IFRS 3, goodwill has not been amortised as of 1 January 2004.

In accordance with IAS 36 "Impairment of Assets", goodwill is subject to an impairment test at least once a year or more frequently in the case of the appearance of signs of a loss in value. Any impairment expense is included under "other operating expenses". Depreciation relative to goodwill is irreversible.

When transferring an activity that is part of a cash-generating unit to which goodwill has been allocated, the result of the transfer includes a share of the net value of the goodwill relative to the activity sold. This share is valued on the basis of the relative values of the activity transferred and the share of the activity retained.

Taking into account the size of the DELTA PLUS GROUP, its centralised activity and the significant synergies between the sites, a calculation per legal entity is not possible and would not be financially justified.

Goodwill is allocated to the operating segment that will benefit most from it.

3.9. Intangible assets

In accordance with standard IAS 38, separately acquired intangible assets are recognised at their cost as soon as future economic benefits attributable to the asset benefit the DELTA PLUS GROUP and that this cost has been able to be valued reliably.

Intangible fixed assets include trademarks, know-how and software. Trademarks are not amortised but are subject to an impairment test at least once a year in accordance with IAS 36. The other intangible fixed assets are amortised using the straight-line method over a period of 1 to 5 years.

3.10. Property, plant and equipment

In accordance with IAS 16, tangible fixed assets are valued at cost less any accumulated depreciation and any loss of value.

Land is not depreciated. Other tangible fixed assets are depreciated linearly over their estimated useful life:

The main useful lives chosen are:

Buildings	*30 to 50 years*
Industrial equipment	*5 to 10 years*
Fixtures	*5 to 15 years*

Depreciation expenses are recognised under "Fixed expenses".

The different components of a tangible fixed asset are recognised separately when their useful life is estimated and therefore their depreciation periods are significantly different.

The cost of replacing a component of a tangible fixed asset is recognised in the book value of this fixed asset if it is probably that the future financial benefits associated with this asset go to the DELTA PLUS GROUP and that its cost can be valued reliably. Maintenance and repair costs are recognised as expenses when they are incurred.

The cost of borrowings related to the financing of significant investments, incurred during the construction period, are considered as a part of the acquisition cost.

3.11. Impairment test

3.11.1. Goodwill

The annual impairment test is carried out during the second half of each year. For the purposes of this test, the values of assets are grouped by CGU for which the DELTA PLUS GROUP organises its activities and analyses the results in its internal reports. It generally corresponds to a given geographical region.

The goodwill is allocated to a CGU not exceeding the level of the operating segment (geographical segment), as defined in Note 3.3. Within the DELTA PLUS GROUP, goodwill is monitored across the two operating segments: “Europe” and “Outside Europe”.

The recoverable values are essentially determined based on discounted projections of future operating cash flow and a final value. The assumptions used in terms of variations in turnover and final values are reasonable and consistent with the market data available for each of the operational entities as well as their budgets validated by their steering committees. Additional impairment tests are carried out if events or circumstances indicate a potential loss of value.

In accordance with IAS 36, losses in value relative to goodwill are not reversible.

Valuations carried out during goodwill impairment tests are sensitive to the assumptions used in terms of changes in sale price and future costs, long-term market growth and other factors. These valuations are also sensitive to the discount rates and perpetuity growth rates used, the DELTA PLUS GROUP retaining a specific discount rate for each segment.

3.11.2. Depreciable tangible fixed assets and intangible fixed assets

When events or new situations indicate that the book value of an asset is likely to not be recoverable, an impairment test is conducted. This test consists in comparing the net book value of the asset with its recoverable value. The recoverable value is defined as the highest fair value (less selling costs) and its value in use, this being calculated as the discounted sum of estimated future cash flows expected from using the assets and their possible sale. When the recoverable value is lower than the net book value, depreciation is recognised under “Other operating expenses”.

3.12.
Other financial assets

The DELTA PLUS GROUP categorises assets according to the following categories: loans and receivables, financial assets valued at fair value by earnings and assets held for transaction purposes.

The categorisation depends on the reason for the acquisition. Management determines the categories when they are initially recognised.

- Loans and receivables

Loans and deposits are recognised at amortised cost. Where appropriate, they can be subject to a provision for depreciation. The depreciation corresponds to the difference between the net book value and the recoverable amount and is recognised in earnings. A write-back of provisions can be carried out in the case of a favourable change in the recoverable amount.

- Financial instruments available for sale

These are non-derivative instruments that are either designated in this category or are not classified in any of the other categories Equity securities in non-consolidated companies are classified as financial assets available for sale.

- Financial instruments at fair value through profit or loss

These are financial assets held for trading. Financial assets are classified in this category if they have mainly been acquired for the purpose of resale in the short term. Marketable securities are part of the category of financial assets held for the purposes of trading and are therefore recognised at their fair value. Derivative instruments not designated for hedging are also classified as held for trading purposes. The profits or losses are recognised in the income statement.

- Derecognition of financial assets

A financial asset as defined by standard IAS 32 “Financial Instruments: Presentation” is derecognised from the statement of financial position in whole or in part when the DELTA PLUS GROUP no longer expects future cash flows from it and transfers almost all of the risks and benefits attached to it.

- Depreciation of financial assets

At each year-end, the DELTA PLUS GROUP assess whether there is objective evidence of depreciation. For loans and receivables, the amount of depreciation corresponds to the difference between its book value and the sum of the discounted cash flows. The loss in value will be recognised in the income statement. For equity instruments classified under securities available for sale, any significant or sustainable reduction in the fair value of the security below its cost is considered as objective evidence of the depreciation of this security. The cumulated loss is transferred from equity to the income statement.

3.13.
Derivative financial instruments

The DELTA PLUS GROUP trades derivative financial instruments within the context of trading in dollars. The DELTA PLUS GROUP may also be led to use interest-rate swaps to manage its exposure to interest-rate risks. The purpose of these swaps is to convert variable-rate financial instruments to fixed rate. As at 31 December 2018, no hedging contract linked to interest rates was in force at DELTA PLUS GROUP.

3.14.
Inventory

Inventory is recognised at cost or at net realisable value if this is lower. The cost corresponds to the weighted-average unit cost. Manufactured products are valued at the weighted average cost comprising the cost of raw materials and direct costs (labour, energy). The net realisable value represents the estimated sale price in the normal course of business less the expected costs for the completion or realisation of the sale.

3.15.
Receivables and Payables

Credit risk, or counterparty risk, is the risk of loss on a receivable or more generally that of a third-party not paying their debt in due course. It is naturally a function of three parameters: the amount of the receivable, the probability of default and the proportion of the receivable that will not be recovered in the event of default.

Existing guarantees on the receivables is credit insurance, referred to as domestic and export. For the domestic part, the receivables are handed over to litigation with the insurer on the due date +90 days. For the export part, the receivables are handed over to litigation on the due date +210 days. In both cases, compensation is paid three months later at the latest.

The receivables (debts) are initially recognised at their fair value, them later valued at the amortised costs using the effective interest method, after deduction of the provisions for depreciation. Depreciation for trade receivables is recognised when there is objective evidence that the DELTA PLUS GROUP will be unable to recover the full amount due under the terms initially provided for during the transaction. The loss is recognised in the income statement. Receivables (debts) which are expected to be collected within twelve months are classified as current assets (debts).

3.16.
Cash and cash equivalents

Cash and cash equivalents are broken down into bank balances, cash, investments and cash equivalents not subject to significant variations in value, offering good liquidity and for which the maturity date is generally less than three months.

3.17.
Capital

- Ordinary shares

Ancillary costs directly attributable to the issuance of ordinary shares or share options are recognised net of tax and deducted from equity.

- Treasury shares

The shares of the parent company, for whatever reason they are held by the parent company or one of its consolidated subsidiaries, are recognised as a reduction in equity for their acquisition cost. Variations in fair value during the period that they are held are not recognised. Profit or loss from the sales of these securities is recognised net of tax under equity.

3.18.
Financial liabilities

Borrowings bearing interest are recognised at their fair value, less the directly attributable transaction costs. They are then carried at amortised cost. The difference between the amortised cost and the repayment value is recognised in the income statement according to their effective interest rate over the period of the loan.

Borrowings are classified in current liabilities, unless the DELTA PLUS GROUP has the unconditional right to defer settlement to at least twelve months after the year-end date.

3.19.
Tax

Corporation tax includes current and deferred tax. The tax is recognised in the income statement unless it relates to items that are recognized directly in equity or in the comprehensive income statement; in which case it is recognised in equity or in the comprehensive income statement.

Following the introduction of the *Contribution Économique Territoriale* (Territorial Economic Contribution, CET) applicable to French subsidiaries within the scope of the 2010 French finance act, and according to the press release of the *Conseil National de la Comptabilité* (National Accounting Council) of 14 January 2010, the DELTA PLUS GROUP has opted for the following accounting method:

- The share of the CET attributable to the *Contribution Foncière des Entreprises* (CFE business tax) is recognized as an operating expense;
- The share of the *Cotisation sur la Valeur Ajoutée des Entreprises* (value-added contribution for businesses, C.V.A.E.) is recognised as a tax on the profits within the meaning of IAS 12, because the taxable base is considered as being more similar to net income than to turnover.

Deferred tax is determined and recognised using the balance-sheet approach on all differences between the book value of assets and liabilities and their tax base. However, non-deferred tax is recognised if it arising from the recognition of an asset or liability related to a transaction, other than a business combination, which at the time of the transaction does not affect either the book income or the taxable income.

Deferred tax is valued at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax regulations that have been enacted or substantively enacted at the year-end date.

The book value of deferred tax assets is reviewed at each year-end and reduced insofar as it is no longer probable that sufficient taxable profits are available to allow the deferred tax asset to be utilised. Deferred tax assets not recognised are valued at each year-end and are recognised insofar as it becomes probable that future profits will make them recoverable.

Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are determined separately for each taxable entity.

3.20.
Staff benefits

• Defined contribution schemes

In agreement with the laws and practices of each country in which it operates, the DELTA PLUS GROUP participates in pension schemes. For basic schemes and other defined contribution schemes, the DELTA PLUS GROUP recognises under expenses contributions when they are due and no provision is recognised, the DELTA PLUS GROUP not being committed beyond the contributions paid.

• Defined benefit schemes

Estimates of the obligations of the DELTA PLUS GROUP under defined pension schemes and end-of-service indemnities are calculated annually by independent actuaries using the projected unit credit method.

The obligation is discounted using the appropriate discount rate for each country where the commitments are located. It is prorated to the employees' years of service. When the benefits are pre-financed through external funds, the assets held through these funds are valued at their fair value on the year-end date.

The debt calculation for salary commitments takes into account:

- Age;
- The socio-professional category;
- Retirement age;
- Age at the time of retirement;
- Annual gross salary increased by a factor of employer contributions.

It also incorporates other essential data specific to the DELTA PLUS GROUP:

- The collective agreement;
- Salary progression assumptions;
- Estimated staff turnover.

Actuarial gains and losses resulting from experience adjustments and from changes in actuarial assumptions are recognised in other items in comprehensive income. Other expenses are recognised in net income.

• Termination benefits

Termination benefits are due when the company terminates the employment contract of an employee before normal retirement age. The DELTA PLUS GROUP recognises termination benefits as an expense in agreement with the laws and regulations of each country where it operates when it is incurred without the realistic possibility of withdrawal.

• Premiums

Some employees benefit from contractual premiums that are paid or provisioned at year-end.

3.21.
Share-based payments

The DELTA PLUS GROUP has put in place schemes that are settled as equity instruments (stock options as well as free shares). The fair value of serviced rendered by employees in exchange for the awarding of equity instruments is recognised under expenses. The total amount recognised under expenses during the vesting period is determined with reference to the fair value of the equity instruments awarded.

The fair value of the estimated gains was determined using the Black-Scholes-Merton model, based on assumptions determined by Management. Changes in values subsequent to the date on which they are awarded do not have any impact on this initial value.

This model takes into account scheme characteristics (exercise price, exercise period), market data when allocated (risk-free rate, share price, volatility, expected dividends) and recipient behavioural assumptions.

3.22.
Non-current provisions

A provision is recognised when there is a legal or implied obligation resulting from past events, with regard to a third-party, resulting in a probable disbursement for DELTA PLUS GROUP, for which the amount can be valued reliably.

For the most part, provisions include provisions for disputes and litigation. These provisions are intended to cover foreseeable litigation, disputes and hazards concerning the activities of the DELTA PLUS GROUP.

3.23. Turnover

The amount of revenue is valued at the fair value of the consideration received or to be received after the deduction of any returns or discounts, or any commercial activities correlated with sales and after elimination of intra-group sales. Revenue is recognised on the date on which it can be reliably assessed, when it is probable that the future financial benefits will be received by the DELTA PLUS GROUP and that specific criteria are met for each of the DELTA PLUS GROUP's activities described below. The DELTA PLUS GROUP bases its estimates on its experience taking into account the type of customers and transactions as well as specific contractual provisions.

Sales are recorded as follows:

- Revenue from sales of goods is recorded on the date on which the DELTA PLUS GROUP has transferred to the buyer, the majority being wholesalers, most of the risks and benefits of owning the goods, is no longer involved in their management, as it normally rests with the owner, or has effective control of the assets transferred, and expects to receive the financial benefits related to the transaction. Taking into account the nature of the products, general terms and conditions of sale, incoterm transport and insurance policies, sales are generally recorded on the date on which the products leave the DELTA PLUS GROUP's warehouses;
- Revenue from the sale of services is recorded depending on the progress of the transaction at year-end, when this progress can be assessed reliably and when the future financial benefits of this transaction will go to the DELTA PLUS GROUP.

3.24. Interim balances

Until 2013, the DELTA PLUS GROUP presented a sub-total entitled "gross margin" and a sub-total entitled "Current operating income" in the consolidated income statement.

The gross margin was the difference between turnover as defined note 3.23 and the total cost of raw materials and goods purchased.

The Group is now not only a distributor but also a manufacturer. This gross margin indicator has therefore lost its relevance over the years.

Also, from now on profitability is no longer measured by current operating income alone.

In accordance with recommendation CNC 2009-R03 relative to the format of financial statements of entities applying IFRS standards, the sub-total "Current operating income" excludes operating income from items for which the amount and/or frequency are by nature unpredictable, such as capital gains from transfers, the impairment of assets and restructuring expenses. This sub-total, presented distinctly from operating income, is not necessarily comparable to the indicators of the same title used by other groups.

3.25. Financing income and expenses

Financial income and expenses include:

- Expenses or income from interest on borrowings, other financial liabilities and cash and cash equivalents;
- Other bank fees on financial operations;
- Dividends received from non-consolidated shareholdings;
- The impact of reversing discounting on provisions and long-term receivables;
- Foreign exchange gains/losses;
- Impairment losses on financial assets available for sale;
- Losses and gains realised on derivative instruments;
- Fluctuations in the value of the derivative instruments held for trading purposes.

3.26. Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares in circulation over the period, excluding the average number of ordinary shares purchased and held as treasury shares.

To calculate diluted earnings per share, the earnings attributable to ordinary shareholders of the parent company as well as the weighted average number of ordinary shares in circulation are adjusted for the effects of potential dilutive equity instruments. Potential dilutive ordinary shares include, in particular, stock options and free shares.

3.27. Dividend distribution

Dividend distributed to shareholders of the parent company are recognised under liabilities during the period in which they are approved by the shareholders of the parent company.

NOTE 4

RISK FACTORS

The company carried out a review of the risks that could have a significant negative effect on its operations, financial situation or profit/loss (or on its ability to meet its objectives) and believes that there are no significant risks other than those given below and listed under this Note.

The monitoring, measurement and supervision of financial risks are the responsibility of the Finance Directors of the DELTA PLUS GROUP.

4.1. Financial risk

4.1.1. Foreign exchange risk

The DELTA PLUS GROUP conducts some of its activities outside of Europe. It is therefore exposed to foreign exchange risk from exposure to different currencies, mainly the US Dollar.

In 2018, the proportion of turnover realised by the Group in Euro rose to approximately €88M (or 36% of consolidated turnover).

The main billing currencies other than the Euro have been: the US Dollar (€43M turnover [18%]), the Chinese RMB (€43M turnover [18%]), the Polish zloty (€13M [6%]) and the Brazilian real (€10M [4%]).

The other currencies, which represented turnover of €43M in 2018 (or 18% of consolidated turnover) are, in particular: ARS (Argentina), GBP (UK), PHP (Philippines), COP (Colombia) PEN (Peru), UAH (Ukraine), RUB (Russia) and various European currencies.

Foreign-exchange risk focuses on future commercial transactions, assets and liabilities in currencies recorded on the statement of financial position. The bookable exposure to foreign-exchange risk of subsidiaries in relation to their functional currency is assessed by DELTA PLUS GROUP's Finance department. There may, for example, not be any currency hedging when the foreign exchange market does not cover certain currencies or when exceptional market circumstances warrant it.

Sensitivity to foreign-exchange risk is considered to be zero within the DELTA PLUS GROUP. The US Dollar is a currency that significantly affects the cost price. Rates are reviewed regularly to reflect the significant fluctuations in this currency and to limit the impact on margins.

4.1.2. Interest rate risk and hedging

The DELTA PLUS GROUP does not hold significant interest-bearing assets. The interest-rate risk to which the DELTA PLUS GROUP is exposed comes from variable-rate borrowings. Variations in interest rates have a direct impact on the future earnings of the DELTA PLUS GROUP. Borrowings initially issued at a fixed rate expose the DELTA PLUS GROUP to the risk of changes in the fair value following changes in interest rates. The purpose of the interest-rate management policy is to minimise the financing costs while protecting future cash flow against an unfavourable change in rates. To the effect, the DELTA PLUS GROUP can use various derivative instruments available on the market (swaps, tunnels and caps).

The interest-rates position is centralised per currency by the Finance department, which alone has the authority to carry out hedging transactions. Interest-rate hedging is focused on the main currencies. Hedging limits per currency are set taking into account, in particular, the DELTA PLUS GROUP's debt ratio.

An instant variation of ±1% of short-term interest rates applied to financial liabilities at a variable rate net of cash would have a maximum impact, after taking into account the derivative products, estimated at ±€170K on the consolidated pre-tax profits of the DELTA PLUS GROUP in 2018.

In millions of euro

	FINANCIAL ASSETS		LONG-TERM LIABILITIES		NET EXPOSURE BEFORE HEDGING		EXCHANGE RATE HEDGING INSTRUMENT		NET EXPOSURE AFTER HEDGING	
	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate	Fixed rate	Variable rate
Less than one year	16 953	-	17 944	16 686	991	16 686	-	-	991	16 686
From 1 to 5 years old	-	-	39 395	308	39 395	308	-	-	39 395	308
More than 5 years	-	-	3 017	-	3 017	-	-	-	3 017	-
Totals	**16 953**	**-**	**60 356**	**16 994**	**43 404**	**16 994**	**-**	**-**	**43 404**	**16 994**

As at December 2018, there has not been any significant change in exposure to variable rates and to fixed rates before and after hedging.

4.1.3. Price risk (raw materials)

For the products that it sells, the DELTA PLUS GROUP uses raw materials derived from cotton and oil. It is therefore likely to be subject to a risk of price fluctuation. However, the DELTA PLUS GROUP having the ability to pass these price fluctuations on through its sale prices, we believe that this risk is covered.

4.1.4. Credit risk

Credit risk is managed across the DELTA PLUS GROUP. It comes from cash flow, derivative financial instruments, deposits with banks and exposure to customer credit. The Finance department determines the maximum payment terms and sets credit limits for customers to be applied by operational entities. The Finance department manages and controls credit activity, risks and earnings and is also responsible for managing and collecting trade receivables.

Historically, the majority of trade receivables for which payment delays of between 0 and 6 months are recognised end up being paid.

The main policies and procedures are defined across the DELTA PLUS GROUP and are steered and, monitored on a Group level as well as for each geographical area. A monthly dashboard makes helps to monitor credit.

4.1.5. Liquidity risk

The Finance department has the task of ensuring financing and liquidity for the DELTA PLUS GROUP, at the best cost. The financing of the DELTA PLUS GROUP is provided by relying on banks (loans and lines of credit), factoring and non-recourse financing. Factoring covers less than 25% of consolidated turnover (approximately EUR 10 million of non-matured receivables at each year-end). The DELTA PLUS GROUP has also negotiated lines of credit allocated to covering due dates within a year, as a priority, and its short-term financing. The DELTA PLUS GROUP hold cash reserves in order cope with short-term debt refinancing needs. We estimate, taking into account our current financial projections, that resources are sufficient to continue as a going concern, both in the short and long term.

Excluding any particular constraints related to the specificities of local financial markets, operational subsidiaries are financed by lines of credit and intragroup loans for medium and long-term needs.

Liquidity-risk management also relies on a short and long-term finance forecasting system, based on activity forecasts and the strategic plans of operational entities.

In order to ensure a prudent financing policy, the DELTA PLUS GROUP negotiates financial contracts without “covenant”-type clauses.

Liquidity risk is measured at the DELTA PLUS GROUP using the following indicators:

- Amount of net debt

As at 31 December 2018, the amount of net debt was €63,050, up €7,624K compared to 31 December 2017 (€55,426K):

In millions of euro

	31/12/2018	31/12/2017
Current financial liabilities	37 283	33 448
Cash	(16 953)	(17 956)
Net short-term financial debt	**20 330**	**15 493**
Non-current financial liabilities	42 720	39 934
Net Long-term debts	**63 050**	**55 426**
Cash from operating activities before cost of net financial debt and taxation	34 128	30 274
Cash from operating activities after cost of net financial debt and taxation	25 574	22 583

As at 31 December 2018, long-term borrowings include a debt corresponding to a call option (€1.2M) related to the acquisition of Aspreseg on 28 November 2016 and a call option (€1.5M) related to the acquisition of Vertic Nederland BV on 21 November 2018.

The call option related to the acquisition of Elvex (€1.8M) is exercisable in 2019. It is reclassified as at 31/12/2018 under long-term borrowings.

Deducted from the amount of these call options, net bank debt was €58.5M at the end of 2018, up €6.0M compared to the end of 2017.

The details of short and long-term financial debt by type is found on page 136 of the Document de Référence 2018.

- Sufficiency of the amount of short-term net debt with WCR and, in particular, inventory levels

Historically, the Group’s strategy has always been to finance stock and trade receivables with bank overdrafts (the overdraft level is a choice by the Group and not a situation it is subjected to).

In this area, in recent years, the Group has carried out important work on optimising its WCR which has help to significantly improve this ratio.

Net bank debt represented €61.4M at the end of 2011.

The short-term portion of this debt rose to €53.4M which represented 103% of net inventory (€52.0M) as at 31 December 2011.

As at 31 December 2018, net bank debt represented no more than €58.5M (including €20.3M short-term debt).

Inventory rising to €64.9M as at 31 December 2018, short-term financing represented no more than 31% of inventory. This level is therefore better than the historic target.

- **The distribution indicator for net financial debt between the short-term and medium-term part**

The share of short-term financial debt as part of total net bank debt dropped from 87% at the end of 2011 to 35% at the end of 2018.

The positive change in this ratio is the consequence of rebalancing the debt structure and extending the maturity of consolidated debt.

- **Gearing**

(Net bank debt/consolidated equity): This ratio, presented each time that the results are published (annually and quarterly) also improved significantly between the end of 2011 (104%) and the end of 2018 (46%).

This improvement has therefore continued to improve over recent years. These levels are low for the Group. The "standard" ratio for the Group is approximately 80%.

- **Rate of use of overdrafts**

(Amount of overdraft facilities used/Amount of overdraft facilities authorised): This ratio is currently below 50% use.

This indicator is important insofar as it allows us to ensure that our margin of safety in the event that an overdraft facility is removed by one of our banking partners is sufficient.

This is the case as at 31 December 2018 with a margin of safety of more than €40M (for utilised short-term debt of €37.3M as at 31 December 2018). This level is also very low for the Group owing to the fact that facilities awarded by the banks have increased and a Group needs have decreased.

- **Number of banking partners**

DELTA PLUS GROUP works with a high number of banking partners, including ten major partners who for a number of years have renewed short-term credit facilities annually (used to finance WCR, in particular, and seasonal variations in WCR), and this based on bilateral relationships (no banking pool). Direct financing by foreign subsidiaries is also progressing through short-term financing (overdraft mainly).

This structure means that the Group would not be greatly affected by an end to the relationship with one of its banks.

Indeed, no bank finances more than 15% of our short-term debt.

In addition to having a period of 3 to 6 months to find a replacement if this did occur, the Group would have the option to use other overdraft facilities that are not currently used.

In conclusion, through monitoring these ratios, the Group can validly conclude that it controls and measures its liquidity risk and that this is low given the historic levels reached by the Group concerning several of these ratios.

4.2.
Risks related to the Group's activity

4.2.1. Risks related to the economic environment

The main sectors of activity of our customers currently remain Construction and Public Works, Oil & Gas activities and heavy industry.

The DELTA PLUS GROUP is expanding to offer products that meet the needs of various trades and activities including wind, logistics, the agri-food sector, the medical industry and crafts, and which are proving to be real vectors of growth.

It could be considered that the areas of activity of Construction and Public Works and Oil & Gas, heavily impacted by the economic crisis in the Middle East, are likely to present a risk for the DELTA PLUS. However, taking into account the strong growth in these same sectors of activity in other geographical areas and in which the Group is also present, this is not generally the case.

Indeed, the international diversification of the DELTA PLUS GROUP's clientèle is compensating for the weaknesses related to the volatility of the European markets. For example, the tense economic environment in France is more than compensated by the growth in countries outside Europe.

Thus, changes in macroeconomic trends, which vary depending on the country, are allowing the Group to smooth out its risks. The issuer therefore believes that it does not face any significant risk based on the economic situation.

4.2.2. Risks related to customers

The Group's customer portfolio is mainly composed of distributors. These include specialist distributors, generalist distributors and chains of large DIY stores.

These distributors directly supply our major user accounts (for most Construction and Public Works companies, Oil & Gas infrastructures and heavy industry companies).

The Group's distributors are covered in large part by Coface or Euler Hermès guarantees.

The Group has only been confronted by insolvency problems on rare occasions and/or for low amounts out of all of its customers.

Impairment of trade receivables is detailed in note 6.8 of this appendix to the consolidated financial statements.

When selecting distributors, each subsidiary verifies the quality of their financial base, particularly with the help of Coface or Euler Hermès.

The DELTA PLUS GROUP is not dependent on any particular customer with no customer representing more than 5% of consolidated turnover.

Payment terms granted to the Group's distributors are on average 60 days. They can be adapted depending on circumstances (volume etc.). In some cases, and depending on the analysis of the country's risk, interim or advance payments are received with the order.

For all of these reasons, the Group believes that there is no significant risk related to customers.

4.2.3. Risks related to product liability being incurred

By assumption, the Group could be exposed to liability risks (legal, contractual, extra-contractual) and, in particular, by being made liable for defective products. Criminal complaints or prosecution could be filed or incurred against the group by end users of the products, distributors, employers who provided the DELTA PLUS products to their employees, the regulatory authorities, or any other third party using or selling its products who may suffer damage as a result of a safety defect of the product having harmed a person or property other than the defective product.

To date, the Group has not had to face any complaint or lawsuit in this area and has taken out liability insurance covering defective products and providing cover of up to €10M per claim and per year of insurance.

It is also worth highlighting that the risk for the DELTA PLUS GROUP being made liable because of its products is reduced given that the products it markets meet the locally applicable standards and are certified by bodies notified in advance of them being placed on the market.

For these reasons, the Group believes that there is no significant risk in terms of liability owing to its products

4.3.
Legal risks related to applicable regulations

European regulations in force, applicable to Personal Protective Equipment (hereinafter "PPE) are dictated by European Regulation EU 2016/425 of 9 March 2016 (replacing directive 89/686/EEC) and clarified by European standards.

It is directed at manufacturers of PPE and sets the conditions for placing products on the market. It defines essential requirements in terms of design, manufacture and test methods that must be satisfied by PPE placed on the market with a view to ensuring the safety of users: performance, size, material safety, dexterity, aeration, flexibility, ergonomics, marking, packaging, maintenance and storage.

All PPE launched on the market is subject to a technical dossier and must be accompanied by a declaration of conformity and instructions. The CE marking ensures that the product can circulate freely around the European Union.

Within the framework of the free circulation of goods and the standardisation of legislation by State Members, the European Union has begun to standardise PPE products, the objective of which is to establish test methods and standards defining the technical specifications of the products. Adhering to these standards demonstrates conformity of the product with European Regulation EU 2016/425k and enables the manufacturer to use the CE marking. Since entering into force, the DELTA PLUS GROUP has applied the applicable CE regulations and European standards to all of its PPE products. All Group products meet these standards.

European regulation EU 2016/425 of 9 March 2016 has replaced all of the provisions of directive 89/686/EEC, has been directly applicable in all Member States of the European Union since 21 April 2018. Since 21 April 2019, all PPE products launched on the market must conform with European regulation EU 2016/425. The DELTA PLUS GROUP has adapted to this new regulatory environment.

Finally, when preparing and manufacturing each product, all production sites, whether factories internal or external to the Group, follow product specifications that require and guarantee the non-use of dangerous substances, in compliance with the European regulation dubbed "REACH. The DELTA PLUS GROUP is involved in the manufacture of its products upstream, in order to meet the requirements of the European regulation REACH, and to ensure that it is followed.

In France, to improve the way in which it meets regulations, the DELTA PLUS GROUP is a member of the Syndicat National des Acteurs du Marché de la Prévention et de la Protection (SYNAMAP, national union of companies in the prevention and protection market). SYNAMAP is a member of AFNOR and participates in seven standardisation committees relative to PPE.

Some of our products conform to American standards (glasses, disposable masks, ear plugs, a safety helmet, shoes, fall-prevention models and high-visibility models of clothing as well as all of our gloves against the risk of cutting). Indeed, since the acquisition of Elvex, DELTA PLUS products have entered the North American market.

Our range of PPE products protecting users from head to toe, is certified compliant with the various locally applicable standards. Indeed, when this is required by a country's regulations, before launching products on the market, DELTA PLUS GROUP has these products certified by the locally competent certifying bodies in accordance with the locally applicable standards (China, Common Economic Area, Russia-Belarus, Kazakhstan, Brazil, Argentina, etc.).

Thus, the issuer does not believe that it faces any significant risk in terms of regulations applicable to its products (in Europe and Outside Europe), given the fact that it takes into account this risk of regulatory change on a daily basis, which monitored by a specialist internal department and via its membership to SYNAMAP.

4.4.

Environmental and geopolitical risks

The DELTA PLUS GROUP is not involved in any procedure requiring that provisions or guarantees be drawn up relative to environmental risks, or liable to present, over time, an obligation to pay compensation in respect of environmental matters.

The Ukraine conflict has been taken into consideration by the Group as at 31 December 2018. Local stock is kept at the lowest level possible and customer payment terms are reduced as much as possible. There are no significant assets in the country. As at 31 December 2018, stock was valued at €1,335K.

The Group has not identified any significant financial risk related to the effects of climate change. The presentation of measures taken by the company to reduce risks relative to the effects of climate change, by implementing a low-carbon strategy, are presented in the Statement of Extra-Financial Performance on page 76 of the Document de Référence 2018.

4.5.

Risks related to legal action and arbitration

During the twelve months preceding registration of this reference document, the Group has not been involved in any administrative, criminal or legal proceedings or arbitration that may be likely to have a significant adverse effect on its activity, its financial situation, its results or its growth.

To the knowledge of the issuer, the Group is not under threat by any proceedings of this type on the date of this reference document.

NOTE 5

CHANGES IN CONSOLIDATION SCOPE

5.1.

Information concerning the scope of consolidation

CONSOLIDATED COMPANIES	% INTEREST	
	31/12/2018	31/12/2017
In overall integration:		
ALLSAFE FZE	100%	100%
ASPRESEG SAS	100%	100%
D&S	100%	-
DEGIL SAFETY PRODUCTS	100%	-
Delta ARGENTINA	50%	-
Delta BATIMENT	50%	-
DELTA PLUS BRASIL PARTICIPAÇÕES LTDA	100%	100%
DELTA PLUS CEI	90%	90%
DELTA PLUS CENTROAMERICA	100%	100%
DELTA PLUS CESKA REPUBLIKA S.R.O	100%	100%
DELTA PLUS CROATIA D.O.O	100%	100%
DELTA PLUS IBERIA	100%	100%
DELTA PLUS GAFTA Manufacturing CO LLC	100%	100%
DELTA PLUS HELLAS SRL	100%	100%
DELTA PLUS INDIA PVT LTD	100%	100%
DELTA PLUS MAGYARORSZAG KFT	97%	97%
DELTA PLUS MIDDLE EAST FZE	100%	100%
DELTA PLUS PERU SAC	100%	100%
DELTA PLUS Personel Giyim Ve Is Güvenligi Ekipmanlari Sanayi Ve Ticaret LTD ŞIRKET	100%	100%
DELTA PLUS PHILIPPINES	60%	60%
DELTA PLUS POLSKA SP Z.O.O.	100%	100%
DELTA PLUS POLSKA SERWIS SP Z.O.O.	100%	100%
DELTA PLUS ROMANIA SRL	100%	100%
DELTA PLUS SAS	100%	100%
DELTA PLUS SERVICES SAS	100%	100%
DELTA PLUS SICUREX SRL	100%	100%
DELTA PLUS SLOVENSKO S.R.O.	100%	100%
DELTA PLUS UKRAINA SARL	100%	100%
DELTA PLUS BENELUX	100%	100%
DPG TRAINING SAS renommée VA HOLDING	100%	100%
ELVEX CORPORATION	91%	91%
ESLINGAR SA	100%	100%
FINANCIERE VIRGINIA LTD renommée Delta PLUS (UK) Ltd	100%	100%
FROMENT SAS	100%	100%
LH SAFETY LTD	-	100%
NUEVA SIBOL SLU	100%	100%
OCTOPLUS SPAIN SL	100%	100%
ONTARIO GLOVE AND SAFETY	100%	
PRO SAFETY Indústria E Comércio De Equipamentos De Proteção & SOLDA LTDA	100%	100%
WUJIANG PINGWANG PRIVATE INDUSTRIAL TRADING	100%	100%
DELTA PLUS CHINA CO. LTD	100%	100%
VERTIC	100%	100%
ALPIC	100%	100%
VERTIC INTERNATIONAL	100%	100%
VERTIC SUISSE	51%	51%
VERTIC NEDERLAND BV	100%	-

The geographical locations of the NCIs are Hungary, Colombia, Russia, the USA, Switzerland, the Philippines, Holland, France and Argentina.

Changes in consolidation scope and other information

Companies entering the scope of consolidation:

- Delta ARGENTINA (50% purchase of the shares in this company incorporated under French law in September 2018);
- DELTA BATIMENT (99.9% owned by DELTA ARGENTINA, entry into the scope of consolidation automatically with the purchase of 50% of the shares of this company, incorporated under French law, in September 2018);
- D&S, DEGIL SAFETY and ONTARIO GLOVE & SAFETY (purchase of 100% of the shares in these three companies, incorporated under Canadian law, in November 2018);
- VERTIC NEDERLAND BV (purchase of 51% of the shares in this company, incorporated under Dutch law, in November 2018, and sale-purchase agreement bringing the shareholding to 100%).

Companies retiring from the scope of consolidation:

N/A.

Changes in the% shareholding:

N/A.

Mergers between consolidated subsidiaries:

- Merger between the companies LH Safety and Financière VIRGINIA, the company resulting from the merger is called Delta PLUS (UK) Ltd.

Subsidiaries removed from the scope despite equity interest exceeding 10%

	SECURITIES (€K)	REASON
DELTA PLUS BULGARIE	2	Inactive company
DELTA PLUS UK	1	Inactive company
VERTIC Inc. Canada	20	Inactive company

The consolidation of these companies represents a negligible interest.

NOTE 6

COMMENTS ON THE STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

6.1.

Statement of intangible fixed assets

GROSS VALUES (In millions of euro)	GOODWILL	CONCESSIONS, BRANDS, LICENCES	SOFTWARE AND OTHER	TOTAL INTANGIBLE FIXED ASSETS
Gross value as at 31/12/2014	**45 464**	**880**	**1 987**	**2 867**
Changes in consolidation scope	15 753	-	229	229
Acquisitions	-	59	147	206
Transfers	-	-	(45)	(45)
Exchange rate differences	239	-	(15)	(15)
Other	-	-	-	-
Gross value as at 31/12/2015	**61 456**	**939**	**2 303**	**3 242**
Changes in consolidation scope	-	-	29	29
Acquisitions	971	6	146	152
Transfers	-	-	(8)	(8)
Exchange rate differences	1 922	5	31	36
Other	1 906	-	-	-
Gross value as at 31/12/2016	**66 255**	**949**	**2 502**	**3 450**
Changes in consolidation scope	20 823	1 217	322	1 539
Acquisitions	-	36	60	96
Transfers	-	-	(5)	(5)
Exchange rate differences	(5 668)	(11)	(43)	(54)
Other	-	-	(16)	(16)
Gross value as at 31/12/2017	**81 410**	**2 191**	**2 820**	**5 010**
Changes in consolidation scope	8 645	-	-	-
Assets held for sale	-	(586)	(118)	(704)
Acquisitions	-	119	438	557
Transfers	-	-	(938)	(938)
Exchange rate differences	1 987	(10)	(4)	(14)
Other	-	-	-	-
Gross value as at 31/12/2018	**92 042**	**1 714**	**2 198**	**3 911**

NET VALUES (In millions of euro)	GOODWILL	CONCESSIONS, BRANDS, LICENCES	SOFTWARE AND OTHER	TOTAL INTANGIBLE FIXED ASSETS
Net value as at 31/12/2014	**44 959**	**365**	**169**	**533**
Changes in consolidation scope	15 753	-	99	99
Acquisitions	-	32	(78)	(46)
Transfers	-	14	(32)	(18)
Allocations	-	-	-	-
Reversals	-	-	-	-
Exchange rate differences	239	2	(13)	(12)
Other	-	-	109	108
Net value as at 31/12/2015	**60 952**	**413**	**252**	**665**
Changes in consolidation scope	-	-	21	21
Acquisitions	971	(34)	20	(14)
Transfers	-	-	(8)	(8)
Allocations	-	-	-	-
Reversals	-	-	-	-
Exchange rate differences	1 922	2	18	20
Other	1 906	-	-	-
Net value as at 31/12/2016	**65 750**	**381**	**304**	**684**
Changes in consolidation scope	20 823	787	78	865
Acquisitions	-	35	59	94
Transfers	-	-	5	5
Allocations	-	(140)	(154)	(294)
Reversals	-	-	(4)	(4)
Exchange rate differences	(5 668)	(2)	(16)	(18)
Other	-	-	(13)	(13)
Net value as at 31/12/2017	**80 905**	**1 061**	**259**	**1 319**
Changes in consolidation scope	8 645	-	-	-
Assets held for sale	-	(28)	(1)	(29)
Acquisitions	-	119	438	557
Transfers	-	-	(938)	(938)
Allocations	-	(132)	(132)	(264)
Reversals	-	-	944	944
Exchange rate differences	1 987	(8)	(4)	(12)
Other	-	-	-	-
Net value as at 31/12/2018	**91 537**	**1 012**	**566**	**1 578**

6.2.

Statement of tangible fixed assets

GROSS VALUES (In millions of euro)	LAND	BUILDINGS	FIXTURES & OTHER FIXED ASSETS	TOTAL FIXED ASSETS
Gross value as at 31/12/2014	**-**	**1 400**	**19 081**	**20 481**
Changes in consolidation scope	-	-	573	573
Acquisitions	-	6	1 320	1 326
Transfers	-	-	(655)	(655)
Exchange rate differences	-	42	128	170
Other	-	-	(1)	(1)
Gross value as at 31/12/2015	**-**	**1 448**	**20 447**	**21 895**
Changes in consolidation scope	-	-	-	-
Acquisitions	-	67	1 524	1 592
Transfers	-	-	(379)	(379)
Exchange rate differences	-	4	(103)	(99)
Other	-	-	248	248
Gross value as at 31/12/2016	**-**	**1 520**	**21 738**	**23 258**
Changes in consolidation scope	-	339	1 689	2 028
Acquisitions	-	89	2 445	2 534
Transfers	-	(1)	(472)	(473)
Exchange rate differences	-	(57)	(1 502)	(1 559)
Other	-	-	14	14
Gross value as at 31/12/2017	**-**	**1 890**	**23 912**	**25 802**
Changes in consolidation scope	-	-	1 409	6 594
Assets held for sale	-	-	(3 277)	(3 277)
Acquisitions	-	11 752	1 228	12 980
Transfers	-	(275)	(1 367)	(1 642)
Exchange rate differences	-	(3)	793	(4 395)
Other	-	-	-	-
Gross value as at 31/12/2018	**-**	**13 364**	**22 698**	**36 062**

NET VALUES (In millions of euro)	LAND	BUILDINGS	FIXTURES & OTHER FIXED ASSETS	TOTAL TANIGLE FIXED ASSETS
Net value as at 31/12/2014	**-**	**591**	**5 782**	**6 373**
Changes in consolidation scope	-	-	259	259
Acquisitions	-	(80)	(123)	(204)
Transfers	-	-	(78)	(78)
Allocations	-	-	-	-
Reversals	-	-	-	-
Exchange rate differences	-	14	(150)	(136)
Other	-	(18)	(1)	(19)
Net value as at 31/12/2015	**-**	**507**	**5 689**	**6 196**
Changes in consolidation scope	-	-	-	-
Acquisitions	-	(32)	102	70
Transfers	-	-	(43)	(43)
Allocations	-	-	-	-
Reversals	-	-	-	-
Exchange rate differences	-	2	(35)	(33)
Other	-	-	190	190
Net value as at 31/12/2016	**-**	**477**	**5 903**	**6 381**
Changes in consolidation scope	-	26	584	610
Acquisitions	-	89	2 445	2 534
Transfers	-	(1)	(49)	(50)
Allocations	-	(94)	(1 729)	(1 823)
Reversals	-	-	-	-
Exchange rate differences	-	(22)	(561)	(583)
Other	-	-	17	17
Net value as at 31/12/2017	**-**	**475**	**6 610**	**7 086**
Changes in consolidation scope	-	5 185	238	5 423
Assets held for sale	-	-	(310)	(310)
Acquisitions	-	11 752	1 228	12 980
Transfers	-	(275)	(1 367)	(1 642)
Allocations	-	(55)	(1 675)	(1 730)
Reversals	-	-	1 310	1 310
Exchange rate differences	-	(5 170)	924	(4 246)
Other	-	-	-	-
Net value as at 31/12/2018	**-**	**11 912**	**6 958**	**18 870**

Until the end of 2017, the DELTA PLUS GROUP has not owned any significant real estate. The main investments made relate to industrial equipment.

During the year 2018, the Group made two property investments, one in China and the other in Argentina, the purpose of which is to increase its production and storage capacity in each of these two countries.

These main investments are the following:

- The acquisition of a building in China for production and storage purposes during the second half of 2018;
- LThe acquisition of a building in Argentina for production and storage purposes during the second half of 2018.

6.3.

Goodwill impairment test

The methodology applied by the DELTA PLUS GROUP to carry out goodwill impairment tests is described in note 3.11.

The following table summarises the allocation of goodwill to the segments:

(In millions of euro)	EUROPE	OUTSIDE EUROPE	TOTAL
GROSS GOODWILL AS AT 01/01/2017	**20 854**	**45 400**	**66 254**
Changes in consolidation scope	20 471	352	20 823
Currency exchange adjustment	-	(5 668)	(5 668)
Impairment for the financial year 2017	-	-	-
GROSS GOODWILL AS AT 31/12/2017	**41 325**	**40 084**	**81 409**
TOTAL IMPAIRMENT	**(504)**	**-**	**(504)**
NET GOODWILL AS AT 31/12/2017	**40 821**	**40 084**	**80 906**

(In millions of euro)	EUROPE	HORS EUROPE	TOTAL
GROSS GOODWILL AS AT 01/01/2017	**41 325**	**40 084**	**81 409**
Changes in consolidation scope	2 071	6 607	8 678
Currency exchange adjustment	-	1 680	1 680
Hyperinflation impact (Argentina)	-	307	307
Other	(33)	-	(33)
Impairment for the financial year 2018	-	-	-
GROSS GOODWILL AS AT 31/12/2018	**43 363**	**48 678**	**92 041**
TOTAL IMPAIRMENT	**(504)**	**-**	**(504)**
NET GOODWILL AS AT 31/12/2018	**42 859**	**48 678**	**91 537**

The recoverable amount of the groups of CGUs is the value in use. This is determined by discounting estimated cash flows. Cash flows cover a period of five years and are based on budgets approved by Management.

Beyond the period of five years, cash flows are extrapolated on the basis of a perpetuity growth rate estimated at 0% (identical to the previous year). The discount rate is determined from the weighted average cost of capital of the DELTA PLUS GROUP.

The main assumptions used for 2018 are:

	EUROPE	OUTSIDE EUROPE
Discount rate	6,30%	8,80%

Discount rates are rates after tax applied to cash flows after tax.

The use of these rates gives recoverable amounts identical to those that would be achieved by using pre-tax rates applied to cash flows before tax.

Analyses on the sensitivity of the recoverable amount to a reasonably possible change in a key assumption (notably, sensitivity to a half-point change in the discount rate and of a point in the perpetuity growth rate) have been carried out and have revealed the situation presented below.

The sensitivity of the recoverable amount to a change in the discount rate or perpetuity growth rate is presented as follows:

CGU IN €K	DIFFERENCE BETWEEN THE RECOVERABLE AMOUNT AND THE BOOK VALUE AS A QUOTA SHARE	DISCOUNT RATE	
		+ 0.5 POINT	- 0,5 POINT
EUROPE*	-	(16 262)	19 087
OUTSIDE EUROPE	-	(9 954)	11 171

** After depreciation of €504K in 2011.*

This indicates that an increase of 0.5% in the discount rate would have an impact of -€16.3M and -€10.0M on the recoverable amount of goodwill for Europe and Outside Europe. This variation would not generate any depreciation.

The sensitivity to discount rates mentioned above reflects the maximum movement in sensitivities assessed by the DELTA PLUS GROUP of the recoverable amount to the key assumptions for five-year periods.

6.4.
Other financial asset

GROSS VALUES (In millions of euro)	NON-CONSOLIDATED SECURITIES	LOANS	OTHER	TOTAL OTHER ASSETS INCOME
Gross value as at 31/12/2016	**4**	**63**	**1 908**	**1 974**
Changes in consolidation scope	62	-	85	147
Acquisitions	-	19	663	682
Transfers	-	-	(482)	(482)
Effects of exchange rates	-	(10)	(65)	(75)
Other	-	38	(38)	-
Gross value as at 31/12/2017	**66**	**110**	**2 071**	**2 246**
Changes in consolidation scope	-	5	50	55
Assets held for sale	-	-	(26)	(26)
Acquisitions	-	13	1 352	1 365
Transfers	-	(29)	(1 497)	(1 526)
Effects of exchange rates	-	4	(10)	(6)
Other	(2)	-	5	3
Gross value as at 31/12/2018	**64**	**103**	**1 939**	**2 105**

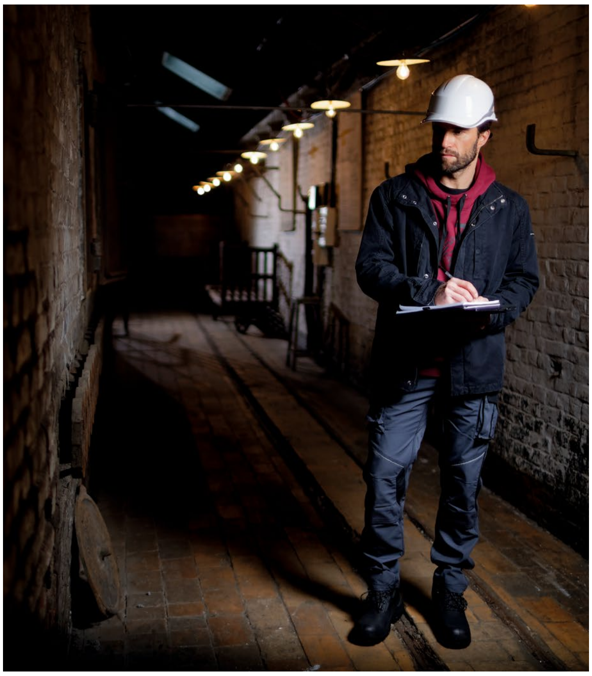
NET VALUES (In millions of euro)	NON-CONSOLIDATED SECURITIES	LOANS	OTHER	TOTAL OTHER ASSETS INCOME
Net value as at 31/12/2016	**2**	**63**	**1 908**	**1 972**
Changes in consolidation scope	62	-	85	147
Acquisitions	-	19	663	682
Transfers	-	-	(482)	(482)
Allocations	(60)	-	-	(60)
Reversals	-	-	-	-
Effects of exchange rates	-	(10)	(65)	(75)
Other	-	38	(38)	-
Net value as at 31/12/2017	**4**	**110**	**2 070**	**2 184**
Changes in consolidation scope	-	5	50	55
Assets held for sale	-	-	(26)	(26)
Acquisitions	-	13	1 351	1 364
Transfers	-	(29)	(1 497)	(1 526)
Allocations	-	-	(1)	(1)
Reversals	-	-	-	-
Effects of exchange rates	-	4	(10)	(6)
Other	(2)	-	5	3
Net value as at 31/12/2018	**2**	**103**	**1 938**	**2 042**

6.5.
Derivative financial instruments

(In millions of euro)	31/12/2018		31/12/2017	
	Assets	Liabilities	Assets	Liabilities
Interest-rate swaps - fair value hedges	-	-	-	-
Currency forwards - cash-flow hedges	-	-	-	-
Total	**-**	**-**	**-**	**-**
Less the non-current part of the:	-	-	-	-
Interest-rate swaps - cash-flow hedges	-	-	-	-
Interest-rate swaps - fair value hedges	-	-	-	-
Total non-current part	**-**	**-**	**-**	**-**
Total current part	**-**	**-**	**-**	**-**

The notional and principal amount of currency forwards open as at 31 December 2018 was €0.00 (as at 31 December 2017: €245K).

The notional and principal amount of interest-rate swaps and caps open as at 31 December 2018 was €0.00 (as at 31 December 2017: €0K).



6.6.
Financial instruments available for sale

The items concerned are not significant.

6.7.
Inventory

Inventory now represents three months of turnover.

The analysis of the current inventory structure does not highlight any significant risk relative to disposal or obsolescence problems.

As soon as the Group identifies a problem of this type for any specific product line, provisions for depreciation are recognised in order to cover the obsolete nature of the products concerned.

Inventory is broken down into the following types:

(In millions of euro)	31/12/2018	31/12/2017
Raw materials	6 675	11 068
Goods	61 289	48 400
Work in progress	654	649
TOTAL GROSS STOCK	**68 618**	**60 117**
Depreciation	(3 700)	(3 141)
TOTAL NET STOCK	**64 918**	**56 976**

6.8.

Trade receivables and other receivables

Details of trade receivables and other accounts receivable are presented as follows:

(In millions of euro)	31/12/2018	31/12/2017
Trade receivables	53 219	49 792
Depreciation	(5 161)	(4 044)
Net trade receivables	**48 058**	**45 748**
Other receivables	8 804	13 343
Depreciation	(317)	(218)
Prepaid expenses	2 607	2 299
Related-party receivables	-	-
Other net receivables	**11 095**	**15 423**
Non-current portion	-	-
Current portion	59 152	61 171

Other receivables include tax and social security receivables, supplier advances and the fair value of Dollar forward purchases.

As at the 2018 year-end, certain subsidiaries of the DELTA PLUS GROUP had receivables assigned to a bank in exchange for cash for an amount of €2,653K (as at 31 December 2017: €2,909K).

These transactions were recognised as secured loans. In the event of default by the entities within the context of a loan contract, the bank is entitled to receive the cash from the assigned receivables. In the opposite case, the entities will collect the receivables and will grant new receivables as security.

The depreciation of trade receivables has changed as follows:

(In millions of euro)	31/12/2017	CHANGES IN SCOPE	ALLOWANCES	WRITE-BACKS USED	WRITE-BACKS NOT USED	CHANGE	31/12/2018
Provisions for trade receivables	4 044	3	1 651	192	308	(38)	5 161
Other provisions receivables	218	-	102	-	-	(3)	317
Total	**4 263**	**3**	**1 753**	**192**	**308**	**(41)**	**5 479**

Main currencies

(In millions of euro)	31/12/2018	31/12/2017
Euro	19 239	19 465
Dollars	7 634	7 009
Other currencies	21 184	19 273
TOTAL	**48 058**	**45 748**

Trade receivable maturities due and not provisioned

(In millions of euro)	31/12/2018	31/12/2017
Receivables not due	38 893	38 499
Receivables due within 0 to 3 months	6 881	4 830
Receivables due within 3 to 6 months	236	125
Receivables due after 6 months	2 048	2 294
TOTAL	**48 058**	**45 748**

(In millions of euro)	31/12/2018			31/12/2017		
	Receivables covered	Receivables not covered	Total receivables	Receivables covered	Receivables not covered	Total receivables
Receivables due	3 335	5 830	9 164	3 013	4 235	7 249
Receivables not due	13 739	25 155	38 893	17 490	21 009	38 499
TOTAL	**17 074**	**30 984**	**48 058**	**20 503**	**25 244**	**45 748**

The maximum amount of credit risk for the year 2018 is €2,081K. It corresponds to receivables not covered which include trade receivables due for over three months and not guaranteed.

There are also receivables due for less than three months, totalling €3,748K.

A provision for depreciation has been noted for the irrecoverable amounts estimated up to €5,161K. (€4,044K in 2017). This depreciation has been determined on the basis of factors identified at year-end. It has been noted that when a risk of loss has been identified, based on past experience, it constitutes sufficient evidence of the reduction in the amount of the receivable recoverable.

The net amount recognised for the receivables corresponds approximately to their fair value. The DELTA PLUS GROUP's credit risk is essentially linked to its trade receivables. The amounts presented on the statement of financial position are net of provisions for depreciation. The maximum exposure to credit risk at year-end represents the fair value of each receivables category mentioned above. The DELTA PLUS GROUP holds no guarantee on these receivables.

The total amount of the receivables is less than a year.

Credit risk, or counterparty risk, is the risk of loss on a receivable or more generally that of a third-party not paying their debt in due course. It is naturally a function of three parameters: the amount of the receivable, the probability of default and the proportion of the receivable that will not be recovered in the event of default.

Existing guarantees on the receivables is credit insurance, referred to as domestic and export.

For the domestic part, the receivables are handed over to litigation with the insurer on the due date +90 days. For the export part, the receivables are handed over to litigation on the due date +210 days.

In both cases, compensation is paid three months later at the latest.

6.9. Cash

(In millions of euro)	31/12/2018	31/12/2017
Cash	16 918	17 921
Marketable securities	35	35
TOTAL	**16 953**	**17 956**

6.10. Capital

(In millions of euro)	31/12/2018	31/12/2017
Authorised capital		
7,358,708 ordinary shares of a nominal amount of €0.50	3 679	3 679
Subscribed capital called-up (in number of shares)		
At the start of the financial year	7 183 603	3 645 129
Issued following the exercise of stock-options	-	-
Issued against cash	-	-
Purchase or sale of treasury shares	(32 844)	(140 880)
Share split	-	3 679 354
At year end	7 150 759	7 183 603
Average number of ordinary shares	**7 167 181**	**5 414 366**

All company shares entitle the shareholder to the same dividend. Some benefit from a double voting right depending on the provisions of the articles of association. All shares issued are fully paid up.

At year end, the Company held 207,949 treasury shares valued at €6,057K which were reported as a deduction from shareholders' equity. The capital gain realised during the course of the financial year on the sale of treasury shares does not have any impact on earnings for the year. It is recorded directly in equity. This was €5K as at 31 December 2018.

In 2018, the company DELTA PLUS GROUP acquired 17,698 of its own shares from Cepac, or 0.48% of the share capital, following the execution of a promise to buy and sell. These shares were redeemed in January 2018. This commitment was recognised in the consolidated financial statements as of 31 December 2017.

6.11.
Payment in shares

The DELTA PLUS GROUP implemented a plan to allocate free shares in 2016. These shares are acquired by the beneficiaries at the end of a three-year period and remain unavailable for a period of three years following the acquisition date. The DELTA PLUS GROUP determined the fair value of the shares granted in 2016 on the basis of the average share price on the allocation date without an illiquidity discount, considered negligible.

As a reminder, there were no new share-option plans during the year.

6.12.
Financial liabilities

(In millions of euro)	31/12/2018	31/12/2017
Non-current		
Bank borrowings	39 860	36 908
Convertible bonds	-	-
Other borrowings	2 860	3 026
Total non-current	**42 720**	**39 934**
Current		
Bank borrowings	11 840	11 480
Convertible bonds	-	-
Other borrowings	7 899	4 461
Secured borrowings	2 653	2 909
Bank overdrafts	14 891	14 598
Total current	**37 283**	**33 448**
Total financial liabilities	**80 003**	**73 382**

Bank borrowings are due from 2019 to 2024 and bear interest at annual rates of 1.623% (2017: 2.184%).

The non-convertible bond of €4M subscribed by the fund Micado France 2018 bears interest to 5.50%. It was repaid at the end on 2 October 2018. Other non-current borrowings include debts corresponding to call options related to the acquisition of Aspreseg and Vertic Nederland BV. The other current borrowings a debt corresponding to a call option related to the activity of Elvex.

The "secured borrowings" are covered by trade receivables.

Changes in borrowings

(In millions of euro)	31/12/2017	INCREASE	DECREASE	EFFECTS OF EXCHANGE RATES	CHANGES IN CONSOLIDATION SCOPE	31/12/2018
Bank borrowings	48 388	12 477	(11 899)	(203)	2 937	51 700
Other borrowings	7 488	1 845	(90)		1 517	10 760
Secured borrowings	2 909	147	(403)	-	-	2 653
Total borrowings excluding bank overdrafts	**58 785**	**14 469**	**(12 392)**	**(203)**	**4 454**	**65 113**

Revisions of financial liabilities by contractual due date

For loans with variable rates, the fair value is approximately equal to the net book value. The fair value of current borrowings is equal to their book value, the impact of the update being non-significant.

(In millions of euro)	31/12/2018	31/12/2017
Between 0 and 12 months	37 283	36 323
Between 1 and 5 years	39 704	30 047
Greater than 5 years	3 017	7 013
TOTAL	**80 003**	**73 383**

Analysis of borrowings by currency

(In millions of euro)	31/12/2018				31/12/2017			
	Euro	Dollars	Other	TOTAL	Euro	Dollars	Other	TOTAL
Non-current bank borrowings	37 345	-	2 515	39 860	36 867	-	41	36 908
Current bank borrowings	9 225	806	1 810	11 840	10 985	-	495	11 480
Other borrowings	10 760	-	-	10 760	7 488	-	-	7 488
TOTAL	**57 329**	**806**	**4 325**	**62 460**	**55 340**	**-**	**536**	**55 876**

6.13.
Commitments given to employees

(In millions of euro)	31/12/2017	CHANGES IN CONSOLIDATION SCOPE	ALLOCATIONS	WRITE-BACKS USED	WRITE-BACKS NOT USED	31/12/2018
Salary commitments	946	-	118	-	-	1 064
Total pension-related commitments	**946**	**-**	**118**	**-**	**-**	**1 064**

Commitments concerning the end-of-career allowances of subsidiaries established in France.

The main assumptions used for the actuarial valuations of the plans

	FRANCE		OTHER	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Discount rate	1.5%	1.3%	1.5%	1.3%
Annual increase in wages	1% Constant	1% Constant	1% Constant	1% Constant
Social security costs	35% - 50%	35% - 50%	25%	25%
Turnover	Average - Low	Average - Low	Medium	Medium
Retirement age	Legal age	Legal age	Legal age	Legal age
Life table	TV 88/90	TV 88/90	TV 88/90	TV 88/90

The discount rate chosen is the reference rate of Anteeo Actuariat.

Breakdown of the amount recorded on the statement of financial position

(In millions of euro)	31/12/2018	31/12/2017
Current value of the bonds	1 064	946
Unrecognised past service costs	-	-
Fair value of the retirement assets	-	-
Net debt recognised	**1 064**	**946**

Analysis of movements between the start of the year and year-end in terms of gross commitment

(In millions of euro)	31/12/2018	31/12/2017
Obligations at the start of the financial year	**946**	**1 026**
Cost of services	(14)	(10)
Cost of previous services	-	-
Interest	14	10
Actuarial gains/losses related to turnover and changes in wages	118	(80)
Net debt recognised	**1 064**	**946**

All changes in the commitments given to staff are recognised under operating income.

5-year history

(In millions of euro)	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Current value of the bonds	1 064	946	1 026	938	991
Net commitments	**1 064**	**946**	**1 026**	**938**	**991**

6.14.
Non-current provisions

(In millions of euro)	31/12/2017	CHANGES IN CONSOLIDATION SCOPE	ALLOCATIONS	WRITE-BACKS USED	WRITE-BACKS NOT USED	EXCHANGE RATE DIFFERENCE	31/12/2018
Staff disputes	80	-	285	55	-	-	310
Other disputes	210	-	14	-	41	-	183
Financial risks	854	7	300	-	196	-	965
Total non-current provisions	**1 144**	**7**	**599**	**55**	**237**	**-**	**1 459**

6.15.
Financial instruments per category

(In millions of euro)	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL ASSETS AVAILABLE FOR SALE	VALUE ON THE CLOSING STATEMENT OF FINANCIAL POSITION	FAIR VALUE
Derivative financial instruments	-	-	-	-	-
Trade receivables (excluding advances and deposits)	48 058	-	-	48 058	48 058
Loans and other receivables	2 042	-	-	2 042	2 042
Cash and cash equivalents	16 953	-	-	16 953	16 953
TOTAL FINANCIAL ASSETS	**67 053**	**-**	**-**	**67 053**	**67 053**

(In millions of euro)	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL ASSETS AVAILABLE FOR SALE	VALUE ON THE CLOSING STATEMENT OF FINANCIAL POSITION	FAIR VALUE
Derivative financial instruments	-	-	65 113	65 113	65 113
Trade receivables (excluding advances and deposits)	-	-	26 621	26 621	26 621
Loans and other receivables	-	-	-	-	-
Cash and cash equivalents	-	-	14 891	14 891	14 891
TOTAL FINANCIAL ASSETS	**-**	**-**	**106 625**	**106 625**	**106 625**

The fair value of trade receivables, loans and cash corresponds to the value on the statement of financial position (short due date). The other fair values are level 2.

6.16.
Tax

(In millions of euro)	SOLDE	FRANCE	OTHER
Tax expense payable	(7 277)	(1 846)	(5 431)
Deferred tax expense	666	402	264
Total tax on profits 31/12/2018	**(6 611)**	**(1 444)**	**(5 167)**

(In millions of euro)	SOLDE	FRANCE	AUTRES
Tax expense payable	(6 416)	(2 272)	(4 144)
Deferred tax expense	473	234	239
Total tax on profits 31/12/2017	**(5 943)**	**(2 038)**	**(3 905)**

Proof of tax

The rate of tax on profits for the parent company is 28%;

(In millions of euro)	PRE-TAX EARNINGS	TAXES	RATES
Theoretical taxes	**27 909**	**(7 815)**	**(28,00%)**
CVAE (Contribution based on the value added produced)	-	(397)	(1,42%)
Tax rate variance compared to France	-	1 892	6,78%
Losses for the period for which no tax asset was recognised	-	(339)	(1,21%)
Deducted at source, China dividends	-	(271)	(0,97%)
Share of costs on Dividends	-	(146)	(0,52%)
IFRIC 16 impact	-	316	1,13%
IAS 21 impact	-	(46)	(0,16%)
IAS 29 impact	-	286	1,02%
CICE	-	96	0,34%
Tax integration: corporation tax capped at 28%	-	(80)	(0,29%)
Other	-	(109)	(0,39%)
Proof of tax 31/12/2018	**27 909**	**(6 611)**	**(23,69%)**

(In millions of euro)	PRE-TAX EARNINGS	TAXES	RATES
Theoretical taxes	**24 972**	**8 324**	**(33,33%)**
CVAE (Contribution based on the value added produced)	-	(352)	(1,41%)
Tax rate variance compared to France	-	3 210	12,85%
Losses for the period for which no tax asset was recognised	-	(499)	(2,00%)
Deducted at source, China dividends	-	(242)	(0,97%)
Share of costs on Dividends	-	(231)	(0,92%)
Change in French income tax rate from 33.33% to 28%	-	(166)	(0,66%)
IFRIC 16 impact	-	441	1,77%
IAS 21 impact	-	170	0,68%
CICE	-	125	0,50%
Other	-	(75)	(0,30%)
Proof of tax 31/12/2017	**24 972**	**(5 943)**	**(23,80%)**

Breakdown by type of underlying asset

(In millions of euro)	FIXED ASSETS	FINANCIAL INSTRUMENTS	STOCK	CURRENT ASSETS	PENSIONS SCHEMES	PROVISIONS	CURRENT DEBTS	OTHER	DEFERRABLE LOSSES	TOTAL
Deferred tax assets										
As at 31 December 2016	**-**	**-**	**1 524**	**(64)**	**235**	**95**	**167**	**198**	**22**	**2 174**
Changes in equity	-	-	-	-	-	-	-	-	-	-
Expense (or credit) on the income statement	-	(2)	376	101	-	23	13	52	-	563
Effect of change in the corporation tax rate at the start of the year	-	-	(278)	93	(38)	(16)	(4)	(33)	-	(277)
Foreign-exchange gains/ losses	-	-	-	-	-	-	-	-	-	-
Subsidiary acquisitions/sales	-	-	-	-	44	-	-	-	-	44
Other	-	-	-	-	24	-	-	-	-	24
As at 31 December 2017	**-**	**(2)**	**1 622**	**130**	**265**	**102**	**176**	**216**	**22**	**2 527**
Changes in equity	-	-	-	-	33	-	-	(241)	-	(207)
Expense (or credit) on the income statement	-	-	350	303	-	(42)	(3)	58	-	666
Effect of change in the corporation tax rate at the start of the year	-	-	-	-	-	-	-	-	-	-
Foreign-exchange gains/ losses	-	-	-	-	-	-	-	-	-	-
Subsidiary acquisitions/sales	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	(10)	-	40	-	-	-	30
As at 31 December 2018	**-**	**(2)**	**1 971**	**423**	**298**	**101**	**172**	**34**	**22**	**3 015**

(In millions of euro)	FIXED ASSETS	FINANCIAL INSTRUMENTS	STOCK	CURRENT ASSETS	PENSIONS SCHEMES	PROVISIONS	CURRENT DEBTS	OTHER	DEFERRABLE LOSSES	TOTAL
Deferred tax assets										
As at 31 December 2016	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in equity	-	-	-	-	-	-	-	-	-	-
Expense (or credit) on the income statement	-	-	-	-	-	-	-	-	-	-
Foreign-exchange gains/ losses	-	-	-	-	-	-	-	-	-	-
Subsidiary acquisitions/sales	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
As at 31 December 2017	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Changes in equity	-	-	-	-	-	-	-	-	-	-
Expense (or credit) on the income statement	-	-	-	-	-	-	-	-	-	-
Foreign-exchange gains/ losses	-	-	-	-	-	-	-	-	-	-
Subsidiary acquisitions/sales	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
As at 31 December 2018	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

(In millions of euro)	31/12/2018	31/12/2017
Total deferred net tax assets	3 015	2 527
Including deferred tax assets	3 015	2 527
Including deferred tax liabilities	-	-

Change in deferred tax assets

(In millions of euro)	2018	2017
Net balance as at 1st January	**2 527**	**2 174**
Imputed directly to equity for the year	(207)	-
Charged to the statement of other gains and losses for the year from comprehensive income.	-	-
Expenses (or income) for the year	667	564
Effect of change in the deferred tax rate at the start of the year	-	(277)
Foreign-exchange gains/losses	-	-
Subsidiary acquisitions	-	44
Subsidiary disposals	-	-
Other	29	22
As at 31 December	**3 015**	**2 527**

(In millions of euro)	31/12/2018	31/12/2017
Permanent differences	3 015	2 527
Losses capitalised	-	-
Total deferred tax assets	**3 015**	**2 527**
Less than one year	396	257
More than one year	2 619	2 270

Unrecognised deferred tax assets

(In millions of euro)	31/12/2018	31/12/2017
Deferred taxes for which a tax asset can be recognised	4 145	3 541
of which unrecognised	1 129	1 014
Recognised deferred tax assets	**3 015**	**2 527**

There is no time limit for allocating tax losses and credits.

Tax-benefit forecasts for certain subsidiaries have not allowed us to recognised tax losses taking into account their expiry date and a reasonable tax-projection period. Deferred tax assets not recognized amounted to €1,129K as at 31 December 2018 (€1,014K as at 31 December 2017). They concern losses carried forward.

6.17. Breakdown of Turnover

(In millions of euro)	31/12/2018	31/12/2017
Sale of goods - wholesale	235 444	225 218
Service sales (net of discounts)	5 019	4 568
Turnover	**240 462**	**229 786**

CONSOLIDATED TURNOVER En millions d'Euros	2018	2017	CHANGES 2018/20177	CHANGES IN CONSOLIDATION SCOPE AND CONSTANT EXCHANGE RATES (*)
Group turnover	**240,5**	**229,8**	**+4,6%**	**+10,7%**
1st quarter	54,4	54,1	+0,6%	+8,3%
2nd quarter	59,6	54,3	+9,7%	+17,1%
3rd quarter	57,1	52,7	+8,3%	+15,1%
4th quarter	69,4	68,7	+1,1%	+4,2%
Turnover for Europe	**116,3**	**115,2**	**+0,9%**	**+3,1%**
1st quarter	28,3	28,2	+0,3%	+2,5%
2nd quarter	27,4	27,0	+1,4%	+5,0%
3rd quarter	26,7	25,8	+3,4%	+6,1%
4th quarter	33,9	34,2	-0,9%	-0,3%
Turnover outside Europe	**124,2**	**114,6**	**+8,4%**	**+18,3%**
1st quarter	26,1	25,9	+0,8%	+14,6%
2nd quarter	32,2	27,3	+17,8%	+29,0%
3rd quarter	30,4	26,9	+13,0%	+23,6%
4th quarter	35,5	34,5	+3,0%	+8,6%

(*) For the year 2018, the impact of the change in consolidation scope rose to -0.6% (-€1.4 M) and the impact of foreign-exchange to -5.5% (-€12.5 M).

6.18.
Non-recurring operating income and expenses

(In millions of euro)	EXPENSES	INCOME	NET
Gains and losses from the disposal of assets	(378)	-	(378)
Exceptional departures/redundancy/wage expenses	(111)	-	(111)
Adjustments from prior financial years	-	186	186
Acquisition expenses	(207)	-	(207)
Total non-current operational income 31/12/2018	**(695)**	**186**	**(509)**

(In millions of euro)	EXPENSES	INCOME	NET
Gains from the disposal of assets	-	64	64
Retained at source for prior financial years (China)	-	416	416
Acquisition expenses	(279)	-	(279)
Other	(239)	20	(219)
Total non-current operational income 31/12/2017	**(518)**	**500**	**(18)**

6.19.
Financial income

The foreign-exchange gains and losses presented in the income statement under other financial income and expenses correspond to the income resulting from differences between, on the one hand, exchange rates on the date on which receivables and debts are recognised and, on the other hand, the rate on the date on which the debt is extinguished, this being the year-end closing rate (rate between the transaction currency and the operating currency of the entity concerned).

(In millions of euro)	31/12/2018	31/12/2017
Interest expenses		
Interest on bank overdrafts	(887)	(682)
Interest on bank borrowings	(1 056)	(1 066)
Interest on convertible bonds	-	-
Accretion of provisions	-	-
Fair value of interest-rate swap financial instruments	-	-
Cost of gross financial debt	**(1 943)**	**(1 748)**
Less the amount included in the cost of the assets		-
Foreign exchange gains	-	-
Other financial income	145	6
of which:		
Interest-rate swap costs	-	-
CAT fair value	-	-
Bank deposit interest	98	133
Dividends on investment securities	-	-
Other financial income	**243**	**139**
Foreign exchange loss	(1 912)	(2 300)
Other financial expenses	-	(192)
of which:		
Interest-rate swap costs	-	-
CAT fair value	-	-
Discounts awarded	-	-
Currency exchange adjustment	-	-
Other	-	(192)
Other financing costs	**(1 912)**	**(2 490)**
GENERAL TOTAL	**(3 612)**	**(4 101)**

In 2018, Argentina was added to the list of hyperinflationary economies according to criteria defined by standard IAS 29.

Companies operating in economies with high inflation within the meaning of standard IAS 29 are corrected on their non-cash items by inflationary effects between the closing rate and the reference index.

Eslingar and DELTA Batiment are the only Group entities concerned by the standard. Only tangible and intangible fixed assets and the inventory are considered as non-cash items in these Argentine companies.

The chosen reference index is the CPI - Consumer Price Index. As at 31/12/2018 it is 184.25% compared to 124.79% as at 31/12/2017.

The impacts of the initial application of the standard as at 31/12/2018 is a €2,275K reduction in exchange-rate differences on the income statement and a €2,408K reduction in reserves.

(In millions of euro)	31/12/2018	IAS 29 IMPACT	31/12/2018 RESTATED
Assets:			
Intangible, tangible and financial assets	5 392	1 119	6 510
Goodwill	2 545	- 630	1 915
Stocks	2 339	475	2 814
Liabilities:			
Equity, including earnings	4 260	2 408	6 668
Income statement:			
Financial income	1 042	2 275	3 317

6.20.
Expenses by type

Cost of goods sold (1)

(In millions of euro)	31/12/2018	31/12/2017
Purchase of goods	89 287	83 362
Purchase of raw materials	27 590	25 263
Additional expenses	6 754	7 048
Inventory change	(6 514)	(7 323)
Cost of goods sold	**117 118**	**108 350**

Variable expenses (1)

(In millions of euro)	31/12/2018	31/12/2017
Client insurance	568	593
Sales commissions	1 576	1 775
Transport expenses for sales	7 789	7 457
Royalties paid	(67)	(15)
Variable taxes	1 831	1 876
Year-end rebates - advertising contribution	1 390	1 213
Outsourced production and other expenses	5 323	5 355
Variable expenses	**18 410**	**18 253**

Fixed expenses (1)

(In millions of euro)	31/12/2018	31/12/2017
Inventory change of finished goods	(416)	328
Additional staff expenses	6 746	6 757
Advertising	2 581	3 462
Real-estate expenses	5 240	5 248
Equipment expenses	1 804	1 779
Fees	2 865	2 275
External services	4 042	4 374
Operating expenses	3 752	4 073
Losses on non-recoverable receivables	242	122
Impairments/Write-back of impairment	1 919	1 517
Depreciation/Write-back of depreciation	2 057	2 117
Fixed expenses	**30 833**	**32 054**

(1) The negative sums refer to income, the positive sums refer to an expense.

Other income and expenses

(In millions of euro)	31/12/2018	31/12/2017
Operating subsidies	15	15
Royalties received	-	-
Other income and expenses	221	337
Other income and expenses	**236**	**352**

In accordance with the French Commercial Code (art. R. 233-14-17) and the AMF regulation (art. 222-8) we mention that the statutory auditors fees for the company and members of their network paid by the DELTA PLUS GROUP for the year 2018, in comparison with the year 2017, is broken down as follows:

(In millions of euro)	VERAN & ASSOCIÉS		ARES X•PERT AUDIT		OTHER	
	Amount excluding taxes		Amount excluding taxes		Amount excluding taxes	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
Audit						
☐ **Statutory Auditors, certification and review of the individual and consolidated accounts**						
○ Issuer	58	58	58	58	-	-
○ Fully-consolidated subsidiaries	64	62	-	-	106	121
☐ **Other work and services directly related to the statutory auditors**						
○ Issuer	-	-		5	-	-
○ Fully-consolidated subsidiaries	-	-	-	-	5	5
Sub-Total	**122**	**120**	**58**	**63**	**111**	**126**
Other services rendered by networks to fully-consolidated subsidiaries						
☐ Legal, tax and employment related	-	-	-	-	-	-
☐ Other (to specify if > 10 of audit fees)	-	-	-	-	53	52
Sub-Total	**-**	**-**	**-**	**-**	**53**	**52**
TOTAL	**122**	**120**	**58**	**63**	**163**	**178**

6.21.

Staff costs

(In millions of euro)	31/12/2018	31/12/2017
Wages and Salaries	33 902	33 639
Social security costs	8 262	8 554
Remuneration paid in shares	144	197
TOTAL	**42 308**	**42 390**

DELTA PLUS GROUP workforce (full-time equivalent)

(In millions of euro)	31/12/2018	31/12/2017
Managers	191	186
Employees and workers	1 752	1 711
TOTAL	**1 943**	**1 897**

6.22.

Earnings per share

The calculation for basic and diluted earnings per share attributable to ordinary shareholders of the parent company is based on the following data:

(In millions of euro)	2018	2017
Net consolidated income - Group share	20 951	18 867
Number of shares as at 01/01*	7 183 603	7 290 258
Number of shares as at 31/12	7 150 759	7 183 603
Average number of shares	**7 167 181**	**7 236 931**
Net earnings per share over average number (in Euro)	**2,923**	**2,607**
Potential capital: share-subscription options	-	-
Number of total potential shares	**7 167 181**	**7 236 931**

** Restated for the division by two of the share-split occurring on 26/09/2017;*

(In millions of euro)	NET PROFIT (LOSS)	POTENTIAL NUMBER OF SHARES PRORATED	EARNINGS PER SHARE (EURO)
Net income from continuing Group Share operations per share	20 681	7 167 181	2,89
Options	-	-	-
Free shares allocated to employees	-	-	-
Net income from continuing Group Share operations diluted per share	**20 681**	**7 167 181**	**2,89**

6.23.

Dividends

- On 15 June 2018, a dividend of €0.60 per share was paid to shareholders (this being a total of: €4,415,224.80);
- Concerning the current year's earnings, the Directors are proposing awarding a dividend of €0.70 per share (making a total of: €5,151,095.60). The dividend will be submitted for the approval of the General Meeting of shareholders on 7 June 2019. It was not included in expenses payable in the financial statements.

6.24

Commitments given and received

Commitments to investments and operating leases

(In millions of euro)	31/12/2018	31/12/2017
Commitment for the acquisition of real estate	-	-
Commitment for the acquisition of other fixed assets	-	-
Operating leases	15 338	16 987
Guarantees	83 906	84 963
Other	12	16
TOTAL	**99 256**	**101 966**

Guarantees granted essentially concerning financial debts presented on the consolidated statement of financial position.

(In millions of euro)	AT LESS THAN ONE YEAR	FROM 1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Commitment for the acquisition of real-estate	-	-	-	-
Commitment for the acquisition of other fixed assets	-	-	-	-
Operating leases	4 551	8 191	2 596	15 338
Guarantees	9 935	4 354	69 618	83 906
Discounted bills not yet mature	-	-	-	-
Other	12	-	-	12
TOTAL	**14 498**	**12 545**	**72 213**	**99 256**

6.25.
Business combinations

Since 1 January 2018, DELTA PLUS GROUP has carried out external-growth operations.

The first was undertaken on 2 November 2018. DELTA PLUS GROUP acquired 100% of the shares in the companies D&S (sub-holding), DEGIL SAFETY and ONTARIO GLOVE & SAFETY, all three based in Canada and acquired from the same shareholder.

For more than 30 years, in the region of Toronto, the company DEGIL SAFETY and ONTARIO GLOVE & SAFETY have designed, manufactured, had manufactured and marketed a complete range of personal protective equipment. The products marketed by DEGIL SAFETY and ONTARIO GLOVE & SAFETY cover product families including those for protecting the head, hands and fall-prevention as well as a small range of work clothing.

Thanks to two production plants, located close to Toronto and Montreal, DEGIL SAFETY and ONTARIO GLOVE & SAFETY produce approximately a quarter of the products sold by the two companies (helmets, gloves and high-visibility clothing), the other products being sourced to suppliers located in Canada and Asia.

Over the years, these two companies have successfully developed a portfolio of loyal customers, make up of distributors, DIY chains and end-users. The integration of DEGIL SAFETY and ONTARIO GLOVE & SAFETY within the DELTA PLUS GROUP will enable these companies to accelerate the rate of growth on the Canadian market, accessing a large range of DELTA PLUS products over the long term. This integration should enable them to become a major player on this market, capable of offering a complete, multi-family range of products.

The second was carried out on 21 November 2018. DELTA PLUS GROUP acquired 51% of the shares in the company VERTIC Nederland BV based in Holland, with the aim of accelerating its development in this segment of activity in northern European markets.

Created ten years ago in the Rotterdam region, since 2015 VERTIC Nederland BV has been the sole distributor of the VERTIC range in the Netherlands, and more widely in the Benelux countries. The company also began, over recent years, to extend its activity in other countries of northern Europe, particularly in Scandinavia.

During its final year ending 31 December 2017, VERTIC Nederland BV achieved turnover of €3.1M, up 12% on the previous year. For the year 2018, it aims to maintain growth in its turnover of approximately 10%. Its operational profitability is close to 10% of turnover.

Over the years, VERTIC Nederland BV has successfully developed a portfolio of loyal end-user customers, thanks to the excellent technical competence of its teams, and to its responsiveness in deploying VERTIC solutions.

This partnership agreement should lead to strengthening the close collaboration between DELTA PLUS GROUP.

and the two founders of VERTIC Nederland BV who remain shareholders of the company with 49% of the shares, and directors of this subsidiary.

For DELTA PLUS GROUP, this partnership is also an opportunity to complement a large range of DELTA PLUS products already available on the Benelux market, which has stood out for the Group this year thanks to a particularly strong rate of growth.

(In millions of euro)	VERTIC NEDERLAND	ONTARIO GLOVE SAFETY	D&S HOLDING	DEGIL SAFETY	TOTAL BUSINESS COMBINATION
Net assets acquired and liabilities assumed:					
Intangible, tangible and financial assets	85	112	738	153	935
Stocks	431	913	-	2 085	3 429
Trade and other receivables	569	289	-	1 365	2 223
Cash and cash equivalents	-	-	-	214	214
Provisions for risks and charges	-	-	-	-	-
Interest-bearing borrowings	-	(78)	-	(2 326)	2 404
Other financial liabilities	-	-	-	-	-
Trade and other payables	(738)	(952)	(1)	(490)	(2 181)
Total net identifiable assets	**347**	**284**	**737**	**1 001**	**2 369**
Non-controlling interests	-	-	-	-	-
Goodwill	2 070	2 545	4 006	-	8 621
Total Goodwill	**2 070**	**2 545**	**4 006**	**-**	**8 621**
Consideration transferred:					
Cash	2 417	2 829	5 744	-	10 990
Price supplement	-	-	-	-	-
Total consideration transferred	**2 417**	**2 829**	**5 744**	**-**	**10 990**
Costs relating to the acquisition recognised in the financial statements as at 31 December 2018	**24**	**102**	**208**	**-**	**334**

As at 31 December 2018, goodwill was recorded for €8.621K.

The fair value of certain assets and debts are provisional pending the receipt of the final evaluation report.

The companies DEGIL SAFETY and ONTARIO GLOVE & SAFETY have contributed up to €1.0M to the Group's turnover between the acquisition date and the year-end date.

The company VERTIC Nederland BV has contributed up to €0.5M to the Group's turnover between the acquisition date and the year-end date.

6.26.

Related parties

The DELTA PLUS GROUP is controlled by the company JBP S.A.S., which holds 48.7% of the share capital. This company is owned by the Benoir family, the historic shareholder of the Group (members of the Board of directors). The Benoit family directly holds 8.9% of the share capital of DELTA PLUS GROUP. The remaining 42.4% remain owned up to 10% by Mr Ivo Boscardin and the remaining 32.4% by a large number of shareholders. The ultimate parent company is JBP SAS.

The following transactions were conducted with related parties:

Purchase of goods and services

(In millions of euro)	31/12/2018	31/12/2017
Joint ventures	-	-
Holding (1) (2)	2 487	1 160
Group subsidiaries	-	-
Members of the Benoit family	-	-
Companies controlled by the main directors (2) (3)	601	1 357
Total purchases of goods and services	**3 088**	**2 517**

(1) Jérôme Benoit as well as three other persons working mostly for the DELTA PLUS GROUP are employees or agents of the company JBP. This company re-invoices the DELTA PLUS GROUP for support and consulting services in the areas of management, administration and leadership of the Group companies and receives remuneration for its corporate mandates.

(2) Until 31 December 2017, the SCI DPG, which is owned by the Benoit family, leased all of the real estate complex located at Apt, which accommodates the headquarters of most of the Group's French companies, including the Apt logistics warehouse. Of the 2017 annual amount of €1,357K, the amount corresponding to rents paid by the DELTA PLUS GROUP to occupy a part of the real-estate complex is €27K. The balance of €1,330K corresponds to all rent paid by the French subsidiaries of DELTA PLUS GROUP to occupy the rest of the real-estate complex. Since 1 January 2018, the lessee of this real-estate complex is now JBP. The annual costs remain unchanged for DELTA PLUS GROUP and its subsidiaries.

(3) Since 1 January 2018, the companyJBP Polska has leased a real-estate complex located in Poland accommodating the Polish subsidiaries of the Group Delta PLUS POLSKA and Delta PLUS POLSKA SERWIS, for an annual overall rent of €601K.

The services that appear in the table above are all subject to agreements regulated between the issuer and the related parties, giving rise annually to the issuance of the special report of the statutory Auditors on the regulated agreements, reproduced on page 192 of the Document de Référence 2018.

Concerning the services rendered by the SCI DPG until 31 December 2017, it should be noted that only a part of the benefits mentioned in the previous table are charged to the DELTA PLUS GROUP within the framework of a regulated agreement. This is the same for those provided by JBP since 1 January 2018.

Remuneration of the main directors

(In millions of euro)	31/12/2018	31/12/2017
Salaries and other short-term benefits	594	682
Post-employment benefits	-	-
Other long-term benefits	-	-
Termination benefits	-	-
Remuneration paid in shares	11	11
Total remuneration of the main directors	**605**	**693**

Closing balances related to the sale and purchase of goods and services

(In millions of euro)	31/12/2018	31/12/2017
Receivables:		
Joint ventures	-	-
Holding	-	-
Members of the Benoit family	-	-
Companies controlled by the main directors	-	338
Debts:		
Joint ventures	-	-
Holding	5 255	3 628
Members of the Benoit family	-	-
Companies controlled by the main directors	-	-
Total closing balances related to the sale and purchase of goods and services	**5 255**	**3 966**

Receivables essentially come from sales and are payable within one month. Receivables are not guaranties and do not bear interest.

Debts essentially come from purchases and are payable within one month. Debts do not bear interest.

Not cost has been recognised for bad debts for amounts owed by related parties.

6.27.
Assets held for sale

Consequently, and in application of IFRS "assets held for sale and discontinued operations" the assets and liabilities of the entity NUEVA SIBOL SLU held in view of the sale are presented in the consolidated financial statements and in the cash flow table on a separate line.

The impacts are as follows:

(In millions of euro)	31/12/2018		31/12/2017	
	Assets	Liabilities	Assets	Liabilities
Non-current	279	-	364	-
Current	1 550	989	1 512	1 404
Total	**1 828**	**989**	**1 876**	**1 404**
Net assets held for sale	**840**	**-**	**472**	**-**

(In millions of euro)	31/12/2018	31/12/2017
Turnover	**2 951**	**3 149**
Current operating income	**346**	**377**
Non-current operating income	**(45)**	**(3)**
Operating income	**301**	**375**
Other financing costs	(16)	(15)
Other financial income	-	-
Pre-tax earnings on consolidated companies	**285**	**359**
Corporation tax	(16)	(62)
Earnings from discontinued operations	**270**	**297**

NOTE 7
SEGEMENT INFORMATION

In accordance with IFRS 8, operating segments, the information presented below for each operating segment is identical to that which is presented to the main operational decision-maker of the DELTA PLUS GROUP (the CEO and the Deputy CEO) for the purposes of decision-making concerning the allocation of resources to the segment and for assessing its performance.

The DELTA PLUS GROUP is structured around two operating segments: Europe and Outside-Europe.

Management measures the performance of each segments based on:

- Current operating income as defined in Note 3.3 of this appendix. Performance in terms of financing and cash flow (including the impact of financial income and expenses), and tax on profits, are monitored by the DELTA PLUS GROUP, and are not allocated to the segments.
- Segment assets defined as the sum of goodwill, inventory and trade receivables.

The data per segment follows the same accounting rules as those used by the DELTA PLUS GROUP to prepare the consolidated financial statements and described in the notes to the financial statements.

All inter-segment commercial relationships are established on a market basis, under terms and conditions similar to those governing the supply of goods and services to third parties external to the DELTA PLUS GROUP.

The following tables show the information relating to the segments of activity Europe and Outside Europe.

The Segment information presented to the Main Decision-Maker relative to continuing operations is presented below:

(In millions of euro)	31/12/2018				31/12/2017			
	EUROPE*	*OF WHICH FRANCE	OUTSIDE EUROPE	TOTAL	EUROPE*	*OF WHICH FRANCE	OUTSIDE EUROPE	TOTAL
Income:								
Total turnover	241 385	163 794	195 982	437 367	234 314	160 253	183 755	418 069
Inter-segment turnover	(123 135)	(99 194)	(73 769)	(196 904)	(119 190)	(96 130)	(69 093)	(188 283)
Total external turnover from continuing operations	**118 249**	**64 600**	**122 213**	**240 463**	**115 124**	**64 123**	**114 662**	**229 786**
Current operating income	15 643	5 094	16 386	32 030	15 223	4 557	13 868	29 091
Other income	228	225	39	267	346	210	153	499
Other expenses	(738)	(325)	(37)	(776)	-	-	(518)	(518)
Goodwill impairment	-	-	-	-	-	-	-	-
Operating income	15 133	4 995	16 388	31 521	15 569	4 768	13 503	29 072

(In millions of euro)	31/12/2018				31/12/2017			
	EUROPE*	*OF WHICH FRANCE	OUTSIDE EUROPE	TOTAL	EUROPE*	*OF WHICH FRANCE	OUTSIDE EUROPE	TOTAL
Balance sheet:								
Segment assets	**84 878**	**20 866**	**119 635**	**204 513**	**88 803**	**25 191**	**94 826**	**183 628**
Goodwill	42 859	1 228	48 678	91 537	40 821	1 228	40 084	80 905
Stocks	20 100	11 133	44 818	64 918	23 491	17 657	33 485	56 976
Trade receivables	21 919	8 505	26 139	48 058	24 491	6 306	21 257	45 748
Segment liabilities	-	-	-	-	-	-	-	-

The following table reconciles operating income with net income:

(In millions of euro)	31/12/2018	31/12/2017
Operating income	**31 521**	**29 073**
Cost of gross financial debt	(1 943)	(1 748)
Other financial income and expenses	(1 669)	(2 353)
Corporation tax	(6 611)	(5 943)
Net earnings on continuing activities	**21 298**	**19 029**

The following table reconciles the segment assets with total assets present on the statement of financial position:

(In millions of euro)	31/12/2018	31/12/2017
All segment assets	**204 513**	**183 628**
Unallocated assets	**55 381**	**46 494**
Intangible assets	1 578	1 318
Property, plant and equipment	18 870	7 087
Other financial assets	2 042	2 183
Deferred tax assets	3 015	2 527
Other receivables	11 095	15 423
Cash	16 953	17 956
Assets held for sale	1 828	-
Total balance-sheet assets	**259 895**	**230 123**

The following table reconciles the segment liabilities with total liabilities present on the statement of financial position:

(In millions of euro)	31/12/2018	31/12/2017
Total segment liabilities	**-**	**-**
Unallocated liabilities	**131 383**	**119 190**
Non-current financial liabilities	42 720	39 934
Commitments given to employees	1 064	946
Non-current provisions	1 459	1 144
Current financial liabilities	37 283	33 448
Current operating liabilities	38 737	39 017
Other current liabilities	9 130	4 701
Liabilities held for sale	989	-
Total balance-sheet liabilities	**131 383**	**119 190**

NOTE 8

SUBSEQUENT EVENTS

On 25 March 2019, the DELTA PLUS GROUP exercised the call option relative to 9% of the shares in the company Elvex which is still owned by minority shareholders. Following this transaction, DELTA PLUS GROUP hold 100% of ELVEX shares in the USA.

CHAPTER III STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED ACCOUNTS

Financial year ending 31 December 2018

At the General Meeting of the company Delta Plus Group

OPINION

In performing the duty entrusted to us by your General Meeting, we have carried out the audit of the financial statements of the company Delta Plus Group relative to the year-ended 31 December 2018 as attached to this report.

We certify that the consolidated accounts, prepared in compliance with the IFRS standards as adopted by the European Union, are true and sincere and fairly present the earnings from operations for the year-ended as well as the financial and asset position as at year-end, of all the companies included in the consolidation.

The opinion expressed above is consistent with the content of our report to the Board of Directors exercising the tasks of the specialist committee referred to in article L. 823-19 of the French Commercial Code.

BASIS OF THE OPINION

Audit terms of reference

We have conducted our audit in accordance with applicable French professional standards. We believe that the information that we have obtained is a sufficient and appropriate basis for our opinion. The responsibilities incumbent upon us under these standards are shown in the section "Responsibilities of the Statutory Auditors relative to the audit of the consolidated accounts" of this report.

Independence

We have conducted our audit task in accordance with the rules of independence applicable to us, over the period from 1 January 2018 to the issue date of our report and, in particular, have not provided services forbidden by article 5, paragraph 1 of EU regulation No. 537/2014 or by the ethical code of the Statutory Auditors profession.

JUSTIFICATION OF OUR ASSESSMENT - KEY POINTS OF THE AUDIT

In application of the provisions of articles L. 823-9 and R.823-7 of the French Commercial Code relative to the justification of our assessments, we draw your attention to the key points of the audit relating to the risk of significant misstatements which, according to our professional judgement, have been the most significant for the audit of the consolidated accounts for the financial year, as well as the responses that we have provided faced with these risks.

These assessments therefore fall within the scope of the audit of the annual financial statements, taken as a whole, and of the formation of our opinion as stated above. We do not express any opinion on elements of these financial statements taken in isolation.

Valuation of goodwill

Risk identified

Within the context of its growth, the group has been led to undertake targeted external growth operations and has recognised several items of goodwill. This goodwill is described in note 3.8 and corresponds in the present case to the surplus between, on the one hand, the total of:

- The fair value of the consideration transferred;
- The amount of any interest not granting control in the acquired company;
- The fair value on the acquisition date of the interest previously held by the buyer in the acquired company in the case of a business combination carried out in stages.

And on the other hand, the net balance of the amounts, on the acquisition date, of the identifiable assets acquired and the liabilities assumed.

Allocated to groups of cash-generating units (CGUs) are activities in which the companies acquired have been consolidated. Thus, the goodwill of the consolidated companies has been allocated to the CGUs.

Management ensures, in each financial year, that the book value of this goodwill, featured on the statement of financial position for a total of €91,537,000 is not greater than their recoverable amount and does not present a risk of loss in value. Yet, any unfavourable change in expected returns from the activities to which goodwill has been allocated, owing to internal or external factors (for example, related to the economic and financial environment in which the activity operates) is of the type to significantly impact the recoverable value, and to require the recognition of an impairment.

Such a change involves reassessing the relevance of all the assumptions used to determine this value as well as the reasonableness and consistency of the calculation parameters.

The impairment test method used are described in note 3.11 and the detail of the assumptions used are presented in note 6.3. Concerning the activity for Europe and Outside Europe, the recoverable values have been determined with reference to the value in use calculated based on the present value of the estimated future cash flows from the group of assets making up the activities.

Determination of recoverable values of the goodwill of Europe and Outside-Europe activities, which represent particularly significant amounts, rely very largely on the judgement of Management, particularly as regards to the growth rates used for projecting cash flow and the discount rate applied. We have therefore considered valuing goodwill for Europe and Outside-Europe activities as a key point of the audit.

Audit procedures implemented in response to this risk

We have examined the conformity of the methodology applied by the company to the accounting standards in force. We have also carried out a critical review of the methods for implementing this methodology and verified, in particular:

- the exhaustiveness of the items making up the book value of the group of CGUs relative to the Europe and Outside-Europe activity tested, and the consistency of how this value is determined with the way in which the cash flow projections have been determined for the value in use;
- the reasonableness of the cash flow projections in relation to the economic and financial context in which the Europe/Outside Europe activity is conducted, and the reliability of the process of establishing estimations by examining the causes of the differences between forecasts and what is actually achieved;
- the consistency of these cash flow projections with the latest estimates from Management as they have been presented to the Board of Directors within the context of budgeting processes;
- the consistency of the growth rate used for projected cash flow with market analyses and the consensus of the main players;
- the calculation of the discount rate applied to the estimated cash flows expected from the Europe activity and Outside Europe activity while verifying that the discount parameters making up the weighted average cost of capital of the CGU comprising the Europe activity and Outside-Europe activity (debt ratio, risk-free interest rate, market premium, unlevered beta, “specific” risk premium and cost of debt) would make it possible to achieve the rate of return that participants in the market would currently demand from such an activity;
- the sensitivity analysis of the value in use conducted by Management on a variation of the main assumptions used.

Finally, we have verified that notes 3.8, 3.11 and 6.3 gave appropriate information.

Specific verifications

We also conducted, in accordance with applicable professional standards in France, specific checks prescribed by law for information given in the report by the Board of Directors.

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

We certify that the consolidated statement of extra-financial performance provided for by article L. 225-102-1 of the French Commercial Code features in the information relating to group data in the management report, it being specified that, in accordance with the provisions of article L. 823-10 of the Code, the information contained in this Statement has not been verified by us in terms of fairness or its consistency with the consolidated financial statements and must be the subject of a report by an independent third party organisation.

Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

We have been appointed as Statutory Auditors of the company Delta Plug Group by the General Meeting of 19 June 2015 for the firm Veran & Associés and for the firm Ares X.pert Audit.

As at 31 December 2018, the firm Veran & Associés and the firm Ares X.pert Audit were in the 4th year of their tasks without interruption, it being, for each of the firms ten years since the shares of the company were submitted for trading on a regulated market.

Responsibilities of the Directors and of the persons charged with governing the company relative to the consolidated financial statements

It is the responsibility of the Directors to prepare the consolidated financial statements presenting a faithful impression in accordance IFRS standards as adopted in the European Union as well as to put in place the internal controls they deem necessary to prepare the consolidated financial statements free from material misstatement, whether these are the result of fraud or errors.

When preparing the consolidated financial statements, it is the responsibility of the Directors to assess the ability of the company to continue as a going concern, to present in these financial statements, where appropriate, the necessary information relative to the ability to continue as a going concern and to apply the accounting policy for going concerns, unless it has been decided to liquidate the company or to cease its activity.

It is the responsibility of the Board of Directors exercising the tasks of a specialist committee referred to in article L 823-19 of the Commercial Code to follow the process of preparing the financial information and to monitor the effectiveness of the internal control systems and risk management, as well as, where appropriate, of the internal audit, as regards the procedures relating to the preparation and processing of the accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors relative to the audit of the consolidated financial statements

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurances that the consolidated financial statements taken in their entirety are free of material misstatements. Reasonable assurance corresponds to a high level of assurance, without however guaranteeing that an audit carried out in accordance with the standards of professional practice automatically make it possible to detect any material misstatement. Misstatements can arise from fraud or result from errors and are considered as material when one can reasonably expect them to, taken individually or cumulatively, influence the financial decisions that the users of the financial statements may take based on these.

As specified by Article L. 823-10-1 of the French Commercial Code, our task to certify the financial statements does not consist in guaranteeing the viability or quality of the management of your company.

Within the framework of an audit conducted in accordance with standards of professional practice applicable in France, the Statutory Auditors exercise their professional judgement throughout this audit. In addition:

- they identify and assess the risks that the financial statements may carry material misstatements, whether these arise from fraud or result from errors, define and implement audit procedures to tackle these risks, and gather items that they deem sufficient and appropriate to provide a basis for their opinion. The risk that a material misstatement arising from fraud is not detected is higher than that of a material misstatement resulting from error, as fraud can involve collusion, falsification, deliberate omissions, false statements and the circumvention of internal controls;
- the auditor uses their understanding of the internal control relevant to the audit in order to define the appropriate audit procedures in the circumstances, and not for the purpose of expressing an opinion on the effectiveness of the internal control;
- the auditor assesses the appropriate character of the accounting methods employed and the reasonable nature of accounting estimations made by the management, as well as the information concerning them provided in the financial statements;
- the auditor assesses the appropriate nature of application by the management of the going concern principle and, according to the items gathered, the existence, or not, of significant uncertainty linked to events or circumstances liable to question the ability of the association to continue as a going concern. This assessment relies on the items collected up to the date of their report, it however being recalled that subsequent circumstances or events could question the capacity of the organisation as a going concern.

If they conclude that there is significant uncertainty, they shall draw the attention of the readers of the report to the information provided in the consolidated financial statements subject to this uncertainty or, if this information is not provided or is not relevant, they shall draw up a certificate with reservations, or shall refuse to certify;

- they assess the presentation of all consolidated financial statements and evaluate whether the consolidated financial statements reflect the underlying operations and events so as to provide a faithful impression.
- concerning the financial information of the persons or entities included in the scope of consolidation, it collects items that it deems sufficient and appropriate to express an opinion on the consolidated financial statements. It is responsible for the direction, supervision and completion of the audit of the consolidated financial statements as well as the opinion expressed on these financial statements.

Report of the Board of Directors exercising the tasks of the specialist committee referred to in article L. 823-19 of the French Commercial Code.e

We submit a report to the Board of Directors carrying out the tasks of the specialist committee referred to in article L. 823-19 of the French Commercial Code which presents, in particular, the extent of the audit work and the programme of work implemented, as well as the conclusions arising from our work. We also bring to its attention, where applicable, the significant weaknesses in internal controls that we have identified with respect to the procedures for preparing and processing accounting and financial information.

Included among the items disclosed in the report to the Board of Directors exercising the tasks of the specialist committee referred to in Article L.823-19 of the French Commercial Code is the risk of material misstatements which we consider to have been the most significant for the audit of the consolidated financial statements and which are therefore key points of the audit, which we are obliged to describe in this report.

We also provide the Board of Directors exercising the tasks of the specialist committee referred to in article L. 823-19 of the French Commercial Code with the statement provided for in Article 6 of (EU) Regulation No 537-2014 confirming our independence, within the meaning of the rules applicable in France as they are laid down, in particular, by articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics for Statutory Auditors. Where appropriate, we discuss with the Board of Directors exercising the tasks of the specialist committee referred to in article L. 823-19 of the French Commercial Code the risks weighing on our independence and the safeguarding measures applied.

Avignon and Montfavet, 18 April 2019

Statutory Auditors

VERAN & Associés
Pierre PHILIPPE
Statutory Auditors
Company representative

AREs X•PERT AUDIT
Olivier ROUSSET
Statutory Auditor
Company representative