LEADER MONDIAL DE LA PULVÉRISATION

DOCUMENT DE RÉFÉRENCE 2016

incluant le Rapport d'Activité et le Rapport Financier Annuel

Exercice du 1er septembre 2015 au 30 septembre 2016

Pulvérisation agricole

Arracheuses de betteraves

Pulvérisation et arrosage du jardin

Pulvérisation industrielle

DOCUMENT DE RÉFÉRENCE 2016

Incluant le Rapport d'activité et le Rapport Financier Annuel

Exercice du 1er septembre 2015 au 30 septembre 2016

In accordance with Article 212-13 of the General Regulation of the Autorité des Marchés Financiers (AMF), the original French language version of this Registration Document was filed with the AMF on January 27, 2017.

It may be used in connection with a financial transaction only if accompanied by a memorandum approved by the AMF. The original French language version of this document was prepared by the issuer and is binding on its signatories.

In compliance with the provisions of Article 28 of European Regulation 809/2004 of April 29, 2004, for selected information the reader is referred to the previous Registration Documents:

- the consolidated financial statements, separate annual financial statements and corresponding Statutory Auditors' reports for the fiscal year ended August 31, 2015 contained in the Registration Document filed with the AMF on December 31, 2015.
- the consolidated financial statements, separate annual financial statements and corresponding Statutory Auditors' reports for the fiscal year ended August 31, 2014 contained in the Registration Document filed with the AMF on December 30, 2014.

Message from the Chief Executive Officer

Dear shareholders,

In January 2016, with the acquisition of ET Works in the USA, we took a strategic position in the American agricultural self-propelled sprayers market, which is the world's largest market. This is in line with our strategy for an international presence in all of our markets.

In the 2015-2016 fiscal year, EXEL Industries Group achieved sales of €819.3 million over 13 months and our income is continuing to improve thanks to our action plan to reduce WCR and to our cost improvement plans implemented in the previous fiscal year.

To further our long-term growth, we have devoted a large part of our income, this year and next, to real estate and property investments at our manufacturing sites in Germany, the Netherlands and Denmark.

We also have a very dynamic innovation policy. We have filed 25 new patents compared to an average of eight per year previously. This year we are launching even more new initiatives in all of EXEL Industries areas of activity.

The men and women who make up EXEL Industries Group devote all of their professionalism to meeting our customers' requirements.

Our international growth strategy, which has been under way for several years, provides assurance for us in this context.

The outlook for our Industrial Spraying solutions business is very positive. The merger of KREMLIN REXSON and SAMES will create a global player able to provide better solutions for our customers.

In our Garden spraying and watering business, Hozelock will continue its international growth, particularly in Europe, thanks to its partnerships with CARREFOUR and KINGFISHER.

The outlook for our Agricultural Spraying solutions business is good in Eastern Europe and in Australia and we are anticipating the beginning of a recovery in the USA. However, in France, the outlook for 2017 looks poor and restructuring activities will be implemented at our plants.

For the Sugar beet harvesters activity, the increase in planted areas in Western Europe and the renewal of the aging installed base in Russia and Ukraine suggest an increase in sales in 2017.

Our Group is based on our four business areas, an entrepreneurial spirit and a flexible organization. These are assets that enable us to grow and progress.

The men and women who make up EXEL Industries Group are loyal, motivated and devote all of their professionalism to meeting our customers' requirements.

Our family business carries strong human values.

We seek an emotional connection in our relationship with our customers and the way that they use our products. This enables us to design unique, innovative solutions and gives us a definite competitive advantage.

Tomorrow's challenges are the drivers of our growth: feeding more people on the planet, the increasing scarcity of resources, the management of water and respect for the environment.

Our strategy of international development, innovation, profitable and sustainable growth, along with the trust of our customers, suppliers and banking partners, mean that we will be able to achieve sales of €1 billion while continuing to improve our profitability.

Guerric Ballu

Chief Executive Officer, EXEL Industries Group

1 Information on the Registration Document

1.1 Person responsible for the Registration Document

Guerric Ballu

CEO

1.2 Responsibility statement

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

I declare that, to the best of my knowledge:

The financial statements have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the Company and all consolidated operations;

And that the Annual Report for the fiscal year faithfully presents business trends, the results and financial position of the Company and all consolidated operations and the description of the main risks and uncertainties.

I have obtained a completion of work letter from the Statutory Auditors in which they indicate that they have verified the information concerning the financial position and the financial statements presented in this Registration Document and have read the entire Registration Document.

The historical financial information presented in this document was the subject of the reports by the Statutory Auditors that appear on pages 79 and 89 for the fiscal year ended September 30, 2016 and on page 1, which is included for reference purposes, for the fiscal years ended August 31, 2015 and August 31, 2014.

January 27, 2017

Guerric Ballu

CEO

1.3 Auditors

Statutory Auditors

The financial statements for the 2015/2016 fiscal year were approved by:

- **SA DELOITTE & Associés**

  Appointment date: January 21, 2015

  End of term: expiring on the date of the Ordinary General Meeting called to approve the financial statements for the fiscal year ended in 2021.

- **SA MAZARS**

  Appointment date: January 21, 2015

  End of term: expiring on the date of the Ordinary General Meeting called to approve the financial statements for the fiscal year ended in 2021.

Alternate Auditors

- **SAS BEAS**

  Appointment date: January 21, 2015

  End of term: expiring on the date of the Ordinary General Meeting called to approve the financial statements for the fiscal year ended in 2021.

- **Mr. Alain Chavance**

  Appointment date: January 21, 2015

  End of term: expiring on the date of the Ordinary General Meeting called to approve the financial statements for the fiscal year ended in 2021.

1.4 Responsibility for information

Guerric Ballu

SA EXEL Industries

Headquarters: 54, rue Marcel Paul - 51200 Épernay
RCS REIMS 095 550 356

Main site: 52, rue de la Victoire - 75009 Paris, France
RCS PARIS 095 550 356

Tel.: + 33 (0)1 71 70 49 50

1.5 Shareholder information and investor relations

1.5.1 Financial communications

EXEL Industries provides extensive information to shareholders, the financial community and the public through:

- its Annual Report/Registration Document filed with the French financial market authority, the AMF;
- the publication of financial announcements and press releases;
- quarterly newsletters;
- regular meetings with journalists, analysts and investors;
- visits to our manufacturing sites;
- a website with a section dedicated to financial and legal communications.

Moreover, since November 2008, EXEL Industries has been a partner of the FFCI (French Federation of Investment Clubs), an independent not-for-profit association serving the community of individual investors.

1.5.2 Access to information

Documents are available on request and can be downloaded from our website:

www.exel-industries.com, under the "Finance" heading.

For the period of validity of this Registration Document, the articles of association, Statutory Auditors' reports and the financial statements for the last three fiscal years, as well as all reports, correspondence and other documents and the historical financial information of EXEL Industries and its subsidiaries for the last three fiscal years and all other documents provided for by law, may be consulted in the Legal and Finance Departments at the Company's main site at 52 rue de la Victoire, Paris (75009), France.

1.5.3 2015-2016 publications

December 21, 2015	First-quarter sales
January 12, 2016	Annual General Meeting
March 17, 2016	Second-quarter sales
April 21, 2016	First-half results
June 23, 2016	Third-quarter sales
September 1, 2016	Annual General Meeting
October 27, 2016	Fourth-quarter sales
December 20, 2016	Full-year results

1.5.4 Shareholders' diary 2017

January 24, 2017	First-quarter sales
February 9, 2017	Annual General Meetings
April 20, 2017	Second-quarter sales
June 15, 2017	First-half results
July 20, 2017	Third-quarter sales
October 26, 2017	Fourth-quarter sales
December 19, 2017	Full-year results

1.5.5 Brokerage and research firms covering EXEL Industries Group

- GILBERT DUPONT (CREDIT DU NORD);
- ID MIDCAP;
- ODDO SECURITIES;
- PORTZAMPARC.

2 Presentation of the Group

2.1 History of the Group

In 1946, Vincent Ballu, civil engineer and father of the current Chairman of the Board of Directors, invented, developed and built the prototype of the first wine grower "high-clearance tractor" for use in the vineyards of the famous Champagne producer Moët et Chandon. In 1947, this achievement won its inventor first prize from the Association Viticole Champenoise and marked the beginning of automation for wine growing in Champagne and subsequently all narrow vineyards.

1952

Creation of TECNOMA, a marketing company for the high-clearance tractors.

1953

TECNOMA becomes a local dealer for VERMOREL spraying equipment.

1959

TECNOMA invents the first synthetic resin sprayer.

1960

TECNOMA takes over manufacturing of its new sprayers.

1966

Acquisition of former market leader VERMOREL, ULYSSE FABRE and LACHAZETTE.

1967

First export award.

1975

Launch of first garden spraying equipment with synthetic resin injection.

1980

Death of the company's founder: Vincent Ballu.

Patrick Ballu, graduate of the top French engineering school, Arts et Métiers, and a CPA, succeeded his father. The Company sales reached nearly FFR 80 million (€12.2 million).

1986

The Epernay plant is modernized, new line of agricultural sprayers. Takeover of RAM and CARUELLE in the Orleans area and NICOLAS in Agen.

1987

EXEL Group formed and acquisition of BERTHOUD, the top company in France in sprayers for farm and garden, along with its subsidiaries SEGUIP, THOMAS and PERRAS. The EXEL Group triples in size to become a world leader in spraying equipment for plant protection.

1988

The company is voted "The Most Innovative French Business".

1989

Acquisition of VITITRAC and LOISEAU, competitors in the high-clearance tractor segment.

1990

Acquisition of PRECICULTURE, the French leader in agricultural self-propelled sprayers.

1993

Group legal structure simplified around EXEL Industries as the holder of most of the trademarks and patents.

1996

Acquisition of KREMLIN, the French market leader in painting equipment. After having established positions in the agriculture and consumer segments, the EXEL Group expands into the industrial market.

1997

The EXEL Group takes the corporate name of EXEL Industries and is traded on the Paris Bourse's Second Market.

1998

Consolidated sales exceeds the FFR1 billion milestone (€150 million).

1999

Acquisition of EUROTEC (UK).

2000

The size of the PRÉCICULTURE plant is doubled. Acquisition of FISCHER and REXSON. EXEL Industries becomes the world No. 3* for materials protection.

2001

Acquisition of SAMES, No. 2 worldwide* for electrostatic Industrial Spraying, and MATROT, French leader for agricultural self-propelled sprayers.

2003

Merger of KREMLIN and REXSON.

Acquisition of HERRIAU (Plant Protection).

2006

Acquisition of CMC (*Constructions Mécaniques Champenoises*), a specialist in high-clearance tractors for wine growers.

2007

Acquisition of MOREAU, the French leader in sugar beet harvesters. EXEL Industries thus becomes a major European player in the sugar beet harvesters market.

Acquisition of the Danish group HARDI, No. 2 worldwide in agricultural sprayers. Through this acquisition, EXEL Industries consolidates its global leadership in the Plant Protection business.

2009

Acquisition of JOHNSTONE USA. EXEL Industries strengthens its position in the Material Protection business in North America.

2012

Acquisition of AGRIFAC, a Dutch company specializing in Agricultural Spraying solutions and sugar beet harvesters.

Acquisition of the British company HOZELOCK, one of the leading European manufacturers of gardening equipment with a product range including watering, spraying, reinforced hoses (TRICOFLEX brand) and aquatics.

2013

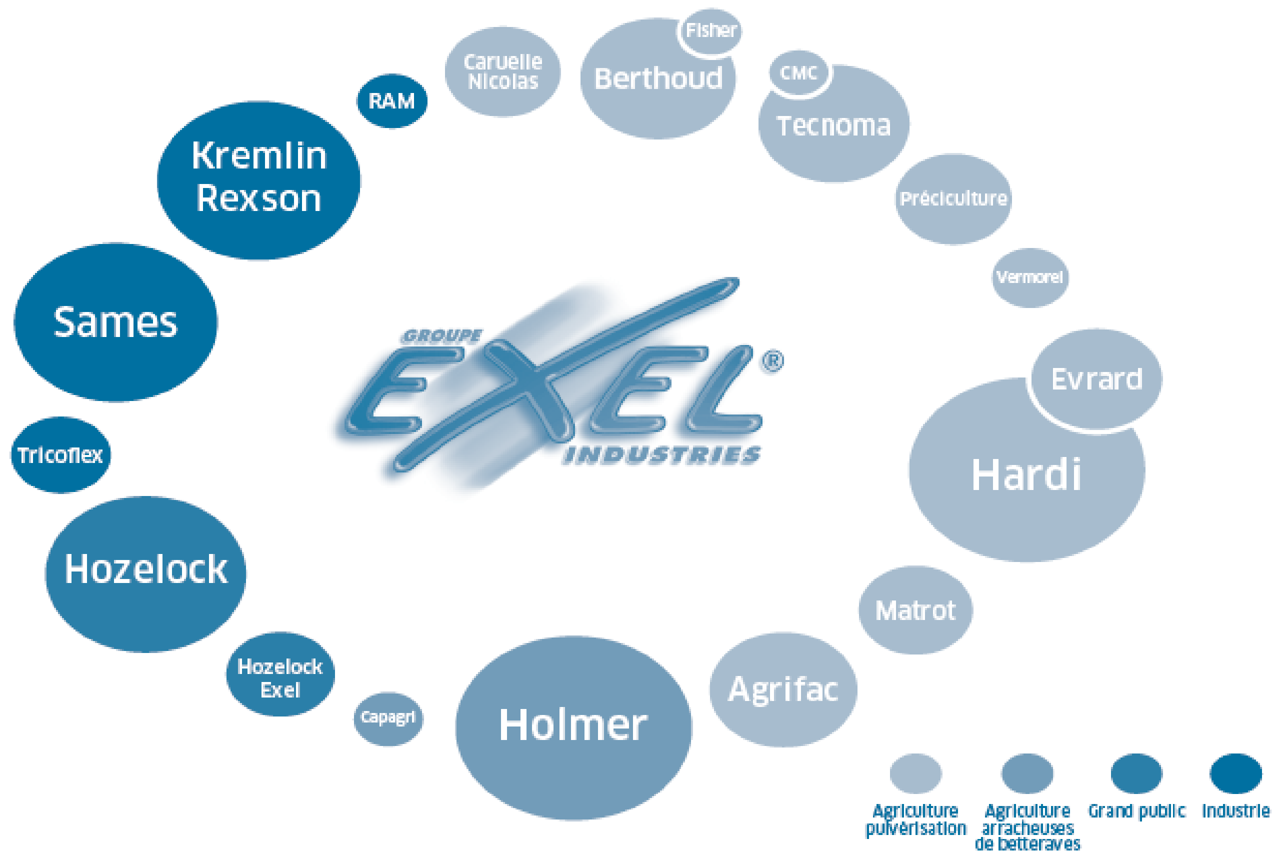
Acquisition of the German group HOLMER, the historical leader on the sugar beet harvester market, with a global presence. EXEL Industries becomes the world leader on the sugar beet harvester market.

2016

Acquisition of the ET WORKS group, a US company specialized in Agricultural Spraying solutions

Sale of the HERRIAU seeders.

2.2 Organization chart of EXEL Industries Group at September 30, 2016



Agriculture spraying	Agriculture sugar beet harvesters	Consumer	Industry

2.3 Business overview of the EXEL Industries Group

The Group has **four businesses:**

Agricultural Spraying solutions	Sugar beet harvesters	Garden spraying and watering	Industrial Spraying solutions

2.3.1 Group businesses and products

2.3.1.1 Agricultural Spraying solutions

EXEL Industries' historical business is the manufacture of spraying equipment for plant protection for professional, semi-professional and consumer agricultural applications. The sprayer makes it possible to deliver just the right amount of product to protect and treat plants as needed.

Sometimes called phytomedication or phytosanitary products, plant health products include herbicides (to fight against weeds), insecticides (to protect against attack by insects), fungicides (to protect against fungal and mildew attack), liquid fertilizers, and other products.

Spraying equipment design requires expertise in cutting-edge technologies that are both environmentally friendly and safe for the operators.

This equipment must comply with a significant number of demanding safety and environmental standards. For this reason, new players need to obtain product certification before they can be introduced on the market.

A summary of key regulations and standards in force is provided below:

- European Directive 2006/42/EC (the amended "Machinery Directive" entered into effect on December 29, 2009) setting key European safety requirements for agricultural equipment manufacturers. For sprayers, this Directive is based on EN ISO 4254, parts I and VI;
- amendment to the Machinery Directive (Directive 2009/127/EC adopted by the European Parliament on April 22, 2009). This amendment that concerns only sprayers, supplements requirements laid down by the directive on machine safety with a specific section on the "Environment". As of December 15, 2011, new sprayers marketed in the EU must comply with these new environmental standards;
- Directive 2009/128/EC on the sustainable use of pesticides (adopted by the European Parliament in January 2009) establishes a framework for Community action with respect to the use of plant health products within Europe, through measures such as user training, obligatory inspection of sprayers, phytosanitary effluent management, adherence to best practices, etc.;
- obligatory operating safety certification for high-clearance tractors, self-propelled vehicles and trailed sprayers, both in France and other European countries;
- Decree of September 12, 2006 on the use of phytosanitary products that notably encourages manufacturers to offer sprayers in France meeting new requirements for tank filling (overflow prevention systems), dilution of tank bottom residue and reduction of spray drift;
- new French "Water Act", adopted on December 20, 2006, that has imposed a requirement for regular technical inspections (every five years) of all sprayers, mandatory since January 1, 2009;
- the Ecophyto action plan adopted by the French government to reduce the use of plant health (phytosanitary) products and strengthen prevention measures in the area of user safety and health;
- French Agricultural Act 2014-1170 of October 13, 2014, laying down new provisions on plant treatment restrictions near public places.

As a result, these requirements call for a high level of precision in the application of plant health (phytosanitary) products and demand that the "right dose in the right place at the right time" be applied at all times. For example, nozzle flow must not vary by more than 5% from nominal flow, and transversal distribution under the boom must be perfectly uniform (<7% variance).

Sprayers must consequently be very reliable, ready for use at all times and easy to rapidly adjust for each new application.

Sprayers are the most frequently used equipment after tractors. They are used nearly eight months out of the year to perform 4 to 20 treatments depending on the type of crop. The reliability of the spraying equipment is vital to guarantee the quality and yield of the crop and is the decisive factor in the effectiveness of all plant care products.

The annual cost of the spraying equipment is often less than 5% of the annual plant protection budget for which it is a key component to achieve good application results. We therefore understand the importance of its performance quality in contributing to controlling and optimizing farmers' operating costs. Faced with the new challenges of globalization and changing agricultural subsidy policies (in particular the EU's Common Agricultural Policy), it is increasingly important for farmers to effectively identify and manage mechanization-related costs. The focus on productivity per hectare is gradually shifting in favor of human productivity. This new challenge entails:

- simplified crop itineraries (no-till direct seeding, for example);
- sustainable farming;
- spraying:
  - more accurate (GPS connections to adjust quantities according to requirements in the field),
  - faster (reducing time required to cover larger farms),
  - safer and more reliable (adapting and meeting specified requirements for quantities for improved efficiency),
  - better managed (preprogrammed treatment for more efficient delivery),
  - and traceability ensured (providing tools if required to demonstrate proper compliance with regulations).

Spraying equipment may be motorized (self-propelled), carried or trailed by a tractor. An agricultural sprayer costs between €2,000 and €150,000 depending on the size, performance and degree of sophistication. The most elaborate may offer a number of options (on folding, geometry, height, etc.). Controlling spraying doses per hectare, preparing and finishing (filling, dosage, mixing, cleaning, etc.) can be remotely controlled from the cabin and even regulated electronically, during both the preparation (filing, dosage, mixing, cleaning, etc.) and crop spraying phases.

All these improvements fall within the scope of "sustainable and precision farming" that respects the nutritional quality of food products, health and the environment, where spraying equipment plays a major role.

For fertilizers and plant care products different spraying techniques are used. For example:

- **air blast sprayer:** droplets are created by pressurization of the liquid (2 to 50 bars);
- **aero-convection or carried jets:** the droplets generated by the pressure of the liquid are transported by a stream of air created by a ventilator. It is often used in arboriculture to ensure the droplets reach deep into the foliage;
- **pneumatic:** this form of spraying is produced by the high air speed (several hundred km per hour) generated by a centrifugal ventilator which also sprays the liquid arriving at the center of the air jet. This technique is used in vineyards or crops needing a strong penetration at a highly localized position;
- **centrifugal:** the liquid directed without pressure to the center of a disc carried at high speed by an electric motor, is sprayed on its periphery. The size of the drops is directly related to the speed of the disc which provides a highly homogeneous spectrum of droplets. This technique is used to apply much more concentrated products (with ten times less water transported), for example to treat cotton in Africa by using wind drift.

A wide range of sprayers is offered by each of the Group's major brands: AGRIFAC, BERTHOUD, CARUELLE, EVRARD, HARDI, MATROT, NICOLAS, SEGUIP, THOMAS and TECNOMA, to cover all market requirements.

Description of Group companies

EXEL Industries has 17 direct subsidiaries: AGRIFAC, TECNOMA, BERTHOUD, CARUELLE NICOLAS, HARDI, PRÉCICULTURE, CMC, VERMOREL, EMC, AGRIFAC, MATROT and CAPAGRI:

TECNOMA Technologies, based in Épernay in the Marne region, designs, manufactures and markets a wide range of Agricultural Spraying equipment under the TECNOMA brand name. In addition, it distributes high clearance tractors for vineyards, used mainly for spraying, under the TECNOMA, LOISEAU and VITI LABEL brand names.

It also manufactures and distributes components for other companies, and in particular Group companies (tanks, injection components, etc.).

The company had sales of €46.8 million in the fiscal year, compared with €42.5 million the previous fiscal year.

BERTHOUD Agricole, located in Belleville-sur-Saône in the Rhone region, designs, manufactures and markets Agricultural Spraying equipment for large-scale crops, vineyards, and fruit trees. The BERTHOUD range covers all market requirements with over 120 product groups. BERTHOUD, the leading brand on the French market, recorded sales of €53.1 million in the fiscal year, compared with €46.2 million the previous year.

CARUELLE NICOLAS, located in Saint-Denis de l'Hôtel in the Loiret region, designs, manufactures and markets spraying equipment sold under its four brand names: CARUELLE and SEGUIP (spraying equipment with booms for large farms) and NICOLAS and THOMAS (turbine-driven sprayers used to treat vineyards and fruit trees).

It recorded sales of €17.9 million in the fiscal year compared with €15.2 million in the previous fiscal year.

The HARDI Group, with its head office in Nørre Alslev in Denmark, designs, manufactures and markets a very broad range of agricultural sprayers for large-scale crops, vineyards, fruit orchards, golf courses, parks and gardens.

The HARDI Group is comprised of nine companies throughout the world. This includes HARDI-EVRARD and HARDI Service in France, as well as eight production sites in Denmark, France, Australia, USA and Spain. This makes HARDI one of the leading worldwide brands for Agricultural Spraying equipment.

The HARDI Group posted sales of €147.7 million in the fiscal year, compared with €125.7 million in the previous fiscal year.

PRÉCICULTURE, based in Fère-Champenoise in the Marne region, designs and manufactures self-propelled chassis for the BERTHOUD, CARUELLE, SEGUIP and TECNOMA brands. Each company then installs its own spraying equipment on the chassis and markets the end product: a self-propelled sprayer.

PRÉCICULTURE also manufactures high-clearance tractors marketed by CMC and TECNOMA, which equip them with their spraying equipment.

It recorded sales of €40.6 million in the fiscal year compared with €33.3 million in the previous fiscal year.

CMC (***Constructions Mécaniques Champenoises*)**, established at Épernay in the Marne department, joined the EXEL Industries group in July 2006. It markets a complete range of high-clearance tractors for use in vineyards.

It recorded sales of €3.5 million in the fiscal year compared with €2.6 million in the previous fiscal year.

VERMOREL, based in Ploiesti in Romania, manufactures mechanically-welded sub-assemblies for the rest of the Group.

It recorded sales of €3.7 million in the fiscal year compared with €2.4 million in the previous fiscal year.

EMC, based in Volgograd in Russia, manufactures and markets agricultural sprayers for the Russian market and sells under different EXEL Industries brands.

It recorded sales of €7.5 million in the fiscal year compared with €4.6 million in the previous fiscal year.

The AGRIFAC Group, headquartered in Steenwijk in the Netherlands, was acquired in July 2012. Agrifac manufactures and markets high-end self-propelled sprayers under the Condor brand name and high-end trailed sprayers under the Milan brand name. AGRIFAC also manufactures tanker harvesters marketed under the HOLMER EXXACT brand name. The company has subsidiaries in England and in Australia.

AGRIFAC's sales, which is consolidated in the financial statements of EXEL Industries for the whole of the 2015/2016 fiscal year, amounted to €67.1 million compared with €57.7 million in the previous fiscal year.

MATROT Équipements is mainly present in the French market, manufacturing agricultural self-propelled sprayers. MATROT Équipements, based in Noyers Saint-Martin in the Oise region, mainly manufactures agricultural self-propelled sprayers.

It recorded sales of €16.6 million in the fiscal year compared with €13.3 million in the previous fiscal year.

ET Works group, whose headquarters is located in Mooresville in the state of Indiana in the USA, was acquired in January 2016. ET Works manufactures and markets high-end self-propelled sprayers under the Apache brand name. The company has four commercial subsidiaries in the USA.

Consolidated in the financial statements of EXEL Industries for a nine-month period, ET Works sales for the 2015/2016 fiscal year amounted to €47 million.

2.3.1.2 Sugar beet harvesting

Sugar beets can be harvested using different processes: with a self-propelled harvester attached to a tractor, a self-propelled harvester or a tanker harvester.

The first process requires the use of a tractor with a leaf stripper attached at the front, and a lifting unit at the rear. The sugar beets are left in swaths on the soil and must then be picked up by a loader. This process is disappearing in Europe, but is still widely used in the United States.

Self-propelled harvesters lift the sugar beets which are transferred directly into a storage tank moving alongside the machine. A small hopper measuring 5 to $7m^3$ is used to contain a buffer stock during the time taken for the storage tank to be replaced by the next one. Used only in France, this type of equipment is increasingly giving way to larger and more powerful tanker harvesters.

Tanker harvesters have a storage capacity that allows the beets to be lifted and the harvest only transferred when the storage capacity has been reached. The storage capacity of tanker machines varies between 12 m^3 and 40 m^3. They allow the tanks needed for storage to be eliminated or greatly reduced.

When the tanker harvester has emptied its harvest at the end of the field, a sugar beet cleaning loader collects the beets and transfers them to a transport container, which then takes them to the sugar refinery.

Sugar beet harvesters are very technologically advanced machines, as they need to penetrate the ground to lift the beets without damaging them and while bringing up as little soil as possible, whatever the weather conditions, land quality and field topology.

Our Research and Development work aims to further improve the availability rate of the machines (seasonal use 24 hours a day, seven days a week), increase their beet lifting productivity, enhance lifting quality and cleaning, reduce fuel consumption and limit soil compaction.

Sugar beet harvester design requires expertise in cutting-edge technologies that are both environmentally-friendly and safe for the operators.

A wide range of sugar beet harvesters and cleaning loaders is offered under the HOLMER Exxact brand, manufactured by the following Group subsidiaries: HOLMER and AGRIFAC.

Description of Group companies

CAPAGRI, located in Maizy (Aisne), manufactures and markets equipment parts, mainly for sugar beet and potato harvesters. It recorded sales of €1.9 million in the fiscal year compared with €1.0 million in the previous fiscal year. CAPAGRI relocated to the HOLMER Exxact site in July 2015 to operate its trading business.

HOLMER Exxact, based in Noyelles-sur-Escault in Northern France, joined the Group in July 2007. It designs, manufactures and markets beach cleaners. As of July 2015, HOLMER Exxact is a wholly-owned subsidiary of HOLMER Maschinenbau GmbH. Its sales is therefore consolidated in the financial statements of HOLMER.

HOLMER, based in Eggmühl (Bavaria), Germany, manufactures and markets tanker harvesters, cleaning loaders and high-capacity systems tractors. HOLMER has a production site in Germany and six commercial subsidiaries in France, Poland, the Czech Republic, Ukraine, the USA and Turkey. HOLMER also has a representation office in Beijing, China.

HOLMER's sales, which is consolidated in the financial statements of EXEL Industries for full-year 2015-2016, amounted to €117.5 million (including HOLMER Exxact) compared with €127.8 million the previous fiscal year.

2.3.1.3 Garden spraying and watering

Through its HOZELOCK, BERTHOUD, TECNOMA, LASER and COOPER PEGLER brands, the EXEL Industries Group, a global leader in the consumer watering and plant protection market, offers innovative, high-quality products to provide solid and efficient solutions for consumers and semi-professional gardeners.

Watering tools are used to irrigate the garden, flowers, vegetables and other plants, including in pots. HOZELOCK has a comprehensive and diverse line-up of products in each category. It is the market leader in the UK and Scandinavia, and also has a large market share in Europe and Australia.

Garden sprayers make it possible to treat plants with fertilizer and protect them against weeds and other pests. In the field of vegetable production, EXEL Industries manufactures and distributes a range of spraying equipment for consumers and the semi-professional segment in France and Europe under the BERTHOUD brand, which has a reputation for the quality of its products in the agricultural sector. TECNOMA and HOZELOCK garden sprayers complement the BERTHOUD brand in France and in the international market. The

EXEL Industries Group also manufacturers and distributes a range of garden spraying equipment under the Cooper Pegler brand, recognized for its sturdiness and reliability in the agricultural markets of the UK, Latin America, South America and Africa.

As an alternative to sprayers, the Group also offers high-performance thermal weeders. This product range has increased in importance as consumers focus on alternatives to chemical weeding. It also meets new legal requirements concerning phytosanitary products for green spaces and private gardens in France and internationally.

The EXEL Industries Group also manufactures and markets a range of professional garden sprayers to meet the specific needs of industrial markets (in particular the building trade). These products are marketed under the Laser Industrie brand name.

Description of Group companies

HOZELOCK is based in Birmingham, UK. It assembles and markets gardening equipment, with a product range in watering, plant protection, reinforced hoses and aquatics. The HOZELOCK Group has five subsidiaries in Europe and around the world.

For the 2014/2015 fiscal year, the HOZELOCK Group recorded €71.5 million in sales, compared to €74.4 million the previous year.

HOZELOCK EXEL is based in Villefranche-sur-Saône (Rhône region). It designs, assembles and markets spraying equipment for semi-professional users and gardeners, as well as drawing and watering pumps and a range of misting equipment. The company also offers alternatives to sprayers for weeding, in the form of thermal and electric weeders.

The company has a major share of the market in France through its consumer brands, including BERTHOUD, TECNOMA and LASER. Its products are also distributed throughout Europe. HOZELOCK EXEL had sales of €34.1 million in the fiscal year, up from €33.5 million in the previous fiscal year.

2.3.1.4 Industrial Spraying solutions

The EXEL Industries Group's Industrial Spraying activity comprises the following subsidiaries: KREMLIN REXSON, SAMES, TRICOFLEX and RAM Environnement.

Industrial Spraying solutions cover: protection, finishes, lubrication and pollution clean-up.

The products developed by these companies are used to prepare, distribute, dose, mix and apply all types of liquid, powder or thick products on a range of different materials, such as wood, metal, plastic, glass, or leather.

2.3.1.4.1 Industrial Spraying solutions

The Group currently has two brands in this market with clearly defined complementary positions :

- KREMLIN REXSON for spraying and extrusion applications of products in liquid and viscous forms;
- SAMES for the electrostatic application of powders and products in liquid form.

According to customer needs and the specialist expertise required for a project, one or other of these two companies will submit a bid in a call for tenders. Building on their complementary expertise, the two companies are also positioned as global suppliers of solutions and services when the opportunity presents.

The Group's companies continue to focus on innovation in response to increasingly fierce competition.

Based on differentiating technologies, our companies develop comprehensive ranges of pumps, machines, reinforced hoses, and manual, automatic or robot applicators. This product line-up delivers significant productivity gains to customers through increasingly precise spraying, while protecting the environment and the health of the operator.

KREMLIN REXSON posted consolidated sales of €107.7 million in the fiscal year, compared with €91.1 million in the previous fiscal year. KREMLIN REXSON is the Group company specialized in the application of liquid products for industrial finishing. Its pumps and pistols are designed to spray a range of products including paint, varnish and other coatings.

KREMLIN REXSON's spraying equipment significantly improves productivity by reducing paint consumption, while protecting the environment and the operator's health by reducing paint fume emissions.

Its range of products is intended solely for professional use and covers all customer needs. The main areas of usage for these spray guns are the wood, metal, plastics and transport industries.

KREMLIN REXSON uses a number of different spraying and dosage techniques for paints, glues and fillers:

- "pneumatic" spraying (air speed);
- "airless" (pump pressure);
- "airmix" (combining the two previous techniques).

Each spray gun model is available in manual and automated version that are able to be mounted on painting robots.

KREMLIN REXSON is also the Group company specialized in viscous products for industrial applications (glue, fillers, coatings, paste, etc.). KREMLIN REXSON offers high-yield applications that are often automated. Its products are mainly used in the automotive, metallurgy and aeronautics industries, etc.

SAMES Technologies is the Group company specialized in equipment and integrated solutions for electrostatic spraying of paint in liquid or powder form.

SAMES Technologies is a global leader in its market. Based near Grenoble in France, the international market accounts for more than 80% of its sales.

In fiscal year 2015/2016, SAMES recorded consolidated sales of €81.5 million, compared with €85.6 million in the previous year.

A pioneer of electrostatic spraying techniques, SAMES Technologies has numerous patents and 12% of its workforce is devoted to R&D. Its technology involves electrically charging each paint particle making it possible to paint all sides of components simultaneously.

Its equipment and systems are used by general industry (29% of sales) and by the automotive industry (71% of sales) in their vehicle painting and varnishing lines.

SAMES Technologies' main product ranges are:

- complete solutions for robot painting lines for the automotive sector and industry;
- electrostatic spraying equipment mounted on multi-axis robots;
- electrostatic powdered paint atomizers;
- electrostatic liquid paint atomizer;
- powder coating booths;
- high voltage generators.

The full range of KREMLIN REXSON and SAMES products is also marketed throughout the world by the Group's many subsidiaries (in Europe, North and South America, China, Japan, India, Singapore, Russia and South Africa).

2.3.1.4.2 Elimination of dust and odors

As a recognized specialist in the elimination of dust and odors through spraying, RAM Environnement's solutions are useful in any industry that emits mineral dust (extraction of minerals, demolition of buildings), food dust (agricultural cooperatives, grain silos, ports) or gases (waste treatment centers, sewage treatment plants).

RAM Environnement equips facilities throughout the world. It recorded sales of €1.0 million in the fiscal year compared with €1.2 million in the previous fiscal year.

2.3.1.4.3 Manufacture of reinforced hoses

TRICOFLEX, based in Vitry Le François in the Marne region, specializes in the manufacture of reinforced hoses. These hoses are used in the consumer market and in industry.

TRICOFLEX joined the Group in October 2012 following the acquisition of HOZELOCK.

In fiscal year 2015-2016, TRICOFLEX recorded sales of €44.2 million compared with €41.4 million previously.

2.3.2 Market, competition

EXEL Industries operate in three markets:

- the agricultural market with large-scale crops, arboriculture, wine growing, sugar beet growing, etc.;
- the industrial markets: all companies are concerned to varying degrees by spraying and the application of paint, varnish, glue, etc.;
- the consumer market (retail and wholesale) with backpack and hand-held sprayers, water drawing systems, and thermal and electric weeders for semi-professionals and gardeners.

Its presence in three different markets reduces the Group's overall exposure to cyclical variations and their seasonal effects.

2.3.2.1 The Agricultural Spraying solutions market

With its many brands, EXEL Industries is a world leader in the market for Agricultural Spraying.

The size of the installed base of Agricultural Spraying equipment is currently going through a phase of contraction. However, this trend is being offset by a rise in equipment unit prices in response to:

- increasing sizes of farms through the consolidation of farm units driving demand for larger and higher performance equipment;
- increasing treatment speed and precision from the contributions of new technologies;
- growing mechanization of agriculture to achieve higher productivity and meet today's challenges:
  - reducing production costs,
  - meeting growing demand for agricultural products even though the volume of arable land is relatively stable worldwide,
  - increasing environmental and safety requirements.

Sales of agricultural sprayers can depend on several factors:

- the price of agricultural products;
- growth in demand for agricultural products, resulting from an increase in the size, standard of living and dietary habits of the world's population as well as the rapid development of non-food uses (biofuels, bioplastics, bio-materials, bio-medicines, etc.);

- stagnation in the availability of usable farm land requiring productivity increases to keep pace with demand;
- climatic conditions impacting crop quality and abundance;
- the level of agricultural subsidies (EU Common Agricultural Policy, World Trade Organization negotiations, etc.);
- developments in farming production costs (price of energy, fertilizers, plant health products, seeds, etc.);
- the ability of farmers to obtain financing;
- regulatory developments.

A number of regulatory developments may contribute to a renewal of the installed base of Agricultural Spraying equipment:

- new French "Water Act", adopted on December 20, 2006. Since January 1, 2009, this Act has made regular (every five years) technical inspections of all operating sprayers mandatory in France. This should encourage the renewal or refurbishing of farming spraying machinery in use;
- amendment of the Machinery Directive (Directive 2009/127/EC) adopted by the European Parliament on April 22, 2009 and effective on December 15, 2011. This amendment supplements requirements laid down by the directive on machine safety by a section on the "Environment";
- Decree of September 11, 2006 on the use of phytosanitary products that notably encourages farmers in France to purchase spraying equipment that meets the new requirements for tank filling (overflow prevention systems), dilution of tank bottom residue and reduction of spray drift;
- draft regulation to allow sprayers trailed by a tractor to operate at speeds of up to 40 km/h, compared with 25 km/h today;
- the Ecophyto action plan adopted by the French government to reduce the use of plant health (phytosanitary) products and strengthen prevention measures in the area of user safety and health.

Lastly, significant investments made to modernize agricultural operations in Central and Eastern European countries and to mechanize agriculture in China and Africa provide opportunities for attractive medium-term growth potential for the sales of agricultural sprayers.

For that reason EXEL Industries has established a subsidiary in Russia and a production and marketing site in Romania.

The main competitors in this market are:

- JOHN DEERE (United States) tractor manufacturer which is aiming to build a full line of products;
- JACTO (Brazil) for large-scale crops, vines and trees;
- AMAZONE (Germany) for large-scale crops;
- KUHN, subsidiary of the BUCHER Group (Switzerland) that is seeking to develop a wide range in the large-scale farming sector.

However, EXEL Industries is currently the only player on a global scale with the ability to cover the full range of farmers' requirements.

2.3.2.2 Sugar beet harvesting

With the acquisition of the German company HOLMER, the EXEL Industries Group became the world leader in sugar beet harvesters, with the most extensive product range on the market. Sugar beet harvesters are highly sophisticated machines that must be capable of operating 24 hours a day, 7 days a week, during the beet harvesting season. The season traditionally runs from mid-September to the end of November in Europe.

It is shorter in the CIS countries owing to the earlier arrival of frost, and longer in the UK for the opposite reason.

The market is evolving as the crop areas of planted sugar beets grow. With the abolition of sugar quotas in Europe, the areas planted had initially fallen by 10% in 2015. In 2016, we observed an increase of 7-8% in Europe. This increase should continue in 2017, particularly in the two biggest European markets, France and Germany, with planted areas expected to increase by 15-20%. Moreover, yields are increasing by 2% per year, adverse weather conditions notwithstanding. Ongoing research programs, which are mainly based on better knowledge of the sugar beet genome, mean that yields are expected to increase by 4% a year from 2018/2020. This increase will continue to close the gap between the purchase price of beet sugar and that of cane sugar.

From a geographical point of view, some markets are still not very mechanized or use lifting processes comprised of separate parts. These markets can represent growth opportunities for the marketing of the new and used sugar beet harvesters offered by the HOLMER Exxact range.

The countries in question are the United States, China and some countries in the Mediterranean basin and the Middle East (Morocco, Turkey, Egypt, Iran, etc.).

EXEL Industries' main competitors are:

- Ropa (Germany), which is diversifying with a range of potato harvesters;
- Grimme (Germany) is the world leader for potato harvesters.

2.3.2.3 The consumer market for spraying and watering equipment

The six main consumer watering markets are valued at more than €1 billion, while the six main spraying markets are worth over €250 million. In both of these categories, the EXEL Industries Group has leadership positions.

Long-term growth prospects in Europe remain positive. This outlook is supported by several trends:

- growing urbanization, leading consumers to consider their garden, terrace or balcony as part of their living space;
- increasing longevity and larger numbers of older people leading to a rise in the number of people engaged in gardening;
- innovation stimulates growth in the gardening market by encouraging consumers to diversify and modernize their watering and plant protection products.

Present in all European markets, the EXEL Industries Group is well positioned to benefit from this growth trend.

The main competitors in this market are:

- GARDENA (Germany and Europe);
- CELLFAST (Poland and Eastern Europe);
- CLABER (Italy and Southern Europe);
- FITT (Italy and Europe);
- MATABI (Spain);
- GLORIA, Mesto, Solo (Germany);
- PRIVATE LABEL (various countries).

2.3.2.4 The industrial market

Through its subsidiaries KREMLIN REXSON and SAMES, EXEL Industries is a leader in the materials protection market.

Trends for the market for industrial sprayers are dependent on:

- worldwide economic growth;
- the addition of new production capacity in the global market, particularly in emerging countries;
- the need for "clean" solutions to comply with new environmental requirements (legislation on emissions of Volatile Organic Compounds, REACH directive, etc.);
- the need for higher performance sprayers to improve productivity and profitability for industry.

These companies have introduced a major innovation policy, focusing on:

- increasing "transfer rates" (proportion of paint actually applied to the target) to minimize the loss of sprayed products;
- increasing spray flows to paint more quickly and reduce the number of robots used;
- the development of new solutions making it possible to paint inside objects (for example car interiors);
- reducing time required to change colors in order to increase production output rates.

The main competitors in this market are:

- GRACO (USA) with the GEMA brand;
- FINISHING BRAND (USA) with the following brands: DEVILBISS, RANSBURG and BINKS;
- NORDSON (USA);
- WAGNER (Germany);
- ANEST IWATA (Japan);
- DÜRR (Germany) for electrostatic spraying;
- ABB (Switzerland/Sweden) for electrostatic spraying.

2.3.3 Customers - suppliers

2.3.3.1 The agricultural market for precision spraying equipment

The five largest customers account for 6.0% of consolidated sales for Agricultural Spraying compared to 6.1% last year, and the main customer represents 1.6%. They do not represent a significant portion of the business's sales.

Agricultural Spraying equipment is primarily sold ex-works to agricultural machinery retailers sometimes called dealerships. They demonstrate, sell and set up new spraying equipment and also provide after-sales services, trade-in and sales of used equipment.

Each Group brand develops its own marketing strategy through its own distribution networks.

The rationale behind this "multi-brand" and "multi-network" policy is based on:

- geographical market segmentation and coverage;
- brand loyalty among farmers;

- maintaining and developing the market share historically developed by each Group brand based on specific arguments and an original marketing mix;
- the need to maintain a large selection of several brands of sprayers with decisive differences to increase customer loyalty among the many agricultural equipment distributors through an offering providing differentiation from their competitors.

Each of the Group's main brands therefore has its own network made up of several hundred approved and trained distributors. The distribution agreements are renewed on an annual basis. The technical and sales staff of each distributor are required to attend a session lasting several days at one of the Group's approved training centers.

The end users of EXEL Industries spraying equipment are farmers. These include cereal farmers, tree growers, wine growers and vegetable growers. Farmers today have a pivotal role in the development of sustainable and eco-friendly agriculture. As part of this trend, they seek to adopt the most sustainable approach for treatment with the goal of producing "clean" products. They also ensure the traceability of treatment operations. Spraying equipment is also used in various exotic or tropical environments such as for cotton production.

2.3.3.2 The agricultural market for sugar beet harvesters

The five largest customers account for 28.7% of consolidated sales for the sugar beet harvesters segment compared to 4.9% last year, of which the main customer represents 20.9%, the result of a major agreement in the CIS zone. Excluding this exceptional item, the five largest customers account for less than 9% of sales and therefore do not represent a significant portion of the business's consolidated sales.

Sugar beet harvesters are mainly used by agricultural service supply agencies, farming associations, very large agricultural holdings that can manage the entire chain up to sugar production (mainly in the CIS countries) and planters with very large sugar beet crop areas. Cleaning loaders are for agricultural service supply agencies and agricultural holdings.

Sales are mainly made directly in countries where HOLMER is established with its own subsidiary, or through distributors in other countries. Selling nearly always includes recovering a used machine, refurbishing it and placing it on the market. Countries undergoing mechanization or changing their crop lifting methods represent good opportunities for these used machines.

As part of the replacement of some of their aging installed base, Russian agricultural holding companies have conducted major tender procedures during the fiscal year. HOLMER won a majority of these and this led to a significant increase in its sales in Russia. Sales of new machines also recovered in Ukraine.

The intensive use of the machines (more than 1,000 hours in 3 months) requires highly responsive technical support, 24 hours a day during the high season. This support is provided by our own teams and our distributors worldwide. An efficient logistics network for spare parts is also crucial for satisfying our users.

2.3.3.3 The consumer market

The five largest customers account for 30.1% of consolidated sales for the garden spraying and watering segment compared to 27.1% in 2015, and the main customer represents 11.4%. They do not represent a significant portion of the business's consolidated sales.

Products marketed by HOZELOCK and HOZELOCK EXEL, specialized in watering and plant protection, are mainly sold through specialized mass retailers (garden centers, agricultural cooperatives and DIY superstores) in traditional retailers and through mail order. The Group enjoys excellent relations with major national and international groups, as well as a network of independent distributors.

Through its HOZELOCK, BERTHOUD, TECNOMA, PERAS, LASER and COOPER PEGLER brands, the EXEL Industries Group, a global leader in consumer watering, offers spraying and watering solutions for the gardening market. The products are characterized by their performance and their technology, their security, their design and their ease-of-use.

HOZELOCK Exel also manufactures and markets a range of professional sprayers to meet the specific needs of industrial markets (in particular the building trade). These products are marketed under the LASER INDUSTRIE brand name.

High-performance thermal and electric weeders are also offered as an alternative to sprayers. This product range has increased in importance as consumers focus on alternatives to chemical weeding. It also meets new legal requirements concerning phytosanitary products for green spaces and private gardens.

2.3.3.4 The industrial market

The five largest customers account for 10.9% of consolidated sales for Industrial Spraying compared to 11.2% last year, and the main customer represents 3.6%. They do not represent a significant portion of the business's consolidated sales.

The companies operating in the Industrial Spraying solutions segment are major players in traditional, long-term markets like the automotive industry, aeronautics, railways, consumer goods and farm machinery and pursue growth in the high value-added markets: the food industry, healthcare and renewable energy.

This enables it to fund research and innovation.

The products are marketed through two main channels:

Distribution

The equipment is sold from our plants and distributed through a variety of distribution channels coordinated by our subsidiaries. These networks are made up of "approved resellers" (typical of modern distribution), "approved distributors" (active sales including servicing) and consolidators (sale of turnkey solutions).

Selected according to specific criteria, the members of our networks benefit from continuous training and professional development to improve their skills and ensure customer satisfaction.

Major accounts

To maintain contact with our markets, we have developed a specific approach for major accounts involving direct sales or support through our distribution partners.

Numerous prestigious companies place their trust in us:

AIRBUS, ALSTOM, AREVA, AUDI, BANG & OLUFSEN, BÉNÉTEAU, CATERPILLAR, DACIA, DASSAULT, EDF, EUROCOPTER, FAGOR, FORD, GM, IKEA, LAFARGE, LAMBORGHINI, LOUIS VUITTON, MAHINDRA, MERCEDES, PHILIPS, PSA PEUGEOT CITROËN, RENAULT-NISSAN, ROLLS-ROYCE, SAFRAN, SCHNEIDER ELECTRICS, TATA, TEFAL, VEOLIA, PORSCHE, BMW BOSCH and CHRYSLER.

Given our very diversified markets and customers, the Group's consolidated sales is well balanced between our different accounts.

For our Group, industry is a very dynamic customer segment:

- investing heavily in new factories located in regions where there is strong growth in product demand (emerging and newly industrialized countries);
- constantly looking for new sprayer solutions to increase its productivity and profitability.

2.3.3.5 Suppliers

The five largest suppliers account for 5.5% of the Group's consolidated purchases compared to 6.1% in 2015, and the main supplier represents 1.2%. They do not represent a significant portion of the Group's consolidated purchases.

Whenever several suppliers were able to provide the same product to more than one subsidiary, attempts were made to achieve standardization and economies of scale at the group level. As a result, one or more authorized suppliers may be selected for the whole of the Group.

Negotiations are carried out by one or more buyers and contribute to securing favorable sales conditions (prices, deadlines, quality, etc.).

With regard to the manufacture of agricultural sprayers, the three largest purchase items are:

- mechanized welding: chassis, ramp arms, etc.;
- plastics for the manufacture of tanks or bodywork parts;
- general mechanical parts: engines, cylinders, universal blocks, wheel rims, etc.

Manufacturing sprayers or pumps for the industrial market requires sophisticated and very precise industrial techniques: with tolerance or surface finish of within a few microns to ensure no leaks under very high spraying pressures (more than 600 bars).

Raw material risks

Despite the diversified base of suppliers and large range of raw materials used by the Group, certain items may still be subject to price fluctuations and pressure on supply.

For that reason, purchasing departments usually negotiate long-term contracts with major suppliers to ensure future availability, delivery times and prices over subsequent fiscal years.

2.3.4 Plant and machinery

Production techniques

The main technologies used in the Group's factories are:

- injection and over-injection of synthetic thermoplastic resin;
- machining of metals with great precision (machining center for up to 11 axes);
- rotational molding of tanks and cowling of complex shapes;
- automatic flow and robot-controlled or semi-automatic welding of complex chassis items;
- surface preparation and application of paint in liquid or powder form via an electrostatic process (manual or automated).

Production organization

All of the Group's factories are organized as autonomous workshops operating on a just-in-time basis. This organization contributes to better responsiveness to seasonal fluctuations in activity and more efficient management of working capital.

Moreover, the Group applies lean management *practices in* its manufacturing plants. Lean management is a process that seeks to optimize the organization and operating efficiencies of our companies.

	Production sites (worldwide)			
Group companies	**Site address**	**Area in m²**	**Of which area of buildings (m²)**	**Activity**
AGRIFAC Machinery BV	Eesveesenweg 15-17, 8332 JA Steenwijk – Netherlands[3]	37,203	16,175	Production Offices
AGRIFAC Australia	44 Meliador Way, Midvale, WA 6056 – Australia[2]	3,450	900	Production Offices
	24 Duke Street, Jondaryan, QLD 4403 – Australia[2]	4,000	480	Production Offices
AGRIFAC UK Ltd	1 Martin Avenue, March, Cambridgeshire PE15 OAY – UK[1]	3,966	625	Production
	Thorby Avenue, March, Cambridgeshire PE15 OAY – UK[2]	4,200	1,444	Production Offices
BERTHOUD Agricole SAS	1, rue de l'Industrie, 69220 Belleville sur Saône[1]	48,842	16,170	Production Offices
BERTHOUD Sprayers Ltd	4 Oldmedow Road, Hardwick Industrial Estate King's Lynn Norfolk PE30 4JJ – UK[2]	-	105	Offices
FISCHER Nouvelle SARL	Zone industrielle, 1868, Collombey – Switzerland[2]	2,990	1,990	Production Offices
CAPAGRI SAS	Rue Pasteur, 59159 Noyelles s/Escaut	same site as HOLMER Exxact	same site as HOLMER Exxact	Offices
MAIZY TESSOUS SCI	Route de Villers, 02160 Maizy[1]	17,400	3,000	Reserve of additional land
CARUELLE NICOLAS SAS	2, rue de l'Industrie, 45550 St Denis de l'Hôtel[1]	31,302	13,028	Production Offices
	Test land	35,629	-	Test land
CMC SAS	1, rue Vincent Ballu, 51200 Épernay[2]	same site as TECNOMA Technologies	same site as TECNOMA Technologies	Offices
EMC	5, Serijny Proezd – 400075 Volgograd – Russia[2]	4,481	329	Production Offices
ET Works LLC	2201 Hancel Parkway Mooresville, IN 46158[1]	10,600	31,124	Production Offices
	455 Merriman Road Mooresville, IN 46158[1]	6,832	441,108	Offices Warehouse
Ohio Valley Ag	2730 West 2nd St. Owensboro, KY 42304[1] and [2]	2,978	20,457	Sale
	202 North Thurston Dr. Russellville, KY 42276[2]	7,689	845	Sale
	1328 N. Liberty Circle W. Greensburg, IN 47240[2]	6,070	1,219	Sale
	3909 N. Brush College Road Decatur, IL 62521[2]	8,094	1,202	Sale
	920 Commerce Dr. Fairfield, IL 62837[2]	1,416	687	Sale
High Plains Apache	5321 35th St. South Frontier, ND 58104[2]	8,094	465	Sale
	1701 Eastside Court SE Mandan, ND 58554[1]	6,354	929	Sale
Southern Application Management	21129 Highway 6 E. Batesville, MS 38606[2]	24,281	1,858	Sale
EXEL Industries SA	54, rue Marcel Paul, 51200 Epernay[2]	TECNOMA Technologies' site	TECNOMA Technologies' site	Group headquarters
	52, rue de la Victoire, 75009 Paris[2]	-	398	Main site Offices
	Villefranche sur Saône (69400) and Saint Jean d'Ardières (69)[1]	22,738	-	Reserve of additional land
HARDI INTERNATIONAL A/S	Herthadelvej 10, 4840 NORRE ALSLEV – Denmark	155,176	47,062	Production Offices
HARDI-EVRARD SAS	43 rue Cuivre, 77542 Savigny le Temple[1]	13,827	5,182	Production Offices
	Rue du 21 mai 1940, 62990 Beaurainville[1]	62,697	16,911	Production Offices
HARDI Service SAS	43, rue Cuivre, 77542 Savigny le Temple[2]	Same site as HARDI EVRARD	2,940	Offices
HARDI GmbH	Schaumburger Straße 17, 30900 Wedemark – Germany[2]	2,000	662	Offices
HARDI Australia PTY	Cross Keys Road, CAVAN SA 5094 – Australia[3]	58,776	15,200	Production Offices
ILEMO-HARDI S.A.	Poligono Industrial "El Segre", 25080 LLEIDA – Spain[2]	13,182	6,007	Production Offices

	Production sites (worldwide)			
Group companies	**Site address**	**Area in m²**	**Of which area of buildings (m²)**	**Activity**
HARDI North America Inc.	1500 W 76th Street, DAVENPORT – USA(1)	80,937	11,096	Production Offices
HOLMER Maschinenbau Gmbh	Regensburger Straße 20 - 84069 Schierling/Eggmühl – Germany	54,275	10,594	Production Offices Warehouse
	Regensburger Straße 4 - 84069 Schierling/Eggmühl – Germany(2)	5,522	526	Warehouse
	Kremser Straße 18 – 93055 Regensburg – Germany(2)	7,156	5,429	Warehouse
	Zaitzkofener Straße 5 – 93101 Rogging/Pfakofen – Germany(2)	10,824	1,920	Production Offices Warehouse
	Lange Straße 48 - 39387 Oschersleben – Germany(1)	9,297	1,801	Production Offices
HOLMER Exxact SAS	Rue Pasteur, 59159 Noyelles s/Escaut(3)	54,160	13,945	Production Offices
HOLMER Budowa Maszyn SP. z.o.o	Ul. Wroclawska – 55300 Sroda – Poland(2)	1,138	838	Production Offices Warehouse
HOLMER Türkei Otomotiv Limied Sirketi	42050 KARATY/KONYA, Fevzicakmam Mah. Kenitra Cad. A block 6/E	1,864	864	Production Offices Warehouse
HOLMER CZ s.r.o.	Zamecka 130 – 50321 Stezery – Czech Republic(2)	234	52	Offices Warehouse
HOLMER Ukraine	08294 Bucha Kirowa 144 – Ukraine(2)	1,030	730	Production Offices Warehouse
HOZELOCK EXEL SAS	891 route des Frênes, ZI de Joux - 69400 Villefranche(1)	46,426	18,240	Production Offices Warehouse
HOZELOCK Ltd	Midpoint Park, Minworth, West Midlands B76 1AB – UK(3)	72,075	34,287	Production Offices Warehouse
HOZELOCK Australia Pty	39-41 Fennell St. – Port Melbourne – Victoria 4207 – Australia(2)	-	139	Offices
HOZELOCK Holland BV	Cartografenweg 34 - 5141 MT Waalwijk – Netherlands(2)	-	520	Offices
HOZELOCK Sweden AB	Sisjö Kullegata 9 - 421 32 Västra Frölunda – Sweden(2)	-	1,170	Offices
HOZELOCK Russia	115280, Leninskaya Sloboda St., 19, Business Centre “Omega Plaza”, 5th Floor, Office Centre, “Delovoy” Moscow – Russia	-	15	Offices
KREMLIN REXSON SAS	150, av. de Stalingrad, 93240 Stains(1)	30,000	13,081	Production Offices Warehouse
	29, av. Ashton Under Lyne, 52000 Chaumont(1)	69,086	22,000	-
API SCM SAS	29, av. Ashton Under Lyne, 52000 Chaumont(2)	69,086	22,000	Production Offices
EXEL INDUSTRIAL SA	Avnd Juan B. Justo 6021 – C 1416 DLB C.A.B.A. – Argentina(2)	207	207	Offices Warehouse
EXEL TECHNOLOGY GmbH	Moselstrasse, 19 - 41464, Neuss – Germany(2)	1,800	1,748	Offices Warehouse
EXEL INDUSTRIAL	R. Alfredo Mario Pizzoti, 41 – CEP:02060-040 V.Guilherme - SP/SP – Brazil(2)	1,467	908	Offices
EXEL INDUSTRIAL E.P.E. SA	Botanica, 49 – 08908 L’Hospitalet de Llobregat – Barcelona – Spain(1)	2 177,20	1,200	Offices
KREMLIN REXSON Italia SPA	Via Rivoltana, 35 - 20096 Pioltello (Mi) – Italy(2)	-	835	Offices
EXEL FINISHING PRIVATE LIMITED	Kothari House, GAT NO.634, Pune Nagar Road,Wagholi – 412 207, Pune – India(2)	-	560	Offices Warehouse
KREMLIN REXSON Polska SP z.o.o.	ul. Modlinska 221B - 03-120 – Warsaw – Poland(2)	2000	800	Offices
EXEL INDUSTRIAL Lda	Rua da silveira, 554 - Touria - 2410-269, Pousos LRA – Portugal(2)	391	237	Offices
KREMLIN REXSON PTE Ltd	4 BATTERY ROAD, #25-01, BANK OF CHINA BUILDING – 49908 – Singapore(2)	-	30	Offices
EXEL North America, Inc.	45001, Five Mile Road - MI 48170 Plymouth, USA(3)	20 234	4 830	Offices
MATROT Équipements	116, rue des Pommiers, 60480 Noyers St Martin(3)	70,000	25,000	Production

	Production sites (worldwide)			
Group companies	**Site address**	**Area in m²**	**Of which area of buildings (m²)**	**Activity**
SAS				Offices Warehouse
	02420 Gouy le Catelet[3]	7,500	-	Reserve of additional land
PRÉCICULTURE SAS	165, rue des Verriers, 51230 Fère Champenoise[1]	31,739	9,471	Production Offices
RAM Environnement SAS	2, rue de l'Industrie, 45550 St Denis de l'Hôtel	CARUELLE NICOLAS site	759 CARUELLE NICOLAS site	Production Offices
SAMES Technologies SAS	13, chemin de Malacher, 38240 Meylan[1]	28,245	13,266	Production Offices
EXEL Industrial China	Building No. 9, No. 3802 Shengang Road, Songjiang District, Shanghai China, 201611 – China[2]	2,547	2,407	Offices Production
EXEL Industrial Japan KK	Sky Building 20F, 2-19-12 Takashima, Nishi-ku, Yokohama, Kanagawa – Japan[2]	-	14.3	Offices
EXEL-NA SA DE C.V.	Acceso III N°16A int 15A – Conjunto Quadrum – Parque Industrial Benito Juarez – Santiago de Querétaro, Qro. – Mexico, C.P. 76120 – Mexico[2]	856	484	Offices
EXEL Industrial Russia	ul. Rodionova, 23, 414, Nizhniy Novgorod – Nizhegorodskaya oblast', 603093 – Russia[2]	313	297	Offices
TECNOMA Technologies SAS	54, rue Marcel Paul, 51200 Épernay[1]	34,068	18,296	Production Offices Warehouse
TRICOFLEX SAS	17, avenue Jean Juif, 51300 Vitry le Francois[1]	69,074	24,940	Production Offices
HOZELOCK TRICOFLEX GmbH	Moselstrasse, 19 - 41464, Neuss – Germany[2]	-	-	Offices
TRICOFLEX Benelux	Brasschaatsteenweg 270, B-2920 Kalmthout – Belgium[2]	-	75	Offices
VERMOREL	3, Str. Pompelor, Judetul Prahova, Ploiesti, Romania[1]	8,433	6,196	Production Offices

NB:
- *none of the real estate assets belong to Executive Officers of the EXEL Industries Group;*
- *none of the premises rented belong to Executive Officers of the EXEL Industries Group.*

(1) Owner.
(2) Tenant.
(3) Tenant of EXEL Industries SA or via a non-trading real-estate subsidiary of EXEL Industries.

2.3.5 Investment

2.3.5.1 Summary of capital investments over recent fiscal years

(in millions of euros)	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**
Capital expenditures for property, plant and equipment and intangible assets	11.9	8.5	9.0	50.1	13.0	28.5[a]
Non-current financial assets	0.0	0.1	0.1	0.0	0.0	0

2.3.5.2 Main capital expenditures

(a) In the last fiscal year, Group capital expenditures amounted to more than €27.9 million. The main capital expenditures included:

- construction and fixtures and fittings in recently erected buildings at HOLMER, AGRIFAC and HARDI Denmark;
- purchase of industrial tooling and facilities, particularly at BERTHOUD, HOZELOCK, HOLMER, AGRIFAC and HARDI.

2.3.6 Insurance

In 2016, the Group continued its policy of centralizing insurance programs with a view to ensuring consistent transfer of risks, harmonizing the conditions of warranties and franchises at the best price, and optimizing economies of scale, based on the specific characteristics of the Group's businesses.

In 2017, the Group will continue its policy of providing more comprehensive coverage of risk in France and the international market by incorporating new Group subsidiaries in the insurance program - by increasing guarantees where required and reducing costs through self-insurance models where the Group deems appropriate.

We will ensure that the main accidental or operating risks are transferred to the insurance market whenever possible, and that the risk transfer is justified economically.

Our insurance policy takes changing risk models into account, risk assessment, market conditions and the available insurance capacity.

The table below summarizes all areas currently covered by Group Insurance:

Type of insurance	Main cover
Property damage and business interruption (International Program)	All risks subject to named exclusions
Civil Liability (International Program)	All risks subject to named exclusions
Civil Liability corporate officers (International Program)	Coverage for claims of liability against Executive and corporate officers
Automobile fleet	Full coverage for vehicle damage < 3.5t (period < 4 years) Full coverage for vehicle damage > 3.5t (period < 7 years)
Employee vehicle coverage	Coverage for employees using their personal vehicles for professional travel
Individual accident and assistance insurance	Individual accident and assistance insurance for employees on business trips (in France and the international market)
Professional comprehensive insurance (vehicle driving risks)	Coverage for agricultural equipment loaned or made available Coverage for testing new agricultural equipment

3 Management Report

3.1 Annual highlights

The EXEL Industries Group’s fiscal year 2015-2016 financial results bear out the development strategy pursued for the past several years, with the declared objective of being the leader in each of its markets.

Against a backdrop of geopolitical turmoil and economic and monetary uncertainty, with an ongoing recession in agriculture, the measures taken have allowed the Group to continue to grow and pick up market share. The Group is based on our four business areas, an entrepreneurial spirit and a flexible organization. These are assets that enable the growth and development of EXEL Industries.

With the acquisition of ET Works in the USA in January 2016, EXEL Industries took a major position in the American market for agricultural self-propelled sprayers, which is the largest such market in the world. This furthered the implementation of our strategy to have an international presence.

EXEL Industries generated revenue of €819.3 million over 13 months, following the change of our annual balance sheet date to September 30.

On a 12-month basis, revenue was €770.9 million as compared to €725.2 million the preceding year, and our EBIT continued to improve. It was 7.4 % from October 2015 through September 2016, as against 7.0 % for 2015. This improvement was made possible by the improvement plans in Agricultural Spraying and the development of Industrial Spraying and garden spraying and watering, offsetting a decline in sugar beet harvesting.

The Group continues to invest heavily in its manufacturing plant to ensure future growth. EXEL Industries has a very active innovation policy, and a great many innovations were introduced, in all of the Group's businesses.

3.2 Events after the reporting period and outlook

Events after the reporting period

The KREMLIN REXSON and SAMES Technologies merger: the merger of these two companies in Industrial Spraying will strengthen their synergies and their competitiveness in the Industrial Spraying market and in all global markets, and provide greater customer support. The merger will create a leader among leaders among the large, global companies.

KINGFISHER contract: finalization and start-up of the exclusive distribution agreement for Hozelock watering products in all European KINGFISHER outlets.

Profit forecasts or estimates

2016 harvests were not good in France although they were good in the large production areas worldwide which has prevented cereal prices from rising. French farmers are experiencing a drop in their income and will therefore delay their decisions to invest in agricultural equipment. At the beginning of this new fiscal year, our French subsidiaries' order books are very low and, as of now, they are taking measures to modify the amount of production working time.

In the garden spraying and watering business, we have concluded an exclusive distribution agreement for HOZELOCK® brand watering products in all of the KINGFISHER Group's outlets in Europe, including B&Q, CASTORAMA, BRICODEPÔT, and SCREWFIX. This strategic agreement will provide improved visibility for the HOZELOCK® brand and for new products such as the SuperHoze extendable hose and Pico Power, the powerful and compact high pressure washer…

Industrial Spraying has completed several projects that will generate revenue in 2017. In order to continue their development, our KREMLIN-REXSON and SAMES Technologies subsidiaries are going to merge, creating a global player in Industrial Spraying solutions.

3.3 Research and development

3.3.1 A culture of innovation

Since its creation, the EXEL Industries group has been a pioneer in developing technologies in its core business of spraying.

In an increasingly competitive environment, Research and Development (R&D) enables the EXEL Industries Group and its subsidiaries to:

- improve their production efficiency, through innovations in processes;
- set their offering apart and create more value for customers;
- boost revenue and related income, through product innovation;
- make use of the Group's distinctive know-how and stand out from competitors.

In recent years, an average of five to seven new patents have been filed in a number of countries.

As of September 2014, EXEL Industries' industrial property policy first introduced in 1994 is being applied to all its subsidiaries. EXEL Industries has thus reasserted its role as the Group's sole holding company.

Our Company registers all new patents in its own name and on behalf of each of its subsidiaries in France and internationally.

In fiscal year 2015-2016, 25 new patent filings were made.

For the EXEL Industries Group and its subsidiaries, R&D implies a significant investment in terms of time, workforce and cost.

At least 6% of our employees are permanently employed on R&D projects.

R&D also implies the development of partnerships with companies, universities and innovative SMEs, and patent acquisitions, competitive intelligence and the search for profitable niches.

Research and development expenditures are recognized as ordinary annual operating expenses and therefore not capitalized as assets, except on an exceptional basis.

Furthermore, to optimize the management of research and development expenditures, the Group uses the system for research tax credits available in France.

3.3.1.1 Agricultural Spraying solutions

Products for large-scale crops and vineyards

In order to consistently respond in the best possible way to new market expectations, EXEL Industries’ research and development is based on:

- greater precision in applying and targeting the drops on the target;
- greater safety for the operator;
- greater comfort in operation, usage and adjustment through the development of assistance systems;
- greater environmental protection;
- greater longevity and reliability of equipment.

Some noteworthy examples of innovations include:

- self-propelling booth mounted on hydraulic rails with access from the ground (LASER FC);
- four-component electro-pneumatic carried jet system (OPTI-SPRAY);
- new variable-width chassis (225 to 320 cm) for use with all crops (WideTrackPlus);
- new chassis with clearance ranging from 125 to 200 cm for tall crops (ClearancePlus);
- a new exclusive system fully automating the process of opening and closing spraying booms (Press’n’Go). Innovation Award at the Innovagri 2010 trade fair;
- a new application system for use in arboriculture and wine growing using air-assisted technology for precision spraying (IRIS). FIMA 2010 Innovation Award;
- automatic driving of the self-propelled sprayer to allow the operator to concentrate solely on the operating settings. This "automatic pilot" operates when receiving a DGPS or RTK signal and may be disconnected at any time by the operator;
- automatic management of the ramp height through ultrasound sensors (AutoHeight);
- lift and chain system providing a wide range of spray heights from 0.5 m to 3.15 m (Twin Lift);
- bi-turbine centrifugal pumps that are easier to clean and more economic in fuel consumption (Omega);

- an interlined air jet system for spraying in vineyard rows making it possible to significantly reduce doses of plant care products (Précijet);
- air-assisted spraying that will enable drift from the sprayed products to be very significantly reduced (Twin);
- "automotive" drive that allows self-propelled sprayers to be controlled by both hand and foot;
- filling management system which prevents tank overflow and assists the operator to adjust the sprayer (Novaflow);
- filling the sprayer’s main tank via an intermediate tank to avoid any risk of contamination (O’Clear);
- system that recycles the air in the sprayer’s cabin and prevents any air entering from outside during spraying work for better operator protection (Clinair);
- guiding systems, section management and dose modulation coupled with GPS mapping of the field;
- automatic sequential rinsing system for the whole spraying cycle (Autonet);
- automatic follow-up system for the ramp and system for keeping the chassis of the self-propelled sprayer horizontal (Stabilis);
- the new STILA towed sprayer, awarded machine of the year at SIMA 2015;
- the new Condor Endurance self-propelled sprayer with a tank capacity of 8,000 liters.

This culture of innovation also contributes to regular launches of new product lines. In the 2015-2016 fiscal year alone, launches by the Group included:

- Rubicon 9000, the new self-propelled sprayer for the Australian market is expected to deliver a boost in productivity, covering 150 ha at 60 liters/ha or 50% more in sprayed hectares;
- Air Drive: in-line mounted jet spraying equipment. Used with air injection nozzles, these new-generation downspouts not only limit drift but also reduce material used due to improved processing.

With this track record, the Group’s products are regularly singled out for their performance, exemplified by HARDI EVRARD’s world record (136.82 ha sprayed in one hour) with a standard model Meteor 5400 and its 44 meter ramp, or the many awards received by the Group’s products at trade shows.

3.3.1.2 Sugar beet harvesting

Sugar beet harvesters

HOLMER EXXACT has a line of extremely sophisticated machines which are continually improved. Three new patents were filed during the fiscal year.

- sugar beet cleaning system that cuts tare weight by half (Rotonet);
- digital system for controlling the working depth of the leaf stripper and stripper chassis (Positronic 2);
- system to lift the sugar beet using measures of the position of the top of the beet relative to soil depth and type (Easy Lift);
- easyHelp provides immediate diagnostics on operation, and optimizes spare parts supplies;
- the AutoFill laser detection system automates truck fill by the Terra Felis 2 cleaner/loader.
- the new flail-rotor for stripped beets makes it possible to harvest beets without any leaves, for better yield, less wear and lower fuel consumption.

3.3.1.3 Garden spraying and watering

The consumer market

Innovations by the EXEL Industries group are based on creating and launching original product ranges in the watering and plant protection sectors that stand out from the competition, increase market share and grow profit margins.

Among the original products developed by the Group are the first plastic hose connectors, electric thermal shock weeders, multifunction drainage pumps, automatic hose reels, pressurized pond filters and telescopic hose attachments.

Selected innovations:

- electric weeder that destroys weeds by creating a thermal shock (Green Power);
- consumer market sprayer for one-off weeding in the form of a "cane", providing unrivaled user comfort for removing weeds without stooping; (Herbastop and Wonderweed).
- electric sprayers with rechargeable batteries for the consumer market (Libertis) and with a lithium-ion battery for professionals (VERMOREL electric 3000);
- In 2016, the Group introduced major innovations in automatic watering systems for its consumer customers, including:
    - the first electronic watering programming system, controlled online;

- the first automatic watering programming system with light sensor and a flexible universal irrigation system, offering a simple and effective solution for customers,
- the narrowest and simplest line of micro-irrigation products on the market: EasyDrip.

3.3.1.4 Industrial Spraying solutions

To be able to meet all our customers' needs, there are four key research priorities:

- improved customer productivity (reducing time for changing colors, increase in spray flows, etc.);
- increased “transfer efficiency" (proportion of paint applied to the target);
- environmental protection through responsible energy use and controlling VOC (Volatile Organic Compound) emissions;
- introduction of new products (paints, varnishes, dyes, glues, fillers etc.).

Global paint spraying specialist, KREMLIN REXSON has developed a range of paint application solutions, from pumps to applicators:

- an extremely diverse range of spraying technologies to match all industrial needs. Depending on their configuration, solutions recommended for customers range from Airspray, Airless and Airmix to Extra-finish spraying technologies;
- the range also includes an extensive range of pumps, each with its technical features. For example, for … products:
  - **EOS (Efficiency, Optimization and Simplicity).** This pump range is a real performance booster for paint guns allowing problem-free use of latest-generation paints developed for industrial markets worldwide,
  - **THOR**: developed for extrusion of viscous products, the pump units of this product range are extremely versatile and suitable for a wide range of functions, from materials used in construction equipment and solar power to yachting,
  - **2K range**: simple and quick to use (Plug & Spray), the pump has electronic regulation for continuous and precise control of applications and monitoring of actual product consumption and emissions of VOCs.

SAMES, the global expert in electrostatic precision spraying, has built its corporate strategy around innovation, with:

Electrostatic bowls

As the last component in contact with the paint, the bowl determines the quality and precision of paint application. Manufactured to the highest specifications according to the latest technologies developed by the aerospace industry, several patents have been filed based on these products: HST (High Speed Turbine) guarantees precision application, Hi-TE (High Transfer Efficiency) for optimum yields, or the magnetic clip for quick and easy bowl changes.

ACCUBELL is a dedicated technology for the application of water-soluble paints

ACCUBELL is the only patented spraying technology for water-soluble paints in the world. ACCUBELL sprayers consist of an integrated paint tank, which separates the paint and eliminates all potential fire risks related to the conductivity of this type of substrate.

A custom robotic solution

The EASY PAINT ROBOT range is designed for general industrial and automotive applications. Based on the Group's unique know-how it is perfectly in line with customers' needs for full control of their paint process, consistent results and a high-quality finish.

As part of its dust removal activity, RAM Environnement created:

- a system for stabilizing tracks and external stocks to combat wind erosion by controlled precipitation measurement (RAM-SPC) connected to a meteorological center;
- a spraying system that treats odors (ODO-RAM);
- ultra-powerful spraying equipment (TURBO RAM). This equipment is capable of spraying large quantities of liquid up to a distance of 40 meters. Canon output can vary from several dozen liters per hour to 10,000 l/h. This provides either near-total vaporization (for odor treatment or atmospheric humidification), or spraying (for dust removal);
- a system for dust elimination fitted directly on mechanical excavators used for demolition (RAM-ED). The spray, controlled directly from the cabin of the excavator, makes the dust heavy, causing it to fall to the ground instead of remaining in suspension in the air. RAM-ED is already offered as an option on equipment from Liebherr, and is compatible with most machines from other manufacturers.

3.3.2 Trademarks and patents

Since September 2014, our Company registers all new brands and models in its own name and on behalf of each of its subsidiaries in France and the international market.

However for historical reasons, some flagship brands remain the property of the subsidiaries concerned.

EXEL Industries Group currently owns almost 1,500 industrial property titles, with over 370 registered trademarks and over 224 patent families (including over 1,100 patents globally), most of the patents being European, if not international.

As with our patents, the Group does not recognize trademarks and models under assets, apart from those acquired individually or as part of the assets originating from the acquisition of the company in question.

As our industrial property policy is extended to our international subsidiaries, the Group's licensing policy is being applied to all our subsidiaries, with a single 1.5% royalty rate for patents and 1% for trademarks and models.

These new licensing contracts were introduced as of September 2014 and, where necessary, replace the previous contracts dating from 1994.

The EXEL Industries Group has no license granted by a third party and therefore does not pay royalty fees.

3.4 Corporate Social Responsibility

3.4.1 Methodology

The Group consists of international Companies working in four complementary lines of business.

Each Company is independently responsible for their own HR practices, and environmental and social projects. Nevertheless, a general CSR theme is clearly discernible, a reflection of one of the Group's core values: "Acting responsibly".

3.4.1.1 Organization and reporting tools

The Grenelle II Law (Article 225-102-1 of the French Commercial Code) introduces mandatory reporting of extra-financial information for French companies, in accordance with several criteria, including company size and Articles of Association.

This document is produced by a working group operating in project mode.

The guidelines adopted by the Group's Companies make for data reliability and repeatability over time.

These reporting guidelines are sent to all EXEL Industries Group companies through their CEOs. It is up to each company to consolidate the data of its own subsidiaries.

The set timeframe was respected and the staff were very involved.

The data are checked for consistency, consolidated for the EXEL Industries Group as a whole, and sent to Group headquarters.

As far as qualitative data is concerned, general trends were derived from the previous two years' information. This year, we concentrated on differences relative to the previous fiscal year and requested Group companies to report on new CSR initiatives during the fiscal year.

The key events this year in terms of methodology were changing the end of the fiscal year to September 30, and consolidating ET Works in January 2016.

3.4.1.2 Scope of data reporting

The indicators cover all Group companies, each of which consolidates its own subsidiaries' data. There is no geographical restriction.

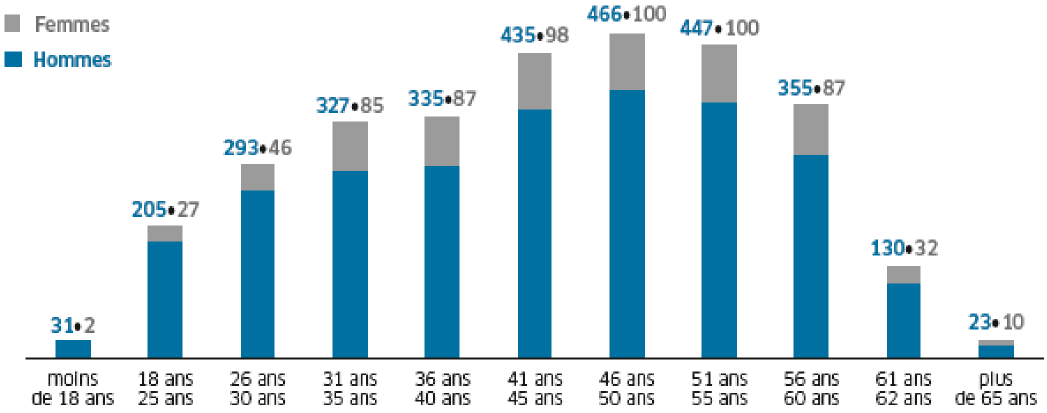
The environmental data do not reflect the environmental data of two of the Group’s Companies, but since their headcounts represent less than 1% of the Group’s employees, the impact is not material.

Where a company joined the Group during the course of the fiscal year, as ET Works did this year, the data is included on a pro-rata basis.

3.4.2 Employee information

3.4.2.1 Employment

On 9/30/2016, the Group's total workforce consisted of 3,721 employees (permanent and fixed-term contracts), of whom 18% were women and 82% men.



Under 18 years	18 - 25 years	31 - 35 years	36 - 40 years	41 - 45 years	46 - 50 years	51 - 55 years	56 - 60 years	61 - 62 years	More than 65 years

Total workforce increased 1.2%. This stability resulted from the inclusion of 158 employees at ET Works, which offset losses in headcount elsewhere.

In all, 682 people left the Group, including 251 layoffs, and there were 645 new hires.

The age pyramid remained evenly balanced, with aging remaining stable, in that 52% of employees are early-career (under 45 years old), as was the case last year.

Young people under 25 are well represented and account for 6.2% of the workforce at 9/30/2016, which is down slightly relative to the previous year. The fraction of senior employees (over 55) rose slightly to 18%. Average age: 43.6 years.

France	44.3 %
Europe excluding France	38.7 %
North America	9.0 %
Australia	2.8 %
Asia	2.4 %
CIS	2.2 %
South America	0.4 %
Africa	0.2 %

In geographical terms, the Group's employees are mainly in Europe, with the largest number in France. But they are definitely becoming more international, especially North American (9 % vs. 5.2 % at 8/31/2015) as a result of the ET Works acquisition.

Workforce: historic data

	09/01/2015-09/30/2016	09/01/2014-08/31/2015	09/01/2013-08/31/2014
Average number of employees	3,739	3,786	3,868
Agency personnel	174	144	377

Headcount stayed even overall with the consolidation of ET Works offsetting lower headcounts elsewhere. These reductions were spread over all of the Group's divisions.

Agricultural:

As volume remained low in the Agricultural division, so did the number of temporary workers.

Note on the number of employees:

The number of employees is given as at 09/30/2016: and consists of all temporary and permanent employees (including apprentices) present on 9/30/2016, irrespective of their working time. This is the figure used in the breakdown by age, gender, and geographical area.

Concerning the average number of employees: this is the average number of employees present on the last day of each month over a 13-month period, without taking into account any part-time work, and comprising temporary employees (including apprentices) and permanent employees.

Remuneration

	09/01/2015-09/30/2016	09/01/2014-08/31/2015	09/01/2013-08/31/2014
Remuneration including profit-sharing	€214,007K 13 months	€187,551 K	€195,951 K

3.4.2.2 Organization of work

3.4.2.2.1 Working time

The agricultural part of the Group organizes its working time to cater for the highly seasonal nature of its activities (work time variation and annualization, overtime, and shift work).

Across the entire Group, night work is occasional and specific (e.g. operations on customer sites). Remote working (telecommuting) is starting to be discussed and debated in our companies.

Across the entire Group, part-time work is accepted but is not encouraged. Only overtime due to seasonality can be turned down.

The total number of part-time workers across the entire Group as at 9/30/2016 was 123, going from 2.5% of the total workforce to 3.3%. This point reflects management's ability to adapt to individual situations.

The number of hours theoretically worked over the 13 months of the fiscal year at the Group level is 1,867 hours per employee, which equals the total hours worked in all Group companies over the average headcount minus temporary agency personnel.

3.4.2.2.2 Absenteeism

The absenteeism rate for the 2016 fiscal year was 2.58%. The positive change from previous years is largely due to a more reliable measurement method, counting days absence at all companies in terms of work days rather than calendar days. Last year some companies had counted in terms of calendar days.

Note on absenteeism:

The absenteeism figures are based on short leaves (up to 90 days), excluding maternity, paternity and parental leave.

The absenteeism rate is calculated as the actual work days of absence in relation to the number of days theoretically worked. We exclude industrial accidents or occupational illness, maternity, paternity and parental leave, unpaid leave, family-related leave, long-term illness, etc.

3.4.2.3 Labor relations

Besides the meetings and negotiations mandated and observed in each country, regular meetings are scheduled with personnel representatives, managers, and sometimes with the teams directly to examine the following topics: working conditions, wages, presentation of the company's results, strategy, etc. In some companies, more creative ideas have been carried out: At KREMLIN REXSON, breakfasts with the CEO are arranged with selected groups of employees so as to foster direct conversation between management and employees and to set up working groups at various levels for a variety of issues.

The Exechos magazine, produced at Group level, is sent to all employees at their homes. The Group's press releases are distributed within the companies. A Green Business report is included in each release.

Internal magazines are produced by several companies (e.g. "P'tit Krem" at KREMLIN REXSON). The same is true at HOZELOCK Ltd and HOLMER.

The Group Works Committee brings together the representatives of the biggest companies worldwide. The members of the Group Works Committee are also invited to the Annual General Meeting.

The Group's CEO Guerric Ballu visits companies regularly, meets the teams and goes to the production sites.

Certain agreements are signed on a voluntary basis at the level of each entity, without being extended to Group level, in keeping with our SME/SMI federation policy. There are currently 70 agreements in force in Group companies, as compared to 50 last year.

Examples of practices: agreements to alter schedules, particularly in agricultural lines of business, and an inter-generational agreement at SAMES.

Long-service awards, open days, training offered to all teams, the EXEL Academy and the highly participative Easy Work program at Holmer are all examples of practical initiatives to support value no. 7, “Pride of belonging”.

3.4.2.4 Health and safety

Here again, besides the legal requirements obtaining in each country, workplace health & safety conditions are taken very seriously in all of the Group's companies, with these constants:

- employee training in first aid, fire prevention and lifting equipment;
- personal protective equipment is worn in all companies.

Throughout the Group, though not systematically, medical check-ups are arranged. Likewise, at a growing number of companies, work-related accidents, even benign ones, are analyzed.

Lastly, more local measures are in place:

- at HOLMER, the collaborative program EasyWork, which takes into account working and safety conditions; creation of the position of safety officer;
- at SAMES Technologies and HARDI International, an employee survey on, among other topics, well-being at work; establishment of an outsourced social and health department (infirmary and social assistance);
- at HARDI every worker is tested on his or her knowledge of safety risks and safety measures at his work station;
- at TRICOFLEX one employee deals entirely with HSE matters, and there is a working arrangement with CARSAT;
- at KREMLIN REXSON, Stains: job assessments are regularly undertaken to improve working conditions, and an ergonomics specialist comes to the shop floor to study work stations and how they are arranged; a great many investments in personal protective equipment, signage, flooring improvements, lighting improvements, anti-fatigue carpets, noise-blocking baffles, improvements to circulation on site and in the workshops, rebuilding ceilings, changes to storage racks, firefighting audits, improvements to storage of chemical products, UV films on the window panes, replacement of windows, water and asbestos analyses, the local transfer of waste. The subsidiaries are also involved: in Spain an outside firm performs twice-yearly health and workplace safety audits; in Italy, a safety officer is in charge of ensuring site safety.

Two occupational illnesses were declared for the Group as a whole in fiscal year 2016.

All occupational accidents are recorded and formally reported, where appropriate.

	09/01/2015-09/30/2016	09/01/2014-08/31/2015	09/01/2013-08/31/2014
Frequency rate	25.58	19.32	25.07
Severity rate	0.51	0.42	0.45

Frequency rates and severity rates have returned to the level of two years ago. The Group has targeted this area for specific action plans. See paragraph 5.

Note on these two indicators:

- **Frequency rate:**

$$\frac{\text{number of accidents with time lost x 1,000,000}}{\text{total number of hours worked by all Group employees (excluding agency personnel)}}$$

This refers to the number of accidents involving at least one day of lost time per million hours worked.

- **Severity rate:**

$$\frac{\text{number of days with loss of time due to occupational accidents x 1,000}}{\text{total number of hours worked by all Group employees (excluding agency personnel)}}$$

This refers to the average number of days of lost time per thousand hours worked.

3.4.2.5 Training

Policies implemented in terms of training: training needs come out of individual interviews between the manager and the employee, blended with an entity's strategy. The training plans are annual and specific to each entity, and may involve the Human Resource departments where these exist. The courses are approved by the Executive Management teams, in line with the company strategy. The main topics covered are:

- management: the EXEL Academy is a manager course organized by the Group on management tools;
- safety is the prime topic covered in each company;
- due to the Group's internationalization and the need to develop synergies, languages are also a major training topic;
- technical skills are also the subject of numerous courses, in particular concerning products;
- flexibility is sought through versatility;
- courses are also in place to improve the performance of our sales forces.

Group companies recorded a total of about 38,000 hours of training in the 2015 calendar year, i.e. approximately 11 hours per permanent employee, excluding apprentices' hours of schooling. This was up slightly from calendar year 2014.

3.4.2.6 Equal treatment

Measures taken to promote gender equality

The female fraction of Group employment has remained constant in 2016 at 18.1%.

Women’s representation in management rose 3% over the prior year. Over 17% of our managers are women.

Women make up one third of the Group's Board of Directors.

The French companies have all worked on agreements to promote gender equality and on an inter-generational agreement. In countries where there is no such legal requirement, charters are adopted in compliance with local legislation in terms of gender equality.

Two internal audits were performed this year by the HR Department of a Group subsidiary on two companies (HOZELOCK EXEL and SAMES Technologies) for an on-the-ground picture of gender-balance issues.

The Group has also targeted this area for specific action plans (see paragraph 5).

Measures taken to promote the employment and integration of disabled persons

The Group employs people with disabilities, either directly or through work-based support centers (CATs in France). At HARDI in Denmark, every year the Business Center organizes four 13-week internships dedicated to disabled persons, with an appointed company tutor. At KREMLIN REXSON a program with an outside firm was undertaken to change the way people look at disability. At SAMES Technologies, a Handisport tournament was held, with a wheelchair course inside the company.

For French companies, the total number of units required for the 2015 calendar year was 84. 57 units were filled. The tax paid in respect of 2015 was €90K.

Anti-discrimination policy

The Group's broad policy, driven by an ethical imperative of the Board of Directors, is to manage its employees on the basis of their abilities, irrespective of their gender, age, disability, ethnic group, religion, sexual orientation, political opinion, health, marital status, etc.

The new employee handbook of ET Works, which has just joined the Group, is signed by all employees and stresses nondiscrimination throughout the company.

3.4.2.7 Promotion and observance of the core conventions of the International Labor Organization

- freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of discrimination in respect of employment and occupation;
- the elimination of all forms of forced or compulsory labor;
- the effective abolition of child labor.

To comply with each country's laws, but most importantly out of ethical conviction, the Group respects the rights and principles contained in the eight fundamental conventions of the International Labor Organization (ILO). The Group mainly operates in Europe, in countries which have ratified the ILO's fundamental conventions.

3.4.3 Environmental information

Our industrial activities overall generate little pollution and consume little energy, water and raw materials. The goal of the Industry Division and Agricultural Division is to offer our customers solutions which will enable them to reduce their environmental footprint:

- by reducing the consumption of sprayed products (product and process optimization);
- by offering dust collection systems;
- by offering powdered paint atomizers with recycling systems;
- by offering water-soluble paint sprayers;
- by offering the consumers new products as an alternative to chemical weed killers (e.g. Green power, etc.)

3.4.3.1 General environmental policy

On certain sites, in particular those requiring ICPE authorization (MATROT, TRICOFLEX, etc.), specific environmental procedures have been set up: at Matrot (France) for example, environmental issues are monitored by the Methods department, which is backed by an expert department from the UIMM (French Metallurgy Industries and Professions' Organization) and produces written procedures (channeling of VOC emissions, management of hazardous and non-hazardous waste). When called for, regular audits may be conducted at some sites in light of prevailing laws.

The employee training and awareness-raising initiatives on environmental protection mainly concern the proper management of chemicals, the proper use of hearing protection, and waste management procedures.

Numerous Group companies sort and recycle their waste, usually with the support of specialized firms, in countries where such facilities exist.

Examples:

- MATROT (France): recycling of wood, paper/cardboard, ferrous & non-ferrous metals, lead batteries, and hazardous waste;
- SAMES (France): re-use of cardboard packaging from suppliers as wadding in shipping crates;
- HOLMER (Germany): recycling of paper, plastic, metal, used pallets, etc.;
- HOLMER Exxact (France): recycling of paper, cardboard, oils and scrap metal;
- VERMOREL (Romania): recycling of metal and paper;

- TECNOMA (France): powdered paint, steelshot and polyethylene are collected directly by suppliers for treatment and recycling in their production processes;
- CARUELLE (France): recycling of scrap metal, steel shot, and paper/cardboard.

Industrial investments are made by Group companies according to local requirements and policies.

Examples:

- AGRIFAC (Netherlands) is building a new manufacturing plant due to growth. This 4.0 factory is environmentally friendly by meeting the requirements of the BREEAM international quality standard at the highest level, termed “Outstanding.” The evaluation is made in nine categories: management, health, energy, transport, water, materials, waste, land use and non-pollution. Thanks to its 3,000 m2 of rooftop solar panels, the factory is totally energy-neutral. Completion is planned for autumn 2017;
- at SAMES: instituting a process for re-use of wooden pallets;
- at HOZELOCK EXEL (France): re-roofing and investment in a furnace to reduce energy consumption. Employees were educated about sorting;
- at ET Works (USA): the safety officer is explicitly responsible for environmental matters, and employees are trained in recycling oil and steel;
- at TECNOMA: passivation of old fuel tanks to avoid any risk of ground pollution;
- at KREMLIN REXSON: a communications campaign was conducted about COP21;
- at TRICOFLEX (France): expanded use of storage tanks, replacement of CFC units and half-yearly analyses of the water table;
- at HOLMER: new painting equipment that reduces paint consumption;
- at KREMLIN REXSON: replacement of the de-greasing machine: using modified alcohol instead of dichloromethane.

Chemicals are inventoried and kept in storage tanks. Waste is efficiently managed: for example, at SAMES (France), a waste hold is in place; the waste is regularly emptied and removed by a firm specialized in the management of chemical waste. Soiled rags are treated in the same way.

On the whole, our industrial activities generate little noise. The companies which generate noise, internally or with respect to their surroundings, comply with applicable regulations and have set up noise mapping and monitoring systems. The employees concerned wear hearing protection:

- at ET Works: noise levels are periodically measured to keep them below the limits allowed by OSHA;
- at SAMES Technologies: rearrangement of the sprayer manufacturing area, with noise-reducing booths for turbine testing: less sound pollution; the ventilation chambers of the powder coating booths in the R&D laboratory were made sound-proof;
- at HOZELOCK EXEL: noise controls put in place with ICPE registration;
- at TRICOFLEX: a sound-reducing wall was installed for the benefit of local residents. Measures are regularly put in place at various key points at the site;
- at KREMLIN REXSON: noisy testing moved to a special place isolated from the main operations.

At present, no provision is required regarding our environmental impact.

3.4.3.2 Sustainable use of resources

3.4.3.2.1 Water and energy usage

	09/01/2015-09/30/2016 13-month fiscal year	**09/01/2014-08/31/2015**	**09/01/2013-08/31/2014**
Water usage in m^3	103,876	89,922	82,036
Use of electricity in kWh	39,138,503	36,426,933	44,819,587
Use of gas in kWh HHV	34,183,482	44,227,278	52,149,764
Use of propane in kWh HHV	5,905,669	NA	NA
Use of fuel oil in liters	1,340,794	983,526	740,510

Only the usage of natural gas, propane and fuel oil are currently reported. Starting with fiscal year 2015-2016, we distinguish natural gas usage from propane usage. For previous fiscal years all usage was grouped together on the line “gas usage.”

We are committed to reducing our water and energy use. In particular, water tests on agricultural machines are usually done in a closed circuit, e.g. EMC in Russia and HARDI in Australia.

In certain energy-consuming processes, such as welding, the welding stations have been replaced with more energy-efficient units, such as at VERMOREL (Romania), for example.

Investments have been made in the thermal insulation of buildings, for example at CARUELLE (France), where the roof and insulation were renewed in the area dedicated to offices and spare parts.

LED lighting is becoming more widespread, such as at AGRIFAC.

Better insulated buildings (such as the new SAMES building) are also more energy efficient:

- at BERTHOUD: creation of a well for testing with a closed circuit of water so as to test our machines without wasting water; Painting line equipped with LED lighting to lower electricity consumption. Temperatures and lighting are regulated;
- at AGRIFAC: recovery of rainwater for restrooms;
- at SAMES: installation of LED ceiling lights replacing fluorescent tubes;
- at HOZELOCK EXEL: installation of a variable speed compressor and a 30m3 tank for rainwater recovery;
- at HOZELOCK UK: investments for greater efficiency in water usage. The company received an award for reducing water usage in its restrooms;
- at KREMLIN REXSON in Spain: replacement of AC units, significantly lowering electricity consumption.

3.4.3.2.2 Consumption of raw materials and measures taken to use them more efficiently

Our assembly activities are low consumers of raw materials, as we mainly use components.

However, some companies have processes which involve the transformation of materials: VERMOREL (Romania, steel welding) and TRICOFLEX (France, plastic extrusion). These companies are reducing and re-using their own waste. HOZELOCK (England) sends some of its production waste (plastic extrusion material) to TRICOFLEX for recycling. VERMOREL optimizes its cutting plans and re-uses offcuts; TRICOFLEX has created expanded mixtures which reduce its consumption of raw materials by 30 %; it thus recycles 80 % of its plastic waste. TECNOMA sends its waste to specialized processing firms. A rotational molding rejects indicator has been in use for two years, showing results by machine and by customer, making it possible to track a medium□term plan on mold forms. On the new molds, a pressure system is used to reduce the reject rate for tanks made on the R50 machine. At HOLMER, new painting equipment reduces the amount of paint used.

3.4.3.2.3 Ground use

Not applicable to our activity.

3.4.3.3 Climate change

3.4.3.3.1 Discharges into the air, including greenhouse gas emissions

With respect to work-related transport, we promote the use of public transport for our employees (rail instead of cars). To limit travel, the Group is acquiring video-conferencing and web-conferencing systems. Vehicle fleets are managed in a way that limits CO2 emissions per km.

On sites with painting facilities, VOC emissions are monitored and limited by the air extraction and filtering equipment installed in paint booths and welding stations.

We encourage the installation of radiant heating systems: these are more energy efficient than oil heating systems, which have been replaced on certain sites.

	09/01/2015-09/30/2016	09/01/2014-08/31/2015	09/01/2013-08/31/2014
Conversion into CO_2 emissions	29,069,083 over 13 months	27,641,436	32,050,298

CO2 emissions for N-2H are calculated without distinguishing between natural gas and propane, unlike the data for N and N-1

Note on emissions:

This is the conversion of consumption of:

Emission factors	Conversion factor	Source
Electricity - average mix in Europe	0.42kg CO_2/kWh	Carbon-based
Natural gas - Europe	0.214kg CO_2/kWh PCS	Carbon-based
Propane, including maritime - Europe	0.257kg CO_2/kWh PCI	Carbon-based
Petrol at the pump - Metropolitan France	2.79kg CO_2/L	Carbon-based

3.4.3.3.2 Adaptation to climate change

Our farming customers could be affected by climate change. Our machines already adapt to different climates, given our exposure to different climatic conditions (desert climates in Australia, wide expanses in Russia, with humid weather in the fall for beet crops, agriculture on small plots in France, etc.).

HOZELOCK is adapting its product lines to allow more widespread development of micro-irrigation, which uses less water.

3.4.3.4 Protection of biodiversity

The agricultural machines developed by the Group spray the right dose in the right place at the right time: by avoiding over-dosage (with TECNOMA's Précijet for example), improving the precision and spread of flows (with BERTHOUD's EasyFlo for example), and by increasing the penetration of the droplets (with HARDI's Iris for example).

Our section cutoff and nozzle-by-nozzle cutoff systems guided by GPS avoid spraying twice in the same place. The nozzles designed by the Group are anti-drift certified.

The phytosanitary products only reach the plant to be treated, thereby reducing the impact on fauna, flora and biodiversity.

We are also working on reducing soil compaction to preserve soil biodiversity.

Our agricultural developments are in line with the ECOPHYTO governmental plan.

Our industrial paint sprayers allow the spraying of non-polluting water-based products, with the best transfer rates on the market.

For the mass retail market, HOZELOCK-EXEL has developed products that consume less active material (up to 90% for the Wonderweeder).

Our electric weeder, which destroys weeds by creating a thermal shock, avoids the use of chemical weed killers (Green Power).

3.4.4 Information on the Company's commitments for sustainable development

3.4.4.1 Territorial, economic and social impact of the Company's activity on regional development and employment, and on local or neighboring populations

The organization of the Group comprises a union of enterprises which, along with respect for local cultures, has historically favored locating our sites in rural areas and integrating them into local industrial life and society (town halls, football clubs, schools, volunteer fire brigade, non-profit organizations, etc.)

In rural areas, our companies are a major source of employment (direct or indirect jobs).

3.4.4.2 Relations with persons and organizations with an interest in the Company's activity, in particular social integration associations, educational institutions, environmental protection associations, consumer associations and neighboring populations

Our companies offer visits for schools, employees' families, local residents, journalists, local elected representatives, etc.

We are in regular contact with the organizations which are interested in the activities of the Group's companies.

For example:

- the Group is a member of the FARRE association for the promotion of sustainable agriculture;
- certain managers are involved in local institutions (chambers of commerce and industry, industrial zones, Boards of Directors, local mission sponsoring, associations, commercial court judges, trade associations, business incubator, etc.);
- most of the companies have working relations with schools at all levels to offer internships and apprenticeship contracts. Some of the companies donate demonstration equipment to schools;
- Holmer, for example, has one full-time employee appointed to the management of a permanent group of 28 apprentices and is involved in the “Kids & Technology” project. In all in the Group, we had an average of 83 apprentices in the fiscal year;
- in France, the apprenticeship tax is primarily distributed to local educational establishments;
- volunteer firefighters are employed in some of our companies and benefit from flexible working conditions. Blood donation drives have been organized. There are four drives at ET Works annually. At SAMES Technologies in Meylan, 35 to 40 people donate blood twice a year;
- HOZELOCK UK worked with local police to help them train their drug-sniffing dogs by providing them with a new training environment.

3.4.4.3 Outsourcing and suppliers

Integration of social and environmental criteria in the purchasing policy.

Extent of outsourcing and integration of CSR criteria in relationships with suppliers and subcontractors.

Group companies generally maintain a local network of subcontractors and suppliers for such things as maintenance, sub-assemblies, components, training, cleaning services, temporary personnel agencies, etc.

Most of the companies have charters which include CSR criteria.

For example:

- HARDI requires all its subcontractors to sign a "Supply Code of Conduct" with stipulations concerning compliance with legal requirements, employment practices, non-discrimination, the work environment, and the fight against corruption;
- at SAMES, the General Purchasing Terms & Conditions and the Special Purchasing and Service Terms & Conditions both include clauses relating to CSR.

3.4.4.4 Fair practices

3.4.4.4.1 Actions implemented to prevent corruption

Double-signature procedures ensure security in this respect. Purchasing contracts of a certain size are often subject to the approval of at least two employees.

Some companies, such as HOZELOCK EXEL and BERTHOUD, regularly re-allocate the supplier portfolio.

We have tendering procedures for many Group contracts: we request two or three tenders for the following: insurance, Statutory Auditors, lawyers, mobile telephony, intellectual property counsels, choice of ERP, etc.

3.4.4.4.2 Measures taken to safeguard consumer health and safety

The solutions developed for our customers comply with safety and environmental directives and standards (Machine Directive, ATEX Directive, REACH, RohS, certain ISO standards, etc.).

The actions described in the section focused on biodiversity protection also protect consumer health by reducing the use of phytosanitary products.

3.4.4.5 Other actions taken on behalf of human rights.

Our respect for human rights is reflected in our values:

- trust initiative;
- openness/transparency;
- team spirit;
- acting responsibly.

Respect for human rights is something which is self-evident in our Group, in France and internationally.

3.4.4.6 Food waste

This area is not very relevant to Exel Industries. Only the canteens are concerned and these are not under the Group's management.

3.4.5 Establishment of a Group level project to pro-actively manage CSR

A project ordered by the Group's Chief Executive Officer, Guerric Ballu, and led by the Group Director of Human Resources was established in January 2016 with four areas of focus:

- absenteeism;
- holding down work-related accidents;
- apprenticeship;
- gender balance.

The project team, consisting of four Group HR directors, was tasked with:

- setting objectives in each of these areas;
- communicating with each Group Company's Executive Committee concerning these areas and reporting on the current situation;
- help draw up concrete action plans by offering tools to do so;
- monitor these action plans over fiscal year 2016-2017.

The objectives set are as follows:

Absenteeism

- 3% during 2016-2017.

Holding down work-related accidents

- Frequency rate less than 30 in all Group companies and with regard to companies at a lower level than that, at least maintaining or improving the rate.
- Severity rate less than 1 in all Group companies and with regard to companies at a lower level than that, at least maintaining or improving the rate.
- Putting in place a benign accidents indicator at companies lacking one.

Apprenticeship

- 3% apprentices.

Gender balance

- Create indicators and action plans in every Group company.
- Specifically track measures undertaken at two Group companies.

3.4.6 Report of the Statutory Auditor appointed as independent third party on the consolidated corporate, societal and environmental information included in the Management Report
13-month fiscal year ended September 30, 2016

To the Shareholders,

In our capacity as Statutory Auditors of EXEL Industries appointed as independent third party, certified by COFRAC under number 3-1048[1] we present our report on the consolidated corporate, societal and environmental information relating to the 13-month fiscal year ended September 30, 2016, presented in the Management Report (hereinafter the "CSR Information"), pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code.

Company's responsibility

The Board of Directors is required to produce a Management Report containing the CSR Information required under Article R. 225-105-1 of the French Commercial Code, prepared in accordance with the Company guidelines, (hereinafter the "Guidelines") outlined in the Management Report and available on request at the Company's headquarters.

Independence and quality control

Our independence is defined by regulatory texts, our professional code of ethics, and the provisions of Article L. 822-11 of the French Commercial Code.

Moreover, we have set up a quality control system which includes documented procedures and policies aimed at ensuring compliance with our rules of ethics, professional standards and applicable legal and regulatory texts.

Statutory Auditor's responsibility

It is our responsibility, based on our audit, to:

- certify that the required CSR Information is present in the Management Report or, in the case of omissions, is substantiated with an explanation, in accordance with paragraph 3, Article R. 225-105 of the French Commercial Code (Certification of the presence of CSR Information);
- express an opinion of moderate assurance on the fact that the CSR Information as a whole is presented in a fair way, in all material respects, in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work involved the efforts and abilities of five individuals, and was carried out over approximately four weeks between November and December. To help us in our work, we called on our CSR experts.

We conducted the work described hereinafter in accordance with the decree of May 13, 2013 determining the ways in which the outside independent organization is to conduct the assignment and in accordance with the professional standards applicable in France, and with respect to the reasoned opinion on the fairness of the CSR Information, with international standard ISAE 3000 [2].

1. Certification of the presence of CSR Information

Nature and extent of the audit

Based on interviews with the managers of the departments concerned, we reviewed the Company's sustainable development policies in respect of the societal and environmental impacts of the Company's activity and its CSR commitments, as well as any ensuing initiatives or programs.

We compared the CSR Information presented in the Management Report with the list set out in Article R. 225-105-1 of the French Commercial Code.

Where any consolidated information was missing, we verified that explanations had been given in accordance with the provisions of Article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information actually covered the entire scope of consolidation, namely the Company and its subsidiaries within the meaning of Article L. 233-1, and the companies it controls within the meaning of Article L. 233-3 of the French Commercial Code.

Conclusion

On the basis of this information, we certify that the required CSR Information is present in the Management Report.

---

(1) the scope of which is available at www.cofrac.fr

(2) ISAE 3000 – "Assurance engagements" other than audits or reviews of historical financial information.

2. Reasoned opinion on the fairness of the CSR Information

Nature and extent of the audit

We conducted a dozen interviews with the persons responsible for preparing the CSR Information in the departments in charge of data collection processes and, where relevant, with the persons responsible for internal control and risk management procedures, in order to:

- appraise the appropriateness of the Guidelines with respect to their relevance, completeness, reliability, neutrality and clarity, taking into consideration, where relevant, good industry practices;
- verify the effective set-up of a data collection, compilation, treatment and control process to ensure the completeness and consistency of the CSR Information, and review the internal control and risk management procedures relative to the preparation of the CSR Information.

We determined the nature and extent of our tests and verifications according to the nature and importance of the CSR Information with respect to the Company's characteristics, the social and environmental impacts of its activities, its sustainable development policies and good industry practices.

For the CSR Information we deemed most important(1):

- for the consolidating entity and certain entities, we examined the documentary sources and conducted interviews to corroborate the qualitative information (organization, policy and actions); we performed analytical reviews on the quantitative information and verified, on a test basis, the calculations and data consolidation, and we verified their coherence and consistency with the other information provided in the Management Report;
- on a representative sample of entities, that we selected(2) according to their activity, their contribution to consolidated indicators, their location and a risk analysis, we conducted interviews to verify the correct implementation of the procedures and carried out detailed spot checks, consisting in verifying the calculations made and comparing the data with supporting documents. The selected sample represents, on average, 22% of the workforce and between 24% and 91% of the quantitative environmental information.

For the other consolidated CSR information, we appraised its coherence in view of our knowledge of the Company.

Lastly, we appraised the relevance of any explanations given concerning the total or partial absence of certain information.

We deem that the sampling methods and sizes of the samples we used, based on our professional judgment, enable us to express a conclusion of moderate assurance; a higher level of assurance would have required a more extensive review. Due to the use of sampling methods and other limitations in the functioning of any information and internal control system, the risk of non-detection of a material misstatement in the CSR Information cannot be totally dismissed.

Conclusion

Based on our review, we did not identify any material misstatement that would call into question the fact that the CSR Information as a whole is presented in a fair way, in keeping with the Guidelines.

Lyon, January 20, 2017

One of the Statutory Auditors

Deloitte & Associés

Gérard Badin

Partner

---

(1) ***Quantitative information:*** *electric power consumption (in KWh), natural gas consumption (in kWh), propane consumption (in kWh), average workforce, number of hires, number of layoffs, absenteeism rate, accident frequency rate (including number of accidents with time lost), accident severity rate (including number of accidents with time lost) and total hours of training.*
Qualitative information: *policies carried out in the area of training, including about safety, environmental audits performed, measures for sorting and reclamation of waste, subcontractors and suppliers as local stakeholders, charter in support of corporate social responsibility, and compliance with directives and safety and environmental standards.*

(2) *Tecnoma, Tricoflex and Hardi HIA.*

3.5 Company operations, consolidated and parent company financial statements

EXEL Industries has continued its two activities:

- managing and coordinating its direct subsidiaries, all more than 95 %-held;
- managing and supervising its portfolio of patents, trademarks, designs and models for which it grants operating licenses.

3.5.1 Consolidated accounts - financial highlights

(€ millions)	**09/30/2016**	**08/31/2015**
Equity attributable to owners of the parent before appropriation of income	299.1	274.4
Goodwill	65.8	57.6
Net assets (excluding goodwill)	154.5	127.0
Cash and cash equivalents	99.7	80.0
Borrowings (current and non-current)	203.6	155.3
Provisions for contingencies and expenses (current and non-current)	56.1	54.0
REVENUE (EXCLUDING VAT)	**819.3**	**725.2**
Current operating income (EBIT)	59.3	50.9
Non-recurring income/(expenses)	(0.6)	(5.8)
Of which impairment of goodwill	0	0
Operating profit	58.7	45.2
Financial income/(expenses)	(7.3)	(1.6)
Net income from consolidated operations	34.2	31.6
Net income attributable to the equity holders of the parent before appropriation	34.2	31.6
Operating cash flows	37.1	43.5
(in euros)		
Consolidated net income per share	5.0	4.7
Cash flow per share	5.5	6.4

3.5.1.1 Income statement

- The consolidated revenues for 13 months were 13% higher than for the period ended August 31, 2015 (12 months), respectively €819.3 million and €725.2 million.
- Revenue from exports rose 14.2% from €530.7 million to €606.0 million. International revenue accounted for 74% of total revenue, compared with 26% in the previous fiscal year.
- Revenue was negatively impacted by translation loss of €5.0 million, due to the appreciation of a number of currencies, notably the US and Australian dollars.
- Current operating income (EBIT) rose from €50.9 million to €59.3 million after net depreciation allowances and provisions of €16.0 million, compared with €14.5 million in the prior period.
- Statutory and voluntary employee profit sharing expenses, included under payroll, totaled €2.9 million, compared with €1.3 million in the previous fiscal year.
- Net non-recurring income and expenses amounted to -€0.6 million. These equaled acquisition costs for the year of €1.2 million and net capital losses on asset disposals as well as a reversal of an unused restructuring provision recognized in preceding years of €0.7 million.
- The company posted a net financial expense of -€7.3 million. This included net borrowing costs of -€4.7 million plus net foreign exchange losses of €2.6 million.
- Profit before tax rose from €43.6 million to €51.4 million.
- The tax expense decreased from €17.7 million in the previous fiscal year to €12.3 million.
- Net income attributable to equity holders of the parent increased 8.1% to €34.2 million, or 4.2% of revenue.

3.5.1.2 Balance sheet

Equity attributable to the parent increased from €279.4 million to €299.1 million, up €19.6 million, breaking down as follows:

Total recognized income and expenses:	€34.2 million
Dividend distribution:	€(7.2) million
Change in treasury shares:	€0.0 million

Equity represented 42.7% of the total balance sheet, compared with 43.5% at the end of the previous fiscal year.

Provisions for contingencies and expenses (current and non-current) of €56.1 million were set aside or maintained to cover risks identified by the company.

Working capital was up €12.0 million, from €217.4 million to €229.3 million, as a result of the following:

+ Change in shareholders' equity:	+ €19.6 million
+ Change in provisions:	+ €3.2 million
+ Change in non-current financial liabilities:	+ €28.5 million
- Change in non-current assets:	€(39.4) million

Working capital requirements, determined on the basis of net asset values, amounted to €221.9 million at September 30, 2016, compared with €214.3 million at August 31, 2015.

This €7.6 million increase reflects:

+ Change in current assets (excluding cash and cash equivalents):	€(1.0) million
- Change in current liabilities (excluding provisions & short-term borrowings)	+ €8.6 million

At September 30, 2016, the net cash balance (cash net of current financial liabilities) totaled +€4.3 million, or cash and cash equivalents of €99.7 million and current borrowings of €92.3 million.

3.5.2 Parent company financial statements

Parent company financial highlights:

	2016	**2015**
Revenue:	€22,197K	€20,593K
Operating results:	€15,926K	€16,337K
Net financial income:	€31,926K	€36,777K
Net income:	€38,201	€47,861K

Financial income includes primarily dividends paid by subsidiaries and interest income from cash and cash equivalents.

3.5.3 Analysis of trade payables

(see article L. 441(6)(1) and Decree D. 441(4) of the French Commercial Code)

Trade payables from parent company accounts	**Fiscal year 2016**	**Fiscal year 2015**
Total trade payables	**€308K**	**€550K**
Of which past due	€6K	€4K
Of which past due on 09/30		€502K
Of which due on 10/31	€300K	€44K
Of which due on 11/30	€2K	None

3.6 Market risks

After performing a review of risks that could potentially have a material adverse effect on its business, financial position or results (or its ability to meet its targets), the Company considers that there are no significant risks other than those presented below.

3.6.1 Exchange rate and payment risks

Most export sales invoiced in euros are covered by COFACE trade credit insurance or cash payment prior to delivery.

Sales through foreign retail subsidiaries outside the Euro zone are naturally invoiced in local currencies. Given the large number of billings in US and Australian dollar markets, the Group has exposure to the fluctuating exchange rates of these currencies. Trade payables in US dollars owed to French companies of the Group are fully recognized at the closing exchange rate at the end of the fiscal year.

The majority of sales by the Group's foreign subsidiaries to non-Group foreign buyers are in euros. Invoices issued in foreign currencies by French subsidiaries of the Group are converted into euros at the exchange rate in force on the date of delivery. Sales and invoices of French subsidiaries of EXEL Industries to their foreign subsidiaries are in euros. As an exception to this practice, subsidiaries in the US and the UK are invoiced in their respective local currencies and subsidiaries in China are invoiced in US dollars.

Since the end of the 2004-2005 fiscal year, the Group's general policy has been to hedge significant engineering contracts denominated in a currency other than the euro, mainly in US dollars. In the last fiscal year, there has been no significant contract of this type denominated in a currency other than in euros.

The Group has recourse to cash flow hedges for a portion of cash flows in US dollars on a case-by-case basis.

At 09/30/2016, trade receivables, cash and cash equivalents and payables of the Group denominated in the main currencies were as follows:

In US dollars

Receivables in	USD 20,486K
• Cash in USD	USD 8,753K*
• Payables in USD	USD (58,915)K
• Net receivables in USD	USD (29,676)K
	OR €(26,589)K

* *Assets in US dollars are not covered by an exchange rate hedge at the end of the fiscal year.*

In Danish crowns

- Receivables and cash in DKK	DKK 75,969K
- Payables in DKK	DKK (92,743)K
- Net receivables in DKK	DKK (16,773)K
	OR € (2,251)K**

** *Historically, the Danish Crown has fluctuated within a narrow range of 0.20% relative to the euro.*

In pounds sterling

- Receivables and cash in GBP	£15,022K
- Payables in GBP	£(46,501)K
- Net receivables in GBP	£(31,478)K
	OR €36,560K

In Australian dollars

- Receivables and cash in AUD	AUD 6,903K
- Payables in AUD	AUD12,900K
- Net receivables in AUD	AUD (5,997)K
	OR €4,092K

In Chinese yuan

- Receivables and cash in CNY	CNY 62,717K
- Payables in CNY	CNY (22,477)K
- Net receivables in CNY	CNY 40,240K
	OR €5,404K

TOTAL NET RECEIVABLES IN OTHER CURRENCIES:	**€8,524K**

Net consolidated foreign exchange gains as at September 30, 2016 totaled €2,585 K. Most of this amount originated from US dollars, pounds sterling and Australian dollars, breaking down as follows:

- losses originating from payment delays: €322 K;
- losses on revaluation of receivables and payables: €8,362 K;
- gains on sales of currencies and fluctuations on currencies in bank: €6,099 K.

3.6.2 Exposure to interest rate risk

At 9/30/2016, most borrowings and financial debt at variable rate interest were indexed to the 1- or 3-month Euribor, as appropriate, or equivalent rates, notably in Denmark.

At the fiscal year end, total debt and borrowings concerned broke down as follows:

Medium-term variable-rate loans and drawdowns on secured medium-term credit facilities:	€122,988K
Finance lease liabilities:	€2,377K
Overdrafts and similar facilities:	€46,873K

Financial assets (money market funds and other short-term investments) bearing interest at a variable rate amounted to €81K.

A 1% increase in the interest rate would have a negative impact on the Group's pretax profit of €1,723K.

3.6.3 Exposure to equity risk

EXEL Industries does not hold, directly or indirectly, shares in listed companies or other financial instruments.

The only exceptions to this are holdings of its own shares in connection with a liquidity agreement with Natixis.

At 9/30/2016, EXEL Industries held 3,133 treasury shares, equating to 0.05% of its share capital.

3.6.4 Exposure to liquidity risk

No loans obtained by EXEL Industries from banks provide for early repayment provisions (covenants)..

Moreover, the EXEL Industries Group enjoys good access to credit with several confirmed lines of credit open with banks that were negotiated under pre-crisis conditions.

The Company has performed a specific review of its liquidity risk and considers that it is able to fully honor all its future payment obligations.

The Group is working to extend the maturity of the debt, which will further reduce any liquidity risks.

3.7 Exceptional items and litigation

To the best of the Company's knowledge, no exceptional items or litigation exist for which provisions have not been recorded that could have a material adverse effect on its business, financial position or assets and liabilities.

There are no other legal, judicial or arbitration proceedings (including any that are pending or threatened of which the Company is aware), which may have or have had during the last 12 months, a material effect on the financial position or profitability of the Company and/or Group.

3.8 Changes in share capital during the fiscal year

3.8.1 Analysis of share capital at the end of the fiscal year

There have been no changes to the share capital in the last five years. The amount of share capital thus remains unchanged at €16,969,750.

However, for information, in the 2007/2008 fiscal year, a two-for-one stock split of the EXEL Industries share was carried out, reducing the par value per share from €5 to €2.50.

Ownership Of Exel Industries Share Capital And Voting Rights

	At 8/31/2014			At 8/31/2015			At 9/30/2016		
Shareholders	**Number of shares**	**% of capital**	**% of voting rights**	**Number of shares**	**% of capital**	**% of voting rights**	**Number of shares**	**% of capital**	**% of voting rights**
EXEL SAS*	4,263,247	62.81%	70.98%	4,263,247	62.81%	70.97%	4,263,247	62.81%	71.02%
Patrick BALLU and family shareholders	907,150	13.36%	15.23%	906,820	13.36%	15.22%	906,866	13.36%	15.20%
BALLU FAMILY SUB-TOTAL	**5,170,577**	**76.17%**	**86.21%**	**5,170,067**	**76.17%**	**86.19%**	**5,170,113**	**76.17%**	**86.22%**
EXEL Industries SA	4,661	0.07%	0.00%	2,344	0.03%	0.00%	3,133	0.05%	0.00%
Financial inst., misc. investors & public	1,612,662	23.76%	13.79%	1,615,489	23.80%	13.81%	1,614,654	23.79%	13.78%
TOTAL	**6,787,900**	**100.00%**	**100.00%**	**6,787,900**	**100.00%**	**100.00%**	**6,787,900**	**100.00%**	**100.00%**

* *EXEL sas is wholly owned by the family of Patrick Ballu.*

Gross number of voting rights

At 8/31/2014	11,882,901
At 8/31/2015	11,879,711
At 9/30/2016	11,896,013

Disclosures on ownership thresholds

La Financière de l'Échiquier: The ownership threshold was crossed on 9/28/2016 (2.47% of the capital and 1.41% of the voting rights).

L'Amiral de gestion: Ownership threshold crossed on 9/12/2016 (5.29% of capital)

Shareholders holding more than 2.5% of the share capital among "financial institutions, misc. investors and the public"

Lazard Frères Gestion

Shareholders holding more than 5% of the share capital among "financial institutions, misc. investors and the public

L'Amiral de gestion

Number of shareholders

(based on the most recent identifiable bearer shares report on 11/25/2016: 1,820 (including 225 registered shareholders)

No employee stock ownership plan exists.

3.8.2 Authorizations to purchase treasury shares

In light of regulations in force and in accordance with article L. 225-209 of the French Commercial Code (Code de Commerce) and Commission Regulation (EC) No 2273/2003 of September 22, 2003, and the Information Memorandum, the Annual General Meeting of September 1, 2015 granted the Board of Directors an authorization for a period of 18 months from the date of this Meeting to repurchase shares of the Company in accordance with the following terms and conditions:

These share buy backs may be carried out in accordance with the limits provided for by laws and regulations applicable at the time of said transactions and in accordance with the purposes and procedures set forth below.

The maximum number of shares purchased by the Company under this authorization may not exceed 10% of its current share capital.

These shares may be acquired on one or more occasions and through any means for the following purposes:

- market-making or share liquidity services provided by an Investment Service Provider through a liquidity agreement in compliance with the conduct of business rules recognized by the French securities market regulator, the AMF;
- purchasing shares to be retained for future use for payment or exchange in connection with possible acquisitions;
- the cancellation of all or part of shares thus acquired;
- employee stock option plans (or other share grants to employees) or for debt securities convertible into shares.

These shares may be acquired, sold or transferred by any means, on or off market, including involving the use of any derivative financial instruments. The entire share repurchase program may be carried out through block trades.

The maximum purchase price may not exceed €160 per share, subject to adjustments linked to corporate actions that may be implemented. In a scenario involving the purchase of 5% of the shares, the maximum amount paid would be €54.3 million.

Shares thus purchased may be held, sold or transferred.

In connection with the objective of assuring an orderly market for its shares, the Company made use of this authorization to repurchase shares and on September 30, 2016, held 3,153 of said shares.

On September 1, 2016, EXEL Industries sold and purchased a certain number of its own shares for the purpose of ensuring the liquidity and an orderly market for its shares:

Number of shares at 8/31/2015	2,344
Number of shares repurchased in the fiscal year ended 9/30/2016	49,113
Shares were purchased at an average price of	€45.70
Number of shares sold in the fiscal year ended 9/30/2016	48,324
Shares were sold at an average price of	€67.16
Number of treasury securities held at 9/30/2016	3,133

Furthermore, an authorization was submitted for approval to the next Annual General Meeting of February 09, 2017. Once approved by the shareholders, this authorization will cancel and supersede the authorization granted by the Ordinary General Meeting of September 1, 2016. An Information Memorandum on this share repurchase program has been made available on the websites of both the AMF and EXEL Industries.

3.8.3 Authorizations to increase the share capital and issue securities

Extraordinary General Meeting	Delegations of authority granted to the Board of Directors	Preferential subscription rights	Nominal maximum amount	Term of the authorization*	Authorizations in force used in fiscal year 2015-2016	Term of validity and exercise of securities
ESM of 1/12/2016	1. Capital increase *(issuance of shares for cash, capitalization of reserves or share premium, the exchange of securities, bonus share issues, exercise of warrants)*	with	€80 million	26 months	None	None
	2. Capital increase through the issuance of shares or other securities	with	€80 million	26 months	None	None
	3. Capital increase reserved for employees	with	None	26 months	None	None

* *As these authorizations were granted to the Board of Directors for a period of validity of 26 months, a new ESM will be held at the end of this term to proceed, if necessary, with their renewal.*

3.8.4 The market for the issuer's shares

Price changes over the past 24 months in the EXEL Industries share, listed in compartment B (mid-caps) of NYSE-Euronext Paris since June 20, 1997, were as follows:

EXEL Industries share price and trading activity (source NYSE-EURONEXT)

12/1/2014 to 11/30/2015

			Price *(in euros)*		
Fiscal year	**Trading volume in number of shares**	**Equity** *(in millions of euros)*	**High**	**Low**	**Closing price**
12/2014	48,048	2.27	50.92	41.2	45.55
01/2015	74,024	3.37	48	44.03	46
02/2015	41,863	2.00	49	45.02	47.82
03/2015	30,692	1.48	49.67	45.67	46.8
04/2015	105,906	4.63	46.74	42.51	43.2
05/2015	64,307	2.78	43.9	42.52	43.3
06/2015	47,732	2.16	47.05	43.12	47.05
07/2015	180,869	9.15	53	46.51	52.98
08/2015	38,675	1.99	53.8	49.99	50
09/2015	59,235	2.85	52.7	44.63	47.37
10/2015	39,752	1.87	48.39	45.8	46.5
11/2015	147,184	7.95	57.3	46.43	55.01
TOTAL	**878,287**	**42.51**	**50.04**	**44.79**	**47.63**

12/1/2015 to 11/30/2016

			Price *(in euros)*		
Fiscal year	**Trading volume in number of shares**	**Equity** *(in millions of euros)*	**High**	**Low**	**Closing price**
12/2015	64,524	3.95	63.92	54.43	62.30
01/2016	141,326	9.95	77.22	61.74	70.16
02/2016	41,466	2.89	71.81	67.01	67.50
03/2016	33,247	2.29	71.50	65.90	67.30
04/2016	47,965	3.37	76.67	65.90	76.67
05/2016	18,354	1.39	80.00	70.01	75.50
06/2016	56,225	4.28	81.19	72.10	78.95
07/2016	35,491	2.77	82.95	75.00	75.45
08/2016	69,131	4.89	76.02	68.10	69.35
09/2016	98,106	6.70	70.67	64.00	68.80
10/2016	138,121	9.44	72.75	65.65	66.70
11/2016	104,852	6.67	69.50	69.58	67.30
TOTAL	**605,835**	**42.47**	**74.52**	**65.65**	**70.58**

3.9 Appropriation of net income of the fiscal year

3.9.1 Income appropriation

The Shareholders decide that the net profit for the fiscal year of €38,200,549 shall be appropriated as follows:

- distribution of a total dividend of €7,263,053 or €1.07 per share [(1)], it being noted that the Legal Reserve is already fully funded;
- carry forward to retained earnings of the remaining profit of €30,937,496;

Thereby increasing the amount of retained earnings to €206,007,361.

3.9.2 Dividends

Fiscal year	Dividend per share
2012/2013	€1 per share
2013/2014	€1.17 per share
2014/2015	€1.07 per share

3.10 Information on corporate officers

3.10.1 Remuneration and benefits paid in the fiscal year to corporate officers of the Group

In accordance with Article L. 225-102 of the French Commercial Code, the remuneration and benefits paid to corporate officers by EXEL Industries, companies controlled as defined by Article L.233-16 and EXEL SAS, which within the meaning of the same article controls EXEL Industries SA, amounted to a total of €1.259 million for fiscal year 2015-2016.

This amount was distributed as follows:

1- Patrick BALLU, Director Chairman of the Board of Directors, EXEL Industries	**Fiscal Year 2015-2016**
Fixed remuneration	73,500
Annual variable remuneration	-
Pension payment and special compensation	-
Directors' fees	15,000
Services rendered	-
Benefits in kind	6,882
TOTAL	**95,382**

2- Guerric BALLU, Director CEO, EXEL Industries	**Fiscal Year 2015-2016**
Fixed remuneration	323,823
Annual variable remuneration	119,000
Pension payment and special compensation	-
Directors' fees	15,000
Services rendered	-
Benefits in kind	7,559
TOTAL	**465,382**

3- Marc BALLU, Director	**Fiscal Year 2015-2016**
Fixed remuneration	262,777

(1) Dividend to be payable as of February 17, 2017, directly by CM-CIC Securities.

Annual variable remuneration	52,952
Pension payment and special compensation	-
Directors' fees	15,000
Services rendered	-
Benefits in kind	127,909
TOTAL	**458,638**

4 - Marie-Pierre du CRAY-SIRIEIX, Director	**Fiscal Year 2015-2016**
Fixed remuneration	88,277
Annual variable remuneration	12,000
Pension payment and special compensation	45,420
Directors' fees	15,000
Services rendered	24,800
Benefits in kind	-
TOTAL	**185,497**

* *Ms. du CRAY SIRIEIX took retirement and left employment on June 30, 2016.*

5- Jump' TIME, Independent Director	**Fiscal Year 2015-2016**
Fixed remuneration	-
Annual variable remuneration	-
Pension payment and special compensation	-
Directors' fees	20,000
Services rendered	7,000
Benefits in kind	-
TOTAL	**27,000**

6- Marie-Claude BERNAL, Independent Director	**Fiscal Year 2015-2016**
Fixed remuneration	-
Annual variable remuneration	-
Pension payment and special compensation	-
Directors' fees	20,000
Services rendered	7,000
Benefits in kind	-
TOTAL	**27,000**

Executives' bonuses are awarded on the basis of performance as defined by the Remuneration and Appointments Committee.

It should be noted that EXEL Industries has not granted to its corporate officers (whether senior executives and/or directors):

- any loans, advances, guarantees or security;
- stock subscription or purchase options;
- restricted stock;
- severance pay or change of duties compensation;
- or supplemental pension plan.

3.10.2 Stock options and warrants

There are no stock option, stock subscription warrant (BSA) or founder share warrant (BSPCE) plans.

3.10.3 Offices and positions held by each corporate officer as at September 30, 2016

	Offices held within the EXEL Industries Group							
	Patrick BALLU	Guerric BALLU	Marc BALLU	Franck BALLU	Cyril BALLU	Marie-Claude BERNAL	SAS JUMP'TIME(1)	EXEL SAS
Company	Chairman of the Board of Directors	Chief Executive Officer and Director	Deputy Chief Executive Officer and Director	CEO	CEO	Director and Chairman of the Audit Committee	Representative Director CL. LOPEZ(2) and Chair, R&A Comm.	Representative Director MChSB(3)
AGRIFAC Machinery BV		Rep. of the Director EI(4) Shareholders' Rep. EI(4)						
ASHPRING LTD		Chairman(5)	Director(6)					
BERTHOUD AGRICOLE SAS		Chairman's Rep. EI(4)						
CARUELLE NICOLAS SAS					CEO			
CMC SAS		Chairman's Rep. EI(4)						
ET WORKS Inc.		Director(6)						
EVER 1241		Chairman(5)	Director(6)					
HARDI INTERNATIONAL A/S		Chairman of the Board of Directors(7)						
HOZELOCK AUSTRALIA PTY LTD			Director(6)					
HOZELOCK EXEL SAS		Chairman's Rep. EI(4)	CEO					
HOZELOCK GROUP LTD		Chairman(5)	Director(6)					
HOZELOCK HOLLAND BV			Director(6)					
HOZELOCK LTD			Chairman(5)					
HOZELOCK SWEDEN AB			Director(6)					
KREMLIN REXSON SAS		Chairman's Rep. EI(4)						
MINWORTH PROPERTY UK LTD			Director(6)					
PRÉCICULTURE SAS								Chairman's Rep. EI(8)
RAM ENVIRONNEMENT SAS					CEO			
RASINDECK LTD		Chairman(5)	Director(6)					
SAMES TECHNOLOGIES SAS		Chairman's Rep. EI(4)						
SARL DES GRANDES TERRES SAS							Manager(2)	
TECNOMA TECHNOLOGIES SAS		Chairman's Rep. EI(4)						
THISTLEHAVEN LTD		Chairman(5)	Director(6)					
TRICOFLEX SAS			Chairman					

	Offices held outside the EXEL Industries Group							
	Patrick BALLU	Guerric BALLU	Marc BALLU	Franck BALLU	Cyril BALLU	Marie-Claude BERNAL	SAS JUMP'TIME[1]	EXEL SAS
Companies	**Chairman of the Board of Directors**	**Chief Executive Officer and Director**	**Deputy Chief Executive Officer and Director**	**CEO**	**CEO**	**Director and Chairman of the Audit Committee**	**Representative Director CL. LOPEZ[2] and Chair, R&A Comm.**	**Representative Director MChSB[3]**
ALBARELLE							Chairman	
ASSISTEAL							Manager[2]	
AXEMA		Director						
CETIM					Director			
CFJ PRO							Manager[2]	
COURS GALIEN							Chairman[2]	
COURS PAVIOT							Chairman[2]	
ESKER						Chairman of the Supervisory Board Chairman of the Audit Committee Member of the Remuneration Committee		
ESMA			Chairman					
EXEL	Chairman	CEO	CEO	CEO	CEO			
EXPOSIMA		Director						
GROUPEMENT FORESTIER DU BOIS THOMAS			Manager					
GROUPEMENT FORESTIER LOUMABLOÉ			Manager					
POTENTIA PHARMACEUTICALS (USA)						Director		
NEOMA	Director							
SCI LE CAPRICORNE	Manager							
SCI LE LION	Manager							
SCI LE SAGITTAIRE	Manager							

Key:
(1) JUMP'TIME SAS = Company Director, represented by Claude LOPEZ.
(2) Position held by Claude LOPEZ in a personal capacity.
(3) EXEL SAS = Company Director, represented by Marie-Pierre du CRAY-SIRIEIX
(4) EI = SA EXEL Industries.
(5) Chairman = Chairman of the Board of Directors.
(6) Director = Director of the Board.
(7) BD = Board of Directors.
(8)Position held by Marie-Pierre du CRAY-SIRIEIX in a personal capacity.

3.11 Current agreements concluded under normal conditions in fiscal year 2015-2016

In accordance with Article L.225-39 of the French Commercial Code, agreements concluded between two companies, one of which holds, directly or indirectly, all of the share capital of the other, are no longer considered to be regulated agreements.

As a result, these agreements are considered to be current agreements concluded under normal conditions, in the same way as other agreements:

3.11.1 Debt waiver with a "better fortunes" clause

Debt waiver in the amount of €800K granted by SA EXEL Industries to HOLMER Exxact during the fiscal year with a "better fortunes" (financial recovery) clause, bringing the aggregate debt waivers granted to this company to €10.5 million;

Debt waiver in the amount of €226,489 granted by SA EXEL Industries to its subsidiary CAPAGRI during the fiscal year with a "better fortunes" (financial recovery) clause, bringing the aggregate debt waivers granted to this company to €2,356,489;

The "better fortunes" (financial recovery) clause, following the debt waivers granted by SA EXEL Industries to its subsidiary MATROT Equipements has been maintained in the amount of €10.11 million *(*with no repayments in fiscal year *2015-2016)*;

The "better fortunes" (financial recovery) clause, following the debt waivers granted by SA EXEL Industries to its subsidiary RAM Environnement has been maintained in the amount of €655 K *(*with no repayments in fiscal year 2015-2016);

3.11.2 Loan agreements

Loan agreement granted to the subsidiary ENA (USA) at 3.5% (€2,957K outstanding at 9/30/2016);

Loan agreement granted to the Australian subsidiary ERE Australia at an annual rate of 5% (€4,721K outstanding at 9/30/2016);

Loan agreement granted to the US subsidiary ERE USA at an annual rate of 5% (€343K outstanding at 9/30/2016);

Amendment No. 4 to loan agreement granted to the subsidiary VERMOREL at the 1-year Euribor plus 3% (€616K outstanding at 9/30/2016);

Loan agreement granted to AGRIFAC Machinery at the 1-year Euribor plus 5% (€9,400K outstanding at 9/30/2016);

Loan agreement granted to HOZELOCK at the 1-month LIBOR plus 3% (€8,613K outstanding at 9/30/2016);

Loan agreement granted to HOZELOCK at the 1-month Euribor plus 3%, settled in fiscal year.

Loan agreement granted to MINWORTH Property at the 3-month LIBOR plus 2.2% (€15,244K outstanding at 9/30/2016);

Loan agreement granted to EXEL Industrial CHINA at a rate of 6% (€218K outstanding at 9/30/2016).

3.11.3 Other current agreements

Maintenance during fiscal year 2015-2016 of Amendment no. 12 to the centralized cash management agreement between SA EXEL Industries and its subsidiaries, carrying interest at the 1-month Euribor plus 1.5 % since 09/01/2014 for advances by EXEL Industries;

The tax consolidation agreement between SA EXEL Industries as head of the tax group and its subsidiaries was maintained in fiscal year 2015-2016;

The service provision agreement in force since 09/01/2014 between SA EXEL Industries and all its subsidiaries was maintained in fiscal year 2015-2016;

The patent license agreement signed between SA EXEL Industries and all its French and international subsidiaries, providing for royalties at 1.5% of pre-tax revenue (consolidated, where applicable), minus intra-Group purchases, was maintained in fiscal year 2015-2016;

The trademark and model license agreement signed between SA EXEL Industries and all its French and international subsidiaries, providing for royalties at 1% of pre-tax revenue (consolidated, where applicable), minus intra-Group purchases, was maintained in fiscal year 2015-2016;

Amendment no. 1 to the partnership agreement concluded between SA EXEL Industries and some of its subsidiaries providing for a shared organization in Russia, updating the amount of service provision and the methods for calculating discounts, was maintained in fiscal year 2015-2016 as of 09/01/2014;

The partnership agreement between SA EXEL Industries and some of its subsidiaries for the development of a mechanized welding facility in Romania was maintained in fiscal year 2015-2016;

The Group insurance policies subscribed by SA EXEL Industries on behalf of its subsidiaries were maintained in fiscal year 2015-2016;

Invoicing of EXEL Industries in fiscal year 2015-2016 for HR and IT services, following the secondment of personnel by KREMLIN REXSON;

Invoicing of EXEL Industries in fiscal year 2015-2016 for accounting services, following the secondment of personnel by TECNOMA Technologies;

The existing centralized cash management agreement between SA EXEL Industries, KREMLIN REXSON and SAMES Technologies in U.S. dollars, carrying interest at the 1-month LIBOR plus 1.5% on advances by EXEL Industries;

The existing centralized cash management agreement between SA EXEL Industries and EXEL REAL ESTATE NETHERLANDS at the 1-month Euribor plus 5% on advances by EXEL Industries;

The existing centralized cash management agreement between SA EXEL Industries and EXEL REAL ESTATE GERMANY at the 1-month Euribor plus 3% on advances by EXEL Industries;

The existing centralized cash management agreement between SA EXEL Industries and ET Works, Inc. at the 1-month Euribor rate plus 3% (on advances in euros) or the 1-month LIBOR rate plus 3% (on advances in U.S. Dollars) on advances by EXEL Industries;

Amendment No. 2 to the existing cash management agreement between SA EXEL Industries and HOZELOCK Ltd., carrying interest at the 1-month GBP LIBOR plus 3% for advances by EXEL Industries;

Services agreement with EXEL SAS for administrative, tax-related, legal and financial services.

3.12 Regulated Agreements

After the company became an SAS and to prepare for the merger of KREMLIN REXSON and SAMES Technologies, EXEL Industries purchased from Patrick Ballu the shares he held in SAS KREMLIN REXSON for €270,468 (payable starting September 2016).

3.13 Change in accounting method

With respect to the EXEL Industries group consolidated financial statements, see Note 1 of Chapter 4.5.

With respect to the EXEL Industries parent company financial statements, see Note 2 of Chapter 4.9.

3.14 Parent Company results and five-year financial summary

Fiscal year closing date (12-month period) *(in euros)*	**9/30/2016**	**08/31/2015**	**08/31/2014**	**8/31/2013**	**8/31/2012**
Capital at year-end					
Share capital	16,969,750	16,969,750	16,969,750	16,969,750	16,969,750
Number of shares					
• ordinary shares	6,787,900	6,787,900	6,787,900	6,787,900	6,787,900
• preferred shares					
Maximum number of potential shares					
• by conversion of bonds					
• by exercise of subscription rights					
Operating highlights and results					
Revenue excluding VAT	22,197,427	20,593,013	8,172,869	8,001,133	7,536,039
Profit before income tax, employee profit-sharing, depreciation, amortization and provisions	51,809,780	46,530,394	33,407,138	21,469,469	18,707,458
Income tax	7,733,113	5,923,516	4,864,434	795,085	3,386,844
Employee profit-sharing					
Depreciation, amortization and provisions	5,876,118	(7,254,546)	3,552,818	1,865,467	586,480
Net income	38,200,549	47,861,424	24,989,886	18,808,917	14,734,134
Distributed profit	7,263,053	7,263,053	7,941,843	6,787,900	6,516,384
Earnings per share					
Profit after tax, employee profit-sharing, before depreciation, amortization and provisions	6.49	5.98	4.20	3.05	2.26
Profit after tax, employee profit-sharing, depreciation, amortization and provisions	5.63	7.05	3.68	2.77	2.17
Dividend per share	1.07	1.07	1.17	1.00	0.96
Personnel					
Average number of employees	12	9	5	5	6
Payroll	1,228,752	1,008,194	354,661	450,145	467,624
Social charges and benefits paid (social security, social and community projects, etc.)	513,386	444,203	170,195	192,402	199,186

4 The financial statements

Consolidated financial statements

4.1Consolidated balance sheet at September 30, 2016

Assets

(€ thousands)	Notes	9/30/2016	8/31/2015
Non-current assets			
Goodwill	*3*	65,842	57,550
Intangible assets	*4*	12,846	2,262
Property, plant and equipment	*5*	137,215	121,382
Investments in associates	*6*	3,092	2,943
Financial assets	*7*	1,337	367
Deferred tax assets	*22*	24,703	24,398
TOTAL NON-CURRENT ASSETS		**245,035**	**208,902**
Current assets			
Inventories and work-in-progress	*8*	211,161	198,581
Trade receivables	*9*	119,483	134,855
Current tax receivables		3,057	2,531
Other receivables	*10*	19,009	17,749
Cash and cash equivalents	*11*	99,672	79,970
TOTAL CURRENT ASSETS		**452,383**	**433,685**
TOTAL ASSETS		**697,417**	**642,587**

Equity and liabilities

(€ thousands)	Notes	9/30/2016	8/31/2015
Shareholders' equity			
Capital	*12*	16,970	16,970
Other reserves		248,129	230,841
Treasury shares		(216)	(117)
Net income for the fiscal year		34,181	31,595
Shareholders' equity attributable to the Group		**299,064**	**279,288**
Attributable to non-controlling interests:			
Share of shareholders' equity		6	119
Share of net income		0	37
Total attributable to non-controlling interests		6	156
TOTAL EQUITY		**299,070**	**279,444**
Non-current liabilities			
Non-current provisions	*13*	53,676	51,768
Long-term financial debt	*14 &15*	111,213	78,296
Deferred tax liabilities		7,869	14,500
TOTAL NON-CURRENT LIABILITIES		**172,759**	**144,564**
Current liabilities			
Current provisions	*13*	2,380	2,199
Current portion of long-term debt	*14 &15*	45,499	38,803
Current bank facilities and overdrafts	*14 &15*	46,873	38,162
Trade payables		56,682	61,712
Current tax liabilities		8,121	6,528
Other current liabilities	*16*	66,032	71,176
TOTAL CURRENT LIABILITIES		**225,588**	**218,579**
TOTAL EQUITY AND LIABILITIES		**697,417**	**642,587**

4.2 - Consolidated income statement period ended September 30, 2016

Consolidated income statement

(€ thousands)	Notes	9/30/2016 13-month fiscal year	8/31/2015 12-month fiscal year
Revenue	*17*	819,275	725,190
Other operating income		12,818	6,349
Operating income		**832,093**	**731,538**
Changes in inventories of finished goods and work-in-process		(23,158)	(5,567
Raw materials and consumables		(391,709)	(356,498)
Other purchases and external charges		(122,217)	(107,281)
Taxes and duties other than on income		(8,376)	(6,810)
Payroll	*18*	(214,007)	(187,551)
Allowances for depreciation and amortization		(15,984)	(14,518)
Net allowances for provisions & impairment of assets	*19*	8,787	(601)
Other operating expenses		(6,151)	(1,773)
Total recurring operating expenses		**(772,817)**	**(680,600)**
CURRENT OPERATING INCOME (EBIT)		**59,276**	**50,938**
Non-recurring income		6,118	3,384
Non-recurring expenses		(6,693)	(9,162)
Net non-recurring income	*20*	(576)	(5,778)
OPERATING PROFIT		**58,700**	**45,161**
Financial income		20,251	20,663
Financial expenses		(27,518)	(22,213)
Net financial income	***21***	**(7,267)**	**(1,550)**
PROFIT BEFORE TAX		**51,433**	**43,610**
Corporate income tax	*22*	(17,739)	(12,285)
Share in earnings of equity-method associates	*6*	487	306
NET INCOME FOR THE FISCAL YEAR		**34,181**	**31,631**
Net income attributable to the Group		34,181	31,595
Net income attributable to non-controlling interests		(0)	37
Earnings per share *(in €)*		5.0	4.7
Diluted earnings per share *(in €)*		5.0	4.7

Statement of recognized income and expense

(€ thousands)	9/30/2016 13 months	8/31/2015 12 months
NET INCOME	**34,181**	**31,631**
Net actuarial losses on defined benefit plans	(7,632)	4,758
Deferred taxes on actuarial gains/losses	1,733	(1,556)
Changes in currency translation adjustments	(1,057)	1,701
Capital gains or losses on the disposal of treasury shares (net of tax)	7	(23)
TOTAL RECOGNIZED INCOME AND EXPENSES	**27,232**	**36,511**
Attributable to shareholders	27,232	36,475
Attributable to non-controlling interests	0	37

4.3 Consolidated statement of changes in shareholders' equity

	Equity attributable to owners of the parent						Equity attributable to non-controlling Interest	Total consolidated equity
(€ thousands)	Capital	Share premiums	Retained earnings and reserves	Translation adjustments	Treasury shares	Total attributable to the Group		
BALANCE AT 8/31/2014	**16,970**	**2,528**	**231,919**	**(550)**	**(246)**	**250,621**	**123**	**250,744**
Total income and expenses recognized on the balance sheet	-	-	34,774	1,701	-	36,475	37	36,511
Dividends distributed			(7,942)			(7,942)	(14)	(7,956)
Change in Group structure			732	(732)		-		-
Other changes			6	-	129	135	10	145
BALANCE AT 8/31/2015	**16,970**	**2,528**	**259,489**	**419**	**(117)**	**279,288**	**156**	**279,444**
Total income and expenses recognized on the balance sheet	-	-	28,289	(1,057)	-	27,232	-	27,232
Dividends distributed			(7,166)			(7,166)	(38)	(7,204)
Change in Group structure			(350)	174		(176)	(112)	(288)
Other changes			(15)		(99)	(114)		(114)
BALANCE AT 9/30/2016	**16,970**	**2,528**	**280,247**	**(464)**	**(216)**	**299,064**	**6**	**299,070**

4.4 - Consolidated statement of cash flows

(€ thousands)	**Notes**	**9/30/2016 13 months**	**X|8/31/2015 12 months**
A. Cash flows from operating activities			
Net income attributable to the Group		34,181	31,595
Attributable to non-controlling interests		-	37
- Share in earnings of equity-method associates		(487)	(306)
+ Allowances for depreciation of fixed assets		15,984	14,518
+ Net allowances for provisions and asset impairments (1)		(12,155)	(1,993)
- Net gains on disposals of fixed assets		(420)	(323)
Operating cash flows		**37,103**	**43,527**
Net working capital (+ use, - source)	***23***	**(25,414)**	**4,968**
Net cash flow provided by operating activities(2)		**62,517**	**38,559**
B. Cash flows from investing activities			
Purchases of fixed assets(3)		(28,666)	(12,877)
Proceeds from the sale of fixed assets		714	1,289
Impact of changes in Group structure		(39,179)	414
CASH BUDGETED FOR CAPITAL EXPENDITURES		**67,131**	**(11,174)**
C. Cash flows from financing activities			
Increase in share capital and premium		-	-
Net dividends paid in the fiscal year		(6,835)	(7,639)
Increase in borrowings		83,923	5,960
Repayment of borrowings		(57,255)	(23,869)
Change in treasury shares		(117)	92
CASH FROM FINANCING ACTIVITIES		**19,717**	**(25,456)**
D. Effect of foreign exchange rates on cash		**(4,112)**	**2,932**
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**10,991**	**4,861**
Net cash and cash equivalents at beginning of the fiscal year		41,807	36,947
Net change during the fiscal year		10,991	4,861
NET CASH AND CASH EQUIVALENTS AT CLOSE OF THE FISCAL YEAR		**52,799**	**41,807**
Marketable securities		81	8,994
Cash at banks and on hand		99,592	70,975
Current bank facilities and overdrafts		(46,873)	(38,162)
NET CASH AND CASH EQUIVALENTS AT CLOSE OF THE FISCAL YEAR		**52,799**	**41,807**
(1) Excluding impairment of current assets			
(2) Of which interest expense paid		5,076	3,914
and of which income tax paid (or refunded)		18,028	24,437
(3) Purchases are net of changes in payables on fixed assets			

4.5 Notes to the consolidated financial statements

Note 1 Significant accounting policies and basis of consolidation

1.1 Statement of compliance

The financial statements of EXEL Industries group have been prepared on the basis of International Financial Reporting Standards (IFRS) as adopted by the European Union at September 30, 2016, and available for consultation on the European Commission's website: **http://ec.europa.eu/internal market/accounting/ias/index-en.htm**

New standards, interpretations and amendments applicable to the fiscal year commencing on September 1, 2015

- IFRS 3 – Business combinations (applicable to periods beginning on or after January 1, 2015);
- IFRS 13 – Fair value measurement (applicable to periods beginning on or after January 1, 2015);
- IAS 40 – Investment property (applicable to periods beginning on or after January 1, 2015).

The first time of adoption of these amendments did not have a material effect on the Group's financial statements.

Standards and interpretations adopted by the European Union but that have not yet come into force

The EXEL Industries Group has not chosen early application of the standards, interpretations and amendments adopted by the European Union before August 31, 2015 and that take effect subsequently to that date. This mainly concerns the annual improvements, cycles 2010-2012 and 2012-2014. Given the analysis in progress, the Group does not anticipate a material impact on its statements.

The Group has not applied these new standards or interpretations in advance and does not anticipate that they will have a material impact on its financial statements.

In addition, the Group has not yet analyzed the impact of IFRS 15 “Revenue from Ordinary Activities” and IFRS 9 “Financial Instruments, both of which the IASB voted to apply in fiscal years starting January 1, 2018. These standards have not yet been adopted by the European Commission and major points are still under discussion and are expected to lead to amendments by the IASB.

The consolidated financial statements for the period ending September 30, 2016 were prepared according to the same accounting policies used for the period ending August 31, 2015.

Fiscal year 2015-2016 was, on an exceptional basis, 13 months long as compared to the 12 months of fiscal year 2014-2015. This followed the vote of the Extraordinary General Meeting of 11/18/2015 to change the balance sheet date from August 31 to September 30.

The consolidated financial statements of EXEL Industries were approved by the Board of Directors on 12/15/2016. Pro forma statements were prepared as part of this change of balance sheet date (see Note 25).

1.2 Basis of consolidation & scope (see note 2)

Companies over which EXEL Industries exercises exclusive control are fully consolidated. Exclusive control is defined as an ability to govern directly or indirectly the financial and operating policy decisions of the enterprise so as to benefit from its activities. It is generally presumed to exist when the Group has more than 50% of the voting rights of the controlled company.

Companies in which EXEL Industries exercises a material influence are accounted for using the equity method. Significant influence is an ability to participate in the financial and operating policy decisions of an enterprise though without exercising control over its policies. It is presumed to exist when the Group directly or indirectly holds between 20% and 50% of the voting rights.

Receivables, payables, and reciprocal assets and liabilities are fully eliminated between fully consolidated companies as well as intra-Group profits and losses (dividends, capital gains, margins on inventory).

1.3 Business combinations

Business combinations are recognized on the basis of the acquisition method of accounting, according to the principles of IFRS 3 - Business Combinations.

The difference between the acquisition cost and the proportionate share acquired of the fair value of the assets and liabilities on the acquisition date is recognized under "Goodwill".

This goodwill is not amortized and is tested for impairment whenever there exist indications of loss, and at least once a year (see below).

If the acquisition cost is less than the fair value of the acquiree’s assets and liabilities, the residual amount of negative goodwill (badwill) is recognized directly in "Non-recurring income/(expenses)".

1.4 Goodwill (see note 3)

For fully consolidated companies, the difference between the fair value of the counterparty transferred and the share attributable to the Group of net fair value of the acquired assets and liabilities existing at the date of the takeover, constitutes an excess value recognized as a non-current asset in the consolidated balance sheet under the heading "Goodwill". At the takeover date, the Group may opt to recognize the new business combination using the partial goodwill method or the full goodwill method. In the case of full goodwill, *the* non-controlling interests are measured at fair value and the Group recognizes goodwill *on* the total of identifiable assets and liabilities.

Costs directly related to the takeover are recognized as "Other non-recurring expenses."

At September 30, 2016, the net value of residual goodwill on the balance sheet amounted to €65,842K.

The Group performs impairment tests on goodwill at least once a year, during the fourth quarter of each fiscal year and whenever there is an indication of loss of value. This impairment test is performed for each Cash Generating Unit (CGU) to which goodwill had been allocated.

CGUs are homogeneous groups of assets that generate cash flows that are largely independent of the cash flows from other assets or groups of assets. CGUs are legal entities or groups of subsidiaries.

When the recoverable value of the CGU is less than its net carrying amount, an impairment charge is recognized on the line "Non-recurring expenses". The recoverable value of a CGU represents the higher of its net selling price and value in use. Value in use is determined on the basis of the present value of future operating cash flows expected over a five-year period and a terminal value based on a perpetuity growth rate for cash flow.

The tests were carried out using the following principal assumptions for fiscal year 2016:

- the perpetual growth rate is set at 2%. This rate is the same as assumed for fiscal year 2015;
- the discount rate is 8.37% (versus 6.81% for fiscal year 2015).

The discount rate used for impairment tests comes from an independent outside source: it equals the weighted average cost of capital (WACC) calculated for the fiscal year by financial analysts who follow EXEL Industries stock at a date close to the reporting date.

The cash flows used are established according to past performance and anticipated changes, at the date these projections are prepared.

Goodwill related to foreign companies is recognized in the functional currency of the acquired entity and converted at the year-end closing exchange rate.

A sensitivity analysis of the assumptions as to perpetual growth and the discount rate was performed by applying changes of +/- 1 point of discount rate or the perpetual rate of growth. This analysis does not show a risk of additional loss in value for fiscal year 2016 (see note 3.1).

1.5 Intangible assets (see note 4)

The other intangible assets appear on the balance sheet at their historical cost. They are amortized on a straight-line basis over their estimated useful life.

Development costs

In accordance with IAS 38, development costs are not capitalized by the Group for several reasons:

- when these expenditures are incurred, the technical feasibility of completing the intangible asset so that it will be available for use or sale is not certain;
- the Group is not able to demonstrate how the intangible asset will generate probable future economic benefits. In particular, it is difficult to demonstrate the existence of a market (or evaluate the duration) for production resulting from these development costs. In effect, the Group is constantly developing new innovations in its market and the potential of these developments is still unknown or even nonexistent at that particular time.

These costs mainly comprise payroll expenditure.

1.6 Property, plant and equipment (see note 5)

Property, plant and equipment are recognized in the balance sheet at acquisition cost or their contribution value.

These assets are depreciated according to the straight line method applied on the basis of their corresponding estimated useful lives.

Comparable depreciation rates are applied by all companies as follows:

- 20 to 30 years for buildings;
- 5 to 10 years for building improvements;
- 5 to 10 years for industrial equipment and machinery;
- 3 to 5 years for other fixed assets (office equipment, vehicles, etc.).

1.7 Impairment of assets

The Group performs impairment tests on an annual basis on the main tangible and intangible assets to identify potential losses if events or circumstances indicate that the carrying amount of these assets may not be recoverable. When there is an indication that the carrying amount of the fixed assets may not be recovered, the Group compares the recoverable value of these assets with their net carrying amount and when applicable, an impairment charge is consequently recorded to reduce the value of the assets to their estimated recoverable value. Recoverable value is defined as the higher of market value and value in use on the basis of future cash flows discounted to their present value (discounted cash flows or DCF) derived from use of the assets. After recognizing this provision, the asset is maintained in the balance sheet at its net carrying amount after impairment. In the case of depreciable assets, the depreciation expense is calculated on the basis of the new net carrying amount and its remaining estimated useful life.

1.8 Non-current financial assets (see note 7)

Non-current financial assets include equity interests and other financial assets.

"Equity interests" refers to the Group's investment in the capital stock of unconsolidated companies. These interests are accounted for as available-for-sale securities and recognized at fair value or their acquisition cost, which, according to the Group's estimates, represents their fair value in the absence of an active market. Unrealized gains and losses on these items are recorded separately under shareholders equity.

In the case of a permanent loss in value, the corresponding impairment charge is recognized in the income statement of the fiscal year. The permanent nature of impairment is determined by comparing the estimated value based on the share in net equity, the market price or earnings growth prospects, after adjusting for the effects of these holdings on the Group in terms of strategy, synergies or existing businesses. Recognition of this impairment loss in the income statement is not reversible if the estimated value is considered to develop positively in the future (in which case the unrealized profit is recognized under the separate heading of equity mentioned above).

Other financial assets are recognized at amortized cost.

A provision for impairment may be recorded when there exists an objective indication that they have been impaired.

Securities held for trading are recognized at fair value and unrealized gains and losses on re-measurement are recognized in profit or loss under income from cash and cash equivalents.

All financial assets are subject to tests once a year to determine if there exists an indication of impairment.

1.9 Inventories and work in progress (see note 8)

In accordance with IAS 2 – Inventories, inventories and work in progress are measured at the lower of cost and their net realizable value. Cost is measured mainly according to the FIFO method. Net realizable value is defined as the expected selling price in the ordinary course of business minus costs necessary for completion and disposal.

Raw materials and trade goods are as a general rule measured according to the FIFO method.

Inventory in progress and finished products are recognized at production cost that includes the cost of raw materials, direct labor costs and factory overheads.

1.10 Trade receivables and related accounts (see note 9)

Trade receivables have been measured at face value. Provisions for impairment are recorded according to the age of the receivable and an assessment of the customer's situation.

1.11 Cash and cash equivalents (see note 11)

Cash includes bank balances and highly liquid investments and cash equivalents with maturities of less than three months from their date of acquisition.

Bank overdrafts are presented as a specific line item under current liabilities.

1.12 Income taxes (see note 22)

Deferred taxes

In accordance with IAS 12 – deferred tax, provisions for deferred tax are recorded using the balance sheet liability method and temporary differences arising between the tax bases of assets and liabilities (including tax losses) and their carrying amounts in the financial statements. Deferred taxes are calculated at the prevailing tax rate in force.

Deferred tax assets are recorded only if it is probable that they will be recovered from taxable profit. In particular, no deferred tax asset has been recognized for losses of certain subsidiaries where recovery is not currently considered likely, for total deferred taxes of around €9 million.

Deferred tax assets and liabilities are not discounted.

The Group offsets deferred tax assets and liabilities if the entity has the legal right to offset current income tax assets and liabilities and they relate to types of taxes levied by the same tax authority.

French tax group provisions

Under the tax sharing agreement, with EXEL Industries as head of the tax group, the Group’s French subsidiaries pay advances to EXEL Industries for taxes owed by them and EXEL Industries will settle the Group tax at the end of the fiscal year after any restatements provided for under this system.

Tax credits

- Research tax credits (RTC)

Given the purely fiscal nature of this provision, and possibilities that they will be subject to changes in line with changes in tax regulations mainly in France, research tax credits are recognized as a deduction from the income tax expense.

- Tax credit for encouraging competitiveness and jobs (CICE)

Given the legislature's objective of reducing staff costs through the CICE, the Group decided to recognize the CICE as a deduction from staff costs, under operating income. The CICE was calculated over the period at the same frequency as the salaries to which it related. Thus, at 9/30/2016, accrued income was recognized for the CICE with respect to salaries for the period from January 2016 to September 2016. The total amount of the CICE credits recognized in the Group came to €1,936 K.

1.13 Foreign currency translation

The annual financial statements of foreign companies are translated using the closing rate method: Under this method assets and liabilities are translated at the closing rate on the balance sheet and income statement items at the average exchange rate of the period. Translation differences are recorded directly in equity under the heading "Foreign currency translation reserve".

Transactions by Group entities in a currency other than their functional currency are translated at the exchange rate prevailing on the transaction date. Assets and liabilities denominated in a currency other than the functional currency of the entity are translated at the closing exchange rate in force at the end of the fiscal year. Currency gains and losses are recognized directly under financial income and expense.

1.14 Leases

Finance leases

Assets financed by means of finance leases as defined by IAS 17 – Leases are presented as assets at the lower of the present value of future lease payments or fair market value. The corresponding liability is recognized in financial liabilities. Such items are amortized on a straight line basis over their estimated useful lives.

Only significant transactions are restated (where the purchase value at inception of the item financed by the lease exceeds €150 K).

The main finance leases have been restated in the consolidated financial statements and no additional disclosures are required concerning the corresponding future lease payments.

Operating leases

Operating leases that individually involve small amounts are not material in nature. In particular, there are no significant property leases as the Group is the owner of its main production sites.

1.15 Provisions, contingent assets and contingent liabilities

In accordance with IAS 37, provisions are recognized based on case-by-case assessments of the corresponding contingencies and expenses. A provision is recorded whenever Group corporate governance bodies are made aware of a legal or constructive obligation resulting from a past event when it is probable that it will result in an outflow of resources with no inflow of resources representing an equivalent amount expected in return. Provisions are broken down between current and non-current liabilities according to the expected term to maturity of the risk. The provisions with a term to maturity of more than one year are discounted when their impact is material.

In cases where it is not probable that an obligation will result in the outflow of resources to be settled or because its amount cannot be measured with sufficient reliability, it is recognized by the Group off-balance sheet as a contingent liability.

Contingent liabilities are reported in the notes unless the probability of an outflow of resources is very low. Contingent assets are reported in the notes where an inflow of economic benefits is probable.

1.16 Pensions and similar liabilities (see note 13.3)

Provisions are recorded in the balance sheet for liabilities arising from defined benefit plans. These liabilities are calculated using the projected unit credit method based on actuarial valuations performed at the end of the fiscal year. Actuarial assumptions used to calculate these liabilities vary according to the economic conditions of the country in which the plan applies. Each plan is accounted for separately.

The Group makes use of these services of an outside entity to partially cover its benefit liabilities. The provision recorded in the consolidated financial statements corresponds solely to the uncovered portion as well as social charges for the full amount of these benefit liabilities.

For defined benefit plans financed through outside fund managers (pension funds or insurance policies), any difference in the fair value of plan assets and the present value of obligations is recognized in the balance sheet as an asset or liability. However, such differences are only recognized as assets when they embody a future economic benefit for the Group.

Past service costs represent the benefits granted when the company either adopts a new defined benefit plan or modifies the level of benefits of the existing plan. When new rights to benefits are vested as of the adoption of the new plan or the change of the existing plan, past service costs are immediately recognized in the income statement. Conversely, when the adoption of a new plan or a change in the existing plan results in the vesting of rights subsequent to the date the plan is established, past service costs are expensed on a straight-line basis over the average remaining period for the corresponding rights to be fully vested.

Actuarial gains and losses result from changes in actuarial assumptions and adjustments related to experience (differences between actuarial assumptions and assumptions based on actual experience). Actuarial gains and losses are recognized directly in equity and in consequence have no impact on the income statement.

For defined benefit plans, the expenses recognized in operating income include service costs, the amortization of past service costs, the discounting costs as well as the effects of any plan curtailment or settlement.

1.17 Use of estimates

To prepare consolidated financial statements in compliance with the rules provided for under IFRS, Group Management makes a certain number of estimates and adopts certain assumptions that may have an impact on the amounts disclosed under assets and liabilities. These include amounts for depreciation, amortization and provisions, information on contingent assets and liabilities on the closing date of the consolidated financial statements and amounts recognized under income and expenses for the fiscal year. These estimates are based on the assumption of going concern and include assumptions that Management considers relevant and feasible in the Groups operating environment and based on feedback available.

Estimates and assumptions are reviewed on a regular basis and at a minimum at the end of each fiscal year. They may vary if the circumstances on which they were based change or new information becomes available. Actual results may differ from these estimates.

The main estimates made by the Group when preparing the financial statements concern notably assumptions adopted for calculating deferred taxes, the valuation of intangible assets, the impairment of current assets and current and non-current provisions.

Forecasting and producing medium-term plans are rendered difficult by the current economic environment.

The consolidated financial statements for the fiscal year were prepared taking into account the current economic and financial crises and on the basis of financial parameters for the market available at the end of the fiscal year.

The immediate effects of the crisis were taken into account in particular in the valuation of assets such as inventories, trade receivables and liabilities.

With respect to longer-term assets such as goodwill, the assumption adopted is that the crisis duration will be limited in time. The value of these assets is reassessed at the end of the financial period and whenever there exists an indication of impairment based on the long-term economic outlook and Group Management's best assessment in an environment of reduced visibility with respect to future cash flows.

1.18 Segment information

The main business activity of EXEL Industries Group is precision spraying, for agriculture and industry. The Group also competes in the consumer watering products market and in sugar beet harvesters.

1.19 FINANCIAL INSTRUMENTS

Treasury shares

In accordance with IAS 32, treasury shares (own equity instruments) held by the Group through the share repurchase program in connection with the liquidity agreement are recorded at acquisition cost and deducted from equity. Proceeds from the disposal of treasury shares are recognized under equity, net of income tax, and are not included under income in the fiscal year.

Derivative financial instruments

In the fiscal year, the Group has on occasion made use of interest rate or foreign exchange hedges to reduce its exposures.

At year end of the fiscal year, the Group makes use of:

• interest rate swaps in order to convert variable-rate bank loans to fixed rates, with a nominal value of €0.3 million; the position is measured at negative €3 K.

Financial liabilities

Non-current loans and financial liabilities are valued at their historical nominal value considered close to their amortized cost.

1.20 REVENUES FROM ORDINARY ACTIVITIES

Revenue arising from ordinary activities represents sales from goods and services produced in connection with the Groups main activities.

In accordance with IAS 18, revenue is recognized according to the accrual basis of accounting and matching principle for income and expenses.

Income from the sale of goods is recognized when the risks and rewards incident to ownership are transferred to the buyer and the costs that have been or are to be incurred can be reliably identified.

Any trade discounts rebates and related items granted to customers are recognized as amounts deducted from revenue.

Revenue from the sale of services is recognized at fair value of the consideration received or receivable. Revenue from the sale of products is recognized when delivery has been completed, the amount of revenue can be reliably measured and the economic benefits of the transaction will flow to the Group.

Note 2 Scope of consolidation

Name	Percentage controlled		Percentage held		Method of consolidation
	09/2016	08/2015	09/2016	08/2015	
EXEL Industries SA	100.00 %	100.00 %	100.00 %	100.00 %	Parent company
TECNOMA Technologies SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
PRÉCICULTURE SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
CMC SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
CARUELLE NICOLAS SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
RAM Environnement SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
BERTHOUD Agricole SAS:	100.00 %	100.00 %	100.00 %	100.00 %	FC
FISCHER Nouvelle sarl (Switzerland)	100.00 %	100.00 %	100.00 %	100.00 %	FC
BERTHOUD Sprayers Ltd (UK)	100.00 %	99.00 %	100.00 %	99.00 %	FC
MATROT Équipements SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
MATROT UK Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HERRIAU SAS		100.00 %		100.00 %	FC
SCI CATHAN	99.00 %	100.00 %	99.00 %	100.00 %	FC
CAPAGRI	100.00 %	100.00 %	100.00 %	100.00 %	FC
SCI MAIZY	100.00 %	100.00 %	100.00 %	100.00 %	FC
VERMOREL (Romania)	100.00 %	100.00 %	100.00 %	100.00 %	FC
INGELIA (Romania)	90.00 %	90.00 %	90.00 %	90.00 %	FC
HOZELOCK Exel SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
EXEL Real Estate (USA)	100.00 %	100.00 %	100.00 %	100.00 %	FC
EXEL Real Estate (Australia)	100.00 %	100.00 %	100.00 %	100.00 %	FC
EXEL Real Estate Germany	100.00 %	100.00 %	100.00 %	100.00 %	FC
EXEL Real Estate Netherlands BV (Netherlands)	100.00 %		100.00 %		FC
EMC LLC (Russia)	100.00 %	100.00 %	100.00 %	100.00 %	FC
KREMLIN REXSON SAS	**100.00 %**	**99.48 %**	**100.00 %**	**99.48 %**	**FC**
French subsidiaries:					
API SCM SAS (formerly SCM SAS)	100.00 %	100.00 %	100.00 %	100.00 %	FC
API Technologies SAS		100.00 %		100.00 %	FC
Foreign subsidiaries:					
Germany	100.00 %	100.00 %	100.00 %	100.00 %	FC
Spain	99.90 %	99.90 %	99.90 %	99.90 %	FC
Italy	100.00 %	100.00 %	100.00 %	100.00 %	FC
EXEL North America (USA)	100.00 %	100.00 %	100.00 %	100.00 %	FC
Portugal	100.00 %	100.00 %	100.00 %	100.00 %	FC
Argentina	100.00 %	100.00 %	100.00 %	100.00 %	FC
Poland	100.00 %	100.00 %	100.00 %	100.00 %	FC
Brazil	100.00 %	100.00 %	100.00 %	100.00 %	FC
South Africa	100.00 %	100.00 %	100.00 %	100.00 %	FC
India	100.00 %	100.00 %	100.00 %	100.00 %	FC
Singapore	100.00 %	100.00 %	100.00 %	100.00 %	FC
SAMES TECHNOLOGIES SAS	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
Foreign subsidiaries:					
China	100.00 %	100.00 %	100.00 %	100.00 %	FC
Russia	100.00 %	100.00 %	100.00 %	100.00 %	FC
Japan	100.00 %	100.00 %	100.00 %	100.00 %	FC
Mexico	100.00 %	100.00 %	100.00 %	100.00 %	FC
HARDI INTERNATIONAL AS (DENMARK)	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
Foreign subsidiaries:					
HARDI North America Inc. (USA)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HARDI Australia Pty (Australia)	100.00 %	100.00 %	100.00 %	100.00 %	FC
ILEMO-HARDI S.A. (Spain)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HARDI GmbH (Germany)	100.00 %	100.00 %	100.00 %	100.00 %	FC
Svenska HARDI AB (Sweden)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HARDI Norge A/S (Norway)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HARDI Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
French subsidiaries:					
HARDI EVRARD SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC
HARDI Service SAS	100.00 %	100.00 %	100.00 %	100.00 %	FC

Name	Percentage controlled 09/2016	Percentage controlled 08/2015	Percentage held 09/2016	Percentage held 08/2015	Method of consolidation
POMMIER S.C.E.P.	47.32 %	47.32 %	47.32 %	47.32 %	EM
AGRIFAC MACHINERY BV (NETHERLANDS)	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
Foreign subsidiaries:					
AGRIFAC UK Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
AGRIFAC Australia PTY Ltd (Australia)	100.00 %	100.00 %	100.00 %	100.00 %	FC
RASINDECK LTD (UK)	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
Ashspring Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
Thistlehaven Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOZELOCK Group Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
Ever 1241 Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOZELOCK Ltd (UK)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOZELOCK Holland BV (Netherlands)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOZELOCK Sweden AB (Sweden)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOZELOCK Australia Pty (Australia)	100.00 %	100.00 %	100.00 %	100.00 %	FC
TRICOFLEX	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
HOZELOCK TRICOFLEX Gmbh (Germany)	100.00 %	100.00 %	100.00 %	100.00 %	FC
TRICOFLEX Benelux (Belgium)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOZELOCK TRICOFLEX Iberica (Spain)		100.00 %		100.00 %	FC
TRICOFLEX Scandinavia AB (Sweden)	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOLMER AGRAR GMBH (GERMANY)		**100.00 %**		**100.00 %**	**FC**
HOLMER Maschinenbau Gmbh (Germany)	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
Foreign subsidiaries:					
GEBO - Bottmersdorfer Gerätebau GmbH		100.00 %		100.00 %	FC
HOLMER Poland	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOLMER Ukraine	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOLMER Czech Republic	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOLMER USA	100.00 %	100.00 %	100.00 %	100.00 %	FC
French subsidiaries:					
HOLMER Exxact	100.00 %	100.00 %	100.00 %	100.00 %	FC
HOLMER France	100.00 %	100.00 %	100.00 %	100.00 %	FC
MINWORTH PROPERTY UK	**100.00 %**	**100.00 %**	**100.00 %**	**100.00 %**	**FC**
ET WORKS (USA)	**100.00 %**		**100.00 %**		**FC**
ET Works, Inc.	100.00 %		100.00 %		FC
ET Works, LLC	100.00 %		100.00 %		FC
ET Ag Center	100.00 %		100.00 %		FC
Ohio Valley Ag	100.00 %		100.00 %		FC
Southern Application Management	100.00 %		100.00 %		FC
High Plains Apache Sales and Service	100.00 %		100.00 %		FC

FC: Full consolidation - EM: Equity-accounted - NC: not consolidated, now outside scope - NA: not applicable.

Changes in consolidated Group structure

- During the month of November, the Group created a real estate company in the Netherlands, EXEL Real Estate Netherlands BV.
- In January 2016, EXEL Industries acquired 100% of ET Works, LLC, though a holding company, ET Works, Inc., set up at that time. ET Works LLC is a manufacturer of agricultural sprayers under the Apache brand. This North American company has its headquarters and factory in Mooresville, Indiana and manufactures and markets self-propelled agricultural sprayers. The acquisition resulted in the company's consolidation as of January 1, 2016.
- In January 2016 the Group sold the business (assets sale) of HERRIAU seeders to its importer in Belgium, VALLAEY Landbouwmachines.
- During the second half-year, the Group undertook several legal restructurings:
  - HOLMER Maschinenbau absorbed HOLMER Agrar and became the parent company of the HOLMER Group. SCM SAS, a subsidiary of KREMLIN REXSON SAS, absorbed API Technologies SAS,
  - the sales offices of TRICOFLEX in Spain and GEBO (Bottmersdorfer Gerätebau GmbH, a subsidiary of HOLMER Maschinenbau) were closed.

Impact of changes in consolidation scope on the financial statements at September 30, 2016 (in millions of euros):

- on consolidated sales: €47.0 million;
- on operating income: €(2.3) million;
- on non-current assets: €34.0 million;

- on current assets: €27.5 million;
- on non-current liabilities €0.1 million;
- on current liabilities €39.7 million.

Note 3 - Goodwill

3.1 Changes in the fiscal year

(€ thousands)	**9/30/2016**	**08/31/2015**
OPENING NET VALUE	**57,550**	**55,577**
Changes in consolidated Group structure:		
Increases	11,915	-
Decreases	-	-
Impairment	-	-
Other net changes (foreign exchange effect)	(3,624)	1,973
CLOSING NET VALUE	**65,842**	**57,550**

Provisional *goodwill*, based on a fair value measurement of ET Works, was recognized in the amount of €11.9 million. In compliance with IFRS 3, the Group will continue making a thorough measurement of the assets acquired and the liabilities assumed within 12 months of the acquisition.

The impact of foreign exchange rates in the fiscal year ending September 30, 2016, as in fiscal year 2015, was due largely to the change in the British Pound.

3.2 Analysis of goodwill by cash generating unit (CGU)

(Net carrying value)

(€ thousands)	**9/30/2016**	**08/31/2015**
KREMLIN REXSON	2,228	2,228
SAMES	2,629	2,629
Matrot	-	-
Hardi and its subsidiaries	14,243	14,217
Rasindeck	34,269	37,919
ET Works (provisional)	11,915	-
Other subsidiaries	557	557
TOTAL	**65,842**	**57,550**

Note 4 Intangible assets

	9/30/2016				**08/31/2015**
(€ thousands)	**Gross**	**Depreciation**	**Impairment**	**Net**	**Net**
Patents, trademarks, licenses and software	24,689	(11,854)	-	12,835	2,214
Other intangible assets	160	(150)	-	11	48
TOTAL	**24,850**	**(12,004)**	**0**	**12,846**	**2,262**

Note 5 Property, plant and equipment

	9/30/2016				**08/31/2015**
(€ thousands)	**Gross**	**Depreciation**	**Impairment**	**Net**	**Net**
Land	33,877	(2,233)	-	31,644	19,614
Buildings	126,683	(61,995)	-	64,688	62,142
Plant and equipment	184,944	(157,444)	-	27,499	28,900
Other property, plant and equipment *	34,333	(26,508)	-	7,825	7,600

Property, plant and equipment under construction	5,364	-	-	5,364	3,097
Advances and prepayments	195	-	-	195	29
TOTAL	**385,396**	**(248,181)**	**-**	**137,215**	**121,382**

* *Other property, plant and equipment consists mainly of vehicles, furniture and computer equipment.*
The gross value of property, plant and equipment includes €9,093 K for items acquired through finance leases (see note on financial debt).

5.1 Changes in gross values during the fiscal year

(€ thousands)	**9/30/2016**	**08/31/2015**
GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT AT THE BEGINNING OF THE FISCAL YEAR	**360,031**	**346,378**
Acquisitions (net of transfers)	26,983	11,633
Change in Group structure	17,295	-
Disposals or decommissioned assets	(2,986)	(3,065)
Impact of foreign exchange and misc.	(15,927)	5,085
GROSS VALUE OF PROPERTY, PLANT AND EQUIPMENT AT THE END OF THE FISCAL YEAR	**385,396**	**360,031**

5.2 Changes in accumulated depreciation during the fiscal year

(€ thousands)	**9/30/2016**	**08/31/2015**
ACCUMULATED DEPRECIATION AT THE BEGINNING OF THE FISCAL YEAR	**238,649**	**225,966**
Increases in the fiscal year	14,711	13,598
Change in Group structure	7,036	-
Reversals of disposals or decommissioned assets	(2,719)	(2,112)
Impact of foreign exchange and misc.	(9,497)	1,198
ACCUMULATED DEPRECIATION AT THE END OF THE FISCAL YEAR	**248,181**	**238,649**

Note 6 Investments in associates

(€ thousands)	9/30/2016	08/31/2015
OPENING NET VALUE	**2,943**	**2,957**
Acquisitions	-	-
Change in Group structure	-	-
Share in earnings of equity-accounted associates	487	306
Dividend distribution	(339)	(320)
Disposals/deconsolidation	-	-
Other net changes (incl. foreign exchange)	-	-
CLOSING NET VALUE	**3,092**	**2,943**

This concerns POMMIER, a company 47%-held by HARDI EVRARD, a direct subsidiary of HARDI.

Key financial aggregates of POMMIER at 9/30/2016 are presented below:

- Assets €8.2 million;
- Liabilities (excluding equity) €1.6 million;
- Revenue (13 months) €8.6 million;
- Net income (13 months) €1.0 million.

Note 7 Non-current financial assets

Consolidated data	9/30/2016			08/31/2015
(€ thousands)	**Gross**	**Impairment**	**Net**	**Net**
Equity interests	104	-	104	104
Receivables on equity interests	-	-	-	-
Other equity securities	6	(3)	3	3
Loans	48	-	48	48
Other non-current financial assets	1,368	(187)	1,182	212
TOTAL	**1,527**	**(190)**	**1,337**	**367**

Equity interests represent non-controlling interests of 10% in companies marketing agricultural equipment in Europe.

Note 8 Inventories and work in progress

	9/30/2016			08/31/2015
(€ thousands)	**Gross**	**Impairment**	**Net**	**Net**
Raw materials	123,651	(29,326)	94,325	90,374
Work-in-progress (goods and services)	18,795	(1,279)	17,515	17,785
Semi-finished and finished goods	57,562	(5,854)	51,708	69,251
Trade goods	59,049	(11,437)	47,612	21,171
TOTAL	**259,057**	**(47,896)**	**211,161**	**198,581**

Note 9: Trade receivables

	9/30/2016			08/31/2015		
(€ thousands)	**Gross**	**Impairment**	**Net**	**Gross**	**Impairment**	**Net**
Trade receivables	126,177	(6,694)	119,483	142,824	(7,969)	134,855
TOTAL	**126,177**	**(6,694)**	**119,483**	**142,824**	**(7,969)**	**134,855**

Impairment charges are estimated on an individual basis after identifying a risk of default by the customer in question and based on payment delays.

Changes in allowances for impairment of trade receivables break down accordingly:

(€ thousands)	**9/30/2016**	**08/31/2015**
ALLOWANCES FOR IMPAIRMENT AT THE BEGINNING OF THE FISCAL YEAR	**(7,969)**	**(7,876)**
Net allowance (or reversal) recognized under profit or loss	1,226	(93)
Change in Group structure	0	-
Other changes	49	-
ALLOWANCES FOR IMPAIRMENT OF TRADE RECEIVABLES AT THE END OF THE FISCAL YEAR	**(6,694)**	**(7,969)**

The payment schedule of receivables past due, subject to allowances for impairment or not, is presented below:

		Receivables not due				
(€ thousands)	**Receivables not past due**	**< 90 days**	**91 to 180 days**	**181 to 360 days**	**> 360 days**	**TOTAL**
Gross trade receivables	85,901	23,729	5,523	2,728	8,296	126,177
Impairment of trade receivables	-	(90)	(237)	(393)	(5,974)	(6,694)
TOTAL NET RECEIVABLES	**85,901**	**23,640**	**5,285**	**2,335**	**2,322**	**119,483**

Note 10 Other receivables

(€ thousands)	**9/30/2016 Net value**	**08/31/2015 Net value**
Tax receivables excluding corporate income tax (mainly VAT)	7,957	8,267
Amounts receivable from payroll tax agencies	250	190
Advances and prepayments paid	1,253	843
Sundry debtors	1,748	1,486
Prepaid expenses	7,801	6,964
TOTAL	**19,009**	**17,749**

Other receivables mainly consist of amounts for VAT refunds.

Note 11 - Cash and cash equivalents

(€ thousands)	**9/30/2016**	**08/31/2015**
Marketable securities	81	8,994
Cash at banks and on hand	99,592	70,975
TOTAL	**99,672**	**79,970**

The market value of marketable securities that consist mainly of money market funds is close to the carrying value.

Available cash is generally invested in risk-free investment vehicles (money market funds). The Company does not have any investment portfolios of equity securities.

Note12 Share capital

At 9/30/2016, the parent company's share capital consisted of 6,787,900 ordinary shares with a par value of €2.50 per share. The Company does not have any dilutive instruments.

There were no corporate actions in the period under review.

At 9/30/2016, there were 3,133 treasury shares.

Policy for managing equity

Equity management involves mainly determining the level of current and future share capital and the policy with respect to the distribution of dividends.

The Group's management policy is based on ensuring a sufficient level of equity to ensure that the Group's financial structure remains sound. The proper level of equity is monitored on the basis of gearing (net financial debt to equity).

In addition, for a number of years, a liquidity agreement has been in place to facilitate orderly trading of its shares on the market. This liquidity agreement does not permit the use of significant amounts of capital and allows for only marginal intervention in the trading of the company's shares on the market.

Note 13 Provisions for contingencies and expenses

13.1 Breakdown of provisions by nature and changes in the fiscal year

Consolidated data *(€ thousands)*	**08/31/2015**	**Allowance**	**Reversal (used provisions)**	**Reversal (unused provisions)**	**Actuarial gains and losses**	**Reclassification of accounts and others**	**Changes in scope and foreign exchange**	**9/30/2016**
Provisions for contingencies	21,470	8,114	(12,660)	(1,178)		289	5,081	21,116
Provisions for expenses	32,497	1,409	(4,916)	(72)	7,632	(298)	(1,311)	34,941
TOTAL	**53,967**	**9,523**	**(17,576)**	**(1,250)**	**7,632**	**(9)**	**3770**	**56,057**
Of which non-current provisions	51,768							53,676
Of which current provisions	2,199							2,380
TOTAL	**53,967**							**56,057**

13.2 Breakdown between current and non-current provisions

As a rule, provisions for contingencies and expenses are classified as non-current liabilities as their due date is known with precision except if at the closing date the Company knows that certain provisions will result in outflows in the next fiscal year. In this latter case, provisions in question are classified as current liabilities.

Non-current provisions for contingencies and expenses

Consolidated data *(€ thousands)*	**9/30/2016**	**08/31/2015**
Revenue-related litigation and expenses for work in progress	1,537	1,844
Contractual customer warranties	15,013	11,928
Risks of the closure of foreign establishments and subsidiaries	657	30
Retirement commitments including social charges	32,991	30,736
Other miscellaneous employee-related commitments (excluding redundancy plans)	176	3,162
Tax contingencies and provisions	414	232
Sundry	2,888	3,836
TOTAL	**53,676**	**51,768**

Current provisions for contingencies and expenses

Consolidated data *(€ thousands)*	**9/30/2016**	**08/31/2015**
Revenue-related litigation and expenses for work in progress	45	70
Redundancy plans	-	-
Risks of the closure of foreign establishments and subsidiaries	-	-
Tax contingencies and provisions	56	-
Contractual customer warranties	-	-
Other employee-related & miscellaneous commitments	2,279	2,129
TOTAL	**2,380**	**2,199**

13.3 PENSION LIABILITIES

Depending on the country, Group employees are eligible for defined contribution and defined benefit retirement plans.

Defined contribution plans

Under this type of retirement plan, the company only pays contributions to a body (private or public) that is independent from the company and which is then responsible for paying out retirement benefits to the company's retirees.

Personnel expenses and contributions payable are recognized by the Group when they are incurred.

Defined benefit plans

These plans concern:

- the Group's French employees, who receive a lump sum severance payment on retirement;
- employees of the British company HOZELOCK Ltd., which has set up a pension scheme whose assets are managed by an Independent Trustee. HOZELOCK Ltd.'s pension scheme was closed to new members on April 6, 1997 and the rights of existing members were frozen on April 6, 2001.

For defined benefit plans, the Group recognizes a provision for pension liabilities corresponding to the amount of liabilities calculated by independent actuaries, deducting plan assets managed by external funds (insurance companies or pension funds).

Main assumptions used to estimate retirement commitments at September 30, 2016:

For French companies

- Growth rate of wages (including inflation): 2 % (vs. 2 % in 2015).
- Discount rate used (including inflation): 0.79 % (vs. 2.03 % in 2015).
- Retirement age: 65 years.
- Life expectancy: Mortality table TF 00-02
- Employee turnover rate: based on the demographic data specific to each Group entity and actual experience.
- Social charges rate of 45 % applied to total liabilities.

With regard to the English company HOZELOCK Ltd.

- Growth rate of pension payments: 1.9 % - 5.0 %
- Discount rate used: 2.5 %.
- Rate of inflation: 3.0 %.
- Retirement age: 63 years.
- Life expectancy: 107% of the mortality table S2/SPAS.
- The cost for the fiscal year consists of:
    - expenses in connection with retirement liabilities recognized under “current operating income”;
    - interest recognized under “financial income”;
    - effects from amending the plan, recognized in “non-recurring income and expense”.

(€ thousands)	**Gross**	**Social charges**	**Total 9/30/2016**	**Total 08/31/2015**
Service costs in the fiscal year	410	139	549	399
Discount costs	56	25	81	86
Cost of interest	3,477	-	3,477	3,451
Change in plan	-	-	-	-
COST FOR THE FISCAL YEAR	**3,943**	**164**	**4,107**	**3,936**

Changes in pension and similar liabilities break down as follows:

(€ thousands)	Gross	Social charges	Total 9/30/2016	Total 08/31/2015
PENSION LIABILITIES AT THE BEGINNING OF THE FISCAL YEAR	**102,762**	**3,687**	**106,449**	**101,769**
Cost for the fiscal year	3,943	164	4,107	3,936
Actuarial gains and recognized in equity	13,127	646	13,773	(4,010)
Retirement benefits paid	(4,078)	(300)	(4,378)	(3,644)
Change in exchange rates	(15,802)	-	(15,802)	8,398
Change in Group structure	-	-	-	-
PENSION LIABILITIES AT THE END OF THE FISCAL YEAR	**99,951**	**4,196**	**104,147**	**106,449**

Change in plan assets:

(€ thousands)	Gross	Social charges	Total 9/30/2016	Total 08/31/2015
FAIR VALUE OF ASSETS AT THE BEGINNING OF THE FISCAL YEAR	**75,712**	**-**	**75,712**	**66,309**
Expected return on plan assets	2,753		2,753	3,523
Actuarial gains and recognized in equity	6,141		6,141	748
Contributions paid to plans	2,513		2,513	2,018
Retirement benefits paid	(3,550)		(3,550)	(3,015)
Change in exchange rates	(12,413)		(12,413)	6,129
Change in Group structure	-		-	-
FAIR VALUE OF ASSETS AT THE END OF THE FISCAL YEAR	**71,156**	**-**	**71,156**	**75,712**

Breakdown of plan assets:

(€ thousands)	Total 9/30/2016		Total 08/31/2015	
Shares	1,925	2.7 %	16,425	21.7 %
Bonds	21,850	30.7 %	33,981	44.9 %
Other assets	47,381	66.6 %	25,306	33.4 %
FAIR VALUE OF ASSETS AT THE END OF THE FISCAL YEAR	**71,156**	**100 %**	**75,712**	**100 %**

Reconciliation between total pension liabilities and provisions for liabilities recognized in the balance sheet at 9/30/2016:

(€ thousands)	Gross	Social charges	Total 9/30/2016	Total 08/31/2015
TOTAL PENSION LIABILITIES AT THE END OF THE FISCAL YEAR	**99,951**	**4,196**	**104,147**	**106,449**
Fair value of plan assets	(71,156)		(71,156)	(75,712)
PROVISION AT THE END OF THE FISCAL YEAR	**28,795**	**4,196**	**32,991**	**30,736**

Provisions for retirement varied as follows for the fiscal year:

(€ thousands)	Gross	Social charges	Total 9/30/2016	Total 08/31/2015
PROVISIONS AT THE BEGINNING OF THE FISCAL YEAR	**27,050**	**3,687**	**30,736**	**35,460**
Cost for the fiscal year	3,943	164	4,107	3,936
Actuarial gains and recognized in equity	6,986	646	7,632	(4,758)
Retirement benefits paid	(528)	(300)	(828)	(630)
Expected return on plan assets	(2,753)	-	(2,753)	(3,523)
Contributions paid to plans	(2,513)	-	(2,513)	(2,018)
Change in exchange rates	(3,390)	-	(3,390)	2,269
Change in Group structure	-	-	-	-
PROVISION AT THE END OF THE FISCAL YEAR	**28,795**	**4,196**	**32,991**	**30,736**

Note 14 Analysis of financial debt by nature

Consolidated data *(€ thousands)*	**9/30/2016**	**08/31/2015**
Short-term operating loans and overdrafts with banks - France and other countries (2)	46,873	38,162
Finance leases (1)	2,377	997
Bank borrowings - France and other countries (3)	125,211	92,050
Shareholder current account	27,619	23,062
Payables on employee profit sharing	548	393
Other borrowings	554	126
Regulated government subsidies (4)	404	470
TOTAL FINANCIAL DEBT	**203,586**	**155,261**
Breakdown between non-current and current:		
Non-current portion (> 1 year)	111,213	78,296
Current portion (< 1 year)	92,373	76,965
TOTAL FINANCIAL DEBT	**203,586**	**155,261**

The average rate of interest for the fiscal year was 2.1%, compared with 1.7% in the previous fiscal year.

(1) Finance leases restated under fixed assets and financial debt:

(€ thousands)	**Gross value**	**Depreciation**	**Net value**	**Loans outstanding**
Land and buildings	3,002	(2,030)	972	
Facilities, equipment & tools	2,173	(1,943)	230	
Other non-current assets	3,918	(1,792)	2,125	(2,377)
Software	1,074	(999)	75	
TOTAL	**10,167**	**(6,765)**	**3,403**	**(2,377)**
Of which intangible assets	1,074	(999)	75	
Of which property, plant and equipment	9,093	(5,765)	3,328	
TOTAL	**10,167**	**(6,765)**	**3,403**	**(2,377)**

Transactions which on an individual basis are not material or do not result in the acquisition of assets (vehicle fleets) were not restated.

(2) Foreign short-term bank borrowings amounted to €0.1 million.

(3) Bank borrowings break down as follows:

Consolidated data *(€ thousands)*	**9/30/2016**	**08/31/2015**
France	123,481	86,051
Foreign	1,730	5,999
TOTAL	**125,211**	**92,050**
Of which fixed rate	2,224	1,557
Of which variable rate	122,988	90,493

(4) These concern advances granted by public funding agencies for modernization and innovation or advances received from COFACE for commercial prospecting for export business.

Financial debt in foreign currency

At 9/30/2016, financial debt in foreign currencies broke down as follows:

- financial liabilities denominated in GBP: €42,129 K (or £36,273 K);
- financial liabilities denominated in USD: €35,970 K (or USD 40,146 K);
- financial liabilities denominated in AUD: €4,442 K (or AUD 6,510 K)

Note 15 - Repayment schedule of financial debt at September 30, 2016

Consolidated data *(€ thousands)*	**Under 1 year**	**From 1 year to 5 years**	**More than 5 years**	**Total**
Short-term operating loans and overdrafts with banks - France and other countries	46,873	-	-	46,873
Finance leases	644	1,733	-	2,377
Bank borrowings-France and other countries	16,660	51,905	56,647	125,211
Other borrowings	511	549	43	1,102
Contingent debt	66	337	-	404
TOTAL	**64,754**	**54,524**	**56,689**	**175,967**
Shareholder current account	27,619	-	-	27,619
TOTAL FINANCIAL DEBT	**92,373**	**54,524**	**56,689**	**203,586**

Note 16 Analysis of other current liabilities

Consolidated data *(€ thousands)*	**9/30/2016**	**08/31/2015**
Advances and prepayments received	9,176	10,512
Payables for tax (excluding corporate income tax) and payroll tax agencies	29,442	25,844
Other payables	17,435	21,991
Deferred income	9,979	12,829
TOTAL	**66,032**	**71,176**

Note 17 Net revenue

Revenue by market and geographical sector break down as follows:

Consolidated data	**9/30/2016**		**08/31/2015**	
(€ millions)	**13 months**	**%**	**12 months**	**%**
Market				
Plant protection	**612.9**	**74.8 %**	**532.9**	**73.5 %**
Agricultural sprayer	385.4		291.0	
Sugar beet harvester	126.9		137.0	
Garden	100.6		104.9	
Materials protection	**206.4**	**25.2 %**	**192.3**	**26.5 %**
Industry	206.4		192.3	
TOTAL MARKET	**819.3**	**100 %**	**725.2**	**100 %**
Geographical area				
France	213.2	26.0 %	194.6	26.8 %
Exports	606.0	74.0 %	530.6	73.2 %
TOTAL GEOGRAPHICAL AREA	**819.3**	**100 %**	**725.2**	**100 %**

Export revenue broke down by geographical region as follows:

Consolidated data	**9/30/2016**		**08/31/2015**	
(€ millions)	**13 months**	**%**	**12 months**	**%**
Europe	370.5	62 %	372.9	70 %
USA/Canada/Latin America	133.8	22 %	75.0	14 %
Asia	45.4	7 %	45.5	9 %
Africa & Oceania	56.3	9 %	37.1	7 %

TOTAL EXPORT	606.0	100 %	530.5	100 %

Amounts invoiced for export revenue broke down as follows (translated into euros):

- **total amounts invoiced in euros (subsidiaries + direct sales): €282.8 million**
- **total amounts invoiced in foreign currency: €323.2 million**
  - in US dollars: €116.2 million, i.e. USD 129.1 million
  - in pounds sterling €66.6 million, i.e. GBP 51.8 million
  - in Danish Krone €37.1 million i.e. DKK 276.1 million
  - in Australian Dollars €32.2 million i.e. AUD 48.9 million
  - in other currencies: €71.1 million

Note 18 Payroll and workforce

Statutory employee profit sharing agreements and voluntary profit sharing plans specific to certain companies of the Group amounted to €2,901 K for the fiscal year ended September 30, 2016, compared with €1,413 K in the previous fiscal year. These amounts are expensed under staff costs for the fiscal year.

At the end of the period under review, the workforce broke down as follows:

Permanent workforce	**9/30/2016**	**08/31/2015**
Executive officers and management	716	681
Technical and supervisory staff	1,163	1,189
Plant workers	1,621	1,589
TOTAL	**3,500**	**3,459**

Permanent staff by division	**9/30/2016**	**08/31/2015**
Plant protection		
Headcount in France	980	1,089
Headcount in other countries	1,606	1,452
TOTAL	**2,586**	**2,541**
Materials protection		
Headcount in France	584	616
Headcount in other countries	330	302
TOTAL	**914**	**918**
Total workforce		
Headcount in France	1,564	1,705
Headcount in other countries	1,936	1,754
TOTAL	**3,500**	**3,459**

Note 19 Net allowances for provisions and impairment

Consolidated data *(€ thousands)*	**9/30/2016 13 months**	**8/31/2015 12 months**
Increases in operating provisions		
Provisions for contingencies and expenses	(8,258)	(5,766)
Provisions for current assets	(7,434)	(8,899)
Reversal of operating provisions		
Provisions for contingencies and expenses	13,725	7,623
Provisions for current assets	10,754	6,441
TOTAL	**8,787**	**(601)**

Note 20 Non-recurring income/(expenses)

This line item includes items not relating to ordinary activities corresponding to events that are unusual or infrequent in nature.

Net non-recurring income amounted to an expense of €0.6 million. This includes mainly:

- asset acquisition costs of -€1.2 million;
- reversals of a provision for restructuring costs, unused and recognized in prior periods, for €0.7 million;
- capital losses on asset disposals.

Note 21 Financial income/(expenses)

Consolidated data *(€ thousands)*	**9/30/2016 13 months**	**08/31/2015 12 months**
Income from cash and cash equivalents	662	921
Finance costs, gross	(5,076)	(3,250)
NET INTEREST LOSS	**(4,414)**	**(2,329)**
(Losses)/gains on foreign exchange & other financial (income)/expenses	(2,853)	779
NET FINANCIAL LOSS	**(7,267)**	**(1,550)**

Note 22 Corporate income tax

Income tax expense breaks down as follows:

Consolidated data *(€ thousands)*	**9/30/2016 13 months**	**8/31/2015 12 months**
Current tax income	(20,535)	(13,517)
Deferred tax income	2,796	1,231
TOTAL	**(17,739)**	**(12,285)**

22.1 Changes in deferred taxes

Consolidated data *(€ thousands)*	**9/30/2016 13 months**	**8/31/2015 12 months**
NET DEFERRED TAX ASSETS/(LIABILITIES) AT THE BEGINNING OF THE FISCAL YEAR	**9,898**	**9,072**
Deferred taxes recognized in equity & balance sheet	1,901	(1,031)
Deferred tax income	2,796	1,231
Changes in Group structure	3,139	0
Translation gains	(900)	625
NET DEFERRED TAX AT THE END OF THE FISCAL YEAR	**16,834**	**9,898**
Of which deferred tax assets	24,703	24,398
Of which deferred tax liabilities	(7,869)	(14,500)

22.2 Analysis of deferred taxes by nature

Consolidated data *(€ thousands)*	**9/30/2016 13 months**	**8/31/2015 12 months**
(assets if +; liabilities if -)		
Deferred taxes from temporary timing differences		
Employee benefits (provisions for pension liabilities, profit sharing, accrued vacation payments)	9,058	8,697
Other timing differences between the tax result and book result	2,458	1,661
Tax losses to be carried forward	5,386	3,535
Deferred taxes arising from consolidation adjustments		
Capitalization of finance leases	(7)	(31)
Cancellation of tax-driven provisions (accelerated tax depreciations)	(2,758)	(2,719)
Elimination of internal inventory margins	4,544	4,268
Unrealized gains on debt buybacks	(7,095)	(9,351)
Elimination of capital gains on internal disposals	3,504	3,679
Other misc. items	1,744	159
NET DEFERRED TAX AT THE END OF THE FISCAL YEAR	**16,834**	**9,898**
Of which deferred tax assets	24,703	24,398
Of which deferred tax liabilities	(7,869)	(14,500)

22.3 Reconciliation of the effective tax expense and theoretical tax expense

(Calculated at the tax rate applicable in France)

Consolidated data *(€ thousands)*	**9/30/2016 13 months**	**8/31/2015 12 months**
Profit (Loss) before tax and impairment of goodwill	51,433	43,610
Current tax rate in France	38.00 %	38.00 %
THEORETICAL TAX INCOME AT THE CURRENT TAX RATE	**(19,545)**	**(16,572)**
Impact of:		
Permanent tax differences	(645)	1,270
Tax loss not used	(3,269)	489
Tax rate differential with foreign subsidiaries	3,885	1,057
Tax credits	1,600	1,575
Taxes on dividend distribution	(376)	(455)
Misc. (including impact of the French tax sharing agreement)	610	350
NET TAX INCOME RECOGNIZED	**(17,739)**	**(12,285)**
Effective Group tax rate (%)	34.5 %	28.2 %

Tax credits, mainly research tax credits (RTC).

Note 23 - Change in working capital requirements (WCR)

(€ thousands) **(+) Increase / (-) Decrease**	**9/30/2016 13 months**	**8/31/2015 12 months**
Net inventories	(11,029)	(2,999)
Advances and prepayments paid	412	(1,177)
Net trade receivables	(17,579)	(26,885)
Current income tax receivables	271	7,567
Other net receivables and accruals	(35,463)	6,357
	(63,388)	**(17,137)**
Advances and prepayments received	(1,490)	(2,812)
Trade payables	(11,573)	(5,277)
Payables for fixed assets	(37)	(38)
Payables for tax (excluding corporate income tax) and payroll tax agencies	665	(16,928)
Current income tax payables	2,778	(2,921)
Other payables and accruals	(30,655)	8,977
	(40,313)	**(18,999)**
NET WORKING CAPITAL (+ USE, - SOURCE)	**(23,076)**	**1,862**
Payables on fixed assets reclassified under investments	37	38
Impact of change in Group structure on WCR	-	(1,665)
Impact of foreign exchange on WCR	2,301	(1,479)
OPERATING NET WORKING CAPITAL (+ USE, - SOURCE)	**(25,414)**	**4,968**

Note 24. *Pro-forma financial statements*

Pro-forma consolidated cash flows

(€ thousands)	**09/2015 to 09/2016 13 months**	***Pro-forma*** **10/2015 to 09/2016 12 months**	**09/2014 to 08/2015 12 months**
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Net income attributable to the Group	34,181	33,157	31,595
Attributable to non-controlling interests	-	-	37
- Share in earnings of equity-method associates	(487)	(487)	(306)
+ Allowances for depreciation of fixed assets	15,984	14,684	14,518
+ Net allowances for provisions and asset impairments (a)	(12,155)	(10,615)	(1,993)
- Net gains on disposals of fixed assets	(420)	(390)	(323)
Operating cash flows	**37,103**	**36,349**	**43,527**
Net working capital (+ use, - source)	**(25,414)**	**(28,554)**	**4,968**
NET CASH FLOW PROVIDED BY OPERATING ACTIVITIES	**62,517**	**64,903**	**38,559**

Pro-forma consolidated income statement

(€ thousands)	09/2015 to 09/2016 13 months	*Pro-forma* 10/2015 to 09/2016 12 months	09/2014 to 08/2015 12 months
Revenue	819,275	770,894	725,190
Other operating income	12,818	5,155	6,349
Operating income	**832,093**	**776,049**	**731,538**
Changes in inventories of finished goods and work-in-process	(23,158)	(27,300)	(5,567)
Raw materials and consumables	(391,709)	(359,027)	(356,498)
Other purchases and external charges	(122,217)	(113,821)	(107,281)
Taxes and duties other than on income	(8,376)	(7,677)	(6,810)
Payroll	(214,007)	(198,868)	(187,551)
Allowances for depreciation and amortization	(15,984)	(14,684)	(14,518)
Net allowances for provisions & impairment of assets	8,787	7,935	(601)
Other operating expenses	(6,151)	(5,245)	(1,773)
Total recurring operating expenses	**(772,817)**	**(718,687)**	**(680,600)**
CURRENT OPERATING INCOME/LOSS (EBIT)	**59,276**	**57,362**	**50,938**
Non-recurring income	6,118	5,536	3,384
Non-recurring expenses	(6,693)	(5,894)	(9,162)
Net non-recurring income	(576)	(358)	(5,778)
OPERATING PROFIT	**58,700**	**57,004**	**45,161**
Financial income	20,251	20,299	20,663
Financial expense	(27,518)	(26,969)	(22,213)
Net financial income	(7,267)	(6,670)	(1,550)
PROFIT BEFORE TAX	**51,433**	**50,334**	**43,610**
Corporate income tax	(17,739)	(17,664)	(12,285)
Share in earnings of equity-method associates	487	487	306
NET INCOME FOR THE FISCAL YEAR	**34,181**	**33,157**	**31,631**

Note 25 Related-party transactions

25.1 Remuneration and benefits paid in the fiscal year to corporate officers of the Group

Remuneration and benefits are analyzed in Chapter 3.10.1 of the Management Report.

25.2 Transactions with other related parties

As part of the existing cash management agreement between EXEL SAS and EXEL Industries, the Group made payments to and withdrawals from the financial current account; the amount of the cash current account was €28 million at 9/30/2016 and is shown in financial liabilities (see note 14); EXEL Industries recorded a net interest expense of €433 K, representing an interest rate of one-month Euribor plus 1.5%, with respect to this cash management agreement.

After the company became an SAS and to prepare for the merger of KREMLIN REXSON and SAMES Technologies, EXEL Industries purchased from Patrick Ballu the shares he held in SAS KREMLIN REXSON for €270 K.

Note 26 Off-balance sheet commitments and contingent liabilities

26.1 Guarantees given on financial debt

Certain medium-term loans are guaranteed by pledges on equipment acquired. At 9/30/2016, the amount of these pledges was not material and represented less than 1% of the gross value of total property, plant and equipment of the Group.

The stock in the real estate company Minworth Property UK was pledged as depreciable collateral for a bank loan, the outstanding principal of which was GBP 13 million at 9/30/2016.

26.2 Opening of medium-term credit lines

In connection with possible acquisitions, EXEL Industries Group's banks granted it a medium-term credit line.

26.3 Guarantees given

None

26.4 Other commitments

To the best of the Group's knowledge, it has not omitted to disclose any material off-balance sheet commitments in accordance with applicable accounting standards.

Note 27 Liquidity risk

No loans obtained by EXEL Industries from banks provide for prepayment provisions based on covenants..

After performing a specific review of its liquidity risk, the Company considers that is has the resources to honor its future payment obligations.

Note 28 Tax risk

To the best of its knowledge, the Group does not have any tax risks for which provisions have not been recorded.

Note 29 Exposure to exchange rate risk

Given the importance of its sales to the United Kingdom, North America and Russia, as well as US dollar denominated contracts, the Group has an exposure to fluctuations in the exchange rates of these currencies.

In comparison with the average exchange rate in the previous year, the Group's revenues were negatively impacted in the amount of €5 million by changes in exchange rates, particularly the pound sterling (GBP), the ruble (RUB) and the U.S. Dollar (USD).

The majority of sales by the Group's French subsidiaries to non-Group foreign buyers are in euros. Invoices issued in foreign currencies by French subsidiaries of the Group are converted into euros at the exchange rate in force on the date of delivery.

Sales and invoices of French subsidiaries of EXEL Industries to their foreign subsidiaries are in euros. As an exception to this general rule, subsidiaries in the US, Canada and the UK subsidiary of BERTHOUD are invoiced in local currencies and the Chinese subsidiary in US dollars. Foreign subsidiaries of the Group invoice customers in local currency and ensure that these amounts are settled in a timely manner.

Note 30 Events after the reporting period

There were no events after the reporting period.

4.6 Statutory Auditors' report on the consolidated financial statements

13-month fiscal year ended September 30, 2016

To the Shareholders,

In carrying out the mission entrusted to us by your Annual General Meeting, we hereby present our report for the 13-month fiscal year ended September 30, 2016, on:

- the audit of the accompanying consolidated financial statements of EXEL Industries;
- the basis of our assessments;
- the specific verification required by law.

The consolidated financial statements were approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examination, on a test basis or other methods of selection, of evidence relevant to the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

We certify that the consolidated financial statements for the year give a true and fair view, according to IFRS as adopted in the European Union, of the assets, financial position and results of the Group formed by the persons and entities included within the scope of consolidation.

Without calling into question the opinion expressed above, we would draw your attention to:

Note 1 “Significant accounting policies and basis of consolidation” to the annual financial statements, which refers to the change of balance sheet date for this reporting period.

II. Basis of our assessments

Accounting estimates used to prepare the financial statements for the fiscal year ended September 30, 2016, were produced in a context of highly volatile markets and conditions rendering forecasting economic trends difficult. These conditions are described in Note 1.15 to the financial statements. It was in this context in accordance with the provisions of Article L. 823-9 of the French Commercial Code (Code de Commerce), that we proceeded with our own assessments based on which we draw to your attention the following matters:

- The Group tested goodwill and indefinite life intangible assets for impairment and determined for other long-lived assets if there existed an indication of impairment according to the procedures described in Note 1.4 of the consolidated financial statements. We have reviewed the procedures used for this impairment test, the estimations concerning future cash flows and assumptions used and have verified that the Notes 1.4 and 3 to the consolidated financial statements provide appropriate information.
- As described in Notes 1.15 and 1.17 to the consolidated financial statements, the Group has made estimates and formulated assumptions and judgments that affect amounts presented in these financial statements and the notes thereto, notably with respect to the valuation of provisions on the basis of the most recent available data. Based on these estimates, the Group recognized provisions under liabilities in its balance sheet as described in Note 13 to the consolidated financial statements. Our work has consisted in evaluating the data and assumptions on which these estimations have been based, reviewing the calculations made by the Company and examining the procedures for management’s approval of these estimations. Because assumptions are by nature uncertain, especially in the environment of economic crisis referred to above, actual results may differ from these estimates. On this basis, we have assessed the reasonable nature of these estimations;

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to our opinion expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information relating to the Group given in the management report. We have no matters to report with respect to the fair presentation of this information and its consistency with the consolidated financial statements.

Courbevoie and Lyon, January 13, 2017
The Statutory Auditors

MAZARS
Lionel Gotlib

Deloitte & Associés
Gérard Badin

Separate financial statements

4.7 Balance sheet at September 30, 2016

Assets

(€ thousands)	**09/30/2016**	**08/31/2015**
Net intangible fixed assets	14,990	15,840
Net tangible fixed assets	795	945
Financial assets	221,966	207,935
NON-CURRENT ASSETS	**237,751**	**224,719**
Trade receivables	4,203	6,297
Other receivables	159,963	108,860
Cash at banks and on hand	53,509	6,906
Accruals & transl. adjust.	7,117	3,408
CURRENT ASSETS	**224,792**	**125,472**
TOTAL ASSETS	**462,543**	**350,191**

Equity and liabilities

(€ thousands)	**09/30/2016**	**08/31/2015**
Capital	16,970	16,970
Share premiums	2,528	2,528
Reserves	4,101	4,101
Retained earnings	175,070	134,471
Net income for the fiscal year	38,201	47,861
Tax-driven provisions	1,495	1,303
SHAREHOLDERS' EQUITY	**238,364**	**207,235**
PROVISIONS FOR CONTINGENCIES AND EXPENSES	**4,545**	**354**
FINANCIAL DEBT	**180,742**	**124,127**
Trade payables and related accounts	650	811
Tax and amounts payable to payroll tax agencies	3,554	900
Other payables	32,151	9,853
Accruals & transl. adjust.	2,536	6,910
TRADE AND OTHER PAYABLES	**38,892**	**18,474**
TOTAL EQUITY AND LIABILITIES	**462,543**	**350,191**

4.8 Income statement

(€ thousands)	**09/30/2016**	**08/31/2015**
Revenue	22,197	20,593
Other operating income	1,005	1,301
Operating income	**23,202**	**21,894**
Operating expenses :		
Raw materials and consumables	-	-
Other purchases and external charges	(3,969)	(2,781)
Taxes and duties other than on income	(362)	(195)
Payroll	(1,774)	(1,466)
Increases in depreciation and amortization, provisions	(1,059)	(1,019)
Other expenses	(113)	(97)
Operating expenses	**(7,277)**	**(5,557)**
OPERATING RESULTS	**15,926**	**16,337**
NET FINANCIAL EXPENSE	**31,926**	**36,777**
CURRENT OPERATING INCOME (EBIT)	**47,852**	**53,114**
NET EXCEPTIONAL LOSS	**(1,918)**	**671**
PROFIT BEFORE TAX	**45,934**	**53,785**
Corporate income tax	(7,733)	(5,924)
NET INCOME	**38,201**	**47,861**

4.9 Notes to the parent company financial statements

Annual highlights

Change of fiscal year-end date

The Company changed the reporting date of its annual financial statements from August 31 to September 30, 2016.

The fiscal year ended September 30, 2016 includes 13 months.

The income statement for fiscal year 2015(2016) is thus not comparable with that of fiscal year 2014(2015.)

Debt waivers

EXEL Industries granted debt waivers to certain subsidiaries for a total amount of €1,948K accompanied by a "better fortunes" (financial recovery) clause.

In addition, one subsidiary repaid €177 K as partial activation of a "better fortunes" clause.

These debt waivers and "better fortunes" are recorded in exceptional expenses and income.

Accounting principles, rules and methods (Articles L.123-13 to L.123-21 of the French Commercial Code)

1. Compliance statement and basis of presentation

These condensed financial statements of our Company for the fiscal year ended September 30, 2016 were prepared according to French generally accepted accounting principles (French GAAP).

The financial statements are on this basis prepared in accordance with the general principles of conservatism in accordance with the basic principles of:

- going concern;
- the time period concept;

- consistency of accounting methods from one fiscal year to another; with the exception of the change referred to below, and according to the general rules for preparing and presenting the annual financial statements.

The financial statements for the fiscal year were prepared taking into account the current economic and financial crises and on the basis of financial parameters for the market available at the end of the fiscal year. The immediate effects of the crisis were taken into account in particular in the valuation of such assets as marketable securities.

With respect to longer-term assets such as equity interests, the assumption adopted is that the crisis duration will be limited in time.

The value of these assets is reassessed at the end of the fiscal year based on the long-term economic outlook and Management's best assessment in an environment of reduced visibility with respect to future cash flows.

Change in Accounting Policies - Recognition of experience difference on pension obligations

In keeping with ANC Recommendation 2013-02 of November 7, 2013 concerning the rules for measuring and recognizing pension obligations and similar benefits, EXEL Industries decided to change the way it recognizes actuarial gains and losses by choosing to apply from September 1, 2015 forward the “corridor” method. This consists in spreading over the projected residual maturity of the obligations the fraction of actuarial gains and losses that exceed 10% of the higher of (a) the present-discounted value of the obligation before deducting plan assets and (b) the value of the plan assets.

Accordingly, the amount of actuarial gains and losses not recognized in liabilities at September 30, 2016 is given in paragraph 13.2 on pension obligations.

With regard to fiscal years prior to this change in accounting policy, EXEL Industries recognized all actuarial gains and losses in profit or loss. Applying this principle to the fiscal year ended September 30, 2016 would have caused the Company to recognize an additional expense of €3 K in its operating profit.

2. Exceptions provided for by the regulations - Exemptions to accounting instructions

It was not necessary to make use of exceptions provided for by regulations to provide a true and fair view of the company.

3. Intangible assets

Intangible fixed assets are recognized at purchase cost and amortized on a straight-line basis over the following periods:

- patents and trademarks: 1 to 10 years;
- software: 1 to 5 years.

4. Property, plant and equipment

Tangible fixed assets are recognized at purchase cost or production cost. Economic depreciation is calculated using the straight-line method over the following estimated useful life of the assets:

- buildings: straight-line between 10 and 20 years;
- machinery and equipment: accelerated method between 3 and 5 years;
- fixtures and fittings: straight-line between 1 and 10 years;
- office equipment and furniture: accelerated and straight-line method between 3 and 10 years.

Total fixed assets

(€ thousands)	Opening gross value	Increases	Decreases	Reclassification from line to line	Closing gross value
Intangible assets	17,157	1	(177)	-	16,981
Property, plant and equipment	2,783	51	-	-	2,835
Financial assets:					
Equity interests	147,010	44,894	(16,462)	-	175,442
Receivables on interests	62,963	-	(14,834)	-	48,129
Other equity securities	6	-	-	-	6
Others	71	875	-	-	945
TOTAL	**229,991**	**45,821**	**(31,473)**	**0**	**244,339**

Amortization and depreciation

(€ thousands)	Accumulated depreciation at opening	Allowances	Reversals	Accumulated depreciation at closing
Amortization of intangible fixed assets	1,317	851	(177)	1,991
Depreciation of tangible fixed assets	1,839	201	-	2,040
TOTAL	**3,156**	**1,052**	**(177)**	**4,031**

Changes affecting provisions for accelerated tax depreciations

(€ thousands)	Accumulated depreciation at opening	Allowances	Reversals	Accumulated depreciation at closing
For intangible and tangible fixed assets	68	32	(14)	86
For acquisition costs for securities	1,236	177	(4)	1,409
REVERSAL OF TAX-DRIVEN PROVISIONS (ACCELERATED TAX DEPRECIATIONS)	**1,303**	**209**	**(18)**	**1,495**

5. Financial assets

The gross value of equity interests and receivables on interests is the acquisition cost. A provision for impairment is recognized where the net carrying value exceeds the recoverable amount. Recoverable value is calculated using various criteria including those used when the interests are acquired, value in use based on the present value of estimated future cash flows and market value as determined in particular from revalued equity.

Costs related to the purchase of equity interests are capitalized and amortized over five years as accelerated tax depreciation.

Subsidiaries and associates of EXEL Industries (in thousands of euros)

Subsidiaries and associates *(€ thousands)*	**Capital**	**Other equity before appropriation of 2016 income**	**Percentage of capital held (in %)**	**Carrying value of shares**		**Loans and advances granted by the company**	**Pledges and guarantees given by the company**	**2016 revenue**	**Profit after tax for the last fiscal year 2016**	**Dividends received by the company during the fiscal year**
				Gross	**Net**					
French subsidiaries										
BERTHOUD Agricole SAS	1,155	17,517	100	5,457	5,457	-	-	53,055	2,883	2,558
CAPAGRI SARL	80	0	100	524	103	74	-	1,910	0	0
CARUELLE NICOLAS SAS	537	3,259	100	5,472	5,472	-	-	17,865	(269)	0
SCI CATHAN	0	194	99	4,597	4,597	-	-	0	280	270
CMC SAS	405	519	100	844	844	-	-	3,537	292	237
HOZELOCK EXEL SAS	2,600	7,500	100	5,120	5,120	-	-	34,102	1,880	1,860
KREMLIN REXSON SA	6,720	10,374	100	6,609	6,609	-	-	45,567	7,002	6,804
MATROT Equipements SAS	1,050	91	100	10	10	177	-	16,594	19	0
PRÉCICULTURE SAS	420	6,656	100	1,584	1,584	-	-	40,603	3,147	2,073
RAM Environnement SAS	428	(332)	100	405	96	-	-	1,020	(335)	0
SAMES Technologies SAS	6,000	9,505	100	9,206	9,206	-	-	66,111	7,570	7,613
TECNOMA Technologies SAS	1,174	7,222	100	6,273	6,273	-	-	46,767	958	705
TRICOFLEX SAS	1,909	16,590	100	22,022	22,022	-	-	44,150	3,555	2,864
Foreign subsidiaries										
AGRIFAC MACHINERY BV (NL)	68	6,725	100	5,432	5,432	26,924		62,226	(768)	800
LLC EMC (Russia)	108	782	100	184	184	-		7,525	1,084	214
EXEL REAL ESTATE (USA)	1,501	91	100	1,116	1,116	343		0	92	257
EXEL REAL ESTATE AUSTRALIA	2,951	3,729	100	2,679	2,679	4,721		0	653	-
EXEL REAL ESTATE NETHERLANDS	-	-	100	0	0	3,328		-	52	-
EXEL REAL ESTATE GERMANY	25	(242)	100	25	25	9,180		-	(240)	-
ETW Inc	26,879	(521)	100	27,740	27,740	30,194		0	(523)	-
HARDI INTERNATIONAL A/S (DK)	13,420	19,691	100	39,852	39,852	36,397		72,468	(3,904)	-
HOLMER Maschinenbau Gmbh	5,000	2,411	100	16,127	16,127	27,175		105,765	(5,152)	-
MATROT UK	0	11	100	42	42	-		0	(1)	-
MINWORTH Property UK	9,756	520	100	11,891	11,891	15,244		0	551	-
RASINDECK Ltd (UK)	142	1,163	100	179	179	-		0	0	-
VERMOREL (RO)	2,032	(1,800)	100	2,050	227	1,106		3,684	(240)	-
INGELIA	0	10	90	2	2	-		0	0	-
Other equity holdings	-	-	-	**6**	**3**	-		-	-	-
TOTAL				**175,448**	**172,891**	**154,863**				**26,254**

6. Inventories and work in progress Not applicable.

7. Trade receivables

Receivables are recorded at face value.

They are reviewed on a case-by-case basis and a provision is recorded for impairment when risks of non-collection arise.

8. Marketable securities

This line item includes treasury shares held in connection with a market-making agreement and money market funds.

At the fiscal year-end, there were 3,133 treasury shares valued at €68.80 per share for a total of €216 K.

During the fiscal year, the company purchased 49,113 shares at an average price of €45.70 per share and sold 48,324 shares at an average price of €67.16 per share.

Surplus cash was invested in monetary market funds (SICAV) during the fiscal year. At the end of the fiscal year, the company holds no monetary market funds.

9. Corporate income tax

The company has been the head of a French tax group since 09/01/1993, in accordance with the terms of the tax consolidation agreement of 08/30/1994 effective as of 09/01/1993.

Agreement between the parent company and consolidated subsidiaries were drawn up on the basis of fiscal neutrality. Taxes payable are recognized by subsidiaries as if they were taxed separately, with the parent company recording its own tax and the saving or charge resulting from application of the scheme.

Income tax as presented in the income statement breaks down as follows: (In €K)

- tax on the company's taxable income including dividends (identical to the tax that would have been paid in the absence of tax consolidation) 7,045
- taxes payable abroad, tax reassessments and tax relief (134)
- tax burden/(benefit) arising from group relief (originating mainly from tax losses of subsidiaries allocated to the results of the tax group, less the negative effect of the 10.7% one-time corporate tax contribution)1,010
- company tax credit (188)

Total income tax expenses for the fiscal year (or net income) 7,733

Breakdown of income tax

(€ thousands)	**Profit before income tax**	**Taxes payable**	**Net income/(loss) after taxes**
Current operating income	47,852	(6,889)	40,963
Net exceptional loss	(1,918)	166	(1,752)
Impact of tax consolidation		(1,010)	(1,010)
BOOK INCOME	**45,934**	**(7,733)**	**38,201**

Deferred taxes

(€ thousands)	**Amount**
Taxes payable on:	
Regulated provisions (accelerated tax depreciations)	1,495
TOTAL DEFERRED TAX ASSETS	**1,495**
Prepaid taxes on:	
Temporarily disallowed deductions and timing differences (to be deducted the following year)	56
Expenses to be subsequently deducted (non-deductible provisions)	333
TOTAL DEFERRED TAX LIABILITIES	**389**
NET DEFERRED TAXES	**1,106**

10. Foreign exchange risk

At September 30, 2016, the company had a cash balance of:

- USD 2,102 K. These foreign exchange holdings were not covered by a currency hedge; they are measured at the closing rate of 1.1161 USD/EUR; this balance represented €1,883 K;
- GBP 108 K. These foreign exchange holdings were not covered by a currency hedge; they are measured at the closing rate of 0.861 GBP/EUR; this balance represented €126 K;
- AUD 395 K. These foreign exchange holdings were not covered by a currency hedge; they are measured at the closing rate of 1.4657 AUD/EUR; this balance represented €270 K.

Since the preceding fiscal year, medium-term foreign currency financing was put in place to cover exchange risks in relation to foreign currency loans granted to foreign subsidiaries.

During fiscal year 2015(2016) the Company continued its currency hedging policy by using short term lines of credit in foreign currencies to hedge its short-term receivables due from foreign subsidiaries.

These measures reduced the Company's exposure to exchange rate impacts.

11. Share capital

The share capital is comprised of 6,787,900 fully paid up shares of €2.50 each.

12. Change in shareholders’ equity

(€ thousands)	
Shareholders' equity at August 31, 2015	207,235
Dividends	(7,263)
Net income for the fiscal year	38,201
Change in tax driven provisions	191
SHAREHOLDERS' EQUITY AT SEPTEMBER 30, 2016	**238,364**

13. Provisions for contingencies and expenses

Provisions for contingencies and losses are recorded whose purpose and term are clearly defined or whose amount can be reliability determined, when the company has an obligation towards a third party and it is certain or probable that it will result in an outflow of resources with no inflow of resources representing an equivalent amount expected in return.

13.1. Changes in the fiscal year

(€ thousands)	**08/31/2015**	**Allowance**	**Reversal (used provision)**	**Reversals (unused provision)**	**9/30/2016**
Lawsuit contingency provisions for subsidiaries	46	-	-	(46)	-
Provisions for subsidiary losses	78	-	-	(78)	-
Provisions for retirement benefits	54	7	(43)	-	17
Provisions for foreign exchange losses	177	4,528	(177)	-	4,528
TOTAL	**354**	**4,535**	**(220)**	**(124)**	**4,545**

13.2. Retirement severance benefits

Retirement severance payments under collective bargaining agreements (on the basis of a retirement age of 65) are calculated according to rights vested at the end of the fiscal year in accordance with the agreement for the metallurgy industry, according to a mortality table, an employee turnover rate, a discount rate and taking into account regular wage increases.

At the end of the period, the provision for retirement payments amounted to €17 K, broken down as follows:

- liabilities/pension obligations - excluding social security contributions €14 K
- + social security contributions (45% of the liability) €6 K
- - unrecognized actuarial gains and losses €(3) K

= total provision (including social security contributions) €17 K

13.3. Other provisions for contingencies and expenses.

The prior-year provisions for contingencies and expenses for subsidiaries were reversed during the period.

14. Use of estimates

To prepare annual financial statements in compliance with the generally accepted accounting principles (French GAAP), the Company makes a certain number of estimates and adopts certain assumptions that may have an impact on the amounts disclosed under assets and liabilities. These include amounts recorded under assets and liabilities, information on contingent assets and liabilities on the closing date of the financial statements and amounts recognized under income and expenses for the fiscal year.

These estimates are based on the assumption of going concern and include assumptions Management considers relevant and feasible in the company’s operating environment and based on feedback available.

Estimates and assumptions are reviewed on a regular basis and at a minimum at the end of each fiscal year. They may vary if the circumstances on which they were based change or new information becomes available. Actual results may differ from these estimates.

The main estimates made by the company when preparing the financial statements concern notably assumptions adopted for calculations used for the valuation of intangible and intangible assets, equity interest and provisions.

15. Advances to executive officers

No advances or loans were granted to executive officers for the period under review.

16. Related-party transactions

To prepare for the merger of its subsidiaries KREMLIN REXSON and SAMES Technologies in the coming fiscal year, EXEL Industries purchased from its Chairman the minority share he held in KREMLIN REXSON for €270,468.

Apart from this transaction, the Company carries out transactions with related parties that are not of material nature, or are concluded on normal terms, or are excluded from the scope of application of the French accounting standards authority (ANC) regulations 2010-02 and 2010-03.

17. Trade receivables and payables

Statement of receivables

(€ thousands)	**Gross amount**	**Up to 1 year**	**More than 1 year**
Receivables from equity interests	48,129	4,465	43,665
Other non-current financial assets	945	-	945
Trade receivables	4,203	4,203	-
Tax and employee-related receivables	120	120	-
Group and associates (related parties)	159,569	159,569	-
Other receivables and accruals	327	327	-
TOTAL	**213,294**	**168,684**	**44,610**
Loans granted in the fiscal year	-	-	-
Repayments received in the fiscal year	14,834	-	-

Statement of payables

(€ thousands)	**Gross amount**	**Up to 1 year**	**More than 1 year, less than 5 years**	**More than 5 years**
Other bonds	30,335	335	-	30,000
Financial liabilities (including shareholder current accounts)	150,407	75,856	47,922	26,629
Trade payables	650	650	-	-
Tax and amounts payable to payroll tax agencies	3,554	3,554	-	-
Group and associates (related parties)	31,826	31,826	-	-
Other payables and accruals	325	325	-	-
TOTAL	**217,098**	**112,547**	**47,922**	**56,629**
Loans obtained in the fiscal year	72,920	-	-	-
Loans repaid in the fiscal year	33,812	-	-	-

Breakdown of accrued expenses

- Accrued interest/financial liabilities €166 K
- Trade payables €339 K
- Tax and amounts payable to payroll tax agencies €221 K
- Other payables <u>€55 K</u>

Total accrued expenses €781 K

Selected balance sheet information

Headings ***(€ thousands)***	**Affiliates**
Non-current assets	
Equity interests	175,442
Receivables from equity interests	48,129
Current assets	
Trade receivables and related accounts	4,194
Other receivables	159,839
Payables	
Other loans and borrowings	27,619
Trade payables and related accounts	73
Other payables	31,826

18. Net financial income/(expense)

(€ thousands)	**09/30/2016**	**08/31/2015**
Financial income from equity interests	26,254	28,139
Other interest and similar income	7,189	5,612
Reserves written back to income	255	4,868
Foreign exchange gains	11,579	5,026
Net income on sales of short-term investments	23	103
TOTAL INCOME	**45,300**	**43,749**
Increases in provisions	(5,161)	(584)
Interest	(3,375)	(2,075)
Foreign exchange losses	(4,838)	(4,313)
Net expense on sales of short-term investments	0	0
TOTAL EXPENSES	**(13,374)**	**(6,971)**
NET FINANCIAL INCOME	**31,926**	**36,777**

Changes in balances of cash and cash equivalents with affiliates break down as follows:

(€ thousands)	**09/30/2016**	**08/31/2015**
Financial income	33,440	33,739
Financial expenses	536	453

19. Net exceptional income/(loss)

(€ thousands)	**09/30/2016**	**08/31/2015**
Application of a "better fortunes" (financial recovery) clause	177	
Disposal price of decommissioned assets	16,317	
Reversal of provisions/proceeds from the sale of fixed assets	191	1,000
Reversal of provisions for subsidiary contingencies	46	3,134
Other misc. items	34	5
TOTAL INCOME	**16,765**	**4,139**
Debt waivers granted to subsidiaries	(1,948)	(2,314)
NAV of deactivated assets	(16,462)	(1,000)
Allowances for subsidiary contingencies		
Allowances for tax-driven provisions (accelerated tax depreciations)	(209)	(154)
Other misc. items	(64)	
TOTAL EXPENSES	**(18,683)**	**(3,468)**
NET EXCEPTIONAL LOSS	**(1,918)**	**671**

20. Other information

Financial commitments

Commitments given ***(€ thousands)***	
Pledge of investment securities in an English subsidiary, granted to collateralize a bank loan	15,244
	15,244

Commitments received ***(€ thousands)***	
"Better fortunes" (financial recovery) clauses	24,396
	24,396

Average number of employees

	09/30/2016	**08/31/2015**
Executive officers and management	10	7
Office staff and workers	1	2
TOTAL	**11**	**9**

21. Events after the reporting period

There were no events after the reporting period.

4.10 Proposed appropriation of net income

(in euros)	**09/30/2016**	**08/31/2015**
Sources:		
1. Retained earnings from previous fiscal years	175,069,865	134,471,430
2. Net income for the fiscal year	38,200,548	47,861,425
Appropriations:		
3. Statutory reserve	0	0
4. Dividends	7,263,053	7,263,053
5. Retained earnings	30,937,495	40,598,372
TOTAL	**38,200,548**	**47,861,425**

4.11 Statutory Auditors' report on the annual financial statements

13-month fiscal year ended September 30, 2016

To the Shareholders,

In carrying out the mission entrusted to us by your Annual General Meeting, we hereby present our report for the 13-month fiscal year ended September 30, 2016, on:

- the audit of the accompanying annual financial statements of EXEL Industries;
- the basis of our assessments;
- the specific verifications and information required by law.

The annual financial statements were approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. Opinion on the annual financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained provides a sufficient and appropriate basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the financial position and the assets and liabilities of the Company as of August 31, 2013, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in France.

Without calling into question the opinion expressed above, we would draw your attention to:

- the note “Annual highlights” the annual financial statements, which refers to the change of balance sheet date for this reporting period;
- Note 13.2 “Retirement severance benefits” to the annual financial statements, which shows the effects of the first-time application of Recommendation 2013-02 of November 7, 2013 of the French accounting standards authority (ANC) concerning rules for measuring and recognizing pension obligations and similar benefits.

II. Basis of our assessments

Accounting estimates used to prepare the financial statements for the fiscal year ended September 30, 2016, were produced in a context of highly volatile markets and conditions rendering forecasting economic trends difficult. These conditions are described in Note 1 to the financial statements. It was in this context that we proceeded with our own assessments based on which we draw to your attention the following matters:

- Note 5 to the financial statements on "Financial assets" presents the accounting rules and principles for the valuation of equity interests and related receivables. In connection with our assessment of the accounting policies used by the Company, we have reviewed the appropriate nature of the accounting methods referred to above and the information provided in this note to the financial statements.
- As described in Note 14 to the financial statements, the company has made estimates and formulated assumptions and judgments that affect the amounts presented in these financial statements and the notes thereto, notably with respect to the valuation of provisions for contingencies and expenses on the basis of the most recent available data. Based on these estimates, the Company recorded in its balance sheet provisions for lawsuit contingencies. Our work has consisted in particular in evaluating the data and assumptions on which these estimations have been based, reviewing the calculations made by the company and examining the procedures for management’s approval of these estimations. Because assumptions are by nature uncertain, especially in the environment of economic crisis referred to above, actual results may differ from these estimates. On this basis, we have assessed the reasonable nature of these estimations;

These assessments were made as part of our audit of the annual financial statements taken as a whole and therefore contribute to the opinion we expressed in the first part of this report.

III. Specific verifications and information

We have also performed the specific verifications required by law in accordance with French professional auditing standards.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information given in the management report of the Board of Directors and in the documents addressed to shareholders with respect to the financial position and the annual financial statements.

In addition, as required by law, we have ensured that the management report or the financial information documents include the mandatory disclosures on acquisitions of participating and controlling interests and the identity of owners of share capital and voting rights in the company.

With regard to the information provided, pursuant to the terms of -Article L.225,102(1) of the French Commercial Code on compensation and benefits paid to corporate executives and undertakings made in their favor, we have verified consistency thereof with the statements or data used to prepare these statements and, if applicable, the items collected by your company from companies controlling your company or that are controlled by it. Based on our work, we certify the truth and fairness of this information.

Courbevoie and Lyon, January 13, 2017
The Statutory Auditors

MAZARS	**DELOITTE & ASSOCIES**
Lionel Gotlib	Gérard Badin

4.12 Statutory Auditors' special report on regulated agreements and commitments
Annual General Meeting for the approval of the financial statements for the year ended September 30, 2016

To the Shareholders,

As your company's Statutory Auditors, we hereby present our report on regulated agreements and commitments.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of, as well as the reasons for the Company's interest in, those agreements and commitments brought to our attention or which we may have discovered during the course of our audit, without expressing an opinion on their usefulness and merits or identifying such other agreements and commitments, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code, to assess the merits of concluding these agreements and commitments for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements and commitments previously approved by the Annual General Meeting, if any.

We performed procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying that the information provided to us is consistent with the relevant source documents.

Agreements and commitments submitted for approval to the Annual General Meeting

Agreements and commitments entered into by the Company during the year just ended

We have been informed that there are no agreements and commitments approved during the fiscal year and requiring the approval of the Annual General Meeting pursuant to Article L. 225-38 of the French Commercial Code.

Agreements and commitments authorized since the balance sheet date

Pursuant to article L. 225-40 of the French Commercial Code, we have been advised of the following agreements and commitments previously authorized by your Board of Directors.

Agreement to purchase the shares of SAS KREMLIN REXSON

Related party: Patrick Ballu, Chairman of the Board of Directors

Type and purpose of agreement: At its December 15, 2016 meeting the Board of Directors authorized signing an agreement to buy out the shares of SAS KREMLIN REXSON held by Patrick Ballu.

Terms: EXEL Industries purchased from Patrick Ballu the 2,049 shares he held in SAS KREMLIN REXSON for €270,468, payable beginning in September 2016.

The reasons why this is in the Company's interest: This stock purchase is made as part of the merger of KREMLIN REXSON and SAMES Technologies.

Agreements and commitments previously approved by the Annual General Meeting

We have been informed that there are no agreements and commitments previously approved by the Annual General Meeting which have remained in force during the fiscal year.

Courbevoie and Lyon, January 13, 2017
The Statutory Auditors

MAZARS
Lionel Gotlib

DELOITTE & ASSOCIES
Gérard Badin

5 Corporate governance

5.1 Corporate governance and administrative bodies of EXEL Industries SA

Chairman of the Board of Directors

- **Patrick Ballu**

  Appointed as Chairman and Chief Executive Officer on September 13, 1980 and subsequently reappointed, lastly by the Annual General Meeting (AGM) of January 25, 2011, for a term of office expiring at the end of the AGM called to approve the 2016 financial statements.

  The Board meeting of April 22, 2011 decided to modify corporate governance procedures involving a separation of the powers of executive management. Pursuant to this change Patrick Ballu retained his functions as Chairman of the Board of Directors.

  Lastly, at the Board meeting of April 14, 2014, it was decided, in accordance with the Articles of Association, to reappoint Patrick Ballu as Chairman of the Board of Directors for a term concurrent with his term as a Director of the Board which expires at the end of the AGM called to approve the 2016 financial statements.

Chief Executive Officer and director

- **Guerric Ballu**

  Appointed to the Board of Directors by the AGM of February 26, 2008 and renewed in this role by the AGM of January 21, 2014 for the term provided by law, i.e. until the end of the AGM called to approve the financial statements for the fiscal year ending in 2019.

  By decision of the Board meeting of April 22, 2011, and pursuant to the separation of executive management powers, he assumed the functions of Chief Executive Officer. He was re-appointed to this position by the Board on April 14, 2014 for a term concurrent with his term as a Director of the Board, which expires at the end of the AGM called to approve the 2019 financial statements.

Deputy Chief Executive Officers

- **Marc Ballu, Franck Ballu and Cyril Ballu**

  Appointed to these positions by the Board of Directors meeting of October 26, 2005, for a term concurrent with that of the Chairman & CEO, reappointed thereafter and most recently by the Board of Directors meeting of April 14, 2014, for a term concurrent with that of the Chief Executive Officer, since the separation of functions of the Chairman of the Board of Directors and the Chief Executive Officer.

Board members

- **EXEL SAS, represented by Marie-Pierre du Cray-Sirieix**

  A company appointed director by the AGM of February 2, 1995, and subsequently reappointed, lastly by the AGM of January 25, 2011, for a term of office expiring at the end of the AGM called to approve the 2016 financial statements.

- **Marc Ballu**

  Appointed by the AGM of January 24, 2012, for a term of office expiring at the end of the AGM called to approve the 2017 financial statements.

Independent directors

- **Marie-Claude Bernal**

  Appointed by the AGM of January 24, 2012, for a term of office expiring at the end of the AGM called to approve the 2017 financial statements.

- **SAS JUMP'TIME, represented by its Chairman, Claude Lopez**

  A company coopted to the Board of Directors by the Board on February 18, 2014, for a term of office expiring at the end of the AGM called to approve the 2021 financial statements.

5.2 Audit Committee

In accordance with Article L. 823-19 of the French Commercial Code, our Company has formed an Audit Committee as of December 9, 2011. It comprises Marie-Claude Bernal, who chairs the Committee, and Claude Lopez.

This Committee is responsible notably for overseeing:

- the preparation of the consolidated financial statements;
- the quality of financial information;
- the independence of the Statutory Auditors and the quality of the information received.

In addition, this Committee analyzes, oversees and gives its opinion on:

- the effectiveness of the internal control measures;
- the effectiveness of the ORM (opportunity and risk management) program;
- the extent to which corporate social and environmental responsibility (CSR) is observed.

The Committee met twice during the 2015/2016 fiscal year:

- on 4/18/2016, regarding the consolidated financial statements of the first half-year of 2015-2016;
- on 12/14/2016, regarding the consolidated financial statements for the 2015-2016 fiscal year.

It immediately reported on its meetings to the Board of Directors, as noted by the Board of Directors at its meetings held on 4/19/2016 and 12/14/2016.

5.3 Remuneration and Appointments Committee

On April 14, 2014, the Board of Directors formed a Remuneration and Appointments Committee.

This Committee is composed of an independent director, SAS JUMP'TIME represented by Claude Lopez, who serves as Chairman, and the Chairman of the Board of Directors, Patrick Ballu.

This Committee is charged with preparing the Board of Directors to vote on choosing corporate officers and setting their remuneration and benefits, using criteria based on each one's qualifications, experience and responsibilities.

The Committee met twice during the 2015/2016 fiscal year:

- on 02/09/2016
- on 01/17/2017

when it discussed executive remuneration and directors' fees

5.4 Implementing an ORM process

On April 14, 2014, the Board of Directors approved the program instituted by the Group Chief Executive Officer to implement an opportunity and risk management (ORM) process.

Every subsidiary set up a steering committee, led by its own CEO.

This steering committee is responsible for drawing up a list of actions and means for reducing risks and taking advantage of opportunities.

The Audit Committee ensures that each steering committee reports to the Group ORM Committee chaired by the Group Chief Executive Officer.

5.5 Offices and positions held by each corporate officer of EXEL Industries SA

See page 46, paragraph 10.3

5.6 Auditors' fees and audits conducted

	Deloitte Group				Other Statutory Auditors			
	Amount at 08/31/2016	**%**	**Amount at 08/31/2015**	**%**	**Amount at 08/31/2016**	**%**	**Amount at 08/31/2015**	**%**
Auditing services								
Statutory Auditors, certification and examination of separate and consolidated financial statements	607	94%	453	86%	584	87%	507	81%
SUBTOTAL	**627**	**98%**	**526**	**100%**	**584**	**87%**	**629**	**100%**
Other services								
Other related assignments and other audit missions	20	3%	73	14%	0	0%	123	19%
Legal, tax, employee-related assignments	16	2%	0	0%	89	13%	0	0
Information technology		0%		0%		0%		0%
Internal audit		0%		0%		0%		0%
Others	0	0%	0	0%	0	0%	0	0
SUBTOTAL	**36**	**2%**	**73**	**0%**	**89**	**13%**	**123**	**0%**
TOTAL	**642**	**100%**	**526**	**100%**	**674**	**100%**	**629**	**100%**

5.7 Report by the Chairman of the Board of Directors on the conditions of preparation and organization of the work of the Board of Directors and internal control and risk management procedures

Ladies and Gentlemen,

As a supplement to our Annual Report and in accordance with the French Financial Security Act No. 2003-706 of August 1, 2003 as amended by Act No. 2008-649 of July 3, 2008, I hereby report to you on the preparation and organization of the Board of Directors' work and the internal control and risk management procedures implemented by our Company.

This Report will be submitted to the Board of Directors for approval.

I. Preparation and organization of the work of the Board of Directors

Composition of the Board of Directors

Our Company is managed by a Board of Directors that currently has six members including two women, each possessing at least one share of the Company in accordance with Article 14 of the Articles of Association.

Our Board of Directors does not yet include any director elected by employees, but already benefits from the experience of two independent directors: Marie-Claude Bernal and Claude Lopez, representing SAS JUMP'TIME, whose term of office was renewed at the Ordinary General Meeting on January 12, 2016.

Directors are appointed for six-year terms that are renewed for periods of the same duration.

The Board also regularly invites to its meeting two observers in their capacity as Deputy Chief Executive Officers.

Role of the Board of Directors

The Board of Directors sets the Company's business priorities and ensures their implementation.

Subject to the powers expressly granted to Annual General Meetings of Shareholders and within the Limits of the company's corporate charter, the Board may address all matters pertaining to the proper management of the Company and settle all items of business relating thereto. It performs the controls and verifications it considers appropriate for this purpose.

Workings of the Board of Directors

As Chairman, I call meetings of our Board of Directors as often as necessary.

As Chairman of the Board of Directors, I organize and oversee the work of the Board of Directors and I ensure the proper functioning of the Company's governing bodies (Board of Directors, Annual General Meeting).

The Board of Directors is a collegiate body and we as directors therefore perform collectively the functions assigned in law to the Board.

I must make sure that the directors are fully capable of carrying out their duties and, in particular, ensure that they have all the information necessary for them to fulfill their duties.

Our Board of Directors makes decisions by majority vote but endeavors to reach them by consensus. In the event of a tie, the vote of the Chairman prevails.

Since September 1, 2015, our Board of Directors has met five times, with several meetings being held by videoconferencing, pursuant to Article 17 of the Articles of Association.

Audit Committee role and members

In accordance with Article L.823-19 of the French Commercial Code, the Board of Directors formed an Audit Committee as of December 9, 2011. This Committee is chaired by Marie-Claude Bernal, an independent director.

The Audit Committee is charged primarily with overseeing:

- the audit of the annual financial statements;
- monitoring the preparation of the consolidated financial statements;
- the efficiency of the internal control and risk management systems;
- the quality of financial information;
- the independence of the Statutory Auditors and the quality of the information they receive.

For this purpose, the Committee analyzes, oversees and gives its opinion on the accuracy and fairness of the consolidated financial statements, the effectiveness of the internal control and opportunity and risk management (ORM) processes, and the observance of corporate social and environmental responsibilities (CSR).

Workings of the Audit Committee

The Audit Committee is a consultative body which must report regularly to the Board of Directors on the performance of its duties and inform it of any problems encountered.

For the 2015-2016 fiscal year, the Audit Committee met twice preceding the meeting of the Board of Directors which approved the half-year and annual financial statements:

- on April 18, 2016, regarding the consolidated financial statements of the first half-year of 2015-2016;
- on December 14, 2016, regarding the consolidated and annual financial statements for the 2015-2016 fiscal year.

the Audit Committee reported to the Board of Directors (acting as a collegial body) on the performance of its missions.

Remuneration and Appointments Committee

On April 14, 2014, the Board of Directors formed a Remuneration and Appointments Committee.

This Committee is chaired by the independent director, SAS JUMP'TIME, represented by Claude Lopez.

The Committee is responsible for presenting proposals or recommendations to the Board of Directors, particularly in order to:

- choose corporate officers;
- set their remuneration and benefits, using criteria based on each one's qualifications, experience and responsibilities;
- make proposals on the attendance fees to be allocated to directors by the Board of Directors;
- assist in the preparation of resolutions of the Board of Directors in these areas.

II. Internal control and risk management procedures

Definition and objectives

Internal control covers all control systems adopted by executive management for the purpose of providing reasonable assurance with respect to:

- the effectiveness and efficiency of operations;
- the reliability of the reporting system;
- compliance with laws and regulations in force;
- the preservation of assets;
- risk management in all areas.

One of the purposes of the internal control and risk management system is to prevent and effectively manage risks associated with the business operations of the Group and its subsidiaries. Risk management covers not only financial risks *(related notably to exchange rates, etc.)* but also operational risks *(IT, fraud, environmental, employee-related, legal, online reputational risks, etc.).*

As with all systems of control, it cannot however provide an absolute guarantee that such risks will be fully eliminated.

Organization and environment

Our Group has a single, very specialized business, comprising four activities: Agricultural Spraying, sugar beet harvesting, Industrial Spraying and consumer watering and spraying.

Our design, manufacturing and marketing are carried out in our manufacturing and/or sales subsidiaries which are wholly-owned by EXEL Industries, some of which also have their own manufacturing and/or distribution subsidiaries in France and internationally.

The foreign subsidiaries can also serve as local logistical bases for our other subsidiaries.

Persons and organizational units involved

Given its authority and its supervisory and strategic role, our Board of Directors is the main actor in our internal control and risk management system, assisted by our committees.

Executive Management is provided by a Chief Executive Officer, assisted by three Deputy Chief Executive Officers, in collaboration with the Board of Directors.

All these individuals spend time in the subsidiaries to ensure their proper functioning and to meet with their Chief Executive Officer and his or her management team.

All three Deputy Chief Executives also hold operational posts in subsidiary companies.

Executive Management of our Group is vested with the broadest powers to act in all circumstances in the name of the Company. It exercises its powers within the limits set by the company's corporate purpose and subject to the powers expressly granted by law to shareholders' meetings and the Board of Directors.

Procedures within our subsidiaries

Internal controls for accounting and finance purposes, and risk management procedures exist within each subsidiary. Within the guidelines set by the Group, each subsidiary has full autonomy with respect to the management of marketing, employee-related issues, finance and risk.

The Chief Executive Officer of a subsidiary, who has corporate officer status, is responsible for the day-to-day application of internal control and risk management procedures.

The subsidiary therefore has all resources required to:

- monitor its performance and management;
- ensure effective risk management.

Executive Management of the Group is responsible for the effectiveness of the controls put in place in the subsidiaries and requires that they be strengthened if deemed necessary.

Corporate Finance Department

The process of financial closings is organized on the basis of a plan established by the Finance Department, under the supervision of the Executive Management, and approved by the Board of Directors.

This plan is for each of our subsidiaries which remain responsible for their financial statements. Each subsidiary prepares its own budget, half-year and annual financial statements and defines its cash flow requirements.

The Group's Finance Department is responsible for producing the consolidated and parent company financial statements. This process is now undertaken using a dedicated reporting and consolidation system.

The Group's Finance Department dictates the format and quality of the reporting and the accounts prepared by each of our subsidiaries. It also ensures Group procedures are properly applied by subsidiaries for consistency in the financial statements. It conducts audits when it deems necessary. It coordinates and rules on the cash flow management decisions of each of our subsidiaries on the basis of the Group's Corporate Cash Flow Agreement.

Opportunity and risk management (ORM)

To ensure the sustainability of its operating activities, the Group must ensure that the appropriate risk prevention and risk management procedures are in place, together with methods for seizing opportunities.

The Board of Directors has established an ORM process, responsibility for which was assigned to the Group's Chief Executive Officer. The Group and every subsidiary have set up a steering committee, led by its own CEO. This committee is responsible for drawing up a list of all the actions and means for reducing risks and seizing opportunities.

The Group Chief Executive delivered a summary report to the Board of Directors on December 15, 2016, which approved it and took note of the actions that had been taken.

Corporate Social Responsibility (CSR)

To ensure corporate social responsibility (CSR) issues are taken into account, our Executive Management has set up a working group.

Its job of bringing together information from the subsidiaries and presenting a summary CSR report has been improved since last year: as a result, the data are more reliable and the task of collecting, consolidating and auditing has been more efficient.

As in previous years, the report was externally audited for the purposes of certification and a reasoned opinion on the fairness of the information.

On December 15, 2016 this CSR report was approved by the Board of Directors and incorporated into the Registration Document.

Group Insurance Policies and Legal Disputes

Our Group negotiates and centralizes its various insurance contracts and manages any legal disputes and claims. To ensure that our operations always comply with regulations, our Legal Department works with specialized attorneys and experts. It centralizes and coordinates legal matters for all Group subsidiaries. It also manages and monitors litigation cases in close collaboration with the subsidiaries involved.

III. Other procedures (provided for in the French Act 2008-649 of July 3, 2008 - Article 26)

Corporate Governance

EXEL Industries Group is a closely-held corporation with members of our family holding the majority interest and serving as corporate officers. We are therefore committed to the principles of ethical business conduct, good corporate governance and sustainability. The way we organize our corporate governance applies the principles of the recommendations of the Middlenext corporate governance code.

In particular, our Board of Directors has again conducted a self-assessment process which was again led by Claude Lopez, adopting the following practical arrangements:

- a self-administered, personal questionnaire to be completed every two years in June;
- followed by a personal interview with each of the directors;
- with a summary report and recommendations presented to the Board of Directors.

The objective is to improve the way our Board of Directors works and thus help to improve our governance.

The Chairman of the Board of Directors, the Chief Executive Officer and the other Executive corporate officers of the subsidiaries do not have employment contracts in addition to their corporate offices. Furthermore, they do not have special supplementary retirement plans (*Top Hat* plans) or options to subscribe for shares reserved for Executive Officers or special severance benefits payable if they cease to exercise their functions (golden parachutes).

With the assistance of the Chief Executive Officer, the Deputy Chief Executive Officers, the Audit Committee, the Remuneration and Appointments Committee and of any other qualified or expert individual it might need, our Board of Directors fully exercises its role of setting the Group's strategic direction and approving the strategy presented by the Chief Executive Officer.

For a number of years now, I had been taking steps to ensure a smooth management transition. It was with this in mind, and at my request, that on April 22, 2011 the Board of Directors decided to split the functions of Chairman of the Board of Directors and Chief Executive Officer. Since that time, we have entrusted the General Management of the Group to my son, Guerric Ballu, in direct collaboration with the Board of Directors, which I chair.

Rules for shareholder participation in Annual General Meetings

By means of our Registration Document and our press releases, our shareholders continue to be kept properly informed about major foreseeable risks that could potentially jeopardize the continuing operations of the company and its subsidiaries. Finally, we have a solid understanding of our shareholder base and seek to strengthen long-term shareholder commitment (notably by granting double voting rights for shares held for more than four years).

All shareholders may participate in Annual General Meetings. However in order to participate, vote by mail or be represented at Meetings, shareholders must, no later than three (3) business days before the Meeting by midnight (Paris time):

- if a holder of registered shares, be listed in the registered shareholders' account maintained by the Company; or
- if a holder of bearer shares, provide a certificate of share ownership issued by the bank or broker managing these shares.

Shareholders who do not personally attend Annual General Meetings may choose one of the following three options:

- grant a proxy to any other person;
- send a proxy form to the Company without specifying the proxy's name; or
- vote by mail.

In conclusion, please bear in mind that our Group is a mid-size, international, family-operated and family-owned enterprise of French origin.

The goal of our Group is to expand in its markets through a policy of constant innovation and an international growth strategy.

For this reason, I take great care to ensure that our governance is sound and ethical. Our employees are given responsibility and proper motivation, and act with respect for our founding values.

Patrick Ballu

Chairman of the Board of Directors

December 15, 2016

5.8 Statutory Auditors' Report on the Report by the Chairman of the Board of Directors issued in accordance with Article L.225-235 of the French Commercial Code

13-month fiscal year ended September 30, 2016

To the Shareholders,

In our capacity as Statutory Auditors of EXEL Industries and in accordance with the provisions of Article L. 225-235 of the French Commercial Code (*Code de Commerce*), we hereby present our report on the report prepared by the Chairman of your Company in accordance with Article L. 225-37 of the French Commercial Code for the 13-month fiscal year ended September 30, 2016.

It is the Chairman's responsibility to prepare, and submit to the Board of Directors for approval, a report on the internal control and risk management procedures implemented by the Company and containing the other disclosures required by Article L. 225-37 of the French Commercial Code, particularly in terms of corporate governance.

It is our responsibility to:

- report to you on the information contained in the Chairman's report with respect to the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- certify that the report contains the other information required by Article L. 225-37 of the French Commercial Code, while specifying that we are not responsible for verifying the fairness of this other information.

We have carried out our work in accordance with the professional standards and practices applicable in France.

I. Information concerning the internal control and risk management procedures relating to the preparation and processing of financial and accounting information

This standard requires us to perform procedures to assess the fairness of the information set out in the Chairman's report on the internal control and risk management procedures relating to the preparation and processing of financial and accounting information. These procedures mainly consist of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of the financial and accounting information on which the information presented in the Chairman's report is based, as well as reviewing supporting documentation;
- obtaining an understanding of the work performed to prepare this information, as well as reviewing supporting documentation;
- taking note of the valuation process put in place and assessing the quality and adequacy of its documentation, as regards the information related to assessing the internal control and risk management procedures;
- establishing whether any major weaknesses in the internal control procedures relating to the preparation and processing of accounting and financial information that we may identify in carrying out our work are appropriately addressed in the Chairman's report.

On the basis of these procedures, we have no matters to report in connection with the information given on the Company's internal control and risk management procedures relating to the preparation and processing of financial and accounting information contained in the Chairman's report, prepared in accordance with Article L.225-37 of the French Commercial Code.

II. Other disclosures

We hereby certify that the Chairman's report includes the other disclosures required by Article L.225-37 of the French Commercial Code.

Courbevoie and Lyon, January 13, 2017
The Statutory Auditors

MAZARS
Lionel Gotlib

Deloitte & Associés
Gérard Badin

6 Information on the Company and its share capital

6.1. General information on EXEL Industries

Company name:

EXEL Industries

Headquarters

54, rue Marcel Paul - 51200 EPERNAY France

Main office:

52, rue de la Victoire – 75009 PARIS

Legal form:

A French public limited company (Société Anonyme) with a Board of Directors. Amendment of the Articles of Association (Statuts) to comply with the provisions of Act 2001-420 of May 15, 2001 (New Economic Regulations Act) (see articles 13, 18, 19, 20 and 21 of the Articles of Association).

Nationality

French

Date of Incorporation:

August 4, 1952

Term

Ninety-nine (99) years effective from its date of entry in the Trade and Companies Register (Registre du Commerce et des Sociétés) or until August 3, 2051 barring early liquidation or extension.

Corporate charter (Article 3 of the Articles of Association)

The Company's corporate purpose is to, in France and in any other country, directly or indirectly, conduct research, manufacture and market equipment, materials and services used mainly for industrial or consumer agriculture, as well as any commercial, industrial, financial, securities or real estate transactions relating directly or indirectly to the purposes stated above or any similar and related activities contributing thereto and that directly or indirectly contribute to the Company's continuing operations and development.

Trade and Company Registers

<u>For the headquarters</u>

RCS REIMS B 095 550 356

<u>For the main office</u>

RCS Paris B 095 550 356

APE code:

APE business identifier code (registered office): 2830Z

APE code (main place of business): 7010Z

Location where documents and information relating to the Company may be consulted

The Articles of Association, minutes of meetings and other corporate, legal or accounting documents may be consulted at the EXEL Industries SA main site: in Paris (75009) - 52, rue de la Victoire (in the Legal and Finance Departments), subject to the terms and times provided for by legislation in force concerning shareholders' rights to information.

Corporate charter (Article 24 of the Articles of Association)

The company's fiscal year begins on October 1 of each year and ends on September 30 of the following year.

Officers of the Board (Article 16 of the Articles of Association)

" . . . 16.2 The Chairman may be appointed for his or her full term as a Director, provided that the Board reserves the right to remove him or her from the chairmanship and that he or she has the right to resign before the term expires.

The Chairman is deemed to have resigned immediately following the Ordinary General Meeting called to approve the financial statements for the fiscal year in which the Chairman reaches eighty years of age."

Deliberations of the Board of Directors (Article 17 of the Articles of Association)

"17.1 Directors are called to Board meetings by all available means (including electronic messaging, remote transmission, videoconferencing, etc.) and including orally.

All Directors may attend, participate and vote in Board meetings through videoconferencing and telecommunications means under conditions provided for by regulations in force at that time.

A record of attendance is maintained, which is signed by Directors participating in the Board meeting."

Annual General Meetings (Article 23 of the Articles of Association)

"Shareholders' meetings are called and conduct proceedings according to procedures defined by statutes and applicable regulations.

They are to be held at the registered office or at any other venue indicated in the notice of meeting.

The General Meeting is chaired by the Chairman of the Board of Directors or by the Director temporarily appointed for this purpose or, barring this, by a Vice Chairman. If the Chairman, the Director temporarily appointed for that purpose or the Vice Chairmen are absent at the same time, the Meeting is then chaired by the Director designated by the Board or, barring this, a person selected by the Meeting.

Proceedings of the meeting are recorded in minutes signed by the Officers of the Meeting.

Subject to restrictions provided for by Law or resulting from its application, any shareholder may attend general meetings and proceedings in person or through a representative, regardless of the number of his or her shares, subject to providing proof of identity, and provided that no payments are due on said shares.

The right to attend the shareholders meetings is evidenced by an accounting entry showing the number of shares in the name of the shareholder of record (or the intermediary of record for the account) on the third business day preceding the meeting at midnight (Paris time):

- either in the registered share accounts maintained by the Company or its agent; or
- in bearer share accounts maintained by an authorized intermediary. In this latter case, the corresponding book entry must be evidenced by a certificate of attendance (attestation de participation) issued by the authorized intermediary that is to be attached to the voting form or the proxy or the request for an admission card (carte d'admission) mentioning the name of the shareholder.

However, the Board of Directors may reduce or set aside these time requirements provided that this is to the benefit of all shareholders.

However, the Board of Directors may reduce or set aside these time requirements provided that this is to the benefit of all shareholders.

Any shareholder may vote by mail using a form that may be obtained according to the conditions indicated by the meeting notice.

A shareholder may be represented only by his or her spouse or by another shareholder with proof of power of attorney.

Votes in Meetings can be cast through all means (notably electronic means, teletransmission, videoconferencing, etc.), in accordance with the conditions established by regulations and set forth in the meeting notice."

Transfer and circulation of stock (Article 10 of the Articles of Association)

No provisions of the Articles of Association imposed restrictions on the transfer of shares.

Joint ownership - usufruct - bare ownership (Article 11 of the Articles of Association)

"11.2 The bare owner and the owner with usufruct are invited to meetings and may take part in them under the same conditions as shareholders with sole ownership. They may exercise the same right to communicate, under the same conditions, and receive the same information.

They may take part, if they wish, in the discussions that precede voting and their voiced opinions, if any, are recorded in the minutes, like those of shareholders.

If the ownership is divided, the voting rights of the owner of usufruct are limited to questions relating to the appropriation of profits."

Double voting right (Article 12 of the Articles of Association)

" shares that are fully paid up and which have been held in registered form in the name of the same shareholder for at least four years, carry a double voting right. This four-year period commences when the shares are recorded in registered form."

The double voting right was introduced by the Extraordinary General Meeting of May 26, 1997 (Resolution twelve).

The double voting right ceases to exist for any share converted to bearer form or on transfer, excluding transfers from one registered shareholder to another pursuant to inheritance or a gift to a qualifying family member (see applicable laws and regulations).

Appropriation and allocation of profits (Article 25 of the Articles of Association)

“The income statement summarizes income and expense items of the fiscal year. It presents, after deducting allowances for depreciation, amortization and provisions, the profit or loss of the fiscal year.

From this profit, less accumulated losses of previous fiscal years, when applicable, are deducted:

- At least 5% to be appropriated to the legal reserves. This obligation remains in force until the reserve amount equals one-tenth of the common stock and resumes when, for any reason, the reserve amount falls below this percentage;
- and all amounts appropriated to legal reserves."

“The balance, plus profits brought forward, constitutes the distributable earnings for the year. This amount is available to the General Meeting, pursuant to a proposal by the Board, for distribution in part or in full as dividends, allocation to all reserves, repayment of the capital or to be carried forward to retained earnings.”

“The Annual General Meeting, called to approve the financial statements for the fiscal year, may grant shareholders the choice of receiving a dividend in the form of cash or shares for all or part of the dividend to be distributed.”

“Reserves available to the General Meeting may be used on its decision for the payment of dividends. Such decision expressly indicates the reserve accounts from which the amounts are drawn.”

Repurchase by the Company of its own shares

In light of regulations in force, in accordance with Article L. 225-209 of the French Commercial Code, and the Information Memorandum, the Annual General Meeting of September 1, 2016 granted the Board of Directors an authorization for a period of 18 months from the date of this Meeting to repurchase shares of the Company in accordance with the following terms and conditions:

These share buy backs may be carried out in accordance with the limits provided for by laws and regulations applicable at the time of said transactions and in accordance with the purposes and procedures set forth below.

The maximum number of shares purchased by the company under this authorization may not exceed 10% of its current share capital.

These shares may be acquired on one or more occasions and through any means for the following purposes:

- market-making or share liquidity services provided by an Investment Service Provider through a liquidity agreement in compliance with the conduct of business rules recognized by the French securities market regulator, the AMF;
- purchasing shares to be retained for future use for payment or exchange in connection with possible acquisitions;
- the cancellation of all or part of shares thus acquired;
- employee stock option plans (or other share grants to employees) or for debt securities convertible into shares.

These shares may be acquired, sold or transferred by any means, on or off market, including involving the use of any derivative financial instruments. The entire share repurchase program may be carried out through block trades.

The maximum purchase price may not exceed €160 per share, subject to adjustments linked to corporate actions that may be implemented. In a scenario involving the purchase of 5% of the shares, the maximum amount paid would be €54.3 million.

Shares thus purchased may be held, sold or transferred.

An authorization for the Company to buy back its shares is submitted for vote by the next General Meeting of February 9, 2017. Once approved by the shareholders, this authorization will cancel and supersede the authorization granted by the Ordinary General Meeting of September 1, 2016.

Identifiable bearer shares (Titres au porteur identifiables)

The Company may, in accordance with applicable laws and regulations (Article 263-1) of the Act of July 24, 1966) at its own expense and at any time, request the following information from the entity providing clearing services for its securities, the name, nationality, date of birth or year of incorporation and address of owners of securities that confer, immediately or in the future, voting rights in its shareholders meetings, along with the number of equity securities held by each, and, where applicable, any restrictions on said securities.

Disclosures on ownership thresholds (Article 10 of the Articles of Association)

“In addition to those thresholds provided for by applicable laws and regulations, any shareholder, a natural person or legal entity, who acquires a proportion of the share capital or voting rights equal to 2.5%, or whose holdings fall below or rise above this threshold or any multiple thereof, must notify the company of the total number of shares of voting rights possessed within 15 days after crossing this threshold by registered letter with acknowledgment of receipt.”

“If the crossing of this threshold is not reported to the Company within fifteen days, the sanctions provided for by applicable laws and regulations will then apply and namely, failure to report crossing a threshold shall result in the loss of voting rights for the shares exceeding the percentage that should have been reported, for a period of two years after this disclosure obligation has been met.”

6.2 General information regarding the share capital

Share capital (Article 6 of the Articles of Association)

"The share capital amounts to €16,969,750 divided into 6,787,900 shares all with a par value of €2.50.

The shares are all fully subscribed, paid up and allocated among the shareholders in proportion to their rights.”

6.3 Securities giving access to the share capital

None.

6.4 Information on pledges

To the best of our knowledge, none of the shares making up EXEL Industries' share capital are pledged.

6.5 Shareholders' agreement

There are no shareholders' agreements.

6.6 Dividends

Fiscal year	Dividend per share
2012/2013	€1
2013/2014	€1.17
2014/2015	€1.07

Dividend policy:

Over the coming years, the company's policy is to pay dividends representing approximately one quarter of consolidated net income.

Limitation period:

In accordance with the provisions of French Law, dividends not claimed within five years are time-barred and shall be paid over to the French State.

Changes in capital stock during the last five years

There have been no increases in share capital in the last five years and the amount of share capital thus remains unchanged at €16,969,750.

7 Resolutions to be put to the vote at the Annual General Meeting of February 9, 2017

Within the jurisdiction of the Ordinary General Meeting

Resolution one

The Shareholders, after having reviewed the different reports and documents and notably the "Registration Document - Annual report", the Chairman of the Board of Directors' report on organization, internal controls and risk management procedures as well as the Statutory Auditors' reports, approve these reports and the consolidated financial statements for the fiscal year ended September 30, 2016, as presented, as well as the operations reflected in these financial statements and summarized in these reports, and showing a net consolidated profit of €34,181,255.

Resolution two

The Shareholders approve the separate annual financial statements for the fiscal year ended August 30, 2016, as presented, as well as all operations reflected in these financial statements and summarized in these reports, and showing a net profit of €38,200,549.

Resolution three

The Shareholders decide that the net profit for the fiscal year of €38,200,549 shall be appropriated as follows:

- distribution of a total dividend of €7,263,053 or €1.07 per share(1), it being noted that the Legal Reserve is already fully funded;
- carry forward to retained earnings of the remaining profit of €€30,937,496.

It will thereby increasing the amount of retained earnings to €206,007,361.

Furthermore, the Board requests that the General Meeting approves the appropriation to the "Retained Earnings" account of the amount corresponding to dividends not paid on treasury shares held by EXEL Industries.

The Shareholders furthermore duly note that dividends paid for the last three fiscal years were as follows.

Fiscal year	Dividend per share
2012/2013	€1
2013/2014	€1.17
2014/2015	€1.07

Resolution four

The Shareholders, having reviewed the Statutory Auditors' special report on regulated agreements governed by Article L. 225-38 et seq. of the French Commercial Code, hereby approve in succession each of the transactions presented in this report.

Resolution five

The Shareholders on that basis fully discharge all directors from any liabilities with respect to the performance of their duties over the fiscal year.

(1) Dividend to be payable as of February 17, 2017, directly by CM-CIC Securities.

Resolution six

The Shareholders set a total amount for attendance fees to be granted to Directors of €100,000 for the fiscal year ending August 31, 2015, as decided by the preceding Extraordinary General Meeting.

The Shareholders also approve the decision of the Board of Directors to distribute the attendance fees on a quarterly basis from the start of the fiscal year, subject to the amount of attendance fees granted remaining unchanged.

Resolution seven

The Shareholders, after having reviewed the Board of Directors' report, authorize the Board, in accordance with the provisions of Articles L. 225-209 et seq. of the French Commercial Code and other applicable laws and regulations, to have the Company buy its own shares for a period of 18 months from the date of this Meeting.

These share buybacks may be carried out in accordance with the limits provided for by laws and regulations applicable at the time of said transactions and in accordance with the purposes and procedures set forth below.

The maximum number of shares purchased by the company under this authorization may not exceed 10% of its current share capital.

These shares may be acquired on one or more occasions and through any means for the following purposes:

- market-making or share liquidity services provided by an Investment Service Provider through a liquidity agreement in compliance with the conduct of business rules recognized by the French securities market regulator, the AMF;
- purchasing shares to be retained for future use for payment or exchange in connection with possible acquisitions;
- the cancellation of all or part of shares thus acquired;
- employee stock option plans (or other share grants to employees) or for debt securities convertible into shares.

These shares may be acquired, sold or transferred by any means, on or off market, including involving the use of any derivative financial instruments. The entire share repurchase program may be carried out through block trades.

The maximum purchase price may not exceed €160 per share, subject to adjustments linked to corporate actions that may be implemented. In a scenario involving the purchase of 5% of the shares, the maximum amount paid would be €54.3 million.

Shares thus purchased may be held, sold or transferred.

This authorization replaces the authorization granted by the Ordinary General Meeting held on September 1, 2016.

Resolution eight

The Shareholders, noting that the term of office of Patrick Ballu is about to expire, decide, upon the proposal of the Board of Directors, to renew this term of office for the statutory period, i.e. expiring after the Annual General Meeting called to approve the 2022 financial statements.

Resolution nine

The Shareholders, noting that the term of office of EXEL SAS represented by Marie-Pierre du Cray-Sireix, is about to expire, decide, upon the proposal of the Board of Directors, to renew this term of office for the statutory period, i.e. expiring after the Annual General Meeting called to approve the 2022 financial statements.

Resolution ten

The Shareholders grant all powers to the holder of an original, a short-form certificate or a copy of the minutes of this Meeting to carry out all formalities that may be required.

Cross-reference table

The cross-reference table below refers to key headings for disclosures required by European Regulation No. 809/2004 applied in accordance with Directive 2003/71/EC (the "Prospectus Directive") of the European Parliament and Council of November 4, 2003, concerning the prospectuses to be published when securities are offered to the public or admitted to trading.

EXEL Industries

52 rue de la Victoire
75009 Paris – France
Tél : + 33 (0)1 71 70 49 50

Société Anonyme au capital de 16 969 750 euros
RCS REIMS n° B 095 550 356

www.exel-industries.com