

2017 INTERIM FINANCIAL REPORT



GROUPE GORGÉ SA

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MANAGEMENT REPORT

The Group generated first-half revenue of €136.7 million, compared with €141.9 million in the same period of 2016, representing a decrease of 3.6%.

Profit (loss) from continuing operations was a negative €3.6 million versus a positive €2.5 million in the first half of 2016. Operating profit was a negative €4.0 million, versus a profit of €0.9 million in the first half of 2016. Net income amounted to a negative €4.8 million, versus a positive €2.4 million in the first half of 2016. Net income (Group share) amounted to a loss of €3.9 million, versus a loss of €3.3 million in the first half of 2016.

In the first half of 2017, the subsidiary PRODWAYS GROUP carried out a share capital increase alongside its listing on Euronext Paris, Compartment B ⁽¹⁾. A total amount of €66.0 million was raised (before share issue expenses), taking into account convertible bonds subscribed prior to the capital increase. Following these operations, the PRODWAYS GROUP share capital comprised 49,823,057 shares. Holding 65.2% of the Company's share capital, Groupe Gorgé is still the Company's majority and long-term shareholder.

With this new capital increase, PRODWAYS GROUP has the financial means to ramp up its R&D investments and its commercial development, and to finance its targeted acquisitions in the 3D printing sector. A first acquisition was announced on 1 August, and a second one on 6 September 2017.

Smart Safety Systems (ECA group)

First-half 2017 revenue amounted to €54.4 million, up 2.6% on the same period the previous year.

First-half EBITDA⁽¹⁾ for the division amounted to €3.6 million, versus €5.3 million in the first half of 2016, and operating income stood at €0.7 million, versus €3.0 million in 2016.

Protection of High-Risk Installations (NUCLEACTION Group, SERES TECHNOLOGIES, CIMLEC INDUSTRIE Group, CLF-SATREM, AI GROUP, VAN DAM)

Revenue in this division was down 11.4% compared with the first half of 2016, totalling €68.3 million. The first half of 2016 saw very good performance, boosted by the significant contribution of the YAMAL project.

EBITDA⁽¹⁾ amounted to €0.2 million, versus €5.3 million in the first half of 2016. Operating income was a negative €1.0 million, versus a positive €3.1 million in 2016.

3D Printing (PRODWAYS Group)

Revenue in this division amounted to €14.6 million, versus €12.4 million in the first half of 2016, representing growth of 18.2%.

EBITDA⁽¹⁾ amounted to a negative €1.0 million, versus a negative €2.9 million in 2016. Operating income amounted to a negative €3.3 million, versus a negative €4.7 million in 2016.

EBITDA⁽¹⁾ is profit (loss) from continuing operations before depreciation, amortisation and provisions, and before free share allocation expenses.

NOTE ON RELATED-PARTY TRANSACTIONS

Related parties are persons (directors, managers of GROUPE GORGÉ or of its principal subsidiaries) or companies owned or managed by these persons. The following transactions by the Group with related parties during the half-year have been identified:

<i>In thousands of euros, in the Group's financial statements</i>	PELICAN VENTURE	PELICAN VENTURE SUBSIDIARIES	MAIN DIRECTORS	CBG CONSEIL
Income statement				
Revenue	112	17	-	-
Other income	-	-	-	-
Purchases and external charges	(250)	-	-	(63)
Balance sheet				
Trade receivables	-	-	-	-
Trade payables	-	-	-	10
Miscellaneous debts	-	-	-	-
Loans	-	-	507	-
Deposits and guarantees received	14	8	-	-

PELICAN VENTURE is a holding company, and the main shareholder of GROUPE GORGÉ.

STATEMENT OF THE PERSON RESPONSIBLE FOR THE INTERIM REPORT

I hereby declare that, to the best of my knowledge, the condensed consolidated financial statements for the past six months have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the company and of all consolidated companies and that the above interim management report includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the financial statements, the main related-party transactions and a description of the principal risks and uncertainties for the remaining six months of the year.

Raphaël Gorgé, Chairman and Chief Executive Officer

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

<i>(In thousands of euros)</i>	Notes	30/06/2017	30/06/2016*	31/12/2016*
NON-CURRENT ASSETS		123,696	114,087	121,652
Goodwill	5.1	45,815	44,920	45,815
Intangible assets	5.2	38,592	32,732	38,245
Property, plant and equipment	5.3	26,888	25,238	25,674
Investment property		298	298	298
Investments in affiliated companies	7.3	1,481	1,447	1,421
Other financial assets	7.4	4,197	4,061	4,379
Deferred tax assets	8.2	6,420	5,388	5,816
Other non-current assets		5	5	5
CURRENT ASSETS		321,279	269,181	258,230
Net inventories	4.4	29,487	29,731	29,020
Net trade receivables	4.3	163,710	166,378	152,038
Other current assets	4.5	19,545	17,454	16,842
Tax receivables payable	8.1	22,603	17,742	21,538
Other current financial assets		39		40
Cash and cash equivalents	7.2	85,894	37,876	38,752
ASSETS HELD FOR SALE		-	-	-
TOTAL ASSETS		444,975	383,268	379,882

* June 2016 and December 2016 columns restated to reflect the items described in Note 1.2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Total equity and liabilities

<i>(In thousands of euros)</i>	Notes	30/06/2017	30/06/2016*	31/12/2016*
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY		98,568	64,748	68,348
Share capital ⁽¹⁾	9.1	13,503	13,440	13,496
Share premiums ⁽¹⁾		26,914	25,764	26,769
Retained earnings and other reserves		58,151	25,544	28,083
NON-CONTROLLING INTERESTS		59,490	29,307	32,413
NON-CURRENT LIABILITIES		75,586	84,063	78,366
Long-term provisions	10.1	9,287	8,712	9,706
Long-term liabilities – portion due in more than one year	7.1	63,009	67,986	64,627
Other financial liabilities		2,134	652	2,102
Deferred tax liabilities	8.2	108	357	621
Other non-current liabilities		1,047	6,356	1,309
CURRENT LIABILITIES		211,332	205,151	200,754
Short-term provisions	10.2	7,779	4,488	8,674
Long-term liabilities – portion due in less than one year	7.1	32,414	23,527	25,545
Financial instruments and derivatives		-	-	-
Operating payables	4.6	49,640	49,018	49,442
Other current liabilities	4.6	121,281	127,698	116,967
Tax liabilities payable	8.1	218	420	127
LIABILITIES HELD FOR SALE		-	-	-
TOTAL LIABILITIES		444,975	383,268	379,882

* June 2016 and December 2016 columns restated to reflect the items described in Note 1.2.

⁽¹⁾ Of the consolidating parent company.

CONSOLIDATED INCOME STATEMENT

<i>(In thousands of euros)</i>	Notes	30/06/2017	30/06/2016	31/12/2016*
REVENUE	3.3	136,749	141,940	281,153
Capitalised production		4,911	4,357	8,653
Inventories and work in progress		(219)	2,341	(426)
Other income from operations		3,706	3,306	11,677
Purchases consumed		(82,769)	(92,046)	(173,692)
Personnel expenses		(58,752)	(51,222)	(103,051)
Tax and duties		(1,723)	(1,231)	(2,388)
Depreciation, amortisation and provisions (net of reversals)	4.1	(5,681)	(4,732)	(12,625)
Other operating expense (net of income)		124	(173)	(270)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		(3,653)	2,540	9,031
Non-recurring items	4.2	(389)	(1,683)	2,364
OPERATING INCOME		(4,042)	(857)	11,395
Interest on gross debt		(947)	(1,271)	(2,264)
Interest on cash and cash equivalents		(24)	23	29
COST OF NET DEBT (a)	7.5	(971)	(1,248)	(2,235)
Other financial income (b)		118	230	618
Other financial expense (c)		(419)	(691)	(638)
FINANCIAL INCOME AND EXPENSES (d=a+b+c)	7.5	1,272	(1,709)	(2,255)
Income tax	8.1	429	(1,544)	(4,488)
Group share of the earnings of equity-accounted companies		49	36	40
NET INCOME FROM CONTINUING ACTIVITIES AFTER TAX		(4,836)	(2,360)	4,693
Net income from discontinued activities		-	-	-
NET INCOME		(4,836)	(2,360)	4,693
Net income attributable to non-controlling interests		(906)	951	4,622
PROFIT (LOSS) FOR THE PERIOD ATTRIBUTABLE TO THE OWNERS OF THE PARENT		(3,930)	(3,311)	70

Average no. of shares	9.2	13,497,549	13,392,285	13,420,184
Net income from continuing operations per share (in euros)	9.2	(0,291)	(0,247)	0,005
Net income per share (in euros)	9.2	(0,291)	(0,247)	0,005

* December 2016 column restated to reflect the items described in Note 1.2.

INCOME STATEMENT - GAINS AND LOSSES RECOGNISED DIRECTLY IN SHAREHOLDERS' EQUITY

<i>(In thousands of euros)</i>	30/06/2017	30/06/2016	31/12/2016*
NET INCOME	(4,836)	(2,360)	4,693
Currency translation adjustment	75	(88)	(51)
Tax relating to currency translation adjustments	-	-	-
Revaluation of hedging derivatives	-	1	-
Tax relating to revaluation of hedging derivatives	-	(0)	-
Revaluation of hedging derivatives - liabilities	(32)	-	(1,449)
Tax relating to revaluation of hedging derivatives – liabilities	-	-	-
Actuarial gains and losses on defined benefit plans	537	(1)	(719)
Tax relating to actuarial gains and losses on defined benefit plans	(179)	382	240
Group share of gains and losses recognised directly in equity of equity-accounted companies	-	-	-
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	401	(851)	(1,979)
- of which can be reclassified subsequently to profit and loss	401	(851)	(1,979)
- of which cannot be subsequently reclassified to profit and loss	-	-	-
CONSOLIDATED COMPREHENSIVE INCOME	(4)	(3,211)	2,714
- of which Group share	(3)	(4,021)	(1,486)
- of which non-controlling interests	(835)	810	4,200

* December 2016 column restated to reflect the items described in Note 1.2.

CASH FLOW STATEMENT

<i>(In thousands of euros)</i>	30/06/2017	30/06/2016	31/12/2016*
NET INCOME FROM CONTINUING OPERATIONS	(4,836)	(2,360)	4,693
Accruals	5,825	5,494	8,254
Capital gains and losses on disposals	(95)	207	58
Group share of income of equity-accounted companies	(49)	(36)	(40)
CASH FLOW FROM OPERATING ACTIVITIES (before elimination of net borrowing costs and taxes)	845	3,305	12,965
Cost of net debt	885	946	1,849
Tax expense	(429)	1,544	4,488
CASH FLOW FROM OPERATING ACTIVITIES (after elimination of net borrowing costs and taxes)	1,301	5,795	19,301
Tax paid	(884)	(1,697)	(3,544)
Change in working capital requirements	(9,570)	(12,221)	(14,423)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	(9,153)	(8,123)	1,334
Investing activities			
Payments/acquisition of intangible assets	(4,155)	(4,866)	(8,586)
Payments/acquisition of property, plant and equipment	(3,653)	(2,489)	(5,291)
Proceeds/disposal of property, plant and equipment and intangible assets	189	13	93
Payments/acquisition of long-term investments	(116)	(98)	(283)
Proceeds/disposal of long-term investments	269	25	409
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	(1,615)	4,400	3,821
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	(9,082)	(3,016)	(9,836)
Financing activities			
Capital increase or contributions	62,683	1,222	1,628
Dividends paid to parent company shareholders	-	-	-
Dividends paid to non-controlling interests	(1,113)	(1,062)	(1,103)
Proceeds from borrowings	6,376	20,621	38,707
Repayment of borrowings	(6,306)	(14,174)	(26,439)
Cost of net debt	(885)	(946)	(1,849)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	60,755	5,661	10,944
CASH GENERATED BY CONTINUING OPERATIONS (D= A+B+C)	42,520	(5,478)	2,442
Cash generated by discontinued operations	-	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	42,520	(5,478)	2,442
<i>Effects of exchange rate changes</i>	120	(75)	34
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	29,665	27,175	27,175
Restatement of cash and cash equivalents ⁽¹⁾	(136)	(9)	14
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	71,928	21,613	29,665

⁽¹⁾ related to the reclassification of treasury shares.

* December 2016 column restated to reflect the items described in Note 1.2.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(In thousands of euros)</i>	Group share or owners of the parent company						
	Capital	Share capital reserves	Treasury shares	Retained earnings and other reserves	Equity – Group share or owners of the parent company	Equity – Minority interests or non-controlling interests	Total equity
2016 CLOSING EQUITY	13,496	26,769	(804)	29,482	68,943	32,803	101,745
Adjustments related to the acquisition of BE MAURIC and ELTA *	-	-	-	595	595	(390)	(985)
2016 CLOSING EQUITY RESTATED	13,496	26,769	(804)	28,887	68,348	32,413	100,761
Share capital transactions	7	145	-	-	152	-	152
Free share allocation plan and stock option plan	-	-	-	188	188	97	285
Treasury share transactions	-	-	(52)	-	(52)	(32)	(84)
Bond component	-	-	-	(6,524)	(6,524)	(3,476)	(10,000)
Dividends	-	-	-	0	0	(1,128 1,128)	(1,128 1,128)
Net income (loss) for the period	-	-	(8)	(3,922)	(3,930)	(906)	(4,836)
Items in comprehensive income	-	-	-	329	329	71	401
CONSOLIDATED COMPREHENSIVE INCOME	-	-	(8)	(3,593)	(3,601)	(835)	(4,436)
Changes in scope	-	-	-	40,056	40,056	32,452	72,508
Other	-	-	-	-	-	-	-
JUNE 2017 CLOSING EQUITY	13,503	26,914	(863)	59,015	98,568	59,490	158,058

*Restated to reflect the items described in Note 1.2.

<i>(In thousands of euros)</i>	Group share or owners of the parent company
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	Capital	Share capital reserves	Treasury shares	Retained earnings and other reserves	Equity – Group share or owners of the parent company	Equity – Minority interests or non-controlling interests	Total equity
2015 CLOSING EQUITY	13,367	24,540	(788)	30,861	67,980	29,565	97
Corrections	-	-	-	(548)	(548)	(22)	(569)
2015 CLOSING EQUITY RESTATED	13,367	24,540	(788)	30,314	67,432	29,543	96,976
Share capital transactions	73	1,157	(15)	-	1,215	1	1,216
Free share allocation plan and stock option plan	-	67	-	8	75	1	76
Treasury share transactions	-	-	(28)	-	(28)	(4)	(31)
Bond component	-	-	-	(1)	(1)	0	(1)
Dividends	-	-	-	-	-	(1,103)	(1,103)
Net income (loss) for the period	-	-	24	(3,334)	(3,310)	951	(2,360)
Items in comprehensive income	-	-	-	(711)	(711)	(140)	(851)
CONSOLIDATED COMPREHENSIVE INCOME	-	-	24	(4,045)	(4)	810	(3,211)
Changes in scope	-	-	11	64	75	58	130
Other	-	-	-	-	-	-	-
JUNE 2016 CLOSING EQUITY	13,440	25,764	(796)	26,340	64,748	29,307	94,056

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

GRUPE GORGÉ'S condensed consolidated interim financial statements cover a six-month period from 1 January to 30 June 2017. They were approved by the Board of Directors on 8 September 2017.

The Group observes seasonal variations in its businesses that can affect the level of revenue from one six-month period to another. Accordingly, the interim results are not necessarily indicative of what can be expected for full-year 2017.

The significant events in the first half are discussed in the management report.

NOTE 1 ACCOUNTING PRINCIPLES

1.1 Accounting principles

The Group prepares consolidated financial statements on a biannual basis, in accordance with IAS 34 "*Interim Financial Reporting*". They do not contain all the information required for annual financial statements and must be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2016, as published in the Registration Document filed with the French Financial Markets Authority (Autorité des Marchés Financiers - AMF) on 5 April 2017 under number D.17-0331.

The condensed consolidated financial statements for the six months ended 30 June 2017 were prepared according to the same accounting methods as those applied to the consolidated financial statements for the financial year ended 31 December 2016.

The Group has not applied the following standards and interpretations, which had not been adopted by the European Union as at 30 June 2017 or for which application is not mandatory as of 1 January 2017:

* Standards adopted by the European Union:

- IFRS 15 – Revenue from Contracts with Customers,
- IFRS 9 – Financial instruments.

* Standards not adopted by the European Union:

IFRS 16 – Leases,

- IFRS 15 – Clarifications,
- IFRS 17 – Insurance contracts,
- Amendments to IAS 7: Statement of Cash Flows: Disclosure Initiative,
- Annual improvements to IFRS 2014-2016 Cycle (December 2016),
- Amendments to IAS 40: Transfers of investment property
- IFRIC 23: Uncertainty over income tax treatments
- IFRIC 22: Foreign currency transactions and advance consideration,
- Amendments to IFRS 2: Classification and measurement of share-based payment transactions,
- Amendments to IAS 12: Recognition of deferred tax assets for unrealised losses,
- Amendments to IFRS 4: Applying IFRS - Financial instruments with IFRS 4 Insurance contracts,
- Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture,

The determination process by GROUPE GORGÉ of the potential impacts on the consolidated financial statements of the Group of non-applicable standards is in progress. At this stage of the analysis, the Group does not anticipate any significant impact on its consolidated financial statements, with the exception of IFRS 16, whose main impact in 2019 would be the reintegration of rental operating lease commitments to financial debt.

Regarding IFRS 15, the Group has not identified any significant impact with respect to the current practice related to the sale of goods and service provision. The analyses are currently being finalised in order to assess the potential impact of the standard on the accounting of long-term contracts. Based on works carried out to date, the Group does not expect any significant impact.

These interpretations and amendments should have no material impact on the Group's financial statements.

1.2 Restatement of the financial information for prior years

Restatement of financial statements as at 30 June 2016

The financial statements at 30 June 2016 were adjusted to correct the accounting presentation regarding customer accounts. This restatement has no impact on the income statement.

<i>(In thousands of euros)</i>	30/06/2016 published	Adjustments PRODWAYS	30/06/2016 restated
NON-CURRENT ASSETS	114,087	-	114,087
CURRENT ASSETS	271,660	(2,479)	269,181
Net inventories	29,731	-	29,731
Net trade receivables	168,857	(2,479)	166,378
Other current assets	17,454	-	17,454
Tax receivables payable	17,742	-	17,742
Other current financial assets	-	-	-
Cash and cash equivalents	37,876	-	37,876
ASSETS HELD FOR SALE	-	-	-
TOTAL ASSETS	385,748	(2,479)	383,268

<i>(In thousands of euros)</i>	30/06/2016 published	Adjustments PRODWAYS	30/06/2016 restated
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	64,748	-	64,748
NON-CONTROLLING INTERESTS	29,307	-	29,307
NON-CURRENT LIABILITIES	84,063	-	84,063
CURRENT LIABILITIES	207,630	(2,479 2,479)	205,151
Short-term provisions	4,488	-	4,488
Long-term liabilities – portion due in less than one year	23,527	-	23,527
Financial instruments and derivatives	-	-	-
Operating payables	49,018	-	49,018
Other current liabilities	130,177	(2,479)	127,698
Tax liabilities payable	420	-	420
LIABILITIES HELD FOR SALE	-	-	-
TOTAL LIABILITIES	385,749	(2,479)	383,269

Restatement of financial statements as at 31 December 2016

The financial statements at 31 December 2016 were adjusted for the first-time consolidation of BE MAURIC and ELTA. These adjustments concern:

- for BE MAURIC, the calculation of retirement indemnities (gross impact of +€42 thousand) and the valuation of the commitment to repurchase minority interests under "Other financial liabilities" for €807 thousand;

- for ELTA, additional provisions for late charges and expected loss at completion of €249 thousand.

IFRS 3R provides that the value of the items concerned should be changed retrospectively, as if these changes had been made upon the acquisition date. These financial statements may be subject to further adjustments in the second half-year, since the 12-month allocation period provided by the standard is still under way.

<i>(In thousands of euros)</i>	31/12/2016 reported	Adjustments	31/12/2016 restated
NON-CURRENT ASSETS	121,538	(114)	121,652
Goodwill	45,798	17	45,815
Other intangible assets	38,245	-	38,245
Property, plant and equipment	25,674	-	25,674
Investment property	298	-	298
Investments in affiliated companies	1,421	-	1,421
Other financial assets	4,379	-	4,379
Deferred tax assets	5,719	97	5,816
Other non-current assets	5	-	5
CURRENT ASSETS	258,230	-	258,230
ASSETS HELD FOR SALE	-	-	-
TOTAL ASSETS	379,768	(114)	379,882

<i>(In thousands of euros)</i>	31/12/2016 published	Adjustments	31/12/2016 restated
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	68,943	595	68,348
NON-CONTROLLING INTERESTS	32,802	(389)	32,413
NON-CURRENT LIABILITIES	77,516	849	78,366
Long-term provisions	9,664	42	9,706
Long-term liabilities – portion due in more than one year	64,627	-	64,627
Financial instruments and derivatives	1,295	807	2,102
Deferred tax liabilities	621	-	621
Conditional advances	1,309	-	1,309
CURRENT LIABILITIES	200,505	249	200,754
Short-term provisions	8,425	249	8,674
Long-term liabilities – portion due in less than one year	25,545	-	25,545
Financial instruments and derivatives	-	-	-
Operating payables	49,442	-	49,442
Other current liabilities	116,967	-	116,967
Tax liabilities payable	127	-	127
LIABILITIES HELD FOR SALE	-	-	-
TOTAL LIABILITIES	379,768	(114)	379,882

<i>(In thousands of euros)</i>	31/12/2016 published	Adjustments	31/12/2016 restated
REVENUE	281,153	-	281,153
PROFIT (LOSS) FROM CONTINUING OPERATIONS	9,031	-	9,031
Non-recurring items in operating income	2,530	(166)	2,364
OPERATING INCOME	11,561	(166)	11,395
FINANCIAL INCOME AND EXPENSE	(2,255)	-	(2,255)
NET INCOME FROM CONTINUING ACTIVITIES AFTER TAX	4,859	(166)	4,693
Net income from discontinued activities	-	-	-
NET INCOME	4,859	(166)	4,693
Net income attributable to non-controlling interests	4,687	(65)	4,622
NET INCOME (GROUP SHARE)	172	(102)	70

1.3 Valuation methods and rules

The financial statements have been prepared under the historical cost convention, except in the case of derivatives and available-for-sale financial assets, which are measured at fair value. Financial liabilities are measured at amortised cost. Hedging instruments are measured at fair value.

The preparation of the financial statements requires that Group management or the subsidiaries' management make estimates and assumptions that affect the reported amounts of assets and liabilities on the consolidated balance sheet, the reported amounts of income and expense items on the income statement and the commitments relating to the period under review. The actual results may differ.

The above-mentioned assumptions mainly concern:

- the calculation of the recoverable amounts of assets;
- the calculation of provisions for risks and charges;
- the calculation of income upon completion of work in progress;
- the calculation of retirement benefit obligations.

As the Group's consolidated companies operate in different sectors, the valuation and impairment methods used for certain items may vary according to the sector.

The valuation methods and rules applied for the Interim financial statements are similar to those set out in the notes to the 2016 consolidated financial statements (Registration Document filed with the AMF on 5 April 2017).

NOTE 2 SCOPE OF CONSOLIDATION

2.1 List of consolidated companies

Company	Parent company at 30 June 2017	% control		% interest		Method	
		June 2017	2016	June 2017	2016	June 2017	2016
Consolidating company							
GROUPE GORGÉ SA		Top	Top	Top	Top	FC	FC
Structure							
FINU 10 (1)	GROUPE GORGÉ SA	100	100	100	100	FC	FC
SCI DES CARRIÈRES	GROUPE GORGÉ SA	100	100	100	100	FC	FC
GORGÉ EUROPE INVESTMENT (Netherlands)	BALISCO	95	95	95	95	FC	FC
GORGÉ NETHERLANDS (Netherlands)	GORGÉ EUROPE INVESTMENT	91.58	91.58	87	87	FC	FC
Smart Safety Systems							
BUREAU MAURIC	ECA SA	60	60	36.67	36.67	FC	FC
ECA(2)	GROUPE GORGÉ SA	75.63	75.42	61.12	61.12	FC	FC
ECA CNAI	ECA AEROSPACE	100	100	61.12	61.12	FC	FC
ECA AEROSPACE	ECA SA	100	100	61.12	61.12	FC	FC
ECA DEV 1 (1)	ECA SA	100	100	61.12	61.12	FC	FC
ECA DRONE	ECA SA	100	100	61.12	61.12	FC	FC
ECA DYNAMICS	ECA SA	51	51	31.17	31.17	FC	FC
ECA ELTA	ECA AEROSPACE	100	100	61.12	61.12	FC	FC
ECA EN	ECA SA	100	100	61.12	61.12	FC	FC
ECA FAROS	ECA SA	100	100	61.12	61.12	FC	FC
ECA ROBOTICS	ECA SA	100	100	61.12	61.12	FC	FC
ECA RSM	ECA SA	100	100	61.12	61.12	FC	FC
ECA SINDEL (Italy)	ECA SA	99.38	99.38	60.74	60.74	FC	FC
ECA SINDEL BRASIL (Brazil)	ECA SINDEL	99.80	99.80	60.62	60.62	FC	FC
ECA SINTERS	ECA AEROSPACE	100	100	61.12	61.12	FC	FC
EN MOTEURS	ECA EN	100	100	61.12	61.12	FC	FC
ESFE (Singapore)	ECA SA	100	100	61.12	61.12	FC	FC
SSI (United States)	ECA SA	100	100	61.12	61.12	FC	FC
TRITON IMAGING (United States)	ECA SA	100	100	61.12	61.12	FC	FC
1ROBOTICS (United States)	ECA SA	29.89	29.89	49.51	49.51	EM	EM
Protection of High-Risk Installations							
AI GROUP	BALISCO	100	100	95	95	FC	FC
AMOPSI	BALISCO	80	80	76	76	FC	FC
BALISCO	GROUPE GORGÉ SA	95	95	95	95	FC	FC
BAUMERT	NUCLÉACTION	100	100	99.49	98.81	FC	FC
BAUMERT CHINE	BAUMERT HONG KONG	100	100	99.49	98.81	FC	FC
BAUMERT HONG KONG	BAUMERT	100	100	99.49	98.81	FC	FC
CIMLEC INDUSTRIAL (Romania)	CIMLEC Industrie	100	100	95	95	FC	FC
CIMLEC Industrie	BALISCO / CLF	100	100	95	95	FC	FC
CLF-SATREM	BALISCO	100	100	95	95	FC	FC
COMMERCY ROBOTIQUE	CIMLEC Industrie	100	100	95	95	FC	FC
FRIESLAND INSTALLATIE EN SOLAR BV (3)	GORGÉ HOEKSTRA	100	-	87	-	FC	-
GORGÉ-HOEKSTRA HOLDING BV (4)	GORGÉ NETHERLANDS	100	-	87	-	FC	-

HOEKSTRA-SUWALD TECHNIEK BV (3)	GORGÉ HOEKSTRA	100	-	87	-	FC	-
HOEKSTRA-SUWALD INSTALLATIE EN SOLAR BV (3)	GORGÉ HOEKSTRA	100	-	87	-	FC	-
NTS France	CIMLEC Industrie	100	100	95	95	FC	FC
NUCLÉACTION	GROUPE GORGÉ SA	99.49	98.81	99.49	98.81	FC	FC
PORTAFEU NUCLEAIRE	NUCLÉACTION	100	100	99.49	98.81	FC	FC
SAS STONI	GROUPE GORGÉ SA	100	100	100	100	FC	FC
SCI MEYSSE	PORTAFEU NUCLEAIRE	100	100	99.49	98.81	FC	FC
SCI DES PORTES	GROUPE GORGÉ SA	100	100	100	100	FC	FC
SERES TECHNOLOGIES	GROUPE GORGÉ SA	70	70	70	70	FC	FC
TENWHIL	CIMLEC Industrie	100	100	95	95	FC	FC
THE WIND FACTORY UK LTD (3)	GORGÉ HOEKSTRA	100	-	87	-	FC	-
VAN DAM	GORGÉ NETHERLANDS	100	100	87	87	FC	FC
VAN DAM ASIA	VAN DAM	100	100	87	87	FC	FC
VAN DAM MAINTENANCE AND REPAIR	GORGÉ NETHERLANDS	100	100	87	87	FC	FC
VAN DAM USA (5)	VAN DAM	100	-	87	-	FC	-
3D Printing							
CRISTAL	PRODWAYS GROUP	95	95	61.98	96.19	FC	FC
DELTAMED	PRODWAYS GROUP	100	100	65.24	96.19	FC	FC
DENTOSMILE	PRODWAYS ENTREPRENEURS	20	20	13.05	19.24	EM	EM
EXCELTEC	PRODWAYS GROUP	100	100	65.24	96.19	FC	FC
INITIAL	PRODWAYS GROUP	100	100	65.24	96.19	FC	FC
PRODWAYS AMERICAS	PRODWAYS	100	100	65.24	96.19	FC	FC
PRODWAYS GROUP	GROUPE GORGÉ SA	65.24	96.19	65.24	96.19	FC	FC
PRODWAYS DISTRIBUTION(1)	PRODWAYS GROUP	100	100	65.24	96.19	FC	FC
PRODWAYS	PRODWAYS GROUP	100	100	65.24	96.19	FC	FC
PRODWAYS CONSEIL (6)	PRODWAYS GROUP	100	-	65.24	-	FC	-
PRODWAYS ENTREPRENEURS	PRODWAYS GROUP	100	100	65.24	96.19	FC	FC
PODO 3D	PRODWAYS GROUP	82.06	82.06	53.54	78.94	FC	FC
PRODWAYS MATERIALS	DELTAMED	100	100	65.24	96.19	FC	FC
PRODWAYS 1 (1)	PRODWAYS GROUP	100	100	65.24	96.19	FC	FC
PRODWAYS 2 (1)	PRODWAYS GROUP	100	100	65.24	96.19	FC	FC
VARIA 3D	PRODWAYS GROUP	45	45	29.36	43.28	EM	EM
(1) Companies with no operating activities; (2) Control percentages for ECA reflect double voting rights; (3) Companies acquired in January 2017; (4) New company created end-December 2016; (5) New company created in June 2017; (6) New company created in January 2017;							

2.2 Changes in the consolidation scope

Changes in scope over the half-year are as follows:

- creation of GORGÉ-HOEKSTRA Holding B.V at the end of December 2016. This new company is owned by GORGÉ NETHERLANDS BV;
- Acquisition by GORGÉ-HOEKSTRA Holding B.V of three Dutch companies and one Irish company in January 2017; these four companies operate in the maintenance and repair of wind turbines and solar installations ;
- creation of PRODWAYS CONSEIL (3D division) in January 2017, a subsidiary of PRODWAYS GROUP;
- creation of VAN DAM USA in June 2017, a subsidiary of VAN DAM.

The fair value measurement of assets, liabilities and contingent liabilities acquired from PORTAFEU NUCLEAIRE and CRISTAL were finalised in the half-year period and were not adjusted.

The fair value measurements of assets, liabilities and contingent liabilities acquired from ELTA and BE MAURIC, acquired end-2016, have not yet been finalised; however, they have been subject to adjustments over the period (see Note 1.2), and may see further adjustments in the next half-year (12 months following the acquisition date). Those regarding the four companies of GORGÉ-HOEKSTRA will probably be adjusted during the 12 months following the acquisition date.

GORGÉ-HOEKSTRA

The assets and liabilities of the four companies acquired by GORGÉ-HOEKSTRA break down as follows:

<i>(In thousands of euros)</i>	Carrying amount	Revaluation at fair value	First consolidation
Intangible assets	32	-	32
Property, plant and equipment	211	-	211
Financial assets	1	-	1
Inventories	1,294	-	1,294
Trade and other receivables	1,293	-	1,293
Cash and cash equivalents	139	-	139
Provisions for risks and charges	(69)	-	(69)
Borrowings	156	-	156
Trade and other payables	(1,237)	-	(1,237)
TOTAL	1,507	-	1,507

NOTE 3 SEGMENT INFORMATION

3.1 Key indicators by division

FIRST HALF OF 2017

<i>(In thousands of euros)</i>	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Disposals	Consolidated
Revenue	68,303	54,386	14,645	1,833	(2,418)	136,749
EBITDA	188	3,597	(975)	(367)	-	2,443
<i>% of revenue</i>	0%	7%	(7%)	(20%)	-	2%
Profit (loss) from continuing operations	(1,113)	1,021	(3,140)	(422)	-	(3,653)
<i>% of revenue</i>	(2%)	2%	(21%)	23%	-	(3%)
Operating income	(1,009)	676	(3,287)	(422)	-	(4,042)
<i>% of revenue</i>	(2%)	(1%)	(22%)	23%	-	(3%)
Research and development expenses capitalised over the period	710	2,442	690	-	-	3,842
Other property, plant and equipment and intangible investments	892	1,682	1,374	36	-	3,983

FIRST HALF OF 2016

<i>(In thousands of euros)</i>	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Disposals	Consolidated
Revenue	77,110	53,012	12,388	1,637	(2,206)	141,940
EBITDA	5,263	5,315	(2,885)	(301)	-	7,392
<i>% of revenue</i>	7%	10%	23%	(18%)	-	5%
Profit (loss) from continuing operations	3,708	3,377	(4,128)	(418)	-	2,540
<i>% of revenue</i>	5%	6%	(33%)	(26%)	-	2%
Operating income	3,081	2,985	(4,657)	(552)	-	(857)
<i>% of revenue</i>	4%	6%	(38%)	(34%)	-	1%
Research and development expenses capitalised over the period	674	2,172	655	-	-	3,501
Other property, plant and equipment and intangible investments	742	1,319	3,565	35	-	5,661

3.2 Reconciliation of EBITDA with operating income

EBITDA, defined as profit (loss) from continuing operations before depreciation, amortisation and provisions, and before bonus share allocation charges, is a performance indicator used by management to manage the Group's activities.

FIRST HALF OF 2017

<i>(In thousands of euros)</i>	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Consolidated
EBITDA	178	3,597	(975)	(367)	2,434
Share-based payments (IFRS 2)	-	-	(406)	-	(406)
Depreciation, amortisations and provisions	(1,291)	(2,576)	(1,759)	(55)	(5,681)
Non-recurring items in operating income	104	(345)	(148)	-	(389)
OPERATING INCOME	(1,009)	676	(3,287)	(422)	(3,903)

FIRST HALF OF 2016

<i>(In thousands of euros)</i>	Protection of High-Risk Installations	Smart Safety Systems	3D Printing	Structure	Consolidated
EBITDA	5,263	5,315	(2,885)	(301)	7,392
Share-based payments (IFRS 2)	(10)	-	(44)	(67)	120
Depreciation, amortisations and provisions	(1,546)	(1,938)	(1,199)	(50)	(4)
Non-recurring items in operating income	(627)	(392)	(529)	(134)	(1,683)
OPERATING INCOME	3,081	2,985	(4,657)	(552)	(857)

3.3 Information on revenue by geographical area

FIRST HALF OF 2017

<i>(In thousands of euros)</i>	France	%	Europe	%	Other	%	Total Revenue	%
Protection of High-Risk Installations	52,073	57 %	10,355	50%	5,876	24%	68,303	50%
Smart Safety Systems	32,112	35%	6,109	29%	16,165	67%	54,386	40%
3D Printing	8,061	9%	4,455	21%	2,129	9%	14,645	11%
Structure and disposals	(467)	(1%)	(118)	(1%)	0	0%	(585)	0%
TOTAL	91,779	100%	20,801	100%	24,169	100%	136,749	100%
%	67%		15%		18%		100%	

FIRST HALF OF 2016

<i>(In thousands of euros)</i>	France	%	Europe	%	Other	%	Total Revenue	%
Protection of High-Risk Installations	52,029	67%	6,482	8%	18,599	24%	77,110	100%
Smart Safety Systems	32,152	61%	3,572	7%	17,287	33%	53,012	100%
3D Printing	4,924	40%	4,591	37%	2,873	23%	12,388	100%
Structure and disposals	(567)	100%	(3)	0%	(0)	0%	(569)	100%
TOTAL	88,538	100%	14,642	100%	38,759	100%	141,940	100%
%	63%		10%		27%		100%	

NOTE 4 OPERATIONAL DATA

4.1 Depreciation, amortisation and provisions (net of reversals)

<i>(In thousands of euros)</i>	30/06/2017	30/06/2016	31/12/2016
DEPRECIATION, AMORTISATION AND PROVISIONS			
intangible assets	(3,293)	(2,651)	(5,445)
property, plant and equipment	(2,165)	(1,745)	(3,745)
capital leases	(444)	(420)	(905)
SUBTOTAL	(5,902)	(4,816)	(10,095)
CHARGES TO PROVISIONS, NET OF REVERSALS			
inventory and work in process	248	(62)	(35)
current assets	(343)	(39)	120
risks and charges	317	185	(2,376)
SUBTOTAL	221	84	(2,530)
TOTAL DEPRECIATION, AMORTISATION AND PROVISIONS	(5,681)	(4)	(12,625)

4.2 Non-recurring items in operating income

<i>(In thousands of euros)</i>	30/06/2017	30/06/2016	31/12/2016*
Profit (loss) from continuing operations (A)	(3,653)	2,540	9,031
Restructuring costs	(29)	(180)	969
Acquisition costs	-	(148)	(162)
Negative goodwill	(148)	-	5,403
Amortisation of intangible assets recognised at fair value during the acquisitions	(507)	(507)	(1,013)
Provisions for impairment of asset values	-	(370)	(368)
Other	-	(478)	(526)
Total non-recurring items (B)	(389)	(1,683)	2,364
Operating income (C) = (A)-(B)	(4,042)	(857)	11,395

* December 2016 column restated to reflect the items described in Note 1.2.

4.3 Net trade receivables and related accounts

<i>(In thousands of euros)</i>	30/06/2017	31/12/2016
trade receivables	61,253	65,560
Invoices to be drawn up	105,172	88,854
TRADE RECEIVABLES, GROSS VALUES	166,425	154,414
Impairment losses	2,714	(2,376)
CUSTOMERS, NET VALUES	163,710	152,038

4.4 Inventory and work in progress

Movements in inventories in the consolidated balance sheet are as follows:

<i>(In thousands of euros)</i>	30/06/2017			31/12/2016		
	Gross values	Write-downs	Net values	Gross values	Write-downs	Net values
Raw materials	21,000	(4,859)	16,142	21,414	(5,186)	16,228
Work in progress	5,643	(499)	5,144	5,897	(398)	5,499
Semi-finished and finished goods	6,678	(1,336)	5,342	5,174	(1,178)	3,995
Goods	3,175	(316)	2,859	3,614	(316)	3,298
TOTAL INVENTORY AND WORK IN PROGRESS	36,496	7,010	29,487	36,099	(7,079)	29,020

4.5 Other current assets

<i>(In thousands of euros)</i>	30/06/2017			31/12/2016
	Gross values	Write-downs	Net values	Net values
Advances and down-payments made	2,182	-	2,182	2,214
Other receivables	3,805	(416)	3,389	2,860
Social and tax receivables	11,787	-	11,787	10,167
Current accounts receivable	16	-	16	1
Prepaid expenses	2,210	-	2,210	1,600
TOTAL OTHER CURRENT ASSETS	20,000	(416)	19,584	16,842

4.6 Other current liabilities

<i>(In thousands of euros)</i>	30/06/2017	31/12/2016
Suppliers	48,664	48,073
Fixed asset suppliers	976	1,369
TOTAL TRADE PAYABLES	49,640	49,442
Advances and down-payments received	55,290	48,323
Social Security liabilities	23,318	22,641
Tax liabilities	16,214	16,344
Current accounts payable	27	23
Miscellaneous debts	3,921	4,011
Deferred income	22,512	25,625
TOTAL OTHER CURRENT LIABILITIES	121,281	116,967

Deferred income mainly relates to long-term contracts and for €8.3 million to research tax credits or grants not recognised in income.

NOTE 5 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

5.1 Goodwill

<i>(In thousands of euros)</i>	
AT 1 JANUARY 2017*	45,815
Acquisitions	-
Changes in scope	-
Departures	-
Other changes	-
Impact of changes in exchange rates	-
AT 30 JUNE 2017	45,815
Of which impairment at 30 June 2017	-
* Restated to reflect the items described in Note 1.2	

5.2 Intangible assets

<i>(In thousands of euros)</i>	Development projects	Other intangible assets	Non-current assets in progress	TOTAL
GROSS VALUES				
AT 1 JANUARY 2017	66,713	16,338	53	83,104
Acquisitions	3,842	239	33	4,114
Changes in scope	-	86	-	86
Departures	-	(7)	-	(7)
Other changes	-	23	(23)	(0)
Impact of changes in exchange rates	(30)	(12)	-	(42)
AT 30 JUNE 2017	70,525	16,667	63	87,256
DEPRECIATION AND AMORTISATION, AND IMPAIRMENT				
AT 1 JANUARY 2017	33,329	11,530	-	44,860
Depreciation and amortisation	3,043	757	-	3,800
Changes in scope	-	54	-	54
Impairment losses	-	-	-	-
Departures	-	(6)	-	(6)
Other changes	(0)	(1)	-	(1)
Impact of changes in exchange rates	(30)	(14)	-	(44)
AT 30 JUNE 2017	36,343	12,321	-	48,663
NET VALUES				
AT 1 JANUARY 2017	33,384	4,808	53	38,245
AT 30 JUNE 2017	34,183	4,347	63	38,592

No indication of impairment was identified at 30 June 2017.

5.3 Property, plant and equipment and investment property

<i>(In thousands of euros)</i>	Land and buildings	Fixtures and equipment	Land and buildings held under finance leases	Equipment held under finance leases	Non-current assets in progress	Advances and down-payments	Investment property	TOTAL
GROSS VALUES								
AT 1 JANUARY 2017	13,476	38,408	6,929	4,171	437	1	298	63,719
Acquisitions	238	2,251	-	46	746	430	-	3,711
Changes in scope	21	227	-	-	-	-	-	248
Departures	0	(163)	-	-	-	-	-	(163)
Other changes	128	3	-	-	(19)	-	-	(113)
Impact of changes in exchange rates	(4)	(49)	-	-	-	-	-	(53)
AT 30 JUNE 2017	13,859	40,677	6,929	4,218	1,164	431	298	67,575
DEPRECIATION AND AMORTISATION, AND IMPAIRMENT								
AT 1 JANUARY 2017	5,608	26,831	3,499	1,809	-	-	-	37,747
Depreciation and amortisation	289	1,874	102	342	-	-	-	2,606
Changes in scope	-	37	-	-	-	-	-	37
Impairment losses	-	2	-	-	-	-	-	2
Departures	-	(85)	-	-	-	-	-	(85)
Other changes	(113)	(1)	-	-	-	-	-	112
Impact of changes in exchange rates	(4)	(26)	-	-	-	-	-	(31)
AT 30 JUNE 2017	6,005	28,632	3,600	2,152	-	-	-	40,390
NET VALUES								
AT 1 JANUARY 2017	7,868	11,577	3,430	2,362	437	1	298	25,972
AT 30 JUNE 2017	7,854	12,044	3,328	2,066	1,164	431	298	27,186

NOTE 6 DETAILS OF CASH FLOWS

6.1 Change in working capital requirements

<i>(In thousands of euros)</i>	Notes	Start of period ⁽¹⁾	Changes in scope	Change over the year	Other changes ⁽²⁾	Currency translation adjustment	Closing
Net inventories		29,020	1,294	(741)	-	(86)	29,487
Net receivables		152,038	692	11,059	-	(78)	163,710
Advances and down-payments		2,214	-	(31)	-	-	2,182
Prepaid expenses		1,600	-	613	-	(3)	2,210
SUBTOTAL	A	184,871	1,986	10,899	-	(168)	197,589
Trade payables		48,073	464	141	-	(13)	48,664
Advances and down-payments		48,323	-	6,967	-	-	55,290
Deferred income		25,625	-	(3,104)	-	(8)	22,512
SUBTOTAL	B	122,020	464	4,003	-	(22)	126,465
WORKING CAPITAL REQUIREMENT	C = A - B	62,851	1,523	6,896	-	(146)	71,124
Social and tax receivables		31,706	-	2,684	-	-	34,390
Current accounts receivable		6	-	15	-	-	21
Other receivables		2,860	(212)	249	39	(9)	3,350
SUBTOTAL	D	34,571	(212)	2,948	39	(10)	37,761
Tax and social debts		39,112	(262)	(389)	-	(13)	39,750
Accrued interest		(148)	-	244	-	-	392
Other payables and derivative instruments ⁽¹⁾		7,419	118	(362)	254	(346)	7,084
Current accounts payable		24	-	4	-	-	28
SUBTOTAL	E	46,703	381	275	254	(360)	47,253
OTHER ITEMS OF WORKING CAPITAL REQUIREMENT	F = D - E	(12,132)	(169)	2,674	(215)	350	(9,492)
WORKING CAPITAL REQUIREMENT	G = C + F	50,720	1,354	9,570	(215)	204	61,632

⁽¹⁾ At the start of the period, corrections in the amount of €807 thousand were made (see Note 1.2).
⁽²⁾ The "Other changes" column contains financial inflows that did not affect income from continuing operations or generate cash flows.

6.2 Acquisitions/disposals of subsidiaries

Cash flows from acquisitions are summarised in the table below.

In April 2017, PRODWAYS GROUP paid the balance of the acquisition price of INITIAL (acquisition made in 2015).

<i>(In thousands of euros)</i>	FIRST HALF OF 2017	2016
Proceeds	-	14
Payments	(1,597)	(1,709)
Cash and cash equivalents	(18)	5,516
NET CASH INFLOW (OUTFLOW) ON THE ACQUISITION OF SUBSIDIARIES	(1,615)	3,821

6.3 Subscription and redemption of long-term loans

In February 2017, INITIAL (3D printing division) took out a bank loan for €700 thousand at a fixed rate of 0.6% (repayable over five years) to finance its investments.

ECA took out a new loan during the half-year for €1.3 million from CIC (repayable over six years, including one year deferred). In addition, ECA drew an additional amount of €1.0 million as part of its *Revolving Credit Facility (RCF)* implemented in 2016.

NOTE 7 FINANCING AND FINANCIAL INSTRUMENTS

7.1 Gross financial debt

Changes in borrowings and financial debt

(In thousands of euros)	Start of the period	Changes in scope	Increase	Decrease	Other changes*	Currency translation adjustment	Closing
Restatement of finance leases	5,252	-	46	(716)	(0)	-	4,583
Convertible bonds	44	-	-	(16)	-	-	28
Other bonds	15,693	-	346	(76)	52	-	16,016
Bank borrowings	57,986	-	6,369	(5,314)	34	-	59,074
Other borrowings	2,071	-	42	(354)	-	(2)	1,756
FINANCIAL DEBT EXCLUDING CURRENT BANK OVERDRAFTS	81,045	-	6,803	(6,476 6,476)	86	(2)	81,457
Bank overdrafts	9,127	156	13,818	(9,127)	-	(8)	13,966
GROSS FINANCIAL DEBT	90,172	156	20,622	(15,602)	86	(10)	95,423

* Corresponds to the restatement of loans using the effective interest method and accrued interest on borrowings.

Schedule of borrowings and financial debt

(In thousands of euros)	30/06/2017	<1 year	>1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years
Restatement of finance leases	4,583	1,388	3,196	1,408	671	(422)	160	534
Convertible bonds	28	28	-	-	-	-	-	-
Other bonds	16,016	446	15,569	14,318	400	400	152	300
Bank borrowings	59,074	16,176	42,898	8,732	8,514	18,418	6,732	502
Other borrowings	1,756	411	1,354	68	429	4	3	(850)
FINANCIAL DEBT EXCLUDING CURRENT BANK OVERDRAFTS	81,457	18,448	63,017	24,526	10,014	19,244	7,047	2,186
Bank overdrafts	13,966	13,966	-	-	-	-	-	-
GROSS FINANCIAL DEBT	95,423	32,414	63,017	24,526	10,014	19,244	7,047	2,186

Loans due in less than one year include 10 million drawings by ECA SA as part of an RCF line maturing in July 2021.

GRUPE GORGÉ has confirmed an unused credit line of €10 million. This credit line matures in July 2020.

7.2 Adjusted cash and cash equivalents

<i>(In thousands of euros)</i>	30/06/2017	31/12/2016
Cash (a)	85,895	38,752
Bank overdrafts (b)	13,966	9,127
Cash appearing on the CFS (c)=(a)-(b)	71,928	29,625
Financial debt not including bank overdrafts (d)	81,457	81,045
NET CASH (NET DEBT) (c)-(d)	(9,529)	(51,420)
ECA treasury shares	2,008	1,869
PRODWAYS GROUP treasury shares	139	-
GROUPE GORGÉ treasury shares	86	92
ADJUSTED NET CASH (NET DEBT)	(7,296)	(49,459)

7.3 Investments in affiliated companies

The movements over the year are as follows:

<i>(In thousands of euros)</i>	Start of the period	In	Income	Exit	Other	Closing
1 ROBOTICS	4	-	-	-	-	4
DENTOSMILE	803	-	64	-	-	867
VARIA 3D	615	-	11	-	(14)	611
TOTAL EQUITY INVESTMENTS IN ASSOCIATES	1,421	-	75	-	(14)	1,482

7.4 Other non-current financial assets

<i>(In thousands of euros)</i>	30/06/2017	31/12/2016
Loans	664	(626)
Deposits and guarantees	1,868	1,805
Non-consolidated equity securities	781	754
Available-for-sale assets	376	686
Other long-term investments	509	508
TOTAL	4,197	4,379

Redhall shares (available-for-sale assets) were provisioned in the amount of €15 thousand during the half-year to take into account the weakening of their quoted share price.

7.5 Financial income and expenses

<i>(In thousands of euros)</i>	30/06/2017	30/06/2016	31/12/2016
Interest expense	(947)	(1,271)	(2,264)
Income from other securities	3	11	14
Net income on sales of marketable securities	(27)	12	15
Cost of net debt	(971)	(1,248)	(2,235)
Other interest income	35	(25)	97
Net exchange gain or loss	(321)	3	57
Financial allowances net of reversals	(15)	(439)	(174)
FINANCIAL INCOME AND EXPENSES	1,272	(1,709)	(2,255)

NOTE 8 CORPORATE INCOME TAX

8.1 Details of corporate income tax

Two tax consolidations are carried out within GROUPE GORGÉ: one for GROUPE GORGÉ SA and one for ECA SA including, for each company, all the French companies which met the prescribed conditions.

Breakdown of tax expense

<i>(In thousands of euros)</i>	30/06/2017	30/06/2016	31/12/2016
Deferred tax liabilities	1,313	(148)	(944)
Taxes payable	(884)	(1,691)	(3,543)
TAX EXPENSE	429	(1,544)	(4,488)

The tax expense does not include the Research Tax Credit (CIR) or the Tax Credit for Encouraging Competitiveness and Jobs (CICE), classified under "Other income from operations". It does, however, include the Contributions on Corporate Added Value (CVAE).

Tax receivables and payable

<i>(In thousands of euros)</i>	30/06/2017	31/12/2016
Tax receivables	22,603	21,538
Tax payable	218	127
NET TAX RECEIVABLE/(DUE)	22,385	21,412

Tax receivables consist mainly of receivables for the Research Tax Credit and the Tax Credit for Encouraging Competitiveness and Jobs, which could not be included in tax payable.

8.2 Deferred tax liabilities

Breakdown of deferred taxes by type

<i>(In thousands of euros)</i>	30/06/2017	31/12/2016*
DIFFERENCES OVER TIME		
Retirement and related benefits	2,640	2,770
Development costs	6,455	(6,469)
Subsidies	(274)	(736)
Finance leases	269	(174)
Derivative financial instruments	104	(125)
Fair value - IFRS 3	237	(277)
Other	304	393
SUBTOTAL	(4,395)	(4,618)
Temporary differences	1,397	1,418
Deficits carried forward	9,379	8,472
CVAE	(69)	(77)
TOTAL	6,312	5,196
DEFERRED TAX LIABILITIES	(108)	(621)
DEFERRED TAX ASSETS	6,420	5,816

* December 2016 column restated to reflect the items described in Note 1.2.

NOTE 9 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

9.1 Equity

As at 30/06/2017, the share capital of GROUPE GORGÉ SA was €13,502.843, consisting of 13,502.843 fully paid-up shares, each with a nominal value of €1. Capital was increased by 7,000 shares during the first half-year due to the use of the optional equity line).

Shareholding

	30/06/ 2017				31/12/2016			
	Shares	% of share of capital	Voting rights exercisable at the Shareholders' Meeting ⁽²⁾	% voting rights exercisable at the Shareholder's Meeting	Shares	% of share of capital	Voting rights exercisable at the Shareholders' Meeting ⁽²⁾	% voting rights exercisable at the Shareholder's Meeting
GORGÉ family ⁽¹⁾	7,583,125	56.16 %	14,834,107	71.15 %	7,583,125	56.19 %	14,849,107	71.28 %
Treasury shares	3,629	0.03 %	-	-	4,372	0.03 %	-	-
Public	5,916,089	43.81 %	6,015,593	28.85 %	5,908,346	43.78 %	5,983,690	28.72 %
Total	13,502,843	100%	20,849,700	100%	13,495,843	100%	20,832,797	100%

⁽¹⁾ "GORGÉ family" refers to shares held directly by Jean Pierre GORGÉ, founder of the Group, i.e. 115,219 shares, and those held directly by Raphaël GORGÉ, i.e. 251,474 shares, as well as shares held by PÉLICAN VENTURE SAS, a holding company controlled by three members of the GORGÉ family

⁽²⁾ Voting rights exercisable at the Shareholders' Meeting do not include treasury shares. The number of theoretical votes may be obtained by adding the number of votes exercisable at the Shareholders' Meeting to the number of treasury shares.

9.2 Earnings per share

	30/06/2017	30/06/2016	31/12/2016*
Weighted average number of shares	13,497,549	13,392,285	13,420,184
Dividend per share paid during the period	na	-	-
EARNINGS PER SHARE (in euros)	(0,291)	(0,247)	0,013
EARNINGS PER SHARE FROM ONGOING ACTIVITIES (in euros)	(0,291)	(0,247)	0,013
Dilutive potential ordinary shares ⁽¹⁾	544,000	637,000	551,000
Diluted weighted average number of shares	14,041,549	14,029,285	13,971,184
DILUTED EARNINGS PER SHARE (in euros)	(0,280)	(0,236)	0,012
DILUTED EARNINGS PER SHARE FROM ONGOING ACTIVITIES (in euros)	(0,280)	(0,236)	0,012

⁽¹⁾ At 30 June 2017, includes 544,000 potential shares related to the setting up of an optional equity line).

* December 2016 column restated to reflect the items described in Note 1.2.

NOTE 10 PROVISIONS AND CONTINGENT LIABILITIES

10.1 Long-term provisions

Long-term provisions relate only to retirement indemnities (€9,287 thousand). The assumptions made in respect of this half-year are the same as at 31 December 2016 except for the discount rate, which increased from 1.31% to 1.67%. Following this change in the rate, the impact on equity for the period amounted to a negative €536 thousand (SORIE).

10.2 Other provisions for risks and charges

<i>Short-term provisions</i> <i>(In thousands of euros)</i>	Litigation	Customer warranties	Termination losses	Fines and Penalties	Other	Total
AT 1 JANUARY 2017(1)	706	884	3,207	(529)	3,349	8,675
Appropriations (+)	127	40	789	327	759	2,041
Provisions used (-)	(217)	(0)	(1,008)	(244)	(368)	(1,837)
Reversals (-)	(0)	(77)	(336)	(316)	(418)	(1,146)
IMPACT ON INCOME FOR THE PERIOD	(90)	(37)	(555)	(233)	(26)	(941)
Changes in scope	-	-	-	-	68	68
Other changes	-	-	-	-	(14)	(14)
Impact of changes in exchange rates	-	-	-	-	(9)	(9)
AT 30 JUNE 2017	616	847	2,652	(296)	3,367	7,779

*Restated to reflect the items described in Note 1.2

NOTE 11 OTHER NOTES

11.1 Workforce

	30/06/2017	30/06/2016	31/12/2016
Smart Safety Systems	718	(604)	705
Protection of High-Risk Installations	928	826	875
3D Printing	246	248	249
Structure	7	7	7
TOTAL WORKFORCE	1,899	1,685	1,836
AVERAGE WORKFORCE	1,882	1,658	1,661

11.2 Commitments

BAUMERT received a first order for €20 million as part of the project to build a new EPR at Hinkley Point (England). Within this framework, GROUPE GORGÉ SA granted BAUMERT's client a parent company guarantee.

The Group commitments as recorded in the notes to the 2016 consolidated financial statements have not changed materially.

11.3 Exceptional events and disputes

There has been no significant change to disputes compared to the information provided in the notes to the consolidated financial statements at 31 December 2016.

11.4 Subsequent events

On 1 August 2017, PRODWAYS GROUP announced that it had entered into exclusive negotiations to acquire AVENAO Industrie, a specialist in the integration of DASSAULT Systèmes solutions. An agreement to acquire INTERSON-PROTAC, a French leader in ear tips for hearing aids and customised hearing protectors, was announced on 6 September 2017.

In July 2017, ECA concluded a new credit facility of €10 million with BNP PARIBAS, intended to fund general corporate requirements and external growth transactions. The credit facility has been confirmed for a term of three years. A 10-year loan of €0.4 million was also obtained in July to finance works to extend the buildings in Toulon.

No other major events took place between 30 June 2017 and the date of the meeting of the Board of Directors which approved the condensed consolidated financial statements.