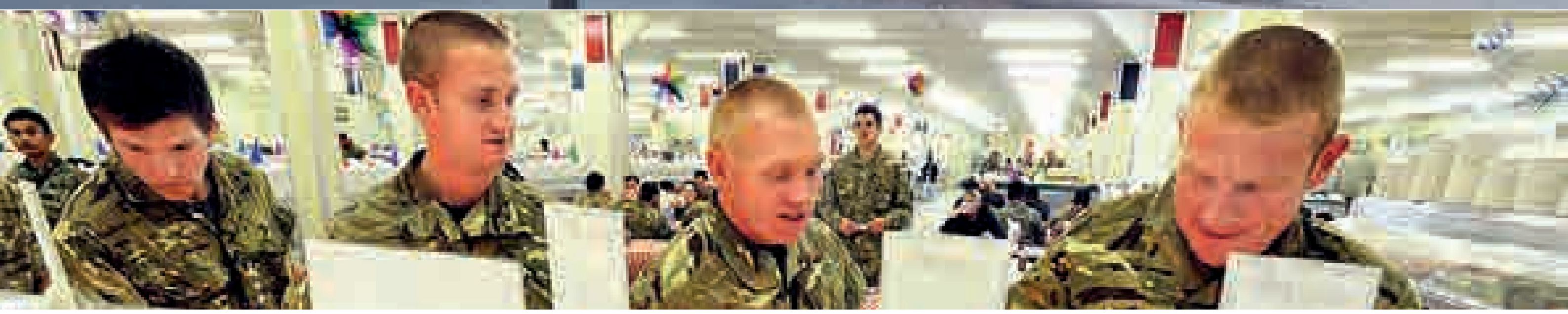
CIS

Integrated Life Support Services

Annual **Report** 2017

Summary



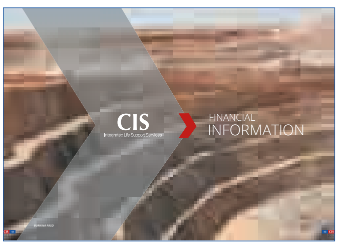

Chairman's
MESSAGE
What unites men is their love for their profession.


CIS
Our
GROUP


CIS
Our
EXPERTISE


Our
WORLDWIDE
PRESENCE
CIS


CIS
Our
COMMITMENTS


CIS
FINANCIAL
INFORMATION

CIS
Integrated Life Support Services

Chairman's MESSAGE

CIS is first and foremost a company made up of men and women; a group of passionate experts dedicated to our clients' well-being.

Our objective is to ensure our clients' satisfaction at all times: we make sure their teams feel at home on-site regardless of their geographic location, the geopolitical environment or the climate. Meeting their basic needs, particularly their comfort and safety, is our top priority so that they can focus on their core business.

Our goal is to continuously enhance the operational excellence of our services. We develop effective strategic partnerships with our clients in the long term and create innovative, profitable and competitive solutions.

Moreover, we have always been firmly committed to improving the socio-economic development of each country where we operate. On the ground, we work closely with the local authorities, companies and communities to improve their living conditions.

We place particular importance on training and hiring the local population to fill the various positions we offer.

CIS boasts considerable potential in terms of both geographic and sectoral development. Whether based at our headquarters or in the field, our teams are highly motivated and determined to successfully tackle the many challenges we face. These challenges include maintaining the valuable relationship of trust we have established over time with our clients, shareholders, partners and employees; constant innovation to offer increasingly effective solutions; and continually increasing our expertise by drawing on our teams, their know-how and our shared values.

It is essential that each member of our Group acts according to and shares the same values of transparency, integrity, responsibility and exemplarity, both individually and collectively. In order to build cohesion around these values, it is important that all of our employees comply with our professional and ethical rules. In doing so, they also help reinforce the long-standing trust our partners place in us; in particular our clients, suppliers,

> What unites men is their love for their profession.
>
> *Antoine de Saint-Exupéry*

shareholders and all those who contribute to our activities and development.

My ambition to continue CIS' development speaks for itself. I am very confident that we are well positioned for the future and that we can achieve the ambitious objectives we have set for ourselves: to innovate, grow and expand into new markets TOGETHER.

Finally, I would like to thank all the Group's employees for their total and daily commitment, as well as our customers and our shareholders for the trust they place in CIS.

Régis Arnoux
Founder, Chairman and Chief Executive Officer

CIS

Integrated Life Support Services

MONGOLIA

Our GROUP

Our GROUP

CIS is specialised in **managing remote sites** for companies operating in the oil and gas, mining, engineering and construction sectors, as well as with defence bodies and international organisations. The Group supports its clients at every stage of their projects, in both urban and industrial, onshore and offshore environments.

As a service integrator, CIS has developed a full range of turnkey solutions in the catering, accommodation, facility management and support services sectors.

Our goal is to provide **comfort** and **safety** to residents on-site and thus contributing to our **clients' performance.**

26 years
of existence

20 years
on the stock market

251.4M€
of turnover in 2017

11000
employees of
50
nationalities

Executive Committee : Franck Briesach – Chief Financial Officer / Stéphane Caille – Director of Human Resources / Régis Arnoux – Chairman and Founder of CIS Group / Natacha Cartagena – Communications Manager / Julien Salas – Deputy Managing Director/ Jeremy de Brabant – Deputy Chief Executive Officer.

Integrity

Responsibility

Respect

Our VALUES

Passion

Excellence

Audacity

More than 25 jobs at our customers' service

20 countries

180 operating sites

36 million meals served per year

Our AMBITION

OUR GOALS ARE TO

1. Improve the well-being and comfort of our on-site residents.
2. Provide turnkey solutions at the best price and in compliance with international quality and safety standards.
3. Maximise our client's satifaction : We must constantly adapt to their challenges and changing consumption patterns and provide a wide range of innovative, quality services, which enable them to concentrate on their core business.
4. Ensure the safety of teams on site.
5. Limit the impact of our activities on the environment in the countries where we operate.
6. Optimise our social and economic impact on local communities.

OUR VISION

We aim to become the leading integrated services provider worldwide in the oil and gas, mining, construction and defence sectors.

OUR MISSION

As a widely recognised specialist in integrated services, we strive to:

- Offer reliable, innovative and competitive solutions to ensure our clients' satisfaction at all times.
- Develop a long-lasting relationship of trust with our clients, shareholders, partners and employees, underpinned by the quality of our services and our strong values.
- Continually enhance our expertise by drawing on the knowledge and experience of our teams.

OUR PERSPECTIVES

Rebound in both organic growth and acquisitions.

Régis ARNOUX (1)
Chairman and Founder of CIS Group (1992)
Chairman of the Board of Directors
Member of the CIS Foundation

Monique ARNOUX (2)
Vice-chairwoman of the CIS Foundation

Florence ARNOUX (3)
Key Accounts Manager at CIS

Frédérique SALAMON (4)
Advisor to the Chairman of the CIS Group
Member of the CIS Internal Audit Committee

Henri de BODINAT (5)
Representative of Cantos Ltd
Chairman of Time Equity Partners investment fund
Chairman of the CIS Internal Audit Committee

Board of directors *

Sophie Le TANNEUR (6)
Representative of Financière Lucinda
Deputy Chief Executive Officer of Amedeus SA and management partner at Financière Lucinda
Member of the CIS Internal Audit Committee

Frédéric BEDIN (7)
CEO of the Hopscotch Group

Amiral Pierre-François FORISSIER (8)
Representative of Marine Firminy
French Admiral and former Chief of Staff of the French Navy (Chef d'État-Major de la Marine).
Elected as a member of France's Naval Academy
Chairman and founder of Marine Firminy, a company specialised in management consulting

Gonzague de BLIGNIERES (9)
Chairman and co-founder of Raise investment company
Former Chairman of Barclays Private Equity France

David Lee ZIMMERMAN (10)
Held various management positions at US engineering Group KBR (Kellogg, Brown and Root) over a period of 40 years, including Vice President of the Oil and Gas product line

Yves-Louis DARRICARRÈRE (11)
Representative of YLD Conseil
Senior Advisor at Lazard Ltd
Chairman of the Total Corporate Foundation
Vice-Chairman of the Franco-Kazakh Business Council
Director of Ortec and Kosmos Energ
Former Chairman of Total Upstream Activities (Exploration - Gas and Power Production)

**at 31/12/2017*


CIS
Integrated Life Support Services
RUSSIA

Our EXPERTISE

Our EXPERTISE

Catering

Catering has been our core business at CIS for over 25 years and managing remote sites has been our area of expertise since day one. Thanks to this experience, our teams are able to offer an extensive range of menus that manage to combine satisfaction, conviviality and nutrition, while respecting our guests' eating habits and customs.

Catering

Sourcing and logistics

Special events

ONSHORE & OFFSHORE CATERING

The strength of CIS lies in our ability to provide solutions that meet our clients' requirements in the most challenging conditions. We deliver consistent services to all of our catering clients, whether their activity is onshore or offshore, in compliance with international standards.

INSTITUTIONAL CATERING

In addition to our core business of remote site catering, CIS continues to develop its expertise in institutional catering. From industrial sites to the most modern head offices, we are able to offer a range of made-to-measure catering options, which can be fully adapted to meet our clients' budgetary constraints.

SPECIALISED CATERING

CIS offers bespoke services for government and public-sector bodies. We are also capable of adapting to the unique requirements of schools and hospitals and offer specific nutritional programmes for each type of client and consumer.

SUPPLY CHAIN

In order to guarantee sufficient stock at all times, based on the number of consumers and our clients' requirements, CIS implements strict storage and supply procedures in all of its subsidiaries:

- Supplier evaluation and selection process to guarantee product quality and promote local products;
- Implementation of supply chains adapted to the extreme conditions of each site;
- Control of the cold chain and compliance with storage standards, regardless of the outside temperature;
- Monitoring carried out by means of electronic recording devices and control of the logistics chain using terminals: transport, hot and cold chain and storage conditions for products;
- Strict application of the storage standards applicable in each country in accordance with our "Best Food Safety Practices Guide";
- Product labeling;
- Indication of the expiry date on each product.

SPECIAL EVENTS

CIS is always on hand to help its clients organise special events on-site, such as client visits, receptions held for government representatives, religious, cultural and sports events. From organising the entertainment and decorations to preparing special menus, we will guide you through the entire event. As for our chefs, their culinary creativity will ensure your event is a roaring success!

Accommodation

With almost 8 million residents worldwide, CIS uses its experience in remote site accommodation to provide the best services to its guests.

Our Accommodation Management System enables us to keep track of arrivals and departures in real time, helping us to optimise our occupancy rate.

Accommodation

Laundry service

Concierge service

Cleanliness of the facilities

RECEPTION SERVICE

The reception team is the face of our accommodation management service and ensures a warm and efficient welcome to residents and visitors on-site. Reception is also responsible for controlling the entry and exit of visitors to our clients' sites and is therefore an essential link in the various processes designed to control their teams' safety.

LAUNDRY SERVICE

CIS provides laundry services for all of its residents' work clothing, personal garments and bed linen (sheets, towels, etc.). Our services include laundry collection, washing, ironing and the distribution of linen.

Thanks to our ONE Track service, which uses RFID technology, we have optimised our laundry system: each garment features a chip, making it easier to identify each person's belongings and allowing for permanent tracking and a faster turnaround time.

CLEANLINESS OF THE FACILITIES

The well-being of our residents is directly impacted by the cleanliness and tidiness of the communal and private living areas. That's why our everyday services focus on these two aspects, whether our client operates on a remote site or in an office block in the city.
CIS ensures a clean and comfortable environment, which improves the quality of our residents' downtime and boosts our clients' productivity.
As part of our cleaning services, we only use environmentally-friendly equipment and products.

CONCIERGE SERVICE

A concierge service can be provided in addition to our reception services. Our concierge services simplify the life of our residents and clients on-site by helping them save time on daily tasks and errands (reception of package deliveries, organisation of transport, luggage management, sending/distribution of mail, etc.).

Our EXPERTISE

Facility management

CIS provides full management of on-site facilities. Each year, we carry out more than 130,000 multi-technical maintenance tasks, compost hundreds of tons of waste and provide more than 90,000 hours of training dedicated to our activities.

- Maintenance
- Water treatment
- Waste management
- Landscaping
- Pest control
- Fire safety
- Cleaning

MAINTENANCE

CIS carries out the maintenance of its kitchen and laundry equipment and is also qualified to maintain buildings, facilities and specific equipment, such as generators, air conditioning and heating systems, plumbing, and water treatment and waste management stations.
In addition to our expertise, we have created an innovative IT solution, our « Maintenance Management system », that enables us to manage spare part stocks and to develop preventive and curative maintenance schedules.
We can also arrange inspections of facilities by means of drones, in particular to carry out certain types of maintenance activities (e.g. roof repair, maintenance of equipment located in high positions, etc.).

WATER TREATMENT

Water supply is a critical, yet common issue for remote sites.
From water waste management to water purification, CIS' teams oversee the entire water treatment process in order to ensure continuous supply and consistent quality. Water quality is controlled according to currently recognised international standards.

WASTE MANAGEMENT

In order to limit our waste and the cost of waste management, CIS' adopts a proactive approach, starting from the supply phase: our choice of products is determined by their packaging and environmental impact. We operate across the entire waste chain, from collection and transportation, to selective sorting and the incineration of domestic, medical and industrial waste generated by the camp. This management includes all types of waste, whether solid, liquid or gaseous.
In many of the Group's operations, CIS also implements composting.

LANDSCAPING

The outside environment is just as important to our residents as the communal and private living areas. That is why we have created the following range of services: planting programmes adapted to the local climate, lawn mowing, weeding, fertilisation, mulching, irrigation and system maintenance, monitoring of plant health, waste disposal, control of invasive plant species, and snow removal.

PEST CONTROL

In order to create and maintain a healthy environment on-site, CIS contributes to the eradication of various pests that carry infectious diseases, such as malaria. Sanitary safety is our constant priority.

FIRE SAFETY

In order to provide our clients a comprehensive offer in terms of safety, CIS can cover all aspects of fire safety on-site.
Our employees receive training to raise their awareness of hazards and take part in evacuation drills, first-aid training and information sessions on the measures to be taken in the event of a fire, etc.
We also ensure the maintenance of fire fighting equipment, such as fire extinguishers and water supply systems.

CLEANING

CIS offers cleaning services for premises, communal areas, warehouses and buildings:

- Detailed planning of all cleaning services,
- Cleaning carried out according to our quality procedures,
- Lists and records of all the tasks carried out are kept for future reference,
- Preparation of detailed worksheets, which are converted into cleaning schedules that clearly outline the task(s) to be carried out in each specific area, the type of cleaning products to be used and the tools required for each task.

Our EXPERTISE

Services supports

CIS is first and foremost a group of 11,000 employees dedicated to serving our clients. Each year, we travel 10 million kilometres to ensure you benefit from a quality supply chain and transportation in the safest conditions possible.

- Recreation and well-being
- Engineering, design & construction
- Shipchandling
- Availability of skilled personnel
- Transport of personnel
- Access control
- Fleet management

SystemONE

SystemONE is a combination of digital solutions, designed to improve the management of remote sites and the everyday life of residents.
These services allow them to access a healthier and more enjoyable lifestyle and thus contribute to their personal development on site.
In addition, these solutions make a significant contribution to improving the safety of residents and optimising remote site management. They also help reduce costs and improve productivity with motivated residents.

ENGINEERING, DESIGN & CONSTRUCTION

With over 25 years of experience in the field, CIS can help you partially or fully design your camp, from the feasibility stage (layout plans for buildings and equipment, detailed descriptions, etc.) to the actual construction of the site. Our services include: assistance with the selection of suppliers, definition of the technical, financial and human resources required, oversight and coordination of construction, installation and connection of equipment, compliance control, and the acceptance of works. We guarantee the smooth completion of your project.

SHIPCHANDLING

Thanks to its full control of the supply chain, CIS is able to provide all types of equipment to our offshore clients at extremely competitive rates. CIS can also manage the distribution of supplies to ships and/or platforms.

AVAILABILITY OF SKILLED PERSONNEL

CIS has created a reliable network with local and international recruitment agencies, allowing us to recruit qualified personnel as required.

TRANSPORT OF PERSONNEL

We make every effort to ensure the transportation of personnel is punctual, safe and comfortable, whether by air, road, rail or sea.
We make sure our drivers have the necessary experience and qualifications and ensure our vehicles and equipment undergo regular maintenance.

FLEET MANAGEMENT

Our maintenance crews are qualified to manage and maintain our clients' fleet of vehicles.
Covering everything from hire to maintenance, CIS has also developed a software solution that makes it possible to track vehicle upkeep, availability and fuel consumption.

Our Tracking System service makes it possible to locate your vehicles at all times thanks to a tracking and monitoring system installed in each vehicle.

ACCESS CONTROL

CIS has developed a unique badge system, ONE Pass, which automatically manages the entry and exit of residents and vehicles. In addition to the entrance to the camp, the areas controlled include: all of the buildings, restaurants, laundry block and secure areas. A badge or biometric access control system helps to reinforce security and optimise site management.

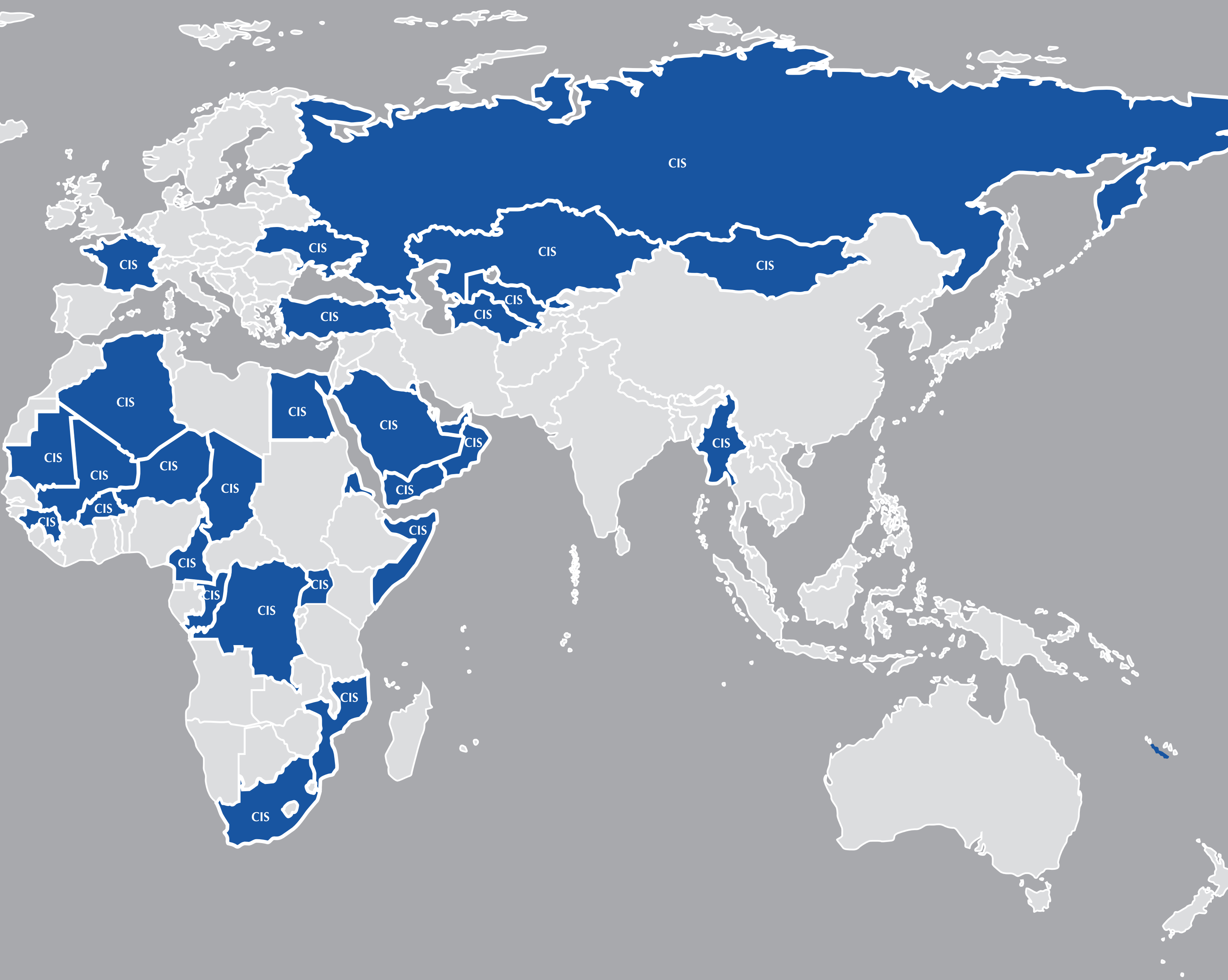
RECREATION AND WELL-BEING

We know that it can be difficult living far away from home, particularly in harsh, isolated and often extreme conditions. That's why our residents' satisfaction is our main objective.
We pay particular attention to the key moments in their daily routine and strive to create a pleasant atmosphere on our operational sites. We aim to provide as many services as possible to improve our residents' quality of life, such as a swimming pool, a gym, a library, and various other facilities and activities.
We have also developed a digital Recreation & Well-being offering through «ONE Fit», a connected bracelet that helps keep an eye on your health and provides access to a virtual coach, and «ONE Click», a digital solution featuring access to online video games, virtual tournaments and personalised online training modules (languages, office automation, finance, etc.).

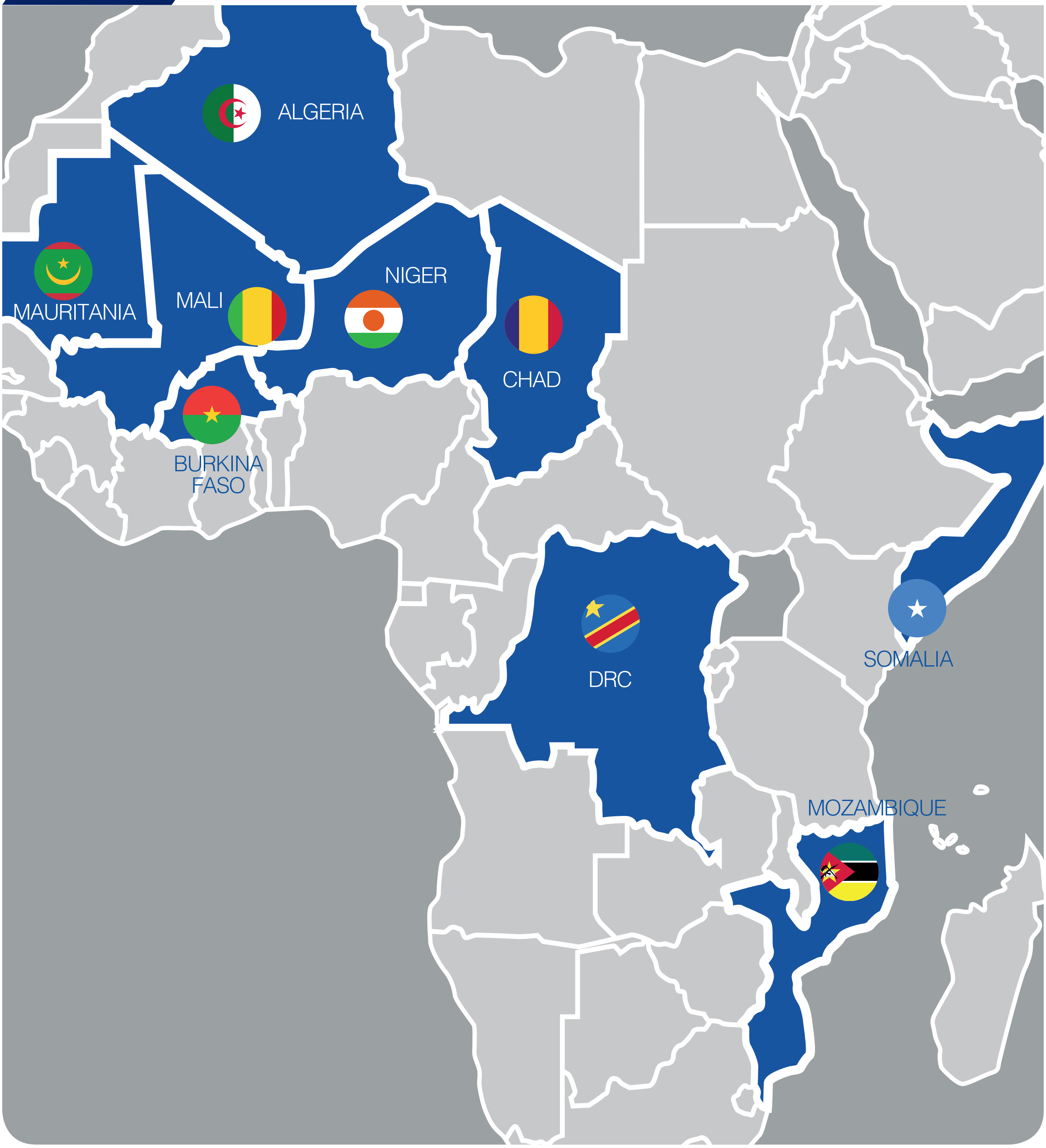
CIS

Integrated Life Support Services

Our
WORLDWIDE PRESENCE



In AFRICA


ALGERIA
MAURITANIA
MALI
NIGER
CHAD
BURKINA FASO
DRC
SOMALIA
MOZAMBIQUE

ALGERIA

- 1st positive effects of the ARISE Algeria plan with the implementation of 6 performance improvement projects and the opening of a procurement office in Algiers.
- Continuation of work to modernise the new logistics platform in Hassi Messaoud.

BURKINA FASO

- Our activity significantly increased in 2017 thanks to the construction and operation of a central kitchen on behalf of gold mining company Semafo on their site in Natougou.
- Financial support to an orphanage in Ouagadougou which was presented with a National Award for Merit in 2017 in recognition of its public service.

MALI

- CIS Mali continued to develop its programme to support local communities:

Purchasing of local produce: 80% of fresh meat and 100% of fruit and vegetables

Recruitment of local personnel: in 2017, 8 interns from the local area integrated CIS' catering and accommodation teams.

MAURITANIA

- Renewal of the contract for the Tasiat gold mine, one of the largest open-pit gold mines in the world.
- Our client, Kinross, has invested considerably in extending the mine, which led to a surge in our activity.
- Creation of a training centre with the aim of raising awareness among our teams to comply with QHSE rules in all environments: urban, rural, etc. In 2017, 75 employees received first-aid and rescue training.

MOZAMBIQUE

- CIS continues to work alongside the global mining company VALE and has implemented resident satisfaction feedback devices on the Nacala site.
- CIS Mozambique has supported local agricultural production by developing partnerships with over 1,200 local suppliers near Nacala over the past 3 years: 70% of purchases (fruit, vegetables, fish) are made locally.

NIGER

- CIS continues its activities with Orano on the Somair and Cominak sites, as well in the defence sector working alongside the French armed forces (Operation Barkhane) and the Fluor Group.
- CIS supports a group of vegetable producers in Arlit, an initiative that has a direct and indirect economic impact, providing jobs for 50 women and benefiting some 1,000 people in the region.

DRC

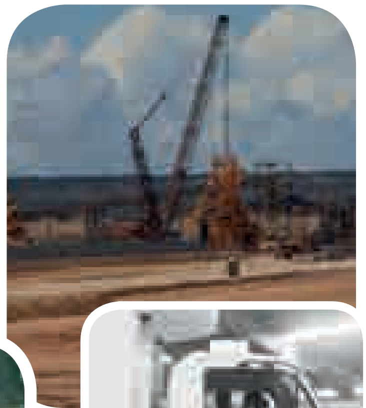
- CIS continues its expansion in the Lubumbashi region with the renewal of a major mining contract and two new contracts in the mining and offshore sectors.

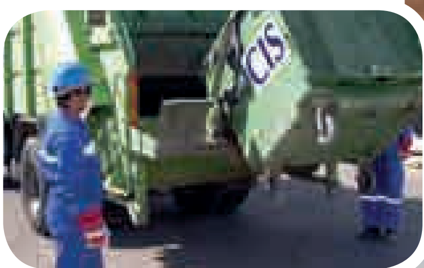
SOMALIA

- CIS continues to ensure the supply of food, equipment and other material to foreign companies working in cooperation with the UN in Mogadishu.

CHAD

- CIS has worked alongside the leading global oil and gas companies, including ExxonMobil, Glencore and United Hydrocarbon, for the past 17 years in Chad.
- Following an international call for tenders, ExxonMobil – the world's leading listed oil company – once again entrusted CIS with the accommodation management of its base camp in Komé.
- In 2017, CIS recorded its 11th consecutive year without LTIs (lost-time injuries).
- CIS is also involved in creating local farming cooperatives, from which over 400 people benefit. This programme is recognised and supported by the World Bank.




In Latin AMERICA

BRAZIL

- CIS reaped the benefits of the turnaround implemented as part of the ARISE strategic plan.
- CIS strengthened its position with Petrobras by renewing all of its contracts and began to diversify its activities by winning an onshore contract to manage the canteen at Petrobras' headquarters in Macaé.
- CIS Brasil helped a number of students from underprivileged backgrounds to obtain a grant enabling them to start or continue their studies at the University of Bahia.
- Some of the company's employees received sponsorship whereby CIS paid for 50% of their tuition fees.

BOLIVIA

- In Bolivia, the Group renewed its contract with Samsung and started providing catering services to a new client: Totai Citrus.
- We organised an awareness-raising campaign regarding the use of fluorine among 600 school children.
- CIS Bolivia sponsors a greenhouse cultivation programme and buys the resulting produce for its restaurants.
- 72 local women received training in traditional baking techniques.

In EURASIA

MONGOLIA

- Our client Oyu Tolgoi has started a new development phase involving the creation of an underground mine, in addition to its open-pit mine on which we have been present since 2003. This has resulted in an increase in staff on-site and therefore the expansion of all of our services.
- Supporting local employment: 76% of our employees are from the region (482 locals out of a total of 634 employees).
- Local procurement: 90% of purchases are carried out a national level.
- Education & well-being of children: SSM has implemented a number of initiatives in favour of children in the Khanbogd community: 40 free meals are provided to the children at the local school each day, a day-care centre has been set up for small children and evening classes are provided to our employees' children.
- Implementation of two nutritional programmes:
  - "Go for Green" which consists of labelling food to encourage our residents to adopt a more balanced diet;
  - "H4U" which allows them to benefit from a customised programme designed by a nutritionist and a sports coach.

RUSSIA

- CIS has been present in Russia from the start of its operations.
- We have identified a number of investment projects in the mining and oil & gas sectors.
- In 2017, our activity in the country increased by over 40% and we recorded 0 LTIs on our 11 operational sites.
- CIS has strengthened its position by renewing three contracts with mining giant Polymetal and won a prestigious contract with Lukoil, one of the leading global oil and gas companies, to manage the accommodation services on 19 sites in western Siberia.

KAZAKHSTAN

- Our Kazakhstan entity, CAC, continues to serve its historic clients and recently won a new mining contract with a Kazakh company in the Aktogai region.
- We financiallly support several orphanages throughout Kazakhstan.
- CAC has also implemented a child-minding service for its employee's children.

In MIDDLE EAST

SAUDI ARABIA

- CIS confirmed the strength of its partnership with the Saudi family consortium, Zamil.

- Our growth in this country has soared by over 70%.

- CIS benefited from the successful launch of several contracts signed in 2016 in the oil and construction sectors.

- This strategic partnership will enable CIS to expand its presence in other high-potential areas in the Middle East.

ERITREA

- CIS continues to work alongside Qatari Diar on the Dahlak Island Resort project by providing facility management services.


CIS
Integrated Life Support Services
MOZAMBIQUE

Our COMMITMENTS

QHSE

QUALITY & HEALTH

To ensure the highest level of service quality on each of its operational sites, CIS implements a quality control programme and a QHSE monitoring system that meets international health and food safety standards.

CIS applies the quality standards imposed by the catering sector. Our quality management system provides for a very strict process at every stage, from food preparation to serving meals. The QHSE teams on site carry out controls at each of these stages. Finally, before each sitting, samples of each dish are taken and stored.

CIS' head office and most of its subsidiaries are ISO 9001 certified. This standard defines the criteria for a quality management system, which include a strong client focus, the motivation and implication of management, and the continual improvement of the services we offered.

CIS has developed a number of solutions to measure client satisfaction. For instance, our Tracking System allows our clients to register their level of satisfaction on digital terminals installed at the exit of the dining hall. This helps us to gauge our operational performance and above all identify areas for improvement.

FOOD SAFETY

Almost 40 million meals are served each year on all of our sites in strict compliance with international food safety standards.

CIS' head office and most of its subsidiaries are ISO 22000 certified for food safety management and OHSAS 18001 certified for occupational health and safety management systems.

To help its teams comply with the Group's QHSE commitments, CIS has implemented several tools, such as the Best Food Safety Practices Guide, which aims to ensure compliance with international health and food safety standards (HACCP). Checks are also organised on a regular basis across all of our sites.

OCCUPATIONAL SAFETY

Each new employee at CIS receives occupational safety training and is made aware of the risks associated with their functions.

In addition, weekly "Safety Meetings" and daily "Toolbox Talk" are held on our operational sites.

On each operational site, QHSE teams record and analyse LTIs (lost time injuries). On our operations in Chad, we have not recorded any LTIs in the past 11years.

The Group's sites in Mauritania and Mongolia have created their own training centres to develop team awareness of the need for compliance with QHSE standards.

ENJOYMENT, WELL-BEING AND NUTRITION

Meals are a time for sharing, relaxing and enjoying each other's company. To ensure the well-being of our clients, CIS has launched an awareness-raising campaign: we train and inform our clients of the risks associated with the over-consumption of certain foods and the importance of good nutrition and regular physical activity.

The Group has also developed and implemented innovative nutritional programmes:

- "Go for Green" aims to help our residents meet their daily calorie requirements
- The "H4U" programme focuses on providing residents with a balanced diet: on certain operational sites, residents receive personal guidance from a Group nutritionist and a sports coach. On the Oyu Tolgoi site in Mongolia, for example, more than 1,000 residents are involved in the H4U programme.

MENU STANDARDISATION AND DIGITALISATION

By way of our Supply Management System, CIS has developed a Menu Engineering tool, making it possible to generate standard recipes and technical sheets that can be used to develop menu cycles adapted to the energy needs of our residents, and to manage stock levels.

ENVIRONMENT

Our management methods are designed to acknowledge the environmental impact of our activities, to assess this impact and to reduce it. Environmental management is part of our sustainable development approach.

Sustainable development

CIS implements a number of sustainable development policies in favour of the communities living close to our operational sites. Most of CIS subsidiaries are ISO 14001certified. This international standard consists of implementing an environmental management system. (CIS also uses ISO 26000 as a reference standard).

EMPLOYEE TRAINING

At the Group's head office and on each of our operational sites, we develop training programmes tailored to each of our employees, regardless of their responsibilities. Our aim is to boost the professionalism of our teams in order to enhance the quality of the services we provide to our clients. Our QHSE managers are responsible for providing training specific to our activities, particularly in sensitive areas such as hygiene and food safety.

SUPPORTING LOCAL EMPLOYMENT

We promote recruitment from the communities living close to our operational sites in order to improve their daily lives, provide training, and thus grant them real career opportunities.
In Chad, for example, all of our management positions are held by locals and all of the staff hired to provide services to our client EEPCI (ExxonMobil) are Chadian nationals.

LOCAL PROCUREMENT AND CREATION OF COOPERATIVES

CIS supports local agricultural production by developing partnerships with local suppliers and by creating cooperatives with local farmers.
Several hundred local agricultural cooperatives are included in the CIS value chain: more than 80% of purchases are made locally for all available products.
In Mozambique, CIS has implemented a sustainable development programme called "Seeds for Development." This initiative supports 250 local farmers, by helping them learn sustainable farming techniques that they can then use to diversify their production and increase their crop yield.
In Kazakhstan, we buy all available products from local producers.
In Chad, CIS has created farming businesses that are now managed by the local community.

EDUCATION & WELL-BEING OF CHILDREN

In all of its subsidiaries, CIS is involved in initiatives to improve the daily lives of children and families belonging to the local community.
In Burkina Faso, CIS supports the non-profit organisation ASEFV (Association Soutien aux enfants et femmes vulnérables), which assists vulnerable women and children. Through this non-profit, CIS has already partnered the creation of an orphanage, which is home to fifteen children since 2017, and has financed the purchase of a cereal mill that will eventually be managed by ASEFV directly.

FOOD WASTE SORTING & RECYCLING

CIS has introduced composting on many of its operational sites. Waste is destroyed and reused to fertilise the soil for new crops (cabbage, peppers, etc.), thus providing a substitute for chemical fertilisers.

PAPERLESS PROCEDURES

Our teams are in the process of rendering on-site QHSE inspections paperless by introducing electronic archiving solutions for QHSE data, temperature, health and other controls. This will ensure high-quality monitoring and facilitate reporting (ONE Track).

Our COMMITMENTS

Ethics policy

Given the activities of the CIS Group, its international dimension and the cultural diversities that compose it, we are eager to share with all our employees throughout the world, whatever their functions and their origins, a common definition of our values, ambitions and ethics.

It is essential that, individually and collectively, everyone acts and shares the same values of transparency, integrity and honesty within the Group. Respect for moral, deontological and ethical rules is necessary to ensure a climate of cohesion and mutual respect for all employees and must reinforce the trust of third parties, and in particular our customers, our suppliers, our partners, our shareholders, and all the people who participate to our activities and our development.

The Group has therefore deployed an anti-corruption program by issuing an Ethics Charter as early as 2004, defining the common core of rules to be respected by each. Going further in the process, and in accordance with the law n ° 2016-1691 of December 9, 2016 relating to the transparency, the fight against corruption and the modernisation of the economic life, known as «Loi Sapin 2», the Group adhered in 2017 to the «Middlenext Anti-Corruption Code of Conduct», a product of the joint thinking of a group of companies - including CIS - committed to promoting business ethics.

It is therefore essential that everyone familiarise themselves with this Middlenext Anti-Corruption Code of Conduct and the Ethics Charter and comply with it in all circumstances. It is obviously not possible to deal comprehensively with all the situations that might arise. However, the principles set out in the Middlenext Anti-Corruption Code of Conduct and the Ethics Charter provide a baseline and give the spirit in which the situation must be addressed.

«I thank each and every one of you for your constant ethical commitment and your compliance with the core values of the CIS Group.»

Régis Arnoux
CEO

In addition, the CIS Group respects and adheres to:

- **The principles of the UN Global Compact,**
- **The principles of the Universal Declaration of Human Rights of 1948,**
- **The principles of the International Labor Organization,**
- **The guiding principles of the OECD.**

Corporate Foundation

In 2018, CIS Foundation celebrated its 10 years !

Created in 2008 at the initiative of the Chairman-CEO of CIS Group, Régis Arnoux, the CIS Corporate Foundation is currently chaired by Loïc Souron and Monique Arnoux (Vice Chairwoman) and provides support to young people (18-25) without material means of their ambitions.

Its mission is to help finance their training or professional project and support them throughout the process up to their entry into professional life.

On the occasion of its 10th anniversary, the Foundation wished to reunite young adults who had been supported by the Foundation as well as all its partners: general and vocational schools, local authorities and regional and local institutions to celebrate this new stage all together.

Testimonial of two young adults present at the 10 years ceremony:

«This evening was a very good opportunity to see the CIS Foundation team. It also allowed me to get to know other fellows and to exchange about our courses.» It was a very good moment with members of the Foundation, in a sumptuous place!»

Thomas Lamberti, Ubisoft Montpellier

«On the Foundation's 10th anniversary evening, former Fellows expressed their gratitude to the CIS Foundation and explained how the Foundation helped them in the realisation of their project. Speeches of the Foundation's leaders were encouraging and gave me the feeling that all the doors in front of me were open. I can't thank the Foundation and CIS staff who make it possible enough.»

Nabyla Lemmouchi, Studant at EMD

10 years
of the Foundation

CIS Foundation provides support to young people between
18-25 years

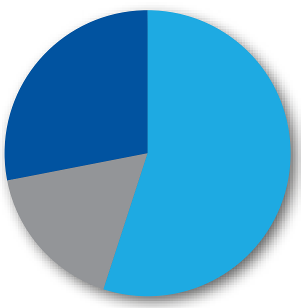
100
young people have been accompanied


CIS
Integrated Life Support Services
BURKINA FASO

FINANCIAL INFORMATION

Financial INFORMATION

SHAREHOLDING STRUCTURE



at 31 December 2017

Arnoux Family	54%
Aloyan Family	14%
Public	32%

Stock Exchange	Euronext Paris
Market	Compartment C
ISIN	FR0000064446
Main Index Tradable	CAC All-Tradable

CHANGES IN THE SHARE PRICE

CIS :
20 YEARS
ON THE STOCK EXCHANGE

Change IN REVENUE

1997 €11.8 M → 2017 €251.4 M

X 21

Change in SHAREHOLDERS' EQUITY

1997 €2.5 M → 2017 €56.8 M

X 22

SHARE DATA

	2015	2016	2017
Number of shares at 31 December	8,041,040	8,041,040	8,041,040
Market capitalisation at 31 December (M€)	128.7	135.9	136.6
High	€ 21.72	€ 16.94	€ 21.30
Low	€ 13.05	€ 11.46	€ 14.84
Average trading volume	9,040	3,740	5,108
Earnings per share	€ 0.64	€ 0.28	€ 0.54
Net dividend	€ 0.12	€ 0.06	€ 0.11

FINANCIAL REPORTING CALENDAR

15 June 2018
AGM 2017 annual accounts

8 August 2018
Publication of 2018 Q2 revenue

14 September 2018
Publication of 2018 H1 results

24 October 2018
Publication of 2018 Q3 revenue

FINANCIAL REPORT
31 December 2017

Contents

Translation disclaimer: This document is a free translation of the French language version of the financial report for the twelve-month period ended 31 December 2017 produced for the convenience of English speaking readers. In the event of any ambiguity or conflict between statements or other items contained herein and the original French version, the relevant statement or item of the French version shall prevail. While all possible care has been taken to ensure that this translation is an accurate representation of the original French document, in all matters of information, views or opinions expressed therein, only the original language version of the document in French is legally binding. As such, this translation may not be relied upon to sustain any legal claim, nor be used as the basis of any legal opinion and CIS expressly disclaims all liability for any inaccuracy herein.

Management Report of the Board of Director for the year ended 31 December 2017

To the shareholders:

We have called this General Meeting as required by law and our articles of association, to:

- report on the Company's financial position, business developments and results of operations for the period from 1 January to 31 December 2017, as well as material post-closing events, foreseeable developments and future prospects,
- submit for your approval the financial statements and the appropriation of profit for this financial year.

This report also includes the Group's management report pursuant to the provisions of Article L. 233-26 of the French commercial code.

I. FINANCIAL POSITION OF CIS GROUP AND ITS BUSINESS FOR FISCAL 2017

1. GROUP PROFILE

CIS, a global player

CIS, Catering International & Services, is a Group with more than 25 years of experience as an integrated provider of catering, accommodations and facilities management services for companies operating in difficult environments. Present in nearly 20 countries with 180 operating sites, CIS is today the third global provider of onshore and offshore remote site management services, with a worldwide staff of nearly 11,000.

With its integrated range of services, CIS assists companies operating in the oil and gas, mining, engineering, construction sectors, armed forces and international organizations.

CIS is also actively engaged in promoting the socio-economic development of local populations in countries where it operates.

2. BUSINESS OVERVIEW

The year 2017 was marked by the recovery of global economic growth highlighted by a continuing upturn in commodity and energy prices and renewed capital spending in the mining and on-shore oil sectors.

In this context, 2017 revenue amounted to €251.4 million, up 5.0% at constant exchange rates (+0.7% on a reported basis).

For the full year, current operating profit rose 24.8% to €13.7 million or 5.4 % of sales. These performances highlight the Group's ability to optimise its costs while taking advantage of the upturn in global growth.

In contrast, the impact of exchange rate depreciation, mainly the Congolese franc (Congo RDC), the Dinar (Algeria), the Togrog (Mongolia) and the Ouguiya (Mauritania), amounted to €10.7 million for revenue and more than €1.9 million for operating profit.

Commercial momentum remained on track with the renewal of the majority of our contracts. The successes highlight the confidence of our customers, the seriousness of the company and the quality of its services, while at the same time expanding our scope of action with winning new contracts.

Business developments and operating highlights

The following countries were key contributors to business in 2017: Mongolia, Mauritania, Saudi Arabia, DR of Congo and Russia, providing substantial drivers for organic growth.

■ In Mongolia and Mauritania, our major mining customers, Rio Tinto and Kinross, renewed their confidence in CIS by extending our contracts. CIS benefited in these two countries from the ramp up of the projects for Oyu Tolgoi in Mongolia and Tasiast in Mauritania.

■ The acceleration of development in Saudi Arabia with growth of more than 70% confirmed the strength of its partnership with the Al Zamil family consortium. CIS benefited from increasing revenue flows from contracts signed in 2016 in the oil and construction sectors. This strategic partnership will enable CIS to expand its positions in other high potential markets of the Middle East.

■ In the DR of Congo, CIS continued to develop in the Lubumbashi region, renewing the major mining contract and signing two new contracts in the mining and offshore sectors.

■ In Russia, revenue was up by more than 40%. CIS' market positions were strengthened by the renewal of three contracts with the mining giant Polymetal and a new prestigious contract with Lukoil, one of the world's largest oil and gas groups, to provide accommodation management services for 19 sites in Western Siberia.

In 2017, CIS' operations in Latin America were diversified:

- In Brazil, CIS reaped the benefits of the turnaround achieved as part of the ARISE strategic plan. CIS strengthened its position with Petrobras by renewing all its contracts and launched the diversification into onshore activities with a new contract to manage the Petrobras' headquarters canteen in Macaé.
- In Bolivia, the Group renewed its contract with Samsung and launched operations in the contract catering sector with a new customer, Totai Citrus.

In Africa, CIS reinforced the sustainability of its market position in Chad where the Group has been operating for the last 17 years supporting the leading global petroleum groups like ExxonMobil, Glencore and United Hydrocarbon. At the end of the tendering process, ExxonMobil, the world's largest publicly traded international oil and gas company once again selected CIS to manage the accommodation services for the remote site of Komé.

In Algeria, the Group registered the first positive contributions from the «ARISE Algeria» plan which included the implementation of six performance improvement projects and the opening of a purchasing office in Algiers. Cieptal also continued work to modernize the base in Hassi Messaoud.

In Niger, CIS continued its operations with Orano at the Somair and Cominak sites and developed in the Defence sector with the French Armed Forces (operation Barkhane) and Fluor Group.

In Eurasia, CIS maintained its activities in Kazakhstan with its historic customers while adding a new contract in the mining sector with a Kazakh company in the Aktogai region.

Also in 2017, the Group introduced a digital offering for its customers with the creation of SystemONE™. SystemONE provides a combination of digital solutions designed to improve remote site management and the day-to-day life of the residents.

3. CIS SHARE PRICE PERFORMANCE

The CIS share ended the year at €16.99 compared to €16.90 at the end of 2016.

4. OPERATING HIGHLIGHTS

CIS remained resilient despite the turbulence in foreign exchange markets during the year.

Current operating profit significantly improved throughout the year to reach €13.7 million representing a margin of 5.4%, up one point from 2016.

Operating profit for the year amounted to €12.3 million (in progression of 22.9%).

The Group's shareholders equity stood at €56.8 million and was impacted by negative translation adjustments of €11.5 million.

Bank borrowings remained stable at €14.8 million.

II. PRESENTATIONS OF ACCOUNTS

1. SEPARATE PARENT COMPANY FINANCIAL STATEMENTS

Accounting policies and methods

No changes have been made in the methods used for the measurement of balance sheet items presented herein.

Income statement highlights

Revenue in 2017 rose €278,495 or 1% from €23,051,823 in 2016 to €23,330,318.

After reversals of provisions and expense reclassifications amounting to €490,860, total operating income came to €23,821,178, down from €23,199,038 in the prior year.

Total operating expenses declined by €1,222,025 or 4% to €32,419,666 from €33,641,691 in 2016.

Operating expenses included €456,615 for allowances for amortisation and depreciation and €273,900 for contingency provisions compared with €453,504 and €270,000 respectively in 2016.

These expenses also included allowances for the depreciation of current assets of €2,093,000, down from € 2,816,840 in 2016.

On that basis, the operating loss amounted to €8,598,488 compared to a loss of €10,442,653 in 2016.

After adjusting for financial income of €35,557,139 and financial expenses of €3,221,384, current operating profit before tax amounted to €23,737,268.

After exceptional income of €1,326,307, exceptional expenses of €2,080,897 and income tax for the period of €43,797, the net profit for the period amounted to €22,938,881, compared to a net loss of €5,435,240 in 2016.

Balance sheet highlights

Non-current assets totalled €11,424,608 including financial assets of €10,478,246.

Current assets amounted to €42,439,069 including cash and cash equivalents of €2,486,681 compared with respectively €16,386,190 and €1,814,266 in 2016.

Provisions for contingencies and expenses amounted to €2,084,222, compared with €1,797,106 for the prior year.

Current liabilities amounted to €24,985,259, down from €22,341,574 in 2016.

At 31 December 2017, shareholders' equity before the distribution of dividends amounted to €27,353,223 compared with €4,896,804 at the end of 2016.

2. CONSOLIDATED FINANCIAL STATEMENTS (IFRS)

Accounting policies and methods

No changes have been made in the methods used for the measurement of balance sheet items presented herein.

Companies consolidated by the Group include all those exclusively controlled by CIS, conducting all their business operations outside of France and listed in the document provided to you.

The financial statements for fiscal 2017 have been prepared in accordance with IFRS (International Financial Reporting Standards).

Income statement highlights

Figures are presented herein in thousands of euros, expressed as "K€" in the original French document (excluding tables) and rounded off accordingly to the nearest thousand (000s).

Annual revenue amounted to €251,355,000, up from €249,551,000 in 2016 or an increase of €1,804,000.

The net amount for allowances and reversals of provisions amounted to €4,448,000.

Operating profit amounted to €12,330,000, up from €10,033,000 in 2016.

Net financial expense amounted to €1,075,000 compared to income of €32,000 in 2016.

Profit before tax came to €11,255,000, up from €10,065,000 last year.

Net consolidated profit amounted to €5,347,000 compared with €4,076,000 in 2016.

On that basis, net profit attributable to CIS as the consolidating company amounted to €4,315,000, compared with €2,275,000 in 2016.

Balance sheet highlights

Figures are presented herein in thousands of euros, and (excluding tables) rounded off accordingly to the nearest thousand (000s).

Non-current assets amounted to €15,600,000 compared with €17,316,000 in 2016.

Current assets amounted to €111,389,000 compared with €124,328,000 in 2016.

Non-current liabilities came to €8,734,000 (including long-term provisions of €1,979,000) compared with €7,791,000 in 2016.

Current liabilities amounted to €61,437,000 compared with €67,594,000 in 2016.

At 31 December 2017, shareholders' equity before the distribution of dividends amounted to €56,818,000 compared with €66,259,000 at the end of 2016.

Equity attributable to non-controlling interests amounted to €2,399,000 compared with €3,941,000 in 2016.

Headcount data

The average number of employees was 10,702 in 2017 compared with 11,328 in 2016.

III. MATERIAL POST-CLOSING EVENTS

There were no significant events occurring between the end of the reporting period and the publication date of this report.

IV. BUSINESS TRENDS AND OUTLOOK

1. THE GLOBAL ECONOMIC SITUATION

A number of indicators confirm the improvement in the worldwide economic environment: a significant upturn in maritime traffic, the continued increase in commodity and energy prices and renewed investment in the oil, gas and mining sectors against the backdrop of a global economic recovery.

2. STRATEGY AND OUTLOOK

CIS' strategy for growth is focusing on several priorities:

- Accelerating business development by focusing on major projects in production and regions with strong growth potential: Sub-Saharan Africa, the Middle East and Eurasia
- Expanding our customer portfolio: high value added niches and new geographical markets: Americas and Asia
- Increasing the performances of subsidiaries by accelerating the deployment of our ARISE strategic plan
- Continuing improvements in competitiveness (purchasing and human resources) by implementing the performance component of the ARISE plan

The Group's confident in the outlook for business development in 2018.

V. SUBSIDIARIES AND ASSOCIATES

A. CIS (COMMONWEALTH OF INDEPENDENT STATES)

ARCTIC CATERING SERVICES (ACS)

Created in 1997 (capital: RUB 111,978) with its registered office in Moscow (Russia), this company is a wholly-owned subsidiary of our Group.
ACS' business registered significant gains in 2017 reflecting continuing management efforts to improve operating profitability.

CIS GEORGIA

Created in 2002 (capital: GEL 2,000) with its registered office in Tbilissi (Georgia), this company is a wholly owned subsidiary of our Group.
This subsidiary is currently dormant, with the prospects for development considered to be virtually nil in this country.

CIS UKRAINE

Created in 1996 (capital: US$ 6,000) with its registered office in Kiev (Ukraine), this company is a wholly-owned Group subsidiary. The subsidiary is currently dormant.

UKRAINE CATERING & SERVICES (UCS)

Because reactivating our former Ukrainian structure was too time-consuming and costly, a new wholly-owned Group subsidiary was created in Kiev (Ukraine) with a capital of UAH 63,000, to participate in future calls for tender, particularly in the construction sector.

CAC KAZAKHSTAN

The company was acquired in 2010 to better meet the national «local content» requirements for companies operating in Kazakhstan.
With a capital of KZT 72,500 and a registered office in Almaty (Kazakhstan) it is a wholly owned subsidiary of the Group.
Revenue and operating profit for the period remained stable.

B. ASIA - OCEANIA - MIDDLE-EAST

CIS ASIA

Created in 1997 (capital: UZS 583,600) with its registered office in Zarafshan (Uzbekistan), this company is a wholly-owned Group subsidiary.
With no operating activities, the subsidiary remains dormant.

MYANMAR CATERING SERVICES (MCS)

Created in 1997 (capital: US$52,000) with its registered office in Yangon (Myanmar), this company is an 85% held subsidiary of our Group with the balance of 15% held by a Burmese partner.
Because prospects are non-existent, this subsidiary is currently being wounded up.

CIS NEW CALEDONIA

Created in 2005 (capital: XPF 5 million) with its registered office in Koné, this subsidiary is 60%-owned by our Group, with 20% held by a local French partner and 20% by the Northern Province.
With the contract for KNS expiring in December 2016, no sales were registered by this subsidiary in 2017.

CIS PACIFIC

This wholly-owned subsidiary of our Group (capital of XPF 200,000), with a registered office in Nouméa (New Caledonia) was created in 2013 to support developments expected in the southern part of the island.
This subsidiary which has been in the process of being wound up since 2016 registered no activity in the period.

CISY YEMEN

Created in 2009 (capital: YER 8 million) with its registered office in Sanaa (Yemen), this company is a 50% held subsidiary of our Group with the balance of shares held by a local partner.
This subsidiary has been placed into dormancy in light of the country's climate of insecurity and the very fragile political situation.

MOHJAT AL-IRAQ GENERAL TRADE

This wholly-owned subsidiary created in 2012 by CIS, has share capital of IQD 5 million with its registered office in Baghdad (Iraq).
This subsidiary has been dormant since operations were discontinued in 2013.

CIS MIDDLE EAST

This wholly-owned subsidiary of our Group (capital: AED 100,000) was created in Dubai (United Arab Emirates) in 2013.
This subsidiary had no operating activity in the period.

SUPPORT SERVICES MONGOLIA

This company with a capital of MNT 425 million and its registered office in Oulan-Bator (Mongolia) was created in 2014. This 49%-held subsidiary of our Group is fully consolidated with control exercised by CIS SA.
Continuing investments by our customer Rio Tinto in the Oyu Tolgoï copper and gold mine was accompanied by significant deployment in the number of persons to be serviced.
Revenue in consequence increased significantly in 2017 on the basis of satisfactory conditions in terms of profitability.

CIS ARABIA

This company with a capital of SAR 500 million and its registered office in Al Khobar (Saudi Arabia) was created in 2015. This subsidiary is 55%-held by our Group, with the balance held by Zomco, a subsidiary of the major Saudi Arabian group, Al Zamil.
Our operations registered significant gains in 2017. In contrast, the results for the period were disappointing. We continue however to remain very positive about the Saudi market which is opening of possibilities for large-scale development for our Group.

CIS TURKEY

This 55%-held subsidiary of our Group (capital: TRY 10,000) was incorporated in 2015 in Diyarbakir, Turkey.
This subsidiary is currently dormant, after its operations were discontinued and refocused in 2016.

CIS MEA

Our first subsidiary in the United Arab Emirates, unable to operate on a direct basis except for consulting activities, a new wholly-owned subsidiary of the Group (capital: AED 50,000) was created in Dubai in order to participate in the developments that are expected in the Gulf region.
No activity was recorded yet in this period.

CIS KUWAIT

This company with its registered office in Kuwait City, 94%-owned by our Group (capital: KWD 10,000) was created in 2016 to participate in major developments expected in this region of the Middle East.
This subsidiary was placed into dormancy following the discontinuation of our commissary kitchen facilities operations at the end of 2016.

C. AFRICA

CATERING NORTH AFRICA SERVICES

Created in 2001 (capital: DZD 1 million) with its registered office in Algiers (Algeria), this company is a wholly-owned Group subsidiary.
Our stake in Cieptal was acquired in 2006 through CNA that in consequence suspended its operating activity.
A dispute exists between CNA and the Bank of Algeria, regarding the transfer of dividends.
The Algerian Supreme Court rendered two rulings in favour of CNA which were definitively confirmed by the decision by the Court of Appeals of 09/11/2016.
A decision for the distribution of dividends for the benefit of CIS SA was in consequence voted on 01/02/2017 and the corresponding withholding tax on this distribution was paid to the Algerian tax authorities.
In this context, the Bank of Algeria issued instructions on 15/02/2017 to all banks to lift the restriction on executing bank debit payments and to proceed with the international transfer of the funds, and in consequence distribute the dividends.
Contrary to all expectations, on 07/05/2017 the Bank of Algeria opposed the request for transfer, without however providing any justifications.
In consequence, CNA, after unsuccessful attempts to contact the Bank of Algeria, initiated an action in February 2018 seeking to the annulment of this decision.
The collection of dividends has not been called into question though the timeframe has been prolonged.

CIEPTAL

Created in 2006 (capital: DZD 100 million) with its registered office in Hassi-Messaoud (Algeria), this company has been wholly-owned by the Group since 2008.
CIEPTAL registered a decline in revenue in 2017 in conjunction with a profitability improvement plan.
The resulting increase in our margins made it possible to maintain operating results at the same level.

CIS CHAD

Created in 1998 (capital: XAF 5 million) with its registered office in N'Djamena (Chad), this company is a wholly-owned Group subsidiary.
Declining oil prices in 2015 resulted in a significant reduction in the activity of our customers. The continuation of this trend in 2016 and 2017 resulted in unsatisfactory conditions in terms of profitability.

CIS CAMEROON

Created in 1998 (capital: XAF 5 million) with its registered office in Douala (Cameroon), this company is a wholly-owned Group subsidiary. It continues provide support to Group activities in Chad in terms of logistics and sourcing.

ICS GUINEA CONAKRY

Created in 2008 (capital: GNF 10 million) with its registered office in Conakry (Republic of Guinea), this company is a wholly-owned Group subsidiary.
This subsidiary has been dormant since operations were discontinued in 2016.
We remain however attentive to possibilities for resuming investments in this country.

GCS GUINEA CONAKRY

This wholly-owned Group subsidiary (capital: GNF 10 million) with its registered office in Conakry (Republic of Guinea) was created in 2011 to support the strong development of the mining sector expected in this country.
This subsidiary has been dormant since operations were discontinued in 2016.

CNA MAURITANIA

Our activities are managed through this wholly-owned subsidiary of CIS with its registered office in Nouakchott (capital: MRO 2 million).
In line with its development plan, our customer, Kinross Group, made substantial investments in the Tasiast gold mine.
Our revenue significantly increased in consequence in 2017 on the basis of conditions of profitability in line with our expectations.

CIS NIGER

This wholly-owned subsidiary of CIS (capital: XAF 1,000,000) was created in 2010, with its headquarters in Niamey.

Our activity continued to develop in 2017, the first full-year of operations, driven notably by the diversification of our services to the French and US armed forces present in Niger.

CIS BURKINA FASO

This wholly-owned subsidiary of our Group (capital: XAF 1 million) with its registered office in Ouagadougou was created in 2014.
Our activity registered significant growth in 2017 following the construction and operation of a commissary kitchen facility for the gold-mining company Semafo at its Natougou site.

CIS MALI

This wholly-owned subsidiary of our Group (capital: XAF 1 million), headquartered in Bamako (Mali) was created in 2013 to support the development of mining operations in this country.
A decline in activity in the second half reflected the loss of one of our contracts for which the new rates expected by our customer did not enable us to be more profitable.
In response, overhead costs were reduced in order to balance our budget.

CIS NACALA

This company (capital: MZN 20,000) created in 2013 with its registered office in Nacala (Mozambique) is an 80%-owned subsidiary of our Group with the balance of shares held by a local partner.
We registered lower sales after our main customer, the Brazilian mining company, Vale, significantly reduced its workforce.

CIS MOÇAMBIQUE

This company (capital: MZN 20,000) was created to develop our activity in the region where CIS Nacala is not able to operate due to regulatory restrictions.
With its registered office in Nacala (Mozambique), it is an 80%-owned subsidiary of our Group with the balance of shares held by a local partner.
The subsidiary registered a decline in revenue reflecting the expiration of the construction contracts we operated for Portuguese construction and civil engineering companies.

CATER CONGO

This wholly-owned subsidiary of our Group (capital: XAF 10 million) was incorporated in Brazzaville to provide the Group a base in the Republic of Congo.
This subsidiary has remained dormant since operations were discontinued in 2015.

TSC

This company, henceforth wholly-owned by our Group, (capital: CDF 1,961,012) was incorporated in 2016 in Lubumbashi (Democratic Republic of the Congo) supporting our development in the Katanga region, one of the mining regions with the richest deposits in Africa.
The regularization of new contracts with mining companies enabled us to register gains in revenue and earnings.

D. SOUTH AMERICA

CIS BRESIL

Created in 1999 (capital: BRL 27,801,680) with its registered office in Macaé (Brazil), this company is a wholly-owned Group subsidiary.
Revenue for the subsidiary in 2017 remained steady. In contrast, the drastic measures of the «Arise Brazil» plan continued to produce positive results. On that basis, after several difficult years, operating breakeven was achieved in 2016 and in 2017 our earnings increased significantly while the level of debt was cut in half.

CIS BOLIVIA

Created in 1998 (capital: US$ 5,314) with its registered office in Santa Cruz (Bolivia), this company is a 99%-held Group subsidiary.
This subsidiary registered lower sales, reflecting the planned scale-back in personnel by our main customer that was partially offset by diversification into contract catering addressing a new type of customer.

CIS PERU

Created in 2006 (capital: PEN 3,306,956) with its registered office in Lima (Peru), this company is a wholly-owned Group subsidiary.
In light of the very limited visibility for growth prospects in this country, this subsidiary is in the process of being wound up.

CISM VENEZUELA

Created in 1998 (capital: VEF 20,000) with its registered office in Caracas (Venezuela), this company is a wholly-owned Group subsidiary. With no operating activities, the subsidiary remains dormant.

CIS DOMINICANA

This wholly-owned subsidiary (capital: DOP 100,000) located in Santo Domingo (Dominican Republic) was created in 2013 to respond to the call for tender by the mining company, Barrick Gold.
Our contract expired at the end of the 2017 first half. Without any other activity since then, the decision was made to wind up the subsidiary.

E. NEW SUBSIDIARIES ACQUIRED OR CREATED IN 2017

None.

F. SUBSIDIARIES DISSOLVED, MERGED OR SOLD IN 2017

TOP SERVICE

To strengthen its position in the Democratic Republic of Congo, in 2014 the Group acquired a 70% stake in Top Service with a capital of CDF 919,825,385 and a registered office in Lubumbashi.
Pursuant to the litigation with the seller, CIS was required to record an exceptional goodwill impairment charge for Top Service as a whole having an impact on the 2016 consolidated financial statements of €0.8 million. The parties to the dispute signed a settlement agreement on 28/09/2017. Under the terms of this settlement the sellers acquire full title to the shares of Top Service and undertake to wind up this company.

VI. RISK FACTORS AND RISK MANAGEMENT PROCEDURES

1. DEFINITION OF RISK FACTORS

The CIS Group's risk management policy is designed to ensure an optimal protection of the interests of its shareholders, customers, employees and its environment, based on the principles described below.

In compliance with regulatory obligations, the Group conducted a review of risks which could have a material adverse effect on its business, financial position or earnings. On that basis, it considers that there do not exist to the best of its knowledge other specific and material risks identified other than those presented below.

BUSINESS RISKS

Market risks

CIS' different business activities are subject to significant international competition.
The Group's position in these markets is directly dependent on the quality of services it proposes, its competitiveness and the long-lasting relations of confidence it has developed with key customers/ decision-makers.

INTERNATIONAL OPERATING RISKS

Foreign exchange risks

Because all the company's revenue is generated by international operations, it is subject to risks related to foreign exchange fluctuations, notably of the US dollar. Procedures have been implemented accordingly to reduce the most likely exposures, mainly associated with cash flows in foreign currency generated by business operations.
In order to limit the foreign exchange risks, the expenses and income are generally denominated in the currency of the country of operation, thus maintaining a certain balance.

Country operation risks

The Group currently monitors exposures to country operation risks and their geopolitical situation.
There have been no significant incidents in recent years of payment default, including in countries identified at risk.

EMPLOYEE-RELATED RISKS

Reflecting the specific nature of the Group's business, the role, professionalism and commitment of employees are decisive.
To foster personnel retention and increase the level of expertise and service provided to customers, the Group has developed a strong corporate culture and implemented a system of employee management and motivation based on a combination of tools such as continuing education, profit sharing and variable performance-linked compensation.
On that basis, the employee turnover and absenteeism rates of the Group are very low.

FINANCIAL RISKS

Customer risks
Most customers represent top-tier investment-grade worldwide companies in their respective area. In consequence, customer payment default and credit risks which are monitored on an ongoing basis remain limited.
In addition, the status of trade receivables is monitored on a daily basis.

Risks related to financial commitments
In light of low long-term gearing of 26% and a net cash position representing 35% of total assets, the risk that the Group would be unable to honour its financial commitments is virtually nil.

Liquidity risks
As explained above, as the Group maintains a solid cash position at all times, no genuine liquidity risks are considered to exist and on that basis considers that it is able to honour its future payment obligations.

Equity risks
Own shares held in treasury relate exclusively to the liquidity agreement with a brokerage firm.
They are recognised in the consolidated financial statements as a charge under equity. The portfolio of marketable securities consists exclusively of money market funds (OEICs) without an equity component.

Internal control risks
Internal control procedures applied to all the Group's companies and in all areas considered as subject to financial risks, are organised to minimise the occurrence of such risks (internal and external audits carried out throughout the year).

Computer error or data loss risks
Measures taken to reinforce the Group's information system allow for information to be transmitted and verified in real time, reducing ipso facto the risks of data loss and errors associated with multiple data entries.
Moreover, the risk of data loss is also limited by the application of strict backup procedures.
Lastly, the information system is equipped with all protection measures available today (inverters, anti-virus, firewall) to reduce the risks of power outage, breakdown, virus attacks or data theft.

Legal risks

Risks related to the regulatory developments
Regulations that apply to the Group businesses vary according to the country in which the Group operates. In this case, the Group may be led to refer to local consultants to clarify, if required, certain obligations.

Litigation

- A dispute exists between CNA and the Bank of Algeria, regarding the transfer of dividends. The Algerian Supreme Court rendered two rulings in favour of CNA which were definitively confirmed by the decision by the Court of Appeals of 9 November 2016.
  A decision for the distribution of dividends for the benefit of CIS SA was in consequence voted on 01/02/2017 and the corresponding withholding tax on this distribution was paid to the Algerian tax authorities.
  In this context, the Bank of Algeria issued instructions on 15/02/2017 to all banks to lift the restriction on executing bank debit payments and to proceed with the international transfer of the funds, and in consequence distribute the dividends.
  Contrary to all expectations, on 07/05/2017 the Bank of Algeria opposed the request for transfer, without however providing any justifications.
  In consequence, CNA, after unsuccessful attempts to contact the Bank of Algeria, initiated an action in February 2018 seeking to the annulment of this decision.
  The collection of dividends has not been called into question though the timeframe has been prolonged.

- Pursuant to the litigation with the seller of the Congolese company, CIS was required to record an exceptional goodwill impairment charge for Top Service as a whole, having an impact on the 2016 consolidated financial statements of €0.8 million. On 28 September 2017, the parties to the dispute signed a settlement agreement providing for the following terms:
  - CIS acquired title to 100% of the shares of the Congolese company, TSC
  - The sellers reacquired full ownership of the shares of Top Service which they undertook to wind up. The company is currently in the process of being wound up.
  - Mr. and Mrs. Lagneau are liable vis-à-vis CIS for the balance of US$300,000, of which to date €139,000 has been paid. Procedures are in progress by CIS to obtain the balance of the payment from Mr. and Mrs. Lagneau.

Otherwise, the Company had no knowledge at the end of the reporting period of any other legal or arbitration proceedings that may have a material impact on the Group's business, assets and liabilities, financial position or earnings.

Ethical and non-compliance risks

In light of the activities of CIS Group, its international dimension and the cultural diversity that it represents, we are committed to promoting among all staff throughout the world, regardless of the functions they exercise and their origins, a common definition of our values, conditions and ethics.

It is in effect essential that individually and collectively everyone applies and shares the same values of transparency, integrity and honesty throughout Group. Respecting moral, professional and ethical rules of conduct is essential for ensuring a climate of social harmony and mutual respect for all staff and strengthen the confidence of third parties, notably our customers, suppliers and partners, shareholders and all persons who participate in our committees and our development.

With this objective, the Group introduced an anticorruption programme, distributing beginning in 2004 an Ethical Charter defining a set of common rules to be adopted by all. Taking this approach a step further and in compliance with the French Law 2016-1691 of 9 December 2016 on transparency, the fight against corruption and modernization of the economy (the «Sapin II» law), in 2017 the Group adopted the «Middlenext Anti-Corruption Code of Conduct «, the result of concerted effort by a group of companies – of which CIS – committed to promoting ethics in business.

It is of course not possible to cover exhaustively all the situations which might arise. However, the principles addressed in the Middlenext Anti-Corruption Code of Conduct and the Ethical Charter provide a base of reference for the approach to be adopted.

In addition, in its day-to-day operations, CIS Group respects and complies with the following:

- The principles of the UN Global Compact;
- The principles of the Universal Declaration of Human Rights of 1948;
- The principles of the International Labour Organisation;
- The OECD guidelines.

Finally, CIS has distributed an internal whistleblowing procedure to all staff.

All these documents dealing with Ethics are available at CIS' website (www.cis-catering.com/fr/Notre-groupe/ETHIQUE)

To identify risks and prevent serious violations of human rights and fundamental liberties, human health and the environment resulting from the activities of the Group, subcontractors or suppliers with whom CIS maintains an established business relationship, the Group adopted a Vigilance Plan as detailed in paragraph VII of this management report.

2. RISK MANAGEMENT

In 2013, the Group established a «crisis management» procedure providing for measures designed to address every type of situation. With that objective we:

- We drafted procedures and summarised guidelines destined to strengthen our crisis management capabilities in the face of any non-conventional incidents;
- Developed an on-call unit designed to facilitate rapid assessments of potential crises and to intervene as early as possible based on a structured crisis management approach;
- Developed a methodology for «crisis management and emergency response plans» destined for first-line responders responsible for managing from the start a crisis involving the safety of CIS personnel abroad.

These measures may be supplemented by specific audits assigned to specialized companies according to sensitive environments where CIS may be required to intervene.

CIS has also distributed an internal whistleblowing procedure to all staff of the Group.

Our Company has developed internal control procedures to ensure rigorous financial management, risk management and prepare information to be provided to shareholders on its financial position and the financial statements.

3. OBJECTIVES OF INTERNAL CONTROL

The objective of the CIS internal control procedures is to prevent risks resulting from the Group's business and ensure that all operations are conducted in compliance with the company's procedures as well as applicable laws and regulations.

These procedures are primarily destined to ensure the reliability and fair presentation of financial and accounting information communicated by the company.

These procedures take into account the specific nature of the Company's business that is exercised exclusively in international markets through subsidiaries and branch offices.

4. ORGANISATION AND IMPLEMENTATION OF INTERNAL CONTROL PROCEDURES

CIS has adopted three organisational priorities for internal control:

> Internal control manager
An internal control department was created in 2013 reporting directly to Executive Management with the following missions:

- Auditing the quality of internal control procedures already implemented by all Group entities;
- Improving risk management;
- Identifying new areas of risks to which our business is exposed and implementing appropriate procedures to address these risks.

> Internal control functions for business operation

- Internal control is also assured by the financial controller who performs on-site missions in the operating countries and who is tasked with conducting all investigations considered necessary to verify the efficacy of accounting and financial processes in each subsidiary, compliance with established rules (banking and legal authorities, obligations, account and cash flow management, etc.) and identify incidents of potential fraud.
- A position of vice president with responsibility for management control was created in 2012 tasked primarily to monitor and analyse key management indicators, improve controls and profitability and ensure the security of operations.
- Furthermore, Country Managers and Regional Managers are responsible for management issues relating to subsidiaries and entities under their authority. To this purpose, they conduct a certain number of verifications both with a purely management focus in relation to quality and profitability objectives and to identify potential deficiencies.
- It should also be known that Statutory Auditors exist for each Group subsidiary in connection with the consolidation process responsible for certifying the accounts and identifying, as required, all risks of accounting irregularities and information relating to the going concern of these subsidiaries.

> Quality approach
CIS has implemented a quality management system (QMS) to meet the objectives set by the company's quality policy and the requirements of the ISO 9001-V2015 standard for which the Marseilles headquarters obtained certification in February 2004 (catering engineering, food and living accommodation services in extreme conditions and in emerging countries, managed from the head office).

A quality department was created to monitor and update the quality system. To this purpose, internal audits are carried out on a regular basis to ensure that the provisions adopted by the quality management system are in compliance with the standard, applied and effective.

The suitability and effectiveness of the quality management system is assessed on a regular basis through process or management reviews by the different parties concerned.

Regardless of the type of review (process or management), the methods are similar and only their scope is different:

- The process review applies to a single process,
- The management process focuses on a set of processes with a summarised approach.

The frequency of these reviews is adapted to the results of prior reviews and the availability of all participating parties, with the planning schedule updated by the Quality Manager.

All actions are planned and monitored jointly by the Quality Manager and the relevant concerned parties.

It should also be noted that the Audit Committee regularly receives input from the Quality Manager and the Internal Control Manager.

5. PRINCIPLES OF BUSINESS CONDUCT AND BEHAVIOUR

100% of the activity of CIS Group is derived from outside France and the teams are geographically near their customers in the operating regions in order to provide them with solutions adapted to their needs within tight time frames.

On that basis, the Group has implemented delegations of powers and responsibilities for Country Managers, Operational Managers and functional managers at different Group levels.

These delegations of powers are exercised within the framework of general guidelines and in compliance with CIS Group's principles of conduct and behaviour:

- respecting common Group rules in terms of engagement, risk-taking, new business and reporting financial, accounting and management information;
- transparency and fairness of staff vis-à-vis their line management and the headquarters support functions;
- respecting the laws and regulations in force in the countries where the Group operates;
- seeking to achieve financial performance.

6. PREPARATION AND VERIFICATION OF ACCOUNTING AND FINANCIAL INFORMATION

The finance department, operating under the authority and oversight of Executive Management, is responsible for all accounting functions.

In performing this role, it collects all accounting and financial information transmitted by subsidiaries, after successive controls were performed by the relevant subsidiary and regional managers, with the intervention of their own departments as well as the auditors of the subsidiaries.

The Finance Department consequently exercises a role of oversight with respect to the relevant standards and laws (in particular relating to legal compliance and tax matters).

The Finance Department also is responsible for ensuring the consistency of all financial information and the production of financial statements. To this purpose, it ensures in particular the quality of the translation of the financial statements of foreign subsidiaries.

The Finance Department is responsible for supervising cash management operations and ensuring the conformity and validity of the translation of transactions in foreign currencies.

Preparation of consolidated financial statements
In compliance with EC regulation 1606/2002 on the application of international accounting standards, the Group's consolidated financial statements of 31 December 2017 were prepared in accordance with the international financial reporting standards (IFRS) in issue on that date.
The consolidation process is carried out under the supervision of the Chief Financial Officer. All relevant items are then audited by the Statutory Auditors before the financial statements are published.

7. INSURANCE COVERAGE

The Group has insurance coverage for all its businesses in accordance with the normal terms and guarantees for its sectors of intervention.

The Group has two global insurance programmes covering the different risks identified with respect to its business operations.

When necessary and possible, additional coverage is obtained either for the purpose of complying with applicable laws or to cover specific risks resulting from a particular activity or circumstances.

Insurance policies are coordinated and implemented by a specialised broker with coverage assured through a number of European and international financially sound and reputable insurance carriers.

In 2015, the insurance policies covering our personnel and civil liability were renegotiated and the guarantees provided thereunder were significantly increased. The Group also took out an insurance policy for environmental damage that might be caused by our business.

Finally, the Group has taken out an insurance policy for directors and officers liability (D&O).

8. PREVENTING CORRUPTION AND FRAUD

The Code of Conduct and Business ethics Charter updated at the end of 2017 defines the rules of conduct for all Group employees but also those companies with which CIS works.

In compliance with the French Law 2016-1691 of 9 December 2016 on transparency, the fight against corruption and modernization of the economy (the «Sapin II» law), in 2017 the Group adopted the «Middlenext Anti-Corruption Code of Conduct », the result of concerted efforts by a group of companies

– of which CIS – committed to promoting ethics in business.

Since 2016, the Group has also carried out awareness-raising and training initiatives for all its personnel in Ethics and Compliance which includes an anti-corruption module. Each Country Manager educated and trained in these areas must in turn transmit these approaches within their respective organizations.

The application of these measures will be actively monitored in each subsidiary by the Internal Control department, mainly through internal audits starting in 2018.

An action plan is updated and reports are provided to the Executive Management and the Risk Audit Committee of the Group on a regular basis.

Every new employee is given a Welcome Booklet when they join CIS. This includes notably the Code of Conduct and Business Ethics Charter and the Gifts policy. Employment contracts and the CIS rules of procedure have also been modified to promote employee accountability in ensuring strict compliance in these areas.

9. ACTIONS TAKEN TO STRENGTHEN RISK MANAGEMENT AND INTERNAL CONTROL

In 2017, the following issues were addressed:

- Developing an operational risk map presented to the Executive Management and the Risk Audit Committee at the end of 2017.
- At the level of risks, an audit plan for internal risks and risk assessment was validated in the beginning of 2017 by the Executive Management providing for visits to every subsidiary at least once every two (2) years.

The 2017 audit plan covered 75% of the subsidiaries.

In addition to the recurrent assignments linked to internal control and financial and accounting information, one of the main subjects addressed in 2017 was the deployment of the anti-corruption procedure (the «Sapin 2» law). A specific risk map in corruption was developed and the audit plan for 2018 integrated measures resulting from the new law in this area.

The Group also conducted due diligence on all of its largest suppliers.

The Group is committed to continuous improvements in its risk management and internal control procedures. The Internal Control and Legal Department will also continue in 2018 these actions to ensure the effective implementation of anti-corruption procedures and their strict application by all Group employees.

VII. EMPLOYMENT, ENVIRONMENTAL AND SOCIAL INFORMATION

All employment, environmental and social information is presented in the Statement On Non-Financial Performance included with this annual report, with the exception of the vigilance plan described above.

In 2017, the Group adopted a vigilance plan with the aim of identifying risks and preventing serious violations of human rights and fundamental liberties, human health and the environment resulting from the activities of CIS and its subsidiaries, subcontractors and suppliers with whom it maintains an established business relationship. These initiatives fall under the scope of the new French law imposing a corporate duty of vigilance on parent companies and instructing companies.

The vigilance plan describes below applies to all Group subsidiaries and is organized as follows:

1. ASSOCIATED RISKS

To fine-tune the main environmental and social risks associated with CIS' corporate duty of vigilance, a map has been developed covering all Group activities based on the Group's map of global risks.

The main risks identified are as follows:

> Risks related to the safety of individuals

The Group intervenes in certain regions of the world that are potentially unstable. In a global environment marked by the threat of terrorism, we have identified high risk of terrorist attacks, kidnapping, rebellion, war or invasion, notably in the Middle East and sub-Saharan Africa.

> Risks related to the health of individuals

CIS operates in remote regions where access to healthcare services is limited: in cases of medical emergencies, the health of individuals may thus be compromised. In addition, CIS employees are also subject to conventional health risks when they travel in foreign countries.

> Risks related to the security of individuals

The Group intervenes in regions that are difficult to access where the roads lack maintenance, are often in poor condition and sometimes impassable. For that reason, we have noted the existence of an important risk of road accidents (risk of injury and/or death) when employees travel by car in dangerous regions.

2. REGULAR EVALUATIONS OF SUBSIDIARIES, SUBCONTRACTORS AND SUPPLIERS

Every subsidiary produces a report that includes key performance indicators in the areas of health, safety and the environment. In the future, the Group wishes to use a standardized version of this report for evaluating performances in the areas of health, safety and the environment and increase the reliability of the data provided.

In addition, CIS is studying the possibility of adopting a standardised system for evaluating subcontractors and suppliers that would apply to all Group subsidiaries.

3. MEASURES FOR REDUCING RISKS OR PREVENTING SERIOUS ABUSES

The safety and health of people is a fundamental criteria for the Group, underpinning its permanent focus on achieving a «zero incident» performance as an absolute priority. For that reason, to reduce these risks to a minimum, the Group has adopted a number of measures:

> Measures for reducing individual security risks

A risk prevention and awareness-raising procedure is adopted when a Group employee is required to work or travel in potentially unstable regions. For that reason, prior to their departure, employees are kept informed of the hazards of the country and the risks incurred. At the same time, targeted and specific recommendations are given to such employees to reduce their risk exposure.

CIS has implemented a system for locating its employees in potentially dangerous regions.

Accordingly, each employee residing in or traveling to an at risk country is equipped with a GPS tracker with an integrated warning system. In the case of an emergency, the employee can trigger the warning system (which is directly linked to the specialized risk management company, GEOS) and report a problem.

> Measures for reducing individual healthrisks

The Group has implemented a system for medical repatriation for emergency medical evacuations for employees.

Risk prevention and awareness-raising procedures are implemented for staff to prevent existing illnesses and health risks in the countries in which they operate. Most Group customers require our employees to adhere to strict health regulations (vaccinations, medication intake, etc.).

> Measures for reducing individual safety risks

Every Group subsidiary has implemented a road safety prevention campaign to raise employee awareness in this area.

In addition, CIS reserves the right to request that an employee be tested for the presence of alcohol or drugs. Such controls are frequently carried out at the operating sites by Group customers.

4. SYSTEM FOR WHISTLEBLOWING AND COLLECTING REPORTS

The Group implemented a whistleblowing tool which allows employees to (i) report any deviations in the areas of accounting, finance, preventing corruption and competition, (ii) report acts of discrimination, harassment and serious cases of noncompliance with health and security regulations which would put the physical or mental health of employees at risk and might seriously harm the Group's activity or result in its liability.

The use of this same tool as part of a global vigilance plan is under study.

5. MONITORING SYSTEM

In 2018, the Group wishes to implement a health, safety and environment audit and inspection programme. The goal would be to audit every subsidiary at least once every two (2) years.

VIII. SHARE CAPITAL INFORMATION

In accordance with the provisions of article L.233-13 of the French commercial code (code de commerce) and taking into account disclosures and notifications received pursuant to articles L.233-7 and L.233-12 of said code, information on the identity of the majority shareholders is presented below

At 31 December 2017, the share capital was comprised of 8,041,040 shares representing a total of 13,361,894 voting rights, all exercisable.

There were no major changes in the breakdown of capital held by the main shareholders.

The free float also remained stable.

Shareholder	Number of shares		Voting rights	
Mr. Régis ARNOUX	2,620,109	32.6%	5,240,218	39.2%
FINRA (R. ARNOUX Chairman & majority shareholder)	1,287,250	16.0%	2,486,840	18.6%
Ms. Solange ALOYAN	587,244	7.3%	1,174,488	8.8%
Other registered shareholders	1,020,395	12.7%	2,017.303	15.1%
Shares held in treasury* and the liquidity account	102,600	1.3%	19,603	0.2%
Free float (bearer shares)	2,423,442	30.1%	2,423,442	18.1%
TOTAL	**8,041,040**	**100.0%**	**13,361,894**	**100.0%**

** Shares without voting rights: % in share capital and theoretical voting rights. All other % above refer to capital and actual voting rights.*

To the best of CIS' knowledge, incidents involving crossing above or below the statutory 5% ownership threshold were properly reported.

To the best of CIS' knowledge, there are no other shareholders holding directly or indirectly , alone or in concert more than 5% of the capital or voting rights.

During fiscal 2017, and up to the date of this report, the following transactions involving the Company's share by directors and officers were reported:

(In number of shares)	Acquisitions	Disposals
FINRA, director (the holding company of which Régis Arnoux is chairman and majority shareholder)	80,410	-

Mr. Régis Arnoux is considering tendering 95% of the CIS shares he personally holds in FINRA, or a total of 2,489,103 CIS shares. After tendering the shares, FINRA would hold 46.96% of the CIS' capital and 45.77% of its voting rights. This project is part of the overall organization of Mr. Régis Arnoux's succession and plan for the governance of CIS and the family holding company, notably in the event of his death. In this context, Mr. Régis Arnoux wishes to finalize his succession planning to preserve the CIS Group's long-term future and the to the extent possible the majority ownership of the Arnoux family shareholding base.

This project for tendering the shares to the FINRA family holding company, already a CIS shareholder, would make it possible to preserve the continuity in the shareholder base and control of CIS in the event of Mr. Régis Arnoux's death, whereby his shares would be held in the FINRA family holding company, which is itself exclusively held by members of his family, with the latter bound to each other by a shareholders agreement.

FINRA has already been granted an exemption from the AMF to the obligation of filing a public tender offer for the CIS shares in accordance with article 234-9-7° of the AMF general regulation. The exemption notice, dated 6 March 2018 has been published and can be consulted at the AMF website.

IX. STATUTORY AGED TRIAL BALANCE INFORMATION FOR TRADE PAYABLES AND RECEIVABLES

In accordance with the provisions of article L 441-6-1 paragraph 1 of the French commercial code (based on the Economic Modernisation Act of 4 August 2008), statutory information on payment periods of CIS SA is provided below:

Invoices received and issued not settled at the end of the reporting period past due

	Article D.441 I-1: Invoices received not settled at the end of the reporting period past due						Article D.441 I-2: Invoices issued and not settled at the end of the reporting period past due					
	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)	0 day	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
(A) Date ranges of late payment												
Number of invoices concerned	67					113	0					46
Amount of invoices concerned incl. VAT (€ '000s)	105	490	38	0	6	534	0	899	35	14	189	1,137
Percentage of total purchases of the period incl. VAT	0.6%	2.8%	0.2%	0.0%	0.0%	3.1%						
Percentage of revenue of the period incl. VAT							0.0%	5.0%	0.2%	0.1%	1.0%	6.3%
(B) Invoices excluded from (A) relating to disputed or unrecognised payables and receivables												
Number of invoices excluded	20						12					
Total amount of invoices excluded (€ '000s)	126						326					
(C) Applicable payment period of reference (contractual or legal- article L. 441-6 or article L. 443-1 of the French commercial code)												
Payment periods applied for the calculation of late payment charges	■ Contractual payment terms: payment on due date according to the supplier agreements						■ Contractual payment terms: payment on due date according to the customer agreements					

X. TRADING IN OWN SHARES

Share buyback programme
The General Meeting held on 12 June 2017, according to the terms and conditions set forth in the corresponding resolution, authorised the Board of Directors, and vested it with all powers to that effect, in accordance with the provisions of Articles L.225-209 to L.225-214 of the French commercial code and AMF regulations, to purchase company shares, with said authorisation able to be used for the following purposes:

- ensure the orderly trading of the Company's shares in connection with a liquidity agreement concluded between an investment services provider complying with the conduct of business rules recognised by the French financial market authority (Autorité des Marchés Financiers or AMF);
- meet obligations resulting from stock option plans, bonus share grants, employee stock ownership programs and other share grants to employees and executive officers of the Company or companies affiliated with it;
- remit shares following the exercise of rights attached to securities giving access to the capital;
- purchase shares to be retained for future use for payment or exchange in connection with possible acquisitions; or
- cancel all or part of shares thus acquired.

This authorisation was granted for a period of eighteen months that will expire on 11 December 2018.

We accordingly request that you renew this authorisation for a new period of eighteen months subject to the following conditions: a maximum purchase price of thirty-five (35) euros and within the legal limit of 10% of the share capital, whereby it is specified that (i) when shares are repurchased to promote the liquidity of the share, the number of shares that may be taken into account to calculate this limit shall correspond to the number of shares purchased minus shares sold during the period this authorisation is valid and (ii) the number of shares acquired by the company for subsequent use for payment or exchange in connection with a merger, demerger or contribution may not exceed 5% of the share capital.

Under the authorisation granted by your General Meeting, the Board of Directors acquired and sold shares of the Company in 2017 for the purpose of maintaining an orderly market in its shares.

At 31 December 2017, the Company held 102,603 own shares in treasury compared with 67,531 shares at 31 December 2016.

Liquidity agreement
17 November 2006, CIS entered into an agreement with the brokerage firm Gilbert Dupont SNC of the Société Générale Group, whereby Gilbert Dupont SNC is charged with intervening in the market and promote the liquidity and orderly trading of CIS shares. Gilbert Dupont SNC exercises its market making engagement in total independence. The agreement entered into with Gilbert Dupont SNC is compliant with the conduct of business rules of the AFEI (the French association of securities industry and financial market professionals) recognised by the AMF, the French financial market authority.

The annual liquidity agreement report published on 2 January 2018 on the CIS website is summarized below:

- Number of shares: 19,603

- Cash balance: €255,949.

XI. APPROPRIATION OF EARNINGS

We propose that the profit for the year amounting to € 22,938,881.22 be appropriated as follows:

- Other reserves....................................€22,054,366.82

- Dividend..€884,514.40

For information, on the basis of 8,041,040 shares, if you approve this appropriation, the total dividend will be consequently €0.11 per share.

In accordance with article 243 bis of the French general tax code (Code Général des Impôts or CGI), it is specified that the total dividend amount proposed is eligible for the proportional rebate of 40% for natural persons having their tax residence in France (CGI art. 158-3-2° section 4°).

XII. STATUTORY DISCLOSURE OF DIVIDEND DISTRIBUTIONS

In accordance with the provisions of Article 243 bis of the French general tax code, dividends paid for the last three financial periods are disclosed below.

	2014	2015	2016
Number of shares entitled to dividends	8,041,040	8,041,040	8,041,040
Net dividend per share	€0.18	€0.12	€0.06
Closing share price at year-end	€18.56	€16.00	€16.90

XIII. EXPENSES NOT DEDUCTIBLE FROM TAXABLE INCOME

In compliance with Article 223 quater of the French General Tax Code, we inform you that expenses non-deductible from taxable income, excluding income tax, for the period ended amounted to €22,147 including €9,985 for expenses covered by Article 39-4 of this code.

XIV. INFORMATION ON CORPORATE OFFICERS

Information on corporate officers and their compensation is presented in the report on corporate governance included with this report.

Information on attendance fees paid to directors for fiscal 2017 is also provided in the report on corporate governance.

XV. EMPLOYEE STOCK OWNERSHIP:

In accordance with the provisions of Article L. 225-102 of the French Commercial Code, information on employee stock ownership on the last day of the fiscal year, or 31 December 2017, is disclosed below: 209,940 shares representing 2.6 % of the share capital.

None of the securities are held under collective management schemes (and notably PEE or FCPE employee savings or stock ownership plans) and there are no stock option plans of the Company currently in force.

XVI. RESEARCH AND DEVELOPMENT

With respect to the provisions of Article L.232-1 of the French commercial code, we inform you that the Company has not engaged in any research and development activities eligible for tax and financial advantages granted in certain circumstances by public authorities.

No expenditures of this nature have been recognised under assets in the balance sheet.

XVII. FACTORS THAT MAY HAVE AN IMPACT IN THE EVENT OF PUBLIC OFFERS

Factors that may have an impact in the event of public offers on the securities of CIS covered by article L.225-100-3 of the French commercial code are presented the report on corporate governance included in this annual report.

XVIII. STATUS OF AUDITORS' APPOINTMENTS

We remind you that the Ordinary Annual General Meeting of CIS held on 6 June 2016 decided:

- to renew the appointments of Syrec, as Joint Statutory Auditors,
- renew the appointment of A.E.C.C. Gilbert Caulet, as Joint Alternate Auditors,
- to appoint:

  - PKF Audit Conseil as Joint Statutory Auditors in replacement of Grant Thornton,
  - Fiprovex as Joint Alternate Auditors in replacement of A.M.O. to finance

For six years or until the end of the ordinary general meeting called to approve the financial statements for the year 2021.

XIX. CORPORATE FOUNDATION

Pursuant to the decision by the General Meeting of 12 June 2007, our company set up a corporate foundation that was officially formed by the decision of the representative of the French government (Préfet) of the Bouches du Rhône region of 11 February 2008.

We remind you that the objective of this Foundation is to select one or more persons coming from under-resourced environments wishing to receive secondary-school or university training and having defined a career project, in order to provide them with financial support as well as any help and assistance over the duration of their studies.

On 8 March 2018, the Foundation's 10th anniversary was celebrated at an evening event organized in Marseille.

Since its creation, the CIS Foundation has supported 90 people. Today they occupy a wide range of positions in the field of healthcare, banking, consulting firms and even in the videogame industry.

For information, our Foundation, with an annual budget of €40,000, assisted and monitored the progress of 25 candidates during fiscal 2017

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The draft resolutions we had produced relate to various items of business referred to above, as well as the discharge of the members of the Board of Directors and the agreements referred to in article L.225-38 et seq. of the Commercial Code, as well as the agreements similar in nature to those covered by Article L.225-42 subsection 3 of the Commercial Code.

We hereby request your that you approve these resolutions submitted to your vote.

THE BOARD OF DIRECTORS

Statement on the Non-Financial Performance of operations for the period ended 31 December 2017

OUR COMMITMENTS

Our business is to provide food, housing, service and care for thousands of people around the world working on major projects.

Today we are recognised worldwide for our expertise in managing remote sites in the four corners of the globe, the professionalism of our teams and the quality of our services.

To maintain and improve the performance of our services, I initiated a quality process at CIS that in February 2004 received ISO 9001 certification and has subsequently been renewed every year since.

All necessary means and resources have been implemented for this process seeking to:

- Consolidate CIS' position in order to respond to major calls for tenders and facilitate its access to new markets,
- Improve the efficiency of our organisation and working practices,
- Strengthen interactions between the headquarters and the sites,
- Ensure a consistent level of quality over the long-term of our services to meet the growing demands by our customers, particularly in the area of QHSE,
- Promoting and respecting core values in the areas of human rights, working condition standards and the environment, and the fight against corruption.

These quality objectives are reviewed, measured and analysed each year.

In this context, and because the satisfaction of our customers and consumers is our top priority, I ask all staff, including those working at the operating sites to actively continue to contribute to this collective and company-wide undertaking, with the Chief Quality Officer.

«Our values: team spirit in respecting others»

Régis ARNOUX
Chairman and Chief Executive Officer

OUR SUSTAINABLE DEVELOPMENT POLICY,

CIS Group is convinced that the success and sustainability of any organization must be based and a sustainable development policy which is both ambitious and realistic.

Drawing on the Universal *Declaration of Human Rights,* the *Declaration on Fundamental Principles and Rights at Work* the *Rio Declaration on Environment and Development* and the *United Nations Convention against Corruption,* and organized around its own Integrated System for the Management of Excellence, CIS Group's sustainable development policy is based on the following core principles:

1. CIS Group's headquarters and operations must support and respect measures for protecting human rights.
2. CIS Group's headquarters and operations must ensure that they are not complicit in violations of human rights.
3. CIS Group's headquarters and operations must respect the freedom of association and recognition of the right to collective bargaining.
4. CIS Group's headquarters and operations must not accept any form of forced and mandatory labour.
5. CIS Group's headquarters and operations must not accept child labour.
6. CIS Group's headquarters and operations do not tolerate discrimination.
7. CIS Group's headquarters and operations must apply the precautionary principle with respect to environmental challenges.
8. CIS Group's headquarters and operations must take all necessary measures to promote greater environmental responsibility.
9. CIS Group's headquarters and operations must encourage the development and adoption of eco-friendly technologies.
10. CIS Group's headquarters must act against corruption in all its forms, including extortion.

Régis ARNOUX
Chairman and Chief Executive Officer

OUR RESPONSIBILITIES,

CIS Group since its creation has consistently sought to pursue a path of sustainable development in a manner that benefits local populations and economies in the countries where it operates. Through its position as a worldwide leader in remote site management specialised in providing living accommodations and catering services, CIS has an increasing responsibility to its customers, consumers, staff and suppliers.

Our business has undergone major transformations in recent years. In response to this trend, CIS has decided to regularly introduce increasingly responsible, forward-looking and proactive practices. CIS has developed a comprehensive process built around the three pillars of sustainable development, divided into ten areas:

Economic responsibility and performance

- Customer and consumer satisfaction
- Guaranteeing effective processes to ensure profitable operations for our investors
- Contributing to sustainable local economic growth
- Publishing information on sustainable development

Environmental responsibility and performance

- Preventing and reducing the environmental impacts of our products and services
- Limiting greenhouse gas emissions

Social and corporate responsibility and performance

- Staff safety
- Monitoring and anticipating human resources regulations and regulatory developments
- Develop ethical practices in business conduct and relations with third parties
- Strengthening relations with stakeholders

OUR ETHICAL VALUES,

In 2004, CIS incorporated a business ethics charter into its management system that defines and highlights the ethical, moral and professional rules of conduct to be applied in our business practices and relations with third parties (customers, suppliers, partners, authorities, shareholders etc.).

Indeed, our actions must comply with the principles of integrity, impartiality and openness in order to maintain and increase the confidence of our shareholders, partners, customers and suppliers, and ensure our continuing success.

Our commitments consist in particular in combating money laundering, fighting against corruption, complying with the rules of fair trade and confidentiality, avoiding any situations giving rise to conflict of interests, strictly comply with all applicable laws and regulations, and adopting environmentally friendly and sustainable development practices. In line with these objectives, CIS has been a member of the UN Global Compact since 2005 and regularly publishes on this basis the report to stakeholders entitled “Communication on Progress”.

In addition, CIS is actively engaged in its day-to-day operations in promoting diversity, equal opportunity employment, occupational health and safety. These values are shared by all CIS staff and management with the Business Ethics Charter applying to both.

METHODOLOGY NOTE

The following information is presented in accordance with the disclosure requirements established by Article 225 of the «Grenelle II Act» of 12 July 2010 and the implementation decree of 24 April 2012. Decree°No. 2016-1138 of 19 August 2016 has supplemented disclosure requirements by introducing the notion of circular economy. The reporting boundary for indicators presented covers the entire Group (CIS France as well as all subsidiaries and companies that it controls), calculated by consolidating data collected from the countries where CIS operates. As such the reporting boundary for social data and the Group's environmental impacts is consistent with the financial reporting boundary. Additional information on our sustainable development commitments and policy is available at CIS Group's website www.cis-catering.com.

Reporting boundary

Certain indicators are presented herein on the basis of a limited reporting boundary (headquarters or headquarters and expatriate staff) in light of the relevance or availability of such information. These reporting boundary limitations are specified within the report for each indicator concerned.

The QHSE and Sustainable Development department implemented the «CSR Data» project in 2013. This project that involved the creation of an environmental reporting matrix provided a mechanism for collecting selected data. Several operating sites in effect confirmed that it was not materially possible to evaluate or obtain reliable data to quantify:

- Water, electricity, fuel consumption,
- Volume of waste produced and recycled,
- Greenhouse gas emissions

...as the sourcing of these supplies and their recycling are managed by our customers that possess only consolidated information for the site, without the possibility of providing detailed quantitative data for each of their many subcontractors, among which we ourselves are included.

Reporting period

The reporting period runs from 1 January to 31 December 2017. Data for comparison purposes relates to the period from 1 January 2016 to 31 December 2016.

Areas not relevant in light of CIS' business

Measures to prevent, reduce or repair serious adverse effects on the environment from emissions into air, water and soil, management of noise pollution and other forms of pollution specific to an activity, land use, adapting to the consequences of climate change, resources devoted to preventing environmental risks and pollution are considered as not relevant in light of the nature of our business.

In 2017, CIS Group did not incur expenditures (as in 2016) for the prevention of environmental and pollution risks, to the extent this was not necessary, as it is our customers who are the owners of the installations and consequently responsible for decisions on environmental measures. At 31 December 2017, there were no provisions for contingencies and guarantees for environmental risks.

Areas not covered or unavailable

Collective agreements and summaries of agreements signed with labour organizations or employee representatives in the area of occupational health and safety are not disclosed in this report due to the absence of information able to be consolidated.

GUIDELINES

Information presented below has been produced in compliance with the «2017 CSR Reporting Guidelines» produced by CIS Group and available on request from the Company's head office.

THE CIS GROUP EMPLOYER PROFILE

OUR TEAMS

At 31 December 2017, the Group had an average workforce of 10,702 employees, 6% less than at 31 December 2016. Women accounted for 26% of the total workforce (for headquarters and expatriate staff, 20% in 2016).
This significant gender imbalance within the Group is a direct consequence of our activity as a provider of catering services in extreme conditions and our presence in certain countries where religious rules prohibit women from working, with the safety of our teams in operating countries remaining our priority.

CIS teams: a strong international presence

Average headcount	31 December 2017		31 December 2016	
	12 months	%	12 months	%
Asia / Oceania / Middle-East	1,269	12	822	7
Africa	6,149	58	6,822	60
CIS (Commonwealth of Independent States)	1,780	17	1,961	17
South America	1,319	12	1,515	14
Expatriates	135	1	160	2
Head office	50	0	48	0
TOTAL	**10,702**	**100**	**11,328**	**100**

Reported headcount corresponds to permanent and fixed-term employment contracts or local equivalents thereof.
Changes in the headquarters and expatriate workforce (185 employees in 2017) resulted in 10 recruitments and 33 departures (including 6 dismissals) in fiscal 2017.

Head office and expatriate workforce by age (%)	31 December 2017	31 December 2016
Less than 25	0	0
25-29	5	5
30-34	18	16
35-39	12	11
40-44	10	13
45-49	15	15
50-54	17	18
55-59	14	12
60 and older	9	10
	100	100
AVERAGE AGE	**46**	**46**

Work-time organisation
The legal number of working hours for headquarters staff of the Group is 39 hours per week. The absenteeism rate in 2017 was 0.9% (0.9% in 2016), calculated as the number of days of illness-related or unjustified absences for employee and per year.

Working hours for local employees in operating countries are determined in reference to local regulations.

The duration of expatriate assignments is largely dependent on the customer contracts.

Expatriates, depending on their contract and operating country, work according to assignments defined in terms of weeks or months of continuous presence in the field versus the length of their home stay (for example « 8/3» corresponds to an eight week assignment in the field for three weeks at home).

The organisation of dialogue between employees and management
In light of its workforce, CIS France has established a dialogue of quality with employee representatives who may be consulted, in particular, on subjects relating to occupational health and safety.

PROMOTING AND DEVELOPING TALENT;

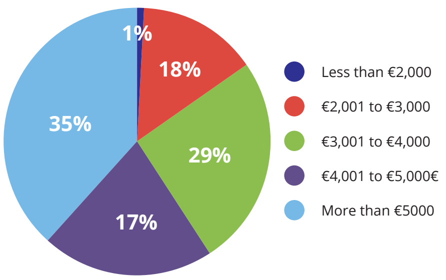
Staff training: developing skills to achieve continuous improvement in the quality of our service and promote professional fulfilment for all our staff

Training programmes available to teams cover:
- Quality
- Safety
- Technical- business speciality training
- Managerial skills
- Information technology

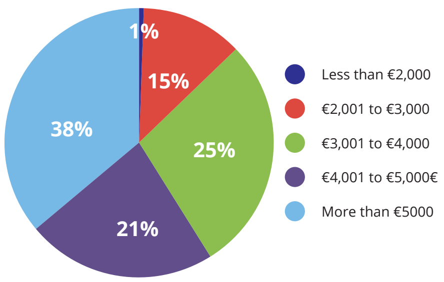
Internal and external staff training represented 59,376 hours in 2017 or 117% more than in 2016 representing expenses of €231,000 in 2017 and €116,000 in 2016. All staff, regardless of their responsibilities, are offered a training programme adapted to their skills, providing them with a possibility, according to their wishes, for vocational retraining for a career change, an international assignment or a career advancement. Training was made available to all staff in 2017.

Compensation trends
The following charts provide a breakdown for headquarters and expatriate staff on permanent contracts by gross monthly compensation :

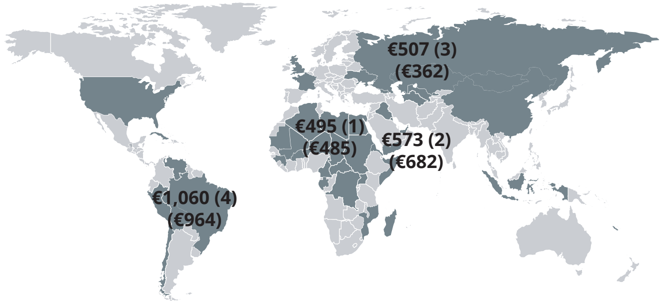
2017



2016



Average monthly salaries (including social charges) for local employees by geographic region break down as follows in 2017 (and 2016):



(1) ALGERIA - BURKINA FASO - CONGO (DRC) - MALI - MAURITANIA - MOZAMBIQUE - NIGER SOMALIA - CHAD
(2) SAUDI ARABIA - ERITREA - KUWAIT - MONGOLIA
(3) KAZAKHSTAN - RUSSIA
(4) BOLIVIA - BRAZIL - DOMINICAN REPUBLIC

SAFETY OF OUR TEAMS: OUR PRIORITY

The occupational health and safety management methods of CIS Group comply with ISO and OHSAS guidelines. This also applies to subsidiaries not engaged in a certification process. Compliance with these guidelines by all Group staff is further reinforced by provisions that have been incorporated into the Business Ethic Charter

Occupational accidents are systematically analysed to determine the causes and take corrective actions, by taking measures to secure the site, train personnel or implement preventive actions.

In 2017, 20 lost time injuries compared with 32 in 2016 (with no accidents occurring at the head office in 2017 and 2016), representing an incident rate of 0.13 in 2017 (0.19 in 2016). The incident rate is calculated by the number of accidents multiplied by two hundred thousand divided by the number of hours worked.

The frequency rate for road accidents, calculated according to a rate of 1 million accidents per vehicle-kilometre, amounted to 1.46 and 2017 compared to 1.27 and 2016.

No occupational illnesses were reported at the Group headquarters in 2017.

Playing an active role in our safety
Since 2013, CIS Chad has provided training through its employees on workplace safety using an interactive approach. Teams of two or three volunteer «actors»

who are comfortable about speaking to the public meet with the HSE Department each week to decide together the subject of their sketch and determine the message to be conveyed. To retain the attention of the audience, the sketch must be short (five minutes maximum), humorous and performed in the local language. Whether these sketches present scenarios of real day-to-day workplace conditions or a simulated accident, the message that is simple but also always relevant is more effectively conveyed to employees as well as customers who appreciate both the initiative but also the results thus obtained.

Countries having met their objective of zero lost time accidents
In France, Niger, Chad and Somalia , there was no accident to report, even minor, in 2017.

OUR BUSINESS ETHICS CHARTER: AN INTERNAL CODE OF CONDUCT

Ethical recruitment and promotion practices: an equal opportunity employer
Recruitment and promotion within the Group are based exclusively on the skills and qualifications of each employee, without discrimination relating to gender, ethnic origin or physical condition. By way of example, headquarters and expatriate staff represent 19 different nationalities, with women accounting for 26% (56% for the Group's headquarters), and disabled employees 0%. The Business Ethics Charter is signed by all employees when they join CIS Group.

In addition, CIS' Board of Directors complies with the provisions of Law No. 2011-103 of 27 January 2011, pertaining to balanced gender representation.

Furthermore, the Charter requires within the Group the promotion of and strict compliance with the ILO core conventions (freedom of association and protection of the right to organise and negotiate collective bargaining agreements, eliminating employment and occupational discrimination, abolishing forced labour and the effective abolition of child labour).

Fair business practices call for an engagement by all employees
Promoting the fight against corruption, and in particular, the policy of accepting and offering gifts within the framework of the relations of Group employees with interested third parties (supplier, customer, local public authority, board, etc.) is strictly defined by the Group's Business Ethics Charter.

Furthermore, consumer health and safety is guaranteed by compliance with the ISO and OHSAS guidelines within Group subsidiaries.

CIS GROUP AS AN ENGAGED ENVIRONMENTAL STAKEHOLDER

The Group's headquarters and certain subsidiaries have engaged in certification processes:

Certifiactions planned: 2017/2018

Certifications obtained: 2016 – 2004

	ISO 9001	ISO 14001	OHSAS 18001	ISO 22000
2017/2018	Mozambique			Mauritania
2016				Mongolia
2015	Mauritania		Mauritania	
2014	Mongolia	Mongolia		
2013	Russia			Russia
2012			Kazakhstan	
2011	Chad Kazakhstan	Algeria Chad	Algeria	
2010	New Caledonia		New Caledonia	
2009			Chad	
2008	Bolivia	Bolivia	Bolivia	
2007	Brazil			Brazil
2006				
2005	Algeria			
2004	France			

OUR COMMITMENTS IN FAVOUR OF PROTECTING THE ENVIRONMENT

Responsible consumption of resources

In 2017, for the Group headquarters water consumption totalled 489 m^3 (487 m^3 in 2016) and electricity consumption 183 MWh (179 MWh in 2016), a low-level that has not warranted measures for the study of renewable energy options. As indicated in the section presenting the «CSR Data» project, this information is not available for these subsidiaries. However, Country Managers are aware of the need for sustainable water consumption practices, particularly in water-stressed regions.

The IUCN (International Union for Conservation of Nature) Red List is the authoritative guide on the status of global biodiversity. According to the most recent list, 24,307 species were threatened and 5,210 in critical danger. None of the ingredients used in our recipes are derived from threatened species.

The circular economy: food wastage

Supplies of food products for operating sites are dependent on contractual terms (which generally set minimum quantities for food supply inventories to be maintained on site). The consumption of raw materials is an issue in terms of social and environmental responsibility but also profitability. For that reason, their efficacy is measured by monitoring contract by contract the daily cost price of food supplies used in preparing meals. Recycling and limiting waste can have a meaningful impact on contributing to environmental protection.

From the table to the farm: in Mauritania and Mozambique we implemented a policy for minimizing and recycling waste products. In this way, we produce our own compost with organic products originating from our production and service activities. This compost is used as gardening fertilizer at our remote sites.

The circular economy: limiting non-food waste

3.2 tonnes of paper were recycled in 2017 by the headquarters (5.3 in 2016). In priority we systematically print documents in PDF format and scan photocopies with the objective of limiting paper consumption and protecting the environment. Packaging waste separation procedures exist at all our subsidiaries.

Reducing the Group's carbon footprint

The carbon impact of CIS Group's activities is measurable by carbon assessments for travel by headquarters and expatriate employees. In 2017, travel thus generated 715 tonnes of CO2 (992 tonnes in 2016). We encourage our personnel to limit their travel to reduce our environmental footprint, notably by using videoconferencing communications to avoid unnecessary travel. Headquarters electricity consumption represented 6.1 tonnes in CO2 emissions in 2017 based on emission factors published by the EDF, the French electricity provider (4.6 tonnes in 2016).

Releases of dangerous substances, noise nuisance and other specific impacts

The Group's activity does not generate air, water or ground pollution with an environmental impact. Land use, noise pollution and other forms of pollution specific to an activity have also not been measured as indicators not applicable to our activity.

CIS Group efforts in favour of QHSE and SD

Employee training and information initiatives on quality, health, safety and the environment and sustainable development represented 58,900 hours in 2017 or 99% of total training. In 2016, 26,755 hours of internal and external training focusing on QHSE issues were provided to CIS staff.

OUR SOCIETAL COMMITMENTS: SUSTAINABLE DEVELOPMENT INITIATIVES

In light of the breakdown of CIS activities throughout the world, we have not considered it useful to undertake initiatives in the different countries based on a common global project. Instead, CIS Group emphasises the importance to Country Managers and expatriate staff on the necessity of safeguarding the local environment. In this way, each subsidiary contributes to local projects of its own choosing, based on specific regional needs and considerations. Through this approach, each of our local projects receives the support of teams on-site, thus providing a way to propose initiatives considered relevant and effective by local stakeholders.

Furthermore, CIS Group has been a member of the UN Global Pact since 2005 and regularly publishes on this basis its report to stakeholders entitled "Communication on Progress" on promoting and respecting human rights, labour rights, the environment and anti-corruption measures.

Bolivia

The well-being of children of nearby local communities is an important priority of CIS Bolivia.

In 2017, it distributed breakfast to approximately 500 school and nursery school children every week and organized a campaign to educate 600 schoolchildren on the importance of using fluoride (training students, supplying tooth paste, toothbrushes and towels).

CIS Bolivia also implemented several initiatives to promote economic and social development in its operating regions: sponsoring a greenhouse farming programme whose products are purchased by CIS Bolivia for its restaurants and training 72 women in the local communities in traditional baking.

In all its operations (concerning approximately 650 people), CIS Bolivia implemented a programme to reduce food waste through three awareness-raising campaigns.

Brazil
CIS Brazil has established several initiatives for the benefit of Brazilian students. For example, CIS Brazil enabled under-resourced students from the Bahia Alagados University to obtain a scholarship to pursue or continue their studies. CIS Brazil has also sponsored some of its employees by paying 50% of their school costs;

In all its offshore operations, or concerning approximately 5,000 people, CIS Brazil implemented a programme to reduce food waste through eight awareness-raising campaigns. CIS Brazil has also set up a nutritional programme called Go For Green that consists in labelling the products to encourage our consumers to maintain a balanced diet.

Burkina Faso
CIS Burkina Faso has set up a number of initiatives in favour of women and children of local communities. First, by sponsoring the orphanage of Ouagadougou that was awarded in 2017 the National Medal of Merit in recognition of its public service. CIS Burkina Faso also supports a women's association which produces shea butter soap, by buying this soap solely from them; also an association of women producing rice, by using their rice which is steam cooked at its operating sites.

In all operations, or concerning approximately 650 people, CIS Burkina Faso implemented a programme to reduce food waste through three awareness-raising campaigns.

Kazakhstan
Our subsidiary CAC supports children of the communities of our operating sites notably by sponsoring orphanages. CAC also provides a children's day care facility for its staff.

In all its operations, representing approximately 4,000 people, CAC implemented a programme to reduce salt and fat intake and a programme to reduce food waste through five awareness-raising campaigns.

Mali
CIS Mali contributes to the economic development of the regions near its operating sites notably by purchasing local products: 80% of the fresh meat, 100% of the fruits and vegetables or approximately 2 tonnes delivered every week, 6 tonnes of rice per month.

CIS Mali also supports local employment and in 2017 eight trainees from the local community joined CIS' catering and hotel accommodation teams.

In all its operations, concerning approximately 500 people, CIS Mali implemented a programme for reducing salt and fat intake and a programme to reduce food waste through three awareness-raising campaigns.

Mauritania
Our subsidiary CNA created a training centre for the purpose of educating its teams in the importance of respecting QHSE rules in every environment: urban, country, etc. In 2017, 75 workplace first-aiders were trained.

At the Tasiast site, concerning approximately 2,000 people, CNA implemented a programme for reducing salt and fat intake and a programme to reduce food waste through twelve awareness-raising campaigns.

CNA has also set up a nutritional programme, Go For Green that involves labelling the products to encourage our consumers to maintain a balanced diet.

CNA uses composting and thus far 3,000 litres of waste has already been composted to reduce the volume of waste by creating recoverable raw materials.

Mongolia
Our subsidiary SSM has adopted measures promoting the economic and social development of local communities.

- Promoting local employment: 76% of our employees are from the region (482 local employees out of the total workforce of 634).

- Local sourcing: 90% of supplies are sourced at the national level 17% from the south of the Gobi desert, 34% from a group of local producers.

- Children's education and well-being: SSM implemented numerous measures in favour of children of the Khanbogd community: 40 meals a day are offered to children of the local school, creation of a day care centre for young children, evening classes for the children of our employees.

SSM implemented a programme to reduce food salt and fat intake and a programme to reduce food waste through three awareness-raising campaigns. SSM also established two nutritional programmes:

- Go For Green which involves labelling the products to encourage our consumers to maintain a balanced diet,

- H4U, offering personalized support with a nutritionist and a sports coach.

Mozambique

In terms of agricultural initiatives:

- CIS Mozambique supports local agricultural production by developing partnerships over the last three years with more than 1,200 local suppliers working near Nacala: 70% of supplies (fruit, vegetables, fish) are sourced locally.

- CIS supports an association of young entrepreneurs and agricultural schools in the Nampula province or more than 1,325 people.

- CIS provided training to 850 farmers in simple and sustainable techniques designed to increase their yields and diversify their crops.

In terms of social initiatives:

- CIS supports a healthcare centre and a local radio by providing meals during events.

- At the sites, concerning approximately 700 people, CIS Mozambique implemented a programme for reducing salt and fat intake and a programme to reduce food waste through four awareness-raising campaigns. CIS has also set up a nutritional programme, Go For Green that involves labelling the products to encourage our consumers to maintain a balanced diet.

- CIS trained 12 students from the Nampula University and 40 students on internships from the ADPP school of Nacala and recruited 10 when their internships were completed.

In the area of environmental protection:

- CIS adopted training modules for its personnel covering composting techniques for the purpose of reducing the volume of food waste.

- It also provide training to local farmers on planting new fruit trees and 1,000 fruit trees were planted.

Democratic Republic of the Congo

In all operations, concerning approximately 600 people, CIS implemented a programme for reducing salt and fat intake and a programme to reduce food waste through two awareness-raising campaigns. CIS has also set up a nutritional programme, Go For Green that involves labelling the products to encourage our consumers to maintain a balanced diet.

Chad

CIS Chad organizes initiatives focusing on agricultural:

- Creation of local farming cooperatives in which more than 400 people were able to participate. A programme recognized and supported by the World Bank.

- Supporting suppliers through a partnership with two egg farms providing 20% of the eggs consumed by CIS Chad.

- Development of local enterprises with the creation of a meat production unit which allows CIS to serve meat according to the culinary preferences of its customers and according to health standards that were not in place in the regional slaughterhouses.

- Training to local populations: programmes for the creation of cooperatives led to the creation of 350 jobs and training for 450 people in quality and hygiene standards.

In all its operations, concerning approximately 1,000 people, CIS Chad implemented a programme for reducing salt and fat intake and a programme to reduce food waste through seven awareness-raising campaigns.

BALANCED NUTRITION AND DIET

With nearly 36 million meals served every year, CIS Group is very conscious of the health effects of an unbalanced diet. In response, to combat cardiovascular illnesses and obesity, CIS head chefs receive specific training on measures for reducing saturated fats, sugar and salt in their recipes: after launching communications campaigns in 2015 devoted to the subject of nutrition which encountered a genuine success, the Group nutritionists carried out 12 campaigns or once a month in 2017 (the same level as in 2016).

These campaigns were carried out across all CIS' operations throughout the world. The focus of these campaigns furthermore reflected the priorities of the world diabetes, nutrition, cardiovascular disease, hypertension, water and physical activity days. When these campaigns were organised at the headquarters, we also asked our subsidiaries to carry out initiatives focusing on these subjects with our staff.

In addition, programmes initiated by us in previous years are regularly improved:

- H4U (Health for You) - A complete nutrition programme based on an initial health assessment of the population for the site concerned. Personalised support is then provided to improve the general health of the residents and in this way provide the best possible performance to our customers.
- Go for green - A programme for rapidly identifying food categories in order to help the residents in making the best choices (green, yellow, red). This rapid identification method naturally leads people to choose the most balanced meals. 5 countries have adopted this identification programme (Dominican Republic, Mozambique, Democratic Republic of the Congo, Mongolia and Mauritania)
- Go for green for better health – Identical to the previous programme, though based on four colours (green, yellow, blue red) for making more fine-tuned food choices.
- Verde.come – Adapted to the food customs of Brazil and Mozambique, this programme is designed to guide people and their choice through a four-colour system.

We are reinforcing our ambitions for the years ahead, through in particular a «Menu Engineering» application developed in-house. This tool will be designed to fully adapt to our professional needs and will benefit from the multidisciplinary expertise of our local and headquarters' teams (Group nutritionist, software developer, country financial controller, country manager, QHSE manager, etc.).

The application, already installed by our operations in Mauritania in Saudi Arabia will thus be equipped with many functionalities such as producing standardized menu sheets including nutritional data for 8,464 ingredients (USDA database), but also different cooking techniques, information on allergens, producing balanced menus, preparing purchases, managing labelling, etc.

We developed a core selection of 300 recipes used to develop and enhance the programs in place in the countries where we operate (Go for Green).

REGIONAL IMPACT OF CIS GROUP ACTIVITIES IN OPERATING COUNTRIES

CIS Group promotes a policy of using local employees to fill positions. Local employees account for on average 98% of the operating activities. Employees are offered both job opportunities and training formations (in certain cases leading to a professional diploma),while subsidiaries promote the transfer of expertise from expatriates to local staff.

Our procurement policy provides for sending a questionnaire on ethical practices to suppliers prior to their selection. The Group does not have recourse to subcontracting.

RELATIONS WITH STAKEHOLDERS, AND NAMELY PEOPLE OR ORGANISATIONS INTERESTED IN THE COMPANY'S ACTIVITIES

CIS Group is listed on Euronext Paris and in that capacity, regularly publishes regulated information which is made available to all persons interested in the company about service activities on the Group's website.

CIS FOUNDATION

Finally, in Marseilles CIS Group created a corporate foundation to which it has provided an annual budget of €30,000 since 2008 to young adults from the PACA region originating from under-resourced districts, to provide them with opportunities to join or pursue an educational programme, and in so doing, gain access to jobs in the workforce that corresponds to their ambitions for success. In 2013, the annual budget was increased by more than 33% to €40,000. The foundation has supported 25 youth in pursuing their educational projects. Since 2008, it has supported 90 projects and a certain number of our scholarship beneficiaries were able to obtain their diploma and permanent jobs through the training financed by the CIS Foundation.

Consolidated financial statements (IFRS)

CONSOLIDATED INCOME STATEMENT *(IFRS)*

For fiscal years ended 31 December 2017 and 2016
(€ thousands)

	Notes	31/12/2017	31/12/2016
REVENUE	**(3)**	**251,355**	**249,551**
Cost of sales		(108,819)	(111,491)
Staff costs	(22)	(84,860)	(86,395)
External charges		(31,841)	(27,729)
Taxes other than on income		(7,729)	(8,014)
Allowances for depreciation and amortisation		(3,330)	(3,368)
Provisions/reversals	(4)	(1,118)	(1,608)
CURRENT OPERATING PROFIT	**(3)**	**13,658**	**10,946**
Other operating income	(5)	80	502
Other operating expenses		(1,408)	(1,415)
OPERATING PROFIT		**12,330**	**10,033**
Cash and cash equivalents		2,021	2,653
Cost of gross financial debt		(3,096)	(2,621)
COST OF NET FINANCIAL DEBT	**(6)**	**(1,075)**	**32**
PROFIT BEFORE TAX		**11,255**	**10,065**
CORPORATE INCOME TAX	**(7)**	**(5,908)**	**(5,989)**
CONSOLIDATED NET PROFIT		**5,347**	**4,076**
Attributable to non-controlling interests		(1,032)	(1,801)
NET PROFIT ATTRIBUTABLE TO THE GROUP		**4,315**	**2,275**
Number of shares		8,041,040	8,041,040
Earnings per share (in euros)		*€0.54*	*€0.28*
Diluted earnings per share (in euros)		*€0.54*	*€0.28*

CONSOLIDATED BALANCE SHEET *(IFRS)*

For fiscal years ended 31 December 2017 and 2016
(€ thousands)

	Notes	31/12/2017	31/12/2016
NON-CURRENT ASSETS			
Net intangible assets	(8)	7,069	7,200
Net property, plant and equipment	(9)	7,421	9,582
Net financial assets	(10)	836	425
Deferred tax assets		274	109
TOTAL NON-CURRENT ASSETS		**15,600**	**17,316**
CURRENT ASSETS			
Inventories	(11)	12,652	13,763
Net trade receivables	(12)	44,687	55,629
Other current assets	(13)	7,750	11,314
Current tax assets		1,145	1,175
Cash and cash equivalents*	(14)	45,155	42,447
TOTAL CURRENT ASSETS		**111,389**	**124,328**
TOTAL ASSETS		**126,989**	**141,644**

** of which for Algeria €28,530,000 at 31/12/2017 and €25,261,000 at 31/12/2016.*

CONSOLIDATED BALANCE SHEET *(IFRS)*

For fiscal years ended 31 December 2017 and 2016
(€ thousands)

	Notes	31/12/2017	31/12/2016
Shareholders' equity			
Share capital		1,588	1,595
Retained earnings		48,516	58,448
ANNUAL PROFIT		**4,315**	**2,275**
Non-controlling interests		2,399	3,941
TOTAL SHAREHOLDERS' EQUITY		**56,818**	**66,259**
NON-CURRENT LIABILITIES			
Non-current provisions	(15)	1,979	1,547
Bank and other long-term borrowings	(16)	6,755	6,244
Deferred tax liabilities		0	0
TOTAL NON-CURRENT LIABILITIES		**8,734**	**7,791**
CURRENT LIABILITIES			
Current financial liabilities	(16)	9,623	8,546
Trade payables		31,668	35,573
Current tax assets		3,355	3,357
Other current liabilities	(17)	16,791	20,118
TOTAL CURRENT LIABILITIES		**61,437**	**67,594**
TOTAL EQUITY AND LIABILITIES		**126,989**	**141,644**

STATEMENT OF CASH FLOWS *(IFRS)*

For fiscal years ended 31 December 2017 and 2016
(€ thousands)

	31/12/2017	31/12/2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated net profit	5,347	4,076
Non-cash items		
Allowances for depreciation and amortisation, provisions	2,985	4,611
Gains or losses from asset disposals	833	(62)
Changes in working capital		
Change in inventories	(369)	(716)
Change in trade and related receivables	3,315	(3,639)
Change in trade and related payables	956	(950)
Changes in other operating assets and liabilities	771	603
Net cash flows from operating activities	**13,838**	**3,923**
CASH FLOWS FROM INVESTING ACTIVITIES		
Impact of changes in Group structure	(390)	0
Acquisitions of intangible assets and property, plant and equipment	(2,601)	(3,722)
Acquisitions of financial assets	0	0
Disposals of intangible assets and property, plant and equipment	114	410
Disposals of financial assets	893	0
Other cash flows from investing activities	(145)	(45)
Net cash flows used in investing activities	**(2,129)**	**(3,357)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Treasury shares	(686)	(509)
Capital increase	0	0
Proceeds from the issuance of borrowings	6,000	0
Decrease in borrowings	(3,698)	(1,068)
Dividends paid to Group shareholders	(482)	(965)
Dividends paid to non-controlling shareholders of subsidiaries	(1,828)	(1,161)
Net cash flows used in financing activities	**(694)**	**(3,703)**
Exchange rate impact on cash	**(8,193)**	**281**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**2,822**	**(2,856)**
NET CASH AT THE BEGINNING OF THE PERIOD	**41,336**	**44,192**
NET CASH AT THE END OF THE PERIOD	**44,158**	**41,336**

STATEMENT OF CHANGES IN EQUITY *(IFRS)*

For fiscal years ended 31 December 2017 and 2016
(in € thousands except shares)

	Number of shares	Capital	Retained earnings	Currency translation adjustments	Net profit	Non-controlling interests	TOTAL
Equity at 31 December 2015	**8,008,293**	**1,602**	**63,752**	**(9,300)**	**5,144**	**3,682**	**64,880**
Net income appropriation of the prior year			5,144		(5,144)		
Payment of dividends			(965)			(1,161)	(2,126)
Translation reserve			1	318		(383)	(64)
Treasury shares	(34,784)	(7)	(502)				(509)
Consolidated retained earnings							
Changes in Group structure						2	2
Net income for the financial year ended 31 December 2016					2,275	1,801	4,076
Equity at 31 December 2016	**7,973,509**	**1,595**	**67,430**	**(8,982)**	**2,275**	**3,941**	**66,259**
Net income appropriation of the prior year			2,275		(2,275)		
Payment of dividends			(482)			(1,828)	(2,310)
Translation reserve				(11,232)		(119)	(11,351)
Treasury shares	(35,072)	(7)	(679)				(686)
Consolidated retained earnings							
Changes in Group structure			470	(284)		(627)	(441)
Net income for the financial year ended 31 December 2017					4,315	1, 032	5,347
Equity at 31 December 2017	**7,938,437**	**1,588**	**69,014**	**(20,498)**	**4,315**	**2,399**	**56,818**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(IFRS)*

For fiscal years ended 31 December 2017 and 2016
(€ thousands)

	31/12/2017	31/12/2016
CONSOLIDATED NET PROFIT	**5,347**	**4,076**
Translation differences of consolidated subsidiaries	(11,738)	155
Actuarial gains (losses) on defined benefit obligations	-	-
COMPREHENSIVE INCOME	**(6,391)**	**4,231**
Attributable to the Group	*(7,203)*	*2,813*
Attributable to non-controlling interests	*812*	*1,418*

Notes to the consolidated financial statements

NOTES TO THE FINANCIAL STATEMENTS *(IFRS)*

For fiscal years ended 31 December 2017 and 2016

1. THE GROUP

The consolidated financial statements of CIS for the year ended 31 December 2017 were approved by the Board of Directors on 10 April 2018.
The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) for the Group
formed by Catering International & Services as the parent company and its subsidiaries.
The Group's business is conducted entirely in international markets.
CIS is specialised in the management of remote sites in extreme environments, onshore and offshore.
As a services integrator, the Group has developed a comprehensive service offering (facilities and utilities management) that allows it to provide customers with turnkey solutions.
The Group's customer base includes local or Western companies, very often major names in their sectors. These companies usually operate through local independent entities or joint ventures in the oil and gas, mining engineering and civil engineering and peacekeeping sectors.
The Group thus provides its customers with support services for their operating sites that are generally located in emerging countries or in difficult regions.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

In accordance with t EC regulation No. 1606/2002 of 19 July 2002 of 19 July 2002, companies listed on a regulated European market must prepare, for periods commencing on or after 1 January 2005, their consolidated financial statements in accordance with IFRS (International Financial Reporting Standards), formerly referred to as IAS (International Accounting Standards).
The consolidated financial statements of Catering International & Services S.A. for fiscal 2017 and 2016 are in consequence prepared on the basis of IFRS.

There is no difference between the IFRS of the International Accounting Standards Board (IASB), the independent accounting standard-setting body of the IFRS Foundation and EU IFRS applied by the Group.

No standard, amendment or interpretation has been issued by the IASB and adopted by the EU for periods commencing on or after 1 January 2017.

No standard, amendment or interpretation has been published by the IASB and adopted by the EU whose application was not mandatory for periods commencing on or after 1 January 2017.

The Group has not applied any of the standards or interpretations in advance.

The impact of the application of IFRS 15 «Revenue from contracts with customers» and IFRS 16 «Leases» on the financial statements is in the process of being analysed by the Group.

PRINCIPLES OF CONSOLIDATION

Basis of consolidation
Consolidation includes all companies controlled by Catering International & Services on an exclusive basis or over which Catering International & Services exercises a significant influence.

All subsidiaries and equity investments meeting such criteria are consolidated, even in cases where they account for a negligible influence on consolidated operations as a whole or if their operation is not destined to continue.

Consolidation methods
The financial statements of companies over which Catering International & Services exercises exclusive control are fully consolidated. Control, within the meaning of IFRS 10, is taken to mean the power to define and manage, directly or indirectly, the financing and operating policies of the company in order to obtain benefits from its activities. Control is generally presumed to exist if the Group holds more than half the voting rights of the company in question.

The companies over which the Company exercises a significant influence are accounted for by the equity method.
It should be noted that at 31 December 2017, there were no subsidiaries in this latter category.

VALUATION METHODS

Presentation of financial statements
Under the option provided for by Revised IAS 1, CIS Group has chosen to present income and expense items recognised directly in equity, in accordance with other standards (foreign exchange gain / loss, changes in fair value of available-for-sale financial assets, changes in fair value of cash-flow hedges, etc.), in the «consolidated statement of comprehensive income» that is distinct from the income statement.

Definition of operating income
Operating income includes all income and expenses directly related to the ordinary activities of the Group, whether such income and expenses are recurring in nature or result from non-recurring decisions or operations. «Other operating income» and «Other operating expenses» includes a limited number of income and expense items described in note 5 to the consolidated financial statements.

Foreign currency translation
Transactions in foreign currency are translated at the exchange rate prevailing at the time of the transaction.
Payables and receivables in foreign currency are translated at the year-end exchange rate. The resulting foreign exchange gains and losses are recorded in income.
In compliance with IAS 29, the Group studies inflation trends in countries where it operates and for 2017 has not identified any hyperinflationary economy as defined by this standard, requiring a restatement approach to its financial statements.

The translation methods used for the financial statements of foreign subsidiaries were as follows:
Balance sheet items (not including equity translated at the historical exchange rate) are converted into euros at the year-end exchange rate.
Income statement items as well as income attributable to the Group presented under equity are translated according to the average exchange rate for the year. The difference between net income translated at the average rate and net income translated at the year-end rate is recorded in the consolidation reserves.

Current / non-current assets and liabilities
Assets to be realised, consumed or transferred within the scope of the normal operating cycle or within the twelve months following the year-end, are recognised under "current assets" as are assets held for sale and cash and cash equivalents.
All other assets are recognised under "non-current assets".

The liabilities to be realised within the scope of the normal operating cycle or within the twelve months following the year end, are recognised under "current liabilities".
All other liabilities are recognised under "non-current liabilities".

Stock option plan
Stock option plans may be established by the Group providing for settlement through CIS shares at price and exercise period conditions specific for each grant.
The definitive fair value of the services received in consideration for the grant of these options is measured in reference to their fair value on the grant date.

For the valuation of these options, the Group uses a binomial mathematical model. Total fair value determined according to this method is recognised on a straight-line basis over the vesting period. This expense is recognised in staff costs as a reverse entry for an increase in the consolidated reserves. When the option is exercised, the cash amount received by the Group for the exercise price is recognised under cash offset with a corresponding entry in consolidated reserves.
There are no stock option plans currently in force.

Treasury shares
When the Group purchases its own shares, the amount paid for the shares and the transaction costs directly attributable are recognised as a change in equity. The results of disposals of the shares are also charged directly to equity and as such are not recognised under income of the period.

Earnings per share
Basic earnings per share are calculated by dividing net income (attributable to the Group) by the number of shares outstanding at year-end.
Diluted earnings per share are calculated by dividing the net income (attributable to the Group), adjusted for the financial cost (net of taxes) of dilutive debt instruments, by the average number of outstanding shares at year-end, plus the average number of shares that, according to the treasury method would have been issued if all dilutive instruments issued had been converted (stock options or convertible bond).
The weighted average number of shares in issue is not calculated as the number of the only potentially dilutive securities, namely treasury shares, is too small to have an effect on indicator per share of any kind.

The dilutive effect of each convertible instrument is determined by seeking the maximum dilution of basic earnings per share.

Related party transactions
Related party transactions concern in particular transactions with:

- The legal entities controlling directly or indirectly, on an exclusive basis, through one or several intermediaries, or exercising a significant influence on the Group;
- The main executives of the Group.

Revenue recognition
Revenue is recognised at fair value of the consideration received or receivable,
i.e. after deducting amounts for discounts and taxes.
Revenue is recognised when there is a transfer to the buyer of the material risks and rewards which generally coincides with the transfer of title or completion of the service.

Borrowing costs
In accordance with the guidelines of Revised IAS 23 applicable as from 1 January 2009, borrowing costs for investments in property, plant and equipment and intangible assets relating to projects undertaken after this date where the period for construction or preparation for their intended use or sale is more than one year must be included in the cost price of these assets.
Application of this standard has no impact on the financial statements of CIS Group.

Leases
Leases are classified as finance leases when they result in transferring substantially all the risks and rewards incidental to ownership from the lessor to the lessee. All other contracts are considered as operating leases;
Assets held under finance leases are accounted for as assets of the Group at fair value as from the commencement of the lease or, if lower, at the fair value of minimum lease payments owed thereunder. The corresponding liability to the lessor is recognised in the balance sheet as a debt. Lease payments are broken down between the interest expense and the reduction of the outstanding liability so as to produce a constant periodic rate of interest on the remaining balance of the liability. These interest expenses are recorded under net financial expense.
For operating leases, these payments are recognised as an expense in the income statement over the lease term. The benefits received an expected as a reward on signature of the operating lease are also spread over the lease term.

The Group does not have any significant operating leases providing such benefits and its financial statements are not subject to adjustments on that basis.

Intangible assets

a - Goodwill

In accordance with revised IFRS 3, when control is acquired over businesses or companies, such business combinations are accounted for using the acquisition method.
Under this method, assets, liabilities and contingent liabilities of the acquired company that meet the definition of identifiable assets or liabilities are recognised at fair value on the acquisition date.

The difference between the acquisition cost of the business or securities of the company acquired, and the fair value of the assets, liabilities and contingent liabilities on the acquisition date is recorded in balance sheet assets under goodwill if positive and in the income statement for the year of acquisition if negative.

Acquisition costs must be recognised under expenses and the company may choose between the full or partial goodwill methods for each transaction.

Goodwill is tested for impairment every year or more frequently as soon as events or circumstances arise indicating that an impairment loss might be incurred. Such events or circumstances exist when material modifications occur that would call into question the substance of the initial investment over a sustained period. For conducting impairment tests, goodwill is allocated to each cash generating unit (CGU) based on the organisation implemented by the Group. A CGU is defined as a homogeneous group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets.

The recoverable value of the CGU is equal to the higher between (i) its value in use measured according to the discounted cash flow method and (ii) its fair value minus the cost of sales.
If the recoverable value of the CGU is lower than the carrying value of its assets, the impairment loss is allocated in priority to goodwill. An impairment loss recognised on goodwill is reversible in nature and cannot be reversed.

To determine value in use, estimated future cash flows are discounted according to a rate reflecting current assessments of the time value of money and the specific risk for the asset or the CGU in question.

b - Other intangible assets

Intangible assets acquired separately are recognised at cost while those acquired through a business combination are recognised at fair value on the acquisition date. Finite life intangible assets are amortised over their useful lives:

	Useful life (in years)
Software	3
Non-compete clause	5

Indefinite life intangible assets are not amortised and are tested annually for impairment at least once a year in accordance with IAS 36.

Property, plant and equipment

Property, plant, and equipment are carried at cost less accumulated depreciation. The depreciation of property, plant and equipment is calculated according to the straight-line method over the estimated useful life for the different categories of assets that are as follows:

	Useful life (in years)
Fixtures and improvements	10
Fixtures and improvements	5
Office and computer equipment	3
Office furniture	5
Assets located at foreign sites	2 to 5 (according to the terms of customer contracts)

In the event of any internal or external indication of impairment, the Group will assess the recoverable value of the tangible assets and record an impairment loss if the net carrying value exceeds their recoverable value.

Inventories and work in progress

Inventories are measured (including transport cost (according to the weighted average cost method. However, for reasons relating to software applications or statutory requirements, where this method cannot be used, the FIFO (first in, first out) method is used, with a marginal impact on the measurement of inventory and consumables.

Furthermore, values used are adjusted for risks of expiration associated with such inventories.

Trade receivables

Trade receivables are recognised at face value. Trade receivables are, if appropriate, depreciated to take into account the collection risks.

Cash and cash equivalents

Cash includes cash on hand as well as short-term investments considered to be readily convertible to cash and subject to an insignificant risk to changes in value with regards to the criteria of IAS 7.

Overdrafts do not qualify as cash and cash equivalents and are recognised as current financial liabilities.

IAS 7.48 requires an entity to disclose the existence of any significant restricted cash balances that it holds but may not be used by the group, together with management's narrative commentary (this is the case, for example, for cash and cash equivalent balances held by a subsidiary operating in a country subject to foreign exchange controls or other restrictions).

Cash and cash equivalents have been translated into euros at the closing exchange rate at the end of the reporting period. The resulting translation differences are recognised in the income statement of the year as currency gains or losses.

Provisions for contingencies and expenses

In accordance with IAS 37, a provision is recorded when there exists an obligation towards a third-party at the end of the reporting period, whether legal, contractual or constructive, resulting in a probable outflow of resources embodying economic benefits to settle the obligation, without receiving in exchange resources of a value at least equivalent to the latter expected after closing date.

Current and deferred tax

In accordance with IAS 12, the deferred taxes are determined according to the liability method for timing differences between the book values and the tax bases for the assets and liabilities items. They are not discounted and are measured using the official year-end tax rate which will be applicable as soon as the timing differences are reabsorbed.

Deferred tax assets arising from timing differences and tax loss carryforwards are recognised when considered recoverable over the period of validity, taking into account the historical and forward-looking information.
It should be noted that no French tax sharing arrangements between the parent company and subsidiaries exist within the Group.

Evaluation of risks
The risks are of the same nature as those described in the section «6-Risk factors and risk management procedures» of the Board of Directors' management report on operations for the year ended 31/12/2017 as well as those mentioned herein in note 15.

3. GEOGRAPHIC SEGMENT INFORMATION

In accordance with IFRS 8, operating segments are those presented by management based on the Group's internal reporting procedures. Because all Group revenue is generated outside of France, and it operates in a single business, segment information is presented by region as follows (€ thousands):

			2017	2016
(1)	**AFRICA**	REVENUE	138,123	144,919
		CURRENT OPERATING PROFIT	10,745	6,566
(2)	**ASIA / OCEANIA / MIDDLE-EAST**	REVENUE	36,211	27,978
		CURRENT OPERATING PROFIT	1,412	2,876
(3)	**CIS (Commonwealth of Independent States)**	REVENUE	29,417	24,515
		CURRENT OPERATING PROFIT	717	911
(4)	**SOUTH AMERICA**	REVENUE	47,604	52,139
		CURRENT OPERATING PROFIT	784	593
	REVENUE		**251,355**	**249,551**
	CURRENT OPERATING PROFIT		**13,658**	**10,946**

(1) ALGERIA - BURKINA FASO - CONGO (DRC) - CONGO (BRAZZAVILLE) - GUINEA CONAKRY - MALI - MAURITANIA - MOZAMBIQUE - NIGER - SOMALIA - CHAD

(2) SAUDI ARABIA - UNITED ARAB EMIRATES - ERITREA - KUWAIT - MONGOLIA - NEW CALEDONIA - TURKEY -YEMEN

(3) KAZAKHSTAN - RUSSIA

(4) BOLIVIA - BRAZIL - DOMINICAN REPUBLIC

The segment information is prepared according to the same accounting methods used by the Group for its IFRS consolidated financial statements. Current operating income by geographic segment includes headquarters overhead costs prorated according to the percentage of sales for the region. Segment information relating to assets and liabilities is not considered relevant.

4. ALLOWANCES AND REVERSAL OF PROVISIONS

Changes in provisions for impairment and reversals break down as follows (€ thousands):

	2017	2016
Provisions for collection risks for trade and other receivables	(605)	(1,438)
Operating allowances	(776)	(645)
Reversal of provisions for collection risks for trade and other receivables	74	198
Reversal of operating allowances	189	277
Provisions/reversals	**(1,118)**	**(1,608)**

5. OTHER FINANCIAL INCOME AND EXPENSES

Other operating income and expenses breaks down as follows (€ thousands):

	2017	2016
Profit from asset disposals	12	62
Changes in Group structure	12	
Miscellaneous operating income		
Payment differences	56	
Compensation from other disputes		440
Other operating income	**80**	**502**
Customer disputes		
Employee-related lawsuit contingencies	(155)	
Other lawsuit contingencies	(299)	
Destruction of trade goods		
Penalties	(954)	(500)
Changes in Group structure		
Impairment of goodwill		(815)
Payment differences		(100)
Other operating expenses	**(1,408)**	**(1,415)**

6. ANALYSIS OF NET FINANCIAL INCOME (EXPENSE)

Net financial expense breaks down as follows (€ thousands):

	2017	2016
Net proceeds from the disposal of marketable securities	0	0
Income from cash equivalents	524	685
Interest expense on borrowings	(812)	(1,065)
Other interest and similar expenses	(239)	(234)
Other financial income	14	53
Net borrowing costs	**(513)**	**(561)**
Translation differences	(562)	593
Net financial expense	**(1,075)**	**32**

Because all the company's revenue is generated by international operations, it is subject to risks related to foreign exchange fluctuations, notably of the US dollar.
Procedures have been implemented accordingly to reduce the most likely exposures, mainly associated with cash flows in foreign currency generated by business operations.
In order to limit the foreign exchange risks, the expenses and income are generally denominated in the currency of the country of operation, thus maintaining a certain balance.
All borrowing costs are expensed in the period in which they are incurred.

7. CORPORATE INCOME TAX

- In accordance with IAS 12, the deferred taxes are determined according to the liability method for timing differences between the book values and the tax bases for the assets and liabilities items. They are not discounted and are measured using the official year-end tax rate which will be applicable as soon as the timing differences are reabsorbed.
- Deferred tax assets arising from timing differences and tax loss carryforwards are recognised when considered recoverable over the period of validity, taking into account the historical and forward-looking information.
- It should be noted that no French tax sharing arrangements between the parent company and subsidiaries exist within the Group.
- Tax losses of foreign subsidiaries are not recognised as tax assets.

The corporate tax line item of the income statement breaks down as follows (€ thousands):

	2017	2016
Profit before tax	11,255	10,065
Tax at French rate of $33^{1/3}$%	(3,752)	(3,355)
Impact of non-deductible expenses	(15)	(31)
Impact of operating country tax rates and tax bases	(2,141)	(2,603)
Corporate tax income (expense)	**(5,908)**	**(5,989)**

8. INTANGIBLE ASSETS

Intangible assets include the following items (€ thousands):

	31/12/2016	Acquisitions/ Allowances	Disposals / Reversals	Currency translation adjustments	Changes in Group structure	31/12/2017
Software	1,256	129	(65)	(95)		1,225
Goodwill	7,415				(815)	6,600
Non-compete clauses	2,300					2,300
Other intangible assets	517					517
Gross intangible assets	**11,488**	**129**	**(65)**	**(95)**	**(815)**	**10,642**
Amortisation of software	(854)	(177)	65	52		(914)
Amortisation of non-compete clauses	(2,300)					(2,300)
Amortisation of other intangible fixed assets	(320)	(39)				(359)
Impairment of goodwill / goodwill	(814)			(1)	815	0
Amortisation, depreciation and impairment	**(4,288)**	**(216)**	**65**	**51**	**815**	**(3,573)**
Net intangible assets	**7,200**					**7,069**

CIS defines a cash flow generating unit as the lowest level within the entity at which the goodwill is monitored for internal management purposes, corresponding to the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. For such purpose, CIS Group the country level as CGU.

Goodwill consists of the goodwill arising from the acquisition of Cieptal in 2006.
This goodwill is tested for impairment annually based on the individual value of this CGUs.
The following assumptions were used to determine their value in use:

	2017	2016
Discount rate (WACC)	7.0%	6.5%
Of which country risk premium	8.0%	8.0%
Perpetuity growth rate	3%	3%
Budget period	3 years	3 years

Furthermore, to prevent any risks associated with this valuation, a sensitivity analysis has been performed based on the following parameters:

- -2 points of growth in sales
- -1 point of growth in the operating margin
- -2 points of growth in long-term cash flows.

This analysis did not indicate a recoverable value lower than the carrying value of the CGU.

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment include the following items (€ thousands):

	31/12/2016	Acquisitions/ Allowances	Disposals / Reversals	Currency translation adjustments	Changes in Group structure	31/12/2017
Buildings and living compounds	5,872	56		(927)		5,001
Plant, machinery and equipment	9,430	866	(500)	(1,188)	(114)	8,494
General equipment, fixtures and miscellaneous improvements	3,434	604	(334)	(276)		3,428
Transport equipment	5,878	583	(41)	(635)	(167)	5,618
Office and computer equipment:	1,768	191	(141)	(133)	(97)	1,588
Tangible assets under construction	10	83				93
Gross property, plant and equipment	**26,392**	**2,383**	**(1,016)**	**(3,159)**	**(378)**	**24, 222**
Depreciation of buildings and living compounds	(2,491)	(348)	241	400		(2,198)
Depreciation of plant, machinery and equipment	(6,408)	(1,435)	162	861	71	(6,749)
Depreciation of general equipment, fixtures and miscellaneous improvements	(2,479)	(315)	334	196	6	(2,258)
Depreciation of transport equipment	(4,100)	(776)	43	415	114	(4,304)
Depreciation of office and computer equipment	(1,332)	(240)	134	101	45	(1,292)
Amortisation, depreciation and impairment	**(16,810)**	**(3,114)**	**914**	**1,973**	**236**	**(16,801)**
Net property, plant and equipment	**9,582**					**7,421**

10. NON-CURRENT FINANCIAL ASSETS

Financial assets include the following (€ thousands):

	31/12/2016	Increase	Decrease	Currency translation adjustments	Changes in Group structure	31/12/2017
Deposits and guarantees	422	635	(110)	(76)	(39)	832
Loans and financial assets	3	2	(1)	0	0	4
Net financial assets	**425**	**637**	**(111)**	**(76)**	**(39)**	**836**

11. INVENTORIES

Inventories consisting primarily of food supplies break down as follows (€ thousands):

	31/12/2017	31/12/2016
Inventory of trade goods	12,652	13,763
Provisions for impairment		
Net inventories	**12,652**	**13,763**

12. TRADE RECEIVABLES

Trade receivables break down as follows (€ thousands):

	31/12/2017	31/12/2016
Trade receivables	47,071	57,614
Doubtful trade receivables	(2,384)	(1,985)
Net trade receivables	**44,687**	**55,629**

13. OTHER CURRENT ASSETS

Other current assets break down as follows (€ thousands):

	31/12/2017	31/12/2016
Advances and instalments paid on orders	690	1,263
Other receivables	4,997	8,193
Provisions for doubtful trade receivables		
Prepaid expenses	2,063	1,858
Other current assets	**7,750**	**11,314**

14. CASH AND CASH EQUIVALENTS

Other current assets break down as follows (€ thousands):

	31/12/2017	31/12/2016
Unrestricted cash	16,625	17,186
Restricted cash not available for use by the group	28,530	25,261
Income from cash and cash equivalents	**45,155**	**42,447**

Cash not available for use by the group is cash blocked in Algeria pursuant to a litigation that was settled in favour of the subsidiary CNA following the decision rendered by the Court of Appeals of Algiers of 09/11/2016. A decision for the distribution of dividends for the benefit of CIS SA was in consequence voted on 01/02/2017 and the corresponding withholding tax on this distribution was paid to the Algerian tax authorities.
In this context, the Bank of Algeria issued instructions on 15/02/2017 to all banks to lift the restriction on executing bank debit payments and to proceed with the international transfer of the funds, and in consequence distribute the dividends.
Contrary to all expectations, on 07/05/2017 the Bank of Algeria opposed the request for transfer, without however providing any justifications.
In consequence, CNA, after unsuccessful attempts to contact the Bank of Algeria, initiated an action in February 2018 seeking to the annulment of this decision.
The collection of dividends has not been called into question though the timeframe has been prolonged.

15. PROVISIONS AND OTHER NON-CURRENT LIABILITIES

Provisions and other non-current liabilities break down as follows (€ thousands):

	31/12/2016	Allowances	Reversals (provisions used in the period)	Reversals (unused provisions)	Currency translation adjustments	31/12/2017
Employee-related lawsuit contingencies	428	41	(68)	(61)		340
Other lawsuit contingencies for subsidiaries	792	735	(36)		(80)	1,411
Provisions for pension liabilities	327			(99)		228
Provisions and other non-current liabilities	**1,547**	**776**	**(104)**	**(160)**	**(80)**	**1,979**

16. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Non-current financial liabilities represent loans obtained in France and Brazil to finance the acquisition of containers and other equipment required to operate new contracts executed with the Petrobras group and also for the purpose of obtaining working capital financing.
The 70% acquisition of Top Service in the Democratic Republic of Congo was also financed through a bank loan.

Bank	Net carrying value in € thousands at 31/12/2016	Net carrying value in € thousands at 31/12/2017	Nominal amount in €	Rate	Maturity < 1 yr.	Maturity >2 and < 5 yrs.	Maturity >5 years
BNP (France)	2,300	2,300	2,300	2.82%	2,300		
BNP (France)		6,000	6,000	1.80%		6,000	
Société Générale (France)	3,750	3,000	6,000	2.30%	3,000		
Société Générale (France)	1,133	944	1,510	1.95%	189	755	
Santander (Brazil)	874			16.90%			
Santander (Brazil)	2,624			16.90%			
Santander (Brazil)	583			16.90%			
Itau (Brazil)		755	755	13.21%	755		
Itau (Brazil)		503	503	13.22%	503		
BNP (Brazil)	1,749	1,259	1,259	12.95%	1,259		
Bank borrowings	**13,013**	**14,761**			**8,006**	**6,755**	**0**
Bank overdrafts	1,110	997			997		
Current accounts	667	620			620		
Long-term debt	**14,790**	**16,378**			**9,623**	**6,755**	**0**

17. OTHER CURRENT LIABILITIES

Other current liabilities include the following (€ thousands):

	31/12/2017	31/12/2016
Advances and down-payments on orders in progress	129	862
Other tax and social security payables	15,872	18,660
Other payables	790	596
Other current liabilities	**16,791**	**20,118**

18. SHAREHOLDERS' EQUITY

As of 31 December 2017, the share capital of Catering International & Services was composed of 8,041,040 shares with a par value of €0.20.

At 31 December 2017, the Company held 102,603 treasury shares for an amount of €2,126,000 recognised as a deduction from equity. For information, at 31 December 2017, 67,531 own shares valued at €1,440,000 were held in treasury and deducted in consequence from equity.

In the financial year, the General Meeting decided to distribute €482,000 in dividends.

19. RELATED PARTY TRANSACTIONS

- Pursuant to the authorisation of the Board of Directors of 26 May 2016, CIS concluded an office lease agreement with Financière Régis Arnoux SAS (FINRA).
  For fiscal 2017, under the terms of this agreement, expenses of €72,000 were recognised for rental payments excluding charges.

- Pursuant to the authorisation of the Board of Directors of 28 March 2013, CIS concluded a service agreement with Frédérique Salamon (representative of SARL FLAYM Consulting).
  For fiscal 2017, under the terms of this agreement, expenses of €74,000 were recognised for fees excluding tax.

- Pursuant to the authorisation of the Board of Directors of 7 February 2014, CIS concluded a residential lease agreement with SCI Monceau.
  In the first quarter of 2017, this lease having expired on 31/03/2017, €14,000 was recognised for rental payments excluding charges.

- Pursuant to the authorisation of the Board of Directors of 16 September 2015, CIS concluded an office lease agreement with SCI Borely.
  For fiscal 2017, under the terms of this agreement, expenses of €32,000 were recognised for rental payments excluding charges.

- Pursuant to the authorisation of the Board of Directors of 4 July 2013, CIS concluded a service agreement with the company Marine Firminy.
  For fiscal 2017, under the terms of this agreement, expenses of €5,000 were recognised for fees excluding tax.

20. OFF-BALANCE-SHEET CONTINGENCIES AND COMMITMENTS

- No capital lease commitments exist.

- Commitments given at 31 December 2016 amounted to €7,750,000 of which:

performance bonds	€5,187,000
tender bonds	€726,000
other guarantees	€1,837,000

The maturities of these guarantees range from 1 to 5 years.

21. PENSION OBLIGATIONS

A provision for retirement benefits is recorded in the balance sheet for €228,000 relating exclusively to headquarters and expatriate staff. Benefits for local staff are not material in light of less favourable regulations, high turnover and the use of fixed-term employment contracts.
The Group records the total amount of its benefit obligations for retirement, early retirement, retirement severance payments, social security, long-service awards, contingency fund and other similar benefits both for the personnel currently working and retired personnel, net of the plan assets and the amounts not recognised in accordance with the provisions of IAS 19.
For the defined contribution plans, payments made by the Group are expensed in the period to which they relate.
For defined benefit plans, the costs are estimated using the projected unit credit method.
Future employee benefit obligations are measured on the basis of assumptions about wage escalation trends, retirement age and probability of payment. These future payments are taken to their present value using a specific discount rate.
The actuarial gains and losses (change in benefits and financial assets due to the changes in assumptions and experience adjustments) are recognised under other comprehensive income.

Employee benefit costs are divided into 2 categories:
- A charge from the reversal of the measurement of present value (net of return on plan assets) recorded under financial income and expense;
- Operating expenses corresponding to service costs;

Assumptions used for the calculation are as follows:
- A retirement age of 65
- Average decrease in career profile
- Average staff turnover: 5%
- Salary escalation: 1.5% per year
- Discount rate: 1.5% per year
- Separate mortality ratios based on distinct mortality tables for men and women (Reference: Insee TD 2007-2009 Table)

22. STAFF

Changes in staff costs and the workforce are as follows (staff costs in € thousands):

	2017			2016		
	Headcount	**Salaries and social contributions**	**External staff costs**	**Headcount**	**Salaries and social contributions**	**External staff costs**
Headquarters staff	50	7,065		48	6,066	
Expatriate staff	135	2,641	921	160	4,456	557
Local staff	9,994	75,154		10,698	75,873	
Total CIS staff	**10,179**	**84,860**	**921**	**10,906**	**86,395**	**557**
Local external staff	523		4,968	422		3,692
Workforce managed by the Group	**10,702**	**84,860**	**5,889**	**11,328**	**86,395**	**4,249**

23. CONSOLIDATED COMPANIES

The following companies were consolidated:

Company	Consolidation method	Ownership interests (%) of the Group	
		2017	2016
CIS	Parent company	100%	100%
ARCTIC CATERING SERVICES (ACS)	Full consolidation	100%	100%
CIS UKRAINE	Full consolidation	100%	100%
CIS ASIA	Full consolidation	100%	100%
ARCTIC CATERING SERVICES (ACS)	Full consolidation	85%	85%
CIS CAMEROUN	IFull consolidation	100%	100%
CIS CHAD	Full consolidation	100%	100%
CIS BOLIVIA	Full consolidation	99%	99%
CISM VENEZUELA	Full consolidation	100%	100%
CIS BRAZIL	Full consolidation	100%	100%
CATERING NORTH AFRICA SERVICES	Full consolidation	100%	100%
CIS GEORGIA	Full consolidation	100%	100%
CIS NEW-CALEDONIA	Full consolidation	60%	60%
CIS PERU	Full consolidation	100%	100%
CIEPTAL	Full consolidation	100%	100%
ICS GUINEA CONAKRY	Full consolidation	100%	100%
CISY YEMEN	Full consolidation	50%	50%
UKRAINE CATERING & SERVICES (UCS)	Full consolidation	100%	100%
CAC KAZAKHSTAN	Full consolidation	100%	100%
CIS NIGER	Full consolidation	100%	100%
CIS BURKINA FASO	Full consolidation	100%	100%
GCS GUINEA CONAKRY	Full consolidation	100%	100%
CNA MAURITANIA	Full consolidation	100%	100%
MOHJAT AL-IRAQ GENERAL TRADE	Full consolidation	100%	100%
CIS MIDDLE-EAST	Full consolidation	100%	100%
CIS DOMINICANA	Full consolidation	100%	100%
CIS MALI	Full consolidation	100%	100%
CIS NACALA	Full consolidation	80%	80%
CIS PACIFIC	Full consolidation	100%	100%
SUPPORT SERVICES MONGOLIA	Full consolidation	49%	49%
TOP SERVICE (1)	Unconsolidated	-	70%
CATER CONGO	Full consolidation	100%	100%
CIS MOZAMBIQUE	Full consolidation	80%	80%
CIS ARABIA	Full consolidation	55%	55%
CIS TURQUIE	Full consolidation	55%	55%
CIS MEA	Full consolidation	100%	100%
TSC RDC (2)	Full consolidation	100%	70%
CIS KOWEIT	Full consolidation	94%	94%

The Yemeni company CISY and the Mongolian company Support Services Mongolia were fully consolidated as control has been given to the parent company CIS, even though CIS SA's percentages of ownership interest are respectively 50% and 49%.
The notion of control is analysed in reference to the criteria defined by IFRS 10, and namely:

- CIS SA has power over CISY and SSM,
- CIS SA has exposure to variable returns from its involvement with the CISY and SSM
- CIS SA has the ability to use its power over CISY and SSM to affect the amount of these returns.

(1) TOP SERVICE, deconsolidated in January 2017.
(2) TSC RDC, increase in the ownership interest in 2017.

24. AUDITORS' FEES

Group Auditors:

AUDIT CONSEIL EXPERTISE, SAS
MEMBRE DE PKF INTERNATIONAL
17, boulevard Cieussa
13 007 Marseille

SYREC
Prado Beach
59, promenade Georges Pompidou
13 272 Marseille

Fees recognised in the period (€ thousands) :

	Audit Conseil Expertise		SYREC		Other	
	FY 2017	FY 201§	FY 2017	FY 2016	FY 2017	FY 2016
	Amount excl. VAT	Amount excl. VAT	Amount excl. VAT	Amount excl. VAT	Amount excl. VAT	Amount excl. VAT
Statutory auditing (parent company, consolidated accounts and subsidiaries)	47.3	43.5	47.3	43.5	182.4	214.0
Service other than account certification					7.0	7.0
Total fees	**47.3**	**43,.5**	**47.3**	**43.5**	**189.4**	**221.0**

25. SUBSEQUENT EVENTS

None.

Separate parent company financial statements (French GAAP)

CATERING INTERNATIONAL & SERVICES ***Income statement*** (1/2) (in Euros)			Financial year Y ended 31/12/2017			Y-1 at 31/12/2016
			France	**Export**	**Total**	
OPERATING INCOME		Sales of goods held for resale	0	0	0	0
		Sold production: goods	0	0	0	0
		Sold production: services	0	23,330,318	23,330,318	23,051,823
		Net sales	**0**	**23,330,318**	**23,330,318**	**23,051,823**
		Change in finished goods and in-progress inventory			0	0
		Capitalised production			0	0
		Operating grants			0	0
		Reversals of depreciation, amortisation and provisions and expense reclassifications			490,860	147,216
		Other income			0	0
		Total operating income (1)			**23,821,178**	**23,199,038**
OPERATING EXPENSES		Purchase of trade goods			0	0
		Changes in inventories (trade goods)			0	0
		Purchase of raw material and other supplies			8,459,163	7,842,077
		Changes in inventories (purchase of raw material and other supplies)			247,044	472,834
		Other purchases and external charges			8,306,084	8,169,977
		Taxes and similar payments (other than on income)			532,160	560,650
		Wages and salaries			9,137,189	10,199,283
		Social security contributions			2,699,511	2,656,526
	OPERATING ALLOWANCES	Fixed assets depreciation allowance			456,615	453,504
		Provisions for losses in value of fixed assets			0	0
		Provision for losses on current assets			2,093,000	2,816,840
		Provisions for contingencies and expenses			273,900	270,000
		Other expenses			215,000	200,000
		Total operating expenses (II)			**32,419,666**	**33,641,691**
1- OPERATING PROFIT (LOSS) (I-II)					**(8,598,488)**	**(10,442,653)**
Joint operations		**Profits attributed or losses transferred (III)**			**0**	**0**
		Loss incurred or transferred profit (IV)			**0**	**0**

CATERING INTERNATIONAL & SERVICES ***Income statement*** (2/2) (in Euros)		Financial year Y ended 31/12/2017	Y-1 at 31/12/2016
FINANCIAL INCOME	Financial income from equity interests	33,255,800	6,565,542
	Income from other securities and long-term receivables	0	0
	Other interest and similar income	13,427	9,308
	Reversals of provisions and expense reclassifications	1,669,506	1,550,119
	Foreign exchanges gains	618,406	752,757
	Net gain from the disposal of marketable securities	0	0
	Total financial income (V)	**35,557,139**	**8,877,727**
FINANCIAL EXPENSES	Allowances for amortisation and reserves	1, 823,922	1,669,506
	Interest and similar expenses	415,592	361,708
	Foreign exchange losses	981,870	1,020,458
	Net losses from the disposal of marketable securities	0	0
	Total financial expense (VI)	**3,221,384**	**3,051,672**
2- NET FINANCIAL PROFIT / (EXPENSE) (V-VI)		**32,335,756**	**5,826,054**
3- PROFIT (LOSS) FROM ORDINARY ACTIVITIES BEFORE TAX AND EXCEPTIONAL ITEMS (I-II+III-IV+V-VI)		**23,737,268**	**(4,616,598)**
EXCEPTIONAL INCOME	Exceptional income from non-capital transactions	433,637	217,513
	Exceptional income from capital transactions	892,670	0
	Reversals of provisions and expense reclassifications	0	0
	Total exceptional income (VII)	**1,326,307**	**217,513**
EXCEPTIONAL EXPENSES	Exceptional expenses on non-capital transactions	341,605	249,962
	Exceptional expenses on capital transactions	1,739,292	0
	Exceptional appropriations for amortisations and reserves	0	0
	Total exceptional expenses (VIII)	**2,080,897**	**249,962**
4- NET EXCEPTIONAL ITEMS (V-VI)		**(754,590)**	**(32,449)**
	Employee profit sharing (IX)	**0**	**0**
	Income tax expense (X)	**43,797**	**786,194**
TOTAL REVENUES (I+III+V+VII)		**60,704,625**	**32,294,278**
TOTAL EXPENSES (II+IV+VI+VIII+IX+X)		**37,765,744**	**37,729,518**
5- PROFIT OR LOSS (Total revenues - Total expense)		**22,938,881**	**(5,435,240)**

		CATERING INTERNATIONAL & SERVICES ***Balance Sheet - Assets*** (in Euros)	**Financial year Y ended 31/12/2017**			**Y-1 at 31/12/2016**
			Gross	Depreciation, amortisation, provisions	Net	Net
		Uncalled subscribed capital (I)	0	0	0	0
NON-CURRENT ASSETS	INTANGIBLE ASSETS	Start-up costs	0	0	0	0
		Research and development expenditures	0	0	0	0
		Concessions, patents and similar rights	561,682	511,846	49,836	124,037
		Goodwill	116,960	116,960	0	0
		Other intangible assets	2,700,500	2,542,564	157,936	197,369
		Advances and prepayments on intangible assets	0	0	0	0
	PROPERTY, PLANT AND EQUIPMENT	Land	0	0	0	0
		Buildings	0	0	0	0
		Plant, machinery and equipment	339,397	227,811	111,586	98,825
		Other tangible assets	3,280,431	2,746,305	534,125	753,301
		Tangible assets under construction	92,878	0	92,878	10,022
		Advances and deposits	0	0	0	0
	NON-CURRENT FINANCIAL ASSETS	Equity-accounted investments	0	0	0	0
		Other investments	12,038,030	1,618,700	10,419,330	10,918,292
		Investment-related receivables	0	0	0	0
		Other fixed securities	484	0	484	520
		Loans	0	0	0	0
		Other financial assets	58,432	0	58,432	67,409
		TOTAL (II)	**19,188,794**	**7,764,187**	**11,424,608**	**12,169,776**
CURRENT ASSETS	INVENTORIES	Raw materials and supplies	1,980,483	0	1,980,483	2,227,527
		Work-in-progress: goods	0	0	0	0
		Work-in-progress: services	0	0	0	0
		Semi-finished and finished products	0	0	0	0
		Trade goods	0	0	0	0
		Advances and instalments paid on orders	154,746	0	154,746	237,209
	RECEIVABLES	Trade receivables and related accounts	3,012,216	358,000	2,654,216	3,133,357
		Other receivables	37,711,067	4 ,901,000	32,810,067	7,227,188
		Subscribed capital called and unpaid	0	0	0	0
	MISCEL-LANEOUS	Marketable securities	2,128,538	383,300	1,745,238	1,141,298
		Cash and cash equivalents	2,486,681	0	2,486,681	1,814,266
ACCRUAL ACCOUNTS		Prepaid expenses	607,638	0	607,638	605,345
		TOTAL (III)	**48,081,369**	**5,642,300**	**42,439,069**	**16,386,190**
		Charges to be spread over several periods (IV)	**0**		**0**	**0**
		Bond redemption premiums (V)	**0**		**0**	**0**
		Unrealised exchange losses (VI)	**1,053,722**		**1,053,722**	**812,506**
		TOTAL (I to VI)	**68,323,885**	**13,406,487**	**54,917,399**	**29,368,472**

	CATERING INTERNATIONAL & SERVICES ***Balance Sheet - Equity & Liabilities*** (in Euros)	**Financial year Y ended 31/12/2017**	**Y-1 at 31/12/2016**
SHAREHOLDERS' EQUITY	Share capital or individual share	1,608,208	1,608,208
	Additional paid-in capital	1,500,721	1,500,721
	Revaluation difference	0	0
	Legal reserve	160,821	160,821
	Statutory or contractual reserves	0	0
	Tax-based reserves	0	0
	Other reserves	1,144,592	7,062,295
	Retained earnings	0	0
	ANNUAL PROFIT OR LOSS	**22,938,881**	**(5,435,240)**
	Investment grants	0	0
	Tax-driven provisions	0	0
	TOTAL (I)	**27,353,223**	**4,896,804**
OTHER EQUITY	Proceeds of issuance of non-voting shares	0	0
	Advances on conditions	0	0
	TOTAL (II)	**0**	**0**
PROVISIONS FOR CONTINGENCIES AND EXPENSES	Provision for contingencies	1,856,622	1,470,506
	Provisions for expenses	227,600	326,600
	TOTAL (III)	**2,084,222**	**1,797,106**
PAYABLES	Convertible bonds	0	0
	Other bond loans	0	0
	Bank borrowings	13,099,754	8,131,629
	Other borrowings and financial liabilities	3,637,245	4,485,939
	Advances and down-payments on orders in progress	0	0
	Trade payables and related accounts	3,441,897	3,855,408
	Tax and social security payables	4,658,040	5,062,377
	Payables to suppliers of fixed assets and related accounts	28,577	30,820
	Other payables	119,745	775,401
ACCRUAL ACCOUNTS	Deferred revenue	0	0
	TOTAL (IV)	**24,985,259**	**22 341,574**
	Unrealised exchange gains (V)	**494,695**	**332,987**
	TOTAL (I to V)	**54,917,399**	**29,368,472**

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Notes to the separate parent company financial statements before the income appropriation for the year with total assets of €54,917,399 and an income statement presented in list form showing revenue of €23,330,318 and a profit of €22,938,881.
The financial period runs for twelve months from 1 January to 31 December 2017.
The notes and tables presented below are an integral part of the separate parent company financial statements.
The separate parent company financial statements of CIS for the year ended 31 December 2017 were approved by the Board of Directors on 10 April 2018.

1. ANNUAL HIGHLIGHTS

The separate financial statements of 2017 include as financial income from equity interests €27.6 million in dividends from the Algerian subsidiary CNA pursuant to the decision of the annual general meeting of 1 February 2017.
The Bank of Algeria issued instructions on 15/02/2017 to all banks to lift the restriction on executing bank debit payments and to proceed with the international transfer of the funds, and in consequence distribute the dividends pursuant to the decision rendered by the Court of Appeals of Algiers on 09/11/2016.
Contrary to all expectations, on 07/05/2017, the Bank of Algeria opposed the request for transfer, without however providing any justifications.
In consequence, CNA, after unsuccessful attempts to contact the Bank of Algeria to no effect, initiated an action in February 2018 seeking to the annulment of this decision.
The collection of dividends has not been called into question though the timeframe has been prolonged.

2. SIGNIFICANT ACCOUNTING POLICIES

General principles and policies

The separate parent company financial statements for the period have been prepared and presented in accordance with the general principles of conservatism, the time period concept and going concern.
For the recognition and measurement of balance sheet items, the historical cost method has been applied.
The financial statements have been drawn up in accordance with the pronouncements of Regulation 2017-03 of 3 November 2017, modifying Regulation No. 2014-03 of the French accounting standard setter (Autorité des Normes Comptables or ANC) with respect to French GAAP.
Other regulations applied included CRC regulation 2002-10 for the depreciation, amortisation and impairment of assets and amended by CRC regulation 2003-07 and CRC regulation 2004-06 on the definition, recognition and measurement of assets.

Consistency principle

The methods of measurement used for this period are the same as for the previous year.
No assets meet the breakdown criteria in the financial statements for the period ended 31 December 2017
Depreciation and amortisation periods for foreign operations are based on their useful lives defined according to the terms of the contracts.

Assets and accounting methods

The main accounting methods applied are as follows:

Intangible assets

Intangible assets are comprised mainly of:

- Goodwill on an exceptional basis fully amortised in 2004 as a result of the dissolution of the subsidiary Myanmar Catering Services Ltd;
- Software amortised over 3 years;
- Non-compete clauses signed with partners amortised over 5 years.

Property, plant and equipment
Property, plant and equipment are recorded at acquisition cost (purchase price and related expenses, though excluding expenses incurred in their acquisition).

Depreciation
Depreciation is calculated on a straight-line basis according to their useful lives.
Useful lives for these assets are as a general rule as follows:

■ Fixtures and improvements	10 years
■ Transport equipment	5 years
■ Office and computer equipment	3 years
■ Office furniture	5 years
■ Assets at foreign sites	2 to 5 years (according to the term of the contracts)

Financial assets
Equity investments, as well as the other financial assets are recognised at their purchase price, excluding incidental expenses.
The financial assets are written down, when appropriate, by recording a provision to take into account their market value at year end. This value is usually determined in reference to the share of equity held in the companies concerned, which may be adjusted by taking into account future cash flows over a five-year period.

Inventories and work in progress
Inventories are measured (including transport cost (according to the weighted average cost method. However, for reasons relating to software applications or statutory requirements, where this method cannot be used, the FIFO (first in, first out) method is used, with a marginal impact on the measurement of inventory and consumables.
Furthermore, values used are adjusted for risks of expiration associated with such inventories.

Receivables and payables
Receivables and payables are recognised at face value.
A provision for impairment is recorded when the economic value or realisable value of a receivable is lower than the carrying amount.

Foreign currency transactions
Receivables and payables in foreign currency are translated into euros at the closing exchange rate at the end of the reporting period.
Resulting translation differences are recorded in the balance sheet under «unrealised exchange losses and gains» and a provision is recorded for the unrealised exchange losses.

Marketable securities
Marketable securities are measured at acquisition cost excluding expenses incurred in their acquisition.

In the case of the transfer of a block of shares of the same class conferring the same rights, their value has been estimated at the weighted average purchase price.

Treasury shares held by CIS are recorded as marketable securities.
An impairment charge is recognised determined in reference to share price trends.

ADDITIONAL INFORMATION ON THE BALANCE SHEET AND THE INCOME STATEMENT

FIXED ASSETS - GROSS VALUES (in euros)

	Amount at the beginning of the financial year	*Increase*	*Decrease*	*Amount at the end of the financial year*
Intangible assets:				
Software	561,683	0	0	561,683
Goodwill	116,960	0	0	116,960
Other intangible assets	400,500	0	0	400,500
Non-compete clauses	2,300,000	0	0	2,300,000
Total	**3,379,143**	**0**	**0**	**3,379,143**
Property, plant and equipment:				
Construction of living compounds	0	0	0	0
Plant, machinery and equipment	225,916	113,481	0	339,397
General equipment, fixtures and miscellaneous improvements	1,666,591	7,228	0	1,673,819
Transport equipment	1,064,916	0	0	1,064,916
Office and computer equipment	587,817	17,393	63,514	541,696
Tangible assets under construction	10,022	82,856	0	92,878
Total	**3,555,262**	**220,958**	**63,514**	**3,712,706**
Financial assets:				
Equity investments	12,707,992	684,496	1,354,458	12,038,030
Other fixed securities	519	0	35	484
Investment-related receivables	0	0	0	0
Loans	0	0	0	0
Deposits & security paid	67,409	97	9,074	58,432
Total	**12,775 920**	**684,593**	**1,363,567**	**12,096,946**
Total	**19,710,325**	**905,551**	**1,427,081**	**19,188,795**

AMORTISSEMENTS (in euros)

	Amount at the beginning of the financial year	*Increase*	*Decrease*	*Amount at the end of the financial year*
Intangible assets:				
oftware	437,645	74,201	0	511,846
Goodwill	116,960	0	0	116,960
Other intangible assets	203,131	39,433	0	242,564
Non-compete clauses	2,300,000	0	0	2,300,000
Total	**3,057,736**	**113,634**	**0**	**3,171,370**
Property, plant and equipment:				
Construction of remote sites	0	0	0	0
Plant, machinery and equipment	127 091	100,720	0	227,811
General equipment, fixtures and miscellaneous improvements	1,099,371	117,527	0	1,216,898
Transport equipment	964,548	73,332	0	1,037,880
Office and computer equipment	502,103	51,402	61,978	491,527
Total	**2,693,113**	**342,981**	**61,978**	**2,974,116**
Grand Total	**5,750,849**	**456,615**	**61,978**	**6,145,486**

PROVISIONS (in euros)

	Amount at the beginning of the financial year	*Increase*	*Decrease*	*Amount at the end of the financial year*
Provisions for contingencies and expenses				
For disputes	658,000	273,900	129,000	802,900
For foreign exchange losses	812,506	1,053,722	812,506	1,053,722
For pension and similar obligations	326,600	0	99,000	227,600
Total	**1,797,106**	**1,327,622**	**1,040,506**	**2,084,222**
Provisions for impairment:				
For equity investments	1,789,700	686,000	857,000	1,618,700
Four trade receivables	407,300	0	49,300	358,000
For current accounts	3,021,560	2,093,000	213,560	4,901,000
For miscellaneous receivables	0	0	0	0
For marketable securities	299,100	84,200	0	383,300
Total	**5,517,660**	**2,863,200**	**1,119,860**	**7,261,000**
Total	**7,314,766**	**4,190,822**	**2,160,366**	**9,345,222**

ACCOUNTS RECEIVABLE AND PAYABLE AGED TRIAL BALANCE (in euros)

	Gross amount	*Of which up to a maximum of 1 year*	*Of which more than more than 1 year*
RECEIVABLES:			
Non-current assets			
Equity investments	12,038,030		12,038,030
Investment-related receivables	0		0
Loans and other financial assets	484		484
Deposits & guarantees paid	58,432		58,432
Current assets:			
Doubtful receivables	358,000	358,000	
Other trade receivables	2,654,216	2,654,216	
Employee and related receivables	17,021	17,021	
Government receivables and equivalent	210,140	210,140	
Group and partners (1)	36,494,707	31,593,707	4,901,000
Trade receivables	28,793	28,793	
Sundry debtors	0	0	
Other foreign tax receivables	420,179	420,179	
Accrued income	540,226	540,226	
Advances and instalments paid on orders	154,746	154,746	
Prepaid expenses	607,638	607,638	
TOTAL	**53,582,612**	**36,584,666**	**16,997,946**
PAYABLES:			
Borrowings	12,243,750	5,488,750	6,755,000
Bank overdrafts	856,004	856,004	
Group and partners	3,637,245	3,637,245	
Trade payables and related accounts	3,441,897	3,441,897	
Customer advances	17,106	17,106	
Employee-related and social security payables	4,278,520	4,278,520	
Government payables and equivalent	268,051	268,051	
Payables on fixed assets	28,577	28,577	
Shareholders, payment for capital increase	0	0	
Other foreign tax payables	214,108	214,108	
Deferred revenue	0	0	
TOTAL	**24,985,259**	**18,230,259**	**6,755,000**

(1) of which Accrued Dividende = € 28 205 181

ACCRUED EXPENSES *(in euros)*

Employee-related and social security payables	3,927,381
Government payables and equivalent	4,937
Trade payables	375,541
Other payables	102,639
Total	**4,410,498**

PREPAID EXPENSES *(in euros)*

Operating expenses	607,638

CAPITAL STOCK

As of 31December 2015, the share capital was comprised of 8,041,040 shares with a par value of €0.20 per share.
At 31 December 2017, the Company held 102,603 treasury shares for a gross amount of €2,126,492.
At 31 December 2016, 67,531 own shares recognised at €1,440,398 (gross value) were held in treasury.

(in euros except number of shares)	Number of shares	Capital	Retained earnings	Net profit	TOTAL
EQUITY at 31/12/2015	**8,041,040**	**1,608,208**	**8,885,076**	**803,686**	**11,296,970**
Net income appropriation of the prior year			803,686	(803,686)	
Payment of dividends			(964,925)		(964,925)
Net income for the financial year ended 31/12/2016				**(5,435,240)**	**(5,435,240)**
EQUITY at 31/12/2016	**8,041,040**	**1,608,208**	**8,723,837**	**(5,435,240)**	**4,896,804**
Net income appropriation of the prior year			(5,435,240)	5,435,240	
Payment of dividends			(482,462)		(482,462)
Net income for the financial year ended 31/12/2017				**22,938,881**	**22,938,881**
EQUITY at 31/12/2017	**8,041,040**	**1,608,208**	**2,806,134**	**22,938,881**	**27,353,223**

ANNUAL REVENUE BREAKDOWN *(in euros)*

Revenue includes revenues of the headquarters and branch operations. In accordance with Decree No. 83-1020 of 29 November 1983 – Article 24-20°, the breakdown for revenue is provided by geographic segment, whereas a breakdown by business segment is not presented as this information is covered by the internal management reporting system of C.I.S. SA.

Geographic segments:

Africa	17,364,580
Middle East	3,461,018
Commonwealth of Independent States	1,759,520
Asia / Oceania	520,875
South America	224,325
Total	**23 330 318**

CASH AND CASH EQUIVALENTS IN FOREIGN CURRENCIES

Cash and cash equivalents have been translated into euros at the closing exchange rate at the end of the reporting period. The resulting translation differences are recognised in the income statement of the year as currency gains or losses.

EXCEPTIONAL INCOME AND EXPENSES *(in euros)*

	Expenses	Income
Settlement differences for trade receivables, trade payables and third parties	(556)	4,299
Labour disputes & settlements	(155,483)	0
Customer & supplier disputes	(118,322)	42,000
Other foreign disputes	(23,155)	0
Penalties on social charges for foreign operations	(44,089)	0
Changes in Group structure	0	387,338
Disposal or retirement of assets	(1,739,292)	892,670
Total	**(2,080,897)**	**1,326,307**

BREAKDOWN OF INCOME TAX *(in euros)*

In accordance with Decree No. 83-1020 of 29 November 1983 - Article 24-20, corporate income tax breaks down as follows:

	Profit before tax	Tax	Profit after tax
Profit or loss before exceptional items	23,737,268	(45,235)	23,692,033
Exceptional income / (loss) (excl. profit sharing)	(754,590)	1,438	(753,152)
Accounting profit / (loss) (excl. profit sharing)	22,982,678	(43,797)	22,938,881

CAPITAL LEASES

None.

PROVISIONS FOR CONTINGENCIES (ARTICLE 531-2/4 OF THE FRENCH GENERAL CHART OF ACCOUNTS - PLAN COMPTABLE GÉNÉRAL OR PCG)

A provision of €340,000 was recorded for employee-related litigation.

OFF-BALANCE SHEET COMMITMENTS

Bank commitments given on 31 December 2017 amounted to €4,912,621 including €4,905,184 in guaranties given for our subsidiaries and namely:

- €416,910 for ACS Russia,
- €2,517,053 for CIS Brazil,
- €141,344 for CIS Peru.
- €1,829,877 for CIS Peru.

PENSION LIABILITIES

A provision of €227,600 was recorded in the balance sheet for pension liabilities.
The benefits are calculated according to the preferred method based on the years of seniority on the retirement date.

These benefits apply solely to staff working in the company as of 31 December 2017, except for local staff under an employment contract with the foreign branches.

Assumptions used for the calculation are as follows:

- A retirement age of 65
- Average decrease in career profile
- Average staff turnover: 5%
- Salary escalation: 1.50% per year
- Discount rate: 1.50% per year
- Separate mortality ratios based on distinct mortality tables for men and women (Reference: Insee TD 2007-2009 Table)

DEBT GUARANTEED BY COLLATERAL

None.

COMPENSATION OF DIRECTORS AND OFFICERS

Management bodies	**€835,802**
of which gross salary	€805,478
of which benefits in-kind	€15,324
of which attendance fees	€15,000
of which other benefits	none
Attendance fees of other members of the Board of Directors	**€180,000**

ADVANCES OR LOANS GRANTED TO EXECUTIVE OFFICERS

In accordance with the French Companies Act of 24 July 1966, no loans or advances were granted to executive officers of the Company.

EFFECTIF MOYEN

Salaried employees : 506	France :	50
	other countries:	456

COMPANIES	Ownership interest (%)	Share capital (closing rate)	Equity excludingshare capital (closing rate)	Income for the last financial year (average rate)	Capitaux Propresavant Résultat de l'Exercice (Cours de Clôture)
CIS MIDDLE EAST	100%	€22,650	€1,251,908	€656,088	€618,470
CIS MEA	100%	€11,325	(€713,417)	(€602,170)	(€99,922)
CIS BURKINA FASO	100%	€1,524	€181,468	€181,163	€1,829
CIS BOLIVIA	99%	€4,431	€793,525	€314,827	€483 129
CIS BRAZIL	100%	€6 ,997,830	(€1,827,751)	€1,175,439	€3 994,640
CIS CAMEROUN	100%	€7,622	€0	€0	€7,622
TSC	100%	€1,023	€858,468	€313,189	€546,301
CATER CONGO	100%	€15,245	(€15,304)	(€59)	(€59)
CIS DOMINICANA	100%	€1,719	€171,898	€171,726	€1,891
CATERING NORTH AFRICA SERVICES	100%	€7,259	€9,933,569	€56,195	€9,884,634
CIS GEORGIA	100%	€639	(€159,217)	€0	(€158,577)
GCS GUINEA CONAKRY	100%	€921	(€2,326,038)	(€25,817)	(€2,299,299)
ICS GUINEA CONAKRY	100%	€921	(€30,801)	(€6,747)	(€23,133)
MOHJAT AL-IRAQ GENERAL TRADE	100%	€3,532	(€144,608)	€0	(€141 076)
CIS KUWAIT	94%	€27,579	(€1,318,509)	(€968,576)	(€322,354)
CAC KAZAKHSTAN	100%	€181	€1,167,100	€365,507	€801,775
CIS MALI	100%	€15,245	(€193,244)	(€215,276)	€37,277
MYANMAR CATERING SERVICES Ltd.	85%	€43,359	€0	€0	€43,359
SUPPORT SERVICES MONGOLIA	49%	€145,528	€2,029,571	€2,054,584	€120,515
CNA MAURITANIA	100%	€4,700	€5,898,165	€5,897,694	€5,170
CIS MOZAMBIQUE	80%	€284	€95,764	€12,142	€83,906
CIS NIGER	100%	€1,524	€265,878	€265,573	€1,829
CIS PERU	100%	€849,855	(€1,404,589)	(€35,012)	(€519,722)
ARCTIC CATERING SERVICES Ltd.	100%	€1,614	€1,215,614	€435,582	€781,646
CIS ARABIA	55%	€110,902	€486,909	(€249,931)	€847,743
CIS CHAD	100%	€7,622	€0	€0	€7,622
UKRAINE CATERING & SERVICES (UCS)	100%	€1,871	€0	€0	€1,871
CIS UKRAINE	100%	€5,003	€0	€0	€5,003
CIS ASIA	100%	€60	€0	€0	€60
CISM VENEZUELA	100%	€1,666	€0	€0	€1,666
CIS NEW-CALEDONIA	60%	€41,900	(€430,561)	(€6,056)	(€382,605)
CIS PACIFIC	100%	€1,676	(€90,195)	(€63)	(€88,456)
CIS YEMEN	50%	€26,597	€2,118,529	€2,248	€2,142,878

FIVE-YEAR FINANCIAL HIGHLIGHTS AND OTHER STATUTORY DISCLOSURES *(in euros)*

Nature of information	FY Y - 4 2013	FY Y- 3 2014	FY Y - 2 2015	FY Y - 1 2016	FY N 2017
CAPITAL STOCK AT YEAR-END					
Share capital	1,608,208	1,608,208	1,608,208	1,608,208	1,608,208
Number of ordinary shares	8,041,040	8,041,040	8,041,040	8,041,040	8,041,040
Preferred non-voting stock	-	-	-	-	-
Maximum number of potential shares					
- from conversion of bonds	-	-	-	-	-
- from the exercise of subscription rights	-	-	-	-	-
OPERATIONS AND INCOME FOR THE YEAR					
Sales excluding tax	62,505,593	49,787,133	34,237,969	23,051,823	23,330,318
Earnings before tax, profit-sharing, amortisation, depreciation and provisions	2,309,563	6,230,970	1,637,133	(1,136,531)	25,469,749
Income tax	831,152	1,282,206	589,667	786,194	43,797
Employee profit-sharing for the financial year	-	-	-	-	-
Earnings after taxes, employee profit-sharing, amortisation, depreciation and provisions	425,578	2,091,462	803,686	(5,435,240)	22,938,881
Distributed earnings (in year Y for Y-1)	2,211,286	1,045,335	1,447,387	964,925	482,462
EARNINGS PER SHARE					
Income after tax and employee profit-sharing but before depreciation allowances and provisions	0.18	0.62	0.13	(0.24)	3.16
Earnings after taxes, employee profit-sharing, amortisation, depreciation and provisions	0.05	0.26	0.10	(0.68)	2.85
Net dividend per share (distributed in year Y for Y-1)	0.275	0.130	0.180	0.120	0.060
STAFF					
Average headquarters staff for the period	36	40	41	41	43
Annual payroll (headquarters and expatriate)	21,749,095	16,219,155	14,002,061	10,199,283	9,137,189
Total social charges and benefits paid for the period (social security, charities, etc.)	3,893,046	3,528,278	3,234,842	2,656,526	2,699,511

Report on corporate governance

This report on corporate governance has been drawn up in accordance with the provisions of ministerial decree (ordonnance) 2017-1162 of 12 July 2017 with the support of several of the Company's functional departments, and namely Legal Affairs, Finance and Internal Control.
This report was approved by the Board of Directors on 10 April 2018.

I. CORPORATE GOVERNANCE

Starting in 2016, the Board of Directors has referred to the MiddleNext corporate governance code, updated in September 2016. This code may be consulted at the MiddleNext website (www.middlenext.com).
The goal of this code is to create confidence between the different stakeholders. It seeks to offer greater flexibility in order to take into account the specific characteristics of different companies.

In accordance with the «Comply or Explain» rule, those recommendations of this code not applied and the reasons thereof are presented below:

MiddleNext Code recommendations not followed by the Company:	Justification («Comply or Explain» principle)
Recommendation 1: Director ethics:	To date, paragraph 7 of recommendation 1 relating to the presence of directors at the general meetings is not applied. However, the rules of procedure adopted by the Board of Directors on 15 April 2016 provide that directors undertake to participate in general meetings. The Company otherwise follows all other principles presented under Recommendation °1 of the MiddleNext Code.
Recommendation 8: The choice of each director	The Company does not publish the biography and information online relating to directors whose appointment or renewal has been proposed to the General Meeting. However, this information is provided to the shareholders as part of the process of communicating and making the Annual Report available.

II. CORPORATE GOVERNANCE BODIES

2.1 THE EXERCISE OF EXECUTIVE MANAGEMENT

Since the Company's creation, the corporate governance model adopted has been that of a company with a Board of Directors.

Mr. Régis Arnoux combines the functions of Chairman and Chief Executive Officer (or Président and Directeur Général). It was considered that combining these two positions was more suited to the operation of the Company and the efficacy of the decision-making process.

No restrictions have been placed on the powers of the Chairman and Chief Executive Officer.
In compliance with the recommendations of the AMF, the French financial market authority, and the MiddleNext code, measures have been adopted to promote a balance of powers within the Board of Directors:

- More than half the directors are considered as independent within the MiddleNext code (7 Board members out of 12);
- Furthermore, meetings are organised on a regular basis to prepare for the work of the Board.

It should also be noted that Jeremy De Brabant was appointed Deputy Chief Executive Officer as of 13 June 2016. The Company wished to strengthen its executive management in order to further reinforce its corporate governance. Mr. Jeremy De Brabant assists the Chairman-Chief Executive Officer in the performance of his functions. In accordance with article 18 of the Company's articles of association, if the Chairman and Chief Executive officer ceases to exercise, or is prevented from exercising, his duties, unless otherwise decided by the Board of Directors, the Deputy Chief Executive Officer retains his functions and attributes until the appointment of the new Chief Executive Officer. In addition, Mr. De Brabant combines his functions as a company officer with that of an employment contract as the Chief International Business Development Officer.

2.2 COMPOSITION OF THE BOARD OF DIRECTORS

On the date of this report, the Board of Directors had 12 members, of which seven were independent directors. The proportion of men and women serving as directors respectively is above 40% in accordance with the provisions of article L.225-18-1 of the French commercial code.

Since the shareholders' general meeting of June 6, 2016, the term of directors was reduced to three years for all new directors or the renewal of offices. Their term of office expires at the end of the Ordinary General Meeting of the shareholders called for the purpose of approving the financial statements for the period ended and held in the year in which their term of office as director expires.

Summary presentation of the Board of Directors on the date of this report

Last name, first name and office	Independent director	1st appointment	Term of appointment	Other appointments and functions exercised within the Group	Other appointments and functions exercised within the Group
Régis ARNOUX Chairman of the Board of Directors and Chief Executive Officer	No	05/02/1992	AGM held to approve the financial statements for the year ending 31/12/2018	None	• Chairman of FINRA (SAS). • Managing Partner of SCI Monceau • Managing Partner of SCI Immobilière Borély • Managing Partner of SCI IMRA
Monique ARNOUX Director	No	05/02/1992	AGM held to approve the financial statements for the year ending 31/12/2018	None	• Managing Partner of SCEA Mas de Joussanes
Florence ARNOUX Director	No	15/06/2010	AGM held to approve the financial statements for the year ending 31/12/2018	None	• None
Frédérique SALAMON Director	No	05/02/1992	AGM held to approve the financial statements for the year ending 31/12/2018	Internal Audit Committee member	• Managing Partner of Flaym Consulting (SARL)
Financière Régis Arnoux (FINRA) Director Permanent representative: Monique Arnoux	No	15/06/2010	AGM held to approve the financial statements for the year ending 31/12/2018	None	• None
Cantos Ltd Director Permanent representative: Henri de Bodinat	Oui	Co-opted by the Board of Directors on 16/12/2016, Ratified by the General Meeting of 12/06/2017	AGM held to approve the financial statements for the year ending 31/12/2018	Internal Audit Committee member	• None

Financière Lucinda Director Permanent representative: Sophie Le Tanneur de Rancourt	Yes	Co-opted by the Board of Directors on 16/12/2016, Ratified by the General Meeting of 12/06/2017	AGM held to approve the financial statements for the year ending 31/12/2018	Internal Audit Committee member	• None
Frédéric BEDIN Director	Yes	26/05/2011	AGM held to approve the financial statements for the year ending 31/12/2018	None	• Chair of the Executive Board of Hopscotch Groupe (SA) • Chief Executive Officer of Hopscotch Groupe (SA) • Director of Hopscotch Système Asia (SA) • Chairman of Holding Système (SA) • Member of the Supervisory Board of Sopexa (SA) • Director of Fondation Entreprendre and Director of UNIMEV (Union Française des Métiers de l'Evénement), the French Meeting Industry Council
Marine Firminy Director Permanent representative: Pierre-François Forissier	Yes	13/06/2012	AGM held to approve the financial statements for the year ending 31/12/2017*	None	• Director of HEOH (SA)
Gonzague de BLIGNIERES Director	Yes	17/06/2014	AGM held to approve the financial statements for the year ending 31/12/2019	None	• Chairman of Raise Conseil (SAS) • Chairman of Raise Investissement (SAS) • Director of Fondation Bettencourt-Schueller • Director of the Adie endowment fund • Director of United Way Alliance (Not-For-Profit) • Honorary Chairman of the Réseau Entreprendre Paris
YLD Conseil Director Permanent representative: Yves-Louis Darricarrere	Yes	06/06/2016	AGM held to approve the financial statements for the year ending 31/12/2018	None	• Director of Ortec (SA) • Director of NHV
David Lee ZIMMERMAN Director	Yes	Co-opted by the Board of Directors on 16/12/2016, Ratified by the General Meeting of 12/06/2017	AGM held to approve the financial statements for the year ending 31/12/2019	None	• None

Directorships submitted for renewal to the annual Ordinary General Meeting of 15 June 2018:
With the term of office as director of Marine Firminy, represented by Admiral Pierre François Forissier expiring at the end of the annual Ordinary General Meeting of 15 June 2018, the Board of Directors proposes its renewal for a new term of three years.

Gender balance
The Board of Directors currently counts five women out of a total of twelve members, in compliance with the provisions of article L.225-18-1 of the French commercial code.

Independent directors:
The notion of an independent director is that used in the MiddleNext Code recommendation 3, and namely:

- they must not have been during the last five years an employee or executive officer of the Company or a company in its group;
- they must not have had any material business relationship with the Company or its group for the last two years (as a client, supplier, competitor, service provider, creditor, banker, etc.);
- they must not be a reference shareholder of the Company or hold a significant percentage of voting rights;
- they must not have a close relationship or close family ties with a corporate officer or a reference shareholder;
- they must not have been an auditor of the company in the course of the previous six years.

After reviewing the situation of its members with regards to these criteria, the Board considered that seven of its members constituted independent directors within the meaning of the MiddleNext Code out of the total of twelve, as summarized in the above table:

Terms of office
In accordance with Recommendation 9 of the MiddleNext Code, the term provided for under the Company's articles of association was reduced to three years by the General Meeting of the shareholders of 6 June 2016. In addition, the renewal of the terms of office of directors has been staggered.

Choice of directors
In accordance with MiddleNext Code recommendation 8, when each director is appointed or reappointed, sufficient information about his or her experience and skills should be included in the annual report and provided to the General Meeting. In addition, each proposal for the appointment or reappointment of a director is the subject of a distinct resolution in order that shareholders may freely decide on the composition of the Company's Board of Directors.

2.3 CONDITIONS FOR THE PREPARATION AND ORGANISATION OF THE WORK OF THE BOARD OF DIRECTORS

Rules of procedure of the Board of Directors and conduct of business rules
On 15 April 2016, the Board of Directors adopted rules of procedure specifying the conduct of business rules for directors and Board operating procedures, in accordance with Middlenext Code recommendation 7. All directors have signed these rules of procedure. On this basis, each director is informed of the obligations arising from their appointment, and notably those relating to the rules on holding several positions, in the event of any conflict of interests arising after their appointment, a director must inform the Board; directors should have good attendance records and ensure they have obtained all necessary information on the subjects addressed in the meetings before making any decision and they must observe the rules of professional secrecy and ethics in this area.

The rules of procedure stipulate notably that:
- The Board of Directors' powers and restrictions imposed on the powers of the Chairman-CEO;
- The composition of the board and independence criteria applicable to directors;
- The directors' duties and the rules of ethics to which they are subject;
- The working of the Board and directors' compensation rules.

In compliance with Recommendation 7 of the MiddleNext Code, the Board of Directors will adapt its Rules of Procedure in order to include the new recommended disclosures, and namely the protection provided to executive officers (directors and officers liability insurance) and the question of manager's succession planning.

It should be noted that the Chairman-Chief Executive Officer has taken a number of actions in recent months to prepare for his succession. The appointment in 2016 of Jeremy De Brabant as Deputy Chief Executive Officer represented one step in this succession planning process.

In addition, at the request of its Chairman, the Board of Directors formed an ad hoc succession planning committee as described below in section 2.4.

The Board of Directors, after conducting a review of known conflicts of interest, declares that no conflicts of interest are known to exist for its members. The Board of Directors reviews on a regular basis the conflicts of interest among its members to ensure that decisions are at all times taken in the corporate interest.

The Company does not apply paragraph 9 of recommendation 1 relating to the presence of directors at the general meeting. However, the rules of procedure provides that directors undertake to participate in general meetings and directors have been informed of the importance of their participation in these meetings.

■ **Frequency of meetings**
The Board of Directors meets as often as the interests of the Company require. In accordance with Recommendation 5 of the MiddleNext Code, the Board holds a minimum of four meetings a year.

■ **Meeting notices**
On that basis, directors may be called by all means within a reasonable time period and at least 8 days before the proposed Board meeting date.

In accordance with Article L.823-17of the French commercial code, the Statutory Auditors were invited to the meetings that reviewed and approved the interim and annual financial statements.

■ **Transmission of information to directors**
The agenda of the different Board meetings are established by the Chairman. Each director is provided with this agenda within a reasonable period in advance of the meeting and at least 8 days before each meeting is held, along with the information and documents of use for preparing the meeting.

Subjects of a particularly sensitive, urgent nature or requiring a greater degree of confidentiality may be discussed without a prior distribution of documents.

■ **Holding of meetings**
The meetings of the Company's Board of Directors are mainly held at the company's headquarters, while the meetings destined to approve the interim and annual financial statements are as a general rule held in Paris.

■ **Minutes of meetings**
The minutes of meetings of the Board of Directors are drawn up at the close of every meeting.

■ **Evaluation of the Board's work**
The Board of Directors adopted formalised procedures for the self-assessment of the Board's work in 2017. All CIS directors participated in this assessment.

As a general rule, its members considered the work of the Board of Directors to be satisfactory. The Board of Directors has defined an action plan to improve its work and will ensure the implementation and follow-up of these plans once a year.

2.4 BOARD MEETINGS

The Board meets as often as the interests of the Company require and in principle at least four times a year in accordance with MiddleNext Code recommendation 5.
The Board of Directors sets the orientations for the activity of the Company, ensures their implementation and takes up all questions relating to the management of the Company It also adopts the separate parent company and consolidated financial statements, calls shareholders meetings, sets the agenda and draws up the draft resolutions. In addition, the Board of Directors carries out all controls and verifications it deems appropriate and authorizes the regulated agreements covered by article L.225-38 et seq. of the French commercial code.

In the year ended 31 December 2017, the Board met twice in plenary session and addressed notably the following items of business.

Date	Agenda items	Attendance rate
20/04/2017	Adoption of financial statements as at 31 December 2016 Preparatory documents and the meeting notice for the General Meeting of 12/06/2017.	100%
14/09/2017	Adoption of the interim financial statements as at 30/06/2017 Adoption of new rules of procedure for the Audit Committee Summary of the evaluation of the Board's work Formation of an ad hoc committee to work on the succession planning for Régis Arnoux, Chairman-CEO and Founder.	92%

The average meeting attendance rate for directors was 96 % in 2017. All meetings were held in the presence of the Chairman-Chief Executive Officer.

In light of the nature of certain subjects to be discussed at the level of the Board of Directors and the preparatory work necessary before obtaining final Board approval, several preparatory meetings were organized throughout 2017.

It should be noted that as part the succession planning process for its Chairman-CEO, the Board of Directors formed an ad hoc committee in 2017 with the following missions:

- Identifying the risks inherent in the scenario of the temporary or definitive incapacity of Mr. Régis Arnoux as Chairman-CEO of CIS but also as majority shareholder

- Identify the profile required to ensure the governance and preserve the interests of CIS Group and its shareholders notably in reference to the career and expertise of the concerned parties

This committee presented its conclusions to the Board of Directors on 21 February 2018. Accordingly, it should be noted that the purpose of all provisions in the process of being finalised is to secure the governance of CIS and the long-term viability of CIS Group and its shareholder base, notably by maintaining the Arnoux family's position as majority shareholder.

In particular, it has been agreed that in the event of temporary or permanent incapacity of Mr. Régis Arnoux, the governance of FINRA, the Arnoux family holding company will be assured by Mrs. Frédérique Salamon, in the place of Mr. Régis Arnoux, that Mrs. Frédérique Salamon will assume the role of Chair of the Board of Directors of CIS and Mrs. Florence Arnoux will assume the role of Chair of the Supervisory Board of FINRA.

2.5 SPECIAL COMMITTEES

Executive Committee

Since 2003 an Executive Committee having solely advisory powers has been responsible for examining the issues submitted to it by its Chairman, in the following areas:

- Analysis of the Group's financial position;
- The company's overall strategy;
- The major commercial and operating priorities;
- Development, organic growth and acquisitions;
- Investments;
- Internal and external communications;
- Staff recruitment and management policy.

This Committee is made up of the following persons:

- The Chairman-Chief Executive Officer;
- The Deputy Chief Executive Officer;
- The Deputy Chief Executive Officer;
- The Chief Financial Officer;
- The Vice President for Human Resources;
- The Key Accounts Manager;
- The Communications Manager;
- In addition to certain directors of CIS.

In 2017, the Executive Committee met six times to review the financial situation of the Group and approve the strategy for investment, growth and recruitment.

Internal Audit Committee

An Internal Audit Committee was created in 2010.

Under the exclusive joint responsibility of the members of the Board of Directors of CIS and to ensure the quality of internal control and reliability of financial information provided to shareholders and financial markets, the Audit Committee exercises the following missions:

1. Ensuring oversight of the process of preparing financial information, before examination of the financial statements by the Board of Directors and in particular:
   - Examining the annual and interim financial statements;
   - Examining the accounting methods and principles adopted to prepare these financial statements, by ensuring their applicability;
   - Reviewing the accounting and financial information and, in particular, the financial statement, to ensure the correct accounting treatment of these operations;
   - Ensuring that corrective measures, in the case of dysfunctions in the process of preparing financial information, have been effectively adopted.

2. Monitoring the performance of internal control and risk management systems and in particular;
   - Evaluating internal control procedures and all measures adopted to remedy possible material dysfunctions in the area of internal control;
   - Examining the annual work program of the internal and external auditors;
   - Examining material risks and off-balance-sheet commitments;
   - Monitoring the efficacy of risk management systems and, in particular, the risk mapping; In this context, the Committee ensures the existence of these systems and this risk mapping, their, deployment and the adoption of corrective measures when weaknesses or irregularities have been identified.
   - Reviewing on a periodic basis significant litigation;
   - Examining and providing its opinion to the Board of Directors on the report on corporate governance.

3. Monitoring the work of the Statutory Auditors and in particular ensuring their independence:
- Making all recommendations on the Statutory Auditors put before the General Meeting regarding appointments or renewals and propose their compensation;
- Proposing the setting of rules governing the use of Statutory Auditors for work other than statutory auditing in order to guarantee the independence of the auditing services provided by the latter in compliance with the laws, regulations and recommendations applicable to CIS, and ensuring their proper application;
- Approving all provisions of services other than those relating to the certification of the accounts by the Statutory Auditors in compliance with applicable regulations and regardless of the amount involved. These services must be analysed on an individual basis and approved by the Audit Committee. The Audit Committee issues its opinion after having analysed the risks in relation to independence and the measures taken to mitigate these risks applied by the statutory auditors in view of the certification provided by the latter documenting the analysis substantiating its conclusion that the services comply with the applicable conduct of business rules and rules of independence.
- The Audit Committee formalizes on this occasion its conclusions, under the terms of which the nature of the missions authorized do not compromise the statutory auditors' independence.

Services that cannot be separated from the statutory auditing engagement, i.e. all work required to issue reports certifying the accounts and audit reports to be provided to the ordinary general meeting approving the financial statements do not need to be approved by the Audit Committee, however the procedures of intervention are presented to it.

4. Ensuring compliance with laws, regulations and recommendations applying to CIS and, in particular:
- Determining the effectiveness of procedures designed to ensure compliance with the laws and regulations, analysing the conclusions of investigations of Management and ensuring oversight (including of disciplinary measures) in the case of infringements;
- Analysing the conclusions of all investigations conducted by supervisory authorities and any comments issued by the auditors and ensuring the appropriate compliance measures are taken;
- Taking into account the observations and conclusions of the High Council of Statutory Auditors (Haut Conseil du Commissariat aux Comptes) resulting from controls that may be exercised in application of articles L.821-9 et seq. of the French commercial code;
- Ensuring that CIS' Business Ethics Charter exists, is distributed and applied;
- Ensuring the treatment of all information about possible problems of internal control or any problem of an accounting and financial nature, as applicable, by preserving the anonymity of whistleblowers.
- Examining the procedures of CIS relating to the detection of fraud and the system for reporting ethical issues. Finally, CIS 's management has an obligation to inform the Audit Committee of any incident of fraud concerning a material amount to enable the latter to proceed with the appropriate verifications if it considers necessary.

In general, the Committee may address and/or be solicited to consider any subject that might have a material impact on the financial statements of CIS and/or presenting material risks for CIS Group. Finally, the Committee shall provide all advice and formulate all appropriate recommendations in the above areas and may refer to outside experts as required, while ensuring their competency and independence.

On the date of this report, membership of this Internal Audit Committee is comprised of three directors (two of which are independent including the Internal Audit Committee Chair) as well as one member from outside the Board selected for their expertise in the field of finance and accounting and their knowledge of the Company's business.

- Mr. Henri De Bodinat, permanent representative of Cantos Ltd, Audit Committee Chair and independent director;
- Frédérique Salamon, director;
- Ms. Sophie Le Tanneur De Rancourt, permanent representative of Financière Lucinda, independent director;
- Ms Laurence Daziano, an external director

In the performance of their duties, Audit Committee members are not subject to any hierarchical or disciplinary authority within the Company.

The Audit Committee met four times in 2017.

The Committee had regular exchanges with the Statutory Auditors of the Company notably when the new report of the statutory auditors was prepared for the Audit Committee.

In order to take into account the new provisions resulting from the Audit reform, the rules of procedure of the Audit Committee were updated by the Board of Directors on 14 September 2017.

Other committees

On the date of this report, the Company is studying the possibility of creating two other special committees (a compensation committee and a strategy committee) to assist the Board in its work.

III. COMPENSATION AND BENEFITS

3.1 COMPENSATION OF ANY NATURE PAID TO NON-EXECUTIVE DIRECTORS.

All directors receive in compensation for their activity a fixed annual amount in the form of attendance fees that is set by the general meeting. This amount is freely allocated among the members by the Board of Directors according to their attendance at Board meetings and, as applicable, the Audit Committee or any other committee.

The total amount of attendance fees paid in 2017 for fiscal 2016 amounted to €195,000.

Information on the amount of compensation paid to each director in 2017 is provided below. This information also includes, when appropriate, any commitments of whatsoever nature made by the Company to the benefit of its executive officers, with respect to any compensation, severance payments or other benefits likely to be payable pursuant to the commencement, termination or change of their duties or subsequent thereto, as well as the conditions for determination of such commitments.

- Régis Arnoux, Chairman of the Board of Directors and Chief Executive Officer: € 366,000 for wages and directors' attendance fees.
- FINRA, Director: € 72,000 for rental payments and €15,000 for directors' attendance fees.
- Monique Arnoux, Director: € 15,000 for directors' attendance fees.
- Florence Arnoux, Director: € 175,000 for wages and directors' attendance fees.
- Frédérique Salamon, Director: € 94,000 for management fees and attendance fees as a member of the Board of Directors and the Audit Committee.
- Christian Daumarie, Director: € 15,000 for directors' attendance fees.
- CANTOS Ltd, Director: €20,000 for management fees and attendance fees as a member of the Board of Directors and the Audit Committee.
- Michel de Bonnecorse, Director: € 15,000 for directors' attendance fees.
- Financiere Lucinda, Director: €20,000 for management fees and attendance fees as a member of the Board of Directors and the Audit Committee.
- Frédéric Bedin, Director: € 15,000 for directors' attendance fees.
- Marine Firminy, Director: € 20,000 for management fees and attendance fees

- Gonzague de Blignieres, Director: € 15,000 for directors' attendance fees.
- YLD Conseil, Director: € 15,000 for directors' attendance fees.
- David Lee Zimmerman, Director: none.

Employment contracts combined with a corporate office

In accordance with MiddleNext Code recommendation 15, we inform you that the Chairman-Chief Executive Officer does exercise his office in conjunction with an employment contract.

Mr. De Brabant combines his functions as a company officer with that of Chief International Business Development Officer under an employment contract. The combination of payroll as officer and employee was exceptionally authorized given that the compensation of Mr. De Brabant for serving as Deputy Chief Executive Officer is reasonable in relation to the scope of his responsibilities and normal practice in companies of similar size. In addition, serving as officer while holding an employment contract was, in this case, perfectly justified in light of the relationship of subordination existing between the functions of Deputy Chief Executive Officer and Chief Executive Officer.

3.2 COMPENSATION OF EXECUTIVE OFFICERS

Report of the principles and criteria for setting, allocating and granting fixed, variable and special compensation making up the total compensation and benefits of any nature granted to the Chairman-CEO and the Deputy CEO.

This report was prepared and drawn up by the Board of Directors on 10 April 2018 in accordance with provisions of article L.225-37-2 and L.225-100 of the French commercial code.

1. General principles for setting executive officer compensation

Compensation of the executive officers is set by the Board of Directors according to the principles of comprehensiveness, balance between compensation components, benchmark, consistency, understandability and proportionality and transparency, and in accordance with MiddleNext Code recommendations .

At the next General Meeting of 15 June 2018, shareholders will be asked to approve the compensation policy for executive officers (7th and 8th resolutions).

In each case, the principles and criteria adopted by the Board of Directors for fiscal 2018 will be presented in this report.
The purpose of CIS' compensation policy is to:

- support its short, medium and long-term strategy;
- align the interests of its managers with those of the shareholders and all stakeholders;
- ensure that results in the short term contribute to laying the groundwork for achieving the medium and long-term goals;
- rewarding economic, financial and CSR results by encouraging sustained improvements in performances from one year to the next, building on its corporate culture and values;
- rewarding individual and collective performance and promoting employee retention;
- actively participating in the quality of social dialogue, cohesion and team engagement;
- be competitive and effective in continuing to attract, develop and motivate its talented employees while maintaining its economic and financial equilibrium.

a. Compensation policy applicable to Mr. Régis Arnoux, Chairman-Chief Executive Officer

The compensation policy for the Chief Executive Officer for fiscal 2018 was adopted by the Board of Directors on 10 April 2018 and is described below.

There were no significant changes in relation to the compensation policy adopted in 2017;

Gross annual compensation
Subject to a duly justified individual increase, changes in the fixed annual compensation of Mr. Régis Arnoux are consistent with normal practice for companies of equivalent size.

Accordingly, the Board of Directors has decided to maintain the amount of fixed annual compensation for Mr. Régis Arnoux as Chairman-CEO Officer for fiscal 2018 at a gross amount of €342,000.

This gross annual compensation is determined in reference to the experience, responsibilities and the benchmarks for equivalent positions in the business sector or a similar sector, while taking into account the corporate culture and values.

Variable compensation
Mr. Arnoux does not receive variable compensation..

Benefits of any nature
Mr. Arnoux benefits from the use of a company car.

Pension and personal protection benefits
Mr. Arnoux is not a beneficiary of a supplemental retirement plan.

Severance benefit
Mr. Arnoux is not entitled to benefits in the event of the termination or change in his functions.

Attendance fees
Mr. Arnoux receives attendance fees as a director, the amount of which is determined by the General Meeting and allocated by the Board of Directors.

Long-term compensation
Mr. Arnoux does not receive any other form of long-term compensation (restricted stock units, stock options, etc.)

Non-compete clause
Mr. Arnoux does not benefit from the provisions of a non-compete clause.

Other compensation or benefits due or that may be due by Group companies, on the basis of his office.
Mr. Arnoux is not the beneficiary of any other compensation or benefit due or that may be due by Group companies, on the basis of his office.

b. Compensation policy applicable to Mr. Jeremy De Brabant, Deputy Chief Executive Officer

The compensation policy for the Deputy Chief Executive Officer for fiscal 2018 was adopted by the Board of Directors on 10 April 2018 and described below.

There were no significant changes in relation to the compensation policy adopted in 2017;

Gross annual compensation
The Board of Directors has decided to maintain the amount of fixed annual compensation for Mr. Jeremy De Brabant as Deputy Chief Executive Officer at a gross amount of €105,000.

For information, the amount of gross compensation of Mr. De Brabant under the terms of his employment contract as Chief International Business Development Officer for fiscal 2018 is €245,000.

This gross annual compensation is determined in reference to the experience, responsibilities and the benchmarks for equivalent positions in the business sector or a similar sector, while taking into account the corporate culture and values.

Variable compensation
Mr. De Brabant is the recipient of variable annual compensation for up to 65% of the total fixed compensation (excluding benefits in-kind) whose payment is contingent on results in meeting objectives having been set. The formula for calculation factors in economic criteria referring to quantitative objectives reflecting the Group's performance as well as the personal contribution of the Deputy Chief Executive Officer based on a qualitative assessment of his management.

The specific nature of the objectives set have been defined in a precise and detailed manner though are not rendered public for reasons of confidentiality.

Benefits of any nature
Mr. De Brabant benefits from the use of a company car.

Pension and personal protection benefits
Mr. De Brabant is not a beneficiary of a supplemental retirement plan.

Severance benefit
Mr. De Brabant is also entitled to severance benefits in the event of his termination at the Company's initiative excluding reasons of gross negligence («faute grave») or wilful misconduct («faute lourde) equal to three (3) months of notice plus a lump sum severance payment of nine (9) months of gross compensation (fixed and variable, calculated on the basis of compensation for the last twelve months) and this, in compliance with the legal and regulatory provisions applying to companies whose shares are traded on a regulated market. This undertaking was approved by the General Meeting of the shareholders of 12 June 2017 under a specific resolution (5th resolution).

Directors' attendance fees
Mr. De Brabant does not receive attendance fees.

Long-term compensation
The compensation of Mr. De Brabant is destined to be supplemented by a long-term component involving stock awards as part of a specific plan that will be implemented and linked to performance conditions.

Non-compete clause
Mr. De Brabant does not benefit from the provisions of a non-compete clause.

Other compensation or benefits due or that may be due by Group companies, on the basis of his office.
Mr. De Brabant is not the beneficiary of any other compensation or benefit due or that may be due by Group companies, on the basis of his office.

2. **Components of compensation paid or granted for fiscal 2017 submitted to the vote of the shareholders' general meeting of 15 June 2018**

In application of article L.225-100 f the French commercial code, pursuant to the vote of the General Meeting of 12 June 2017 on the compensation policy proposed for the period ended 31 December 2017, you are asked to approve the components of fixed, variable and exceptional compensation making up the total compensation and benefits of any nature paid or granted to Mr. Régis Arnoux (9th resolution), Chairman-CEO, and Mr. Jeremy De Brabant (10th resolution), Deputy CEO, for the period ended 31 December 2017, as presented below:

Mr. Régis Arnoux, Chairman and Chief Executive Officer

Components of compensation paid or granted for fiscal 2017	Amounts	Comments
Gross annual compensation	€342,000	Growth fixed compensation for fiscal 2017 set by the Board of Directors on 26 May 2016
Variable compensation	N/A	Not applicable
Benefits of any nature	€9,324	Mr. Arnoux benefits from the use of a company car.
Pension and personal protection benefits	N/A	Not applicable
Severance benefit	N/A	Not applicable
Directors' attendance fees	€15,000	As Chairman of the Board of Directors of CIS, Mr. Arnoux receives compensation in the form of a fixed annual amount as attendance fees, determined by the general meeting and allocated by the Board of Directors.
Long-term compensation	N/A	Not applicable
Other compensation or benefits due or that may be due by Group companies, on the basis of his office.	N/A	Not applicable

Mr. Jeremy De Brabant, Deputy CEO & Chief International Business Development Officer

Components of compensation paid or granted for fiscal 2017	Amounts	Comments
Gross annual compensation	€105,000 as an officer of the company €245,000 under his employment contract	Growth fixed compensation for fiscal 2017 set by the Board of Directors on 26 May 2016
Variable compensation	Within the limit of 65% of the total fixed compensation calculated in reference to results linked to fixed objectives	Gross variable portion linked to objectives
Benefits of any nature	€6,000	Mr. De Brabant benefits from the use of a company car
Pension and personal protection benefits	N/A	Not applicable
Severance benefit	No payment	Mr. De Brabant is also entitled to severance benefits in the event of his termination at the Company's initiative, excluding for reasons of gross negligence or wilful misconduct. This undertaking was authorized by the Board of Directors on 26 May 2016 and approved by the General Meeting of 12 June 2017 (5th resolution).

Directors' attendance fees	N/A	Not applicable
Long-term compensation	No payment	The General Meeting of the shareholders of 12 June 2017 delegated all authority to the Board of Directors for the purpose of granting restricted stock units for shares of the Company to Mr. De Brabant and defining the grant criteria. A new authorization will be proposed at the next General Meeting of 15 June 2018 which, if approved, will replace and supersede, for the unused portion, the authorization granted by the General Meeting of 12 June 2017 for the same purpose.
Other compensation or benefits due or that may be due by Group companies, on the basis of his office.	N/A	Not applicable

3.3 DRAFT RESOLUTIONS SUBMITTED TO THE GENERAL MEETING OF 15 JUNE 2018

SEVENTH RESOLUTION - Approval of the principles and criteria for setting, allocating and granting fixed, variable and special compensation making up the total compensation and benefits of any nature to be attributable to the Mr. Régis Arnoux, as Chairman-CEO

After considering the report provided for by article L.225-37-2 of the French commercial code, the shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, approve the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits presented in the aforementioned report and attributable, on the basis of his office of Chairman-CEO.

EIGHTH RESOLUTION – Approval of the principles and criteria for setting, allocating and granting fixed, variable and special compensation making up the total compensation and benefits of any nature attributable to Mr. Jeremy De Brabant, as Deputy CEO

After considering the report provided for by article L.225-37-2 of the French commercial code, the shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, approve the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits presented in the aforementioned report and attributable on the basis of his office of Deputy CEO..

NINTH RESOLUTION - Approval of the fixed, variable and exceptional components of compensation making up the total compensation and benefits of any nature paid or granted to Mr. Régis Arnoux as Chairman-CEO, for the period ended 31 December 2017

The General Meeting, acting in accordance with the provisions of article L.225-100 of the French commercial code, having considered the Board of Directors' management report and in particular the report on corporate governance, approves the fixed, variable and exceptional compensation granted for the period ended 31 December 2017, comprising the total compensation and benefits of any nature granted to Mr. Régis Arnoux as Chairman-CEO.

TENTH RESOLUTION - Approval of the fixed, variable and exceptional components of compensation making up the total compensation and benefits of any nature paid or granted to Mr. Jeremy De Brabant on the basis of his office of Deputy-CEO, for the period ended 31 December 2017

The General Meeting, acting in accordance with the provisions of article L.225-100 of the French commercial code, having considered the Board of Directors' management report and in particular the report on corporate governance, approves the fixed, variable and exceptional compensation granted for the period ended 31 December 2017, comprising the total compensation and benefits of any nature attributable to Mr. Jeremy De Brabant, as Deputy CEO.

3.4 CIS SHARES HELD BY CORPORATE OFFICERS

3.4.1 Shares held by directors and officers

In accordance with the Company's articles of association, each director must hold at least one (1) CIS share (except for the director representing employee shareholders and directors representing employees).

3.4.2 Dealings in company shares by officers and directors of the company and those persons mentioned in article L.621-18-2 of the French monetary and financial code

The following directors and officers of the Group are subject to the obligation of self-declaration for dealings in the Company's shares in 2017

(In number of shares)	Acquisitions	Disposals
FINRA, director (the holding company of which Régis Arnoux is Chairman and majority shareholder)	80,410	-

3.5 STOCK OPTIONS, PERFORMANCE SHARES AND LONG-TERM INCENTIVE PLANS

Excluding the proposed stock awards to Mr. De Brabant as part of a specific plan and for which the Extraordinary General Meeting of 12 June 2017 granted all powers to the Board of Directors, the Company has not put into place a system for awarding stock options or restricted stock units.
The specific restricted stock unit plan for the Deputy Chief Executive Officer which will be defined by the Board of Directors will be established notably in reference to MiddleNext Code recommendation 18.

IV. RELATED PARTY TRANSACTIONS

This information is provided in note 19 to the consolidated financial statements for the period ended 31 December 2017.

V. SUMMARY OF DELEGATIONS OF AUTHORITY WITH RESPECT TO CAPITAL INCREASES AND OTHER AUTHORISATIONS GIVEN TO THE BOARD OF DIRECTORS

	Shareholders meeting date	Maturity	Authorised amount
Share buyback programme	12/06/2017 (14th resolution)	11/12/2018	€14,071,820 10% of the share capital
Authorisation to grant restricted stock units by repurchasing existing shares or issuing new shares	12/06/2017 (17th resolution)	11/08/2020	3% maximum of the share capital Subject to meeting the performance criteria to be defined by the Board of Directors

VI. FACTORS THAT MAY HAVE A POTENTIAL IMPACT IN THE EVENT OF PUBLIC OFFERINGS

Factors that may have an impact in the event of public offers on the securities of CIS are presented below :

■ Structure of CIS share capital: information on the share capital is provided in section VIII of the management report. In this regard, we remind you that the founder and Chairman of CIS, Mr. Arnoux, holds both directly and indirectly through Finra of which he is a majority partner , 48.6% of the shares and 57.8% of the voting rights.

- Mr. Régis Arnoux is considering tendering 95% of the CIS shares he personally holds in FINRA, or a total of 2,489,103 CIS shares. After tendering the shares, FINRA would hold 46.96% of the CIS' capital and 45.77% of its voting rights. This project is part of the overall organization of Mr. Régis Arnoux's succession and plan for the governance of CIS and the family holding company, notably in the event of his death. In this context, Mr. Régis Arnoux wishes to finalize his succession planning to preserve the CIS Group's long-term future and the to the extent possible the majority ownership of the Arnoux family shareholding base.
- This project for tendering the shares to the FINRA family holding company, already a CIS shareholder, would make it possible to preserve the continuity in the shareholder base and control of CIS in the event of Mr. Régis Arnoux's death, whereby his shares would be held in the FINRA family holding company, which is itself exclusively held by members of his family, with the latter bound to each other by a shareholders agreement.
- FINRA has already been granted an exemption from the AMF to the obligation of filing a public tender offer for the shares in accordance with article 234-9-7°of the AMF general regulation. The exemption notice, dated 6 March 2018 has been published and can be consulted at the AMF website.

■ Article 13.2 of CIS' articles of association provides for the existence of a double voting right.

■ Finally for the record, a shareholders' agreement exists between the Arnoux and the Aloyan families executed on 31 may 1998 for an initial term of 15 years and modified by an amendment agreement of 20 July 2015; It is specified that unless terminated by one of the parties subject to a notice period of six months, this agreement is subject to tacit renewal by successive one-year periods.

■ This agreement provides notably that (i) a clause defining the unrestricted transfers, (ii) reciprocal rights of pre-emption between the parties in the event of the transfer of CIS shares to a third-party, (iii) a joint exit clause in favour of the Aloyan family in the event of a transaction entailing the loss of the Arnoux family's majority stake in CIS' share capital and voting rights, (iv) compulsory buy-sell provision available to by the Arnoux family in the case where a third-party acquires at least 90% of the company's share capital for a price equal to €50 million where Mr. Régis Arnoux has accepted the offer and (v) a non-compete clause between the parties; It should be noted that the Arnoux and Aloyan families hold to date 5,471,715 CIS shares representing10,855,370 voting rights, or 68.05% of the capital and 81.24% of the voting rights of this company.

VII. PROCEDURES RELATING TO THE PARTICIPATION OF SHAREHOLDERS IN GENERAL MEETINGS

The General Meeting comprises all of the shareholders, regardless of the number of shares they hold. The rules and conditions for the participation of shareholders in general meetings are provided again in each meeting notice, in accordance with applicable provisions of the law, regulations and the articles of association and notably article 21 of the articles of association reproduced below.

The General Meeting meets at least once a year and is materially accessible to all shareholders.

ARTICLE 21 - GENERAL MEETINGS

21.1 - Preliminary remarks

Decisions of shareholders are adopted in General Meetings.

Ordinary General Meetings shall be those that are held to vote on decisions that do not amend the articles of association or the nationality of the Company.

Extraordinary General Meetings shall be those called to decide or authorize direct or indirect amendments to the articles of association or the nationality of the Company.

Deliberations by the General Meetings are binding on all shareholders even if they are absent, dissenting or incapacitated.

21.2 - Record of attendance - Committee - Minutes

1 - General Meetings are convened by the Board of Directors, or, failing that, by the Auditors, or by any person duly empowered for this purpose.

General Meetings are to be held at the registered office or at any other venue indicated in the notice of meeting.

Before holding a shareholders' meeting, the Company is required to publish a meeting notice at least thirty-five days before the meeting in the «Bulletin des Annonces Légales Obligatoires», containing the information mentioned in article R.225-73 of the French commercial code.

General shareholders' meetings are called by a notice placed in a publication for legal announcements in the department of the registered office in addition to the French national publication for legal announcements (Bulletin des Annonces Légales Obligatoires or B.A.L.O.) at least fifteen clear days before the date of the Meeting.

Shareholders holding registered shares for at least one month from the date of publication of the notice of meeting will be called to attend any meeting by ordinary mail, even if they have not so requested.

The meeting notice must be sent by registered letter to those shareholders having so requested and provided the Company with the amount corresponding to the registered mail costs.

Joint owners of indivisible shares are called to meetings in the same manner. When shares are held in usufruct, the party holding the voting right is called in the same manner and under the same conditions.

In addition, in compliance with article R.225-73-1 of the French commercial code, the supporting documents to the General Meeting will be available on the Company's website by the 21st day preceding the meeting which shall include notably the meeting agenda and resolutions.

When the Meeting was unable to validly conduct proceedings due to the absence of the required quorum, the second Meeting, and where applicable, the postponed second meeting, are called at least ten days in advance in the same manner as for the first Meeting.

2 - The public notices of a meeting and the notice of call of meeting shall include the information provided for by law and notably the meeting agenda, the Company's electronic address to which the shareholders' written questions may be sent and, as applicable, the mention of the obligation to obtain the opinion or prior approval of the holders of securities giving access to the share capital.

The Meeting may only deliberate on the items on the agenda. It may however revoke one or more directors in any circumstances;

One or more shareholders representing the percentage of capital required by law, may in accordance with legal requirements and within applicable time limits, request the inclusion of proposed resolutions on the agenda.

In accordance with the provisions of articles R.225-71 to R.225-74 of the French commercial code, requests by shareholders to add draft resolutions to the agenda and written questions are sent to the registered office by registered letter with return receipt as from the publication date of the meeting notice and until twenty-five days before the General Meeting or twenty-five days as from the publication of the meeting notice, when published more than forty-five days before the General Meeting date (date of receipt of the request by the Company which is taken into account).

Requests for adding an item to the agenda must be justified. The request to add draft resolutions is accompanied by a draft text that may be accompanied a brief description of the reasons. Such requests shall be subject to the provision of proof of ownership or representation of the percentage of capital required by regulation.

In addition, in accordance with the provisions of article L.2323-67 paragraph 2 of the French labour code, requests for including draft resolutions by the works council, when such committee exists, shall be sent within ten days from the publication of the meeting notice.

3 - Every shareholder shall have the right to take part in General Meetings and in deliberations personally or by proxy, regardless of the number of shares held, on presentation of proof of identity and of share ownership. Evidence of the right to take part in General Meetings shall be shown by an entry in the accounts of the securities held in the name of the shareholder or the intermediary registered on his behalf, on the second working day prior to the General Meeting at midnight CET, or in the accounts of registered securities held by the company, or in the accounts of bearer securities held by an authorised intermediary. The record of shares in the accounts maintained by the authorised intermediary for bearer shares must be evidenced by a participation certificate (attestation de participation) issued by the latter, which must be attached to the voting form or the proxy or the request for an admission card (carte d'admission) established in the name of the shareholder or the registered intermediary on their behalf. A certificate is also issued to shareholders wishing to personally attend the Meeting who have not received their admission card on the second business day preceding the Meeting by midnight (CET).

Any shareholder may be represented by any other individual or legal entity of his or her choice in accordance with the conditions provided for by articles L.225-106 to L.225-106- 3 of the French commercial code, and to that purpose, must possess a proxy in writing.

The legal representatives of shareholders who are legally incapacitated and natural persons representing legal entities may participate in the Meetings, regardless of whether or not they are shareholders themselves.

4 - Any shareholder may vote by mail using a form completed and sent to the Company under the conditions provided for by law and regulations and that must be received by the Company no later than 3 days before the Meeting date to be taken into account.

Distance voting by an electronic voting form or by proxy given by an electronic signature shall be exercised in accordance with regulations in force.

5 - All shareholders may also participate in General Meetings via videoconferencing or other means of telecommunications according to the conditions provided for by law and regulations which are to be mentioned in the meeting notice.

6 - If applicable, two members of the works council, appointed by the council under the conditions provided for by law, may attend the General Meetings. They must be heard, if they so request, in respect of all actions requiring the unanimous vote of the shareholders.

7 - An attendance sheet containing the information required by law is drawn up for each Meeting.

8 - The Meetings are chaired by the Chair of the Board of Directors or by the longest serving director attending the Meeting Failing this, the shareholders' meeting appoints its own Chairman.

Vote counting shall be performed by two shareholders who are present and accept such duties, representing, either on their own behalf or as proxies, the greatest number of votes.

The meeting officers shall name a secretary, who does not have to be a shareholder Meeting minutes are drawn up and copies or excerpts (short form certificates) are issued and certified in accordance with the law.

21.3 - Quorum – Vote – Number of votes

1 - The quorum is calculated on the basis of the total number of shares making up the share capital, after deducting shares legally deprived of voting rights. In the case of distance voting, only those forms received by the Company before the Meeting in accordance with the conditions and deadlines established by decree, are counted in calculating the quorum.

2 - Voting rights attached to the shares are proportional to the percentage of share capital such shares represent. At equal nominal value, each share of capital stock owned or possessed carries one vote.

3 - For pledged shares, the voting right is exercised by the owners of the shares. The issuing Company is not authorized to vote using shares it has subscribed for, acquired or accepted as security and such shares are not taken into account in calculating the quorum.

4 - Votes are cast by a show of hands, by standing or by a roll call according to the decision of the Meeting's officers.

21.4 - Ordinary General Meeting

An Ordinary General Meeting shall meet at least once per year, within six months of the close of the fiscal year, to approve the accounts of that fiscal year, subject to extension of this deadline by decision of a court of law.

The Ordinary General Meeting can validly conduct proceedings after the first notice of meeting, only if shareholders present, represented or voting by mail hold at least one-fifth of the shares with voting rights.

Upon the second convocation, no quorum is required. Decisions are made by a majority of votes held by the shareholders present or represented, including by shareholders voting by mail.

21.5 - Extraordinary General Meeting

The Extraordinary General Meeting can modify all provisions of the articles of association and namely decide on the transformation of the company into a Company with another non-trading or commercial company form. It may not, however, increase shareholder commitments, except for properly executed transactions resulting from a share consolidation.

The Extraordinary General Meeting shall be authorized to validly conduct business, pursuant to the first meeting notice, only if all shareholders present, represented, or voting by mail represent at least one quarter of the shares carrying voting rights and, pursuant to the second call, one fifth of the shares with voting rights. If the latter quorum is not reached, the second Meeting may be postponed to a date no later than two months after the date for which it was called.

Decisions are made on the basis of a two thirds majority of shareholders present or represented or shareholders having voted by mail.

21.6 - Shareholders' right to obtain information

All shareholders are entitled to access to documents necessary to allow them to have full knowledge of relevant facts and make informed judgements about the management and oversight of the Company.

The nature of these documents and the procedures for their transmission by mail or making them available are defined by applicable regulations. «

Marseille, 10 April 2018

THE BOARD OF DIRECTORS

The Annual Ordinary and Extraordinary General Meeting of 15 June 2018

Agenda

AGENDA FOR THE ORDINARY GENERAL MEETING

- Board of Directors' and Auditors' reports;
- Approval of the annual financial statements for the year ended 31 December 2017 and grant of discharge to directors;
- Approval of the consolidated financial statements for the year ended 31 December 2017
- Appropriation of net profit for the period ending 31 December 2017 and setting the dividend;
- Approval of agreements and commitments entered into and/or authorised by the Company and included in the Auditors' special report in accordance with articles L.225-38 et seq. of the French commercial code;
- Setting the total annual amount for directors' attendance fees;
- Renewal of the appointment as director of Marine Firminy, represented by Admiral Pierre-François Forissier;
- Approval of the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits any nature attributable to the Chairman-CEO;
- Approval of the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits any nature attributable to the Deputy CEO;
- Approval of the fixed, variable and exceptional components of compensation making up the total compensation and benefits of any nature paid or attributable to Mr. Régis Arnoux as Chairman-CEO, for the period ended 31 December 2017;
- Approval of the fixed, variable and exceptional components of compensation making up the total compensation and benefits of any nature paid or granted to Mr. Jeremy De Brabant as Deputy CEO, for the period ended 31 December 2017;
- Renewal of the authorization given to the Board of Directors to deal in the Company's shares;
- Powers for legal formalities pursuant to the Ordinary General Meeting;

AGENDA FOR THE EXTRAORDINARY GENERAL MEETING

- Board of Directors' report on the resolutions submitted to the Extraordinary General Meeting;
- Statutory Auditors report on the authorization to award existing shares or shares to be issued;
- Delegation of authority to the Board of Directors to award shares of the Company by purchasing existing shares or issuing new shares for the benefit of the Deputy Chief Executive Officer;
- Powers for legal formalities pursuant to the Extraordinary General Meeting;

The Annual Ordinary and Extraordinary General Meeting of 12 June 2017

Presentation of the reasons for the resolutions proposed by the Board of Directors

To the shareholders:

The purpose of this document is to present you the reasons for the resolutions submitted to the Annual Ordinary and Extraordinary General Meeting in accordance with article L.225-115 3° of the French commercial code.

The General Meeting of 15 June 2018 has accordingly been called mainly for the purpose of:

(i) Obtaining approval by the Company's shareholders of the annual and consolidated financial statements for the periods ended 31 December 2017, adopted by the Board of Directors;
(ii) Setting the dividend, approving the regulated agreements and setting the amount of attendance fees;
(iii) Renewing the office of a director whose term is expiring;
(iv) Approving the criteria for determining, allocating and granting the components of compensation of the President-Chief Executive Officer and the Deputy Chief Executive Officer;
(v) Approving the components of compensation paid or granted to the Chair-CEO and the Deputy CEO for the period ended 31 December 2017;
(vi) Renewing the authorisation given to the Board of Directors to deal in the Company's shares;
(vii) Delegating all authorities to the Board of Directors for possible share awards to the Deputy Chief Executive Officer.

I. ORDINARY RESOLUTIONS

1. APPROVAL OF THE 2017 ANNUAL FINANCIAL STATEMENTS

1st and 2nd resolutions

It is requested that you (i) approve the annual financial statements of the Company and the consolidated financial statements of the CIS Group for fiscal 2017 as well as the non-deductible expenses and (ii) grant discharge to the directors for their management.

- The separate annual financial statements of the Company show a net profit of €22,938 881.22.
- The consolidated financial statements show a net profit attributable to equity holders of the parent of €4,314,558.

2. APPROPRIATION OF EARNINGS – DETERMINATION OF THE DIVIDEND

3th resolution

The Board of Directors proposes that net profit for the year of €22,938,881.22 be appropriated to «Other reserves».

- Other reserves	€22,054,366.82
- Dividend	€884,514.40

With 8,041,040 shares entitled to dividends, the total net dividend per share would be €0.11.

The payment date for cash dividends would be 22 June 2018.
In accordance with article 243 bis of the French general tax code (Code Général des Impôts or CGI), it is specified that the total dividend amount proposed is eligible for the proportional rebate of 40% for natural persons having their tax residence in France (CGI art. 158-3-2° section 4°).

3. REGULATED AGREEMENTS

4th resolution

The purpose of this resolution is to submit to your approval the regulated agreements entered into an 2017 as described in the Auditors' special reports.
Approval of agreements and commitments entered into and or authorized by the Company and included in the Auditors' special report in accordance with articles L.225-38 et seq. of the French commercial code.

4. DIRECTORS' ATTENDANCE FEES

5th resolution

The purpose of this resolution is to submit to your approval the amount of attendance fees to be granted to directors totalling €180,000.

5. RENEWAL OF THE DIRECTOR'S TERM THAT IS EXPIRING

6th resolution

The office of the director of MARINE FIRMINY represented by Admiral Pierre-François Forissier will expire at the end of the next General Meeting of 15 June 2018.
We propose in consequence that you renew his office as director for a new term of three years that will expire at the end of the general meeting called to approve the financial statements for the year ending on 31 December 2020.

6. APPROVAL OF THE CRITERIA FOR DETERMINING, ALLOCATING AND GRANTING THE COMPONENTS OF COMPENSATION OF THE PRESIDENT-CHIEF EXECUTIVE OFFICER AND THE DEPUTY CHIEF EXECUTIVE OFFICER;

7th and 8th resolutions

Considering the legislative provisions resulting from the Law of December 9, 2016 on transparency, the fight against corruption and modernization of the economy (the «Sapin II» law) and article L.225-37-2 of the French commercial code, applying to companies whose shares are admitted to trading on a regulated market, the principles and criteria for setting, allocating and granting fixed, variable and special compensation making up the total compensation and benefits in kind attributable to the chairman, chief executive officer or deputy chief executive officers on the basis of their offices, are subject to a resolution submitted to each year to the approval of the General Meeting of the shareholders.

After considering the corresponding report of the Board of Directors, we propose that the compensation policy for 2018 be renewed and these resolutions approved.

7. APPROVAL OF THE COMPONENTS OF COMPENSATION PAID OR GRANTED TO THE CHAIR-CEO AND THE DEPUTY CEO FOR THE PERIOD ENDED 31 DECEMBER 2017

9th and 10th resolutions

The French Law of December 9, 2016 on transparency, the fight against corruption and modernization of the economy (the «Sapin II» law), established a procedure for ex-post Say-on-Pay with respect to the components of fixed, variable and exceptional compensation making up the total compensation and benefits of any nature paid or granted to the Chairman-CEO and the Deputy CEO for the period ended 31 December 2017.

Having considered the corresponding report of the Board of Directors, and in particular the report on corporate governance, we propose that you approve these resolutions.gouvernement d'entreprise, nous vous proposons d'approuver ces résolutions.

8. AUTHORISATION GIVEN TO THE BOARD OF DIRECTORS TO DEAL IN THE COMPANY'S SHARES.

11th resolution

The general meeting held on 12 June 2017, according to the terms and conditions set forth in the corresponding resolution, authorised the Board of Directors, and vested it with all powers to that effect, in accordance with the provisions of Articles L.225-209 to L.225-214 of the French commercial code and AMF regulations, to purchase company shares.

This authorisation was granted for a period of eighteen months that will expire on 11 December 2018.

We accordingly request that you renew this authorisation for a new period of eighteen months subject to the following conditions: a maximum purchase price of thirty-five (35) euros and within the legal limit of 10% of the share capital, whereby it is specified that (i) when shares are repurchased to promote the liquidity of the share, the number of shares that may be taken into account to calculate this limit shall correspond to the number of shares purchased minus shares sold during the period this authorisation is valid and (ii) the number of shares acquired by the company for subsequent use for payment or exchange in connection with a merger, demerger or contribution may not exceed 5% of the share capital.

Under the authorisation granted by the general meeting, the Board of Directors acquired and sold shares of the Company in 2017 for the purpose of maintaining an orderly market in its shares.

At 31 December 2017, the Company held 102,603 own shares in treasury compared with 67,531 shares at 31 December 2016.

II. EXTRAORDINARY RESOLUTIONS

Delegation of authority to the Board of Directors for possible share awards to the Deputy Chief Executive Officer.

13th resolution

Having considered the Board of Directors' report to the Extraordinary General Meeting, the compensation of the Deputy CEO is destined to be supplemented by a long-term component through stock awards as part of a specific plan and linked to performance conditions that will be defined by the Board of Directors.

On this basis, we propose that you adopt the resolution proposed which describes the content of the delegation of authority to be granted to the Board of Directors.

This new authorization will replace and supersede for the unused portion the authorization granted by the seventeenth resolution of the General Meeting of 12 June 2017 with the same purpose.

■

We hope that these proposals will meet with your approval and that you will approve in consequence the resolutions submitted to your vote.

Marseilles, 10 April 2018

THE BOARD OF DIRECTORS

The Annual Ordinary and Extraordinary General Meeting of 15 June 2018

The Board of Directors' report to the Extraordinary General Meeting

To the shareholders:

We have called this Extraordinary General Meeting to consider the following items on the agenda:

- Delegation of authority to the Board of Directors to award shares of the Company by purchasing existing shares or issuing new shares for the benefit of the Deputy Chief Executive Officer.

Delegation of authority to the Board of Directors to award shares of the Company by purchasing existing shares or issuing new shares for the benefit of the Deputy Chief Executive Officer

The Board reminds the General Meeting of the possibility of awarding shares to corporate officers and employees of the Company or, under certain conditions, to corporate officers and employees of companies of the Group.

On 26 May 2016, the Board determined that the compensation of Mr. Jeremy De Brabant, Deputy CEO of the Company was destined to be supplemented by a long-term component through stock awards as part of a specific plan and linked to performance conditions to be defined by the Board of Directors.

In consequence, we hereby ask you to delegate all authority to your Board of Directors to make awards of the Company's stock without consideration for the benefit of Mr. Jeremy De Brabant, Deputy CEO, under the conditions provided for by articles L.225-197-1 et seq. of the French commercial code, within the limit of three percent (3%) of the share capital and vest it with all powers for the purpose of setting the conditions and, as applicable, the criteria for stock awards.

Stock awards to Jeremy De Brabant will be fully vested following a minimum vesting period of one (1) year followed by an obligation by the beneficiary to holding shares for a period to be set by the Board of Directors, it being specified that the combined duration of the vesting period and the holding period may not be less than two (2) years.

This authorization will replace and supersede for the unused portion the authorization granted by the seventeenth resolution of the General Meeting of 12 June 2017 with the same purpose.

Marseilles, 10 April 2018

THE BOARD OF DIRECTORS

The Annual Ordinary and Extraordinary General Meeting of 12 June 2017

2 – Text of draft resolutions

ORDINARY RESOLUTIONS

FIRST RESOLUTION - Approval of the separate parent company financial statements for the year ended 31 December 2017

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary shareholders' meetings, having considered the Board of Directors' management report on the annual financial statements for the year ended 31 December 2017, the Board of Directors' report on corporate governance and the Auditors' reports, approve the accounts and the balance sheet for said period as presented, showing a net profit of €22,938,881.22 as well as the transactions reflected in these accounts and summarised in the reports. It also approves the amount of expenses non-deductible from profit subject to corporate income tax, excluding the provisions for contingencies and depreciation, amounting to €22,147 of which €9,985 correspond to expenses referred to article 39.4 of the French general tax code.

In consequence, the shareholders grant a full and unconditional discharge to the directors for their management for the period under review.

SECOND RESOLUTION - Approval of the consolidated financial statements for the year ended 31 December 2017

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary shareholders' meetings, having considered the Group management report and the Auditors' report, approve the consolidated financial statements for the year ended 31 December 2017 as presented which show a net profit attributable to the equity holders of the parent of €4,314,558, as well as the transactions recorded in these accounts and reports.

THIRD RESOLUTION - Appropriation of earnings for the financial year ended 31 December 2017 and setting the dividend

Appropriation of earnings

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, decide to allocate the net profit of the period ended 31 December 2017 of €22,938,881.22 as follows:

- Other reserves	€22,054,366.82
- Dividend	€884,514.40

Dividend Amount - Payment - Applicable Tax Provisions

With 8,041,040 shares entitled to dividends, the total net dividend per share is €0.11.
The payment date for cash dividends is 22 June 2018.

In accordance with article 243 bis of the French general tax code (Code Général des Impôts or CGI), it is specified that the total dividend amount proposed is eligible for the proportional rebate of 40% for natural persons having their tax residence in France (CGI art. 158-3-2° section 4°).

The shareholders duly note the statutory disclosure by the Board of Directors of dividends distributed for the last three financial periods:

	2014	2015	2016
Number of shares entitled to dividends	8,041,040	8,041,040	8,041,040
Net dividend per share	€0.18	€0.12	€0.06
Closing share price at year-end	€18.56	€16.00	€16.90

FOURTH RESOLUTION - Approval of agreements and commitments entered into and/or authorized by the Company and included in the Auditors' special report in accordance with articles L.225-38 et seq. of the French commercial code.

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, having considered the auditors' special report on agreements covered by article L.225-86 of the French commercial code, approve the agreements mentioned therein.

FIFTH RESOLUTION - Setting the amount of directors' attendance fees

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, having considered the Board of Directors' report, decide to allocate €180,000 for 2017 in attendance fees for members of the Board of Directors;

SIXTH RESOLUTION - Renewal of Marine Firminy's term as director

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, having considered the Board of Directors' report, duly noting that the term of office as director of Marine Firminy, having its registered office at 83 rue Olivier de Serres - 75015 PARIS, represented by Admiral Pierre-François Forissier, expires at the end of this General Meeting, decide to renew its office for a new term of three years that will expire at the end of the General Meeting called to approve the financial statements for the year ending 31 December 2020.

Marine Firminy, represented by Admiral Pierre François Forissier whose term of office is renewed, accepts the renewal of its duties and declares that no restrictions or incompatibility exists that might prevent it from holding this office.

SEVENTH RESOLUTION - Approval of the principles and criteria for setting, allocating and granting fixed, variable and special compensation making up the total compensation and benefits of any nature to be attributable to the Mr. Régis Arnoux, as Chairman-CEO

After considering the report provided for by article L.225-37-2 of the French commercial code, the shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, approve the principles and criteria for setting, allocating and granting fixed, variable and special compensation making up the total compensation and benefits of any nature attributable to the Chairman-CEO on the basis of his office.

EIGHTH RESOLUTION – Approval of the principles and criteria for setting, allocating and granting fixed, variable and special compensation making up the total compensation and benefits of any nature attributable to the Mr. Jeremy De Brabant, as Deputy CEO

After considering the report provided for by article L.225-37-2 of the French commercial code, the shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, approve the principles and criteria for setting, allocating and granting fixed, variable and exceptional compensation making up the total compensation and benefits presented in the aforementioned report and attributable on the basis of his office of Deputy CEO.

NINTH RESOLUTION - Approval of the fixed, variable and exceptional components of compensation making up the total compensation and benefits of any nature paid or granted to Mr. Régis Arnoux on the basis of his office of Chairman-CEO, for the period ended 31 December 2017

The General Meeting, acting in accordance with the provisions of article L.225-100 of the French commercial code, having considered the Board of Directors' management report and in particular the report on corporate governance, approves the fixed, variable and exceptional compensation granted for the period ended 31 December 2017, comprising the total compensation and benefits of any nature granted to Mr. Régis Arnoux as Chairman-CEO.

TENTH RESOLUTION - Approval of the fixed, variable and exceptional components of compensation making up the total compensation and benefits of any nature paid or granted to Mr. Jeremy De Brabant on the basis of his office of Deputy-CEO, for the period ended 31 December 2017

The General Meeting, acting in accordance with the provisions of article L.225-100 of the French commercial code, having considered the Board of Directors' management report and in particular the report on corporate governance, approves the fixed, variable and exceptional compensation granted for the period ended 31 December 2017, comprising the total compensation and benefits of any nature attributable to Mr. Jeremy De Brabant, as Deputy CEO.

ELEVENTH RESOLUTION - Renewal of the authorization given to the Board of Directors to deal in the Company's shares

The shareholders, in accordance with the conditions of quorum and majority that apply at ordinary general meetings, having considered the Board of Directors' report:,

- **authorize** the Board of Directors, with the option to further delegate this authority under the conditions provided by law, for a period of eighteen (18) months from this date, to acquire shares of the Company in accordance with the provisions of articles L.225-209 et seq. of the French commercial code, of the European Regulation of 22 December 2003 No.°2273/2003, and the instructions for its application, Title IV of Book II of the General Regulation of the French Financial Market Authority and the implementation instructions;

- **decide** that the shares may be acquired, sold or transferred by any means, through one or more instalments, notably on or off market, including through block trades, tender bids, and by using options or other derivatives, in accordance with the provisions provided for by the market authorities in compliance with applicable regulations,

- **decide** that this authorisation may be used to:

  - ensure the orderly trading of the Company's shares in connection with a liquidity agreement concluded between an investment services provider complying with the conduct of business rules recognised by the French financial market authority (Autorité des Marchés Financiers or AMF);
  - meet obligations resulting from stock option plans, bonus share grants, employee stock ownership programs and other share grants to employees and executive officers of the Company or companies affiliated with it;
  - remit shares following the exercise of rights attached to securities giving access to the capital;
  - purchase shares to be retained for future use for payment or exchange in connection with possible acquisitions; or
  - Cancel all or part of shares thus acquired.

- **decide** to set the unit price for the purchase of shares (excluding transaction costs and commissions) at €35 subject to a maximum amount of €14,071,820, including shares already held, it being specified that this purchase price shall be subject to adjustments that may be rendered necessary to take into account transactions affecting the share capital (notably in the case of the capitalisation of reserves, bonus share grants stock splits or reverse splits) occurring during the period authorisation is in force,

- **duly note** that the maximum number of shares that may be acquired by virtue of this resolution may not exceed at any time 10% of the share capital, whereby it is specified that (i) when shares are repurchased to promote the liquidity of the share, the number of shares that may be taken into account to calculate this limit shall correspond to the number of shares purchased minus shares sold during the period this authorisation is valid and (ii) the number of shares acquired by the company for subsequent use for payment or exchange in connection with a merger, demerger or contribution may not exceed 5% of the share capital,

- **decide** that these transactions may be carried out at any time, including, within the limits provided for by applicable regulations, during periods of public tender offers for the Company's shares,

- **grant all powers** to the Board, which it may further delegate in accordance with provisions provided for by law, to place all stock market orders, execute any assignments or transfers, conclude all agreements, liquidity contracts, option contracts, make all representations and perform all formalities that may be required.

This authorisation cancels and supersedes any prior authorisation having the same purpose.

TWELFTH RESOLUTION (Powers for legal formalities pursuant to the Ordinary General Meeting)

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to ordinary general meetings, delegate all powers to the holder of a copy or short-form certificate of this document to carry out formalities that may be required by law.

EXTRAORDINARY RESOLUTIONS

THIRTEENTH RESOLUTION - Delegation of authority to the Board of Directors to award shares of the Company by purchasing existing shares or issuing new shares for the benefit of the Deputy Chief Executive Officer;

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to extraordinary general meetings, after considering the Board of Directors' report and the Statutory Auditors' special report, in accordance with articles L.225-197-1 et seq. of the French commercial code:

- **Authorise** the Board of Directors, on one or more occasions, to proceed with restricted stock awards from existing or future shares of the Company or shares to be issued, for the benefit of Mr. Jeremy De Brabant, Deputy Chief Executive Officer;

- **Resolve** that the Board of Directors shall determine the terms and conditions and, as applicable, the criteria for stock awards;

- **Resolve** that the total number of shares that may be granted without consideration by virtue this resolution may not represent more than three percent (3%) of the share capital on the Board of Directors' grant date;

- **Resolve** that shares awarded to the beneficiaries will be fully vested at the end of a vesting period set by the Board of Directors of at least one (1) year;

- **Resolve** that a holding period for the beneficiary may, as applicable, be set by the Board of Directors, it being noted that the combined duration of the vesting period and the holding period may not be less than two (2) years;

- **Duly note** that this decision entails automatic waiver by shareholders to their respective rights to reserves which, as applicable, will be used for the issuance of new shares;
  And
- **Duly note** that this authorisation cancels and supersedes any prior authorisation having the same purpose.

This authorisation is granted for thirty-eight (38) months from the date of this Meeting.

The shareholders grant all powers to the Board of Directors, which it may further delegate in accordance with the law, for the purpose of implementing this delegation of authority, to perform all actions, formalities and representations, make, as applicable, adjustments relating to transactions involving the Company's capital, set as required the vesting periods and obligations for the retention of shares exceeding the minimum durations set above, as applicable, set the date of record, even retroactively for shares issued, increase the capital through the capitalization of reserves or additional paid-in capital for the purpose of issuing shares, formally record the capital increase(s), amend the articles of association in consequence, carry out all formalities relating to the listing of the securities thus issued, and in general, do everything that is required.

The General Meeting decides that this authorization replaces and supersedes for the unused portion the authorization granted by the seventeenth resolution of the General Meeting of 12 June 2017 with the same purpose.

FOURTEENTH RESOLUTION (Powers for legal formalities pursuant to the Extraordinary General Meeting)

The shareholders, acting in accordance with the quorum and majority voting requirements applicable to extraordinary general meetings, delegate all powers to the holder of a copy or short-form certificate of this document to carry out formalities that may be required by law.

Statutory Auditors' reports

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2017

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the General Meeting of Catering International & Services

Opinion

In accordance with the terms of our engagement as auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of CIS for the year ended December 31, 2017.

In our opinion, the consolidated financial statements give a true and fair view of the results of the operations of the Group for the year then ended and of its financial position and its assets and liabilities as at December 31, 2017 in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2017 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics for statutory auditors.

Observation

Without qualifying the opinion expressed above, we draw your attention as an emphasis of matter to note 14 «Cash and cash equivalents» to the consolidated financial statements concerning the non-collection of the dividends of the Algerian subsidiary in the amount of €27.6 million.

Justification of assessments - Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French commercial code ("code de commerce") relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific elements, accounts or items of the consolidated financial statements.

Evaluation of Algeria goodwill

Identified risk	In connection with its development, the Group made a target acquisition in Algeria resulting in the recognition of goodwill. In this case, the goodwill corresponding to the positive difference between the acquisition cost of the securities of the acquiree and the fair value of the assets, liabilities and contingent liabilities on the acquisition date, was allocated to the «Algeria» Cash Generating Unit (CGU). This allocation is coherent with the internal organization established by the Group where CGUs are defined at the country level. Management ensures for each financial period that the carrying value of goodwill recognized in the balance sheet in the amount of €6.6 million is not greater than the recoverable value and does not present a risk of impairment. However, any unfavourable change in expected returns from the businesses to which goodwill has been allocated, due to internal or external factors, for example, those related to the economic or regulatory environment in which the business operates, could significantly impact the recoverable value and require the recognition of an impairment charge. A change of this nature will require a reassessment of the relevance of all assumptions adopted to determine this value as well as the reasonable and coherent nature of the calculation parameters. The procedures used to test for impairment are described in note 2, chapter «Intangible assets» and detailed information on the assumptions adopted are presented in note 8 to the consolidated financial statements; Concerning the «Algeria» CGU, the recoverable value was determined in reference to value in use calculated from the present value of estimated future cash flows expected to arise from the group of assets making up the business. The determination of the recoverable value of the «Algeria» CGU goodwill is largely based on management judgments, consisting notably of budget data, the rate of growth used to estimated future cash flows and the corresponding discount rate applied. For that reason we considered the valuation of the «Algeria» CGU goodwill as a key audit matter.
Responses as part of our audit	We assessed the compliance of the methodology applied by the company with applicable accounting standards. We also performed a critical examination of the manner in which this methodology was implemented and verified in particular: • he exhaustive nature of the components of the «Algeria» CGU tested and the consistency of the determination of this amount with the manner that the estimated future cash flows were determined for value in use; • the reasonable nature of the estimated future cash flows in relation to the economic and financial environment in which the subsidiaries constituting the CGU operate and the reliability of the processes for producing estimates by examining the causes for the differences between forecasts and actual amounts.

- the consistency of these estimated future cash flows with the latest estimates of management as presented to the board of directors in connection with the budget process;
- the consistency of the growth rate used for the estimated future cash flows with analysis of the market and consensus of the main market players;
- the calculation of the discount rate applied to estimated future cash flows expected from the «Algeria» CGU, by verifying be different discounting parameters making up the weighted average cost of capital (debt ratio, risk free rate, market premium, the beta of capital employed, the «specific» risk premium and the borrowing costs) in order to compare the rate of return that participants in the market would currently require from such a business;
- analysis of the sensitivity of value in use adopted by management to a change in the main assumptions.
- Finally, we verified that notes 2 and 8 to the consolidated financial statements provided appropriate information.

Specific verification concerning the Group presented in the management report

We also carried out the specific verifications, as required by law, of information relating to the Group provided in the management report of the Board of Directors, in accordance with professional standards applicable in France.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Report on other legal and regulatory requirements

Appointment of auditors

We were appointed as statutory auditors of Catering International & Services by your general meeting of 6 June 2016.

As at 31 December 2017, Audit Conseil Expertise was in its second period and Syrec in its twelfth period of uninterrupted engagement, of which the second and twelfth respectively period since the Company's shares were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements are the responsibility of the Board of Directors.

Statutory auditors' responsibilities for the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified by article L.823-10-1 of the French commercial code ("code de commerce"), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the company.

As part of an audit in accordance with professional standards applicable in France, we exercise professional judgment throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, we modify our opinion;

- Evaluate the overall presentation of the consolidated financial statements and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities included in the consolidation scope to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements. We remain solely responsible for our audit opinion.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention, if need be, any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes information about the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and as a result constitute the key audit matters. We describe these matters in the audit report.

We also provided the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France as defined in particular by articles L.822-10 to L.822-14 of the French commercial code ("code de commerce") and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence and the related safeguards.

Marseilles, 10 April 2018

The Statutory Auditors

French original signed by:

SYREC	Audit Conseil Expertise, SAS Member of PKF International
Luc-René CHAMOULEAU	Guy CASTINEL

STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2017

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English-speaking readers. The Statutory Auditors' Report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures. This report also includes information relating to the specific verification of information given in the Group management report and in the documents addressed to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the General Meeting of Catering International & Services

Opinion

In accordance with the terms of our engagement as auditors by your Annual General Meeting, we have audited the accompanying annual financial statements of Catering International & Services for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Annual Financial Statements" section of our report.

Independence

We conducted our audit in compliance with independence rules applicable to us, for the period from January 1, 2017 to the issue date of our report and in particular we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics for statutory auditors.

Observation

Without qualifying the opinion expressed above, we draw your attention as an emphasis of matter to note 1 «Annual highlights» to the annual financial statements concerning the non-collection of the dividends of the Algerian subsidiary in the amount of €27.6 million..

Justification of assessments - Key audit matters

In accordance with the requirements of articles L.823-9 and R.823-7 of the French commercial code ("code de commerce") relating to the justification of our assessments, we bring your attention to the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in the audit of the annual financial statements of the current period, as well as our responses to those risks.

These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific elements, accounts or items of the annual financial statements.

Measurement of equity interests

Identified risk	Equity interests, representing a net amount of €10,419,000 at 31 December 2017, represent one of the most important line items in the balance sheet. On the date of their initial recognition they are recorded at their acquisition cost and, when appropriate, are written down by recording a provision to take into account their present value at year end. As indicated in note 2, «financial assets», the present value at year end is generally determined in reference to the share of equity held in the companies concerned, which may be adjusted by taking into account future cash flows over a five-year period. The estimation of the present value of these securities requires judgments by management in the choice of items to consider according to the investments in question, which may correspond to historical (equity) or forward-looking items (earnings prospects and the economic trends in the country in question). Competition and the economic and geopolitical environment facing certain subsidiaries, as well as the geographical location of some of the subsidiaries may lead to a decline in their business and a deterioration in their operating performance. In this context and in light of the inherent uncertainties associated with certain items and notably the likelihood of meeting forecasts, we have considered that the correct evaluation of equity interests, the corresponding receivables (notably current accounts) and provisions for contingencies constitutes a key audit point.
Responses as part of our audit	To assess the reasonable nature of the estimate of value in use of the equity interests, based on the information provided to us, our work has consisted mainly in verifying that the estimate of these values by management is based on an appropriate justification of the methods of evaluation and the quantitative data used and in consequence: For the assessments based on historic data: • ensuring that the shareholders equity applied is consistent with the accounts of the entities subject to audit or analytical procedures and that adjustments made, as applicable, to this equity capital are based on supporting documentation. For the assessments based on forward-looking data: • obtaining the cash flow forecasts and operating forecasts for the activities of the entities concerned produced by their operational divisions and assess their consistency with the forward-looking data based on the latest strategic plans, produced under the supervision of their executive management for each of these businesses and approved, when applicable, by the Board of Directors; • Verifying the consistency of assumptions adopted with the economic environment on the balance sheet date and the date the financial statements were produced; • comparing the forecasts used for prior periods with actual results in order to assess the achievement of past objectives; • verifying that the value resulting from the cash flow forecasts has been adjusted to reflect the amount of debt held by the entity in question.

In addition to assessing the values in use of the equity interests, our work has also consisted in:

- assessing the recoverable nature of related receivables (notably current accounts) with respect to analysis performed of the equity interests;
- verifying the recognition of a provision for contingencies in cases where the company has undertaken to incur the losses of a subsidiary with negative equity.

Verification of the management report and of the other documents addressed to shareholders

We have also performed in accordance with professional practice standards applicable in France the specific verifications required by French law.

Information given in the management report and other documents addressed to shareholders with respect to the financial position and the annual financial statements

We have no matters to report regarding the fair presentation and consistency with the financial statements of the information given in the management report of the Board of Directors and the other documents addressed to the shareholders in respect of the financial position and the annual financial statements.

Report on corporate governance

We certify that the Board of Directors' report on corporate governance includes the information required by articles L. 225-37-3 and L. 225-37-4 of the French commercial code.

Concerning the information given in accordance with the requirements of article L. 225-37-3 of the French commercial code relating to compensation and benefits paid to corporate officers and any other commitments made in their favour, we have verified their consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company, from companies controlling your Company or controlled by it. On the basis of these procedures, in our opinion this information is accurate and provides a fair presentation.

Other disclosures

In addition, as required by law, we have verified that the management report includes the mandatory disclosures on the identity of owners of share capital and voting rights of your company.

Report on other legal and regulatory requirements

Appointment of auditors

We were appointed as statutory auditors of d la Catering International & Services by your general meeting of 6 June 2016.

As at 31 December 2017, Audit Conseil Expertise was in its second period and Syrec in its twelfth period of uninterrupted engagement, of which the second and twelfth respectively period since the Company's shares were admitted to trading on a regulated market.

Responsibilities of management and those charged with governance for the annual financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.
The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The annual financial statements are the responsibility of the Board of Directors

Statutory auditors' responsibilities for the audit of the annual financial statements

Objective and audit approach

Our role is to issue a report on the annual financial statements. Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified by article L.823-10-1 of the French commercial code ("code de commerce"), the scope of our statutory audit does not include assurance on the future viability of the Company or the quality with which Company's management has conducted or will conduct the affairs of the entity.

As part of an audit in accordance with professional standards applicable in France, we exercise professional judgment throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the annual financial statements;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If we conclude that a material uncertainty exists, we draw attention in our audit report to the related disclosures in the annual financial statements or, if such disclosures are not provided or inadequate, we issue a qualified opinion or no opinion at all;

> Evaluate the overall presentation of the annual financial statements and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention, if need be, any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes information about the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the annual financial statements of the current period and which are therefore the key audit matters. We describe these matters in the audit report.

We also provide the Audit Committee with the declaration referred to in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France as defined in particular by articles L.822-10 to L.822-14 of the French commercial code ("code de commerce") and in the French Code of ethics for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

Marseilles, 10 April 2018

The Statutory Auditors

French original signed by:

SYREC	Audit Conseil Expertise, SAS Member of PKF International
Luc-René CHAMOULEAU	Guy CASTINEL

STATUTORY AUDITORS' REPORT ON REGULATED AGREEMENTS AND COMMITMENTS
FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

To the shareholders:

In our capacity as statutory auditors of your company, we hereby report to you on regulated agreements and commitments with related parties.

The terms of our engagement do not require us to identify such other transactions, if any, but to communicate to you, based on information provided to us, characteristics, the main terms and conditions and the reasons justifying their interest for the company of those agreements and commitments brought to our attention or discovered in the performance of our engagement, without expressing an opinion on their merits. It is your responsibility, pursuant to article R.225- 31 of the French commercial code, to assess the merits of these agreements and commitments with a view to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-31 of the French commercial code (Code de Commerce) concerning the implementation, during the year ended, of the agreements and commitments already approved by the General Meeting of the Shareholders.

We performed procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des Commissaires aux Comptes) relating to this engagement. These standards require that we ensure that the information provided to us is consistent with the relevant source documents.

Agreements and commitments submitted for approval to the shareholders' meeting

Agreements and commitments approved in the period ended

We hereby inform you that we were not notified of any agreement or commitment authorized during the past financial year to be submitted to the Annual General Meeting for approval in accordance with the provisions of Article L. 225-38 of the French Commercial Code.

Agreements and commitments previously approved by the general meeting

Agreements and commitments authorised in prior periods that remained in force during the period ended

Pursuant to article 225-30 of the French commercial code, we have been informed that the following agreements and commitments, previously approved by shareholders' meetings of prior years, remained in force during the year.

1/ Residential lease agreement between CIS and SCI Monceau

- Related party

Régis Arnoux, Chairman of the Board of Directors of CIS and Managing Partner of SCI Monceau.

■ Description

Pursuant to the authorisation of the Board of Directors of 7 February 2014, your company concluded a residential lease agreement with SCI Monceau in exchange for monthly rental payments of €4,500 excluding charges. This apartment will serve as a company apartment for Florence Arnoux corresponding to a benefit in kind. This agreement expired on 31/03/2017. For fiscal 2017, under the terms of this agreement, expenses of €13,500 were recognised for rental payments excluding charges

2/ Service agreement between CIS and Frédérique Salamon

■ Related party

Frédérique Salamon, member of the Board of Directors of CIS.

■ Description

Pursuant to the authorisation of the Board of Directors of 28 March 2013, your company concluded a service agreement with Frédérique Salamon. Under the terms of this agreement, Frédérique Salamon intervenes as a consultant to the Chairman, notably in the area of strategy for the Group development and the analysis of external growth opportunities. For fiscal 2017, under the terms of this agreement, expenses of €74,100 excluding tax were recognised for fees.

3/ Service agreement between the companies CIS and Marine Firminy

■ Related party

The company Marine Firminy, member of the Board of Directors of CIS.

■ Description

Pursuant to the authorisation of the Board of Directors of 4 July 2013, your company concluded a service agreement with the company Marine Firminy. Under the terms of this agreement, the company Marine Firminy will provide your company with commercial and technical assistance for the development and diversification of your company's activities for services to the armed forces. For fiscal 2017, under the terms of this agreement, expenses of €5,000 excluding tax were recognised for fees.

4/ Lease agreement between CIS and SCI Borely

■ Related party

Régis Arnoux, Chairman of the Board of Directors of CIS and Managing Partner of SCI Borely.

■ Description

Pursuant to the authorisation of your Board of Directors of 16 September 2015, CIS concluded an office this lease agreement with SCI Borely. For fiscal 2017, under the terms of this agreement, expenses of €32,000 were recognised for rental payments excluding charges.

5/ Lease agreement between CIS and SAS Finra

■ Related party

Régis Arnoux, Chairman of the Board of Directors of CIS and Chairman of SAS Finra.

■ Description

Pursuant to the authorisation of your Board of Directors of 26 May 2016, CIS concluded an office this lease agreement with SAS Finra. For fiscal 2017, under the terms of this agreement, expenses of €72,000 were recognised for rental payments excluding charges.

6/ Undertakings on behalf of the Deputy CEO

■ Related party

Mr. Jérémy De Brabant, Deputy CEO of CIS.

■ Description

On 26 May 2016, your Board of Directors appointed Mr. Jérémy De Brabant as the Deputy Chief Executive Officer of CIS and made on his behalf the following undertaking:

Mr. Jérémy De Brabant will receive a severance payment in the event of the termination of his functions as Deputy Chief Executive Officer (removal or non-renewal) at the Company's initiative equal to three (3) months of notice plus a lump sum severance payment of nine (9) months of gross compensation (fixed and variable, calculated on the basis of compensation for the last twelve months).

In addition, this Board of Directors duly noted the conclusion with Mr. Jérémy De Brabant of an employment contract as Chief International Business Development Officer and on that basis undertook vis-à-vis the latter the following:

Mr. Jérémy De Brabant will receive a severance payment in the event of his termination at the Company's initiative excluding reasons of gross negligence («faute grave») or wilful misconduct («faute lourde») equal to three (3) months of notice plus a lump sum severance payment of nine (9) months of gross compensation (fixed and variable, calculated on the basis of compensation for the last twelve months), including the legal severance payment that will be payable and which will not be grouped together.

Marseilles, 10 April 2018

The Statutory Auditors

French original signed by:

SYREC

Luc-René CHAMOULEAU

Audit Conseil Expertise, SAS
Member of PKF International

Guy CASTINEL

STATUTORY AUDITORS' REPORT ON THE AUTHORISATION TO AWARD RESTRICTED STOCK UNITS FROM EXISTING SHARES OR SHARES TO BE ISSUED;

EXTRAORDINARY GENERAL MEETING OF 15 JUNE 2018, 13TH RESOLUTION

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

To the shareholders:

As the statutory auditors of your company and in accordance with its the terms of our engagement provided for under article L.225-197-1 of the French commercial code, we hereby present our report on the proposed authorisation to award shares from existing shares or shares to be issued for the benefit of Mr. Jérémy De Brabant, Deputy Chief Executive Officer, which is hereby submitted to your vote.

The total number of shares that may be freely awarded by the Board of Directors is set at 3 % of the share capital on the date of their grant decision.

Your Board of Directors proposes, on the basis of this report, to authorise for a period of 38 months to award shares from existing shares or shares to be issued.

It is the responsibility of the Board of Directors to issue a report on this proposed stock award. It is our responsibility to inform you, when applicable, on our observations concerning the information provided to you on this proposed stock award.

We performed procedures that we considered necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie nationale des Commissaires aux Comptes) relating to this engagement. These have consisted notably in verifying that the procedures proposed and presented in the Board of Directors' report comply with applicable laws.

We have no comments to make regarding the information provided in the Board of Directors' report on the proposed stock award.

Marseilles, 10 April 2018

The Statutory Auditors

French original signed by:

SYREC

Luc-René CHAMOULEAU

Audit Conseil Expertise, SAS
Member of PKF International

Guy CASTINEL

STATUTORY AUDITORS' INDEPENDENT THIRD-PARTY REPORT ON THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND SOCIETAL INFORMATION
FINANCIAL YEAR ENDED 31 DECEMBER 2017

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

To the Shareholders:

As independent third parties certified by COFRAC, the French National Accreditation Body, under No. 3-1080, we hereby present our report on the consolidated employment, environmental and social information for the year ended 31 December 2017 (hereinafter referred to as "CSR Information") provided in the management report pursuant to the provisions of Article L.225-102-1 of the French commercial code (code du commerce).

Responsibility of the company

The Board of Directors is responsible for preparing a management report including CSR Information in accordance with the provisions of Article R. 225-105-1 of the French Commercial Code and with the guidelines adopted by the Company (hereinafter the "Guidelines") available on request from the company's registered office and summarised in the section of the management report entitled «Methodology Note».

Independence and quality control

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

Statutory Auditors' responsibility

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

- certify that the required CSR Information is presented in the management report or, in the event that any CSR Information is omitted, that an explanation is provided in accordance with the third paragraph of Article R.225-105 of the French commercial code (Statement of disclosure of CSR Information);
- express limited assurance that the CSR Information, taken as a whole, is, in all material respects, fairly presented in accordance with the Guidelines (Reasoned opinion on the fairness of the CSR Information).

Our work made use of the expertise of three people between March and April 2018 for a total period of approximately one week. In the performance of this engagement, we were assisted by our CSR experts.

We performed our work in accordance with the ministerial decree (arrêté) published on May 13, 2013 determining the conditions in which the independent third party performs its engagement and concerning the reasoned opinion of fairness in accordance with the ISAE 3000 international standard, as well as the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement.

[1] Information on the scope certification is available at www.cofrac.fr
[2] ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

1. STATEMENT OF DISCLOSURE OF CSR INFORMATION

Nature and scope of work

We obtained information from interviews with management of the relevant departments, on priorities for sustainable development, according to the employment-related and environmental impacts of the Company's activity and its social commitments and, where appropriate, any action or programmes related thereto.

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

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

We verified that the Disclosures cover the consolidated operations, namely the Company and its subsidiaries within the meaning of Article L.233-1 and the controlled entities within the meaning of article L.233-3 of the French commercial code within the limits specified in the section of the management report entitled the «Methodology Note».

Conclusion

Based on this work and the limitations mentioned above, we attest to the completeness of the required CSR Information in the management report, with the exception of information relating to the breakdown of employees by gender; recruitment and dismissals; absenteeism; collective agreements and summaries of agreements signed with labour organisations or employee representatives in the area of occupational health and safety; measures promoting gender equality, the employment and integration of persons with disabilities, and combating discrimination; waste recycling and elimination measures; water consumption and supply in relation to local constraints; energy consumption and performance measures and use of renewable energies; significant sources of greenhouse gas emissions resulting from the company's business; and other actions in favour of the human rights which are absent or were only presented on a limited scope as indicated in the methodology note of the management report.

2. REASONED OPINION ON THE FAIR PRESENTATION OF CSR INFORMATION

Nature and scope of work

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

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

We selected the CSR information to be tested and determined the nature and scope of the tests, taking into consideration their importance based on the company's profile, the social and environmental impact of its activities, priorities in terms of sustainable development and industry best practice.

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

- At the level of the consolidating entity, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organisation, policy, action), we followed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data and we verified their consistency and concordance with the other information in the management report;
- at the level of a representative sample of the site selected by us by activity, contribution to the consolidated indicators, location and risk analysis, we conducted interviews to ensure that procedures are followed correctly, and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The sample thus selected represents 44% of the workforce considered as a representative percentage for employment-related reporting, and 100% of environmental data considered as a representative percentage for the environmental reporting.

For the other CSR consolidated information published, we assessed is based on our knowledge of the Company.

Finally, we assessed the relevance of explanations given for any information not disclosed, either in whole or in part, taking into consideration, where applicable, good practices.

We consider that the sampling methods and the size of the samples retained based on our professional judgement allow us to issue a moderate assurance. A higher level of assurance would have required more extensive verifications. Due to the use of sampling techniques and other limitations inherent to all information systems and internal control systems, the risk of not detecting a material misstatement in the CSR Information cannot be completely eliminated.

Conclusion

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

Marseilles, 11 April 2018

The Independent Third Party

Grant Thornton
French member firm of Grant Thornton International

French original signed by:

Lionel HATET
Partner

[3] **Quantitative employment information:** average total headcount and breakdown by gender, age and continent; recruitments, departures (including dismissals); absenteeism rate; frequency and severity rate of occupational accidents; total number of training hours
Quantitative environmental information: water consumption, total electricity consumption CO^2 emissions (of which for transportation and energy).

[4] **For employment information:** France, Algeria.
For environmental information: France.

Responsibility statement

I hereby certify, having taken all reasonable measures for such purpose, that the information contained in this report, to my knowledge, is true and that there are no omissions that would cause it to be misleading.

I also 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 operations of the Company and consolidated companies and that the management report included this report faithfully presents business trends, the results and financial position of the company and a description of the main risks and uncertainties.

Régis ARNOUX
Chairman of the Board of Directors

Notes

ACC - A.HAK INDUSTRIAL SERVICES - ADA OIL - ADES
AFRICAN SKIES - ALFANAR CONSTRUCTION - ALSTOM
ALTAY POLIMETALL - ANADARKO - ARABIAN GULF
CONSTRUCTION - AREVA - ARKAD - AVA ALGÉRIE
AVZ MINERALS - B2GOLD - BAKYRCHIK MINING
VENTURE - BARRICK GOLD - BIRIMIAN RESOURCES
BOUYGUES - BP - BURKINA EQUIPEMENT - CAMECO
CEPSA - CHACO - CHEVRON - CILAS - CIMENTOS DE
MOÇAMBIQUE - CINAC - CLN - CNLC LLP - DALMA
ENERGY - EFS EBREX - ENAFOR - ENGIE - ENI - ENSP
ENTP - ESB ALGER - EXXONMOBIL - FINO - FLUOR
GECAT - GENERAL ELECTRIC - GIS - GLENCORE
GROUPEMENT REGGANE - HALLIBURTON - HESP
HUMMINGBIRD RESOURCES - INKAI - INTERCMENT
JGC - KASR EL ARAB HOUSE - KATCO - KAZ MINERALS
KAZATOMPROM - KBR - KCCE - KINROSS - KMG
DRILLING & SERVICES - KOMAROVSKOYE GORNOE
PREDPRIYATIE LLP - LAFARGE - L'ARMEE DE TERRE
LUKOIL - MARTIFER - MECHEM - METKA - MMG
MOTA-ENGIL - NOVATEK - OREZONE - OYU TOLGOI
PERENCO - PETRO VIETNAM - PETROBRAS
PETROCHAD - PETROFOR - PETROKAZAKHSTAN
PHILIP MORRIS - POLYMETAL - POLYUS GOLD
QDVC - REDMED-GROUP - REPSOL - RESOLUTE
MINING - RIO TINTO - RUASHI MINING - RWE-DEA
SAMSUNG ENGINEERING - SANOFI - SBM
SCHLUMBERGER - SEMAFO - SH-DP RHOURDE
NOUSS - SINTEPLAST - SMB - SNC LAVALIN
SONATRACH - STATOIL - TASIAST - TECNICAS
REUNIDAS - THYSSENKRUPP - TOTAI CITRUS
TOTAL - UTTICT BURSERVIS - VALE - VARVARINSKOYE
VICAT - VINCI - WEATHERFORD - YAMAL LNG
YPFB - ZAMIL GROUP

Our references

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