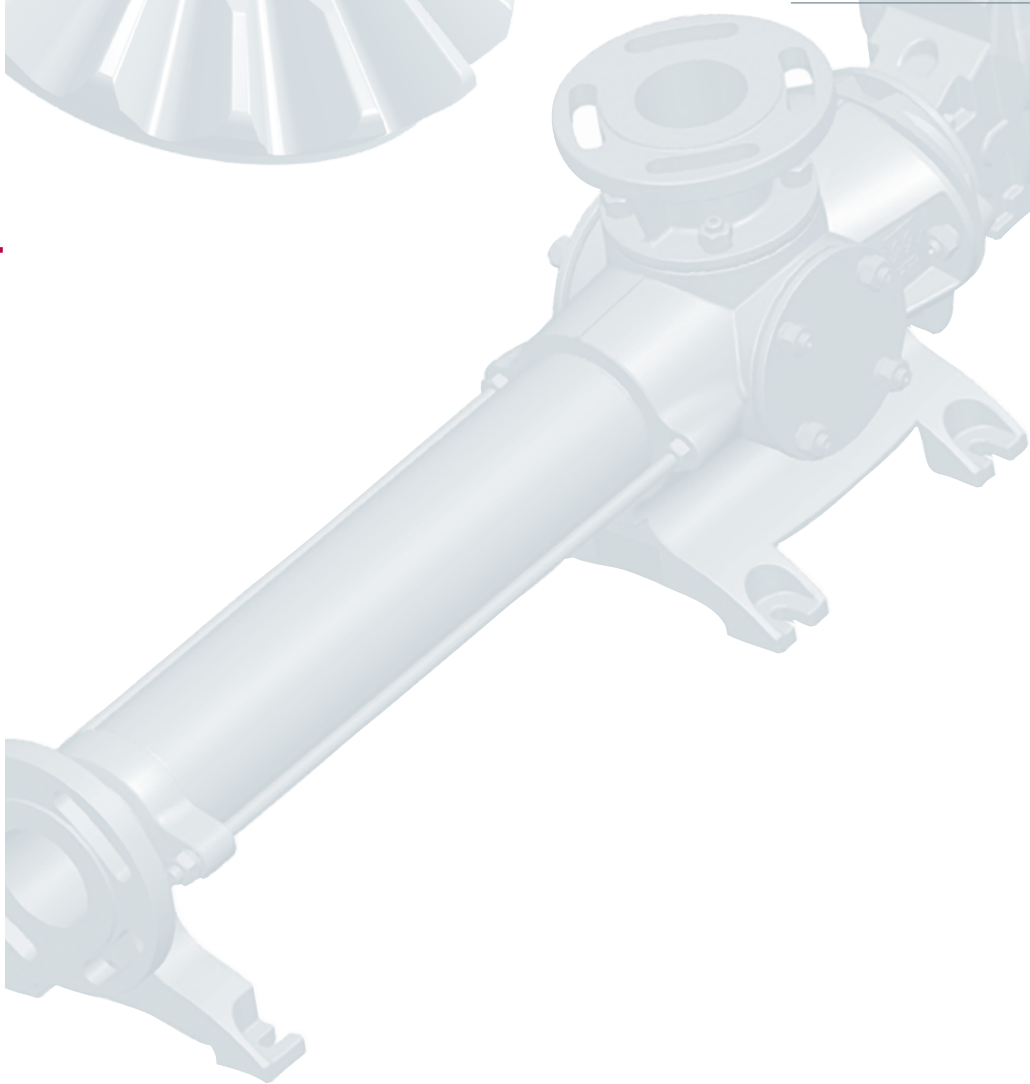




**Combined Annual  
and Extraordinary General Meeting  
of 25 June 2009**



# Combined Annual and Extraordinary General Meeting of 25 June 2009

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*Société Anonyme* (public limited company) with a registered capital of 33 514 005 euros

Head Office, Direction and Administration:

6, boulevard Bineau

92300 Levallois-Perret

562 088 542 R.C.S. Nanterre – SIRET N° 562 088 542 00369

[www.gevelot-sa.fr](http://www.gevelot-sa.fr)

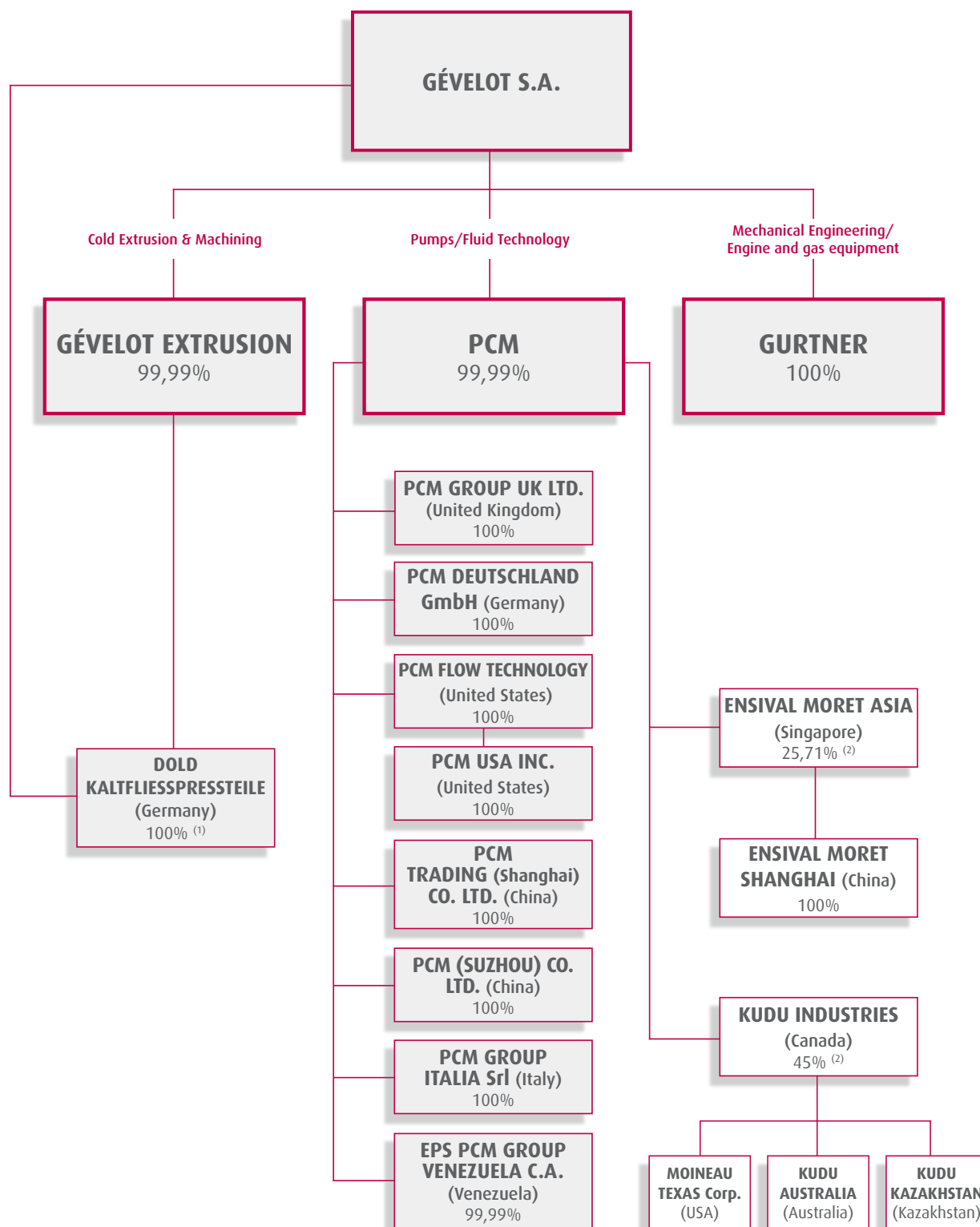
## Financial year 2008

# Gévelot Group companies

## Addresses and Activities

Companies	Adresses	Telephone Fax Internet/E-mail	Activities
<b>HOLDING COMPANY</b>			
<b>Gévelot</b>			
Chairman & Managing Director <b>Paolo MARTIGNONI</b>	6, boulevard Bineau 92532 Levallois-Perret Cedex (France)	+33 (0)1 41 49 03 03 +33 (0)1 41 49 03 02 www.gevelot-sa.fr	Management of industrial holdings and related services.
<b>SUBSIDIARIES</b>			
<b>COLD EXTRUSION &amp; MACHINING SECTOR</b>			
<b>Gévelot Extrusion</b>			
Chairman & Managing Director <b>Patrick LHUILLERY</b>	6, boulevard Bineau 92532 Levallois-Perret Cedex (France)	+33 (0)1 41 49 03 33 +33 (0)1 47 48 90 34 www.gevelot-sa.fr	Cold extrusion of steel parts Machining and heat treatment.
• <b>Dold Kaltfließpressteile GmbH</b>	Langenbacher Strasse 17/19 D-78147 Vöhrenbach (Germany)	+49 (0)7727/509-0 +49 (0)7727/509-166 www.doldgmbh.de	Cold extrusion of steel parts Machining and heat treatment.
<b>PUMPS/FLUID TECHNOLOGY SECTOR</b>			
<b>PCM</b>			
Chairman & Managing Director <b>Jacques FAY</b>	17, rue Ernest Laval B.P. 35 92173 Vanves Cedex (France)	+ 33 (0)1 41 08 15 15 + 33 (0)1 41 08 15 00 www.pcm.eu	• Fluid technology solutions • Volumetric pumps: with eccentric rotor PCM Moineau, PCM Vulcain, with tube PCM Delasco, metering PCM Précipompe, with lobes PCM Ecolobe • Manufacturing industry, food-processing and oil production markets
- <b>PCM Group UK Ltd.</b>	Pilot Road -Phoenix Parkway Corby, NN17 5YF (United Kingdom)	+44 (0)1536 740200 +44 (0)1536 740201 www.pcm.eu	Manufacture, sales and services for volumetric pumps, Metering systems for reagents and fluid technology solutions
- <b>PCM Deutschland GmbH</b>	Wiesbadener Landstrasse 18 65203 Wiesbaden (Germany)	+49 (0)611/60977-0 +49 (0)611/60977-20 www.pcm.eu	Manufacture, marketing and services for volumetric pumps
- <b>PCM Flow Technology Inc.</b> - <b>PCM USA Inc.</b>	11940 Brittmoore Park Drive Houston, Tx 77041 (United States)	+1 (713) 896 4888 +1 (713) 896 4806 www.pcmusa-inc.com	Management of industrial holdings and related services. Manufacture, marketing and services for volumetric pumps
- <b>PCM Trading (Shanghai) Co. Ltd.</b>	Unit 10A 19 21, Shanghai 2299 Yanan Road (West) 200336 Shanghai (China)	+86 (0)2162362521 +86 (0)2162362428	Marketing and services for volumetric pumps
- <b>PCM (Suzhou) Co. Ltd.</b>	Zhonglu Ecological park - Usine 12 & 13 Pingwang Town - Wungjiang city 215221 Jiangsu Province (China)		Manufacture, marketing and services for volumetric pumps
- <b>PCM GROUP ITALIA Srl.</b>	6, via Bergamo 20135 Milano (Italy)	+ 39 (0)2 89 65 56 48 + 39 (0)2 92 88 49 50	Marketing and services for volumetric pumps
- <b>EPS PCM GROUP VENEZUELA C.A.</b>	Avenida Ugarte Pelayo C1518 Ciudad comercial Petroriente Nivel 1 Oficina C1 518 6201 Maturin -Monagas (Venezuela)	+ 58 (0)41463388689	Marketing and services for volumetric pumps
- <b>Kudu Industries Inc.</b>	9112 - 40 <sup>th</sup> Street S.E. Calgary AB - T2C 2P3 (Canada)	+1 403 279 5838 +1 403 279 2192 www.kudupump.com	Fabrication, sales and services for oil pumps. Design and manufacture of accessories for the oil, petrochemical and related industries
• <b>Moineau Texas Corporation</b>	1112 S.Main Street Seminole Texas 79360 (United States)	+1 (915) 698 0482 +1 (915) 698 11 55	Sales and services for oil pumps
• <b>Kudu Australia Pty Ltd.</b>	L3, 349 Coronation Drive Milton, QLD, 4064 (Australia)	+(61) 7 3842 3105 +(61) 7 3371 7300	Sales and services for oil pumps
• <b>Kudu Kazakhstan LLP</b>	50 Yablonevyy Sad Street Baghashi Village, Karasai District Almaty Oblast, 040907 (Kazakhstan)	7-3272-993-092 7-3272-993-119	Sales and services for oil pumps
- <b>Ensival Moret Asia Pte Ltd. (EMA)</b>	9 Tai Seng Drive #02-02 Hesche Building 535227 Singapore (Singapore)	+(65) 281 06 67 +(65) 281 09 08	Management of industrial holdings and related services
• <b>Ensival Moret Shanghai Co. Ltd. (EMS)</b>	N° 1590, Li An Road Minhang District 201100 Shanghai (People's Republic of China)	+(86) 2154889599 +(86) 2154889399	Manufacture and marketing of industrial pumps
<b>MECHANICAL ENGINEERING SECTOR/ENGINE AND GAS EQUIPMENT</b>			
<b>Gurtner</b>			
Chairman & Managing Director <b>Bruno TRACCO</b>	40, rue de la Libération B.P. 129 25302 Pontarlier Cedex (France)	+33 (0)3 81 46 70 22 +33 (0)3 81 39 29 50 www.gurtner.fr	Fluid circulation solutions in the fields of engine and gas equipment

# Organization chart of the Gévelot Group



NB The stated percentages are those of direct control

(1) 20% controlled by Gévelot SA and 80% by Gévelot Extrusion at 1 January 2009

(2) Equity method companies

# Administration of Gévelot S.A.

at 25 June 2009

## Board of Directors

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Chairman & Managing Director

Paolo MARTIGNONI

---

Directors

Roselyne MARTIGNONI

Claudine BIENAIMÉ

Charles BIENAIMÉ

Pascal HUBERTY

Philippe DESTOURS

Roberto BARABINO

Mario MARTIGNONI

---

## Management

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Managing Director

Paolo MARTIGNONI

Deputy Managing Director

Philippe BARBELANE

---

## Auditors

---

Permanent

PricewaterhouseCoopers Audit (PwC)  
represented by Pierre RIOU

Cabinet ROUSSEL & ASSOCIES (CREA)  
represented by Bernard ROUSSEL

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Substitute

FIDEAC  
represented by Jean MARIÉ

Philippe BAILLIN

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# Agenda

## of the Combined Annual and Extraordinary General Meeting of 25 June 2009

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### **For the consideration of the Annual General Meeting**

- The board's operating and financial review of the company in financial year 2008,
- Auditors' Reports on the period's individual and consolidated financial statements,
- Review and approval of the individual financial statements for period ending 31 December 2008,
- Review and approval of the consolidated financial statements for period ending 31 December 2008,
- Approval of the Conventions referred to in Article L.225-8 of the Commercial Code,
- Appropriation of earnings for financial year 2008,
- Directors,
- Discharge of Directors,
- Granting the Board of Directors permission to have the company buy its own shares.

### **For the consideration of the Extraordinary General Meeting**

- Delegation of authority to the Board of Directors with a view to proceeding with a capital increase reserved for employees who have subscribed to a Group Company Savings Plan,
- Granting the Board of Directors permission to proceed with a capital reduction by cancelling purchased shares.

### **For the consideration of the Annual General Meeting**

- Powers of attorney,
- Any other business.



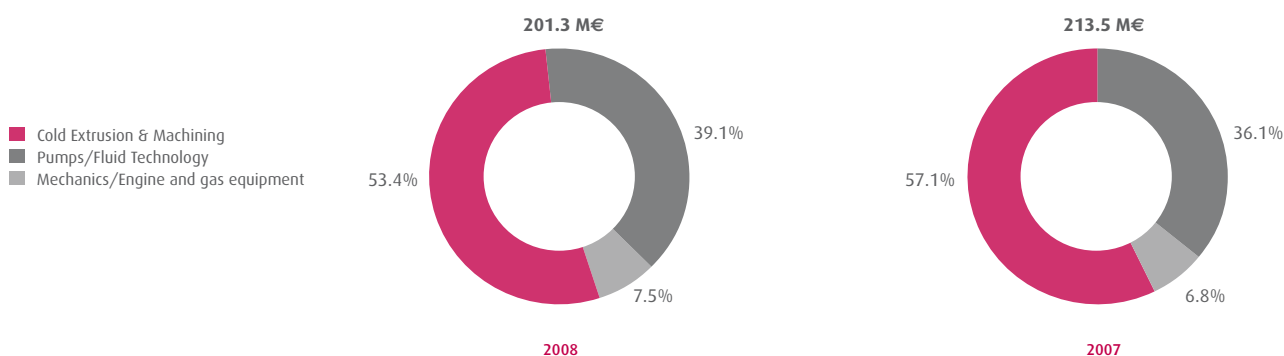
# Overview

## of financial year 2008

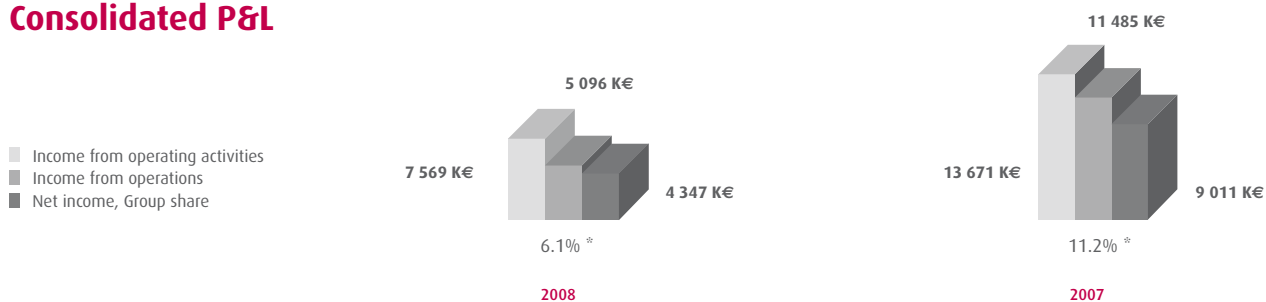
### Key figures

(in thousands of euros)	2008	2007	Percentage change
<b>Group</b>			
Consolidated turnover excluding tax	201 271	213 519	(5.7)
Turnover originating outside France	115 720	124 253	(6.9)
Results of operations (see note 2.3.2)	7 569	13 761	(45.0)
Including accumulated amortization	(9 532)	(9 173)	3.9
Including asset impairment IAS 36 (carrying amount)	(1 502)	917	-
Revenue (see note 2.3.2)	5 096	11 485	(55.6)
Operating results before tax	4 145	10 172	(59.3)
Net income from consolidated companies	4 350	9 015	(51.8)
Net income, Group share	4 347	9 011	(51.8)
Net earnings per share (in euros)	4.54	9.41	(51.8)
Share of minority interests	3	4	(25.0)
CFFO (cash flow from operations)	15 823	18 166	(12.9)
Headcount	1 413	1 489	(5.1)
<b>Gévelot S.A.</b>			
Turnover excluding tax	3 603	3 533	2.0
Revenue (see note 2.3.2)	3 165	3 653	(13.4)
Unusual items	(2 142)	(1 592)	-
Net income	2 290	2 793	(18.0)
CFFO (cash flow from operations)	4 604	4 526	1.7
Net dividend per share (in euros)	2.00	2.20	(9.1)
Headcount	7	7	-

### Consolidated turnover by sector



### Consolidated P&L



\* The percentages indicate return on equity (results of operations/equity)



# The board's operating and financial review

## Ladies and Gentlemen,

As required by law and our articles of association, we have convened this Combined Annual and Extraordinary General Meeting to give you an account of the activity of our Company and our Subsidiaries over the past year and submit their individual and our consolidated financial statements closed at 31 December 2008 to you for approval.

Consolidated turnover totalled €201.3 million against €213.5 million in 2007, down 5.7%.

For the Extrusion sector, turnover (€107.4 million) was down 11.9% on 2007 due to a reduction in the activity of prime contractors, car manufacturers and equipment manufacturers, particularly in the second half of 2008. Our German subsidiary Dold also experienced a distinct slowdown in business in the last few months of 2008.

Turnover in the Pumps sector (€78.6 million) was up 2.0% on 2007, and the sluggish trade with North America noted since the beginning of the year was offset towards the end of the year by the first invoices for significant export orders. Supplies for industry in the European market nonetheless remain low due to the current economic crisis adversely affecting capital goods.

Turnover in the Mechanical Engineering sector (€15.1 million) is up by 4.2% on financial year 2007, a year of slowdown that is not comparable in terms of reporting entities. The higher volumes are due to the first supplies of new parts for the Automotive sector, the other OEM and spare carburettor markets showing a significant falloff.

Consolidated income from current operating activities stood at €7.6 million against €13.8 million, down 45%.

Operating income totalled €5.1 million against €11.5 million, down 55.6%.

Financial loss amounted to €0.9 million against €1.3 million in 2007.

In the end, the Group's net consolidated income came to €4.3 million in 2008 against €9.0 million in 2007.

The contribution of the various sectors to total consolidated income is expanded on in the Notes to the Consolidated Financial Statements.

The activities of Group reporting entities are expanded on hereafter (the figures are taken from each company's individual financial statements):

## Parent Company's activities

### Gévelot S.A.

The turnover of GEVELOT SA (plc), the Parent Company, comprising rents and services, amounted to €3.603 million, up by 1.9% due to a 1.1% rise in rents, mainly those of PCM and the provision of space on the 3rd floor of the Levallois premises, under a tenancy at will agreement following the acquisition of more office space on the 6th floor of said premises.

The period's operating income came to €1.114 million against €1.224 million in 2007, a fall due to the rise in external expenses, in particular Extrusion sector site maintenance charges.

Earnings before interest and tax amounted to €2.051 million against €2.429 million, including the contribution of our subsidiaries in terms of dividends, which amounted to €1.417 million against €1.728 million, the fall being due to the suspension of the Gurtner dividend.

Pre-tax earnings from operations totalled €3.165 million against €3.654 million in 2007.

Exceptional items showed a loss of €2.142 million against €1.592 million.

They include an intercompany provision of €1.745 million for future tax expenses on the carried-over deficits of our subsidiaries, a net amortization expense of K€327. In addition, sundry net expenses of K€70 were recognised.

After a corporate income tax expense of K€486 and recognition of €1.754 million of tax savings due to the tax consolidation option, the company showed a net income of €2.290 million against €2.793 million in 2007. Capital expenditure totalled €1.4 million against €0.2 million in 2007, mainly reflecting the balance of the acquisition of new office space at Levallois-Perret.

## Subsidiaries' activities

### Extrusion & Machining sector

This sector's consolidated sales totalled €107.4 million.

Capital expenditure on intangibles and tangibles totalled €6.7 million against €5.9 million in 2007.

### Gévelot Extrusion

The European automotive market showed an overall downturn of 7.8% in 2008 after a sharp drop in the third quarter (-9.8%) and above all in the fourth quarter (-19.3%). Business prospects remain very uncertain and the overall market drop is expected to be between 15% and 20% over the whole year after a very weak first half.

2008 turnover came to €64.941 million, down 12.1% on 2007. The falloff in volume was substantial and the new markets and rises in output were insufficient to make up for this falloff and the market losses suffered or initiated, particularly in the United States. The year's output amounted to €64.391 million, down 12.7% in comparison with 2007.

Operating income showed a loss of €1.480 million (+K€192 in 2007) after an amortisation expense of €3.280 million (€3.199 million in 2007) and leasing fees of €1.235 million (K€773 in 2007).

Financial expenses amounted to K€391 against €1.006 million in 2007 due to a better contribution in terms of the dividend of German subsidiary Dold (K€560 against K€160 in 2007) and the initial positive effects of the reduction in financial debt.

Exceptional result still showed a loss (€2.012 million against €2.030 million in 2007). It includes €1.654 million of restructuring costs and expenses, net estimated regulated expenses of K€568 and K€207 of net sundry earnings.

After an investment tax credit, the net income for financial year 2008 thus showed a loss of €3.465 million against €2.844 million in 2007.

CFFO (cash flows from operations) totalled €1.167 million against €2.841 million in 2007.

The total headcount at 31 December 2008 was 547, including 2 fixed-term contracts and 0 temporary workers, against 645 (including 59 temporary workers) in December 2007, down 15%.

### Dold Kaltfliesspressesteile GmbH (Allemagne)

The turnover for financial year 2008 totalled €43.092 million against €48.504 million in 2007, down 11.2%. Production in the period, down 13.0%, came to €42.582 million.

Operating income amounted to €1.376 million against €2.722 million in 2007, down 49.4%.

Financial loss amounted to K€85 against K€181 in 2007.

Exceptional result showed a loss of K€494, representing restructuring costs.

Net income totalled K€659 against €2.043 million in 2007 after a tax expense of K€138.

CFFO (cash flows from operations) totalled €2.494 million against €4.777 million in 2007.

The total headcount at 31 December 2008 came to 339, including 9 apprentices, against 373 including 11 apprentices at 31 December 2007, down 9%.

### **Pumps sector, Fluid Technology**

The consolidated sales of this sector totalled €78.6 million against €77.0 million in 2007, up 1.9%.

Capital expenditure on intangibles and tangibles totalled €5.6 million against €2.5 million in 2007.

### **PCM**

This company's turnover totalled €70.139 million in 2008 (including 62.4% in exports) against €69.293 million in 2007, up 1.2%.

The turnover of Oil and Gas (€30.148 million) was up by 6.9% in comparison with 2007. Industry registered a turnover of €20.376 million, down 3.7% on 2007, and Food-processing totalled €16.736 million, on a par with 2007.

Services, down €2.7 million, represent 3.8% of the total.

The activity registered an operating income of €6.100 million against €9.155 million in 2007, down 33.4%, accounted for by the shrinking margins and the rise export sales expenses.

Financial income totalled K€538 against K€509 in 2007. It includes total investment income of K€398 from subsidiaries (PCM Group UK K€129, PCM Deutschland GmbH K€65 and Kudu K€204), income of K€128 from short-term investments and a net profit of K€12 from exchange gains.

In such conditions, net current operating income totalled €6.638 million against €9.664 million in 2007, down 31.3%.

Exceptional result showed a net expense of K€717 against K€920 in 2007, the main components thereof being:

- K€139 of net charges on commercial lawsuits

- K€155 of reversed provisions on tax risk

- K€42 of exceptional estimated expenses

- K€747 of net amortization expenses

- K€56 of net sundry earnings

Employee profit-sharing totalled K€350 against K€635 in 2007.

Corporate income tax came to €1.394 million against €2.418 million in 2007, including an investment tax credit of K€323 and supplementary corporate income tax following a prior tax adjustment.

The period showed a net profit of €4.176 million against €5.691 million in 2007.

The total headcount at 31 December 2008 was 320, including 8 temporary workers, against 319, including 10 temporary workers, at 31 December 2007.

CFFO (cash flows from operations) totalled €5.054 million against €7.341 million in 2007, down 31.1%.

A dividend of €1.504 million will be proposed for 2008.

### **PCM Group UK Ltd. (Great Britain)**

The turnover of £3.925 million against £3.820 million in 2007 was up by 2.7%, a rise that can be accounted for by a combination of increased sales of systems and a drop in pump sales. However, due to the fall in the Pound Sterling (-14% on average), turnover valued in euros fell by 11.5%.

The company's net income came to K€236 against K€258 in 2007, down 8.5%. This drop, despite higher turnover, can be accounted for by slight erosion of the margin on direct costs and a rise in fixed costs of 17.5% (K€40). The fall in the number of projects accentuates competitive pressure and shrinking margins.

A dividend of K€217 was set following the 2008 results and was paid out in late February 2009.

The headcount at 31 December 2008 was 20, against 26 at the end of 2007.

### **PCM Deutschland GmbH (Germany)**

Turnover, which came to €2.300 million, was down 2.5% in comparison with 2007, primarily due to a falloff in the sales of spare parts.

Net income showed a profit of K€189 against K€209 in 2007, down 9.6%, due to the reduced margin on direct cost, falling to 49.8% due to the lower sales of spare parts.

A dividend of K€73 was set for the results of 2008 and will be paid out in April 2009.

The headcount at 31 December 2008 was 9.

### **PCM Flow Technology (United States)**

This company, which has no trading activity, is a wholly-owned subsidiary of PCM and was formed in April 2004, controls 100% of the activity of PCM USA Inc.

### **PCM USA Inc. (United States)**

2008 turnover totalled \$US 4.943 million, against \$US 5.129 million in 2007, down 3.6%, primarily due to the fall in commissions (-33.2% in comparison with 2007) of about 1/3 paid by PCM SA to this American subsidiary.

The current account advance granted by PCM totalled \$US 1.450 million at 31 December 2008.

Net income totalled K\$US 279 against K\$US 671 in 2007, a sharp drop of 58.4%, due to the fact that the welfare expenses relating to development projects are now borne by the company and no longer by PCM France.

The headcount at 31 December 2008 was 14, the same as at the end of 2007.

### **PCM Trading Shanghai Co Ltd. (China)**

This company, a wholly-owned subsidiary of PCM, was formed in August 2006 following the award of a 30-year commercial licence. It has a capital of RMB 5,460,464 (K€545), which was fully paid up on 27 October 2006. The aim of this subsidiary is to develop the activity of PCM in the Pacific Asia region.

Because of the very long administrative procedures in China, permission to invoice was only granted by the Chinese authorities in June 2007.

In 2008, turnover totalled RMB 20.770 million, against RMB 15.903 million in 2007. Commissions paid out by PCM France came to RMB 5.319 million in 2008 (25.6% of turnover) against RMB 7.246 million (45.6% of the 2007 turnover).

Net income totalled RMB 1.975 million against RMB 3.676 million in 2007, down 46.3%. In view of the start-up phase the company finds itself in, this trend is not significant.

### **PCM (Suzhou) Co Ltd. (China)**

This company was formed at the end of January 2009 and because of the unavailability of premises in February 2009 only started production in March 2009.

### **PCM Group Venezuela C.A. (Venezuela)**

This company, in which PCM has a 99.99% interest, was formed in May 2008.

The administrative delays inherent in Venezuela prevented the company from starting up its operations in 2008. As a result, it generated no turnover in 2008.

The company therefore registered a net loss of KVEF 118 at 31 December 2008, due to the set-up costs it incurred.

### **PCM Group Italia Srl (Italy)**

This company, wholly owned by PCM, was formed at the beginning of May 2008. Its purpose is to develop PCM's sales in Italy.

It generated K€118 of turnover in the second half of 2008, which is encouraging compared with the previous commercial organization.

It showed a net loss K€43 of at the end of 2008, primarily due to personnel and hiring costs.

### **Kudu Industries Inc. (Canada)**

This company reported consolidated turnover of CAD 84.214 million against CAD 78.621 million in 2007, up 7.1%, due to the dynamism of the oil markets.

Its consolidated profits fell by 2% to CAD 4.108 million against CAD 4.191 million in 2007.

Given the price of a barrel, new innovative projects have been delayed or even shelved (in particular those concerning the production of asphaltic sand by injecting steam with PCM's Vulcain™ pump). As far as traditional production is concerned, competition is intensifying and margins are falling.

No dividends will be paid out for 2008.

### **Ensival Moret Asia (EMA) (Singapore)**

PCM has had a 25 71% interest since October 2002 in this purely financial company, which wholly owns industrial company ENSIVAL MORET SHANGHAI (EMS) (China). Its capital was raised to \$ Singapore 3.504 million in December 2005 following a capital increase of \$ Singapore 1.559 million.

It showed a net profit of K\$ Singapore 24 (K€12) in 2008.

### **Ensival Moret Shanghai (EMS) (China)**

LEMS's turnover amounted to RMB 76.727 million (€7.504 million) in 2008 against RMB 70.272 million (€6.745 million), up 9.2%.

EMS's main activity concerns Ensival Moret. The trend will continue with the formation of PCM's manufacturing company in China in 2008, which will start production in 2009.

It reported net income of RMB 744,000 (K€73) against RMB 1,703,000 (K€169) in 2007. This fall in income despite a rise in turnover is accounted for by lower sales margins.

## **Mechanical Engineering sector, Engine and Gas equipment**

This sector registered a turnover of €15.1 million, 4.5% up on 2007.

Industrial capital expenditure totalled €0.6 million against €1.6 million in 2007.

### **Gurtner**

Net sales (not like-for-like) rose by 8.3% in 2008 to €15.134 million, against €13.979 million in 2007. It should be noted that in 2007, K€656 of the sales were made by Etablissements Léopold Cléré, a company taken over at the end of 2007.

In Engine Equipment, OEM carburettor turnover was down 18.3%; however supplies of spare carburettors rose by 6.8%. Products for Car Equipment Manufacturers are now being marketed and total €1.537 million. In total, the Engine Equipment sector was up 5.2%.

Gas Equipment turnover was up 12.4% in comparison with 2007. Home Gas turnover rose by 7%, as did that of Gas Network Operators (+12.4%).

The company registered a net loss of K€864 against a loss of K€202 in 2007 after a higher amortization expense of K€183, estimated expenses of K€213 on fixed assets and of K€336 on circulating assets, primarily inventories.

Financial expenses amounted to K€115 against K€471 in 2007, a year that included the unfavourable variance on the merger with Etablissements Léopold Cléré. This result primarily comprises the costs of financing the working capital requirement through bank factoring.

Results of operations thus showed a loss of K€980 against one of K€673 in 2007.

Exceptional result showed a loss of K€59 and primarily include K€41 of social costs and K€23 of net regulated provisions.

In terms of corporate income tax, a tax expense was recorded following a tax assessment in 2007, which was funded for K€8 and various tax credits totalling K€195.

In the end, the company showed a net loss of K€852 against a loss of K€708 in 2007.

The total headcount at 31 December 2008 stood at 120 against 140, including 5 temporary workers, in December 2007, down 14.3%.

CFFO (cash flows from operations) showed a loss of K€67 against a gain of K€194 in 2007.

## **Gévelot Group activity**

A change in accounting methods was made in 2008 without significantly affecting the consolidated financial statements (see Note 2 to the Consolidated Financial Statements).

### **Consolidated financial statements**

Consolidated turnover came to €201.3 million.

Income from operating activities totalled €7.6 million against €13.8 million in 2007, down 45%. It includes an impairment provision recorded for the Mechanical Engineering business (€1.5 million).

Consolidated pre-tax operating income totalled €5.1 million, which includes other operating income and expenses showing a combined loss of €2.5 million, mainly comprising restructuring costs (€2.1 million).

After an income tax expense of €1.0 million and a €1.2 million contribution to earnings from equity-method companies, net

consolidated income totalled €4.3 million for financial year 2008 against €9.0 million in 2007.

### Group capital expenditure

Capital expenditure on intangibles amounted to €1.8 million and capital expenditure on tangibles totalled €12.5 million, making a total of €14.3 million against €10.2 million in 2007. Most of this expenditure concerned the extension of office space at Levallois Perret and the extension of the Champocé-sur-Loire production site (Pumps sector).

### Employment

The Group's headcount, excluding temporary workers, stood at 1,414 (including 424 outside France), against 1,489 at 31 December 2007, an overall reduction of 5%.

At the end of 2008, Gévelot S.A. for its part had a staff of 7.

## Group activity in the field of research and development

Research and development expenses totalled €2.7 million for the entire Group. In terms of development, only €1.1 million was capitalized under the provisions of IAS 38.

### Gévelot Extrusion

For financial year 2008, K€341 was capitalized out of a total of K€970.

The 2008 programme primarily focused on the development of new families of parts for new markets:

- a study of differential pinions including new fatigue resistance requirements,
- a study of engine cradle structural parts
- a study of an air bag body in a cold heading version and a new application,
- a study of steering column parts, in particular, sliding shafts, antitheft sleeves and ball joint pins,
- a study of a new ball bearing,
- an expert assessment plan for planet and sun gears to boost the performance of differential gears and to optimize the manufacturing process,
- an expert assessment plan for gearbox shafts (implementing a process and simplifying the development of the raw material).

### PCM

In 2008, K€133 was capitalized for development expenses out of a total of K€199.

Research expenses that qualify for tax credit are recognised as expenses during the period. They relate to the development of new products and to industrial research expenses and cover personnel, operating and amortisation expenses totalling €1.077 million for financial year 2008.

In 2008 the Innovation department acquired a high-performance tool for managing technical data (Product Data Management), which allows sites to work collaboratively in complete safety. The first digital simulation studies in fluid mechanics were also successfully initiated, in partnership with renowned industrialists.

In Oil & Gas, the PCM Vulcain™ technology is making progress and provides a solution for pumping heavy and extra-heavy oils in many countries. However, certain development projects were slowed down

due to the low price of oil.

These costs generated an investment tax credit of K€323.

### Gurtner

In 2008, Gurtner's research and development efforts were devoted to its principal markets:

Engine Equipment:

- industrialization and improvements of the GPLc Vapojet model steam regulator,
- study and development of the Midjet model GPLc steam regulator,
- research on metering pumps to cut scrap rates and boost productivity.

Gas equipment:

- development of a reversing regulator with built-in indicator for mobile homes,
- preliminary study of a ball valve for LPG,
- development of a type D meter tap,
- compliance with GDF standards and specifications governing natural gas couplings following the Cléré transfer.

The costs of all these items (K€840) were recognised as expenses in financial year 2008 and generated an investment tax credit of K€193.

In addition, Gurtner capitalised K€238 of development costs, primarily for the Flud 2 pump and the GPLc steam regulator.

## Consolidated capital structure

Assets totalled €218.7 million against €228.8 million at the end of 2007, a reduction of €10.1 million.

Long-term assets increased by €1.6 million and circulating assets fell by €11.7 million.

Debts (excluding contingent liability) were down €12.2 million due to the €8.0 million reduction in financial debt, the €4.2 million reduction in operating debt and the €0.2 million reduction in fixed asset debt, partially offset by a €0.2 million rise in deferred tax liability.

The consolidated net capital structure (cash and cash equivalents, less loans from lending institutions and sundry financial debts), still negative, totalled €10.6 million, on a par with 2007, due to the €7.2 million reduction in financial debt and after a €7.2 million reduction in net active cash.

In total, current assets totalled €109.9 million, easily covering the €66.1 million of short-term debt (< 1 year) to third parties.

To sum up, the debt/equity ratio stood at 24.6% against 31.1% at the end of 2007.

The debt/turnover ratio stood at 15.1% against 17.9% at the end of 2007.

The financial cost of debt totalled €1.615 million at the end of 2008 (0.8% of Turnover) against €1.885 million in 2007 (0.9%).

### Pension commitments

See Note 16 to the Consolidated Financial Statements.

### Consolidated equity

See consolidated financial statements (page 24).

## Group prospects for 2009

Given the high degree of uncertainty as to the extent to which the economic crisis will adversely affect our various lines of business, the figures given below may well be adjusted in due course.

### The Parent Company

Gévelot S.A.'s turnover, which comprises rents and services, is estimated to rise by 2% to €3.670 million, against €3.603 million in 2008. The rents of industrial sites provided by Gévelot Extrusion are assumed to remain stable and will be allocated to the current account, excluding the three-year adjustment that should have been made in 2007.

Operating income is expected to total €1.330 million against €1.114 million in 2008.

Financial income is expected to fall €1.890 million against €2.051 million in 2008.

Net income should total €2.400 million against €2.290 million in 2008.

Capital expenditure on tangible assets in 2009 should amount to €0.3K including €0.2K for the industrial sites put at the disposal of our subsidiary Gévelot Extrusion.

At the end of March 2009, Gévelot's turnover totalled K€916.

### Extrusion sector, Machining

The budgeted consolidated turnover of this sector is expected to total €89.7 million, an overall drop of nearly 20% compared with 2008.

Turnover at the end of March 2009 totalled €16.4 million, down 48% year-to-date.

There has been a distinct slowdown in activity in the first few months of 2009, and partial redundancy measures have had to be taken on various sites.

#### • Gévelot Extrusion

The 2009 turnover of the French Industrial sites is expected to be in the region of €52.0 million against €64.9 million in 2008, down 20%.

In view of the uncertainty regarding future business, operating income is expected to fall to €2.5 million against a loss of €1.3 million in 2008.

Financial expenses are expected to amount to €0.8K.

The company is expected to make an operating loss of €3.3 million against €1.7 million in 2008.

After exceptional result, forecasted to show a loss of €1.6 million, including the recognition of capital cost allowances and further foreseeable restructuring costs, restructuring costs, the company is expected to show a loss of approximately €4.5 million after tax in 2009, against €3.5 million in 2008.

#### • Dold

Dold's budgeted turnover in 2009 is expected to total €37.5 million.

It should continue to show a profit, but slightly down on 2008.

### Pumps sector, Fluid Technology

Consolidated budgeted turnover is expected to total €70.8 million, down 10%.

In view of the level of firm orders at the end of 2008, particularly in the field of Oil & Gas, which have been delivered in the early part of this year, this sector's turnover totalled €16.7 million at 31 March 2009, down only 8.2%.

#### • PCM

Budgeted company turnover for 2009, forecast at €64.2 million, is expected to fall by 8.4% in comparison with 2008.

The company should still make an operating profit in 2009, albeit sharply down due to the worsening economic climate.

### Mechanical Engineering sector, Engine and Gas Equipment

#### • Gurtner

At the end of March 2009, this sector's turnover totalled €3.1 million, down 21.2% on 2008.

Net turnover for 2009 should total €12.4 million, down 18%.

The structural reduction in sales of carburettors and the lack of profitability in recent developments will require further structural measures to be taken. The company is expected to show another loss in 2009.

## Information systems and new technologies

### Gévelot Extrusion

In 2008, the company overhauled its financial management and human resources management systems and upgraded its computer-aided production management system. The following systems have gone online and are now operational:

- the XRT cash management software package, including automated bank reconciliation and transfers,
- a new release, V3 of the XPPS CAPM package (new inventory and client EDI functions),
- replacement of the AS 400 computer (more servers with integrated payroll and accounts),
- GTA, a multi-site time management system, interfaced with the payroll package,
- CODA, a financial software package common to France and Germany, with integrated cash management, a common chart of accounts with Dold and automated reporting,
- electronic archiving of all financial and customer accounting records.

The German version of CODA for German subsidiary Dold will for its part be operational in the second half of 2009.

### PCM

Three major projects were launched in 2008 as part of the PCM Group international development and overhaul of its information systems.

First of all, in the area of customer relations, the Crystal project was initiated to replace the existing CRM tool. The aim is to expand the functionality of the CRM and deliver a multilingual tool. The first phase of the project, which is confined to the Food and Industry sectors, was tested, validated and successfully put online. In the subsequent phases, use of this software package will be extended to the subsidiaries and international offices then to Oil & Gas.

The PCM Group's ERP project (sales, supply chain, accounts), which was launched in 2008, will standardize a single computing tool on all production sites. This project is organized around a primary phase, a Core Model, to consolidate common parameters for PCM's different legal entities. This organization prior to any deployment minimizes the project's costs and risks. The "corporate" orientation of the project from the outset will promote better control and supervision

of PCM's lines of business. Also, the decision to exclude any bespoke developments should extend the service life of the solution. The next step will be to deploy it in China and the USA.

Lastly, the third project concerns the overhaul of the computer infrastructure. A new computer room based in France has been set up at Champocé sur Loire for PCM. It is the heart of the systems and safeguards PCM's data in an environment compliant with French law. These new technologies promote productivity and security. As part of its international development and to guarantee continuity of service, these structures may be replicated in the main foreign subsidiaries.

These three projects have been conducted in accordance with the Information Systems master plan, which was approved by PCM's top management. The budgets and schedules were met, and the processes and data validated by appropriate controls.

### Gurtner

In 2008, Gurtner's initiatives in respect of information systems and new technologies were as follows:

- Purchase of a payroll and accounts module (Orchestra) in order to have an integrated ERP from 2009,
- Increased disk and memory capacity for the IBM AS400 computer, a solution that was preferred to a costlier change of AS400,
- Complete overhaul of the label-printing system to meet GDF's future requirements.

## Operation of the corporate bodies

The Board of Directors comprises eight members and convened three times in 2008.

There were still three members of the Audit Committee in 2008. They met three times, drafted a report and gave the Directors their comments on the main remarks and conclusions.

### Delegation of authority currently in place

To date the General Meeting has not vested any authority in the Board of Directors.

### Directors

This General Meeting will be asked to renew the directorships of Mr Paolo Martignoni, Miss Claudine Bienaimé and Mr Charles Bienaimé.

### Corporate Officers: Compensation and Functions

Pursuant to the provisions of Article L 225-102-1 of the Commercial Code, we hereby inform you of all the compensation and fringe benefits paid to Gévelot SA's corporate officers in 2008 by Gévelot SA, the companies it controls or those that control it, as well as the positions they held during the period under review:

#### Mr Paolo Martignoni, Chairman & Managing Director,

was paid the following amounts:

	in 2008	2007
- Fixed gross compensation paid by the Company	€160,004	€160,004
- Gross directors' fees paid by the Company and by controlled companies	€20,900	€20,900

and held the following positions in the Group:

- Director of Gévelot
- Director of Gévelot Extrusion
- Director of PCM

Director of Gurtner

Positions held outside the Group:

- Chairman of the Board of Directors and CEO of Sopofam.

#### Mr Philippe Barbelane, Deputy Managing Director,

was paid the following amounts:

	in 2008	2007
- Gross compensation paid by the Company	€183,820	€183,820
- Fringe benefits from the Company, estimated at	€11,525	€9,540
- Directors' fees paid by the Company and by controlled companies	€8,300	€8,300
- variable compensation	€15,000	€15,000

and held the following positions in the Company

- Permanent representative of Gévelot, Director of PCM
  - Permanent representative of Gévelot, Director of Gurtner
- Positions held outside the Group: None.

#### Mrs Roselyne Martignoni, Director,

was paid the following amounts:

	in 2008	2007
- Directors' fees paid by the Company and by controlled companies	€18,600	€20,900

and held the following positions in the Company:

- Director of Gévelot Extrusion
- Director of PCM

Positions held outside the Group:

- Director of Sopofam
- Director of Rosclodan
- Director of Immobilière du Boisdormant SA (plc)

#### Miss Claudine Bienaimé, Director,

was paid the following amounts:

	in 2008	2007
- Directors' fees paid by the Company and by controlled companies	€22,300	€22,300

and held the following positions in the Company

- Director of Gévelot Extrusion
- Director of PCM Director of Gurtner
- Chairperson of Gévelot's Audit Committee

Positions held outside the Group:

- Member of the Supervisory Board of Publicis Groupe SA Member of the Audit Committee of Publicis Groupe SA
- Member of the Remuneration Committee of Publicis Groupe SA
- Chairperson of Publicis Groupe Services SAS (France)\*

Director of :

- Publicis Conseil SA (France)\*
  - Solange Stricker ! Finicom SA (France)\*
  - Groupe ZenithOptimedia SA (France)\*
- Permanent representative of Publicis Conseil in:
- Publicis Finance Services SA (France)\*
  - Publicis EtNous SA (France)\*
  - Re:Sources 133 SAS (France)
  - Loeb & Associés SA (France)\*
  - World Advertising Movies SA (France)\*
  - Publicis Constellation SA (France)\*

Permanent representative of:  
Multi Market Services France Holdings SAS (France) in:

- Publicis Technology SA\*

Member of the Executive Committee of:

- Multi Market Services France Holdings SAS\*

Director of:

- Publicis Groupe Investments BV (Netherlands)

- Publicis Holdings BV (Netherlands)

- Publicis Groupe Holdings BV (Netherlands)

and also:

Chairman & Managing Director of:

- Immobilière du Boisdormant SA (France)

Deputy Managing Director of:

- Rosclodan SA (France)

- Sopofam SA (France)

Manager of:

- SCI Presbourg Etoile (France)

\* End of mandate during the Financial Year 2008.

#### Mr Philippe Destours, Director,

Was paid the following amounts:

	in 2008	2007
- Directors' fees paid by the Company and by controlled companies	€19,900	€19,900

and held the following positions in the Company:

Director of PCM

Permanent representative of Gévelot,

Director of Gévelot Extrusion

Member of the Audit Committee

Positions held outside the Group: None.

#### Mr Charles Bienaimé, Director,

was paid the following amounts:

	in 2008	2007
- Directors' fees paid by the Company and by controlled companies	€12,600	€12,600

and held the following positions in the Company:

Director of Gévelot Extrusion

Positions held outside the Group:

Chairman of the Board of Directors of Rosclodan

Member of the Board of Meeschaert Family Office

Managing Director of Meeschaert Family Office (France)

Director of Meeschaert Family Office (Belgium)

Director of Meeschaert Family Office (Switzerland)

Member of the Board of Financière Meeschaert

Director of Financière Meeschaert.

#### Mr Roberto Barabino, Director,

was paid the following amounts:

	in 2008	2007
- Directors' fees paid by the Company and by controlled companies	€14,000	€14,000

and held the following positions in the Company Director of PCM

Positions held outside the Group:

Director of Vama spa

Director of ASG Superconduttori spa

Director of Omba Impianti & Engineering spa

Director of Tectubi spa

Director of Sima Impianti + Tectubi spa

Director of Paramed srl

Director of Betazero srl

#### Mr Pascal Huberty, Director,

was paid the following amounts:

	in 2008	2007
- Directors' fees paid by the Company and by controlled companies	€8,000	€8,000

and holds no other positions in the Gévelot Group

Positions held outside the Group:

Head of Sales Development in the ALTERPACK

Organisation since January 2009.

Company manager

#### Mr Mario Martignoni, Director,

was paid the following amounts:

	in 2008	2007
- Gross compensation paid by the Company	€37,985	€1,350
- Directors' fees paid by the Company and by controlled companies	€16,900	€12,900

and held the following positions in the Company

Director of Gévelot Extrusion

Director of PCM

Director of Gurtner

Chairman et Director of PCM GROUP Italia Srl

Positions held outside the Group:

Deputy Managing Director and Director of Sopofam.

This information relates to sums paid both by our Company and by the companies it controls in the sense of Article L 233-16 of the Commercial Code.

Companies Sopofam and Rosclodan paid no compensation to Gévelot SA's corporate officers.

No expenses were allocated for the pensions of the corporate officers in 2008.

## The social and environmental consequences of the business

Gévelot S.A., which is listed on Eurolist Compartment C of the NYSE Euronext, will publish a consolidated report on sustainable development in the appendix to its Operating and Financial Review, providing information on social and environmental matters, in accordance with the provisions initially stipulated by Articles D 148-2 and 148-3 of the decree dated 23 March 1967, amended by decree 2002.221 of 20 February 2002.

## Risk Management

The following points should be noted with regard to the main risks facing the Group.

### General risks

#### 1. Market risks

The Group is present on several distinct markets, which curbs its exposure to changes in a single sector.

### - The Extrusion Sector market

There are two types of "market" risk in the automotive Extrusion sector:

- First of all, a market that has been relocating for some years to so-called "low-cost" countries with two consequences, a loss of volumes when cars or sub-assemblies are effectively manufactured abroad, and strong pressure on the selling price and thus on margins in order to remain competitive and avert relocations and market losses.

This is true both in France (Gévelot Extrusion) and Germany (Dold), albeit to a lesser extent.

- Secondly, the drop in sales of new vehicles, due to the economic climate on a structurally saturated market.

The current crisis has severely hit the car industry, which has seen its sales plummet, bringing about the temporary shutdown of car manufacturing plants in Europe. The Extrusion sector, which works solely for the automotive industry, has seen its sales fall accordingly.

France and Germany have put in place plans to aid the sector as well as plans to revive consumer spending (scrap yard bonuses). The effects of this should be felt from the first half of 2009.

### - The Pumps sector market

The Oil Pumps business is especially sensitive to the drop in the price of oil, particularly when it falls below the \$80 mark, below which one generally notes a slowdown in the installation of new well shafts and therefore in investment. This more particularly affects the new Vulcain™ pump, which can extract bituminous shale, the oil of which is the costliest to extract.

Though its 45% interest in its subsidiary KUDU, whose business is exclusively petroleum-related (shaft installation), PCM is that much more sensitive to fluctuations in this market. In fact, Kudu represents approximately 20% of PCM's sales in the oil sector.

The performance of other pumps (Food and Industry sectors) is generally dependent on general economic activity both in France and abroad.

The policy of relocating sales offices (USA, Italy, China, Venezuela) closer to the place of extraction makes PCM less vulnerable to the risk of a slowdown in activity in a single country but has not prevented it from being hit by the global crisis.

### The Mechanical Engineering sector market

Gurtner has been losing ground for some years now on its OEM carburettor market due to the relocation of "two-wheeler" production to China. Its Spare parts" business is also facing price competition from low-cost countries.

The additive pump, a new market for Gurtner in the car sector, is also experiencing the same drops in volume as those of the Extrusion sector.

## 2. Country risks

The Group is exposed to country risks for only a small part of its business, mainly in the oil-related sector. However, this exposure is not significant.

## Financial risks

By virtue of its lines of business, the Group is exposed to various sorts of financial risk, which relate to the Group's industrial and commercial activities, its financing requirements and its investment policy, foreign investment in particular. They primarily consist in fluctuating exchange rates, interest rates as well as sudden changes in raw materials prices.

## 1. Financial risks relating to industrial and commercial activities

### - Exchange rate fluctuations

The Gévelot Group's industrial and commercial activities are exposed to financial risks arising from fluctuations in the exchange rate of certain currencies due to the fact that its production sites are located in the euro zone and its sales areas are global and involve invoicing in non-euro currencies.

The exchange rate risk in the Pumps and Fluids Technology line of business is based primarily on the Group's production entities invoicing the marketing entities worldwide in their local currency. These intercompany invoices are covered by forward foreign currency hedges at the time of payment if their amounts are significant.

The same principle applies to sales outside the Group, mainly in the Pumps sector, for customer invoices in foreign currencies. Forward currency hedges are put in place whenever a transaction in a foreign currency materializes.

The Group does not make firm exchange hedges on its future sales; the return on sales thus undergoes future fluctuations according to changes in exchange rates.

Similarly, the Group has not put in place foreign currency hedges for its assets held in foreign currencies.

### - Risk of price-level changes

The Group is sensitive to fluctuations in the prices of its raw materials, steel in particular for the Extrusion sector. In order to cope with future changes that may significantly affect return on sales, the group is increasing the number of its sources of procurement and whenever possible uses contracts that include price control clauses for its suppliers or customers.

### - Credit risks

The Group pays special attention to the security of payments for the goods and services it delivers to its customers.

For the Extrusion sector, the business is concentrated on a small number of customers, who traditionally have excellent financial guarantees. Furthermore, the Extrusion sector is relatively protected by its products, which are not very interchangeable and are often subject to lengthy and complex approval procedures, thereby making it a key supplier over short periods.

Recently the Extrusion sector has pulled out of foreign markets (the USA in particular) and has refocused on national and European markets (France and Germany), which are less exposed to the risk of shortfalls in payments.

Finally, whenever possible, the Sector resorts to credit insurance.

The Pump sector business is rather more exposed to risk. However, apart from a few major clients in the oil sector, who are the subject of specific monitoring (restrictions on deliveries according to balances), PCM's other customers do not represent a significant level of risk and are generally the subject of collection procedures by specialized firms.

Lastly, one of PCM's main clients in the oil sector is Kudu Inc., a Canadian company in which PCM has a 45% equity interest. Any risk in connection with this client could not go unnoticed by PCM.

Payments from other Group customers are the subject of appropriate security procedures. We should point out that in financial year 2008, PCM only registered K€15 of dishonoured payments for a turnover of €70 million.

## 2. Risks relating to financing

The Group calls on the banking sector to finance those of its industrial and commercial activities that require such finance.

In a particularly difficult current financial and economic climate, the Group's companies are faced with short-term cash flow difficulties due to the lack of business and also to the fact that reactive solutions, which often require cash - to begin with at least - have been put in place.

Refinancing operations have been put in place for Gévelot Extrusion France and others are under study, including the use of guarantee funds within the framework of national aid programmes for the car industry, to enable it to overcome the slowdown in this sector as best it can.

The other Group companies have very low or even nonexistent levels of debt.

#### - Interest rate position risk

Whenever it needs to (significant loan amount), the Group puts in place interest-rate hedges for long-term and significant variable-rate loans. To that end, the Group's central Cash department analyses the portfolio and proposes the appropriate tools (rate swaps) to mitigate future risks within the limits of appropriate and controlled costs.

### 3. Financial risks arising from investments abroad

#### - Exchange rate fluctuations

The Group holds investments abroad, outside the Euro zone, the net assets of which are exposed to currency translation risk. These net assets, mainly located in Canada, the USA and shortly in China, are not currently the subject of any particular hedging.

## Appropriation of earnings

#### The following appropriation of earnings will be proposed:

. Profits in the period		€2,290,422.02
. Prior retained earnings		€2,267,818.92
. Total to be appropriated		€4,558,240.94
. Legal reserve	€114,521.10	
. Dividend	€1,915,086.00	
		€- 2,029,607.10
. Earnings retained after appropriation		€2,528,633.84

If the above appropriation is approved, a dividend of €2.00 per share, which qualifies for the 40% tax credit for natural persons benefiting from a capped tax credit, will be paid out from 1 July 2009.

In accordance with current legislation, you are reminded that the following dividend distributions were made over the last three periods:

Period	Net of tax credit		Number of shares	
			served	total
2005	2.20	pm	957 543	983 480
2006	2.20	pm	957 543	957 543
2007	2.20	pm	957 543	957 543

## Share price

In 2008, the price of the share as listed on Eurolist Compartment C of the NYSE varied as follows:

	Euros
Price at the end of 2007	60.31
Lowest price	16.06
Highest price	61.39
Price at the end of 2008	16.11
Number of shares traded in 2008	22 822
2007	70 995

At 31 March 2009, the share price stood at €13.00, 15,458 shares having been traded since the beginning of the year.

## Shareholders

At 31 December 2008, over two thirds of Gévelot's capital was controlled primarily by:

- Societe de Portefeuille Familial (SOPOFAM), over one third,
- Rosclodan, over one twentieth.

In addition, mutual fund Stock Picking France and independent portfolio management firm Financière de l'Echiquier each hold over one twentieth. Lastly, none of the companies controlled by Gévelot hold any shares in the company.

The Company's capital is not held by any Group staff, whatever the framework or origin.

## Non tax-deductible expenses

(Act dated 12 July 1965 article 27)

Overheads added back to taxable income during financial year 2008 only concern Gévelot and totalled €30,199, against €24,779 in 2007.

## Planned changes to Gévelot SA's registered capital.

Three Resolutions, one of an ordinary nature (Ninth Resolution) and two of an extraordinary nature (Tenth and Eleventh Resolutions) will be proposed.

### Ninth Resolution

The purpose of the Ninth Resolution (of an ordinary nature) is to vest the Board of Directors with the power, for a maximum period of 18 months, to have the Company purchase up to 10% of its equity shares, the number thereof being that on the date of this Meeting, namely 95,754 shares.

The maximum purchase price may not exceed €20 per share and the total amount of the purchase may not exceed €1,915,080.

These purchases are made within the framework of:

- Articles L.225-209 et seq of the Commercial Code, which also allow the Board of Directors to cancel all or part of the shares thus purchased within a limit of 10% of the capital per period of 24 months,

- European regulation 2273 dated 22 December 2003. The requested authorization to buy back shares is intended to allow the Company to cancel the repurchased shares if need be, subject to adoption of the Eleventh Resolution (extraordinary) on the agenda of the Combined Annual and Extraordinary General Meeting.

The Board of Directors will inform the Annual Meeting of Shareholders of any transactions made under this Resolution.

## Tenth Resolution

This Resolution of an extraordinary nature concerns a decision that needs to be made concerning a capital increase reserved for members of a Group Company Savings Plan, which may be set up if necessary.

In pursuance of paragraph 2 of Article L. 225-129-6 of the Commercial Code, every three years an Extraordinary General Meeting is convened to rule on a draft Resolution on increasing the capital in accordance with the provisions of Articles L. 3332-18 et seq of the Labour Code (Capital increase reserved for members of a Company Savings Plan (PEE in French) if, in view of the annual operating and financial review, the shares held in a company savings plan by employees of the Company and its affiliates in, the sense of Article L. 225-180 represent less than 3% of the capital).

The Operating and Financial review shows that the shares held in a company savings plan by employees of the Company and its affiliates in, the sense of Article L. 225-180 represent less than 3% of the capital.

On 22 June 2006, the Combined Annual and Extraordinary General Meeting had voted against the draft Resolution on proceeding with a capital increase reserved for members of a Group company savings plan that should be put in place.

As required by law, we ask that you once again rule on the draft Resolution on proceeding with a capital increase under the conditions provided for in Articles L. 3332-18 et seq of the Labour Code.

If this Resolution is adopted, the main characteristics of the capital increase that the Board of Directors would carry out are as follows:

Maximum amount of the capital increase: K€350, corresponding to 10,000 shares with a par value of €35.

The issue price will be fixed according to the stock market price in accordance with the principle laid down by Article L. 3332-19 of the Labour Code and cannot be more than 20% lower than the average listed price of the share during the twenty trading sessions preceding the Board's decision to proceed with the capital increase, nor can it be higher.

You will be receiving an auditors' report on the cancellation of subscription rights.

The Board of Directors is at the disposal of the shareholders for any further information.

## Eleventh Resolution

This Resolution of an extraordinary nature is intended to authorize the Board of Directors to cancel all or part of the shares acquired in pursuance of Articles L.225-209 et seq of the Commercial Code (the subject of the Ninth Resolution) within a limit of 10% of the capital per period of 24 months.

## Post-closing events

### Measures of adaptation under consideration in the Group's different sectors of activity.

The sharp decline in the global economy over the last nine months could continue throughout 2009 and the first half of 2010.

A 15 to 25% reduction in volumes of business should thus be expected in all our sectors of activity, and more particularly in the Automotive sector.

In order to cope with such exceptional conditions, the Group's subsidiaries worked out measures of adaptation from autumn 2008, which are designed to significantly reduce breakeven points through cutbacks in operating costs, overheads and staff:

## Extrusion sector

A staff cutback plan has been implemented in this sector, which for Gévelot Extrusion France has led to a second Job Protection Plan, already under consideration in early April 2009, affecting fifty or so people (after the one initiated in December 2008 that affected over forty people) and, for German subsidiary Dold, the abolition of forty or so positions.

In terms of liquidity in the Extrusion sector, available lines of credit have been mobilized in the early part of this year and extended payment deadlines have been granted by certain social security and tax offices.

## Pumps sector

A restructuring and new commercial policies are under consideration with a view to maintaining our margins. These measures will be backed up with more international purchases and measures to make savings on overheads. Short-time working measures could be implemented from the summer of 2009.

## Mechanical Engineering sector

In a context of decline in our traditional markets and the lack of a development strategy in terms of new profitable products, drastic measures to lower the breakeven point may prove necessary to recover operational stability in the medium term.

In all these sectors, negotiations are underway to obtain medium-term financing, for innovation or property investment in certain sectors, in addition to the selective and limited arrangements already granted by our main financial partners in the early part of 2009.

## The Board of Directors

# Management's Certification of the 2008 Financial Report

We hereby certify that to our knowledge the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, financial position and performance of the company and all consolidated reporting entities, and that the attached operating and financial review gives a fair view of the business, results and financial position of the company and all consolidated reporting entities as well as a description of the main risks and uncertainties they face.

**Hervé Siehr**

Group Chief Financial Officer

**Philippe Barbelane**

Deputy Managing Director



# Consolidated financial statements at 31 December 2008

# Consolidated balance sheet at 31 December 2008 (IFRS accounting basis)

## ASSETS

(in thousands of euros)		Net amount at 31.12.2008	Net amount at 31.12.2007
Goodwill	Note 4	834	1 083
Intangible assets	Note 4	6 742	6 455
Tangible capital assets	Note 4	93 767	92 163
Long-term financial assets	Note 10	571	636
Interests in associated companies	Note 5	6 962	6 901
Deferred tax assets	Note 9	-	-
Other fixed assets		-	-
<b>TOTAL FIXED ASSETS (I)</b>		<b>108 876</b>	<b>107 238</b>
Inventories	Note 11	40 495	40 433
Trade notes and accounts receivable	Note 12	38 596	46 140
Other receivables	Note 13	8 068	6 604
Matured tax claim	Note 9	2 002	49
Current financial assets	Note 10	381	124
Cash and cash equivalents	Note 14	20 311	28 222
<b>TOTAL CURRENT ASSETS (II)</b>		<b>109 853</b>	<b>121 572</b>
<b>GRAND TOTAL (I + II)</b>		<b>218 729</b>	<b>228 810</b>

## LIABILITIES

(in thousands of euros)		Net amount at 31.12.2008	Net amount at 31.12.2007
Equity available to consolidating company		123 461	122 691
Minority interests		32	31
<b>TOTAL EQUITY (I)</b>		<b>123 493</b>	<b>122 722</b>
Long-term provisions	Note 7	3 417	2 602
Long-term financial liabilities	Note 8	10 947	19 074
Deferred tax liability	Note 9	11 557	11 353
<b>TOTAL LONG-TERM LIABILITIES (II)</b>		<b>25 921</b>	<b>33 029</b>
Trade accounts payable		24 826	28 577
Accounts payable to asset suppliers		2 886	3 076
Current provisions	Note 7	3 171	2 684
Other accounts payable	Note 15	18 455	18 312
Matured tax liability	Note 9	58	691
Current financial liabilities	Note 8	19 919	19 719
<b>TOTAL CURRENT LIABILITIES (III)</b>		<b>69 315</b>	<b>73 059</b>
<b>TOTAL LIABILITIES (II + III)</b>		<b>95 236</b>	<b>106 088</b>
<b>GRAND TOTAL (I + II + III)</b>		<b>218 729</b>	<b>228 810</b>

Notes 1 to 28 form an integral part of the consolidated financial statements.

# Consolidated income statement 2008

## (IFRS accounting basis)

### CONSOLIDATED INCOME STATEMENT

(in thousands of euros)

		Period 2008	Period 2007
<b>Turnover</b>	Note 20	<b>201 271</b>	<b>213 519</b>
Other income from operating activities	Note 17	3 768	1 395
Income from operating activities	Note 17	205 039	214 914
Current operating expenses	Note 18	197 470	201 153
<b>CURRENT OPERATING INCOME</b>	Note 20	<b>7 569</b>	<b>13 761</b>
Other operating income		835	547
Other operating expenses		3 308	2 823
<b>OPERATING INCOME</b>	Note 20	<b>5 096</b>	<b>11 485</b>
Cost of net financial debt		(925)	(980)
Other financial income and expenses		(26)	(333)
<b>RESULTS OF OPERATIONS</b>	Note 19	<b>(951)</b>	<b>(1 313)</b>
<b>PRE-TAX INCOME OF CONSOLIDATED COMPANIES</b>	Note 20	<b>4 145</b>	<b>10 172</b>
Income tax expense	Note 9	1 035	2 693
<b>NET INCOME OF CONSOLIDATED COMPANIES</b>		<b>3 110</b>	<b>7 479</b>
Share of income from equity-method companies	Note 5	1 240	1 536
Income from discontinued operations		-	-
<b>NET CONSOLIDATED INCOME</b>	Note 20	<b>4 350</b>	<b>9 015</b>
<b>SHARE GOING TO MINORITY INTERESTS</b>		<b>3</b>	<b>4</b>
<b>SHARE GOING TO CONSOLIDATING ENTITY</b>		<b>4 347</b>	<b>9 011</b>
<b>BASIC EPS (EARNINGS PER SHARE = DILUTED EARNINGS PER SHARE)</b>		<b>€4.54</b>	<b>€9.41</b>

Earnings per share is calculated by dividing the net income distributable to shareholders by the weighted average number of ordinary shares in circulation during the period, excluding the ordinary shares bought by the Group or held as treasury shares. There are no potential dilutive shares.

957,543 is the number of shares on which earnings per share is calculated (see Note 3 - Share capital) for periods 2007 and 2008.

Notes 1 to 28 form an integral part of the consolidated financial statements

# Statement of changes in net worth and minority interests

(in thousands of euros)	Capital	Consolidated reserves	Revaluation adjustments	Translation adjustments	Net income	Equity	Minority interests	TOTAL
<b>POSITION AT 31.12.2006</b>	<b>33 514</b>	<b>77 468</b>	<b>54</b>	<b>(644)</b>	<b>4 357</b>	<b>114 749</b>	<b>28</b>	<b>114 777</b>
Capital transactions	-	-	-	-	-	-	-	-
Treasury share transactions	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	(2 109)	(2 109)	-	(2 109)
Appropriated of non-distributed earnings	-	2 248	-	-	(2 248)	-	-	-
Results of period 2007	-	-	-	-	9 011	9 011	4	9 015
Financial instruments:								
changes in net worth	-	(2)	-	-	-	(2)	-	(2)
Revalued land and buildings	-	1 475	-	-	-	1 475	-	1 475
Conversions and, sundry changes	-	(23)	-	(410)	-	(433)	(1)	(434)
<b>POSITION AT 31.12.2007</b>	<b>33 514</b>	<b>81 166</b>	<b>54</b>	<b>(1 054)</b>	<b>9 011</b>	<b>122 691</b>	<b>31</b>	<b>122 722</b>
Capital transactions	-	-	-	-	-	-	-	-
Treasury share transactions	-	-	-	-	-	-	-	-
Distributions	-	-	-	-	(2 107)	(2 107)	-	(2 107)
Appropriated of non-distributed earnings	-	6 904	-	-	(6 904)	-	-	-
Results of period 2008	-	-	-	-	4 347	4 347	3	4 350
Financial instruments:								
changes in net worth	-	115	-	-	-	115	-	115
Revalued land and buildings	-	(7)	-	(1 578)	-	(1 585)	(2)	(1 587)
<b>POSITION AT 31.12.2008</b>	<b>33 514</b>	<b>88 178</b>	<b>54</b>	<b>(2 632)</b>	<b>4 347</b>	<b>123 461</b>	<b>32</b>	<b>123 493</b>

Notes 1 to 28 form an integral part of the consolidated financial statements.

# Statement of consolidated cash flow 2008

## CONSOLIDATED CASH FLOW

(in thousands of euros)	2008	2007
<b>OPERATING ACTIVITIES</b>		
<b>Net earnings from consolidated companies</b>	<b>3 110</b>	<b>7 479</b>
Elimination of expenses and income not affecting cash flow or related to activities		
- Amortization and provisions	12 337	10 553
- Capitalisation of financial assets and liabilities	(66)	(9)
- Change in deferred tax	209	(225)
- Capital loss net of tax	233	368
<b>Cash flow from operations of consolidated companies</b>	<b>15 823</b>	<b>18 166</b>
<b>Dividends received from equity-method companies</b>	<b>204</b>	<b>361</b>
- Changes in inventories	(32)	(3 907)
- Changes in trade accounts receivable	7 550	(1 039)
- Changes in other operating receivables	(3 321)	(603)
- Changes in trade accounts payable	(3 766)	1 205
- Changes in other accounts payable	(442)	(42)
<b>Changes in working capital requirement</b>	<b>(11)</b>	<b>(4 386)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>16 016</b>	<b>14 141</b>
<b>INVESTING ACTIVITIES</b>		
- Acquisitions of intangible and tangible capital assets	(14 303)	(10 179)
- Acquisitions of and increases in long-term investments	(33)	(72)
<b>Total</b>	<b>(14 336)</b>	<b>(10 251)</b>
- Disposals of intangible and tangible capital assets net of tax	934	736
- Disposals of and decreases in long-term investments	73	1 513
<b>Total</b>	<b>1 007</b>	<b>2 249</b>
Changes in working capital requirement and sundry	(191)	(245)
<b>Effect of changes in reporting entities</b>	<b>-</b>	<b>-</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(13 520)</b>	<b>(8 247)</b>
<b>FINANCING ACTIVITIES</b>		
- Capital increase/reduction	-	-
- Dividends allocated to parent company shareholders	(2 107)	(2 109)
- Other changes	174	(7)
<b>Total</b>	<b>(1 933)</b>	<b>(2 116)</b>
- Initiation of borrowings and financial debts	1 040	2 203
- Repayment of borrowings and financial debts	(8 175)	(7 518)
<b>Changes in borrowings and financial debts</b>	<b>(7 135)</b>	<b>(5 315)</b>
Changes in working capital requirement and sundry	(166)	(4)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(9 234)</b>	<b>(7 435)</b>
<b>NET CASH FLOWS</b>	<b>(6 738)</b>	<b>(1 541)</b>
Cash position at opening	16 488	18 190
Cash position at closing	9 369	16 488
Foreign exchange profits/(losses) from cash flows	381	161
	<b>(6 738)</b>	<b>(1 541)</b>

Notes 1 to 28 form an integral part of the consolidated financial statements.



# Notes to the consolidated financial statements at 31 December 2008

Notes 1 to 28 hereafter form an integral part of the consolidated financial statements. Unless otherwise specified, all amounts are stated in thousands of euros.

As of 9 April 2009, the Board of Directors closed the accounts of Gévelot SA and approved the disclosure of its consolidated financial statements at 31 December 2008. These financial statements may be subject to changes until such time as the Combined Annual and Extraordinary General Meeting has approved them.

## Note 1: Information on consolidation scope

### a) Consolidation scope at 31 December 2008

The following companies are fully consolidated:

COMPANIES	HEAD OFFICE	SIREN N°	% controlled		% interests
			at 31.12.2008	at 31.12.2007	at 31.12.2008
<b>HOLDING</b>					
Gévelot S.A.	6, boulevard Bineau 92532 Levallois-Perret Cedex (France)	562088542 56208854200369			
<b>COLD EXTRUSION &amp; MACHINING</b>					
Gévelot Extrusion S.A.	6, boulevard Bineau 92532 Levallois-Perret Cedex (France)	399198951 39919895100010	99.99	99.99	99.99
Dold Kaltfliesspressteile GmbH	Langenbacher Strasse 17/19 D-78147 Vöhrenbach (Germany)		100.00	100.00	100.00
<b>PUMPS/FLUID TECHNOLOGY</b>					
PCM S.A.	17, rue Ernest Laval B.P. 35 92173 Vanves Cedex (France)	572180198 57218019800010	99.99	99.99	99.94
PCM Deutschland GmbH	Wiesbadener Landstrasse 18 65203 Wiesbaden (Germany)		99.99	99.99	99.94
PCM Flow Technology Inc.	11940 Brittmoore Park Drive Houston Texas 77041 (United States)		99.99	99.99	99.94
PCM USA Inc.	11940 Brittmoore Park Drive Houston Texas 77041 (United States)				
					wholly owned by PCM Flow Technology
PCM Group UK Ltd.	Pilot Road - Phoenix Parkway Corby NN17 5YF (United Kingdom)		99.99	99.99	99.94
PCM Trading (Shanghai) Co. Ltd.	Unit 10A01 & 10G03, Shanghaïmart 2299 Yanan Road (West) 200336 Shanghai (China)		99.99	99.99	99.94
PCM Group Italia Srl	6, via Bergamo 20135 Milano (Italy)		99.99	-	99.94
EPS PCM Group Venezuela C.A.	Avenida Ugarte Pelayo C1518 Ciudad comercial Petroriente Nivel 1 6201 Maturin (Monagas) (Venezuela)		99.98	-	99.93
<b>MECHANICAL ENGINEERING/ENGINE AND GAS EQUIPMENT</b>					
Gurtner S.A.	40, rue de la Libération B.P. 129 25302 Pontarlier Cedex (France)	542103635 54210363500026	100.00	100.00	99.95

The following companies were consolidated by means of the equity method:

<b>PUMPS/FLUID TECHNOLOGY</b>					
Kudu Industries Inc.	9112 - 40 <sup>th</sup> street S.E. CALGARY ALBERTA T2C 2P3 (Canada)		45.00	45.00	44.98
Moineau Texas Corp.	1112 S. Main Street Seminole Texas 79360 (United States)				
Kudu Australia Pty Ltd.	L3, 349 Coronation Drive Milton, QLD, 4064 (Australie)				
Kudu Kazakhstan LLP	50, Yablonevyy Sad Street, Bagahashi Village, Karasai District Almaty Oblast, 040907 (Kazakhstan)				
					wholly owned by Kudu Industries Inc.
Ensival Moret Asia Pte Ltd.	9, Tai Seng Drive #02-02 Hesche Building 535227 Singapore (Singapore)		25.71	25.71	25.69
Ensival Moret Shanghai Co. Ltd.	n° 1590, Li An Road Minhang District 201100 Shanghai (Chine)				
					wholly owned by Ensival Moret Asia Pte Ltd.

## Note 1 (continued): Information on consolidation scope

### b) Comments on the scope of consolidation and controlling interests

- PCM Group Italia Srl was formed on 09/05/2008. It is wholly owned by PCM.
- EPS PCM Group Venezuela C.A. was formed on 14/05/2008. PCM has a 99.99% controlling interest.
- There were no other changes in the scope of consolidation in 2008.
- All Group companies closed their books on 31 December except subsidiary Kudu, which closed its accounts on 26 December 2008.
- To our knowledge there are no significant restrictions on subsidiaries transferring funds to the parent company, Gévelot S.A, in the form of cash dividends or repayments of loans or advances.

### c) Exchange rates used for financial statements prepared in foreign currencies:

The companies' balance sheet items were translated at the closing exchange rate on 31 December 2008 and their expense and income account items were translated using the following rates:

Currency	Closing rate	Average rate
1 US dollar	€0.718546	€0.679997
1 pound sterling	€1.049869	€1.255427
1 Chinese yuan	€0.105312	€0.097802
1 bolivar fuerte	€0.330450	€0.315382
1 Canadian dollar	€0.588305	€0.641320
1 Singapore dollar	€0.499002	€0.481662

## Note 2: Accounting rules and methods- Selected financial data

### A. ACCOUNTING RULES AND METHODS

The Gévelot Group's consolidated financial statements were prepared in accordance with international principles and standards governing the measurement and presentation of financial information, namely IFRS <sup>(1)</sup> (International Financial Reporting Standards), as adopted by the European Union.

The consolidated financial statements are stated in thousands of euros, the euro being the Group's functional and reporting currency.

Apart from the changes mentioned in note 2.D, the accounting methods set out below were consistently applied to all periods presented in the consolidated financial statements.

The new standards, amendments and interpretations, observance of which is mandatory for all periods starting from 1 January 2008, are as follows:

- Amendment to standards IAS 39 and IFRS 7 on the reclassification of financial assets,
- Interpretation IFRIC 11 on group and treasury share transactions,
- Interpretation IFRIC 14 on defined benefit assets and minimum funding requirements.

These amendments or interpretations of standards do not apply to Gévelot Group accounts or have no impact on them.

The Group applied no amendments, standards or interpretations in advance, in particular the following, already published and adopted by the European Union, but which must be adopted in due course. The Group does not anticipate that these texts will have any significant effect on its financial statements in the future:

- Revision of IAS 1 "Presentation of financial statements",
- Revision of IAS 23 "Borrowing costs",
- IFRS 8 on operating segments
- Amendment to IFRS 2 "Vesting conditions and cancellations",
- IFRIC 13 "Customer loyalty programmes".

In addition, the following standards or interpretations, published by IASB, have not yet been adopted by the European Union:

- Revision (2008 annual improvement plan) of standards IAS 7, 8, 10, 16, 18, 19, 20, 27, 28, 29, 31, 32, 34, 36, 38, 39, 40, 41, IFRS 5 and 7
- Revision of IAS 27 IFRS 3,
- Revision of interpretations IFRIC 12, 15, 16 and 17

For its opening balance sheet at 1 January 2004, the Group complied with the provisions of IFRS 1 "First-time Adoption of International Financial Reporting Standards", which deals with first-time adoption and exceptions to the principle of retrospective application of all IFRS standards.

To date, the Gévelot Group has adopted the following options regarding the retrospective restatement of assets and liabilities under IFRS:

- business combinations prior to 1 January 2004 have not been retrospectively restated;
- the cumulative amount of actuarial gains or losses on defined benefit plans at 1 January 2004 has been recognised against equity;

- the cumulative amount of translation adjustments at 1 January 2004 was reset to zero against consolidated reserves, the amount of equity on opening remaining unchanged. Therefore translation adjustments prior to the date of IFRS adoption are not accounted for in the income or loss of future consolidated or associated entities;
- the fair value of assets at 1 January 2004 has been adopted as the "deemed cost". The resulting revaluation has been recognised as equity.

Presentation of the consolidated financial statements:

The balance sheet is presented in current then non-current format. Are considered as "current" all assets and liabilities directly relating to the operating cycle, the duration of which cannot exceed twelve months. Financial assets and liabilities are by definition classified as non-current items except for their short-term portions, which are classified as current.

The consolidated statement of income is presented as expenses and income.

#### 2.1. Accounting principles specific to consolidation

##### 2.1.1 Scope of consolidation

The consolidated financial statements fully consolidate the accounts of Gévelot SA and the subsidiaries over which it has sole indirect or direct control. The date on which it took or relinquished control determines that on which the company is included or excluded from the scope of full consolidation.

Companies not exclusively controlled by Gévelot SA are recognised by the equity method if it has significant influence in them or are recognised by the proportionate method if they are under joint control.

##### 2.1.2 Conversion of accounts stated in foreign currencies

The financial statements of foreign subsidiaries are converted into euros in the following manner:

- balance sheet items are converted at the exchange rate applying on the date of closing,
- income statement items are converted at the average rate,
- cash flows are converted at the average rate.
- The translation adjustments included in consolidated equity thus result from:
  - the difference in opening equity between the prior period's closing rates and those of the current period,
  - the difference between the average exchange rate and the closing rate, for the period's income or loss and for other changes in equity.

##### 2.1.3 Transactions in foreign currencies

Transactions in foreign currencies are converted into euros using the rate of exchange applying on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted at the rate applying at closing, and the resulting differences are recognised as exchange gains or losses.

Non-monetary assets and liabilities denominated in foreign currencies are recognised at the historical rate applying on the date of the transaction.

NB: the applicable rates are stated in Note 1.

(1) The IFRS reporting framework as adopted by the European Union is available for consultation at the Internet site of the European Commission ([http://ec.europa.eu/internal\\_market/accounting/ias\\_fr.htm#adopted-commission](http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission))

## 2.2 Accounting principles specific to the balance sheet

### 2.2.1 Business combinations

Business combinations are recognised using the acquisition method in accordance with IFRS 3 (formerly called the 'purchase method' in the 2004 version thereof).

On the date of acquisition, goodwill is measured as being the aggregate of the cost of the business combination and the acquirer's proportionate interest in the net worth of the acquiree's identifiable assets, liabilities and any acquired liabilities.

Goodwill is not amortized. It is subjected to an impairment test annually or more frequently if events or changes in circumstances indicate that their value has decreased.

Any recognised depreciation is irreversible.

The impairment tests used by the Group are described under heading "Impairment of assets" in Note 2.2.4.

### 2.2.2 Intangible capital assets

Intangible capital assets acquired separately are recognised in the balance sheet at their historical cost and amortised over their useful life using the straight-line method.

Intangible assets acquired as part of business combinations are recognised in the balance sheet at their fair value on the date of acquisition.

Research expenses are expensed in the period in which they are incurred, as are non-capitalised development costs that do not meet IAS 38 capitalisation criteria.

In the Extrusion sector, studies are initiated with a view to producing parts for a special customer order. When they are contractually the subject of customer financing, the non-financed amount of these costs is recognised as an intangible capital asset.

So development costs must be capitalised (IAS 38) if the company can demonstrate that:

- the project is clearly identified and the costs of the asset thus capitalised are clearly separable and can be reliably measured, and that intends and has the technical and financial capacity to see the project through to completion,
- it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise.

Intangible capital assets are amortised using the straight-line method over the estimated useful life for each category of assets.

#### Useful life

Development costs: the life of the underlying projects, generally between 3 and 15 years.

Software: estimated useful life of between 2 and 15 years.

Other (patents, etc.): the estimated useful life, limited to 20 years.

The Impairment testing methods adopted by the Group are described under heading "Impairment of fixed assets" in Note 2.2.4.

### 2.2.3 Tangible capital assets

Tangible capital assets, primarily comprising property, plant and equipment, are carried at cost less accumulated depreciation and impairment, in accordance with IAS 16.

The Gévelot Group has opted for the periodic revaluation method for its Administrative or Commercial properties by reference to observable prices in an active market, buildings being amortised over their useful life and their net value being periodically revalued on arm's length terms by qualified experts. They are revalued every three years unless changes in their fair value require them to be revalued more often.

For its other tangible capital assets, in particular its Industrial properties, the Group has decided to no longer use the periodic revaluation method, given the difficulty of estimating them without factoring in the activity. Their gross value is their acquisition cost (or the latest revaluation as of 31 December 2007) less accumulated depreciation, and is no longer revalued as of 1 January 2008.

In the Extrusion sector, special tools are purchased or made with a view to producing parts for special customer orders. When they are contractually the subject of customer financing, the non-financed amount of these costs is recognised as an intangible capital asset.

#### > Cost price of fixed assets

The gross tax amount of acquisition costs directly attributable to fixed assets is incorporated into their acquisition cost.

According to the standard treatment described in IAS 23 prior to effective application of its revision, borrowing costs are charged to expenses in the period they are incurred.

#### > Finance leasing

Group property acquired through finance leasing is treated in the consolidated balance sheet and income statement as if it was acquired by borrowing if the contract transfers virtually all of the risks and benefits inherent in ownership thereof to the Group. As a result, tangible capital asset items are measured at the amount originally financed by the lessor and recorded as "loans" in liabilities.

Leasing repayments are eliminated and replaced with:

- an amortisation expense corresponding to the assets concerned,
- a financial expense on the loan.

Properties under direct financing leases are amortised using the straight-line method over their estimated useful life in the same way as other similar assets, or over the duration of the contract of the latter is shorter and if the Company is not certain to become owner thereof on maturity.

#### > Amortisation

Amortisation is calculated using the straight-line method for asset components having distinct useful lives, which are generally as follows:

- Land: not amortised,
- Buildings (structural work, conversion work, façade rendering and cleaning, weatherproofing): 10 to 40 years
- Plant and equipment: 3 to 40 years, barring exceptions,
- Computer hardware: 3 to 5 years.

The residual values and useful lives of assets recognised at their historical costs are reviewed on each closing. Losses or gains on asset disposals are measured by comparing the revenue from the disposal with the carrying amount of the sold asset. They are recognised in the income statement under "Other operating income and expenses".

### 2.2.4 Impairment of fixed assets

Under IAS 36, the Group ensures that the net carrying amount of its fixed assets does not exceed their Recoverable value, namely the amount recovered when they are used or sold.

Apart from goodwill, which undergoes annual impairment tests as a matter of routine, the recoverable value of an asset is estimated whenever there is an indication that it may be impaired.

The recoverable value of an asset is the higher of its costs to sell (or net selling price) and its value in use.

The net selling price is the amount obtainable from the sale of an asset in a bargained transaction between knowledgeable, willing parties, less derecognition costs.

Value in use is the discounted present value of estimated future cash flows expected to arise from the continuing use of an asset on the basis of plans or budgets established over a maximum period of 3 years. Beyond which flows are extrapolated indefinitely by applying a constant or diminishing growth rate.

Impairment tests are performed at the level of the Cash Generating Units (CGUs).

The Group has defined its cash generating units as follows:

- Extrusion: each Company and production unit is deemed an independent CGU. Support assets common to a Company have been distributed proportionally to the company's production units.
- Pumps: each Company is deemed an independent CGU.
- Mechanical Engineering: the Company is deemed an independent CGU.

A specific discount rate has been determined for each business segment (see Note 4).

These discount rates equal the rate of return on risk-free investments adjusted by a "share" market risk premium and risks specific to the business segment.

Impairment is recognised when the carrying amount of the asset of CGU to which it belongs exceeds its recoverable value.

### 2.2.5 Financial assets

Financial assets essentially include loans and receivables.

They mainly comprise security deposits and loans granted under Construction Aids.

They are measured at amortised cost using the effective interest rate method. Long-term loans and receivables not bearing interest or bearing interest at rates below market value are discounted if the amounts are significant.

Any depreciation is recognised in the income statement.

Financial assets are initially recognised at the cost of their fair value of the price paid plus acquisition costs

### Trade and other accounts receivable

Receivables are initially recognised at their fair value then measured at their write-down cost using the effective interest rate method, after deduction of impairment provisions.

Trade accounts receivable remain as assets in the balance sheet until all the related risks and rewards revert to a third party.

Impairment provisions are funded if specific risks of non-payment arise on receivables held by Group companies.

Furthermore, all or part of outstanding aged receivables may be impaired.

Impairment or reversals thereof are recognised as current operating income and expense items.

### 2.2.6 Inventories and work in progress

Under IAS 2 "inventories", the cost of inventories must all purchase costs, conversion costs and other costs incurred in bringing the inventories to their present location and condition; commercial rebates, discounts and other similar items are deducted to measure the cost of acquisition.

Inventories are measured using the average weighted price or cost method.

Inventories are required to be stated at the lower of cost and net realisable value (NRV).

The net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale.

Inventories do not include the borrowing cost.

Raw materials, goods and other supplies are measured using one of the following methods, depending on the site: last known purchase price, weighted average unit price.

Manufactured products (in-process and finished products) are valued at their production cost including:

- the cost of consumables,
- direct production costs,
- indirect production costs if they can reasonably be linked to the production of the goods.

If the Net realisable value falls below the carrying amount, a provision for the difference is funded.

In the Extrusion sector, studies are conducted and special tools are made or purchased with a view to producing parts for special customer orders.

If they are contractually financed by the customer, the financed amount of the costs incurred for studies and tools is recorded as in-progress inventory.

### 2.2.7 Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments (under three months) without realisable impairment risk

The investment options used are those offered by the leading financial institutions and comprise either certificates of deposit or investment fund monetary securities without any special identified risks.

### 2.2.8 Equity

The Group strives to maintain an adequate level of return on its capital while continuing to make safe management decisions. The consolidating company has not resorted to delegation with regard to equity instruments. The Group is not subject to any particular external restrictions with regard to the capital of its entities.

### 2.2.9 Provisions

#### > Defined and similar benefit plans

There are various retirement benefit plans for certain employees in the Group based on national legislations and practices.

Retirement benefit plans, the related severance benefits and other fringe benefits are analysed as defined benefit plans (plans whereby the Group undertakes to guarantee a particular amount or level of defined benefit). They are recognised in the balance sheet on the basis of actuarial estimates of the benefits on the date of closing using the Projected Unit Credit Method. [IAS 19.64], less the fair value of the

Plan's related assets, adjusted by the actuarial gains or losses and the costs of unrecognised past services. Contributions paid into the Plans, which are analysed as Defined Benefit Plans, that is, when the Group's only obligation is to pay the contributions, are charged to the period's expenses.

In France, the Group has taken out benefit plans vis-à-vis its employees. The provision stated in the consolidated financial statements is measured in accordance with IAS 19 and includes the related welfare expenses.

In pursuance of local rules, German subsidiary Dold meets its social commitments vis-à-vis its employees through contracts entered into with insurance firms.

The actuarial gains or losses are the effects of differences between the previous actuarial assumptions and what has actually occurred or changes in the assumptions used to calculate the benefits and the assets covering them:

- staff turnover
- pay rises
- discount rate
- mortality rate
- rate of return on assets

If the accumulated unrecognised actuarial gains and losses exceed 10% of the greater of the defined benefit obligation or the fair value of plan assets, a portion of that net gain or loss is required to be recognised immediately as income or expense. The portion recognised is the excess divided by the expected average remaining working lives of the participating employees.

#### > Other social benefits

A provision is funded for bonuses awarded on the occasion of national work medal awards or under company agreements. It is measured according to the probability of employees reaching the qualifying age for each grade and is discounted to present value.

#### > Other provisions

A provision is recognised when the Group has a current obligation (legal or constructive) as a result of past events and a reliable estimate of the expected cost can be made, and extinguishment of which should consist in an outlay of resources representing economic benefits for the Group without at least an equivalent amount in return.

Provisions correspond to risks and specifically identified expenses. Any liabilities correspond to potential obligations resulting from past events the existence of which will only be confirmed by the occurrence of future uncertain events beyond the entity's control or current obligations for which an outlay of resources is unlikely.

Other long-term provisions are discounted to present value if their effect is significant.

### 2.2.10 Financial liabilities

Loans are recognised at amortised cost, except within the framework of hedge accounting (hereafter Derivate Instruments and Hedge Accounting).

Share premiums and costs and call premiums are stated as deductions to loans and are taken into account in determining the effective interest rate.

#### > Derivate instruments and hedge accounting

All derivatives (swaps) are recognised in the balance sheet at their fair value and any change in fair value is recognised as income or losses.

The Group avails itself of the option permitted under IAS 39 to use hedge accounting:

- to hedge fair value (fixed-rate loan swapped at a variable rate for instance), the debt is recognised at its fair value up to the level of the hedged risk and any change in fair value is recognised in the income statement. Any change in the fair value of the derivative is also recognised in the income statement. If the hedge is totally effective, the two effects neutralize one another perfectly.
- to hedge cash flows (variable-rate loan swapped at fixed rate for instance), the change in the effective portion of the fair value of the derivative is recognised as equity and is symmetrically reversed in the income statement when the hedged cash flows are recognised, and the ineffective portion is recognised in the income statement.

The fair value of financial instruments is measured according to Quoted market prices in an active market if one exists or a market price. Failing which, it is calculated by an independent expert. The fair value of derivatives is obtained from the bank counterparties.

The fair value of current financial assets and liabilities is comparable to their fair value in the balance sheet given their short-term maturity.

### 2.2.11 Deferred tax

In accordance with IAS 12 "Income taxes", deferred taxes are recognised for all taxable temporary differences between the carrying amounts of the assets and liabilities and their taxable values by applying the current rates of tax and tax rules in force on that date or those that will apply when the temporary difference is absorbed.

Future tax relief resulting from the carryover of tax deficits is only recognised when realisation thereof is probable.

At 31 December 2008, deferred tax assets were retained in the accounts, since their recovery is deemed probable.

Deferred tax assets and liabilities, whatever their maturity, were offset if they concern the same taxable entity and if the latter intends either to settle the net amount or realise the asset and settle the liability simultaneously.

In accordance with IAS 12, deferred tax assets and liabilities are not discounted to present value.

## 2.3 Accounting principles specific to the income statement

### 2.3.1 Income from Ordinary Activities

In accordance with IAS 18 "Income from Ordinary Activities", sales of goods less any discounts granted are recognised as turnover on the date the seller has transferred the significant risks and rewards of ownership to the buyer. Generally this takes place on delivery of the goods.

In the Extrusion sector, studies are conducted and special tools are made or purchased with a view to producing parts for special customer orders. If they are contractually financed by the customer, this financing falls within the scope of "Income from Ordinary Activities" as defined by IAS 18. The income is recognised under sales revenue at the end of each technical stage approved by the customer.

Research tax credits are recognised under "Other income from operating activities".

### 2.3.2. Current Operation Result and Operating Result

Standard IAS 1 requires a minimum number of items to be included in the income statement:

- Operating Result,
- Finance costs,

- Share of the profit or loss of associates and joint ventures accounted for using the equity method,
- Profit or loss of discontinued operations gain or loss recognised on the disposal of the assets,
- Tax expense,
- Profit or loss (broken down into Group share and minority interests share).

Therefore "Operating Result" can be defined as the difference between all income and expenses not resulting from financial activities, equity-method companies, discontinued activities or disposals and tax.

The Gévelot Group has opted to present a Current Operating Result, which is defined as the difference between Operating Result as defined above and "Other operating income and expenses", which include unusual and infrequent events. The latter are very limited in scope but cannot be presented as exceptional or extraordinary items. They primarily include the profit or loss from asset disposals, restructuring costs and the cost of litigation settlements.

The Current Operating Result is a notional balance provided for a better understanding of the company's performance.

### 2.3.3 Finance costs

#### 2.3.3.1 Cost of net financial debt

The net cost of financial debt comprises all the results produced by items making up net financial debt during the period (bank borrowings and investments, gains or losses from transactions in short-term investments).

#### 2.3.3.2 Other financial income and expenses

These mainly include the results of currency hedging transactions.

## 2.4 Segment reporting

In accordance with IAS 14, the first level of sector reporting comprises business segments, the second geographical segments. This presentation is based on internal organizational systems and the Group's management structure.

The Gévelot Group's business segments are defined as follows:

- Holding
- Cold extrusion & Machining
- Pumps/Fluid Technologies
- Mechanical Engineering/Engine and Gas Equipment

## B. HIGHLIGHTS

None

## C. DECISIVE ESTIMATES AND JUDGEMENTS

Estimates and judgements, which are constantly revised, are based on historical information and on other factors, in particular anticipated future events deemed reasonable given the circumstances.

### Decisive accounting estimates and assumptions

The Group makes estimates and assumptions regarding the future. The ensuing accounting estimates by definition seldom match the actual results. Estimates and assumptions that are highly likely to significantly alter the carrying amount of assets and liabilities in the following period are analysed below.

### a) Estimated depreciation of goodwill

The Group performs an annual impairment test on goodwill, in accordance with the accounting method set out in Note 2.2.4. Future budgeted cash flows are used to calculate the recoverable value of cash generating units. These calculations rely on estimates.

The impact of changes in the discount rate and in future flows is however not significant with regard to goodwill estimates.

### b) Impairment of fixed production assets

The recoverable value of an asset is estimated whenever there is an indication that it may have lost value as stated in Note 2.2.4. The calculations used to determine the recoverable value or value in use of an asset use 3-year budget forecasts and flows extrapolated by applying the growth rate beyond the 3-year horizon. These flows are then discounted to present value using rates specific to each segment.

c) **Administrative or Commercial land and buildings** are periodically revalued by independent experts. Between each valuation, the Group checks that there is nothing to indicate that they have lost value.

## D. CHANGES IN ACCOUNTING METHODS IMPLEMENTED SINCE 1 JANUARY 2008

When IFRS (international Financial Reporting Standards) first took effect on 1 January 2004, the Group opted to retain fair value as the assumed cost of its tangible capital assets, as well as the period revaluation model for subsequent recognition of all land and buildings. At 31 December 2007, the fair value of these assets was thus revalued for the first time on the basis of expert property valuations.

From 1 January 2008, the periodic revaluation option model is limited solely to non-industrial fixed tangible assets (land and buildings) in an active market, since the fair value of industrial premises is hard to measure without factoring in their activities. This change in accounting practice is treated prospectively in view of the non-significant nature of the residual effect of this revaluation option (at 31 December 2007, and after a tax effect of K€260, the revaluation in equity of industrial assets the value of which had been revised upwards since 1 January 2004 stood at K€526).

As a result, industrial capital assets, which are henceforth recognised at amortised cost on the basis of their value at 1 January 2008, are attached to the CGUs defined by the Group, which where necessary are value-tested as described in Note 2.2.4 and in accordance with a revised method that factors in future discounted cash flows over an indefinite useful life rather than the residual useful life of the assets. Apart from €1.3 million of depreciation recognised in 2008 for the Mechanical Engineering sector, these tests revealed no additional losses in value.

There are no other changes in the presentation of the accounts.

## E. POST-BALANCE SHEET EVENTS

The first few months of 2009 confirm the downward trend observed at the end of 2008. As a result, if this trend were to continue, the Group is considering further restructuring measures at an estimated cost of €1.5 million.

### Note 3: Share capital

(in euros)

	Ordinary	Treasury	31.12.2007	Cancelled	Par value modified by incorporating reserves	31.12.2008
<b>Ordinary shares</b>						
Number	957 543	-	957 543	-	-	957 543
Par value	35	-	35	-	-	35
<b>Total</b>	<b>33 514 005</b>	<b>-</b>	<b>33 514 005</b>	<b>-</b>	<b>-</b>	<b>33 514 005</b>

#### Composition of share capital:

At 31 December 2008, authorized share capital totalled 33,514 thousand euros, comprising 957,543 ordinary shares with a par value of 35 euros, issued and fully paid-up.

The number and par value of the shares remained unchanged during the period.

The Group does not have any stock option plans (purchase and/or subscription) under which options on Company shares are awarded to certain employees and senior managers.

## Note 4: Goodwill, intangible and tangible capital assets

	01.01.2008	Acquisitions incl. lease financing/ Allowances	Gross values				31.12.2008	Net values 31.12.2008
			Translation adjustments	Disposals/ Retirements	Reversals of provisions	Adjusting entries		
<b>Goodwill</b>	<b>1 083</b>	<b>-</b>	<b>(249)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>834</b>	<b>834</b>
Depreciation	-	-	-	-	-	-	-	-
<b>Intangibles</b>								
Research & Development expenses	3 740	497	-	-	-	802	5 039	3 320
Concessions, patents, licences, trademarks	6 388	117	3	(57)	-	96	6 547	2 452
Goodwill	-	-	-	-	-	-	-	-
Intangibles in progress	746	1 198	-	(69)	-	(905)	970	970
Advances and down payments	-	-	-	-	-	-	-	-
<b>Total intangibles</b>	<b>10 874</b>	<b>1 812</b>	<b>3</b>	<b>(126)</b>	<b>-</b>	<b>(7)</b>	<b>12 556</b>	<b>6 742</b>
Amortisation and depreciation	(4 419)	(1 414) <sup>(1)</sup>	-	19	-	-	(5 814)	
<b>Total net intangibles</b>	<b>6 455</b>	<b>398</b>	<b>3</b>	<b>(107)</b>	<b>-</b>	<b>(7)</b>	<b>6 742</b>	<b>6 742</b>
<b>Tangibles</b>								
Administrative land and buildings	8 313	1 232	(322)	-	-	125	9 348	8 796
Industrial land and buildings	25 068	441	74	(48)	-	1 347	26 882	24 218
Plant & Machinery	173 884	2 322	33	(6 411)	-	3 156	172 984	51 942
Other	10 718	668	(78)	(545)	-	236	10 999	3 274
Tangibles in progress	2 614	7 218	2	(546)	-	(4 063)	5 225	5 225
Advances and down payments	496	610	-	-	-	(794)	312	312
<b>Total tangibles</b>	<b>221 093</b>	<b>12 491</b>	<b>(291)</b>	<b>(7 550)</b>	<b>-</b>	<b>7</b>	<b>225 750</b>	<b>93 767</b>
Amortisation and depreciation	(128 930)	(9 625) <sup>(2)</sup>	77	6 490	5	-	(131 983)	
<b>Total net tangibles</b>	<b>92 163</b>	<b>2 866</b>	<b>(214)</b>	<b>(1 060)</b>	<b>5</b>	<b>7</b>	<b>93 767</b>	<b>93 767</b>
<b>Total fixed assets</b>	<b>99 701</b>	<b>3 264</b>	<b>(460)</b>	<b>(1 167)</b>	<b>5</b>	<b>-</b>	<b>101 343</b>	<b>101 343</b>

Total capital expenditure on intangibles and tangibles therefore amounts to €14.303 million.

The period's acquisitions primarily comprise investment in industrial capacity and production, as well as extended office space at Levallois-Perret and an extension of the Champtocé sur Loire site (production and offices).

(1) including amortisation 1 083  
including depreciation 331

(2) including amortisation 8 449  
including depreciation 1 176

Impairment provisions and reversals (Note 18) totalled €1.502 million (331 + 1,176 - 5).

Total depreciation liable to be reversed in accordance with IAS 36 amounted to €13.820 million at 31 December 2008.

## Note 4 (continued): Goodwill, intangible and tangible capital asset

### Property on direct financing leases

Property on direct financing leases has been restated in the corresponding asset accounts as if they had been acquired freehold. The corresponding debt is recognised as a balance sheet liability.

In the income statement, contractual lease payments have been eliminated and replaced with depreciation expenses and finance charges.

	Gross values				Amortisation				Net values
	01.01.2008	Acquisitions (1)	Disposals/ Retire- ments (2)	31.12.2008	01.01.2008	Expenses (1)	Disposals/ Retire- ments (2)	31.12.2008	31.12.2008
Plant and machinery (3)	11 935	533	-	12 468	1 458	834	-	2 292	10 176
Other	413	110	-	523	146	157	-	303	220
<b>Total</b>	<b>12 348</b>	<b>643</b>	<b>-</b>	<b>12 991</b>	<b>1 604</b>	<b>991</b>	<b>-</b>	<b>2 595</b>	<b>10 396</b>

(1) Included in the period's acquisitions

(2) Included in the period's disposals and retirements

(3) Only concerns the Extrusion sector

### Valuation method

#### Depreciation

In accordance with the principle stated in Note 2.2.4, on 31 December 2008 the Group carried out a comparison of the net carrying amount of the assets and their value in use for CGUs showing one or more indications of impairment and for the CGU incorporating goodwill (British subsidiary in the Pumps sector).

Value in use is defined as the sum of future discounted cash flows estimated on the basis of three-year activity and investment plans. The growth rates used to extrapolate forecasted cash flows beyond three years are 2% for the Extrusion sector, 2% for the Pumps sector and 2% for the Mechanical Engineering sector.

The discount rates applied are 8% for Gévelot Extrusion, 7.5% for Dold in Germany, 12% for the Pumps sector and 11% for the Mechanical Engineering sector (respectively 6.5%, 8.5% and 7% for the tests carried out at the end of 2007) and correspond to the average cost of the capital after tax, taking each segment's specific market rates and risk premiums into account.

The 2008 tests revealed a depreciation of €1.3 million on the fixed assets of subsidiary Gurtner (Mechanical Engineering) following the recent decline in turnover and the higher discount rate that reflects current uncertainties in respect of future cash flows. This loss in value was allocated to intangible and tangible assets in proportion to their net carrying amount, except for Land and Buildings, the market value of which is estimated to be higher than the net carrying amount.

In 2007, value tests led to recognition of €0.8 million of depreciation on the fixed assets of subsidiary Gurtner (Mechanical Engineering) and a reversed provision of €1.5 million on the fixed assets of German subsidiary Dold (Extrusion).

The sensitivity of the value in use calculations to changes in the various assumptions is set out in the table below:

	Difference in value between the Test and Accounts	Discount rate	Indefinite growth rate	Change in cash flow
Variation		+0.5%	-0.5%	-10%
<b>Mechanical Engineering</b>				
Gurtner	0	-€0.5 million	-€0.4 million	-€0.7 million
<b>Extrusion sector</b>				
Extrusion France	+€2.7 million	-€4.0 million	-€3.3 million	-€4.3 million
Dold	+€0.6 million	-€2.2 million	-€1.8 million	-€2.1 million
<b>Total Extrusion sector</b>	<b>+€3.3 million</b>	<b>-€6.2 million</b>	<b>-€5.1 million</b>	<b>-€6.4 million</b>

No sensitivity test was carried out on the Pumps sector. There being no indication of impairment in this sector, no value test was performed.

## Note 5: Interests in associated companies

The following interests were accounted for using the equity method:

		(in thousands of euros)		Period income or loss	Dividends	Translation adjustment	31.12.2008
		31.12.2007					
Kudu Industries Inc.	KEUR	5 984		1 225	(204)	(1 004)	6 001
Ensival Moret Asia Pte Ltd./ Ensival Moret Shanghai Co. Ltd. <sup>(1)</sup>	KEUR	917		15	-	29	961
<b>Total</b>		<b>6 901</b>		<b>1 240</b>	<b>(204)</b>	<b>(975)</b>	<b>6 962</b>

(1) including the translation adjustment of K€477 at 31 December 2008..

The main financial data relating to equity-method companies is as follows:

		(1,000s foreign currency units)		Balance sheet total		Turnover		Equity		Period's profit or loss	
		31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007	31.12.2008	31.12.2007
Kudu Industries Inc.	KCAD	42 665	36 129	84 214	78 671	22 948	19 453	4 245	4 787		
	<b>in K€</b>	<b>25 100</b>	<b>25 004</b>	<b>54 008</b>	<b>54 447</b>	<b>13 500</b>	<b>13 463</b>	<b>2 722</b>	<b>3 313</b>		
Ensival Moret Asia Pte Ltd./ Ensival Moret Shanghai Co. Ltd.	KSGD	3 049	3 022	15 580	13 847	3 975	3 860	115	370		
	<b>in K€</b>	<b>1 521</b>	<b>1 428</b>	<b>7 504</b>	<b>6 543</b>	<b>1 984</b>	<b>1 824</b>	<b>55</b>	<b>175</b>		

PCM has pump supply distribution contracts with its subsidiary Kudu Industries Inc.

Over one third of Kudu Industries Inc's turnover comprises products supplied by PCM.

Ensival Moret Shanghai (E.M.S.), a subsidiary of Ensival Moret Asia (E.M.A.), has a commercial agreement with PCM on:

- the production of parts by E.M.S. for PCM,
- the import by E.M.S. of PCM products for resale and/or integration into PCM customer orders.

## Note 6: Non-consolidated equity interests

Holding companies		Interests		Value of shares held	Depreciation
Gévelot S.A.	Fastening techniques (pending liquidation)	% interest	22.72%		
		Equity	N/A		
		2008 P/L	N/A		

## Note 7: Provisions

	01.01.2008	Provisions	Reversals		31.12.2008		
			provision used	provision not used	Total	Under one year	Over one year
<b>Contingency provisions</b>							
. Provisions for litigation settlements	778	111	(48)	(70)	771	12	759
. Provisions for industrial risks	26	-	-	(26)	-	-	-
. Other contingency provisions	171	9	(37)	(138)	5	5	-
<b>Total</b>	<b>975</b>	<b>120</b>	<b>(85)</b>	<b>(234)</b>	<b>776</b>	<b>17</b>	<b>759</b>
<b>Loss provisions</b>							
. Other loss provisions	2 011	240	(790)	(44)	1 417*	1 254	163
. Restructuring provisions	72	1 900	-	(72)	1 900	1 900	-
. Retirement provisions	1 953	381	(49)	(58)	2 227	-	2 227
. Work medal provisions	275	2	(9)	-	268	-	268
<b>Total</b>	<b>4 311</b>	<b>2 523</b>	<b>(848)</b>	<b>(174)</b>	<b>5 812</b>	<b>3 154</b>	<b>2 658</b>
<b>Total provisions</b>	<b>5 286</b>	<b>2 643</b>	<b>(933)</b>	<b>(408)</b>	<b>6 588</b>	<b>3 171</b>	<b>3 417</b>

\* Other loss provisions include:

- provisions for operating expenses	343
- provisions for personnel expenses	713
- provisions for commercial expenses	361
	<u>1 417</u>

Retirement provisions are reviewed in detail in Note 16 "Employee Benefits".

Restructuring provisions include severance benefits paid to employees as part of a plan that was finalized and formalized at the end of 2008.

## Note 8: Financial liabilities

Long-term	2008	2007
Bank loans	10 494	19 032
Other borrowing and financial debt	453	42
<b>Total long-term financial liabilities</b>	<b>10 947</b>	<b>19 074</b>
Short-term		
Bank overdrafts (note 14)	10 942	11 734
Bank loans	8 887	7 398
Other borrowing and financial debt	61	587
Derivatives	29	-
<b>Total current financial liabilities</b>	<b>19 919</b>	<b>19 719</b>
<b>Total financial liabilities</b>	<b>30 866</b>	<b>38 793</b>

For the most part, bank overdrafts consist in factoring short-term commercial receivables.

## Changes in financial liabilities

	01.01.2008	Repayments	New loans	31.12.2008
Loans and debt with lending institutions (including finance leases)	26 430	(7 692)	672	19 410
Other borrowing and financial debt	629	(483)	368	514
<b>Financial liabilities (excluding overdrafts)</b>	<b>27 059</b>	<b>(8 175)</b>	<b>1 040</b>	<b>19 924</b>
Bank overdrafts (note 14)	11 734	(11 734)	10 942	10 942
<b>Total</b>	<b>38 793</b>	<b>(19 909)</b>	<b>11 982</b>	<b>30 866</b>

## Financial liabilities by date of maturity

	Total		Maximum 1 year		1 to 5 years		Over 5 years	
	2008	2007	2008	2007	2008	2007	2008	2007
Loans and debt with lending institutions (incl. finance leases)	30 352	38 164	19 858	19 132	10 466	18 580	28	452
Other borrowing and financial debt	514	629	61	587	230	26	223	16
<b>Total</b>	<b>30 866</b>	<b>38 793</b>	<b>19 919</b>	<b>19 719</b>	<b>10 696</b>	<b>18 606</b>	<b>251</b>	<b>468</b>

Loans from lending institutions and other loans are covered by €3.493 million of collateral (see note 26).

Under contractual terms, €3 million of medium-term debts have been classified as short-term liabilities (<1 year).

## Note 8 (continued): Financial liabilities

### Financial liabilities relating to finance leases

	Total		Maximum 1 year		1 to 5 years		Over 5 years	
	2008	2007	2008	2007	2008	2007	2008	2007
Less or debts and credits	9 063	10 141	2 077	1 689	6 958	8 275	28	177
<b>Total</b>	<b>9 063</b>	<b>10 141</b>	<b>2 077</b>	<b>1 689</b>	<b>6 958</b>	<b>8 275</b>	<b>28</b>	<b>177</b>

### Breakdown of financial liabilities by main currencies

	Total		Euros		American dollars		Pounds sterling	
	2008	2007	2008	2007	2008	2007	2008	2007
Loans and debt with lending institutions (incl. finance leases)	19 410	26 430	19 410	26 430	-	-	-	-
Other borrowing and financial debt	514	629	514	629	-	-	-	-
Bank overdrafts	10 942	11 734	10 938	11 720	4	14	-	-
<b>Total</b>	<b>30 866</b>	<b>38 793</b>	<b>30 862</b>	<b>38 779</b>	<b>4</b>	<b>14</b>	<b>-</b>	<b>-</b>

### Breakdown of financial liabilities by type of rate

	2008	2007
Covered variable rates	2 897	5 171
Non-covered variable rates (*)	678	1 211
Fixed rates	7 286	10 466
Interest	-	70
Overdrafts	10 942	11 734
Finance leases	9 063	10 141
<b>Total</b>	<b>30 866</b>	<b>38 793</b>

(\*) loans at non-covered variable rates mature between 2009 and 2011.

## Note 9: Taxes

### Payable taxes

	01.01.2008	Payments	Down payments	Period expense	31.12.2008
Asset	49	(49)	2 770	(768)	2 002
Liability	(691)	691	-	(58)	(58)
<b>Total</b>				<b>(826)</b>	

### Deferred taxes

	01.01.2008	Movements			31.12.2008
		Income statement	Equity	Other (incl. translation)	
Deferred tax assets	(2 102)	282	(4)	7	(1 817)
Deferred tax liabilities	13 455	(73)	63	(71)	13 374
<b>Total</b>	<b>11 353</b>	<b>209</b>	<b>59</b>	<b>(64)</b>	<b>11 557</b>

Deferred tax assets primarily comprise carried-over tax deficits, retirement provisions and similar benefit plans and temporary tax timing differences. Deferred tax liabilities arise mainly from fixed asset valuation differences and restatements of finance lease contracts and regulated provisions.

### Income tax expenses

The breakdown of tax in the income statement is as follows:

	2008	2007
Payable taxes	826	2 918
Deferred taxes *	209	(225)
<b>Total</b>	<b>1 035</b>	<b>2 693</b>

\* Deferred tax expenses/income breaks down as follows:

- Income on depreciation expenses for intangible and tangible capital assets	(222)	(1 238)
- Income/expenses from net provisions for/reversals of intangible and tangible capital asset depreciation	(518)	402
- Expenses on reversed regulated provisions and other taxes	677	665
- Other income and expenses	150	(258)
- Timing differences	122	204
<b>Total deferred tax expense/(income)</b>	<b>209</b>	<b>(225)</b>

### Reconciliation of the theoretical and the recognised income tax expense:

	2008
<b>Current operating income of consolidated companies</b>	<b>4 145</b>
Theoretical income tax expense in France	(413)
Theoretical income tax expense in Germany	(584)
Theoretical income tax expense in England	(111)
Theoretical income tax expense in Italy	14
Theoretical income tax expense in America	(104)
Theoretical income tax expense in China	(64)
Theoretical income tax expense in Venezuela	13
<b>Total theoretical income tax expense</b>	<b>(1 249)</b>
Net impact of non-deductible or non-taxable expenses and income	214
Effective income tax expense on current operations	(1 035)
<b>Net income of consolidated companies</b>	<b>3 110</b>

The net impact of non-deductible or non-taxable expenses and income essentially includes permanent timing differences.

### Rate of corporate income tax (2008 and subsequent financial years)

France	34.43%	Italy	31.40%
Germany	28.25%	América and Venezuela	34.00%
England	28.00%	China	25.00%

## Note 10: Financial assets

	2008	2007
<b>Long-term</b>		
Other capitalized securities	2	2
Loans	431	448
Other	138	186
<b>Total long-term financial assets</b>	<b>571</b>	<b>636</b>
<b>Current</b>		
Loans	169	78
Derivatives	212	46
<b>Total current financial assets</b>	<b>381</b>	<b>124</b>
<b>Total financial assets</b>	<b>952</b>	<b>760</b>

## Note 11: Inventories

		2008	2007
. Raw materials and other supplies	17 067		17 017
. Work-in-progress inventory	8 519		11 363
. Semi-finished and finished goods	15 287		13 248
. Merchandise	2 706		2 126
<b>Gross amount</b>		<b>43 579</b>	<b>43 754</b>
. Raw materials and other supplies	(1 638)		(1 545)
. Work-in-progress inventory	(448)		(719)
. Semi-finished and finished goods	(946)		(994)
. Merchandise	(52)		(63)
<b>Depreciation</b>		<b>(3 084)</b>	<b>(3 321)</b>
<b>Total</b>		<b>40 495</b>	<b>40 433</b>

## Note 12: Trade notes and accounts receivable

	2008	2007
Trade notes and accounts receivable	40 165	47 530
Depreciation	(1 569)	(1 390)
<b>Total</b>	<b>38 596</b>	<b>46 140</b>

At 31 December 2008, there were unpaid outstanding debts not covered by provisions.

Credit risk cover conditions are discussed in the Chairman's report to Shareholders and the operating and financial review.

### Note 13: Other accounts receivable

	2008	2007
Advances and down payments on orders	902	421
Central and local government excluding corporate income tax	4 785	4 184
Personnel	358	326
Debit supplier balances	466	356
Other debtors	278	269
Prepaid expenses	1 279	1 048
<b>Total</b>	<b>8 068</b>	<b>6 604</b>

### Note 14: Cash and cash equivalents

	2008	2007
Cash	7 627	14 293
Deposit certificates and Fixed-term accounts	8 003	6 226
Open-end and monetary investment funds in euros	4 681	7 553
Monetary issue at negotiable rate	-	150
<b>Cash and cash equivalents</b>	<b>20 311</b>	<b>28 222</b>

Cash and cash equivalents are measured at fair value and mature in the short term.  
Deposit certificate and fixed-term account rates range from 2.75% to 5.20%.

In the consolidated cash flow statement, cash flows and bank overdrafts include:

	2008	2007
Cash and cash equivalents	20 311	28 222
Bank overdrafts	(10 942)	(11 734)
<b>Trésorerie nette à la clôture</b>	<b>9 369</b>	<b>16 488</b>

For the most part, bank overdrafts consist in factoring short-term commercial receivables.

### Note 15: Other accounts payable

	2008	2007
Advances and down payments received on orders	970	900
Tax debts excluding corporate income tax, personnel and welfare agencies	14 556	14 041
Other creditors	1 256	1 911
Deferred income	1 673	1 460
<b>Total</b>	<b>18 455</b>	<b>18 312</b>

## Note 16: Employee Benefits

### Retirement benefits

	France	Germany	2008	2007
<b>Provision in the balance sheet</b>				
Discounted value of obligations covered	3 882	1 775	5 657	5 623
Fair value of the plan's assets	(3 909)	(779)	(4 688)	(4 803)
<b>Subtotal</b>	<b>(27)</b>	<b>996</b>	<b>969</b>	<b>820</b>
Unrecognised actuarial gains/(losses)	1 258	-	1 258	1 133
<b>Provision recognised in the balance sheet</b>	<b>1 231</b>	<b>996</b>	<b>2 227</b>	<b>1 953</b>
<b>Discounted value of obligations covered</b>				
At opening	3 949	1 674	5 623	5 659
Cost of services rendered	202	120	322	299
Financial cost	205	24	229	186
Benefits paid	(291)	(43)	(334)	(286)
Actuarial gain/loss of period	(183)	-	(183)	(235)
<b>Discounted value of obligations covered</b>	<b>3 882</b>	<b>1 775</b>	<b>5 657</b>	<b>5 623</b>
<b>Fair value of the plan's assets</b>				
At opening	4 010	793	4 803	4 883
Effective return	160	10	170	191
Contributions	30	19	49	15
Benefits paid	(291)	(43)	(334)	(286)
<b>Fair value of the plan's assets</b>	<b>3 909</b>	<b>779</b>	<b>4 688</b>	<b>4 803</b>
<b>Change in provisions</b>				
At opening	1 072	881	1 953	1 716
Period's expenses	189	134	323	252
Disbursements	(30)	(19)	(49)	(15)
<b>Change in provisions</b>	<b>1 231</b>	<b>996</b>	<b>2 227</b>	<b>1 953</b>
<b>Total expense recognised in income statement</b>				
Cost of services rendered	202	120	322	299
Financial cost	205	24	229	186
Expected return on assets	(160)	(10)	(170)	(191)
Recognised actuarial gain/loss (corridor)	(58)	-	(58)	(42)
<b>Total expense recognised in income statement</b>	<b>189</b>	<b>134</b>	<b>323</b>	<b>252</b>

#### Main actuarial assumptions

- Discount rate	5.25%	4.50%
- Rate of pay rises	2%	0%
- Retirement age	61 (non-managerial) 64 (man)	65
- Expected return on assets	4.00%	4.50%

	Projected PBO(*) 31/12/2008	PBO(*) 31/12/2008	Actuarial 2008	2007
<b>Actuarial gain/loss in period</b>	4 065	3 882	183	235
<b>Analysis of actuarial gain/loss</b>				
Stock of actuarial gains/losses at start of period			K€1,133	K€940
Amortisation in period			K€-58	K€-42
Gain/loss over period			K€183	K€235
Stock of actuarial gains/losses at end of period			K€1,258	K€1,133

PBO (\*): Projected Benefit Obligation. This is the probable current value of the obligation, including a projection of salaries relating to the acquired benefits on the date of calculation.

Defined benefit plans are evaluated by independent actuaries.

Long-service medals paid out by Group companies to their personnel are covered by a provision calculated by an independent actuary (see note 7).

## Note 17: Income from operating activities

	France	Etranger	2008	2007
Sale of goods	2 348	6 079	8 427	8 218
Production sold:				
. of goods	82 576	108 674	191 250	203 750
. of services	627	967	1 594	1 551
<b>Turnover</b>	<b>85 551</b>	<b>115 720</b>	<b>201 271</b>	<b>213 519</b>
Operating grants			169	376
Other income			2 565	790
<b>Other income form activities</b>			<b>2 734</b>	<b>1 166</b>
Production stored			(76)	(791)
Self-constructed capital assets			1 110	1 020
<b>Total other income from operating activities</b>			<b>3 768</b>	<b>1 395</b>
<b>Total income from operating activities</b>			<b>205 039</b>	<b>214 914</b>

## Note 18: Current operating expenses

	2008	2007
Purchases of goods	6 257	4 969
Changes in goods inventory	(640)	(420)
Purchases of raw materials and other supplies	70 392	78 223
Changes in inventories of raw materials and other supplies	321	(6 101)
Other purchases and external charges	36 961	39 538
Payroll expenses	66 145	67 664
Taxes and comparable payments	4 853	4 884
Depreciation and estimated expenses:		
. on capital assets           - depreciation expenses <sup>(1)</sup>	9 532	9 173
. on long-term assets       - expenses on reversed impairment provisions <sup>(1)</sup>	1 502	(917)
. on current assets         - estimated expenses	1 765	2 936
. contingency             - estimated expenses	(58)	630
Other expenses	440	574
<b>Total current operating expenses</b>	<b>197 470</b>	<b>201 153</b>

(1) See Note 4

## Note 19: Financial income/loss

	2008	2007
Interest generated by cash and cash equivalents	356	183
Net earnings from sales of short-term investments	334	722
<b>Income from cash and cash equivalents</b>	<b>690</b>	<b>905</b>
Interest charges on financing transactions	1 615	1 885
<b>Gross cost of financial indebtedness</b>	<b>1 615</b>	<b>1 885</b>
<b>Net cost of financial indebtedness</b>	<b>(925)</b>	<b>(980)</b>
Income from financial instruments	-	11
Discounted financial income	78	12
Positive change in fair value of assets and liabilities measured at fair value	147	146
Income from interest and exchange rate hedges	275	383
Other financial income	210	232
<b>Total other financial income</b>	<b>710</b>	<b>784</b>
Losses on financial instruments	38	-
Discounted financial expenses	217	187
Negative change in fair value of assets and liabilities measured at fair value	42	148
Losses on interest and exchange rate hedges	392	687
Other financial expenses	47	95
<b>Total other financial expenses</b>	<b>736</b>	<b>1 117</b>
<b>Income (loss) from other financial income and expenses</b>	<b>(26)</b>	<b>(333)</b>
<b>Financial income (loss)</b>	<b>(951)</b>	<b>(1 313)</b>

## Note 20: Segment information

### Breakdown of fixed assets

#### By business segment

	At 31.12.2008					At 31.12.2007				
	Holding	Extrusion	Pumps	Mech. Engineering	Total	Holding	Extrusion	Pumps	Mech. Engineering	Total
<b>Goodwill <sup>(1)</sup></b>	-	-	834	-	834	-	-	1 083	-	1 083
<b>Intangibles subtotal</b>	<b>45</b>	<b>5 151</b>	<b>6 013</b>	<b>1 347</b>	<b>12 556</b>	<b>45</b>	<b>4 208</b>	<b>5 524</b>	<b>1 097</b>	<b>10 874</b>
Land and buildings	20 013	6 705	4 622	4 890	36 230	18 539	5 756	4 863	4 223	33 381
Industrial plant and other	166	154 992	21 422	7 403	183 983	116	156 955	20 260	7 271	184 602
CWIP	-	1 200	3 980	45	5 225	23	1 666	374	551	2 614
Advances and down payments	-	277	-	35	312	125	336	-	35	496
<b>Tangibles subtotal</b>	<b>20 179</b>	<b>163 174</b>	<b>30 024</b>	<b>12 373</b>	<b>225 750</b>	<b>18 803</b>	<b>164 713</b>	<b>25 497</b>	<b>12 080</b>	<b>221 093</b>
<b>Gross values</b>	<b>20 224</b>	<b>168 325</b>	<b>36 871</b>	<b>13 720</b>	<b>239 140</b>	<b>18 848</b>	<b>168 921</b>	<b>32 104</b>	<b>13 177</b>	<b>233 050</b>
Accumulated amortisation/ depreciation	927	114 247	14 073	8 550	137 797	565	113 612	12 616	6 556	133 349
<b>Net values</b>	<b>19 297</b>	<b>54 078</b>	<b>22 798</b>	<b>5 170</b>	<b>101 343</b>	<b>18 283</b>	<b>55 309</b>	<b>19 488</b>	<b>6 621</b>	<b>99 701</b>
Period's expenses	380	6 828	1 791	2 040	11 039	401	6 527	1 674	1 430	10 032
<b>Balance sheet total by business segment</b>	<b>70 408</b>	<b>98 708</b>	<b>75 548</b>	<b>13 336</b>		<b>68 319</b>	<b>110 246</b>	<b>70 776</b>	<b>16 055</b>	

The land and buildings in the above table are broken down according to the notion of legal ownership.

In addition, Gévelot SA's land and buildings are put at the disposal of the Extrusion sector for €12.3 million and the Pumps sector for €3.8 million.

Total capital expenditure on intangibles and tangibles in 2008 amounted to:

Holding company:	K€1,425
Cold extrusion & Machining:	K€6,692
Pumps/Fluid Technology:	K€5,602
Mechanical Engineering/Engine and Gas Equipment:	K€584
	<u>K€14,303</u>

Total capital expenditure on intangibles and tangibles in 2007 amounted to:

Holding company:	K€151
Cold extrusion & Machining:	K€5,945
Pumps/Fluid Technology:	K€2,459
Mechanical Engineering/Engine and Gas Equipment:	K€1,624
	<u>K€10,179</u>

#### By geographical segment

	At 31.12.2008				Total	At 31.12.2007			Total
	France	Germany	Other countries			France	Germany	Other countries	
<b>Goodwill <sup>(1)</sup></b>	-	-	834		834	-	-	1 083	1 083
<b>Intangibles subtotal</b>	<b>10 710</b>	<b>1 817</b>	<b>29</b>		<b>12 556</b>	<b>9 470</b>	<b>1 378</b>	<b>26</b>	<b>10 874</b>
Land and buildings	27 112	6 705	2 413		36 230	24 971	5 756	2 654	33 381
Industrial plant and other	138 705	43 627	1 651		183 983	140 208	42 913	1 481	184 602
CWIP	4 638	548	39		5 225	1 902	712	-	2 614
Advances and down payments	112	200	-		312	256	240	-	496
<b>Tangibles subtotal</b>	<b>170 567</b>	<b>51 080</b>	<b>4 103</b>		<b>225 750</b>	<b>167 337</b>	<b>49 621</b>	<b>4 135</b>	<b>221 093</b>
<b>Gross values</b>	<b>181 277</b>	<b>52 897</b>	<b>4 966</b>		<b>239 140</b>	<b>176 807</b>	<b>50 999</b>	<b>5 244</b>	<b>233 050</b>
Accumulated amortisation/ depreciation	106 531	30 743	523		137 797	103 791	29 076	482	133 349
<b>Net values</b>	<b>74 746</b>	<b>22 154</b>	<b>4 443</b>		<b>101 343</b>	<b>73 016</b>	<b>21 923</b>	<b>4 762</b>	<b>99 701</b>
Period's expenses	8 572	2 273	194		11 039	7 856	2 012	164	10 032

(1) concerns PCM Group UK Ltd

## Note 20 (continued): Segment information

### Changes in loans and financial debt

	01.01.2008	Repayments	New loans	31.12.2008
Loans and debt with lending institutions (incl. finance leases)				
Holding company	1	(1)	1	1
Cold extrusion & Machining	36 026	(17 371)	9 559	28 214
Pumps/Fluid Technology	223	(140)	15	98
Mech. Engineering/Engine & Gas Equipment	1 914	(1 914)	2 039	2 039
Subtotal	38 164	(19 426)	11 614	30 352
Other loans and financial debts	629	(483)	368	514
<b>Total</b>	<b>38 793</b>	<b>(19 909)</b>	<b>11 982</b>	<b>30 866</b>

### Consolidated turnover

#### Breakdown by business segment

	31.12.2008		31.12.2007	
Cold extrusion & Machining	107 420	53.4%	121 883	57.1%
Pumps/Fluid Technology	77 179	38.3%	75 612	35.4%
Mechanical Engineering/Engine and Gas Equipment	15 078	7.5%	14 473	6.8%
Services and other	1 594	0.8%	1 551	0.7%
<b>Total</b>	<b>201 271</b>	<b>100.0%</b>	<b>213 519</b>	<b>100.0%</b>

#### Breakdown by geographical segment

	31.12.2008		31.12.2007	
France	85 551	42.5%	89 266	41.8%
. European Union countries	68 383		76 661	
. Other European countries	5 010		4 505	
. America	21 988		23 655	
. Other areas	20 339		19 432	
Foreign countries	115 720	57.5%	124 253	58.2%
<b>Total</b>	<b>201 271</b>	<b>100.0%</b>	<b>213 519</b>	<b>100.0%</b>

## Note 20 (continued): Segment information

### Results of operations <sup>(1)</sup>

	2008	2007
Holding company	931	971
Cold Extrusion & Machining	1 919	6 188
Pumps/Fluid Technology	6 838	8 383
Mechanical Engineering/Engine and Gas Equipment	(2 119)	(1 781)
<b>Total</b>	<b>7 569</b>	<b>13 761</b>

Transition from results of operations to revenue	Holding	Extrusion	Pumps	Mechanical	Total 2008
Results of operations	931	1 919	6 838	(2 119)	7 569
Litigation settlements	-	(73)	-	-	(73)
Restructuring costs	-	(2 131)	-	-	(2 131)
Divers	(8)	(269)	3	5	(269)
<b>Total</b>	<b>923</b>	<b>(554)</b>	<b>6 841</b>	<b>(2 114)</b>	<b>5 096</b>

### Revenue <sup>(1)</sup>

	2008	2007
Holding company	923	(6)
Cold Extrusion & Machining	(554)	5 160
Pumps/Fluid Technology	6 841	8 383
Mechanical Engineering/Engine and Gas Equipment	(2 114)	(2 052)
<b>Total</b>	<b>5 096</b>	<b>11 485</b>

### Earning before tax of consolidated companies <sup>(1)</sup>

	2008	2007
Holding company	1 556	691
Cold extrusion & Machining	(2 088)	3 263
Pumps/Fluid Technology	6 939	8 319
Mechanical Engineering/Engine and Gas Equipment	(2 262)	(2 101)
<b>Total</b>	<b>4 145</b>	<b>10 172</b>

### Net consolidated income <sup>(1)</sup>

	2008	2007
Holding company	2 752	1 690
Cold extrusion & Machining	(2 581)	1 635
Pumps / Fluid Technology	5 956	7 402
<i>including share of income from equity-method companies</i>	1 240	1 536
Mechanical Engineering/Engine and Gas Equipment	(1 777)	(1 712)
<b>Total</b>	<b>4 350</b>	<b>9 015</b>

(1) before elimination of intercompany transactions not affecting consolidated income.

## Note 21: Research and development

Research and development expenses for the entire group amounted to €2.728 million, €1.138 million of which were capitalized in accordance with IAS 38.

## Note 22: Financial instruments

	Gross value	< 1 yr	> 1 yr < 5 yr	> 5 yr	Discount rate	Discount diff/ Y-1	(Loss) reversal/ period	Discounted gain/loss at 31/12/08	Dep.	Value in balance sheet
<b>Financial assets</b>										
- Aids for construction over one year	574		183	391	3.5%	(203)	60	(143)	-	431
- Aids for construction under one year	206	206							(37)	169
- Derivate instruments	212	212								212
- Securities measured at fair value against income statement	-	-								-
<b>Financial liabilities</b>										
- Derivate instruments	29	29								29

**Aids for construction** represent loans to employees with repayment periods of 20 years. These interest-free loans are discounted to present value to factor in the loss in value of future repayments.

**Derivate instruments** are financial instruments used by the Company to hedge against interest or exchange rate fluctuations. They mainly comprise interest rate swaps on variable-rate loans. Their fair value is calculated by an independent expert. Foreign exchange contracts are transactions (purchases/sales) in currency futures.

### MANAGING FINANCIAL RISK

Apart from its variable-rate loans, the Group has no significant market risks on its financial debt and receivables or its short-term investments. The Group's short-term investments portfolio primarily includes monetary investments. The Group has some partially share-backed short-term investments but the overall risk of loss in value is negligible given the very short time they are held and the guarantees provided. The return on them is comparable to market rates.

The Group is exposed to some foreign exchange risk on its exports. When they are significant, they are generally covered by foreign exchange hedges transactions (purchases/sales) in currency futures.

Additional information on how the Group manages risk is provided in the operating and financial review.

## Note 23: Rental and lease agreements

Type of contract	Total future payments	Discounted value	Gross underlying value	Currency	Average residual duration	< 1 yr	> 1 yr < 5 yr	> 5 yr	Rate of interest	Discount rate
Rental - for Operations	1 111	1 051		Euro	2.5 ans	380	731	-		n/a
Rental - Non-operating	771	745		Euro	2 ans	460	311	-		n/a
Finance leases	9 789	9 063	12 991	Euro	2.5 ans	2 424	7 088	277	3.70%	3.50%

Rental agreements are straightforward agreements for periods of 3 to 10 years.

'For operations' primarily includes the renting of storage space and handling equipment.

'Non-operating' primarily includes computing hardware, office equipment and company vehicles.

Most of the finance leases are on Gévelot Extrusion's production equipment (presses, plant).

An expense of approximately 1.0 million euros was recognised in 2008 for straightforward rental agreements.

## Note 24: Managers' remuneration

	2008	2007
Short-term benefits (excluding social security charges)	556	501
Social security charges	162	147
<b>Total</b>	<b>718</b>	<b>648</b>

Managers include members of the Board of Directors and the Audit Committee.

Remuneration includes gross salary, fringe benefits and directors' fees.

Corporate officers have no specific retirement plan.

## Note 25: Average headcount

	2008	2007
Managerial and executive	222	213
Supervisory, clerical and blue-collar	1 211	1 291
<b>Total</b>	<b>1 433</b>	<b>1 504</b>
Temporary workers	27	98

## Note 26: Off-balance sheet commitments

### Contractual Obligations

	2008	2007
Pledges, bonds and guarantees	3 472	434
Notes receivable discounted	-	-
Debts for which consolidated companies have granted a guarantee Including loan from lending institutions	3 493	4 106
Other contractual obligations	37	36
<b>Total</b>	<b>7 002</b>	<b>4 576</b>

### Commitments received

	2008	2007
Pledges, bonds and guarantees	212	38
Other	-	-
<b>Total</b>	<b>212</b>	<b>38</b>

## Note 27: Affiliated companies

(in thousands of euros)	2008		2007	
	Amount of transactions	Amount of balances	Amount of transactions	Amount of balances
Fixed assets	-		-	
Receivables		1 453		991
Payables		324		104
Expenses	2 611		2 050	
Income	10 262		11 656	

Transactions with the above affiliated companies primarily consist of routine operations with companies over which the Group exercises significant influence and which are consolidated by means of the equity method. All such transactions are based on market prices.

Transactions with affiliates who are natural persons (directors, corporate officers and their relatives) are insignificant.

## Note 28: Fees of Auditors and members of their network

(in euros)	PRICEWATERHOUSECOOPERS (1) (4)				C.R.E.A. (4)				MAZARS (2)		JEAN MARIE (3) (4)			
	2008		2007		2008		2007		2007		2008		2007	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
<b>Audit</b>														
Auditing, certification, review of individual and consolidated financial statements	50 000	33%	-	-	125 135	100%	34 500	100%	17 118	18%	40 000	100%	-	-
<i>Issuer</i>	35 000	23%	-	-	70 000	56%	24 500	71%	17 118	18%	40 000	100%	-	-
<i>Fully consolidated subsidiaries</i>	15 000	10%	-	-	55 135	44%	10 000	29%	-	-	-	-	-	-
Services directly relating to audit engagements	-	-	-	-	-	-	-	-	11 412	11%	-	-	-	-
<i>Issuer</i>	-	-	-	-	-	-	-	-	11 412	11%	-	-	-	-
<i>Fully consolidated subsidiaries</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>50 000</b>	<b>33%</b>	<b>-</b>	<b>-</b>	<b>125 135</b>	<b>100%</b>	<b>34 500</b>	<b>100%</b>	<b>28 530</b>	<b>29%</b>	<b>40 000</b>	<b>100%</b>	<b>-</b>	<b>-</b>
<b>Other services rendered</b>														
Legal, fiscal, social	100 865	67%	-	-	-	-	-	-	68 191	71%	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>100 865</b>	<b>67%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68 191</b>	<b>71%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>150 865</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>125 135</b>	<b>100%</b>	<b>34 500</b>	<b>100%</b>	<b>96 721</b>	<b>100%</b>	<b>40 000</b>	<b>100%</b>	<b>-</b>	<b>-</b>

(1) Appointed by the AGM of 19 June 2008 to replace Cabinet Mazars

(2) Resigned at the end of November 2007

(3) Substitute for Cabinet Mazars for audit of accounts at 31 December 2007

(4) From 2007, fees are charged to the period of fulfilment according to the date on which requests for down payments are received.

# Statutory Auditors' report on the consolidated financial statements period ending 31 December 2008

*This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. This report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessment of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside the consolidated financial statements. This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

## To the Shareholders

Gévelot SA  
6, boulevard Bineau  
92300 Levallois-Perret

In compliance with the assignment entrusted to us by your shareholders' meeting, we hereby report to you, for the year ended 31 December 2008, on:

- the audit of the accompanying consolidated financial statements of GEVELOT SA,
- the justification of our assessments,
- the specific verification required by French law.

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

### 1. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, by audit sampling and other selective testing methods, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management, and the overall consolidated financial statements presentation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements present a true and fair view of the Group's assets and liabilities, and of its financial position as of December 31, 2008 and the results of its operations for the year then ended in accordance with current International Financial Reporting Standards as adopted by the European Union.

Without qualifying the opinion expressed above, we would draw your attention to note 2 D. of the consolidated financial statements which specifies the changes in accounting methods implemented from 1 January 2008 with regard to the measurement of tangible capital assets.

### 2. Justification of assessments

The accounting estimates used in the preparation of the consolidated financial statements for the year ended December 31, 2008 were made in a context of economic and financial crisis that is weighing heavily on the group's business and makes it difficult to comprehend economic outlooks. It is in this context and in accordance with Article L.823-9 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we bring to your attention the following matters:

#### Changes in accounting methods:

With respect to our assessment of the accounting policies and principles followed by your company, we ascertained that the changes in the aforementioned accounting methods were duly made and that the presentation thereof in note 2 D. is true and fair.

#### Accounting principles and estimates:

As indicated in note 2.2.4, the recoverable value of depreciable fixed assets grouped together in CGUs (Cash Generating Units) was compared with the net carrying amount when there were indications of impairment. In 2008, the said tests led us to record additional impairment of the assets allocated to Mechanical Engineering activities (note 4). With regard to our assessment of the significant estimates used for the preparation of the financial statements, we checked that the approach adopted duly complies with the IFRS reporting framework and that the impairment tests described in the notes were correctly conducted. We also examined the available documentation, including cash flow projections and other retained assumptions.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and, therefore, contributed to our audit opinion expressed in the first part of this report.

### 3. Specific auditing

We also verified the information given in the Group Management's report as required by French law.

We have no matters to report regarding its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris, 27 April 2009

The Auditors

PricewaterhouseCoopers Audit  
Pierre RIOU

C R E A  
Bernard ROUSSEL

# Individual financial statements at 31 December 2008

# Balance sheet at 31 December 2008

## ASSETS

(in thousands of euros)

	Gross amount at 31.12.2008	Amortisation or Depreciation	Net amount at 31.12.2008	Net amount at 31.12.2007
<b>CAPITAL ASSETS (I)</b>				
<b>Intangible capital assets (A)</b>				
Concessions, patents, licences, trademarks, processes, rights and comparable items	45	27	18	21
<b>Total A</b>	<b>45</b>	<b>27</b>	<b>18</b>	<b>21</b>
<b>Tangible capital assets (B)</b>				
Land	3 047	136	2 911	2 243
Buildings	15 516	8 973	6 543	5 960
Other	166	70	96	39
CWIP (construction work in progress)	-	-	-	23
Advances and down payments	-	-	-	125
<b>Total B</b>	<b>18 729</b>	<b>9 179</b>	<b>9 550</b>	<b>8 390</b>
<b>Long-term investments (C) (1)</b>				
Minority interests	35 771	-	35 771	35 771
Receivables from equity investments	3 574	-	3 574	727
Loans	61	-	61	61
Other	10	-	10	8
<b>Total C</b>	<b>39 416</b>	<b>-</b>	<b>39 416</b>	<b>36 567</b>
<b>Total (I) Capital assets (A + B + C)</b>	<b>58 190</b>	<b>9 206</b>	<b>48 984</b>	<b>44 978</b>
<b>CIRCULATING ASSETS (II)</b>				
Advances and down payments paid on orders	-	-	-	2
<b>Receivables (2)</b>				
Trade notes and accounts receivable	176	-	176	101
Other	2 065	-	2 065	400
Short-term investments	10 472	-	10 472	13 057
Cash	552	-	552	1 019
<b>ACCRUALS</b>				
Prepaid expenses (2)	31	-	31	40
<b>Total (II) circulating assets</b>	<b>13 296</b>	<b>-</b>	<b>13 296</b>	<b>14 619</b>
<b>Unrealized foreign exchange losses (III)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand total (I + II + III)</b>	<b>71 486</b>	<b>9 206</b>	<b>62 280</b>	<b>59 597</b>

(1) < 1 year

9

9

(2) > 1 year

84

46

**LIABILITIES**

(in thousands of euros)

	Before allocation		After allocation	
	Net amount at 31.12.2008	Net amount at 31.12.2007	Net amount at 31.12.2008 <sup>(a)</sup>	Net amount at 31.12.2007 <sup>(b)</sup>
<b>EQUITY (I)</b>				
Capital	33 514	33 514	33 514	33 514
Paid-in capital	-	-	-	-
Revaluation adjustments	-	-	-	-
Reserves:				
. Legal reserve	2 851	2 712	2 966	2 851
. Other	12 753	12 753	12 753	12 753
Retained earnings	2 268	1 720	2 528	2 268
Net income (loss) of period	2 290	2 793	-	-
<b>Subtotal: net position</b>	<b>53 676</b>	<b>53 492</b>	<b>51 761</b>	<b>51 386</b>
Investment grant	10	12	10	12
Regulated provisions	1 432	1 105	1 432	1 105
<b>Total Equity (I)</b>	<b>55 118</b>	<b>54 609</b>	<b>53 203</b>	<b>52 503</b>
<b>PROVISIONS (II)</b>				
Contingency provisions	-	-	-	-
Loss provisions	5 280	3 535	5 280	3 535
<b>Total Provisions (II)</b>	<b>5 280</b>	<b>3 535</b>	<b>5 280</b>	<b>3 535</b>
<b>LIABILITIES (III) <sup>(1)</sup></b>				
Loans and liabilities from lending institutions <sup>(2)</sup>	1	1	1	1
Other borrowing and financial debt	711	684	711	684
Advances and down payments received on current orders	-	-	-	-
Trade notes and accounts payable	95	117	95	117
Tax and welfare liabilities	388	379	388	379
Liabilities to fixed-asset suppliers incl. unpaid amts. on investment shares	36	60	36	60
Other liabilities	651	212	2 566	2 318
Prepaid income	-	-	-	-
<b>Total Liabilities (III)</b>	<b>1 882</b>	<b>1 453</b>	<b>3 797</b>	<b>3 559</b>
<b>Unrealized foreign exchange gains (IV)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Grand total (I + II + III +IV)</b>	<b>62 280</b>	<b>59 597</b>	<b>62 280</b>	<b>59 597</b>

(1) Including over 1 year 789 770 789 770  
Including under 1 year 1 093 683 3 008 2 789

(2) including cash credits and bank credit balances 1 1 1 1

a) After appropriation submitted to the Combined Annual and Extraordinary General Meeting of 25 June 2009.

b) After appropriation decided by the Annual General Meeting of 19 June 2008.

# 2008 income statement

## INCOME STATEMENT

(in thousands of euros)	FY 2008	FY 2007
<b>Operating revenue</b>		
Rendering of services	3 603	3 533
<b>Net turnover</b>	<b>3 603</b>	<b>3 533</b>
Other income	130	114
<b>Total operating revenue (I) <sup>(1)</sup></b>	<b>3 733</b>	<b>3 647</b>
<b>OPERATING EXPENSES</b>		
Other purchases and external charges	859	721
Taxes	436	417
Wages and salaries	718	706
Social security charges	304	299
Amortisation expenses on fixed assets	238	220
Depreciation expenses on fixed assets	-	-
Other charges	64	60
<b>Total operating expenses (II) <sup>(2)</sup></b>	<b>2 619</b>	<b>2 423</b>
<b>1 - OPERATING INCOME (LOSS) (I - II)</b>	<b>1 114</b>	<b>1 224</b>
<b>FINANCIAL INCOME</b>		
From minority interests <sup>(3)</sup>	1 417	1 728
Other interests and comparable income <sup>(3)</sup>	634	701
Excess provisions charged and expense transfers	-	-
Foreign exchange gains	-	-
<b>Total financial income (III)</b>	<b>2 051</b>	<b>2 429</b>
<b>FINANCIAL EXPENSES</b>		
Amortisation and depreciation expenses	-	-
Interest expense <sup>(4)</sup>	-	-
Foreign exchange losses	-	-
<b>Total finance costs (IV)</b>	<b>-</b>	<b>-</b>
<b>2 - RESULTS OF OPERATIONS (III - IV)</b>	<b>2 051</b>	<b>2 429</b>
<b>3 - OPERATING INCOME/LOSS (I - II) + (III - IV)</b>	<b>3 165</b>	<b>3 653</b>
<b>UNUSUAL GAINS</b>		
Unusual gains in operations	15	71
Unusual gains from sales of assets and other capital transactions	23	101
Excess provisions charged and expense transfers	12	185
<b>Total unusual gains (V)</b>	<b>50</b>	<b>357</b>
<b>UNUSUAL EXPENSES</b>		
Unusual expenses in operations	78	112
Unusual expenses from sales of assets and other capital transactions	30	215
Unusual amortisation and provision expenses	2 084	1 622
<b>Total unusual expenses (VI)</b>	<b>2 192</b>	<b>1 949</b>
<b>4 - UNUSUAL ITEMS (V - VI)</b>	<b>(2 142)</b>	<b>(1 592)</b>
<b>Income tax (VII)</b>	<b>(1 267)</b>	<b>(732)</b>
<b>Total income (I + III + V)</b>	<b>5 834</b>	<b>6 433</b>
<b>Total expenses (II + IV + VI + VII)</b>	<b>3 544</b>	<b>3 640</b>
<b>5 - PROFIT</b>	<b>2 290</b>	<b>2 793</b>

(1) including operating revenue relating to prior periods

(17)

(3)

(2) including operating expenses relating to prior periods

(21)

36

(3) including income concerning affiliated companies

1 506

1 816

(4) including interest concerning affiliated companies

-

-

# Cash flow statement 2008

2008 ANNUAL REPORT - INDIVIDUAL FINANCIAL STATEMENTS

## CASH FLOWS

(in thousands of euros)	2008	2007
<b>OPERATING ACTIVITIES</b>		
<b>Net income (loss)</b>	2 290	2 793
Elimination of expenses and income not affecting cash or relating to operations:		
- Amortisation and depreciation	238	220
- Provisions	2 072	1 437
- Capital gains, net of taxes	4	76
<b>Cash flows from operations</b>	<b>4 604</b>	<b>4 526</b>
- Change in inventories	-	-
- Change in clients	(75)	4
- Change in suppliers	(22)	(240)
- Other variations	(1 206)	(343)
<b>Change in working capital requirement</b>	<b>(1 303)</b>	<b>(579)</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>3 301</b>	<b>3 947</b>
<b>INVESTING ACTIVITIES</b>		
- Acquisitions of intangible and tangible capital assets	(1 425)	(178)
- Acquisitions of and increases in long-term investments	(2 849)	(4 659)
<b>Subtotal</b>	<b>(4 274)</b>	<b>(4 837)</b>
- Disposals of intangible and tangible capital assets	24	138
- Sales of and reductions in financial assets	-	18
<b>Subtotal</b>	<b>24</b>	<b>156</b>
<b>Net investments of period</b>	<b>(4 250)</b>	<b>(4 681)</b>
Change in working capital requirement	(24)	1
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(4 274)</b>	<b>(4 680)</b>
<b>FINANCING ACTIVITIES</b>		
- Capital increases (reductions)	-	-
- Dividends allocated to the company's shareholders	(2 106)	(2 106)
- Other distributions	-	-
<b>Total</b>	<b>(2 106)</b>	<b>(2 106)</b>
- Changes in loans and financial liabilities	27	1
- Change in working capital requirement	-	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(2 079)</b>	<b>(2 105)</b>
<b>NET CHANGE IN CASH POSITION</b>	<b>(3 052)</b>	<b>(2 838)</b>
Cash position on opening	14 075	16 913
Cash position on closing	11 023	14 075
	<b>(3 052)</b>	<b>(2 838)</b>



# Notes to the individual financial statements at 31 December 2008

These notes supplement and comment on the balance sheet prior to appropriation for period ending 31 December 2008, totalling 62,279,927.98 euros, and the period's income statement, presented in report form, which totals 5,834,485.21 euros and shows a profit of 2,290,422.02 euros.

Notes 1 to 19 hereafter form an integral part of the annual financial statements (unless otherwise specified, all amounts are stated in thousands of euros).

The financial year is 12 months long and runs from 1 January 2008 to 31 December 2008.

These annual financial statements were drawn up by the Board of Directors on 9 April 2009.

## Note 1: Accounting principles and rules for establishing the annual financial statements

The annual financial statements of Gévelot S.A. have been prepared in accordance with French regulations.

### a) Main methods used

#### Intangible capital assets

Intangible capital assets comprise software, which is amortised using the straight-line method over 3 to 15 years.

#### Tangible capital assets

- Tangible capital assets are measured at their acquisition cost (purchase price plus costs excluding borrowing costs), except for assets acquired prior to 31 December 1976, which have been revalued in accordance with the law.
- Since 1 January 2005, a change in method has been used for assets further to the initial compulsory adoption of the regulations on assets with regard to the amortisation, depreciation (CRC regulation 2002-10) definition, measurement and recognition thereof (CRC regulation 2004-06).
- Gévelot S.A., by way of exception to the general retrospective principle, has thus adopted the approach known as 'reallocation of net carrying amounts', in accordance with the first-time adoption provisions of the new rules.
- Impairment amortisation is calculated by the straight-line method according to the expected estimated useful life; it is based on the acquisition amount less the estimated residual value at the end of estimated useful life.

Estimated useful lives:

- office space: straight-line, 40 years
- industrial buildings: straight-line, 50 years
- other tangible capital assets : straight-line, 5 to 20 years.

Any components of the above and the methods applied are specified below:

- Buildings
  - Structural work: straight-line, method, 40 and 50 years
  - Fit-outs and conversions: straight-line, 20 to 30 years
  - Façade rendering: straight-line, 10 years
  - Weatherproofing: straight-line, 20 years

#### Impairment of assets

If there is any indication that an asset or group of assets has lost value, an impairment test is performed. An asset or group of assets is impaired if its net carrying amount exceeds its current value.

The current value of asset or group of assets is the higher of the value of its net selling price and that of the future economic benefits expected to be derived from use thereof.

#### Minority interests

Minority interests are recognised at acquisition cost or their contribution value, barring statutory revaluation.

The carrying amount is compared with the share of equity held in the company concerned. If this share is lower than the carrying amount, an additional analysis is carried out to estimate the value in use of the equity interest according to its rate of return and future prospects. If the value in use thus measured is lower than the carrying amount of the equity interest in question, the difference between these two values is written down.

#### Other asset components

On closing, the net carrying amount of asset components other than intangible and tangible capital assets is compared with their current value on the same date.

If this value is lower than the carrying amount, the difference is written down.

#### Short-term investments

These are measured at acquisition cost. If their liquidation or probable selling value on closing is lower, the difference is written down.

The market value of short-term investments at 31 December 2008, comprising deposit certificates, fixed-term accounts and monetary open-end funds, totals €10.5 million.

#### Investment grants

Investment grants are recorded in the income statement as soon as they are granted and constitute items of unusual income.

Partial grants are reversed by an amount equal to the taxable amortisation expense allocated to the asset grant portion of the grant.

#### Regulated provisions

The regulated provisions stated in the balance sheet are capital cost allowances on intangible and tangible capital assets. They are offset in the income statement as unusual expenses and gains.

#### Provisions

Provisions cover specifically identified contingencies and losses identified in accordance with the general chart of accounts.

### b) Tax Integration

Since 1 January 1995, Gévelot S.A. has opted for a group taxation system whereby it is liable for tax on the group's income. Under tax integration agreements entered into with consolidated companies, each Company recognises the income tax expense as if there were no tax integration in place.

The Group comprises the Parent Company, Gévelot S.A. 'head of group' and French subsidiaries Gévelot Extrusion, PCM and Gurtner.

Its income net of tax of €1.267 million includes:

- Gévelot SA's own income tax - K€486
- tax income relating to entities included in the Group's tax integration system €1.753 million

Furthermore, an additional intercompany provision of €1.745 million was recognised at 31 December 2008 for the probable return of the tax saving to the subsidiaries as part of this system.

### c) Pensions

When employees retire, they are paid conventional or contractual retirement benefits. Most of the corresponding obligations are covered by insurance. The residual portion that is not covered is not recognised and is therefore stated as an off-balance sheet commitment.

### d) Individual training entitlements

Further to Notice 2004-F of 13 October 2004 of the CNC Emergency Committee on the recognition of individual training entitlements, Gévelot has not recognised any such liabilities at 31 December 2008. There are 272 hours of accumulated training hours in this respect. Since no requests for these hours have been made, no provision in that respect had been funded at the end of 2008.

### e) Further information

With regard to the cost of rehabilitating the Meudon industrial site, a provision was funded to cover Gévelot SA's obligations under the law 2003-699 dated 31 July 2003.

Early in 2007, the Prefecture of the Hauts-de-Seine notified Gévelot SA that no further rehabilitation would be demanded of it in its capacity as operator of the site.

That being the case, the provision of K€262 in the company's liabilities at 31 December 2005 remains unchanged.

## Note 2: Capital assets and amortisation

Headings and items	Capital assets			Amortisation and depreciation					
	Gross value at the start of FY 2008	Increases	Transfers	Reductions	Gross value at the end of FY 2008	Accumulated at the start of 2008	Increases	Reductions	Accumulated at the end of 2008
<b>Intangible capital assets</b>									
Concessions, patents, licences, trademarks, processes, rights and similar items	45	-	-	-	45	24	3	-	27
<b>Total</b>	<b>45</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>24</b>	<b>3</b>	<b>-</b>	<b>27</b>
<b>Tangible capital assets</b>									
Land	2 377	670	-	-	3 047	134	2	-	136
Constructions	14 712	561	243	-	15 516	8 752	221	-	8 973
Other tangible capital assets	116	95	4	(49)	166	77	12	(19)	70
CWIP (construction work in progress)	23	85	(108)	-	-	-	-	-	-
Advances and down payments	125	14	(139)	-	-	-	-	-	-
<b>Total</b>	<b>17 353</b>	<b>1 425</b>	<b>-</b>	<b>(49)</b>	<b>18 729</b>	<b>8 963</b>	<b>235</b>	<b>(19)</b>	<b>9 179</b>
<b>Long-term investments</b>									
Minority interests	35 771	-	-	-	35 771	-	-	-	-
Receivables attached to minority interests	727	2 847	-	-	3 574	-	-	-	-
Loans	61	-	-	-	61	-	-	-	-
Other long-term investments	8	2	-	-	10	-	-	-	-
<b>Total</b>	<b>36 567</b>	<b>2 849</b>	<b>-</b>	<b>-</b>	<b>39 416</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The increase in tangible capital assets primarily concerns the increase in office space at Levallois-Perret.

Receivables from equity investments are the current account with Gévelot Extrusion. The amount primarily includes the rents of the various sites and corresponding interest.

## Note 3: Provisions

Headings and items	Amount at the start of 2008	Increases and contributions	Reductions		Amount at the end of 2008
			Amounts used during FY 2008	Amounts not used during FY 2008	
<b>Regulated provisions</b>					
Capital cost allowances	1 105	339	12	-	1 432
<b>Total</b>	<b>1 105</b>	<b>339</b>	<b>12</b>	<b>-</b>	<b>1 432</b>
<b>Contingency provisions</b>					
Provisions for litigation	-	-	-	-	-
Provision for foreign exchange losses	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Loss provisions</b>					
Provision for taxes	-	-	-	-	-
Provision for refurbishment of Meudon industrial site	262	-	-	-	262
Intercompany provision for tax refund deemed likely under the fiscal integration system	3 273	1 745	-	-	5 018
<b>Total</b>	<b>3 535</b>	<b>1 745</b>	<b>-</b>	<b>-</b>	<b>5 280</b>
<b>Depreciation</b>					
Depreciation on fixed assets	-	-	-	-	-
Depreciation on short-term investments	-	-	-	-	-
Other depreciation	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Note 4: Maturity of receivables and liabilities

Headings and items	Gross amount at 31.12.2008	Maturing in 1 year max	Maturing in over 1 year
<b>Receivables</b>			
<b>Receivables on capital assets</b>			
Receivables from equity investments	3 574	-	3 574
Loans <sup>(1)</sup>	61	9	52
Other	10	-	10
<b>Receivables from circulating assets</b>			
Trade notes and accounts receivable <sup>(6)</sup>	176	176	-
Other	2 065	1 988	77
Subscribed capital not paid up	-	-	-
Prepaid expenses	31	24	7
<b>Total</b>	<b>5 917</b>	<b>2 197</b>	<b>3 720</b>
<b>Liabilities</b>			
Loans and debt with lending institutions <sup>(2) (3)</sup>	1	1	-
Other borrowing and financial debt <sup>(2) (5)</sup>	711	-	711
Trade notes and accounts payable <sup>(6)</sup>	95	87	8
Tax and welfare liabilities	388	318	70
Liabilities to fixed-asset suppliers incl. unpaid amts. on investment shares <sup>(6)</sup>	36	36	-
Other liabilities <sup>(4)</sup>	651	651	-
Prepaid income	-	-	-
<b>Total</b>	<b>1 882</b>	<b>1 093</b>	<b>789</b>
(1) Loans granted in period	-		
Loans recovered in period	-		
(2) Loans and financial liabilities taken out in period	32		
Loans repaid and transferred in period	5		
(3) including:			
- no more than two years initially	1		
- over two years initially	-		
(4) including to partners	647		
(5) Liabilities maturing in over 5 years	711		
(6) including commercial paper	-		

## Note 5: Items concerning affiliated companies and minority interests

Items	Amount at 31/12/2008 concerning <sup>(1)</sup>	
	Affiliates <sup>(2)</sup>	Companies in which the company has an interest
Advances and down payments on fixed assets	-	-
Minority interests	35 771	-
Receivables from equity investments	3 574	-
Loans	-	-
Advances and down payments paid on orders (circulating assets)	-	-
Trade notes and accounts receivable	159	-
Other receivables	24	-
Subscribed called-up capital not paid up	-	-
Loans and debt with lending institutions	-	-
Other borrowing and financial debt	678	-
Advances and down payments received on current orders	-	-
Trade notes and accounts payable	2	-
Liabilities to fixed-asset suppliers incl. unpaid amts. on investment shares	-	-
Other liabilities	647	-
Income from equity interests	1 417	-
Other financial income	89	-
Finance costs	-	-

(1) In net amounts

(2) Affiliated companies are fully consolidated

## Note 6: Revaluation

Items	Changes in revaluation reserve at 31.12.2008				
	Amount at the start of 2008	Reductions due to disposals	Other changes	Amount at the end of 2008	For the record, differences incorporated into capital
Land	-	-	-	-	-
Minority interests	-	-	-	-	2 222
Revaluation reserve (1976)	-	-	-	-	(2 222)
Special revaluation reserve (1959)	-	-	-	-	(431)
Free revaluation adjustment	-	-	-	-	-
Other adjustments: revaluation adjustments on capped assets	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

## Note 7: Accrued income

Amount of accrued income included in the following balance sheet items	Amount at 31.12.2008
Receivables from equity investments	23
Trade notes and accounts receivable	25
Other receivables	-
Short-term investments	69
<b>Total</b>	<b>117</b>

## Note 8: Accrued liabilities

<b>Amount of accrued liabilities included in the following balance sheet items</b>	<b>Amount at 31.12.2008</b>
Loans and debt with lending institutions	1
Trade notes and accounts payable	34
Tax and welfare liabilities	123
Liabilities to fixed-asset suppliers incl. unpaid amts. on investment shares	35
Other liabilities	4
<b>Total</b>	<b>197</b>

## Note 9: Prepaid expenses and income

	<b>Amount at 31.12.2008</b>	
	<b>Expenses</b>	<b>Income</b>
Expenses/Operating revenue	31	-
Expenses/Financial income	-	-
Expenses /Unusual gains	-	-
<b>Total</b>	<b>31</b>	<b>-</b>

## Note 10: Composition of the share capital

	<b>Number</b>	<b>Par value</b>
Shares making up the share capital at the start of financial year 2008	957 543	35.00
Shares issued during the period	-	-
Shares repaid during the period	-	-
Shares cancelled during the period	-	-
Change in par value through incorporation of reserves	-	-
Shares making up the share capital at the end of financial year 2008	957 543	35.00

Making a share capital of 33 514 005 euros.

## Note 11: Statement of changes in net worth

Equity in the closing balance sheet for period 2007 prior to income	51 816
Appropriation of 2007 income 2007 at net worth by the Annual General Meeting of 19 June 2008	687
Equity on opening of period 2008	52 503
Changes in period:	325
. Changes in premiums, reserves, retained earnings	-
. Changes in regulated provisions and investment grants	325
Equity in the closing balance sheet for period 2008 prior to income	52 828

## Note 12: Breakdown of net turnover

### a) Breakdown by business segment

	Amount 2008	Amount 2007
Rendering of services	3 603	3 533
<b>Total</b>	<b>3 603</b>	<b>3 533</b>

### b) Breakdown by geographical segment

	Amount 2008	Amount 2007
France	3 594	3 520
Germany	9	13
<b>Total</b>	<b>3 603</b>	<b>3 533</b>

## Note 13: Unusual items

The main items included under this heading are:

Headings	Amount 2008
Intercompany provision for probable refund of tax savings to fully consolidated companies	(1 745)
Capital cost allowances	(327)
Other items, net	(70)
<b>Total</b>	<b>(2 142)</b>

## Note 14: Income tax

The itemization of tax on profits between those profits obtained before tax and the extraordinary items is the following:

Headings	Pre-tax income (loss) at 31.12.2008	Amount of income tax for 2008	Net income (loss) at 31.12.2008
Operating income	3 165	618	2 547
Unusual gains/losses	(2 142)	(132)	(2 010)
Effect on consolidation for tax purposes	-	(1 753)	1 753
<b>Total</b>	<b>1 023</b>	<b>(1 267)</b>	<b>2 290</b>

The tax rate is 33 1/3%.

The effect on the period's taxes of dispensatory tax assessments due to capital cost allowances is €109,000.

### Increase and decrease in the future tax debt

The future tax debt is €2,000 lower due to provisions that are non-deductible in the year of recognition and €477,000 higher due to the reversal of capital cost allowances.

## Note 15: Off-balance sheet commitments

<b>Off-balance sheet liabilities</b>	<b>Amount at 31.12.2008</b>
Pledges and guarantees given for the benefit of subsidiaries	-
<b>Other commitments given:</b>	
Liabilities for which the company has granted a guarantee	
- on its own loans	-
- on loans taken out by subsidiaries	-
Leasing commitments including tax	-
Retirement commitments	10
<b>Total</b>	<b>10</b>

<b>Off-balance sheet assets</b>	<b>Amount at 31.12.2008</b>
Pledges and guarantees received	-
Other	-
<b>Total</b>	<b>-</b>

### Retirement commitments (I.F.C.)

Retirement commitments are calculated for each category of staff (clerical, executive) according to length of service and average salary, social security charges included, using the method called "projected benefit obligation", in accordance with CNC Recommendation 03-R.1 dated 1 April 2003.

The figure used (K€10) equals the IFC social liability (K€91) less the value of the fund at 31 December 2008 (K€81) held by Generali Patrimoine (Groupe Générali) under a contract that permits some of these commitments to be outsourced.

## Note 16: Managers' remuneration

Remuneration of the company's managers and directors totalled 472,338 euros for financial year 2008.

## Note 17: Average headcount 2008

	<b>Salaried staff</b>	<b>Staff put at the disposal of the company</b>
Managerial/executive staff	5	-
Supervisory, technical and clerical staff	3	-
<b>Total</b>	<b>8</b>	<b>-</b>

## Note 18: Consolidating company

Gévelot S.A. is the consolidating company of the Gévelot Group.

## Note 19: Subsidiaries and minority interests at 31 December 2008

Companies	Capital	Equity other than capital prior to appropriation of income	Percentage of capital held <sup>(1)</sup>	Carrying amount of equity interests		Loans and advances granted by the company and not yet repaid	Guarantees and pledges given by the company	Turnover excluding tax of the last complete period	Profit or loss of the last complete period	Dividends allocated by the company during the period
				Gross	Net					
<b>A - SUBSIDIARIES</b>										
(at least 50% of the capital held by the Company)										
<b>GÉVELOT EXTRUSION S.A.</b> 6, boulevard Bineau 92532 Levallois-Perret Cedex	18 120	11 052	99.99	25 397	25 397	3 574	-	64 941	(3 465)	-
<b>PCM S.A.</b> 17, rue Ernest Laval B.P. 35 - 92173 Vanves Cedex	10 155	27 047	99.94	6 509	6 509	-	-	70 139	4 375	1 277
<b>GURTNER S.A.</b> 40, rue de la Libération B.P. 129 - 25302 Pontarlier Cedex	3 090	3 605	99.95	1 225	1 225	-	-	15 134	(852)	-
<b>B - MINORITY INTERESTS</b>										
(10 to 50% of the capital held by the Company)										
<b>Foreign equity interests</b> (in thousands of euros)										
<b>DOLD KALFLIESSPRESSTEILE GmbH</b> Langenbacherstrasse 17/19 D-78147 Vöhrenbach (Germany)	13 000	1 469	20.00	2 640	2 640	-	-	43 093	654	140
<b>TECHNIQUES DE FIXATION</b> Belgium (in liquidation)	110	N/A	22.72	-	-	-	-	N/A	N/A	-

(1) Including consumption loans



# Income and net worth

## Net income (loss) of period and statement of changes in net worth

### Net income (loss) of period

Total in thousands of euros and in euros per share		2007	2008
Number of shares at 31 December		957 543	957 543
<b>Accrual-based income</b>	<b>K€</b>	<b>2 793</b>	<b>2 290</b>
	€	2.92	2.39
Changes in net worth excluding restructuring transactions	<b>K€</b>	<b>306</b>	<b>325</b>
	€	0.32	0.34
<b>Proposed dividend</b>	<b>K€</b>	<b>2 106</b>	<b>1 915</b>
	€	2.20	2.00

### Statement of changes in net worth

(in thousands of euros)	2008
Equity in the closing balance sheet of 2007 prior to income	51 816
Appropriation of 2007 income at net worth by the Annual General Meeting of 19 June 2008	687
<b>Equity at the start of 2008</b>	<b>52 503</b>
Period change:	325
- Changes in premiums, reserves, retained earnings	-
- Changes in regulated provisions and investment grants	325
Equity in the closing balance sheet of 2008 prior to income	52 828
Appropriation of 2008 income at net worth submitted to the Combined A&EGM of 25 June 2009	375
<b>Equity after proposed appropriation</b>	<b>53 203</b>

# Securities

## Equity investments at 31 December 2008

Amount	Companies	Nominal	Capital divided into	Percentage stake	Current value in euros
French companies					
1 509 991 shares	<b>Gévelot Extrusion</b>	12	1 510 000	99.99	25 397 216.78
75 108 shares	<b>PCM</b>	135	75 222	99.85	6 509 266.75
25 707 shares	<b>Gurtner</b>	120	25 750	99.83	1 225 347.52
Minority interests abroad					
7 parts	<b>Dold Kaltfliesspressteile GmbH</b>	capital	€13 000 000	20.00	2 639 599.76
1 000 actions	<b>Techniques de Fixation</b> (Company in liquidation)	25	4 400	22.72	-
<b>Total</b>					<b>35 771 430.81</b>

## Short-term investments and similar receivables at 31 December 2008

2 deposit certificates	<b>(B.N.P. Paribas)</b>				3 075 000.00
3 fixed-term accounts	<b>(Caisse d'Épargne IdF-Paris)</b>				2 316 463.00
2 deposit certificates	<b>(L.C.L.)</b>				2 042 500.00
8 units	<b>FCP B.N.P. Paribas Euribor 3-Month (B.N.P. Paribas)</b>				1 760 321.28
2 units	<b>FCP SGAM Invest Monetaire ISR (S.G.)</b>				510 800.34
1 fixed-term account	<b>(S.G.)</b>				500 000.00
80 units	<b>FCP Groupama Entreprises (S.G.)</b>				174 827.20
1 share	<b>SICAV SGAM Invest Moneplus (S.G.)</b>				22 904.73
<b>Total</b>					<b>10 402 816.55</b>

# Financial income

## The Company's financial income over the last five periods

(Articles 133, 135 and 148 of the Decree on companies)

(in euros)

Item	2008	2007	2006	2005	2004
<b>I - CAPITAL AT END OF PERIOD</b>					
			(*)		
a) Share capital	33 514 005.00	33 514 005.00	33 514 005.00	30 487 880.00	30 487 880.00
b) Number of existing ordinary shares	957 543	957 543	957 543	983 480	983 480
c) Number of existing preferential dividend shares (without voting rights)	-	-	-	-	-
d) Maximum number of future shares to be created					
d.1 through bond conversion	-	-	-	-	-
d.2 by exercising subscription rights	-	-	-	-	-
<b>II - PERIOD TRANSACTIONS AND INCOME (LOSS)</b>					
a) Turnover excluding tax	3 603 156.29	3 533 102.88	3 451 132.93	3 641 600.73	3 693 779.73
b) Earnings before tax, employee profit-sharing, amortisation and provisions	3 331 548.62	3 720 750.51	3 084 009.93	4 121 180.54	3 328 205.33
c) Income tax	(1 267 156.00)	(732 010.00)	(706 918.00)	(1 052 315.00)	2 057 684.00
d) Employee profit-sharing in period	-	-	-	-	-
e) Earnings after tax, employee profit-sharing, amortisation and provisions	2 290 422.02	2 793 407.88	2 171 310.10	3 378 393.57	2 250 858.25
f) Distributed earnings	1 915 086.00	2 106 594.60	2 106 594.60	2 106 594.60	2 010 840.30
<b>III - EARNINGS PER SHARE</b>					
a) Earnings after tax, employee profit-sharing, but before amortisation and provisions	4.80	4.65	3.96	5.26	1.29
b) Earnings after tax, employee profit-sharing, amortisation and provisions	2.39	2.92	2.27	3.44	2.29
c) Dividend allocated to each share	2.00	2.20	2.20	2.20	2.10
<b>IV - PERSONNEL</b>					
a) Average headcount of personnel employed during the period	8	8	9	7	7
b) Total payroll	717 906.42	706 241.36	724 402.39	688 365.60	676 305.96
c) Amounts paid out for the period's employee benefits (social security, community services, etc.)	303 565.05	298 857.61	306 285.94	288 091.48	263 674.26

(\*) Further to the decisions of the Combined Annual and Extraordinary General Meeting of 22 June 2006, a capital reduction of €804,047 through cancellation of the 25,937 treasury shares held by Gévelot S.A. and a capital increase of €3,830,172 through incorporation of reserves for the purpose of raising the par value of the 957,543 remaining shares from €31 to €35.

The share capital thus stands at €33,514,005, comprising 957,543 shares each with a par value of €35.

# Statutory Auditors' report on the Annual financial statements

## Period ending 31 December 2008

*This is a free translation into English of the statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. This 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 explanatory paragraphs discussing the auditors' assessment of certain significant accounting and auditing matters. These assessments were made 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 captions or on information taken outside the financial statements.*

*This report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

### To the Shareholders

**Gévelot SA**  
**6, boulevard Bineau**  
**92300 Levallois-Perret**

In compliance with the assignment entrusted to us by your shareholders' meeting, we hereby report to you, for the year ended 31 December 2008, on:

- the audit of the accompanying annual financial statements of GEVELOT SA,
- the justification of our assessments,
- the specific verifications and information required by French law.

These annual financial statements were drawn up by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

### 1. Opinion on the financial statements

We conducted our audit in accordance with the professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit involves performing procedures, by audit sampling and other selective testing methods, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made by the management, and the overall financial statements presentation. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company at December 31, 2008 and the results of its operations for the year then ended, in accordance with the accounting rules and principles applicable in France.

### 2. Justification of assessments

The accounting estimates used in the preparation of the annual financial statements for the year ended December 31, 2008 were made in a context of economic and financial crisis that is weighing heavily on the group's business and makes it difficult to comprehend economic outlooks. It is in this context and in accordance with Article L.823-9 of the French Commercial Code ("Code de commerce") relating to the justification of our assessments, we bring to your attention the following matters:

At the ending of each financial year, the Company measures the current value of its long term investments using the methods described in note 1 a) of the financial statements, and where relevant recognises provisions for depreciation if the said current value is lower than the carrying amount. As part of our assessment of the accounting methods followed and significant estimates adopted to draw up the accounts we examined the appropriateness and due application of the methods described in the notes as well as the reasonableness of the estimates used therein.

These assessments were made as part of our audit of the financial statements taken as a whole and, therefore, contributed to our audit opinion expressed in the first part of this report.

### 3. Specific auditing and information

We also performed the specific verifications required by French law.

We have no matters to report regarding the following:

- The fair presentation and consistency with the financial statements of the information given in the Directors' report and in the documents addressed to the shareholders with respect to the financial position and the financial statements;
- The fair presentation of the information given in the Directors' report in respect of the remunerations and benefits granted to the relevant directors and any other commitments made in their favour in connection with, or subsequent to, their appointment, termination or change in current function.

In accordance with French law, we ensured that the required information concerning the identities of the main holders of capital and of voting rights was properly disclosed in the Directors' report.

**Neuilly-sur-Seine and Paris, 27 April 2009**

**The Auditors**

**PricewaterhouseCoopers Audit**

**Pierre RIOU**

**C R E A**

**Bernard ROUSSEL**

# Statutory Auditors' Special report on regulated party agreements and commitments

## Period ending 31 December 2008

*This is a free translation into English of a statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. The report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France*

### To the Shareholders

**Gévelot SA**  
**6, boulevard Bineau**  
**92300 Levallois-Perret**

In our capacity as statutory auditors of GEVELOT SA, we have to submit to you a report on any regulated party agreements and commitments of which we have been apprised. It is not within our mission to ascertain the possible existence of any such party agreements and commitments.

We hereby advise you that we have not been apprised of any falling within the scope of article L.225-38 of the French Commercial Code ("Code de commerce").

**Neuilly-sur-Seine and Paris, 27 April 2009**

**The Auditors**

**PricewaterhouseCoopers Audit**

**Pierre RIOU**

**C R E A**

**Bernard ROUSSEL**

# Statutory Auditors' special report on increase in capital reserved to employees

(Articles L.225-129-6, paragraph 2, and L.225-135 et seq. of the French Commercial Code ("Code de commerce") and L.3332-18 of the French Labour Code ("Code du travail") (Shareholders' Meeting on June 25, 2009))

*This is a free translation into English of a statutory auditors' report issued in the French language and is provided solely for the convenience of English-speaking readers. The report should be read in conjunction with, and is construed in accordance with French law and professional auditing standards applicable in France.*

## To the Shareholders

**Gévelot SA**  
**6, boulevard Bineau**  
**92300 Levallois-Perret**

In our capacity as statutory auditor of GEVELOT SA and in compliance with articles L.225-135 et seq. of the French Commercial Code ("Code de commerce") we hereby report on the proposed €350,000 increase in capital with cancellation of preferential subscription rights, reserved to company employees and connected companies in compliance with article L.225-180 of the French Commercial Code (Code de commerce"), which you are called upon to vote. The increase in capital will result in issuing 10,000 €35 par value ordinary shares.

You are called upon to vote on the increase in capital in compliance with articles L.225-129-6, paragraph 2 of the French Commercial Code ("Code de commerce") and L.3332-18 et seq. of the French labour Code ("Code du travail").

Based on the report it issued, your Board proposes it be empowered for a maximum 12 month period in order to determine the conditions of the operation and proposes to cancel your preferential rights to subscribe capital shares to be issued.

It is your Board's duty to draw up a report in compliance with articles R.225-113 and R.225-114 of the French Commercial Code (Code du commerce"). It is our duty to report on the fairness on the financial information taken from the financial statements and on the proposed cancellation of your preferential subscription rights and on other specific issue related information contained in this report.

We performed the procedures we considered necessary in order to comply with the French national auditing body's (Compagnie Nationale des Commissaires aux Comptes) professional guidance for this engagement. The procedures are designed to verify the contents of the Directors' report relating to the operation and the methods used to determine the issue price.

Subject to subsequent examination of the conditions for the proposed increase in capital, we have nothing to report on the methods used to determine the issue price as set out in the Directors' report.

As the issue price has not yet been determined, we cannot report on the final conditions of the increase in capital and, consequently, on the proposed cancellation of preferential subscription rights made out to you.

In compliance with article R.225-116 of the French Commercial Code ("Code du commerce") we will to draw up a supplementary report when the increase in capital has been duly conducted by your Board.

**Neuilly-sur-Seine and Paris, 27 April 2009**

**The Auditors**

**PricewaterhouseCoopers Audit**

**Pierre RIOU**

**C R E A**

**Bernard ROUSSEL**

# Statutory Auditors' special report on the reduction in capital by way of cancellation of purchased shares

(Article L.225 -209 of the french Commercial Code ("Code de commerce"))  
(Shareholders' Meeting on June 25, 2009)

*This is a free translation into English of a statutory auditors' 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 is construed in accordance with French law and professional auditing standards applicable in France.*

## To the Shareholders

**Gévelot SA**  
**6, boulevard Bineau**  
**92300 Levallois-Perret**

In our capacity as statutory auditors of GEVELOT SA, and in compliance with article L.225-209 paragraph 7 of the French Commercial Code ("Code de commerce") in the event of a reduction in capital by way of cancellation of purchased shares, we hereby report on our assessment of the reasons for and terms and conditions of the proposed operation.

We performed the procedures we considered necessary in order to comply with the French national auditing body's (Compagnie Nationale des Commissaires aux Comptes) professional guidance for this engagement. The procedures are designed to verify the fairness of the reasons and conditions of the proposed reduction in capital.

This transaction relates to the company buyback programme, within a limit of 10% of its capital (a maximum of 95,754 shares) in compliance with article L.225-209 of the French Commercial Code ("Code de commerce"). In addition, the shareholders are asked to grant permission to buyback the shares, for a period of 18 months (ninth resolution).

Your Board proposes it be empowered for a twenty-six month period in order to cancel the shares purchased under the buyback programme up to a maximum of 10% of the company's share capital, within 24 months of the purchase date (eleventh resolution).

We have nothing to report on the reasons for and terms and conditions of the proposed reduction in capital, bearing in mind that it is subject to the shareholders' prior approval of the share buyback programme.

Neuilly-sur-Seine and Paris, 20 May 2009

The Auditors

PricewaterhouseCoopers Audit

Pierre RIOU

C R E A

Bernard ROUSSEL

# Resolutions

## submitted to the Combined Annual and Extraordinary General Meeting of 25 June 2009

### I – ORDINARY RESOLUTIONS

#### First resolution

The general meeting, having listened to the operating and financial review of the Board of Directors and to the Auditors' report, approves the said reports in their entirety, as well as the 2008 annual individual financial statements, which show a net income of €2,290,422.02.

#### Second resolution

The general meeting, having listened to the operating and financial review of the Board of Directors and to the Auditors' report, approves the annual consolidated financial statements as presented, which show a Group share of net consolidated income of €4.3 million for financial year 2008.

#### Third resolution

The general meeting takes due note of the Auditors' special report on the transactions governed by Article L.225-38 of the Commercial Code.

#### Fourth resolution

The general meeting decides to allocate the period's profit of €2 290 422.02 plus retained earnings of €2 267 818.92 forming the distributable profit of €4 558 240.94 as follows:

• to the legal reserve (5% of 2008 income)	€114 521.10	
• payment of a dividend of (€2.00 x 957,543 shares)	<u>€1 915 086.00</u>	<u>€2 029 607.10</u>
The balance to retained earnings	<u>€2 528 633.84</u>	

The dividend of €2.00 per share, which qualifies for the 40% deduction granted to natural persons eligible for a capped tax credit, will be distributed from 1 July 2009.

As required by law, the general meeting is hereby reminded that the following dividends were distributed over the last three periods:

Period	Net	Tax credit	Number of shares	
			served	total
2005	2.20	pm	957 543	983 480
2006	2.20	pm	957 543	983 543
2007	2.20	pm	957 543	957 543

#### Fifth resolution

Since Mr Paolo Martignoni's directorship has expired, the general meeting renews it for a period of three years, until the general meeting convening to approve the accounts of financial year 2011.

#### Sixth resolution

Since Miss Claudine Bienaimé's directorship has expired, the general meeting renews it for a period of three years, until the general meeting convening to approve the accounts of financial year 2011.

#### Seventh resolution

Since Mr Charles Bienaimé's directorship has expired, the general meeting renews it for a period of three years, until the general meeting convening to approve the accounts of financial year 2011.

#### Eighth resolution

The general meeting hereby discharges the directors from their corporate duties for financial year 2008.

#### Ninth resolution

The general meeting, ruling on the required quorum and majority for annual general meetings, and after familiarising itself with the Board's report, hereby authorizes the Board of Directors, in accordance with articles L.225-209 et seq of the Commercial Code and European regulation 2273/2003 dated 22 December 2003, to have the Company buy back its own shares.

This authorization is granted for the purpose of possibly cancelling the shares thus repurchased, subject to adoption of the 11<sup>th</sup> extraordinary resolution on this meeting's agenda.

The acquisition, sale or transfer transactions described above may be made by any means compliant with the law and current regulations, even by means of financial derivative instruments and by acquiring or selling blocks of shares.

These transactions may be made at any time, even during public offerings of Company shares, subject to the offering being settled entirely in cash and subject to the periods of abstention provided for by current laws and regulations.

The general meeting fixes the maximum number of shares that may be bought back under this resolution at 10% of the Company's capital on the date of this Meeting, namely 95,754 shares having a par value of 35 euros, it being understood that, regarding the use of this authorization, the number of treasury shares should be taken into consideration to ensure that the Company never exceeds the maximum number of treasury shares (i.e. 10% of the Share capital) and that the number of treasury shares held for payment or trading as part of a merger, demerger or spin-off may not exceed 5% of the capital.

The general meeting hereby decides that the total amount allocated to these acquisitions shall not exceed 1,915,080 euros and that the maximum purchase price shall not exceed 20 euros per share.

The general meeting vests the Board of Directors with all necessary powers, including that of lawfully delegating them, to:

- decide to make use of this authorization,
- place any stock market orders or enter into any agreements with a view to keeping a share trading register, in accordance with current stock market regulations,
- make any declarations and carry out any other necessary formalities and generally speaking do what is required.

The Board of Directors shall inform shareholders at the Annual Meeting of any transactions carried out further to this resolution.

This authorization is granted for eighteen months from the date of this Meeting.

## II - EXTRAORDINARY RESOLUTIONS

### Tenth resolution

The general meeting, ruling on the required quorum and majority for extraordinary general meetings, and after familiarising itself with the Board's report, showing that the shareholdings of employees of Gévelot and or affiliated companies in the sense of Article L25-180 of the Commercial Code represent less than 3% of the share capital at 31 December 2008, and after familiarising itself with the Auditors' report and, in accordance with the provisions of both the Commercial Code and in particular of Articles L225-129-6 paragraph 2, L.225-135 et seq of the Commercial Code and L3332-18 et seq of the Labour Code:

- hereby decides to increase the share capital by 350,000 euros, by issuing 10,000 shares with a par value of €35 reserved for employees, members of a future company savings plan;
- hereby rules that this decision implies the shareholders' express waiver of their subscription rights in favour of members of the company savings plan set up by Gévelot and/or its affiliate companies subject to the conditions stipulated by current texts, directly or through a company mutual fund or an employee shareholders' mutual fund;
- hereby decides that the price of the shares to be issued under this Resolution must remain within 20% either way of the average stock market price of the share over the twenty trading sessions preceding the Board's decision to proceed with the capital increase and issue the corresponding shares.

The General Meeting vests the Board of Directors with all the powers required to implement the said capital increase, including:

- the power to decide whether the shares should be subscribed directly by employees who are members of the Group's savings plan or whether they should be subscribed through a company mutual fund or an employee shareholders' mutual fund;
- fix the list of beneficiaries
- fix the number of new shares to be issued and the rules of reduction

in the event of over-subscription;

- charge the cost of increasing the share capital to the related premiums;
- make the necessary amendments to the articles of association and generally speaking do what is necessary.

This authorization is granted for twelve months from this Meeting.

### Eleventh resolution

The general meeting, ruling on the required quorum and majority for extraordinary general meetings, and after familiarising itself with the Board's report and the Auditors' special report, and in accordance with article L.225-209 of the Commercial Code, hereby authorizes the Board of Directors, on, its own decision, to cancel, in one or more blocks, all or part of the Company shares it holds or may hold under the aforesaid article L.225-209, and to reduce the share capital by the total nominal amount of shares thus cancelled, within the limit of 10% of the capital, per period of twenty-four months.

The general meeting hereby vests the Board of Directors with all the necessary powers to proceed with the capital reduction(s), charge the difference between the buyback price of the cancelled shares and their par value to any item of reserves and premiums, make the necessary amendments to the articles of association, file any declarations with the financial markets authority, carry out any requisite formalities and generally speaking do what is necessary.

This authorization is granted for twelve months from this Meeting.

## III – ORDINARY RESOLUTION

### Twelfth resolution

To proceed with any publication and filing required by law, and generally to carry out any statutory formalities, all powers are vested in the holder of original or duplicated copies or excerpts of these resolutions.

# Notes



# Notes



**Limited Liability Company (Société Anonyme) with capital of 33,514,005 euros**  
**Registered office, management and Supervision:**  
**6, boulevard Bineau**  
**92300 Levallois-Perret**  
**trade register : Nanterre B 562 088 542 – SIRET number 562 088 542 00369**

[www.gevelot-sa.fr](http://www.gevelot-sa.fr)