2018 INTERIM FINANCIAL REPORT

including:

- 2018 Interim Management Report
- Condensed consolidated financial statements at 30 June 2018
- Statutory Auditors' report on the 2018 condensed half-yearly financial information
- Statement by the person responsible for the 2018 Interim Financial Report

PRODWAYS GROUP
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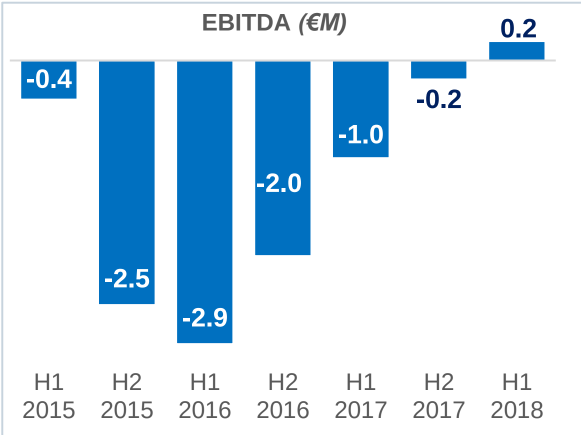
Extract from the press release dated 14 September 2018

Prodways Group: strong improvement in EBITDA in the first half of 2018

- **Strong revenue growth in the first half of 2018 (+88.1%)**
- **Positive EBITDA in the first half of 2018**
- **Strong improvement in cash flow from operating activities (+€1.0 million)**
- **2018 target confirmed**

(in € millions)	H1 2018[1]	H1 2017
Revenue	**27.6**	**14.6**
EBITDA[2]	**0.2**	**(1.0)**
Current operating income	(2.2)	(3.1)
Operating income	(2.4)	(3.3)
Taxes	(0.5)	0.4
net income	(2.9)	(3.0)
Net income – Group share	**(2.8)**	**(2.9)**



In the first half of 2018, **Prodways Group** posted revenue of €27.6 million versus €14.6 million for the first half of 2017, up 88.1%. Revenue maintained a high growth rate in the first half in both divisions, driven by firstly acquisitions and the strong momentum of the on-demand parts manufacturing activity.

EBITDA continued to improve over the period, amounting to €0.2 million versus -€1.0 million in 2017. This strong improvement was achieved despite several recently launched activities still generating losses.

Profit (loss) from continuing operations improved in line with EBITDA and stood at -€2.2 million, compared with -€3.1 million in the first half of 2017.

Non-current operating income items were up slightly to -€0.3 million, versus -€0.1 million in the first half of 2017. They comprised acquisition costs for €0.1 million and amortization of intangible assets recognized at fair value upon acquisition for €0.2 million. **Group operating income** picked up at -€2.4 million in the first half of 2018, versus -€3.3 million in the first half of 2017.

The **tax** expense stand at -€0.5 million, versus +€0.4 million in the first half of 2017. Accordingly, the Group recorded a **loss for the period attributable to the parent company** of -€2.8 million, versus -€2.9 million in the first half of 2017.

The Group's **cash flow generation** improved significantly, before tax, financial costs and change in working capital requirements; operating activities consumed €30 thousand in cash, which is well below the figure for June 30, 2017 (€1.2 million). At June 30, 2018, **cash flow from operating activities** thus rose significantly to €1.0 million, versus -€4.3 million over 2017. It benefited from a favorable change in **working capital requirements** of €1.7 million at June 30, 2018.

During the first half of 2018, Group **investments** amounted to €4.2 million, comprising mainly investments in new machines within the Products division.

At June 30, 2018, the Group still had a solid **net cash position** of €32.2 million, versus €36.7 million at December 31, 2017. This cash does not take into account the payment for the acquisition of Solidscape, which was finalized in mid-July 2018.

[1] The half-year consolidated statements were given a limited review by the Statutory Auditors, and their reports are presently being issued.
[2] Profit (loss) from continuing operations before depreciation, amortization and provisions, and before free share allocation expenses.

Performance by division

(in € millions)	Revenue			EBITDA		
	H1 2018	**H1 2017**	***Change***	**H1 2018**	**H1 2017**	***Change***
Systems	**16.0**	**7.5**	***+113.8%***	**(0.1)**	**(0.7)**	***+81.8%***
Products	**11.9**	**7.4**	***+59.3%***	**0.4**	**0.2**	***+70.1%***
Structure & disposals	*(0.3)*	*(0.3)*	*ns*	(0.1)	(0.5)	*+86.2%*
Group	**27.6**	**14.6**	***+88.1%***	**0.2**	**(1.0)**	***+120.0%***

The **Systems** division - comprising 3D software, 3D printers and related materials - achieved revenue of €16.0 million in the first half of 2018, a strong increase of 113.8% compared with 2017, benefiting in particular from the integration and strong performance of software activities. Regarding the sale of machines, some indicators are evolving very favorably. For example, the number of customers with more than one Prodways 3D printer increased from 10 to 22 in the first half of the year.

EBITDA recorded a loss of €0.14 million, versus a loss of €0.75 million in 2017. Improved profitability was driven by the positive contribution of materials as the installed base of machines increased, as well as by the strong performance of software activities, which offset losses in the machines activity, related to the company's development.

Revenue for the **Products** division - comprising on-demand parts manufacturing and medical applications - amounted to €11.9 million in the first six months of the financial year, up 59.3% compared with 2017. The on-demand parts manufacturing activity recorded strong growth, driven by investments in new 3D printers over the period and the contribution of the Varia 3D service bureau. Medical applications are still buoyant and benefit from the integration of Interson Protac.

The division's EBITDA amounted to €0.39 million in the first half of 2018, compared with €0.23 million for the same period last year. This 70.1% increase reflects the strong performance of the parts manufacturing activity and the integration of the audiology activity, which offset continued business development expenses incurred by PODO 3D and the transformation of CRISTAL.

Subsequent events and outlook

On July 17, Prodways Group announced that it had acquired the US 3D printing maker Solidscape (see the press release of July 17, 2018). Based in Merrimack, United States, the company has been developing a leading 3D printing technology for investment casting applications, particularly for the jewelry market, for more than 25 years. This acquisition strengthens the positioning of the Prodways Group, which bases its strategy on 3D printing manufacturing applications. The MOVINGLight® technology, already available to the jewelry market, the resins developed by Prodways Materials, and Solidscape's proprietary technologies complement each other perfectly and will give the Group a comprehensive and unmatched offer on the investment casting and jewelry market.

Consolidated over 12 months, Solidscape should generate revenue above $10 million in 2019, of which nearly 50% from sales of materials and supplies. The expected synergies, and particularly the marketing of small MOVINGLight® machines through Solidscape network of more than 50 international distributors, should enable the new subsidiary to post double-digit EBITDA by 2020.

During first-half revenue, the Group upgraded its 2018 objective and now expects to record revenue of more than €53 million. This upgrade does not take into account the contribution of Solidscape, which will be consolidated during the second half of the year. Accordingly, Prodways Group will raise again its 2018 target at the time of reporting the 2018 third-quarter revenue on October 26, 2018. Prodways Group's two divisions should continue to improve their performance in the medium term. Organic growth should continue to be bolstered by new acquisitions. Several projects aimed at strengthening the Group's existing activities or at increasing its geographical footprint are being considered. Following payment for the Solidscape acquisition, Prodways Group still has enough cash to carry out new acquisitions.

NOTE ON RELATED-PARTY TRANSACTIONS

Related parties are persons (Directors, managers of PRODWAYS GROUP or of its principal subsidiaries) or companies owned or managed by such persons (except for subsidiaries of PRODWAYS GROUP). The following transactions with related parties conducted during the year have been identified in the PRODWAYS GROUP financial statements:

In thousands of euros, in the Group's financial statements	GROUPE GORGÉ	GROUPE GORGÉ SUBSIDIARIES	CBG CONSEIL
Income statement			
Revenue	-	324	-
Other income	-	-	-
Purchases and other external charges	(296)	(395)	(35)
Balance sheet			
trade receivables	-	41	-
Miscellaneous receivables	7	-	-
Receivables related to tax consolidation	1,019	-	-
Trade payables	8	247	26
Miscellaneous debts	-	-	-
Liabilities related to tax consolidation	-	-	-

GROUPE GORGÉ is the principal shareholder company of PRODWAYS GROUP, owning 56.61% of the share capital. It is chaired by Mr Raphaël Gorgé, Chairman of PRODWAYS GROUP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

(in thousands of euros)	Notes	30/06/2018	30/06/2017*	31/12/2017*
NON-CURRENT ASSETS		**54,255**	**34,610**	**51,119**
Goodwill	5.1	35,084	18,560	34,394
Intangible assets	5.2	7,379	6,616	7,512
Property, plant and equipment	5.3	9,748	5,989	6,700
Investments in affiliated companies	7.4	952	1,478	1,504
Other financial assets		494	265	273
Deferred tax assets	8.0	598	1,702	736
CURRENT ASSETS		**61,579**	**80,923**	**63,885**
Net inventories	4.2	4,349	3,871	4,722
Net trade receivables	4.3	9,745	4,776	10,989
Contract assets	4.6	1,458	3,004	1,806
Other current assets	4.4	2,954	2,605	3,678
Tax receivables payable	8.0	1,217	278	1,182
Other current financial assets		-	31	31
Cash and cash equivalents	7.2	41,856	66,358	41,476
ASSETS HELD FOR SALE		**-**	**-**	**-**
TOTAL ASSETS		**115,834**	**115,533**	**115,004**

* June 2017 and December 2017 columns restated to reflect the items described in Note 1.2 (IFRS 15).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Total equity and liabilities

(in thousands of euros)	Notes	30/06/2018	30/06/2017*	31/12/2017*
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**83,623**	**85,728**	**86,344**
Share capital[(1)]	9.1	25,408	24,912	25,408
Share premiums[(1)]		84,474	78,645	84,371
Retained earnings and other reserves		(26,259)	(17,828)	(23,434)
NON-CONTROLLING INTERESTS		**380**	**49**	**408**
NON-CURRENT LIABILITIES		**7,413**	**14,043**	**5,140**
Long-term provisions	10.1	854	545	836
Long-term liabilities – portion due in more than one year	7.1	5,382	13,316	3,183
Other financial liabilities		-	-	889
Deferred tax liabilities	8.0	904	182	232
Other non-current liabilities		-	-	-
CURRENT LIABILITIES		**24,418**	**15,713**	**23,112**
Short-term provisions	10.2	105	28	210
Long-term liabilities – portion due in less than one year	7.1	4,301	3,890	1,582
Operating payables	4.5	6,806	5,362	8,476
Contract liabilities	4.6	1,581	430	1,353
Other current liabilities	4.5	11,497	5,823	11,414
Tax liabilities payable	8.0	127	181	77
LIABILITIES HELD FOR SALE		**-**	**-**	**-**
TOTAL LIABILITIES		**115,834**	**115,533**	**115,004**

* June 2017 and December 2017 columns restated to reflect the items described in Note 1.2 (IFRS 15)

(1) of the consolidating parent company.

CONSOLIDATED INCOME STATEMENT

(in thousands of euros)	Notes	30/06/2018	30/06/2017	31/12/2017
REVENUE		**27,552**	**14,645**	**34,807**
Capitalised production		1,295	1,119	3,224
Inventories and work in progress		(266)	(167)	(287)
Other income from operations		561	358	938
Purchases consumed		(16,503)	(9,007)	(22,377)
Personnel expenses		(12,098)	(8,071)	(17,914)
Tax and duties		(301)	(245)	(540)
Depreciation, amortisation and provisions (net of reversals)	4.1	(2,247)	(1,759)	(3,537)
Other operating expense (net of income)		(173)	(12)	235
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**(2,180)**	**(3,140)**	**(5,453)**
Non-recurring items	3.2	(265)	(148)	(1,137)
OPERATING INCOME		**(2,445)**	**(3,287)**	**(6,590)**
Interest on gross debt		(71)	(114)	(211)
Interest on cash and cash equivalents		3	1	5
COST OF NET DEBT (a)		**(68)**	**(113)**	**(206)**
Other financial income (b)		48	67	334
Other financial expense (c)		(55)	(100)	(166)
FINANCIAL INCOME AND EXPENSES (d=a+b+c)		**(75)**	**(146)**	**(38)**
Income tax	8.0	(489)	383	(1,178)
Group share of the earnings of equity-accounted companies		75	75	107
NET INCOME FROM CONTINUING ACTIVITIES AFTER TAX		**(2,934)**	**(2,976)**	**(7,698)**
Net income from discontinued activities		-	-	-
CONSOLIDATED NET INCOME		**(2,934)**	**(2,976)**	**(7,698)**
INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS		**(2,832)**	**(2,923)**	**(7,574)**
INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		**(102)**	**(53)**	**(124)**

Average no. of shares	9.2	50,780,030	37,939,523	44,061,841
Basic and diluted earnings per share (in euros)	9.2	(0.056)	(0.077)	(0.170)

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

(in thousands of euros)	30/06/2018	30/06/2017	31/12/2017
NET INCOME	**(2,934)**	**(2,976)**	**(7,698)**
Currency translation adjustment	(5)	47	30
Tax relating to currency translation adjustments	-	-	-
Actuarial gains and losses on defined benefit plans	1	50	30
Tax relating to actuarial gains and losses on defined benefit plans	-	(17)	(2)
Group share of gains and losses recognised directly in equity of equity-accounted companies	-	-	-
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**(4)**	**80**	**61**
- of which can be reclassified subsequently to profit and loss	(4)	80	61
- of which cannot be subsequently reclassified to profit and loss	-	-	-
CONSOLIDATED COMPREHENSIVE INCOME	**(2,938)**	**(2,895)**	**(7,637)**
COMPREHENSIVE INCOME ATTRIBUTABLE TO PARENT COMPANY SHAREHOLDERS	**(2,844)**	**(2,842)**	**(7,511)**
COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**(95)**	**(53)**	**(125)**

CASH FLOW STATEMENT

(in thousands of euros)	30/06/2018	30/06/2017	31/12/2017
NET INCOME FROM CONTINUING OPERATIONS	**(2 934)**	**(2 976)**	**(7 698)**
Accruals	2 265	2 071	4 729
Capital gains and losses on disposals	157	70	127
Group share of income of equity-accounted companies	(75)	(75)	(107)
CASH FLOW FROM OPERATING ACTIVITIES (before elimination of net borrowing costs and taxes)	**(587)**	**(910)**	**(2,950)**
Cost of net debt	68	99	206
Tax expense	489	(383)	1,178
CASH FLOW FROM OPERATING ACTIVITIES (after elimination of net borrowing costs and taxes)	**(30)**	**(1,194)**	**(1,566)**
Tax paid	(621)	(193)	(653)
Change in working capital requirements	1,678	(1,088)	(2,099)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**1,027**	**(2,476)**	**(4,319)**
Investing activities			
Payments/acquisition of intangible assets	(943)	(731)	(1,997)
Payments/acquisition of property, plant and equipment	(2,754)	(1,280)	(2,805)
Proceeds/disposal of property, plant and equipment and intangible assets	3	-	7
Payments/acquisition of long-term investments	(227)	(3)	(4)
Proceeds/disposal of long-term investments	6	19	24
Net cash inflow/outflow on the acquisition/disposal of subsidiaries	(281)	(1,000)	(8,481)
NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**(4,196)**	**(2,995)**	**(13,255)**
Financing activities			
Capital increase or contributions	-	62,531	62,483
Dividends paid to parent company shareholders	-	-	-
Dividends paid to non-controlling interests	-	-	-
Proceeds from borrowings	2,322	700	987
Repayment of borrowings	(785)	(473)	(11,157)
Cost of net debt	(57)	(99)	(168)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**1,480**	**62,660**	**52,146**
CASH GENERATED BY CONTINUING OPERATIONS (D= A+B+C)	**(1,689)**	**57,189**	**34,572**
Cash generated by discontinued operations	-	-	-
CHANGE IN CASH AND CASH EQUIVALENTS	**(1,689)**	**57,189**	**34,572**
Effects of exchange rate changes	4	*(5)*	(8)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**41,228**	**6,871**	**6,871**
Restatement of cash and cash equivalents	20	(180)	(206)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**39,565**	**63,875**	**41,228**

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in thousands of euros)	Group share or owners of the parent company						
	Capital	Share capital reserves	Treasury shares	Retained earnings and other reserves	Equity – Group share or owners of the parent company	Equity – Minority interest or non-controlling interests	Total equity
2017 CLOSING EQUITY	**25,408**	**84,371**	**(168)**	**(23,266)**	**86,344**	**408**	**86,752**
Share capital transactions	-	-	-	-	-	-	-
Treasury share transactions	-	-	9	-	9	-	9
Commitments to non-controlling interests	-	-	-	(15)	(15)	-	(15)
Payments in shares	-	103	-	3	106	-	106
Dividends	-	-	-	-	-	(38)	(38)
Net income (loss) for the period	-	-	*5*	*(2,838)*	*(2,833)*	*(102)*	*(2,934)*
Items in comprehensive income	-	-	-	*(17)*	*(11)*	*7*	*(4)*
CONSOLIDATED COMPREHENSIVE INCOME	-	-	5	(2,849)	(2,844)	(95)	(2,938)
Changes in scope	-	-	-	21	21	105	127
Other	-	-	-	-	-	-	-
JUNE 2018 CLOSING EQUITY	**25,408**	**84,474**	**(154)**	**(26,105)**	**83,623**	**380**	**84,003**

(in thousands of euros)	Group share or owners of the parent company						
	Capital	Share capital reserves	Treasury shares	Retained earnings and other reserves	Equity – Group share or owners of the parent company	Equity – Minority interest or non-controlling interests	Total equity
2016 CLOSING EQUITY	**16,897**	**23,857**	**-**	**(14,842)**	**25,911**	**101**	**26,012**
Share capital transactions	8,015	64,515	-	-	72,530	-	72,530
Treasury shares	-	-	(146)	-	(146)	-	(146)
Bond component	-	(10,000)	-	-	(10,000)	-	(10,000)
Payments in shares	-	273	-	3	276	-	276
Net income (loss) for the period	-	-	3	(2,927)	(2,924)	(53)	(2,976)
Items in comprehensive income	-	-	-	80	80	-	80
CONSOLIDATED COMPREHENSIVE INCOME	-	-	3	(2,847)	(2,843)	(53)	(2,896)
Changes in scope	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
JUNE 2017 CLOSING EQUITY	**24,912**	**78,645**	**(143)**	**(17,686)**	**85,728**	**48**	**85,776**

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

PRODWAYS GROUP's condensed consolidated interim financial statements cover a six-month period from 1 January to 30 June 2018. They were approved by the Board of Directors on 12 September 2018.

The Group observes variations in its businesses that can affect the level of revenue from one six-month period to another. Accordingly, the interim results are not necessarily indicative of what can be expected for full-year 2018.

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

NOTE 1 ACCOUNTING PRINCIPLES

1.1 Accounting principles

The Group prepares consolidated financial statements on a biannual basis, in accordance with IAS 34 "*Interim Financial Reporting*". They do not contain all the information required for annual financial statements and must be read in conjunction with the consolidated financial statements for the financial year ended 31 December 2017, as published in the 2017 financial report.

The condensed consolidated financial statements for the six-months ended 30 June 2018 were prepared using identical accounting policies as used to prepare the consolidated financial statements for the financial year ended 31 December 2017, with the exception of the new standards, revised standards and interpretations applicable as from 1 January 2018.

The Group has not applied the following standards and interpretations, which had not been adopted by the European Union as at 30 June 2018 or for which application is not mandatory as of 1 January 2018:

• Standards adopted by the European Union:

- amendments to IFRS 9,
- prepayment features with negative compensation,
- IFRS 16 – Leases;

• Standards not adopted by the European Union:

- IFRS 17 – Insurance contracts,
- IFRIC 23 – Uncertainty over income tax treatments,
- amendments to IAS 28 - Long-term interests in associates and joint ventures,
- amendments to IAS 28 and IFRS 10,
- sales or contributions of assets between an investor and its associate/joint venture - Annual improvements to IFRS 2015–2017 cycle (December 2017),
- amendments to IAS 19 - Plan amendment, curtailment or settlement,
- amendments to references to the conceptual framework in IFRS.

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

The process used by PRODWAYS GROUP to determine the potential impacts on the Group's consolidated financial statements of standards not yet applicable is in progress, in particular regarding the impact of IFRS 16 – *Leases*, for which application will be mandatory for financial years beginning on or after 1 January 2019. Per this standard, all leases other than short-term leases and leases of low-value assets must be recognised on the lessee's balance sheet in the form of a right-of-use asset and in counterpart to a financial debt.

1.2 Restatement of the financial information for prior years – implementation of IFRS 15

The Group implemented IFRS 15 – *Revenue from Contracts with Customers* for the first time in 2018. Since the Group chose the full retrospective approach, the financial statements for the first half of 2018 include the 2017 comparative financial statements, restated to reflect the effects of applying this new standard. The opening balance sheet at 1 January 2017 was also adjusted.

The main reasons for discrepancies between past rules and IFRS 15 are as follows:

Backlog.

IFRS 15 introduces the concept of an accounting backlog ("revenue to be recognised"). The Group did not previously include the backlog in its notes to the financial statements, but does so now. The definition of IFRS 15 complies with that previously applied by the Group.

Segmentation of contracts into performance obligations.
In certain situations, IFRS 15 imposes the segmentation of contracts into performance obligations with differentiated profit margins. This may be the case in particular for contracts combining construction and operations. The Group has not identified any such situations in its contracts.

Contract costs.
Under IFRS 15, the costs of obtaining a contract must be recognised as an asset and amortised if they represent incremental costs, i.e. costs the entity would not have incurred had that individual contract not been obtained, and which the entity expects to recover on the basis of the contract's expected profit. The Group has not identified any such costs.

Elements of variable consideration.
IFRS 15 defines the total transaction price as the total amount to which an entity expects to be entitled, which may therefore include upward or downward adjustments (discounts, revisions, indexation, penalties, etc.). The Group is already identifying the elements of variable consideration and including them in the transaction price as soon as they are estimated to be highly probable. In particular, late delivery penalties are taken into account when they are estimated to be probable, and decrease the revenue of the corresponding contracts.

Revenue recognition based on progress.
Under past rules, revenue from construction contracts was recognised using the percentage-of-completion method.
IFRS 15 provides criteria to demonstrate the gradual transfer of control of goods and services to the client and recognise revenue using the percentage-of-completion method. Revenue relating to service contracts is, as previously, recognised over time based on the completion of services, with the client benefiting from such services as they are performed.

Method for measuring progress.
With IFRS 15, the method for measuring progress is based on cost. Since the Group was already applying a cost-based percentage-of-completion measurement method (the rate of completion is equal to the ratio between the costs recognised to date and the total estimated costs at the end of the project), the rule now set by IFRS 15 has no impact.

Contract assets and liabilities.
New aggregates were created under assets and liabilities of the consolidated statement of financial position.
"Contract assets" and "contract liabilities" are determined on a contract-by-contract basis. "Contract assets" correspond to the share of revenue not yet invoiced to date, less customer advances. Revenue not yet invoiced is the difference between revenue calculated using the percentage-of-completion method to date and the invoices issued. Conversely, when the invoices issued exceed the revenue recognised to date, the net amount is accounted for under deferred income and aggregated with customer advances under "contract liabilities".

Restatement of financial statements as at 30 June 2017

All restatements of the financial statements as at 30 June 2017 concern the implementation of IFRS 15.

(in thousands of euros)	30/06/2017 published	Impact on the financial statements at 01/01/2017	Impact for the period	30/06/2017 restated
NON-CURRENT ASSETS	**34,610**	**-**	**-**	**34,610**
CURRENT ASSETS	**80,923**	**-**	**-**	**80,923**
Net inventories	5,054	(1,359)	175	3,871
Net trade receivables	6,596	(680)	(1,141)	4,776
Contract assets	-	2,038	966	3,004
Other current assets	2,605	-	-	2,605
Tax receivables payable	278	-	-	278
Other current financial assets	31	-	-	31
Cash and cash equivalents	66,358	-	-	66,358
ASSETS HELD FOR SALE	**-**	**-**	**-**	**-**
TOTAL ASSETS	**115,533**	**-**	**-**	**115,533**

(in thousands of euros)	30/06/2017 published	Impact on the financial statements at 01/01/2017	Impact for the period	30/06/2017 restated
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**85,728**	**-**	**-**	**85,728**
NON-CONTROLLING INTERESTS	**49**	**-**	**-**	**49**
NON-CURRENT LIABILITIES	**14,043**	**-**	**-**	**14,043**
CURRENT LIABILITIES	**15,713**	**-**	**-**	**15,713**
Short-term provisions	28	-	-	28
Long-term liabilities – portion due in less than one year	3,890	-	-	3,890
Operating payables	5,362	-	-	5,362
Contract liabilities	-	653	(223)	430
Other current liabilities	6,253	(653)	223	5,823
Tax liabilities payable	181	-	-	181
LIABILITIES HELD FOR SALE	**-**	**-**	**-**	**-**
TOTAL LIABILITIES	**115,533**	**-**	**-**	**115,533**

Restatement of financial statements as at 31 December 2017

All restatements of the financial statements as at 31 December 2017 concern the implementation of IFRS 15.

(in thousands of euros)	31/12/2017 published	Impact on the financial statements at 01/01/2017	Impact for the period	31/12/2017 restated
NON-CURRENT ASSETS	**51,119**	**-**	**-**	**51,119**
CURRENT ASSETS	**63,885**	**-**	**-**	**63,885**
Net inventories	5,669	(1,359)	412	4,722
Net trade receivables	11,849	(680)	(181)	10,989
Contract assets	-	2,038	(231)	1,806
Other current assets	3,678	-	-	3,678
Tax receivables payable	1,182	-	-	1,182
Other current financial assets	31	-	-	31
Cash and cash equivalents	41,476	-	-	41,476
ASSETS HELD FOR SALE	**-**	**-**	**-**	**-**
TOTAL ASSETS	**115,004**	**-**	**-**	**115,004**

(in thousands of euros)	31/12/2017 published	Impact on the financial statements at 01/01/2017	Impact for the period	31/12/2017 restated
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**86,344**	**-**	**-**	**86,344**
NON-CONTROLLING INTERESTS	**408**	**-**	**-**	**408**
NON-CURRENT LIABILITIES	**5,140**	**-**	**-**	**5,140**
CURRENT LIABILITIES	**23,112**	**-**	**-**	**23,112**
Short-term provisions	210	-	-	210
Long-term liabilities – portion due in less than one year	1,582	-	-	1,582
Operating payables	8,476	-	-	8,476
Contract liabilities	-	653	700	1,353
Other current liabilities	12,767	(653)	(700)	11,414
Tax liabilities payable	77	-	-	77
LIABILITIES HELD FOR SALE	**-**	**-**	**-**	**-**
TOTAL LIABILITIES	**115,004**	**-**	**-**	**115,004**

1.3 Valuation methods and rules

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

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

The above-mentioned assumptions mainly concern:

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

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

The valuation methods and rules applied to the interim consolidated financial statements are similar to those described in the notes to the 2017 financial statements.

NOTE 2 SCOPE OF CONSOLIDATION

2.1 List of consolidated companies

		% control		% interest		Method	
Company	**Parent company at 30 June 2018**	**June 2018**	**December 2017**	**June 2018**	**December 2017**	**June 2018**	**December 2017**
Structure							
PRODWAYS GROUP	Consolidating company	Top	Top	Top	Top	FC	FC
PRODWAYS ENTREPRENEURS	PRODWAYS GROUP	100	100	100	100	FC	FC
PRODWAYS 2 (1)	PRODWAYS GROUP	100	100	100	100	FC	FC
SYSTEMS							
3D SERVICAD	AVENAO SOLUTIONS 3D	100	100	100	100	FC	FC
AVENAO INDUSTRIE	AVENAO SOLUTIONS 3D	100	100	100	100	FC	FC
AVENAO SOLUTIONS 3D	PRODWAYS GROUP	100	100	100	100	FC	FC
DELTAMED (Germany)	PRODWAYS GROUP	100	100	100	100	FC	FC
EXCELTEC	PRODWAYS GROUP	100	100	100	100	FC	FC
PRODWAYS DISTRIBUTION (1)	PRODWAYS GROUP	100	100	100	100	FC	FC
PRODWAYS	PRODWAYS GROUP	100	100	100	100	FC	FC
PRODWAYS AMERICAS (USA)	PRODWAYS	100	100	100	100	FC	FC
PRODWAYS MATERIALS (Germany)	DELTAMED	100	100	100	100	FC	FC
PRODWAYS RAPID ADDITIVE FORGING	PRODWAYS GROUP	100	100	100	100	FC	FC
PRODUCTS							
CRISTAL	PRODWAYS GROUP	95	95	95	95	FC	FC
DENTOSMILE	PRODWAYS ENTREPR.	20	20	20	20	EM	EM
INITIAL	PRODWAYS GROUP	100	100	100	100	FC	FC
INTERSON-PROTAC	IP GESTION	100	100	75	75	FC	FC
IP GESTION	PRODWAYS GROUP	75	75	75	75	FC	FC
PODO 3D	PRODWAYS GROUP	82,07	82,07	82,07	82,07	FC	FC
PRODWAYS CONSEIL	PRODWAYS GROUP	90	90	90	90	FC	FC
VARIA 3D (USA)	PRODWAYS GROUP	70,50	45	70,5	45	FC	EM

(1) company with no operating activities

2.2 Changes in the consolidation scope

The only change in scope for the half-year period concerns the takeover of VARIA 3D, which was only 45% owned previously and consolidated using the equity method; the company is now fully consolidated as from the second quarter of 2018. As a result, goodwill was recognised in the financial statements; the assets and liabilities are being measured at fair value (see table below).

Fair value measurements of the assets, liabilities and contingent liabilities acquired in the second half of 2017 by AVENAO and INTERSON PROTAC have not yet been finalised; they will be adjusted in the next half-year period (12 months following the acquisition date).

VARIA 3D

The assets and liabilities acquired from VARIA 3D are broken down as follows:

(in thousands of euros)	Carrying amount	Revaluation at fair value	First consolidation
Property, plant and equipment	783	-	783
Inventories	70	-	70
Trade and other receivables	106	-	106
Cash and cash equivalents	46	-	46
Financial debt	(619)	-	(619)
Trade and other payables	(35)	-	(35)
TOTAL	351	-	351

NOTE 3 SEGMENT INFORMATION

In accordance with the provisions of the IFRS 8 standard – *Operating segments*, the segment information presented below is based on the internal reporting used by the General Management to assess the performances and allocate resources to the various segments. The General Management is the principal operational decision maker within the meaning of IFRS 8.

The three divisions defined as operational segments are the following:

- "Systems" division: PRODWAYS, PRODWAYS AMERICAS, PRODWAYS MATERIALS, VARIA 3D, DELTAMED, EXCELTEC, PRODWAYS RAPID ADDITIVE FORGING (formerly PRODWAYS 1) and GROUPE AVENAO;
- "Products" division: INITIAL, CRISTAL, PODO 3D, PRODWAYS CONSEIL, INTERSON PROTAC, and DENTOSMILE;
- "Structure" division: PRODWAYS GROUP (together with the companies PRODWAYS DISTRIBUTION, PRODWAYS ENTREPRENEURS and PRODWAYS 2, which are non-trading companies).

Key non-IFRS financial indicators are used by Group management:

- EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortisation) which corresponds to profit (loss) from continuing operations before depreciation, amortisation, impairment, bonus share allocation charges and other non-recurring income and items;
- profit (loss) from continuing operations.

EBITDA and profit (loss) from continuing operations are not IFRS financial aggregates and may not be comparable to indicators of a similar name used by other companies.

These non-IFRS indicators are defined and reconciled with operating income in Note 3.2.1.

3.1 Key indicators by division

IFRS 15 introduces the concept of an accounting backlog ("revenue to be recognised"). The Group did not previously include the backlog in its notes to the financial statements, but does so now. The definition of IFRS 15 complies with that previously applied by the Group.

FIRST HALF OF 2018

(in thousands of euros)	Systems	Products	Structure	Disposals	Consolidated
Backlog at start of period	3,873	988	-	(23)	4,838
Backlog at end of period	5,106	888	-	(31)	5,963
Revenue	15,970	11,855	696	(968)	27,552
EBITDA	(136)	393	(63)	-	195
% of revenue	(0.8%)	3.3%	(9.0%)	-	0.7%
Profit (loss) from continuing operations	(1,539)	(450)	(191)	-	(2,180)
% of revenue	(9.6%)	(3.8%)	(27.4%)	-	(7.9%)
Operating income	(1,700)	(450)	(294)	-	(2,445)
% of revenue	(10.6%)	(3.8%)	(42.2%)	-	(8.9%)
Research and development expenses capitalised over the period	756	134	-	-	890
Other property, plant and equipment and intangible investments	459	3,193	3	-	3,655

FIRST HALF OF 2017

(in thousands of euros)	Systems	Products	Structure	Disposals	Consolidated
Backlog at start of period	2,556	449	-	(25)	2,980
Backlog at end of period	2,391	540	-	(33)	2,899
Revenue	7,469	7,442	293	(559)	14,645
EBITDA	(749)	231	(457)	-	(975)
% of revenue	(10.0%)	3.1%	na	-	(6.7%)
Profit (loss) from continuing operations	(1,855)	(422)	(863)	0	(3,140)
% of revenue	(24.8%)	(5.7%)	na	-	(21.4%)
Operating income	(2,016)	(422)	(850)	0	(3,287)
% of revenue	(27.0%)	(5.7%)	na	-	(22.4%)
Research and development expenses capitalised over the period	595	95	-	-	690
Other property, plant and equipment and intangible investments	400	974	-	-	1,374

3.2 Reconciliation between segment indicators and consolidated data

To make it easier to compare financial years and monitor its operating performance, the Group has decided to isolate non-recurring items of operating income and present "profit (loss) from continuing operations". It also uses an EBITDA indicator. The tables below reconcile EBITDA with operating income.

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

FIRST HALF OF 2018

(in thousands of euros)	Systems	Products	Structure	Consolidated
EBITDA	**(136)**	**393**	**(63)**	**195**
Share-based payments (IFRS 2)	-	(3)	(125)	(128)
Depreciation, amortisation and provisions	(1,403)	(841)	(4)	(2,247)
PROFIT (LOSS) FROM CONTINUING OPERATIONS (A)	(1,539)	(450)	(191)	(2,180)
Amortisation of intangible assets recognised at fair value during the acquisitions	(161)	-	-	(161)
Acquisition costs	-	-	(104)	(104)
NON-RECURRING ITEMS IN OPERATING INCOME (B)	(161)	-	(104)	(265)
OPERATING INCOME (C) = (A)+(B)	**(1,700)**	**(450)**	**(294)**	**(2,445)**

FIRST HALF OF 2017

(in thousands of euros)	Systems	Products	Structure	Consolidated
EBITDA	**(749)**	**231**	**(457)**	**(975)**
Share-based payments (IFRS 2)	-	(3)	(403)	(406)
Depreciation, amortisation and provisions	(1,106)	(650)	(3)	(1,759)
PROFIT (LOSS) FROM CONTINUING operations (A)	(1,855)	(422)	(864)	(3,139)
Amortisation of intangible assets recognised at fair value during the acquisitions	(161)	-	-	(161)
Other	-	-	14	14
NON-RECURRING ITEMS IN OPERATING INCOME (B)	(161)	-	14	(147)
OPERATING INCOME (C) = (A)+(B)	**(2,016)**	**(422)**	**(850)**	**(3,287)**

3.3 Revenue by geographical area

FIRST HALF OF 2018

(in thousands of euros)	France	%	Europe	%	Other	%	Total Revenue	%
Systems	9,740	50%	3,838	70%	2,392	94%	15,970	58%
Products	10,079	52%	1,621	30%	154	6%	11,855	43%
Structure and disposals	(272)	(2%)	-	-	-	-	(272)	(2%)
TOTAL	19,546	100%	5,459	100%	2,547	100%	27,552	100%
%	71%		20%		9%		100%	

FIRST HALF OF 2017

(in thousands of euros)	France	%	Europe	%	Other	%	Total Revenue	%
Systems	1,932	24%	3,417	77%	2,120	100%	7,469	51%
Products	6,396	79%	1,037	23%	9	0%	7,442	51%
Structure and disposals	(266)	(3%)	-	-	-	-	(266)	(2%)
TOTAL	8,061	100%	4,455	100%	2,129	100%	14,645	100%
%	55%		30%		15%		100%	

NOTE 4 OPERATIONAL DATA

4.1 Depreciation, amortisation and provisions (net of reversals)

(in thousands of euros)	30/06/2018	30/06/2017	31/12/2017
DEPRECIATION, AMORTISATION AND PROVISIONS			
intangible assets	(929)	(624)	(1,337)
property, plant and equipment	(888)	(675)	(1,425)
Capital leases	(286)	(268)	(524)
SUBTOTAL	**(2,103)**	**(1,567)**	**(3,286)**
CHARGES TO PROVISIONS, NET OF REVERSALS			
Inventory and work in process	(3)	-	-
Current assets	(93)	(142)	(132)
Risks and charges	(48)	(51)	(119)
SUBTOTAL	**(144)**	**(193)**	**(251)**
TOTAL DEPRECIATION, AMORTISATION AND PROVISIONS	(2,247)	(1,759)	(3,537)

4.2 Inventory and work in process

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

(in thousands of euros)	30/06/2018			31/12/2017*		
	Gross values	Write-downs	Net values	Gross values	Write-downs	Net values
Raw materials	1,086	-	1,086	1,357	-	1,357
Semi-finished and finished	1,349	(515)	834	1,253	(513)	740
Goods	2,689	(259)	2,430	2,881	(256)	2,625
TOTAL INVENTORY AND WORK IN PROGRESS	5,123	(774)	4,349	5,492	(769)	4,722

** 31/12/2017 column restated to reflect the items described in Note 1.2 pursuant to IFRS 15.*

4.3 Net trade receivables and related accounts

(in thousands of euros)	30/06/2018	31/12/2017*
TRADE RECEIVABLES, GROSS VALUES	10,703	11,857
Impairment losses	(958)	(865)
CUSTOMERS, NET VALUES	9,745	10,989

** 31/12/2017 column restated to reflect the items described in Note 1.2 pursuant to IFRS 15.*

4.4 Other current assets

(in thousands of euros)	30/06/2018			31/12/2017
	Gross values	Write-downs	Net values	Net values
Advances and down-payments made	231	-	231	197
Other receivables	1,135	-	1,135	1,258
Social and tax receivables	1,118	-	1,118	1,936
Prepaid expenses	469	-	469	288
TOTAL OTHER CURRENT RECEIVABLES	2,954	-	2,954	3,678

4.5 Other current liabilities

(in thousands of euros)	30/06/2018	31/12/2017*
Suppliers	6,595	8,444
Fixed asset suppliers	212	32
TOTAL TRADE PAYABLES	6,806	8,476
Advances and down-payments received	-	-
Social Security liabilities	5,010	4,817
Tax liabilities	1,649	1,714
Miscellaneous debts	3,346	3,188
Deferred income related to the Research Tax Credit	1,492	1,695
TOTAL OTHER CURRENT LIABILITIES	11,497	11,414

** 31/12/2017 column restated to reflect the items described in Note 1.2 pursuant to IFRS 15.*

Deferred income corresponds to the research tax credit that will be recorded under income as the corresponding assets are amortised.

4.6 Contract assets and liabilities

"Contract assets" and "contract liabilities" are determined on a contract-by-contract basis. "Contract assets" correspond to contracts in force for which the value of created assets exceeds the advances received. "Contract liabilities" correspond to all contracts in a situation where the assets (work in progress, receivables in progress) are less than the liabilities (advances from clients and deferred income recorded when the invoices issued exceed the revenue recognised to date). These new items arise from the application of IFRS 15 (see Note 1.2).
The backlog (revenue to be recognised) is indicated by division in Note 3.2.

(in thousands of euros)	31/12/2017*	Change in the period	30/06/2018
Contract assets – work in progress	946	(347)	600
Contract assets – receivables in progress	860	(2)	858
TOTAL CONTRACT ASSETS	1806	(349)	1,458
Contract liability - progress	-	-	-
Contract liability - down-payment	629	(100)	529
Contract liability - deferred income from activity	724	329	1,053
TOTAL CONTRACT LIABILITIES	1,353	228	1,581

** 31/12/2017 column restated to reflect the items described in Note 1.2 pursuant to IFRS 15.*

NOTE 5 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

5.1 Goodwill

(in thousands of euros)	30/06/2018	31/12/2017
NET VALUE		
START OF THE PERIOD	34,394	18,560
Acquisitions	-	-
Changes in scope	689	15,834
Departures	-	-
Impact of changes in exchange rates	-	-
CLOSING	35,084	34,394
Write-downs	-	-
Systems	*71 %*	*73 %*
Products	*29 %*	*27 %*

5.2 Intangible assets

(in thousands of euros)	Development projects	Other intangible assets	TOTAL
GROSS VALUES			
AT 1 JANUARY 2018	9,130	3,680	12,810
Acquisitions	890	53	943
Changes in scope	-	-	-
Departures	-	-	-
Other changes	-	-	-
Impact of changes in exchange rates	-	-	-
AT 30 JUNE 2018	10,020	3,733	13,753
DEPRECIATION AND AMORTISATION, AND IMPAIRMENT			
AT 1 JANUARY 2018	3,161	2,136	5,298
Depreciation and amortisation	944	141	1,085
Changes in scope	-	-	-
Impairment losses	-	-	-
Departures	-	-	-
Other changes	39	(47)	(8)
Impact of changes in exchange rates	-	-	-
AT 30 JUNE 2018	4,144	2,230	6,374
NET VALUES			
AT 1 JANUARY 2018	5,968	1,544	7,512
AT 30 JUNE 2018	5,876	1,503	7,379

No indication of impairment was observed at 30 June 2018.

5.3 Property, plant and equipment

(in thousands of euros)	Land and buildings	Fixtures and equipment	Equipment held under finance	Non-current assets in progress	Advances and down-payments	TOTAL
GROSS VALUES						
AT 1 JANUARY 2018	837	11,393	3,452	433	-	16,115
Acquisitions	5	2,707	668	222	-	3,602
Changes in scope	-	891	-	-	-	891
Departures	-	(255)	-	(3)	-	(258)
Other changes	-	19	-	(101)	-	(82)
Impact of changes in exchange rates	-	26	-	-	-	26
AT 30 JUNE 2018	842	14,781	4,120	552	-	20,295
DEPRECIATION AND AMORTISATION, AND IMPAIRMENT						
AT 1 JANUARY 2018	329	7,155	1,932	-	-	9,415
Depreciation and amortisation	40	783	286	-	-	1,109
Changes in scope	-	87	-	-	-	87
Impairment losses	-	65	-	-	-	65
Departures	-	(142)	-	-	-	(142)
Other changes	-	9	-	-	-	9
Impact of changes in exchange rates	-	4	-	-	-	4
AT 30 JUNE 2018	369	7,960	2,218	-	-	10,547
NET VALUES						
AT 1 JANUARY 2018	509	4,238	1,520	433	-	6,700
AT 30 JUNE 2018	474	6,821	1,902	552	-	9,748

NOTE 6 DETAILS OF CASH FLOWS

6.1 Change in working capital requirements

(in thousands of euros)	Notes	Start of the period (1)	Changes in scope	Change over the year	Other changes (2)	Currency translation adjustment	Closing
Net inventories		4,722	72	(446)	-	1	4,349
Net receivables		10,989	109	(1,355)	-	1	9,745
Contract assets		1,806	-	(349)	-	-	1,458
Advances and down-payments		197	-	35	-	-	231
Prepaid expenses		288	-	181	-	-	469
SUBTOTAL	**A**	**18,002**	**181**	**(1,934)**	**-**	**3**	**16,252**
Trade payables		8,444	26	(1,795)	(81)	1	6,595
Contract liabilities		1,353	-	228	-	-	1,581
Advances and down-payments		-	-	-	-	-	-
Deferred operating income		-	-	-	-	-	-
SUBTOTAL	**B**	**9,797**	**26**	**(1,567)**	**(81)**	**1**	**8,176**
WORKING CAPITAL REQUIREMENT	**C = A - B**	**8,205**	**155**	**(367)**	**81**	**2**	**8,076**
Social and tax receivables		3,118	-	(782)	-	-	2,336
Other receivables		1,289	-	(154)	-	-	1,135
SUBTOTAL	**D**	**4,407**	**-**	**(936)**	**-**	**-**	**3,471**
Tax and social debts		6,647	7	132	-	-	6,786
Accrued interest		-	-	-	-	-	-
Other payables and derivative instruments		4,038	3	129	15	27	4,213
Deferred income related to the Research Tax Credit		1,695	-	(202)	-	-	1,492
SUBTOTAL	**E**	**12,380**	**10**	**59**	**15**	**28**	**12,491**
OTHER ITEMS OF WORKING CAPITAL REQUIREMENT	**F = D - E**	**(7,973)**	**(10)**	**(995)**	**(15)**	**(27)**	**(9,020)**
WORKING CAPITAL REQUIREMENT	**G = C + F**	**232**	**145**	**(1,363)**	**66**	**(25)**	**(944)**

(1) "Start of period" column restated to reflect the items described in Note 1.2 pursuant to IFRS 15.

(2) The "Other changes" column concerns cash flows that did not affect income from continuing operations or generate any cash movements or any restatements between accounts.

6.2 Net cash inflow/outflow on the acquisition and disposal of subsidiaries

(in thousands of euros)	30/06/2018	31/12/2017
Payments	(332)	(11,685)
Cash and cash equivalents of acquired companies	51	3,205
TOTAL	**(281)**	**(8,480)**

6.3 Subscription and redemption of long-term loans

INITIAL has subscribed three new loans during the half-year period to finance its investments:

- in April 2018, two bank loans of €300 thousand and €700 thousand subscribed with Crédit Agricole at fixed rates of 0.15% and 0.55% respectively (amortisable over a 5-year period);
- in June 2018, a bank loan of €1,350 thousand subscribed with BNP at a fixed rate of 0.57% (amortisable over a 5-year period, €1,320 thousand released at the end of June).

NOTE 7 FINANCING AND FINANCIAL INSTRUMENTS

7.1 Gross financial debt

Changes in borrowings and financial debt

(in thousands of euros)	Finance lease liabilities	Bank borrowings	Other borrowings	LONG-TERM DEBT	Bank overdrafts	GROSS FINANCIAL DEBT
AT 1 JANUARY 2018	1 519	2 722	277	4 518	248	4 766
New finance lease contracts	668	-	-	668	-	668
New bond issuance/subscription	-	2 320	2	2 322	2 296	4 617
Redemptions	(294)	(423)	(67)	(785)	(248)	(1 032)
Other changes[1]	-	(27)	38	12	-	12
First consolidation/(Deconsolidation)	-	-	640	640	(4)	636
Impact of changes in exchange rates	-	-	17	17	-	17
AT 30 JUNE 2018	1 893	4 592	907	7 392	2 292	9 683

[1] *Changes with no impact on cash flow related to effective interest rates and accrued interest on borrowings.*

The Group has a credit account of €10 million, intended to fund general corporate requirements and acquisitions. The facility is confirmed for €10 million until June 2019 and then on a declining basis for €2.5 million per year until December 2022. No draw-downs were made.

Schedule of borrowings and financial debt

				Debt due in more than 1 year				
(in thousands of euros)	30/06/2018	<one year	>one year	*one to two years*	*two to three years*	*three to four years*	*four to five years*	*> 5 years*
Restatement of finance leases	1,893	628	1,265	*630*	*412*	*134*	*89*	-
Bank borrowings	4,592	1,165	3,427	*1,102*	*958*	*859*	*494*	*14*
Other borrowings	907	217	689	*130*	*130*	*54*	*184*	*191*
FINANCIAL DEBT EXCLUDING CURRENT BANK OVERDRAFTS	7,392	2,010	5,382	*1,862*	*1,501*	*1,047*	*767*	*205*
Bank overdrafts	2,292	2,292	-	-	-	-	-	-
GROSS FINANCIAL DEBT	9,683	4,301	5,382	*1,862*	*1,501*	*1,047*	*767*	*205*

7.2 Cash and cash equivalents

(in thousands of euros)	30/06/2018	31/12/2017
CASH (a)	41,856	41,476
Bank overdrafts (b)	2,292	248
Cash appearing on the CFS (c)=(a)–(b)	39,565	41,228
Financial debt excluding current bank overdrafts (d)	7,392	4,518
NET CASH (NET debt) (c)-(d)	32,173	36,711
Treasury shares	152	165
ADJUSTED NET CASH (NET DEBT)	32,325	36,876

7.3 Derivative financial instruments

IP GESTION' minority shareholders have put options exercisable from 2023. PRODWAYS GROUP has a call option exercisable from 2021. These options have been valued at fair value through equity. The valuation is equivalent to the estimated current value of the option to date, which is itself a multiple of the estimated income of the subsidiary over the period in question.

(in thousands of euros)	Start of the period	In	2018 Income	Equity effect	Other	Closing
INTERSON-PROTAC call option	889	-	-	15	-	904
NON-CURRENT TOTAL	889	-	-	15	-	904

7.4 Investments in affiliated companies

The movements over the year are as follows:

(in thousands of euros)	Start of the period	In	Income	Exit	Other	Closing
DENTOSMILE	901	-	51	-	-	952
VARIA 3D	603	-	24	(627)	1	-
TOTAL EQUITY INVESTMENTS IN ASSOCIATES	1 504	-	75	(627)	1	952

VARIA 3D was consolidated through the equity method until 31 March 2018. Since then, it is fully consolidated, the Group having taken control.

NOTE 8 CORPORATE INCOME TAX

Details of corporate income tax

Breakdown of tax expense

(in thousands of euros)	30/06/2018	30/06/2017	31/12/2017
Deferred tax liabilities	(185)	577	(525)
Taxes payable	(304)	(193)	(653)
TAX EXPENSE	(489)	383	(1 178)

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

Tax receivables and payable

(in thousands of euros)	30/06/2018	31/12/2017
Tax receivables	1,217	1,182
Tax payable	127	(77)
NET TAX RECEIVABLE/(DUE)	1,090	1,105

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

Deficits carried forward are capitalised due to opportunities for rapid posting of these deficits. PRODWAYS GROUP and its eligible subsidiaries formed part of the tax consolidation constituted by GROUPE GORGÉ from 2014 to 2016. Tax consolidation ended when GROUPE GORGÉ's percentage ownership fell below 95% in May 2017. The deficits carried forward include those transferred to GROUPE GORGÉ under the tax consolidation in force between 2014 and 2016. They amounted to €16 million at 31 December 2017. The tax agreement with GROUPE GORGÉ stipulates that the deficits transmitted will be indemnified, not immediately, but according to the use PRODWAYS group would have made of them if it had not transmitted them under the tax consolidation. The Group will therefore be indemnified for the deficits which were transmitted to GROUPE GORGÉ when its result would have allowed the deduction of deficits, if they had not been transmitted under the tax consolidation, at the tax rate at that time. The terms of the agreement remain in force as long as deficits transferred are not indemnified, thus guaranteeing the Group complete tax neutrality.
Some deferred tax assets resulting from these capitalisations can be charged to tax liabilities because of the net deferred tax liability position of the companies concerned.

Underlying tax position

Bases [1] *(in millions of euros)*	30/06/2018	31/12/2017
Ordinary deficits	26.9	25.6
TOTAL	26.9	25.6

[1] Ordinary tax deficits carried forward including the indemnifiable deficits transmitted to GROUPE GORGÉ, only the non-capitalised part in the consolidated financial statements.

Breakdown of deferred taxes by type

(in thousands of euros)	30/06/2018	31/12/2017
DIFFERENCES OVER TIME		
Retirement and related benefits	171	160
Development costs	(46)	(58)
Finance leases	(1)	1
Derivative financial instruments	(13)	(16)
Fair value – IFRS 3	(697)	(703)
Other	96	132
SUBTOTAL	(489)	(484)
Temporary differences	78	91
Deficits carried forward	735	897
TOTAL	325	504
DEFERRED TAX LIABILITIES	(273)	(232)
DEFERRED TAX ASSETS	598	736

NOTE 9 SHAREHOLDERS' EQUITY AND EARNINGS PER SHARE

9.1 Shareholders' equity

As at 30 June 2018, the share capital of PRODWAYS GROUP was €25,407,821.50, consisting of 50,815,643 fully paid-up shares, each with a par value of €0.5.

Shareholding

	30-June-2018				31-Dec-17			
	Shares	% of share of capital	Voting rights exercisable at the Shareholders' Meeting [2]	% of voting rights exercisable at shareholders' meeting	Shares	% of share of capital	Voting rights exercisable at the Shareholders' Meeting [2]	% of voting rights exercisable at shareholders' meeting
GROUPE GORGÉ	28,767,733	56.61 %	28,767,733	56.65 %	28,767,733	56.61 %	28,767,733	56.65 %
Fimalac Développement	3,403,508	6.70 %	3,403,508	6.70 %	3,403,508	6.70 %	3,403,508	6.70 %
Safran Corporate Ventures	907,894	1.79 %	907,894	1.79 %	907,894	1.79 %	907,894	1.79 %
Bpifrance Participations	750,000	1.48 %	750,000	1.48 %	750,000	1.48 %	750,000	1.48 %
Treasury shares	35,613	0.07 %	-	-	34,604	0.07 %	-	-
Public	16,950,895	33.36 %	16,951,904	33.38 %	16,951,904	33.36 %	16,951,904	33.38 %
TOTAL	50,815,643	100 %	50,815,643	100 %	50,815,643	100 %	50,815,643	100 %

The shares held by BNP Développement, Bpifrance, Fimalac Développement and Safran Corporate Venture were subject to a one-year retention commitment as from the first listing of PRODWAYS GROUP shares. This commitment is no longer in force.

Since June 2017, PRODWAYS GROUP has implemented share buybacks as part of a liquidity contract.

Due to the existence of free share allocation plans, there are 550,660 potential shares.

9.2 Earnings per share

	30/06/2018	30/06/2017	31/12/2017
Weighted average number of shares	50,780,030	37,939,523	44,061,841
Dividend per share paid during the period	-	-	-
EARNINGS PER SHARE *(in euros)*	(0,056)	(0,077)	(0,172)
EARNINGS PER SHARE FROM ONGOING ACTIVITIES *(in euros)*	(0,056)	(0,077)	(0,172)
Dilutive potential ordinary shares[1]	550,660	657,940	556,960

[1] *To date, bonus share allocations are currently the only type of instrument in force with a potentially dilutive effect. To the extent that accounting for the dilutive effect of bonus shares would have decreased loss per share, diluted earnings per share is equal to basic earnings per share for the periods presented.*

NOTE 10 PROVISIONS AND CONTINGENT LIABILITIES

10.1 Long-term provisions

Long-term provisions relate only to retirement indemnities €854 thousand. The assumptions made in respect of this half-year are the same as at 31 December 2017 except for the discount rate, which increased from 1.31% to 1.45%. Following this change in the rate, the impact on equity for the period amounted to €(1.3) thousand (SORIE).

10.2 Other provisions for risks and charges

(in thousands of euros)	Litigation	Customer warranties	Other	Total
AT 1 JANUARY 2018	70	28	112	210
Appropriations	-	1	6	7
Provisions used	-	-	(106)	(106)
Reversals	-	-	(6)	(6)
IMPACT ON INCOME FOR THE PERIOD	-	1	(106)	(105)
Changes in scope	-	-	-	-
Other changes	-	-	-	-
Impact of changes in exchange rates	-	-	-	-
AT 30 JUNE 2018	70	29	6	105

NOTE 11 OTHER NOTES

11.1 Workforce

	30/06/2018	30/06/2017	31/12/2017
Systems	184	103	180
Products	211	141	192
Structure	2	2	3
TOTAL WORKFORCE	397	246	375
AVERAGE WORKFORCE	392	247	284

11.2 Commitments and contingent liabilities

Group commitments as recorded in the notes to the 2017 consolidated financial statements have not changed materially.

11.3 Exceptional events and disputes

The Group is involved in various legal proceedings. After reviewing each case and seeking counsel, the provisions considered necessary have, as applicable, been recorded in the financial statements.

11.4 Subsequent events

On 17 July 2018, PRODWAYS GROUP announced the acquisition of the American company Solidscape Inc, a subsidiary of Stratasys; this company is specialised in 3D printing machines and has been developing a leading 3D printing technology for investment casting applications, particularly for the jewellery market, for more than 25 years.

No other major events took place between 30 June 2018 and the date of the meeting of the Board of Directors that approved the condensed consolidated interim financial statements.

STATUTORY AUDITORS' REPORT
ON THE CONDENSED HALF-YEARLY FINANCIAL INFORMATION

(Period from 1 January to 30 June 2018)

PricewaterhouseCoopers Audit

63 rue de Villiers
92208 Neuilly-sur-Seine Cedex

Corevise

26 rue Cambacérès
75008 Paris

To the Shareholders,

PRODWAYS GROUP SA

19, Rue du quatre septembre
75002 Paris

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirement of article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of PRODWAYS GROUP, for the period from 1 January to 30 June 2018; and
- the verification of information contained in the Interim Management Report.

These condensed half-yearly consolidated financial statements are the responsibility of the board of directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists primarily in making inquiries of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that the financial statements, taken as a whole, are free from material misstatements, as we would not become aware of all significant matters that might be identified in an audit.

Based on our review, nothing has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union applicable to interim financial information.

Without qualifying the above opinion, we draw your attention to note 1.2 "Restatement of the financial information for prior years – implementation of IFRS 15" to the consolidated financial statements, outlining the changes to the consolidated financial statements as of 30 June 2017 and 31 December 2017 related to the retrospective correction of the financial statements.

II - Specific verification

We have also verified the information presented in the interim management report in respect of the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and its consistency with the condensed half yearly consolidated financial statements.

Neuilly-sur-Seine and Paris, 18 September 2018

The statutory auditors

PricewaterhouseCoopers Audit

David Clairotte

Corevise

Stéphane Marie

STATEMENT OF THE PERSON RESPONSIBLE FOR THE INTERIM REPORT

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

Raphaël Gorgé, Chairman and Chief Executive Officer