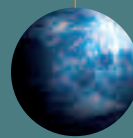




2007 : ANNUAL REPORT
PIPING PROJECTS AND BEYOND



PIPING PROJECTS AND BEYOND

Groupe Genoyer
is a world leader in
global piping
equipment solutions,
including products,
services and logistics,
for major international
oil, gas
and hydraulic projects

Turnover

365 M€

More than 75%

Sales achieved abroad

EBITDA

52 M€

1261

Employees all over the world

24 M€

Capital expenditures
(2007 - 2009)

37 M€

Net profit

: SUMMARY

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CONSOLIDATED FINANCIAL STATEMENTS

Consolidated balance sheet

ASSETS	Note	December 31, 2007			December 31, 2006
		Gross amount	Accumulated depreciation	Net amount	Net amount
<i>(€ IN THOUSANDS)</i>					
Non-current assets		95 473	64 733	30 740	24 980
Goodwill	2.1	7 876	4 291	3 585	769
Intangible assets	2.2	4 245	3 523	722	501
Tangible assets	2.3	82 667	56 853	25 814	22 973
Financial assets	2.4	685	66	619	737
Inventories		81 671	3 874	77 797	62 420
Raw materials and supplies		24 513	3 026	21 487	18 555
Work in progress		10 854	-	10 854	7 528
Finished goods		6 278	190	6 088	5 228
Goods purchased for resale		40 026	658	39 368	31 109
Accounts receivable		115 772	1 606	114 166	79 238
Advance payments to suppliers		1 932	-	1 932	3 824
Trade receivables	2.5	102 709	1 093	101 616	67 641
Other receivables	2.6	11 131	513	10 618	7 773
Other receivables and suspense accounts		5 615	-	5 615	5 486
Prepaid expenses		799	-	799	540
Deferred expenses	2.7	940	-	940	-
Deferred income tax assets	2.10	3 876	-	3 876	4 946
Cash in bank and on hand		17 796	-	17 796	16 610
TOTAL ASSETS		316 327	70 213	246 114	188 734



LIABILITIES AND SHAREHOLDERS' EQUITY

(€ IN THOUSANDS)

	Note	December 31, 2007	December 31, 2006
Shareholders' equity - Group	2.8	99 145	109 019
Share capital		61 179	61 179
Additional paid-in capital		-	192
Revaluation reserve		22 442	22 442
Retained earnings		(20 914)	6 646
Cumulative currency translation difference		(271)	481
Profit / (loss) for the period - Group share		36 709	18 079
Minority interests	2.8	733	8
Provisions and deferred taxes		5 871	5 403
Provisions for other liabilities and charges	2.9	5 705	4 767
Deferred income tax liabilities	2.10	166	636
Borrowings	2.11	34 914	3 099
Current Liabilities		105 451	71 205
Advance payments received		9 965	10 509
Trade payables	2.12	74 368	46 968
Salaries, wages, related social items and other tax liabilities		8 897	6 674
Payables related to capital expenditure		979	1 048
Deferred revenues		21	45
Other payables and accruals	2.13	11 221	5 961
TOTAL LIABILITIES		246 114	188 734

(The accompanying notes to the financial statements form an integral part of these consolidated financial statements.)

CONSOLIDATED FINANCIAL STATEMENTS



Consolidated statement of income

<i>(€ IN THOUSANDS)</i>	Note	December 31, 2007	December 31, 2006
Net sales	3.1	365 095	289 401
Operating expenses			
Purchases and changes in inventory of goods for resale		(171 632)	(136 682)
Raw materials used		(52 283)	(42 169)
Work in progress		4 405	1 552
Personnal costs		(34 860)	(32 549)
Other purchases and external expenses		(54 878)	(47 941)
Taxes (other than on income)		(2 003)	(2 046)
Depreciation and amortization		(5 337)	(4 923)
Net change in provisions	3.2	(1 243)	1 330
Other profit / (loss)	3.3	(1 525)	(2 501)
Operating profit		45 739	23 472
Financial profit / (loss)	3.4	63	(581)
Profit before income tax and exceptional items		45 802	22 891
Exceptional profit	3.5	577	308
Net income tax profit / (expense)	2.10	(9 231)	(5 153)
Profit before goodwill amortization		37 148	18 046
Goodwill amortization	2.1	(59)	11
Profit for the period		37 089	18 057
Minority interests		(380)	22
Profit for the period - Group share		36 709	18 079
EBITDA before restructuring, environment, health and safety costs	3.6	52 227	29 037
(€)			
BASIC EARNINGS PER SHARE	1.13	22,87	11,26
DILUTED EARNINGS PER SHARE	1.13	22,87	11,26



Consolidated statement of cash flows

(€ IN THOUSANDS)

	December 31, 2007	December 31, 2006
Operating activities		
Profit / (loss) for the period	37 089	18 057
Non cash items for operating activities		
Depreciation and changes in provisions	6 544	3 445
Goodwill amortization	59	(11)
Deferred income taxes	575	(600)
Net (Gain) / loss on sale and disposal of assets	(581)	(143)
Changes in working capital	(16 365)	(1 718)
Cash flows from operating activities	27 321	19 030
Investing activities		
Purchase of intangible and tangible assets	(7 840)	(7 192)
Purchase of financial assets	(177)	(32)
Proceeds from the sale of intangible and tangible assets	974	259
Proceeds from sale of financial assets	39	39
Acquisition of subsidiaries, net of cash acquired (*)	(4 007)	55
Changes in payables and receivables related to intangible and tangible assets	(68)	847
Cash flows from investing activities	(11 079)	(6 024)
Financing activities		
Proceeds from shareholders' loan and accrued interests on shareholder's loan	29 174	20
Repayments of borrowings	(231)	(117)
Deferred expenses related to financing activities	(1 115)	-
Other changes	(341)	(13)
Dividends paid	(43 493)	(9 519)
Cash flows from financing activities	(16 006)	(9 629)
NET CASH FLOWS	236	3 377
Effect on cash of changes in exchange rate	950	360
Cash and cash equivalents at the beginning of the period	16 610	12 873
Cash and cash equivalents at the end of the period	17 796	16 610

(*) Please refer to the Note "Main events of the period"



(The accompanying notes to the financial statements form an integral part of these consolidated financial statements.)



CONSOLIDATED FINANCIAL STATEMENTS

MAIN EVENTS OF THE PERIOD

MERGERS AND ACQUISITIONS

- Progressive acquisition through the year of 70% of share capital of the Italian company Colvès Fluid Control SRL. This company provides cast steel valves mainly for the construction of oil and gas projects and holds 90% of a Chinese factory, Nantong Colves Fluid Control.
- Acquisition of 98% of share capital of the French company IPS, specialized in providing piping products and complementary services for the construction of major international water projects.
- Acquisition of 5 % of Aquavia share capital. As of December 31, 2007, Aquavia share capital is owned at 100%.
- Acquisition of 55.46% of the remaining share capital of Société des Cadres du Groupe Genoyer ("SCGG") for a purchase consideration amounting to €2,070 thousand. SCGG was then consolidated leading to a reversal of depreciation in the retained earnings for an amount of €1,396 thousand. SCGG shares were transferred to Financiere Genoyer SA through a distribution of dividend for an amount of €3,732 thousand. The total gross value of shares of SCGG before its distribution was €4,696 thousand, depreciated by €964 thousand.

1 Summary of significant accounting policies

Genoyer SA and its consolidated subsidiaries (hereafter referred to as the "Company" or the "Group") prepare consolidated financial statements in accordance with the provisions of "Comité de la Réglementation Comptable" (CRC) regulation 99-02 and generally accepted accounting principles in France.

The preparation of financial statements requires the Group to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from these estimates.

The consolidated financial statements were approved by the Board of Directors on April 4, 2008.

1.1 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Genoyer SA and all of its material subsidiaries. Subsidiaries are all entities over which the Company has the power to govern the financial operating policies generally accompanying a shareholding of more than one half of the voting rights. The financial year end for all the companies included within the scope of consolidation is December 31.

Subsidiaries are consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date control ceases.

All intercompany balances and transactions between group companies are eliminated. The exchange differences arising on foreign currency intercompany transactions are included in the profit and loss account for the year.

The financial statements of the companies included in the consolidated financial statements are prepared in accordance with the accounting principles generally accepted in their respective countries. Some consolidation adjustments are recorded so as to ensure that these financial statements comply with the Group accounting principles.



1.2 GOODWILL

At the date of the acquisition of a subsidiary, identifiable assets acquired and liabilities assumed are measured at their fair value. The excess of the cost of acquisition over the fair value of net assets acquired is recorded as goodwill, recognized as an asset and amortized over a maximum duration of twenty years.

Negative goodwill is classified as "Provisions for negative goodwill" and recognized in the consolidated statement of income over a period that reflects as reasonably as possible the future prospects and forecasts of the subsidiary at the date of the transaction.

Goodwill is tested for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

1.3 REVALUATION OF TANGIBLE ASSETS

In 1998, the company proceeded to carry out a revaluation of tangible assets, on all subsidiaries. This revaluation took place in relation with the change of ownership structure of Financière Genoyer, shareholder of Genoyer Group. Technical and economic expert revaluated the tangible assets of the Group to their fair market value.

1.4 START-UP COSTS

Start-up costs are expensed as incurred.

1.5 NON CURRENT ASSETS

The most frequent useful lives are mentioned in the following note :

1.5.1 INTANGIBLE ASSETS

Intangible assets are mainly comprised of software which is amortized over 3 to 5 years.

1.5.2 TANGIBLE ASSETS

Tangible assets are stated at their historical cost. Components of tangible assets except land are depreciated using the straight-line method over their useful lives as follows:

• Buildings	20 years
• Fixtures and fittings	10 years
• Technical installations	5 to 10 years
• Tools and machinery	5 to 10 years
• Vehicles	4 to 5 years
• Furniture and office equipment	5 to 10 years

Material capital expenditures purchased under a finance lease are recognized as an asset and capitalized on the basis of the present value of the minimum lease payments. They are depreciated over their estimated useful lives.

CONSOLIDATED FINANCIAL STATEMENTS

The tangible assets acquired as part of the acquisition of Genoyer SA and its subsidiaries, and revaluated in 1998, are depreciated over their estimated remaining useful lives as follows :

• Buildings	10 years
• Fixtures and fittings	10 years
• Technical installations	10 years
• Tools and machinery5 to 10 years
• Vehicles3 years
• Furniture and office equipment3 years

The company incurs no significant inspection cost that may require a provision or a component to be recognized..

1.5.3 INVESTMENTS

Entities over which the Group has no significant influence or control are recognized at cost and not consolidated. A provision is recorded when the recoverable amount at the balance sheet date is lower than the net carrying amount. The recoverable amount is determined considering the net equity of the investment and its anticipated future cash flows.

1.6 INVENTORIES AND RECEIVABLES

Inventories are carried at the lower of cost or net realizable value with cost being determined item by item at average weighted cost. Given the specific nature of the products sold by the Company, aging has no effect on their net realizable value. The determination of the allowance against inventories is based on a classification by category of inventories prepared by the management, on the basis of knowledge of the market. If any risk is identified on the recoverability of an item, it is classified within the relevant category, which will be depreciated based on the analysis of the product and market. The net book value equals at minimum the scrap value.

Receivables are recognized at their nominal value and allowances calculated on a case by case basis, excluding value added tax, depending on local regulation.

1.7 FOREIGN CURRENCY TRANSLATION

Assets and liabilities of the Company's foreign subsidiaries and affiliates are translated into € at the year-end exchange rate and revenues and expenses are translated into € at exchange rates which approximate the average exchange rates prevailing during the period. The resulting translation adjustments are recorded in a separate account of shareholders' equity as "Cumulative Currency Translation Difference".

Transactions of Vilmar (located in Romania), mainly take place with Genoyer SA. As a result, it has been considered that the functional currency of Vilmar is the same as that of Genoyer SA i.e. the €. The historical rate method as recommended by CRC regulation 99-02 has been used to restate the accounts of Vilmar in €.

Assets and liabilities denominated in a currency different from the functional one are translated at the year-end exchange rate. Unrealized exchange gains and losses resulting from those transactions are recorded as income and loss for the period.



Payables or receivables of a consolidated entity, for which the repayment is neither planned nor likely to take place in the foreseeable future, are of a long-term investment nature. The exchange difference relating to these payables or receivables is accounted for directly in shareholders' equity.

Exchange gains and losses on monetary items are recognized as income/loss for the period.

1.8 FINANCIAL INSTRUMENTS

The group hedges its foreign exchange positions by using non-speculative forward exchange contracts. Hedged transactions are recorded at their forward hedging exchange rate.

Instruments qualifying under hedge accounting criteria are recognized as off balance sheet commitments until the realization of the hedged transactions.

1.9 DEFERRED TAXES

Deferred income tax results from temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their tax bases. The deferred income tax is provided using the liability method, whereby deferred tax balances are determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred income tax assets on tax losses and on temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which these assets can be utilized.

1.10 RETIREMENT BENEFITS

As recommended by "Conseil National de la Comptabilité" (CNC) regulation 2003 R-01, post retirement obligations are recognized in the balance sheet. A provision has been estimated based on actuarial assumptions and Group estimates relating to employee turnover. Inflation and discount rates are updated on a yearly basis. Actuarial gains and losses are recognized directly in the statement of income.

1.11 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Provisions for other liabilities and charges are recorded in accordance with CRC regulation 2000-06 concerning liabilities. Provisions are recorded to cover the liabilities and charges linked to known claims which relate to past events. These provisions are calculated based on the Group's best estimate of the probable outflow of resources that will be required to settle the obligation.

1.12 FINANCIAL BORROWINGS

Borrowings are stated at historical cost. A breakdown of these is presented in note 2.11.

Incremental financing costs are accounted for as "Deferred expenses" in the balance sheet and are amortized to the statement of income over the financing period.

1.13 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing Profit for the period - Group share by the weighted average number of ordinary shares in issue during the year. Diluted earnings per share are computed after taking into account equity instruments issued by the group (see note 2.11).



CONSOLIDATED FINANCIAL STATEMENTS

2 Notes to the balance sheet

2.1 GOODWILL

(€ IN THOUSANDS)	Opening December 31, 2006	Changes	Changes in exchange rate	Changes consolidation scope	Closing December 31, 2007
Gross value	5 020	-	(49)	2 905	7 876
Amortization	(4 251)	(59)	19	-	(4 291)
NET VALUE	769	(59)	(30)	2 905	3 585

The changes in consolidation scope are mainly related to the acquisition of the companies Colvès Fluid Control and IPS, leading to an additional goodwill amounting to €2,857 thousand.

2.2 INTANGIBLE ASSETS

(€ IN THOUSANDS)	Opening December 31, 2006	Additions	Disposals and retirements	Changes in exchange rate	Changes in consolidation scope	Closing December 31, 2007
Gross value						
Software	2 413	249	-	(5)	35	2 692
Acquired intangibles	68	-	-	-	-	68
Other	1 368	93	(5)	-	29	1 485
TOTAL	3 849	342	(5)	(5)	64	4 245
Amortization						
Software	2 163	78	-	(6)	-	2 235
Acquired intangibles	68	-	-	-	-	68
Other	1 117	108	(5)	-	-	1 220
TOTAL	3 348	186	(5)	(6)	-	3 523
NET VALUE	501					722



2.3 TANGIBLE ASSETS

(€ IN THOUSANDS)

	Opening December 31, 2006	Additions	Disposals and retirements	Changes in consolidation scope	Other changes	Changes in exchange rate	Closing December 31, 2007
Gross value							
Land	3 227	-	(31)	-	-	(4)	3 192
Buildings	26 047	275	(939)	689	87	(86)	26 073
Technical installations, equipment and machinery	43 296	1 145	(2 753)	38	6 032	(516)	47 242
Other (including assets in progress)	6 684	6 055	(400)	62	(6 119)	(122)	6 160
TOTAL	79 254	7 475	(4 123)	789	-	(728)	82 667
Amortization							
Buildings	19 656	2 092	(712)	-	-	(28)	21 008
Technical installations, equipment and machinery	33 815	2 592	(2 690)	-	-	(481)	33 236
Other	2 810	291	(403)	-	-	(89)	2 609
TOTAL	56 281	4 975	(3 805)	-	-	(598)	56 853
NET VALUE	22 973						25 814
including : Assets under capital leases	472						1 005

2.4 FINANCIAL ASSETS

(€ IN THOUSANDS)

	Opening December 31, 2006	Additions	Disposals and retirements	Changes in consolidation scope	Changes in exchange rate	Closing December 31, 2007
Gross value						
Investments *	2 767	2 070	-	(4 696)	-	141
Loans	94	-	(35)	10	-	69
Deposits	303	175	(4)	3	(2)	475
TOTAL	3 164	2 245	(39)	(4 683)	(2)	685
Provision						
Investments *	2 427	-	-	(2 361)	-	66
TOTAL	2 427	-	-	(2 361)	-	66
NET VALUE	737					619

* Please refer to Main Events of the period



CONSOLIDATED FINANCIAL STATEMENTS

Carrying amount of non consolidated investments

(€ IN THOUSANDS)	Gross value	Provision	Net value	% of ownership
BSL	15	(15)	-	N.S.
Phocéenne Chili	11	(11)	-	100.00%
Phocéenne Caracas	9	(9)	-	100.00%
Dynexport	67	(24)	43	100.00%
Oil Gas Piping Equipment	39	(7)	32	100.00%
TOTAL	141	(66)	75	

Entities for which consolidation is not significant or which are dormant or over which the Group has no significant influence or control are not consolidated.

2.6 BREAKDOWN OF OTHER RECEIVABLES

(€ IN THOUSANDS)	December 31, 2007	December 31, 2006
Suppliers - Credit notes to be received	2 716	1 923
Receivables on sale of assets	72	72
Taxes to be recovered	6 000	4 293
Other receivables	2 343	1 881
OTHER RECEIVABLES - GROSS	11 131	8 169
Provision on other receivables	(513)	(396)
OTHER RECEIVABLES - NET	10 618	7 773

Other receivables are due within one year.

2.7 DEFERRED EXPENSES

Some fees related to financing operations have been recorded as deferred expenses. The deferred financing expenses have been amortized over the remaining period of the loan up to July 2010. As of December 31, 2007, the deferred financing expenses amount to €940 thousand.

2.5 BREAKDOWN OF TRADE RECEIVABLES

(€ IN THOUSANDS)	December 31, 2007	December 31, 2006
Trade receivables	99 913	66 659
Invoices to be issued	478	30
Promisory notes	2 318	1 902
TRADE RECEIVABLES - GROSS	102 709	68 591
Provision for doubtful accounts	(1 093)	(950)
TRADE RECEIVABLES - NET	101 616	67 641





2.8 CHANGES IN SHAREHOLDERS' EQUITY

(€ IN THOUSANDS)

	Share capital	Additional paid-in capital	Retained earnings	Profit (loss) for the period	Cumulative currency translation adjustment	Total
Balance at December 31, 2005	61 179	192	31 688	6 919	678	100 656
Allocation of prior year earnings	-	-	6 919	(6 919)	-	-
Dividends distribution	-	-	(9 519)	-	-	(9 519)
Profit for the period	-	-	-	18 079	-	18 079
Change in translation differences	-	-	-	-	(197)	(197)
Balance at December 31, 2006	61 179	192	29 088	18 079	481	109 019
Allocation of prior year earnings	-	-	18 079	(18 079)	-	-
Profit for the period	-	-	-	36 709	-	36 709
Dividends distribution	-	(192)	(47 034)	-	-	(47 226)
Other Changes (*)	-	-	1 395	-	-	1 395
Change in translation differences	-	-	-	-	(752)	(752)
Balance at December 31, 2007	61 179	0	1 528	36 709	(271)	99 145

* Please refer to the Note "Main Events of the period"

THE CHANGES IN MINORITY INTERESTS ARE AS FOLLOWS :

(€ IN THOUSANDS)

	2007	2006
Minority interests at January 1	8	107
Changes in scope of consolidation	345	(77)
Profit for the period	380	(22)
MINORITY INTERESTS AT DECEMBER 31	733	8

CONSOLIDATED FINANCIAL STATEMENTS

2.9 PROVISIONS FOR OTHER LIABILITIES AND CHARGES

(€ IN THOUSANDS)	Opening December 31, 2006	Additions	Used during the period	Unused amounts reversed	Change in Consolidation Scope	Change in exchange rate	Closing December 31, 2007
Provisions for claims and customer risk	1 271	1 291	(157)	(85)	44	-	2 364
Provisions for pension liabilities	2 384	262	(99)	(14)	59	(85)	2 507
Provisions for restructuring	519	13	(191)	-	-	-	341
Provisions for other risks	593	149	(50)	(194)	-	(5)	493
PROVISION FOR OTHER LIABILITIES AND CHARGES	4 767	1 715	(497)	(293)	103	(90)	5 705

The impact on the result of additional provisions for other liabilities and charges and for amounts reversed unused is as follows :

(€ IN THOUSANDS)	Additions	Unused	Impact 2007
Operating profit	1 715	(293)	1 422
Financial income	-	-	-
Extraordinary items	-	-	-
IMPACT ON NET INCOME	1 715	(293)	1 422

Concerning the pension obligations related to Munro Miller the provision equals the difference between the fair value of the plan assets and the actual value of the obligation as of December 31, 2007.

(€ IN THOUSANDS)	2007	2006
Fair value of the assets	5 517	5 678
Actual value of the pension plan	6 413	6 758
DEFICIT OF THE PLAN	(896)	(1 080)

These elements are not to be settled at the short or medium term and their valuations are likely to change before they are settled. The main actuarial assumptions used are as follows :

	United Kingdom	France	Germany
Inflation rate	3.25%	2.60%	3.00%
Discount rate	5.75%	5.00%	5.00%
Turnover rate	n.a.	5.00%	4.50%
Return on plan assets	4.75% to 7.50%	n.a	n.a.
Age for retirement	60 to 65	65	60 to 63



2.10 BREAKDOWN OF DEFERRED INCOME TAXES

(€ IN THOUSANDS)

	2007	2006
Acquired assets at fair value	(372)	(644)
Carry forward tax losses	4 217	6 898
Temporary differences taxed at reduced rates	(260)	(311)
Capital leases	(67)	(83)
Intercompany margin on inventories	1 064	429
Pension obligations	612	535
Intercompany provisions	(1 614)	(2 896)
Deferred expenses	(368)	(48)
Other	498	430
DEFERRED INCOME TAX - NET	3 710	4 310
Deferred income tax - assets	3 876	4 946
Deferred income tax - liabilities	(166)	(636)
DEFERRED INCOME TAX - NET	3 710	4 310

Reconciliation between the reported income tax expense and the theoretical amount that would arise using the enacted tax rate in France is as follows:

(€ IN THOUSANDS)

	2007	2006
Profit before income tax and goodwill amortization	46 379	23 199
Income tax at statutory rate (33.33% in 2007, 33.33% in 2006)	15 458	7 732
Effect of different tax rates in foreign countries	(2 798)	(272)
Effect of other permanent differences	368	(322)
Impact of tax reassessment	713	-
Recognition of carry forward tax losses previously not recognized	(4 606)	(719)
Effect of changes in tax rates	-	(1 560)
Effect of change in estimates relating to prior periods	96	294
NET INCOME TAX (PROFIT) / EXPENSE	9 231	5 153

Genoyer SA, member company of the tax Group of which Financière Genoyer is the parent, was in 2006 subject to a tax audit from the French Tax Authorities (FTA) for the period January 1st, 2000 to December 31, 2005. The final settlement of the tax reassessment led to a non cash loss of carry forwards tax losses impacting the deferred tax assets for an amount of €149 thousand and an additional current income tax expense amounting to €564 thousand.

The recognition of carry forward tax losses previously not recognized for an amount of €4,606 thousand is related to deferred tax assets on tax losses of subsidiaries with improved forecasts.

CONSOLIDATED FINANCIAL STATEMENTS

2.11 ANALYSIS OF BORROWINGS

(€ IN THOUSANDS)

	Short Term	Medium Term	Long Term	Total 2007	Total 2006
Capital leases	108	113	460	681	187
Other borrowings	34 146	87	-	34 233	2 912
Other borrowings	34 254	200	460	34 914	3 099
TOTAL BORROWINGS	34 254	200	460	34 914	3 099
Cash in bank and on hand	(17 796)	-	-	(17 796)	(16 610)
NET DEBT	16 458	200	460	17 118	(13 511)

Short term: due within one year

Medium term: due between one and five years

Long term: due after more than five years

The other borrowings include a current account with a shareholder of Genoyer SA for €33 797 thousand.





2.12 TRADE PAYABLES

(€ IN THOUSANDS)

	December 31, 2007	December 31, 2006
Suppliers	55 269	33 737
Promissory notes	2 458	2 851
Invoices not yet received	16 641	10 380
TRADE PAYABLES	74 368	46 968

2.13 OTHER PAYABLES AND ACCRUALS

(€ IN THOUSANDS)

	December 31, 2007	December 31, 2006
Credit notes	2 581	1 441
Contractual duties	4 995	2 658
Various creditors	306	322
Taxes	1 413	769
Other	1 926	771
OTHER PAYABLES AND ACCRUALS	11 221	5 961



CONSOLIDATED FINANCIAL STATEMENTS



3 Notes to the income statement

3.1 BREAKDOWN OF THE SALES BY SUBSIDIARIES CLASSIFIED BY THEIR MAJOR ACTIVITY

	2007	2006
<i>(€ IN THOUSANDS)</i>		
Trading / Services activity	254 939	205 236
Manufacturing activity	110 156	84 165
TOTAL	365 095	289 401

Please refer to the Note "Subsidiaries included in the consolidated financial statements" for the classification of the subsidiaries by major activities.

3.2 NET CHANGE IN PROVISIONS

	2007	2006
<i>(€ IN THOUSANDS)</i>		
Reversal of / (Additions to) net on provisions		
On working capital	(317)	941
On other liabilities and charges	(926)	389
TOTAL	(1 243)	1 330

3.3 OTHER OPERATING PROFIT / (LOSS)

	2007	2006
<i>(€ IN THOUSANDS)</i>		
Penalties accrued net of penalties received	(1 355)	(950)
Rental income	69	31
Costs capitalized	43	18
Other operating income	163	268
Losses on receivables (*)	(232)	(1 687)
Other operating expenses	(213)	(181)
OTHER OPERATING PROFIT / (LOSS)	(1 525)	(2 501)

(*) In 2006 these losses were partly offset by the reversal of provisions for doubtful accounts for 1,317 thousand euros.



3.4 FINANCIAL PROFIT / (LOSS)

(€ IN THOUSANDS)

	2007	2006
Interest income	671	505
Net exchange gain / (loss)	191	(994)
Net change in financial provisions	-	146
Interest expense	(799)	(238)
FINANCIAL PROFIT / (LOSS)	63	(581)

3.5 EXCEPTIONAL PROFIT / (LOSS)

(€ IN THOUSANDS)

	2007	2006
Exceptional provisions for other liabilities, charges and exceptional depreciation	34	4
Capital gain / (loss) on sale of assets	580	143
Other items	(37)	161
EXCEPTIONAL PROFIT / (LOSS)	577	308

3.6 EBITDA BEFORE RESTRUCTURING, ENVIRONMENT, HEALTH AND SAFETY COSTS

The EBITDA is calculated from the net income or loss by reinstating interest income and interest expenses, some changes in financial provisions, income taxes, gain or loss from disposal of discontinued operations, depreciation of assets, amortization of goodwill, restructuring expenses including changes in provisions, and environment, health and safety related expenses including changes in provisions. 2006 amount restated also the employee profit sharing plan expense.

CONSOLIDATED FINANCIAL STATEMENTS



4 Other information

4.1 PERSONNEL

At December 31, 2007 the Group employed 1,261 persons (compared to 1,297 persons at December 31, 2006) of which 640 employees work for Vilmar in Romania.

As at December 31, 2007 the headcount breakdown is as follows :

	2007	2006
Executives	107	91
Employees, technicians, controllers	420	398
Manual workers	734	808
TOTAL	1 261	1 297

4.2 COMMITMENTS AND CONTINGENT LIABILITIES

(€ IN THOUSANDS)

Guarantees given

Forward exchange hedging contracts
 Endorsement, bond and letters of intention
 Guarantees given related to operations

Guarantees received

Guarantees received from suppliers
 Comfort letters

	2007	2006
Forward exchange hedging contracts	34 374	39 846
Endorsement, bond and letters of intention	7 948	9 820
Guarantees given related to operations	39 257	34 249
Guarantees received from suppliers	3 433	5 304
Comfort letters	590	

Guarantees given related to operations concern bid bonds, guarantees for completion and performance bonds in favour of customers and letters of intention in favour of suppliers.

The Group hedges its foreign exchange positions on import and export transactions by entering in foreign currency forward exchange contracts. Such transactions are recorded at the forward hedging rate.

Guarantees given and forward exchange contracts relate to net sales for the period and the backlog at December 31, 2007.



4.3 SHARE CAPITAL

The share capital of the Company is made up of 1,605,233 ordinary shares and amounts to €61,179 thousand.

4.4 MANAGEMENT WAGES AND BENEFITS

The aggregate amount of the wages and benefits granted to management for their functions as directors or as members of the Board is not disclosed as it would involve providing information regarding individuals.

4.5 TAX CONSOLIDATION GROUP

As part of section 223A of the French 'Code Général des Impôts' whereby no agreement from FTA is needed, Genoyer SA and the following companies: SBS, RTI, Aquavia, Europe Valves, have been included in the Financière Genoyer Tax consolidation group. This Tax consolidation group does not exist anymore as of January 1, 2008. Financière Genoyer and the other companies formerly included in this Tax consolidation group will be included in the Genoyer International Tax consolidation group as of December 31, 2008.

4.6 OTHER RELATED PARTIES TRANSACTIONS

As of December 31, 2007, the consolidated statement of income reflects certain transactions with related parties:

- management fees and other expenses recharged by Genoyer International for an amount of €479 thousand,
- financial interests expense related to the shareholder's loan with Financière Genoyer for an amount of €133 thousand.

4.7 POST BALANCE SHEET EVENTS

None to be reported.

CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries included in the consolidated financial statements

	Incorporated office	Method of Consolidation	% of interest	N° SIREN	B.D*
FRENCH SUBSIDIARIES					<i>* business division</i>
GENOYER SA	9/11 rue de Lisbonne – 13742 Vitrolles	Parent	100	063 803 704	T/S
SBS	42130 Boën sur Lignon	Global	100	330 927 377	M
RTI	Les Culs Menaux – 18110 Vasselay	Global	100	329 691 000	M
EUROPE VALVES	9/11 rue de Lisbonne – 13742 Vitrolles	Global	100	382 198 208	T/S
AQUAVIA	9/11 rue de Lisbonne – 13742 Vitrolles	Global	100	452 971 138	T/S
IPS	9 Rue Daumier – 13008 Marseille	Global	98	399 888 338	T/S
FOREIGN SUBSIDIARIES					
GGI	16360 Park Ten Place – #300 Houston – 77084 – Texas (USA)	Global	100		T/S
GGI CANADA	Suite 700 – 33 Alderney Drive – PO Box 876 – Dartmouth, Nova Scotia, B2Y 3Z5 (Canada)	Global	100		T/S
PHOCEENNE UK	27 New Bond street, London W1Y9HD (UK)	Global	100		T/S
NITCO	Nishishimbashi Yasuda Union Building 3F 4-2, Nishishimbashi 2 chome, Minato-ku, Tokyo 103-0005 (Japan)	Global	100		T/S
PHOCEENNE SA	Plazza de Castilla 3, Planta 8aA, 28046 Madrid (Spain)	Global	100		T/S
PHOCEENNE BV	Shielands Hoge Zeedijk 20 – 2802RB Gouda (Netherlands)	Global	100		T/S
MODERN VALVE	2392 E. Smiley Av. – Baton Rouge – Louisiana 70806 (USA)	Global	100		T/S
MUNRO & MILLER	East Mains Industrial estate – Broxburn EH52 5AU West Lothian Scotland (UK)	Global	100		M
FITHANDEL	Unit 1 Woodside Road–Aberdeen AB28EF– Scotland – (UK)	Global	100		T/S
BON ACCORD	Unit 1 Woodside Road–Aberdeen AB28EF– Scotland – (UK)	Global	100		T/S
ENGINEERING SUPPLIES	Caspian Unit : Bon Accord Caspienne Unit –13 km Salyan Highway – Shikh District – AZ1023 Baku– (Azerbaijan)				
SFS	Elevator Road – Trafford Park–Manchester M17 1BR (UK)	Global	100		M
VILMAR	Platforma Industriala n°1– Ramnicu Vilcea (Romania)	Global	100		M
UTM	40 Bd Joseph II – 1840 Luxembourg	Global	100		Un-allocated
PHOCEENNE SRL	Via Palestro, 6/8 – Genova 16122 – (Italy)	Global	100		T/S
PHOCEENNE ASIA PTE	C0171–Chin SWFF Road–#1109 SanCentre–169877Singapore	Global	100		T/S
SSH-PHOCEENNE JV PTE	36 Robinson Road # 17–01 City House Singapore 068877	Proportional	50		T/S
DL FLANGE	77–85 Little York Houston Tx 77018 (USA)	Global	100		M
DL FLANGE CANADA	438 rue McGill–bureau 200–H2Y 2G1, Montréal, Québec (Canada)	Global	100		M
WILHELM GELDBACH INDUSTRIE	Ziegelstraße 17, D-45886 Gelsenkirchen (Germany)	Global	100		M
PHOCEENNE MEXICO	Santa Margarita 108 302 Col Del Valle – Mexico Distrito Federal CP 03100 – Mexico	Global	100		T/S
GENOYER MANUFACTURING & TRADING GROUP (SHANGHAI) CO LTD	Suite 1606, Hai Bo Plaza, n°101 Nanmantou Rd, 200125, pudong District – Shanghai	Global	100		T/S
PT PHOCEENNE INDONESIA	Plaza Permata, Lantaï 11, JL MH Thamrin n°57, Jakarta Pusat 10350 (Indonesia)	Global	100		T/S
COLVES FLUID CONTROL SRL	Via F.Serpero 20060 Masate – Milan (Italy)	Global	70		M
NANTONG COLVES FLUID CONTROL	West Side Guoquiang Road, North Side N°190, North Outer Ring Road, Nantong, Jiangsu Province 226011, P.R.China	Global	63		M



CHANGE IN CONSOLIDATION SCOPE IN 2007

- Incorporation of the company Genoyer Manufacturing & Trading Group (Shanghai) Co Ltd (China).
- Incorporation of the company PT Phoceenne Indonesie (Indonesia).
- Acquisition of shares in the company Colves Fluid Control (Italy) directly owning Nantong Colves Fluid Control (China)
- Acquisition of shares in the company IPS (France)
- Acquisition of 5% of share capital of the company AQUAVIA (France)

The financial statements of Groupe Genoyer are consolidated in the financial statements of Financière Genoyer SA (France).



STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2007



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

KPMG Audit
Département de KPMG SA
1, Cours Valmy
92923 Paris La Défense
France

GENOYER SA
9-11, rue de Lisbonne
Zone Industrielle - BP600 61
13742 Vitrolles Cedex

PricewaterhouseCoopers Audit
Les docks - Atrium 10.1
10, Place de la Joliette - BP 81525
13567 Marseille, cedex 2
France

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS For the year ended December 31, 2007

Dear Sirs,

Following our appointment as statutory auditors by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Groupe Genoyer for the year ended December 31, 2007.

The consolidated financial statements have been approved by the Executive board. Our role is to express an opinion on these financial statements based on our audit.

1 - Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2007 and of the results of its operations for the year then ended in accordance with the accounting rules and principles applicable in France.

2- Justification of our assessments

In accordance with the requirements of 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:

Accounting Estimates

Provisions for the depreciation of operating assets

Your Company recognizes provisions to cover the risks related to the value of inventories and account receivable, described in Note 1.6 to the consolidated financial statements.

Accounting for deferred taxes

Deferred tax assets on tax losses and temporary differences are recognized to the extent that their future recovery is probable, as described in Note 1.9 to the consolidated financial statements.

As part of our audit and in accordance with professional standards on accounting estimates, we assessed the approach retained by the Group and have performed audit work on a test basis to validate the application of these methods.

The assessments were made in the context of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3 - Specific verification

In accordance with professional standards applicable in France, we have also verified the information given in the Group's management report. We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Marseilles and Paris La Défense, on April 4, 2008

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Aux Actionnaires
GENOYER SA
9-11, rue de Lisbonne
Zone Industrielle – BP 600 61
13742 Vitrolles Cedex

Mesdames, Messieurs,
En exécution de la mission qui nous a été confiée par votre assemblée générale, nous avons procédé au contrôle des comptes consolidés de la société Genoyer SA (le « Groupe ») relatifs à l'exercice clos le 31 décembre 2007, tels qu'ils sont joints au présent rapport.

Les comptes consolidés ont été arrêtés par votre Directoire. Il nous appartient, sur la base de notre audit, d'exprimer une opinion sur ces comptes.

I – Opinion sur les comptes consolidés

Nous avons effectué notre audit selon les normes professionnelles applicables en France ; ces normes requièrent la mise en œuvre de diligences permettant d'obtenir l'assurance raisonnable que les comptes consolidés ne comportent pas d'anomalies significatives. Un audit consiste à examiner, par sondages, les éléments probants justifiant les données contenues dans ces comptes. Il consiste également à apprécier les principes comptables suivis et les estimations significatives retenues pour l'arrêté des comptes et à apprécier leur présentation d'ensemble. Nous estimons que nos contrôles fournissent une base raisonnable à l'opinion exprimée ci-après.

Nous certifions que les comptes consolidés sont, au regard des règles et principes comptables français, réguliers et sincères et donnent une image fidèle du patrimoine, de la situation financière, ainsi que du résultat de l'ensemble constitué par les personnes et entités comprises dans la consolidation.

II – Justification de nos appréciations

En application des dispositions de l'article L 823-9 du Code du commerce relatives à la justification de nos appréciations, nous portons à votre connaissance les éléments suivants :

Estimations comptables

Provisions pour dépréciation des valeurs d'exploitation

Votre Groupe constitue des provisions pour couvrir les risques sur la valeur nette de réalisation des stocks de marchandises et des créances clients, tel que décrit en note 1.6 de l'annexe.

Comptabilisation des impôts différés

Les actifs sur pertes fiscales reportables et différences temporaires ne sont inscrits à l'actif de votre Groupe que lorsque leur utilisation future est probable, tel que décrit en note 1.9 de l'annexe.

Nous avons procédé à l'appréciation des approches retenues par le groupe sur la base des éléments disponibles à ce jour, et mis en œuvre des tests pour vérifier par sondage l'application de ces méthodes. Nous avons procédé à l'appréciation du caractère raisonnable de ces estimations.

Les appréciations ainsi portées s'inscrivent dans le cadre de notre démarche d'audit des comptes consolidés, pris dans leur ensemble, et ont donc contribué à la formation de notre opinion, exprimée dans la première partie de ce rapport.

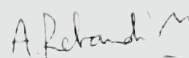
III – Vérification spécifique

Nous avons également procédé, conformément aux normes professionnelles applicables en France, à la vérification des informations relatives au Groupe, données dans le rapport de gestion. Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes consolidés.

Fait, à Paris La Défense et Marseille, le 4 avril 2008
Les commissaires aux comptes

KPMG Audit
Département de KPMG SA

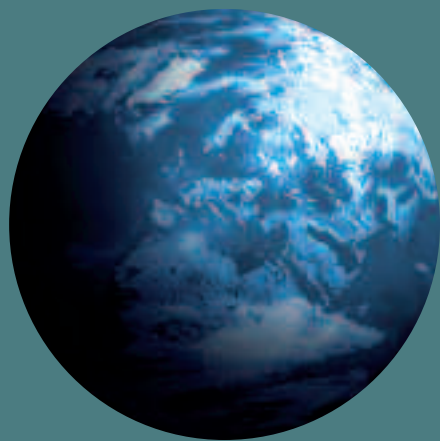
PricewaterhouseCoopers Audit



Axel Rebaudière



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