THE CONSUMER GOODS FORUM

Consolidated Financial Statements

For the year ended
31 December 2018

Contents

FINANCIAL STATEMENTS

STATEMENT OF INCOME & EXPENDITURE

(in thousands of euros)		12/31/2018	12/31/2017
Membership services revenues		4 909	5 046
Pillar revenues		1 454	1 321
Event revenues		7 831	8 014
Revenues	*Note 1*	**14 194**	**14 381**
Direct cost of Pillars		-1 595	-1 949
Direct cost of Events		-4 118	-4 195
Net contribution before overheads		**8 481**	**8 237**
Membership services revenues		*4 909*	*5 046*
Contribution Pillars		*-141*	*-628*
Contribution Events		*3 713*	*3 819*
Membership management		-571	-484
Employee costs	*Note 2*	-6 668	-5 946
Other operating expenditure		-1 140	-1 361
Operating surplus		**102**	**446**
Interest Income	*Note 3*	25	88
Exchange difference	*Note 3*	94	-275
Surplus before taxes		**220**	**259**
Income taxes	*Note 4*	-27	-80
Net surplus		**193**	**179**
Minority interests		0	0
Group net surplus		**193**	**179**

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	12/31/2018	12/31/2017
Group net surplus	**193**	**179**
Variation of translation adjustment	63	-147
Net comprehensive Income	**257**	**32**

BALANCE SHEET : ASSETS

(in thousands of euros)		12/31/2018	12/31/2017
Intangible assets	*Note 5*	10	17
Tangible assets	*Note 6*	161	238
Financial assets		82	80
Deferred tax assets		54	46
Non current assets		**306**	**380**
Accounts receivable	*Note 7*	2 465	2 390
Other receivables	*Note 8*	1 678	3 047
Cash		8 484	6 539
Current assets		**12 626**	**11 976**
TOTAL ASSETS		**12 932**	**12 356**

BALANCE SHEET : LIABILITIES AND RESERVES

(in thousands of euros)		12/31/2018	12/31/2017
Retail college reserves		500	3 146
Other reserves		8 263	5 437
Translation adjustment		-485	-549
Surplus of the year		193	179
Total reserves		**8 471**	**8 214**
Deferred tax liabilities		1	2
Non current provisions	*Note 9*	203	174
Non current liabilities		**204**	**176**
Current provisions		0	0
Current financial liabilities		2	2
Accounts payable		855	1 053
Income tax liabilities		22	6
Other current liabilities	*Note 10*	3 379	2 904
Current liabilities		**4 257**	**3 966**
TOTAL LIABILITIES AND RESERVES		**12 932**	**12 356**

CHANGE IN RESERVES

(in thousands of euros)	Retail college reserves	Other reserves	Reserves adjustments	Translation adjustment	Surplus of the year	**Total reserves**	Minority interests
Equity #01/01/2017	**3 146**	**4 440**	**0**	**-402**	**997**	**8 182**	**0**
Allocation of net surplus at #01/01/2017		997			-997	**0**	0
Currency translation adjustments				-147		**-147**	0
Net surplus at 12/31/2017					179	**179**	0
Total reserves at 12/31/2017	**3 146**	**5 437**	**0**	**-549**	**179**	**8 214**	**0**

(in thousands of euros)	Retail college reserves	Other reserves	Reserves adjustments	Translation adjustment	Surplus of the year	**Total reserves**	Minority interests
Equity 12/31/2017	**3 146**	**5 437**	**0**	**-549**	**179**	**8 214**	**0**
Allocation of net surplus at 12/31/2017		179			-179	**0**	0
Reassignment of retailer college reserve to other reserve	-2 646	2 646					0
Currency translation adjustments				63		**63**	0
Net surplus at 12/31/2018					193	**193**	0
Total reserves at 12/31/2018	**500**	**8 263**	**0**	**-485**	**193**	**8 471**	**0**

On June 15th the General Assembly voted to transfer 2,6 Mio € from the retailer college reserve to the general reserve leaving 0,5 Mio € for retailer college projects

CASH-FLOW STATEMENT

(in thousands of euros)	12/31/2018	12/31/2017
Net Income	193	179
Amortization and Depreciation	148	-38
Gains or losses on disposal of assets	0	2
Tax expense	27	80
Cash-flow	**368**	**223**
Tax paid	107	-474
Variation in trade receivables	-75	530
Variation in accounts receivable	1 253	-488
Variation in accounts payable	-199	127
Variation in other payables	476	-597
Cash flow from operating activities	**1 930**	**-679**
Acquisition of tangible and intangible assets	-34	-167
Variation in financial assets	-1	-1
Variation in account receivable on disposal of assets	-4	-2
Cash-flow from investment activities	**-39**	**-170**
Variation in Bank overdrafts	0	1
Cash-flow from financing activities	**0**	**1**
Effects of currency variation	54	-105
Variation in cash	**1 945**	**-954**
Cash & cash equivalents - Opening	6 539	7 493
Cash & cash equivalents - Closing	8 484	6 539
Variation in cash	**1 945**	**-954**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Section 1 – Basis of preparation and accounting policies

1.1. Basis of preparation of the consolidated accounts

The consolidated accounts for the year ended December 31, 2018 have been prepared in accordance with the standards and interpretations published by the IASB (International Accounting Standards Board) and IFRIC (International Financial Reporting Interpretations Committee) as adopted by the European Union and effective at that date. The relevant texts are available for consultation on the following website: http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm.

The financial statements have been prepared on a historical cost basis except for certain items for which the standards require measurement at fair value.

The accounting principles and methods used are the same as those applied for the preparation of the annual consolidated financial statements as at December 31, 2017, except for the application of the new obligatory standards and interpretations described below.
— Standards, amendments and interpretations effective as of January 1, 2018
• IFRS 15 - Revenue from Contracts with Customers;
• IFRS 9 - Financial Instruments;
• IFRIC 22 – Foreign Currency Transactions and Advance Consideration;
• IAS 40 A – Transfers of Investment Property;
• IFRS 2 A – Classification and Measurement of Share-based Payment Transactions;
• annual Improvements to IFRS Standards 2014-2016 Cycle.
These standards, amendments and interpretations do not have a significant impact on the Group's accounts as at December 31, 2018.

1.2. Significant accounting judgements and estimates

Preparation of the Group's consolidated financial statements requires Management to make estimates and judgements that are likely to affect the amounts of certain assets, liabilities, income and expenses appearing in these financial statements and their accompanying notes, notably for the assessment of provisions for risk and employees' retirement indemnities.

The group constantly updates its estimates and assessments using past experience in addition to other relevant factors in relation to the economic environment. The eventual outcome of the operations underpinning these estimates and assumptions could, due to the uncertainty that surrounds them, result in the need for significant adjustment to amounts recognised in a subsequent financial period.

1.3. Consolidation method

The companies controlled directly or indirectly by the Consumer Goods Forum, even if the Company does not directly own any of the equity of these companies, are consolidated using the full consolidation method. Control encompasses the three following components: (i) power over the entity; (ii) exposure or rights to variable returns from its investment with the entity; (iii) ability to use its power over the entity to affect the amount of returns obtained by the entity.

Companies are consolidated as of the date on which control, joint control or significant influence is transferred to the Group. The Group's share in the income & expenditure of these companies subsequent to acquisition is recorded in its income statement as of the same date. Similarly, post-acquisition changes in their reserves which are related to operations having no impact on the statement if income & expenditure are recorded in the consolidated reserves up to the limit of the Group's share. Companies cease to be consolidated as of the date when the Group transfers control, joint control or significant influence.

1.4. Operations in foreign currencies

The consolidated financial statements are presented in euros.

Transactions in foreign currencies

Transactions denominated in foreign currencies are translated into the functional currency of the entity at the rate prevailing on the date of the transaction.

Monetary assets and liabilities (including payables and receivables) in foreign currency are translated into the reporting currency at end of period using the balance sheet rate. Resulting foreign-exchange gains and losses are recorded in the statement of income & expenditure for the period.

Translation of foreign subsidiaries' financial statements

The Group's subsidiary outside the euro zone maintains its accounting records in the currency that is most representative of its economic environment. Their financial statements are translated into euros using the closing-rate method. All assets and liabilities are translated into euros using the exchange rate prevailing at the balance sheet date.

Income and expenses are translated using an-average exchange rate for the period. The resulting translation difference is recorded as a separate item of shareholders' equity under "Translation adjustments".

1.5. Intangible and tangible fixed assets

Intangible and tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The latter includes costs directly attributable to making the asset capable of operating as intended.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life on a straight-line basis , as follows:

Leasehold improvements:	6 years
Office equipment:	5-10 years
Computers	3 years
Computer software:	3 – 5 years

The carrying values of tangible fixed assets are reviewed for impairment periodically if events or changes in circumstances indicate the carrying value may not be recoverable.

1.6. Accounts receivable and other debtors

Trade receivable are recorded at amortized cost, which corresponds to their face value. Impairment is recognized for the amount of the losses expected upon maturity. This should reflect the probability of counterparty default and the expected loss rate.

Due to the specific nature of receivables (membership fees) a credit note is recorded if the Company deems that there is a risk of non-payment. Nevertheless, a study is being conducted to measure the probability of counterparty default using historical statistical data, in order to validate that this position is on line with IFRS 9 requirements.

1.7. Cash and cash equivalents

Cash and cash equivalents mainly consist of cash on hand and at bank, as well as short term deposits or investment certificates with original maturities of three months or less, and also mutual fund investments that are easily convertible into a known amount of cash, the liquid value of which is determined and published daily and for which the risk of a change in value is insignificant.

1.8. Provisions

A provision is made when, at the balance sheet date, (i) the Group has a present legal or constructive obligation as a result of a past event, (ii)it is probable that an outflow of resources will be required to settle the obligation, and (iii) a reliable estimate of the amount involved can be made.

The amount recognised as a provision represents the best estimate of the expenditure required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation and advice of experts (lawyers, advisors if necessary).

1.9. Post employment benefits

Defined benefit schemes

The company operates an unfunded defined benefit scheme under a statutory obligation to make specific payments to employees when they retire. The liability in the balance sheet is the present value of the defined benefit obligation which is derived using actuarial assumptions (see note 09).

The cost of providing benefits under the defined benefit plan is determined separately for each plan using the projected unit method. This method attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. Past service costs are recognised in income & expenditure on a straight-line basis over the vesting period or immediately if the benefits have vested. When a settlement or a curtailment occurs, the change in the present value of the scheme liabilities and of the fair value of the plan assets reflects the gain or loss which is recognised in the statement of income & expenditure. Losses are measured at the date that the employer becomes demonstrably committed to the transaction and gains when all parties whose consent is required are irrevocably committed to the transaction.

The interest element of the defined benefit cost represents the change in present value of scheme obligations relating from the passage of time, and is determined by applying the discount rate to the opening present value of the benefit obligation, taking into account material changes in the obligation during the year. The expected return on plan assets is based on an assessment (made at the beginning of the year) of long-term market returns on scheme assets, adjusted for the effect on the fair value of plan assets, of contributions received and of benefits paid during the year. The difference between the expected return on plan assets and the interest cost is recognised in the income statement as other finance income or expense. Actuarial gains and losses are recognised in full in the Statement Comprehensive Income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds that have been rated at AA or equivalent status), less any past service cost not yet recognised and less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and, in the case of quoted securities, is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

1.10. Operating income recognition

Subscription income is recognised for a calendar year (the membership year runs from 1 January to 31 December), and conferences and meetings income is recognised upon the event. Revenue from interest is recognised as interest accrues using the effective interest method.

1.11. Leases

Rentals payable under operating leases are charged in the Income and Expenditure account on a straight-line basis over the lease term. Lease incentives are recognised over lease term

1.12. Taxation

Deferred taxation

Deferred taxation is recognized in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognized in the financial statements, except that:

- Deferred tax assets are recognized only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.
- Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Current taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and tax laws that are enacted or substantively enacted by the balance sheet date.

Income tax is charged or credited directly to other comprehensive income if it relates to items that are credited or charges to other comprehensive income. Otherwise, income tax is recognized in the Statement of Income & Expenditure.

Section 2 – Scope of consolidation

2.1 Ultimate parent company

The consolidating entity or ultimate parent company is the CONSUMER GOODS FORUM,22/24 rue de Gouverneur Général Eboué 92130, Issy le Moulineaux, France; Registered company number: 78431519400042

2.2 Consolidation scope

At the year end the scope of the consolidation is the Consumer Goods Forum and its 100% owned subsidiary, the Consumer Goods Forum Japan Inc:

Name of the entity	Percentage interest	Percentage control	Consolidation method	Social equity in K€	Social result in K€	Number of actions (nominal)
THE CONSUMER GOODS FORUM (Paris , Washington and China branch)	100	100	IG	8 361	179	0 *(0)*
THE CONSUMER GOODS FORUM K.K. JAPAN	100	100	IG	258	27	0 *(0*

Section 3 - Notes to the Statement of Income & Expenditure

Note 1 – Revenues

The operating income of the CGF group is composed of the following revenues:

- Annual membership fees: invoiced for each calendar year, they are recognised as income in the year to which they relate.
- Subscriptions: These consist of subscriptions paid by the members to participate at specific events organised by the CGF.
- Sponsorship: CGF collects sponsorship revenues for events or initiatives from members or non members companies.

The subscription and event sponsorhip income is recognised in the year in which the related event occurs. Any subscription fees and sponsorship income invoiced in advance for events scheduled to take place in the following year is recorded as deferred income.

in M€	2018			2017		
	Total	France	Others countries	Total	France	Others countries
Turnover	14 194	940	13254	14 381	976	13 405
Total	**14 194**	**940**	**13 254**	**14 381**	**976**	**13 405**

The Consumer Goods Forum has obtained a grant of 93,660 Singapore dollars or 61,785.55 € from Singapore Tourism Board Subsidy for the organization of the Global Summit 2018. As an operating subsidy, it has been recorded as operating income in 2018. The payment of the grant will take place in 2019.

Note 2 – Employee costs

(in thousands of euros)	12/31/2018	12/31/2017
Personnel	-4 399	-3 948
Social charges	-1 868	-1 647
Other expenses	-402	-351
Employee costs	**-6 668**	**-5 946**

Average number of employees by category:

Categories	12/31/2018	12/31/2017
Executives	41	41
Employees	13	9
Average number of employees	**54**	**50**

Note 3 – Financial Interest & Exchange difference

(in euros)	31/12/2018	31/12/2017
Other Interest Income	25	88
Total Interest Income	**25**	**88**
Foreign exchange gains realized	240	159
Foreign exchange losses realized	- 146	- 434
Total Exchange difference	**94**	**- 275**

The exchange rate variance is due to the impact of the depreciation of the euro against the dollar on investments in dollars.

Note 4 – Income taxes

(in thousands of euros)	12/31/2018	12/31/2017
Tax charge for the year	-35	-73
Deferred tax	9	-7
Income taxes	**-27**	**-80**

(in thousands of euros)	**12/31/2018**
Surplus before taxes	220
Theoretical tax rate	28%
Theoretical tax	**-61**
Tax Credit	8
Taxes related to prior years	0
Effect of differed tax at 25%	-1
Income taxed at a different rate (foreign office)	29
Other permanent differences	-2
Income taxes	**-27**

Note 5 – Intangible assets

(in thousands of euros)	Gross	Amortisation	Net	12/31/2017
Concessions, licenses & similar rights	41	31	10	17
Intangible assets	**41**	**31**	**10**	**17**

The movement in intangible assets for the year is presented in the table below:

(in thousands of euros)	Concessions, licenses & similar rights	Total
Au 12/31/2017	39	39
Acquisitions	0	0
Disposal	0	0
Other variations	1	1
Au 12/31/2018	**41**	**41**

The movement in amortization of intangible assets for the year is presented in the table below:

(in thousands of euros)	Concessions, licenses & similar rights	Total
Au 12/31/2017	-23	-23
Charges for year	-7	-7
Disposal	0	0
Other variations	-1	-1
As at 12/31/2018	**-31**	**-31**
Net book value at 12/31/2018	**10**	**10**

Note 6 – Tangible assets

(in thousands of euros)	Brut	Depreciation	Net	12/31/2017
Leasehold improvements & office equipment	592	432	161	238
Tangible assets	**592**	**432**	**161**	**238**

The movement in tangible assets for the year is presented in the table below:

(in thousands of euros)	**Leasehold improvements & office equipment**	**Total**
Au 12/31/2017	576	576
Acquisitions	34	34
Disposal	-20	-20
Other variations	2	2
As at 12/31/2018	**592**	**592**

The movement in the depreciation of tangible assets for the year is presented in the table below:

(in thousands of euros)	**Leasehold improvements & office equipment**	**Total**
Au 12/31/2017	-339	-339
Dotations	-111	-111
Disposal	20	20
Other variations	-2	-2
As at 12/31/2018	**-432**	**-432**
Net book value as at 12/31/2018	**161**	**161**

Note 7 – Accounts receivable

(in thousands of euros)	12/31/2018	12/31/2017
Gross book value	2 467	2 392
Provisions	-2	-2
Net book value	**2 465**	**2 390**

Note 8 – Other receivables

(in thousands of euros)	Brut	Provisions	Net	12/31/2017
Advances and payments on account	411	0	411	441
Taxes	246		246	346
VAT	705		705	1 971
Other receivables	18	0	18	12
Prepayments	297		297	276
Other receivables	**1 678**	**0**	**1 678**	**3 047**

Note 9 - Provisions

(in thousands of euros)	12/31/2018	12/31/2017
Retirement indemnity provision (1)	203	174
Provisions for risk (2)	0	0
Provisions	**203**	**174**

(1) The provision for retirement is considered as an unfunded defined benefit pension scheme.
The company has an obligation under French law to make specific payments to employees when they retire. The future payment is calculated by an actuary and is based on length of service, age of retirement and salary.

The valuation used has been based on the most recent actuarial valuation at 31 December 2018.

The cost for the year amounts to € 29 180 (2017: (€ 28 579)).

The major assumptions used by the actuary were:

	2018	2017
Rate used to discount schemes' liabilities	1.5%	5%
Average rate of salary increases	3%	2%

The discount rate has been updated following the recommendation of the new provider.

Retirement indemnity provision

In thousands of euros	2018	2017
Present value of scheme liabilities	(203)	(174)
Deferred tax asset	51	44

Note 10 – Other current liabilities

(in thousands of euros)	12/31/2018	12/31/2017
Advances & payments on account received	104	311
Employee costs	622	568
Social organisations	648	579
VAT	63	90
Other taxes	50	60
Debts related to fixed assets	0	4
Other liabilities	18	16
Deferred revenues	1 874	1 277
Other current liabilities	**3 379**	**2 904**

Note 11 – Commitments and contingencies

The lease agreement for the associations head office located on rue du Gouverneur Général Eboué in Issy-les-Moulineaux was entered into in 2010 for a fixed term of 9 years ending November 2019.

Note 12 – Annual audit fees

The annual audit fees of the Group are presented in the table below :

Libellés	12/31/2018	12/31/2017
Audit : annual accounts	53	50
Audit : consolidated accounts	9	8
Annual audit fees	**62**	**58**

Note 13 – Executive management remuneration

Only one member of the association's management receives remuneration. Disclosure of management's remuneration would therefore lead to the determination of this individual's remuneration. As permitted by French law, this information is therefore not disclosed for the reasons of confidentiality.

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Note 14 - Subsequent events

No significant event occurred between the balance sheet date and the date on which the consolidated financial statements were approved by the Executive Board of the Consumer Goods Forum.