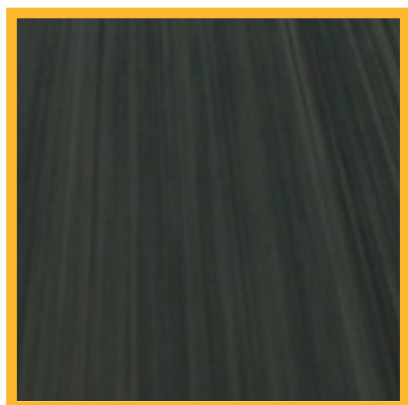
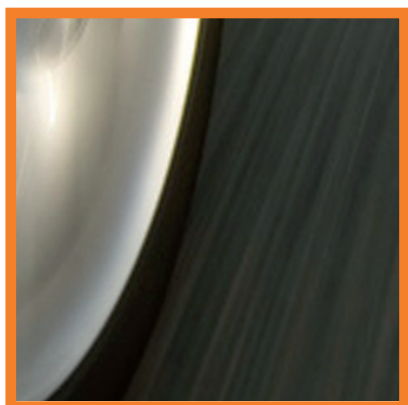
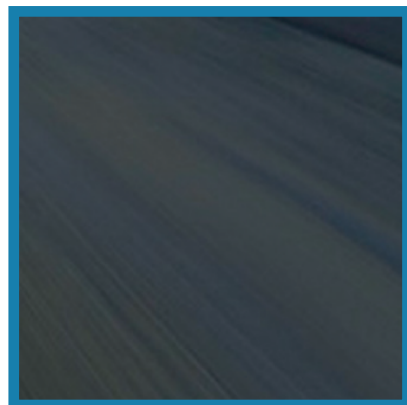
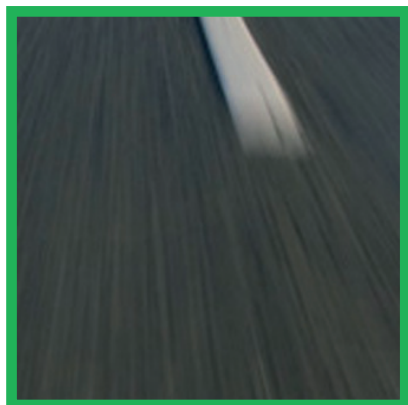


# ANNUAL REPORT 2014



This document is an unofficial translation of the French language reference document of MGI COUTIER. It is for information purposes only. In case of discrepancy with the original document in French, the latter shall prevail.

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# GROUP PROFILE

MGI COUTIER Group is an independent automotive equipment supplier that is active in two broad product families: fluid transfer and mechanisms.

Capitalising on a global presence with 40 manufacturing sites across 17 countries spanning 5 continents, MGI COUTIER provides its customers with innovative and reliable solutions at competitive prices thanks to its' 7,658 employees.

MGI COUTIER Group designs, manufactures and sells components, sub-assemblies or complete mechanisms.

In order to effectively anticipate and meet its customer requirements, MGI COUTIER is organized around 8 Divisions including 7 Product Divisions:

- ✓ FUEL SYSTEMS
- ✓ ARTICULATED SYSTEMS
- ✓ AUTOTUBE AB
- ✓ AVON AUTOMOTIVE
- ✓ MECHATRONICS
- ✓ POWERTRAIN
- ✓ CLOSING SYSTEMS
- ✓ AFTERMARKET

And a Division dedicated to Aftermarket activities.

10 Functional Departments ensure the coherence of strategies, organisations and systems across the entire Group and the optimisation of resources in the operating units.

## MESSAGE BY THE MANAGEMENT BOARD CHAIRMAN

Ladies and Gentlemen,

The Group stood out in 2014 by achieving a new turnover record that reinforces our strategy dynamic and our orientation towards globalisation.

Our operational profitability is perfectly in line with the indicator given to the market. The unusual and high costs incurred on the SCR systems for Adblue® tanks were controlled.

The financial indebtedness of the Group remains very low in spite of AUTOTUBE AB's acquisition, the important SCR investments and the high R&D expenditure.

Moreover, the acquisition of AUTOTUBE AB, in April, fully contributes in our march towards progress and enriches our activity with its perfect synergy of products and technology, its strong customer portfolio and its geographical footprint. From now on, JAGUAR LAND ROVER, VOLVO BUS, VOLVO TRUCKS and SCANIA are part of our ten main customers. We now have a good balance between general, heavy-weight and premium vehicle manufacturers. We are therefore less hampered with the differences in activity cycles between one another.

Equally worth noting, the start of production in our new factory in Portugal was successful. The construction of a manufacturing site in Mexico and the launch of two new facilities -one in Morocco and the other in China- will enable us to deliver the sales orders we took in 2014 and 2013.

These important orders prove the trust bestowed on us by our customers and confirm that our global interaction is coherent with our main customers' expectations.

I am very confident that our customers' good will as well as the expertise and full commitment of our teams worldwide will enable us to achieve the turnover target of EUR 800 million in 2015.

The internal growth should equally enable us to reach the one billion euros mark in 2018.

Any external growth opportunity that goes hand in hand with our strategy would be an asset to accelerate our success story.

*André COUTIER*

*Chairman of the Management Board*

# ADMINISTRATION, MANAGEMENT AND CONTROL

## **Supervisory Board**

Mr. Roger COUTIER ..... Chairman  
Mr. Paul DEGUERRY ..... Vice-Chairman  
Mr. Nicolas JOB  
Mr. Bertrand MILLET  
Mr. Jean-Claude SEVE  
COUTIER JUNIOR represented by Mrs. Geneviève COUTIER

## **Management Board**

Mr. André COUTIER ..... Chairman  
Mr. Benoît COUTIER  
Mr. Christophe COUTIER  
Mr. Mathieu COUTIER  
Mr. Nicolas COUTIER  
Mr. Jean-Louis THOMASSET..... Vice-Chairman  
Mr. Jean-François VILLANEAU

## **Management Team**

Mr. Philippe BILLEROT  
Mr. Frédéric DAGAULT  
Mr. Maxime DELORME  
Mr. Dominique GALUS  
Mr. Alain GIROUX  
Mr. Philippe JEAN  
Mr. David LETELLIER  
Mr. Pär LINDGREN  
Mr. Philippe MAO  
Mr. Frédéric MARIER  
Mr. Christophe REVY  
Mr. Lee RICHARDS  
Mr. Roger SANCHEZ

## **Statutory Auditors**

### **Permanent auditors :**

- ✓ ORFIS BAKER TILLY  
Mrs. Valérie MALNOY  
149, boulevard Stalingrad – 69100 VILLEURBANNE  
Appointed at the OGM held on June 22, 2012
- ✓ MAZARS SA  
Mr. Bruno POUGET  
P.A.E. Les Glaisins – 13, avenue du Pré Félin  
74940 ANNECY-LE-VIEUX  
Appointed at the OGM held on June 22, 2012

### **Alternate auditors :**

- ✓ Mr. Olivier BRISAC  
149, boulevard de Stalingrad – 69100 VILLEURBANNE  
Appointed at the OGM held on June 22, 2012
- ✓ Mr. Olivier BIETRIX  
131, boulevard de Stalingrad – 69100 VILLEURBANNE  
Appointed at the OGM held on June 22, 2012

## **Information Manager**

Mr. André COUTIER - Tel. : 04.50.56.98.98

## GENERAL OVERVIEW

**Leader in its fields of expertise, MGI COUTIER Group supports its customers in providing products tailored to their market requirements (more reliable, more environmentally-friendly and better driving experiences).**




### The alternative to major equipment suppliers

The focus on complete systems and the control of its environment enable MGI COUTIER to deliver:

- ✓ **The best Technological choice** hinging upon the creativity of its teams and their product specialisation.
- ✓ **The best professional choice** thanks to the mastery of numerous materials and processes
- ✓ **The best Industrial choice**, whether global or low cost.

As a specialist in fluid transfers and mechanisms, the

### Fluid Management

Air Intake			Coolant
Fuels			Additives
Oil Vapours			Windscreen Fluid
Air Regulation T°			Air Vacuum

### Mechanisms

Latches & Strikers			Handles
Hinges			Pedalboxes

Group is organized in seven Product Divisions and an AFTERMARKET DIVISION. This Division is dedicated entirely to after-market sales activities for manufacturers or independent markets. This organisation was established in 1998.

### Fluid Management

	TURNOVER (12 MONTHS)	CORE PRODUCT
AVON AUTOMOTIVE	42 %	Air ducts Coolant hoses Fuel lines and sensors
FUEL SYSTEMS	11 %	Fuel lines Depollution systems Brake booster lines
AUTOTUBE AB	10 %	Fuel lines Coolant lines Oil lines
POWERTRAIN	8 %	Air ducts Air intake manifolds Air cleaners Cam covers and oil separation
MECATRONICS	7 %	Washer systems Eco-fluids Additivation

### Mechanisms

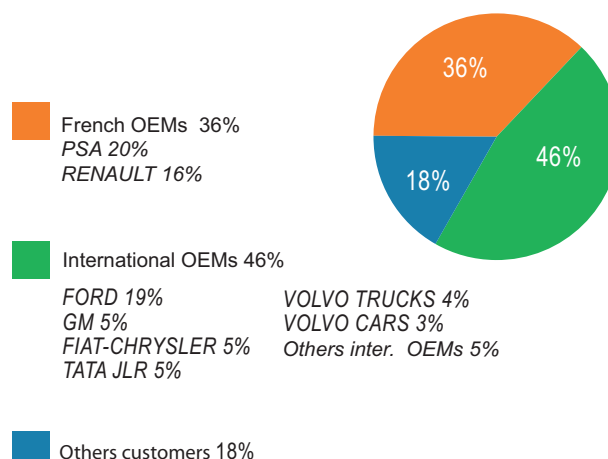
CLOSING SYSTEMS	ARTICULATED SYSTEMS
TURNOVER	TURNOVER
9 %	8 %
CORE PRODUCT	CORE PRODUCT
Latches & Strikers Handle	Hinges Pedalboxes

### Aftermarket

Service parts
TURNOVER
4 %
Miscellaneous
TURNOVER
1 %

Although MGI COUTIER's turnover was essentially Franco-British up to early 1997, the Group is now highly international.

2014, december the 31th turnover breakdown by customers





MGI COUTIER is present in 17 countries across 5 continents. It has 39 industrial sites and nearly 7,500 employees.

## The Group's objectives by 2020: Towards stronger leadership

### Globalisation of Product Lines

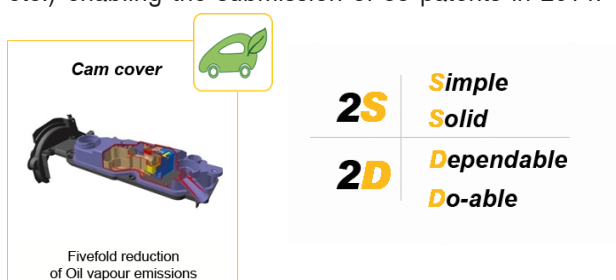
- ✓ To be present in all manufacturers' countries of origin and/or manufacture,
- ✓ To manufacture close to assembly plants,
- ✓ To have at least 30% of the market share with all our current customers,
- ✓ To gain new customers.

### Development of new products tailored to

- ✓ The new environmental standards (CO<sub>2</sub>, NO<sub>x</sub>, particulates, etc.),
- ✓ The specific needs of emerging economies (Russia, China, etc.),
- ✓ Vehicles in higher value segments and/or in development (Premium, SUV, etc.).

### Implementation strategies

- ✓ **A wide product range.** The Group stands out in the field with its comprehensive management of fluid transfer (storage, dosing, reheating, etc.) and expertise in mechanisms (bonnet, side doors, swing doors, cases, etc.).
- ✓ **A competitive approach to innovation based on high-performance,** structured organisation and responsiveness to tomorrow's requirements (processing of polluting emissions, reduction of the vehicle weight, etc.) enabling the submission of 38 patents in 2014.



- ✓ **A "2S2D" and 100% LEAN working approach** (Simple, Solid, Dependable, Do-able) applied on a daily basis to achieve smooth operations, continuous progress and customer satisfaction.
- ✓ **Excellence in Quality.** In 2014, with 3 PPM, the Group achieved a growth rate of 98% over 10 years.
- ✓ **Proven organisation and experienced teams.**
- ✓ **A desire for integration** combined with an open-minded approach throughout the design process to put forward the most suitable solutions, whilst maximising added value.
- ✓ **Global growth know-how and constant search for synergies** (customer portfolios, geographical expansion, product families, etc.)



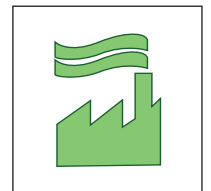
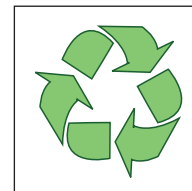
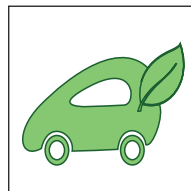
### Strong values

- ✓ Customer satisfaction lies at the heart of our strategy. Excellent service quality across the world is a token of trust from our customers.
- ✓ Family-owned Business, with the COUTIER family as a long-term and main stockholder devoted to the Group's development.
- ✓ Human capital driven by loyalty and equity to achieve effective results.

### Responsiveness to environmental issues

MGI COUTIER provides its customers, with innovative solutions or concepts adapted to present-day environmental issues and challenges.

Finally, the Group sites are ISO14001-certified and compliant with associated management standards. The reduction of energy consumption, waste and polluting emissions is at the heart of concerns within each of our plants.





# MANAGEMENT REPORT

**Submitted by the Management Board  
to the Ordinary and Extraordinary Annual  
General Meeting of 25 June 2015**

## Comments and highlights of consolidated accounts

### Accounting standards

MGI COUTIER's consolidated financial statements were prepared in accordance with IFRS standards as approved by the European Union.

During the course of the financial year, the Group adopted the required standards, amendments and implemented interpretations over the period. These texts have no impact on the Group's net profit/loss or its financial position.

### A new increase in products and functions' activity

For the financial year 2014, MGI COUTIER Group achieved a turnover of EUR 692.1 million, down by 4.3% in versus the previous year. On a comparable scope and exchange rate, the growth in Products & Functions' activity, which is the most representative activity, would increase +0.4%. This increase, which is slightly below the global automotive market's evolution, is mainly due to the focus of the Group on product lines with competitive advantage and potential positive profitability. Sales in Fluid Management rose to +9.2% realising thus the new highest rate. This increase results from positive internal growths and the acquisition of the Swedish Group AUTOTUBE AB on 3 April 2014. AVON AUTOMOTIVE remains the biggest division given its size and its important contribution of 43.4% to Products and Functions' turnover. Historic French manufacturers represent only 34% of the activity; while deliveries to customers outside France amount to 20% of total sales compared to 21.1% in 2013.

### The 2014 financial year highlights

Over the last financial year, the significant activities or organisational changes are described below:

- ✓ Acquisition of the total capital of the Swedish Group AUTOTUBE AB;
- ✓ Creation of a new legal entity MGI COUTIER LUSITANIA (Portugal) and launch of production in May;
- ✓ Purchase of land for the construction of a new plant in China, Chongqing;
- ✓ Purchase of new land for the construction of a new plant in Mexico, Juarez (to replace the current site which presented size and lease issues );
- ✓ Creation of a new legal entity MGI COUTIER MOROCCO and search for land or facilities to start production by the end of 2015;
- ✓ Sales orders achieved a record level following two very dynamic years;
- ✓ Start of ramp up phase for SCR Adblue® tanks which realized EUR 15.4 million of turnover over the financial year.

### A year marked with profitability consolidation

The consolidated turnover key figures for the financial year 2014 and 2013 are as follows:

(in millions of Euros)	31.12.14 (12 months)	31.12.13 (12 months)
Turnover excluding tax	692.1	663.8
EBITDA	74.4	77.0
Current operating profit	51.9	55.2
Operating profit	51.6	54.0
<b>Group share net profit</b>	<b>33.6</b>	<b>37.0</b>
<b>Self-financing ratio</b>	<b>51.4</b>	<b>58.5</b>

The gross margin stands at EUR 281.3 million, achieving an increase of 5.6% in relation to the previous financial year. Besides the impact of the activity development, these figures constitute a direct reflection of continued efforts to reduce purchase prices, improve industrial efficiency and incorporate processes that were formerly subcontracted in an environment that remains difficult.



Taxes and charges stand at EUR 4.9 million, marking a decrease of 19.4% over the financial year.

Personnel costs, including temporary staff and employee profit sharing for the French companies, stand at EUR 202.0 million, thanks to an increase of 10.3% compared to the previous financial year. The rise in the payroll over the financial year reflects the efforts made to push the production of SCR Adblue® tanks forward.

The EBITDA stands at EUR 74.4 million, decreasing by 3.5% compared to the previous financial year and representing 10.7% of the consolidated turnover (11.6% in 2013). In terms of value, it is the second best historical result.

Amortisation expenses stand at EUR 21.4 million, with an increase of 8.6% due to significant investments made as of 2012 financial year.

Net provisions stand at EUR 1.1 million as opposed to EUR 2.1 million in 2013. No individual significant events were observed over the last financial year.

The current operating profit stands at EUR 51.9 million, decreasing by 6.1% in relation to the previous financial year. This is the second best current operating profit in terms of value for the last fifteen years. Foreign subsidiaries contribute with EUR 59.8 million to the current operating profit. This is a historical record. All entities where MGI COUTIER is the major stockholder show positive profitability with the exception of MGI COUTIER BRASIL, MGI COUTIER ENGINEERING, INDUSTRIAL FLEXO (Spain), MGI COUTIER LUSITANIA and MGI COUTIER SA.

MGI COUTIER LUSITANIA and MGI COUTIER ENGINEERING are two companies whose activity has not stabilized yet. Their profitability is therefore not yet representative of their normal financial performance.

The other forms of non-current profits and charges stand at EUR -0.3 million as opposed to EUR -1.2 million in the previous financial year. No major events were observed over the last financial year.

The cost of net financial indebtedness stands at EUR -2.9 million as opposed to EUR -2.0 million in 2013. This is mainly due to the increase of gross financial debts related to the acquisition of AUTOTUBE AB Group and the bonded EuroPP-type loan (Euro Private Placement).

The other financial profits and charges stand at EUR -2.6 million compared to EUR -1.0 million in 2013. The sharp monetary fluctuations witnessed in 2014 resulted in net exchange losses of EUR 1.0 million against net exchange gains listed in 2014 at EUR 0.8 million. Moreover, it was agreed to introduce provisioning over the financial year

to hedge the full residual exposure of MGI COUTIER ILIA, which was included in the consolidated financial statements.

The tax on profits stands at EUR 13.0 million in 2014, as opposed to EUR 14.2 million in 2013. The Group has in particular benefited from generally lower average tax rates.

The Group's share of net income stands at EUR +33.6 million compared with EUR +37.0 million in 2013. This is the second best net result ever produced by the Group.

Non-financial investments stand at EUR 42.5 million as opposed to EUR 24.0 million over the previous financial year. As expected, the 2014 investments achieved a very high level that is mainly due to the production surge of SCR Adblue® tanks.

Net financial indebtedness remains under control, standing at EUR 64.8 million thanks to an increase of EUR 24.7 million over one year. Apart from the acquisition of the Swedish Group AUTOTUBE AB, the net financial indebtedness would noticeably decline once again over one year.

The Group's stockholder equity stands at EUR 225.8 million, with an increase of 22.0% compared to the previous financial year, which equally represents a historical record. Besides the Group's share of net income, the exchange differences relevant to stockholders' equity of subsidiaries outside the Euro zone have had a very significant impact on the level of stockholders' equity at the closing.

## **Continuous Research and Development endeavours**

In 2014, MGI COUTIER Group maintained its commitment to devote substantial resources for Research and Development.

Research and development costs stood at EUR 41.1 million, i.e. 5.9% of the consolidated turnover, compared with EUR 33.5 million in 2013.

These costs have been recorded in the accounts as charges over the period, as they do not meet all the criteria to be considered as fixed assets as provided for by accounting standards.

The Group has benefited from a research tax credit in the amount of EUR 3.1 million (EUR 2.7 million in 2013).

The main directions of Research and Development are to seek to find answers to environmental problems, and particularly:

- ✓ The reduction and processing of polluting emissions,
- ✓ The reduction of CO<sub>2</sub> emissions (by designing lighter parts),
- ✓ The development of solutions compatible with bio-fuels or meeting the requirements of hybrid or electric vehicles,
- ✓ Eco-design and product recycling.

### **Favourable prospects for 2015**

MGI COUTIER Group remains extremely attentive to sustaining its economic and financial performance.

The financial year 2015 would witness growing activity thanks to the integration of AUTOTUBE AB Group over the full year, the result of a more favourable exchange rate impact and the rise of SCR Adblue® tanks delivery.

The Group's ambitious yet realistic target is to achieve over the 2015 financial year a consolidated turnover standing at over 800 million euros with an operational profitability of 7 to 8% (of turnover).

### **MGI COUTIER (Private Limited Company with a Management Board and Supervisory Board)**

#### **Comments on the Parent-company financial statements and Year highlights**

As a reminder, the Parent-company financial statements were drawn up in accordance with the accounting principles applicable in France.

The turnover stands at EUR 239,2 million, down by 1.0% in relation to the previous year. MGI COUTIER has benefited from the start-up or ramp-up of new products generated thanks to Research and Development, in particular the SCR Adblue® tanks. In the opposite direction, the activity has suffered from the relative weakness witnessed by the European vehicle market and by the shrinkage of vehicle production volumes in France. The turnover achieved with MGI COUTIER's foreign subsidiaries represents EUR 34,6 million, i.e. 14.5% of its activity (13.2% in 2013). This growth is due to the full-year impact of plastic pipe production for the European AVON AUTOMOTIVE entities.

The gross margin stands at EUR 72.0 million, down by 11.4% in relation to the previous year. The competitive environment has remained particularly difficult over the financial year; the Company's profitability was hampered by the excess costs related to the production launch of SCR Adblue® tanks.

Taxes and charges stand at EUR 4.0 million, down by 6.4% in comparison to the previous financial year.

Personnel costs stand at EUR 73.1 million and represent 30.5% of turnover, as opposed to 30.1% in 2013. The Company continues to be hampered by certain plants that

experienced a particularly weak activity over the financial year and by the resources mobilized for research and development as well as the production of SCR Adblue® tanks.

The EBITDA stands at EUR 5.1 million, compared to EUR 4.3 million in the previous financial year. This seems to be the lowest amount observed over the past fifteen years.

The amortisation expenses, standing at EUR 9.8 million, are up by 23.6% taking account of the significant investments made since the financial year 2011.

Net provisions stand at EUR 1.0 million against 0.4 million in 2013. The company did not witness any major incidents over the financial year.

In the light of the above elements, the operating profit/loss stands at EUR -14.9 million, as opposed to EUR -0.4 million in 2013.

The financial profit stands at EUR +6.1 million as opposed to EUR +16.8 million in 2013. During the financial year 2014, the Company benefited from the payment of dividends by certain subsidiaries (AVON AUTOMOTIVE HOLDINGS INC, MGI COUTIER TUNISIA and MGI COUTIER ARGENTINA for the financial year ended). Net financial provisions stand at EUR 4.0 million compared to EUR 3.4 million over the previous financial year. In 2014, the Company had to make provisions for the risk of non-repayment of current accounts by MGI COUTIER ILIA and MGI COUTIER ENGINEERING (India). A value loss risk was recorded for equity securities of MGI COUTIER ARGENTINA.

The exceptional profit/loss stands at EUR -1.2 million as opposed to EUR -2.0 million in 2013. This amount corresponds to excess tax depreciation.

Over the financial year, the Company shows a profit tax yield of EUR 5.0 million as opposed to EUR 4.2 million in the previous financial year. A research tax credit was granted in the amount of EUR 3.1 million (EUR 2.7 million in 2013). The employment competitiveness tax credit (CICE) stood at EUR 2.4 million (EUR 1.5 million in 2013). This sum will only be refunded by 2018, unless it is set against profit taxes payable prior to the maturity date.

In the light of the above elements, the Company's net profit stands at EUR -5.0 million as opposed to EUR +15.0 million in 2013.

Acquisitions of tangible and intangible fixed assets stand at EUR 15.0 million as opposed to EUR 11.9 million in the previous financial year. The level of investment nonetheless remains clearly higher than the historical average. Acquisitions of financial fixed assets stand at EUR 41.3 million as opposed to EUR 2.1 million over the previous financial year. A capital increase was granted to MEIPL Company (India). The subsidiary MGI COUTIER MOROCCO and MGI COUTIER LUSITANIA (Portugal) were established. However, the major highlight of the financial year is the acquisition of the total capital of the Swedish company AUTOTUBE AB.

Based on the above elements, MGI COUTIER's net indebtedness (financial debts plus debts to other stockholders less Available Assets & Marketable Securities) stand at EUR 136.0 million as opposed to EUR 88.8 million in 2013. This indebtedness level is still deemed reasonable in relation to the size and profitability of the Group. Stockholders' equity before distribution of the profit stands at EUR 149.8 million as opposed to EUR 154.9 million for the previous financial year. Stockholders' equity represents 42.7% of the total balance sheet. Exceeding the 50% level remains a long-term target.

In accordance with decree n 2008-1492 dated 30 December 2008, we would inform you that payables stood at EUR 21.1 million at 31 December 2014 (excluding not received invoices) (EUR 27.0 million at 31 December 2013). This figure includes EUR 0.9 million that are due (EUR 0.9 million at the end of 2013). As for the balance of unmatured debts, EUR 10.6 million were to fall due within one month (EUR 13.8 million in 2013), EUR 8.2 million were to fall due within two months (EUR 9.2 million in 2013), EUR 1.2 million were to fall due within three months (EUR 2.7 million in 2013) and EUR 0.2 million were to fall due within more than three months (EUR 0.2 million in 2013).

## Human resources information

### Average headcount

	2014	2013
Executives	421	409
Employees, Technicians & Supervisors (ETAM)	2,468	2,559
Operatives	4,792	4,685
<b>Total</b>	<b>7,681</b>	<b>7,653</b>

### Headcount as of December 31, 2014

	2014	Percentage of females
Executives	425	18.4%
ETAM (Employees, Technicians & Supervisors)	2,451	27.7%
Operatives	4,782	45.6%
<b>Total</b>	<b>7,658</b>	<b>38.4%</b>

### Departures

Staff Departures	2014	2013
Voluntary	1,521	1,583
Redundancies and termination	302	280
Retirement	71	58
<b>Total</b>	<b>1,894</b>	<b>1,921</b>

## Employment

Hirings	2014	2013
Permanent personnel	1,053	1,575
Fixed-term personnel	811	674
<b>Total</b>	<b>1,864</b>	<b>2,249</b>

## Further information

	2014	2013
Total personnel charges (thousands of Euros)	202,018	183,231
Expenses allocated to training (percentage of payroll)	1.51%	1.55%

## Environmental information

The information below cover all the Group's sites with the exception of the Chinese and Indian sites as well as the two Swedish sites relevant to AUTOTUBE AB's Division.

## Resources Consumption

Consumption	2014	2013
Water (m3)	686,694	708,677
Plastic materials (tons)	12,117	12,265
Metal materials (tons)	16,720	18,543
Rubber materials (tons)	24,744	33,575
Electricity (Mwh)	92,434	92,695
Gas (Mwh)	18,069	25,845
Fuel (m3)	28,900	44,350

## Waste

Consumption	2014	2013
Ordinary industrial waste produced (tons)	18,069	18,364
Specific industrial waste produced (tons)	1,176	520
Total costs incurred for waste management (thousands of Euros)	401	405
Savings made thanks to waste recycling (excluding metal waste) (thousands of Euros)	342	336

## Stockholders and Stock Exchange

We would inform you of the significant equity investments, in terms of capital as well as voting rights, confirmed as at December 31, 2014.

Stockholders	Stocks	% of capital	% of voting rights
Sté COUTIER JUNIOR	15,331,170	57.33	57.34
Sté COUTIER SENIOR	3,259,480	12.19	12.19
Natural person executives	61,470	0.23	0.23
Public & Staff	8,083,764	30.23	30.24
Treasury stock	5,156	0.02	-
<b>Total</b>	<b>26,741,040</b>	<b>100.00</b>	<b>100.00</b>

MGI COUTIER is listed continuously in Compartment B of Euronext Paris since 4 April 2011 under stock code FR 00000 53027. The highest closing rate achieved during the course of the financial year was EUR 16,999 (9 May 2014), the lowest closing rate was EUR 9,553 (4 February 2014). The closing rate as at December 31, 2014 was EUR 11,64; which valued MGI COUTIER Group at EUR 311,3 million. The total volumes traded over the year stood at 2,528,429 stocks for a total number of 56,686 transactions, up by 248% in relation to the previous financial year.

## Terms of office in other companies

In accordance with the legal provisions in force, we would to bring to your knowledge the roles performed and interests held in other companies, in the foreign ones and those in the Group run by the managers and stockholders of MGI COUTIER.

Manager concerned	Roles exerted and interests held in other companies, including foreign and Group's companies		
	Name or company name	Legal form, town and location of registered office	Job titles
<b>André COUTIER,</b> born 15/02/1949  <b>Chairman of the Management Board</b>	COUTIER JUNIOR	SA (Champfromier - France)	Executive director
	POLE EUROPEEN DE PLASTURGIE	SAS (Oyonnax - France)	Permanent representative of MGI COUTIER
	MGI COUTIER ITALIA	S.R.L. (Asti - Italy)	Chairman of the Management Board
	MGI COUTIER UK	LTD (Minworth - United Kingdom)	Represents MGI COUTIER Executive director
	MGI COUTIER MAKINA	Anonim Sirketi (Bursa - Turkey)	Executive director, Vice-Chairman of the Board
	MGI COUTIER MEJICO	SA de CV (Saltillo - Mexico)	Chairman of the Management Board
	NINGBO MGI COUTIER AUTO PLASTICS	CO LTD (Cixi - China)	Executive director
	M.E.I.P.L.	Private Limited (Pune - India)	Executive director
	AVON AUTOMOTIVE HOLDINGS	INC (Cadillac - Michigan - USA)	Executive director
	AVON AUTOMOTIVE A.S.	A.S. (Rudnik - Czech Republic)	Chairman of the Supervisory Board
<b>Roger COUTIER,</b> born 18/10/1952  <b>Chairman of the Supervisory Board</b>	AVON POLYMERES FRANCE	SAS (Vannes - France)	MGI COUTIER representative Single APF stockholder
	COUTIER JUNIOR	SA (Champfromier - France)	Chairman of the Management Board
	COUTIER SENIOR	Société Civile (Champfromier - France)	Manager
	MGI COUTIER ITALIA	S.R.L. (Asti - Italy)	Executive director
	MGI COUTIER UK	LTD (Minworth - United Kingdom)	Executive director

<b>Mathieu COUTIER,</b> born 25/5/1975  <b>Member of the Management Board</b>	COUTIER JUNIOR	SA (Champfromier - France)	Executive director
	AVON AUTOMOTIVE HOLDINGS	INC (Cadillac - Michigan - USA)	Executive director
	AVON AUTOMOTIVE DEUTSCHLAND	GMBH (Stuttgart - Germany)	Executive director
	AVON AUTOMOTIVE A.S.	A.S. (Rudnik - Czech Republic)	Executive director
	INDUSTRIAL FLEXO SL	S.L (Sant Just Desvern - Spain)	Executive director
	AVON OTOMOTIV SANAYI SIRKETI	Anonim Sirketi (Gebze - Turkey)	Executive director
	AUTOTUBE AB	AB (Aktiebolag) (Varberg - Sweden)	Executive director
	AUTOTUBE Group	AB (Aktiebolag) (Varberg - Sweden)	Chairman & Executive director
<b>Benoît COUTIER,</b> born 19/10/1978  <b>Member of the Management Board since 20/12/2013</b>	COUTIER JUNIOR	SA (Champfromier - France)	Executive director
	MGI COUTIER BRASIL	LDA (Jundiai - Brazil)	Manager - Director
	MGI COUTIER ROM	SRL (Timis - Romania)	Executive director and CEO
	MGI COUTIER ILIA	CO PJS (Ghaemshahr - Iran)	Executive director, MGI COUTIER representative
<b>Christophe COUTIER,</b> born 06/05/1978			
<b>Member of the Management Board since 20/12/2013</b>	COUTIER JUNIOR	SA (Champfromier - France)	Executive director
<b>Nicolas COUTIER,</b> born 02/01/1981  <b>Member of the Management Board since 20/12/2013</b>	COUTIER JUNIOR	SA (Champfromier - France)	Executive director
	MEIPL	PVT LTD (Pune - India)	Executive director
	MGI COUTIER ESPANA	SL (Vigo - Spain)	Executive director
	MGI COUTIER LUSITANIA	Unipessoal Lda (Paredes de Coura - Portugal)	Manager
	MGI COUTIER ENGINEERING	PVT LTD (Pune, Chakan - India)	Executive director
	GOLD SEAL AVON POLYMERS	PVT LTD (Mumbai - India)	Executive director
	AUTOTUBE AB	AB (Aktiebolag) (Varberg - Sweden)	Executive director



<b>Jean-François VILLANEAU,</b> born 22/10/1960  <b>Member of the Management Board</b>	MGI COUTIER ROM	SRL (Timis - Roumania)	Executive director
	MGI COUTIER ILIA	CO PJS (Ghaemshahr - Iran)	Chairman of the Management Board
	MGI COUTIER ENGINEERING	PVT LTD (Chakan, Pune - India)	Executive director
	MGI COUTIER FINANCE	LTD (Chippenham - United Kingdom)	Executive director
	AVON AUTOMOTIVE PORTUGAL	LDA (Tondela - Portugal)	Executive director
	AUTOTUBE AB	AB (Aktiebolag) (Varberg - Sweden)	Executive director
<b>Jean-Louis THOMASSET,</b> born 04/01/1965  <b>Member of the Management Board</b>	MGI COUTIER ESPAÑA	S.L. (Vigo - Spain)	Executive director, Vice-Chairman
	MGI COUTIER MAKINA	Anonim Sirketi (Bursa - Turkey)	Executive director
	MGI COUTIER MEJICO	SA de CV (Saltillo - Mexico)	Executive director, Vice-Chairman of the Management Board
	NINGBO MGI COUTIER AUTO PLASTICS	CO LTD (Cixi - China)	Executive director
	AVON AUTOMOTIVE AS	AS (Rudnik - Czech Republic)	Member of the Supervisory Board
	AUTOTUBE AB	AB (Aktiebolag) (Varberg - Sweden)	Executive director
<b>Bertrand MILLET,</b> born 9/01/1948  <b>Member of the Supervisory Board</b>	FRANCAISE DE FIXATION	SA (Lyon - France)	Executive director
	COMPAGNIE DU RAIL	SA (Lyon - France)	Executive director
<b>Jean-Claude SEVE,</b> born 15/02/1944  <b>Member of the Supervisory Board</b>	S2M FINANCIERE	SA (Lyon - France)	Chairman and CEO
	MONNET SEVE	SA (Outriaz - France)	Chairman of the Management Board
	BOIS & SCIAGES DE SOUGY	SA (Sougy - France)	Chairman of the Management Board
<b>Nicolas JOB,</b> born 02/02/1955  <b>Member of the Supervisory Board</b>	NJ CONSULTING	SARL	Manager



## Information about the remuneration of Company representatives

In accordance with the provisions of article L.225-102-1 of the Commercial Law, the gross individual remuneration of company representatives, including benefits in kind and attendance fees are specified below:

### By remuneration categories

	Fin. year. 2014		Fin. year. 2013	
	Due	Paid	Due	Paid
<b>Members of the Management Board</b>				
Fixed remuneration	1,154,245	1,154,245	1,005,863	1,005,863
Variable remuneration	271,955	218,573	207,485	190,978
Exceptional remuneration	-	-	-	-
Benefits in kind	13,146	13,146	8,983	8,983
<b>Members of the Supervisory Board</b>				
Fixed remuneration	113,000	113,000	406,760	406,760
Variable remuneration	-	-	-	-
Exceptional remuneration	-	-	-	-
Benefits in kind	-	-	1,186	1,186

### By remuneration recipients

	Fin. year. 2014	Fin. year 2013
	(paid)	(paid)
André COUTIER	332,429	332,429
Roger COUTIER	57,500	352,446
Jean-Louis THOMASSET	320,451	310,945
Mathieu COUTIER	174,698	151,192
Jean-François VILLANEAU	308,127	265,324
Benoît COUTIER	111,591	59,032
Christophe COUTIER	47,609	30,261
Nicolas COUTIER	91,059	56,641
Other agents	55,500	55,500

We would also like to point out that no manager enjoys particular retirement benefits (complementary pension schemes on top of conventional mandatory schemes). Earnings are examined by the remuneration Committee, where the variable pay part is awarded depending on quantitative and qualitative objectives.

In accordance with the AMF recommendations dated 12 July 2010, the level of quantitative and qualitative objectives achievement has been accurately established, but for confidentiality reasons it has not been made public.

## Operations conducted with the Company's stocks

In accordance with the law, we kindly inform you that no senior manager has, in an individual capacity, carried out any operations in 2014 involving the stocks in the Company. The same applies to the staff members closely associated with them.

Moreover, in accordance with the law, we kindly bring to your knowledge that the stocks acquired and re-sold during the financial year 2014 within the framework of the liquidity and market making agreement with GILBERT DUPONT, effective since 11 July 2011 following the authorisation of the assemblies of 30 June 2011, June 22, 2012, 27 June 2013 and 26 June 2014.

2014	No of stocks purchased	No of stocks sold	Balance of stocks at end of month	Average rate (in Euros)	Value at end of month (in Euros)
Month					
January	0	204	457	108.29	49,489
February	0	15	442	117.00	51,714
March	0	179	263	131.07	34,471
April	0	36	227	139.29	31,619
May	0	32	195	153.49	29,931
June	840	154	881	146.00	128,626
July	3,994	3,534	1,341	106.61	142,964
August	4,453	4,219	9,207	13.45	123,834
September	29,599	27,955	10,851	11.15	120,989
October	38,764	44,059	5,556	11.83	65,727
November	28,877	29,037	5,396	12.20	65,831
December	31,090	31,330	5,156	11.64	60,015

## Elements likely to have an impact in the event of a public offer

In accordance with article L.1225-100-3 of the French Commercial Law, we would like to point out the following elements:

- ✓ The capital structure and the known direct holdings in the capital of MGI COUTIER SA are described above and below;
- ✓ There is a concerted action in accordance with article 233-10 of the Commercial Law between COUTIER JUNIOR SA, COUTIER SENIOR (family holding companies controlled by Mr. André, Mr. Roger, Mr. Joseph COUTIER's heirs and their family) and Mr. André, Mr. Roger and the heirs of Mr. Joseph COUTIER, who represent 69.75% of the capital and voting rights. These stockholders entered into an agreement whereby they decided to act in concert to

implement a common stockholders policy vis-à-vis the Company. This agreement has been drawn up under the regulatory declarations to the supervisory authorities that publicized the agreement (SBF Notice n 94-2365 dated 29 July 1994). The duration of this stockholders' agreement shall last five years and shall be renewed tacitly for further periods of five years each, unless terminated by one of the parties prior to the agreement expiry. The remaining members in the agreement would, in this case, continue to be bound by the obligations under the agreement;

- ✓ There are no double voting rights;
- ✓ The Company's articles of association do not stipulate any particularity, notably with regard to the rules on the appointment and dismissal of the members of the Management Board and the Supervisory Board as well as the regulations governing power management within these bodies;
- ✓ The Company's articles of association are amended in accordance with the legal and regulatory provisions.

### Information about acquisitions or control

Over the past financial year, MGI COUTIER has taken control over the capital of the Swedish company AUTOTUBE AB Group which holds the company AUTOTUBE AB. In addition, MGI COUTIER has created MGI COUTIER LUSITANIA Company (Portugal) -whose capital was raised to EUR 4,950 k during the financial year- as well as MGI COUTIER MOROCCO with a capital of 50,000 Dirhams. MGI COUTIER has also contributed in the capital increase of MEIPL Company to the tune of 61,728 new bonds with an individual value of 10 Rupees.

### Risk Management

There are no risk factors specific to MGI COUTIER Group, given the main risks are inherent in the activity carried out almost entirely with the automobile Original Equipment Manufacturers. A detailed presentation of the main risk factors identified is given in the annex to the consolidated accounts (note 26).

### Events that occurred between the dates of the financial year's closing and financial accounts' approval

No significant events were recorded between the date of the financial year's closing and the date of the financial accounts' approval.

### Delegation of powers

In accordance with the legal provisions in force, we would like to stress that to date there is no valid delegation of powers agreed upon during a general meeting of stockholders in the Management Board (excluding the market making agreement).

## Proposals

We would like to ask you to approve the operations listed in Profit and Loss statements and Balance Sheets that are submitted to you, and then to decide on the appropriation of the financial year profit, which stands, as stated previously, at EUR 4,977,171.68. The Management Board proposes to distribute a gross dividend of EUR 0.50 by virtue of the previous financial year and to allocate net loss to retained earnings account.

In accordance with the provisions of article 243 bis of the General Tax Law, we would like to inform you that the dividend amounts distributed over the last three financial years were as follows:

Financial year end	Dividend per stock (in Euros)	Earnings eligible or not for relief allowances
December 31, 2011	0.50	Relief of 40% when applicable
December 31, 2012	0.50	Relief of 40% when applicable
December 31, 2013	0.50	Relief of 40% when applicable

In accordance with the provisions of article 223 quater of the French general tax law, we kindly ask you to approve the expenses and charges stipulated in article 39.4 of this law, which stand at a total of EUR 18,493 million, which result in a tax of EUR 6,164.

We equally propose to renew the liquidity agreement made last year to reduce market volatility and increase the liquidity of MGI COUTIER stocks. The resources allocated to these operations remain limited to what is strictly necessary, with a maximum rate of 0.5% of the Company's stock capital.

The amount recommended for attendance fees remains unchanged at EUR 45,000.

As for the Extraordinary General Assembly, the proposed changes are designed to ensure the simplification and uniformity of statements with respect to legislation and regulatory provisions.

The draft resolutions submitted to you capture the elements of our report. We kindly request your approval of these resolutions and we thank you for your trust and your loyalty to the Company.

## Statement on staff stock ownership on the last day of the financial year

In accordance with the provisions of article L.225-102 of the French Commercial Law, this report must give an account of the staff stock ownership within the equity capital at the last day of the financial year, and must establish the proportion of the capital represented by the stocks held by the Company's staff and by the staff of associated companies in compliance with the provisions of article L.225-180 of the Commercial Law within the framework of the savings scheme provided for by articles L.443-1 to L.443-9 of the French Employment Law, and by current as well as former staff members within the framework of the Company's joint investment fund. The stocks held directly by staff during the periods of inaccessibility provided for by articles L.225-194 and L.225-197, in article 11 of law n 86-912 dated 6 August 1986 on privatisation modalities and article L.442-7 of the French Employment Law are also taken into account.

To our knowledge, staff members hold less than 1% of the Company's stock capital.

## Information about subsidiaries and holdings

(in thousand Euros)	Stockholder capital bef. profit allocation	Quota share of capital held (%)	Book value of stocks held	
			Gross	Net
Holdings by MGI COUTIER and its subsidiaries				
SCI PAYS DE BRAY SUD	235	100.00	762	762
MGI COUTIER ITALIA	(44)	100.00	50	-
MGI COUTIER TUNISIE	6,034	100.00	4,424	4,424
NINGBO MGI COUTIER	14,124	100.00	4,658	4,658
MGI COUTIER ARGENTINA	411	100.00	12,658	2,193
MGI COUTIER BURSA	11,688	100.00	6,721	6,721
MGI COUTIER BRASIL	(8,435)	100.00	5,118	-
MGI COUTIER UK LTD	118,323	100.00	96,517	96,517
MGI COUTIER ESPAÑA	19,833	100.00	4,772	4,772
MGI COUTIER MEJICO	(11,443)	100.00	6	-
MEIPL	2,694	50.00	812	812
MGI COUTIER ROM	13,726	100.00	1,963	1,963
MGI COUTIER ILIA	6	50.00	1,164	-
DEPLANCHE FABRICATION	1,469	100.00	895	895
AVON AUTOMOTIVE HOLDINGS INC	(9,814)	100.00	28,402	28,402
AVON POLYMERES FRANCE	(8,834)	100.00	-	-
MGI COUTIER ENGINEERING	(1,050)	99.00	1,253	-
AUTOTUBE AB GROUP	11,448	100.00	32,881	32,881
MGI COUTIER LUSITANIA	4,268	100.00	4,950	4,950
Others	-	-	61	14
Total	164,639	-	208,067	189,964

(in thousands of Euros)	Gross advances made (1)(2)	Turnover at 31.12.14	Net profit at 31.12.14	Dividends paid by Company in 2014	Approvals & Guarantees
<b>Holdings by MGI COUTIER and its subsidiaries</b>					
SCI PAYS DE BRAY SUD	(231)	95	44		
MGI COUTIER ITALIA	16	-	-		
MGI COUTIER TUNISIE	(64)	27,044	1,670	8,028	750
NINGBO MGI COUTIER	145	13,667	2,117		
MGI COUTIER ARGENTINA	1,766	9,397	134	2	
MGI COUTIER BURSA	(503)	29,643	2,584		
MGI COUTIER BRASIL	7,040	7,324	(1,449)		
MGI COUTIER UK LTD	(20,121)	16,121	7,494		
MGI COUTIER ESPAÑA	(11,842)	37,316	1,565		9,500
MGI COUTIER MEJICO	11,464	-	-		
MEIPL	-	10,849	160		361
MGI COUTIER ROM	357	29,393	3,347		
MGI COUTIER ILIA	2,377	2,267	839		
DEPLANCHE FABRICATION	(264)	2,020	305		
AVON AUTOMOTIVE HOLDINGS INC	-	10,243	492	5.000	
AVON POLYMERES FRANCE	(601)	24,852	(118)		
MGI COUTIER ENGINEERING	1,591	611	(616)		
AUTOTUBE AB GROUP	-	354	-		
MGI COUTIER LUSITANIA	750	2,447	(682)		
Others	(1,117)	-	-		715
<b>Total</b>	<b>(9,237)</b>	<b>223,643</b>	<b>17,886</b>	<b>13,030</b>	<b>11,326</b>

(1) Net amounts including:

receivables	€ 26,161k
liabilities	€ (35,398) k
<b>Total</b>	<b>€ (9,237) k</b>

(2) Debts of Brazilian, Mexican and Iranian subsidiaries and MGI COUTIER ENGINEERING are impaired respectively to the tune of EUR 70,040 k, EUR 11,464 k, EUR 2,377 k and EUR 1,050 k.

***Certification by the authority responsible  
for the annual financial report***

**THE ANNUAL FINANCIAL REPORT CERTIFICATION**

I, hereby certify, that to the best of my knowledge, the accounts have been drawn up in accordance with the applicable accounting rules and provide a faithful image of the capital, financial situation and profit/loss of the Company as well as all the companies included in the consolidation scope, and that the above Management report gives a true picture of the business development, profit/loss and financial situation of the Company and all the companies included in the consolidation scope, and provides a description of the main encountered risks.

*André COUTIER*  
*Chairman of the Management Board*

# REPORT BY THE SUPERVISORY BOARD

**To the Ordinary and Extraordinary Annual  
General Meeting of 25 June 2015**

Ladies and Gentlemen,

First and foremost, the Board would like to advise you of the good relationships maintained throughout the financial year with the Management Board, which has kindly submitted on a regular basis the activity reports and all the information required by the Supervisory Board for the completion of its due diligence mission of permanent control.

In the same line, the Management Board submitted to us the Parent-company financial statements for the financial year 2014, the consolidated financial statements and the management report drawn up on the accounts and operations of the financial year ending December 31, 2014.

The accounts of the financial year ending December 31, 2014 show the following main items:

<b>(in thousands of Euros)</b>	<b>Consolidated accounts</b>	<b>Parent- company financial statements</b>
Total Balance sheet	489,296	350,999
Turnover	692,073	239,240
Financial year profit	33,586	(4,977)

During the course of the financial year, the activity was notably marked by:

- ✓ The consolidation of AUTOTUBE AB Group as of 1<sup>st</sup> April,
- ✓ The speeding up of actions in terms of organisation, systems and efficiency,
- ✓ The intensification of Research & Development endeavours.

The Supervisory Board was informed by the Management Board that among 2015 objectives, MGI COUTIER Group will commit to reinforcing the integration of AUTOTUBE AB Group and will pursue its development plan established the past few years while working very hard to maintain economic and financial performance. The objectives set by the Management Board for the 2015 financial year (over EUR 800 million turnover and 7 to 8% of operating profit) are quite ambitious but achievable.

Taking the above into account, we do not have any particular observations to make in regard to the Management report, as well as the Parent-company financial statements and consolidated accounts for the financial year ending 31 December 2014.

Finally, we kindly ask you to approve all the resolutions submitted to you.

*Mr. Roger COUTIER  
Chairman of the Supervisory Board*

# REPORT ON INTERNAL CONTROL PROCEDURES, RISK MANAGEMENT AND COMPANY GOVERNANCE

## Financial year ending December 31, 2014

Dear Stockholders,

The law dated 1 August 2003 on financial security, pertaining to limited companies, has strengthened information obligations aimed at both stockholders and third parties.

Communication on the operating modes of limited companies is therefore provided for by this text in order to boost investors' trust.

In this context, the law sought to keep you informed of the processes and operating methods of the managing bodies.

The purpose of this document is therefore to report on:

- ✓ The conditions governing the preparation and organisation of your Supervisory Board's activities;
- ✓ The potential power restrictions imposed by your Supervisory Board on the Chairman of the Management Board;
- ✓ The internal control procedures implemented by the company.

In accordance with the provisions of article L.225-68, last sub-paragraph, of the French Commercial Law.

I am therefore pleased, in my capacity as Chairman of the Supervisory Board, to submit this report to you.

### **1 Conditions governing the preparation and organisation of the Supervisory Board's activities**

We would like to remind you that your Supervisory Board is made up of the following six members:

- ✓ Mr. Roger COUTIER, Chairman of the Supervisory Board, whose term of office was renewed for three years at the General Meeting on June 27, 2013
- ✓ Mr. Paul DEGUERRY, Vice-Chairman of the Supervisory Board, whose term of office was renewed for three years at the General Meeting on June 27, 2013

- ✓ Mr. Nicolas JOB, whose term of office was renewed for three years at the General Meeting on June 27, 2013,
- ✓ Mr. Bernard MILLET, whose term of office was renewed for three years at the General Meeting on June 27, 2013
- ✓ Mr. Jean-Claude SEVE, whose term of office was renewed for three years at the General Meeting on June 27, 2013
- ✓ COUTIER JUNIOR SA, a legal entity represented by an appointed permanent agent: Mrs. Geneviève COUTIER, whose term of office was renewed for three years at the General Meeting on June 27, 2013.

During the course of the financial year, your Supervisory Board met on six occasions: on February 6, 2014; April 24, 2014; June 26, 2014; August 28, 2014; October 29, 2014.

The article 16, sub-paragraph 5 of the articles of association provides that the "Supervisory Board shall meet as often as the interests of the Company so requires" and at least twice a year. Please note that "in accordance with the law and article 16, sub-paragraph 4 of the company's articles of the association, the Chairman of the Supervisory Board organizes and directs the Board's activities and reports on them at the General Meeting". For this purpose, in my capacity as Chairman of the Supervisory Board, I am responsible for convening the meetings of your Supervisory Board and setting the items on the agenda depending on either the legal or regulatory requirements, or the obligations incumbent upon me in accordance with the procedures and power limitations in force.

In my capacity as Chairman of the Supervisory Board, I am required to send to each member of your Supervisory Board a convening notice specifying the date, time and place as well as the detailed agenda of the meeting.

All supporting documents enabling the full consideration of the points on the agenda are sent at the same time as the convening notice (reports, draft minutes of the meeting, etc.).

On the day of the meeting, I am required -in my capacity as Chairman of the Supervisory Board- to ensure that the



attendance sheet is signed by all the present members.

The decisions taken by your Supervisory Board are made in compliance with quorum and voting rules provided for by the articles of association.

In accordance with the law and article 16, sub-paragraph 5 of the articles of association, the resolutions made by the Supervisory Board are recorded in meeting minutes and signed on a special register and flipcharts. In my capacity as Chairman of the Supervisory Board, I will henceforth ensure that all the resolutions of your Supervisory Board are recorded in the special register and signed by each member.

The Supervisory Board has created internal committees intended to improve the activities of the Board and to contribute effectively to the preparation of its decisions. The Board has thus created the following permanent committees: Strategy, Remuneration and Audit.

The Strategy Committee is made up of five members: Mr. Roger COUTIER, Mr. Paul DEGUERRY, Mr. Bertrand MILLET, Mr. Nicolas JOB and Mr. Jean-Claude SEVE. During the financial year 2014, the members met five times. The Strategy Committee is responsible for:

- ✓ Reporting to the Board on the company and the group's broad strategic lines, and on any other important strategic question raised by the Board or the Chairman;
- ✓ Examining and formulating an opinion for the Board on any questions submitted for significant acquisitions and disposal operations;

The Remuneration Committee is made up of four members: Mr. Paul DEGUERRY, Mr. Bertrand MILLET, Mr. Nicolas JOB and Mr. Jean-Claude SEVE. During the financial year 2014, it met once.

The Remunerations Committee is entrusted with:

- ✓ Examining and making proposals about the remuneration of the company's representatives;
- ✓ Putting forward to the Board proposals on the rules for the distribution of attendance fees;
- ✓ Considering any questions submitted by the Chairman of the Supervisory Board.

The Audit Committee is made up of six members: Mrs. Geneviève COUTIER, Mr. Roger COUTIER, Mr. Paul DEGUERRY, Mr. Bertrand MILLET, Mr. Nicolas JOB and Mr. Jean-Claude SEVE. During the financial year 2014, the Committee met twice. The Audit Committee is entrusted in particular with monitoring:

- ✓ The process of compiling financial information;
- ✓ The effectiveness of the internal control procedures and risk management systems;
- ✓ The legal control of the annual and consolidated accounts by the statutory auditors;

- ✓ The independence of statutory auditors.

By application of the law dated 3 July 2008 translating the Directive 2006/CE dated June 14, 2006; the AFEP-MEDEF code amended accordingly is the reference document of the company when preparing the report provided for by article L.225-37 of the French Commercial Law from the financial year 2008 onwards, except for the rule on cumulative terms of office and employment contracts by virtue of current terms of office.

## **2 Potential limitations on the General Management's powers**

In accordance with law 2001-420 dated 15 May 2001 on new financial regulation, the Management of your Company is vested in Mr. André COUTIER, who serves as Chairman of the Management Board.

The Supervisory Board meeting of December 11, 2012 where the Chairman of the Management Board was appointed has not imposed any limits on the powers vested in him. According to the law, he has the broadest powers vis-à-vis third parties to represent the Company's name in all instances. He operates within the limits of company purposes and is subject to the powers allocated by the law to the stockholders and the Supervisory Board's meetings.

## **3 Internal control procedures implemented by the Company**

In accordance with article 117 of the law 2003-706 dated 1 August 2003, completing article L.225-68 of the French Commercial Law, this part of the report is descriptive in nature and does not contain any assessment.

### **3.1. Reminder of the Company's objectives regarding internal control procedures**

The internal control procedures enforced in the Company seek to:

- ✓ Ensure that the Management decisions or the execution of operations, and the behaviour of staff fall under the guidelines laid down for company activities by the managing bodies, by the laws and regulations applicable and by the company's internal values and rules.
- ✓ Ascertain that accounting, financial and managerial information passed on to the internal structures reflects faithfully the Company's activity and situation.

One of the objectives of the internal control mechanisms is to prevent and control risks resulting from the Company's activity and avoid error or fraud, particularly in the fields of accounting and finance. Like any control system, it cannot however provide an absolute guarantee that such risks are completely eliminated.

The control and management of risks associated with the Company's activity rest on the following principles:

- ✓ Organisation decentralisation thanks to management distribution over Divisions and Subsidiaries in order to foster responsiveness and customer proximity;
- ✓ A monthly budgetary and reporting procedure, which constitutes an essential tool in the execution of MGI COUTIER's operations;
- ✓ Widespread and frequent communication initiatives to raise staff awareness about risks;
- ✓ Setup of strong Functional Departments entrusted with implementing the company's policies and controlling their effective application within their areas of responsibility;
- ✓ Site specialisation by product family to strengthen and speed up the expertise process;
- ✓ Formal delegation by the Chairman of the Management Board on the control and management of certain risks to the Directors concerned (Functional Directors and Operational Managers);
- ✓ Separation of functions (between Operational and Supporting staff; between staff incurring expenditure and staff recording and settling payments; between executive staff and controlling staff; and so on).
- ✓ The definition of objectives corresponding to the best worldwide practices and regular measurement of the difference between the objectives and the performance achieved;
- ✓ The involvement of all organisation levels and all sites in the improvement of performance and control of activities;
- ✓ The prior authorisation of any investment exceeding EUR 3,000 by the Management Board member responsible for Operations.

In addition, the welcome booklet gives a reminder on the ethical obligations of all MGI COUTIER staff. It is sent and commented on to every new employee. In addition, each site has internal procedure rules that are widely distributed to all staff.

### **3.2. Analysis of the internal control environment**

#### **A. Summary description on the organisation of general internal control procedures**

The powers of the Chairman of the Management Board are limited by the Supervisory Board. He formally delegates some of the powers conferred upon him to the different Directors.

The Company draws up the procedures and distinguishes between two categories: procedures relating to a function (financial procedures, for example) and those relating to a process (delivery, treatment of non-conformities, etc). 13 processes have been identified within the Company (five customer-oriented processes and eight management

/ support processes). They cover all the Company's activities (from the Company activities' promotion to new customers, to the improvement of supplier performance). 54 obligatory indicators cover these 13 processes and ensure the proper implementation and performance of these operating modes.

All procedures are approved beforehand by the Management Board. Their update is also subject to the formal approval by Management Board members.

These procedures are available on an Intranet network that allows their immediate dissemination to all staff concerned.

Internal memos or notices may serve to complete, expand upon or give a reminder of these procedures.

The Functional Departments and Organisational process Managers seek to oversee the sound application of processes under their responsibility. They must report, at least once a year, to the Management Board, on the results obtained within their field of expertise.

The Quality Department seeks to ensure that these procedures are properly applied by controlling the periodic reports and carrying out internal audits.

The Legal and Finance Department specifically makes sure that the accounting and financial rules are applied properly. The department also has an internal auditor.

In addition, there is a Health and Safety committee in each of the Company's sites. Each Health and Safety committee meets regularly with the aim of examining, proposing and validating any Health and Safety measures intended to protect the Company's staff and its assets.

Every year, the Management Board devotes two half-days per Division and Subsidiary, as follows:

- ✓ One to the validation of strategic options (products, markets, customers, action plans) within the framework of medium-term plans,
- ✓ The other to the validation of short-term financial options within the framework of the year end budgets and forecast reviews.
- ✓ Pour chacune des huit Divisions, le Directoire consacre une demi-journée chaque année pour la revue et la validation des axes de Recherche et d'Innovation (Produit et/ou Process).

For each of the six Divisions, the Management Board devotes half a day every year to reviewing and validating the broad lines of Research and Innovation (product and/or process).

In addition, in 2008, a specific half-day meeting was introduced for each Division and each one of the more important Subsidiaries. This meeting is dedicated to reviewing each of the main actions implemented in the field of productivity and the actions planned for the coming twelve months.

## **B. Summary description of the accounting system**

The accounting system is used internally within the legal and Financial Department.

The accounting teams are located on two of the Company's sites and they work as a Shared Services Centre (SCC) for all company's plants. One team, known as 'Centre' handles customer-related aspects (invoicing, cash collection, receivables follow-up, customer disputes, etc.). The other Centre handles supplier-related aspects, cash flow and general accounting. Each centre comes under the responsibility of a centre manager who directly reports to the Accounts Manager.

The software used is an ERP (SAP). All modules, except the one covering Human Resources, have been deployed across all the Company's sites. The accounting module (FI) benefits directly from these choices. No significant or specific developments were introduced on this ERP.

There are management controllers present on each of the Company's sites. Management control teams and Accounting teams are completely separate, even if information is exchanged on a permanent basis.

Reference manuals are used for producing:

- ✓ The annual accounts (PCG, i.e. French general accounting principles),
- ✓ The consolidated financial statements
- ✓ The internal monthly reports.

Checks are regularly carried out by the Company's staff on the communicated financial data.

Furthermore, our statutory auditors carry out accounting controls reviews on an annual basis as part of the legal obligations to accounts audit.

## **4 Application of gender-balanced representation principle in the Supervisory Board**

The law no 2011-103 dated 27 January 2011 stipulates that the proportion of members from each sex in the Supervisory Board shall not be lower than 20% after the 2014 general meeting, and 40% after the 2017 general meeting. In December 31, 2014, this proportion was 16.7% (one member of the Supervisory Board represented by a woman, plus five male members of MGI COUTIER's Supervisory Board).

*Mr. Roger COUTIER*  
*Chairman of the Supervisory Board*

# STATUTORY AUDITORS' REPORT

**ORFIS BAKER TILLY**  
149, boulevard de Stalingrad  
69100 Villeurbanne

**MAZARS**  
P.A.E. Les Glaisins  
13, avenue du Pré Félin  
74940 Annecy-le-Vieux

**Statutory auditors' report drawn up under article L.225-235 of the French Commercial Law on the report by the Chairman of the Supervisory Board of MGI COUTIER Company.**

**Financial year ending December 31, 2014**

To the stockholders,

In our capacity as statutory auditors of MGI COUTIER Company, and under the provisions of article L.225-235 of the French Commercial Law, we now submit our audit report on the report presented by the Chairman of your company, in accordance with the provisions of article L.225-68 of the French Commercial Law for the financial year ending December 31, 2014.

The Chairman shall be responsible for drawing up and submitting to the approval of the Supervisory Board a report setting out the internal control and risk management procedures implemented in the Company and providing other information required by article L.225-68 of the French Commercial Law, particularly the information about company governance.

We shall be responsible for:

- ✓ Communicating our observations on the information contained in the Chairman's report, concerning the internal control and risk management procedures that are relevant to drawing up and processing the accounting and financial information, and;
- ✓ Certifying that the report contains other information required by article L.225-68 of the French Commercial Law, while we remind that it is not our responsibility to verify the accuracy of the other information.

We have completed our mission in accordance with the applicable standards of professional practice in France.

## **Information about the internal control and risk management procedures relevant to drawing up and processing the accounting and financial information**

The standards of professional practice call for the implementation of certain steps intended to assess the accuracy of the information on the internal control and risk management procedures in relation to the drawing up and processing of the accounting and financial information contained in the Chairman's report.

These steps consist particularly in:

- ✓ Taking note of the internal control and risk management procedures involved in drawing up and processing the accounting and financial information set out in the Chairman's report and existing documentation;
- ✓ Taking note of the activities that contributed in drawing up this information and the existing documentation;
- ✓ Determining whether the major internal control deficiencies related to the drawing up and processing of the accounting and financial information that we observed in the course of our mission have been covered by appropriate information in the Chairman's report.

On the basis of these tasks, we do not have any further remarks about the information involved in drawing up and processing the accounting and financial information contained in the Report presented by the Chairman of the Supervisory Board, drawn up in accordance with the provisions of article L.225-68 of the French Commercial Law.

## **Other information**

We certify that the report of the Chairman of the Supervisory Board contains the other information required under article L.225-68 of the French Commercial Law.

*Drawn up in Villeurbanne and Annecy-le-Vieux  
on April 30, 2015  
The Statutory Auditors*

**ORFIS BAKER TILLY**  
Valérie MALNOY

**MAZARS**  
Bruno POUGET

**Consolidated balance sheet**  
**At December 31, 2014**  
**(in thousands of Euros)**

<b>ASSETS</b>	<b>Notes n°</b>	<b>31.12.14 Net amounts</b>	<b>31.12.13 Net amounts</b>
Intangible fixed assets			
Acquisition differentials	7	52,132	30,028
Other intangible fixed assets	8	961	1,663
		<b>53,093</b>	<b>31,691</b>
Tangible fixed assets	9		
Land		10,311	8,322
Buildings		45,349	41,882
Technical installations & equipment		76,686	59,779
Other tangible fixed assets		8,010	7,577
Current fixed assets, advances & payments in account		17,332	8,502
		<b>157,688</b>	<b>126,062</b>
Non-current financial assets	10	<b>4,182</b>	<b>2,832</b>
Deferred tax credits	11	<b>7,693</b>	<b>2,888</b>
<b>Total non-current assets</b>		<b>222,656</b>	<b>163,473</b>
Stocks and WIP	12	64,387	56,809
Accounts receivables	13	116,011	101,967
Other debts	14	27,402	21,542
Cash and cash equivalents	17	58,809	39,510
<b>Total current assets</b>		<b>266,609</b>	<b>219,828</b>
Assets intended for transfer	19	31	31
<b>Total asset</b>		<b>489,296</b>	<b>383,332</b>

<b>LIABILITIES</b>	<b>Notes n°</b>	<b>31.12.14</b>	<b>31.12.13</b>
Stockholders' equity			
Equity capital	15	21,393	21,393
Land revaluation difference		2,333	2,333
Reserves and retained earnings		168,483	124,417
Advance dividends			
Group's share of fin. Year profit		<b>33,615</b>	<b>36,966</b>
Group's share of Shareholders' equity		<b>225,824</b>	<b>185,109</b>
Miority interests		<b>107</b>	<b>126</b>
<b>Stockholders' equity</b>		<b>225,931</b>	<b>185,235</b>
Long-term reserves	16	10,281	15,242
Medium- and long-term funding liabilities	17	97,147	57,356
Deferred tax liabilities	11	4,471	7,650
<b>Total non-current liabilities</b>		<b>111,899</b>	<b>80,248</b>
Current provisions	16	6,607	
Funding liabilities at less than 1 year	17	26,460	22,294
Account payables		72,764	63,421
Other debts	18	45,635	32,134
<b>Total current liabilities</b>		<b>151,466</b>	<b>117,849</b>
<b>Liabilities intended for transfer</b>			
<b>Total liabilities</b>		<b>489,296</b>	<b>383,332</b>

**Consolidated profit and loss account**  
**At December 31, 2014**  
**(in thousands of Euros)**

	Notes n°	31.12.14 (12 months)	31.12.13 (12 months)
<b>TURNOVER</b>	<b>3</b>	<b>692,073</b>	<b>663,797</b>
Variation of stored production		3,868	(1,095)
Consumption		(280,445)	(257,603)
Other external charges		(134,236)	(138,760)
<b>VALUE ADDED</b>		<b>281,260</b>	<b>266,339</b>
Taxes		(4,888)	(6,065)
Permanent and temporary staff expenses		(202,018)	(183,231)
<b>EBITDA</b>		<b>74,354</b>	<b>77,043</b>
Amortization expenses		(21,404)	(19,717)
Provisions/ Net provision write-offs		(1,061)	(2,090)
<b>CURRENT OPERATING PROFIT</b>	<b>3</b>	<b>51,889</b>	<b>55,236</b>
Other net non-current profits (charges)	4	(328)	(1,240)
<b>OPERATING PROFIT</b>		<b>51,561</b>	<b>53,996</b>
Cash receipt and cash equivalents		734	567
Cost of gross funding liabilities		(3,672)	(2,600)
<b>Cost of net funding liabilities</b>	<b>5</b>	<b>(2,938)</b>	<b>(2,033)</b>
Other income and charges	5	(2,579)	(1,039)
Current and deferred taxes	6	(12,958)	(14,244)
Share of associated businesses profit/loss		500	
<b>NET PROFIT/LOSS OF RETAINED ACTIVITIES</b>		<b>33,586</b>	<b>36,680</b>
Net tax income on halted or pending transfer activities			
<b>NET PROFIT/LOSS</b>		<b>33,586</b>	<b>36,680</b>
* including share relevant to consolidated Group		33,615	36,966
* including share relevant to minority interests		(29)	(286)
<b>Group's share of Net income per share (in Euros)</b>		<b>1.26</b>	<b>13.82</b>
<b>Diluted Group's share of Net income per share (in Euros)</b>		<b>1.26</b>	<b>13.82</b>



**Other elements of the global profit/loss**  
**At December 31, 2014**  
**(in thousands of Euros)**

	<b>31.12.14</b> <b>(12 months)</b>	<b>31.12.13</b> <b>(12 months)</b>
<b>NET EARNINGS</b>	<b>33,586</b>	<b>36,680</b>
Conversion differences	9,303	(11,361)
Actuarial differences on retirement commitments net of tax (1)	(829)	(84)
Stocks held by the company	(27)	(63)
<b>PROFITS AND LOSSES ACCOUNTED IN STOCKHOLDERS' EQUITY</b>	<b>8,447</b>	<b>(11,508)</b>
<b>GLOBAL INCOME</b>	<b>42,033</b>	<b>25,172</b>
*including share relevant to consolidated Group	42,023	25,494
*including share relevant to minority interests	10	(322)

(1) Tax notes on 2014 profits for EUR 414 k and in 2013 for EUR 42 m.

Note: all the components of the other elements in the global profit/loss are intended to be recycled into profit/loss, except for the actuarial differences related to post-employment commitments.

**Consolidated cash flow table**  
**At December 31, 2014**  
**(in thousands of Euros)**

	<b>31.12.14</b> <b>(12 months)</b>	<b>31.12.13</b> <b>(12 months)</b>
<b>NET INCOME</b>	<b>33,586</b>	<b>36,680</b>
Amortization expenses	21,404	19,717
Capital gains/losses on asset transfers	(46)	261
Variation of provisions and other operating resources	(3,005)	1,845
Elimination of net profits/losses of associated companies	(500)	
<b>SELF-FINANCING</b>	<b>51,439</b>	<b>58,503</b>
Variation of other short-term assets and liabilities	(2,871)	(12,062)
<b>CASH FLOW VARIATION ARISING OUT OF OPERATING TRANSACTIONS</b>	<b>48,568</b>	<b>46,441</b>
Acquisition of tangible and intangible fixed assets	(42,521)	(24,008)
Acquisition of financial fixed assets	(86)	(522)
Transfers of fixed assets	330	1,113
Incidence of scope variations (1)	(29,676)	
<b>CASH FLOW VARIATION DUE TO INVESTMENTS</b>	<b>(71,953)</b>	<b>(23,417)</b>
Distribution of dividends	(1,337)	(1,337)
Variation of indebtedness	41,527	(250)
<b>CASH FLOW VARIATION ARISING OUT OF FUNDINGS</b>	<b>40,190</b>	<b>(1,587)</b>
Impact of foreign exchange variations	2,488	(1,066)
<b>NET CASH FLOW VARIATION</b>	<b>19,293</b>	<b>20,371</b>
<b>CASH FLOW AT OPENING</b>	<b>38,772</b>	<b>18,401</b>
<b>CASH FLOW AT CLOSING</b>	<b>58,065</b>	<b>38,772</b>

(1) : Mainly related to the introduction of AUTOTUBE AB Group in the consolidation scope

### Variation of consolidated stockholders' equity (in thousands of Euros)

	Capital	Premiums	Reserves	Profits & losses accounted in stockholders' equity	Total Group share	Minority interests	Total
<b>Stockholders' equity at December 31, 2012</b>	<b>21,393</b>	<b>9,704</b>	<b>132,322</b>	<b>(2,467)</b>	<b>160,952</b>	<b>448</b>	<b>161,400</b>
P/L fin. yr 2013			36,966		36,966	(286)	36,680
P&L accounted in shareholders' equity				(11,472)	(11,472)	(36)	(11,508)
<b>S/Total global P&amp;L</b>					<b>25,494</b>	<b>(322)</b>	<b>25,172</b>
Distribution of dividends			(1,337)		(1,337)		(1,337)
Other variations							
<b>Stockholders' equity at December 31, 2013</b>	<b>21,393</b>	<b>9,704</b>	<b>167,951</b>	<b>(13,939)</b>	<b>185,109</b>	<b>126</b>	<b>185,235</b>
P&L for fin. yr 2014			33,615		33,615	(29)	33,586
Profits and losses accounted in shareholders' equity				8,437	8,437	10	8,447
<b>S/total global P/L</b>					<b>42,052</b>	<b>(19)</b>	<b>42,033</b>
Distribution of dividends			(1,337)		(1,337)		(1,337)
Other variations							
<b>Stockholders' equity at December 31, 2014</b>	<b>21,393</b>	<b>9,704</b>	<b>200,229</b>	<b>(5,502)</b>	<b>225,824</b>	<b>107</b>	<b>225,931</b>

The proposed amount of dividends for distribution over the next mixed annual meeting on June 25, 2015 is EUR 1,337,052.

## Annex to the consolidated accounts December 31, 2014

### Financial year highlights

The 2014 financial year is characterized in particular by the entry of the AUTOTUBE Group to the Group's consolidation scope as of 3 April 2014.

MGI COUTIER made on 25 July 2014 an unlisted private placement transaction "Euro PP" amounting to EUR 30 million over a seven-year period and due in July 2021, with an annual coupon of 4,125%. The bonds are issued for the benefit of European institutional investors.

### 1 Accounting rules and methods

The consolidated accounts of MGI COUTIER were closed by the Management Board meeting dated 27 April 2015.

### Declaration of conformity

Under European regulations 1606/2002 and 1725/2003, MGI COUTIER's consolidated financial statements are prepared in accordance with the international accounting regulations applicable in the European Union as at December 31, 2013. The international accounting standards include the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards), the SIC amendments and their interpretation, the amendments as well as interpretations of the SIC and IFRIC (Standards Interpretations Committee and International Financial Reporting Interpretations Committee) which are available in the following website: <http://eur-lex.europa.eu/fr/index.htm>

The consolidated accounts are presented in Euros and rounded off to the nearest thousand.

### New standards, amendments and related interpretations applicable in 2014

The new standards and following interpretations applied for the period do not have any significant consequences on the Group's consolidated accounts as at 31 December 2014:

- ✓ Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities;
- ✓ Amendments to IAS 36 – Recoverable Amount Disclosures for Non-Financial Assets;

- ✓ Revised IAS 28 – Investments in Associates and Joint Ventures;
- ✓ IFRS 10 – Consolidated financial statements;
- ✓ IFRS 11 – Joint Arrangements;
- ✓ IFRS 12 – Disclosure of Interests in Other Entities;
- ✓ Amendments to IFRS 10, IFRS 11, IFRS 12.

The Group was not affected in a significant manner by the implementation of IFRS 10 and IFRS 11 standards. The implementation of these standards has not had a significant impact on the financial situation or the performance of MGI COUTIER Group. The analysis of control criteria in particular as defined by the IFRS 10 standard has not led to the modification of consolidation methods for companies included in the consolidation scope. For information purposes, MGI COUTIER Group had two companies that were consolidated with the proportionate method in 2013, where the impact of such operation is insignificant. Along the same lines, the Group does not rely on fair value to determine the recoverable value of non financial assets, except for assets held for sale.

The Group has not implemented the following norms and interpretations whose application is mandatory after the 31 December 2014:

- ✓ Standards adopted by the European Union:
  - IFRIC 21: Levies ;
  - Amendments to IAS 19 – Employee benefits ;
  - Annual improvements to IFRSs 2010-2012 Cycle (December 2013);
  - Annual improvements to IFRSs 2011-2013 Cycle (December 2013) ;
- ✓ Standards not adopted by the European Union :
  - IFRS 9 – Financial Instruments;
  - IFRS 14 – Regulatory Deferral Accounts;
  - IFRS 15 – Revenue from Contracts with Customers;
  - Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization;
  - Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations;
  - Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;
  - Annual improvements to IFRSs 2012-2014 Cycle (September 2014);
  - Amendment to IAS 1 – Revised presentation;

- Amendments to IFRS 10, IFRS 12 and IAS 28 – Applying the Consolidation Exception.

The principles implemented by MGI COUTIER as of 31 December 2014 are not different from the IFRS standards as published by the IASB.

The process whereby MGI COUTIER determines the potential impacts of non applicable standards on the Group's consolidated accounts is under way. At this stage, the Group does not anticipate any significant impact on its consolidated accounts, given the uncertainties burden on the adoption process in Europe

## Use of projections and assumptions

The financial statements reflect the projections and assumptions adopted by the Group's Management. The presentation of the financial statements requires the use of projections and assumptions in order to value certain assets, liabilities, profits, charges and commitments. The final data may differ from these projections and assumptions. Goodwill, deferred taxes and provisions recorded under liabilities in the balance sheet are the main elements of the consolidated financial statements involved in the use of assumptions and projections.

MGI COUTIER Group has not recognized for the financial year any significant developments in the uncertainty level relevant to these estimations or hypotheses, except for the very high volatility of discounting rate used to calculate payroll commitments (cf. note 1.3.i) and those related to translation differentials.

### 1.1. Consolidation scope

As indicated above, MGI COUTIER Group applied as of 1 January 2014 the new standards of consolidation.

The significant companies where MGI COUTIER SA has –directly or indirectly– exclusive control are fully consolidated. The analysis of the exclusive control is implemented in compliance with the criteria defined in the IFRS 10 standard (direct or indirect power to direct financial and operational policies on relevant activities, exposition to variable profitability and capacity to exert its power to impact on performance). Such control may generally exist in the companies where MGI COUTIER SA holds directly or indirectly more than 50% of voting rights. To assess this control, potential voting rights that are immediately exercisable, including the ones held by another entity.

The significant associated companies where MGI COUTIER SA has directly or indirectly significant influence are accounted for using the equity method. The significant influence represents the power to contribute to financial and operational policies of a company, without exerting control over these policies. This method is used

when the Group holds directly or indirectly between 20% and 50% of the voting rights.

The equity method consists of adjusting to book value the securities held and the amount of the stock they represent in the capital equity of the associate company, including the profit/loss of the financial year.

The analysis of the partnerships performed in compliance with the criteria defined by the IFRS 11 standard has only led to the identification of joint ventures, and no joint operations. Joint ventures are consolidated according to the equity method.

The list of companies included in the consolidation at December 31, 2014 is given in note 2.

All the significant transactions between the integrated companies are eliminated; the same goes for the internal unrealized profits, included in the fixed assets and in the consolidated companies' stock.

## Business Combinations

Since 2010 the Group started to implement the new revised IFRS 3 standards "Business combinations" and IAS 27 "Consolidated and Separate Financial Statements".

Accordingly, the Group recognizes at fair value at the acquisition date the assets, liabilities and potentially identifiable liabilities at that date.

The acquisition cost corresponds to the fair value, at the exchange date, of assets pledged, incurred liabilities and/or instruments of capital equity issued in exchange of the control over the acquired entity,

The costs related to business combinations are not included in the fair value. They are therefore recognized as charges and no longer included in the acquisition cost of securities.

When the business combinations agreement provides for a purchase price that depends on future events, the Group incorporates the amount of that adjustment in the business combination cost at the acquisition date if the adjustment is probable and may be measured in a reliable manner.

The Group should complete the accounting of business combinations considered with 12 months as of the acquisition date. Any changes to the acquisition price (linked to a debt instrument) outside the assignment date shall not result in the modification of the acquisition cost or goodwill.

## 1.2. Conversion of financial statements and transactions into foreign currency

The financial statements of foreign companies are reported in their operating currency, i.e. in the currency that is significant for the activity concerned, which is usually the local currency.

The Group implements the closing rate method for converting the subsidiaries' financial statements:

- ✓ All the items in the foreign companies' balance sheet are converted at the closing rate, with the exception of stockholders' equity.
- ✓ The items in the P/L account of foreign companies, given in the local currency, are converted at the average rate for the financial year.
- ✓ The Group's share of the stockholders' equity is converted at the historic rate, except for the profit/loss of the financial year which is converted at the average rate, while the other operations are converted at the actual transaction rate.
- ✓ Translation differences are recorded in other elements of the global profit/loss.
- ✓ The goodwill recognized for foreign subsidiaries is recorded in the currency used by the subsidiary concerned.

Exchange differences arising from transactions in foreign currency conducted over the financial year are included in the P/L account under other financial profits and charges, including the ones relevant to business transactions.

MGI COUTIER Group has not relied in the presented financial years on financial instruments to mitigate currency risks.

The translation differentials relating to a monetary element, which form an integral part of the net investment in a foreign subsidiary are recognized directly in the consolidated stockholders' equity under the item "translation differential", if the criteria defined by the standard are respected.

## 1.3. Accounting principles and methods

The accounts of companies within the Group, drawn up in accordance with the accounting rules in force in the country in which they operate, are restated before being consolidated when there are differences from the accounting principles adopted by the Group.

## A. Intangible assets

The intangible assets are shown in the balance sheet at their cost of acquisition, and mainly correspond to the following elements:

- ✓ Patents (amortized in straight-line method over their period of IP protection)
- ✓ Software programmes (amortized in straight-line method over a period of 1 to 3 years)

Research costs are recorded under charges for the financial year during which they are incurred. Development costs may be recorded as intangible fixed assets when the conditions associated with technical feasibility, market potential, capacity to accurately assess the attributable costs and generate future economic advantages, are met. The development costs are revised every year in order to determine whether the accounting criteria of an intangible asset are met.

In 2014 and 2013, no development costs were recorded as fixed assets because the capitalisation criteria were not met. In fact, in order to be recorded as fixed assets, the development costs incurred for a project of a new product or a significant development of an already-existing product must meet six criteria:

Among these criteria, there is one that makes it necessary to demonstrate the existence of a market for the project's outputs. The existence of a market is demonstrated when the Group has received manufacturers' approval certificate and the volumes proposed by the manufacturers generate sufficient profitability. However, the corresponding development costs are incurred in an earlier stage of the project, prior to manufacturers' approval process. The total Research and Development costs recorded under charges for the financial year 2014 stand at EUR 41.1 million (EUR 33.5 million in 2013).

## B. Goodwill

The positive differential in value recorded between the cost price of acquired stocks and the fair value of assets and liabilities of the subsidiary at that date, constitutes a goodwill recorded as a fixed asset under assets in the consolidated balance sheet under the heading "goodwill". The unallocated business intangibles are also regarded as goodwill.

The determination of fair values and goodwill is completed within a period of one year following the date of acquisition. Modifications occurring after this date are recorded in the P/L account, including those concerning deferred asset taxes.

The acquisition price includes the estimated impact of potential adjustments on the acquisition price, such as



price supplements. The price supplements are determined by applying the criteria given in the acquisition contract (turnover, profit/loss, etc.) to the most probable forecasts. They are re-estimated at each closing, the potential variations are set against the profit/loss after the date of acquisition (within a period of one year following the date of acquisition). They are updated when the result is significant. Should the need arise; the effect of the “accretion” of the debt entered under the liabilities is recorded under the heading “Cost of net financial indebtedness”. The acquisition costs are recorded directly under charges.

The Group values the minority interests when control is taken at their fair value (complete goodwill method), or based on their share in the net assets of the acquired company (partial goodwill method). The option is implemented for each acquisition.

The impact of the scope variations without change of control is recorded directly under consolidated reserves.

Under the exception provided for by the IFRS 1 standard, the value of positive goodwill determined under the French standards was not adjusted to the IFRS standards during the changeover to IFRS in 2005.

When the goodwill is negative, it is recognized under profit/loss.

The goodwill is not redeemed. It is however subject to impairment tests (cf. Note 7).

## Impairment tests of non-current and non-financial assets:

In accordance with the IAS 36 standard, impairment tests are conducted at least once a year for the non-amortized assets (essentially goodwill), and for the other tangible and intangible assets, if there are indicators of value loss.

In practice, the non-current and non-financial assets correspond essentially to goodwill and lands.

For carrying out impairment tests on goodwill, the latter is broken down between the cash generating units (CGU) corresponding to uniform sets generating independent cash flows.

Concerning goodwill, the groups of cash flow generating units correspond to the countries in which they are located (France, Spain, Turkey, China, USA, Sweden, etc.). With the exception of the entry of the Swedish Group to the financial year scope, no change of CGU (cash flow generating units) occurred in the presented financial years.

The carrying value of the assets grouped is compared to the highest amount between their utility value and the market value net of transfer costs. In practice, only the utility value is applicable. The utility value corresponds to the discounted cash flows method, whose implementation methodologies are described in note 7.

When the tests indicate impairment, the impairment loss is allocated to reduce the carrying amount of the goodwill, then the other assets of the CGU, within the limit of their recoverable value. The depreciations are recorded under the current or non-current operating profit/loss, depending on the generating event at the origin of the depreciation. Depreciations of goodwill are irreversible up to the date on which the generating units concerned are disposed of.

## C. Tangible fixed assets

The fixed assets are valued at their cost of acquisition or net carrying value following mergers or partial transfer of assets. The Group has opted for revaluation of lands as set out below in note 9.

Capital lease agreements on real estate and furniture or financial leasing are restated, in order to reflect the acquisition cost of these assets, under fixed assets and financial debts. These assets are depreciated according to the rules detailed below.

The analysis performed in accordance with IAS 23 has not led to the capitalisation of borrowing costs.

Simple lease contracts are not restated under assets. The rent payments are recorded under operating charges and spread in a straight-line distribution over the contract period.

For the sake of conformity, the depreciations are restated following the straight-line method over the useful life of the assets.

The generally adopted depreciation periods are as follows:

✓ Buildings:	25 to 40 years
✓ Fittings of constructions:	5 to 10 years
✓ Technical installations:	5 to 10 years
✓ Industrial equipment and tooling:	5 to 10 years
✓ General installations:	10 years
✓ Furniture, office equipment:	5 to 10 years

In compliance with IAS 36 standard, the Company would carry out impairment tests, using a methodology applicable for goodwill, if there is any indication that an asset may be impaired.

The assets held by the Group are not affected by the expenditure under multiannual programmes of major maintenance or major overhaul works. The expenditure incurred is intended solely to ensure the proper operating condition of installations and maintain them without extending their lifespan beyond the estimated useful life.

The tangible fixed assets held by MGI COUTIER Group have no significant residual value.



## D. Non-current financial assets

This item includes on the one hand the financial assets available for sale (unconsolidated securities), and on the other hand the financial fixed assets made up essentially of deposits and sureties paid by the companies of MGI COUTIER Group.

The securities represent the stocks in unlisted companies whose valuation at fair value may present uncertainties. In the final instance, the Group values the financial assets at the historical cost, net of any potential value loss, when no reliable projection of fair value is made by a valuation technique, in the absence of an active market. They are maintained in the balance sheet, yet at a potentially depreciated cost.

## E. Stock or inventory

The stocks are valued at their purchase price in the case of raw materials and at factory cost price for finished and semi-finished products. General costs that are not contributing to production and financial costs are excluded from the cost price. All these costs are determined by reference to the "First In, First Out" method, and given stock/inventory turnover close to the previous cost prices.

A depreciation provision is recognized when the net value of stocks is higher than their net realisation value, and/or when value loss indicators are evident (turnover, obsolescence, etc).

Tooling is valued at the full cost price (external costs) within the limit of the price invoiced to the customer.

## F. Account receivables

Receivables are recorded at the initial accounting date at the fair value of the receivable dues. The fair value of receivables is equivalent to their nominal value due to payment terms that are generally less than or equal to 3 months. Receivables are restated at the closing date of unmatured payments presented for collection, as well as the payments subject to discounting. Unmatured receivables which are assigned under a factoring agreement and non-compliant with derecognition conditions under the IAS 39 standard, are maintained under the Receivables and associated accounts heading; otherwise, they are recognized in cash assets.

Should this happen, receivables may be subject to depreciation. If value loss is detected and occurs during the course of the financial year following the initial recording of the receivables, the depreciation will be determined by comparing estimated future cash flows with the value recorded in the balance sheet. The value loss indicators are linked to different criteria (payment delays, disputes, financial hard times for customer, etc.).

## G. Cash and cash equivalents

The available cash assets are made up essentially of bank account receivables.

Cash equivalents are marketable securities that meet IAS 7 requirements for classification in "cash and cash equivalents": as short-term, highly liquid investments that are easily convertible into a known amount of cash and subject to low risk of value variation.

They are initially recorded at their acquisition cost, and then valued at their fair value that corresponds to the market value at the date of accounts closing. The variation of fair value is recorded in the financial profit/loss.

## H. Deferred taxes

Deferred taxes reflect the differences in time, between the charges and profit used for reporting the consolidated financial statements, and those used to calculate the tax on company profits.

The deferred taxes are determined using the variable carry forward method, result mainly from:

- ✓ Temporarily non deductible provisions,
- ✓ Restating operations of consolidation (mode of amortisation, capital-lease, retirement payment, etc),
- ✓ The elimination of internal profit included in stock/inventory.
- ✓ ....

Deferred taxes on temporary differences that may be carried forward are only recognized when the difference between the loss-value or depreciation of the asset is expected to offset future profit or when there is a possibility of tax optimization issued by the Company.

The time projection used for estimating future profits is at most 5 years, bearing in mind that a review of projections and assumptions used is performed periodically, and that capping rules relevant to the use of deficits are recognized, as appropriate.

In accordance with the IAS 12 standard, deferred taxes are not discounted.

## I. Retirement commitments

Where defined contribution schemes are concerned, the payments made by the Group are recorded as charges for their corresponding period.

Concerning the defined contribution schemes involving post-employment benefits, the costs of those benefits are estimated based on projected benefit obligation units with end of career remuneration.

The amounts due to employees under the different wage bargaining agreements are valued based on actuarial assumptions: salary increases, retirement age, mortality rates, staff turnover, and then adjusted to their current value based on a discounting rate. The provision corresponding to these entitlements is accounted for in full in the provisions for retirement and other benefits.

The discount rate has been determined while taking account of the yield rates from private bonds that do not include risks, and having a maturity close to bonds' maturity.

The amounts were calculated based on a discounting rate of 1.9% (against 3% at 2013 closing), a salary increase of 1.9% for executives and non-executives (compared to 2% at 2013 closing), a retirement age of 65 years and with average assumptions for staff turnover.

The current as well as former members of administrative and management fields are not entitled to any particular retirement benefits.

The cost of delivered services and financial charges are recognized in the consolidated P/L account. The impact of pension scheme changes is equally recognized immediately in the consolidated profit. No changes were noted in the presented financial years.

The actuarial differences (related to changes of actuarial assumptions and their effects are recorded under other elements of the global profit/loss account.

Finally, the Group did not opt for raising capital for the commitment from external funding sources.

## J. Stock-based payment

If applicable, under the IFRS 2, the stock subscription or purchase options granted to staff and which are settled in the form of stocks are valued at their fair value. This value is recognized in the P/L statement over the period where employees are entitled the right of deployment, while taking into account the possibility of acquisition of these rights, re-assessed at each closing.

The amount of the cumulative benefit is set at the date of entitlement to their rights, depending on the rights actually acquired.

## K. Reserves

In general, each of the identified disputes involving the Group is examined at the accounts' closing date by the Management. After consultation with external bodies, the provisions deemed necessary are recorded, as appropriate, to cover the estimated risks as appropriate.

The potential assets are mentioned in the annex when their occurrence is probable and their amounts are significant. The potential liabilities are mentioned in the annex when the amounts involved are significant.

## L. Derivative financial instruments

### *Exchange risk:*

The trade flows achieved between MGI COUTIER SA and its subsidiaries abroad are mainly invoiced in Euro. Consequently, the Group has not resorted, to date, to financial instruments to cover these trade flows.

### *Interest Rate risk:*

The Group's companies do not historically have any swaps intended to guarantee a maximum fixed rate on a part of the implemented variable-rate funding. Within the framework of AUTOTUBE AB Group's acquisition, MGI COUTIER SA signed, in accordance with its contractual obligations vis-à-vis member financial institutions of the syndicated loan, an Interest Rate Swap for a three-year term starting end of April 2014 to the tune of 66% of the quarterly outstanding loan amounts.

## M. Assets/liabilities classified as held for sale, discontinued activities

The assets and liabilities classified as held for sale are valued at the lower amount between the net book value and the fair value minus the costs of sale.

The profits/losses of discontinued activities are recorded on a separate line in the P/L account. There were no further classifications during the previous financial years.

## N. Capital stock

The stocks of the parent company and the shares held by itself or by one of its integrated subsidiaries are accounted by the Group through the deduction from stockholders' equity at their acquisition cost up to the date of sale.

The gains and losses from disposal of these stocks are allocated directly to stockholders' equity net of the associated tax.

## 1.4. Presentation of the Profit/loss Account (income statement)

### A. Turnover

Parts and tooling sales are recorded under profit at the time of goods delivery, in accordance with the specific terms of each agreement or order.

### B. Personnel costs

Personnel costs include the temporary staff compensation and staff profit sharing. Same as the 2013 financial year, the Group opted for the presentation of a research tax credit (CIR) and an employment competitiveness tax credit (CICE), with reference to the IAS 20 (accounting for Government grants), as deducted from personnel costs.

In accordance with provisions of Article 76 of the Finance law for 2015, we outline that our entity uses the CICE (tax credit), which is designed to fund the improvement of company competitiveness, for the following initiatives:

- ✓ investment,
- ✓ research and innovation,
- ✓ training and staffing.

### C. Regional economic contribution (Contribution Economique Territoriale - CET)

The “French Company added-value contribution” (CVAE) and the company property tax (CFE) are classified as operating expenses, with no change in the classification adopted formerly for the professional tax (corporate tax).

### D. Current operating profit/loss

The Group uses the current operating profit/loss as a performance indicator.

The current operating profit/loss corresponds to the net profit/loss before taking account of the following:

- ✓ Miscellaneous profits and charges including mainly restructuring costs,
- ✓ Losses, profits and variation of reserves covering exceptional events, i.e. either because they are abnormal in terms of the amounts involved or their incidence, or because they rarely occur,
- ✓ Capital gains or losses relevant to asset transfer or impairment,
- ✓ Non-current depreciations of acquisition differentials where the cause of depreciation is non-current,
- ✓ The financial profit/loss account,
- ✓ Current and deferred taxes,
- ✓ The net profit/loss account of associated companies.

This presentation is made in compliance with the recommendation of French accounting standards authority (ANC) no 2013-03 dated November 7, 2013.

## 1.5. Profit/loss per share

The profit/loss per share is calculated based on the average number of shares in circulation during the course of the financial year, based on the Group share net of profit/loss.

The diluted profit/loss per share takes into account potential shares arising from the execution of rights related to the issued share subscription bonds. At December 31, 2014, there were no new shares that could potentially be created, and no subscription options in progress or already completed.

## 1.6. Financial instruments – Financial assets and liabilities

The financial assets and liabilities are recorded under several headings in the balance sheet (non-current financial assets, account receivables, other current assets, account payables, other current debts, financial debts, cash and cash equivalents). The financial instruments are assigned to five categories that do not correspond to the headings identified in the balance sheet, bearing in mind that the assignment determines the rules of accounting and valuation.

The five categories are presented below:

- ✓ Assets held up to maturity date: not applicable within the Group over the presented financial years.
- ✓ Financial assets and liabilities at fair value by profit/loss: this heading includes in particular potentially marketable securities. The fair value variations of elements assigned to this heading are recorded in the profit/loss account at each closing.
- ✓ Loans, receivables and debts: the other elements included in this category are recognized and valued, as appropriate, “at fair cost” or “at amortized cost”.
  - The assets and liabilities accounted for “at fair cost” concern mainly account receivables and account payables as well as non-current financial assets (e.g. deposits and sureties). These elements are initially recognized at the fair value, which corresponds in the Group to their nominal value. In cases of value loss, these elements are subject to impairment.
  - The assets and liabilities recognized “at amortized cost” concern mainly the financial debts. The impaired cost of these elements corresponds to the initial value of the asset or liability reduced by reimbursements of borrowed amount, adjusted, as appropriate, using the effective interest rate method and corrected by a potential impairment.
- ✓ Assets held for sale: this category includes instruments not assigned to one of the above headings. This is the case with non-consolidated securities, valued at fair cost with impairment tests. The utility value of non-consolidated securities and associated receivables is valued by taking account of profitability pros-

pects, probability of recovery, and the share of the net profit/loss held by the Group. If the expected value is lower than the one entered in the balance sheet, an impairment cost is recorded for the amount of difference.

- ✓ Derivatives: these instruments are recognized at fair value.

In accordance with the IFRS 13 standard, effective as of 2013, the financial instruments are set out in three categories (cf. note 23), in accordance with an organisation of methods for determining fair value:

- ✓ Level 1: fair value is calculated by reference to the non-adjusted prices listed on an active market for identical assets and liabilities;
- ✓ Level 2: fair value is calculated by reference to observable market data for the asset or liability concerned, either directly (adjusted level 1 prices listed on stock exchange), or indirectly namely data derived from prices, using valuation techniques based on observable data such as the prices of similar assets or liabilities or parameters listed on an active market;
- ✓ Level 3: fair value calculated by reference to data relevant to the asset or liability that are not based on observable market data (e.g. using valuation techniques based wholly or partly on non-observable data such as prices on an inactive market or valuation on the basis of valuation multiples for unlisted securities).

The implementation of this standard for calculating the fair value of financial instruments has not lead to the identification of adjustments by virtue of asset and liability counterparty risks, in relation to the calculations performed previously.

## 1.7. Sector-based information

MGI COUTIER Group has only defined one sector-based activity, which revolves around the design, manufacturing and delivery of vehicle components, parts or equipment mechanisms.

The breakdown of the turnover and fixed assets according to geographical areas is presented for information purposes in note 3.

## 1.8. Risk factors

MGI COUTIER Group exerts more than 90% of its activity as a supplier in the automotive Original Equipment Manufacturing sector. The risks inherent to this sector of activity are therefore likely to have a significant impact on the Group's activity or profitability.

Moreover, MGI COUTIER Group achieves directly more than 33% of its turnover with PSA and RENAULT Groups (including DACIA and SAMSUNG). This high concentration of turnover on two French car makers gives rise to further risk probabilities.

## 1.9. Cash flow chart

The Group draws upon the indirect method for the presentation of cash flows, based on a very similar presentation to the model put forward by the ANC in the framework of its 2013-13 recommendation dated November 7, 2003.

Cash flows of the financial year are broken down into the flows generated by the activity according to investment activities and financing operations (stockholder equity).

The cash flow chart is developed based on the following rules:

- ✓ The net cash corresponds to the net credit and debit positions;
- ✓ The gains or losses are presented for their net tax amount, if the company records a tax;
- ✓ Provisions on current assets are recorded at the variation of operating cash flows from working capital requirement (WCR) and associated with corresponding asset items (inventory, customer, other receivables);
- ✓ Acquisitions of fixed assets are presented exclusive of debt variation relevant to asset acquisition. Transfer profits are presented exclusive of receivable variation relevant to asset transfer.

The impact of scope variations is presented by a net amount in investment flows. It corresponds to the actual paid/collected price during the financial year, adjusted from the acquired cash assets/liabilities.

## 2 Consolidation scope

Companies	% held	Consolidation method	Location
MGI COUTIER SA (PARENT COMPANY)			Champfromier, France
PAYS DE BRAY SUD SCI	100	Full method	Champfromier, France
NINGBO MGI COUTIER	100	Full method	Cixi, China
MGI COUTIER TUNISIE	100	Full method	Mateur, Tunisia
MGI COUTIER ITALIA	100	Full method	Asti, Italy
MGI COUTIER ARGENTINA	100	Full method	Cordoba, Argentina
MGI COUTIER BRASIL	100	Full method	Jundiai, Brazil
MGI COUTIER UK LTD	100	Full method	Minworth, UK
MGI COUTIER TURQUIE	100	Full method	Bursa, Turkey
MGI COUTIER ESPAÑA	100	Full method	Vigo, Spain
MGI COUTIER MEJICO	100	Full method	Saltillo, Mexico
MEIPL LTD	50	Proportionate consolidation	Pune, India
MGI COUTIER ROM	100	Full method	Timisoara, Romania
MGI COUTIER ILIA	50	Proportionate consolidation	Ghaemshahr, Iran
VOSS EXOTECH	24	Proportionate consolidation	Pune, India
DEPLANCHE FABRICATION	100	Full method	Treffort, France
MGI COUTIER ENGINEERING LTD	99	Full method	Pune, India
MGI COUTIER FINANCE LTD	100	Full method	Chippenham, UK
AVON AUTOMOTIVE HOLDINGS INC	100	Full method	Cadillac, USA
PETROL AUTOMOTIVE HOLDINGS INC	100	Full method	Cadillac, USA
CADILLAC RUBBER & PLASTICS INC	100	Full method	Cadillac, USA
CT RUBBER & PLASTICS INC	100	Full method	Cadillac, USA
CADILLAC INDUSTRIES DE MEXICO SA DE CV	100	Full method	Orizaba, Mexico
CADIMEX SA DE CV	100	Full method	Orizaba, Mexico
CADILLAC RUBBER & PLASTICS DE MEXICO SA DE CV	100	Full method	Orizaba, Mexico
AVON AUTOMOTIVE UK HOLDINGS LIMITED	100	Full method	Chippenham, UK
AVON AUTOMOTIVE SANAYI VE TICARET LIMITED SIRKETI	100	Full method	Gebze, Turkey
AVON AUTOMOTIVE GMBH	100	Full method	Stuttgart, Germany
AVON AUTOMOTIVE FRANCE HOLDINGS SAS	100	Full method	Vannes, France
AVON POLYMERES FRANCE	100	Full method	Vannes, France
AVON AUTOMOTIVE A.S.	100	Full method	Rudnik, Czech Republic
INDUSTRIAL FLEXO S.L.	100	Full method	St Just, Spain
AVON AUTOMOTIVE PORTUGAL LDA	100	Full method	Tondela, Portugal
GOLD SEAL AVON POLYMERS PRIVATE LIMITED	55	Full method	Daman, India
AVON AUTOMOTIVE JAPAN CO Ltd	100	Full method	Tokyo, Japan
AVON RUBBER MAURITIUS	100	Full method	Port Louis, Maurice
AVON AUTOMOTIVE CHINA*	100	Full method	Chongqing, China
AUTOTUBE AB GROUP*	100	Full method	Varberg, Sweden
AUTOTUBE AB*	100	Full method	Varberg, Sweden
MGI COUTIER LUSITANIA*	100	Full method	Paredes, Portugal
MGI COUTIER MAROC*	100	Full method	El Jadida, Morocco

\* Entry into the consolidation scope in 2014, either through acquisition or creation.



All the subsidiaries in MGI COUTIER Group close their financial year on December 31, each year; with the exception of MEIPL, VOSS EXOTECH, MGI COUTIER ILIA and MGI COUTIER ENGINEERING which close their financial year on March 31, every year.

Taking account of the decision taken by the Management Board in 2008 on closing the Mexican subsidiary, this company's assets and liabilities were recorded under "assets and liabilities held for sale".

### 3 Information by geographical area

The breakdown of turnover and fixed assets per geographical area is given for information purposes in the table below:

(in thousands of Euros)	France	Western Europe	North America	Rest of the world	Internal offsetting	Total
<b>At December 31, 2014</b>						
Total turnover	268,352	164,351	196,564	179,843	(117,038)	692,073
Current operating profit	(8,442)	10,737	32,605	16,989	-	51,889
<b>At December 31, 2013</b>						
Total turnover	266,387	116,000	199,983	185,727	(104,300)	663,797
Current operating profit	1,564	6,253	33,960	13,459	-	55,236

The breakdown of fixed assets (intangible and tangible) by geographical area is analysed as follows:

(in thousands of Euros)	Gross values	Net values
France	243,430	67,692
Western Europe	91,123	34,592
North America	27,933	14,301
Rest of the world	82,749	42,064
<b>Total fixed assets</b>	<b>445,235</b>	<b>158,649</b>

### 4 Net non-current profit and charges

(in thousands of Euros)	31.12.2014	31.12.2013
Restructuring costs (net)	(320)	-
Capital gains	46	(261)
Others	(54)	(979)
<b>Total</b>	<b>(328)</b>	<b>(1,240)</b>

### 5 Financial profit/loss

(in thousands of Euros)	31.12.2014	31.12.2013
Net cost of financial debt	(2,938)	(2,033)
Net exchange profits and (losses)	(1,049)	766
Other profits (charges)	(1,530)	(1,805)
<b>Total</b>	<b>(5,517)</b>	<b>(3,072)</b>

### 6 Taxes on the profits/losses

(in thousands of Euros)	31.12.2014	31.12.2013
Current taxes	(17,704)	(16,662)
Deferred taxes	4,746	2,418
<b>Total</b>	<b>(12,958)</b>	<b>(14,244)</b>

The tax calculation is implemented individually at each consolidated legal entity. The positions of deferred taxes were recognized by taking account of an overall rate of 33.33%.

The reconciliation of the total corporate tax accounted for in the consolidated accounting profit & loss and the theoretical corporate tax is established as follows:

(in thousands of Euros)	
Profit before tax of the integrated companies:	46,044
Non-tax Profits (temporary exemption)	-
Different tax rates	(1,443)
Use of deficits not recognized previously	-
Permanent and other differences*	(6,335)
<b>Tax base</b>	<b>38,266</b>
Tax at standard rate of 33.33%	(12,754)
Other impacts (including tax recoveries)	(204)
<b>Effective corporate tax</b>	<b>(12,958)</b>

(\*) Including EUR 5,895 k for CIR (Research tax credit) and CICE (employment competitiveness tax credit)

Deferred taxes are presented below in note 11.

## 7 Goodwill

(in thousands of Euros)	31.12.2014	31.12.2013
Net value at January, 1st	30,028	31,006
Acquisitions during financial year	20,323	-
Adjustment of asset and liability values for operations acquired prior to financial year	-	-
Transfers	-	-
Conversion differential (and other transactions)	1,781	(978)
Depreciation	-	-
<b>Net amount</b>	<b>52,132</b>	<b>30,028</b>

The acquisition differentials concern mainly AVON AUTOMOTIVE entities in the USA, AUTOTUBE AB, MGI COUTIER ESPAÑA and MGI COUTIER SA.

In connection with the entry in consolidation scope as of April 3, 2014, the estimation of consolidation excess for AUTOTUBE and AUTOTUBE AB is still provisional.

The utility value of goodwill corresponds to the value determined based on future cash flows updated in the CGUs (cash flow generating units) under the following economic assumptions and estimated operating conditions:

- ✓ The cash flows used come from 2015 budgets and are extended over an explicit overall period of five years, with a stable operating profit / turnover rate;
- ✓ Beyond that period, the terminal value corresponding to ad infinitum capitalisation (with a growth rate ad infinitum of 1% similar to the closing of 2013) of the last flow for the specific period is calculated;
- ✓ The updating rate corresponds to a weighted average cost of capital after tax. Its use leads to the determination of recoverable values identical to those obtained using a before-tax rate on non-taxed cash flows.

Similar to 2013, the utility value is higher than the accounting value at December 31, 2014; there is no need to record any depreciation of the assets concerned. The rate adopted at December 31, 2014 to update future cash flows stands at 8.27% as opposed to 10.32% at December 31, 2013.

In the absence of identified local risks, the Group has not separated by CGU the updating rate and growth rate ad infinitum. The variation of the discounting rate of more or less 1 point would have no impact on the conclusions of impairment tests, with no depreciation being recognized on the acquisition differentials. Likewise, the financial sensitivity analyses on the business plan did not lead to the identification of reasonably plausible variations of key operating assumptions, leading to a risk of depreciation for goodwill.



## 8 Other intangible fixed assets

The other intangible fixed assets have evolved as follows:

(in thousands of Euros)	Software	Others	Total
<b>Gross accounted amounts</b>			
Value at January 1, 2014	9,259	555	9,814
Acquisitions	410	21	431
Disposals	(24)	(6)	(30)
Conversion and other differentials	79	(61)	18
<b>Value at December 31, 2014</b>	<b>9,724</b>	<b>509</b>	<b>10,233</b>
<b>Cumulative amortisation and value loss</b>			
Value at January 1, 2014	(7,804)	(347)	(8,151)
Amortisation	(1,082)	(47)	(1,129)
Net value loss	-	-	-
Disposals	24	6	30
Conversion and other differentials	(83)	61	(22)
<b>Value at December 31, 2014</b>	<b>(8,945)</b>	<b>(327)</b>	<b>(9,272)</b>
<b>Net amounts recognized at December 31, 2014</b>	<b>779</b>	<b>182</b>	<b>961</b>

The line "conversion and other differentials" includes the variations of consolidation scope that occurred during the financial year. The Group has not identified any indicator of value loss, over the financial years presented, that may generate a depreciation risk.

## 9 Tangible fixed assets

The tangible fixed assets have evolved as follows:

(in thousands of Euros)	Lands	Buildings	Technical installations, equipment and tooling	Other tangible fixed assets	Current fixed assets	Total
<b>Gross accounted amounts</b>						
Value at	8,457	79,435	239,217	30,969	8,502	366,580
January 1, 2014	1,736	2,266	27,663	2,144	8,281	42,090
Acquisitions	-	(26)	(7,963)	(749)	-	(8,738)
Transfers	272	5,767	23,767	4,715	549	35,070
<b>Conversion and other differential</b>	<b>10,465</b>	<b>87,442</b>	<b>282,684</b>	<b>37,079</b>	<b>17,332</b>	<b>435,002</b>
<b>Value at December 31, 2014</b>						
Cumulative depreciation and value loss	(135)	(37,553)	(179,438)	(23,392)	-	(240,518)
Value at January 1, 2014	(18)	(2,169)	(15,711)	(2,377)	-	(20,275)
Depreciation	-	-	-	-	-	-
Net value loss	-	27	7,898	779	-	8,704
Transfers	(1)	(2,398)	(18,747)	(4,079)	-	(25,225)
<b>Conversion and other differential</b>	<b>(154)</b>	<b>(42,093)</b>	<b>(205,998)</b>	<b>(29,069)</b>	<b>-</b>	<b>(277,314)</b>
<b>Value at December 31, 2014</b>	<b>10,311</b>	<b>45,349</b>	<b>76,686</b>	<b>8,010</b>	<b>17,332</b>	<b>157,688</b>
<b>Net amounts accounted for at December 31, 2014</b>						

The line "conversion and other differential" includes the variations of consolidation scope that occurred during the financial year.

The Group did not identify any value losses likely to generate a depreciation risk over the financial years presented.

The analysis of the properties acquired thanks to capital lease is classified below according to their nature:

(in thousands of Euros)	Gross values	Depreciation and provisions	Net values
Lands	266	-	266
Buildings	19,248	(13,078)	6,170
Technical installations	10,221	(8,186)	2,035
Other fixed assets	406	(406)	-
<b>Total</b>	<b>30,141</b>	<b>(21,670)</b>	<b>8,471</b>

The lands located in France have been accounted for at fair value in the expert's opinion at the transition to the IFRS. This mode of accounting has led to a net increase in the tangible fixed assets of EUR 3,500 k, compared to accounting based on the historical cost. Stockholders' equity and deferred liability taxes were affected by this revaluation of lands in the amount of EUR 2,333 k and EUR 1,167 k respectively.

## 10 Non-current financial assets

The non-current financial assets have evolved as follows:

(in thousands of Euros)	Holdings	Others	Total
<b>Gross amounts recognized</b>			
Value at January 1, 2014	84	4,021	4,105
Acquisitions	-	1,384	1,384
Transfers	-	(189)	(189)
Conversion and other differentials	(27)	1,347	1,320
<b>Value at December 31, 2014</b>	<b>57</b>	<b>6,563</b>	<b>6,620</b>
<b>Cumulative depreciation and value loss</b>			
Value at January 1, 2014	(47)	(1,226)	(1,273)
Depreciation	-	(1,189)	(1,189)
Net value loss	-	-	-
Transfers	-	24	24
Conversion and other differentials	1	(1)	-
<b>Value at December 31, 2014</b>	<b>(46)</b>	<b>(2,392)</b>	<b>(2,438)</b>
<b>Net amounts recognized at December 31, 2014</b>	<b>11</b>	<b>4,171</b>	<b>4,182</b>

The column entitled "Others" includes, in particular, stocks in other associated companies standing at EUR 1,188 k as at December 31, 2014. They only involve VOSS EXOTECH Company (India) and MEIPL (India).

## 11 Deferred taxes

The deferred taxes (EUR 7,693 k in assets and EUR 4,471 k in liabilities, i.e. a net sum of EUR 3,222 k) may be analysed as follows:

(in thousands of Euros)	31.12.2014	31.12.2013
Revaluation of lands in France in expert's opinion	1,167	1,167
Derogatory depreciation and other regulated provisions	9,436	7,207
Retirement	(1,917)	(1,514)
Tax deficit	(10,681)	(4,221)
Other differentials	(1,227)	2,123
<b>Total</b>	<b>(3,222)</b>	<b>4,762</b>
<b>Including asset deferred taxes</b>	<b>(7,693)</b>	<b>(2,888)</b>
<b>Including liability deferred taxes</b>	<b>4,471</b>	<b>7,650</b>

The deferred asset and liability taxes have been offset, as they apply to a single legal entity. At the Group level, the potential deferred taxes on liabilities relevant to tax deficits recorded at the end of the financial year, were not recognized for certain subsidiaries due to uncertainty about their future use and the absence of a precise repayment schedule for the use of fiscal losses (cf. note 1.3h).

The main tax deficits -to be carried forward at December 31, 2014 (excluding subsidiaries put into liquidation) and not taken into account in the financial statements- are analysed as follows:

(in thousands of Euros)	31.12.2014	31.12.2013
INDUSTRIAL FLEXO	26,147	24,196
AVON POLYMERES FRANCE	10,196	9,661
AVON AUTOMOTIVE HOLDINGS FRANCE	9,384	8,657
<b>Total</b>	<b>45,727</b>	<b>42,514</b>

## 12 Stocks

(in thousands of Euros)	Gross value	Obsolescence provision	Net value	31.12.2013
Materials, components and goods	24,849	(4,431)	20,418	16,856
Semi-finished and finished products	28,136	(2,304)	25,832	23,428
Work in Progress	18,784	(647)	18,137	16,525
<b>Total</b>	<b>71,769</b>	<b>(7,382)</b>	<b>64,387</b>	<b>56,809</b>

## 13 Customer receivables and associated accounts

(in thousands of Euros)	31.12.2014	31.12.2013
Customer debts (receivables)	117,056	103,352
Provisions for bad debts	(1,045)	(1,385)
<b>Net value</b>	<b>116,011</b>	<b>101,967</b>

Customer debts fall due within less than one year. Outstanding debts of more than six months old are not significant, if not depreciated.

## 14 Other current debts

(in thousands of Euros)	31.12.2014	31.12.2013
Deferred expense	1,592	916
Tax credits – MGI COUTIER SA	17,798	11,951
Claims for taxes and other credits	5,898	7,085
Advances and deposits paid on orders	2,567	2,419
<b>Gross value</b>	<b>27,855</b>	<b>22,371</b>
Depreciation	(453)	(829)
<b>Net value</b>	<b>27,402</b>	<b>21,542</b>

All the debts classified under the heading “other debts” are regarded as falling due in less than one year.

## 15 Equity capital

At December 31, 2014, the capital is made up of 26,741,040 stocks having a nominal value of EUR 0.8. The family Group holds 69.75% of the capital and voting rights, including 57.33% through COUTIER JUNIOR SA.

The company is not subject to any specific regulatory or contractual obligation as far as equity capital is concerned.

The company does not rely on a specific management policy as far as capital is concerned. The arbitration between external funding and capital increase is implemented on a case-by-case basis according to the estimated operations. Stockholder equity monitored by the Group includes the same items as the consolidated one.

## 16 Long-term provisions

(in thousands of Euros)	31.12.2013	Increases	Uses	Unallocated write-backs/	31.12.2014
Retirement & severance benefits	8,573	905	(319)	1,122	10,281
Other risks and charges provisions	6,669	3,558	(3,157)	(463)	6,607
<b>Total</b>	<b>15,242</b>	<b>4,463</b>	<b>(3,476)</b>	<b>659</b>	<b>16,888</b>

(1) Including variations on the scope that occurred during the financial exercise.

Retirement benefits were calculated in accordance with note 1.3.i).

At the closing of previous financial years, there were no potentially significant assets or liabilities.

## 17 Net financial indebtedness

The financial debts are analysed as follows:

(in thousands of Euros)	31.12.2014	31.12.2013
Debts and borrowings from credit bodies	118,270	74,042
Capital lease	1,302	2,656
Other funding (1)	3,291	2,214
Bank credit balances	744	738
<b>Sub-total of financial debts</b>	<b>123,607</b>	<b>79,650</b>
<b>Sub-total of Cash and cash equivalents</b>	<b>58,809</b>	<b>39,510</b>
<b>Net financial indebtedness</b>	<b>64,798</b>	<b>40,140</b>

(1) The other funding corresponds essentially to current accounts of COUTIER SENIOR and COUTIER JUNIOR.

At December 31, 2014, the financial debts are analysed as follows depending on their due dates:

- ✓ At less than one year: EUR 26,460 k  
(EUR 22,294 k in 2013)
- ✓ From one to five years: EUR 64,147 k  
(EUR 57,356 k in 2013)
- ✓ At more than five years: EUR 30,000 k  
(- thousands of Euros in 2013).

At the closing of presented financial years, the Group has no debts on security acquisition loans.

Fixed rate debts stand at EUR 33,807 k while variable rate debts stand at EUR 89,800 k.

Moreover, on December 31, 2014, the Group's companies only hold one cover agreement intended to guarantee a maximum fixed rate on a part of the implemented variable financing rate (not a significant amount at the closing).

Certain bank loans are subject to financial covenants (based on criteria of profitability, indebtedness and capitalisation). All the companies of MGI COUTIER Group abide by all these covenants at December 31, 2014.

## 18 Other debts

(in thousands of Euros)	31.12.2014	31.12.2013
Advances and received deposit payments	5,352	4,479
Deferred profit	1,131	727
Payroll tax expenses	21,214	23,621
Tax liabilities and other debts	17,938	3,307
<b>Total</b>	<b>45,635</b>	<b>32,134</b>

## 19 Assets to be divested

The Management Board decided in the financial year 2008 to close the Mexican subsidiary and to divest the assets and liabilities associated with that company, they were recorded under "assets to be divested" and "liabilities intended to be divested" in the accounts as at December 31, 2009 and as at December 31, 2010. The net assets associated with this subsidiary stood at EUR 31 k as at December 31, 2014 (assets of EUR 31 k, liabilities of EUR 0 k). At December 31, 2013, the net assets associated with the "assets to be divested" stood at EUR 31 k (assets of EUR 31 k, liabilities of EUR 0 k).

## 20 Off-balance sheet commitments and granted guarantees

**Commitments linked to external growth operations :**  
none

**Commitments linked to financial operations:**

As at December 31, 2014, the amount of other commitments to funding organisations stood at:

- ✓ EUR 11,326 k, under the guarantees provided by the parent company to the Group's foreign subsidiaries, including:
 

MGI COUTIER ESPAÑA :	EUR 9,500 k
MGI COUTIER TUNISIE :	EUR 750 k
GSAP :	EUR 715 k
- ✓ EUR 79,600 k as part of mortgages or guarantees provided on non-financial assets (this amount was already included in the Group's financial liabilities).

**Commitments related to operating transactions and other investments :** not significant

**Other commitments:**

The three English subsidiaries, MGI COUTIER UK LIMITED, MGI COUTIER FINANCE LTD and AVON AUTOMOTIVE UK HOLDINGS LIMITED, which are owned directly or indirectly in-full by MGI COUTIER SA, benefit from the provisions of article 479a of Companies Act 2006 relevant to the exemption from audit for subsidiary companies. As a stockholder, MGI COUTIER SA has agreed on the exemption of these three subsidiaries from legal audit on accounts. Consequently, MGI COUTIER SA has provided a legal guarantee as required by article 479c of the British Companies act 2006 with respect to debts incurred by MGI COUTIER UK LIMITED, MGI COUTIER FINANCE LTD et AVON AUTOMOTIVE UK HOLDINGS LIMITED as at December 31, 2014.

## 21 Stockholder equity

As at December 31, 2014, the Group held 5,516 of own shares through a liquidity contract with GILBERT DUPONT brokerage firm.

## 22 Headcount

The breakdown of employees by category may be analysed as follows:

	31.12.2014	31.12.2013
Management/Executives	425	384
Employees and technicians	2,451	2,538
Operatives	4,782	4,589
<b>Total</b>	<b>7,658</b>	<b>7,511</b>

On December 31, 2014, the total headcount of MGI COUTIER Group stands at 7,658 including 1,881 employees operating in France. Developments in headcount are specified below:

	31.12.2014	31.12.2013
MGI COUTIER	1,680	1,690
DEPLANCHE FABRICATION	18	17
AVON POLYMERES FRANCE	183	193
<b>Total France</b>	<b>1,881</b>	<b>1,900</b>
MGI COUTIER TUNISIE	604	557
MGI COUTIER ARGENTINA	64	98
MGI COUTIER NINGBO	188	227
MGI COUTIER BURSA	404	363
MGI COUTIER BRASIL	94	138
MGI COUTIER UK	91	80
MGI COUTIER ESPAÑA	249	260
MEIPL	N/A	71
MGI COUTIER ROM	352	353
MGI COUTIER ILIA	N/A	23
MGI COUTIER ENGINEERING	15	12
MGI COUTIER LUSITANIA	58	-
AVON AUTOMOTIVE sub-group	3,337	3,429
AUTOTUBE AB sub-group	321	N/A
<b>Total</b>	<b>7,658</b>	<b>7,511</b>

## 23 Financial instruments

2014 balance sheet headings (in thousands of Euros)	Description of Financial instruments	Fair value levels (cf. infra)	Net book value	Fair value
<b>Assets</b>				
Non-consolidated securities and related receivables	A	2	143	143
Other non-current financial assets	D	-	4,039	4,039
Receivables and associated accounts	D	-	116,011	116,011
Other current assets (excluding deferred expenses, tax receivables)	D	-	2,567	2,567
Fair value of financial instruments	B	2	-	-
Cash and cash equivalents	B	1	58,809	58,809
<b>Liabilities</b>				
Financial liabilities (share at more and less than one year)	C	2	122,863	122,863
Stock acquisition debts (share at more and less than one year)	C	2	-	-
Bank credit facilities	D	2	744	744
Fair value of financial instruments	B	2	-	-
Payables and associated accounts	D	-	72,764	72,764
Other current liabilities (excluding deferred revenue, tax liabilities and payroll tax expenses)	D	-	5,532	5,532

A – Assets held for sale

B – Assets and liabilities at fair value by profit/loss

C – Assets and liabilities values at amortized cost

D – Assets and liabilities valued at cost

E – Held-to-maturity assets, valued at amortized cost

When the fair value is used, either to value the financial assets/liabilities (as is the case with short-term investments) or in order to provide information included in the above table on the fair value of other financial assets/liabilities, the financial instruments are broken down according to the organisation defined by standard IFRS 13, which was introduced in 2013 (cf. note 23) and which is very close to the IFRS 7 implemented previously:

The definition of fair value levels are presented in note 1.6.

No valuation level is given when the net book value is close to the fair value.

## 24 Remuneration paid to Directors

Remuneration amounts paid to the members of the Management Board and the Supervisory Board, according to the roles performed within the companies controlled by MGI COUTIER SA Group, cannot be dissociated from the overall sum paid by MGI COUTIER SA.

Remuneration instalments paid to the members of the Management Board stand in total at EUR 1,385,964 for the financial year ending December 31, 2014 (EUR 1,205,824 in 2013), whilst remuneration paid to members of the Supervisory Board stand at EUR 113,000 (EUR 407,946 in 2013).

## 25 Stock purchase options

The company has not authorized or agreed on any purchase stock options for directors.

## 26 Risks and disputes

### 26.1. Market risks

#### A. Risks associated with exchange rate fluctuations

MGI COUTIER performs an activity hinging essentially upon proximity manufacturing plants. As a result, the Group is rarely affected by exchange rate fluctuations, except for the translation of financial statements. Therefore, no exchange risk coverage has been implemented.

#### B. Risks associated with raw material prices

The raw materials used by MGI COUTIER Group are plastic materials, rubber, silicone and steel. Historically, the Group has never introduced any risk coverage to mitigate its exposure to price fluctuations of raw materials.

#### C. Interest rate risks

The Group's net profit/loss can be influenced by interest

rate changes insofar as they have a direct effect on the cost of borrowing. MGI COUTIER considers interest rate risks as part and parcel of any funding policy. No interest rate risks coverage has therefore been implemented with the exception of the contractual coverage enabled by the syndicated loan which was introduced during the financial year 2014 in order to fund the acquisition of AUTOTUBE AB Group. This coverage makes it possible to pay an interest rate that cannot exceed a certain level above two thirds of the outstanding syndicated loan amounts over a three-year period.

#### D. Liquidity risks

MGI COUTIER must, at all times, have sufficient financial resources to fund its current activity and the investments required for the Group's expansion, but also to be able to face any exceptional events. Accordingly, capital markets are used in the form of long-term resources intended to secure the entirety of its net indebtedness over a long-term period (medium-term lines of credit) on the one hand, and on the other hand, short-term financial instruments (discount account).

All the medium-term lines of credit granted to MGI COUTIER SA since the financial year 2003 have been covered by financial covenants. On the historical basis of the last 15 years, these covenants have always been respected, except for the financial year 2001. In addition, MGI COUTIER's cash flow is monitored on a daily basis, the same goes for its subsidiaries where cash flow monitoring is performed on a monthly basis.

As the current assets are higher than current liabilities, no information was given on maturity periods of less than one year.

#### E. Non-performance risks (counterparty risk and own credit risk)

The analysis made in accordance with the IFRS 13 standard and implemented in 2014 has not led to the identification of any adjustments with respect to the risk of non-performance (counterparty credit risk) in the fair value assessment of the financial assets, financial liabilities and derivatives (1st tier bank counterparties, insignificant derivatives, etc.).



## 26.2. Industrial and environmental risks

### A. Environmental risks

In the various countries where MGI COUTIER is operating, the Group's activities are subject to diverse and changing environmental regulations that require the Group to abide by more and more strict standards in the field of environmental protection, particularly air and water pollutant emissions, the use of hazardous substances and the disposal of waste. In order to comply with this environment-friendly approach, MGI COUTIER has introduced a health, safety and environment policy the ISO 14001 standard. Plant managers in France and Foreign subsidiary Directors are responsible, in conjunction with the Industrial Development Director, for the management and monitoring of risks related to the environment.

### B. Risks associated with products and services sold

MGI COUTIER is exposed to the risks of claims under warranty or product liability claims issued by its customers with respect to products and services sold. The current risks are covered by reasonable provisions. MGI COUTIER is also subject to the risk of product liability claims involving the failure or damage caused by products and services. In order to protect itself against this risk, MGI COUTIER has subscribed to a liability insurance policy designed to protect the Group from the financial consequences of such civil liability claims. However, MGI COUTIER's liability towards its customers is often unlimited, whereas insurance coverage is generally subject to maximum amount limits. Therefore, there is theoretically a residual risk.

## 26.3. Other risks

### A. Risks associated with dependence on the automotive sector and customers

MGI COUTIER's profit is directly dependent on the level of worldwide vehicle production, particularly in Europe, North America, Turkey and South America. This production can be affected by the general economic situation, government policies, namely incentive schemes of vehicle purchasing, trade agreements, regulatory changes and labour relations (including strikes and work disruptions). Moreover, MGI COUTIER performs 33% of its activity directly with two automobile manufacturers, PSA and RENAULT. The performance of these two manufacturers has therefore a considerable influence on MGI COUTIER's profits.

### B. Risks associated with new projects

Any award of a new project is subject to a standardized profitability study, where the Management Board establishes profitability projections and return on investment criteria. Once the project is awarded, it is monitored, from start-up to the launch of mass production thanks to progress milestones where all the financial and technical data are analysed and corrected as appropriate.

### C. Risks associated with dependence on new models

Supply contracts take the form of open orders for all or a part of equipment requirements for a vehicle model, with no guarantees on production volume. They are agreed upon separately for each of the vehicle's functions and are generally valid for the life cycle of the model. MGI COUTIER's turnover, profit/loss and financial situation may therefore be affected by the commercial failure of a model and/or by the fact that MGI COUTIER is not retained for a new generation of models. Moreover, in certain cases, the car manufacturer may reserve the right to change the supplier in an arbitrary manner during the life cycle of the model. However, these risks are mitigated thanks to MGI COUTIER's wide range of products installed or assembled on a large number of vehicle parts.

### D. Risks associated with contractual dependence

MGI COUTIER works with a number of suppliers, which significantly mitigates the risk of its dependence on a specific contract or contractual clause.

### E. Customer risks

Every month, the Finance Department distributes a statement of outstanding and past due receivables per customer as well as a summary statement of disputes per Division. Since the financial year 2006, credit insurance has been introduced to reduce the risk of non-payment across a part of MGI COUTIER companies in France and Spain.

### F. Risks related to Labour relations

MGI COUTIER considers that relations with its employees are generally good. However, although the labour relations policy of MGI COUTIER seeks to minimize such risks, the Group is not immune to employees' movements that could affect its performance and profits.

## G. Risks associated with intellectual property rights (patents)

MGI COUTIER's industrial know-how and the innovations developed by the Group's Research teams are -whenever possible and justified by the technological stakes- subject to patent-filing process in order to protect the intellectual property rights. The geographical scope and protection period are compliant with established practices of the field and adapted to Division needs; as they are subject to systematic and regular revisions. As risks of infringement still exist, this approach constitutes an effective legal instrument to overcome them.

## 27 Business combinations

### AUTOTUBE AB and AUTOTUBE AB Group

On 3 April 2014, MGI COUTER Group acquired 100% of AUTOTUBE AB and AUTOTUBE AB Group's companies. The entities were incorporated based on the full method in 2014 consolidated accounts as of the acquisition date.

The accounts of these companies were established in compliance with the IFRS standards as adopted by the European Union and were harmonized in accordance with MGI COUTIER's accounting standards.

The provisional allocation of acquisition price is summarized as follows (in millions of Swedish Krona):

Acquisition price:	SEK 291,3 m	i.e. EUR 32,9 m
Fair value of acquired net assets:	SEK 111,3 m	i.e. EUR 12,6 m
Goodwill:	SEK 180,0 m	i.e. EUR 20,3 m

Under the framework of the IFRS 3 concerning business combinations, the Group estimated the assets and liabilities of AUTOTUBE AB Group at fair value.

## 28 Post-closing events

No major post-closing events were observed.

## 29 Statutory auditors' fees

(in Euros)	MAZARS SA - MAZARS			ORFIS SA - ORFIS BAKER TILLY		
	Total (excl. tax)		%	Total (excl. tax)		%
	N	N-1		N	N-1	
<b>Audit</b>						
Auditing of accounts, certification, examination of individual and consolidated accounts:						
- Issuer	91,000	93,700		79,000	81,300	
- Fully-consolidated subsidiaries	140,402	146,798		144,793	127,663	
Other diligence procedures and service fees directly associated with Auditors' mission.						
- Issuer	5,000	11,000	-	10,500	11,000	
- Fully-consolidated subsidiaries	-	-	-	-	-	
Sub-total	236,402	251,498	94%	234,293	219,963	100%
<b>Other services delivered by the networks to fully-consolidated subsidiaries</b>						
Legal, tax, social	16,000	24,075		-	4,391	-
Others		-			-	-
Sub-total	16,000	24,075	6%	-	4,391	0%
<b>Total</b>	<b>252,402</b>	<b>275,574</b>	<b>100%</b>	<b>234,293</b>	<b>224,354</b>	<b>100%</b>

## Statutory auditors' report on the consolidated accounts

**ORFIS BAKER TILLY**  
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69100 Villeurbanne

**MAZARS**  
P.A.E. Les Glaisins  
13, avenue du Pré Félin  
74940 Annecy-le-Vieux

Financial year ending December 31, 2014

To the stockholders

In the course of the mission entrusted to us by your General Meeting, we now submit our opinion for the financial year ending December 31, 2014 on:

- The inspection of the consolidated accounts of MGI COUTIER SA company, as attached in this report,
- The justification of our assessments,
- The specific verification provided for by the law.

The consolidated accounts were closed by the Management Board. It is up to us, on the basis of our audit, to issue an opinion on these accounts.

### I. Opinion on the consolidated accounts

We conducted our audit in accordance with the applicable rules of professional practice in France. These rules call for the implementation of due diligence procedures to obtain a reasonable assurance that the consolidated accounts do not contain any significant anomalies. An audit consists of verifying, by sampling or other selection methods, the elements justifying the figures and information given in the consolidated accounts. It also consists of assessing the accounting principles followed, the significant estimations used and the overall presentation of the accounts. We believe that the elements we have gathered are sufficient and appropriate for supporting our opinion.

We certify that the consolidated accounts for the financial year are, in the light of the IFRS standards as adopted in the European Union, regular and true in nature; and give a true picture of the capital, the financial situation and the profit/loss achieved by the people and entities involved in the consolidation.

Without calling the above opinion into question, we would draw your attention to the Note 1 –in the annex to the consolidated accounts- which describes the new standards, amendments and interpretations that your company has applied as of 1 January 2014.

### II. Justification of the assessments

In accordance with the provisions of article L. 823-9 of the French Commercial Law relating to the justification of our assessments, we would like to bring the following elements to your attention:

- Note 1 of the annex to the consolidated accounts sets out the new standards, amendments and interpretations that your company has applied since January 1, 2014. Within the framework of our assessment of the accounting principles followed by your company, we have examined the information given in this regard in note 1 of the annex to the consolidated accounts.
- Your company makes provisions to cover the identified disputes, as mentioned in note 1.3.k) in the annex. On the basis of the information available to date, our assessment of the provisions is based on the analysis of the processes implemented by the Group in order to identify and estimate the risks, and on the examination of the significant files. Within the framework of our assessments, we were able to reassure ourselves of the reasonable nature of these estimations.
- Your Company also undertakes systematically, on each closing, to carry out impairment tests on the goodwill in accordance with the methods described in notes 1.3.b) and 7 of the annex to the consolidated accounts. We have examined the methods of implementation of these impairment tests as well as the data and assumptions used, and we have verified that notes 1.3.b) and 7 provide appropriate information. Within the framework of our assessments, we were able to reassure ourselves of the reasonable nature of these estimations.

The assessments made in this regard fall within our activity of auditing consolidated accounts taken as a whole, and have therefore contributed to the development of our opinion as expressed in the first part of this report.

### III. Specific verification

We equally conducted, in accordance with the rules on professional practice applicable in France, the specific verification called for by the law on the information about the Group in the management report.

We do not have any observations to make about their truthfulness or agreement with the consolidated accounts.

*Drawn up in Villeurbanne and Annecy-Le-Vieux,  
on April 30, 2015*

ORFIS BAKER TILLY  
Valérie MALNOY

MAZARS  
Bruno POUGET  
Statutory Auditors

**Balance sheet**  
**Parent-company financial statements**  
**At December 31, 2014**  
**(in thousands of Euros)**

<b>ASSETS</b>	<b>Notes n°</b>	<b>31.12.14</b>			<b>31.12.13</b>
		<b>Gross amounts</b>	<b>Depreciation or provisions</b>	<b>Net amounts</b>	<b>Net amounts</b>
<b>Fixed intangible assets</b>	<b>3.1</b>	<b>13,690</b>	<b>11,316</b>	<b>2,374</b>	<b>3,061</b>
<b>Fixed tangible assets</b>	<b>3.1</b>				
Lands		653	135	518	525
Buildings		24,573	13,440	11,133	11,445
Technical installations, material and toolings		128,203	98,087	30,116	26,084
Other tangible assets		20,060	15,007	5,053	5,482
Current assets, advance deposits		4,993		4,993	4,175
		<b>178,482</b>	<b>126,669</b>	<b>51,813</b>	<b>47,711</b>
<b>Financial assets</b>	<b>3.2</b>				
Equity investments and related debts		234,228	40,049	194,179	162,066
Other financial assets		487	130	357	421
		<b>234,715</b>	<b>40,179</b>	<b>194,536</b>	<b>162,487</b>
<b>Stocks</b>	<b>3.3</b>	<b>25,882</b>	<b>3,831</b>	<b>22,051</b>	<b>22,719</b>
<b>Advances and received downpayment</b>		<b>1,325</b>		<b>1,325</b>	<b>1,004</b>
<b>Accounts receivable</b>					
Receivables and related accounts	3.4	38,259	298	37,961	35,853
Other receivables	3.5	27,971	21	27,950	24,460
		<b>66,230</b>	<b>319</b>	<b>65,911</b>	<b>60,313</b>
<b>Cash and short-term investment</b>	<b>3.6</b>	<b>12,385</b>		<b>12,385</b>	<b>13,564</b>
<b>Deferred expenses</b>		<b>603</b>		<b>603</b>	<b>288</b>
<b>Translation gains/losses on assets</b>		<b>1</b>		<b>1</b>	<b>15</b>
<b>Total assets</b>		<b>533,313</b>	<b>182,314</b>	<b>350,999</b>	<b>311,162</b>

<b>LIABILITIES</b>	<b>Notes n°</b>	<b>31.12.14</b>	<b>31.12.13</b>
<b>EQUITY</b>	<b>3.8</b>		
Equity capital		21,393	21,393
Premiums arising from mergers, infusion of assets into business		9,704	9,704
Legal reserve		2,139	2,139
Regulatory reserves		41	41
Other reserves			
Retained earnings		98,657	84,972
Advances on dividends			
Profit&Loss of the finan. year		(4,977)	15,022
Regulatory provisions	<b>3.8</b>	22,828	21,624
<b>Net profit before distribution</b>		<b>149,785</b>	<b>154,895</b>
<b>Other equity</b>			
Conditional subsidies		240	350
<b>Provision for risks and charges</b>	<b>3.9</b>	<b>2,376</b>	<b>2,709</b>
<b>Debts</b>			
Funding liabilities	<b>3.10</b>	110,560	66,218
Associates – various funding liabilities	<b>3.10</b>	37,850	36,120
Payables and related accounts		33,560	34,622
Tax liabilities and personnel expenses	<b>3.11</b>	12,603	12,662
Other debts	<b>3.11</b>	4,010	3,586
		<b>198,583</b>	<b>153,208</b>
<b>Deferred revenue</b>		<b>7</b>	
<b>Translation gains/losses on liabilities</b>		<b>8</b>	
<b>Total liabilities</b>		<b>350,999</b>	<b>311,162</b>

**Profit and loss account**  
**At December 31, 2014**  
**Parent-company financial statements**  
**(in thousands of Euros)**

	Notes n°	31.12.14 (12 months)	31.12.13 (12 months)
<b>NET TURNOVER</b>	4.2	239,240	241,609
Variation in stored production inventory		(911)	(1,179)
Operating subsidies		25	35
Other operating profits		2,587	3,223
<b>OPERATING PROFITS</b>		<b>240,941</b>	<b>243,688</b>
Purchases		(83,617)	(83,943)
Variation in inventory and WIP		185	340
Other purchases and external charges		(85,540)	(78,866)
<b>ADDED VALUE</b>		<b>71,969</b>	<b>81,219</b>
Taxes		(4,020)	(4,297)
Staff costs		(73,084)	(72,624)
<b>GROSS OPERATING SURPLUS</b>		<b>(5,135)</b>	<b>4,298</b>
Amortisation expense		(9,755)	(7,890)
Write-offs and provisions		1,011	(381)
Other profits and (expenses)		(1,023)	(69)
<b>OPERATING RESULT</b>		<b>(14,902)</b>	<b>(4,042)</b>
Financial profit and (expenses)	4.3	6,126	16,807
<b>CURRENT PROFIT BEFORE TAX</b>		<b>(8,776)</b>	<b>12,765</b>
Exceptional profit and (expenses)	4.4	(1,209)	(1,933)
Employee profit-sharing			
<b>PROFIT BEFORE TAX</b>		<b>(9,985)</b>	<b>10,832</b>
Tax provisions	4.5	5,008	4,190
<b>NET RESULT</b>		<b>(4,977)</b>	<b>15,022</b>



## Annex to the parent-company financial statements December 31, 2014

### 1 Presentation of the company and financial year highlights

MGI COUTIER SA's business consists of designing, developing and producing tooling equipment and car parts, and selling them in particular to French as well as foreign car manufacturers, together with other car equipment manufacturers. Its mission is to be simultaneously a designer, manufacturer and function assembler.

Being the parent company, MGI COUTIER SA also coordinates industrial and financial activities for all the subsidiaries of MGI COUTIER Group.

The annual accounts are drawn up in thousands of euros.

### 2 Accounting principles and valuation methods

#### 2.1. Accounting principles

The accounts on December 31, 2014 are presented in accordance with the French Commercial Law (articles L123-12 to L123-28), the ANC regulation (French accounting standards authority) N° 2014-03 dated 5/06/2014 pertaining to the French GAAP and regulation of the CRC (Accounting Rules Committee).

The general accounting conventions were applied in accordance with the precautionary principle and the basic assumptions of:

- ✓ continuous operation,
- ✓ consistency of accounting methods from one financial year to another,
- ✓ independence of financial years,

and in accordance with the general rules for drawing up and presenting annual accounts.

#### 2.2. Fixed assets and amortisation

Fixed assets are valued at their acquisition or production cost.

##### A. Intangible assets

Costs of design and development are entered as expenses over the financial year in which they were incurred.

Goodwill is entered based on its transfer value. Goodwill appearing on the balance sheet will be subject to a provision for depreciation if the inventory value is lower than the book value. The inventory value is determined based on criteria linked to observed profitability and future projections for the activity concerned. Following the imple-

mentation on January 1st, 2005 of the regulation 2002-10, MGI COUTIER no longer amortizes the goodwill entered as an asset on the balance sheet.

IT equipment and software programmes are amortized over a period of 12 months. Other software packages or expenses incurred when a new computer system (SAP) is introduced are capitalized and amortized over a period of three years.

Patents are amortized over their protection period.

##### B. Tangible assets

Depreciation of tangible assets is calculated over the period of useful life of the assets on a straight-line or declining-balance method.

The main applicable periods of depreciation can be summarized as follows:

✓ Buildings	25 to 40 years
✓ Building fixtures and fittings	5 to 10 years
✓ Technical installations	6 to 10 years
✓ Equipment and industrial tooling	6 to 10 years
✓ General installations	10 years
✓ Furniture, office equipment	5 to 10 years

Additional depreciation resulting from the implementation of tax provisions (declining, exceptional balance) are treated as accelerated tax depreciation, which is entered under "regulated provisions".

##### C. Financial assets

Stocks and other fixed securities are entered on the assets side of the balance sheet at their acquisition cost.

Securities are subject to a depreciation provision if their value in use appears lower than their book value. The utility value of securities is appreciated using several criteria, in particular stockholders' equity, multiples of gross operating margin, development and profitability projections.

#### 2.3. Receivables attached to ownership equity

Starting January 2, 2002, MGI COUTIER Group has implemented cash management agreements between all the subsidiaries in the Group. The agreements stipulate that all the receivables and commercial inter-Group debts due for more than one month and not settled are considered as cash advances. As the settlement of these advances is not planned, they are entered under the headings "receivables attached to ownership equity" or "debts attached to ownership equity".

Receivables concerned are valued at their nominal value and may be depreciated in line with the analysis of equity interests to take account of non-recovery risks to which they may be exposed according to the information noted at the date of accounts closing.

## 2.4. Stocks

Stocks are valued at the purchase price of raw materials in accordance with the first-in first-out method, and at the factory cost price for finished and work-in-progress products. The cost price excludes general costs not contributing to production and financial costs.

The necessary provisions are made for stocks presenting a risk of obsolescence, or where the cost price is greater than the realisable value. Tooling is valued at the full cost price (external costs) within the limit of the price invoiced to customers.

## 2.5. Debtors and Accounts receivable

Accounts receivable and debts are valued at their nominal value. Provisions for bad debts are established according to aging criteria of outstanding receivables. A provision is also recorded every time an actual and serious dispute is noted, or when a customer is subject to legal proceedings.

Otherwise, provisions for depreciation of accounts receivable are also calculated in accordance with aging criteria for uncollected invoices and according to the following terms:

- ✓ provision equal to 25% of the amount before tax of unpaid account receivables whose due date is exceeded by more than 150 days and less than 360 days,
- ✓ provision equal to 100% of the amount before tax of unpaid accounts receivable whose due date is exceeded by more than 360 days.

The purchase price by the factor of assigned receivables is reclassified under the item "Other accounts receivable".

Expected notes that are not due as well as the notes presented for collection are removed from accounts receivable and related accounts. The counterpart of this removal is recorded under the item "cash and marketable securities"

## 2.6. Provisions for risks and charges

In general, each of the known disputes involving the Company is examined on the date of accounts' closing by the Directors and after external consultation; otherwise, the provisions considered necessary were established to cover the estimated risks.

## 2.7. Retirement payments

No provision has been made for the rights acquired by staff members in terms of retirement compensation. They are nevertheless valued and the amount at the end of the financial year is recorded under financial commitments (c.f. note 5.1).

Retirement payments are estimated using the retrospective method of projected credit units with a final salary. The sums of employees' entitlements under the various applicable collective agreements are valued based on development assumptions for salaries, retirement age, mortality rate and staff turnover; then is calculated at current value based on a discount rate. Estimates were performed based on 1,9% discount rate, 1,9% salary increase for management (non-management likewise), a retirement age at 65 and average assumptions for staff turnover.

MGI COUTIER considered the impact on the valuation of its commitments to workforce under the new law no. 2010-1330 of November 9, 2010; concerning retirement reform. After examining the characteristic features of its employees (age, start of professional life, skills profile etc.), the Company has maintained its assumption for retirement at the age of 65.

No risks and charges provisions were made for work award medals as the corresponding commitments are not significant. The collective agreements applied to MGI COUTIER sites do not include these commitments, and the practices of the company remain subordinate in this matter.

## 2.8. Exceptional charges and profits

The exceptional profit includes in particular earnings and charges resulting from events or operations that are clearly different from the company's ordinary activities and therefore not likely to be reproduced frequently or regularly. Exceptional charges and profits include in particular exceptional amortisation expenses or reversals, profits from assets disposal as well as profit and loss not linked to current business activities.

## 2.9. Foreign currency transactions

Charges and profits in foreign currency are recorded at their equivalent value on the date of the transaction. Accounts receivable and debts in foreign currency are valued at the exchange rate enforced at the closing date. The difference resulting from discounting debts and accounts receivable in foreign currency at the closing rate is recorded in the balance sheet as conversion difference. A provision for the risk of unrealized exchange rate losses has been made.

## 3 Notes to the balance sheet

### 3.1. Tangible and intangible assets

(in thousands of Euros)	31.12.2013	Increase	Reduction	31.12.2014
Intangible assets	13,377	335	(22)	13,690
Lands	653	-	-	653
Buildings	24,066	518	(11)	24,573
Technical installations, equipment and tooling	120,669	12,815	(5,281)	128,203
Other tangible assets	19,870	477	(287)	20,060
Assets in process, receipt in advance and advance deposits	4,175	818	-	4,993
<b>Gross values</b>	<b>182,810</b>	<b>14,963</b>	<b>(5,601)</b>	<b>192,172</b>
Other intangible assets	(10,316)	(1,022)	22	(11,316)
Provisions for lands	(128)	(7)	-	(135)
Buildings amortization	(12,621)	(831)	12	(13,440)
Technical installations amortization	(94,585)	(7,000)	3,498	(98,087)
Amortization of other assets	(14,388)	(895)	276	(15,007)
<b>Total amort./prov.</b>	<b>(132,038)</b>	<b>(9,755)</b>	<b>3,808</b>	<b>(137,985)</b>
<b>Net value</b>	<b>50,772</b>	<b>5,208</b>	<b>(1,793)</b>	<b>54,187</b>

“Intangible assets” on December 31, 2014 are broken down as follows:

(in thousands of Euros)	Gross amount	Amortization	Net amount
Software packages	7,363	(6,590)	773
Goodwill	6,327	(4,726)	1,601
Other intangible assets	-	-	-
<b>Total</b>	<b>13,690</b>	<b>(11,316)</b>	<b>2,374</b>

Research and Development costs recorded as expenses in the accounts over the financial year amount to EUR 25,499 k (EUR 24,184 k in financial year 2013).

## 3.2. Financial assets

(in thousands of Euros)	31.12.2013	Increases	Reductions	31.12.2014
Equity investment	170,171	37,896	-	208,067
Receivables linked to equity investments	27,979	3,423	(5,241)	26,161
Other financial assets	519	26	(58)	487
<b>Gross values</b>	<b>198,669</b>	<b>41,345</b>	<b>(5,299)</b>	<b>234,715</b>
Provisions for stocks	(16,344)	(1,759)	-	(18,103)
Provisions for related liabilities	(19,740)	(2,255)	49	(21,946)
Provisions for other assets	(98)	(32)	-	(130)
<b>Total provisions</b>	<b>(36,182)</b>	<b>(4,046)</b>	<b>49</b>	<b>(40,179)</b>
<b>Net value</b>	<b>162,487</b>	<b>37,299</b>	<b>(5,250)</b>	<b>194,536</b>

## 3.3. Inventories

(in thousands of Euros)	31.12.2014	31.12.2013
Raw materials	7,846	7,681
WIP	7,039	7,568
Semi-finished and finished products	10,946	11,328
Goods	51	30
<b>Gross value</b>	<b>25,882</b>	<b>26,607</b>
Provisions for depreciation	(3,831)	(3,888)
<b>Net value</b>	<b>22,051</b>	<b>22,719</b>

## 3.4. Accounts receivable

(in thousands of Euros)	31.12.2014	31.12.2013
Account receivables	38,259	36,355
Provisions for depreciation	(298)	(502)
<b>Net value</b>	<b>37,961</b>	<b>35,853</b>

## 3.5. Other debts

(in thousands of Euros)	31.12.2014	31.12.2013
Tax on profits	17,798	11,951
VAT	1,485	1,531
Factoring accounts	8,586	11,128
Other	102	302
<b>Gross value</b>	<b>27,971</b>	<b>24,912</b>
Provision for depreciation	(21)	(452)
<b>Net value</b>	<b>27,950</b>	<b>24,460</b>

## 3.6. Cash assets and marketable securities

(in thousands of Euros)	31.12.2014	31.12.2013
Cash assets	12,385	13,564
<b>Net value</b>	<b>12,385</b>	<b>13,564</b>

## 3.7. Accounts receivable and debts maturity

Accounts receivable are due in less than one year with the exception of those entered under the headings below:

(in thousands of Euros)	Due dates > 1 year
Financial debts/equity investments	26,161
Other financial assets	487
Customer debt provisions	298
Other debt provisions	21
<b>Total</b>	<b>26,967</b>

Debts are payable within one year with the exception of those under entered the headings below:

(in thousands of Euros)	Due within 1 – 5 years	Due > 5 years	Total
Financial liabilities	60,005	30,000	90,005
Associates – Various financial liabilities	37,850	-	37,850
<b>Total</b>	<b>97,855</b>	<b>30,000</b>	<b>127,855</b>

## 3.8. Stockholders' equity

Stock capital consists of 26,741,040 stocks with a value of EUR 0.8 each. There is an action in concert as defined in article 233-10 of the French Commercial Law between the companies COUTIER JUNIOR SA, COUTIER SENIOR (family holding companies controlled by Mr. André, Mr. Roger, the heirs of Mr. Joseph COUTIER and their family), and Mr. André, Mr. Roger and the heirs of Mr. Joseph COUTIER, who represent 69.75% of the capital and voting rights. These stockholders entered into an agreement whereby they decided to act in concert to implement a common stockholder policy vis-à-vis the company. This agreement was drawn up under the regulatory declarations of the supervisory authorities that publicized the agreement (SBF notice no. 94-2365 of July 29, 1994). This stockholders'

agreement is effective for five years and is renewable by tacit agreement for further periods of five years each, unless terminated by one of the parties prior to its expiry. Should this happen, the remaining members in the agreement would remain bound by the obligations resulting from the agreement.

Stockholders' equity development during the financial year 2014 is analyzed as follows :

<b>(in thousands of Euros)</b>	<b>Amounts</b>
Shareholders' equity on 31/12/2013	154,895
Distribution of dividends	(1,337)
Profit & loss	(4,977)
Regulated provision transactions	1,204
<b>Total</b>	<b>149,785</b>

### 3.9. Provisions for risks and charges

The provisions for risks and charges corresponding in particular to current disputes with third parties, severance procedures and unrealized exchange rate losses, are broken down as follows:

<b>(in thousands of Euros)</b>	<b>31.12.2013</b>	<b>Transfers</b>	<b>Utilisation</b>	<b>Unallocated write-backs/ other transactions</b>	<b>31.12.2014</b>
Provisions for disputes	2,694	3,044	(2,721)	(642)	2,375
Provisions for exchange rate losses	15	1	(15)	-	1
<b>Total</b>	<b>2,709</b>	<b>3,045</b>	<b>(2,736)</b>	<b>(642)</b>	<b>2,376</b>

### 3.10. Financial liabilities

<b>(in thousands of Euros)</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Group debts	35,398	34,495
Debts exclusive of Group:		
- Loans	109,858	65,960
- Interest payable	565	41
- Other	2,589	1,842
<b>Total</b>	<b>148,410</b>	<b>102,338</b>

Some bank loans are subject to financial covenants. On December 31, 2014, the company is compliant with all these covenants.

### 3.11. Other debts

<b>(in thousands of Euros)</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Social welfare bodies	6,033	5,749
Payroll expenses	4,902	5,034
Statutory taxes (VAT, corporate tax etc.)	1,667	1,879
Advances and payment on account	3,972	3,542
Other debts, Accrued expenses	39	44
<b>Total</b>	<b>16,613</b>	<b>16,248</b>

### 3.12. Related party disclosures

The main items on the balance sheet representing transactions with related parties are the following:

<b>(in thousands of Euros)</b>	<b>31.12.2014</b>	<b>31.12.2013</b>
Loans related to shares	26,161	27,979
Receivables and related accounts	13,269	13,191
Other financial assets	-	-
Other receivables	-	-
Payables and related accounts	7,381	8,995
Loans and financial debts	35,398	36,120
Other debts	-	-
Other debts	-	-

## 3.13. Accounts payables

Payments to be received consist mainly of supplier credit notes for EUR 728 k (EUR 310 k in 2013) and invoices to be issued for EUR 7,569 k (EUR 7,953 k in 2013).

Accrued expenses mainly concern accrued invoices for EUR 9,701 k (EUR 9,686 k in 2013), credit notes to be issued for EUR 2,276 k (EUR 2,129 k in 2013) as well as tax and funding liabilities for EUR 7,346 k (EUR 7,627 k in 2013).

## 3.14. Negotiable instrument

Accounts receivable amount to EUR 13,578 k (EUR 7,850 k in 2013) corresponding to undiscounted and received trade bills. Accounts payable include trade bills amounting to EUR 5,406 k (EUR 5,610 k in 2013).

## 4 Notes to the profit and loss account

### 4.1. Profits and charges with related undertakings and parties

Sales to related undertakings rose to EUR 34,624 k (EUR 31,993 k in 2013).

Purchases from related undertakings amounted to EUR 38,448 k (EUR 35,051 k in 2013).

Financial profits with related undertakings rose to EUR 83 k (EUR 393 k in 2013) (excluding profits of equity investments and provision reversals are detailed in paragraph 4.3).

Financial expenses with related undertakings rose to EUR 298 k (EUR 568 k in 2013) (excluding write-offs and provisions detailed in paragraph 4.3).

Information on related parties, as provided for in ANC Regulations 2010-02 and 2010-03 of September 2, 2010 is available in the specific report by the Statutory Auditors included in the 2014 annual report.

### 4.2. Breakdown of turnover

Turnover in France amounts to EUR 121.4 million, i.e. 50.8% of total turnover (51.1% in 2013). Export turnover account for EUR 117.8 million, i.e. 49.2% of total turnover (48.9% in 2013).

## 4.3. Financial profits and charges

(in thousands of Euros)	31.12.2014	31.12.2013
Equity investment profits	13,030	21,758
Net translation differentials	(9)	1
Expenses/net reversal of provisions	(3,983)	(3,291)
Write-offs	-	-
Interest expenses and other financial expenses (net)	(2,912)	(1,661)
<b>Total</b>	<b>6,126</b>	<b>16,807</b>

Security provisions amount to EUR 1,759 k (EUR 826 k in 2013). The latter concern mainly MGI COUTIER ARGENTINA. No reversals were recorded during the financial year (EUR 2,794 k in 2013) mainly for the Argentinean subsidiary. Loan provisions related to securities amount to EUR 2,255 k (EUR 5,308 k in 2013). They mainly concern the Brazilian and Indian subsidiaries. Reversals were introduced on loan provisions related to securities with EUR 49 k (0 in 2013).

### 4.4. Exceptional profit

(in thousands of Euros)	31.12.2014	31.12.2013
Depreciation and provisions (net)	(1,203)	(1,874)
Net asset sales	(5)	(58)
Other profits (charges)	(1)	(1)
<b>Total</b>	<b>(1,209)</b>	<b>(1,933)</b>

### 4.5. Breakdown of tax between current and exceptional profit/loss

(in thousands of Euros)	EBT	Tax	Net result after tax
Current profit/loss (and securities)	(8,776)	5,008	(3,768)
Exceptional profit/loss	(1,209)	-	(1,209)
<b>Profit/loss</b>	<b>(9,985)</b>	<b>5,008</b>	<b>(4,977)</b>

### 4.6. Increase and relief of future tax debt

The items resulting in tax deferral lead to a future tax increase of EUR 7,530 k (EUR 7,054 k in 2013) based on a tax base of 33.33%.



## 5 Other information

### 5.1. Retirement

The cumulative amount of undertakings associated with retirement payments that are not subject to provisions at the closing date is EUR 4,129 k. Calculation assumptions are detailed in note 2.7 above.

### 5.2. Capital Lease

The original value of acquired fixed assets through capital lease amounts to EUR 30,141 k, whereas their net value would stand at EUR 8,741 k when acquired under full ownership and amortized. The schedule for outstanding repayments at the closing of the financial year is analysed below:

(in thousands of Euros)	Amounts
One year at most	1,354
More than one year to five years at most	-
More than five years	-

Payments made during the financial year amount to EUR 1,387 k.

### 5.3. Identity of the acquiring company

The individual accounts of the company MGI COUTIER SA are included in the consolidated accounts of MGI COUTIER Group, according to the full consolidation method.

### 5.4. Other financial commitments

As at December 31, 2014, other commitments to funding institutions are analysed as follows:

- ✓ EUR 11,326 k for sureties granted (EUR 21,125 k in 2013),
- ✓ EUR 79,600k for mortgages or pledge over financial assets (this amount is already included in financial liabilities) (EUR 79,300k in 2013),
- ✓ EUR 394 k for negotiating instruments subject to discount windows as at December 31, 2014 (EUR 4,904 k in 2013)
- ✓ EUR 7,957 k for debtors' accounts subject to invoice discounting (EUR 8,735 k in 2013).

### 5.5. Remuneration paid to Directors

Remuneration paid to members of the Management Board amounts to a total of EUR 1,385,964 for the financial year ending on December 31, 2014 (EUR 1,205,824 in 2013). The total amount of remuneration and attendance allowances paid to members of the Supervisory Board amounts to EUR 113,000 for the financial year ending on December 31, 2014 (EUR 407,946 in 2013).

### 5.6. Average headcount

	2014	2013
Executives	299	328
Employees, Technicians & Supervisors (ETAM)	616	718
Operatives	787	810
<b>Total</b>	<b>1,702</b>	<b>1,856</b>

### 5.7. C.I.C.E (French tax credit for the promotion of competitiveness and employment)

The CICE is calculated through the reduction of the entity's tax.

Pursuant to the provisions of the article 76 of 2015 Finance Law, MGI COUTIER SA draws on the CICE tax credit that is designed to fund the improvement of enterprise competitiveness in order to support a number of initiatives, including;

- ✓ investment,
- ✓ research and innovation,
- ✓ training and staffing.



## The company's financial profit over the past five financial years

(Article R. 225-83 and R. 225-102 of the French Commercial Law)  
(in Euros, unless stated otherwise)

FINANCIAL YEARS CONCERNED	From 01.01.10 to 31.12.10	From 01.01.11 to 31.12.11	From 01.01.12 to 31.12.12	From 01.01.13 to 31.12.13	From 01.01.14 to 31.12.14
TYPE OF ITEMS					
<b>Capital at financial year end</b>					
a) Equity capital in Francs	-	-	-	-	-
Equity capital in Euros	21,392,832	21,392,832	21,392,832	21,392,832	21,392,832
b) Existing shares					
- number	2,674,104	2,674,104	2,674,104	2,674,104	26,741,040
- nominal value of shares in Francs	-	-	-	-	-
- nominal value of stocks in Euros	8	8	8	8	0.8
c) Number of shares with priority dividend (without voting rights)	-	-	-	-	-
d) Maximum number of future shares to be created					
- by conversion of bonds	-	-	-	-	-
- by performance of subscription rights	-	-	-	-	-
<b>Operations and profits of the financial year</b>					
a) EBT	276,342,016	292,197,594	254,101,392	241,609,158	239,239,654
b) Profit before tax, employee profit-sharing, amortisation expense and depreciation	22,778,604	9,481,329	54,846,417	24,430,758	3,945,969
c) Income tax	2,630,529	(2,186,463)	(3,702,885)	(4,189,704)	(5,007,805)
d) Employee profit-sharing due for the Finan. year	2,029,242	-	-	-	-
e) Profit after tax, employee profit-sharing, amortisation expense and depreciation	11,783,689	4,553,807	53,207,388	15,022,504	(4,977,172)
f) Total dividends	1,337,052	1,337,052	1,337,052	1,337,052	1,337,052*
<b>Profit per stock</b>					
a) Profit after tax and employee profit-sharing but before amortisation expense and depreciation	6.78	4.36	21.98	10.70	0.33
b) Result after tax, employee profit-sharing, amortisation expense and depreciation	4.41	1.70	19.90	5.62	0.19
c) Net dividend assigned to each stock	0.50	0.50	0.50	0.50	0.05*
<b>Employees</b>					
a) Average number of employees over the Finan. year	1,823	1,812	1,767	1,856	1,702
b) Total pay roll for the Finan. year	51,270,272	54,187,530	53,087,693	52,856,871	52,737,013
c) Social contributions for the Finan. year (social security benefits, social welfare etc).	18,333,702	18,993,532	19,420,456	19,767,261	20,346,570

\* This is the dividend distribution that the Executive Board will propose at the General Meeting of Stockholders in June 2015.

## Statutory auditors' report on the annual accounts

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**MAZARS**  
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13, avenue du Pré Félin  
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### Financial Year closed on December 31, 2014

To the stockholders,

In the execution of this mission entrusted to us by your Stockholders at the General Meeting, we present in our capacity as statutory auditors our report for the financial year ended on December 31, 2014 on:

- ✓ The control of the MGI COUTIER's annual accounts, as attached to this report,
- ✓ The justification of our assessment by way of explanatory notes,
- ✓ The specific checks and information required by the law.

The annual accounts were closed by the Management Board. Our task is to express an opinion on these accounts, in respect of our audit mission.

### 1 Audit opinion on annual accounts

We have conducted our audit mission in accordance with the professional standards applicable in France. In compliance with these standards, we performed the checks and due diligence procedures necessary to give reasonable assurance that the annual accounts do not include any significant irregularities. An audit consists of examining the elements relevant to the amounts and information appearing in the annual accounts, by way of surveys or other sample selection methods. The audit also aims to assess the accounting principles followed, the significant estimates retained and overall presentation of accounts.

We believe that the audit information collected provide a reasonable basis for our opinion.

In accordance with French accounting policies and principles, we certify that the annual accounts give a true and fair representation of the past financial year's profit, the financial health, and assets of the Company at the end of this financial year.

### 2 Explanatory notes on our assessment

In accordance with the provisions of article L. 823-9 of the French Commercial Law relevant to the basis of our assessment, we would like to draw your attention to the following elements:

- ✓ Notes 2.2 c), 2.3 and 2.5 of the annex set out the accounting rules and methods followed for the assessment of securities, receivables and related accounts. As part of our audit mission on the accounting rules and principles implemented by your company and the significant estimates used in preparing the accounts, we have reviewed on the basis of evidence available to date the retained approach and assessed the valuations that it generates. This work has enabled us to check the adequacy of the accounting methods set out above as well as the information disclosed in the annex notes and to give reasonable assurance that the estimates used are free from fraud or misstatement.
- ✓ Your company establishes provisions to cover known legal disputes, as mentioned in note 2.6 of the annex. Based on the elements available to date, our assessment of the provisions is based on the analysis of processes set up by the Company to conduct risk assessments on the one hand; and on the examination of the significant files collected. As part of our assessment work, we have assured that the assessment findings are reasonable.

The assessments performed are part and parcel of our audit of the annual accounts; and overall, they have contributed to forming our opinion as expressed in the first part of this report.

### 3 Specific checks and information

In accordance with the professional standards applicable in France, we also conducted the specific checks required by law.

We have no comments to make on the fairness and consistency with the annual accounts of the information given in the Management report and in the documents submitted to stockholders on the financial health and the annual accounts.

As for the information supplied in accordance with the provisions of article L.225-102-1 of the French Commercial Law on remuneration, benefits in kind paid to the company representatives and on compensations allocated to them, we have checked their consistency with the ac-

counts or with the information required to issue these accounts with the elements collected by your company from controlling or controlled companies, where applicable. On the basis of this work, we certify the accuracy and faithfulness of the information provided.

In accordance with the law, we give reasonable assurance that the various data relevant to the identification of shareholders and voting rights have been communicated to you in the Management report. We would like to point out that the Management report does not include all the corporate and environmental information provided for in article L.225-102-1 of the French Commercial Law, and that the company has not appointed any independent third parties to verify these information.

*Drawn up in Annecy-le-Vieux and Villeurbanne,  
April 30, 2015*

*Statutory Auditors*

*ORFIS BAKER TILLY  
Valérie MALNOY*

*MAZARS  
Bruno POUGET*

## Special report by the statutory auditors on regulated agreements and undertakings

### General Stockholders' Meeting on the approval of the accounts for the financial year ending December 31, 2014

#### Financial year ending December 31, 2014

To the Stockholders,

In our capacity as statutory auditors of your company, we now submit our report on regulated agreements and undertakings.

We are required to present to you, based on the information submitted to us, the characteristics and essential methodologies of the agreements and undertakings that we were reported to us or that we observed during our audit mission, without having to decide on their usefulness or validity, or to seek whether other agreements and undertakings exist.

It is your responsibility, under the terms of article R. 225-58 of the French Commercial Law, to assess the relevance of concluding and then approving these agreements and undertakings.

It is our responsibility to pass on, as appropriate, the information provided for in article R.222-58 of the French Commercial Law relevant to the implementation during the previous financial year of the agreements and undertakings already approved at the General Meeting.

We conducted the procedures that we considered necessary to perform this mission in accordance with the professional requirements of the Compagnie nationale des commissaires aux comptes (French National Institute of Statutory Auditors). These procedures consisted of checking that the submitted evidence was consistent with the originating documents.

### 1 Agreements and undertakings submitted to the approval of stockholders at the general meeting

#### 1.1. Agreements and undertakings authorized during the previous financial year

In accordance with article L.225-88 of the French Commercial Law, we have been advised of the following agreements and undertakings that were subject to the prior authorisation by your Supervisory board.

The members involved in these agreements and undertakings are listed in the table attached to the last page of this report.

### Royalties related to the representation services invoiced to MGI COUTIER ENGINEERING

Your company invoices its subsidiary MGI COUTIER ENGINEERING for representation services provided amounting to 1.8% of turnover exclusive of the Group (parts and tooling) achieved by the subsidiary.

The invoiced representation service fees may be revised based on actual costs recalculated at the end of the year in the form of costs + 6% margin.

For the 2014 financial year, the royalty profits recorded in the accounts and invoiced to the subsidiary MGI COUTIER ENGINEERING amount to EUR 7,984.

This agreement is tacitly renewed on a yearly basis. It was authorized for the 2014 financial year by the supervisory board meeting dated 17 October 2013 and for the 2015 financial year by the supervisory board meeting dated 29 October 2014.

Your Supervisory Board has equally authorized at 22 January 2015 the adjustment of the royalty rate, whereby the applicable rate for MGI COUTIER ENGINEERING reached 1.35% of the turnover exclusive of the Group (parts & tooling) starting in the 2015 financial year.

### Invoicing sales promotion and coordination activities for MGI COUTIER ENGINEERING

Your company invoices its subsidiary MGI COUTIER ENGINEERING the costs of coordination activities and sales promotion provided for them by MGI COUTIER divisions, based on 0.5% of the turnover exclusive of the Group (parts and tooling).

The royalty profits recorded for the 2014 financial year and invoiced to the subsidiary MGI COUTIER ENGINEERING amount to EUR 2,462.

This agreement is tacitly renewed on a yearly basis. It was authorized for the 2014 financial year by the supervisory board meeting dated 17 October 2013 and for the 2015 financial year by the supervisory board meeting dated 29 October 2014.

### Trade mark royalties invoiced to MGI COUTIER ENGINEERING

Your company invoices its subsidiary MGI COUTIER ENGINEERING trade mark royalties calculated on the basis of 1.2% of turnover exclusive of the Group (parts and tooling).

This trade mark royalty may be adjusted according to the actual cost that is recorded at the end of the year as costs + 6% margin.

The royalty profits recorded for the 2014 financial year and invoiced to the subsidiary MGI COUTIER ENGINEERING amount to EUR 5,348.

This agreement is tacitly renewed on a yearly basis. It was authorized for the 2014 financial year by the supervisory board meeting dated 17 October 2013 and for the 2015 financial year by the supervisory board meeting dated 29 October 2014.

Your Supervisory Board has equally authorized at 22 January 2015 the adjustment of the royalty rate, as the applicable rate for MGI COUTIER ENGINEERING reached 0.7% of the turnover exclusive of the Group (parts & tooling) starting in the 2015 financial year.

## Invoicing MGI COUTIER ENGINEERING R&D package fees

Your company invoices R&D package fees for its subsidiary MGI COUTIER ENGINEERING at 0.5% of turnover, exclusive of the Group (parts only).

The profits recorded for the 2014 financial year and invoiced to the subsidiary MGI COUTIER ENGINEERING amount to EUR 2,462.

This agreement is tacitly renewed on a yearly basis. It was authorized for the 2014 financial year by the supervisory board meeting dated 17 October 2013 and for the 2015 financial year by the supervisory board meeting dated 29 October 2014.

## Invoicing MGI COUTIER ILIA royalty payments

In the framework of a licensing agreement dated 1 September 2015, your company invoices MGI COUTIER ILIA payments related to research costs, trade mark royalties, expertise transfer and consulting fees in the following domains; finance, legal requirements, industrial development, purchasing, product development, Information Systems, quality and marketing.

These royalty rates are calculated on the basis of the “net selling price” of products sold by the subsidiary MGI COUTIER ILIA in the amount of:

- ✓ 0.5% for Research costs re-invoicing,
- ✓ 1.5% for consulting activities,
- ✓ 1% for trade mark royalties.

Under the terms of this agreement, the profits recorded in the 2014 financial year amount to EUR 11,178.

This agreement was authorized for the 2014 financial year by the supervisory board meeting dated 17 October 2013 and for the 2015 financial year by the supervisory board meeting dated 29 October 2014.

## Invoicing MEIPL company royalty payments

Your Company invoices MEIPL company (India) payments related to expertise transfer licenses on “Fuel Lines” profits and consulting fees in the following domains; finance, legal requirements, industrial development, purchasing, Informa-

tion Systems, quality, marketing and product development.

These royalty rates are calculated on the basis of the “net selling price” of products sold by MEIPL company in the amount of:

- ✓ 0.95% of “Basic Domestic Turnover”,
- ✓ 2.85% of “New Domestic Turnover”,
- ✓ 4.00% of “Export Turnover”.

Under the terms of this agreement, the profits recorded in the 2014 financial year amount to EUR 121,508.

This agreement was authorized for the 2014 financial year by the supervisory board meeting dated 17 October 2013 and for the 2015 financial year by the supervisory board meeting dated 29 October 2014.

## Agreements to convert Liabilities into debts for MGI COUTIER ILIA and MGI COUTIER ENGINEERING PVT

After one month, following the contractual due date, any unsettled or unpaid invoice raised by MGI COUTIER for a subsidiary is converted into a financial liability.

This conversion of liabilities into debts also applies to operations from a subsidiary to another; nevertheless, MGI COUTIER remains the hub of the operation.

The sums converted into debts are paid within the framework of centralized cash management agreements.

These agreements were authorized or renewed for the 2014 financial year by the supervisory board meeting dated 17 October 2013 and for the 2015 financial year by the supervisory board meeting dated 29 October 2014.

## Capital increase for MGI COUTIER LUSITANIA

With the launch of production activities following the purchase of production facilities, the subsidiary requested from your Company a capital increase of EUR 3,400,000 and a cash advance of EUR 1,200,000.

This agreement was approved by your Supervisory Board meeting dated 26 June 2014.

## Extension of agreements with MGI COUTIER LUSITANIA

The following agreements authorized by your Supervisory Board meeting of 17 October 2013 for the 2014 financial year to the entire Group’ subsidiaries were extended to MGI COUTIER LUSITANIA and will come into effect retroactively on 1 July 2014 (and on 1 May 2014 for the agreement on representation costs):

- ✓ Representation costs or “Management fees”: 1.8% of turnover (external sales of parts and tooling) excluding intra-Group tooling and part purchases, exclusive of SAP,
- ✓ Trade mark royalties : 1.2% of external sales of parts and tooling to final customer, exclusive of related activities and exclusive of subsidiary’s turnover,

- ✓ Research costs; 0.5% of external sales of parts to final customer,
- ✓ Market promotion and coordination costs : 0.5% of external sales of parts plus subsidiary tooling sales,
- ✓ Transformation of liabilities into debts,
- ✓ Research and development costs,
- ✓ Contracted Services.

The only applicable agreements is the one on representation fees or “management fees”, where profits recorded for the 2014 financial year amount to EUR 15,778.

This agreement was approved by your Supervisory Board meeting dated 28 August 2014.

## Review of remuneration paid to Management Board members: combination of employment contract and Board duties

Mr. Mathieu COUTIER, Mr. Jean-François VILLANEAU, Mr. Benoit COUTIER, Mr. Christophe COUTIER, and Mr. Nicolas COUTIER, members of the Board, have employment contracts with respect to their technical responsibilities.

The gross annual remuneration of these members was revised by virtue of their employment contracts in the following manner:

	Gross annual base pay	Variable pay
Jean-François VILLANEAU	€ 180,640	Incentive schemes and bonus pay
Mathieu COUTIER	€ 123,480	Incentive schemes and bonus pay
Benoît COUTIER	€ 85,920	Incentive schemes and bonus pay
Christophe COUTIER	€ 27,860	Incentive schemes and bonus pay
Nicolas COUTIER	€ 63,400	Incentive schemes and bonus pay

This agreement was authorized by the Supervisory Board meeting dated 28 June 2013.

## Review of remuneration paid to a member of the Management Board: combination of employment contract and Board duties: Transfer of remuneration to the United Kingdom

Mr. Jean-François VILLANEAU, resident in the UK and member of the board, operates by virtue of his technical responsibilities under an employment agreement in the capacity of Industrial Development Director.

The current remuneration of Mr. Jean-François VILLANEAU was transferred at its current rate to the subsidiary MGI COUTIER FINANCE LTD that is based in UK and governed by local legislation. MGI COUTIER FINANCE LTD re-invoices the herein remuneration to MGI COUTIER SA.

This agreement was authorized by your Supervisory Board meeting dated 29 October 2014.

## 2 Agreements and undertakings already approved by the general meeting

### 2.1. Agreements and undertakings approved during previous financial years and still effective during the past financial year

In accordance with article R. 225-57 of the French Commercial Law, we have been informed that the execution of the following agreements and undertakings, already approved by the General Meeting during previous financial years, was continued during the past financial year.

### Agreement on premises and support services procurement with COUTIER JUNIOR Company and COUTIER SENIOR société civile

Your Company provides for both companies premises to accommodate their Head office and provides legal assistance services at the time of annual accounts approval.

Under the terms of this agreement, the profits recorded in the accounts for the 2014 financial year amount to:

- ✓ COUTIER JUNIOR € 1,150
- ✓ COUTIER SENIOR € 383

### Centralized cash management agreements

Within the framework of these agreements, MGI COUTIER ensures the coordination and centralisation of all cash requirements and surplus of the Group.

The advances agreed by MGI COUTIER, and vice versa, bear interest:

- ✓ at the rate of external costs + 0.1% or by default EURIBOR rate 3 months + 2% for the AVON AUTOMOTIVE HOLDINGS and AVON AUTOMOTIVE UK HOLDINGS;



✓ at the EONIA rate + 0.60% for other companies.

Over the 2014 financial year, the financial costs and profits recorded in the accounts by virtue of the subsidiaries owned at less than 100% as well as COUTIER JUNIOR and COUTIER SENIOR, are as follows:

Companies	Financial costs (in €)	Financial profits (en €)
MGI COUTIER ENGINEERING		10,187
MGI COUTIER SERVICE		311
COUTIER JUNIOR	13,680	
COUTIER SENIOR	287	
<b>Total</b>	<b>13,967</b>	<b>10,498</b>

## Renewal of a guarantee by virtue of a line of credit granted to GSAP

Your Company provided a guarantee to the bank SOCIÉTÉ GÉNÉRALE in Mumbai for the issuing and signature by the latter of a “stand-by letter of credit” within the context of a short-term loan facility granted to the company GSAP for a maximum amount of INR 55 million.

The undertaking ending on 31 January 2014, your Supervisory Board approved on 6 February 2014 the renewal of the guarantee for a one-year period starting from 6 February 2014.

## Change in payment terms

For all inter-Group re-invoicing agreements approved on 17 October 2013 and applicable from 1 January 2014, the payment terms applicable to the settlement of corresponding invoices has been changed in accordance with the enforced French law to 30 days end of month the 15th (instead of 60 days end of month the 15th as applied previously up to 31 December 2013).

## Capital increase in favour of MEIPL subsidiary

The joint venture MEIPL requested from your Company during 2014 a capital increase of INR 10,000,000 to raise its capital of INR 30,000,000 to INR 40,000,000. This capital increase entails that both joint venture associates would have to contribute equally (50%).

For MGI COUTIER, it represents a payment of around EUR 61,625.

*Drawn up in Annecy-le-Vieux and Villeurbanne,  
April 30, 2015*

*Statutory Auditors*

ORFIS BAKER TILLY  
Valérie MALNOY

MAZARS  
Bruno POUGET



## Annex: table

### Staff members affected by agreements and undertakings pertaining to article L.225-88 of the French Commercial Law

Nicolas COUTIER	MNGT.Board member		Executive director	Dir. & Exec. Director		Executive director.		MNGR (2)	Executive director	
Christophe COUTIER	Membre du Directoire								Executive director.	
Jean-François VILLANEAU	MNGT.Board member			Executive director	Chairman & Exec. director		Executive director.			
Mathieu COUTIER	MNGT.Board member								Executive director.	
Jean-Louis THOMASSET	V.Chairman of MNGT Board									
Benoît COUTIER	MNGT.Board member			Chairman & Admin (1)	Executive director.				Executive director.	
André COUTIER	Chairman of MNGT Board		Executive director						Executive director..	
Roger COUTIER	S.B Chairman								CHAIRMAN .	MNGR
Sociétés	MGI COUTIER	MGI COUTIER SERVICES	MEIPL PVT	MGI COUTIER ENGINEERING PVT	MGI COUTIER ILIA	GOLD SEAL AVON POLYMERS PRIVATE LTD	MGI COUTIER FINANCE LTD	MGI COUTIER LUSITANIA	COUTIER JUNIOR	COUTIER SENIOR

S.B: Supervisory Board

MNGR: Manager

MNGT: Management

V: Vice

Exec. Director: Executive director

Dir.: Director

(1) Resigned as of 11 February 2014.

(2) Appointed Manager on January 15, 2014 then Unique Manager as of April 7, 2014

**Proposed resolutions  
To the General and Extraordinary Meeting  
of 26 June 2015**

**UNDER THE JURISDICTION OF THE ANNUAL GENERAL MEETING OF STOCKHOLDERS**

**First resolution**

After the review of and deliberation on the Management report of the Group and the report by the Statutory Auditors, the General Meeting approves the consolidated accounts as at December 31, 2014 as they have been presented, as well as the transactions recorded in these accounts and reports.

**Second resolution**

After the review of reports by the Management Board, the Supervisory Board and Statutory Auditors, the General Meeting approves the annual accounts as at December 31, 2014 as they have been represented, as well as the transactions recorded in the accounts or summarized in these reports.

The General Meeting equally approves the total amount of the expenses and charges not deductible from profits that are subject to corporate tax amounting to EUR 18,493 and to the tax incurred by virtue of these expenses and charges amounting to EUR 6,164.

Consequently, the General Meeting releases fully and without reservation the members of the Management Board and members of the Supervisory Board from their mandates for the said financial year.

**Third resolution**

After the review of the report by the Management Board, the General Meeting decides to allocate the deficit for the financial year, amounting to EUR 4,977,171.68 as follows:

- ✓ in the form of retained earnings, for a total loss amount of EUR 4,977,171.68
- ✓ through a deduction of EUR 1,337,052.00 from retained earnings account, with a proposal for the distribution of dividends in the amount of EUR 1,337,052.00 to shareholders that is the gross dividend amounts to EUR 0.05 per share; bearing in mind that no advance dividend was paid and a gross dividend of EUR 0.05 will be therefore paid per share at the head office on 6 July 2015.

This distribution is identical in value to the previous year given the asset nominal value was divided by 10 in 2014, i.e. EUR 0.50 dividend divided by 10 = a gross amount of EUR 0.05.

The General Meeting resolves that if, at the time of payment of the dividend, the company would hold some of its own shares, the profit corresponding to the dividends not paid because of these treasury shares will be assigned to the “retained net earnings” account.

In accordance with the law, the General meeting notes that the dividends distributed during the three previous financial years were as follows:

Financial year ending	Dividend per stock in Euros	Profit eligible for tax relief or not
December 31, 2011	0.50	Reduction of 40% if applicable
December 31, 2012	0.50	Reduction of 40% if applicable
December 31, 2013	0.50	Reduction of 40% if applicable

## Fourth resolution

After the review of the special report by the Statutory Auditors on the agreements and undertakings regulated by article L.225-86, and in accordance with the French Commercial Law, the General Meeting approves the said report and agreements referred to herein.

## Fifth resolution

The General Meeting sets the amount of attendance allowances to be distributed amongst members of the Supervisory Board for the financial year 2015 at EUR 45,000.

## Sixth resolution

Ruling under the quorum and majority conditions required for general meetings and having taken note of the Management Board's report, the General Meeting authorizes the Management Board, with the ability to delegate this authority in accordance with the law, to acquire shares in the company in compliance with the conditions and obligations stipulated in the provisions of article L.225-209 et seq. and articles 241-1 et seq. of the French Commercial Law, and in accordance with the following conditions:

The Company may acquire on or off-market its own shares and sell all or part of the shares acquired, while observing the following limits:

- ✓ the total number of shares held shall not exceed 0.5% of the total number of shares making up the equity capital, equally worth noting, this limit will apply to an amount of the Company's equity capital that may be, if applicable, adjusted to take into account the transactions affecting the equity capital during the approval period; the acquisitions made by the Company must not under any circumstances contribute to holding, whether directly or indirectly, more than 0.5% of its own equity capital;
- ✓ the number of shares accounted for in calculating the 0.5% limit specified above corresponds to the number of shares purchased, with a deduction made for shares resold during the approval period;
- ✓ the unit purchase price shall not exceed EUR 20.00 (exclusive of acquisition costs). The Management Board may however, with the ability to delegate this authority in accordance with the law, adjust the maximum purchase price mentioned above in the event of incorporating reserves, profits or premium on shares issue, merger or contribution, or any other sums whose capitalisation would be permitted, giving rise to either an increase in the nominal value of the shares, or to the creation and free allocation of shares, or the division in the shares nominal value or in case of a consolidation of shares or any other operations with an impact on equity capital to take account of the impact of these operations on the share value;
- ✓ the acquisition, sale or transfer of shares may be realized by any means, on the market or by mutual agreement, including the acquisition or sale of share blocks, under the conditions approved by the market authorities. These operations may be conducted at any time in compliance with enforced legal requirements and regulations.

This authorisation is intended to enable the Company to provide liquidity and promote the market through a liquidity contract via an investment service provider that is compliant with the AMAFI code of ethics (French society of financial markets) dated September 23, 2008 and acknowledged by the AMF's decision (Financial Markets Authority) of October 1, 2008.

The General Meeting gives all powers to the Board, with the ability to delegate this authority in accordance with the law, in order to:

- ✓ decide whether it is advisable to implement this delegation of powers;
- ✓ determine the conditions and methods of acquisition and sale, including in particular, the price of purchased shares;
- ✓ conduct, by any means, the acquisition, sale or transfer of these shares, placing any market orders;
- ✓ complete any agreement in particular for the purpose of maintaining records of the sale and purchase of shares, making all due diligence declarations to the Financial Markets Authority or any other body, completing all procedures;
- ✓ issue and publish the press release on the implementation of the repurchase programme;
- ✓ in general, make all necessary endeavours to execute and implement this decision.

General Meeting resolves that the authorisation is valid for a maximum period of 18 months starting from the date of this decision, i.e. until 24 December 2016.

This authorisation shall interrupt and replace the authorisation conferred by the Ordinary General Meeting dated 26 June 2014.

In the report required by article L.225-100 of the French Commercial Law, the Management Board shall provide to the stockholders attending the Annual General Meeting the information relevant to the implementation of stock purchase operations authorized by the General Meeting, in particular the number and price of shares acquired as well as the volume of shares used.

## Seventh resolution

The Ordinary Annual General Meeting confers on Mr. André COUTIER, Chairman of MGI COUTIER's Management Board all powers, with the ability to delegate these powers in accordance with the law, with an original and a copy or extract of the minutes of this meeting, to complete the required procedures.

## UNDER THE JURISDICTION OF THE EXTRAORDINARY GENERAL MEETING

### Eighth resolution

The General Meeting resolves to update the statements of the company (articles of association) for the sake of uniformity and simplification in accordance with the legal provisions and regulation, by revising the sub-paragraphs 2 and 3, and omitting the last paragraph of Article 1. The revised article should read as follows:

#### ARTICLE 1 - THE COMPANY'S FORMATION

*The company MGI COUTIER, established in the form of a public limited company with a Board by private deed on 14 February 1988 in Lyons (69), adopted the form of a public limited company with a Management Board and a Supervisory Board as of 25 May 1998. These statements have been revised to this effect.*

*The Company is governed by the laws and regulation in force, as well as to these statements.*

### Ninth resolution

The General Meeting decides to update the statements by amending the Article 10 in conformity with the Article L.228-2 of the French Commercial Law: sub-paragraphs 1 and 2.

The revised article should read as follows:

#### ARTICLE 10 - NATURE OF STOCKS

*I – Fully-paid shares are held in either registered or bearer form, at the stockholder's discretion.*

*The shares shall be entered in accounts under the terms and conditions provided for by the relevant regulation and legal provisions.*

*II – For the purpose of the identification of securities' holders and in accordance with the provisions of Article L.228-2 of the French Commercial Law on this article, the Company shall have the right to require at any time, at its own expense, from the Central Securities Depository entrusted with safekeeping securities, to provide as appropriate the name or legal name, nationality, birth year or formation year, postal address and if any the e-mail address of securities' holders conferring immediate or future voting rights at the Company's stockholder meetings; as well as the number of securities held by each one of them, and the restrictions if any that securities may be subject to.*

### Tenth resolution

The Extraordinary General Meeting decides to revise the Article 14 of the articles of association in order to omit the reference made to the Unique CEO and change the text on the organisation of Board meetings and deliberation. The revised text should read as follows:

#### ARTICLE 14 - MANAGEMENT BOARD

*1 – The Company is managed by a Management Board consisting of seven members at most who perform their responsibilities under the control of a Supervisory Board.*

*For the appointment to be valid, the members of the Management Board must be natural persons. They may be chosen from outside the stockholders.*

*A natural person may not serve more than one mandate as Board member of limited companies with a head office located on the French territory and subject to legal exemptions.*

*They are appointed by the Supervisory Board that also appoints one amongst them as Chairman.*

*If one seat becomes vacant, the Supervisory Board must either amend the number of seats that it has previously fixed, or fill the vacancy within two months.*

2 – Members of the Board are appointed for a period of three years, ending at the end of the General Meeting that is convened to approve the accounts of the previous financial year and held in the course of the year during which their mandate expires. Members of the Board are always eligible for reappointment.

No one over the age of 70 may be appointed member of the Board. If the Board member's age exceeds the age limit, he shall resign from office following the next Supervisory Board meeting.

3 – The Supervisory Board determines the remuneration paid to members of the Management Board.

4 – The Management Board meets as often as required by the interests of the Company, when convened by the Chairman or half of its members at the Head office or at any other place indicated in the meeting notice.

Members of the Management Board shall be convened by any method, including verbally.

The agenda may be established at the date of the meeting.

Meetings may be held and members of the Board shall be able to attend via telecommunication means, or by videoconference that ensure their proper identification and effective contribution to the meeting.

The Chairman of the Management Board chairs meeting sessions and may appoint a secretary from outside Board members.

The presence of at least half of Board members is necessary for the validation of decisions. Decisions are taken by majority vote of the members present or represented, where each member present or represented is entitled to one vote. A Board member may assign a proxy to another Board member in order to represent him. Each member shall be entitled to only one power.

In the event of a tie, the meeting Chair shall have the casting vote.

All decisions shall be recorded in minutes held in a special record and signed by the meeting Chair and at least one Board member.

## Eleventh resolution

The general meeting decided to update the company's statements by revising the sub-paragraph 3 of the Article 15 to omit the reference to made to the Unique CEO.

The revised text should read as follows:

### ARTICLE 15 – BOARD'S POWERS AND RESPONSIBILITIES

Sub-paragraphs 1 and 2 remain unchanged.

3 – The Board Chairman represents the company in its relationships with third parties.

The Supervisory Board may assign the same representation power to one or several other members from the Board that have the Director title.

The agreements binding the Company with third parties shall be signed by the Chairman of the Management Board or one of the directors or any authorized proxy.

## Twelfth resolution

The general meeting decided to amend the Article 16 of the Company's statements, in accordance with the provisions of the Law 2008-776 dated 4/8/2008, article 57-II pertaining to the legal obligation to hold a minimum number of stocks to attend general meetings, which was replaced by a statutory obligation on the appointment conditions, average age for Supervisory Board members and the approval of meeting resolutions.

The revised text should read as follows:

### ARTICLE 16 - SUPERVISORY BOARD

1 - The Supervisory Board consists of at least three members and at most eighteen members, subject to legal exemption in the event of a merger.

The members, natural persons and legal entities, are appointed by the Ordinary general meeting of stockholders. In the event of a merger or spin-off, the appointment may be made during an Extraordinary General Meeting.

Members of the Supervisory Board are not entitled to be part of the Management Board.

2 - The term of office for members of the Supervisory Board is three years, expiring at the end of the Ordinary General Stockholders' Meeting that had approved the accounts of the previous financial year and that was held in the course of the year during which the term of office expires.

Members of the Supervisory Board are eligible for reappointment. They shall be removed at any time at the Ordinary General Meeting.

The number of the Supervisory Board members who have reached the age of 75 may not exceed one third of the Supervisory Board members in office.

3 – The Supervisory Board will elect from amongst its members a Chairman and a Vice-Chairman, who are natural persons that shall be responsible for convening the Board meetings and directing its discussions. They are appointed for the period of their term of office in the Supervisory Board. The Board will determine their remuneration, as appropriate.

The Supervisory Board may appoint a secretary that can be selected among the Supervisory Board members themselves or from outside the Supervisory Board members.

4 - The Supervisory Board meets as often as the interests of the Company so require.

Meetings shall be convened by any method, including verbally.

Meetings shall have place in the head office or any other location specified on the meeting notice.

Any Board member may assign, in writing, a proxy among other members in order to represent him in a meeting session.

The internal rules of the Supervisory Board may authorize that the meetings are held and members of the Board shall be able to attend via telecommunication means, or by videoconference that ensure the proper identification of the Supervisory Board and their effective contribution to the meeting, while abiding by the conditions provided by the applicable laws and regulation at the moment of their operation. This option may not apply to the deliberation session on verification and control of annual and consolidated accounts.

The presence of at least half of Board members is required for the validation of decisions.

Decisions are taken by majority vote of the members present or represented, where each member present or represented is entitled to one vote. Each member shall be entitled to only one power.

In the event of a tie, the meeting Chair shall have the casting vote.

All decisions shall be recorded in minutes and maintained in accordance with the Law.

5 - An employee cannot be elected member of the Supervisory Board unless his contract of employment corresponds to an actual position in the company.

A natural person may not be entitled simultaneously to more than five mandates as a member of the Supervisory Board for limited companies with a Head office located in the French territory and subject to legal exemptions.

## Thirteenth resolution

The general meeting resolves to update the Article 17 of the company's statements by amending the sub-paragraph 4. The amended text should read as follows:

### ARTICLE 17 - POWERS AND CAPACITY OF THE SUPERVISORY BOARD

The sub-paragraph 4 is amended as follows:

At any period of the year, the Board directs the verification and control operations deemed relevant and may require all documentation deemed necessary for the achievement of its mission.

Sub-paragraph 5 remains unchanged.

## Fourteenth resolution

The general meeting decides to update the Article 18 of the Company's statements in accordance with the provisions of the Order N 2014-863 dated 31/7/2014. The amended text should read as follows:

### ARTICLE 18 - REGULATED AGREEMENTS

#### 1 – Agreements subject to authorisation

Any agreement drawn up either directly or through a third party between the company and a member of the Management Board or the Supervisory Board, a stockholder having more than 10%, or if it is a stockholder company controlled by this Company under the Article L.233-3 of the French Commercial Law shall be subject to the prior authorisation by the Supervisory Board. This is also applicable for agreements where one of the entities mentioned above is indirectly interested in.

The Supervisory Board shall also give prior authorisation to any agreement draw up between the Company and an entreprise, if a member of the Management Board or the Supervisory Board of the Company is the owner, partner with unlimited liability, manager, Executive director, member of the Supervisory Board or executive in that entreprise.

The prior authorisation by the Supervisory Board is justified by the relevance of the agreement for the Company, in particular by the identification of the associated financial conditions.

#### 2 – Prohibited agreements

For the agreement to be valid, the members of the Management Board and Supervisory Board who do not represent legal entities shall not contract, under any form, a loan from the Company, obtain an overdraft on a current account or otherwise or make the company endorse or guarantee their commitments towards third parties. The scope of this prohibition also includes the permanent representatives of legal entities that are members of the Supervisory Board. This obligation is equally applicable to spouses, forbears or offsprings of the individuals referred to in this article, including third parties.

#### 3 – Agreements exempt from the authorisation process

Agreements relevant to routine operations or actions concluded in normal circumstances are not subject to the legal authorisation and approval procedures. The scope of this exemption also includes the agreements concluded between two companies, where one company holds directly or indirectly, the total capital of the other, if applicable, excluding the minimum stocks number required to meet the requirements stipulated in article 1832 of the Civil Law or the articles L. 225-1 and L. 226-1 of the French Commercial Law. .

## Fifteenth resolution

The general meeting resolves to update the Article 20 of the company's statements by amending the sub-paragraph 5 relevant to the attendance and voting in General meetings. The amended text should read as follows:

### ARTICLE 20 - GENERAL MEETINGS

*The four sub-paragraphs remain unchanged.*

*The fifth sub-paragraph is revised and replaced by the following text:*

*Stockholders shall be entitled to attend general meeting deliberations, in person or by way of proxy, upon presentation of proofs on the registration of the securities in their name (stockholders) or the their authorized representatives in accordance with the seventh sub-paragraph of the Article L.228-1 of the French Commercial Law, on the second working day prior to the meeting at midnight, Paris time, either in the nominative stock account held by the Company, or in the bearer stock account held by the authorized intermediary referred to in the Article L.211-3 of Monetary and Finance Law.*

*The remaining eight sub-paragraphs remain unchanged.*

## Sixteenth resolution

The Extraordinary General Meeting confer all powers upon Mr André COUTIER, Chairman of the Management Board of MGI COUTIER, along with the ability to sub-delegate these powers in accordance with the law, to complete all the necessary formalities, when holding an original, a copy or extract of the minutes of this meeting.



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Limited company with Board of Directors  
and Supervisory Board  
Capitalised at 21,392,832 euros  
Registered in the Register of  
Trade and Companies 344 844 998,  
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