ANNUAL REPORT 2016

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MGI COUTIER

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GROUP PROFILE

MGI COUTIER Group is deemed as an independent automotive supplier operating in two significant product families: Fluid Transfer and Mechanisms.

With a presence in 22 countries covering 5 continents, and a range of 40 manufacturing sites, MGI COUTIER brings to its automotive customers innovative and reliable solutions at competitive prices due to the competence of its 9,800 employees.

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

In order to properly anticipate and effectively respond to the customers' needs, MGI COUTIER is organized around:

- ✓ Product Line(s) for each mechanism managed by the Group (Coolant, Emission Control Systems, Engine Systems Management, Fuel and Control, Mechanisms and Washing Systems) dedicated to designing products which meet customers' needs, seen as competitive, profitable and 2S2D (Simple, Solid, Dependable and Do-able);
- ✓ Operational Departments within the Plants are organized by geographical areas (America, Europe, Asia…) which ensures the Group's industrial performance;
- ✓ a Division devoted to activities of aftermarket sales.

There are ten Functional Departments maintaining the coherence of strategies, organizations and systems across the entire Group as well as the optimization of resources around the operating units.

MESSAGE BY THE MANAGEMENT BOARD CHAIRMAN

Ladies and Gentlemen,

In 2016, MGI COUTIER Group pursued its business project built around an aspiration to become a first-tier equipment supplier, independent and supporting the manufacturers to render the future vehicles more reliable, more environmentally friendly and more competitive.

The balance-sheet of the year shows a very positive result thanks to the commitment of all MGI COUTIER's teams, and driven by a favorable environment and situation.

As far the profits, the turnover and the profitability increased. The France perimeter becomes more profitable; the least performing Plants improved their profits in the aim to reduce the disparities between the units. The activities pertaining to "SCR tanks" are not loss-making activities but they did not contribute to the Group's profitability. The level of orders as well as the amount of tooling invoiced were good and enabled us to clarify the growth of future activity.

The Group's new organization was implemented without affecting the profitability or the operational performance. Pondering on enabling the Group to face the future challenges of the automotive industry, the new organization made it possible to reach a new stage in the integration of entities secured over the last few years (AVON AUTOMOTIVE, AUTOTUBE AB and DEPLANCHE FABRICATION).

The deployment at the international scale is further developed. There are three new plants devoted to the fluids' Management which launched their activities: Juarez in Mexico, El Jadida in Morocco and Chongqing in China. Four new projects have already been launched: two new plants are being built in Ixtac in Mexico and Wuhan in China and we plan to break into Bulgaria and Thailand.

The deployment of a common ERP in all the Group's sites (new and old) continues. At the end of 2016, more than 50% of plants were deployed with a focus on developing 100% of sites at the end of 2019 and a management of standardized and centralized data to ensure the Group's responsiveness and productivity service.

There has also been much discussion about the industrial performance in 2016 with the continuation of the project "Plant of the Future" and its major basis: the standardization, the robotization and the camera control system. Far from "the Plant 4.0", autonomous, entirely automated and connected, in which the image is in vogue, the Plant of the Future is focalized on a manner of industrializing 2S2D (Simple, Solid, Dependable and Do-able) to improve our parts' quality, improve the ergonimics of the work station and boost our competitiveness.

We continued our efforts to meet our Customers' expectations and boost the products' Quality performance.

If the good dynamics of markets and our customers are reinforced, we should be able to exceed EUR 1 billion of turnover by 2017, that is to say one year ahead of our preceding estimates.

Mathieu COUTIER
Chairman of the Management Board

ADMINISTRATION, MANAGEMENT & CONTROL

Supervisory Board

Mr. André COUTIER..Chairman

Mrs. Geneviève COUTIER

Miss Emilie COUTIER

NJ CONSULTING SAS represented by Mr. Nicolas JOB

COUTIER DEVELOPPEMENT represented by Mr. Christophe COUTIER

Management Board

Mr. Mathieu COUTIER...Chairman

Mr. Benoît COUTIER

Mr. Nicolas COUTIER

Mr. Jean-Louis THOMASSET...Vice-Chairman

Mr. Jean-François VILLANEAU

Executive Committee

Mr. Maxime DELORME

Mr. Huashan FENG

Mr. Philippe MAO

Mr. Frédéric MARIER

Mr. Ludovic MERCIER

Mr. Dave NIELSEN

Mr. Lee RICHARDS

Statutory Auditors

Permanent Auditors:

✓ ORFIS BAKER TILLY
Mrs. Valérie MALNOY
149, Boulevard Stalingrad - 69100 VILLEURBANNE
Appointed at the A.G.O. on 22 June 2012

✓ MAZARS SA
Mr. Bruno POUGET
P.A.E. Les Glaisins – 13 avenue du Pré Félin
74940 ANNECY-LE-VIEUX
Appointed at the A.G.O. on 22 June 2012

Alternate Auditors:

✓ Mr. Olivier BRISAC
149 boulevard de Stalingrad – 69100 VILLEURBANNE
Appointed at the A.G.O. on 22 June 2012

✓ Mr. Olivier BIETRIX
131 boulevard de Stalingrad – 69100 VILLEURBANNE
Appointed at the A.G.O. of 22 June 2012

Information Manager

Mr. Mathieu COUTIER - Tél.: 04 50 56 98 98

GENERAL OVERVIEW

Leader in its field of expertise, MGI COUTIER Group assists its clients in offering vehicles suitably tailored to market requirements (more reliable, more environmentally-friendly and more fun to drive).

The alternative to major equipment suppliers

The **technological** (creativity and product specialization of teams), **Expertise** (command of tools and processes) and **Industrial** know-how (global deployment or strategic low-cost) of MGI COUTIER Group gives it a strong position on complete products and systems which fully meet the expectations of automotive and heavy goods vehicle manufacturer.

Fluid Managment 83%

Air Intake   Coolant

Fuels   Additives

Oil Vapours   Windscreen Fluid

Air Regulation T°   Air Vacuum

Mechanisms 13%

Latches & Strikers   Handles

Hinges   Pedalboxes

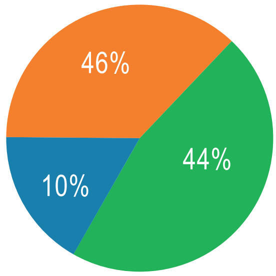
Aftermarket 4%

As a specialist in fluids Management, the Group is organized around Departments devoted to Products Lines (Engine Systems Management, Coolant, Fuel & Control, Emission Control Systems and Mechanisms & Washing Systems).

Industrial Departments (North America, China, and Europe) manage the Group's Plants. A Market Division ("AFTERMARKET") is completely dedicated to aftermarket activities for manufacturer or independent markets.

Functional Departments (Purchasing, Human Resources, Information Systems…) providing support and homogeneity.

2016, december the 31th turnover breakdown by customers

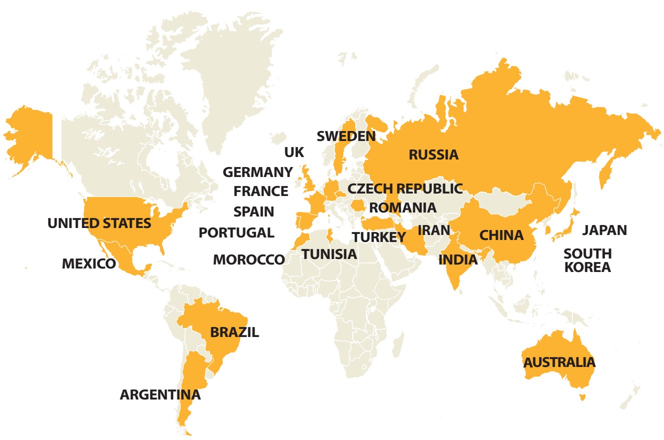


French OEMs 46%
PSA 32%
RENAULT 14%

International OEMs 44%
FORD 16 %
GM 6 %
TATA JLR 4 %
FIAT-CHRYSLER 4 %
VOLVO CAR 2 %
VOLVO TRUCKS 2 %
Others OEMs 2%

Others customers 10%

MGI COUTIER is highly internationalized. The Group operates in 22 countries located in 5 continents. It has 39 industrial sites, 7 representative offices and nearly 10,000 employees.



Strong and structured values

- ✓ **Customer satisfaction is at the heart of our concerns.** The quality of our service across the world is a witness for our customers' trust and satisfaction.
- ✓ **Long-term family-owned stockholder**. COUTIER family aims to ensure the expansion and sustainability of the Group as well as its employment over time.
- ✓ **Loyalty and equity**. Committed teams able to effectively work together can guarantee the success of the business project.

The Group objective by the year 2020: Consolidate the leadership

Globalize the Product Lines

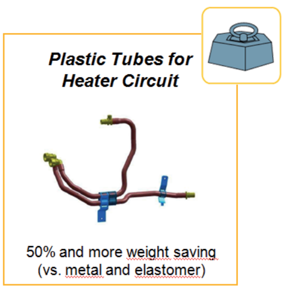
- ✓ Stand as a preferred supplier among the existing clients on all our Product Lines.
- ✓ Stand in all the countries of origin of the manufacturers.
- ✓ Produce close to assembly plants.
- ✓ Seek out new customers.

Develop new products

- ✓ Tailored according to the new environmental standards (CO_2, NO_X, Particles...).
- ✓ Cater to the specific needs of emerging countries (Russia, China...).
- ✓ For the vehicles of higher value segments (Premium, SUV...).

Implemented strategy

- ✓ **A broad product range.** The Group is characterized by its comprehensive management of fluid (storage, dosing, reheating...) and by numerous areas of intervention in mechanisms (bonnet, side doors, swing doors, cases...).
- ✓ **A clear target Customers**. Ten strategic customers are identified, which meet 3 complementary profiles: General, Premium, Trucks...
- ✓ **Proven organization and experienced teams**.
- ✓ **An innovative approach** that is powerful, structured, and responsive to the future needs (processing the polluting emissions, reduction of the vehicle weight...) enabling the submission of 29 new patents in 2016.
- ✓ **A "2S2D" 100% LEAN approach** (Simple, Solid, Dependable and Do-able) which, applied on a daily basis, brings serenity, continuous progress and customers' satisfaction.



- ✓ **An excellent Quality level** with only 5 PPM in 2016.
- ✓ **A drive for integration** mixed with a highly open-minded spirit in the design process creating the most suitable solutions while maximizing the added value.
- ✓ **A know-how regarding external growth** searching for complementing and synergistic opportunities (customers' portfolios, geographical expansion, product families...).

Solutions to environmental problems

MGI COUTIER tailors solutions or innovative concepts for its customers that meet or exceed the current environmental regulations.

Finally, the Group sites are certified in accordance with the ISO 14001 environmental management standard. The reduction in energy consumption, waste and polluting emissions lie at the very core of concerns within each of our plants.

MANAGEMENT REPORT

Introduced by the Management Board to the Ordinary and Extraordinary Annual Meeting of 28 June 2017

1. Results, financing and perspectives

Comments & significant milestones on consolidated accounts

Accounting standards

The consolidated financial statements of MGI COUTIER Group were prepared in accordance with the IFRS standards, as approved by the European Union.

During the course of the financial year, the Group adopted the mandatory standards, amendments and implemented interpretations over the period. Theses texts have no impact on the net income and the financial situation of the Group.

A new growth of the activity

For the financial year 2016, MGI COUTIER Group has reached record revenues of EUR 963.6 million with a rise of 12.0% compared to the previous year and 13.6% on a comparable scope and exchange rate basis. This increase, sharply higher than that of the global automobile market, is the result of the surge of tank deliveries of Adblue® for SCR and of numerous introductions in nearly all sites. The sales activity in the field of expertise of Fluid Management experienced an increase of 13.2% to reach a new all-time high level. The sales activity in the field of expertise of Mechanisms is stable. The Division of AVON AUTOMOTIVE remains the chief Division of MGI COUTIER Group in terms of its size and accounts for 40.4% of Products and Functions' turnover compared to 41.5% on the previous financial year. The two French historic manufacturers account for 46.2% of the activity versus 41.8% in 2015 due to the surge of tank deliveries of Adblue® for SCR with the PSA group. The deliveries to customers located in France amount to 24.7% of total sales versus 24.0% in 2015.

The 2016 financial year highlights

Over the last financial year, the major activities of the organization are displayed hereafter:

Continuation of the surge of tank production of Adblue® for SCR accounting for EUR 162.1 million over the financial year (versus EUR 99.4 million in 2015);

- ✓ Order intake reaching a record level following three very dynamic years regarding new allocations;
- ✓ Launching new plants in Mexico at Juarez and El Jadida in Morocco;
- ✓ Complete the construction of the plant in Chongqing in China;
- ✓ Launching the construction of the plant of Ixtac (Mexico) and of Wuhan (China);
- ✓ Search for land or buildings in Bulgaria and Thailand;
- ✓ New improvement of the profitability mainly thanks to the return to a positive operating profit of MGI COUTIER SA;
- ✓ Further net debt reduction;
- ✓ Progressive implementation of the new organization centered around products lines;
- ✓ Faster deployment of the Group ERP (23 sites using this ERP at the end of December 2016).

The consolidated key-figures of 2016 financial year are as follows:

(en millions d'euros)	31.12.16 (12 months)	31.12.15 (12 months)
Turnover Excluding Tax	963.6	860.4
EBITDA	150.6	119.7
Current operating profit	111.1	79.1
Operating profit	115.4	79.3
Group share net profit	86.4	50.9
Self-financing ratio	125.0	88.5

The added value rises to EUR 410.4 million, showing an increase of 14.1% compared to the previous financial year. As part of the impact of the added value increase, these figures equally reflect the continued efforts aimed at reducing purchase product costs, boosting industrial efficiency and reinstating formerly sub-contracted products.

The taxes and charges amount to EUR 6.2 million with an increase of 10.0% over the financial year.

The personnel expenses, including temporary workers & employees' contribution for the French entities, rose to EUR 253.6 million, achieving an increase of 8.2% compared to the previous financial year. The growth in payroll over the financial year demonstrates the efforts achieved to push the production of SCR Adblue® tanks forward and the growth of the activity in the sites of Eastern Europe, Tunisia and Turkey.

The EBITDA stands at EUR 150.6 million showing an increase of 25.8% compared the previous year and represents 15.6% of consolidated turnover (13.9% in 2015). In terms of value, it is a truly historical figure. In terms of percentage, the Group is comparable in magnitude to the average of best performing listed equipment suppliers.

The amortization expenses amount to EUR 28.4 million with an increase of 1.2%. This increase is due to the key investments made since the financial year 2012, a significant portion of which is devoted to real estate (land and buildings).

The net provisions stand at EUR 11.1 million versus EUR 12.6 million in 2015. The net allocations of the financial years 2016 and 2015 are mainly generated from warranty provisions directly linked to the sharp rise of warranty returns highlighted two years ago. This situation, atypical, is attributed to the high rise of the activity and to the number of new references initiated over this period.

The current operating profit stands at EUR 111.1 million, an increase of 40.5% compared to the previous financial year. It is the highest current operating profit in terms of value over the last fifteen years. The foreign subsidiaries contributed EUR 99.3 million to the current operating profit. This is a historical record. All entities where MGI COUTIER is the major stockholder display positive profitability with the exception of MGI COUTIER ENGINEERING (India), MGI COUTIER MOROCCO, AVON AUTOMOTIVE CHINA, SINFA CABLE and WUHAN MGI COUTIER (China). MGI COUTIER MOROCCO, MGI COUTIER ENGINEERING, AVON AUTOMOTIVE CHINA and WUHAN MGI COUTIER are four entities whose activity has not stabilized yet. Their profitability is thus not yet representative of their normal expected financial performance.

The other non-current profits and charges rose to EUR 4.3 million versus EUR 0.2 million in the previous financial year. The financial year 2016 profited from the resale of certificates of energy and divestment of MEIPL securities (Indian joint venture which was consolidated by equity method).

The cost of net financial debt stands at EUR 2.7 million versus EUR 2.8 million in 2015. This development is mainly due to the stability of gross financial debts as references of the variable rates as well as earning less interest on cash balances compared to the previous year.

The other financial profits and charges amount to EUR 0.6 million versus EUR -1.0 million in 2015. There were less monetary fluctuations occurring in the financial year 2016 compared to the previous financial year which was entirely atypical.

The tax charge on the profits stands at EUR 27.0 million in 2016 versus EUR 24.7 million in 2015. The effective tax rate refers to a more normal level of 23.9% in the financial year by taking account of tax credits in which certain entities benefited and the recognition of deferred tax asset related to tax loss carry forwards on subsidiaries returned to positive profitability in 2016.

The Group share net income amounts to EUR 86.4 million in 2016 versus EUR 50.9 million in 2015. This is the best figure ever reported by the Group.

The non-financial investments amount to EUR 53.1 million versus EUR 50.7 million in the previous financial year. As expected, the investments occurring in 2016 have reached a historically elevated level mainly related to the production surge of SCR Adblue® tanks as well as to the construction of three new plants.

The net financial debt declined significantly. The balance of EUR 13.3 million is a decrease of EUR 43.3 million over one year.

The Group's stockholder equity rise to EUR 362.2 million representing an increase of 27.1% compared to the previous year. The stockholder equity covers more than 53% of total balance-sheet. They are also historical records.

Continuation of efforts around the field of Research and Development

In 2016, MGI COUTIER Group continued devoting significant resources to the field of Research and Development The costs of Research and Development rose to EUR 50.5 million, 5.2% of consolidated turnover, compared to EUR 49.0 million in 2015.

The costs related to Research and Development have been recorded as charges during the period and do not comply with the whole 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 2.7 million (EUR 2.7 million in 2015).

The main areas of focus related to Research and Development aim to meet the environmental issues, and in particular:

- ✓ the prevention and the processing of polluting emissions;
- ✓ the reduction of CO2 emissions (by designing lighter parts);
- ✓ the implementation of solutions adaptable to the biofuels or meeting the requirements of hybrid or electric vehicles;
- ✓ the eco-design and product recycling.

More challenging perspectives for 2017

The MGI COUTIER Group remains highly attentive to maintaining its economic and financial performance.

2017 will continue to bring high sales growth activity thanks to a high level of SCR Adblue® tank deliveries as well as the positive impact of launching new manufacturing related to order intake of the previous years. The target now is to reach a consolidated turnover equal or higher than a billion euros by 2017.

However, improving the profitability compared to the very high level reached in 2016 shall be very challenging. The external environment shall be less favorable mainly compared to the purchasing price of raw materials and sharp wage pressures in several countries. The level of warranty returns and the corresponding provisions still remain a point of concern without neglecting the exceptional number of sites in start-up in 2017. This is the reason behind the objective in terms of reaching a profitability level in 2017 at, or near the current operational result close to the one published in 2016.

Risk management

There are no risk factors related to MGI COUTIER Group, the main risks are inherent in an activity developed almost entirely in the field of automobile original equipment manufacturers. A detailed presentation of main risk factors is shown in the appendix of consolidated accounts (note 24).

Incurred events between the financial year's closing and financial accounts' approval date

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

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

Comments on the Parent-company financial statements and year highlights

The Parent-company financial statements were prepared in compliance with the accounting principles applicable in France.

The turnover amounts to EUR 403.9 million witnessing an increase of 24.2% compared to the previous year. The company of MGI COUTIER has benefited from the increase of SCR Adblue® tanks and the growth of the automobile market in Europe. The turnover achieved with the foreign subsidiaries of MGI COUTIER represents EUR 53.9 million with 13.3% of its activity versus 48.3 in 2015. This growth is mainly related to the sales of components and semi-manufactured products in foreign subsidiaries focusing on the manufacturing or assembling of SCR Adblue® tanks.

The added value stands at EUR 109.1 million with an increase of 23.4% compared to the previous year. Over the financial year, the lower gross margin rate of SCR Adblue® tanks was almost entirely offset by an improvement of industrial performances (For the record, those have deteriorated sharply in 2015 and thus the financial year 2016 only constitute a return to a normal level).

The taxes and charges amount to EUR 5.6 million, recording an increase of 27.4% compared to the previous year.

The personnel costs amount to EUR 75.3 million and represent 18.6% of turnover against 22.5% in 2015. In the financial year, the company benefited from adecreasein subcontracting (mainly in intra-group) and the increaseof SCR Adblue® tanks (the corresponding headcounts have already been in place, for the most part, since 2015).

The EBITDA amounts to EUR 28.2 million versus EUR 11.0 million over the preceding financial year. Despite the developments over the financial year, the ratio of EBITDA on the turnover remains still far from the standards of our activity's sector.

The amortization expenses remained stable at EUR 11.0 million, the financial year's investments matching the average of those achieved in the recent years.

Net provisions are EUR 11.1 million against 11.2 million in 2015. Over the financial year, the company continued to be placed at a disadvantage due to the increase of warranty returns which have produced a sharp rise in corresponding provisions.

With reference to the preceding elements, the operating profit/loss amounts to EUR 5.3 million against EUR 12.3 million in 2015. For the record, the company has reported operating losses since 2012.

The financial profit rises to EUR 23.9 million against EUR 14.5 million in 2015. The company gained advantage of the payments of dividends, from a historical level, on behalf of AVON AUTOMOTIVE HOLDINGS INC in 2016. On the other hand, the net provisions linked to financial elements stand at EUR 2.8 million against EUR -8.3 million in the previous year which had been atypical (with the refund of almost all current accounts of MGI COUTIER MEXICO).

The exceptional profit/loss amounts to EUR 5.5 million versus EUR -1.4 million in 2015. During the financial year, MGI COUTIER SA benefited from the transfer of its securities of MEIPL which generated a significant plus-value as well as the resale of a energy efficiency certificate.

During the financial year, the company presents a tax profit of EUR 2.6 million against EUR 4.8 million over the preceding financial year. A research tax credit was recorded in the amount of EUR 2.7 million (EUR 2.7 million in 2015). The employment competitive tax credit (CICE) was EUR 2.4 million (EUR 2.4 million in 2015). It will only be refunded against taxes on profits payable prior to the maturity date of 2020.

Taking account of the before mentioned elements, the net profit of the company rose to EUR 37.3 million versus EUR 5.6 million in 2015.

The acquisitions of tangible and intangible fixed assets rose to EUR 11.5 million versus EUR 16.2 million over the previous financial year. The non-financial investments returned, in the financial year, to a level close to the historical average. The acquisitions of financial fixed assets increased to EUR 14.4 million versus EUR 5.5 million in the previous year. A major part of 14.4 million is generated from the operation of capital growth by the inclusion of current accounts of MGI COUTIER BRASIL.

With reference to the above elements, net indebtedness of MGI COUTIER amounts to EUR 102.5 million versus EUR 133.7 million in 2015. This level of indebtedness appears to be very reasonable compared to the size and the profitability of the Group. The stockholders' equity before profit distribution stands at EUR 188.5 million against EUR 155.6 million over the preceding year. The stockholders equity currently accounts for 40.5% of the total balance sheet. The main objective is always to reach a level above 50% in the long term.

In compliance with decree n° 2008-1492 dated 30 December 2008, we would like to inform you that the trade payables amounted to EUR 53.3 million in 31 December 2016 (excluding not received invoices) (EUR 41.2 million dated 31 December 2015). On this amount, EUR 1.1 million had fallen due (1.6 million end of 2015).

The balance of unmatured debts, 30.9 million were to become due within one month (26.2 million in 2015), EUR 17.8 million were to become due within two months (10.0 million in 2015), EUR 3.4 million were to become due within three months (3.2 million in 2015) and EUR 0.1 million were to become due in more than three months (0.1 million in 2015).

2.2. Group report on the corporate social responsibility

Human resources information

Average headcount

	2016	2015
Executives	523	496
Employees, technicians & Managers (ETAM)	2,833	2,519
Operatives	6,136	5,596
Total	**9,492**	**8,611**

Headcount as of 31 December, 2016

	2016	Female share
Executives	527	17.08%
ETAM	2,949	26.79%
Operatives	6,348	48.49%
Total	**9,824**	**40.28%**

Staff mouvement – Departures

Departures	2016	2015
Voluntary	4,782	3,266
Lay-offs and terminations	350	368
Retirement	87	76
Total	**5,219**	**3,710**

Staff movement – Employment

Hiring	2016	2015
Open-term contract personnel	4,679	3,482
Fixed-term contract personnel	1,323	1,175
Total	**6,002**	**4,657**

Other employment information

	2016	2015
Total personnel costs (in thousands of Euros)	253,642	234,462
Amount allocated to training (in payroll percentage)	1.18%	1.11%

Environmental information

The information delivered bellow pertains to the whole Group site (including the Indian sites).

Resources consumption

Consumptions	2016	2015
Water (m3)	844,475	775,662
Plastic materials (tons)	23,408	16,857
Metal materials (tons)	26,244	20,972
Rubber materials (tons)	22,790	31,512
Electricity (Mwh)	114,656	107,150
Gas (Mwh)	126,343	86,530
Fuel (m3)	1,102	1,653

Wastes

Consumptions	2016	2015
Non-hazardous industrial wastes produced (tons)	13,327	11,766
Special industrial wastes produced (tons)	1,798	1,794
Total costs induced by waste management (thousands of Euros)	813	620
Secured savings due to waste-to-energy conversion (excluding metal wastes) (thousands of Euros)	331	341

The balance sheet of gas emissions said to be "of greenhouse effect" in accordance with the decree of July 11, 2011 is available on the website (www.mgicoutier.fr).

3. Legal information about the company and its capital

Stockholders & Stock Exchange

We would like to inform you of the significant equity investments in terms of capital and voting rights, confirmed on December 31, 2016.

Stockholders	Stocks	% of capital	% of voting rights
COUTIER DEVELOPPEMENT	15,331,170	57.33	57.34
COUTIER SENIOR	3,259,480	12.19	12.19
Natural person executives	61,470	0.23	0.23
Public & Staff	8,086,340	30.24	30.24
Treasury stocks	2,580	0.01	exclues
Total	**26,741,040**	**100.00**	**100.00**

MGI COUTIER is recorded continuously in the Compartment B of Euronext Paris since 4 April 2011 under the stock code FR 00000 53027. The highest rate reached in the financial year was EUR 28.49 (30 December 2016), the lowest rate was EUR 14.50 (24 June 2016). The closing rate on 31 December 2016 was EUR 28.49 promoting MGI COUTIER Group to EUR 761.9 million. The total trade volumes over the financial year stood at 4,188,414 securities for a total transaction number of 52,856 reflecting a decrease of 7.8% compared to the previous financial year.

Assignments performed in other companies

In compliance with the legal provisions laid down, we would like to draw your attention to the functions performed and interests held in other companies including foreign ones and those in the Group managed by the managers and stockholders of MGI COUTIER.

MGI COUTIER SA: Table of elections until 29 June 2016 expiry dates of office terms	
Members of Supervisory Board	
André COUTIER	Chairman of the Supervisory Board
COUTIER DEVELOPPEMENT SA at Management Board & Supervisory Board	Member of the Supervisory Board represented by Christophe COUTIER
DEGUERRY Paul	Vice-Chairman of the Supervisory Board
COUTIER Geneviève	Member of the Supervisory Board
JOB Nicolas	Member of the Supervisory Board
Members of Management Board	
COUTIER Mathieu	Chairman of the Management Board
THOMASSET Jean-Louis	Vice-Chairman of the Management Board
VILLANEAU Jean-François	Member of the Management Board
COUTIER Benoît	Member of the Management Board
COUTIER Nicolas	Member of the Management Board

MGI COUTIER SA: Table of elections after the assembly of 29 June 2016 following the expiry of office terms and renewal by the assembly	
Members of Supervisory Board	
COUTIER André	Chairman of the Supervisory Board
COUTIER Emilie	Member of the Supervisory Board
COUTIER DEVELOPPEMENT SA at Management Board & Supervisory Board	Member of the Supervisory Board represented by Christophe COUTIER
NJ CONSULTING SAS	Member of the Supervisory Board represented by M. Nicolas JOB
COUTIER Geneviève	Member of the Supervisory Board
Members of Management Board	
COUTIER Mathieu	Chairman of the Management Board
THOMASSET Jean-Louis	Vice-Chairman of the Management Board
VILLANEAU Jean-François	Member of the Management Board
COUTIER Benoît	Member of the Management Board
COUTIER Nicolas	Member of the Management Board

Manager concerned	Performed functions and interests held in other companies including foreign and Group's companies – Dated 31.12.2016		
	Name or company name	**Legal form, town & country of head office**	**Job titles**
COUTIER André, born on 15.02.1949 **Chairman of the Supervisory Board of MGI COUTIER SA**	COUTIER DEVELOPPEMENT	SA at Management Board and Supervisory Board (Champfromier - France)	Member and Chairman of the Management Board
	POLE EUROPEEN DE PLASTURGIE	SAS (Oyonnax - France)	Permanent representative of MGI COUTIER
	MGI COUTIER ITALIA	S.R.L. (Asti - Italy)	Chairman of Board of Directors
	MGI COUTIER MAKINA	Anonim Sirketi (Bursa – Turkey)	Executive Director Vice-Chairman of the Board of Directors
	AVON AUTOMOTIVE HOLDINGS	INC (Cadillac - Michigan - USA)	Executive Director
	AVON AUTOMOTIVE A.S.	A.S. (Rudnik - Czech Republic)	Chairman of the Supervisory Board
	COFA2M	SAS (Champfromier - France)	Chief Executive Officer
	COFA2B	SAS (Champfromier - France)	Chief Executive Officer
	FOREX	SAS (Champfromier - France)	Chief Executive Officer

	COUTIER DEVELOPPEMENT	SA at Management Board and Supervisory Board (Champfromier - France)	Member of the Management Board
	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
COUTIER Mathieu, born on 25.05.1975 **Chairman of the Management Board of MGI COUTIER SA**	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 and Executive Director
	COFA2M	SAS (Champfromier - France)	Chairman
	SCI BRAY SUD	Société civile Immobilière (Champfromier - France)	Represents MGI COUTIER SA Single partner
	MGI COUTIER UK	LTD (West Midlands - United Kingdom)	Represents MGI COUTIER SA Single partner
	COUTIER DEVELOPPEMENT	SA à Directoire et Conseil de Surveillance (Champfromier - France)	Member of the Management Board
	MGI COUTIER BRASIL	LDA (Jundiai - Brasil)	Manager - Director
	MGI COUTIER ROM	SRL (Timis - Roumania)	Executive Director and CEO
COUTIER Benoît, born on 19.10.1978 **Member of the Management Board of MGI COUTIER SA**	MGI COUTIER ILIA	CO PJS (Ghaemshahr - Iran)	Executive Director, MGI COUTIER Representative
	NINGBO MGI COUTIER AUTO PLASTICS	CO. LTD (Cixi - China)	Executive Director
	COFA2B	SAS (Champfromier - France)	Chairman
	MGI COUTIER MEXICO SA de CV	SA de CV (Veracruz - Mexico)	Chairman and Executive director
	MGI COUTIER THAILAND	CO Ltd (Bangkok - Thailand)	Executive Director
	WUHAN MGI COUTIER AUTO PARTS (sub-subsidiary of NINGBO)	CO. Ltd (Wuhan - Chine)	Executive Director

COUTIER Christophe, born on 06.05.1978 **Permanent representative of COUTIER DEVELOPPEMENT Member of Supervisory Board of MGI COUTIER SA**	COUTIER DEVELOPPEMENT	SA at Management Board and Supervisory Board (Champfromier -France)	Member of the Management Board
	COFA2C	SAS (Champfromier - France)	Chairman
	FOREX	SAS (Champfromier - France)	Chairman
	GFFM	Groupement Forestier (Champfromier - France)	Manager
COUTIER Nicolas, born on 02.01.1981 **Member of the Management Board of MGI COUTIER SA**	COUTIER DEVELOPPEMENT	SA à Directoire et Conseil de Surveillance (Champfromier - France)	Member of the Management Board
	MGI COUTIER ESPANA	SL (Vigo - Spain)	Executive Director
	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
	COFA2N	SAS (Champfromier - France)	Chairman
VILLANEAU Jean-François, born on 22.10.1960 **Member of the Management Board of MGI COUTIER SA**	MGI COUTIER ROM	SRL (Timis - Roumania)	Executive director
	MGI COUTIER ILIA	CO PJS (Ghaemshahr - Iran)	Chariman of the Board of Directors
	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
	MGI COUTIER MEJICO	SA DE CV (Veracruz - Mexico)	Executive Director

	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 (Veracruz - Mexico)	Executive Director Vice-Chairman of the Board of Directors
THOMASSET Jean-Louis, **born on 04.01.1965** **Member of the Management Board** **Vice-Chairman** **of MGI COUTIER SA**	NINGBO MGI COUTIER AUTO PLASTICS	CO LTD (Cixi - China)	Executive Director
	AVON AUTOMOTIVE	AS (Rudnik - Czech Republic)	Member of the Supervisory Board
	AUTOTUBE AB	AB (Aktiebolag) (Varberg - Sweden)	Executive Director
	ATF	SARL (Lyon - France)	Majority stakeholder
	WUHAN MGI COUTIER AUTO PARTS(sous-filiale de NINGBO)	CO. LTD (Wuhan - China)	Majority stakeholder
JOB Nicolas, **born on 02.02.1955** **Member of the Supervisory Board** **Of MGI COUTIER SA as permanent representative of NJ CONSULTING SAS**	NJ CONSULTING SAS	SAS (Champagne au Mont d'Or - France)	Manager
COUTIER Geneviève, **born on 07.06.1948** **Member of the Supervisory Board** **of MGI COUTIER SA**	No other elected office		
COUTIER Emilie, **Born on 06.06.1982** **Member of the Management Board of** **MGI COUTIER SA**	COFA2E	SAS (Champfromier - France)	Chairwoman
	COUTIER DEVELOPPEMENT	SA at Management Board and Supervisory Board (Champfromier - France)	Member of the Supervisory Board France as permanent representative of COFA2E SAS

Information about the remuneration of Company representatives

PRINCIPLES AND CRITERIA OF DETERMINATIONS, DISTRIBUTION AND ALLOCATION OF FIXED, VARIABLE AND EXCEPTIONAL ELEMENTS COMPOSING THE TOTAL REMUNERATION AND THE ADVANTAGES OF ANY NATURE TO THE EXECUTIVE MANAGEMENT COMPANY'S REPRESENTATIVES DURING 2017 FINANCIAL YEAR

The level of remuneration is determined by the Supervisory Board after examination and suggestions of the Compensation Committee, in accordance with the legal and statutory requirements, based on the following principles:

- ✓ Completeness: all practiced types of compensation retained for the overall assessment.
- ✓ Balance between the remuneration elements and each element is justified and corresponds to the general interest of the company.
- ✓ Benchmark: for estimation in the context of a business and benchmark market however proportionate to the company's situation.
- ✓ Coherence: with those of the other managers and employees of the company.
- ✓ Legibility: simple and transparent rules of performance criteria used to establish the variable part of the remuneration corresponding to the company's objectives.

The variable remunerations are based on quality, turnover and profitability criteria of employed capital.

ELEMENTS OF THE REMUNERATION DUE OR ALLOCATED TO SENIOR COMPANY REPRESENTATIVES FOR THE FINANCIAL YEAR ENDED

Summary table of remunerations of Chairman of Supervisory Board

	Fin. year. 2016		Fin. year. 2015	
	Due	Paid	Due	Paid
Mr. André COUTIER				
Fixed remuneration	53.712	88.712	183.000	183.000
Fixed remuneration	9.232	9.232	4.500	4.500
Benefits in kind	0	0	1.214	1.214

Summary table of remunerations of the Management Board

	Exercice 2016		Exercice 2015	
	Due	Paid	Due	Paid
Mr. Mathieu COUTIER				
Fixed remuneration	225.780	225.780	208.362	208.362
Variable remuneration	90.312	83.630	69.670	57.106
Benefits in kind	2.463	2.463	2.463	2.463
Mr. Jean-Louis THOMASSET				
Fixed remuneration	24.450	24.450	177.083	177.083
Variable remuneration	0	0	46.869	89.051
Fees	464.616	464.616	209.722	209.722
Benefits in kind	0	0	1.265	1.265
Mr. Jean-François VILLANEAU				
Fixed remuneration	265.415	265.415	259.193	259.193
Variable remuneration	52.105	100.263	97.670	96.033
Benefits in kind	191	191	0	0
Mr. Benoît COUTIER				
Fixed remuneration	127.886	127.886	136.165	136.165
Variable remuneration	51.343	45.770	43.826	39.614
Benefits in kind	1.795	1.795	0	0
Mr. Nicolas COUTIER				
Fixed remuneration	119.997	119.997	110.397	110.397
Variable remuneration	48.168	41.967	37.778	33.856
Benefits in kind	1.795	1.795	4.200	4.200

In accordance with the provisions of the article L.225-102-1 of the Commercial Law, we acknowledge the gross individual earnings paid to corporate officers including fees, fringe benefits and attendance fees:

By remuneration categories

	Exercice 2016		Exercice 2015	
	Dus	Versés	Dus	Versés
Members of the Management Board				
Fixed remuneration	763.528	763.528	891.200	891.200
Variable remuneration	241.928	271.630	295.813	315.660
Fees and exceptional remuneration	464.616	464.616	209.722	209.722
Benefits in kind	6.243	6.243	7.928	7.928
Members of the Supervisory Board				
Fixed remuneration (including attendance fees)	108.872	143.872	304.559	304.559
Variable remuneration	-	-	9.498	9.498
Exceptional remuneration	-	-	-	-
Benefits in kind	-	-	1.214	1.214

By remuneration recipients

	Fin. year. 2016 (paid)	Fin. year. 2015 (paid)
André COUTIER	97.944	188.714
Roger COUTIER	-	28.750
Jean-Louis THOMASSET*	489.066	477.121
Mathieu COUTIER	311.873	267.931
Jean-François VILLANEAU	365.868	355.227
Benoît COUTIER	175.451	175.779
Christophe COUTIER	9.232	47.557
Nicolas COUTIER	163.759	148.453
Other recipients	36.696	50.250

* including EUR 464.616 of fees

We would like to inform you that no manager gains particular retirement benefits (additional pension schemes on top of mandatory schemes). The remunerations are examined by the Remuneration Committee, where the variable pay part is allotted according to the quantitative and qualitative objectives.

In compliance with the AMF recommendations dated 12 July 2010, it is stated that the level of performing quantitative and qualitative criteria was precisely developed but it is not made public for privacy reasons.

Performed operations with the Company's stocks

In accordance with the law, we would like to highlight that no manager has, on an individual basis, in 2016 made any transaction acquiring the company stock. The same applies to members closely related to them.

Furthermore, in compliance with the law, we wish to draw to your attention to the secured and resold stocks over the financial year 2016 within the framework of the liquidity and market making agreement with GILBERT DUPONT implemented since 11 July 2011 following the assemblies authorization dated 30 June 2011, 22 June 2012, 27 June 2013 and 26 June 2014 and 25 June 2015 and 29 June 2016.

2016 Month of	Number of purchased stocks	Nombre de titres vendus	Solde de titres en fin de mois	Cours moyen (en euros)	Valeur en fin de mois (en euros)
January	30.976	29.743	6.394	16.80	101.419.20
February	27.214	28.089	5.519	16.97	93.657.43
March	17.393	15.761	3.551	18.56	65.906.56
April	18.370	14.919	7.002	18.60	130.237.20
May	15.385	17.770	4.617	20.25	93.494.25
June	5.653	7.327	2.943	20.51	60.360.93
July	17.527	14.567	5.903	20.70	122.192.10
August	10.798	11.349	5.352	20.88	111.749.76
September	16.422	18.016	3.458	23.55	81.435.90
October	12.517	13.188	2.787	25.58	71.291.46
November	23.984	22.675	4.096	23.75	97.280.00
December	14.622	16.138	2.580	28.49	73.504.20

Elements likely to have an impact in case of public offer

In accordance with article L.225-100-3 of Commercial Law, we point out the followings:

- ✓ The capital structure and the known direct holdings in the capital of MGI COUTIER SA are highlighted above and below.
- ✓ There is a concerted action in accordance with article 233-10 of Commercial Law between the companies COUTIER DEVELOPPEMENT (family holding company controlled by Mr. André, Roger, Joseph COUTIER's heirs and their family), and Mr. André, and Mr. Roger and the heirs of Mr. Joseph COUTIER, representing 69,75% of capital and voting rights.

These stockholders have reached an agreement in which they decided to act in concert to put into practice a common policy of stockholders with respect to the company. This agreement was initiated under the regulatory declarations to the supervisory authorities emphasizing the agreement's publication (SBF Notice n°94-2365 dated 29 July 1994). The duration of this stockholders agreementis five years and is tacitly renewed for a period of five years unless terminated by one of the parties before the expiration date. The members remaining in the agreement, in this case, shall be subject to duties under the agreement

- ✓ There are double voting rights since the General Assembly dated 25 June 2015.
- ✓ Every crossing by section of 1% of the detention of capital whether increasing or decreasing must be circulated to the company.
- ✓ The company's articles of association do not involve any other specification in terms of the rules of appointment and dismissal of the members of the Management Board and the Supervisory Board and the rules governing the power management within these bodies.
- ✓ The amendment of the Company's articles of association is initiated in accordance with the legal and regulatory provisions.

Post closing events

None

Information about acquisitions or control

Over the past year, MGI COUTIER has:

- ✓ sold all securities held in the Indian company MEIPL;
- ✓ bought out the stake of minority shareholder of MGI COUTIER ENGINEERING and hold at the conclusion of this operation more than 99.99% of the capital of this entity;
- ✓ increased the capital of the company MGI COUTIER MAROC SARL AU from 50.000 dirham to 10.000.000 dirham;
- ✓ created the company MGI COUTIER THAILAND CO LTD in Bangkok with the capital of 8.000.000 of bahts including 4.000.000 of paid up bahts;
- ✓ increased then decreased the capital of MGI COUTIER BRAZIL LTDA in order to audit the cumulated losses of this company, the capital of this entity following the operation is of 13.534.455 reals;
- ✓ increased its share in the company SINFA CABLES SARL (Morocco) to bring it up to 74%.

Delegation of powers

According to the provisions set by the law, we kindly inform you that no delegation of power granted by the stockholders' General Assembly to the Management Board shall remain valid to date (excluding the market making agreement).

Proposals

We would like to ask you to approve the operations recorded by the Profit and Loss statements and the balance-sheets presented to you, then to decide on the allocation of the financial year profit, as already stated in this report, at EUR 37,308,078.68. The Management Board suggests to you to approve a gross dividend of EUR 0.30 on the basis of the previous financial year and to allocate the balance to retained earnings account

In compliance 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, 2013	0.50	Relief of 40% when applicable
December 31, 2014	0.05	Relief of 40% when applicable
December 31, 2015	0.20	Relief of 40% when applicable

In accordance with the provisions of article 223 quater of the General Tax Law, we kindly ask you to approve the expenses and charges targeted in article 39.4 of the said law, highlighting an amount valued at EUR 20.172 which initiated a tax worth EUR 6.723.

We suggest you to renew the liquidity agreement set up since July 2011in order to reduce market volatility and increase the stocks' liquidity of MGI COUTIER. The allocated resources for these operations remain limited to what is absolutely necessary with a maximum of 0.5% of the company's capital.

The amount suggested for the attendance fees is EUR 46.600 euros.

The draft resolutions presented to you assume the elements of our report. We kindly request your approval of these resolutions and would like to thank you for your trust and loyalty toward this company..

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

In compliance with the provisions of article L.225-102 of the Commercial Law, this report must give an account to the status of staff stock ownership within the equity capital at the last day of the financial year and must develop 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 scope of the company's savings scheme provided for by the articles L.443-1 to L.443-9 of the French Employment Law and by current and former staff within the framework of the company's joint investment fund. The stocks held directly by the staff during the periods of inaccessibility provided by articles L.225-194 and L.225-197, in article 11 of the law n°86-912 dated 6 August 1986 associated with the procedures of privatization and article L.442-7 of the French Employment Law are also taken into account

According to our knowledge, the staff holds less than 1% of the company's stock capital.

Information about subsidiaires and holdings

(in thousands of Euros)	Stockholder capital before 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	324	100.00	762	762
MGI COUTIER ITALIA	(44)	100.00	50	-
MGI COUTIER TUNISIE	9.907	100.00	4.424	4.424
NINGBO MGI COUTIER	16.012	100.00	4.658	4.658
MGI COUTIER ARGENTINA	298	100.00	12.658	622
MGI COUTIER BURSA	12.903	100.00	6.721	6.721
MGI COUTIER BRASIL	866	100.00	13.919	994
MGI COUTIER UK LTD	129.604	100.00	96.517	96.517
MGI COUTIER ESPAÑA	25.538	100.00	4.772	4.772
MGI COUTIER MEJICO	(11.223)	100.00	6	-
MGI COUTIER ROM	25.351	100.00	1.963	1.963
MGI COUTIER ILIA	6	50.00	1.164	-
DEPLANCHE FABRICATION	2.230	100.00	895	895
AVON AUTOMOTIVE HOLDINGS INC	(28.466)	100.00	28.402	28.402
AVON POLYMERES FRANCE	(6.033)	100.00	-	-
MGI COUTIER ENGINEERING	(1.695)	100.00	1.429	34
AUTOTUBE AB GROUP	11.247	100.00	32.881	32.881
MGI COUTIER LUSITANIA	10.686	100.00	7.350	7.350
MGI COUTIER MAROC	(517)	100.00	918	918
SINFA CABLES	(213)	74.00	563	563
MGI COUTIER THAILAND	100	100.00	106	106
Others	-	-	57	11
Total	**196.881**	**-**	**220.215**	**192.593**

(in thousands of euros)	Gross advances made (1) (2)	Turnover on 31.12.16	Net profit on 31.12.16	Dividends paid by the company in 2016	Approvals & Guarantees
Holdings by MGI COUTIER and its subsidiaries					
SCI PAYS DE BRAY SUD	(321)	95	44		
MGI COUTIER ITALIA	16	-	-		
MGI COUTIER TUNISIE	198	47.040	2.331		750
NINGBO MGI COUTIER	184	15.105	2.897	3.750	
MGI COUTIER ARGENTINA	1.119	9.238	469		
MGI COUTIER BURSA	(1)	40.072	4.188	1.476	
MGI COUTIER BRASIL	31	5.702	538		
MGI COUTIER UK LTD	(30.890)	19.319	5.956		
MGI COUTIER ESPAÑA	(9.442)	78.605	3.665		7.500
MGI COUTIER MEJICO	2.476	1.845	(910)		
MGI COUTIER ROM	(63)	73.960	7.708		300
MGI COUTIER ILIA	2.129	3.321	-		
DEPLANCHE FABRICATION	(865)	2.604	412		
AVON AUTOMOTIVE HOLDINGS INC	-	11.673	774	16.000	
AVON POLYMERES FRANCE	(952)	37.580	2.453		
MGI COUTIER ENGINEERING	2.249	1.333	(434)		
AUTOTUBE AB GROUP	-	-	6.340	6.441	
MGI COUTIER LUSITANIA	-	47.488	3.477	1.131	
MGI COUTIER MAROC	5.889	728	(1.285)		1.129
SINFA CABLES	322	1.680	(661)		
MGI COUTIER THAILAND	-	-	(6)		
Autres	(5.765)	-	-		764
Total	**(33.686)**	**397.388**	**37.956**	**28.798**	**10.443**

(1) Net values including:	*receivables*	*14.638*	*k*
	liabilities	*(48.324)*	*k*
	Total	***(33.686)***	***k***

(2) Debts of Mexican, Iranian, Moroccan subsidiaries and MGI COUTIER ENGINEERING are depreciated respectively at a rate of EUR 2.476k, EUR 2.129k, EUR 495k and EUR 1.953k.

Certification of the authority in charge of the annual financial report

CERTIFICATION OF THE ANNUAL FINANCIAL REPORT

I declare, to the best of my knowledge, that the accounts are prepared according to the applicable accounting norms and delivers a genuine image of the capital, the financial situation and the company's profit/loss, as well as the whole companies encompassed in the consolidation perimeter, and that the above management report offers a transparent view of the business growth, profit/loss and the financial situation of the company and all the companies included in the consolidation perimeter as well as presents a description of the main risks and uncertainties to which they are confronted.

Mathieu COUTIER
Chairman of the Management Board

REPORT BY THE SUPERVISORY BOARD

to the Ordinary and Extraordinary Annual General Meeting dated 28 June 2017

Ladies and Gentlemen,

First and foremost, the Board kindly informs you of the well maintained relationship during the financial year with the Management Board which regularly circulates the activity reports and all the required information enabling the Supervisory Board to accomplish to its due diligence mission of permanent control.

Along this line, the Management Board presents the Parent-company financial statements of the financial year 2016, the consolidated financial statements as well as the management report drawn upon the accounts and the operations of the financial year ending December 31, 2016.

The accounts of the financial year ending December 31, 2016 display the following main elements:

(in thousands of Euros)	Consolidated accounts	Parent-company financial statements
Total du bilan	679.832	465.649
Chiffre d'affaires	963.637	403.879
Résultat de l'exercice	86.292	37.308

During this financial year, the activity was notably marked by:

- ✓ The ramp-up of SCR Adblue® tanks delivery;
- ✓ The continuation of actions regarding organization, systems and efficiency;
- ✓ A particularly favorable environment (on both the volume of manufactured vehicles and the exchange rate or on the price development of main raw materials).

The Supervisory Board was notified by the Management Board that, for 2017, MGI COUTIER Group will attempt to foster then implement the new organization of the Group while remaining highly attentive to maintain its economic and financial performances. The objectives communicated by the Management Board for the 2017 (turnover higher than a billion euros and operating profit close in value to the one reported for the 2016 financial year) are ambitious but achievable.

Taking the above mentioned into account, we have no particular observations to report, regarding the management report of the Management Board or the parent-company financial statements and consolidated accounts of the financial year ending 31 December, 2016.

Ultimately, we would like you to approve all the resolutions introduced to you.

Monsieur André COUTIER

Chairman of the Supervisory Board

REPORT ON THE INTERNAL CONTROL PROCESURES AND RISKS MANAGEMENT AND THE COMPANY GOVERNANCE

Financial year ending December 31, 2016

Dear Stockholders,

The law dated 1August 2003 regarding financial security pertaining to limited companies, fostered the information requirements addressed to both stockholders and third parties.

The communication on the operating modes pertaining to the limited company is then provided for by this text to promote the investors' trust.

In this scope, the legislation is aimed to enlighten you on the processes and operating modes of governing bodies.

The goal of this report is also to report on:

✓ the conditions related to the preparation and organization of your Supervisory Board's activities;

✓ the possible restrictions enforced by your Supervisory Board on the powers of the Chairman of the Management Board;

✓ the procedures of internal control initiated by the company.

This is made in compliance with the provisions of article L.225-68, last sub-paragraph, of the Commercial Law.

Regarding the company's governance, our company refers, since the formation of the Supervisory Board dated 26 June 2015, to the Law of the company governance for the average and small values of MiddleNext made available on the site www.middlenext.com. It also appears to the Supervisory Board that the Law of company's governance Middlenext will be suitable to the company in terms of its size and the structure of the stock capital.

I am, therefore, endowed with the honor, as the Chairman of the Supervisory Board, to submit this report to you.

1 In terms of conditions pertaining to the preparation and organization of activities of your Supervisory Board

It is reminded that your Supervisory Board is composed of the following five members:

✓ Mr. André COUTIER, Chairman of the Supervisory Board, whose term of office was renewed for three years by the General Meeting dated June 29, 2016;

✓ Miss Emilie COUTIER appointed for three years by the General Meeting dated June 29, 2016;

✓ Mrs. Geneviève COUTIER, whose term of office was renewed for three years by the General Meeting dated June 29, 2016;

✓ NJ CONSULTING SAS, represented by its permanent representative Mr. Nicolas JOB, appointed for three years by the General Meeting dated June 29, 2016;

✓ COUTIER DEVELOPPEMENT, represented by its permanent representative Mr. Christophe COUTIER, appointed for three years by the General Meeting dated June 29, 2016.

During the financial year 2016, your Supervisory Board gathered five times: on January 28, 2016, April 29, 2016, June 29, 2016, August 25, 2016 and October 27, 2016.

The article 16 sub-paragraph 5 of the articles of association provides that the "Supervisory Board shall also meet as often as the company's interests so requires" and at least twice a year. It is also noted that "in compliance with the law of article 16 sub-paragraph 4 of the company's articles of association, the Chairman of the Supervisory Board shall organize and lead the Board's activities and reports on them at the General Meeting".

To meet this end, as the Chairman of the Supervisory Board, I am keen on convening meetings of your Supervisory Board and determining the items on the agenda according to either the legal or regulatory requirements, or the obligations addressed to me under the terms of the enforced procedures and power limitations.

In my capacity as the Chairman of the Supervisory Board, I am responsible for addressing each member of your Supervisory Board with a convening notice including the date, time and place of the meeting as well as the detailed agenda.

All the documents enabling the full examination of the different items of the agenda are addressed at the same time as the convening (reports, draft minutes of the meeting, etc.).

On the date of the Supervisory Board's meeting, as the Chairman of the Supervisory Board, I shall be in charge of ensuring the signing of the attendance sheet by each present member.

The decisions of the Supervisory Board are adopted in terms of the conditions of quorum and the majority provided for by the articles of association.

In accordance with the law of article 16, sub-paragraph 5 of the articles of association, the decisions of the Supervisory Board are listed in the meeting minutes, developed and signed under a special register and flipcharts. As the Chairman of the Supervisory Board, I will therefore ensure that all the decisions of the Supervisory Board are recorded in the special register and signed by each member.

The Supervisory Board constituted in its committees intended to improve the functioning of the Board and to effectively contribute in the decisions' preparation. The Board has also created the permanent committees as follows: the Committee of Remuneration and the Committee of Audit.

Since June 26, 2016 the Remuneration Committee is composed of three members: Mr. André COUTIER, Christophe COUTIER and Nicolas JOB. They held one meeting during the financial year 2016. The Remuneration Committee is granted with the mission of:

- ✓ analyzing and making suggestions regarding the remuneration of company representatives;
- ✓ proposing the rules of distribution of attendance fees to the Board;
- ✓ considering every issue submitted by the Chairman of the Supervisory Board.

Since June 29, 2016, the Audit Committee is composed of four members: Mrs. Geneviève COUTIER, Mr. André COUTIER, Mr. Christophe COUTIER and Mr. Nicolas JOB, this latter is designed as the Chairman of the Audit Committee. During the financial year 2016, the committee gathered twice.

The Audit Committee is notably in charge of ensuring the monitoring of:

- ✓ the process of developing the financial data;
- ✓ the effectiveness of the internal control systems and risk management;
- ✓ the legal control of annual and consolidated accounts by the Statutory Auditors;
- ✓ the independence of the Statutory Auditors.

2 Regarding the potential power limitations brought to the General Management

According to the law 2001-420 dated May 15, 2001 pertaining to the new financial regulations, the Management of our company is held by Mr. Mathieu COUTIER endowed with the responsibility of the Chairman of the Management Board since June 26, 2015 and renewed in June 2016.

The Supervisory Board dated June 26, 2015 which was appointed and confirmed its powers, has not enforced any limits on the powers of the Chairman of the Management Board that holds, according to the law and vis-à-vis third parties, the broadest powers to react in all circumstances in the name of the company. The Supervisory Board performs its powers within the limits of the company objective and under the powers allocated by the law particularly to the Stakeholders and to the Supervisory Board's meetings.

3 As for the internal control procedures implemented by the company

In accordance with the 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 has a descriptive feature and does not encompass any evaluation.

3.1. Reminder of the Company's objectives in terms of the internal control procedures

The internal control procedures enforced in the company aim to:

- ✓ monitor that the acts of management or achievement of operations as well as the staff behaviors comply with the framework drawn up by the orientations provided to the company's activities by corporate bodies, by the laws and applicable regulations and by the values, norms and internal rules of the company;
- ✓ check that the information pertaining to accounting, finances and management provided to the corporate bodies of the company truly reflects the activity and situation of the company.

One of the objectives of internal control is to prevent and control the risks generated from the company's activity and errors or fraud risks, in particular in the accounting and finance fields. As all control systems, it cannot however provide an absolute guarantee that such risks are completely eliminated.

The control and management of risks related to the company's activities rely on the following principles:

- ✓ A decentralized organization in Divisions and Subsidiaries in order to promote responsiveness and clients' proximity;
- ✓ A monthly reporting and budgetary procedure as a pivotal tool for MGI COUTIER in managing its operations;
- ✓ Broad and frequent endeavors raising the awareness of the entire personnel group toward risks;
- ✓ The implementation of strong Functional Departments in charge of enforcing the company's policies and controlling the effective application;
- ✓ The specialization of sites by product family enables to foster and accelerate the expertise process;
- ✓ The formal delegation by the Chairman of the Management Board of the control and the management of certain risks to the most concerned Directors (Functional Directors and Operational Managers);
- ✓ Separation of functions (between Operational and supporting Functions, between those incurring expenditure and those recording and regulating expenditure, between executive and controlling staff, etc.);
- ✓ The definition of objectives corresponding to the best global or internal practices and the regular measurement of the difference between the secured performance and its objectives;
- ✓ The implication of all hierarchical levels and all sites in the improvement of performance and the control of activities;
- ✓ A prior authorization of all investments exceeding the value of EUR 3.000 by the Management Board's member in charge of Operations.

Furthermore, the booklet of reception points out the ethical obligations of all the MGI COUTIER staff. It is given and reviewed with each employee during his/her recruitment. Moreover, each site is endowed with an internal procedure manual distributed to all staff.

3.2. Analysis of the internal control environment

A. Brief description of the general organization of internal control procedures

The powers of the Chairman of the Management Board are restricted by the Supervisory Board. He formally delegates a part of his powers conferred upon him to the different Directors.

The company elaborates the procedures and distinguishes between two types of procedures: the ones related to a function (example of financial procedures) and the ones related to a process (delivery, treatment of nonconformities, etc.). Eleven processes have been indentified within the company (five customer-oriented processes and six management or support processes). They cover all the Company's activities (from the Company activities' promotion to new customers, to the improvement of supplier performance). Twenty-two obligatory indicators cover these eleven 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 in an Intranet network enabling them to immediately be distributed to all the staff in question.

Internal memos or notices can be used to complete, to examine or recall these procedures.

The Functional Departments, the Organizational Managers of processes ensure 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 ensures the sound application of these procedures by the control of periodic reports and the achievement of internal audits.

The Finance Department specifically ensures the proper application of the accounting and financial rules. The department also has an internal auditor.

Furthermore, there is a Health and Safety committee in each of the Company's sites. Each Health and Safety committee regularly meets with the aim to examine, propose and validate all 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:

- ✓ One on the validity of strategic options (Products, Markets, Customers, Action Plans) within the framework of Medium Term Plans,
- ✓ One on the validity of financial options of a short term nature within the perimeter of the year end budgets and forecast reviews.

For each of the seven Products Divisions, the Management Board devotes half a day each year to review and validate the Research and Innovation axes (Product and/or Process).

Furthermore, since 2008, a particular meeting of half a day has been initiated for all the most important Divisions and subsidiaries. This meeting is devoted to reviewing the main actions carried out regarding productivity and those actions envisaged for the next twelve months.

B. Brief description of accounting system

The accounting system is internally provided within the Finance Department.

The accounting teams are placed in two sites in the company and work under a logic of Shared Services Centre (SCC) for all the 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. Both centres report to the Accounting and taxes 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.

There are reference manuals adopted for the creation of:

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

There are regular examinations provided by the company's staff on the transmitted financial data.

Moreover, within the framework of legal obligation of the accounting audit, our statutory auditors provide an accounting control annually.

4 The application of the principle of a gender-balance representation in the Supervisory Board

The law n°2011-103 dated 27 January 2011 anticipates that the proportion of members in the Supervisory Board from each sex shall not be lower than 20% after the General Meeting dated 2014 and 40% after 2017 General Meeting. In December 31, 2016, this proportion was 40% (two female members and three male members or representative of a member of MGI COUTIER's Supervisory Board).

Mr. André COUTIER

Chairman of the Supervisory Board

REPORT OF THE STATUTORY AUDITORS

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 of the Chairman of the Supervisory Board of MGI COUTIER Company.

Financial year ending December 31, 2016

To the stockholders,

As statutory auditors of MGI COUTIER Company, and under the provisions of article L. 225-235 of the French Commercial Law, we present our report on the report drawn up by the Chairman of our company in accordance with the provisions of article L. 225-68 of the French Commercial Law within the framework of the financial year ending December 31, 2016.

The Chairman is in charge of tailoring and submitting for the approval of the Supervisory Board a report giving account of the internal control and risk management procedures implemented within the company and providing the other information required by article L. 225-68 of the French Commercial Law related notably to company's governance.

It is up to us to:

- ✓ communicate the observations recalling the information included in the report of the Chairman, regarding the internal control procedures and risk management pertaining to the drawing up and the handling of accounting and finance information, and;
- ✓ witness that the report includes the other information required by article L. 225-68 of the French Commercial Law, while emphasizing that we are not in charge of checking the reliability of the other information

We have performed our tasks in accordance with the standards of the professional practice applicable in France.

Information about the internal control and risk management procedures pertaining to the preparing and handling of accounting and financial information

The standards of professional practice require the implementation of necessary procedures aimed at highlighting the transparency of the information regarding the internal control procedures and risk management pertaining to the preparing and processing of the accounting and financial data contained in the Chairman's report.

These procedures notably consist of:

- ✓ grasping the procedures of internal control and risk management related to the preparing and processing of accounting and financial information underlying the information displayed in the Chairman's report as well as the existing information;
- ✓ reviewing the activities enabling the preparing of this information and the existing documentation ;
- ✓ determining whether the significant internal control deficiencies related to the preparing and processing of accounting and financial information that we have identified within the scope of our mission are the object of an adequate information in the Chairman's report.

Based on these activities, we have no observation to formulate on the information about the internal control procedures and risk management of the company related to the preparing and processing of accounting and finance information contained in the report of the Chairman of the Supervisory Board, implementing provisions of article L. 225-68 of the French Commercial Law.

Other information

We witness that the report of the Chairman of the Supervisory Board involves the other data required under article L. 225-68 of the French Commercial Law.

Drawn up in Villeurbanne and in Annecy, on April 28, 2017
The Statutory Auditors

.

ORFIS BAKER TILLY
Valérie MALNOY

MAZARS
Bruno POUGET

MGI COUTIER GROUP

CONSOLIDATED BALANCE SHEET
At December 31, 2016
(in thousands of Euros)

ASSETS	Notes n°	31.12.16 Net amounts	31.12.15 Net amounts
Intangible fixed assets			
Acquisition differentials	7	55,480	55,490
Other intangible fixed assets	8	2,025	1,124
		57,505	**56,614**
Tangible fixed assets	9		
Lands		15,681	12,552
Buildings		52,335	46,527
Technical installations & equipment		97,295	94,426
Other tangible fixed assets		8,989	8,123
Current fixed assets, advances & payment in account		26,340	18,529
		200,640	**180,157**
Non-current financial assets	10	**1,052**	**3,473**
Deferred tax credits	11	**7,441**	**8,077**
Total non-current assets		**266,638**	**248,321**
Stocks and WIP	12	98,924	86,146
Accounts receivables	13	155,582	138,099
Other debts	14	44,095	40,105
Cash and cash equivalents	17	114,593	67,881
Total current assets		**413,194**	**332,231**
Assets intended for transfer	19	0	0
Total assets		**679,832**	**580,552**

LIABILITIES	Notes n°	31.12.16	31.12.15
Stockholders' equity			
Equity capital	*15*	21,393	21,393
Land revaluation difference		2,333	2,333
Reserves and retained earnings		252,033	210,232
Advance dividends			
Group's share of financial year profit		**86,408**	**50,932**
Group's share of Shareholders' equity		**362,167**	**284,890**
Minority interests		**(18)**	**190**
Stockholders' equity		**362,149**	**285,080**
Long-term reserves	*16*	11,449	10,704
Medium and long-term funding liabilities	*17*	90,377	91,180
Deferred tax liabilities	*11*	3,379	5,949
Total non-current liabilities		**105,205**	**107,833**
Current provisions	*16*	27,810	17,153
Funding debts at less than 1 year	*17*	37,559	33,326
Accounts payables		104,493	92,638
Other debts	*18*	42,616	44,522
Total current liabilities		**212,478**	**187,639**
Liabilities intended for transfer			
Total liabilities		**679,832**	**580,552**

Consolidated profit and loss account
At December 31, 2016
(in thousands of Euros)

	Notes n°	**31.12.16 (12 months)**	**31.12.15 (12 months)**
TURNOVER	*3*	**963,637**	**860,356**
Variation of stored production		8,968	14,398
Consumption		(420,609)	(365,469)
Other external charges		(141,549)	(149,445)
ADDED VALUE		**410,447**	**359,840**
Taxes		(6,223)	(5,656)
Permanent and temporary staff expenses		(253,642)	(234,462)
EBITDA		**150,582**	**119,722**
Amortization expenses		(28,384)	(28,055)
Provisions/ Net provision write-offs		(11,074)	(12,556)
CURRENT OPERATING PROFIT	*3*	**111,124**	**79,111**
Other net non-current profits (charges)	*4*	4,270	166
OPERTAING PROFIT		**115,394**	**79,277**
Cash receipt and cash equivalents		*148*	*647*
Cost of gross funding liabilities		*(2,861)*	*(3,465)*
Cost of net funding liabilities	*5*	**(2,713)**	**(2,818)**
Other financial income and charges	*5*	646	(968)
Current and deferred taxes	*6*	(27,035)	(24,676)
Share of associated business profit/loss		0	(50)
NET PROFIT/LOSS OF RETAINED ACTIVITIES		**86,292**	**50,765**
Net tax income on halted or pending transfer activities			
NET PROFIT/LOSS		**86,292**	**50,765**
* including share relevant to consolidated Group		86,408	50,932
* including share relevant to minority interests		(116)	(167)
Group's share of Net income per share (in Euros)		**3.23**	**1.90**
Diluted group's share of Net income per share (in Euros)		**3.23**	**1.90**

Other elements of the global profit/loss At December 31, 2016 (in thousands of Euros)

	31.12.16 (12 mois)	31.12.15 (12 mois)
NET EARNINGS	**86,292**	**50,765**
Conversion differences	(3,307)	9,387
Actuarial differences on retirement commitments net of tax	(283)	110
Stocks held by the company	-	(13)
PROFITS AND LOSSES ACCOUNTED IN STOCKHOLDERS' EQUITY	**(3,590)**	**9,484**
GLOBAL PROFIT AND LOSS	**82,702**	**60,249**
* including share relevant to consolidated Group	82,810	60,403
* including share relevant to minority Interests	(108)	(154)

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

Consolidated cash flow table
At December 31, 2016
(in thousands of Euros)

	Notes	31.12.16 (12 months)	31.12.15 (12 months)
NET INCOME	*n°*	**86,292**	**50,765**
Amortization expenses		28,384	25,610
Capital gains/losses on asset transfers		(1,387)	(7)
Variation of provisions		11,728	12,118
Elimination of net profits/losses of associated companies		0	50
SELF-FINANCING		**125,017**	**88,536**
Variation of other short-term assets and liabilities		(31,193)	(31,282)
CASH FLOW VARIATION INITIATED FROM OPERATING TRANSACTIONS		**93,824**	**57,254**
Acquisitions of tangible and intangible fixed assets		(49,308)	(50,376)
Acquisitions of financial fixed assets		(51)	(46)
Transfers of fixed assets		869	1,108
Incidence of scope variations (1)	*18*	4,390	(1,119)
CASH FLOW VARIATION INITIATED FROM INVESTMENTS		**(44,100)**	**(50,433)**
Distribution of dividends		(5,348)	(1,337)
Variation of indebtedness	*17*	4,016	640
CASH FLOW VARIATION INITIATED FROM FUNDING		**(1,332)**	**(697)**
Impact of foreign exchange variations		(1,528)	2,922
NET CASHFLOW VARIATION		**46,864**	**9,046**
CASHFLOW AT OPENING		**67,111**	**58,065**
CASHFLOW AT CLOSING	*17*	**113,975**	**67,111**

(1) Mainly related to the sale of companies MEIPL LTD and VOSS EXOTECH; to the increase in percentage held in companies SINFA CABLES and TEC-INJECT.

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

	Capital	Premium	Reserves	Profits & losses accounted in stockholders' equity	Total Group's share	Minority interests	Total
Stockholders' equity at December 31, 2014	**21,393**	**9,704**	**200,229**	**(5,502)**	**225,824**	**107**	**225,931**
P/L fin. Yr 2015			50,932		50,932	(167)	50,765
P & L accounted in shareholders' equity				9,471	9,471	13	9,484
S/Total global P/L					**60,403**	**(154)**	**60,249**
Dividends distribution			(1,337)		(1,337)		(1,337)
Other variations						237	237
Stockholders' equity at December 31, 2015	**21,393**	**9,704**	**249,824**	**3,969**	**284,890**	**190**	**285,080**
P&L of Fin.yr 2016			86,408		86,408	(116)	86,292
Profits and Losses accounted in shareholders' equity				(3,598)	(3,598)	8	(3,590)
S/Total global P/L					**82,810**	**(108)**	**82,702**
Dividends distribution			(5,348)		(5,348)		(5,348)
Other variations			(185)		(185)	(100)	(285)
Stockholders' equity at December 31, 2016	**21,393**	**9,704**	**330,699**	**371**	**362,167**	**(18)**	**362,149**

The amount of dividends put forward for the distribution during the next mixed annual General Meeting dated June 28, 2017 is valued at EUR 8,022,312.

1 Accounting rules and methods

The consolidated accounts of MGI COUTIER were closed by the Management Board dated April 24, 2017.

Declaration of conformity

Following the European regulations 1606/2002 and 1725/2003, the consolidated financial statements of MGI COUTIER Group are prepared in compliance with the international accounting standards applicable within the European Union at 31 December, 2016. The international accounting standards encompass the IFRS (International Financial Reporting Standards), the IAS (International Accounting Standards) and the amendments and their SIC and IFRIC interpretations (Standards Interpretations Committee and International Financial Reporting Interpretations Committee), accessible in the following website: http://eur-lex.europa.eu/fr/index.htm.

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

New standards, amendments and interpretations applicable in 2016

The new standards and following interpretations applicable over the period are neither applicable to the group, nor have a significant impact on the consolidated accounts at 31 December, 2016. There are mainly about:

- ✓ annual improvement notes, cycle 2010 - 2012, and 2012-2014,
- ✓ amendments to IAS 16 and IAS 36 standards on the clarification of acceptable depreciation methods,
- ✓ amendment IAS 1 "initiative, required information".

These new standards have no significant impact on the financial situation and the Group's performance.

The Group opted not to implement in advance the standards, interpretations and amendments adopted by the European Union before 31 December, 2016, and which comes into force after this date. It is mainly about the following standards and amendments:

- ✓ IFRS 15 including clarification amendments – contracts with the customers,
- ✓ IFRS 9 – Financial instruments,
- ✓ Amendements IFRS 7 "initiative, required information",
- ✓ Amendement IAS 12 "accounting of deferred tax assets for unrealized losses",
- ✓ Amendement IFRS 2 "share-based payments".

The standards IFRS 9 and IFRS 15 are effective for the opening financial years as of 1 January, 2018.

The standard IFRS 9 mainly deals with the accounting of financial assets and liabilities, the impairment of financial assets (mainly expected losses on customers), and the accounting of hedging operations. The ongoing analysis did not lead to the identification of major impacts. The IFRS 15 standard places the accounting principles of turnover based on an analysis of 5 successive steps (contract identification, identification of various performance requirements; that is the list of products and services that the seller has undertaken to supply to the buyer, determining the contract's overall price, allocating the global price to each performance requirement, accounting of turnover and related costs when a performance requirement is met).

The implementation of this new approach, given the ongoing analysis, did not lead to identify significant impact on the Group's accounts.

The other amendments are applicable for the other financial years as of 1 January, 2017 (IFRS 7 and IAS 12 amendments), and 1 January, 2018 (IFRS 2 amendment). They should not have a significant effect on the consolidated accounts.

Furthermore, the Group does not expect that the standards, amendments and interpretations published by the IASB and mandatory in 2016 but not yet approved at the European level (and whose early application is not possible at the European level) have a significant impact on the accounts for the coming financial years.

There are no accounting principles contrary to the standards IFRS of mandatory application for the financial years as of 1st January, 2016, not yet adopted at the European level, and whose impact would have been significant on the accounts of this financial year.

The analysis of the standard IFRS 16 "leasing agreements" voted by the IASB with a 1st application for the financial years as of 1st January 2019 is under development within the Group. The IFRS 16 standard must be adopted by the European Commission by the end of 2017. Discussions are still in progress, mainly at the French level, on the procedures of accounting of certain assets, mainly fixed assets. The Group does not intend to apply the IFRS 16 standard in advance.

Use of estimates and assumptions

The financial statements reflect the assumptions and estimates used by the Group's Management. The presentation of the financial statements requires the use of estimates and assumptions for the evaluation of certain assets, liabilities, profits, charges and commitments. The final information can be different from these estimates and assumptions. The goodwill, deferred tax assets and provisions recorded under the liabilities of the balance sheet are the main elements of consolidated financial statements concerned with the use of assumptions and estimates.

MGI COUTIER Group did not note any significant impact over the financial year in terms of the uncertainties linked to these estimates and assumptions, except for the extremely high volatility of the discount rate used to calculate the payroll commitments (cf. note 1.3.i) and those linked to conversion differences.

1.1. Consolidation scope

As stated below, MGI COUTIER group applied the new standards of consolidation as of January 1, 2016.

The significant companies in which MGI COUTIER SA holds directly or indirectly exclusive control are globally integrated. The exclusive control analysis is carried out according to the IFRS 10 standard (direct or indirect power to lead the financial and operational policies on relevant activities, exposure to variable profitability and capacity to exert its power to influence the profitability). This control is generally supposed to exist in the companies where MGI COUTIER SA retains directly or indirectly more than 50% of voting rights of the controlled company. To assess this control, the potential voting rights immediately exercisable, including those retained by another entity, are taken into account.

The significant associated companies where MGI COUTIER SA performs directly or indirectly a notable influence are evaluated using the equity method. The significant influence is seen as the power to take part in the financial and operational policies of a company without exerting control over these policies. It is considered when the Group holds whether directly or indirectly between 20% and 50% of voting rights. The equity method consists of adjusting to book value the securities held and the amount of the share they represent in the capital equity of the associate company, including the profit/loss of the financial year.

The analysis of partnership achieved depending on criteria defined by the standard IFRS 11 only led to the identification of joint-ventures, with no joint activity. The joint-ventures are consolidated by the equity method.

The list of companies related to the consolidation at December 31, 2016 is provided in note 2.

All the significant transactions between the integrated companies are eliminated as well as the unrealized internal profit/loss, including the fixed assets and the consolidated companies' stocks.

Business Combinations

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

According to this method, the Group lists at fair value at the acquisition date the assets, liabilities and potential liabilities highlighted at this date.

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

The costs pertaining to business combinations are not part of the fair exchange value. They are then recorded as charges and no longer included in the cost of securities' acquisition.

The Group evaluates the minority interests during the acquisition either at the fair value (full goodwill method), or on the basis of their quota in the net asset of the acquired company (partial goodwill method). The option is taken in each acquisition.

The impact of scope variations without control modification is noticed directly in consolidated reserves.

When the agreement of the business combinations provides an adjustment of the purchase price depending on future events, the Group includes the amount of that adjustment in the cost of business combinations at the acquisition date if this adjustment is probable and can be reliably measured.

The Group is bound to a deadline of twelve months starting from the acquisition date in order to complete the accounting of a considered business combination. Any modification of the acquisition price, applied outside the assignment deadline, has as a counterpart the profit/loss without changing the acquisition or goodwill cost.

1.2. Conversion of financial statements and transactions into foreign currency

The financial statements of foreign companies are established in their operating currency, i.e. in the currency significant for the activity of the concerned subsidiary. It usually refers to the local currency.

The Group carries out 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 profit/loss account of foreign companies, drawn up in 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 converted at the average rate.
- ✓ The translation differences of conversion are recognized in other elements of the global profit/loss.
- ✓ The goodwill observed on foreign subsidiaries is recorded in the currency of the subsidiary.

The exchange differences generated from the transactions in foreign currency performed over the financial year are included in the profit/loss account in the non-current operating income.

MGI COUTIER group did not implement during the presented financial years instruments of currency risk coverage

The translation differences pertaining to a monetary element, which is an integral part of the net investments in a foreign subsidiary, are directly recorded in the consolidated stockholders' equity in the element "translation differential", when the criteria defined by the standard are respected.

1.3. Accounting principles and methods

The accounts of the companies' Group, prepared according to the accounting rules enforced in their country of activity, are restated before being consolidated when differences of accounting principles exist with the principles held by the Group.

A. Intangible assets

The intangible assets are presented in the balance-sheet at their acquisition cost and mainly correspond to the following elements:
- ✓ patents (amortized in straight-line method over their protection period),
- ✓ computer software (amortized in straight-line method over a period ranging from 1 to 3 years).

The research expenses are accounted as expenses of the financial year during which they are incurred. The development costs are recorded as intangible assets when the conditions linked to the technical feasibility, the market potential, the capacity to reliably assess the assignable expenses and raise future economic advantages are met. The development costs are annually reviewed in order to determine if the accounting criteria of an intangible asset are met.

In 2016 and 2015, no development costs were recorded as fixed assets considering that the capitalization criteria were not met. Indeed, the development costs incurred within the framework of a new product of a project or a significant evolution of an existing product must meet six criteria in order to be recorded as fixed assets.

Among these criteria, there is one that forces us to demonstrate the existence of a market for the project's outputs. The existence of a market is demonstrated when the Group receives the manufacturers' approval certificate and the volumes suggested by the manufacturers raise a sufficient profitability. However, the corresponding development expenses are incurred at an earlier stage of the project, prior to manufacturers' approval process. The amount of Development and Research expenses recorded under the expenses of the 2016 financial year increases to EUR à 50.5 million (EUR 49.0 million in 2015).

B. Goodwill

The positive difference in value recorded between the cost of acquired stocks and the fair value of assets and liabilities of the subsidiary at this date, constitutes goodwill recorded as a fixed asset in the consolidated balance sheet in "goodwill". The non-affected business intangibles are equally considered as goodwill.

The acquisition price encompasses the estimated impact of potential adjustments on the acquisition price, such as the price supplements. The price supplements are determined by implementing the criteria provided in the acquisition contract (turnover, profit/loss, etc.) to forecasts considered as the most probable. They are re-estimated at each end of period, the potential variations are charged against the profit/loss after the acquisition date (including in the period of one year following the acquisition date). When the impact is significant they are updated. The effect of the "accretion" of the debt recorded in the liabilities is accounted in the heading "Net financial indebtedness cost". The acquisition expenses are directly recorded as charges.

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

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

The goodwill is not amortized. It is 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 implemented 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 land.

For the completion of impairment tests on goodwill, the latter is broken down between the cash generating units (CGU) corresponding to homogenous sets raising independent cash flows.

Regarding goodwill, the Groups of cash flow generating units correspond to the countries in which they are located (France, Spain, Turkey, China, USA, Sweden, etc.). 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 costs' transfer. 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 highlight impairment, it is allocated in priority of the goodwill, then the other assets of the CGU, within the limit of their recoverable value. The impairments are recorded under the current or non-current operating profit/loss, depending on the generating event at the origin of the impairment. Impairments of goodwill are irreversible until the date on which the linked generating units concerned are disposed of.

C. Tangible fixed assets

The fixed assets are recorded at their acquisition cost or at their fair value in the case of business combinations. The Group opted for the revaluation of land as displayed hereafter in note 9.

Capital lease agreements for real property and moveable assets are restated in order to reflect the acquisition cost of these assets, under fixed assets and financial debts. These assets are depreciated depending on the rules detailed below.

Simple lease contracts are not restated as fixed assets. The rent expenses are recorded as operating charges and distributed in a straight-line over the contract period.

The analysis initiated according to the IAS 23 standard did not result in the capitalizing costs of borrowing.

For conformity purposes, the depreciation is restated following the straight-line method over the assets useful life.

The generally adopted amortization periods are as follows:

- ✓ building: 25 to 40 years;
- ✓ fittings of constructions: 5 to 10 years;
- ✓ technical installations: 5 to 10 years;
- ✓ industrial equipment and tools: 5 to 10 years;
- ✓ general installations: 10 years;
- ✓ furniture, office equipment: 5 to 10 years.

In accordance with IAS 36 standard, the company conducts impairment tests, according to a methodology close to the one adopted for goodwill, if there are signs of loss of value on the assets. Repairs and maintenance of the assets is charged directly to profit/loss.

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

D. Non-current financial assets

This item includes the financial assets available for sale (unconsolidated securities) and the financial fixed assets made up essentially of deposits and sureties held by the companies of MGI COUTIER group.

The securities represent the stocks in unlisted companies whose valuation at fair value may present uncertainties. In this 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 on the balance sheet, at their net value.

E. Stocks or inventories

The stocks are valued at their purchase price for raw materials, and at manufactured cost for finished goods and work-in-process stocks. General costs not contributing to production and financial costs are excluded from the manufactured cost. All these costs are determined on a "first in, first out" basis.

A depreciation provision is recorded when the stocks net value is higher than their net realizable value, and/or when there are asset losses highlighted (low or no turnover, obsolescence, etc.).

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

F. Account receivables

Receivables are recorded at the initial accounting date at the fair value of the receivable due. 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 to their net realisable value, net of any factoring or discounting agreements under the IAS 39 standard, and are reported under the Receivables and associated accounts heading; otherwise, they are recognized in cash assets.

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 balances.

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 expenses and profits 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:
- ✓ temporary non deductible provisions,
- ✓ restating operations of consolidation (mode of amortization, 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. 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 any limitation rules relevant to the use of deficits are recognized, as appropriate.

In accordance with the IAS 12 standard, deferred taxes are not discounted except for developments in future tax rates which did not have an incidence on the past financial year.

I. Retirement commitments

For defined contribution schemes, the payments made by the Group are recorded as expenses in their corresponding period.

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 was determined while taking account of the yield rates from private bonds that do not include risks, and have a maturity close to bonds’ maturity.

The amounts were calculated based on a discounting rate of 1.6% (against 2.0% at 2015 year-end), a salary increase of 1.9% (compared to 2.0% at 2015 year-end) for executives and non-executives, a retirement age of 65 years and with average assumptions for staff turnover.

The cost of delivered services and financial charges are recognized in the consolidated profit/loss statement. 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 options of stock subscription or purchases granted to employees and which are settled in stocks are valued at their fair value. This fair value is noted in the profit/loss statement over the period when the employees are entitled the right of practice while taking account of the of rights’ acquisition, reassessed at each year-end. 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 reserves 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. Loans and financial debts

The loans and financial debts are valued according to the amortized cost method by using the effective interest rate**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 flow risks.

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 with respect to member financial institutions of the syndicated loan, an Interest Rate Swap for a three-year term starting end of April 2014 for 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 of the net book value or the fair market value less 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

As indicated above, the Group did not choose an early application of the standard IFRS 15. Parts and tooling sales are recorded in profit/loss 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.

C. Regional economic contribution

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

D. Current operating profit/loss

The Group mainly adopts the current operating profit/loss statement as performance indicator.

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

- ✓ miscellaneous profits and expneses 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 depreciation of acquisition differences in which 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) n° 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 practice of rights related to the issued share subscription bonds. At December 31, 2016, there were no new share that could potentially be created, and no subscription option being in progress or having been already completed.

1.6. Financial instruments - Financial assets and liabilities

As stated above, the Group did not choose an early application of the standard IFRS 9.

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 "at amortized cost". In practice:
  - The account receivables and account payables as well as non-current financial assets (e.g. deposits and sureties) are accounted for "at fair cost". 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 with the absence of fair value determinable in a reliable way. The utility value of non-consolidated securities and associated receivables is valued by taking account of profitability prospects, 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 organization 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 led to the identification of adjustments by virtue of non-performance 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. Cash flow chart

The Group uses 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 for 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 at their net tax amount, if the company records a tax;
- ✓ Provisions on current assets are recorded as the difference 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 relevant to asset acquisition. Transfer profits are presented exclusive of receivable differences relevant to asset transfer.

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

2 Consolidation scope

Companies	% held	Consolidation method	Localization
MGI COUTIER SA (SOCIÉTÉ MERE)			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, Brasil
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	Veracruz, Mexico
MGI COUTIER ROM	100	Full method	Timisoara, Roumania
MGI COUTIER ILIA	50	Proportionate consolidation	Ghaemshahr, Iran
DEPLANCHE FABRICATION	100	Full method	Treffort, France
MGI COUTIER ENGINEERING LTD	100	Full method	Pune, Inda
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
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 OTOMOTIV SANAYI VE TICARET LIMITED SIR-KETI	100	Full method	Gebze, Turkey
AVON AUTOMOTIVE DEUTSCHLAND 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 AUTOMOTIVE COMPONENTS CHONGQING	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 De Coura, Portugal
MGI COUTIER MAROC	100	Full method	El Jadida, Morocco
SINFA CABLES	74	Full method	Casablanca, Morocco
TEC-INJECT	37	Full method	Casablanca, Morocco
WUHAN MGI COUTIER AUTO PARTS CO LTD*	100	Full method	Wuhan, China

* : Entry into the consolidation scope in 2016 either through acquisition or creation.

The control percentages are identical to the interest percentages for the whole group's subsidiaries except for TEC-INJECT, subsidiaries of SINFA CABLES.

All the subsidiaries in MGI COUTIER Group close their financial year on December 31, each year with the exception of MGI COUTIER ILIA, MGI COUTIER ENGINEERING and GOLD SEAL AVON POLYMERS PRIVATE LIMITED which close their financial year on March, every year.

The companies VOSS EXOTECH and MEIPL LTD were sold in 2016.

3 Sectional 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
At December 31, 2016						
Total turnover	446,506	392,322	259,321	162,564	(297,076)	963,637
Current operating profit	11,828	17,073	54,175	28,048	-	111,124
Au 31 décembre 2015						
Total turnover	357,400	235,337	243,084	233,488	(208,953)	860,356
Current operating profit	(5,513)	15,125	48,250	21,249	-	79,111

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

(in thousands of Euros)	Gross values	Net value
France	264,509	69,539
Western Europe	104,890	41,086
North America	55,121	35,408
Rest of the world	104,273	56,632
Total fixed assets	**528,793**	**202,665**

4 Net non-current profits and expenses

(in thousands of Euros)	31.12.2016	31.12.2015
Restructuring costs (net)	-	-
Capital gains	1,387	7
Others	2,883	159
Total	**4,270**	**166**

5 Financial profit/loss

(in thousand of Euros)	31.12.2016	31.12.2015
Net cost of financial debt	(2,713)	(2,818)
Net exchange profits and (losses)	336	(678)
Other profits (charges)	310	(290)
Total	**(2,067)**	**(3,786)**

6 Taxes on the profits/losses

(in thousands of Euros)	31.12.2016	31.12.2015
Current taxes	(26,309)	(23,487)
Deferred taxes	(726)	(1,189)
Total	**(27,035)**	**(24,676)**

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	113,327
Non-tax Profits (temporary exemption)	-
Use of deficits not recognized previously/Loss deficits	(1,470)
Long term capital gain	(2,934)
Permanent and other differences *	(8,904)
Tax base	**100,019**
Tax at standard rate of 33.33%	(33,340)
Different tax rates	5,738
Other impacts (including tax recoveries) and tax credit	567
Effective corporate tax	**(27,035)**

(*) Including EUR 5,455k 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)	31.12.2016	31.12.2015
Net value at January 1st	55,490	52,132
Acquisitions during financial year	-	342
Adjustment of asset and liability values for operations acquired prior to financial year	-	-
Transfers	(122)	-
Conversion differential (and other transactions)	146	3,016
Depreciation	(34)	-
Net amount	**55,480**	**55,490**

The acquisition differences concern mainly the entities of AVON AUTOMOTIVE in the USA for 28,270 thousands of Euros, AUTOTUBE AB in Sweden for 18,846 thousands of Euros, MGI COUTIER ESPAÑA (Spain) for 2,307 thousands of Euros and the French entities for 6,057 thousands of Euros.

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

- ✓ The cash flows used are generated from the budgets 2017-2018-2019, 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 capitalization with a growth rate ad infinitum of 1.5% (1.5% in 2015) of the last cash 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 the end of 2015, the assumed value is higher than the accounting value at December 31, 2016; there is no need to record any depreciation of the assets concerned.

The rate adopted at December 31, 2016 to update future cash flows stands at 9.0% as opposed to 9.0% at December 31, 2015.

In the absence of identified local risks, of identical business sectors, of a similar customer base and homogeneous businesses, 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 0.5 point would have no impact on the conclusions of impairment tests. It would be the same in the case of a decrease in the operating profit/loss rate on the turnover used in calculating the terminal value of 0.5 point.

8 Other intangible fixed assets

The other intangible fixed assets evolved as follows:

(in thousands of Euros)	Software	Others	Total
Gross accounted amounts			
Value at January 1st, 2016	9,530	-	9,530
Acquisitions	1,549	-	1,549
Disposals	(39)	-	(39)
Conversion and other differences	46	-	46
Value at December 31, 2016	**11,086**	**-**	**11,086**
Cumulative amortization and value loss			
Value at January 1st, 2016	(8,406)	-	(8,406)
Amortization	(662)	-	(662)
Net value loss	-	-	-
Disposals	39	-	39
Conversion and other differences	(32)	-	(32)
Value at December 31, 2016	**(9,061)**	**-**	**(9,061)**
Net amount recognized at December 31, 2016	**2,025**	**-**	**2,025**

9 Tangible fixed assets

The tangible fixed assets have evolved as follows:

(in thousands of Euros)	Lands	Buildings	Technical installations Equipment & Tooling	Other tangible fixed assets	Current fixed assets	Total
Gross reported amounts						
Value at 1st January 2016	12,731	91,289	317,340	38,203	18,529	478,092
Acquisitions	3,119	2,606	17,892	2,770	25,127	51,514
Transfers	-	(112)	(7,006)	(787)		(7,905)
Conversion and other differences	37	6,126	7,234	(75)	(17,316)	(3,994)
Value at December 31, 2016	**15,887**	**99,909**	**335,460**	**40,111**	**26,340**	**517,707**
Cumulative depreciation and value loss						
Value at 1st January, 2016	(179)	(44,762)	(222,914)	(30,080)	-	(297,935)
Depreciation	(28)	(3,313)	(22,691)	(1,958)	-	(27,990)
Write-back	-	-	334	-	-	334
Net value loss	-	-	-	-	-	-
Transfers	-	95	5,992	732	-	6,819
Conversion and other differences	1	406	1,114	184	-	1,705
Value at December 31, 2016	**(206)**	**(47,574)**	**(238,165)**	**(31,122)**	**-**	**(317,067)**
Net amounts accounted for at December 31, 2016	**15,681**	**52,335**	**97,295**	**8,989**	**26,340**	**200,640**

The scope variations incurred over the financial year are negligible.

The current fixed assets do not involve any project of a significant individual amount apart from the construction of three plants whose first production is planned between March 2017 and November 2017.

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

(in thousands of Euros)	Gross values	Depreciations and provisions	Net values
Lands	266	-	266
Buildings	19,249	(14,245)	5,004
Technical installations	10,180	(10,180)	-
Other fixed assets	406	(406)	-
Total	**30,101**	**(24,831)**	**5,270**

The land located in France was accounted for at fair value in the expert's view at the transition to the IFRS. This accounting mode has generated a net increase in the tangible fixed assets of EUR 3 500k compared to the accounting value based on the historical cost. The stockholders' equity and deferred liabilities were affected by this revaluation of land in the amount of EUR 2,333k and EUR 1,167k respectively.

10 Non-current financial assets

The non-current financial assets are as follows:

(in thousands of Euros)	Holdings	Others	Total
Gross value recognized			
Value at January 1st, 2016	57	5,815	5,872
Increases	106	51	157
Decreases	-	(2,694)	(2,694)
Conversion and other differences	-	(93)	(93)
Value at December 31, 2016	**163**	**3,079**	**3,242**
Cumulative depreciation and value loss			
Value at 1st January 2016	(46)	(2,353)	(2,399)
Depreciations	-	-	-
Net value loss	-	-	-
Transfers / write-backs	-	209	209
Conversion and other differences	-	-	-
Value at December 31, 2016	**(46)**	**(2,144)**	**(2,190)**
Net amount recognized at December 31, 2016	**117**	**935**	**1,052**

11 Deferred taxes

The deferred taxes (EUR 7,441k in asset, EUR 3,379k in liability i.e. a net amount of EUR 4,062k) can be analyzed as follows:

(in thousands of Euros)	31.12.2016	31.12.2015
Revaluation of land in France in expert's view	(1,167)	(1,167)
Derogatory depreciation and other regulated provisions	(8,450)	(8,104)
Retirement	1,424	1,209
Tax deficit	10,752	13,259
Other differences	1,503	(3,069)
Total	**4,062**	**2,128**
Including assets deferred taxes	**7,441**	**8,077**
Including liability deferred taxes	**(3,379)**	**(5,949)**

The deferred asset and liability taxes were offset, as they apply to a single legal entity.

The application of these principles led us not to recognize, at the Group level, the asset deferred taxes on tax deficits relevant to tax deficits recorded at the end of the financial year 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 given application of the new tax rate of 28% on the French entities has no significant impact. This refers to the following companies:

(bases - in thousands of Euros)	31.12.2016	31.12.2015
INDUSTRIAL FLEXO	23,787	26,447
AVON POLYMERES France	7,571	9,309
AVON AUTOMOTIVE HOLDINGS FRANCE	9,519	9,419
Total	**40,877**	**45,175**

12 Stocks or Inventories

(in thousands of Euros)	Gross value	Impairment provisions	Net value	31.12.2015
Materials, components & goods	31.12.2016	31.12.2015	31,966	26,990
Semi-finished and finished products	42,467	(2,682)	39,785	34,795
Work in progress	27,634	(461)	27,173	24,361
Total	**106,978**	**(8,054)**	**98,924**	**86,146**

13 Customer receivables and associated accounts

(in thousands of euros)	31.12.2016	31.12.2015
Customer debts (receivables)	156,029	139,048
Provisions for bad debts	(447)	(949)
Net value	**155,582**	**138,099**

Customer debts fall due within less than one year. The debts more than six months old are not significant. There are no other significant debts not depreciated. Nearly all provisions for depreciation related to bad debts which are depreciated in total are net of tax. No significant provisions occurred during the financial year.

14 Other current debts

(in thousands of Euros)	31.12.2016	31.12.2015
Deferred expenses	2,255	1,413
Tax claims (*)	36,775	32,640
Other credits	2,984	4,383
Advances and deposits paid on orders	3,079	2,435
Gross value	**45,093**	**40,871**
Depreciation	(998)	(766)
Net value	**44,095**	**40,105**

(*) including EUR 24,606k of deferred taxes on income in 2016.

All the debts classified under the heading "other debts" are deemed as falling due in less than one year.

15 Equity capital

At December 31, 2016, the capital is composed of 26,741,040 shares with a nominal value of EUR 0.8. The family group holds 69.75% of the capital and voting rights, including 57.33% by the company COUTIER DEVELOPPEMENT SA.

The company is not subject to any obligation related to a regulatory or contractual nature regarding equity capital.

The company does not adopt a specific management policy concerning capital. The arbitration between external funding and capital increase is achieved on a case-by-case basis according to the estimated operations. The stockholder equity monitored by the Group encompasses the same components as the consolidated stockholder equity.

16 Long-term provisions

(in thousands of Euros)	31.12.2015	Increases	Uses	Others/ Gain (loss) on foreign currency	31.12.2016
Retirement & severance benefits	10,704	1,450	(711)	6	11,449
Other risks and charges provisions	17,153	24,216	(10,493)	(3,066)	27,810
Total	**27,857**	**25,666**	**(11,204)**	**(3,060)**	**39,259**

The variations of scope occurring over the financial year are not significant.

Retirement benefits were calculated in accordance with note 1.3 i). The retirement benefits paid during the financial year were EUR 699k.

The increase in other provisions for risks and charges is mainly related to risks pertaining to guaranteed returns. The amounts recognized in provisions were estimated on the basis of guaranteed returns recorded during the financial year, of guaranteed contractual periods and available histories.

At the end of the presented financial years, there are no significant assets and liabilities.

17 Net financial indebtedness

The financial debts are analyzed as displayed below:

(in thousands of Euros)	31.12.2016	31.12.2015
Debts and borrowings from credit entities	124,057	120,491
Others	158	240
Capital lease	-	-
Other financing (*)	3,101	3,004
Bank credit balances	620	771
Sub-total of financial debts	**127,936**	**124,506**
Sub-total of Cash and cash equivalents	**114,593**	**67,881**
Net financial debts	**13,343**	**56,625**

(*)The other funding mainly corresponds to current accounts with COUTIER SENIOR and COUTIER DEVELOPPEMENT companies.

At December 31, 2016, the financial indebtedness is presented according to their due dates as follows:

- ✓ at less than one year: EUR 35,599k (EUR 33,326k in 2015);
- ✓ from one to five years: EUR 92,155k (EUR 60,706k in 2015);
- ✓ at more than five years: EUR 182k (EUR 30,474k in 2015).

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

Fixed rate debts stand at EUR 77,684k and variable rate debts stand at EUR 50,252k.

Furthermore, on December 31, 2016, the Group's companies only hold one cover agreement intended to guarantee a maximum fixed rate on a part of financing at an implemented variable rate (not a significant amount at the closing).

Certain banking loans are subject to the financial covenants (based on criteria of profitability, indebtedness and capitalisation). All the companies of MGI COUTIER Group comply with the covenants at December 31, 2016.

18 Other debts

(in thousands of Euros)	31.12.2016	31.12.2015
Advances and received deposit payments	5,646	6,130
Deferred payments	635	479
Tax liabilities (*)	9,422	10,808
Payroll tax expenses	26,179	26,956
Other debts	734	149
Total	**42,616**	**44,522**

(*) including EUR 7,376k of debts related to the income taxes.

19 Off-balance sheet commitments and granted guarantees

Commitments related to external growth operations: none.

Commitments related to financial operations:

At December 31, 2016, amount of other commitments to funding organizations stood at:

✓ EUR 10,443k, under the guarantees provided by the parent company to meet the needs of foreign subsidiaries of the Group, including:

- MGI COUTIER ESPAÑA: EUR 7,500k;
- MGI COUTIER MAROC: EUR 1,129k;
- MGI COUTIER TUNISIE: EUR 750k;

EUR 79,600k, under mortgages or guarantees provided on non-financial assets (this amount was already included in the Group's financial liabilities).

Commitment 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, held directly or indirectly 100% by MGI COUTIER SA, benefit from the provisions of article 479a of Companies Act 2006, pertaining to the exemption from audit for subsidiary companies. As a stockholder, MGI COUTIER SA, has granted its agreement for these three subsidiaries in order not to be subject to a legal audit of accounts. Consequently, MGI COUTIER SA has provided a legal guarantee as required by article 479c of the British companies act 2006 companies regarding debts contracted by the companies of MGI COUTIER UK LIMITED, MGI COUTIER FINANCE LTD and AVON AUTOMOTIVE UK HOLDINGS LIMITED at December 31, 2016.

20 Headcount

The breakdown of employees by category, at the closing, can be analyzed as follows:

	31.12.2016	31.12.2015
Management/Executives	527	491
Employees and technicians	2,949	2,565
Operatives	6,348	5,902
Total	**9,824**	**8,958**

At December 31, 2016, the total headcount of MGI COUTIER Group stands 9,824 employees including 1,828 in France. Developments in headcount are specified below:

	31.12.2016	31.12.2015
MGI COUTIER	1,618	1,645
DEPLANCHE FABRICATION	19	18
AVON POLYMERES FRANCE	191	187
Total France	**1,828**	**1,850**
MGI COUTIER TUNISIE	728	669
MGI COUTIER ARGENTINA	44	55
MGI COUTIER NINGBO	172	173
MGI COUTIER BURSA	583	502
MGI COUTIER BRASIL	63	72
MGI COUTIER UK	128	110
MGI COUTIER ESPAÑA	290	287
MGI COUTIER ROM	640	491
MGI COUTIER ENGINEERING	17	14
MGI COUTIER LUSITANIA	156	155
MGI COUTIER MAROC	62	3
WUHAN MGI COUTIER	0	0
SINFA CABLES	70	67
AVON AUTOMOTIVE sub-group	4,727	4,198
AUTOTUBE AB sub-group	316	312
Total	**9,824**	**8,958**

21 Financial instruments

Balance sheet heading 2016 (in thousands of Euros)	Description of Financial instruments	Fair value levels (cf. infra)	Net book value	Fair value
Assets				
Non-consolidated securities and related receivables	A	2	117	117
Other non-current financial assets	D	-	935	935
Receivables and associated accounts	D	-	155,582	155,582
Other current assets (excluding deferred expenses, tax receivables)	D	-	6,063	6,063
Fair value of financial instruments	B	2	-	-
Cash and cash equivalents	B	1	114,593	114,593
Liabilities				
Financial liabilities (share at more and less than one year)	C	2	127,316	127,316
Stock acquisition debts (share at more and less than one year)	C	2	-	-
Bank credit facilities	D	2	620	620
Fair value of financial instruments	B	2	-	-
Payables and associated accounts	D	-	104,493	104,493
Other current liabilities (excluding deferred revenue, tax liabilities and payroll tax expenses)	D	-	6,380	6,380

A - Assets held for sale
B - Assets and liabilities at fair value by profit/loss
C - Assets and liabilities valued at amortized cost
D - Assets and liabilities valued at cost
E - Assets held to maturity, 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 in appendix in the preceding table on the fair value of other financial assets/liabilities, the financial instruments are broken down according to the organization 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 definitions of fair value levels are presented in note 1.6.

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

22 Directors' remuneration

The remuneration paid to the members of the Management Board regarding MGI COUTIER SA stands at a total of EUR 1,506,017 for the financial year ending December 31, 2016 (EUR 1,424,510 in 2015), while the remuneration paid to the members of the Supervisory Board stand at EUR 143,872 (EUR 315,271 in 2015).

23 Stock purchase options

The company has not authorized or agreed upon any purchase stock option for directors.

24 Risks and disputes

24.1. Market risks

A. Risks associated with exchange rate fluctuations

MGI COUTIER performs an activity based essentially upon the proximity of manufacturing plants. As a result, the Group is rarely affected by exchange rate fluctuations, except for the translation of financial statements. The main foreign currencies used are the Euro (for 47.4% of the activity), the American dollar (for 24.0%) and the Swedish crown (for 6.5%). Therefore, no exchange risk coverage has been implemented.

B. Risks associated with raw material prices

The main raw materials used by the Group MGI COUTIER are plastic materials, rubber, silicone and steel. Even though the signed contracts with key customers do not provide for automatic and integral recovery of the changes in the costs of the raw materials, they will allow it after negotiations on a case-by-case basis. Historically speaking, 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. A variation of reference indexes of 1 point would be an incidence immaterial to EUR 500k on the amount of paid financial interests.

D. Liquidity risks

MGI COUTIER must, at all times, have sufficient financial resources to fund its current activities 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 were 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 2016 did not lead 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.).

24.2. 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 polluting 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 in favor of its employees and in accordance with 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.

24.3. Other risks

A. Risks associated with dependence on the automotive sector and customer

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 48% 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 milestones where all the financial and technical data are analyzed 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 the 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. The first supplier including the top five and the top ten suppliers respectively account for 5.0%, 24.8% et 40.8% of the Group production purchases

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. Raising the financial and commercial teams' awareness toward these subjects allow for very few bad debts (cf. note on customers debts).

F. Risks related to Labor 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 the Division requirements; 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.

25 Business combinations

The acquisition impacts over the period are not significant.

26 Post-closing events

No major post-closing events were observed

27 Statutory auditors' fees

(in euros)	MAZARS SA - MAZARS			ORFIS SA - ORFIS BAKER TILLY		
	Total (excl. tax)		%	Total (excl. tax)		%
	Y	Y-1	(Y)	Y	Y-1	(Y)
Audit						
Auditing of accounts, certification, examination of individual and consolidated accounts:						
- Issuer	87,900	87,900		71,100	71,100	-
- Fully-consolidated subsidiaires	165,244	148,275		170,553	166,624	-
Other diligence procedures and service fees directly associated with Auditors' mission						
- Issuer	5,500	5,498		-	10,500	-
- Fully-consolidated subsidiaires	-	-		-	-	-
Sub-total	258,644	241,673	100%	241,653	248,224	100%
Other services delivered by the networks to fully-consolidated subsidiaries						
Legal, tax, social	68,100	-		-	-	
Others	-	-		-	-	
Sub-total	68,100	-	0%	-	-	0%
Total	**326,744**	**241,673**	**100%**	**241,653**	**248,224**	**100%**

Statutory auditors' report on the consolidated accounts

ORFIS BAKER TILLY
149 boulevard de Stalingrad
69100 Villeurbanne

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

Financial year ending December 31, 2016

To the stockholders,

Under the performance of our mission granted by your General Meeting, we provide you with our report pertaining to the financial year ending on December 31, 2016 on:

- ✓ the monitoring of consolidated accounts of MGI COUTIER company, as enclosed in this report,
- ✓ the justification of our assessments,
- ✓ the specific verification provided by the law.

The consolidated accounts were closed by the Management Board. It is our role, on the basis of our audit, to formulate 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, 2016.

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 1 January 1, 2016. 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 listed 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 have equally proceeded, in accordance with the standards of professional practice applicable in France, with the specific verification provided by the law on the information pertaining to the Group given in the report on management.

We have no observation to formulate regarding their transparency and their agreement with the consolidated accounts.

Drawn up in Villeurbanne and Annecy, on April 28 2017

Statutory Auditors

ORFIS BAKER TILLY	*MAZARS*
Valérie MALNOY	*Bruno POUGET*

MGI COUTIER

BALANCE SHEET
At December 31, 2016
(in thousands of Euros)

ASSETS	Notes n°	Gross amounts	Depreciation or provisions	31.12.16 Net amounts	31.12.15 Net amounts
Intangible fixed assets	3.1	**15,037**	**11,978**	**3,059**	**2,193**
Tangible fixed assets	3.1				
Land		662	150	512	519
Buildings		25,184	14,398	10,786	11,079
Technical installations, material and toolings		146,821	110,991	35,830	38,428
Other tangible assets		20,496	15,873	4,623	4,667
Current assets, advance deposits		3,714		3,714	1,419
		196,877	**141,412**	**55,465**	**56,112**
Financial assets	3.2				
Equity investments and related debts		234,853	34,692	200,161	197,065
Other financial assets		493	64	429	380
		235,346	**34,756**	**200,590**	**197,445**
Stocks	3.3	**37,624**	**4,096**	**33,528**	**27,952**
Advances and received downpayment		**621**		**621**	**1,011**
Accounts receivable					
Receivables and related accounts	3.4	76,432	91	76,341	62,912
Other receivables	3.5	27,875	36	27,839	25,352
		104,307	**127**	**104,180**	**88,264**
Cash and short-term investment	3.6	**67,677**		**67,677**	**21,869**
Deferred Expenses		**528**		**528**	**217**
Translation Gains/Losses on Assets		**1**		**1**	**2**
Total Assets		**658,018**	**192,369**	**465,649**	**395,065**

LIABILITIES	Notes n°	31.12.16	31.12.15
Shareholders' Equity	*3.8*		
Equity capital		21,393	21,393
Premiums from mergers, infusion of assets into business		9,705	9,705
Legal reserve		2,139	2,139
Regulatory reserves		41	41
Other reserves			
Retained earnings		92,612	92,342
Advances on dividends			
Profit & Loss of the financial year		37,308	5,618
Regulatory provisions	*3.8*	25,340	24,312
Net Provision Before Distribution		**188,538**	**155,550**
Other equity			
Conditional subsides		**158**	**240**
Provisions for Liabilities & Charges	*3.9*	***24,565***	**13,456**
Debts			
Financial debts	*3.10*	121,826	112,422
Associates - various financial debts	*3.10*	48,354	43,136
Payables and related accounts		64,785	51,306
Tax liabilities and personnel expenses	*3.11*	13,309	14,017
Other debts	*3.11*	3,993	4,936
		252,267	**225,817**
Deferred Revenue		**121**	**0**
Translation Gains/Losses on Liabilities		**0**	**2**
Total of Liabilities		**465,649**	**395,065**

PROFIT AND LOSS ACCOUNT
At December 31, 2016
Parent-company financial statements
(in thousands of Euros)

	Notes n°	31.12.16 (12 months)	31.12.15 (12 months)
NET TURNOVER	*4.1*	403,879	325,201
Variation in stored production inventory		4,190	4,612
Operating subsidies		2	8
Other operating profits		3,177	2,798
OPERATING PROFITS		**411,248**	**332,619**
Purchases		(92,558)	(87,363)
Variation in inventory and WIP		1,309	1,631
Other purchases and external charges		(210,902)	(158,405)
ADDED VALUE		**109,097**	**88,482**
Taxes		(5,578)	(4,377)
Staff costs		(75,291)	(73,111)
EXCEDENT BRUT D'EXPLOITATION		**28,228**	**10,994**
Amortization expenses		(10,970)	(11,026)
Write-offs and provisions		(11,065)	(11,198)
Other profits and (expenses)		(863)	(1,031)
OPERATING PROFIT		**5,330**	**(12,261)**
Financial profit and (expenses)	*4.2*	23,864	14,503
CURRENT PROFIT BEFORE TAX		**29,194**	**2,242**
Exceptional profit and (expenses)	*4.3*	5,525	(1,402)
Employee profit-sharing			
INCOME BEFORE TAX		**34,719**	**840**
Tax provisions	*4.4*	2,589	4,778
NET INCOME		**37,308**	**5,618**

ANNEX TO THE PARENT COMPANY FINANCIAL STATEMENTS December 31, 2016

1 Présentation of the company of the company year highlights

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

As the parent company, MGI COUTIER SA equally ensures the coordination of industrial and financial activities for all the subsidiaries of MGI COUTIER group.

The annual accounts are presented in thousands of euros.

There are no major events observed over the 2016 financial year.

2 Accounting principles and valuation method

2.1. Accounting principles

The accounts on December 31, 2016 are presented in accordance with the provisions of the French Commercial Law (articles L123-12 to L123-28), of 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 preparing and presenting annual accounts.

2.2. Fixed assets and amortization

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 during which they are 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 implementation 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 during the introduction of a new computer system (SAP) are capitalized and amortized over a period of three years. Patents are amortized over their protection period. Within the framework of a transportation of the accounting guideline 2013/34/UE dated June 26, 2013 and the publication of the Official Journal dated 23rd July 2015 of the decree n° 2015-903, the ANC amended the regulation n°2014-03 of 5th June 2014 pertaining to the French generally accepted accounting principles.

The amendments brought to the regulation ANC n° 2014-03 of 5th June 2014 related to the French generally accepted accounting principles of the financial years beginning as of 1st January 2016 address the following:

- ✓ The definition of the commercial funds;
- ✓ The assessment of tangible and intangible assets and of the commercial funds subsequently to their entry date;
- ✓ The technical merger loss;
- ✓ The information to be mentioned in the appendix to the annual accounts;
- ✓ Coordination measures.

The activities related to the first implementation of this rule led the company to:

- ✓ Achieve a restriction of the use period of these commercial funds in order to possibly implement an amortization;
- ✓ Conduct an impairment test of commercial funds even if there is no indicator of impairment loss.

In the course of these activities, the company concluded that these commercial funds have no restricted use period over time given that there are no legal, economic or technical limitation on the practice of the company's business with its recurrent customers.

In compliance with the new regulations, the company conducted at the end of the year an impairment test to maintain that the recoverable amount of these commercial funds is always higher than the book value of these funds. Depreciation is recorded in the opposite case.

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 à 40 ans;
- ✓ Building fixtures and fittings 5 à 10 ans;
- ✓ Technical installations 5 à 10 ans;
- ✓ Equipment and industrial tooling 5 à 10 ans;
- ✓ General installations 10 ans;
- ✓ Furniture, office equipment 5 à 10 ans.

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

As of January 2, 2002, MGI COUTIER Group has implemented cash management agreements between all the subsidiaries of 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 manufactured cost for finished and work-in-progress products. The manufactured cost 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 is greater than the realisable value. Tooling is valued at the full cost (external costs) within the limit of the price invoiced to customers.

2.5. Debtors and accounts receivables

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.

Furthermore, 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.

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 liabilities 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 is made for the rights acquired by staff members in terms of retirement compensation. They are nevertheless valued and their 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 1.6% discount rate, 2.0% 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 law n° 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.

There were no risks and charges provisions 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 amortization 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 on the balance sheet

3.1. Tangible and intangible assets

(in thousands of Euros)	31.12.2015	Increases	Reductions	31.12.2016
Intangible assets	13,603	1,434		15,037
Land	661	1		662
Buildings	24,789	395		25,184
Technical installations, equipment and tooling	142,683	6,592	(2,454)	146,821
Other tangible assets	19,891	811	(206)	20,496
Assets in process, receipt in advance and advance	1,419	2,295		3,714
Gross values	**203,046**	**11,528**	**2,660**	**211,914**
Other intangible assets amortization	(11,410)	(568)		(11,978)
Provisions for land	(142)	(8)	-	(150)
Buildings amortissements	(13,710)	(688)		(14,398)
Technical installations amortization	(104,255)	(8,853)	2,117	(110,991)
Amortization of other assets	(15,224)	(853)	204	(15,873)
Total amort./prov.	**(144,741)**	**(10,970)**	**2,321**	**(153,390)**
Net value	**58,305**	**558**	**339**	**58,524**

The "Intangible assets" dated December 31, are analyzed as follows:

(in thousands of euros)	Gross amount	Amortization	Net amount
Software	8,710	(7,252)	1,458
Goodwill	6,327	(4,726)	1,601
Other intangible assets	-	-	-
Total	**15,037**	**(11,978)**	**3,059**

Research and Development costs recorded as expenses in the accounts during the financial year amount to EUR 23,640k (EUR 26,664k in financial year 2015).

3.2. Financial assets

(in thousands of euros)	31.12.2015	Increases	Reductions	31.12.2016
Equity investment	211,172	9,854	(811)	220,215
Receivables linked to equity investments	17,698	4,553	(7,613)	14,638
Other financial assets	487	6	-	493
Gross values	**229,357**	**14,413**	**(8,424)**	**235,346**
Provisions for stocks	(18,316)	(10,301)	994	(27,623)
Provisions for related liabilities	(13,489)	(1,194)	7,614	(7,069)
Provisions for other assets	(107)	-	43	(64)
Total provisions	**(31,912)**	**(11,495)**	**8,651**	**(34,756)**
Net value	**197,445**	**2,918**	**227**	**200,590**

3.3. Stocks

(in thousands of euros)	31.12.2016	31.12.2015
Raw materials	10,814	9,498
WIP	7,604	8,154
Semi-finished and finished products	19,183	14,444
Goods	23	29
Gross value	**37,624**	**32,125**
Provisions for depreciation	(4,096)	(4,173)
Net value	**33,528**	**27,952**

3.4. Accounts receivable

(in thousands of euros)	31.12.2016	31.12.2015
Account receivables	76,432	63,009
Provisions for depreciation	(91)	(97)
Net value	**76,341**	**62,912**

3.5. Other debts

(in thousands of euros)	31.12.2016	31.12.2015
Tax on profits	20,132	20,735
TVA	7,325	4,238
Factoring accounts	-	-
Others	418	379
Gross value	**27,875**	**25,352**
Provision for depreciation	(36)	-
Net value	**27,839**	**25,352**

3.6. Cash assets and marketable securities

(in thousands of Euros)	31.12.2016	31.12.2015
Cash assets	67,677	21,869
Net value	**67,677**	**21,869**

3.7. Accounts receivables and debts maturity

Accounts receivable are due in less than one year except for those recorded under the following headings:

(in thousands of euros)	Echéances > 1 an
Financial debts/equity investments	14,638
Other financial assets	493
Customer debt provisions	91
Other debt provisions	36
Total	**15,258**

Debts are payable within one year with the exception of those displayed under the following headings:

(in thousands of euros)	Due within 1 à 5 years	Due > 5 years	Total
Financial liabilities	89,661	-	89,661
Miscellaneous financial debts	48,354	-	48,354
Total	**138,015**	**-**	**138,015**

3.8. Stockholders' equity

Stock capital consists of 26,741,040 stocks of EUR 0.8 stated value. There is an action in concert as defined in article 233-10 of the French Commercial Law between the companies COUTIER DEVELOPPEMENT SA, COUTIER SENIOR (family holding company controlled by Mr. André COUTIER, Mr. Roger COUTIER, the heirs of Mr. Joseph COUTIER and their families), and Mr. André COUTIER, Mr. Roger COUTIER and the heirs of Joseph COUTIER, representing 69.75% of the capital and voting rights. These stockholders drew up an agreement by which they decided to act in concert to put into practice a common stockholder policy with respect to the company. This agreement was the object of regulatory declarations of the supervisory authorities that ensured the publication of the agreement (SBF notice n° 94-2365 of July 29, 1994). This stockholders' agreement is effective for five years and is renewable by tacit agreement for an additional five years, unless terminated by one of the parties prior to its expiration. In this instance, the members remaining in the agreement shall abide by the obligations resulting from the agreement. The agreement was updated following the amendments in the capital structure with COUTIER JUNIOR becoming COUTIER DEVELOPPEMENT in 2015.

The change in stockholders' equity during the financial year 2016 is analyzed as follows:

(in thousands of euros)	Montants
Stockholders' equity on 31.12.2015	155,550
Dividends' distributed	(5,348)
Profit/loss for the Financial Year	37,308
Regulated provisions transactions	1,028
Total	**188,538**

3.9. Provisions for liabilities and provisions for charges

The provisions for risks and charges mainly related to current disputes with third parties, severance procedures and unrealized exchange rate losses are analyzed as follows:

(in thousands of euros)	31.12.2015	Transfers	Uses	Unallocated write-backs/ Other transactions	31.12.2016
Provisions for disputes	13,454	23,967	(11,750)	(1,107)	24,564
Provisions for exchange rate losses	2	1	(2)	-	1
Total	13,456	23,968	(11,752)	(1,107)	24,565

The transfers for disputes are mainly related to risks of warranty returns during the 2016 financial year. The amounts were estimated based on warranty returns recorded over the financial year, of contractual periods of warranty and available historical data.

3.10. Financial liabilities

(in thousands of euros)	31.12.2016	31.12.2015
Group Debts	48,354	43,136
Debts exclusive of Group:		
- Loans	118,433	109,451
- Interest payable	577	564
- Others	2,816	2,407
Total	**170,180**	**155,558**

Some bank loans are subject to financial covenants. On December 31, 2016, the company is in compliance with these covenants.

3.11. Tax liabilities & payroll tax expenses and other debts

(in thousands of euros)	31.12.2016	31.12.2015
Social welfare costs	5,026	5,975
Payroll expenses	5,073	4,950
Statutory taxes (TVA., corporate tax, etc.)	3,210	3,092
Advances on payment of account	3,982	4,929
Other debts and expenses	11	7
Total	**17,302**	**18,953**

3.12. Related payables

Payments to be received consist mainly of supplier credit notes for EUR 4,603k (EUR 2,374k in 2015) and invoices to be issued for EUR 6,497k (EUR 6,732k in 2015). Accrued expenses mainly concern not received invoices for EUR 16,873k (EUR 14,516k in 2015), credit notes to be issued for EUR 3,662k (EUR 3,936k in 2015) as well as tax and funding liabilities EUR 7,917k (EUR 7,873k in 2015).

3.13. Negotiable instruments

Accounts receivable amount to EUR 28,209k (EUR 6,994k in 2015) corresponding to undiscounted and receivable trade bills. Accounts payable include trade bills amounting to EUR 4,616k (EUR 5,025k in 2015).

4 NOTES TO THE PROFIT AND LOSS ACCOUNT

4.1. Breakdown of turnover

The turnover in France represents EUR 211,390k, i.e. 52.34% of total turnover (54.3% in 2015). The export turnover accounts for EUR 192,489k, i.e. 47.66% of total turnover (45.7% in 2015).

4.2. Financial profits and charges

(in thousands of Euros)	31.12.2016	31.12.2015
Equity investment profits	28,798	9,000
Net translation differences	(18)	(20)
(Expenses)/net reversal of provisions	(2,843)	8,267
Write-offs	-	-
Interest expenses and other financial expenses (net)	(2,073)	(2,744)
Total	**23,864**	**14,503**

Security provisions rose to EUR 10,301k (EUR 213k in 2015). This concerns subsidiaries of MGI COUTIER ARGENTINA and MGI COUTIER DO BRASIL. There are reversals on the Brazilian subsidiary recorded for EUR 994k (no reversal in 2015). Loan provisions related to securities amount to EUR 1,193k (EUR 567k in 2015). They relate to the Moroccan and Indian subsidiaries. Reversals were introduced on loan provisions related to securities for an amount of EUR 7,652k (EUR 9,026k in 2015). These reversals pertain to the Brazilian and Iranian subsidiaries.

4.3. Exceptional profit

(in thousands of Euros)	31.12.2016	31.12.2015
Depreciation & provisions (net)	(1,028)	(1,484)
Net asset sales	3,816	82
Other profits (charges)	2,737	-
Total	**5,525**	**(1,402)**

4.4. Breakdown of tax between current and exceptional profit/loss

(en milliers d'euros)	Résultat avant impôts	Impôts	Résultat net après impôt
Current profit/loss (and securities)	29,194	2,589	31,783
Exceptional profit/loss	5,525	-	5,525
Profit/loss	**34,719**	**2,589**	**37,308**

4.5. Increase and relief of future tax debt

The items generating a tax deferral entail a future tax increase of EUR 8,202k (EUR 7,898k in 2015), based on a tax rate of 33.33%.

5 OTHER INFORMATION

5.1. Retirement

The cumulative amount of undertakings related to the retirement payments that are not subject to provisions at the closing date rose to EUR 5,033k. The calculation assumptions are highlighted in note 2.7 above.

5.2. Capital Lease

The original value of acquired fixed assets through capital leases amounts to EUR 30,141k whereas their net value would stand at EUR 5,270k when acquired under full ownership and amortized. The schedule for outstanding repayments at the closing of the financial year is analyzed as follows:

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

Payments made during the financial year amount to EUR 0k.

5.3. Identity of the acquiring company

MGI COUTIER SA is the leader of its Group's consolidation and thus presents the consolidated accounts under its sole name.

5.4. Other financial commitments

As at December 31, 2016, other commitments to funding institutions are analysed as follows:

- ✓ EUR 10,443k for sureties granted (EUR 11,361k in 2015),
- ✓ EUR 79,600k for mortgages or pledge over financial assets (this amount is already included in financial liabilities) (EUR 79,600k in 2015),

5.5. Average headcount

Remuneration paid to members of the Management Board amounts to a total of EUR 1,506,017 for the financial year ending on December 31, 2016 (EUR 1,424,510 in 2015). The total amount of remuneration and attendance allowances paid to members of the Supervisory Board amounts to EUR 143,872 for the financial year ending on December 31, 2016 (EUR 315,271 in 2015).

5.6. Average headcount

	2016	2015
Executives	298	292
Employees, Technicians & Supervisors (ETAM)	632	620
Operatives	711	762
Total	**1,641**	**1,674**

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 business 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

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

FINANCIAL YEARS CONCERNED TYPE OF ITEMS	From 01.01.12 to 31.12.12	From 01.01.13 to 31.12.13	From 01.01.14 to 31.12.14	From 01.01.15 to 31.12.15	From 01.01.16 to 31.12.16
Capital at financial year end					
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	26,741,040	26,741,040
- nominal value of shares in francs	-	-	-	-	-
- nominal value of stocks in Euros	8	8	0.8	0.8	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 practice of subscription rights	-	-	-	-	-
Operations and profits of the financial year					
a) EBT	254,101,392	241,609,158	239,239,654	325,201,166	403,879,211
b) Profit before tax, employee profit-sharing, amortization expense and depreciation	54,846,417	24,430,758	3,945,969	16,280,180	60,625,417
c) Income tax	(3,702,885)	(4,189,704)	(5,007,805)	(4,778,339)	(2,588,706)
d) Employee profit-sharing due for the Financial Year	-	-	-	-	-
e) Profit after tax, employee profit-sharing, amortization expense and depreciation	53,207,388	15,022,504	(4,977,172)	5,617,556	37,308,079
f) Total dividends	1,337,052	1,337,052	1,337,052	5,348,208	8,022,312*
Profit per stock					
a)) Profit after tax, employee profit-sharing but before amortization expense and depreciation	21.98	10.70	0.33	0.79	2.88
b) Profit after tax, employees profit-sharing and amortization expense and depreciation	19.90	5.62	0.19	0.21	1.40
c) Net dividend assigned to each stock	0.50	0.50	0.05	0.20	0.30*
Employees					
a) Average number of employees over the Financial. Year	1,767	1,856	1,702	1,674	1,641
b) Total pay roll for the Financial. Year	53,087,693	52,856,871	52,737,013	53,213,606	54,486,791
c) Social contributions for the Financial. year (social security benefits, social welfare etc.)	19,420,456	19,767,261	20,346,570	19,897,029	20,803,869

** This is the dividend distribution that the Management Board will suggest at the General Meeting of Stockholders in June 2017.*

STATUTORY AUDITOR'S REPORT ON THE ANNUAL ACCOUNTS

ORFIS BAKER TILLY
149 boulevard de Stalingrad
69100 Villeurbanne

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

Financial Year end on December 31, 2016

To the stockholders,

Under the performance of the mission granted to us by your General Meeting, we present to you our report pertaining to financial year ending December 31, 2016 on:

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

The annual accounts were closed by the Management Board. It is our responsibility to express an opinion regarding 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 aim that the collected audit information is sufficient and relevant to shape our opinion.

In compliance with the French accounting rules and principles, we certify that the annual accounts are regular and reliable and provide a fair representation of the past financial year's profits as well as the financial situation and Company's assets 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:

- ✓ The notes 2.2 c), 2.3 and 2.5 of the annex set out the accounting rules and methods pertaining to 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. These activities have enabled us to check the adequacy of accounting methods detailed above as well as the information disclosed in the annex notes and to ensure the reasonable feature of the adopted estimates.
- ✓ Your company sets provisions in order to cover known disputes, as stated in note 2.6 of the annex.

  Based on the available information to date, our assessments of provisions is based on the analysis of processes implemented by the Company to highlight and conduct risk assessments; as well as on the examination of the registered significant files. In our assessment mission, we have assured the reasonable feature of these assessments.

The performed assessments lie within the scope of our audit approach of the annual accounts, and as a whole, they have contributed to tailoring our opinion as disclosed 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 observations to deliver regarding the fairness and consistency with the annual accounts of the information given in the Management report of the Management Board and in the documents submitted to stockholders on the financial health and the annual accounts.

With reference to the information provided in accordance with the provisions of article L.225-102-1 of the French Commercial Law on remunerations and benefits in kind paid to the company representatives and on compensations allocated to them, we checked their consistency with the accounts 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 compliance with the law, we are confident that the various information pertaining to the identification of shareholders and voting rights were communicated to you in the Management report.

We would like to point out that the Management report does not encompass all the corporate and environmental information provided for in article L.225-102-1 of the French Commercial Law, and that it did not conduct the appointment of any independent third parties in charge of checking this information.

Drawn up in Annecy and Villeurbanne, April 28, 2017

Statutory Auditors

ORFIS BAKER TILLY
Valérie MALNOY

MAZARS
Bruno POUGET

SPECIAL REPORT BY STATUTORY AUDITORS ON REGULATED AGREEMENTS AND UNDERTAKINGS

General Stockholders' Meeting on the approval of the accounts for the financial year ending December 31, 2016

Financial year ending December 31, 2016

To the Stockholders,

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

We are required to present to you, based on the information submitted to us, the characteristics and essential methodologies as well as the motives justifying the benefit for the company of the agreements and undertakings that 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 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 subject to the approval of 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 authorization of your Supervisory Board.

The persons concerned with these agreements and undertakings are listed in the table attached in the last page of this report.

Royalties related to the representation services invoiced to MGI COUTIER ENGINEERING

Your company invoices a royalty related to representation services to its subsidiary MGI COUTIER ENGINEERING.

This royalty is calculated by the applicable rate on turnover exclusive of the Group (Parts and Tooling) of the subsidiary. The aim of this royalty is to cover the costs supported by MGI COUTIER SA plus a margin of 6%, which will lead to adjustments of the applicable rate to turnover to comply with this logic.

Your Supervisory Board dated January 28, 2016 authorized the adjustment of the applicable rate to turnover exclusive of the Group of the subsidiary to bring it back to 1.30%.

Over the financial year 2016, the royalty profit recorded in the accounts and invoiced to the subsidiary MGI COUTIER ENGINEERING amount to EUR 15,690.

Pursuant to the law, we announce you that the prior approval given by the Supervisory Board does not include the reasons justifying the relevance of the agreement for the company laid down by the article L.225-86 of the Commercial Law.

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 turnover exclusive of the Group (Parts and Tooling).

The royalty profit recorded for the 2016 financial year and invoiced to the company MGI COUTIER ENGINEERING amount to EUR 6,632.

The agreement is tacitly renewed on a yearly basis. It was authorized for 2016 financial year by the Supervisory Board dated 28 January 2016.

Pursuant to the law, we announce you that the prior approval given by the Supervisory Board does not include the reasons justifying the relevance of the agreement for the company laid down by the article L.225-86 of the Commercial Law.

Trade mark royalties invoiced to MGI COUTIER ENGINEERING

Your company invoices its subsidiary MGI COUTIER ENGINEERING trade mark royalties referring to MGI COUTIER.

This royalty is recorded by the applicable rate to turnover (Parts and Tooling) exclusive of Group of the subsidiary.

The aim of this royalty is to cover the costs supported by MGI COUTIER SA plus a margin of 6%, bringing adjustments to the applicable rate of turnover to comply with this logic.

Your Supervisory Board dated 28 January 2016 authorized the agreement for the 2016 financial year without bringing amendment to the rate applicable to turnover exclusive of the Group of the subsidiary (0.7%).

During the 2016 financial year, the royalty profit recorded and invoiced to the subsidiary MGI COUTIER ENGINEERING amounts to EUR 9,211.

Pursuant to the law, we announce you that the prior approval given by the Supervisory Board does not include the reasons justifying the relevance of the agreement for the company laid down by the article L.225-86 of the Commercial Law.

Invoicing MGI COUTIER ENGINEERING R&D package fees

Your company invoices R&D package fees to its subsidiary MGI COUTIER ENGINEERING calculated at a base of 0.5% of turnover, exclusive of the Group (Parts only).

The profits recorded for the 2016 financial year and invoiced to the SUBSIDAIRY MGIC COUTIER ENGINEERING amount to EUR 4,946.

This agreement is tacitly renewed on a yearly basis. It was authorized for the 2016 by the supervisory board meeting dated 28 January 2016.

Pursuant to the law, we announce you that the prior approval given by the Supervisory Board does not include the reasons justifying the relevance of the agreement for the company laid down by the article L.225-86 of the Commercial Law.

Invoicing MGI COUTIER ILIA royalty payments

Your company invoices MGI COUTIER ILIA (Iran) royalty payments related to research costs, trade mark royalties, expertise transfer and consulting services in the following areas: 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, no profits were recorded in the financial year.

The agreement was authorized for the 2016 financial year by the Supervisory Board dated 28 January 2016.

Pursuant to the law, we announce you that the prior approval given by the Supervisory Board does not include the reasons justifying the relevance of the agreement for the company laid down by the article L.225-86 of the Commercial Law.

Invoicing MEIPL company royalty payments

Your Company invoices MEIPL company (India) royalty payments related to expertise transfer licenses on “Fuel Lines” profits and consulting fees in the following areas; finance, legal requirements, industrial development, purchasing, Information Systems, quality, marketing and product development.

The royalties are recorded according to the "Net selling price" of products sold by the subsidiary MEIPL, based on the following rates:

- ✓ 0.95% based on "Base Domestic Turnover",
- ✓ 2.85% based on "New Domestic Turnover",
- ✓ 4.00% based on "Export Turnover".

Under the terms of this agreement, the profits recorded for the financial year 2016 amount to EUR 87,039.

The agreement was authorized for 2016 financial year by the Supervisory Board dated 28 January 2016.

Pursuant to the law, we announce you that the prior approval given by the Supervisory Board does not include the reasons justifying the relevance of the agreement for the company laid down by the article L.225-86 of the Commercial Law.

Agreements to convert liabilities into debts for MGI COUTIER ILIA and MGI COUTIER ENGINEERING

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 one 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.

The renewal of these agreements was authorized for the 2016 financial year by the Supervisory Board dated 28 January 2016.

Pursuant to the law, we announce you that the prior approval given by the Supervisory Board does not include the reasons justifying the relevance of the agreement for the company laid down by the article L.225-86 of the Commercial Law.

AGREEMENT OF PROVISIONS OF TECHNICAL SERVICES WITH COUTIER DEVELOPPEMENT

The company entered into an agreement of technical services with COUTIER DEVELOPPEMENT.

The goal of this agreement is in particular the assistance with the technical definition of new products, the identification of new markets, the research on the industrialization within the "Track Time" and "One piece Flow" logic for the plant of the future and the optimization of tooling design.

This agreement was renewed for a 3 year period by tacit agreement starting from July 1st 2015.

The compensation of this agreement corresponds to the costs supported by COUTIER DEVELOPPEMENT plus a margin of 8%.

Under this agreement, the charges recorded in 2016 financial year amount to EUR 249,000.

The renewal of these agreements was authorized for 2016 financial year by the Supervisory Board dated January 28, 2016.

Pursuant to the law, we announce you that the prior approval given by the Supervisory Board does not include the reasons justifying the relevance of the agreement for the company laid down by the article L.225-86 of the Commercial Law.

Performance agreement concluded with COUTIER DEVELOPPEMENT

The company concluded a performance agreement with COUTIER DEVELOPPEMENT.

The goal of this agreement is the contribution of COUTIER DEVELOPPEMENT of its own resources, its supports and its advices within the framework of the definition of the general policy and the strategy of MGI COUTIER Group by advising, planning, organizing and coordinating the Group's activities internally as well as externally.

This agreement was renewed for a 3 year period by tacit agreement starting from July 1st 2015.

The given services of performance will not be the subject of any remuneration.

Under this agreement, no charge was recorded in 2016.

The renewal of these agreements was authorized for 2016 financial year by the Supervisory Board dated January 28, 2016.

Pursuant to the law, we announce you that the prior approval given by the Supervisory Board does not include the reasons justifying the relevance of the agreement for the company laid down by the article L.225-86 of the Commercial Law.

Provision of financial expertise services with ATF

MGI COUTIER SA concluded an agreement on the provision of financial expertise services and on an additional basis of legal and financial monitoring with the company ATF, with which Jean-Louis THOMASSET, vice-chairman of the Management Board is associated and majority manager.

This convention was agreed for an eighteen-month period starting from July 1, 2015. It is renewable by tacit agreement in order to enable MGI COUTIER SA to continue to profit from the knowledge and the experience of Mr. Jean-Louis THOMASSET.

Under this convention, the charges recorded in 2016 financial year rose to EUR 464,616.

The agreement was authorized for the 2015 financial year as well as for the 2016 financial year by the Supervisory board dated June 26, 2015.

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 30 August 2016, your Supervisory Board dated 25 August 2016 authorized the renewal of the guarantee for a one-year period starting from 30 August 2016.

Pursuant to the law, we announce you that the prior approval given by the Supervisory Board does not include the reasons justifying the relevance of the agreement for the company laid down by the article L.225-86 of the Commercial Law.

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, were continued during the past financial year.

Agreement on premises and support services with COUTIER DEVELOPMENT and COUTIER SENIOR DEVELOPPEMENT non-trading partnership

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 2016 financial year amount to:

- ✓ COUTIER DEVELOPPEMENT 1,150 euros;
- ✓ COUTIER SENIOR 383 euros.

Centralized cash management agreements

Within the framework of these agreements, MGI COUTIER ensures the coordination and centralization of all cash requirements 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 AVON AUTOMOTIVE HOLDINGS and AVON AUTOMOTIVE UK HOLDINGS;
- ✓ at the EONIA rate 0.60% for other companies.

Over the financial year 2016, the financial charges and profits recorded in the accounts by virtue of the subsidiaries owned at less than 100% as well as COUTIER DEVELOPPEMENT and COUTIER SENIOR, are as follows:

Companies	Financial costs (in €)	Financial profits (in €)
MGI COUTIER ENGINEERING	-	5,856
MGI COUTIER SERVICES	-	84
COUTIER DEVELOPPEMENT	7,144	-
COUTIER SENIOR	220	-
Total	**7,364**	**5,940**

Review of the remuneration paid to members of the Management Board: combination of employment contract

Mr. Jean-François VILLANEAU, member of the Board at the end of 2016, operates by virtue of his technical responsibility under an employment agreement.

The annual gross remuneration of this member of the Management Board, under his employment contract, was revised during the previous financial year as follows:

	Gross annual base pay	Variable pay
Jean-François VILLANEAU	203,160 £	Incentive schemes and bonus pay

Drawn up in Annecy and Villeurbanne, April 28, 2017

Statutory Auditors

ORFIS BAKER TILLY
Valérie MALNOY

MAZARS
Bruno POUGET

Appendix table

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

Companies	André COUTIER	Benoît COUTIER	Jean-Louis THOMASSET	Mathieu COUTIER	Jean-François VILLANEAU	Christophe COUTIER	Nicolas COUTIER
MGI COUTIER	Chairman of S.B	MNGT. Board member	V.Chairman MNGT. Board	Chairman of MNGT. Board	MNGT. Board member	Representative COUTIER DEV. At S.B	MNGT. Board member
MEIPL PVT	Executive director						Executive director
MGI COUTIER ENGINEERING PVT LTD					Executive director		Executive director
MGI COUTIER ILIA		Executive director			Chairman of B.D		
GOLD SEAL AVON POLYMERS PRIVATE LTD							Executive director
MGI COUTIER FINANCE LTD					Executive director		
COUTIER DEVELOPPEMENT	Member and Chairman of MNGT. Board	MNGT. Board member		MNGT. Board member		MNGT. Board member	MNGT. Board member
COUTIER SEBNIOR							
ATF			Majority stake-holder				

S.B: Supervisory Board *D.B: Board of Directors* *MNGT. Board: Management Board*

(1) Before disposal of the subsidairy *(2) Until January 26, 2017, resignation date*

PROPOSED RESOLUTIONS
To the General Ordinary and Extraordinary Meeting of 28 June 2017

UNDER THE JURISDICTION OF THE ANNUAL ORDINARY GENERAL MEETING OF STOCKHOLDERS

First resolution

After the review of reports by the Management Board, the Supervisory Board and Statutory Auditors, the General Meeting approves the annual accounts as of December 31, 2016 as they have been presented, 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 20,172 and to the tax incurred by virtue of these expenses and charges amounting to EUR 6,723.

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.

Second 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, 2016 as they have been presented, as well as the transactions recorded in these accounts and reports.

Third resolution

After the review of the report by the Management Board, the General Meeting decides to allocate the profit for the financial year, amounting to EUR 37,308,078.68 as follows:

- ✓ stockholders in the form of dividends, for an amount of EUR 8,022,312.00; i.e. a net dividend of EUR 0.30; specifying that there has been no advance on paid dividends, namely a net dividend of EUR 0.30 to pay per share which will be paid out at the Head Office on 06 July 2017;
- ✓ as retained net surplus for the balance, i.e. an amount of EUR 29,285,766.68.

This distribution is higher in value compared to the previous financial year for 2015 (EUR 0.20 gross).

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 on	Dividend per stock in EUROS	Profit eligible for tax relief or not
December 31, 2013	0.50	Reduction of 40% if applicable
December 31, 2014	0.05	Reduction of 40% if applicable
December 31, 2015	0.20	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 Assembly fixes the amount of the attendance fees to be divided between the members of the Supervisory Board for the 2017 financial year to EUR 46,600.

Sixth resolution

Ruling under the quorum and majority conditions required for ordinary 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 50.00 (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 1st, 2008.

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

- ✓ decide whether it is advisable to implement this delegation of powers;
- ✓ determine the conditions and procedures of acquisition and sale including mainly the price of purchased shares;
- ✓ conduct, by any means, the acquisition, sale or transfer of these shares, submit any stock exchange 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 December 27th 2018.

This authorisation shall interrupt and replace the authorisation conferred by the Ordinary and Extraordinary General Meeting dated June 29, 2016.

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 General Meeting takes note of the resignation of Mr. Olivier BRISAC of his functions of Statutory Auditors alternate member of ORFIS BAKER TILLY occupied since his appointment b the general meeting dated June 22, 2012.

The general meeting, ruling under the quorum and majority conditions of ordinary meetings decides to appoint Mr. Christophe VELUT, in his capacity as deputy Statutory Auditor, resident in "Le Palais d'Hiver", 149 Boulevard Stalingrad, 69100 VILLEURBANNE, for the remainder of his term of office still to run, i.e. until the conclusion of the meeting of the general assembly called for to decide on the accounts of the financial year ending on December 31, 2017.

Eighth resolution

Ruling under the quorum and majority conditions required for the ordinary general meetings and in accordance with the article L.225-82-2 of the French Commercial Law, approves the principles and criteria of determination, distribution and allocation of fixed, variable and exceptional elements drawing up the total remuneration and the advantages of any nature, by virtue of their mandate to the executive corporate officers managers, as specified in the attached report to the report mentioned in articles L.225-100 et L.225-102 of the French Commercial Law, presented in the annual report.

Ninth resolution

In compliance with the recommendation of the corporate governance Law MIDDLENEXT dated September 2016, which constitutes since 2015 the reference Law of MGI COUTIER SA pursuant to the article L.225-82-2 of the French Commercial law, the General Meeting voted, regarding the remuneration payable or allocated in respect of the financial year ended 2016, in favor of Mr. André COUTIER as Chairman of the Supervisory Board, as shown in the annual report.

Tenth resolution

In compliance with the recommendation of the corporate governance Law MIDDLENEXT dated September 2016, which constitutes since 2015 the reference Law of MGI COUTIER SA pursuant to the article L.225-82-2 of the French Commercial law, the General Meeting voted, regarding the remuneration payable or allocated in respect of the financial year ended 2016, in favor of Mr. Mathieu COUTIER, as Chairman of the Management Board, as shown in the annual report.

Eleventh resolution

In compliance with the recommendation of the corporate governance Law MIDDLENEXT dated September 2016, which constitutes since 2015 the reference Law of MGI COUTIER SA pursuant to the article L.225-82-2 of the French Commercial law, the General Meeting voted, regarding the remuneration payable or allocated in respect of the financial year ended 2016, in favor of Mr. Benoît COUTIER, as Member of the Management Board, as shown in the annual report.

Twelfth resolution

In compliance with the recommendation of the corporate governance Law MIDDLENEXT dated September 2016, which constitutes since 2015 the reference Law of MGI COUTIER SA pursuant to the article L.225-82-2 of the French Commercial law, the General Meeting voted, regarding the remuneration payable or allocated in respect of the financial year ended 2016, in favor of Mr. Nicolas COUTIER, as Member of the Management Board, as shown in the annual report.

Thirteenth resolution

In compliance with the recommendation of the corporate governance Law MIDDLENEXT dated September 2016, which constitutes since 2015 the reference Law of MGI COUTIER SA pursuant to the article L.225-82-2 of the French Commercial law, the General Meeting voted, regarding the remuneration payable or allocated in respect of the financial year ended 2016, in favor of Mr. Jean-Louis THOMASSET, as Vice-Chairman of the Management Board, as shown in the annual report.

Fourteenth resolution

In compliance with the recommendation of the corporate governance Law MIDDLENEXT dated September 2016, which constitutes since 2015 the reference Law of MGI COUTIER SA pursuant to the article L.225-82-2 of the French

Commercial law, the General Meeting voted, regarding the remuneration payable or allocated in respect of the financial year ended 2016, in favor of Mr. Jean-François VILLANEAU, as Member of the Management Board, as shown in the annual report.

Fifteenth resolution

The Ordinary Annual General Meeting confers on Mr. Mathieu 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 ANUUAL GENERAL MEETING

Sixteenth resolution

The General Meeting decides to update the company's articles of association in compliance with the new provisions issued from article L.225-79-2 of the French Commercial Law amended by the law 2015-994 of 17-08-2015 to determine the conditions in which the members of the Supervisory Board shall be designed as representatives of employees according to one of the provided procedures, and as a consequence of amending article 17 of the articles of association which from now on shall be stipulated as it follows:

"ARTICLE 17 - POWERS AND RESPONSIBILITIES OF THE SUPERVISORY BOARD

The supervisory board exercises continuous control over the management of the company by the management board.

It appoints the members of the management board, and designs the Chairman and possibly the chief executive officers; it equally fixes their remuneration.

Without prejudice to powers granted by the law to the general meeting, it can dismiss the members of the Management Board.

Pursuant to the provisions of article L.225-79-2 of the French Commercial Law emended by the law 2015-594 of 17 August 2015 and the article L.225-79-2 pertaining to the appointment procedures provided for by the law, it refers to the Central Workers 'Council to properly conduct the appointment of employees' representative at the Supervisory Board for a term of 3 years which may be renewed given that the said representative has the same powers and the same responsibilities as the members of the Supervisory Board designed by the General Meeting and that any the agreement concluded by the company with a member of the Supervisory Board representing the employees is subject to the same regulation as the one concluded with any other member of the Supervisory Board and that the period of the first term shall be lower than 3 years due to already existing mandates of the Supervisory Board.

At any time of the year, it shall perform the verifications and the control which it considers convenient and can communicate the documents deemed as useful for the fulfillment of its duties.

It presents to the annual ordinary general meeting of stockholders its comments on the management board's report, as well as on the financial year's accounts."

This amendment of statutes shall be forwarded for recording in the Register of Trade and Companies by the clerk's office of the Commercial Court of BOURG-in-BRESSE 01.

Seventeenth resolution

The Extraordinary general meeting confers all powers to Mr. Mathieu 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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Public Limited company with a
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