

**2015/2016**

# **REFERENCE DOCUMENT**

**including the annual financial report**



All you need. **With love.**



The present Reference Document was filed with the French Financial Markets Authority (*Autorité des Marchés Financiers*) on 30 January 2017, in accordance with Article 212-13 of its General Rules. It may be used in a financial transaction provided it is accompanied by a prospectus approved by the Financial Markets Authority. This reference document is available on the website of the *Autorité des Marchés Financiers* (AMF) at [www.amf-france.org](http://www.amf-france.org), and on the Manutan International website at [www.manutan.com](http://www.manutan.com).

Pursuant to Article 28 of European Regulation No. 809/2005, the following items are included in this Reference Document:

- the consolidated financial statements, parent company accounts at 30 September 2013 and the Statutory Auditors reports relating to it, presented respectively in pages 94 to 142 of the reference document filed with the AMF on 31 January 2014;
- the consolidated financial statements, parent company accounts at 30 September 2014 and the Statutory Auditors reports relating to it, presented respectively in pages 84 to 134 of the reference document filed with the AMF on 29 January 2015;
- the consolidated financial statements, parent company accounts at 30 September 2015 and the Statutory Auditors reports relating to it, presented respectively in pages 80 to 128 of the reference document filed with the AMF on 28 January 2016.



All you need. **With love.**

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# The Chairman's message

Jean-Pierre Guichard



The year 2015/2016 has been a critical year for Manutan. We have completed the modernisation and pooling of many parts of our infrastructures, particularly regarding IT, logistics, the product offering and purchasing. This will allow us to apply levers to increase our turnover and our operational efficiency as well as improving our customers' experience, online especially. In this way we are preparing for and adapting to a market that is just beginning to move to digital technology.

## Our achievements

The Group is now focussed on deploying a strategy aimed at strengthening the image and positioning of Manutan in relation to our customers. Amongst the highlights of this financial period we can note:

- The reactivation of our own brand products, with the successful launch of products from the Manutan brand in January 2016.
- The improvement of the customer digital and multichannel experience, thanks to the renewal of our information system, which has led to a noticeable increase in our e-business turnover.
- Building on our presence with artisans with the new acquisition in Great Britain (Essex Electrical Wholesalers) that allows us to expand our offer in a strong growth market.
- The successful integration of Papeteries Pichon, after its first year as part of the Group, thereby strengthening our positioning with local authorities.
- And finally, true to our nature, we continue to invest in our Company University where we offer a range of training courses (Management, Sales, Purchasing, etc.) to develop everybody's expertise.

## Our results

The Group's results are encouraging with in particular:

- The return of significant organic growth, of about 4% excluding the currency effect and scope and at 10% with the acquisitions.
- The increase in operating profit of nearly 20% that demonstrates the accretive nature of our latest acquisition and the control of our cost structure.

## And tomorrow...

Manutan is continuing its efforts, by consolidating its IT, digital, logistics and purchasing infrastructures, whilst developing its expertise and its added value in our three priority customer segments: large and small companies, local authorities and artisans.

We are still convinced that this strategy will allow us to instil lasting growth in an ever changing market.

Dear Shareholders, Directors and colleagues, we always relish the opportunity to share with you our achievements, our ideas and our ideals. We thank you all for your essential support.

**Jean-Pierre Guichard,**  
*Chairman of the Board of Directors*



# Presentation of the Group

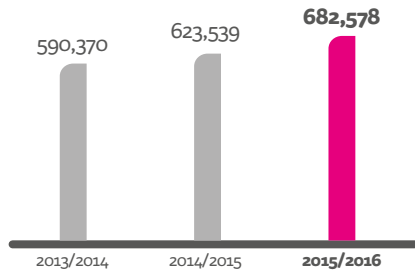
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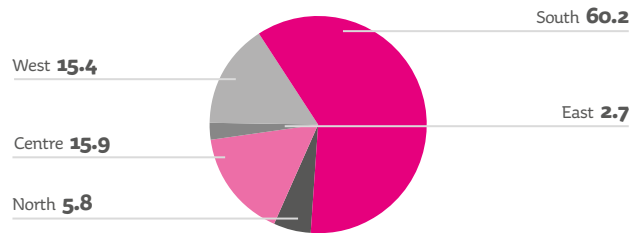
# Consolidated growth and financial situation

## CONSOLIDATED TURNOVER

3-year trend (in thousands of euros)

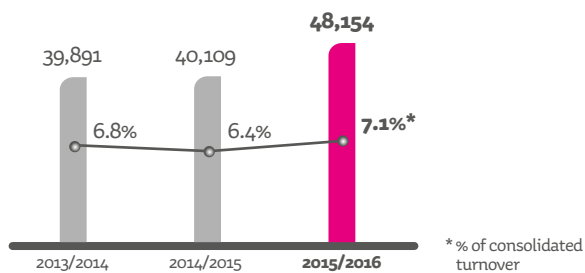


Breakdown by area for 2015/2016 (%)

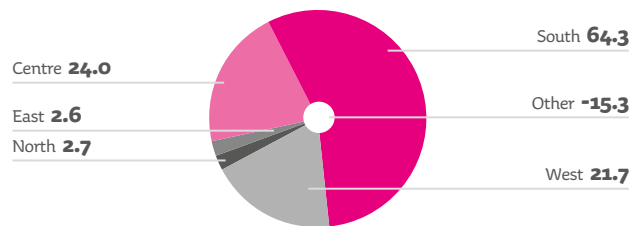


## CURRENT OPERATING PROFIT

3-year trend (in thousands of euros)

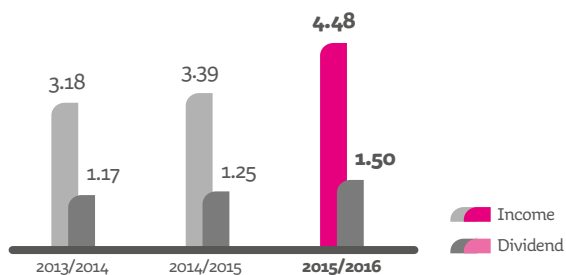


Breakdown by area for 2015/2016 (%)



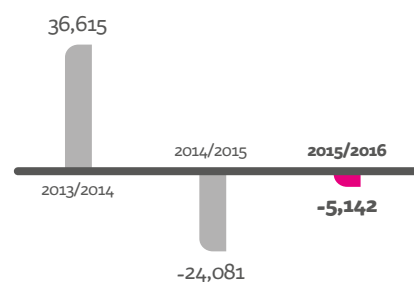
## NET INCOME PER SHARE AND DIVIDEND PER SHARE

3-year trend (in euros)



## NET CASH POSITION

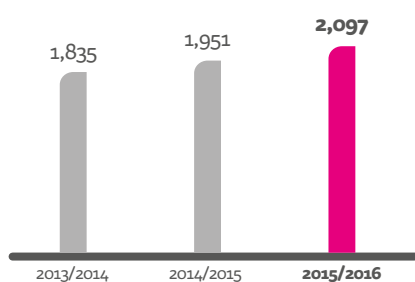
3-year trend (in thousands of euros)



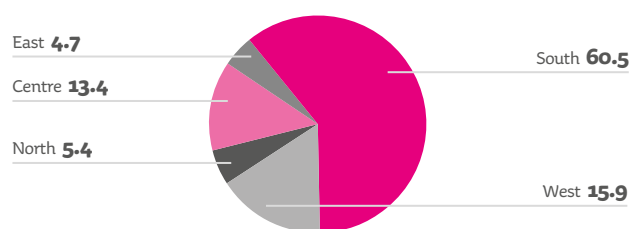
The available cash is comprised of the balance sheet aggregates "cash and cash equivalents" and "marketable securities and current assets". The net available cash is calculated from the difference between available cash and financial debts.

## AVERAGE HEADCOUNT

3-year trend



Breakdown by area for 2015/2016 (%)



# Financial communications calendar

Manutan International's financial year begins on 1 October and ends on 30 September.

## Publication dates for the figures for the financial year 2016/2017<sup>(1)</sup>

Q1 turnover	16 January 2017
Q2 turnover	20 April 2017
Half-yearly results	6 June 2017
Q3 turnover	18 July 2017
Q4 turnover	18 October 2017
Annual results	13 December 2017

The financial communication calendar and all the financial information are available to Investors and Shareholders on the Company website at: [www.manutan.com](http://www.manutan.com).

The Group's Legal department can answer any questions regarding the Manutan Group. Tel.: +33 (0)1 34 53 35 87 / [contact.legal@manutan.com](mailto:contact.legal@manutan.com)

(1) Dates subject to modification/publication after the closing of the markets.

# History





## 2010

Implementation of an **integrated organisational structure, strengthening of high ambitions for business**

## 2011

Opening of the **European Centre** in Gonesse (France), which symbolises the Group's unity, its ambitions and its business, human, and environmental vision

## 2012

Acquisition of Sports et Loisirs (Casal Sport), specialist in sales of sporting equipment for schools, town halls and federations in France

2010 - 2012

2013 - 2016

## 2016

An increased presence in the English artisans market through the acquisition of Essex Electrical Wholesalers

Launch of the Manutan own brand

## 2015

Acquisition of Papeteries Pichon, specialist in the distribution of school supplies to primary and infant schools in France

## 2014

Implementation of a harmonised customer offering in eight countries

## 2013

Launch of the overhauling of the Group's Information System

Acquisition of IronmongeryDirect in the UK, a specialist in the distribution of ironmongery products to artisans

Acquisition of Ikaros Cleantech in Sweden and in Finland, a specialist in environmental protection products

# Presentation of operations

Manutan is one of the leading European companies in multi-channel distribution of equipment for companies and local authorities.

Present in 17 countries through 25 operational subsidiaries, the Group is a major player in Europe.

## Our positioning: combining an industrial approach with personalised customer relations

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### An independent and solid Group

As a pioneer in distance selling, Manutan has a true expertise in the distribution sector and is continuing to grow in a market with a high potential estimated at €150 billion (source: Manutan International).

The Group's development is based on over 50 years of experience and a lasting economic model that is deployed in all the subsidiaries. The Guichard family, which has been at the head of the Manutan since 1966, intends to maintain the Group's independence through rigorous and transparent management combined with operational excellence. This family structure, combined with listing on the stock market since 1985 (Euronext Paris – Compartment B), grants the Group its independence and financial solidity.

### 2,097 employees working closely with our customers

Every day, the Group's **2,097** employees share the same ambition and commitment: providing our customers with added value, by offering the best solution for their non-strategic, repeat purchasing. Responsibility and sincerity are the values that unite everybody who works for the Group.

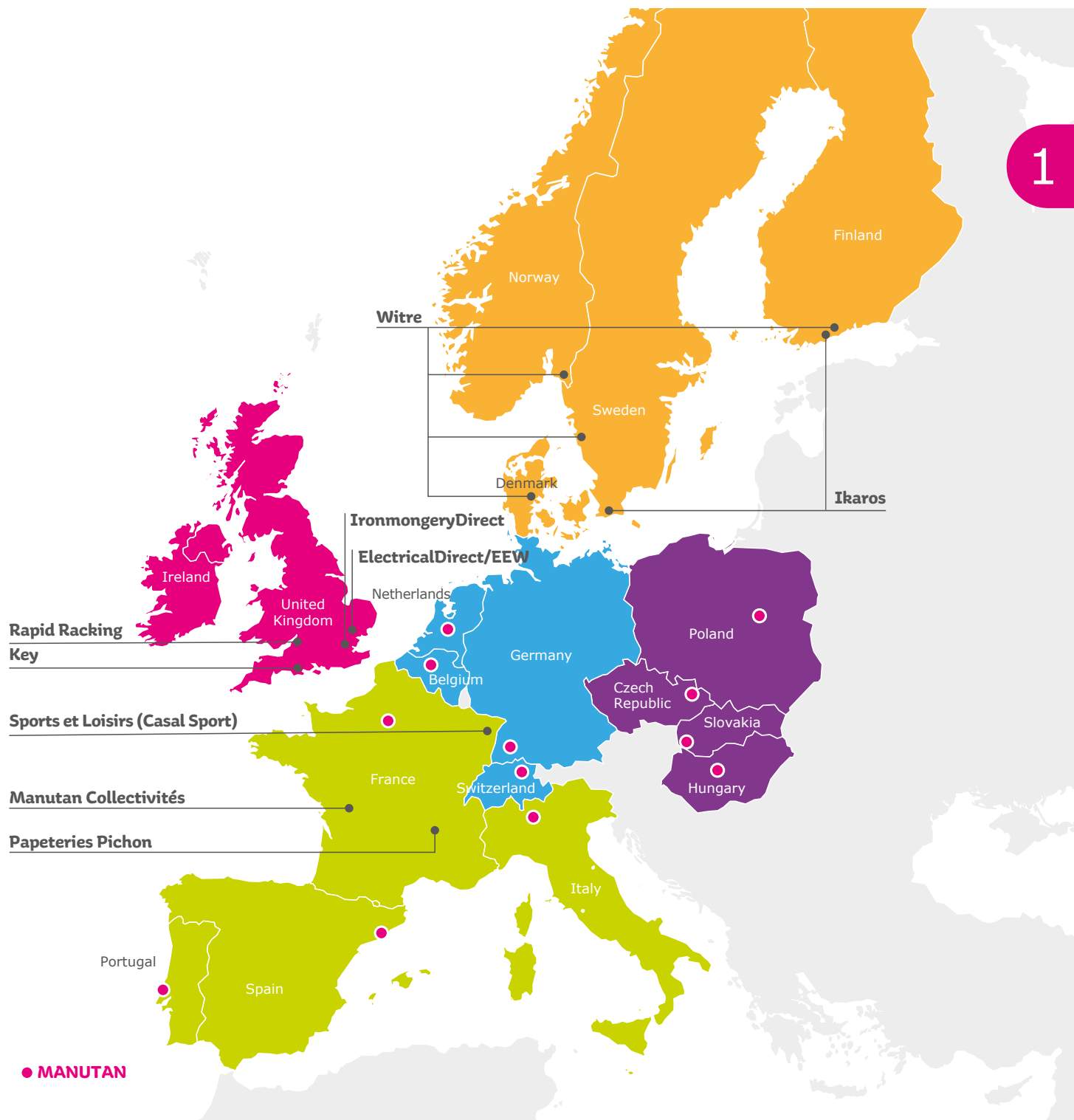
### The strength of a European industrialist, the bespoke service of a local tradesman

What makes Manutan unique and gives us our strength is combining an industrial approach with personalised customer relations, based on mutual respect and transparency. Our customers benefit from efficient and competitive solutions and the quality of bespoke assistance you would expect from a trader.

**2,097** EMPLOYEES  
OF WHICH **47** % OF WOMEN

**200,000**  
ITEMS





**25** OPERATING  
SUBSIDIARIES

**17** COUNTRIES

**€682.6** MILLION  
IN TURNOVER

## Our profession: assisting our customers in optimising their non-strategic purchases

### A recognised expertise in multi-channel distribution

The Group markets its products through paper catalogues, online and through sales teams and agencies. Our mastery of these different distribution channels, combined with targeted marketing, allows Manutan to offer its customers global solutions that are simple and accessible.

With 25 e-business merchant sites, Manutan has fully integrated electronic sales into its development. In 2016, online sales represent 30% of the Group's turnover (excluding local authorities) and the internet has established itself as a major growth area.

### A benchmark partner for non-strategic purchases

Manutan has the stated ambition of providing high quality products and services to its customers in a simple, quick and efficient manner. Helping them to reduce the time spent on non-strategic purchases (supplies, equipment, etc.).

The appropriateness of the solutions offered by Manutan helps our customers to centralise their recurring purchases with a single supplier and to be able to concentrate on their core business.

#### The Manutan Group's expertise is based on recognised know-how:

- the rigorous selection of high quality, competitive products;
- a dynamic and unlimited range of items allowing every customer to find the solution to their needs;
- simple, quick and efficient order management (24 hours a day online);
- a dynamic sales service, ready to listen to the needs of every type of customer;
- personalised advice and purchasing assistance;
- a large storage capacity that ensures product availability;
- rigorous logistics that offer quick and reliable delivery.

### A dynamic and unlimited offer

The Manutan Group has one of the largest product offerings in Europe and aims to cover all the needs of companies and local authorities, regardless of their size or sector. The range already has more than 200,000 items including handling, lifting, and storage equipment, industrial supplies, safety, hygiene and packing products, office and workshop furniture, furniture for catering and hotels, school supplies, education, health and sports equipment, products for environmental protection, ironmongery, and electrical products. Our readiness to listen to our customers allows the Group to regularly add to its range.

All the listed products and services, including our own brands, are subject to rigorous selection, based on a regular review of 1,850 suppliers, the majority of which are in Europe. The Group does not rely on any one supplier. This allows us to choose products independently, according to our own quality standards.

### Bespoke services

In order to provide its customers with extensive, competitive and personalised solutions, Manutan offers a large range of associated services: assembly, spare parts, bespoke design, express delivery, a loyalty programme, and e-business solutions for key accounts (hosted catalogue, Punch-Out, etc.), on-demand sourcing, VMI (managing hosted stock).

### Efficient and profitable logistics

The Group has a storage capacity of nearly 190,000 m<sup>2</sup> distributed over fifteen logistics hubs with the best inventory management solutions. Efficient logistics management and controlling subcontracted transport allows Manutan to manage the thousands of orders received every day and to ensure fast delivery to customers across Europe.

#### Our three customers commitments

We shall continue to respect our delivery **promise**.

We shall always find a **solution** to our customer's requests for products.

We make every contact with the customer a **unique moment**.



## Our customers: 1,000,000 companies and local authorities put their faith in us

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From small companies to multinationals, from regions to town halls, the Group markets its offering to over 1 million customers. The average value of their orders is €400.

- **For companies**, Manutan offers a general range, complemented by specialist offers:
  - in the UK: Rapid Racking (racking and storage solutions);
  - in Scandinavia: Ikaros Cleantech (environmental protection products).

- **For local authorities**, Manutan Collectivités offers a range of school furniture, health and education equipment; Sports and Leisure equipment (Casal Sport), sports equipment and clothing; Papeteries Pichon, school supplies.
- **For artisans**, IronmongeryDirect offers ironmongery items and ElectricalDirect/Essex Electrical Wholesalers offer electrical supplies.

## Our markets: a strong presence in Europe

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Manutan operates in 17 European countries and in Africa, Asia and the Middle East through the export activities of its subsidiaries. Our European development is based on a desire to have a strong local presence and an in-depth knowledge of our markets. The countries are responsible

for their sales policy and adapt their product offering to suit local particularities. Their expertise also makes use of the Group's support functions and structural organisation that encourages the sharing of experience from in the field.

## Our competitors: a range of players

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Manutan must stand up to competition from many sources, be they B2B distance sellers, retail and or wholesale outlets, specialist or generalist distributors:

- **general players**: TAKKT (a German company-listed on the Frankfurt stock exchange), Schäfer Shop (Germany) and AJ Produkter (Sweden);
- **specialist players: office furniture and supplies**: Staples, Bruneau (France), Viking (USA), Neat Ideas (UK), Printus (Germany); **maintenance, and health and safety products and equipment**: Bernard (France); **packaging provisions and hardware**: Raja (France); **signage**: Seton (UK); **specific offering for local authorities**: UGAP public purchasing (France);

- **traditional industrial distribution**: Descours & Cabaud, Rexel, Retif in France;
- **the large variety of competitor offerings for business supplies** available over the Internet.

# Group strategy

Driven by its innovative vision for distribution, the Group is reaffirming its conviction and its priorities for the years to come. Developments in the market and feedback on the expectations of companies and local authorities confirm the appropriateness of our multichannel strategy.

## A renewed ambition

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Manutan's ambition is to deliver its customers competitive and reliable products, through accessible, fast and global solutions that allow our customers to focus on their core business.

## 5 strategic priorities

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### 1 Emphasising the multi-channel strategy and developing local relationships with our customers

The multichannel strategy deployed by the Group depends on three objectives:

- capitalising on the multichannel distribution offered by the Group: paper catalogues, online, sales agencies and sales forces;
- developing e-commerce, which is a major growth lever for:
  - offering an ever greater range of products online,
  - finding thousands of new customers at minimal cost,
  - personalising customer relations, through electronic order management,
  - offering innovative solutions through new media, such as mobile applications;
- building on our close relationship and the trust of our customers, by making each sales contact a unique moment. This will allow the Group to add to its front office services to offer more advice and assistance and to position itself as a true partner.

### 2 Strengthening the “One-stop shop” positioning

The Group is strengthening its “One-stop-shop” strategy to offer its customers a simple, fast and efficient solution that allows them to:

- access a large range of preselected, appropriate and competitive products;
- reduce their order times;
- facilitate the order process by adapting it to their organisation;
- reduce the overall cost of purchase.

The Group is adapting and changing its organisation to continue its dynamic growth, particularly in the areas of high potential. Driving and managing key business lines – such as purchasing policy or web marketing – is a priority in order to encourage cross-functional initiatives, facilitate discussions and create real synergies.



### **3 Harmonising the range of solutions and rationalising purchases**

Sales teams pay attention to the changes in their customers' needs and are very close to their markets. This allows them to focus their efforts on referencing new products and launching innovative services. They are careful to always offer suitable products that are well positioned in terms of quality and cost. To allow our customers to have access to high quality products at competitive prices, Manutan is also committed to bulk purchasing and rationalisation: in 2016, the Group has around 47,000 stock items harmonised over 66,000 stock items. This offer represents 80% of Group purchasing. Manutan has also developed its own range of products to meet the daily needs of its customers with quality at the right price.

### **4 Industrialising our growth model at the European level**

Manutan's European development depends on the implementation of central functions (communication, finance, IT, etc.), the deployment of Group wide operational tools and the sharing of best practices. A large scale restructuring project has begun to optimise and standardise the procedures within business lines, ensure efficient management of operations and encourage communication between different countries through the implementation of an information system (ERP). This industrialisation of processes allows us to aim for operational excellence, by optimising supplies, commercial efficiency, financial management and customer relations.

### **5 Making the Manutan brand a benchmark in Europe**

Alongside its development strategy, the Group is committed to a far reaching brand management project at a European level, which will be deployed over several years. The makeover of the graphic identity in 2013 was a first step, with a more modern, up to date logo that communicates values such as responsibility, diversity and the desire to advance as a team. Manutan is set on becoming a European benchmark brand. However, subsidiaries that deal with specialists will retain their own brand.





# Social, societal and environmental responsibility

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As a major player in multichannel distribution, Manutan intends to act responsibly with regard to all its stakeholders. The Group is committed to a social, societal and environmental approach that is illustrated every day by real actions. Maintaining the balance between man and the environment is at the heart of our priorities in our professional activities and in all of our operations.

## Our CSR reporting methodology

Manutan's CSR reporting approach is based on articles L. 225-102-1, R. 225-104 and R. 225-105 of the French Commercial Code.

### Reporting period

The data collected covers the period from 1 October in the year N-1 to 30 September of the year N. The data is reported annually.

### Scope

The consolidation method for the scope of CSR reporting is global integration (the data are 100% integrated).

The Manutan Group operates exclusively in Europe. Although local particularities exist, European countries present a certain level of homogeneity with regard to economic, social, cultural and environmental matters. The methodology and definition of the indicators are therefore identical throughout the whole of the chosen scope.

The main CSR indicators are published every year in the Group Reference Document, which is available on the website [www.manutan.com](http://www.manutan.com).

With the exception of the particularities given hereafter, the social, corporate and environmental data presented concern the Group's seven main subsidiaries located in:

#### ■ In France:

- ESU Manutan [economic and social unit], including: Manutan SA, Manutan International SA, Association du R.I.E. Manutan, Manutan,
- Manutan Collectivités SAS,
- Sports & Loisirs SAS;

#### ■ in the UK<sup>(1)</sup>:

- Key Industrial Equipment Ltd,
- Rapid Racking Ltd;

#### ■ in Belgium<sup>(1)</sup>:

- Manutan NV;

#### ■ in the Netherlands<sup>(1)</sup>:

- Manutan BV.

Overall, these seven subsidiaries account for 71.1% of the Group's turnover and therefore give a representative vision of the data, other than for the "average workforce" and "remunerations" that cover all of the Group's activity. Other subsidiaries are intended to be included in 2017 to bring the scope covered by the CSR report to 93.6%.

The entities that are not included in the CSR reporting scope are those entities of a small size that do not have the resources to allow them to collect the CSR data in the following areas: Central Europe (Germany, Switzerland), Eastern Europe (Czech Republic, Slovakia, Hungary, Poland) and Southern Europe (Portugal, Italy, Spain). However, eight other subsidiaries shall be included in the closing of the 2016/2017 financial period.

(1) It should be noted that the hours of training referred to in this report relate only to France.



## Choice of indicators

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The indicators have been chosen with regard to the social, environmental and corporate impacts of the activities of the Group's companies and the risks associated with the professional challenges confronted.

## Consolidation and internal control

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The data are collected in a centralised manner or from each entity included in the scope of CSR reporting from the following sources: HFM consolidation software, extractions from the payroll management system, Excel monitoring sheets, invoices etc. The qualitative information are for their part collected in a centralised manner by the Management of the Manutan Group.

## External audits

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Pursuant to the regulatory obligations of Article 225 of the Grenelle 2 law and its application decree of 24 April 2012, the Manutan Group has, from 2012/2013, asked its Statutory Auditors for a report including a certificate of the inclusion of the information that must feature in the Management Report and a reasoned opinion on the accuracy of the data published.

## Non-applicable information required by the regulations

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In view of the activity of the Group, some areas of information have been identified as being irrelevant. These include in particular:

- Land use → this use is restricted to the areas where our buildings are located;
- adaptation to the consequences of climate change → due to the areas where the Group is implanted in Europe, the potential risks related to climate change that may impact its facilities seem to be limited;
- protecting biodiversity → due to the very limited footprint of the Group's facilities, the impact of the activities on biodiversity appear to be insignificant;
- actions undertaken to prevent corruption → the risk of corruption is not significant considering the geographical areas in which our subsidiaries are implanted;
- actions to fight against wasting food → as almost none of the Group's companies have a company canteen.

## Methodological limitations and particularities

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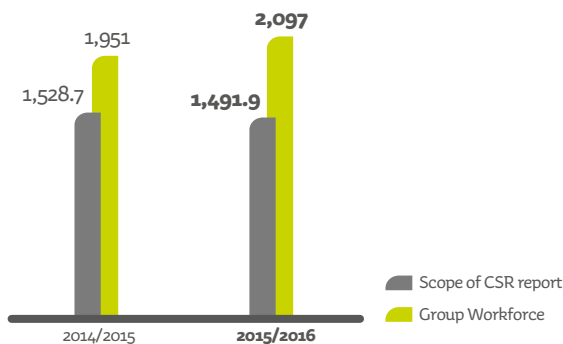
- The workforce is calculated based, on the one hand, on the average for the financial year, in equivalent full-time hours paid.
- The average workforce is calculated as a mathematical average over 12 months of the average workforce in full-time equivalent.
- On the other hand, the statistics relating to the workforce are based on the number of employees present and paid as at 30 September. Employees who joined the Company at the end of September but are paid from October are excluded from this figure.
- Data on absenteeism are calculated in calendar days.
- The hours worked used to calculate the frequency and seriousness rates are calculated as follows: the mathematical average of all the entities in average weekly hours worked x average employed workforce x 52.
- For CO<sub>2</sub> emissions associated with the consumption of electricity and natural gas, the following emission factors are used:
  - Natural gas:
    - 0.214 kg CO<sub>2</sub>eq/kWh GCV (source: European emission factor, ADEME 2014 carbon base);
  - Electricity:
    - France: 0.071 kgCO<sub>2</sub>eq/kWh,
    - Belgium: 0.211 kgCO<sub>2</sub>eq/kWh,
    - Netherlands: 0.413 kgCO<sub>2</sub>eq/kWh,
    - UK: 0.450 kg CO<sub>2</sub>eq/kWh GCV<sub>2</sub> (source: 2009/2011 averages, International Energy Agency 2013 Statistics).

# Our social commitments

## Employment

### Average and non-permanent workforce

The Group's average workforce has increased by 7.5%, and decreased by 2.4% over the CSR scope.



**Group workforce:** information intended to give a global vision and facilitate comparison with the financial data.

● **Workforce:** includes all the employees with an employment contract, as an average over the financial period.

● **Non-permanent workforce:** includes all interim and/or seconded staff.

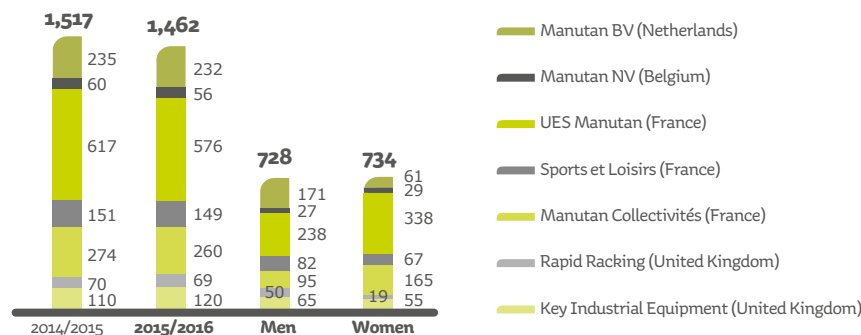
**Facilitating internal mobility** – The internal mobility policy demonstrates the Group's intention to offer new opportunities to all its employees in order to allow them to succeed in their professional ambitions. This policy aims to promote mobility within all of the subsidiaries, and also between the subsidiaries of the Group. This mobility is also increasingly inter-departmental: with this in mind, in France, Manutan created "Vis Mon Job" (Try my job), an initiative that allows an employee to try a new profession for a given period.

### Workforce present on 30 September 2016 in figures

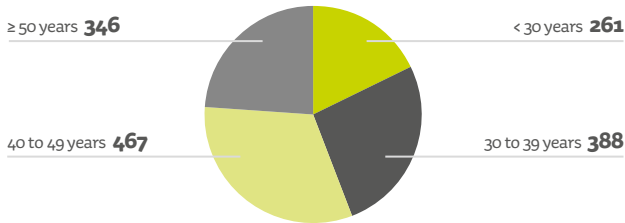
Workforce present on	30/09/2015	30/09/2016
Executives	445	433
Non-managerial	1,072	1,029
<b>TOTAL</b>	<b>1,517</b>	<b>1,462</b>

### The "male/female" balance is respected overall within each of the subsidiaries

Over the CSR scope, the workforce has decreased by 4% and the male/female balance is respected overall in each of the subsidiaries:



**Age pyramid** – Although the age pyramid does not give any cause for concern, it still demonstrates that the Group needs to pay attention to career management and recruitment, in order to allow for knowledge transfer.



### Employee movements

It should be noted that the Manutan Group has made no economic redundancies.



**Recruitments** accounts for all the hiring over the period.

**Departures** includes all departures, regardless of the type. Dismissals account for 17.2% of the departures.

**Encouraging the integration of employees** – Every new employee that joins the Group benefits from an appropriate induction programme, which allows them to discover and experience the Company’s business plan (this programme lasts for more than a month for the main managers). In addition to presenting the Company and discovering the activities, the new hire also plays a part in their own integration: this allows them to take the time to understand the Company’s business plan before starting on a new assignment.

### Remuneration and changes

At a Group level, remuneration has increased by 7%.

2014/2015	2015/2016
104,564,820	111,974,775

**The remuneration policy** – The Group’s remuneration policy is based on the following factors:

**Fixed remuneration:** fixed remuneration is related to the level of responsibility and is based on consistent principles within the Group.

**Variable remuneration:** variable remuneration is aimed at encouraging individual and collective performances for some of the teams, in particular managers and experts.

For “Group” functions, the variable part of remuneration is indexed on the development of turnover and the Group’s pre-tax income.

For “Markets” functions, the variable part also takes into account the development of turnover and the Group’s pre-tax income for the market in question.

The performance objectives related to the Group’s income are set by the Board of Directors.

For other people concerned by variable remuneration, individual objectives are defined each year with their hierarchical manager.

**Collective remuneration:** collective remuneration is intended to encourage collective performance to the benefit of the Company.

In France, at Manutan’s European Centre and on the companies market, the collective remuneration budget is based on a percentage of the Group’s net income for the 2015/2016 financial year. It is shared, for one third in an equal manner and for two thirds in a proportional manner between the employees, across the whole workforce (nearly 600 people). This collective agreement applies to all categories of staff and complies with the legal provisions in force, in particular regarding the calculation of social and tax contributions.



## Work organisation

### Working time organisation

The organisation of working time, defined in strict compliance with the legal framework of each entity, complies with the legislation and company agreements in force in each country. As the Group operates exclusively in Europe, there are no major differences between the countries. The weekly working times are therefore between 34 hours (Manutan Collectivités in France) and 40 hours (Key and Rapid Racking in the UK).

Due to the highly seasonal nature of the activity in the local authorities market in France, Sports & Loisirs and Manutan Collectivités have, pursuant to regulations and by agreement with the staff representatives, implemented modulated working hours with low weeks (29 hours) and high weeks (46 hours).

## 9.7%

### The number of employees on fixed term contracts remains low

The implementation of a new Group information system, within the French subsidiary, has given rise to a large training plan that required fixed term contracts.

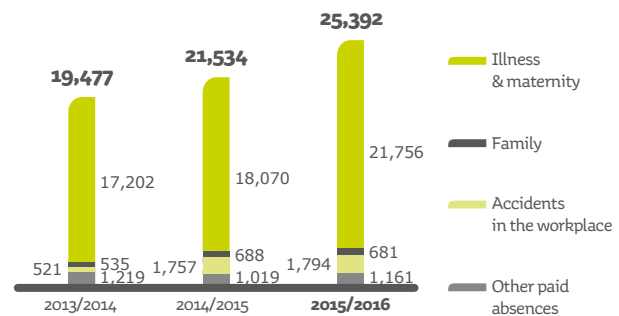
Overall, for the scope of this report, part-time staff account for 7.7% of the workforce, most of which are based in France and Benelux.

Salaried workforce present as at	30/09/2016
Work/Study sandwich contracts	30
Part-time employees	112
% of permanent contracts	90.3%

### Absenteeism

Absenteeism is monitored by all the entities of the Group as an indicator of the management of the business. It represents the number of calendar days of absence of the salaried workforce over the financial period.

Maternity leave accounts for 19.4% of the absences; this is accounted for with sick leave.



## Social relationships

### Organisation of employee relations

The management of each entity is responsible for assisting the Company with its intention to gradually develop its social commitment, whilst sustainably developing its economic activity.

Building social policies is based on a regular dialogue with social partners from each entity.

**In France**, Manutan has an ongoing dialogue with the Trade Union Organisations and the Institutions Representing Personnel, which accounts for 69 elected representatives within the subsidiaries included in the CSR scope:

- Works Council (*Comité d'Entreprise - CE*);
- Staff representatives (*Délégués du Personnel - DP*);
- Health, Safety and Working Conditions Committees (*Comité d'Hygiène, de Sécurité et Conditions de travail - CHSCT*).

**In the Benelux countries**, a Human Resources Manager directs the policy defined by the Executive Management and maintains an ongoing dialogue with employees.

These agreements were reached taking into account the impact they would have on the Group's economic performance and the working conditions for employees.

The other companies have not yet signed any collective agreements.



## Review of collective agreements

An overview of the collective bargaining agreements is given in this table:

Subject	Scope	Signature	Comment
Mandatory Annual Negotiations	ESU Manutan (Manutan economic and social unit) Manutan Collectivités	December 2016 March 2016	
Agreement on reducing working hours	ESU Manutan (Manutan economic and social unit)	December 2014	
Adjusting working hours	Manutan Collectivités Sports & Loisirs	April 2011 January 2000	
Chosen part-time work	ESU Manutan (Manutan economic and social unit)	December 2011	
Working time accounts	ESU Manutan (Manutan economic and social unit)	December 2011	
Professional equality between women and men	Manutan Collectivités Sports & Loisirs	April 2015 In progress	
Seriously ill children	Manutan Collectivités	January 2012	
Inter-generational agreement	ESU Manutan (Manutan economic and social unit)	November 2013	
IT service on-call shifts	ESU Manutan (Manutan economic and social unit)	August 2012	
Company Savings Scheme	ESU Manutan (Manutan economic and social unit)	September 2012/ amendment of Dec. 2014	
Company Savings Scheme	Manutan Collectivités	February 2010	
Collective Pension Scheme	ESU Manutan (Manutan economic and social unit)	September 2012/ amendment of Dec. 2014 amendment of Jan. 2016	
Overriding profit sharing	ESU Manutan (Manutan economic and social unit)	December 2013	% of Group net income
Profit sharing	Manutan Collectivités	February 2010	Legal calculation

## Health and safety

For several years, the Group has been committed to an approach to improve the physical and mental health and safety of its employees.

### Health and safety conditions in the workplace

Manutan includes its prevention approach as part of its social dialogue. In France a Health, Safety and Environment division (HSE) was created in 2010. This specific organisation makes it possible to manage actions and identify the specific risks of the Group's business lines, such as:

**Measuring and analysing the hardship of work** – In 2011, studies were undertaken with an ergonomist from the Occupational health service regarding muscular-skeletal issues, and in 2012 on acoustics with an engineer from the Occupational health service, particularly for the logistics activities. The results of these studies did not reveal any discrepancies with the standards in force.

The HSE division had already anticipated the factors for the hardship account (*compte pénibilité*) that entered into effect in France in July 2016. An analysis of the situations where employees are exposed to hardship was conducted and the conclusions of this study show that the Company's workforce is not exposed to any risk that may leave lasting and irreversible traces on their health.

As part of a continuous improvement approach, studies of the comfort of users are also regularly carried out with the HSE division, the Health and Safety Committee and, as required, the Occupational health service of the Val-d'Oise region.

At the same time, the HSE manager is attending workshops on preventing muscular-skeletal risks with ergonomists for three years. It should also be noted that purchasers and the HSE division take the needs of warehouse employees into account to offer new protective equipment that is suited to their needs.

### Improving ergonomics and comfort in workstations

– In France, the opening of the Group's European Centre in Gonesse, in 2011, offered an opportunity to review and improve the ergonomics of the workstations and the health and safety practices for the 576 employees on the site. The site was designed using a High Environmental Quality approach and places well-being at the heart of the working environment: the 9,500 m<sup>2</sup> administrative building has been built around a sheltered patio and hosts 427 people. The building has remarkable insulation thanks to a triple glazed facade and integrated blinds.

**Encouraging participation in sport** – The 1,000 m<sup>2</sup> Sports Centre is an essential part of the Group's European Centre. It allows employees to regularly indulge in physical activity with the assistance of specialist coaches.

Continuing in the area of prevention, Manutan has signed a partnership with France's biggest school of osteopathy (ESO), which offers a free check-up to employees based in France and preferential rates for appointments.

All of these actions are aimed at **reducing the number of accidents in the workplace.**

## An overview of the health and safety collective agreements

**Preventing harassment in the workplace** – In order to ensure the physical well-being and to protect the mental health of employees during their professional work, a new Anti-Harassment Charter was signed in April 2014 at the European Centre and a special committee was formed. After hearing from the protagonists, a Workplace Harassment Mediation Committee seeks an amicable solution to any ill feeling and other conflicts that may have a detrimental effect on the working environment, without commenting on the legal grounds of the underlying facts.

No new health and safety agreements were signed over the 2015/2016 financial period.

## Accidents in the workplace and occupational illnesses

Over the financial period, only three occupational illnesses have been declared in the Group.

This refers to the number of accidents in the workplace that resulted in at least one day's absence.

	2013/2014	2014/2015	2015/2016
Number of workplace accidents with > 1 day's absence	30	47	37
Frequency rate	13.40	16.5	13.6
Seriousness rate	0.10	0.62	0.66

In addition to the proactive policy intended to ensure safety within the Company, in particular in the warehouses, the Group compares its data with the ATMP statistics from the French Social Security Service, published by the INRS:

Workplace accidents	2013	2014	2015
Frequency rate	22.7	22.9	21.9
Seriousness rate	1.4	1.4	1.2

## Training

### Training policies

**Manutan College** – In order to give itself the means to achieve its ambitions, the Group created its own University and invests a large amount in training.

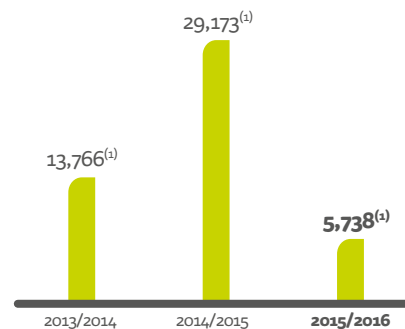
Manutan University covers over 1,000 m<sup>2</sup> over three levels and is based at the Company's European Centre in France. The University is central to the Company's development, it creates the conditions that allow employees who so wish to:

- understand and share the Company's strategy and commitments;
- build on their professional expertise;
- develop team spirit.

Manutan University is open to all of the Group's employees. It offers customised programmes and a range of training sessions, which favour and strengthen the bonds between employees. The University makes full use of a Cultural Centre and Sports Centre, which allow any employee to regularly partake in physical activity according to their aptitude and their progress objectives.

The total hours of training increased greatly in 2014/2015 due to changes made to our processes and the implementation of a new ERP. In 2015/2016, training was essentially concentrated on improving expertise and skill-sets and assisting management in this process.

Over the 2015/2016 financial period, the cost of training accounted for 1.1% of the payroll.



(1) France only.

## Equal treatment

### Anti-discrimination policy

Taking into account the diversity of its business lines, the profiles recruited and the number of its employees, the Manutan Group aims to combat all forms of discrimination. The Group's main areas of action concern origin, gender, handicap, age, sexual orientation, religious diversity, etc.

One of the strategies of the Group's human resources policy is to respect each individual for who they are and "to make our differences make a difference".

### Measures taken to promote equality between men and women

The Group intends to reinforce equality between women and men through a proactive policy in this area.

**In France, agreements on professional equality between women and men** have been negotiated with the social partners, and action plans have been implemented. The areas of work are mostly focussed on training, promoting and articulating the balance between professional life and family responsibility, with for example:

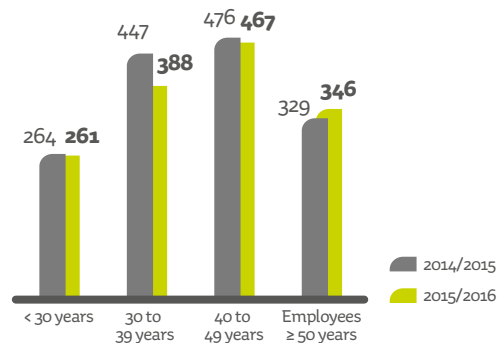
- since 2011, the provision of 20 cradles for employees at the European Centre, as part of an inter-company crèche – with an organic label – less than 800 m from Manutan's European Centre;
- the creation of early release of the Working time savings account in the event of a family incident that requires absence from work;
- individual meetings after prolonged absences in order to better position the employees in their job (an induction programme and training sessions according to needs);
- an objective of progressive equality in the managerial functions.

### Measures taken to promote employment and integration of the disabled

#### Initiatives to help young people and seniors

The subsidiaries covered by the scope of this report employ **261 young people aged less than 30** and include 30 employees with work/study contracts as at 30 September 2016.

People aged more than 50 account for 346 employees as at 30 September 2016.



At the European Centre (France), an agreement for continuing employment beyond 55 years of age (5% of the population) was renegotiated in 2013. The areas of work are mostly focussed on improving working conditions, preventing hardship and organising the transfer of strategic expertise.

The Group also carries out **ongoing talent monitoring**. At every level in the Company, the deployment of assessment tools has been generalised: annual appraisals and "people reviews" by Top Management contribute to the system for continually identifying talents. These tools have made it possible to introduce greater objectivity and better customisation in decisions regarding career management, remuneration and acknowledgement.

#### Employing disabled people

Within the scope covered by this report, **31 employees have a disability**, they account for 2.1% of the workforce.

Ignorance and fear of making mistakes can hold people with disabilities back. In order to consider the attitudes to adopt and the behaviour to be encouraged, some of the Group's subsidiaries have called upon reference organisations to develop or to advertise their commitment:

- **In France**, following a partnership with the AGEFIPH (French fund management organisation for the professional integration of the disabled), Manutan manages its Disability policy independently. Furthermore, since 2011, Manutan has supported the *Bretagne Ateliers* Association, as a shareholder in the association favouring this community that allows people on the fringes of society or with a disability to find dignity through professional work. The French subsidiaries also assign part of their activities to ESATs (French Institutions and Services for Work-Based Assistance).

■ **In France**, one of the strategies of the Group's human resources policy is to respect each individual for who they are and "to make our differences make a difference". This is why Manutan has chosen to inform itself and has launched a vast programme based on its disability policy in partnership with the SAMETH – whose role is to inform, advise and assist Manutan and its employees to find solutions to keep people in work and if necessary apply

any useful financial assistance and tools. As well as ALTHEA that studies the most realistic actions to be implemented to fulfil its employment obligation.

■ **In the Netherlands**, Manutan has created a partnership with three schools specialised in assisting mentally handicapped young people. The local entity hosts students to help them to learn about the world of work.

## Promotion of and compliance with the ILO's Core Conventions

The Group is committed to complying with the principles of the **International Labour Organisation's Declaration** on fundamental principles and rights at work. Manutan undertakes to comply with national and local social regulations, regarding the minimum age for workers,

refusing forced labour and abusive disciplinary practices, preventing discrimination, supporting the freedom of association and of the right to collective bargaining, working hours, remuneration, and health and safety.

# Our societal commitments in favour of sustainable development

## Regional economic and employment impact

### From a regional employment and development standpoint

Manutan's location in the suburbs of Paris in Gonesse (95), for more than 40 years, demonstrates the **Group's intention to favour local development**. Located at the heart of an area that is confronted by certain difficulties regarding employment, the Company hopes to allow people who for example have a low level of qualifications to enter the corporate world. More than 46% of the employees in the CSR scope live in neighbouring areas.

### From the standpoint of neighbouring or local residents

A major part of the Group's activities are located on the edge of urban areas (Paris, Amsterdam, Southampton, Gothenburg, Ostrava, etc.), in business lines suited to logistics activities, which require storage space. As a result, **the impact on neighbouring and local populations is very limited**.

### Relationship with stakeholders

**Maintaining sustainable and transparent relationships with stakeholders** – For many years, the Group has strived to build a regular and constructive dialogue with its stakeholders at a local and nation level, in all of the countries where it operates. It favours an open dialogue, which aims to develop innovative projects or partnerships. Modes of dialogue vary according to the stakeholders in question, at the level of each entity or at a Group level.

From 2016, the implementation of a new Group Human Resources Division will make it possible to monitor the different actions undertaken in this area by all the subsidiaries.



## EXAMPLES OF STAKEHOLDERS

Stakeholders	Main forms of dialogue
Employees	<ul style="list-style-type: none"> <li>Regular internal communication actions (intranet), intended for all the subsidiaries</li> <li>A number of communication screens around all of the European Centre (France)</li> <li>Regular meetings between the Executive Management and all the employees, with plenary sessions organised</li> </ul>
Social partners	<ul style="list-style-type: none"> <li>Regular discussions with the staff representative bodies</li> <li>Signature of collective bargaining agreements with the Trade Union Representatives</li> </ul>
Shareholders, investors	<ul style="list-style-type: none"> <li>Half-yearly meetings with the financial community, when the Group's results are published</li> <li>Quarterly communiqués and publications in the economic and financial press, available on the <a href="http://www.manutan.com">www.manutan.com</a> website</li> <li>Financial statements available on the <a href="http://www.manutan.com">www.manutan.com</a> website, in French and English, to present the Group's development and communicate the financial and stock market information</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Commercial websites</li> <li>Communication on the social networks</li> <li>Customer satisfaction surveys</li> <li>Regular publications to promote the Group</li> </ul>
Public and local authorities	<ul style="list-style-type: none"> <li>Member of the Val-d'Oise Corporate Movement Organisation</li> </ul>
Partners	<ul style="list-style-type: none"> <li>A member of the French Distance Selling Companies Federation (<i>Fédération des Entreprises de Vente à Distance – FEVAD</i>)</li> </ul>

## Sub-contracting and suppliers

### Taking account of social and environmental issues in the purchasing policy

Considering its activities as a distributor, the Group has an approach to social responsibility that goes beyond internal practices and also includes the risks and challenges related to its supply chain. The Manutan Group operates exclusively in Europe and **purchases almost all of its products from European suppliers**, which greatly reduces the risks related to the fundamental provisions of the ILO.

However, **an audit** is conducted for the share of products sourced directly in Asia (less than 10% of total purchases) through regular inspections of production sites by the Manager of procurement.

### The importance of sub-contracting, and of taking suppliers and sub-contractors' social and environmental responsibility into account when dealing with them

Subcontracting is the process through which a businessman assigns, under their own liability, by means of a subcontracting agreement, all or part of the performance of a contract or a public contract concluded with a contractor to a third party, known as a subcontractor.

The Manutan Group does not use subcontractors according to this definition. The Group does outsource some activities such as transport but these services are not covered by a subcontracting agreement.

## Fair practices

### Measures taken to combat corruption

The Group's Internal Control division does not carry out any specific awareness raising actions with the Group's subsidiaries as the risk appears to be low in view of the geographical areas where our subsidiaries operate (EU).

### Measures taken to promote consumers' health and safety

The quality and safety of the products are absolute priorities for the Group for all products, including its own brands.

90% of our merchandise is purchased from European suppliers. For products sourced in Asia (the remaining 10%), specification sheets are systematically drafted to serve as a reference for inspection by sampling of the products in containers. For EC regulated products, laboratory tests are carried out (technical compliance, marking, product documentation).

## Other

### Measures taken to promote human rights

The Group is committed to complying with the principles of the Human Rights Declaration.

# Our environmental commitments

## General policy

The Manutan Group has three priorities in the environmental area:

- reducing greenhouse gas emissions;
- improving energy efficiency;
- reducing and recycling waste.

### The organisation of the Company to take environmental issues into account, environmental assessment or certification procedures and the means given over to preventing environmental risks and pollution

The Manutan Group has a proactive policy regarding the environment. In order to prevent and limit the environmental risks of the Group's activities, the Health, Safety and Environment division (HSE) manages environmental priorities, leads the sharing of best practices and monitors actions plans.

This division deploys a **continuous improvement approach** to the Group's environmental performance, based on specific local working groups.

### The Manutan European Centre, the emblem of a commitment to the environment

Because the Group gives itself the means to meet its objectives, the European Centre is now an emblem of its environmental commitment: 13.5 hectares, 41,000 m<sup>2</sup> of

warehouses, 9,500 m<sup>2</sup> of offices, a university, a company restaurant, a Sports Centre and a concierge service, which are all certified as being of High Environmental Quality. Manutan's European Centre was one of the first sites in France to have double HEQ certification (construction and operation) for the high environmental quality of its tertiary and logistics areas.

This HEQ design is equipped with a system that allows the Company to optimise its energy resources in several areas:

- recovering rain water for toilets and watering plants;
- infra-red taps, economic flushes;
- using economic light sources;
- green roofs for thermal and acoustic comfort;
- excessive thermal and acoustic insulation of areas;
- triple glazing, which provides perfect insulation;
- Nightcooling technology, which makes it possible to purge the heat accumulated in the building and introduce cool air from outside;
- Centralised Technical Management, which manages all of the buildings (temperature, lighting, air renewal, monitoring, etc.);
- heating and cooling of ambient air using geothermal technology<sup>(1)</sup> distributed by a network of heat-emitting panels;
- a car park for electronic vehicles with charging terminals.

### Developing certification initiatives

The Group encourages its entities to carry out certification procedures wherever this can add value. In this way, the activities of many of the Group's large size companies have been certified, particularly regarding environmental aspects.

Certifications	ISO 14001 version 2000	HEQ	ISO 9001 version 2000
European Centre (France)		Since September 2011	
Manutan SA (France)			Since December 1996
Manutan Collectivités SAS (France)			Since 1997
Manutan BV (The Netherlands)	Since April 2015		Since March 2014
Rapid Racking Ltd (United Kingdom)	Since August 2010		Since July 1999
Key Industrial Equipment Ltd (United Kingdom)	Since 2004		Since 2002

(1) Geothermal technology: this technology is sourced by pumping from the water table at a depth of 57 m. The water there is at a temperature of 13 °C and goes through heat exchangers to exchange energy with a heat pump. The water is then discharged *via* a second well.

## Initiatives implemented in order to train and inform employees about protecting the environment

### Offering and promoting environmentally responsible products

Selecting high quality products has always been a major preoccupation for the Group.

**The “Lili” children’s furniture range** – In 2012, in France, Manutan Collectivités launched “Lili”, a range of ecological furniture for young children, developed with ESAT (vocational rehabilitation centre) in Aiffres (Deux-Sèvres Department). This partnership is part of a real world approach to sustainable development, on an environmental, social and local level. The “Lili” collection is designed to be fun, ergonomic and even safer and healthier for children. It favours employment through its use of natural resources using less toxic wood that is less fragile for use. Made from materials that emit few Volatile Organic Compounds (VOC) and from panels that emit little formaldehyde, beyond the regulatory requirements (NF Crèches, NF Environnement, etc.), this range also contributes to improving the air quality in establishments for young children.

### Raising employees’ awareness

As employees are the primary participants in the Group’s environmental approach, a number of awareness raising actions about the issues of sustainable development are organised.

**Manutan, taking part in the French sustainable development week** – In France, Manutan Collectivités takes part in the Sustainable development Week (a national

week organised by the French Ministry of the Environment and Sustainable Development). These two entities organise fun, educational activities on their sites to explain environmentally friendly gestures and the Company’s environmental approach in order to create an in-house drive to protect the environment.

**Training employees in environmentally friendly driving** – Several companies in the Group (Witre in Scandinavia, Manutan Collectivités, Sports et Loisirs, and Manutan SA in France) carry out actions to educate employees about eco-driving. In Scandinavia and the French subsidiaries, the Company’s policy is to offer low pollution and/or hybrid cars to employees who are entitled to a Company car.

**Encouraging waste sorting and recycling** – In France, the concierge service encourages responsible behaviour by providing employees with an area to sort their waste and to recycle batteries and bulbs. Recycling is carried out by State approved environmental organisations. Major efforts are also made to encourage the sorting of paper, bottles and caps. Finally, low energy bulbs are used in internal areas and external lighting is reduced to identified needs.

Training was also carried out for employees in warehouses about waste sorting and the impact that this can have on our environment.

### Amount of provisions and guarantees for environmental risks

A “pollution and damage to the environment” guarantee is included in the Third Party Liability insurance policy intended to cover the Company against any environmental risks. Over the financial period, the Group has not made any provisions or paid any compensation in this regard.

## Pollution

### Measures for preventing, reducing, or remedying discharges into the atmosphere, water, and soil that have a serious impact on the environment

In France, on the site of the European Centre in Gonesse, the **plants on the banks of the roads** carrying lorries have been selected due to their properties for absorbing hydrocarbons in order to avoid infiltration into the soil. In this way, two planted strips run all the way around the site to increase efficiency.

Also, in France, Company vehicles are selected according to their CO<sub>2</sub> emissions that must be lower than 125 g. A hybrid vehicle is systematically offered for every category of vehicles.

No measures have been taken at this time in the other entities in the scope.

### Taking noise nuisance and any other pollution specific to a business activity into account

Noise pollution caused by the Group’s activity is limited due to several initiatives: opening warehouses from 7 am until 9 pm, receiving merchandise in the morning and delivering to customers during the day, on working days. Acoustic studies are carried out regularly in warehouses, particularly near to areas where products are loaded and unloaded. These have never revealed any values higher than the standards in force.

## Circular economy

### Waste prevention and management

#### Waste prevention, recycling, reusing other forms of recovery and elimination measures

**Promoting selective collection and recycling** – The main items of waste produced by the Group's operations are cardboard, plastic and paper. Practically all Manutan Group subsidiaries have put in place a strategy of selective waste collection and recycling in accordance with local regulations. In the Netherlands, for example, 50% of packaging received from suppliers is reused in-house.

In France, a project team has been working since the summer of 2015 on optimising paper consumption and recycling wooden pallets, with the aim of bringing about a real change in the business culture. Quantitative statistics will be produced between now and 30 September 2017.

**Encouraging responsible consumption** – The Group's European Centre has implemented a generalised distribution of mugs and cloth napkins, to raise awareness with employees and greatly reduce the consumption of plastic cups and paper serviettes. Furthermore, all of the multifunction printers in the pool in France have been set to print in black and white and on both sides of paper by default.

**Developing electronic invoicing** – Upstream actions have been taken to avoid or reduce producing waste. The Group is therefore developing electronic invoicing to an ever greater extent: Dutch or French customers and those of Rapid Racking in the United Kingdom can now opt for electronic taxation. In the Netherlands, 62% of invoices have been sent by email, a rate that hits 90% for Rapid Racking.

**For several years the Company has been working on optimising the production of its catalogue in order to reduce costs and the environmental impact:**

- **The use of certified paper:** the design of the catalogues, which is mostly centralised in France, favours the use of certified paper (PEFC or FSC). The PEFC (Program for Endorsement of Forest Certification) or FSC (Forest Stewardship Council) certifications cover all of the forestry chain. Applying this label to a product guarantees that it has been produced using wood from a sustainably managed forest, based on the three principles that the forest must be: ecologically adapted, socially beneficial and economically viable.
- **A paper producer that is committed to an environmental approach:** the Group's main paper supplier takes the following actions to preserve natural resources:
  - 90% of the water consumed is filtered and returned to nature;
  - less chlorine, lower CO<sub>2</sub> emissions;
  - an energy saving programme: using biofuels;
  - transportation is carried out by rail or waterways.

■ **A responsible approach.** For its part, the Manutan Group undertakes to:

- print on high environmental quality sites (using plant based inks, water recycling programmes, producing their own energy, etc.);
- select the thinnest paper (35 g), reducing the volume of paper consumed (less transport, fewer raw materials);
- use graphic style guides that are designed to use less ink, smaller formats (optimising page layouts);
- send any catalogues that have not been distributed to another customer.

For the 2017 catalogue, we intend to continue with a smaller format in order to optimise the quantities distributed (-7% compared with 2016) this will allow for a saving of 70 tonnes of paper (-6% compared with 2016) without having any impact on the quality of service offered to customers.

### Water consumption and supply depending on local constraints

The Group's activities mostly use water from local networks, and mainly for sanitary uses.

At the European Centre, in France, rainwater is recovered and used for sanitation and to water the green areas. However, it should be noted that the recent dry and windy spring meant that water had to be taken from the domestic network to water the green areas.

#### WATER CONSUMPTION

Water consumption	2013/2014	2014/2015	2015/2016
In m <sup>3</sup>	13,342	14,713	13,408

### The consumption of raw materials and measures taken to improve their efficient use

As its business is as distributor, the Group does not directly consume raw materials, but it undertakes to offer and promote environmentally friendly products.

### Energy consumption, measures taken to improve energy efficiency and use of renewable energy

Improving the energy efficiency of the Group's premises is a priority. The three main items of energy consumption (essentially electricity and gas) are lighting and heating for offices and warehouses, and recharging the batteries of the fork lifts used to handle products.



## Stabilising energy consumption

### ELECTRICITY AND GAS CONSUMPTION

Electricity consumption	2013/2014	2014/2015	2015/2016
<i>In kWh</i>	7,209,008	7,363,224	6,965,451

Gas consumption	2013/2014	2014/2015	2015/2016
<i>In kWh</i>	4,052,819	4,206,578	3,573,687

Different studies have been launched to maintain a drive towards energy saving (re-lamping with LED, etc.), and other lines will be developed as soon as the energy audit is received, which is expected in early 2017.

## Climate change

### The significant points of greenhouse gas emissions due to the Company's activity, in particular through the use of the goods and services that it produces

#### Greenhouse gas emissions

**Carbon report®** – Two of the Group's largest subsidiaries have initiated a Bilan Carbone® (Carbon footprint analysis). This approach was launched in December 2009 in the Netherlands and in November 2010 for Manutan in France. The aim of these initiatives is to produce an objective vision of the sources of CO<sub>2</sub> emissions so that actions can be taken on the most critical points. Manutan decided to launch a new Bilan Carbone® in 2016 in order to measure the effects of the actions already taken and to define a new action plan for the Group. On a like for like basis, over the 2013/2014 financial period Manutan emitted 6,379 tCO<sub>2</sub>eq *i.e.* a decrease of 22%.

The sources taken into account in this Bilan Carbone® are as follows:

- Energy: energy consumptions including electricity, natural gas and fuel oil were taken into account.
- Freight: the downstream transportation of merchandise was included. However, due to a lack of information, we have not been able to take upstream transportation into account due to the large number of suppliers and the irregular nature of deliveries and rounds.

- Travel: professional travel and commuting from home to work have been taken into account.
- Inputs: incoming hardware and consumables and services have been taken into account.
- Direct waste: emissions of direct waste and how it is recycled have been taken into account.
- Investments: real estate, machines and vehicles have also been taken into account.

**Car sharing** – The car sharing website implemented in 2013 did not have the desired effect as it emerged that car sharing develops better through word of mouth and that no online tool was required. Because of this, it has not been possible to measure car sharing at the European Centre in Gonesse, France. However, a project team has since been working on means to facilitate car sharing practices.

CO<sub>2</sub> emissions related to power consumption on the sites, which account for one of the largest causes of emissions, reached 2,435 t CO<sub>2</sub>eq for the 2015/2016 financial period.

# Report of one of the Statutory Auditors appointed as an independent third-party body on the consolidated social, environmental and societal information provided in the Management Report

**Financial year ended 30 September 2016**

Dear Shareholders,

In our capacity as the appointed Statutory auditors appointed as a third party independent organisation, accredited by COFRAC under the number 3-1049<sup>(1)</sup>, for the company Manutan International S.A., we hereby present to your our report on the consolidated social, environmental and corporate information regarding the financial year ending 30 September 2016, presented in the management report (hereafter the "CSR Information"), pursuant to article L. 225-102-1 of the French Commercial Code.

## The Company's responsibility

The Board of Directors is obliged to prepare a Management Report including the CSR information provided for by article R. 225-105-1 of the French Commercial Code, prepared pursuant to the protocols used by the company (hereafter the "Guidelines"), a summary of which is included in the Management Report and available on request at the Company's registered office.

## Independence and quality control

Our independence is defined by the regulatory texts, the professional code of ethics and the provisions provided for by article L. 822-11 of the French Commercial Code. Furthermore, we have implemented a quality control system that includes documented policies and procedures aimed to ensure compliance with ethical rules, professional standards and applicable regulations and legislation.

## Responsibility of the Statutory Auditor

Based on our work, it is our duty to:

- certify that all the required CSR Information is included in the Management Report or, in the event of omission, is subject to an explanation pursuant to article R. 225-105 of the French Commercial Code (Certificate of inclusion of the CSR Information);
- reach a conclusion expressing a moderate assurance that the CSR Information, as a whole, is presented, in all significant aspects, in a fair manner according to the Guidelines (Reasoned opinion on the accuracy of the CSR Information).

Our work depended on the expertise of five people and took place between October 2016 and January 2017 over a total working time of about three weeks. We have called upon our experts in the area of CSR to assist us in performing our work.

We performed the work described hereafter pursuant to the French order of 13 May 2013 determining the terms under which the independent third party organisation performs its assignment and the professional policy of the national auditing body [the Compagnie nationale des Commissaires aux Comptes] regarding this work and, regarding the reasoned opinion on the accuracy, international standard ISAE 3000<sup>(2)</sup>.

(1) Of which the scope is available on [www.cofrac.fr](http://www.cofrac.fr).

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

# 1 Certificate of inclusion of the CSR Information

## Nature and scope of the work

We have studied, based on interviews with the managers of the divisions in question, the presentation of the strategy regarding sustainable development, according to the social and environmental consequences related to the company's activity and the company's undertakings and, where applicable, the resulting actions or programmes.

We have compared the CSR Information included in the Management Report with the list provided for by article R. 225-105-1 of the French Commercial Code.

Due to the absence of some of the consolidated information, we have verified that explanations were provided pursuant to the provisions of article R. 225-105 paragraph 3 of the French Commercial Code.

We have verified that the CSR Information covers the consolidated scope, i.e. the Company and its subsidiaries as defined in article L. 233-1 and the companies that it controls as defined in article L. 233-3 of the French Commercial Code within the limits specified in the "CSR Report Methodology Note" in the Management Report.

## Conclusion

Based on this work and taking into account the limits given above, we certify the inclusion of the required CSR Information in the Management Report.

# 2 Reasoned opinion on the accuracy of the CSR Information

## Nature and scope of the work

We have performed five interviews with the people responsible for preparing the CSR Information from the divisions responsible for the process of collecting the information and, where applicable, responsible for the internal control and risk management procedures, in order to:

- assess the appropriate nature of the Guidelines regarding the relevance, its exhaustiveness, its reliability, its neutrality, and its comprehensiveness, taking into account, where applicable, best practices in the area;
- verify the implementation of a collection, compilation, processing and control procedure that aims to ensure the exhaustiveness and the coherence of the CSR Information and to be aware of the internal control and risk management procedures regarding the preparation of the CSR Information.

We have determined the nature and the extent of our tests and controls according to the nature and the scale of the CSR Information regarding the characteristics of the company, the social and environmental issues of its activities, its strategies regarding sustainable development and best practices in the sector.

For the CSR information that we considered to be the most important<sup>(3)</sup>:

- at the level of the consolidating entity, we have consulted the documentary sources and performed interviews to corroborate the qualitative information (organisation, policies, actions). We have implemented analytical procedures on the qualitative information and verified, based on surveys, the calculations and the consolidation of the data and we have verified that they are coherent and concordant with the other information in the Management Report;
- at the level of a representative sample of the entities that we have selected<sup>(4)</sup> according to their activity, their contribution to the consolidated indicators, their implantation and a risk analysis, we have performed interviews to verify the proper application of procedures and to identify any omissions, and the implementation of the detail tests based on sampling, consisting of verifying the calculations made and in comparing the data from evidence;

(3) **Social indicators:** Average workforce FTE, Workforce as at 30/09/2016 broken down by sex and age, Number of hires, Number of departures, Number of days absence broken down by reason, Number of accidents at work entailing more than one day's lost time, Number of hours worked, Number of hours of training.

**Environmental indicators:** Electricity consumption, Natural gas consumption, Water consumption.

**Qualitative information:** The organisation of social dialogue, in particular information procedures, consulting and negotiating with staff, A review of agreements signed with trade union organisations or staff representatives regarding health and safety in the workplace, The measures taken to promote the employment and integration of disabled people, The scale of sub-contracting and how corporate social and environmental responsibility is taken into account in relations with suppliers and subcontractors.

(4) ESU Manutan in France (DREDA).

## Social, societal and environmental responsibility

Report of one of the Statutory Auditors appointed as an independent third-party body on the consolidated social, environmental and societal information provided in the Management Report

- The selected sample represents 39% of the workforce considered as a characteristic scale for the social area and between 43% and 64% of the environmental data considered as a characteristic scale for the environmental area<sup>(5)</sup>.

For the other consolidated CSR Information, we have assessed their consistency compared with our knowledge of the company.

Finally we have assessed the relevancy of the explanations regarding, where applicable, the total or partial absence of some information.

We consider that the sampling methods and the size of the samples that we have selected by using our professional judgement allow us formulate a conclusion of moderate assurance; a higher level of assurance would have required more extensive verification work. Due to using sampling techniques and the other limitations inherent to the operation of any internal information and control system, the risk of failing to detect a significant anomaly in the CSR information cannot be totally eliminated.

### Conclusion

Based on our work, we have not found any significant anomaly of such a nature as to call into question the fact that the CSR Information, as a whole, is presented in an accurate manner, in compliance with the Guidelines.

Paris – La Défense, 27 January 2017

**KPMG SA**

Anne Garans  
*Partner*

Franck Noël  
*Partner*

*Sustainable Development Department*

(5) Electricity consumption, Natural gas consumption, Water consumption.





# Corporate Governance

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Its family structure and its listed company status since 1985 guarantee the independence, stability and dynamism of the Manutan Group.

## Board and Management Bodies

We would remind you that the General Meeting of Shareholders of 30 November 2011 had decided to change the way in which the Company was governed. The Company's legal form changed from a French Limited Company (*Société*

*Anonyme*) with a Management Board and a Supervisory Board into a Limited Company with a Board of Directors with dissociation of the roles of Chairman of the Board and General Manager.

### Board of Directors

#### Composition of the Board of Directors on 20 January 2017

It is specified that the Directors elect domicile at the Company's registered office for the purpose of their activities.

#### CHANGES TO THE COMPOSITION OF THE BOARD OF DIRECTORS IN THE 2015-2016 FINANCIAL YEAR

Date	Change in the composition of the Board	Additions in terms of gender equality, nationality or international experience
General Meeting of 17 March 2016	Renewal of the term of office of Mrs Violette Watine	This renewal allows the Company to increase the number of women on the Board and to benefit from her experience in the field of corporate strategy



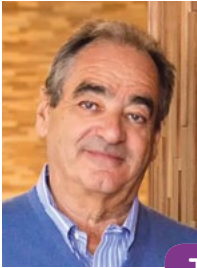
Board members	Family connections with other Corporate Officers	Position/Committee	Age	Nationality	Initial appointment date/ Renewal date	End-of-term year	Number of shares held
<b>André Guichard</b>	Father of Jean-Pierre Guichard, grandfather of Xavier Guichard	Honorary Chairman of the Board (non Director)	92 years old	French	02/05/1994: Chairman of the Supervisory Board GM 30/11/2011 GM 19/03/2013 GM 13/03/2014 BD 13/03/2015: Honorary Chairman of the Board (appointment) BD 16/01/2017	2019	909,931 in full ownership 1,756,518 in beneficial ownership
<b>Jean-Pierre Guichard</b>	Son of André Guichard, father of Xavier Guichard	Chairman of the Board	70 years old	French	02/05/1994: Chairman of the Management Board GM/BD 30/11/2011: Chairman of the Board of Directors (appointment) GM/BD 19/03/2013 GM/BD 12/03/2015	GM 2017 <sup>(2)</sup>	449,196 in full ownership 1,569,746 in beneficial ownership
<b>Xavier Guichard</b>	Son of Jean-Pierre Guichard, grandson of André Guichard	General Manager and Director	44 years old	French	30/10/2009: Member of the Management Board GM/BD 30/11/2011: Deputy General Manager GM/BD 19/03/2013: General Manager (appointment) GM/BD 12/03/2015	GM 2017 <sup>(2)</sup>	4,500 in full ownership 93,386 in beneficial ownership
<b>Brigitte Auffret</b>	N/A	Deputy General Manager Director and Secretary General	55 years old	French	25/01/2002: Member of the Management Board GM/BD 30/11/2011: Deputy General Manager (appointment) GM/BD 19/03/2013 GM/BD 12/03/2015	GM 2017 <sup>(2)</sup>	4,500
<b>Pierre-Olivier Brial</b>	N/A	Deputy General Manager Director	43 years old	French	30/10/2009: Member of the Management Board GM/BD 30/11/2011: Deputy General Manager (appointment) GM/BD 19/03/2013 GM/BD 12/03/2015	GM 2017 <sup>(2)</sup>	2,500
<b>Nicolas Huet<sup>(1)</sup></b>	N/A	Director Chairman of the Audit Committee Member of the Appointments and Remuneration Committee	46 years old	French	GM 30/11/2011 GM 19/03/2013 GM 12/03/2015	GM 2017 <sup>(2)</sup>	20
<b>Carlo d'Asaro Biondo<sup>(1)</sup></b>	N/A	Director Member of the Audit Committee Chairman of the Appointments and Remuneration Committee	51 years old	French	GM 30/11/2011 GM 19/03/2013 GM 12/03/2015	GM 2017 <sup>(2)</sup>	148
<b>Jérôme Lescure<sup>(1)</sup></b>	N/A	Director Member of the Audit Committee and of the Appointments and Remuneration Committee	56 years old	French	GM 19/03/2013 GM 12/03/2015	GM 2017 <sup>(2)</sup>	100
<b>Violette Watine<sup>(1)</sup></b>	N/A	Director	41 years old	French	GM 13/03/2014 GM 17/03/2016	GM 2018	85

(1) Independent members. Please refer to page 48 in the Chairman's Report regarding independence criteria.

(2) The Board of Directors shall request the renewal of this appointment by the General Meeting on 9 March 2017 for a period of two years, i.e. until the end of the General Meeting held in 2019.



## Directors' biography and main appointments



Jean-Pierre Guichard, who is an entrepreneur at heart, has spent his entire career at Manutan, from when he founded the Company in 1966, with his father, André Guichard.

He was appointed Chairman of the Management Board in 1994, and then Chairman of the Board of Directors in November 2011, following the change in Manutan International's management structure. His term of office was renewed by the General Meeting of 19 March 2013, then that of 12 March 2015. The renewal of his term of office as Director will be proposed to the General Meeting of 9 March 2017 by the Board of Directors. The renewal of his term of office as Chairman of the Board of Directors shall be submitted to the Board of Directors of 9 March 2017.

**Jean-Pierre Guichard** Chairman of the Board of Directors (non-executive)



Xavier Guichard, who is a devotee of Art in all its forms, and especially of modern painting, joined the Manutan Group as the Group Financial Controller in 2002. He was the Group's Director of Operations between 2005 and 2008. He was appointed as a member of Manutan International's Management Board by the Supervisory Board in October 2009.

Following the change in Manutan International's management structure, Xavier Guichard was appointed as a Director and Deputy General Manager of the Company in 2011, and then as General Manager in March 2013. The renewal of his term of office as Director will be proposed to the General Meeting of 9 March 2017 by the Board of Directors. The renewal of his term of office as General Manager shall be submitted to the Board of Directors of 9 March 2017.

**Xavier Guichard** General Manager and Director



Brigitte Auffret adores opera singing, in which she has been involved since her teenage years, she was hired as a financial controller by the Company in February 1986.

She was appointed as the Manutan Group's Administrative and Finance Director in 2000.

In January 2002, she was appointed as a member of the Manutan International Management Board by the Supervisory Board, and then as General Manager in September 2006.

Following the change in Manutan International's management structure, Brigitte Auffret was appointed as a Director and Deputy General Manager in November 2011. Her term of office was renewed by the General Meeting of 19 March 2013, then that of 12 March 2015. The renewal of his term of office as Director will be proposed to the General Meeting of 9 March 2017 by the Board of Directors. The renewal of her term of office as Deputy General Manager shall be submitted to the Board of Directors of 9 March 2017.

**Brigitte Auffret** Deputy General Manager, Director and Secretary General

Pierre-Olivier Brial has enjoyed playing the guitar and singing since he was a child, and devotes his free time to his passion at his home recording studio. In October 2001, he was hired as Assistant to the Director of Research and Development by Manutan International, the French Company.

He then held various management positions within the Group, including in e-business and development, and as manager of the European geographical areas.

Pierre-Olivier Brial was appointed as a member of Manutan International's Management Board by the Supervisory Board on 30 October 2009.

Following the change in Manutan International's management structure, Pierre-Olivier Brial was appointed as a Director of the Company and then as Deputy General Manager in November 2011. His term of office was renewed by the General Meeting of 19 March 2013, then that of 12 March 2015. The renewal of his term of office as a Director will be proposed to the General Meeting of 9 March 2017 by the Board of Directors. The renewal of his term of office as Deputy General Manager shall be submitted to the Board of Directors of 9 March 2017.

**Pierre-Olivier Brial** Deputy General Manager and Director



André Guichard founded Manutan International in 1966, with his son, Jean-Pierre Guichard. At the time, he was the General Manager of a company that marketed forklifts. However, he joined Jean-Pierre Guichard in 1973, in order to take charge of the Company's Marketing Department in particular.

André Guichard was appointed Chairman of the Supervisory Board in May 1994, and then as a Director of Manutan International in November 2011, following the change in the Company's management structure. In March 2015, he decided not to renew his appointment as Director; he was then appointed as Honorary Chairman of the Board of Directors. The renewal of his term of office as Honorary Chairman has been decided by the Board of Directors of 16 January 2017.

**André Guichard** Honorary Chairman





Nicolas Huet trained as a lawyer, and holds Degrees in Business Law (1992) and International Law (1993) from Paris II University – Panthéon Assas. He practised as a lawyer specialising in mergers & acquisitions up until 2011. He was a partner at White & Case between 2006 and 2011. Since then, he has been the Director of Legal Affairs for Eurazeo SA, which is listed on Euronext Paris.

Nicolas Huet was appointed Director by the General Meeting of 30 November 2011; his appointment has been renewed by the General Meeting of 19 March 2013 and by that of 12 March 2015. His appointment as a Director will be proposed to the General Meeting of 9 March 2017 by the Board of Directors. He is also Chairman of the Audit Committee and member of the Appointments and Remuneration Committee. The renewal of these terms of office will be submitted to the Board of Directors of 9 March 2017. He is classified as independent Director.

**Nicolas Huet** Director

Carlo d'Asaro Biondo, a French and Italian national, studied in Italy. He began his career as a consultant at KPMG SA, he then became the consulting Group's General Manager for France.

He joined Unisys in late 2001, as Vice-Chairman and General Manager for the Communications and Media Businesses. He was appointed as Senior Vice-President in Charge of Telecommunications at AOL Europe in 2004, and then as General Manager of AOL France. He was then promoted to Chairman of AOL Europe. Carlo d'Asaro Biondo was appointed as General Manager for International Operations at Lagardère Active Media in early 2007. He has been the Chairman of Google's Operations in Southern and Eastern Europe, the Middle East, and Africa since 2009.

Since January 2015, he has been Chairman of EMEA, responsible for strategic and institutional relations.

Carlo d'Asaro Biondo was appointed Director by the General Meeting of 30 November 2011; his appointment has been renewed by the General Meeting of 19 March 2013, then that of 12 March 2015. His appointment as a Director will be proposed to the General Meeting of 9 March 2017 by the Board of Directors. He is also Chairman of the Appointments and Remuneration Committee and a member of the Audit Committee. The renewal of these terms of office will be submitted to the Board of Directors of 9 March 2017. He is classified as independent Director.



**Carlo d'Asaro Biondo** Director

Jérôme Lescure is a graduate of the *École Spéciale d'Architecture* and *École Nationale des Ponts et Chaussées*, and also holds an MBA from HEC. He began his career in the information technology sector in 1985.

After his MBA, he joined AT Kearney, a consulting strategy firm that he co-managed as Partner until 2010. Between 1997 and 2001, he was Vice-Chairman of Euro Disney, where he was responsible for the development of the theme park and of the property division. He became General Manager for Accenture Management Consulting in France in 2011.

He has been an entrepreneur and investor in fast growing SMCs since the end of 2012.

Jérôme Lescure was appointed Director by the General Meeting of 19 March 2013, then that of 12 March 2015. The renewal of his term of office as a Director will be proposed to the General Meeting of 9 March 2017 by the Board of Directors. He is also member of the Audit Committee and of the Appointments and Remuneration Committee. The renewal of these terms of office will be submitted to the Board of Directors of 9 March 2017. He is classified as independent Director.



**Jérôme Lescure** Director

Violette Watine is a graduate of Reims Business School. She completed her education by enrolling on the HEC Challenge Plus programme, which is dedicated to innovative and high technology start-ups.

She began her career at Procter & Gamble in 1998, and then at L'Oreal, in marketing development positions. Following her conversion to the environmental cause, she decided to put her skills at the service of her convictions. In 2006, she founded Mademoiselle Bio, which became the leading multichannel organic beauty and well-being product retail brand, and which she sold in 2010. After supporting the Company's buyers until the end of 2011, she set up and managed the French subsidiary of Da Wanda, a European marketplace dedicated to crafts and handmade products. Since February 2014, she has been Development Director for Envie de fraises, the digital fashion brand, French leader in maternity clothes.

Violette Watine was appointed Director by the General Meeting of 13 March 2014, then that of 9 March 2016; her appointment was renewed by the General Meeting of 17 March 2016. She has the capacity of Independent Director.



**Violette Watine** Director

3

## List of the offices held by the Directors

Names	Existing appointments		Expired appointments
	In the Group	Outside the Group	Appointments and roles (outside the Group) performed in the last 5 years that no longer exist at this time
<b>Jean-Pierre Guichard</b>	Director of Manutan SA (France) Co-manager of SCI Philippe Auguste (France) Director of Manover BV (Netherlands) Chairman of Manutan Ltd (United Kingdom) Chairman of Key Industrial Equipment Ltd (United Kingdom) Director of Rapid Racking Ltd (United Kingdom) Chairman of The Euroequipment Ltd (United Kingdom) <sup>(1)</sup> Chairman of Metro Storage Systems Ltd (Republic of Ireland) <sup>(1)</sup> Chairman of Witre AB (Sweden) Director of Manutan Unipessoal Lda (Portugal) Chairman of The Eurostore Group Ltd (United Kingdom) <i>None of these companies are listed</i>	Chairman of the Board of Directors and Director of MT Finance SA (Luxembourg), <i>unlisted company</i>	None
<b>Xavier Guichard</b>	Chairman and Chief Executive Officer of Manutan SA (France) Co-manager of SCI Philippe Auguste (France) Chairman of Manutan Collectivités SAS (France) Chairman of the inter-company restaurant association (France) Chairman of Sports et Loisirs SAS (France) Chairman of Papeteries Pichon SAS (France) Chairman of Manutan Italia Spa (Italy) Manager of Manutan SL (Spain) Director of Manutan s.r.o. (Czech Republic) General Manager of Trovatar a.s. (Czech Republic) Director of Manutan Unipessoal Lda (Portugal) Chairman of IronmongeryDirect Ltd (United Kingdom) Director of Rapid Racking Ltd (United Kingdom) Chairman of Group Hardware Ltd (United Kingdom) Director of Essex Electrical Wholesalers (Braintree) Ltd (United Kingdom) Director of Witre OY (Finland) Director of Witre Danmark A/S (Denmark) Chairman of Ikaros Cleantech AB (Sweden) Chairman of Ikaros OY (Finland) Director of Manutan Ltd (United Kingdom) <i>None of these companies are listed</i>	Director of MT Finance SA (Luxembourg), <i>unlisted company</i>	None
<b>Brigitte Auffret</b>	Deputy General Manager of Manutan SA (France) Chairwoman of the Supervisory Board of Manutan Collectivités SAS (France) Chairwoman of the Supervisory Board of Sports et Loisirs SAS (France) Member of the Supervisory Board of Papeteries Pichon SAS (France) Director of Manover BV (Netherlands) Director of Witre AB (Sweden) Member of the Supervisory Board of Trovatar a.s. (Czech Republic) Chairwoman of The Eurostore Group Ltd (United Kingdom) Director of Rapid Racking Ltd (United Kingdom) Co-manager of Manutan Polska Sp.z.o.o. (Poland) Co-manager of Manutan Slovakia s.r.o. (Slovakia) Co-Manager of Manutan Hungária Kft (Hungary) Director of Manutan s.r.o. (Czech Republic) Director of IronmongeryDirect Ltd (United Kingdom) <i>None of these companies are listed</i>	None	None

(1) Company dissolved at 30 September 2016.

Names	Existing appointments		Expired appointments
	In the Group	Outside the Group	Appointments and roles (outside the Group) performed in the last 5 years that no longer exist at this time
<b>Pierre-Olivier Brial</b>	Deputy General Manager of Manutan SA (France) Member of the Supervisory Board of Manutan Collectivités SAS (France) Member of the Supervisory Board of Sports et Loisirs SAS (France) Member of the Supervisory Board of Papeteries Pichon SAS (France) Director of Manovert BV (Netherlands) Director of Manutan NV (Belgium) Co-manager of Manutan GmbH (Switzerland) Co-manager of Manutan GmbH (Germany) Member of the Supervisory Board of Trovatar a.s. (Czech Republic) Director of Manutan Ltd (United Kingdom) Director of Key Industrial Equipment Ltd (United Kingdom) Director of Euroequipment Ltd (United Kingdom) <sup>(1)</sup> Director of Rapid Racking Ltd (United Kingdom) Director of The Eurostore Group Ltd (United Kingdom) Director of Essex Electrical Wholesalers (Braintree) Ltd (United Kingdom) Director of Metro Storage Systems Ltd (Republic of Ireland) <sup>(1)</sup> Chairman of Witre A/S (Norway) Director of Witre AB (Sweden) Chairman of Witre Danmark A/S (Denmark) Chairman of Witre OY (Finland) Director of Ikaros Cleantech AB (Sweden) Director of Ikaros OY (Finland) Director of IronmongeryDirect Ltd (United Kingdom) Director of Group Hardware Ltd (United Kingdom) <i>None of these companies are listed</i>	None	None
<b>André Guichard</b>	None	None	None
<b>Nicolas Huet</b>	None	Corporate Secretary of Eurazeo, listed on Euronext Paris General Manager, Chairman of the Board of Directors and Director of SFGI Chairman of Legendre Holding 23 Member of the Supervisory Board of Novacap Group Holding Member of the Strategic Committee of Fonroche Energie SAS General Manager of Legendre Holding (19 companies) General Manager of LH Novacap General Manager of CarryCo Patrimoine General Manager of CarryCo Croissance General Manager of LH Apcoa General Manager of Oscar-Alpha General Manager of Alpha Papa Member of the Supervisory Board of Foncia Groupe General Manager of Legendre Holding General Manager of Croissance 2 General Manager of Eurazeo Patrimoine (Italy), <i>unlisted company</i>	Chairman of Oscar-Alpha Chairman of Alpha Papa Member of the Supervisory Board of Foncia Groupe General Manager of Legendre Holding General Manager of Grape Hospitality France General Manager of Novacap Group Bidco General Manager of cpk General Manager of Novacap Group Holding General Manager of ManArgon General Manager of ManHélium General Manager of ManNéon Director of ECIP M SA (Luxembourg), <i>unlisted company</i> Director of Euraleo, <i>company in liquidation</i>

(1) Companies dissolved at 30 September 2016.

Names	Existing appointments		Expired appointments
	In the Group	Outside the Group	Appointments and roles (outside the Group) performed in the last 5 years that no longer exist at this time
<b>Carlo d'Asaro Biondo</b>	None	None	Chairman of Rusconi (Italy) Member of the Management Board of 40 subsidiaries of the Lagardère Group Independent Director of Darty Plc, <i>listed company</i>
<b>Jérôme Lescure</b>	None	Co-manager of Lavilla SARL Chairman of Douz' capital SAS (LAVILLA) Chairman of Camsel SAS Chairman of Brassac Holding SAS Chairman of Bois du Midi SAS Director of Azimut Industries SA Chairman of OTC Asset Management SAS now APICAP Chairman of ADDITIO SAS Permanent representative of OTC AM, Director: <ul style="list-style-type: none"> <li>■ Group ARCHIMEN SAS: OTC AM</li> <li>■ ACTIVE3D: OTC AM</li> <li>■ Inspirational Stores SA: OTC AM</li> <li>■ D3T: OTC AM, <i>unlisted companies</i></li> </ul> Permanent representative of OTC AM, Director of Ymagis SA, <i>listed company</i>	Manager of Trois Rivières Holding Chairman of BACKBONE SAS: LAVILLA, <i>unlisted companies</i> Deputy General Manager and Director of Brassac Industries SAS Chairman of Bargues Bois SAS, <i>listed companies</i>
<b>Violette Watine</b>	None	Manager of Partners & Co. (France), <i>unlisted company</i>	





## Executive Directors

<b>Xavier Guichard</b>	General Manager
<b>Brigitte Auffret</b>	Deputy General Manager
<b>Pierre-Olivier Brial</b>	Deputy General Manager

## Committees of the Board of Directors

The Board of Directors has set up the following Committees:

- an Audit Committee;
- an Appointments and Remuneration Committee.

Every Committee plays a role in examining, assessing, and preparing certain Board resolutions that fall under its remit, as well as examining issues and/or projects forwarded by the Board or by its Chairman for review. The Committee has consultative powers and acts under the authority and responsibility of the Board to which it reports.

The composition, organisation, operation and role of committees are described in the Chairman's report, page 47 *et seq.*

## Potential convictions of Corporate Officers

The Company is not aware at the date of preparation of this document of any member of the Board of Directors and Executive Management who may have been party to any business bankruptcy, insolvency or liquidation over the past five years. Likewise, during the last five years none of them were convicted of fraud, received an official public penalty or

sanction, have been prevented by a court of justice of acting as a member of a Management, Executive or Supervisory corporate body or of acting in a management or executive capacity in respect of the activities of a listed company.

## Conflicts of interests of Corporate Officers

The Company is not aware at the date of preparation of this document of the existence of any identified conflict of interests regarding the duties exercised by each member of the Board of Directors and Top Management as Corporate Officer and their private interests or other duties.

The Company is not aware of any service contract binding members of the Board of Directors and Executive Management to the issuer or any of its subsidiaries, from which a member may derive economic benefits.

The Company is not aware at the date of preparation of this document of the existence of any arrangements or agreements concluded with the main shareholders, customers or suppliers by which a member of the Board of Directors and Executive Management would have been selected as such.

The Company is not aware at the date of preparation of this document of the existence of any restrictions adhered to by members of the Board of Directors and Executive Management regarding the sales of their stake in the share capital of the Company, except for two collective agreements to retain shares for a number of them. Refer to the chapter entitled "General information concerning the share capital" on page 134.

# Remuneration of the Board and Management Bodies

## Global remuneration of the Corporate Officers

In respect of the financial year ended 30 September 2016, total remuneration paid to members of the Board and Management bodies for services rendered to the Group amounted to €1,538,440 (€1,432,847 at 30 September 2015). The Directors' remuneration is paid by Manutan International, while the various employee benefits authorised by the Board of Directors are set out in the

Statutory Auditors' special report on regulated agreements and undertakings, which is provided on page 61 *et seq.*, of this document.

Remuneration of members of the Board of Directors is paid by Manutan International.

### Non-Executive Corporate Officer

#### Mr Jean-Pierre Guichard

The following information regarding Jean-Pierre Guichard is given with regard to his role as (Non-Executive) Chairman of the Board of Directors of the Company.

#### SUMMARY OF REMUNERATION, OPTIONS AND SHARES AWARDED

Jean-Pierre Guichard – Chairman of the Board of Directors	Financial period	
	2014/2015	2015/2016
<i>In euros</i>		
Remuneration due for the year (detailed in table below)	450,000	450,000
Valuation of multi-annual variable remuneration awarded during the year	None	None
Valuation of options awarded during the year	None	None
Valuation of performance shares awarded during the year	None	None
<b>TOTAL</b>	<b>450,000</b>	<b>450,000</b>

Jean-Pierre Guichard	2014/2015		2015/2016	
	Due <sup>(1)</sup>	Paid <sup>(2)</sup>	Due <sup>(1)</sup>	Paid <sup>(2)</sup>
<i>In euros</i>				
Amounts awarded during the year				
Fixed remuneration	450,000	450,000	450,000	450,000
Variable annual remuneration*				
Multi-annual variable remuneration				
Exceptional remuneration				
Directors' fees				
Benefits in kind – Company car				
<b>TOTAL</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>	<b>450,000</b>

(1) This is the remuneration awarded to a Corporate Officer during the financial year, regardless of the payment date.

(2) This is the total remuneration paid to a Corporate Officer on the date of the closing of accounts in respect of their duties during the financial year.

\* Variable annual remuneration: No variable remuneration is payable in respect of his duties as (Non-Executive) Chairman of the Board of Directors.

## Executive Directors

### Mr Xavier Guichard

The following information regarding Xavier Guichard is given with regard to his appointment as Director and General Manager of the Company.

#### SUMMARY OF REMUNERATION, OPTIONS AND SHARES AWARDED

Xavier Guichard – GM of Manutan International	Financial period	
	2014/2015	2015/2016
<i>In euros</i>		
Remuneration due for the year (detailed in table below)	376,259	538,656
Valuation of multi-annual variable remuneration awarded during the year	None	None
Valuation of options awarded during the year	None	None
Valuation of performance shares awarded during the year	None	None
<b>TOTAL</b>	<b>376,259</b>	<b>538,656</b>

Xavier Guichard	2014/2015		2015/2016	
	Due <sup>(1)</sup>	Paid <sup>(2)</sup>	Due <sup>(1)</sup>	Paid <sup>(2)</sup>
<b>Amounts awarded during the year</b>				
<i>In euros</i>				
Fixed remuneration	330,000	330,000	330,000	330,000
Variable annual remuneration*	39,703	0	202,290	39,703
Multi-annual variable remuneration				
Exceptional remuneration				
Directors' fees				
Benefits in kind – Company car	6,556	6,556	6,366	6,366
Benefits in kind – senior executive unemployment insurance				-
<b>TOTAL</b>	<b>376,259</b>	<b>336,556</b>	<b>538,656</b>	<b>376,069</b>

(1) This is the remuneration awarded to an Executive Director during the financial year, regardless of the payment date.

(2) This is the total remuneration paid to an Executive Director on the date of the closing of accounts in respect of their duties during the financial year.

\* Variable annual remuneration:

Board of Directors	Bonus rate targeted at 100% achievement of targets <sup>(1)</sup>	
Xavier Guichard	50% of gross annual fixed remuneration	The variable portion of the remuneration is indexed to objectives based on profit before tax and on turnover, and is subject to minimum performance conditions proposed annually by the Board of Directors of Manutan International <sup>(2)</sup>

(1) The bonus rate may vary between 0 and 1.5 times the target bonus, depending on the achievement of objectives. The share of variable remuneration is indexed to profit before taxation objectives, subject to the achievement of minimum levels of performance (triggering threshold).

(2) For confidentiality reasons non-public performance objectives were pre-established and defined in detail by the Board of Directors of Manutan International on 14 December 2016.

### Mrs Brigitte Auffret

The following information regarding Brigitte Auffret is given with regard to her appointment as Director and Deputy General Manager of the Company.

#### SUMMARY OF REMUNERATION, OPTIONS AND SHARES AWARDED

Brigitte Auffret – DGM of Manutan International	Financial period	
	2014/2015	2015/2016
<i>In euros</i>		
Remuneration due for the year (detailed in table below)	382,662	512,941
Valuation of multi-annual variable remuneration awarded during the year	None	None
Valuation of options awarded during the year	None	None
Valuation of performance shares awarded during the year	None	None
<b>TOTAL</b>	<b>382,662</b>	<b>512,941</b>

Brigitte Auffret	2014/2015		2015/2016	
	Due <sup>(1)</sup>	Paid <sup>(2)</sup>	Due <sup>(1)</sup>	Paid <sup>(2)</sup>
<b>Amounts awarded during the year</b>				
<i>In euros</i>				
Fixed remuneration	330,000	330,000	330,000	330,000
Variable annual remuneration*	31,763	0	161,832	31,763
Multi-annual variable remuneration				
Exceptional remuneration				
Directors' fees				
Benefits in kind – Company car	4,188	4,188	4,188	4,188
Benefits in kind – senior executive unemployment insurance	16,711	16,711	16,921	16,921
<b>TOTAL</b>	<b>382,662</b>	<b>350,899</b>	<b>512,941</b>	<b>382,872</b>

(1) This is the remuneration awarded to an Executive Director during the financial year, regardless of the payment date.

(2) This is the total remuneration paid to an Executive Director on the date of the closing of accounts in respect of their duties during the financial year.

\* Variable annual remuneration:

Board of Directors	Bonus rate targeted at 100% achievement of targets <sup>(1)</sup>	
Brigitte Auffret	40% of gross annual fixed remuneration	The variable portion of the remuneration is indexed to objectives based on profit before tax and on turnover, and is subject to minimum performance conditions proposed annually by the Board of Directors of Manutan International <sup>(2)</sup>

(1) The bonus rate may vary between 0 and 1.5 times the target bonus, depending on the achievement of objectives. The share of variable remuneration is indexed to profit before taxation objectives, subject to the achievement of minimum levels of performance (triggering threshold).

(2) For confidentiality reasons non-public performance objectives were pre-established and defined in detail by the Board of Directors of Manutan International on 14 December 2016.

### Mr Pierre-Olivier Brial

The following information regarding Pierre-Olivier Brial is given with regard to his role as Marketing and Group Development Director and his appointment as Director and Deputy General Manager of the Company.

#### SUMMARY OF REMUNERATION, OPTIONS AND SHARES AWARDED

Pierre-Olivier Brial – DGM of Manutan International	Financial period	
	2014/2015	2015/2016
<i>In euros</i>		
Remuneration due for the year (detailed in table below)	323,306	443,802
Valuation of multi-annual variable remuneration awarded during the year	None	None
Valuation of options awarded during the year	None	None
Valuation of performance shares awarded during the year	None	None
<b>TOTAL</b>	<b>323,306</b>	<b>443,802</b>

Pierre-Olivier Brial	2014/2015		2015/2016	
	Due <sup>(1)</sup>	Paid <sup>(2)</sup>	Due <sup>(1)</sup>	Paid <sup>(2)</sup>
<b>Amounts awarded during the year</b>				
<i>In euros</i>				
Fixed remuneration	290,000	290,000	290,000	290,000
Variable annual remuneration*	27,913	0	142,216	27,913
Multi-annual variable remuneration				
Exceptional remuneration				
Directors' fees				
Benefits in kind – Company car	5,393	5,393	4,738	4,738
Benefits in kind – senior executive unemployment insurance			6,848	6,848
<b>TOTAL</b>	<b>323,306</b>	<b>295,393</b>	<b>443,802</b>	<b>329,499</b>

(1) This is the remuneration awarded to an Executive Director during the financial year, regardless of the payment date.

(2) This is the total remuneration paid to an Executive Director on the date of the closing of accounts in respect of their duties during the financial year.

\* Variable annual remuneration:

Board of Directors	Bonus rate targeted at 100% achievement of targets <sup>(1)</sup>	
Pierre-Olivier Brial	40% of gross annual fixed remuneration	The variable portion of the remuneration is indexed to objectives based on profit before tax and on turnover, and is subject to minimum performance conditions proposed annually by the Board of Directors of Manutan International <sup>(2)</sup>

(1) The bonus rate may vary between 0 and 1.5 times the target bonus, depending on the achievement of objectives. The share of variable remuneration is indexed to profit before taxation objectives, subject to the achievement of minimum levels of performance (triggering threshold).

(2) For confidentiality reasons non-public performance objectives were pre-established and defined in detail by the Board of Directors of Manutan International on 14 December 2016.



## SUMMARY TABLE

	Employment contract		Bonuses or benefits payable or likely to be payable due to the termination or change of functions		Supplementary pension scheme		Indemnities relating to a non-compete clause	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>Jean-Pierre Guichard</b> Director and Chairman of the Board of Directors Appointment start date: 19 March 2013 Appointment expires: General Meeting 2017		X		X		X		X
<b>Xavier Guichard<sup>(1)</sup></b> Director and General Manager Appointment start date: 19 March 2013 Appointment expires: General Meeting 2017	X			X		X		X
<b>Brigitte Auffret<sup>(2)</sup></b> Director and Deputy General Manager Appointment start date: 19 March 2013 Appointment expires: General Meeting 2017	X		X			X		X
<b>Pierre-Olivier Brial<sup>(3)</sup></b> Director and Deputy General Manager Appointment start date: 19 March 2013 Appointment expires: General Meeting 2017	X		X			X		X

(1) Xavier Guichard holds an employment contract signed with Manutan International. This contract has been suspended since 30 November 2011 by a decision of the Board of Directors taken on the same day. The continuation of the employment contract is justified due to the period of service of the employment contract; the contract was signed on 30 June 2002.

(2) Brigitte Auffret holds an employment contract with Manutan International. This contract has been suspended since 1 April 2008. As Deputy General Manager, Brigitte Auffret is not covered by the MiddleNext Code recommendations on combining an employment contract with an appointment as a Corporate Officer Brigitte Auffret is entitled to end-of-service bonuses the terms of which are described in the Report of the Chairman on Corporate Governance and internal control and risk management procedures, on page 47.

(3) Pierre-Olivier Brial holds an employment contract signed with Manutan International. This contract has been suspended since 20 January 2016 by a decision of the Board of Directors. The continuation of the employment contract is justified due to the period of service of the employment contract; the contract was signed on 1 October 2001. Pierre-Olivier Brial is entitled to end-of-service bonuses the terms of which are described in the Report of the Chairman on Corporate Governance and internal control and risk management procedures, on page 47.

## Stock options and free shares

No option for the subscription or purchase of shares and no performance shares have been awarded to the Managing Directors during the year. They have exercised no options.

## Directors' fees

The Combined General Meeting of 30 November 2011 allocated to the Board of Directors a fund for the purposes of Directors' fees of a maximum amount of €150,000 until otherwise decided.

Directors' fees paid to members of the Board of Directors amounted to €100,000 at 30 September 2016 (€90,600 for the financial period ended on 30 September 2015) broken down as follows:

Members of the Board of Directors during the financial year	Financial period	
	2014/2015	2015/2016
<i>In euros</i>		
Jean-Pierre Guichard – Chairman of the Board	-	-
Xavier Guichard – General Manager	-	-
Brigitte Auffret – Deputy General Manager, Director	-	-
Pierre-Olivier Brial – Deputy General Manager, Director	-	-
André Guichard – Honorary Chairman	-	-
Nicolas Huet – Director	25,160	27,500
Carlo d'Asaro Biondo – Director	12,580	25,000
Jérôme Lescure – Director	25,160	27,500
Violette Watine – Director	27,700	20,000
<b>TOTAL</b>	<b>90,600</b>	<b>100,000</b>

No compensation other than Directors' fees and the remuneration paid to the Chairman of the Board of Directors was paid to non-executive members of the Board of Directors during the 2015/2016 financial year.

# Report of the Chairman on Corporate Governance and internal control and risk management procedures

*This report by the Chairman of the Board of Directors on internal control and risk management procedures implemented by the Group is prepared pursuant to Article L. 255-37 of the French Commercial Code.*

Dear Shareholders,

In accordance with the Law, the Chairman of the Board of Directors of French limited companies (*sociétés anonymes*) whose shares are listed for trading on a regulated market, must submit a report together with the Board's report on:

- the composition of the Board, and the application of the principle of balanced representation of men and women in its midst, the conditions under which the work of the Board is prepared and organised, any potential limitations imposed on the powers of the General Manager, the references made to a corporate governance code, and the specific procedures relating to participation of Shareholders in the General Meeting;
- the internal control and risk management procedures implemented by the Company.

This report also sets out the principles and rules used to determine the remuneration and benefits of any kind granted to Corporate Officers and any information likely to have an impact in the event of a public offering.

Departments supporting the preparation and the drawing up of this report were as follows:

- Financial Management;
- Legal Management;
- Communications Management.

The draft of this report was prepared internally by the departments listed above; it was then reviewed with Executive Management, before being forwarded to the Chairman of the Board. The Chairman examined this document and forwarded it to the Board members prior to the meeting, informing them that they would need to issue an opinion on the approval of this report.

This report was submitted to the Board of Directors for approval on 14 December 2016 and forwarded to the Statutory Auditors.

## Corporate governance

### 1 Change in the form of governance

First of all, the Chairman reminded the attendees that the General Meeting of Shareholders of 30 November 2011 had decided to change the way in which the Company was governed. The Company's legal form changed from a French Limited Company (*Société Anonyme*) with a Management Board and a Supervisory Board into a Limited Company with a Board of Directors with dissociation of the roles of Chairman of the Board and General Manager.

This change of governance was intended to increase the efficiency of the Executive Management's decision-making process, while allowing the (Non-Executive) Chairman of the Board of Directors to participate in setting the Group's major strategic guidelines.

### 2 Corporate Governance Code

With regard to the Corporate Governance Code, by a decision of the Board of Directors during its meeting on 18 December 2013, our Company shall refer to the corporate governance code for small and medium listed companies published by MiddleNext in December 2009.

The Board of Directors of the Company was made aware of the revised MiddleNext Code of September 2016 during its meeting on 14 December 2016 and the elements presented in the "points of vigilance" section of said Code (hereafter the "Reference Code"). The Reference Code also includes points of vigilance drawn from guidelines for reasonable governance for French companies, which recalls the questions that the Board of Directors must consider to ensure the correct operation of governance.

This code is particularly well suited to the Company taking into account its size and shareholding. It is available on the website: [www.middlenext.com](http://www.middlenext.com).

It is specified that the Company complies with all of the provisions of the MiddleNext Code:

### 3 Composition of the Board of Directors and Committees

The Chairman indicated that this section only concerns the composition of new bodies since 16 March 2016.

#### 3.1 Composition of the Board of Directors

At 20 January 2017, the Board consists of eight members:

- Jean-Pierre Guichard, Chairman of the Board of Directors;
- Xavier Guichard, Director and Deputy General Manager;
- Brigitte Auffret, Director, Deputy General Manager and Secretary General;
- Pierre-Olivier Brial, Director and Deputy General Manager;
- Jérôme Lescure, Director;
- Nicolas Huet, Director;
- Carlo d'Asaro Biondo, Director;
- Violette Watine, Director.

It is recalled that André Guichard was appointed as Honorary Chairman of the Board of Directors. In this regard, he is invited to attend the meetings of the Board of Directors with a consultative role.

Pursuant to article 14.2 of the Company's articles of association, the term of office of the members of the Board is two years.

Please see the "Corporate Governance" chapter, Board and Management Bodies, page 34 *et seq.* for more details on the members of the Board of Directors.

#### Independence of the members of the Board of Directors

During its meeting of 14 December 2016, the Board considered the situation of each of the Directors with regard to the MiddleNext Code independence criteria referred to below and considered that Jérôme Lescure, Nicolas Huet, Carlo d'Asaro Biondo and Violette Watine could be considered as independent, pursuant to the definition given by recommendation R3 of the MiddleNext Code, i.e. people from outside the company tasked with providing a different view on the decisions taken by the Board. Thus, at 20 January 2017, at least four of the members of the Board are Independent Directors.

The following table summarises the independence criteria from the MiddleNext Code chosen for each of the members.

Independence criteria	Jérôme Lescure	Nicolas Huet	Carlo d'Asaro Biondo	Violette Watine
Not being an employee or an Executive Director of the Company or a company in its Group and not having been either of the above for the previous five years	X	X	X	X
Not having any significant business relations with the Company or its Group (customer, supplier, competitor, service provider, creditor, banker, etc.) and not having been such for the previous two years	X	X	X	x
Not being a reference shareholder in the Company or holding a significant percentage of the voting rights	X	X	X	X
Not having close family ties with an Executive Director or a reference shareholder	X	X	X	X
Not having been a Company Auditor over the previous six years	X	X	X	X

#### Representation of men and women on the Board

Where the representation of men and women on the Board is concerned, we would remind you that at 30 September 2016, the Board includes two women and six men among its members. Pursuant to French law No. 2011-103 of 10 January 2011, at the close of the General Meeting of 9 March 2017, the proportion of women on the Board of Directors of the Company shall reach 40%.

Indeed, the appointment of new female Directors shall be proposed to the shareholders during the 2017 Annual General Meeting:

#### Claudine Guichard

Claudine Guichard, 70 years old, played a part in the early development of Manutan from 1966. Until the middle of the nineteen eighties, Claudine Guichard assisted with Manutan's development in different operational roles. She was then a member of the Supervisory Board until 2011 when the Company changed its means of governance and management to a French Limited Company with a Board of Directors.

#### Benoîte Kneib

Benoîte Kneib, who is a graduate of the ESSEC, has had an international career involving the private sector (EADS, Dexia, The Technology Broker in Great Britain, the creation of the company "Pomme de Reinettes" in the USA) and the social sector (micro-credit in Chile, palliative care in the USA). She joined the Auteuil Foundation in 2006 where she has assumed different operational management positions. She is Secretary General of the Fondation Apprentis d'Auteuil Suisse (Swiss Auteuil Apprentice Foundation), which she created, and has just launched the Fondation Apprentis d'Auteuil International (International Auteuil Apprentice Foundation), which she chairs.

## 4 Directors' concurrent appointments

The Company complies with the recommendation from the MiddleNext Code for corporate governance for listed companies under the terms of which it is recommended that a Director, who performs a "Managing" role, refrains from accepting more than three appointments as Director in listed companies, including in other countries, outside their Group.

See page 34 "Management Bodies".

## 5 Internal Rules of Procedure of the Board of Directors

The Board Internal Rules of Procedure are available on the Company's website: [www.manutan.com](http://www.manutan.com).

It is in particular specified that the Company Internal Rules of Procedure were considered and updated by a decision of the Board on 18 December 2013 specifically to take into account the adoption of the MiddleNext Code. The Internal Rules of Procedure were reviewed by the Board in order to take into account legislative and regulatory changes and the revision of the MiddleNext Code of September 2016.

## 6 Limitations on Executive Management's powers

According to internal procedures, the powers of Executive Management (General Manager and Deputy General Managers) are limited. Therefore, in accordance with the provisions of the Internal Rules of Procedure of the Board of Directors, the Board must approve the following transactions in advance:

- proceeding with the purchase, sale or exchange of any building, real estate rights or business goodwill, of a value exceeding five hundred thousand euros (€500,000) per transaction;
- proceeding, for amounts exceeding five hundred thousand euros (€500,000) per transaction, with the incorporation of companies or equity investments or disposals of shareholdings of any form in any company;
- proceeding with the incorporation or termination of any subsidiary, branch or office, either in France or in any other country;
- proceeding with investments and/or divestments of a value exceeding five hundred thousand euros (€500,000);
- taking out borrowings and/or loans exceeding five hundred thousand euros (€500,000), supported or not by collateral in the form of mortgages, pre-emption right or pledging of the assets of the Company;
- pledging the assets of the Company in any form whatsoever;
- authorising and/or granting deposits and sureties, or other guarantees in the Company's name;
- authorising the hiring and/or the termination of any management executive's employment contract, according to the meaning of Article L. 3111-2 of the French Labour Code, and/or of any Managing Director at the Group's subsidiaries;

- introducing any collective premium, profit-sharing, or employee savings schemes, any share subscription or purchase schemes, any free share allocation schemes or any other collective incentive or motivational scheme for the Company's employees and/or Managing Directors;
- introducing any retirement or contingency scheme for the benefit of the Company's employees and/or its Corporate Officers, or deciding on any contribution to any scheme set up by a third party and that involves retirement or contingency benefits.

The same applies to any material transaction outside the Company's stated strategy.

## 7 Organisation and operation of the Board of Directors and Committees during the financial year ending on 30 September 2016

The Chairman indicates that the new Board and Management Bodies were appointed on 12 March 2015.

### 7.1 Composition of the Board of Directors

By exercising its legal prerogatives, the Board of Directors:

- sets the strategic guidelines for the Company's business activities and ensures that they are implemented;
- addresses any issues that affect the proper running of the Company, and settles the issues that concern it through its resolutions;
- defines the Company's financial communications policy;
- monitors the quality of the information provided to shareholders and to the markets;
- performs the controls and checks that it deems appropriate, specifically management controls;
- authorises the sureties, endorsements and guarantees granted by companies other than those operating banking or financial institutions, under the conditions specified in Article R. 225-28 of the French Commercial Code;
- authorises the conclusion of regulated agreements in advance;
- chooses the way in which Executive Management is organised: complementarity or dissociation of the Chairman and General Manager roles;
- appoints and dismisses the Chairman, the General Manager and the Deputy General Managers;
- defines the Executive Management's remuneration policy and, where necessary, allocates the total amount of Director's fees voted by the Shareholders' Meeting among the Directors;
- may co-opt Board Members under the conditions specified by the regulations in force;
- may create Specialist Committees, for which it appoints the members, sets the assignments and operating procedures;
- draws up management forecast documents;
- approves the annual financial statements submitted to the Shareholders' Meeting for approval;
- convenes and sets the agenda for the Shareholders' Meeting;

- reports on its actions in the report to the Shareholders' Meeting;
- approves the Chairman's report, determines the number of free shares or shares arising from the exercise of options that Executive Corporate Officers are bound to hold until the end of their mandate, in the event that options or free shares are awarded;
- determines the number of free shares or shares arising from the exercise of options that Executive Corporate Officers are bound to hold until the end of their mandate, in the event that options or free shares are awarded;
- approves the Chairman's report.

### **The Chairman's role**

By exercising his legal prerogatives, the Chairman:

- organises and directs the work undertaken by the Board, and accounts for it at the General Shareholders' Meeting;
- ensures the proper running of the Company's bodies and specifically ensures that the Directors are in a position to fulfil their assignments;
- accounts for the composition, the conditions for preparing and organising the Board's work, as well as for the internal control and risk management procedures implemented by the Company in their report.

Moreover, the Non-Executive Chairman is also entrusted with the following additional assignments:

- representing the Company, and relationships with professional federations, public authorities, domestic or international institutional authorities, and more generally, economic players;
- relationships with the Group's major customers or partners both at the domestic and international level;
- public relations with French or foreign subsidiaries;
- the relationship with the Company's shareholders;
- seeking potential targets in order to encourage external growth projects;
- visiting trade shows.

### **7.2 The conditions for preparing the work of the Board of Directors**

To enable Board members to adequately prepare for meetings, the Chairman endeavoured to communicate to them, in advance, the necessary information or documents.

The annual financial statements, reviewed by the Audit Committee, and the draft report were sent to the members of the Board of Directors within a reasonable period prior to the meeting called to examine said documents.

Whenever requested by a Board member, the Chairman sent, as far as it is possible, any additional information and documents requested.

### **7.3 Holding of Board of Directors meetings**

The Board of Directors meets as often as is in the Company's interest, and at least four (4) times per year and also meets without the presence of the Managing Director. The summons were sent in writing or made orally at least eight days prior to the meeting.

The meetings were held at the registered office or at the Manutan Group's European Centre in Gonesse.

The Board has met four (4) times since the start of the 2015/2016 financial year.

During this period, the attendance rate for members present or represented was 100%. The Statutory Auditors were invited to the Board meetings called to approve the annual and interim financial statements.

### **7.4 Subjects discussed at Board meetings and the business report**

The main subjects discussed related to the operation and preparation of its work, the examination of the annual and interim financial statements, the internal control policy, professional and wage equality and the Group's main CAPEX projects.

The Meeting of the Board of Directors of the Company of 14 November 2016 also discussed the succession plan for the Directors.

### **7.5 Assessment of the Board of Directors' work**

The Board carried out an assessment of the work performed over the financial year 2015/2016, in order to improve the conditions and its operation. This assessment was carried out internally and during a meeting of the Board on 14 December 2016, the operation of the Board was deemed, unanimously, to be overall positive.

Pursuant to Article 6 of the Internal Rules of Procedure, updated on 18 December 2013, the Chairman of the Board shall, each year, invite the members to give their views on the operation of the Board, the preparation of its works and on the issue of diversity within the Board.

### **7.6 Management and prevention of conflicts of interest**

Where the prevention and management of conflicts of interests is concerned, the Board's Internal Rules of Procedure provide that: "In a situation that reveals or may reveal a conflict between the Company's interests and their personal interests, either directly or indirectly, or the shareholder's interests or those of the group of shareholders that they represent, the Director in question must:

- inform the Board as soon as they become aware of the conflict;
- and draw the appropriate conclusions regarding the exercise of their mandate. Depending on the case, they will therefore be required:
  - either to abstain from voting on the corresponding resolution,
  - or not to attend Board Meetings during the period when they find themselves in a conflict of interest situation,
  - or resign from their duties as a Director."

The Director may be held liable if they fail to comply with these abstention or withdrawal rules. It is specified that providing no information is considered as a declaration of no conflict of interest.



Furthermore, the Chairman of the Board shall not be required to forward information or documents relating to the contentious issue to any Director(s) who he has serious grounds to believe is or are in a conflict of interest situation, and shall inform the Board of Directors of the fact that they have not been forwarded.

## 8 Organisation and operation of specialised committees

### 8.1 Audit Committee

Where the Audit Committee is concerned, the Company adhered to the recommendations of the final Audit Committee report of 22 July 2010, which was drawn up by the working party chaired by Mr Henri Poupart-Lafarge.

The Audit Committee is composed, at 20 January 2017, of three independent members of the Board of Directors, appointed by the Board of Directors on 13 March 2015, for the term of their mandate as Director, the renewal of these mandates shall be proposed to the General Meeting of 9 March by the Board of Directors. The renewal of the following appointments will be proposed during the meeting of the Board of Directors of 9 March 2017:

- Nicolas Huet, Chairman, independent;
- Carlo d'Asaro Biondo, independent;
- Jérôme Lescure, independent.

The Board took the view that all the members of the Audit Committee were independent, in accordance with the aforementioned criteria for the independence of Directors.

They also all have specific expertise in finance and accountancy, in view of their academic history and their professional experience (the professional experience of members of the Audit Committee is referred to on page 37).

The Audit Committee's main duties are to:

- examine the accounts and ensure the accounting methods used to draw up the consolidated and Company accounts are relevant;
- monitor:
  - the process for drawing up financial information,
  - the effectiveness of the internal control and risk management systems,
  - the audit of the accounts carried out by the Statutory Auditors,
  - the independence of the Statutory Auditors.

In this respect, the Committee must issue a recommendation on the proposal of Statutory Auditors to be appointed. The Audit Committee promptly informs the Board of Directors of any issues encountered during the course of its work.

The Audit Committee meets twice a year, before the Board meeting where the agenda includes the review of the annual and interim financial statements and/or the proposal to appoint the Statutory Auditors.

In addition, the Audit Committee meets every time that it views necessary, particularly in the event of an important development for the Company.

The Committee has met on two (2) occasions over the 2015/2016 financial year.

The main subjects discussed were consideration of the annual and interim financial statements as well as the direction and review of the Group's internal control programme. The attendance rate for this Committee was 89%.

Committee members are allowed sufficient time to examine the financial and accounting documents, and have had the option of meeting with the Statutory Auditors and the Company's Finance Director. The Committee reported its work to the Board, which recorded and monitored all recommendations.

### 8.2 Appointments and Remuneration Committee

The Appointments and Remuneration Committee is composed, at 20 January 2017, of three independent members of the Board of Directors, appointed by the Board of Directors on 13 March 2015, for the term of their mandate as Director, the renewal of these mandates shall be proposed to the General Meeting of 9 March 2017 by the Board of Directors. The renewal of the following appointments to the Appointments and Remuneration Committee shall be proposed during the meeting of the Board of Directors of 9 March 2017:

- Carlo d'Asaro Biondo, Chairman, independent;
- Nicolas Huet, independent;
- Jérôme Lescure, independent.

The Board took the view that all the members of the Appointments and Remuneration Committee were independent, in accordance with the aforementioned criteria for the independence of Directors.

#### **Appointment assignments**

In the appointments area, the Committee:

- gives its opinion on the Chairman and Executive Management's appointment plans, through the Board, at the Chairman's suggestion;
- examines and gives an opinion on appointment and replacement proposals for the Group key executives;
- puts forward proposals for selecting Board Members and Committee Members, given the desirable balance for the composition of the Board, in view of the composition of and changes in the Company's shareholders, and of the split between men and women within the Board;
- reviews the independence of the Board Members and of the candidates for membership of the Board or of a Committee;
- draws up a succession plan for the Directors who are Corporate Officers, so as to be in a position to offer the Board succession solutions in the event of an unforeseen vacancy.

#### **Remuneration assignments**

This Committee's duties include making any recommendations on the remuneration of the Corporate Officers to the Board of Directors. If requested by the Board of Directors, it may also issue advisory recommendations on the remuneration of the Group's key management staff. It forwards these recommendations to the Board.

These recommendations cover all components of the remuneration package: the fixed component including benefits in kind, the variable component, any retirement bonuses, supplementary pension schemes, share subscription and purchase options, and free shares, irrespective of whether these components are paid, awarded or paid for by the Company, its parent company or a company under its control.

The recommendations may also relate to the breakdown between the various components comprising the total remuneration and the terms and conditions for the payment thereof, particularly in terms of performance.

### **Specific operating procedures**

The Appointments and Remuneration Committee meets at least once a year, before the Board meeting where the remuneration of the Chairman and Executive Management is reviewed, or which sets the agenda of a General Meeting convened to approve draft resolutions relating to issues that fall within its remit.

In addition, the Committee meets as and when required at the request of its Chairman, at its own initiative, or at the request of the Chairman of the Board.

The Committee has met on two (2) occasions over the 2015/2016 financial year.

The main subjects discussed were a review of the remuneration method for members of the Board of Directors as well as setting the objectives for the calculation of remuneration.

The attendance rate at this Committee was 100%. The Committee reported its work to the Board, which recorded and monitored all recommendations.

## **9 Principles and rules for determining the remuneration of Corporate Officers**

### **9.1 Remuneration of Directors (Directors' fees)**

The General Meeting of 30 November 2011 set at €150,000 the maximum total amount of Directors' fees for the financial year in question, until a contrary decision is made. Please see the table on page 46 for further information regarding the allocation of Directors' fees for the financial year 2015/2016.

In accordance with the provisions of the Board of Directors' Internal Rules of Procedure, every Director may receive Directors' fees, the amount of which is voted by the Ordinary General Meeting, and the allocation of which is decided by the Board of Directors, on the suggestion of the Appointments and Remuneration Committee, as follows:

- Directors who also serve as either Chairman of the Board or as Executive Managers (Chairman of the Board of Directors, General Manager or Deputy General Manager) do not receive Directors' fees;
- the Board will allocate Directors' fees on a pro rata basis for Directors who are not part of the management team according to the time that they devote to their role as Directors and members of the Audit Committee;

- Directors who also belong to the Appointments and Remuneration Committee shall not receive any additional remuneration in this regard.

Every Director shall have the right to reimbursement of the travel costs incurred as part of the fulfilment of their duties.

### **9.2 Remuneration of the Chairman of the Board of Directors**

At the suggestion of the Appointments and Remuneration Committee, the Board of Directors of 14 December 2016 decided to set the remuneration of the (Non-Executive) Chairman of the Board of Directors, the amount of which is referred to on page 42, in view of his legal assignments previously referred to on page 50 and the following additional assignments that the Board has entrusted to him:

- representing the Company, and relationships with professional federations, public authorities, domestic or international institutional authorities, and more generally, economic players:
  - relationships with the Group's major customers or partners both at the domestic and international level;
  - public relations with French or foreign subsidiaries;
  - the relationship with the Company's shareholders;
  - seeking potential targets in order to encourage external growth projects;
- visiting trade shows.

### **9.3 Remuneration of the Executive Directors (General Manager and Deputy General Managers)**

The Board of Directors has drawn up a remuneration policy for Executive Directors, including the remuneration for each Officer as proposed by the Appointments and Remuneration Committee.

This policy covers in detail the fixed, variable and exceptional remuneration and any benefits in kind granted by the Company (pension, retirement bonuses etc.).

It is determined not only based on the work carried out, the results obtained, the responsibility assumed, but also with respect to the practices observed in peer companies and the remuneration of other management staff within the Company.

#### **9.3.1 Calculation of the fixed component**

The Board of Directors approves the fixed component of each Executive Director's remuneration for a period of twelve (12) months, based on the responsibilities assumed and market practices.

#### **9.3.2 Calculation of the variable component of the remuneration**

The Board of Directors approves the annual variable component of each Executive Director's remuneration based on the following quantitative criteria: target turnover and pre-tax operating income subject to minimal performance conditions. These quantitative criteria have been approved

in detail by the Board; however, for confidentiality reasons, the fulfilment level of these criteria is not made public.

This variable portion is in a range of between 40% and 50% of the Executive Director's fixed annual remuneration.

### 9.3.3 Stock options and free shares

The information regarding free share allocations provided below relates to the allocations that were made to former members of the Management Board, who have all remained Executive Directors since the change in the governance model.

#### Allocation policy

##### General policy

The allocation of free shares to the members of the Management Board in January 2009 took place within the broader context of an allocation to the eight members of the Executive Committee.

##### Policy specific to Executive Directors

The Supervisory Board meeting of 15 December 2008 decided, based on the proposals issued by the Appointments and Remuneration Committee, to set the following maximum percentages of stock options and performance shares that could be awarded to the Executive Directors in relation to the total budgets authorised by the Meeting:

- a number of options to subscribe for shares or to purchase shares representing a maximum of 20% of the total budget set by the Combined General Meeting of 15 March 2007, itself representing a maximum 1% of the share capital;
- a number of free shares representing a maximum 20% of the total budget set by the Combined General Meeting of 13 March 2008, itself representing a maximum 1% of the share capital.

In addition, as proposed by the Appointments and Remuneration Committee, the Supervisory Board meeting of 15 December 2008 set the maximum percentage of remuneration Executive Directors could be awarded in the form of stock options and free shares.

The Board has therefore decided that the value according to IFRS standards of the stock-options or performance shares that may be allocated in respect of the financial year cannot amount to more than 30% of their fixed and variable remuneration for the previous financial year.

The Management Board meeting of 15 January 2009 decided to award free shares to eight Executive Committee members subject to performance conditions, it being specified that the award of free shares is subject to two cumulative quantitative performance conditions.

#### Holding policy

With regard to the award of free shares, the Supervisory Board meeting of 15 December 2008 decided to set at 10% the quantity of free shares that could be awarded to Brigitte Auffret, member of the Management Board and General Manager at this time, and which must be held in registered form until the termination of the General Manager's position.

### 9.3.4 Bonuses, benefits and remuneration granted to Executive Directors in the event of the termination of or change in their position

The Board of Directors of 16 January renewed the indemnity likely to be payable to Brigitte Auffret, Director and Deputy General Manager, in an identical amount, in the event that her employment is terminated, subject to the condition precedent that her term of office is renewed by the General Meeting on 9 March 2017, as was already renewed by the Board of Directors on 13 March 2015, in the following way:

In the event of dismissal (with the exception of cases of serious or gross negligence, *force majeure*, redundancy due to a physical inability recognised by the Company doctor, retirement, early retirement or resignation) the Company agrees to pay the Corporate Officer contractual compensation for the early termination of their employment contract, in addition to redundancy pay as provided for by the Law.

The amount of this gross compensation is fixed at 21 (twenty-one) months' salary (fixed basic salary + bonus but excluding exceptional incentives).

Payment of the contractual compensation is subject to the following performance conditions:

- average current operating profit over the three (3) years preceding notification of termination of the employment contract to be maintained above 4% of turnover;
- and stable positive consolidated net income over the past three (3) financial years preceding the notification of the termination of the employment contract.

These aggregate conditions are based on the consolidated results. The achievement of these objectives would be based on the consolidated accounts for the last three (3) financial years, as approved by the Board of Directors and certified by the Statutory Auditors, prior to the notification of the termination of the employment contract.

If Brigitte Auffret's appointment as a member of the Board of Directors is terminated, for any reason whatsoever, these performance conditions governing the granting of contractual compensation would become null and void at the end of a period of eight (8) months from the expiry date of the appointment.

The notification date of the termination of the employment contract would be taken into account when determining whether the performance condition would apply to the payment of compensation.

The undertaking made to the benefit of Brigitte Auffret, as described above, is a regulated agreement approved by the Annual General Meeting on 13 March 2014; the renewal of the appointment of Brigitte Auffret's appointment and this undertaking were respectively approved by the General Meetings of 12 March 2015 and on 17 March 2016. It shall be proposed to the General Meeting of 9 March 2017 to renew the appointment of Brigitte Auffret and the compensation that may be payable to her under the same terms.

Furthermore, the Board meeting of 30 November 2011 decided to maintain the benefit of an Executive redundancy insurance policy taken out with the GSC, which provides the Class 6 Option 2 basic scheme and Class H Option 2 complementary scheme guarantees for the benefit of Brigitte Auffret, Director and Deputy General Manager.

The Board of Directors of 16 January renewed the indemnity likely to be payable to Pierre-Olivier Brial, Director and Deputy General Manager, in an identical amount, in the event that her employment is terminated, subject to the condition precedent that her term of office is renewed by the General Meeting on 9 March 2017, as was already renewed by the Board of Directors on 20 January 2016, in the following way:

In the event of dismissal (with the exception of cases of serious or gross negligence, *force majeure*, redundancy due to a physical inability recognised by the Company doctor, retirement, early retirement or resignation) the Company agrees to pay the Corporate Officer contractual compensation for the early termination of their employment contract, in addition to redundancy pay as provided for by the Law.

The amount of this gross compensation is fixed at 21 (twenty-one) months' salary (fixed basic salary + bonus but excluding exceptional incentives).

Payment of the contractual compensation is subject to the following performance conditions:

- average current operating profit over the three (3) years preceding notification of termination of the employment contract to be maintained above 4% of turnover;
- and stable positive consolidated net income over the past three (3) financial years preceding the notification of the termination of the employment contract.

These aggregate conditions are based on the consolidated results. The achievement of these objectives would be based on the consolidated accounts for the last three (3) financial years, as approved by the Board of Directors and certified by the Statutory Auditors, prior to the notification of the termination of the employment contract.

If Pierre-Olivier Brial's appointment as a member of the Board of Directors is terminated, for any reason whatsoever, these performance conditions governing the granting of contractual compensation would become null and void at the end of a period of eight (8) months from the expiry date of the appointment.

The notification date of the termination of the employment contract would be taken into account when determining whether the performance condition would apply to the payment of compensation.

The undertaking made to the benefit of Pierre-Olivier Brial, as described above, is a regulated agreement approved by the Annual General Meeting on 17 March 2016. It shall be proposed to the General Meeting of 9 March 2017 to renew the appointment of Pierre-Olivier Brial and the compensation that may be payable to him under the same terms.

### 9.3.5 Pensions

The Executive Directors do not benefit from any supplementary pension scheme.

### 9.3.6 Benefits in kind

The Executive Directors have a Company car. Furthermore, Brigitte Auffret and Pierre-Olivier Brial benefit from insurance taken out with the GSC.

## 10 Participation of Shareholders in the General Meeting (Articles 16 and 17 of the Articles of Association)

General Meetings are attended by all shareholders irrespective of the number of shares they hold.

The right to participate in General Meetings is subject to the registration of shares in the name of shareholders or broker registered on their behalf, by the second working day preceding the General Meeting at midnight Paris time, (i) either in the registered securities ledgers kept by the Company (ii) or in bearer accounts kept by authorised intermediaries.

For bearer securities to be recorded the authorised intermediary must submit a corresponding statement of participation. If a shareholder is unable to personally attend the meeting, he/she may select one of the following three options: (i) Give voting authority to the individual or company of their choice under the conditions of Article L. 225-106 of the French Commercial Code; (ii) Send the Company voting authority without indicating a proxy; (iii) Vote by post.

Requests by shareholders to include draft resolutions or points in the agenda must be sent to the Company's registered offices, by registered letter with a request for acknowledgement of receipt, or *via* electronic mail, and must reach the Company at least twenty-five days before the General Meeting is held, but may not be sent more than twenty days after the publication of the prior notice in the Official Journal.

## 11 Factors likely to have an impact in the event of a public offering

These factors are presented in Chapter 6 "Information about the Company and the capital" in the paragraph "Shareholders of Manutan International".

## Internal control and risk management procedures

The report covers all entities within the Manutan Group, both operational and holding companies.

This report was prepared by the Chairman of the Board of Directors, with the support of various participants from internal control and more particularly the internal control and risk management unit that led the project.

### 1 Internal control and risk management procedures

#### 1.1 Definition of internal control

Within the Manutan Group, internal control is a procedure defined and implemented by the Executive Management, with the responsibility of all its employees.

It plays a key role in the performance and management of the different operations by assisting in preventing and controlling the risks of failing to achieve the targets fixed by the Company.

Internal control aims to ensure:

- compliance with laws and regulations;
- the application of the instructions and directions set by the Executive Management;
- that internal Company procedures operate correctly, in particular those contributing to safeguarding assets;
- the accuracy of financial information.

It contributes in a general manner to the management of activities, the effectiveness of the operations and the efficient use of resources. However, internal control cannot provide an absolute guarantee that the Company's targets will be achieved.

Consequently, the primary objective of the current internal control procedure within the Manutan Group is to provide Managing Directors, the Board of Directors and Shareholders with reasonable assurance that:

- the risks to which the Group is subject are identified and managed;
- the published financial statements are prepared on a reliable basis that accurately reflects the operations and position of the Company;
- the Group's operations comply with the law and regulations in force, as well as Group values and rules whilst preserving the Company's assets.

The implementation of good internal control practices also contributes to the reduction in risk of fraud and error within the Group.

#### 1.2 The Guidelines used by the Manutan Group

This draws its inspiration from the reference framework on the procedures for risk management and internal control systems for small and medium-sized listed companies, published on 22 July 2010 and updated on 26 October by the AMF (French Financial Markets Authority) and based on the internal control guidelines known as COSO (Committee of Sponsoring Organizations of the Treadway Commission).

### 2 The Manutan Group's internal control environment

The procedure in place within the Manutan Group is coordinated by a unit dedicated to risk management and internal control.

This unit depends on an operational organisation over different levels within the Corporate Finance department at the Group head office under the management of the Executive Management.

It is responsible for communications and awareness measures regarding this area. It aims to achieve better risk management and a higher level of performance.

#### 2.1 General organisation of the Manutan Group

The Manutan Group is organised into operational areas (South, Centre, North, West and East), covering all subsidiaries, and is led by the parent company Manutan International.

In this respect, Manutan International hosts Group functional managements (Marketing and Purchasing, Information Systems, Corporate Finance, Human Resources, Communication) that exercise a control function and provide expertise, advice and business-wide support.

The Managers of the operational areas are responsible, within their area, for the implementation of the strategy and the achievement of objectives set by the Group Executive Committees. The subsidiaries, within the areas, manage their operations in the various countries where the Group is present. Reporting to the Area Manager, they implement the Group's policy, while taking account of specific local conditions. To do this, they refer to the guidelines and procedures defined by the Group.

#### 2.2 Participants in internal control

Internal control is everybody's business, from the governing bodies of the Group to all Manutan Group employees.

Even though "management" is responsible for the implementation of good internal control practices, the risk management and internal audit team is in charge of applying and coordinating procedures throughout the Group.

The risk management and internal audit unit is part of the Group Financial Management and reports to the Executive Management and the Audit Committee.

The risk management and internal audit unit defines the structure and procedures for the Group's internal control together with all key operating and functional staff. It also ensures that the rules laid down are applied.

#### Executive Management

Management of the Manutan Group is entrusted to the Executive Management that defines the action plans required for the implementation of the Group's strategy. It also ensures the uniformity and consistency of practices within all the Group's subsidiaries.



Management is based on a functional and operational organisation of the departments within the Group with defined duties, responsibilities and expertise.

#### **Board of Directors**

The Board of Directors has a driving role in implementing internal control both by defining guidelines and internal standards and in inspecting their application. It also monitors the manner in which they are converted into action plans.

The Board of Directors is thus involved in local strategic decision-making (investments, development plans, etc.) within the limits of the duties contractually set with the management. This presence guarantees local action in line with Group strategy.

#### **Audit Committee**

The Audit Committee is responsible for monitoring the procedure for the preparation of financial information, the effectiveness of internal control and risk management systems (see page 51 of this document).

#### **Group Financial Management**

The preparation of Group accounting and financial information is the responsibility of the Group Financial Management which supervises the work carried out by local financial management. In this way, the Top Management relies mainly on:

- The Consolidation Division: it is responsible for preparing the interim and annual consolidated financial statements and the related closing instructions. It defines and distributes the Group standards and must ensure the reliability of the accounting information. It must also establish the guidelines for managing taxes, cash and relations with investors.
- The Risk management and internal audit division: it defines and implements the guidelines for internal audits. It also deploys the risk management system by in particular regularly updating the cartography of risks and offering appropriate action plans. The department dedicated to this procedure also directs the internal control work and audits through financial or operational business-wide assignments in the subsidiaries. It is also responsible for assessing, processing and raising awareness for managers on the Groups exposure to inherent risks to achieving the Group's strategic objectives.
- The Management Control Division: this is a key player in operational control for the Group. Its main role is to regularly check operational performance by implementing reports and defining KPI – Key Performance Indicators. It deals directly with the operational realities of subsidiaries and may participate in the resolution of management difficulties beyond the single area of finance.
- The Legal Division: it monitors compliance with laws, regulations and rules of procedure for the delegation of powers and responsibilities within the Group.

Legal control is ensured by the presence of at least one of the members of the Group Board of Directors at the Boards of Directors of companies leading an operational area.

## **3 Procedures relating to the preparation and processing of accounting and financial information**

The proper application of Group accounting and financial principles is verified by Group Financial Management, as well as by the local Statutory Auditors.

Group Financial Management also provides advice and support in dealing with specific problems and non-current transactions.

The Board of Directors reviews the annual and interim financial statements as well as the management information presented thereafter to the Audit Committee and the Board of Directors.

The preparation and analysis of financial information is based on an integrated process, from the budgetary procedure and reporting process to the preparation of consolidated financial statements audited by the Statutory Auditors.

### **3.1 The budgetary procedure**

The Group Financial Management is responsible for overseeing the budgetary procedure. The Manutan Group's budgetary procedure is managed according to an annual calendar. Budgets for countries and operating areas are generated on the basis of guidelines issued by the Board of Directors of Manutan International and discussions between Operating Management, the Group Financial Department and cross-functional departments.

Draft budgets for the areas are presented for each area during an official review between the Board of Directors and the Operational Managers: the strategic directions, the projects and the associated means as well as the detailed resulting objectives are commented on.

Following any revisions requested by the Board of Directors, the budgets for the operating areas and accordingly those of the corresponding companies are then validated.

The draft Group budget is then amended to its final version. The Group's targets and their financial impact are drawn from it and presented to and shared with the Group's senior Management team and its main managers.

Overall consistency is thus assured, with regard to the Group and its operating areas, areas within its countries, and Functional Top Management and Operating Top Management. The budget serves as a benchmark throughout the year. Forecasts are reviewed and revised on a quarterly basis.

### **3.2 The reporting procedure**

Group reporting consists of monthly monitoring of the performance of the entities by means of specific indicators whose coherence and accuracy are reviewed by the Group Financial Management: these are standard financial indicators, based on the income statement, the balance sheet and analysis of cash flows, and also indicators to measure performance and the achievement of quantified objectives.

### 3.3 The consolidation procedure

The Manutan Group prepares consolidated financial statements to the IFRS standards every quarter as part of its internal management. Only the interim and annual consolidated financial statements are published today.

To achieve this, a detailed planning schedule and a description of the various steps and related duties are prepared for every quarterly closing of consolidated financial statements. A systematic review of the financial statements is carried out, as well as a review of the consistency with the IFRS standards, the Group accounting principles and compared to performance objectives. The audit points revealed by the Local Statutory Auditors are also treated. They are accompanied by a list of information and documents to be provided in a consolidation package (*e.g.* representation letter, information for the notes to the consolidated financial statements, etc.).

The consolidation, a key step in the preparation of Group accounting and financial information, is carried out centrally by the Group Financial Management on the basis of the subsidiaries' consolidation packages, validated previously by local management and the Statutory Auditors and analysed by Group Financial Management.

The consolidation process is structured around various information exchange and validation meetings. A local closing meeting, for interim and annual closings, is organised for every Group subsidiary. This brings together the local financial staff (frequently together with the Managing Director of the subsidiary), a representative of Group Financial Management and the local Statutory Auditors.

### 3.4 Use of Statutory Auditors' reports

The Group internal control and risk management team manager summarises and reports all audit issues brought to his/her attention by the Statutory Auditors. He or she then ensures the internal audit follow-up on all of these issues, and participates as appropriate, in the implementation of corrective measures.

### 3.5 Description of the Information System

All information that serves as a basis for the preparation of the consolidated financial statements is managed by a single integrated tool that is shared by all Group companies and recognised as a benchmark in the market.

This tool is controlled by the Group Financial Management and brings together, in a unique format and guidelines, the various phases of financial information generation: budget, reporting and preparing consolidated financial statements.

All analyses and discussions relating to financial information are based on information generated from this common tool.

## 4 Risk assessment and audit activities

The internal control and risk management unit is responsible for raising awareness about risk management amongst all the internal participants. Its role is not limited to defining the standards and auditing that they are correctly applied:

it actively monitors the deployment of corrective actions and the reduction of anomalies detected in the application of the Group procedures.

The internal control unit is responsible for developing and drafting Group procedures aimed at structuring and improving internal control.

The implementation of the Group risk management policy has made it possible to identify the following risks (see the "Issuer's risk Factor" section – page 78 *et seq.* of this document):

- financial risks: risks related to the market, rates, liquidity, exchange, shares, customer credit, the economic climate and raw materials;
- operational risks: the risks of the failure of a transporter, risks related to the information systems, to competition, acquisitions, the protections of ethical and corporate assets, or to reputation;
- industrial and environmental risks;
- legal risks.

In order to implement internal management of audits to ensure continuing improvement, the projects related to internal control and risk management result in the creation of various documents and tools, which are valuable points of reference for Manutan Group employees.

By agreement with the Audit Committee, the work carried out over the previous financial period were mainly centred on continuing risk assessment with a specific focus on IT risks in 2015/2016, continuing work on reviewing access rights created and attributed as part of the deployment of ERP for Manutan France, reviewing the procedures aimed at verifying the reliability of financial information and the implementation of new procedures (particularly in the areas of IT and Human Resources). Awareness raising actions continued with the creation of workshops and the deployment of specific IT projects coordinated by the Data Security Systems Manager (RSSI) and the internal control unit.

The risk management unit also carried out a number of specific assignments in different entities such as:

- assisting with the closing of accounts;
- implementing and deploying control procedures and activities in recent acquisitions;
- reviewing the monthly financial performance analysis carried out within the Group's entities.

Lastly, the internal control and internal audit and risk management unit is a key participant in the main Group Information Systems projects, making recommendations in the area of internal control.

The consolidated financial statements are also reviewed quarterly by Group Financial Management, which presents their analysis to the Board of Directors and the Audit Committee. Emphasis is placed on the turnover, results and cash position relative to budget, as well as on an analysis of major risks.

## 5 Outlooks

The Manutan Group is committed to a continual improvement approach for its procedures. The priorities identified in previous years (expenditure commitment management, securing of financial flows, inventory management, purchase management, and IT and information systems security) are still relevant issues according to the audits performed and will form the guiding basis for the involvement of the internal control and risk management unit next year.

Work on increasing the security of our IT systems will intensify, particularly regarding the deployment of several exercises with the Group's new ERP system.

The organisational challenges facing the Group will also remain a major line of work for the unit.

The internal control and risk management unit will also continue to ensure the physical security of assets and people within the Group by performing site audits.

Particular attention will continue to be paid to monitoring major ongoing projects, through audits performed at key stages in the subsidiaries, as well as through monitoring risks relating to costs, deadlines, and quality.

Furthermore, the Company will continue to remain informed of changes in the AMF (French Financial Markets Authority) Reference Framework.

Chairman of the Board of Directors

# Statutory Auditors' report, prepared pursuant to Article L. 225-235 of the French Commercial Code (*Code de commerce*), on the report of the Chairman of the Board of Directors of Manutan International

Financial year ended 30 September 2016

Dear Shareholders,

In our capacity as Statutory Auditors of Manutan International and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby present to you our report on the report prepared by the Chairman of your Company in accordance with the provisions of Article L. 225-37 of the French Commercial Code for the financial year ended 30 September 2016.

The Chairman is responsible for preparing and submitting for approval to the Board of Directors a report on the internal control and risk management procedures implemented within the Company and for providing other information required under Article L. 225-37 of the French Commercial Code relating, in particular, to the system of corporate governance.

It is our responsibility:

- to inform you of our observations on the information provided in the Chairman's report concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information; and
- to attest that the report contains the other information as required under Article L. 225-37 of the French Commercial Code, bearing in mind that it is not our responsibility to verify the accuracy of this information.

We performed our work in accordance with professional standards applicable in France.

## Information concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information

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The professional standards require that we plan and perform our work so as to be able to assess the accuracy of the information concerning the internal control and risk management procedures relating to the preparation and processing of accounting and financial information contained in the Chairman's report.

In particular, these standards require that we:

- familiarise ourselves with the internal control and risk management procedures relating to the preparation and processing of accounting and financial information supporting the information presented in the Chairman's report along with any existing documentation;
- familiarise ourselves with the work supporting the information thus provided in the report and the existing documentation;
- determine whether any major internal control deficiencies relating to the preparation and processing of the accounting and financial information that we identified during the audit were suitably explained in the Chairman's report.

Based on our work, we have no comments to make on the information provided concerning the company's internal control and risk management procedures relating to the preparation and processing of accounting and financial information, as contained in the report of the Chairman of the Board of Directors, prepared pursuant to the provisions of Article L. 225-37 of the French Commercial Code.

## Other information

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We certify that the report of the Chairman of the Board of Directors contains the other information required by Article L. 225-37 of the French Commercial Code.

Signed in Nantes and in Courbevoie, 27 January 2017

The Statutory Auditors

**KPMG Audit**  
**A Division of KPMG SA**

Franck Noël  
*Partner*

**Mazars**

Bruno Balaire  
*Partner*



# Special report of the Statutory Auditors on regulated agreements and commitments

## General Meeting for the approval of the financial statements for the financial year ended 30 September 2016

Dear Shareholders,

In our capacity as Statutory Auditors for your Company, we hereby present to you our report on regulated agreements and commitments.

It is our duty to inform you, based on the information made available to us, of the features and the essential terms of the agreements and commitments of which we have been advised or that we have discovered during our assignment and the reasons justifying their interest to the company, though we are not obliged to comment on their usefulness or their value or to seek out other agreements or commitments. It falls upon you, under the terms of Article R. 225-31 of the French Commercial Code, to consider the value of the conclusion of these agreements and commitments with a view to their approval.

It is also our duty, where appropriate, to inform you of the information provided for by Article R. 225-31 of the French Commercial Code regarding the performance, over the financial year ended, of the agreements and commitments previously approved by the General Meeting.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body [the Compagnie nationale des Commissaires aux Comptes] regarding this assignment. These procedures consisted of verifying that the information provided to us was consistent with the data in the documents from which it was drawn.

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## Agreements and commitments submitted for approval by the General Meeting

### Agreements and commitments authorised over the financial year ended

We inform you that we have not received notice of any agreement or any undertaking authorised during the financial year ended that needs to be submitted for approval by the General Meeting pursuant to the provisions of article L. 225-38 of the French Commercial Code.

### Agreements and commitments authorised since the closing of accounts

We have been informed of the following agreements and commitments, authorised since the closing of accounts for the financial year ended, which have been given prior authorisation by the Board of Directors of your company

#### **1. Renewal of agreements made with a member of the Board of Directors - Renewal of the commitment regarding the end-of-service bonus for Pierre-Olivier Brial, which may be payable due to termination of the employment contract, and the related conditions of performance**

##### **Person concerned:**

Pierre-Olivier Brial, Deputy General Manager

##### **Nature, subject and terms:**

Taking into account the renewal of the appointment as director of Mr Pierre-Olivier Brial proposed by the Board of Directors during its meeting on 16 January 2017 and, in the event of the renewal of this appointment by the General Meeting of 9 March 2017, the renewal of his term of office as Deputy General Manager that shall be determined by the Board of Directors following said General Meeting, your company has renewed the commitment made under the conditions of article L. 225-42-1 of the French Commercial Code regarding the end-of-service bonus that may be paid to him due to the termination of his employment contract, and the related conditions for the performance thereof.

This agreement provides that Pierre-Olivier Brial shall benefit from a contractual end-of-service bonus with regard to his employment contract, the terms of which are:

With the exception of dismissal due to serious misconduct, gross negligence or force majeure, dismissal on the grounds of physical inability as decided by the company doctor, retirement, or voluntary departure (resignation, early retirement or termination of the employment by mutual consent), Pierre-Olivier Brial shall benefit from contractual compensation for the termination of his employment contract. He shall also receive the redundancy payment he is entitled to legally. This contractual severance payment is fully inclusive of the redundancy indemnification under the collective bargaining agreement.

The amount of this gross compensation is fixed at twenty-one months' salary (fixed basic salary + bonus but excluding exceptional incentives).

This compensation shall be governed by the applicable social and fiscal rules at the time of payment and may, in this manner, be subject to all the employer's and employee's social security charges."

The payment of the above mentioned compensation is conditional on the achievement of the following cumulative performance conditions:

- average current operating profit over the three years preceding notification of termination of the employment contract to be maintained above 4% of turnover; and
- maintaining stable positive consolidated net income over the past three financial years preceding the notification of the termination of the employment contract.

These two cumulative conditions would be based on the consolidated net income and turnover of the Manutan Group. The achievement of these objectives would be based on the consolidated accounts for the last three financial years, as approved by the Board of Directors and certified by the Statutory Auditors, prior to the notification of the termination of the employment contract.

If Pierre-Olivier Brial's appointment as Deputy General Manager is terminated, for any reason whatsoever, these performance conditions governing the granting of contractual compensation would become null and void at the end of a period of eight months from the expiry date of the appointment.

The undertaking regarding the contractual compensation for the termination of the employment contract, and the associated performance conditions were authorised by the Board of Directors on 20 January 2016, approved by the General Meeting of 17 March 2016, and renewed by the Board of Directors on 16 January 2017.

**Grounds:**

With regard to the extent of the powers and the responsibilities that have been granted to Pierre-Olivier Brial in his capacity as Deputy General Manager and the investment that these functions require, it appears to be in the Company's best interest to ensure lasting good relations and understanding with its Deputy General Manager by granting him an end-of-service bonus in the event of the termination of his employment contract.

**2. Renewal of an agreement made with a member of the Board of Directors - Renewal of the commitment regarding the end-of-service bonus for Brigitte Auffret, which may be payable due to termination of the employment contract, and the related conditions of performance**

**Person concerned:**

Brigitte Auffret, Deputy General Manager

**Nature, subject and terms:**

Taking into account the renewal of the appointment as director of Mrs Brigitte Auffret proposed by the Board of Directors during its meeting on 16 January 2017 and, in the event of the renewal of this appointment by the General Meeting of 9 March 2017; the renewal of her term of office as Deputy General Manager that shall be determined by the Board of Directors following said General Meeting, your company has renewed the commitment made under the conditions of article L. 225-42-1 of the French Commercial Code regarding the end-of-service bonus that may be paid to her due to the termination of her employment contract, and the related conditions for the performance thereof.

As such, this agreement provides that the contractual end-of-service bonus under the terms of the employment contract of Brigitte Auffret is as follows:

With the exception of cases of serious or gross negligence, force majeure, redundancy due to a physical inability recognised by the company doctor, retirement, or voluntary departure (resignation) the Company undertakes to pay Brigitte Auffret, contractual compensation for the early termination of her employment contract, in addition to redundancy pay as provided for by the Law.

The amount of this gross compensation is fixed at 21 months' salary (fixed basic salary + bonus but excluding exceptional incentives).

This compensation shall be governed by the social and fiscal rules applicable at the time of its payment."

The payment of the above mentioned compensation is conditional on the achievement of the following performance conditions:

- average current operating profit over the three years preceding notification of termination of the employment contract to be maintained above 4% of turnover;
- and stable positive consolidated net income over the past three financial years preceding the notification of the termination of the employment contract.

These two cumulative conditions shall be based on the consolidated turnover of the three financial years preceding the notification of the termination of the employment contract. If Brigitte Auffret's appointment as a member of the Board of Directors is terminated, for any reason whatsoever, these performance conditions governing the granting of contractual compensation would become null and void at the end of a period of eight (8) months from the expiry date of the appointment.

This provision is motivated by the seniority of Brigitte Auffret as a member of the Management Board and the Executive Management (25 January 2002), then as a member of the Board of Directors and Deputy General Manager since 30 November 2011.

This agreement was authorised by the Board of Directors on 13 March 2015 and approved by the General Meeting of 17 March 2016. The renewal of this agreement was authorised by the Board of Directors on 16 January 2017.

**Grounds:**

With regard to the extent of the powers and the responsibilities that have been granted to Brigitte Auffret in her capacity as Deputy General Manager and the investment that these functions require, it appears to be in the Company's best interest to ensure lasting good relations and understanding with its Deputy General Manager by granting her an end-of-service bonus in the event of the termination of her employment contract.

## Agreements and undertakings that have not been previously authorised

Pursuant to article L. 225-42 and L. 823-12 of the French Commercial Code, we have been informed of the following agreements and commitments that have been given prior authorisation by your Board of Directors.

It is our duty to inform you of the circumstances under which the authorisation procedure has not been followed.

### 1. Agreement to partially abandon the credit granted to the subsidiary Manutan GmbH (agreement not authorised in advance but authorised after the event and substantiated)

**Persons concerned:**

- Manutan International
- Manutan GmbH

**Nature, subject and terms:**

On 26 September 2016, your Company granted a partial debt waiver to the benefit of its Swiss subsidiary Manutan GmbH, under the terms of which the Company waived €150,000 out of the €299,000 owed by Manutan GmbH.

**Grounds:**

In view of the fact that, on the closing of accounts, Manutan GmbH had a negative balance of its shareholders' equity that under local law required a contribution of capital; and as Manutan GmbH is a subsidiary controlled by the Company Manutan Internationale, it was in the interests of the latter to maintain its interests in its fully owned subsidiary in order to continue its commercial development in Switzerland.

**Circumstances due to which the authorisation procedure has not been followed.**

Following the omission of prior authorisation for this agreement by the Board, it was specified to us that, during its meeting on 14 December 2016, the Board of Directors for your company ratified this agreement after the event.

### 2. Renewal of the agreement with Manutan NV (Belgium): brand licence agreement (renewal of the agreement without prior authorisation but authorised after the event and substantiated)

**Persons concerned:**

- Xavier Guichard, General Manager
- Brigitte Auffret, Deputy General Manager
- Pierre-Olivier Brial, Deputy General Manager

**Nature and subject:**

The Supervisory Board of 1 July 2002 authorised your Company to retroactively grant a Manutan brand license to its subsidiary Manutan NV for a term of ten years from 1 October 2000, and renewable by tacit renewal. In consideration of the use of this license, the company Manutan NV has undertaken to pay your Company an annual fee of 1.5% of its annual turnover excluding taxes.

**Grounds:**

To the extent that Manutan NV performs the commercial activity of the Group in Belgium under the identity of the Manutan Group, it is in the interests of Manutan International, which holds the brands protecting this identity, to grant Manutan NV the right to use them.

**Terms:**

The amount of the fee invoiced to the subsidiary Manutan N.V. for the financial year ended 30 September 2016 amounts to €591,690.35.

**Circumstances due to which the authorisation procedure has not been followed:**

Following the omission of prior authorisation for this agreement, it was specified to us that, during the meeting on 16 January 2017, the Board of Directors authorised the renewal of this brand licensing agreement for a term of three years, under the same conditions until 30 September 2019.

## Agreements and commitments previously approved by the General Meeting

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed of the performance of the following agreements and commitments, previously approved by the General Meeting during previous financial years, which continued during the financial year ended.

### 1. Agreements reached with a member of the Board of Directors – Suspension of the employment contract

**Person concerned:**

Pierre-Olivier Brial

**Nature, subject and terms:**

Under the conditions of article L. 225-38 of the French Commercial Code, your Company has suspended the employment contract of Pierre-Olivier Brial, for the following reasons:

In 2015, changes to the organisation of Manutan International have been planned, which shall in particular result in a change to the organisational structure, particularly regarding the Group functions that shall be redistributed between the General Manager and the Deputy General Managers.

This change revealed that it would also be necessary to change the legal status of Pierre-Olivier Brial, who, under the new organisation, shall be assigned the responsibility for the strategic development of Ironmongery Direct in England and Manutan Collectivités in France.

Taking into account the nature and scope of the responsibilities that will be assigned to him, it seems inappropriate to continue the situation of combining an employment contract and a corporate office.

Indeed, in order to be valid, such a combination is subject to several conditions including continuing the distinct technical functions of the employment contract and the hierarchical subordination.

Taking into account the changes to the management structure recalled above, it would appear that, under the new organisation, Pierre-Olivier Brial shall assume more of a supervisory role and validating the business strategy and business plan otherwise implemented by the Managing Directors of areas. As such, Pierre-Olivier Brial shall have a greater role in managing the subsidiaries.

It shall therefore become increasingly difficult to make a distinction between the functions devolved to Pierre-Olivier Brial as corporate officer and the technical functions required under an employment contract.

Moving to a role of fixing the strategy for the Divisions, for which he shall be responsible in addition to his supervisory role, shall also make it more difficult to define the hierarchical subordination required for an employment contract.

For all of these reasons, the validity of combining a corporate office and employment contract was called into question.

- The suspension of the employment contract shall be effective throughout the appointment of Pierre-Olivier Brial as Deputy General Manager or any executive appointment within Manutan International that may subsequently be assigned to him by the Board, from the date of signature of said suspension agreement.
- In the event of the non-renewal or the termination of his appointment as Deputy General Manager, regardless of the cause or the initiating party, the existing employment contract between the company Manutan International and Pierre-Olivier Brial shall immediately return to effect.

Pierre-Olivier Brial shall resume his previous role as Group Marketing and Development Director and shall receive an annual remuneration of an equivalent amount to the last annual remuneration (fix, bonus and advantages in kind, with the exclusion of GSC) granted under the terms of his corporate office.

The full duration of the period of the suspension of the employment contract of Pierre-Olivier Brial, due to his appointment, shall be taken into account in the calculation of his seniority in the Company.

The agreement to suspend the employment contract, and the undertaking regarding the contractual compensation for an end-of-service bonus, and the associated performance conditions, were authorised by the Board of Directors on 20 January 2016.

### 2. Agreement made with a member of the Board of Directors – Amendment to the employment contract of Pierre-Olivier Brial

**Person concerned:**

Pierre-Olivier Brial, Deputy General Manager

**Nature, subject and terms:**

On 30 November 2011, your Board of Directors authorised the signature of an amendment to the employment contract of Pierre-Olivier Brial, Deputy General Manager of Manutan International SA, who since 30 November 2011 has also performed the role of Group Marketing and Development Director. In this capacity, Pierre-Olivier Brial shall be tasked with developing, organising and managing the marketing and merchandising strategy defined by the Group at a Group level.

This amendment was approved by the Ordinary General Meeting for the approval of the financial statements for the financial year ended 30 September 2012, held on 19 March 2013.

On 18 December 2013, the Board of Directors of your Company decided to bring the annual gross fixed remuneration of Pierre-Olivier Brial to €190,000 for the period from 1 January 2014 to 31 December 2014 under the terms of his contract as Group Marketing and Development Director and to €100,000 for his corporate office.

In addition to the gross fixed component referred to above, Pierre-Olivier Brial may receive variable remuneration, the payment of which is conditional upon the achievement of the objectives defined as follows:

- This variable remuneration amounts to 40 % of the gross annual salary of Pierre-Olivier Brial, upon the achievement of 100% of the objectives and may not, in any event, exceed 60% of the gross annual salary (maximum for the achievement of 150% of the objectives). This variable remuneration shall be paid once per year, after validation of the Company's budget year, i.e. at the latest in January every year.

This amendment was approved by the Ordinary General Meeting for the approval of the financial statements for the financial year ended 30 September 2013, held on 13 March 2014.

On 17 December 2014, the Board of Directors of your Company decided to bring the annual gross fixed remuneration of Pierre-Olivier Brial to €190,000 for the period from 1 January 2014 to 31 December 2015 under the terms of his contract as Group Marketing and Development Director and to €100,000 for his corporate office.

This provision is motivated by the seniority of the operational functions of Pierre-Olivier Brial in the Group's subsidiaries (since October 2001), which have continued since he was appointed as a member of the Board of Directors and Deputy General Manager, by a decision of the Board of Directors on 30 November 2011.

### **3. Agreement concluded with three members of the Board of Directors Personal insurance and medical expenses schemes for Xavier Guichard, Brigitte Auffret, and Pierre-Olivier Brial, in their capacity as corporate officers assimilated to management level employees**

#### **Person concerned:**

- Xavier Guichard, General Manager
- Brigitte Auffret, Deputy General Manager
- Pierre-Olivier Brial, Deputy General Manager

#### **Nature, subject and terms:**

On 30 November 2011, the Board of Directors of your company authorised Xavier Guichard, Brigitte Auffret and Pierre-Olivier Brial, in their capacity as Corporate Officers assimilated to management level employees, to benefit from the Group personal insurance and medical expenses schemes applicable to the Company.

### **4. Agreement concluded with a member of the Board of Directors: Personal insurance and medical expenses schemes for Jean-Pierre Guichard, in his capacity as a corporate officer assimilated to a management level employee**

#### **Person concerned:**

Jean-Pierre Guichard, Chairman of the Board of Directors

#### **Nature, subject and terms:**

On 14 December 2011, your Board of Directors authorised Jean-Pierre Guichard, in his capacity as a Corporate Officer assimilated to a management level employee, to benefit from the Group personal insurance and medical expenses schemes applicable to the Company.

### **5. Interest free loan agreement, to the benefit of the Inter-Company Restaurant Association at the Manutan European Centre**

#### **Person concerned:**

Xavier Guichard, General Manager

#### **Nature and subject:**

On 12 December 2013, the Board of Directors authorised a posteriori your Company to grant on 31 March 2012, a free loan, of an amount of €946,894.50 (nine hundred and forty-six thousand eight hundred and ninety-four euros and fifty cents) for a term of 10 (ten) years, to its subsidiary "Inter-Company Restaurant Association of the Manutan European Centre", in order to finance the installation of furniture, with the exclusion of any other use.

The reimbursement of this loan has given rise to a schedule of payments, by constant annuities over ten years, payable until 31 March 2022.

#### **Terms:**

As at 30 September 2016 the balance stood at €568,136.30.



## 6. Agreement concluded with a member of the Board of Directors: Suspension of the employment contract of Xavier Guichard

### **Person concerned:**

Xavier Guichard, General Manager

### **Nature, subject and terms:**

On 30 November 2011, the Board of Directors for your company suspended the employment contract of Xavier Guichard, in his capacity as a Corporate Officer.

The suspension of the employment contract shall take effect for the full term of the appointment of Xavier Guichard as Deputy General Manager, from the day of the signature of said suspension agreement.

In the event of the non-renewal or the termination (regardless of the cause or the initiating party) of his appointment as Deputy General Manager, or any other executive appointment, in particular as General Manager, assigned by the company Manutan International, the existing employment contract between the company Manutan International and Xavier Guichard shall immediately return to effect.

Xavier Guichard shall once again assume his previous function as Executive Manager or, if this position is not vacant, a position that is at least equivalent in terms of qualification and level of responsibilities within said Company or another company of the Manutan Group, in France. In the latter case, the company Manutan International shall guarantee that the new employer shall replicate the undertakings in the agreement to the benefit of Xavier Guichard.

He shall receive an annual remuneration of an equivalent amount to the last annual remuneration (fix, bonus and advantages in kind) granted under the terms of his corporate office.

The full duration of the period of the suspension of the employment contract of Xavier Guichard, due to his appointment, shall be taken into account in the calculation of his seniority in the Company.

## 7. Agreement concluded with a member of the Board of Directors: Suspension of the employment contract of Brigitte Auffret

### **Person concerned:**

Brigitte Auffret, Deputy General Manager

### **Nature, subject and terms:**

Taking into account the change in the way the company is administered, and the resulting end of the mandate as member of the Management Board and General Manager of Brigitte Auffret, and her appointment as Deputy General Manager, on 30 November 2011, the Board of Directors of your company authorised the signature of an amendment to the agreement to suspend the employment contract of Brigitte Auffret, member of the Board of Directors and Deputy General Manager, with regard to her employment contract as Group Administrative and Finance Director, concluded on 1 April 2008, the principle conditions of which are as follows:

- The suspension of the employment contract shall take effect for the full term of the appointment of Brigitte Auffret as Deputy General Manager, from the day of the signature of said suspension agreement.
- In the event of the non-renewal or the termination (regardless of the cause or the initiating party) of her appointment as Deputy General Manager of the company Manutan International, or any other executive appointment, assigned by the Board of the company Manutan International, the existing employment contract between the company Manutan International and Brigitte Auffret shall immediately return to effect.
- Brigitte Auffret shall once again assume her previous function as Group Administrative and Finance Director or, if this position is not vacant, a position that is at least equivalent in terms of qualification and level of responsibilities within said Company or another company of the Manutan Group, in France. In the latter case, the company Manutan International shall guarantee that the new employer shall replicate the undertakings in the suspension agreement to the benefit of Brigitte Auffret.
- She shall receive an annual remuneration of an equivalent amount to the last annual remuneration (fix, bonus and advantages in kind, with the exclusion of GSC) granted under the terms of her corporate office.
- The full duration of the period of the suspension of the employment contract of Brigitte Auffret, due to her mandate, shall be taken into account in the calculation of her seniority in the Company.

Signed in Nantes and in Courbevoie, 27 January 2017

The Statutory Auditors

**KPMG Audit**  
**A Division of KPMG SA**

Franck Noël  
*Partner*

**Mazars**

Bruno Balaire  
*Partner*



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# Highlights

## Acquisition of Essex Electrical Wholesalers (EEW)

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The Group acquired 100% of the shares of Essex Electrical Wholesalers, a UK specialist in the distribution of electrical supplies to electricians. With this transaction finalised on 25 July 2016, the acquisition of Essex Electrical Wholesalers enables the Group to strengthen its positions in the United

Kingdom, a market in which Manutan is already present with three brands: Key Industrial Equipment, its long-standing subsidiary, Rapid Racking, acquired in 2008 and IronmongeryDirect Limited, acquired in 2013.

## Launch of new own brand

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On 7 January 2016 the Group launched its own Manutan brand, the objective being to give customers an alternative to the national brands by offering them quality everyday products at a fair price. These products are included in the online range and the 2016 catalogue of the majority of our

generalist subsidiaries and two of our specialist subsidiaries (Manutan Collectivités and Rapid Racking). The launch of the Manutan own brand represents a major strategic turning point for the Group.

## Harmonisation of the range in the northern countries

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The process of harmonising the range continued in the northern countries in November with positive results for

the Group: 12,000 products were added to the harmonised range in Sweden, Norway, Denmark and Finland.

## Strengthening of the deployment of the digital strategy in the Group

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Since its creation in September 2015, the Innovation Digital Division has been calling on all available resources to meet the requirements of customers, suppliers and employees, making full use of the speed and adaptability of new

technologies. A new organisation was put in place, with the creation of a dedicated team divided between two functions: e-commerce and the Digital Lab.

# Manutan Group results and outlook

## Sales and results up

**The recent acquisitions have galvanised Manutan's activity. Despite the residual effects of the roll-out of our new IT system in France in June 2015, the Group has retained its ability to manage its cost structure, together with more than satisfactory results which have enabled it to improve its operating profitability.**

**Following the new acquisition, the Group's situation remains just as solid. It is in this context that it will continue its efforts to increase its revenues in the short and medium term while maintaining its investments in information systems.**

### Growth driven organically and boosted by acquisitions

The Group's activity grew by 9.5% in financial year 2015/2016, underpinned by growth in the long-established Group entities, notably Manutan France and the Benelux subsidiaries. The acquisitions of Papeteries Pichon in July 2015 and of EEW in July 2016 have contributed to the dynamism of the business. At constant scope, turnover grew by 4.0% on the previous financial year, despite a negative exchange effect of 0.8%.

For the financial year as a whole, at constant scope and exchange rates, the Group's performance was fairly even:

- First quarter (October to December 2015): up by 11% (as against a decrease of 3.1% in 2014), up by 0.8% at constant scope and exchange rates.
- Second quarter (January to March 2016): up by 3.3% (as against an increase of 1.8% in 2015), up by 0.6% at constant scope and exchange rates.
- Third quarter (April to June 2016): up by 25.2% (as against a decrease of 0.3% in 2015), up by 12.7% at constant scope and exchange rates.
- Fourth quarter (July to September 2016): up by 1.6% (as against an increase of 24.2% in 2015), up by 3.5% at constant scope and exchange rates.

### Clear increase in operating profit

Current operating profit for the year was up by 20.1% at €48.2 million, compared with €40.1 million the previous year, and amounted to 7.1% of sales compared with 6.4% the previous year. The improvement in profitability is underpinned by effective control of operating costs in a period of growth: they represent 29.8% of sales, compared with 31.7% in the previous financial year.

After taking account of non-recurring items, which were down significantly, operating profit was up by 22.9%, while as a percentage of sales it increased from 6.1% to 6.9%. These non-recurring items mainly concern restructuring costs for the period and acquisition expenses relating to Essex Electrical Wholesalers.

### Net profit up

In terms of net profit, the increase relative to the previous financial year is amplified by the fall in the Group's effective tax rate (28.7% in 2015/2016 as against 31.2% in 2014/2015 due to differences in tax rates between France and other countries where the Group is established) and increased financial income. Net income for the year came to 5% of sales compared with 4.1% in 2014/2015.

# Financial structure and investment policy

## Financial structure still just as solid

### Financial structure

Since its foundation, the Group's long-standing philosophy with regard to its financial policy, has consisted in financing its operating investments (mainly IT solutions, marketing projects and logistics resources), as well as organic and/or external growth, mainly from internally generated resources.

This policy, together with a controlled management of working capital requirements, ensures that the Group enjoys a sound and durable financial structure.

However, in order to preserve its investment capacity and the ability to seize opportunities for external growth, the Group has chosen to lease finance its HEQ (High Environmental Quality) European Centre in the Île-de-France (Greater Paris) region. Thus, as at 30 September 2016, the Group reported long-term financial debt of €61.8 million (down by €10.6 million on the previous financial year). This change was mainly due to repayment of our borrowings during the year.

The Group's financial position remains sound, its long-term debt representing 10.4% of the balance sheet total, compared with 13.1% one year earlier. The ratio of equity to permanent capital thus comes to almost 84%. In addition, the Group has confirmed credit lines from its bankers for a total amount of €65.1 million. These lines can be drawn at any time.

Available cash (cash<sup>(1)</sup> net of short-term financial debt) rose from €60 million to €69 million as a result of the Group's improved results.

### This change can be analysed as follows:

- An increase of 14.8% in the free cash flow, which came to €49.6 million.
- An increase of €4.9 million in working capital requirement, of which:
  - -€9.2 million in current operating items (inventories, customer receivables and supplier payables); the deterioration is explained by the increased collection periods for customer receivables associated with the launch of the new information system at Manutan in France, and by the increased levels of inventories, particularly of sourced products;
  - +€4.4 million in other current items (miscellaneous receivables and payables and taxes).

- A sustained level of capital expenditure in support of the Group's development:
  - investments of €5.0 million in intangible assets, mainly corresponding to the overhaul of the information systems;
  - investments of €3.7 million in property, plant and equipment, concerning the renewal of computer equipment and the fitting out of various warehouses;
  - net impact of the acquisition of the shares in Essex Electrical Wholesalers for €3.0 million.
- Investment for the three previous years is summarised hereunder:

#### 2014/2015

- investments of €11.3 million in intangible assets, mainly corresponding to the overhaul of the information systems;
- investment in property, plant and equipment of €4.8 million, corresponding to the integration of the fixed assets of Papeteries Pichon, the renovation of our buildings in the Czech Republic and the renewal of the servers and computers;
- net impact of the acquisition of the shares in Papeteries Pichon for €69 million.

#### 2013/2014

- investments of €9.2 million in intangible assets, of which €8.5 million concerned the overhaul of the information systems;
- investments of €2.9 million in property, plant and equipment, of which €0.9 million concerned the renewal of computer equipment; €0.9 million related to works on the buildings in Sweden and the Netherlands and €0.5 million was for the leasing of vehicles;
- acquisition of the shares in Ikaros Cleantech for €11.4 million.

#### 2012/2013

- investments in intangible assets of €7.7 million, basically involving the project to overhaul the information systems;
- investment in property, plant and equipment comprising property and IT infrastructure for €6.5 million, mainly concerning the acquisition of the finance lease contract for Sports et Loisirs;
- acquisition of the shares in Sports et Loisirs and IronmongeryDirect for €17.3 million and €20.4 million respectively.

(1) The Group defines its cash as the sum of cash and cash equivalents and investments at less than one year.



## Real estate

The operation of storage warehouses is a key element of the Group's logistics business. Manutan has total storage area of 188,650 m<sup>2</sup>. The following table shows the main logistics sites currently operated by the Group:

Location	Warehouse area (in m <sup>2</sup> )	Ownership method	Type of asset
Gonesse, European Centre (France)	41,000	Finance lease	Warehouses and land
Molsheim (France)	10,000	Finance lease	Warehouses and land
Bressuire (France)	4,500	Rental	Warehouses
Niort (France)	1,000	Rental	Warehouses
Saint-Étienne (France)	13,600	Rental	Warehouses
La Talaudière (France)	15,750	Rental	Warehouses
Den Dolder (Netherlands)	30,500	Full ownership	Warehouses and land
Verwood (UK)	11,400	Full ownership	Warehouses and land
Kemble (UK)	13,000	Finance lease	Warehouses and land
Basildon (UK)	4,400	Rental	Warehouses and land
Ostrava (Czech Republic)	29,200	Full ownership	Warehouses and land
Gothenburg (Sweden)	9,000	Full ownership	Warehouses and land
Malmö (Sweden)	3,600	Rental	Warehouses and land
Espoo (Finland)	1,200	Rental	Warehouses
Milan (Italy)	500	Rental	Warehouses

# Results by region

## Manutan International, a holding company at the service of its subsidiaries

**Manutan International is the holding company at the head of the Manutan Group, and has been listed on the Euronext Paris stock exchange for the past 30 years. As at 30 September 2016, it controlled 25 operating companies<sup>(1)</sup> spread among 18 European countries, all applying the same know-how as multichannel distributor to businesses and local authorities.**

Its main duties are:

- to define and direct the Group's strategy;
- to steer the five-year business plan;
- to create a common dynamic in terms of communication and human resources, affirming the concept of an international group;
- to manage the IT, Marketing and Purchasing functions for the Group as a whole;
- to implement and direct Group projects;
- to assist Group companies to attain their objectives, in its capacity as centre of competence;
- to guide and control the Group's operational performance and ensure its financial durability.

During 2015/2016, Manutan International was notably involved in the following operational matters:

- development of the Group purchasing policy and rationalisation of suppliers, development of online sales and Key Accounts policy;
- implementation of the Sourcing and Own Brand strategies;
- steering the Digital strategy, including the creation of a Digital Lab;
- coordination of the recruitment processes for key Group personnel;
- management of the project to harmonise the Group's Customer Offering;
- monitoring risk management and internal control, coordinating with the business plan and the priorities defined with the Audit Committee;
- acquisition, implementation and monitoring of the programme for integrating Essex Electrical Wholesalers;
- monitoring of the programme for integrating Papeteries Pichon;
- control of the Group's Information System project, under the aegis of the Group Information Systems Division;
- coordination of the Group's University and Sports Centre project;
- support for the development of the green spaces and the garden of the European Centre.

Manutan International's operating profit held steady at €4.6 million, up by €0.2 million on the previous year. Costs held steady relative to financial year 2014/2015. Other purchases and external charges were down by €0.6 million on the previous financial year, mainly due to the effect of a reduction in fees and IT hosting costs. The total payroll was approximately €10.5 million, up by €0.4 million on the previous year (average workforce up by 18 persons and €0.35 million decrease in amounts capitalised relative to the previous year, mainly linked to the BPSA (Business Processes and Systems Alignment) project). Depreciation and amortisation charges remained stable at €5.4 million, up by €0.1 million on the previous financial year and in line with the Group's capital expenditure policy. (The new information system came into service in France in June 2015). During the past financial year the Group's subsidiaries re-invoiced Manutan International for services rendered totalling €3.4 million, down by €2.2 million on the previous year, while services provided by Manutan International to Group subsidiaries were remunerated in an amount of €39.2 million, €0.6 million less than in the previous financial year.

Manutan International received €9.8 million in dividends from its subsidiaries, compared with €19.1 million the year before (a reduction of €9.3 million). Apart from this, a negative net change of €0.06 million in additions and reversals to provisions for investment holdings and loans granted was recognised for the financial year. After inclusion of financial income and expense generated by cash managed on behalf of the Group, the financial result came to €8.6 million.

Finally, after an exceptional charge of €1.0 million, employee profit sharing of €0.4 million and tax of €0.8 million, net accounting profit came to €11.0 million, compared with €18.2 million for the previous financial year.

(1) Including Papeteries Pichon, acquired on 1 July 2015, and Essex Electrical Wholesalers, acquired in July 2016.

## The improvement in profitability remained fairly even across the board and over time

For ease of reading and comparison of the geographical regions' operating performance, the Group presents the operating results of the southern and eastern regions

restated to eliminate the Manutan brand royalties paid to Manutan International. Current operating profit corresponds to operating profit before non-current items.

### Southern Region

#### Spain, France, Italy and Portugal

<i>In thousands of euros</i>	2015/2016	2014/2015	Change
Turnover	433,116	383,423	13.0%
Recurring operating profit (loss)	30,957	28,934	7.0%
Operating profitability	7.1%	7.5%	
Average headcount	1,159	1,018	13.9%

#### Increase in activity driven by the trading performance of the long-established entities and the acquisition of Papeteries Pichon

The activity of the southern region was boosted by the acquisition of Papeteries Pichon in July 2015, creating a positive scope effect on the first nine months of the year. Excluding acquisitions, this region managed to achieve a performance of +2.8%, buoyed by the good trading performance of Manutan France (+4.5% restated for intra-regional transactions).

The trend varied depending on the countries and brands forming the region:

- The local authorities market posted an increase in turnover of 24.3% relative to the previous financial year. This was mainly due to the acquisition of Papeteries Pichon, which had a positive effect of 25% on the market. Manutan Collectivités posted a slight increase in revenues (+0.6%) after several consecutive years of falling sales. Casal Sports saw its revenue fall by 3.0% (restated for intra-regional transactions) relative to the previous financial year, mainly in the municipalities market.

- Manutan in France posted sales growth of 6.6% thanks to the positive effect of sales actions carried out in 2016 and aimed at boosting activity; the effects were visible from the second half of 2016.
- In both Italy and Portugal, as well as Spain, the dynamic was one of growth. These three markets posted performances of +6.6%, +13.6% and +8.4% respectively.

The fall in the region's operating profitability (from 7.5% to 7.1%) is explained mainly by the dilutive effect of Papeteries Pichon: the entity's profitability was high (18%) in 2014/2015 because it related to just three months of activity and these three months accounted for more than half of total annual sales. The 2015/2016 financial year covers twelve months of activity of Papeteries Pichon as well as a full year's operating costs, nine months more than in the previous financial year. Excluding Papeteries Pichon, the region's operating profitability held steady at 6.7% between 2014/2015 and 2015/2016.

Thanks to tight control of overheads, which were 25.9% of sales compared with 27.1% for the previous year, the region posted a profit margin of 7.1%.

## Central Region

### Germany, Belgium, the Netherlands and Switzerland

<i>In thousands of euros</i>	2015/2016	2014/2015	Change
Turnover	129,561	122,156	6.1%
Recurring operating profit (loss)	11,549	5,436	112.5%
Operating profitability	8.9%	4.4%	
Average headcount	282	293	-3.9%

#### Increased activity driven by growth in Belgium and the Netherlands

Turnover for the region was up by 6.1% compared with the previous financial year. Restated to exclude intra-Group transactions, turnover for the year was up by 4.9% on the previous year. The recovery of activity in the Netherlands and the good performance turned in by Belgium contributed to this upturn.

The region's operating profitability came to 8.9% of sales compared with 4.4% for the previous financial year. This improvement in profitability is basically associated with a decline in operating expenses, which now represent just 25.9% of sales as opposed to 29.7% in the previous financial year.

The reorganisation carried out in the previous year in the Benelux countries contributed to re-energise the region: trading and operational synergies made it possible to reduce the ratio of personnel costs to sales from 13.7% to 12.1% and to reduce other purchases and external charges by €1.0 million while also helping to underpin the improvement in results. Promotional expenses were maintained during the year, with the aim of raising the profile of the Manutan brand in Belgium and the Netherlands.

## Western Region

### Ireland, United Kingdom

<i>In thousands of euros</i>	2015/2016	2014/2015	Change
Turnover	105,364	100,418	4.9%
Recurring operating profit (loss)	10,426	10,401	0.2%
Operating profitability	9.9%	10.4%	
Average headcount	334	315	6.1%

#### Profitability down slightly as a result of exchange rates and the short-term UK economic outlook

The western region posted an increase of 4.9% in sales compared with the previous financial year, despite an adverse exchange effect of €4.3 million. Largely driven by sustained growth of the ironmongery market (+12.3% up on the previous year).

The region's operational profitability stabilised over the course of the financial year.

The July 2016 acquisition of Essex Electrical Wholesalers (EEW), a distributor of electrical supplies, bears witness to the Manutan Group's determination to strengthen its position in the UK specialists market. For the time being Essex Electrical Wholesalers, which employs 25 people, sells electrical supplies directly to electricians from its shop. A development plan is being prepared for the launch of distance selling; this new distribution channel will enable EEW to reach a larger number of customers.

## Northern Region

### Denmark, Finland, Norway and Sweden

<i>In thousands of euros</i>	2015/2016	2014/2015	Change
Turnover	39,935	40,259	-0.8%
Recurring operating profit (loss)	1,276	1,813	-29.6%
Operating profitability	3.2%	4.5%	
Average headcount	114	113	0.8%

#### Decline in operating profitability

Activity at Witre held up well, helping to offset the fall in sales at Ikaros, which was mainly associated with a decline in activity in the Swedish container market. We note that the region's sales growth was less this past financial year because both companies were badly affected by a shortage of sales personnel linked to delays in recruitment.

Operating profitability was 3.2% compared with 4.5%, the fall being due mainly to a decrease in the trading margin of 0.8 of a percentage point (to 38.1% from 38.9%). The region was mainly affected by an increase in transport costs.

## Eastern Region

### Hungary, Poland, Czech Republic, Slovakia and Russia

<i>In thousands of euros</i>	2015/2016	2014/2015	Change
Turnover	18,509	17,379	6.5%
Recurring operating profit (loss)	1,271	(220)	+677.7%
Operating profitability	6.9%	-1.3%	
Average headcount	99	107	-7.3%

#### Improved operating profitability

The eastern region achieved a performance of +6.5% in financial year 2015/2016 (+6.3% in local currency), mainly driven by growth in the Czech Republic (+9.7% in local currency, restated for intra-regional transactions). The closure of the Russian operation in 2015 allowed us to clean up the situation and improve the region's rentability.

Operating profitability improved mainly thanks to the elimination of the Russian subsidiary, which had involved costs relating to the liquidation of inventories in 2014/2015. The region's trading margin held steady (33.8% compared with 33.7%).



# Other information

## Events after the reporting period

There have been no events after the reporting period that would have a material impact on the financial statements as approved.

## Research and development activities

The Company does not conduct any research and development activities as such. Nevertheless, its workforce constantly seeks to develop and improve any work processes and practices likely to have a positive impact on its operations.

## Breakdown of Manutan International's supplier payables as at 30 September 2016

The breakdown of supplier payables is as follows:

Past due at 30 Sept. 2016	Due 30 Sept. 2016	Due in 1-30 days	Due in 30-60 days	Due >60 days	Total supplier payables
200,130.28	279,648.37	296,473.54	85,297.38	0.00	861,549.57

## Presentation of the annual financial statements

There have been no changes in the presentation of the annual financial statements or in the valuation methods used relative to the previous financial year that would have a significant impact on the understanding of these financial statements.

## Equity investments

In July 2016 the Company acquired Essex Electrical Wholesalers, a specialist in the UK market for distribution of electrical supplies to electricians. With this acquisition the Manutan Group aims to strengthen its positions in the UK.

## Non-tax deductible and sumptuary expenses

During the past financial year the Company did not incur, and therefore did not add back, any of the charges covered by Articles 39-4, 39-5, 54 *quater* and 223 *quinques* of the French General Tax Code, other than depreciation deemed excessive on motor cars used by the Company, in the amount of €63,539.

## Changes in the financial or trading position

We hereby declare that there has been no significant change in the Company's financial or commercial situation during the past financial year or thereafter.

## Agreements other than in the normal course of business

There are no agreements other than in the normal course of business between any manager or shareholder and a subsidiary held more than 50% by Manutan International.

# Financial press release of 16 January 2017

## 2016/2017 Q1 turnover

<i>In thousands of euros</i>	31 December 2016	31 December 2015
Turnover like-for-like	174,501	172,559
Contribution of acquired companies <sup>(1)</sup>	952	0
<b>TOTAL TURNOVER</b>	<b>175,453</b>	<b>172,559</b>

(1) Acquisition of Essex Electrical Wholesalers finalised on 25 July 2016.

During Q1 2016/2017, the Manutan Group's business underwent growth of 1.7% (+4.8% at constant exchange rates) compared to the same quarter of the previous year. Turnover amounted to €175.5 million, compared with €172.6 million for the previous financial year.

Not including the acquisition of Essex Electrical Wholesalers, the Group's performance was up by 1.1% (+4.2% at constant exchange rates). The currency impact can mainly be attributed to changes in the pound sterling exchange rate.

In terms of its operational areas, the Group's situation is as follows:

<i>In thousands of euros</i>	Turnover at the end of December 2016	Turnover at the end of December 2015
North	10,324	10,445
Centre	28,541	27,178
East	5,470	4,918
South	106,650	103,333
West	24,468	26,685
<b>TOTAL</b>	<b>175,453</b>	<b>172,559</b>

<i>In local currencies</i>	Q1	Q2	Q3	Q4	Financial period
North	+0.8%				+0.8%
Centre	+5.0%				+5.0%
East	+11.5%				+11.5%
South	+3.2%				+3.2%
West	+11.4%				+11.4% <sup>(1)</sup>
<b>TOTAL GROUP</b>	<b>+1.7%</b>				<b>+1.7%</b>

(1) The growth figure for the West area is influenced by the recent acquisition of Essex Electrical Wholesalers, which has had a positive effect of +4.3%. At constant exchange rates and on a like-for-like basis, growth would amount to 7.0%.

All the Group's operational areas experienced growth in turnover. Note that the Group's performance was mainly driven by the South and Centre areas, whose turnover was up by 3.2% and 5.0% respectively compared to the first quarter of the previous financial year.

Despite the macro-economic situation, the West area registered an 11.4% increase (not including the exchange

rate effect). The currency effect on the period is -19.7%, *i.e.* negative growth of 8.3% in euros over the period.

For the remainder of the financial year, the Group will continue implementing its development strategy while maintaining its medium-term investment plan. The Group will continue to actively search for external growth targets.

## About the Manutan Group

The Manutan Group is a European leader in multi-channel equipment distribution for businesses and local authorities. Established in 17 countries through 25 operating subsidiaries, the Group is a leading player in Europe.

Manutan International is listed on Euronext Paris – Compartment B – ISIN: FR0000032302-MAN.

[www.manutan.com](http://www.manutan.com)

Next publication: Q2 2016/2017 results – 20 April 2017 (after market closure).

# Issuer's risk factors

## Risk management policy

The Manutan Group's risk management approach is based mainly on strengthening its internal control environment and risk measuring tools. It also relies on optimising the Group's insurance cover. This policy takes the form of various projects placed under the supervision of the internal control unit. Monitoring results of the various projects are presented regularly to the Audit Committee.

The Report of the Chairman of the Board of Directors on the governance and internal control procedures also provides an overview of Group practices in this area (pages 55 *et seq.* of this document).

In accordance with the regulatory framework, the Company has carried out a review of the risks that could have a significant negative effect on its business, its financial position or its results (or its ability to achieve its objectives), and considers that there are no significant risks other than those presented below.

However, the Manutan Group cannot absolutely guarantee that the risks to which it might be exposed in carrying on its activities in a constantly evolving environment have been entirely eliminated. Nevertheless, it is important to stress that none of the risks identified to date has materialised or poses a threat to the normal conduct of the Group's business, which is carried on in accordance with recognised business practices and the applicable regulatory framework.

## Financial risks

### Market risk

The Group is not significantly exposed to market risks, given its financial structure and the small portion of its capital traded on the stock exchange (26.52% as at 30 September 2016).

### Liquidity risk

The Company has undertaken a specific review of its liquidity risk and considers that it will be able to meet its future maturities.

Indeed, the Group is not significantly exposed to liquidity risk, since cash, net of financial debt, is positive. Apart from this, the Group has put in place a programme of credit lines for €65,111,000.

The financial debts would be due early in the event of non-compliance with the following legal and financial covenants:

- ratio of medium- and long-term financial debt to equity of less than 1;
- ratio of net borrowings to free cash flow less than 2.

An analysis of liquidity risk is shown in note 8.25 on page 112 of the notes to the consolidated financial statements for 2016.

### Interest rate risk

The Group's financial policy consists in managing the overall interest rate risk for the Group's net debt, with the main objective of guaranteeing the financial cost of debt in the medium term and thus optimising the annual financial cost of the debt.

An analysis of the interest rate risk is shown in note 8.25 on page 112 of the notes to the consolidated financial statements for 2016.

### Exchange risk

The Group is basically exposed to exchange rate risk through its subsidiaries operating outside the euro zone.

The Group pursues a general policy of managing the risk with financial instruments such as forward contracts or options and self-hedging. The majority of the currency hedging contracts have maturities of six months maximum.

An analysis of the exchange risk is shown in note 8.25 on page 112 of the notes to the consolidated financial statements for 2016.

### Equity risk

The Group's exposure to equity risk is limited to its holdings of treasury shares in Manutan International, the only securities listed on a regulated market that it holds.

As at 30 September 2016, the number of treasury shares held was 13,062. They are detailed in note 8.25 on page 112 of the notes to the consolidated financial statements for 2016.

### Customer credit risk

Due to the Group's activity, credit risk is limited, since the portfolio of customer receivables comprises a large number of small accounts spread among several hundred thousand customers. The Group's policy is to check the creditworthiness of all customers wishing to obtain payment terms on credit.

An analysis of the customer credit risk is shown in note 8.25 on page 112 of the notes to the consolidated financial statements for 2016.

### Risks associated with the economic environment

Despite the current general economic situation, the impact of changes in economic conditions from one country to another is alleviated by the breadth of the Group's geographical coverage.

The fact that it is established only in Europe, and the geographical composition of its revenues, allow it to consider its activities as very little exposed to the various country risks such as political instability, war, etc.

## Risks associated with the business sector

### Risks linked to information systems

The rapid development of the new technologies and the gradual migration of Group companies to a unified system (PGI – *Progiciel de Gestion Intégré* or "Integrated Management Application") expose the Group to several risks: cyber attacks, hacking, technical breakdown leading to non-availability of IT tools, and data theft.

For this reason the Group's Information Systems Division is responsible for securing the networks and systems on the one hand and the applications necessary for the continuity of the Group's business on the other.

Linked with the Group's policies on internal control and security, these risks are the object of functional, technical and legal security measures. Controls are also carried out to verify the implementation of these action plans.

A Security Committee also meets once a quarter, bringing together the CIO, the Head of IT security and the internal control unit. The committee reviews the main projects relating to network and system security assurance. Any anomalies or risks detected during the period also give rise to corrective action plans shared with all parties concerned.

### Risk of failure of a transporter

The varied nature of the Group's customers and their geographical locations require multiple logistical flows. In the event that one of the Group's transporters were to fail definitively, the consequences of having to replace it would be limited in terms of both cost and delivery times.

In order to control this risk, the Group has flexibility and scaling options (sending deliveries from a supplier, relationships with a variety of transport companies and agreements with other transporters), and a unit dedicated to transport, which among other things provides for a high degree of responsiveness.

### Risks relating to competition

The Group faces competition from other groups as regards its acquisition and organic growth policies. Consequently, strategic, commercial and competition-related information, particularly that relating to the Group's structural projects in terms of organic growth or acquisitions, is highly sensitive.

### Commodities risk

The Group is not directly exposed to risk relating to changes in commodity prices, but rather indirectly *via* the products it distributes.

At present, the impact of changes in commodity prices on the Group's operating margin is well under control, as shown by the year's results. In order to limit any impact, the Group's procurement teams pursue a policy of active negotiation with the main suppliers concerned.

For this reason the Group has introduced awareness-raising measures regarding confidentiality, the security of Intranet sites and access management for its employees.

### Risks relating to acquisitions

There are risks in the event of external growth, primarily *via* acquisitions, including problems with integration, non-realisation of expected gains and synergies, and the departure of key employees. Risks relating to the valuation of assets and liabilities may also appear following the completion of acquisitions, and may result in provisions for the impairment of assets.

The acquisition processes implemented by the Group, notably at the due diligence stage, aim to provide as good an understanding as possible of the uncertainties surrounding these various risks in such cases. The unit in charge of external growth transactions carries out the due diligence, with the support of specialised recognised local advisers.

The resulting assessment depends on the quality of the information provided, and is limited by the legal and regulatory framework applicable under local company law.

### Risks linked to the protection of assets

The Group's sites and facilities, which primarily consist of warehouses and commercial buildings, may be exposed to malicious acts or accidents.

To combat this type of risk, the Group has drawn up an asset protection policy. This policy, which is centrally managed, requires the entities to implement tried and tested solutions to reduce risk, covering the technical, legal, managerial and organisational fields.

Also, all sensitive sites are covered by protective measures against potential malicious acts, depending on the specific characteristics of the site.

As regards the protection of intangible assets, the Group is continuing its initiatives (see "Risks relating to information systems" on page 79), with the dual goal of preventing any actions originating either from within the Group or from outside it.

### Ethical and social risks

Although its activity does not expose it to any major ethical risks, the Group conducts its ordinary business with all its partners in compliance with ethical rules and generally accepted good practices.

The Group is not aware of any particular exposure to social risks, other than those that might normally arise in the normal course of business.

### Reputational risk

The Group might face a major media event that damages its image. It is exposed to reputational risk particularly whenever its values or operating excellence are called into question (accidents relating to health and/or safety, supplier practices or dispute with a customer).

Such events may lead to a campaign to denigrate the Group. Faced with these risks, the Group does everything it can to prevent operational risks and negative campaigns that could damage its reputation, *via* its policies, organisational structure, procedures and governance.

## Industrial and environmental risks

The Group's companies ensure that their commitment to quality, environmental protection and workplace safety is fully integrated in their daily practices. They operate in compliance with relevant local laws, and are even proactive and involved in respecting the environment, as shown by the double HEQ (High Environment Quality) certification of the Group's new European Centre built in Gonesse.

The very nature of the Group's activity ensures a limited impact on the environment and the absence of any proven risk. The nature of the Group's business does not require it to handle products that present a significant industrial or environmental risk.

In addition, several Group companies with significant operations have obtained quality certification for their distribution and sales processes, among them Manutan France, which in 1996 became the first French distance selling company to be ISO 9001 certified.

## Legal risks

The Group's distribution activity (B2B) is subject to laws on distance selling to businesses and local authorities currently in force.

The Group pursues its objective of preventing legal risks by establishing and monitoring Group procedures for defining and allocating the roles and responsibilities of the key executives, notably in purchasing, sales to major European accounts, e-commerce, brands and domain names.

The Group is not aware of any current litigation or exceptional event that might have, or may have had in the recent past, a significant impact on its operations, profits, financial situation or net assets.

Nor are there currently any government, legal or arbitration proceedings or any proceedings of which the Company is aware that are in suspense or with which it is threatened that might have, or may have had in the last twelve months, a significant impact on the financial situation or profitability of the Company or the Group.

## Insurance risks

As part of its policy of managing and financing risks, the Manutan Group and its subsidiaries have notably taken out the following insurance policies:

- material damage and operating losses:

The "Material damage and operating losses" programme provides for the implementation of a master policy and the issue of local policies for the foreign subsidiaries.

The Manutan Group has also put in place a visiting schedule for the risks associated with the "Material damage and operating losses" insurance programme. In order to better manage these risks, the Group's main sites are periodically visited by a safety engineer. These visits enable an audit to be performed of the vulnerabilities and the corresponding preventive and protective measures to be put in place;

- Managers' civil liability;

- general civil liability: the Group has subscribed insurance covering the financial consequences of the Company's and its subsidiaries' civil liability in respect of damage caused to third parties.

With a view to the effective implementation of its risk management strategy, the Manutan Group takes care to insure itself with top rated creditworthy insurance companies with a strong international reach.

As at 30 September 2016, no claimable event with a significant financial impact and the consequences of which have not already been included in the financial statements for 2016 had been identified.



# Financial statements as at 30 September 2016

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# Report of the Statutory Auditors on the consolidated financial statements

## Financial year ended 30 September 2016

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby present to you our report for the financial year ended 30 September 2016 on:

- the audit of the accompanying consolidated financial statements of Manutan International SA;
- justification of our assessments;
- specific verification and information required by the Law.

The annual consolidated financial statements have been prepared by the Board of Directors. It is our responsibility to express an opinion on these financial statements based on our audit.

## 1 Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis or using other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We hereby certify that the consolidated financial statements for the year are, as regards the International Financial Reporting Standards (IFRS) as adopted by the European Union, regular and accurate and provide a true and fair view of the assets, financial situation and results of the group formed by the persons and entities included in the consolidation.

## 2 Justification of our assessments

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

At the end of each accounting period, the Company systematically conducts impairment tests on the value of goodwill, in accordance with the procedures described in Notes 7.4 and 8.1 to the consolidated financial statements. We have examined the procedures for implementing these impairment tests, as well as the cash flow forecasts and the assumptions used, and we have checked that Notes 7.4 and 8.1 to the financial statements provide appropriate information.

The assessments thus undertaken are within the framework of our consolidated accounts full audit approach, and accordingly contributed to the forming of our opinion as expressed in the first part of this report.

## 3 Specific verification

We also carried out, in accordance with professional standards applicable in France, the specific verification required by law on the information provided in the Group's management report.

We have no comments to make concerning its fairness and consistency with the consolidated financial statements.

Nantes, 27 January 2017

Courbevoie, 27 January 2017

The Statutory Auditors

**KPMG Audit**  
**A Division of KPMG SA**

Franck Noël  
Partner

**Mazars**

Bruno Balaire  
Partner

## Organisational structure as at 30 September 2016 *by region*

		MANUTAN INTERNATIONAL	
		Ownership	Country
<b>SOUTH</b>			
100%	Manutan SA		France
100%	SCI Philippe Auguste		France
100%	Manutan Italia Spa		Italy
100%	Manutan Unipessoal Lda		Portugal
100%	Manutan SI		Spain
100%	Manutan Collectivités SAS		France
100%	Sports et Loisirs SAS		France
100%	Papeteries Pichon SAS		France
<b>WEST</b>			
100%	Manutan Ltd (United Kingdom)	100%	Key Industrial Equipment Ltd United Kingdom
		100%	Metro Storage Systems Ltd Ireland <sup>(1)</sup>
100%	The Eurostore Group Ltd (United Kingdom)	100%	Rapid Racking Ltd United Kingdom
100%	Group Hardware Ltd (United Kingdom)	100%	IronmongeryDirect Ltd United Kingdom
100%	Essex Electrical Wholesalers (Braintree) Ltd		United Kingdom
<b>CENTRE</b>			
100%	Manovert BV (The Netherlands)	99.15%	Manutan NV Belgium
		100%	Manutan BV The Netherlands
		100%	Manutan GmbH Switzerland
70.7%	Manutan GmbH (Germany)	29.3%	Manutan GmbH Germany
<b>EAST</b>			
100%	Manutan s.r.o.		Czech Republic
100%	Trovatar a.s.		Czech Republic
100%	Manutan Polska Sp z.o.o.		Poland
100%	Manutan Hungaria Kft		Hungary
100%	Manutan Slovakia s.r.o.		Slovakia
<b>NORTH</b>			
100%	Witre AB (Sweden)	100%	Witre A/S Norway
		100%	Witre Danmark A/S Denmark
		100%	Witre OY Finland
100%	Ikaros Cleantech AB (Sweden)	100%	Ikaros Finland OY Finland

(1) Company dissolved after 30 September 2016.

# Consolidated financial statements

## Statement of financial position as at 30 September 2016

### ASSETS

<i>In thousands of euros</i>	Notes	30/09/2016	30/09/2015	30/09/2014
Goodwill	8.1	145,223	149,633	97,860
Other intangible assets	8.2	37,752	39,213	32,815
Property, plant and equipment	8.2	99,247	104,868	107,155
Investment property	8.4	348	442	470
Non-current financial assets	8.5	1,578	1,556	980
Deferred tax assets	8.21	3,571	3,305	2,823
<b>Non-current assets</b>		<b>287,718</b>	<b>299,018</b>	<b>242,104</b>
Inventories	8.6	58,191	55,701	39,919
Trade receivables	8.6	162,343	159,905	128,691
Other receivables and prepaid expenses	8.7	5,633	6,691	4,789
Current tax receivables		3,307	4,482	3,062
Current cash management assets	8.9	5,000	5,000	12,000
Cash and cash equivalents	8.9	73,467	67,021	70,476
Assets held for sale	8.10	609	0	0
<b>Current assets</b>		<b>308,551</b>	<b>298,800</b>	<b>258,936</b>
<b>TOTAL ASSETS</b>		<b>596,269</b>	<b>597,818</b>	<b>501,040</b>

**EQUITY AND LIABILITIES**

<i>In thousands of euros</i>	Notes	30/09/2016	30/09/2015	30/09/2014
Share capital		15,227	15,227	15,227
Share premium		5,796	5,796	5,796
Consolidated reserves		323,494	320,660	301,975
Consolidate income for the year		34,050	25,805	24,147
<b>Equity attributable to owners of the parent</b>	8.11	<b>378,566</b>	<b>367,488</b>	<b>347,145</b>
<b>Non-controlling interests</b>		<b>114</b>	<b>120</b>	<b>105</b>
<b>Total equity</b>		<b>378,680</b>	<b>367,608</b>	<b>347,250</b>
Non-current financial liabilities <sup>(1)</sup>	8.12-8.13	61,780	72,365	36,280
Provisions for employee benefits	8.14	2,839	2,520	1,990
Deferred tax liabilities	8.21	10,044	9,639	8,183
<b>Non-current liabilities</b>		<b>74,663</b>	<b>84,524</b>	<b>46,452</b>
Provisions for other liabilities	8.15	3,625	3,862	1,720
Current financial liabilities <sup>(1)</sup>	8.12-8.13	21,829	23,748	9,602
Trade payables		83,541	84,725	64,268
Other liabilities and accruals	8.16	30,135	31,161	30,182
Current tax liabilities		3,797	2,191	1,566
<b>Current liabilities</b>		<b>142,926</b>	<b>145,687</b>	<b>107,338</b>
<b>Total liabilities</b>		<b>217,590</b>	<b>230,211</b>	<b>153,790</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>596,269</b>	<b>597,818</b>	<b>501,040</b>

(1) See Note 8.12 "Financial liabilities".



## Statement of comprehensive income for the financial year ended 30 September 2016

<i>In thousands of euros</i>	Notes	30/09/2016	30/09/2015	30/09/2014
<b>Total revenues (excl. tax)</b>	8.24	<b>682,578</b>	<b>623,539</b>	<b>590,370</b>
Cost of goods sold		(431,015)	(386,059)	(361,084)
<b>Trading margin</b>		<b>251,562</b>	<b>237,480</b>	<b>229,287</b>
Sales and administrative expenses	8.17	(203,409)	(197,372)	(189,396)
<b>Recurring operating profit (loss)</b>	8.24	<b>48,154</b>	<b>40,109</b>	<b>39,891</b>
Other operating income and expenses	8.19	(1,301)	(1,975)	(2,588)
<b>Operating profit</b>		<b>46,853</b>	<b>38,135</b>	<b>37,303</b>
Financial income	8.20	2,648	1,625	1,260
Financial expenses	8.20	(1,715)	(2,243)	(1,939)
<b>Profit before tax</b>		<b>47,786</b>	<b>37,516</b>	<b>36,624</b>
Tax	8.21	(13,707)	(11,693)	(12,457)
<b>Consolidated net income</b>		<b>34,078</b>	<b>25,823</b>	<b>24,166</b>
<ul style="list-style-type: none"> <li>● Non-controlling interests</li> <li>● Result attributable to owners of the parent</li> </ul>		28	17	(19)
		34,050	25,806	24,147
<b>Basic earnings per share attributable to owners of the parent, excluding treasury shares</b> ( <i>in euros</i> )				
<ul style="list-style-type: none"> <li>● basic</li> <li>● diluted</li> </ul>	8.22	4.48	3.40	3.18
	8.22	4.48	3.40	3.18

## Other components of comprehensive income for the financial year ended 30 September 2016

<i>In thousands of euros</i>	Notes	30/09/2016	30/09/2015	30/09/2014
<b>Consolidated net income</b>		<b>34,078</b>	<b>25,823</b>	<b>24,166</b>
<b>Items that cannot be reclassified to profit or loss</b>				
Actuarial differences on employee benefit obligations		(58)	(36)	(79)
Share-based payments	8.11			
Tax on items that cannot be reclassified to profit or loss		21	17	27
<b>Total items that cannot be reclassified to profit or loss</b>		<b>(37)</b>	<b>(19)</b>	<b>(52)</b>
<b>Items that may be reclassified to profit or loss</b>				
Conversion differences	8.11	(13,435)	3,438	3,794
Net change in fair value of financial instruments <sup>(1)</sup>		0	11	37
Tax on items that may be reclassified to profit or loss		0	(4)	(14)
<b>Total items that may be reclassified to profit or loss</b>		<b>(13,435)</b>	<b>3,445</b>	<b>3,817</b>
<b>Total gains and losses recognised directly in equity</b>		<b>(13,472)</b>	<b>3,426</b>	<b>3,765</b>
<b>Total comprehensive income</b>		<b>20,606</b>	<b>29,249</b>	<b>27,931</b>
Attributable to:				
<ul style="list-style-type: none"> <li>● Owners of the Parent</li> <li>● Non-controlling interests</li> </ul>		20,578	29,232	27,912
		28	17	19

(1) Changes in fair value of the effective portion of the instruments.

## Statement of changes in equity for the three years to 30 September 2016

<i>In thousands of euros</i>	Share capital	Share premium	Consolidated reserves	Result	Shares in the consolidating entity	Equity attributable to owners of the parent	Non-controlling interests	Total equity
<b>As at 30/09/2014</b>	<b>15,227</b>	<b>5,796</b>	<b>302,939</b>	<b>24,147</b>	<b>(965)</b>	<b>347,145</b>	<b>105</b>	<b>347,250</b>
Profit/(Loss):								
■ appropriation of profits			24,147	(24,147)				
■ profit for the year				25,806		25,806	17	25,823
Dividends paid ( <i>€1.17 per share</i> )			(8,889)			(8,889)	(2)	(8,891)
Income and expenses recognised directly in equity			3,426			3,426		3,426
Impact of purchases/sales of treasury shares								
Transactions with non-controlling interests								
<b>As at 30/09/2015</b>	<b>15,227</b>	<b>5,796</b>	<b>321,623</b>	<b>25,806</b>	<b>(965)</b>	<b>367,488</b>	<b>120</b>	<b>367,608</b>
Profit/(Loss):								
■ appropriation of profits			25,806	(25,806)				
■ profit for the year				34,050		34,050	28	34,078
Dividends paid ( <i>€1.25 per share</i> )			(9,500)			(9,500)	(34)	(9,534)
Income and expenses recognised directly in equity			(13,472)			(13,472)		(13,472)
Impact of purchases/sales of treasury shares								
Transactions with non-controlling interests								
<b>AS AT 30/09/2016</b>	<b>15,227</b>	<b>5,796</b>	<b>324,457</b>	<b>34,050</b>	<b>(965)</b>	<b>378,566</b>	<b>114</b>	<b>378,680</b>

## Consolidated statement of cash flows for the three years to 30 September 2016

<i>In thousands of euros</i>	Notes	2015/2016 Financial year	2014/2015 Financial year	2013/2014 Financial year
<b>Opening net cash and cash equivalents</b>		55,331	66,944	54,019
<b>Operating activities</b>				
Free cash flow	8.23	49,649	43,257	40,582
Change in working capital requirement	8.23	(4,854)	(9,124)	(199)
<b>Net cash flow from operating activities</b>		<b>44,795</b>	<b>34,133</b>	<b>40,383</b>
<i>Of which interest paid</i>		<i>(882)</i>	<i>(816)</i>	<i>(1,041)</i>
<i>Of which corporate income tax paid</i>		<i>(10,757)</i>	<i>(10,327)</i>	<i>(10,474)</i>
<b>Investing activities</b>				
Intangible assets acquired	8.2	(4,998)	(11,338)	(9,250)
Property, plant and equipment acquired	8.2	(3,696)	(4,854)	(2,349)
Acquisitions/Disposals of non-current financial assets		(21)	(395)	212
Disposals of property, plant and equipment		64	61	98
Impact of changes in scope <sup>(1)</sup>		(3,007)	(68,883)	(9,527)
Change in payables/receivables relating to non-current assets		(92)	(94)	(481)
<b>Cash flow used in investing activities</b>		<b>(11,751)</b>	<b>(85,502)</b>	<b>(21,296)</b>
<b>Financing activities</b>				
Dividends paid to shareholders of the parent company		(9,500)	(8,889)	(8,588)
Dividends paid to non-controlling interests		(34)	(25)	(16)
Repayment of financial debts <sup>(2)</sup>		(12,267)	(7,110)	(8,114)
Increase in financial debts		0	48,317	0
<b>Cash flow used in financing activities</b>		<b>(21,800)</b>	<b>32,293</b>	<b>(16,717)</b>
<b>Change in current cash management assets</b>		<b>0</b>	<b>7,000</b>	<b>10,000</b>
Change in conversion differences		(2,850)	465	554
<b>Change in cash and cash equivalents</b>		<b>8,394</b>	<b>(11,611)</b>	<b>12,924</b>
<b>Closing net cash and cash equivalents</b>		<b>63,725</b>	<b>55,333</b>	<b>66,943</b>
<b>Available Group cash at year-end</b>	8.9	<b>68,725</b>	<b>60,331</b>	<b>78,943</b>
Net cash and cash equivalents		63,725	55,331	66,943
Current cash management assets		5,000	5,000	12,000

(1) Acquisition of Essex Electrical Wholesalers (acquisition price net of cash acquired).

(2) Repayments of financial debts mainly concern the real estate finance lease of the European Centre and the bank loan taken by Manutan International in June 2015.

# Notes to the consolidated financial statements

## Note 1 Reporting entity

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These financial statements for the financial year ended 30 September 2016 refer to the consolidated accounts of the Manutan Group. They are presented by Manutan International, a Limited Company with a Board of Directors,

based at ZAC du Parc des Tulipes, avenue du 21<sup>e</sup> Siècle, Gonesse, France. The Group's activity consists of distance selling of industrial and office equipment and consumables to businesses and local authorities.

## Note 2 Declaration of compliance

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Pursuant to European Regulation No. 1606/2002 of 19 July 2002 on international standards, Group Manutan's financial statements have been drawn up in accordance with all the international financial reporting standards (IAS/IFRS) published by the International Accounting Standards Board (IASB) and adopted by the European Union. There are no differences with respect to the IASB standards.

The consolidated financial statements were duly approved by the Board of Directors on 14 December 2016, and did not give rise to any comments. They will be submitted for approval to the General Meeting on 16 March 2017.

## Note 3 Basis of preparation

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The financial statements are presented in euros, rounded to the nearest thousand euros. The euro is the Group's functional and presentation currency.

They have been prepared under the historical cost convention, with the exception of the following assets and liabilities which are measured at their fair value: derivative financial instruments, financial instruments held for trading and financial instruments classed as available for sale.

Non-current assets and groups held for sale are measured at the lower of their carrying amount and fair value minus selling costs.

The accounting methods presented below were applied consistently to all periods presented in the consolidated financial statements.

The accounting methods were applied consistently by all Group entities.

The Group applied the following standards for the first time for the financial year ending 30 September 2016. However, they had no material impact on the Group's annual financial statements:

- Annual Improvements to IFRS 2011-2013 Cycle: applicable to annual periods beginning on or after 1 January 2015;
- Annual Improvements to IFRS 2010-2012 Cycle: applicable to annual periods beginning on or after 1 February 2015.

A number of new standards, amendments to standards and interpretations which are in force for annual periods beginning on or after 1 January 2016 were not early adopted for the preparation of these consolidated financial statements. The new standards, amendments to standards and interpretations obligatorily applicable and pertinent to the Group are listed hereunder:

- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation;
- Amendments to IFRS 11 – Accounting for Acquisitions of Interests in Joint Operations;
- Amendments to IAS 1 – Disclosure Initiative.

It should be noted that the effects of the draft standards and interpretations currently being studied by the IASB and IFRIC have not been reflected in advance in these financial statements.

## Note 4 Estimates and judgements

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The preparation of financial statements in accordance with IFRS requires management to exercise judgement and to make estimates and assumptions which have an impact on the application of accounting methods and on the amounts of assets, liabilities and revenue and expense items. Estimates and underlying assumptions are made on the basis of past experience and other factors considered as reasonable given the circumstances. They thus serve as a basis for exercising the judgement necessary for determining such carrying amounts of assets and liabilities as cannot be obtained directly from other sources. This applies particularly to the valuation of tangible and intangible

assets in the context of impairment tests, the valuation of the amount of provisions for other liabilities, provisions for the impairment of inventories and deferred tax assets. Actual values may differ from these estimated values.

Estimates and underlying assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognised in the period in which the change is made if it affects that period only, and in the period in which the change is made and in subsequent periods if they are also affected by the change.

## Note 5 Significant events

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### Acquisition of Essex Electrical Wholesalers

In July 2016 the Group acquired 100% of the shares of Essex Electrical Wholesalers.

Based in Braintree, Essex, east of London, Essex Electrical Wholesalers posted sales of £4 million and operating profit of around 5% of sales for 2015. For the financial year ended 30 September 2016, only two months of activity of this entity have been included in the Group's consolidated accounts (August and September 2016).

The contribution of this new group company to the Group's consolidated accounts for the financial year to 30 September 2016 amounted to €923,000 in revenues and €9,000 in net profit.

With this acquisition, the Manutan group aims to strengthen its positions in the United Kingdom, a market in which Manutan is already present with three brands: Key, its long-standing subsidiary, Rapid Racking, acquired in 2008 and IronmongeryDirect Limited, acquired in 2013.

## Note 6 Manutan Group: scope of consolidation

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Companies included in the scope are fully consolidated. They apply the same accounting principles ("Group accounting standards") for the recognition and presentation of transactions and similar events.

The consolidation scope as at 30 September 2016 is detailed in Note 9.

## Note 7 Main accounting methods

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### 7.1 Business combinations

When an entity is first included in the consolidation scope, the assets, liabilities and any identifiable liabilities of the acquired entity that meet the IFRS accounting criteria, are accounted for at fair value, determined on the acquisition date.

Adjustments to the values of assets and liabilities relating to acquisitions accounted for on a provisional basis (due to ongoing work by the accountants) are recognised retrospectively if they take place within a period of twelve months from the acquisition date. After this deadline, the effects are recognised directly in profit or loss, unless they correspond to the correction of errors.

### 7.2 Financial year-end date

The accounts used for the consolidation were the annual accounts of the companies included within the scope with a financial year ended 30 September 2016, with the exception of Papeteries Pichon and Essex Electrical Wholesalers, whose financial year ends on 31 December.

An interim situation has therefore been established for the period from 1 October 2015 to 30 September 2016 for Papeteries Pichon and from 25 July 2016 to 30 September 2016 for Essex Electrical Wholesalers.



### 7.3 Translation of foreign-currency denominated financial statements and transactions

The functional currency of foreign subsidiaries is their local currency.

Consequently the financial statements of foreign companies with a functional currency other than the euro are translated in accordance with the following method:

- balance sheet items are translated using the financial year-end closing rate;
- income and expenses of foreign companies are translated into euros using the average exchange rate for the financial year, provided this is not called into question by sharp movements in rates.

Translation differences arising on the opening equity and on changes in equity during the year (capital increase, acquisition, etc.) or on income statement items, are recognised in equity and allocated between the part attributable to owners of the parent and that attributable to third parties. The effect of these differences is reported separately in the statement of changes in equity.

Transactions in foreign currencies are converted into the respective currencies of the Group entities by applying the current exchange rate on the transaction date. Assets and liabilities denominated in foreign currencies as at the year-end date are converted into the functional currency using the exchange rate on that date. Any resulting conversion differences are recognised in profit or loss.

### 7.4 Goodwill

Goodwill is the difference between the fair value of the consideration paid and the overall estimate of the fair value of the assets and liabilities identified as at the acquisition date.

The fair value of the consideration paid includes discounting the debt to its present value in the event of deferred or staggered payment. Acquisition costs however are recognised as expenses in profit and loss.

Identifiable assets and liabilities at the date of acquisition are valued at their fair value.

The Group performs an impairment test on all goodwill. The recoverable amount is calculated for the cash generating unit (CGU) to which goodwill can be allocated. In the Manutan Group, the five operating regions constitute a CGU since there are synergies among the different entities operating in the same geographical market using common operating resources, with a single operational management. Nevertheless, in certain cases, a single legal operational entity may constitute a CGU.

The value-in-use of the CGU is calculated based on the method of discounting forecast operating cash flow after tax and renewal investments. These forecasts are detailed in the business plans drawn up by each CGU and validated by Group management in the context of its operational supervision. The business plan period, which is generally

three years, is completed by two years of extrapolations and an end value, which is calculated on the basis of capitalisation to perpetuity of cash flows with a moderate growth rate limited to the inflation rate in the operational region. The discount rate used is the WACC calculated per CGU at each financial year-end, on the basis of a debt/equity ratio corresponding to the average of companies within the same sector.

These impairment tests are performed at least once per year at each financial year-end.

### 7.5 Other intangible assets

Other intangible assets are measured at their historical acquisition cost, which comprises purchase price plus all necessary costs incurred to bring them into use, less accumulated amortisation and impairment.

Computer software user licences and upgrades are amortised from the date they enter service on a straight-line basis over a period of between one and seven years, depending on their purpose and useful life.

Furthermore, intangible assets are subject to impairment tests if indications of possible impairment are detected.

### 7.6 Property, plant and equipment

Property, plant and equipment are measured at historical acquisition cost, which comprises the purchase price plus necessary costs incurred to make them ready for use, minus accumulated depreciation and impairment.

Depreciation is calculated using the straight-line method over the expected useful life of the asset from the date it enters service:

- buildings: 20 to 30 years for buildings used mainly as warehouses and offices;
- fixtures and fittings: 10 to 15 years;
- computer hardware: 3 to 5 years;
- other property, plant and equipment (vehicles, equipment and tools, office furniture and equipment): 5 years.

### 7.7 Operating leases

Leases in which a significant portion of the risks and rewards of ownership is retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit and loss on a straight-line basis over the period of the lease.

Leases of fixed assets in which the Group bears substantially all the risks and rewards inherent in ownership are classified as finance leases. Finance leases are capitalised as assets at the lease's commencement at the fair value of the leased asset. Each payment made under the lease contract is allocated between finance charge and principal reduction.

Fixed assets acquired in this manner are depreciated over their useful lives.

## 7.8 Investment property

Investment property comprises land and/or buildings owned by the Group, or for which the Group enjoys the rights of possession, that the Group does not directly use in its core activities.

Investment property is presented on a separate line in the balance sheet. It is valued at the lower of depreciated historical cost or market value.

## 7.9 Trade and other receivables

Trade receivables consist of a large number of small accounts spread over several hundred thousand customers. These receivables are recorded at their nominal value.

Provision is made for these receivables according to the risk of non-recovery. This is assessed taking into consideration their specific risks and a statistical risk calculated according to their ageing.

## 7.10 Inventories

Inventories are measured using the weighted average unit cost (WAUC) method at the lower of their acquisition cost or net realisable value. Acquisition cost comprises the purchase price and related expenses (freight, packaging and other direct expenses).

In determining the net realisable value, particular account is taken of the following considerations:

- obsolete items;
- slow-moving items;
- showroom inventory and goods on consignment.

## 7.11 Derivative financial instruments

Derivative financial instruments are initially recognised at their fair value under current financial asset or liabilities. They are subsequently measured again at fair value at each closing of the accounts. The method for recognising associated gains or losses depends on whether or not the derivative is designated as a hedging instrument, and, where applicable, on the nature of the hedged item.

The Group thus distinguishes between:

- fair value hedges of recognised assets or liabilities or firm commitments. Gains and losses on derivatives, and on the hedged instruments, are recognised in profit and loss as financial income/expenses for the effective portion of the hedge. The same applies to the non-effective portion;
- hedging of risks specific to recognised assets or liabilities, or highly probable future transactions, also designated as "cash flow hedges". Changes in the fair value of the effective portion of the hedge are recognised directly in equity. Gains and losses on the non-effective portion are recognised in profit and loss under other income/expenses;
- hedges of net investments in foreign operations. The recognition of changes in fair value follows the same rules as that of changes in cash flow hedges.

Changes in the fair value of derivatives that do not meet the conditions of hedge accounting or have not been designated as such are recognised in profit and loss under financial income/expenses.

In accordance with IFRS 7, the determination of the fair value of financial asset and liability instruments can be defined as follows:

- by reference to a quoted price on an active market, where one exists; this fair value is ranked under Level 1, as specified by the standard;
- by using a valuation based on a model that factors in observable data for unlisted instruments such as derivatives or financial asset and liability instruments that are not classified under Level 1; this fair value is classified under Level 2, in accordance with the standard.

## 7.12 Cash and cash equivalents

In accordance with IAS 7 "Cash flow statements", the "cash and cash equivalents" item appearing in the consolidated balance sheet and cash flow statement comprises cash on hand and demand deposits together with short-term, highly liquid investments whose investment horizon is less than three months.

Cash investments with an investment horizon of between three and twelve months are shown under "current cash management assets".

Nonetheless, in order to ensure that its resources are fully appreciated, the Group considers that its total available cash effectively comprises the sum of the balance sheet items "Cash and cash equivalents" and "current cash management assets".

An analysis in this regard is presented alongside the "Cash flow statement" and in Note 8.9 "Cash and cash equivalents".

## 7.13 Assets and liabilities held for sale

The Group has to classify a non-current asset sold individually (or a group of current and non-current assets and liabilities in the context of the disposal of an activity) as being held for sale if the Company intends to recover their value by selling the assets rather than through their operating use.

These assets and liabilities are classified and presented on a separate balance sheet line when the following essential conditions are met:

- a disposal plan is ongoing;
- the assets and liabilities are available for sale in their current state;
- the sale is likely to go through within a reasonable timeframe.

Non-current assets held for sale are valued at the lower of amortised historical cost and market value (being fair value less selling costs).

### 7.14 Share subscription or purchase options

In accordance with IFRS 2 "Share-based payments", share subscription or purchase options awarded to employees are recognised in the financial statements using the following methods: the estimated fair value of the options awarded, which corresponds to the fair value of the services rendered by the employees in exchange for the options received, determined on the award date. It is recognised over the vesting period of the rights, by increasing the equity in "Share-based payments" and by decreasing the corresponding amount in "Personnel costs".

### 7.15 Employee benefits

In accordance with the laws and practices of each country, the Group participates in various pension plans that provide for medical and pension benefits, whose amounts vary in accordance with seniority, salary, and payments made to State sponsored mandatory plans.

### Service awards

These were measured based on an actuarial calculation. Commitments were calculated for all employees concerned. The Group recognises actuarial gains and losses in profit or loss.

### Defined contribution plans

For defined contribution plans (such as the French contributory plan), charges relate to the contributions are expensed during the financial year in the income statement. These plans involve no subsequent obligation by the Group to its employees.

### Defined benefit plans

This relates essentially to pension plans with fixed benefits and pension plans based on end of career salary, which complement mandatory State sponsored plans.

A provision is established for rights acquired by personnel employed at the end of the year as regards supplementary pensions, when they are not covered by a pension fund or insurance.

These commitments are subjected to an actuarial valuation in accordance with local country laws and practices. All costs relating to pension entitlements payable to pensioners and rights acquired by employees were determined on the basis of conventions or agreements in force at each company. The Group recognises actuarial gains and losses directly in equity.

### 7.16 Revenue

Revenue comprises the sale of products and related services, such as transport, mounting, etc.

Revenue is recognised on the date on which the risks and benefits associated with the product sold are transferred. In addition, the implementation of a strict credit management policy enables the Group to ensure upstream that no sale will be made if collection is doubtful.

### 7.17 Product returns

A provision is established to cover the costs of products returned after the year-end. This takes into account the loss of gross margin as well as costs directly related to such returns (transport, packaging, repair, etc.) The provision depends on the return rate determined statistically by each company.

### 7.18 Promotion costs

Promotion costs are recognised as and when incurred. In particular, catalogue production costs are expensed on the date that the printers make them available.

### 7.19 Other operating income and expenses

This item records the effects of any key events occurring during the accounting period that would distort the Company's recurring business performance. It is used to record a limited number of unusual, abnormal or infrequent income and expense items of significant amounts. These entries are a result of exceptional events that are unrelated to the Group's normal business activity, such as:

- securities acquisition expenses;
- capital gains on disposals of property assets;
- personnel expenses resulting from managerial reorganisations, etc.

### 7.20 Financial income and expenses

Financial income comprises:

- income associated with cash and cash equivalents;
- gains on disposals and gains on changes in the impairment of financial assets;
- income associated with cash and cash equivalents;
- income associated with the discounting to present value of assets and liabilities;
- foreign exchange gains on unhedged items.

Financial expenses comprise:

- interest expense on borrowings and bank overdrafts;
- the cost of ineffective portions of currency hedging transactions;
- losses on disposals and changes in the impairment of financial assets;
- charges associated with the discounting to present value of assets and liabilities;
- exchange losses.

### 7.21 Taxes

Income tax (expense or income) comprises the tax expense (or income) due and the deferred tax expense (or income). Tax is recognised in profit or loss unless it relates to items recognised directly in equity, in which case it is recognised in equity.

#### Tax payable

Tax payable is the amount of tax due on taxable profits for a period, determined by applying the current tax rate applicable in each country of operation to the taxable profits of each corresponding Group entity.

#### Deferred taxes

Deferred taxes are determined using a balance sheet approach with variable deferrals applied for all temporary differences between the carrying amount of assets and liabilities and their tax bases. The measurement of deferred tax assets and liabilities is based on the method that the Group expects to use to recover or adjust the carrying amount of assets and liabilities, using the tax rates adopted at financial year-end.

A deferred tax asset is recognised only if it appears likely to be recovered in a reasonable time-frame, based on the latest updated forecasts. Deferred tax assets are reviewed at each year-end, and written down in the event that they are unlikely to be recovered.

The effect on previously recognised deferred tax assets of any changes in the rates of taxation is recognised in profit or loss, unless the effect relates to an item recognised directly in equity, in which case the effect is recognised in equity.

Deferred taxes are presented in the balance sheet separately from current tax assets and liabilities and classified as non-current items.

Manutan International heads a tax grouping which includes Manutan SA and Manutan Collectivités, in the meaning of Article 223-A of the French General Tax Code.

### 7.22 Earnings per share

Earnings per share are calculated on the basis of net income of the consolidated group attributable to owners of the parent company. The number of shares used in the calculation is the average number of shares in circulation during the past year, less treasury stock.

### 7.23 Sector information

All Group companies carry on the same business in the countries where they are located. Accordingly there is only one sector of activity.

The regions used correspond to the operating regions established in the financial year, which reflect the geographical location of the Group's assets. They group together companies from several countries that share similarities in terms of operations, customer behaviour, product and service offerings, and economic conditions, enabling operating synergies. Inter-regional transactions, as well as the non-operational activities of the holding company are presented in "Others".

The information reviewed and used by the Group's main operational decision-makers is based on five operating regions.

Accordingly, the Group communicates in terms of five operational regions, which consist of the following countries:

- North: Sweden, Norway, Denmark and Finland;
- Centre: Belgium, The Netherlands, Germany and Switzerland;
- East: Czech Republic, Poland, Slovakia, Hungary and Russia;
- South: France, Italy, Portugal and Spain;
- West: United Kingdom and Ireland;
- Other: holding companies and elimination of inter-regional transactions.

The accounting methods and principles used to present the sector results and assets are the same as those used for the Group. Manutan brand royalties collected by Manutan International from the South and East regions are offset under "Other" in order to improve the comprehension of operating performance and facilitate comparison between regions.

## Note 8 Notes to the consolidated financial statements

### Analysis of the main balance sheet items

#### 8.1 Goodwill

<i>In thousands of euros</i>	Acquisition date	30/09/2015	Acquisition Addition	Disposal Decrease	Exchange rate movement	Reclassification	30/09/2016
<b>Net value</b>							
Centre CGU	01/04/1995	32,596					32,596
Sports et Loisirs CGU	15/10/2012	9,365					9,365
West CGU	<sup>(1)</sup>	32,350			(4,604)		27,746
IronmongeryDirect CGU	12/07/2013	17,494			(2,489)		15,005
East CGU	<sup>(2)</sup>	1,933					1,933
Ikaros CGU	10/10/2013	6,427			(142)		6,285
Pichon CGU	30/06/2015	49,468	239				49,707
EEW CGU	25/07/2015 <sup>(3)</sup>		2,660		(74)		2,586
<b>TOTAL</b>		<b>149,633</b>	<b>2,899</b>	<b>0</b>	<b>(7,309)</b>	<b>0</b>	<b>145,223</b>

(1) Two transactions which took place during financial years 1998/1999 and 2007/2008.

(2) Three transactions which took place during financial years 1998/1999, 2000/2001 and 2004/2005.

(3) Acquisition of Essex Electrical Wholesalers in the process of being allocated.

Impairment tests were carried out on these goodwill items at year-end in accordance with the following methods:

At 30 September 2016, a growth to perpetuity assumption limited to 2% per year of cash flows was used to arrive at the end value. The discount rate varies depending on the CGU and related country risk. The rates applied in 2015/2016 were 7.9% for the Centre and Ikaros CGUs, 7.1% for the West CGU, 4.8% for the East CGU and 5.6% for the Sports et Loisirs and Pichon CGU. The rates applied in 2014/2015 were 6.8% for the Centre and Ikaros CGUs, 6.7% for the West CGU, 6.0% for the East CGU and 6.4% for the Sports et Loisirs and Pichon CGU.

The Group has performed sensitivity tests on reasonably possible changes in the key assumptions (revenue growth rate, gross margin and discount rate) involving changes of plus or minus 1% (individually and as an aggregate). These sensitivity tests have not revealed any likely scenario that would result in an impairment of goodwill.

During the year the Group acquired Essex Electrical Wholesalers. Provisional goodwill has been calculated, consisting of the difference between the acquisition price of the company and the amount of its net assets. This goodwill will be definitively allocated on 31 March 2017.



## 8.2 Non-current assets

### Other intangible assets

Amortisation of intangible assets is recognised in current operating profit and loss.

#### CHANGES IN THE 2015/2016 FINANCIAL YEAR

<i>In thousands of euros</i>	30/09/2015	Acquisition Addition	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movement	30/09/2016
<b>Gross values</b>							
Trademarks	4,531					(419)	4,112
Software applications	64,074	730		(32)	986	(144)	65,615
Fixed assets in progress	14,334	4,251			(939)	0	17,646
Other	4,450	17			(47)	(38)	4,382
<b>Total</b>	<b>87,389</b>	<b>4,998</b>		<b>(32)</b>	<b>0</b>	<b>(601)</b>	<b>91,754</b>
<b>Amortisation</b>							
Trademarks							
Software applications	(46,826)	(5,881)		3	0	136	(52,569)
Fixed assets in progress							
Other	(1,350)	(118)		(1)	0	36	(1,433)
<b>Total</b>	<b>(48,176)</b>	<b>(5,999)</b>		<b>2</b>	<b>0</b>	<b>171</b>	<b>(54,002)</b>
<b>NET VALUES</b>	<b>39,213</b>	<b>(1,002)</b>		<b>(30)</b>	<b>0</b>	<b>(430)</b>	<b>37,752</b>

Fixed assets in progress consist basically of capital expenditure on the Group's information system.

#### CHANGES IN THE 2014/2015 FINANCIAL YEAR

<i>In thousands of euros</i>	30/09/2014	Acquisition Addition	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movement	30/09/2015
<b>Gross values</b>							
Trademarks	4,452					79	4,531
Software applications	55,931	668	104	(3,390)	10,784	(22)	64,074
Fixed assets in progress	15,129	10,664			(11,449)	(10)	14,334
Other	2,676	6	2,023	(250)		(6)	4,450
<b>Total</b>	<b>78,189</b>	<b>11,338</b>	<b>2,127</b>	<b>(3,640)</b>	<b>(665)</b>	<b>41</b>	<b>87,389</b>
<b>Amortisation</b>							
Trademarks							
Software applications	(44,239)	(5,918)	(78)	3,385		24	(46,826)
Fixed assets in progress							
Other	(1,135)	(472)		250		7	(1,350)
<b>Total</b>	<b>(45,374)</b>	<b>(6,390)</b>	<b>(78)</b>	<b>3,635</b>		<b>32</b>	<b>(48,176)</b>
<b>NET VALUES</b>	<b>32,815</b>	<b>4,948</b>	<b>2,049</b>	<b>(5)</b>	<b>(665)</b>	<b>72</b>	<b>39,213</b>

## Property, plant and equipment

## CHANGES IN THE 2015/2016 FINANCIAL YEAR

<i>In thousands of euros</i>	30/09/2015	Acquisition Addition	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movement	30/09/2016
<b>Gross values</b>							
Land	20,477	0			(103)	(231)	20,144
Buildings	111,090	2,302			(2,306)	(1,822)	109,265
Fixtures and fittings	33,550	1,648		(475)	(863)	(1,139)	32,722
Computer hardware	20,354	1,127	4	(1,474)	(926)	(494)	18,592
Other property, plant and equipment	6,600	528	18	(509)	1,552	(44)	8,144
<b>Total</b>	<b>192,072</b>	<b>5,604</b>	<b>22</b>	<b>(2,457)</b>	<b>(2,645)</b>	<b>(3,730)</b>	<b>188,866</b>
<b>Depreciation and impairment</b>							
Land							
Buildings	(44,054)	(4,744)			1,856	1,413	(45,529)
Fixtures and fittings	(21,556)	(2,188)		466	316	831	(22,131)
Computer hardware	(17,185)	(1,444)		1,474	914	377	(15,865)
Other property, plant and equipment	(4,409)	(1,106)		431	(1,050)	40	(6,094)
<b>Total</b>	<b>(87,204)</b>	<b>(9,482)</b>		<b>2,370</b>	<b>2,036</b>	<b>2,661</b>	<b>(89,619)</b>
<b>NET VALUES</b>	<b>104,868</b>	<b>(3,878)</b>	<b>22</b>	<b>(87)</b>	<b>(609)</b>	<b>(1,069)</b>	<b>99,247</b>

The Manutan Group is financing the Manutan HEQ (High Environmental Quality) European Centre project *via* a twelve-year finance lease. The property complex is recognised under property, plant and equipment for a gross total of €71.2 million (€12 million for the land and €59 million for the buildings), in accordance with IAS 17. The property complex is depreciated over the useful life of its respective components.

The Ternat building in Belgium was reclassified as assets held for sale for €0.6 million net, which breaks down as follows: land: €0.1 million, buildings: €0.5 million, fixtures and fittings: €0.1 million.

## CHANGES IN THE 2014/2015 FINANCIAL YEAR

<i>In thousands of euros</i>	30/09/2014	Acquisition Addition	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movement	30/09/2015
<b>Gross values</b>							
Land	20,046	333				98	20,477
Buildings	108,943	1,617				531	111,090
Fixtures and fittings	28,086	1,095	4,276	(282)	21	355	33,550
Computer hardware	17,710	1,481	757	(289)	568	127	20,354
Other property, plant and equipment	6,155	1,159	80	(854)	77	(17)	6,600
<b>Total</b>	<b>180,939</b>	<b>5,686</b>	<b>5,112</b>	<b>(1,425)</b>	<b>665</b>	<b>1,094</b>	<b>192,072</b>
<b>Depreciation and impairment</b>							
Land							
Buildings	(38,878)	(4,679)				(497)	(44,054)
Fixtures and fittings	(15,797)	(2,055)	(3,725)	267		(245)	(21,556)
Computer hardware	(14,636)	(1,722)	(739)	288	(275)	(100)	(17,185)
Other property, plant and equipment	(4,473)	(920)	(71)	774	275	6	(4,409)
<b>Total</b>	<b>(73,784)</b>	<b>(9,376)</b>	<b>(4,536)</b>	<b>1,328</b>	<b>0</b>	<b>(835)</b>	<b>(87,204)</b>
<b>NET VALUES</b>	<b>107,155</b>	<b>(3,691)</b>	<b>577</b>	<b>(97)</b>	<b>665</b>	<b>259</b>	<b>104,868</b>

### 8.3 Finance leases

The substance of Group leasing contracts has been analysed. The following amounts, corresponding to finance leases, are included in the amounts in the Property, Plant and Equipment table of the foregoing note:

<i>In thousands of euros</i>	30/09/2015	Acquisition Addition	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movement	30/09/2016
<b>Gross values</b>							
Land	13,146						13,146
Buildings	72,774	1,789			(2,306)	(944)	71,314
Fixtures and fittings	287					2	289
Computer hardware	1,103				0	(32)	1,072
Other property, plant and equipment	1,408	119		(213)		0	1,314
<b>Total</b>	<b>88,719</b>	<b>1,908</b>		<b>(213)</b>	<b>(2,306)</b>	<b>(974)</b>	<b>87,134</b>
<b>Amortisation</b>							
Land							
Buildings	(17,844)	(3,536)			1,856	750	(18,774)
Fixtures and fittings	(313)					(2)	(315)
Computer hardware	(968)					13	(956)
Other property, plant and equipment	(524)	(401)		173		0	(752)
<b>Total</b>	<b>(19,649)</b>	<b>(3,937)</b>		<b>173</b>	<b>1,856</b>	<b>760</b>	<b>(20,796)</b>
<b>NET VALUES<sup>(1)</sup></b>	<b>69,070</b>	<b>(2,028)</b>		<b>(40)</b>	<b>(450)</b>	<b>(214)</b>	<b>66,339</b>

(1) Including €58 million and €61 million as at 30 September 2016 and 2015 respectively relating to the property finance lease on the European Centre.

### 8.4 Investment property

<i>In thousands of euros</i>	30/09/2015	Acquisition Addition	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movement	30/09/2016
Investment property	1,717					(228)	1,489
Impairment of investment property	(1,275)	(46)				180	(1,141)
<b>NET INVESTMENT PROPERTY</b>	<b>442</b>	<b>(46)</b>			<b>0</b>	<b>(48)</b>	<b>348</b>

Investment property comprises:

- an unused plot of land (12,400 m<sup>2</sup>) owned by Key Industrial Equipment. Estate agents have estimated the market value of this land at €1,854,000;
- part of the office facilities (2,628 m<sup>2</sup>) owned by Key Industrial Equipment and rented out to two third-party companies. Estate agents have estimated the market value of this part of the property at €2,032,000;

- an unused plot owned by Sports et Loisirs (the value recorded in the financial statements is €115,000).

Depreciation methods and rates used are identical to those used for other property, plant and equipment.

Rental income amounted to €442,000 over the financial year. There were no major operating expenses relating to the property.

## 8.5 Non-current financial assets

<i>In thousands of euros</i>	30/09/2015	Acquisition Addition	Acquisition by means of business combination	Disposal Decrease	Reclassification	Exchange rate movement	30/09/2016
<b>Gross values</b>							
Other non-current financial assets	1,556	22		0		0	1,578
<b>Total</b>	<b>1,556</b>	<b>22</b>		<b>0</b>		<b>0</b>	<b>1,578</b>
<b>Amortisation</b>							
Other non-current financial assets	0					0	0
<b>Total</b>	<b>0</b>					<b>0</b>	<b>0</b>
<b>NET VALUES</b>	<b>1,556</b>	<b>22</b>		<b>0</b>		<b>0</b>	<b>1 578</b>

## 8.6 Operating assets

### Inventories

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
Gross values	62,623	59,531	42,730
Provisions	(4,432)	(3,829)	(2,811)
<b>NET VALUES</b>	<b>58,191</b>	<b>55,701</b>	<b>39,919</b>

### Trade receivables

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
Gross values	167,903	164,291	132,751
Provisions	(5,560)	(4,385)	(4,061)
<b>NET VALUES</b>	<b>162,343</b>	<b>159,905</b>	<b>128,691</b>

Ageing of customer receivables breaks down as follows:

#### 2015/2016 FINANCIAL YEAR

<i>In thousands of euros</i>	Total receivables	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year
Gross values	167,903	153,779	5,166	4,724	4,233
Provisions	(5,560)	(565)	(475)	(1,441)	(3,079)
<b>NET VALUES</b>	<b>162,343</b>	<b>153,214</b>	<b>4,691</b>	<b>3,283</b>	<b>1,155</b>

#### 2014/2015 FINANCIAL YEAR

<i>In thousands of euros</i>	Total receivables	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year
Gross values	164,291	153,466	4,330	3,299	3,196
Provisions	(4,385)	(297)	(726)	(724)	(2,638)
<b>NET VALUES</b>	<b>159,905</b>	<b>153,169</b>	<b>3,604</b>	<b>2,575</b>	<b>558</b>

Note 8.25 "Financial risk management objectives and policies" provides an analysis of the Group's sensitivity to credit risk and foreign exchange risk relating to customer receivables.

## 8.7 Other receivables and prepaid expenses

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
Prepaid expenses	5,174	5,514	4,569
Other receivables	459	1,176	220
<b>TOTAL</b>	<b>5,633</b>	<b>6,691</b>	<b>4,789</b>

## 8.8 Fair value of financial instruments and other financial assets

The table below provides a comparison of the value of the financial assets recognised in the balance sheet with their fair value:

In thousands of euros	Carrying amount			Assets valued at fair value			Assets held to maturity			Loans and receivables			Fair value		
	30/09/2016	30/09/2015	30/09/2014	30/09/2016	30/09/2015	30/09/2014	30/09/2016	30/09/2015	30/09/2014	30/09/2016	30/09/2015	30/09/2014	30/09/2016	30/09/2015	30/09/2014
<b>Non-current financial assets (Note 8.5)</b>															
Loans, guarantees and other receivables	1,578	1,556	980							1,578	1,556	980	1,578	1,556	980
<b>Current financial assets</b>															
Fair value hedges, assets	249	78		249	78								249	78	
Current cash management assets	5,000	5,000	12,000				5,000	5,000	12,000				5,000	5,000	12,000
<b>Cash and cash equivalents (Note 8.9)</b>	<b>73,467</b>	<b>67,021</b>	<b>70,476</b>	<b>73,467</b>	<b>67,021</b>	<b>70,476</b>							<b>73,467</b>	<b>67,021</b>	<b>70,476</b>
<b>TOTAL ASSETS</b>	<b>80,295</b>	<b>73,654</b>	<b>83,457</b>	<b>73,716</b>	<b>67,098</b>	<b>70,476</b>	<b>5,000</b>	<b>5,000</b>	<b>12,000</b>	<b>1,578</b>	<b>1,556</b>	<b>980</b>	<b>80,295</b>	<b>73,654</b>	<b>83,457</b>

## 8.9 Cash and cash equivalents

Cash and cash equivalents comprise:

- cash in hand;
- cash equivalents, *i.e.* short-term, highly liquid deposits easily convertible into a known amount of cash and subject to negligible risk of value impairment. They comprise liquid securities and accounts and term deposits with maturities of less than three months;
- balances relating to temporary bank overdrafts and associated accrued interest.

At 30 September 2016, the Group's cash was mainly invested in negotiable securities and money market deposits, the remainder being placed in bank current accounts, the majority of which are interest-bearing.

The Group considers its total available cash as effectively comprising the balance sheet aggregates "Cash and cash equivalents" and "current cash management assets", *i.e.* with maturities of between three and twelve months.

The net financial balance is therefore calculated as the difference between net cash plus "current cash management assets" and financial debt:

In thousands of euros	30/09/2016	30/09/2015	30/09/2014
Bank current account balances	73,293	58,617	53,001
Marketable securities <sup>(1)</sup>	2	8,172	17,266
Deposits <sup>(2)</sup>	172	232	208
<b>Total cash assets</b>	<b>73,467</b>	<b>67,021</b>	<b>70,476</b>
Bank overdrafts	9,742	11,690	3,532
<b>Net cash position</b>	<b>63,725</b>	<b>55,331</b>	<b>66,944</b>
Current cash management assets	5,000	5,000	12,000
<b>Total available cash</b>	<b>68,725</b>	<b>60,331</b>	<b>78,944</b>
Financial debts (8.13)	73,867	84,412	42,328
<b>NET FINANCIAL BALANCE</b>	<b>(5,142)</b>	<b>(24,081)</b>	<b>36,615</b>

(1) Level 1 fair value, see Note 7.11 "Derivative financial instruments".

(2) Level 2 fair value, see Note 7.11 "Derivative financial instruments".



## 8.10 Assets held for sale

<i>In thousands of euros</i>	30/09/2015	Acquisition Addition	Disposal Decrease	Reclassification	Exchange rate movement	30/09/2016
<b>Gross value</b>						
Land				103		103
Buildings				2,306		2,306
Other non-current assets				237		237
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,646</b>	<b>0</b>	<b>2,646</b>
<b>Depreciation</b>						
Land						0
Buildings				(1,856)		(1,856)
Other non-current assets				(181)		(181)
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,037)</b>	<b>0</b>	<b>(2,037)</b>
<b>NET VALUE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>609</b>	<b>0</b>	<b>609</b>

During the 2015/2016 financial year the Ternat building in Belgium was reclassified as assets held for sale for €0.6 million net, which breaks down as follows: land: €0.1 million, buildings: €0.5 million, fixtures and fittings: €0.1 million.

## 8.11 Changes in Group equity

### Change in number of shares

At 30 September 2016 the number of shares was 7,613,291, each with a par value of €2. There were no changes during the 2015/2016 financial year.

The public holds 26.52% of the share capital.

### Treasury shares

The 13,062 treasury shares are charged to Group equity as at 30 September 2016.

### Impact of exchange rate fluctuations

Exchange rate fluctuations had the following effects on Group equity during the financial year:

- a negative net impact of €12,636,000 arising from the difference between closing and opening exchange rates applied to equity excluding profit;
- a negative net impact of €799,000 arising from the difference between closing and average exchange rates applied to the contribution of foreign companies to the consolidated result.

## 8.12 Total financial liabilities

### Breakdown by type of debt

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
Borrowings from credit institutions <sup>(1)</sup>	37,023	43,148	1,732
Owed in respect of finance leases <sup>(2)</sup>	24,757	29,217	34,548
<b>Non-current financial liabilities</b>	<b>61,780</b>	<b>72,365</b>	<b>36,280</b>
Borrowings from credit institutions <sup>(1)</sup>	6,141	6,149	214
Owed in respect of finance leases <sup>(3)</sup>	5,946	5,898	5,834
Bank overdrafts	9,742	11,690	3,532
Financial instruments		11	22
<b>Current financial liabilities</b>	<b>21,829</b>	<b>23,748</b>	<b>9,602</b>
<b>TOTAL FINANCIAL LIABILITIES</b>	<b>83,609</b>	<b>96,113</b>	<b>45,882</b>

(1) Including €6 million reclassified from current to non-current as at 30 September 2015.

(2) Including €22.1 million in respect of the property finance lease on the European Centre as at 30 September 2016.

(3) Including €4.6 million in respect of the property finance lease on the European Centre as at 30 September 2016.

The Group repaid €12,266,000 in financial debt (including €4,573,000 relating to the property lease on the European Centre) during the financial year.

### 8.13 Fair value of financial instruments and other liabilities

The table below provides a comparison of the value of the financial liabilities recognised in the balance sheet with their fair value:

In thousands of euros	Carrying amount			Liabilities valued at fair value			Supplier and other payables			Liabilities recognised at amortised cost			Fair value			
	30/09/2016	30/09/2015	30/09/2014	30/09/2016	30/09/2015	30/09/2014	30/09/2016	30/09/2015	30/09/2014	30/09/2016	30/09/2015	30/09/2014	30/09/2016	30/09/2015	30/09/2014	
<b>Non-current financial liabilities</b>																
Borrowings from credit institutions <sup>(1)</sup>	37,023	43,148	1,732							37,023	43,148	1,732	37,023	43,148	1,732	
Finance leases	24,757	29,217	34,548							24,757	29,217	34,548	24,757	29,217	34,548	
<b>Current financial liabilities</b>																
Borrowings from credit institutions <sup>(1)</sup>	6,141	6,149	214							6,141	6,149	214	6,141	6,149	214	
Finance leases	5,946	5,898	5,834							5,946	5,898	5,834	5,946	5,898	5,834	
Derivative financial instruments		11	22			11		22						11	22	
<b>Trade payables</b>	<b>83,541</b>	<b>84,725</b>	<b>64,268</b>							<b>83,541</b>	<b>84,725</b>	<b>64,268</b>		<b>83,541</b>	<b>84,725</b>	<b>64,268</b>
<b>Other</b>	<b>30,135</b>	<b>31,161</b>	<b>30,182</b>							<b>30,135</b>	<b>31,161</b>	<b>30,182</b>		<b>30,135</b>	<b>31,161</b>	<b>30,182</b>
<b>Bank overdrafts</b>	<b>9,742</b>	<b>11,690</b>	<b>3,532</b>							<b>9,742</b>	<b>11,690</b>	<b>3,532</b>		<b>9,742</b>	<b>11,690</b>	<b>3,532</b>
<b>Other liabilities (provisions and tax)</b>	<b>20,305</b>	<b>18,212</b>	<b>13,458</b>											<b>20,305</b>	<b>18,212</b>	<b>13,458</b>
<b>TOTAL CURRENT AND NON-CURRENT LIABILITIES</b>	<b>217,590</b>	<b>230,211</b>	<b>153,790</b>			<b>11</b>		<b>22</b>		<b>113,676</b>	<b>115,886</b>	<b>94,450</b>		<b>217,590</b>	<b>230,211</b>	<b>153,791</b>

(1) Including €6 million reclassified from current to non-current as at 30 September 2015.

### Payment schedule of financial instruments shown as liabilities in the balance sheet

In thousands of euros	Balance sheet value			< 1 year			From 1 to 5 years			> 5 years		
	30/09/2016	30/09/2015	30/09/2014	30/09/2016	30/09/2015	30/09/2014	30/09/2016	30/09/2015	30/09/2014	30/09/2016	30/09/2015	30/09/2014
Borrowings from credit institutions	43,164	49,297	1,946	6,141	6,304	1,178	37,023	42,993	768			
Finance leases	30,703	35,115	40,382	5,946	5,898	5,863	20,942	21,142	21,557	3,815	8,075	12,962
<b>Financial debts</b>	<b>73,867</b>	<b>84,412</b>	<b>42,328</b>	<b>12,087</b>	<b>12,202</b>	<b>7,041</b>	<b>57,965</b>	<b>64,135</b>	<b>22,325</b>	<b>3,815</b>	<b>8,075</b>	<b>12,962</b>
Derivative financial instruments		11	22									
Trade payables	83,541	84,725	64,268	83,541	84,725	64,268						
Other	30,135	31,161	30,182	30,135	31,161	30,182						
Bank overdrafts	9,742	11,690	3,532	9,742	11,690	3,532						

## 8.14 Employee benefits

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
Pension commitments	2,600	2,305	1,766
Service awards	239	214	224
<b>TOTAL PROVISIONS</b>	<b>2,839</b>	<b>2,519</b>	<b>1,990</b>

The estimate of pension commitments at 30 September 2016 was carried out by an independent actuary in accordance with the recommendations of IAS 19.

The amount of pension commitments provided for corresponds to the contractual commitments of the French companies which envisage making an end-of-service payment to their employees when they retire.

All expenses relating to pension commitments are shown in the "Personnel costs" item, which is included in the "Sales and administrative expenses" line in the income statement, and include an amount of €148,000 for services rendered (2014/2015: €225,000) and the financial cost of €27,000 (2014/2015: €35,000). The actuarial differences recognised in equity represent a net charge of €37,000.

The main assumptions used in the actuarial calculations are as follows:

	30/09/2016	30/09/2015
Discount rate	0.79%	1.89%
Inflation rate	1.50%	1.50%
Average salary increase rate (including inflation)	1.50%	1.50%
Age at retirement <sup>(1)</sup> :		
• Executives	65	65
• Non-executives	Between 62 and 63	Between 62 and 63

(1) Depending on socio-professional category.

On 31 December 2007 the pension fund of Overtoom International Nederland was closed. The funds invested and the coverage obligations were transferred to a professional fund which now manages employee pension commitments.

Although this fund pays defined benefits to its members, it is accounted for as falling under a defined contribution scheme, in accordance with IAS 19.30, given the limited

information available from the fund and the fact that it involves a multi-employer scheme.

As such, no commitments relating to this fund were provisioned as at 30 September 2016. Lastly, the management of the subsidiary and of the Group checks regularly, and at least once per financial year, to ensure that the fund's assets cover its commitments.

## 8.15 Provisions for other liabilities

### CHANGES IN THE 2015/2016 FINANCIAL YEAR

<i>In thousands of euros</i>	30/09/2015	Additions	Reversal Provisions used	Reversal Provisions not used	Change through business combination	Reclassification	Exchange rate movement	30/09/2016
Salary disputes	431	287	(250)	0	0	47	0	515
Product returns	553	179	(21)	0	0	0	0	711
Restructuring	625	400	(625)	0	0	0	0	400
Legal and tax	0	0	0	0	0	0	0	0
Financial	148	0	(1)	(100)	0	(47)	0	0
Other risks	2,105	107	(208)	0	0	0	(5)	1,998
<b>TOTAL</b>	<b>3,862</b>	<b>972</b>	<b>(1,105)</b>	<b>(100)</b>	<b>0</b>	<b>0</b>	<b>(5)</b>	<b>3,625</b>

The additions to and reversals of provisions for restructuring during the financial year mainly concern the Centre and South regions.

**CHANGES IN THE 2014/2015 FINANCIAL YEAR**

<i>In thousands of euros</i>	30/09/2014	Additions	Reversal Provisions used	Reversal Provisions not used	Change through business combination	Exchange rate movement	30/09/2015
Salary disputes	613	97	(280)	0	0	0	431
Product returns	499	22	(215)	0	249	(2)	553
Restructuring	125	625	0	(125)	0	0	625
Legal and tax	0	0	0	0	0	0	0
Financial	201	101	(154)	0	0	0	148
Other risks	281	472	(136)	0	1,487	1	2,105
<b>TOTAL</b>	<b>1,720</b>	<b>1,317</b>	<b>(785)</b>	<b>(125)</b>	<b>1,736</b>	<b>(1)</b>	<b>3 862</b>

The additions to and reversals of provisions for restructuring during the financial year 2014/2015 mainly concern the Centre and South regions.

**Ongoing litigation**

There is no litigation or exceptional event likely to have a material impact on the Group's financial position for which a provision has not been established.

**8.16 Other liabilities and accruals**

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
Suppliers of fixed assets	81	173	281
Tax and social security liabilities	18,242	12,243	13,660
VAT	6,419	6,696	6,440
Credit notes outstanding	72	80	916
Provisions for general expenses	2,134	1,716	1,830
Miscellaneous	3,188	10,254	7,055
<b>TOTAL</b>	<b>30,135</b>	<b>31,161</b>	<b>30,182</b>

As at 30 September 2016, all these liabilities were due at one year or less.

## Analysis of the items in the income statement

### 8.17 Sales and administrative expenses

Provisions are shown net of additions, reversals, losses and gains.

Other income and expense also includes gains and losses on ordinary disposals of fixed assets.

Personnel costs include payroll and social security charges, employee profit sharing, the cost of temporary employees, employee benefits and other personnel costs. Personnel costs include employee profit sharing plan contributions, which amounted to €2,689,000 for 2015/2016, €2,591,000 for 2014/2015 and €2,068,000 for 2013/2014.

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
Other external purchases	(71,825)	(72,329)	(72,689)
Taxes and duties	(5,712)	(5,455)	(4,801)
Personnel costs	(111,975)	(104,565)	(96,948)
Amortisation and depreciation charges	(15,527)	(15,817)	(15,861)
Additions/Reversals to provisions	170	(333)	852
Other income and expenses	1,460	1,126	50
<b>TOTAL</b>	<b>(203,409)</b>	<b>(197,372)</b>	<b>(189,396)</b>

### 8.18 Personnel costs

#### Composition of average workforce

	30/09/2016	30/09/2015	30/09/2014
Employees	1,566	1,358	1,386
Executives	531	593	448
<b>TOTAL</b>	<b>2,097</b>	<b>1,951</b>	<b>1,835</b>

#### Analysis of average workforce by region

Workforce	30/09/2016	30/09/2015	30/09/2014
North	114	113	105
Centre	282	293	308
East	99	107	108
South	1,159	1,018	927
West	334	315	288
Other	109	105	99
<b>TOTAL</b>	<b>2,097</b>	<b>1,951</b>	<b>1,835</b>

Men	30/09/2016	30/09/2015	30/09/2014
North	73	75	64
Centre	195	211	226
East	45	51	50
South	568	442	396
West	200	189	172
Other	53	60	59
<b>TOTAL</b>	<b>1,134</b>	<b>1,028</b>	<b>966</b>

Women	30/09/2016	30/09/2015	30/09/2014
North	41	39	41
Centre	87	82	83
East	54	55	57
South	591	576	531
West	135	126	116
Other	56	45	40
<b>TOTAL</b>	<b>964</b>	<b>923</b>	<b>868</b>

Changes	Recruitments	Departures
North	2	1
Centre	25	36
East	15	23
South	261	120
West	74	55
Other	39	36
<b>TOTAL</b>	<b>417</b>	<b>270</b>

### Analysis of personnel costs

	30/09/2016	30/09/2015	30/09/2014
Employees	(67,435)	(60,434)	(56,712)
Executives	(44,539)	(44,040)	(40,236)
<b>TOTAL</b>	<b>(111,975)</b>	<b>(104,474)</b>	<b>(96,948)</b>

Remuneration allocated in respect of the financial year to the consolidating company's management bodies for their work undertaken for Group companies amounted to €1,538,440 in 2015/2016 and €1,432,848 in 2014/2015.

Attendance fees paid to members of the Board of Directors amounted to €100,000 for financial year 2015/2016 and €96,000 for 2014/2015.

### Turnover per average workforce

	30/09/2016	30/09/2015	30/09/2014
North	350	355	388
Centre	460	417	391
East	187	163	162
South	374	347	386
West	315	320	290
<b>TOTAL</b>	<b>325</b>	<b>306</b>	<b>322</b>

### 8.19 Other operating income and expenses

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
Restructuring costs	(959)	(971)	(2,334)
Share acquisition expenses	(342)	(1,004)	(255)
<b>TOTAL</b>	<b>(1,301)</b>	<b>(1,975)</b>	<b>(2,588)</b>

Restructuring costs primarily related to changes in the Group's organisational structure.

The share acquisition expenses arose mainly from the acquisition of Essex Electrical Wholesalers.



## 8.20 Financial income and expenses

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
Income on cash and cash equivalents	331	421	463
Foreign exchange gains	2,041	1,167	703
Other financial income	276	37	94
<b>TOTAL FINANCIAL INCOME</b>	<b>2,648</b>	<b>1,625</b>	<b>1,260</b>
Gross cost of borrowings	(882)	(816)	(1,041)
Foreign exchange losses	(833)	(1,369)	(898)
Other financial expenses	0	(58)	0
<b>TOTAL FINANCIAL EXPENSES</b>	<b>(1,715)</b>	<b>(2,243)</b>	<b>(1,939)</b>

The change in the Group's financial income and expenses is due mainly to the volatility of the euro's exchange rate against other currencies during the financial year.

Additionally, financial income increased due to the recognition of the market value of the forward currencies purchases entered into during the year (see Note 8.25 "Financial risk management objectives and policies").

## 8.21 Tax

Deferred tax assets and liabilities are offset within each particular company.

Explanation of difference between theoretical and effective tax rates (in percentages of pre-tax profit):

<i>As a %</i>	30/09/2016	30/09/2015	30/09/2014
Statutory income tax rate	38.00%	38.00%	38.00%
Permanent differences impact	0.26%	1.62%	2.10%
Non-capitalised tax losses	0.20%	0.34%	0.20%
Tax on dividends	0.59%	0.71%	0.70%
Previous non-capitalised tax loss carry-forwards applied	-0.52%	-0.55%	-0.30%
Differences in rates of income tax <sup>(1)</sup>	-8.37%	-6.84%	-5.50%
Tax credit	-1.47%	-2.11%	-1.20%
<b>EFFECTIVE TAX RATE</b>	<b>28.69%</b>	<b>31.17%</b>	<b>34.00%</b>

(1) Of which -0.62% linked to the change in the rate applicable to the calculation of deferred tax in France.

Income tax expense for the financial year amounted to €13,707,000, comprising €13,455,000 of current and €252,000 of deferred tax expense.

## Source of deferred taxes

<i>In thousands of euros</i>	30/09/2016	30/09/2015
<b>Gross values</b>		
Fixed assets (excluding finance leases)	532	316
Trademarks	(1,000)	(1,116)
Inventories	438	546
Customers	448	319
Financial instruments	0	6
Pension provisions	751	601
Other provisions	260	466
Finance leases	(7,948)	(7,300)
Tax loss carry-forwards	0	0
Other temporary differences	46	(172)
<b>TOTAL</b>	<b>(6,473)</b>	<b>(6,334)</b>
Deferred tax assets	3,571	3,305
Deferred tax liabilities	10,044	9,639
<b>NET DEFERRED TAX</b>	<b>(6,473)</b>	<b>(6,334)</b>

## Change in net deferred tax

*In thousands of euros*

<b>30/09/2015</b>	<b>(6,334)</b>
Recognised in profit and loss	(252)
Recognised in equity	21
Change in scope linked to the allocation of goodwill	0
Exchange rate movement	92
<b>30/09/2016</b>	<b>(6,473)</b>

## 8.22 Earnings per share

	30/09/2016	30/09/2015	30/09/2014
Net income attributable to owners of the parent <i>(in thousands of euros)</i>	34,050	25,806	24,147
Number of shares outstanding	7,600,229	7,600,229	7,600,229
<b>Earnings per share <i>(in euros)</i></b>	<b>4.48</b>	<b>3.40</b>	<b>3.18</b>
Dilutive impact of subscription options	0	0	0
<b>Earnings per share <i>(in euros)</i></b>	<b>4.48</b>	<b>3.40</b>	<b>3.18</b>

## 8.23 Statement of cash flow

### Free cash flow

*In thousands of euros*

	30/09/2016	30/09/2015	30/09/2014
Consolidated profit for the year	34,078	25,823	24,166
Net operating depreciation, amortisation and impairment charges	15,528	15,815	15,953
Impairment of property, plant and equipment	0	0	(89)
Other provisions (net)	(77)	1,580	505
Proceeds of disposal of assets	4	(61)	(98)
Carrying amount of assets disposed of	116	100	145
<b>FREE CASH FLOW</b>	<b>49,649</b>	<b>43,257</b>	<b>40,582</b>

## Change in working capital requirement

Sources: (+)

Applications: (-)

*In thousands of euros*

	30/09/2016	30/09/2015	30/09/2014
Inventories (net)	(4,208)	1,903	(1,598)
Trade receivables (net)	(4,466)	(13,376)	6,506
Other receivables	1,926	(658)	(639)
Supplier payables (net)	(567)	(214)	(881)
Corporation tax receivables/liabilities	2,699	345	168
Other	(238)	2,875	(3,754)
<b>CHANGE IN WORKING CAPITAL REQUIREMENT</b>	<b>(4,854)</b>	<b>(9,124)</b>	<b>(199)</b>
Change in payables/receivables relating to non-current assets	(92)	(94)	(481)

## 8.24 Information by sector

## Turnover – breakdown by geographical region

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
North	39,935	40,259	40,668
Centre	129,561	122,156	120,557
East	18,509	17,379	17,468
South	433,116	383,423	358,013
West	105,364	100,418	83,499
Other	(43,907)	(40,095)	(29,834)
<b>TOTAL</b>	<b>682,578</b>	<b>623,539</b>	<b>590,370</b>

	30/09/2016	30/09/2015	30/09/2014
North	5.9%	6.5%	6.9%
Centre	19.0%	19.6%	20.4%
East	2.7%	2.8%	3.0%
South	63.5%	61.5%	60.6%
West	15.4%	16.1%	14.1%
Other	-6.4%	-6.4%	-5.1%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Current operating profit – breakdown by geographical region

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
North	1,276	1,813	1,926
Centre	11,550	5,436	6,377
East	1,271	(220)	40
South	30,957	28,934	30,091
West	10,426	10,401	7,414
Other	(7,326)	(6,255)	(5,957)
<b>TOTAL</b>	<b>48,154</b>	<b>40,109</b>	<b>39,891</b>

	30/09/2016	30/09/2015	30/09/2014
North	2.7%	4.5%	4.8%
Centre	24.0%	13.6%	16.0%
East	2.6%	-0.5%	0.1%
South	64.3%	72.1%	75.4%
West	21.7%	25.9%	18.6%
Other	-15.2%	-15.6%	-14.9%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Operating profit – breakdown by geographical region

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
North	847	1,629	1,784
Centre	11,150	4,873	6,320
East	1,271	320	40
South	30,957	28,596	28,438
West	10,297	10,401	7,414
Other	(7,669)	(7,685)	(6,694)
<b>TOTAL</b>	<b>46,853</b>	<b>38,134</b>	<b>37,303</b>

	30/09/2016	30/09/2015	30/09/2014
North	1.8%	4.3%	4.8%
Centre	23.8%	12.8%	16.9%
East	2.7%	0.8%	0.1%
South	66.1%	75.0%	76.2%
West	22.0%	27.3%	19.9%
Other	-16.4%	-20.2%	-17.9%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

### Current and non-current assets, current and non-current liabilities

#### Non-current assets

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
North	10,255	10,403	10,995
Centre	4,365	4,890	4,911
East	9,102	9,102	7,766
South	80,205	81,816	30,682
West	54,986	59,786	57,580
Other	128,805	133,019	130,169
<b>TOTAL</b>	<b>287,718</b>	<b>299,018</b>	<b>242,104</b>

#### Current assets

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
North	14,994	15,294	16,214
Centre	33,539	35,370	37,704
East	7,224	6,392	6,991
South	182,695	178,556	114,460
West	42,615	40,910	36,368
Other	27,484	22,277	47,199
<b>TOTAL</b>	<b>308,551</b>	<b>298,800</b>	<b>258,936</b>

**Non-current liabilities**

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
North	706	721	699
Centre	159	427	439
East	0	0	0
South	4,767	5,440	5,347
West	1,770	924	1,304
Other	67,261	77,012	38,662
<b>TOTAL</b>	<b>74,663</b>	<b>84,524</b>	<b>46,452</b>

**Current liabilities**

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
North	5,044	5,107	5,427
Centre	13,713	13,419	12,182
East	2,154	1,781	1,897
South	81,273	82,179	59,961
West	14,370	15,305	13,498
Other	26,372	27,895	14,373
<b>TOTAL</b>	<b>142,926</b>	<b>145,687</b>	<b>107,338</b>

**Free cash flow**

<i>In thousands of euros</i>	30/09/2016				30/09/2015				30/09/2014			
	Free cash flow	Of which consolidated profit	Of which depreciation, amortisation and operating provisions	Of which other non-operational items	Free cash flow	Of which consolidated profit	Of which depreciation, amortisation and operating provisions	Of which other non-operational items	Free cash flow	Of which consolidated profit	Of which depreciation, amortisation and operating provisions	Of which other non-operational items
North	1,122	624	439	60	1,749	1,150	564	34	1,822	1,352	636	(166)
Centre	6,984	6,687	755	(458)	3,941	2,379	807	756	4,043	3,496	896	(349)
East	1,151	741	444	(34)	288	(110)	416	(18)	36	(377)	427	(14)
South	17,389	13,775	3,679	(65)	16,357	12,510	3,874	(27)	16,273	12,241	3,914	119
West	10,650	8,954	1,646	50	9,760	8,121	1,708	(69)	7,042	5,419	1,568	55
Other	12,352	3,331	8,565	456	11,162	1,817	8,446	898	11,367	2,078	8,513	777
<b>TOTAL</b>	<b>49,649</b>	<b>34,112</b>	<b>15,528</b>	<b>9</b>	<b>43,257</b>	<b>25,866</b>	<b>15,815</b>	<b>1,575</b>	<b>40,582</b>	<b>24,207</b>	<b>15,953</b>	<b>422</b>

	30/09/2016				30/09/2015				30/09/2014			
	Free cash flow	Of which consolidated profit	Of which depreciation, amortisation and operating provisions	Of which other non-operational items	Free cash flow	Of which consolidated profit	Of which depreciation, amortisation and operating provisions	Of which other non-operational items	Free cash flow	Of which consolidated profit	Of which depreciation, amortisation and operating provisions	Of which other non-operational items
North	2.3%	1.8%	2.8%	646.1%	4.0%	4.4%	3.6%	2.2%	4.5%	5.6%	4.0%	39.4%
Centre	14.1%	19.6%	4.9%	-4,939.6%	9.1%	9.2%	5.1%	48.0%	10.0%	14.4%	5.6%	-82.8%
East	2.3%	2.2%	2.9%	-367.8%	0.7%	-0.4%	2.6%	-1.1%	0.1%	-1.6%	2.7%	-3.3%
South	35.0%	40.4%	23.7%	-699.5%	37.8%	48.4%	24.5%	-1.7%	40.1%	50.6%	24.5%	28.1%
West	21.5%	26.2%	10.6%	542.4%	22.6%	31.4%	10.8%	-4.4%	17.4%	22.4%	9.8%	13.0%
Other	24.9%	9.8%	55.2%	4,918.3%	25.8%	7.0%	53.4%	57.0%	28.0%	8.6%	53.4%	184.2%
<b>TOTAL</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>99.9%</b>

**Capital expenditure<sup>(1)</sup>**

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
North	617	383	402
Centre	237	388	502
East	369	1,677	132
South	1,621	2,660	1,926
West	2,875	816	601
Other	4,883	11,099	8,553
<b>TOTAL</b>	<b>10,602</b>	<b>17,024</b>	<b>12,116</b>

(1) These amounts include lease-financed assets.

**8.25 Financial risk management objectives and policies****Market risk**

The Group is not significantly exposed to market risks, given its financial structure and the small portion of its shares traded on the stock exchange (26.52% as at 30 September 2016).

**Liquidity risk**

The Group is not significantly exposed to liquidity risk. As at 30 September 2016, the Group's cash and cash equivalents

amounted to €73,467,000 or €78,467,000 if current financial investments at more than three months are included, while financial liabilities totalled €83,609,000. The ratio of consolidated financial debt to consolidated equity stood at 0.22.

In addition, the Group has confirmed lines of credit of €65,111,000. As at 30 September 2016 these lines were used to the extent of €20 million.

The financial debts would be due early in the event of non-compliance with the following legal and financial covenants: All these covenants were complied with as at 30 September 2016. They mainly concern medium- and long-term debt to equity ratios and free cash flow to net borrowings ratios.

Type of borrowings	Fixed or variable rate	Amount <i>In thousands of euros</i>	Due date			Hedge	Original currency
			< 1 year	Between 1 and 5 years	> 5 years		
Borrowings from credit institutions	Variable rate	42,635	6,016	36,619	0	No	EUR
	Fixed rate	529	125	404	0	No	EUR
Liabilities in respect of finance leases	Fixed rate	574	360	214	0	No	EUR
	Variable rate	26,685	4,574	18,296	3,815	No	EUR
	Variable rate	1,903	523	1,380	0	No	EUR
	Fixed rate	74	42	32	0	No	GBP
	Fixed rate	1,467	447	1,020	0	No	GBP
Bank overdrafts	Variable rate	9,742	9,742	0	0	No	EUR
<b>TOTAL</b>		<b>83,609</b>	<b>21,829</b>	<b>57,965</b>	<b>3,815</b>		



## Interest rate risk

The Group's financial policy consists in managing financial charges using a combination of variable and fixed rate derivatives. As at 30 September 2016 the Group had no outstanding interest rate swap derivatives.

The interest rate sensitivity analysis as at 30 September 2016 is as follows:

<i>In millions of euros</i>	Total	< 1 year	1 to 5 years	> 5 years
Financial assets <sup>(1)</sup>	73.5	73.5	0.0	0.0
Financial liabilities <sup>(2)</sup>	81.0	20.9	56.3	3.8
<b>NET POSITION</b>	<b>(7.5)</b>	<b>52.6</b>	<b>(56.3)</b>	<b>(3.8)</b>

(1) Negotiable debt securities, other financial assets and variable rate loans and advances.

(2) Borrowings, financial debts and other variable rate financial liabilities.

The Group's interest rate risk is monitored throughout the year by the Group's Treasury Department in the parent company. The impact of a one percentage point change in interest rates on the Group's variable rate net positions at less than one year would be approximately €75,000.

## Exchange risk

The Group is basically exposed to exchange rate risk through its subsidiaries operating outside the euro zone.

The Group pursues a general policy of risk management and self-hedging. Thus the management of intra-Group transactions is attentively monitored by local and Group treasury departments.

The Group's net exposure to exchange rate risk is presented by currency:

<i>In millions of euros</i>	Pound sterling	Czech koruna	Norwegian krone	Danish krone	Swedish krona	Euro	Other currencies <sup>(1)</sup>	Totals
Monetary assets	26.9	3.2	2.5	1.4	6.1	2.6	5.0	47.7
Monetary liabilities	8.9	1.6	0.3	0.1	1.4	2.6	2.2	17.2
<b>NET EXPOSURE</b>	<b>17.9</b>	<b>1.7</b>	<b>2.2</b>	<b>1.3</b>	<b>4.7</b>	<b>0.0</b>	<b>2.8</b>	<b>30.5</b>

(1) Other currencies = USD, CHF, HUF, PLN and RUB.

Monetary assets comprise receivables and loans, as well as marketable securities and cash.

Monetary liabilities comprise borrowings, as well as operating liabilities and other debts.

The risk analysis led to the following conclusion on the currency hedging requirements:

- US dollar purchases;
- purchases in euros against the pound sterling, the Czech koruna and Swedish krona;

- sales of NOOK and DIKE against SEK;
- sales of HUF and PLN against CZK.

### Annual volumes at stake:

The total volume of flows to be hedged during the year amounted to €21.9 million, or 6% of the Group's cost of goods sold: a change in exchange rates would have a limited impact on the Group's income statement.

As at 30 September 2016 the Group had not put any forward currency purchases in place.

	Transaction date	Due date	Value as at 30/09/16	IFRS hedge	Gross impact on result	Gross impact on reserves
Forward purchase US\$1.5 million at 1.122	14/06/2016	27/10/2016	3		3	
Forward purchase US\$1.5 million at 1.122	14/06/2016	28/11/2016	0		0	
Forward purchase US\$0.75 million at 1.117	30/08/2016	14/10/2016	3		3	
Forward purchase US\$0.75 million at 1.117	30/08/2016	14/11/2016	(1)		(1)	
Forward purchase US\$0.75 million at 1.117	30/08/2016	14/12/2016	(4)		(4)	
Forward purchase €0.3 million at 1.24	22/06/2016	13/10/2016	48		48	
Forward purchase €0.3 million at 1.24	22/06/2016	11/11/2016	47		47	
Forward purchase €0.3 million at 1.24	22/06/2016	13/12/2016	47		47	
Forward purchase €0.3 million at 1.24	22/06/2016	13/01/2017	46		46	
Forward purchase €0.3 million at 1.24	22/06/2016	13/02/2017	45		45	
Forward purchase €0.3 million at 1.24	22/06/2016	13/03/2017	44		44	
<b>TOTAL</b>			<b>278</b>		<b>278</b>	<b>-</b>

### Equity risk

The Group's exposure to equity risk is limited to its holdings of treasury shares in Manutan International, the only Group securities listed on a regulated market. These treasury shares totalled 13,062 as at 30 September 2016 (see Note 8.11 "Changes in Group equity").

They are recognised in consolidated equity.

### Credit risk

In view of the nature of the Group's activity, credit risk is limited, since "Customer receivables" comprise a large number of small accounts spread among several hundred thousand customers.

Moreover, the Group's policy is to check the creditworthiness of all customers wishing to obtain payment terms on credit. Trade receivables are monitored regularly, and as a consequence the Group's exposure to bad debts is not significant.

## 8.26 Related parties

Related parties are:

- parent companies;
- subsidiaries;
- members of the Board of Directors of Manutan International.

Transactions with related parties outside the Group were not significant.

Transactions with the Group's senior Executives during the financial year ended 30 September 2016 (members of the Board of Directors) break down as follows:

- short-term benefits: €1,638,440 in 2015/2016, €1,523,448 in 2014/2015;
- post-employment benefits: N/A;
- other long-term benefits: N/A;
- end-of-service indemnities: N/A;
- share-based payments: N/A.

Short-term benefits correspond to remuneration of the management bodies, including a provision of €100,000 for attendance fees to be paid in respect of the past financial year.

Undertakings have also been given to the Group's senior Management regarding end-of-service indemnities in the event of their departure. These (unpaid) commitments amounted to €1,144,676 in 2015/2016.

## 8.27 Special purpose vehicles

Special purpose vehicles are consolidated if the Group concludes that it controls them, based on a review of the substance of the special purpose vehicle's relationship with the Group and of its risks and benefits.

The Manutan Group did not control any special purpose vehicles as at 30 September 2016.

## Note 9 Companies included in the scope of consolidation as at 30 September 2016

List of consolidated companies	% of voting rights of the consolidating company	% of interest of the consolidating company
Manutan International SA (France)		
Manutan Collectivités SAS (France)	100.00	100.00
The Eurostore Group Ltd (United Kingdom)	100.00	100.00
Manutan GmbH (Switzerland)	100.00	100.00
IronmongeryDirect Ltd (United Kingdom)	100.00	100.00
Key Industrial Equipment Ltd (United Kingdom)	100.00	100.00
Manovert BV (The Netherlands)	100.00	100.00
Manutan Hungaria kft (Hungary)	100.00	100.00
Manutan Italia Spa (Italy)	100.00	100.00
Manutan Ltd (United Kingdom)	100.00	100.00
Manutan Polska Sp z.o.o. (Poland)	100.00	100.00
Manutan SA (France)	100.00	100.00
Manutan SL (Spain)	100.00	100.00
Manutan Slovakia s.r.o. (Slovakia)	100.00	100.00
Manutan s.r.o. (Czech Republic)	100.00	100.00
Manutan Unipessoal Lda (Portugal)	100.00	100.00
Metro Storage Systems Ltd (Ireland)	100.00	100.00
Manutan NV (Belgium)	99.15	99.15
Manutan GmbH (Germany)	100.00	100.00
Manutan BV (The Netherlands)	100.00	100.00
Association du R.I.E. (France)	100.00	100.00
SCI Philippe Auguste (France)	100.00	100.00
Sports & Loisirs SAS (France)	100.00	100.00
Papeteries Pichon SAS (France)	100.00	100.00
Rapid Racking Ltd (United Kingdom)	100.00	100.00
Trovatar a.s. (Czech Republic)	100.00	100.00
Witre A/S (Norway)	100.00	100.00
Witre AB (Sweden)	100.00	100.00
Witre Danmark A/S (Denmark)	100.00	100.00
Witre OY (Finland)	100.00	100.00
Ikaros Cleantech AB (Sweden)	100.00	100.00
Ikaros Finland OY (Finland)	100.00	100.00
Essex Electrical Wholesalers (United Kingdom)	100.00	100.00

Manutan International exercises exclusive control over all companies incorporated in the consolidation scope.

Group companies are consolidated using the full consolidation method.

## Note 10 Events after the reporting period

None.

## Note 11 Summary of obligations and commitments

### Off-balance sheet commitments

<i>In thousands of euros</i>	30/09/2016	30/09/2015	30/09/2014
Confirmed unutilised lines of credit	45,111	65,000	65,117
Bank guarantees	1,600	2,239	2,925
Other guarantees	78	0	0
Linked to operating leases	16,961	15,410	16,312

### Schedule of obligations and commitments

Pursuant to the AMF's recommendation of January 2003, the tables below summarise the obligations and commitments given and received by the Group. Commitments received are preceded by a minus sign (-).

<i>In thousands of euros</i>	Contractual obligations: commitments given and received Total as at 30/09/2016	Amount of commitments by period		
		< 1 year	1 to 5 years	> 5 years
Credit lines <sup>(1)</sup>	(65,111)	(65,111)		
Letters of credit <sup>(2)</sup>	1,600	1,600		
Operating lease obligations	16,961	5,208	10,687	1,066
Forward currency purchases	(6,488)	(6,488)		
Other guarantees	78			78
<b>TOTAL</b>	<b>(52,960)</b>	<b>(64,791)</b>	<b>10,687</b>	<b>1,144</b>

(1) Confirmed credit lines available to the Group.

(2) Guarantees given by the Group to credit institutions.

## Note 12 Fees paid to the Statutory Auditors and members of their networks

<i>In thousands of euros</i>	KPMG						Mazars					
	Amount			%			Amount			%		
	2015/2016	2014/2015	2013/2014	2015/2016	2014/2015	2013/2014	2015/2016	2014/2015	2013/2014	2015/2016	2014/2015	2013/2014
<b>Audit</b>												
Statutory audit and certification of consolidated and parent company financial statements <sup>(1)</sup>	450	532	439				392	367	367			
Other work and services directly relating to the Statutory Auditors' assignment <sup>(2)</sup>	22	283	34				5	15	6			
<b>Subtotal</b>	<b>472</b>	<b>815</b>	<b>473</b>	<b>91%</b>	<b>91%</b>	<b>71%</b>	<b>397</b>	<b>382</b>	<b>373</b>	<b>93%</b>	<b>96%</b>	<b>100%</b>
<b>Other services</b>												
Legal, tax and social security assignments	41	77	101				29	16				
Other	4		4									
<b>Subtotal</b>	<b>45</b>	<b>77</b>	<b>105</b>	<b>9%</b>	<b>9%</b>	<b>29%</b>	<b>29</b>	<b>16</b>		<b>7%</b>	<b>4%</b>	
<b>TOTAL</b>	<b>517</b>	<b>892</b>	<b>578</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>426</b>	<b>398</b>	<b>373</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

(1) Of which for Manutan International €101,000 (KPMG) and €84,000 (Mazars) for 2015/2016; and €76,000 (KPMG) and €76,000 (Mazars) for 2014/2015.

(2) Of which for RIE €5,000 for 2015/2016.

# Report of the Statutory Auditors on the financial statements

Financial year ended 30 September 2016

Dear Shareholders,

In compliance with the assignment entrusted to us by your General Meeting, we hereby present to you our report for the financial year ended 30 September 2016 on:

- the audit of the accompanying financial statements of Manutan International SA;
- justification of our assessments;
- the specific verification and information required by the law.

The financial statements have been drawn up by the Board of Directors. It is our responsibility to express an opinion on these financial statements based on our audit.

## 1 Opinion on the financial statements

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We conducted our audit in accordance with professional standards applicable in France. These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis or using other selection methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made, as well as evaluating the overall financial statement presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We hereby certify that the financial statements for the year are, as regards the French accounting rules and principles, regular and accurate and provide a true and fair view of the operating results for the past financial year and of the financial situation and assets of the company at the end of the financial year.

## 2 Justification of our assessments

---

Pursuant to the provisions of Article L. 823-9 of the French Commercial Code relating to the justification of our assessments, we bring to your attention the following matters:

Investments in equity associates are valued at their acquisition cost, and written down on the basis of their value in use, in accordance with the procedures set out in Note 3 to the financial statements.

Our work consisted in assessing the data and assumptions on which these estimates are based, particularly the cash flow forecasts prepared by the Company's operational divisions, reviewing the calculations carried out by the company and comparing the accounting estimates for prior periods with the corresponding outcomes.

The assessments thus undertaken are within the framework of our annual accounts full audit approach, and accordingly contributed to the forming of our opinion as expressed in the first part of this report.

### 3 Specific verification and information

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We also carried out, in accordance with professional standards applicable in France, the specific verifications required by the law.

We have no comments to make on the fairness and consistency of the information included in the management report of the Board of Directors and in the documents addressed to shareholders regarding the financial situation and financial statements of the Company.

We have checked that the information provided pursuant to the provisions of Article L. 225-102-1 of the French Commercial Code on the remuneration paid, benefits awarded and commitments made to corporate officers is in line with the financial statements or with the data used to prepare the financial statements, and, where applicable, with the information that your company has obtained from companies that control it or that it controls. Based on our work, we certify the accuracy and fairness of this information.

Pursuant to the law, we checked that the information relating to the identity of holders of stock and voting rights has been communicated to you in the management report.

Nantes and Courbevoie, 27 January 2017

The Statutory Auditors

**KPMG Audit**  
**A Division of KPMG SA**

Franck Noël  
*Partner*

**Mazars**

Bruno Balaire  
*Partner*



# Financial statements of the parent company

## Balance sheet

In thousands of euros	Notes	30/09/2016			30/09/2015	30/09/2014
		Gross	Amort. Provision	Net	Net	Net
<b>Assets</b>						
<b>Non-current assets</b>						
Intangible assets	1	62,501	33,806	28,695	29,023	24,019
Property, plant and equipment	2	4,290	2,975	1,315	1,911	1,196
Financial assets	3	360,688	15,921	344,767	339,773	260,563
		<b>427,479</b>	<b>52,702</b>	<b>374,778</b>	<b>370,707</b>	<b>285,778</b>
<b>Current assets</b>						
Inventories		0	0	0	0	0
Customers	4	9,089	0	9,089	16,303	13,915
Other receivables and prepaid expenses	4	38,656	0	38,656	41,255	34,121
Marketable securities	5	2	0	2	94	16,889
Cash & cash equivalents		7,664	0	7,664	6,509	13,622
		<b>55,412</b>	<b>0</b>	<b>55,412</b>	<b>64,161</b>	<b>78,547</b>
Deferred translation adjustment	9	0	0	0	2	15
<b>TOTAL ASSETS</b>		<b>482,891</b>	<b>52,702</b>	<b>430,190</b>	<b>434,870</b>	<b>364,340</b>
<b>Equity and Liabilities</b>						
<b>Equity</b>						
Share capital	6			15,227	15,227	15,227
Share premium				66,776	66,776	66,776
Reserves				85,033	85,033	85,033
Retained earnings				85,298	76,594	53,531
Result				11,028	18,204	31,949
Regulated provisions				2,511	2,083	1,779
				<b>265,872</b>	<b>263,917</b>	<b>254,295</b>
Provisions for risks and charges	7			91	150	214
<b>Liabilities</b>						
Borrowings and financial debts	8.1			157,746	164,093	103,326
Suppliers	8.2			1,906	3,507	3,465
Other liabilities and accruals	8.2			4,048	3,182	3,029
				<b>163,791</b>	<b>170,932</b>	<b>109,819</b>
Deferred translation adjustment	9			527	21	12
<b>TOTAL EQUITY AND LIABILITIES</b>				<b>430,190</b>	<b>434,870</b>	<b>364,340</b>

## Income Statement

<i>In thousands of euros</i>	Notes	2015/2016	2014/2015	2013/2014
<b>Revenues (excl. tax)</b>	10	<b>21,265</b>	<b>19,809</b>	<b>18,158</b>
Cost of goods sold				
<b>Trading margin</b>				
Other external purchases		(18,595)	(19,223)	(17,012)
Taxes and duties		(873)	(750)	(808)
Personnel costs	11 and 12	(10,537)	(10,121)	(9,351)
Depreciation and amortisation charges		(5,406)	(5,287)	(5,266)
Provisions charges		(55)	(147)	(199)
Other income/expenses	13	18,849	20,113	18,830
<b>Operating profit</b>		<b>4,648</b>	<b>4,394</b>	<b>4,352</b>
Share in joint ventures	14	(161)	(149)	(164)
Financial result	15	8,660	15,565	29,048
<b>Profit before taxation</b>		<b>13,147</b>	<b>19,810</b>	<b>33,236</b>
Non-recurring items	16	(974)	(333)	(303)
Employees' profit sharing plan contribution		(381)	(454)	(360)
Income tax	17	(764)	(819)	(624)
<b>NET PROFIT</b>		<b>11,028</b>	<b>18,204</b>	<b>31,949</b>

# Notes to the parent company financial statements

for the financial year ended 30 September 2016

## Significant events

On 25 July Manutan International acquired 100% of the shares of EEW (Essex Electrical Wholesalers). This company

is based in England and specialises in distribution of electrical supplies for electricians.

## Accounting principles and methods

The financial year was of twelve months, from 1 October 2015 to 30 September 2016.

The financial statements have been drawn up on a going concern basis. They were prepared in accordance with accounting rules currently in force, in compliance with the

principle of prudence, independence of financial years and consistency of accounting methods.

Accounting principles and methods specifically applied to each financial statement item are set forth in the following pages.

## Note 1 Intangible assets and intangible assets in progress

Intangible assets are recognised at their acquisition cost.

Computer software and related user licences are amortised on a straight-line basis over three to seven years, depending on their purpose and estimated useful life.

The main computer software additions during the financial year concerned licences as well as capitalisable costs incurred at year-end for the implementation of the various

applications used by Group companies' operations (e-business sites, content and publication management, etc.) These software packages use the latest technology available and replace previous packages, which had been fully amortised and were therefore scrapped.

Assets in progress mainly comprise the costs incurred in the context of the project to change the Group's ERP system and for the part still in development.

<i>In thousands of euros</i>	30/09/2015	Changes			30/09/2016
		Post to post	Addition	Decrease	
<b>Gross value</b>					
Patents and licences	332				332
Software applications	43,820		1,049	(31)	44,839
Fixed assets in progress	13,872	0	4,442	(983)	17,331
<b>Total</b>	<b>58,024</b>	<b>0</b>	<b>5,491</b>	<b>(1,014)</b>	<b>62,501</b>
<b>Depreciation</b>					
Patents and licences	(332)				(332)
Software applications	(28,670)		(4,804)		(33,474)
<b>Total</b>	<b>(29,002)</b>	<b>0</b>	<b>(4,804)</b>		<b>(33,806)</b>
<b>NET VALUE</b>	<b>29,022</b>	<b>0</b>	<b>687</b>	<b>(1,014)</b>	<b>28,695</b>

## Note 2 Property, plant and equipment

Property, plant and equipment are measured at acquisition cost.

Depreciation is calculated using the straight-line method over the expected useful life of the asset concerned:

- Buildings: 25 years.
- Fixtures and fittings: 10 years.
- Computer hardware: 3 or 5 years.

- Other property, plant and equipment: 3 to 6 years:

- motor vehicles;
- equipment and tools;
- office furniture and equipment.

The straight-line method is considered representative of the economic reality applicable to the life cycle of an asset.

<i>In thousands of euros</i>	30/09/2015	Changes			30/09/2016
		Addition	Post to post	Decrease	
<b>Gross value</b>					
■ Land	0				0
■ Buildings	0				0
■ Fixtures and fittings	246	2	613		861
■ Computer hardware	4,006	2	(613)		3,395
■ Other non-current assets	101	0		(67)	34
<b>Total</b>	<b>4,352</b>	<b>4</b>	<b>0</b>	<b>(67)</b>	<b>4,290</b>
<b>Depreciation</b>					
■ Land	–	–		–	–
■ Buildings	0	0			0
■ Fixtures and fittings	(135)	(119)	(221)		(476)
■ Computer hardware	(2,239)	(480)	224		(2,495)
■ Other non-current assets	(67)	(2)	(2)	67	(4)
<b>Total</b>	<b>(2,441)</b>	<b>(601)</b>	<b>0</b>	<b>67</b>	<b>(2,975)</b>
<b>NET VALUE</b>	<b>1,911</b>	<b>(597)</b>	<b>0</b>	<b>0</b>	<b>1,315</b>

## Note 3 Non-current financial assets and related receivables

The gross value of the securities consists of their purchase cost excluding ancillary expenses or of the subscription value. The net asset value of the securities reflects their value in use. This value is determined by a combination of the following methods: re-estimated net assets, future profitability and business prospects of the company concerned.

If the net asset value is lower than the net carrying amount of the securities, a provision is set aside for the difference. A similar provision is established for receivables from associates, their net asset value being based on prospects of recovery.

### Associates/non-current financial assets

<i>In thousands of euros</i>	30/09/2015	Addition	Decrease	30/09/2016
Associates	351,236	3,887	(571)	354,552
Other securities (MI)	965			965
Deposits, security bonds	355			355
Receivables and loans	5,042		(227)	4,815
<b>Total</b>	<b>357,598</b>	<b>3,887</b>	<b>(798)</b>	<b>360,688</b>
<b>Provisions for impairment</b>	<b>(17,826)</b>	<b>2,310</b>	<b>(405)</b>	<b>(15,921)</b>
<b>NET VALUE</b>	<b>339,773</b>	<b>6,197</b>	<b>(1,203)</b>	<b>344,767</b>

The increase of €3,887,000 relates to the acquisition of the shares of EEW (Essex Electrical Wholesalers) on 25 July 2016. The decrease of €571,000 relates to the disposal of the shares in Manutan Russia.

## Receivables and loans

<i>In thousands of euros</i>	30/09/2015	Addition	Decrease	30/09/2016	of which at > 1 year
Receivables and loans	5,042	0	227	4,815	4,592
Provisions for impairment	(3,200)	0		(3,200)	(3,200)
<b>TOTAL</b>	<b>1,842</b>	<b>0</b>	<b>227</b>	<b>1,615</b>	<b>1,392</b>

### Investments in associates and related receivables

Details of associates are shown in the "Table of subsidiaries and associates" in the Notes to these financial statements.

During the financial year Manutan International wrote off receivables on:

- Manutan GmbH (Switzerland) for €150,000.

### Provisions for shares in associates and related receivables

A reversal of provision for impairment of shares in the following companies was made as at 30 September 2016 for an overall amount of €2,215,000, in application of general valuation principles.

- Manutan Germany: €373,000;

- Manutan Italy: €1,170,000;
- Manutan Russia: €574,000;
- Manutan Spain: €101,000.

An additional €405,000 was also provisioned for Trovatar in application of general valuation principles.

The provision for treasury shares decreased by €94,230, based on the valuation of the shares in portfolio at year-end, bringing impairment at year-end to €294,680 based on the share's average price in the last twenty days of the financial year.

The other movements in receivables related to associates resulted from the revaluation of these foreign currency denominated receivables.

## Note 4 Current assets

All trade receivables are on Manutan Group companies.

<i>In thousands of euros</i>	30/09/2016	30/09/2015
<b>Gross value</b>		
Trade receivables	9,089	16,303
Advances and down payments on orders	0	188
Other receivables	36,808	39,209
Cash and cash equivalents	7,667	6,603
Prepaid expenses	1,848	1,979
<b>Total</b>	<b>55,412</b>	<b>64,282</b>
<b>Provision</b>	<b>0</b>	<b>(121)</b>
<b>NET AMOUNT</b>	<b>55,412</b>	<b>64,161</b>

All receivables are due within one year.

Other receivables include €34,264,000 in loans granted to subsidiaries and related accrued interest in the context of Manutan International's centralised management of the Group's treasury function.

## Note 5 Negotiable securities

Negotiable securities shown in the balance sheet at their acquisition cost are managed in accordance with the FIFO method. They primarily represent investments in SICAVs and other mutual funds managed by banking and credit institutions.

At 30 September 2016, the analysis of the market value of the negotiable securities did not result in any impairment.

## Note 6 Composition of the share capital

The Company's share capital at 30 September 2016 amounted to €15,226,582, represented by 7,613,291 shares, each with a par value of €2. As at that date, the portion of the share capital listed on Euronext Paris and publicly held was 26.50%.

The following movements in equity occurred during the financial year:

*In thousands of euros*

<b>Opening equity</b>	<b>263,917</b>
<b>Changes during the year</b>	
Net income	11,028
Payment of dividends	(9,517)
Allocation to retained earnings	16
Other reserves	
Reversal of regulated provisions	428
<b>CLOSING EQUITY</b>	<b>265,872</b>

The number of treasury shares held at year-end was 13,062, with a value of €965,468.

## Note 7 Provisions for risks and charges

<i>In thousands of euros</i>	30/09/2015	Additions	Reversals of provisions no longer required	Reversals of provisions used	30/09/2016
Provision for exchange losses	2	0		2	0
Provision for taxes	0				0
Other provisions for risks and charges	147	44	100		91
<b>TOTAL</b>	<b>150</b>	<b>44</b>	<b>100</b>	<b>2</b>	<b>91</b>

## Note 8 Liabilities

### 8.1 Financial debts

<i>In thousands of euros</i>	Gross values			Of which		
	Total	< 1 year	1 to 5 years	Related companies	Amounts due	Paid outside the Group
Owed to credit institutions	51,099	14,480	36,619	0	0	0
Intra-Group financial debts	106,647	106,647	–	106,612	35	0
<b>TOTAL</b>	<b>157,746</b>	<b>121,127</b>	<b>36,619</b>	<b>106,612</b>	<b>35</b>	<b>0</b>

Intra-Group financial debts relate to funds managed by Manutan International on behalf of Group subsidiaries as part of the Group's treasury management function which it coordinates.



## 8.2 Suppliers and other payables

<i>In thousands of euros</i>	Gross values			Of which	
	Total	< 1 year	> 1 year	Related companies	Amounts due
Suppliers and related accounts	1,906	1,906	0	477	1,104
Tax and social security liabilities	3,845	3,845	0	0	2,255
Debts relating to fixed assets	106	301	0	0	0
Other	96	96	0	2,514	0
<b>TOTAL</b>	<b>5,954</b>	<b>6,148</b>	<b>0</b>	<b>2,990</b>	<b>3,360</b>

## Note 9 Conversion differences

Non-euro transactions are translated into euros at the transaction date exchange rate. At year-end, payables and receivables in foreign currencies shown in the balance sheet are measured at their equivalent in euros at the rate of

30 September 2016. The difference resulting from the comparison of the two valuations is recognised in the balance sheet as a conversion difference of €526,670 on the liabilities side and €0 on the assets side.

## Note 10 Turnover

This amount includes management fees of €2,727,000 and intra-Group services for €18,538,000.

## Note 11 Personnel

The average workforce during the financial year was 100.08. At 30 September 2016, the workforce stood at 110.

During the past financial year Manutan international made use of temporary employees. These represented three FTE employees.

It breaks down as follows:

	30/09/2015	30/09/2016
Executives	80	91
Non-executives	12	19
<b>TOTAL</b>	<b>92</b>	<b>110</b>

Attendance fees due to members of the Board of Directors in respect of financial year 2015/2016 amount to €90,600.

Remuneration paid to Corporate Officers during financial year 2015/2016 amounted to €1,714,846.

Manutan International has outsourced its pension commitments to an insurance company. No premiums were paid during the year in this respect.

## Note 12 CICE

The Company had recorded a French tax credit for encouraging competitiveness and jobs (CICE) of €71,622 at 30 September 2016. This tax credit was used to provide training for employees following the installation of our new information system.

## Note 13 Other income and expenses

This item comprises €12,607,791 in brand royalty payments received from Manutan subsidiaries in France, Belgium, Portugal, Italy, Slovakia, Hungary, Poland, the Czech Republic, Spain, Russia, The Netherlands, Switzerland and Germany and Manutan Collectivités.

## Note 14 Joint ventures

The inter-company restaurant at the new Gonesse site has three members, one of which is Manutan International. In this regard the operating subsidy borne during the financial year ended 30 September 2016 amounted to €160,667.

## Note 15 Financial income and expense

### 15.1 Net financial income came to €8,659,792 and breaks down as follows:

<i>In thousands of euros</i>	30/09/2014	30/09/2015	30/09/2016
Net income and expense linked to investment in associates <sup>(1)</sup>	28,939	15,589	8,864
Net income and expense from treasury management	101	(35)	(262)
Exchange differences	10	(47)	(58)
Others – Prov. for exchange losses	(2)	58	116
<b>TOTAL</b>	<b>29,048</b>	<b>15,565</b>	<b>8,660</b>

(1) Breakdown:

At 30 September 2015:

- +€19,115,506 revenues from shares in associates;
- €65,000 addition to provisions for impairment of shares in associates and loans;
- +€16,159 reversal of provisions;
- €3,512,403 net financial expenses relating to the Company's short-term borrowings.

At 30 September 2016:

- +€9,828,262 revenues from shares in associates;
- +€69,756 liquidating dividend from Manutan Russia;
- +€2,430,715 reversal of provision for impairment of shares in associates;
- €2,909,426 net financial expenses relating to the Company's short-term borrowings.
- €150,000 current account debt written off (Manutan Germany);
- €404,875 addition to provisions for impairment of shares in associates;

### 15.2 Foreign exchange hedges

Manutan International may have recourse to derivative financial instruments, such as foreign exchange options, in order to protect itself from foreign exchange risk.

In application of the accounting provisions specified by the French regulator, these instruments are valued at year-end by comparing their historical value with their market value as at that date.

As at 30 September 2016 the portfolio of forward currency transactions amounted to €5.25 million, with maturities ranging from October to November at an average rate of 1.1195.

The total of the valuations of these transactions was €1,504.

### 15.3 Interest rate hedges

There were no interest rate hedges in place as at 30 September 2016.

## Note 16 Non-recurring items

Net non-recurring items amounted to -€974,374 and break down as follows:

<i>In thousands of euros</i>	30/09/2015	30/09/2016
Proceeds of disposals of non-current assets	0	0
Net proceeds of disposals of non-current assets	0	25
Net proceeds of disposal of financial products		
Debts written off, grant		
Reimbursement tax inspection		
Other charges	(30)	(571)
Additions to regulated provisions	(303)	(428)
<b>TOTAL</b>	<b>(333)</b>	<b>(974)</b>

## Note 17 Tax

Manutan International heads a tax grouping which includes Manutan SA and Manutan Collectivités, in the meaning of Article 223-A of the French General Tax Code.

The provisions of the tax consolidation agreement among the parties result in dividing the tax between the subsidiaries as if they were taxed separately and there were no consolidation.

Tax recognised by Manutan International on behalf of the tax grouping amounts to €482,163. Manutan International is jointly and severally responsible for paying the tax on the Group's profit, in the amount of €545,911. The difference between the tax charge recognised and the amount that would have been due if there had been no tax grouping represents a saving of €63,748.

Tax paid by Manutan International breaks down as follows:

<i>In thousands of euros</i>	Tax on income	
	Profit before tax	Profit after tax
Operating profit	4,648	3,651
Financial result	8,499	8,499
Non-recurring items	(974)	(604)
Profit sharing	(381)	(236)
Tax	(482)	
Tax on dividends	(281)	(281)
<b>TOTAL</b>	<b>11,028</b>	<b>11,028</b>

### Items likely to reduce or increase future tax liabilities:

<i>In euros</i>	30/09/2015	Addition	Decrease	30/09/2016
Provisions and charges temporarily not deducted	46,269	530,627	46,269	530,627
"ORGANIC" solidarity tax	63,000	30,671	63,000	30,671
Employees' profit sharing plan contribution	405,417	433,000	405,417	433,000
<b>Base of tax paid in advance</b>	<b>514,686</b>	<b>994,298</b>	<b>514,686</b>	<b>994,298</b>
Future tax savings (based on tax at 34.43%)	195,581			342,337 <sup>(1)</sup>

(1) Tax saving of 34.43% on €994,298, i.e. €342,337.

## Note 18 Off-balance sheet commitments

### 18.1 Table of commitments

Commitment types	Total	Management	Subsidiaries	Associates	Other related companies	Other	Provisions
<b>Commitments given</b>							
Bank overdraft	838,850		838,850				
Security bond	1,200,000		1,200,000				
Letter of credit	200,000		200,000				
<b>TOTAL</b>	<b>2,238,850</b>		<b>2,238,850</b>				
<b>Commitments received</b>							
CIC	20,000,000					20,000,000	
BNP Paribas	25,000,000					25,000,000	
SG	25,000,000					25,000,000	
<b>TOTAL</b>	<b>65,000,000</b>					<b>65,000,000</b>	
<b>Financial instruments</b>							
CIC interest rate swap							
Forward currency transactions							
<b>TOTAL</b>							

### 18.2 Debts guaranteed by collateral

This concerns legal persons.

Items concerned	Debts guaranteed	Amount of sureties	Net carrying amount of assets pledged
Convertible bond borrowings			
Other bond borrowings			
Borrowings from and debts to credit institutions			
Miscellaneous borrowings and financial debts		None	
Advances and down payments received on current orders			
Supplier payables and related accounts			
Tax and social security liabilities			
Debts in respect of fixed assets and related accounts			
Other			

### 18.3 Summary table of obligations and commitments

<i>In thousands of euros</i> Contractual obligations	Total	Payment commitments by due date		
		< 1 year	1 to 5 years	> 5 years
Long-term borrowings				
Finance lease obligations	1,933	676	1,256	
Pension commitments	23			23
Operating lease obligations				
Irrevocable purchase obligations				
Other long-term obligations				
<b>TOTAL</b>	<b>1,312</b>	<b>350</b>	<b>907</b>	<b>55</b>

Other commercial commitments	Total	Amount of commitments by period		
		< 1 year	1 to 5 years	> 5 years
Credit lines				
Letters of credit			None	
Guarantees – Re-purchase commitment				
Other commercial commitments				
<b>TOTAL</b>				

### Note 19 Link to subsidiaries

Manutan International, as the Manutan Group's holding company, is responsible for coordinating management of the Group and for providing its resources and expertise. During the past year, it was remunerated for its services as follows:

- Management fees: €2,737,000;
- Brand royalties: €12,608,000;
- Other intra-Group services: €23,903,000.

Group subsidiaries also re-invoiced Manutan International for certain services, for a total amount of: €3,482,000.

Intra-Group transactions are carried out on normal terms and conditions, notably taking into account costs effectively incurred for rebilling.

### Note 20 Events after the reporting period

None.

### Note 21 Statutory Auditors' fees

Statutory Auditors' fees for the financial year ended 30 September 2016 amounted to €157,500.

# Information relating to subsidiaries and associates

Financial information	In thousands of local currency units		In thousands of euros		As a %	
	Share capital	Equity other than capital before appropriation of profit	Share capital	Equity other than capital before appropriation of profit	Total equity	% of capital held
<b>Subsidiaries and associates</b>						
Manutan SA (EUR)	16,073	70,374	16,073	70,374	86,446	100.00
Manutan Collectivités (EUR)	7,560	7,212	7,560	7,212	14,772	100.00
Sports & Loisirs SAS (EUR)	1,000	10,627	1,000	10,627	11,627	100.00
SCI Philippe Auguste (EUR)	345	(2,564)	345	(2,564)	(2,545)	100.00
Papeteries Pichon SAS	1,000	34,573	1,000	34,573	35,573	100.00
Manutan Italia Spa (EUR)	500	932	500	932	1,432	100.00
Manutan Portugal Unipessoal Lda (EUR)	100	1,692	100	1,692	1,792	100.00
Manutan Spain SL (EUR)	3	(2,409)	3	(2,409)	(2,406)	100.00
Manovert BV (EUR)	18	66,721	18	66,721	66,739	100.00
Manutan Deutschland GmbH (EUR)	1,788	(742)	1,788	(742)	1,046	70.70
Manutan Czk Sro (CZK) <sup>(1)</sup>	19,300	111,076	714	4,110	4,824	100.00
Trovatar a.s. (CZK) <sup>(1)</sup>	71,000	10,260	2,627	380	3,007	100.00
Manutan Polska Sp zoo (PLN) <sup>(1)</sup>	850	550	195	126	321	100.00
Manutan Hungaria Kft (HUF) <sup>(1)</sup>	3,000	95,275	10	307	317	100.00
Manutan Slovakia Sro (EUR)	7	553	7	553	560	100.00
Manutan Ltd (GBP) <sup>(1)</sup>	5,825	8,910	6,930	10,600	17,531	100.00
Rapid Racking Ltd (GBP) <sup>(1)</sup>	153	7,429	182	8,839	9,021	100.00
IronmongeryDirect Limited (GBP)	1	8,737	1	10,395	10,396	100.00
Witre Sweden A/B (SEK) <sup>(1)</sup>	8,000	53,002	860	5,696	6,556	100.00
Ikaros Cleantech A/B (SEK) <sup>(1)</sup>	1,362	29,968	146	3,221	3,367	100.00
EEW Electrical Essex Wholes (GBP)	2	823	2	979	981	100.00
Manutan Belgium NV (EUR)	966	12,431	966	12,431	13,397	15.00

(1) Closing rate at 30 Sept. 2016: GBP: 0.8405 – HUF: 310.5 – SEK: 9.305 – PLN: 4.3645 – CZK: 27,025.

(2) Confidential data not released.



*In thousands of euros*
*In thousands of local currency units*

Carrying amount of securities held			Loans and advances granted and not yet repaid			Turnover excl. taxes for the last financial year	Profit/Loss for the last financial year	Dividends received by the Company during the financial year	Observations
Gross	Provision	Net	Gross	Provision	Net				
75,237	0	75,237	0	0	0	225,456	2,514	(2)	
5,438	0	5,438	0	0	0	(2)	(2)	(2)	
17,627	0	17,627	0	0	0	(2)	(2)	(2)	
345	0	345	0	0	0	(2)	(2)	(2)	
78,277	0	78,277	0	0	0	(2)	(2)	(2)	Financial year ended 31/12/2015
6,207	4,699	1,508	0	0	0	(2)	(2)	(2)	
100	0	100	0	0	0	6,430	290	(2)	
106	0	106	3,200	3,200	0	(2)	(2)	(2)	
72,071	0	72,071	0	0	0	0	10	(2)	
4,769	3,726	1,043	0	0	0	(2)	(2)	(2)	
5,138	0	5,138	0	0	0	407,758	12,784	(2)	
8,822	5,842	2,980	947	0	947	(2)	(2)	(2)	
110	0	110	0	0	0	(2)	(2)	(2)	
56	0	56	0	0	0	(2)	(2)	(2)	
22	0	22	0	0	0	(2)	(2)	(2)	
14,393	0	14,393	0	0	0	0	776	(2)	
28,014	0	28,014	0	0	0	(2)	(2)	(2)	
20,951	0	20,951	0	0	0	(2)	(2)	(2)	
1,236	0	1,236	0	0	0	177,639	4,200	(2)	
11,606	0	11,606	0	0	0	(2)	(2)	(2)	
3,887	0	3,887	0	0	0	(2)	(2)	(2)	
140	0	140	0	0	0	39,448	3,327	(2)	

# Five-year review of Company's results and other key figures

Nature des indications	30/09/2016	30/09/2015	30/09/2014	30/09/2013	30/09/2012
<b>I. Capital at year-end</b> <i>(in thousands of euros)</i>					
a) Share capital	15,227	15,227	15,227	15,227	15,227
b) Number of ordinary shares in existence	7,613,291 at €2	7,613,291 at €2	7,613,291 at €2	7,613,291 at €2	7,613,291 at €2
c) Number of shares with preferred dividend (with no voting rights)					
d) Maximum number of future shares to be created:					
■ by bond conversion					
■ by exercise of subscription rights	–	–	–	–	–
<b>II. Operations and results for the year</b> <i>(in thousands of euros)</i>					
a) Total revenues excl. tax	21,265	19,809	18,158	16,701	13,951
b) Profit before tax, employee profit sharing, depreciation and amortisation charges and additions to provisions	17,763	25,052	38,469	42,380	17,061
c) Tax on income	764	819	624	183	(922)
d) Employee profit sharing for the year	381	454	360	336	–
e) Profit after tax, employee profit sharing, depreciation and amortisation charges and additions to provisions	11,028	18,204	31,949	35,998	11,160
f) Dividend distributions	11,420	9,517	8,942	8,603	8,831
<b>III. Earnings per share</b> <i>(in euros)</i>					
a) Profit after tax and employee profit sharing but before depreciation and amortisation charges and additions to provisions	2.18	3.12	5.05	5.54	2.36
b) Profit after tax, employee profit sharing, depreciation and amortisation charges and additions to provisions	1.45	2.39	4.20	4.73	1.47
c) Dividend per share	1.50	1.25	1.17	1.13	1.16
<b>IV. Personnel</b>					
a) Average workforce during the year	101	96		88	83
b) Total payroll for the year <i>(in thousands of euros)</i>	7,271	6,919	6,502	7,844	6,765
c) Amounts paid in respect of social benefits during the year (Social Security, social works, etc.) <i>(in thousands of euros)</i>	3,266	3,201	2,849	3,295	2,903



## Information on the Company and share capital

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# General information concerning the issuer

## Name and registered office *(Articles 2 and 4 of the Articles of Association)*

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Name: Manutan International

Tel. switchboard: +33 (0)1 34 53 35 00

Trading name: Manutan

Legal Department: contact.legal@manutan.com

Registered office: ZAC du Parc des Tulipes,  
Avenue du 21<sup>e</sup> Siècle, 95506 Gonesse Cedex, France.

## Legal form

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*Société Anonyme à Conseil d'Administration* (Limited Company with a Board of Directors under French law).

The Combined General Meeting, held on 30 November 2011, adopted the change in the mode of Administration and Management of the Company by adopting the form with a Board of Directors.

## Governing Legislation

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French legislation.

## Date and duration of incorporation

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The Company was formed for a term of 60 years. Unless extended or dissolved, it shall be terminated on 24 April 2025.

## Corporate object *(Article 3 of the Articles of Association)*

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The Company's object, both in France and abroad, shall be:

- the acquisition and the management of any portfolios of securities and other types of investment;
- equity investments in the capital of other existing or new companies, the management and assignment of these equity investments;
- the purchase, sale and production of all hardware for companies and local authorities;
- and more generally, any commercial, property or real estate transactions, financial or otherwise, directly or indirectly related, in full or in part, to the corporate object or to any similar or related object that may facilitate the operation and the commercial development thereof.

## Trade and Companies Registry

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662 049 840 RCS Pontoise.

APE Code: 6420Z.

## Company's legal documents

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Company documents, in particular the Articles of Association and the accounts, may be consulted at the registered office address: ZAC du Parc des Tulipes, Avenue du 21<sup>e</sup> Siècle, 95500 Gonesse, on the terms provided by law.

## Financial year

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The Company's financial year starts on 1 October and ends on 30 September of the following calendar year. It consists of twelve months.

## Appropriation of profits *(Article 19 of the Articles of Association)*

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The profit available for distribution shall be made up of the profit for the financial year, less any losses carried forward and the allocation to the legal reserve, plus any profits carried forward.

This profit is available to the General Meeting of Shareholders, which may, at the Board of Directors' proposal, carry it forward, allocate it to general or special reserves, or distribute it to shareholders in the form of a dividend.

Furthermore, the General Meeting may decide to distribute amounts withdrawn from reserves at its disposal; in this case, the decision must expressly indicate the reserve accounts from which these withdrawals are made. However, in the first instance, the dividend shall be deducted from the profit for the financial year that is available for distribution.

The General Meeting voting on the financial statements for the period may grant to each shareholder, for all or part of the dividend to be distributed or the interim dividend payments, an option between payment in cash or in the form of shares.

## General Meeting of Shareholders *(Article 16 of the Articles of Association)*

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**16-1** The Ordinary General Meetings, Extraordinary General Meeting and Special Meetings have the competences granted to them respectively by French Law.

**16-2** Shareholders' Meetings are called and deliberate under the legal and regulatory conditions. They are held at the registered office or in another location indicated on the invitation.

All shareholders have the right to attend General Meetings, to be represented or to vote by correspondence, regardless of the number of shares in the capital that they hold, on the condition that the shares are fully paid and registered in their name on the second working day before the meeting at midnight, Paris time, either in the registered securities ledgers kept by the Company, or in bearer accounts kept by authorised intermediaries.

Any shareholder with shares in a determined category can take part in special Shareholders' Meetings for this category, under the same conditions.

**16-3** Any shareholders who attend the Meeting by video conference or by telecommunications means that allow for them to be identified and pursuant to the regulations in force, wherein the Board of Directors has decided to use such means of participation prior to the General

Meeting, are considered to be present for the calculation of the quorum.

**16-4** A shareholder may be represented by another shareholder, their spouse or by their civil partner. They can also be represented by any other natural or legal person of their choice.

Notification of the appointment of a Proxy can be sent by electronic means.

**16-5** All shareholders may vote by post, by using a form, which shall be taken into account only if the Company receives it at least three days before the Meeting. This form may, where necessary, be on the same document as the form for assigning voting authority.

**16-6** The correspondence voting form and the voting authority form submitted by a shareholder are signed by them; where appropriate by a secure electronic signature procedure as provided for in French Decree No. 2001-272 of 30 March 2001 as applied by Article 1316-4 of the French Civil Code or by an electronic signature procedure decided by the Board of Directors consisting of using a reliable identification procedure ensuring a link with the instrument to which it relates.

**16-7** The shareholder may use the electronic distance voting or voting authority form on the Company's website for this purpose, if it reaches the Company on the day before the General Meeting no later than 3 p.m., Paris time. This electronic form includes an electronic signature as provided for in the conditions of this Article.

**16-8** Votes are cast either by raising hands or by any appropriate technical means chosen by the Board of Directors. A secret ballot, for which the Meeting shall fix the terms, may only be held at the request of the represented members, by themselves or as Proxies, at the majority required to vote on the resolution in question.

## Transfer of equity securities and of marketable securities granting access to the share capital *(Article 12 of the Articles of Association)*

The shares in the capital and the securities giving access to the capital are transferred from account to account under the conditions provided for by the regulations in force.

They are freely assignable and transferable. The same applies to rights to subscribe to these shares and securities.

## Rights and obligations attaching to ordinary shares – Vote

*(Article 13 of the Articles of Association)*

**13-1** Possession of an ordinary share shall entail ipso jure acceptance of the Articles of Association and of the resolutions duly adopted by all General Meetings of Shareholders.

**13-2** Shareholders shall be required to bear losses only to the extent of their contributions.

Each ordinary share shall provide entitlement to a pro rata share of the proportion of the capital that it represents in terms of the Company's profits, assets and the liquidation surplus.

If applicable, and subject to any imperative prescriptions, all ordinary shares shall be grouped together, regardless of any tax exemptions or credits, and any taxation payable by the Company, before making any redemption payments during the life-time of the Company or during the course of its liquidation, such that, given their respective face value, all ordinary shares existing at that time shall receive the same net sum of money, regardless of their origin and creation date.

**13-3** The voting right attached to shares is proportional to the quotient of the share capital that they represent and each share gives its holder at least one vote, without prejudice to the exceptions provided for by French Law and the Articles of Association.

If the ownership of a share becomes split among different parties, the voting right shall be allocated as follows:

- where the beneficial owner and/or the bare owner benefit from the provisions relating to the partial exemption specified in Article 787-B of the French General Tax Code for their shares, and that they ensure that this attribute is mentioned on the account where their rights are registered, the beneficial owner shall have the right to vote on decisions regarding the allocation of earnings, and the bare owner shall have the right to vote on all other decisions;
- in other cases, the voting right attached to the share belongs to the beneficial owner at Ordinary General Meetings and to the bare owner at Extraordinary General Meetings.

A double voting right to that granted to other ordinary shares, with regard to the proportion of the capital that they represent, is granted to any fully paid shares that are proven to be registered in the name of the same shareholder for at least two (2) years.

This right is also granted from their issue in the case of an increase in capital by incorporation of the reserves, profits or issue premiums, to registered shares granted freely to a shareholder due to previous shares on which they benefit from this right.

The registered shares benefiting from a double voting right converted to bearer shares or transferred to another holder lose the double voting right other than in any cases provided for by French Law.



## Form of equity securities and other marketable securities – Identification of shareholders – Crossing of disclosure thresholds

*(Article 9 of the Articles of Association)*

**9-1** Unless otherwise provided for in the contract of issue or by French Law, capital shares and any other securities that may be issued by the Company are held in registered form or by the bearer at the discretion of their holder. They can only be held by the bearer after they paid in full.

**9-2** The Company has the authority to ask the central financial instruments depository at any time for the information specified by law regarding the holders of bearer shares that grant immediate or future voting rights at Shareholders' Meetings. The Company may also request, in accordance with the Law, the identity of holders of securities where it considers that certain holders, whose identity has been revealed, are holding the securities on behalf of third parties.

The Company may ask any legal entity holding more than 2.5% of the capital or the voting rights to reveal to it the identities of persons directly or indirectly holding more than one third of the share capital of said legal person or the voting rights at its General Meetings.

**9-3** Any natural or legal person, acting alone or in collaboration, which comes to hold a greater number of shares or voting rights than the thresholds set by French Law, must comply with the information obligations provided for by the Law within the given deadline. The same information is also given when the shareholding or the voting rights fall below the legal thresholds.

## Crossing the statutory threshold

No declaration for crossing the statutory threshold is provided for.

## Board of Directors *(Article 14 of the Articles of Association)*

**14-1** The Company is administered by a Board of Directors composed of at least three members and no more than eighteen; however, this maximum number is increased to twenty-four in the event of a merger under the conditions set by French Law.

In the event that the capital held by the Company's employees and companies that are bound to it under the terms of an Employee Savings Scheme represent more than 3% of the share capital, a Director is appointed under the conditions set by French Law and regulations from amongst the shareholding employees or from amongst the employees on the Supervisory Board of the mutual trust that holds the shares. This Director shall not be included when determining the minimum and maximum number of Directors.

**14-2** Directors are appointed for a term of two (2) years.

The number of Directors who have reached the age of 75 may not exceed one third of the members of the Board of Directors. When this threshold is crossed, the oldest Director is considered to be resigning at the next General Meeting.

**14-3** Meetings of the Board of Directors shall be called at the Chairman's initiative, and if the Chairman does not act as CEO, at the request of the CEO, or, if the Board has not met for over two months, at the request of at least one third of the Directors. The Board is convened by any means with a lead-time of eight (8) days, except in case of emergency. The agenda is set by the author of the notification.

Meetings are held at the registered office or in another location indicated on the invitation.

The Board only acts validly if at least half of its members are present. The Internal Rules of Procedure may provide that Directors are considered to be present for the calculation of the quorum and the majority if they attend by means of video conference or telecommunication under the limits set by legislation and the regulations in force.

The Board makes decisions by the majority of members present or represented. In the event of a split vote, the vote of the Chairman shall be the deciding vote.

The Board may name a secretary at each session who may be chosen from outside the Directors.

**14-4** The Board of Directors determines the business angles for the Company and monitors that they are correctly implemented. Subject to the powers expressly reserved to Shareholders' Meetings, and within the limits of the Company's corporate object, the Board shall address any issue having a bearing on the smooth running of the Company and shall settle matters involving the Company through its deliberations. It shall perform such controls and checks as it deems appropriate.

**14-5** The Board of Directors elects a Chairman from amongst its members. It determines their remuneration. The age limit for the functions of the Chairman is 75 years.

The Chairman of the Board of Directors shall organise and direct the work undertaken by the Board, and render account of it to the General Meeting of Shareholders. He/she supervises the proper running of the Company's bodies and ensures, in particular, that the Directors are capable of performing their roles.

**14-6** The Board of Directors may appoint an Honorary Chairman, a natural person chosen from amongst the former Chairmen of the Company's Board of Directors.

His/her duties end after two (2) years; they cease at the end of the General Meeting approving the accounts for the previous financial year, which is held in the year in which his/her term of office comes to an end.

The Honorary Chairman can be re-elected indefinitely, his/her title can be revoked at any time without compensation by a decision of the Board of Directors.

The Honorary Chairman is invited to all the meetings of the Board and attends the meetings of the Board of Directors in a consultative capacity. He/she must still abide by the Internal Rules of Procedure of the Board of Directors. He/she has an identical right to information and communication as the members of the Board of Directors.

The Honorary Chairman may in no event interfere with the management of the Company or generally substitute themselves for the legal bodies of the Company.

## Role of Chief Executive Officer (CEO) *(Article 15 of the Articles of Association)*

The role of CEO shall be assumed either by the Chairman of the Board of Directors, under his responsibility, or by another natural person chosen from among the Board members or from outside those members.

The Board of Directors chooses between the two ways of performing Executive Management's duties. It can change its choice at any time. In which case, it informs the shareholders and third parties pursuant to the regulations in force.

In the event that the Chairman assumes the role of General Manager, the provisions of these Articles of Association regarding the latter apply.

Wherein the role of General Manager is not assumed by the Chairman of the Board of Directors, the Board of Directors appoints a General Manager to whom the same age limits apply as for the Chairman.

The General Manager is invested with the most extensive powers to act on behalf of the Company, in all circumstances. He/she exercises these powers within the limit of the corporate purpose and subject to the powers expressly granted to him/her by law at General Meetings and at the meetings of the Board of Directors.

At the proposition of the General Manager the Board of Directors may appoint one or up to five Deputy General Managers. The age limit set for the role of Chairman also applies to Deputy General Managers.

With respect to third parties, the Deputy Managing Directors have the same powers as the Managing Director.

Within the framework of the organisation of the Company, the powers of the General Manager and the Deputy General Managers may be limited by the Board of Directors without this limitation being enforceable for third parties.

## Related party transactions

- Role of the parent Company vis-à-vis its subsidiaries – see page 70 of this document.
- Group subsidiaries and legal jurisdictions – see page 83 of this document.
- Legal organisational structure of the Group and positions held by parent company executives in the main subsidiaries – see pages 38 and 39 of this document.
- Presentation of movements in subsidiaries' significant intermediate management balances and indication of strategic business assets held by them – see pages 86

to 88 of this document and the notes to the consolidated financial statements presented on page 89 *et seq.* of this document.

- Financial flows and nature of these flows between the parent company and subsidiaries – see page 67 of this document.
- See special report of the Statutory Auditors on regulated agreements and commitments on page 61 of this document.

## Shareholders of Manutan International

The identities of persons holding, directly or indirectly at 30 September 2016, more than 5%, 10%, 15%, 20%, 25%, 30%, 33.33%, 50%, 66.66%, 90% or 95% of the share capital or voting rights at General Meetings of Shareholders are as follows:

Major shareholders	As at 30/09/2016			As at 30/09/2015			As at 30/09/2014		
	Number of shares	% of the capital held	% of voting rights	Number of shares	% of the capital held	% of voting rights	Number of shares	% of the capital held	% of voting rights
André and H�el�ene Guichard	1,819,861	23.90	16.01	1,819,861	23.90	16.01	1,819,861	23.90	16.02
H�el�ene Guichard*	588,276	7.73	10.34	588,276	7.73	10.35	588,276	7.73	10.35
Jean-Pierre Guichard	449,196	5.90	7.90	449,196	5.90	7.91	449,196	5.90	7.91
Other members of the Guichard family	304,426	4.00	5.36	304,426	4.00	5.36	304,426	4.00	5.36
M.T. Finance <sup>(1)</sup>	2,417,581	31.75	42.54	2,417,581	31.75	42.55	2,417,581	31.75	42.55
<b>Total Guichard family</b>	<b>5,579,340</b>	<b>73.28</b>	<b>82.15</b>	<b>5,579,340</b>	<b>73.28</b>	<b>82.18</b>	<b>5,579,340</b>	<b>73.28</b>	<b>82.18</b>
Lazard Fr�eres Gestion	415,000	5.45	3.65	415,000	5.45	3.65	415,000	5.45	3.65
Financiere de l'�echiquier	158,500	2.08	1.39	360,510	4.74	3.17	360,510	4.74	3.17
Other registered shares	10,758	0.14	0.16	8,598	0.11	0.15	9,001	0.12	0.15
Publicly held bearer shares	1,434,778	18.85	12.65	1,233,081	16.20	10.85	1,231,650	16.18	10.84
<b>Total public</b>	<b>2,019,036</b>	<b>26.52</b>	<b>17.85</b>	<b>2,017,189</b>	<b>26.50</b>	<b>17.82</b>	<b>2,016,161</b>	<b>26.48</b>	<b>17.82</b>
Treasury shares <sup>(2)</sup>	14,915	0.20	0.00	16,762	0.22	0.00	17,790	0.23	0.00
<b>TOTAL</b>	<b>7,613,291</b>	<b>100.00</b>	<b>100.00</b>	<b>7,613,291</b>	<b>100.00</b>	<b>100.00</b>	<b>7,613,291</b>	<b>100.00</b>	<b>100.00</b>

(1) Company whose capital is owned by the Guichard family.

(2) Treasury shares do not carry voting rights (13,062 direct registered shares and 1,853 treasury shares held as part of the share buyback programme under the liquidity contract).

\* Mrs H el ene Guichard died on 5 December 2015.

To the best knowledge of the Company, there are no other shareholders that, directly or indirectly, alone or in collaboration, hold more than 5% of the capital or the voting rights.

Major changes in the shareholding occurred following the settling of the estate of H el ene Guichard. The shareholding as at 20 January 2017, as it stands following these modifications, is presented to you on page 145 of this document.

### Crossing of thresholds

- Over the period ended on 30 September 2014, no other crossing of thresholds was declared.
- Over the period ended on 30 September 2015, no other crossing of thresholds was declared.
- Over the financial year ended 30 September 2016:
  - The *soci et e par actions simplifi ee* (simplified joint stock company under French law) Lazard Fr eres Gestion, acting on behalf of funds that it manages, announced on 23 October 2015, that it had descended below the 5% threshold in Manutan International's share capital on 20 October 2015, and that it held 366,250 shares in Manutan International as at that date, which amounted to an equivalent number of voting rights, *i.e.* 4.81% of the share capital and

3.22% of the voting rights in this company. This crossing of the threshold results from the sale of Manutan International shares on the market (AMF decision No. 215C1494).

- The *soci et e par actions simplifi ee* (simplified joint stock company under French law) Lazard Fr eres Gestion, acting on behalf of funds that it manages, announced on 21 June 2016, that it had risen above the 5% threshold in Manutan International's share capital on 17 June 2016, and that it held 388,700 shares in Manutan International as at that date, which amounted to an equivalent number of voting rights, *i.e.* 5.11% of the share capital and 3.42% of the voting rights in this company. This crossing of the threshold results from the purchase of Manutan International shares on the market (AMF decision No. 216C1442).

### Agreements among shareholders

The collective commitments to hold shares are presented in the chapter entitled "General information concerning the share capital" on page 140 of this document.

### Information disclosed pursuant to Article L. 225-100-3 of the French Commercial Code

Pursuant to Article L. 225-100-3 of the French Commercial Code, we inform you of the following matters, which are likely to have an impact in the event of a public offering:

- The structure of the share capital and the direct or indirect shareholdings known to the Company and any information on the subject are presented in the chapter entitled "Distribution of share capital and voting rights" on page 145 of this document.
- There are no statutory restrictions on the exercise of voting rights and transfers of shares.
- Seven shareholders of the Company have signed two agreements to retain shares in the Company in the framework of the tax allowances instituted by the so-called "Dutreil Law" of 1 August 2003, presented in the chapter headed "General information concerning the share capital" on page 140 of this document.
- As far as the Company is aware, there are no other commitments or pacts signed among shareholders.
- There are no shares in the Company conferring special rights of control, with the exception of a double voting right instituted by Article 13-3 of the Company's Articles of Association for shareholders who have held nominative shares for at least two years.
- No control mechanisms are provided for in any shareholding system for the staff with control rights that are not exercised by the latter.
- The rules governing the appointment and removal of members of the Board of Directors are the legal and statutory rules provided by Article 14 of the Company's Articles of Association.
- As regards the powers of the Board of Directors, current delegations are detailed in the table of existing delegations shown on page 141 of this document. The powers of the Board of Directors to buy back the Company's own shares are described on page 143 of this document.
- Amendments to the Company's Articles of Association are implemented in accordance with legal and regulatory provisions.
- Agreements on Corporate Officers' indemnities upon resigning their positions are detailed on page 53 of this document.
- The Company has not entered into any agreements that stand to be modified or terminated in the event of a change of control of the Company.

### Employees *(Article L. 225-102 of the French Commercial Code)*

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At the end of the 2015/2016 financial year, employee share ownership, as defined by Article L. 225-102 of the French Commercial Code, represented 0% of the share capital of the Company.

# General information concerning the share capital

### Changes in share capital and associated rights

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Any change to the share capital or the rights attached to the securities that constitute it is subject to legal provisions. The Articles of Association do not make these changes subject to any greater restrictions than the legal obligations.

### Share capital

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As at 20 January 2017, the share capital amounted to €15,226,582, consisting of 7,613,291 fully paid-up shares with a par value each of €2.

### Form of shares

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Shares are either registered or bearer at the discretion of the shareholder.

**Table of current authorisations and delegations regarding an increase in share capital**

Type of delegation or authorisation	Extraordinary General Meeting	Expiry dates	Amount authorised	Use during previous financial years	Use during the financial year ended 30/09/2016	Remaining amount at 01/10/2016
1 Authorisation in order to award free shares	17 March 2016	16 May 2019	1% of the share capital	N/A	0	1% of the share capital
2 Delegation of authority to increase the Company's share capital <i>via</i> the capitalisation of reserves, profits and/or share premiums	12 March 2015	11 May 2017	€5 million	N/A	0	€5 million
3 Delegation of authority to issue ordinary shares and/or marketable securities carrying rights to shares in the Company or carrying a right to the allocation of debt securities and/or other marketable securities giving rights to shares (in the Company or of another Group company) whilst maintaining preferential subscription rights	12 March 2015	11 May 2017	Shares: €4 million Debt securities: €4 million	N/A	0	Shares: €4 million Debt securities: €4 million
4 Delegation of authority to issue ordinary shares and/or marketable securities carrying rights to shares in the Company or carrying a right to the allocation of debt securities and/or other marketable securities giving rights to shares (in the Company or of another Group company) with waiver of preferential subscription rights for existing shareholders <i>via</i> a public offering and/or in consideration for securities as part of a public exchange offer	12 March 2015	11 May 2017	Shares: €1,520,000 <sup>(1)</sup> Debt securities: €4 million <sup>(1)</sup>	N/A	0	Shares: €1,520,000 <sup>(1)</sup> Debt securities: €4 million <sup>(1)</sup>
5 Delegation of authority to issue ordinary shares and/or marketable securities carrying rights to shares in the Company or carrying a right to the allocation of debt securities and/or other marketable securities giving rights to shares (in the Company or of another Group company) with waiver of preferential subscription rights by an offer referred to in II of Article L. 411-2 of the French Monetary and Financial Code	12 March 2015	11 May 2017	Shares: €1,520,000 <sup>(1)</sup> 20% of the share capital Debt securities: €4 million <sup>(1)</sup>	N/A	0	Shares: €1,520,000 <sup>(1)</sup> 20% of the share capital Debt securities: €4 million <sup>(1)</sup>
6 Authorisation to set the issue price in accordance with the conditions determined by the Meeting, in the event of an issue with waiver of preferential subscription rights, within an annual limit of 10% of the share capital	12 March 2015	11 May 2017	10% of the share capital	N/A	0	10% of the share capital
7 Authorisation to increase the size of issues in the event of excess demand	12 March 2015	11 May 2017		N/A	0	-
8 Delegation of authority to increase the share capital by issuing ordinary shares and/or marketable securities carrying rights to Company shares, within a limit of 10% of the share capital, in order to pay for contributions in kind of equity securities or marketable securities carrying rights to Company shares	12 March 2015	11 May 2017	10% of the share capital	N/A	0	10% of the share capital
9 Delegation of authority to increase the share capital by issuing ordinary shares and/or marketable securities carrying rights to Company shares with waiver of preferential subscription rights reserved for the members of an Employee Savings Scheme (PEE), in application of Articles L. 3332-18 <i>et seq.</i> of the French Labour Code	12 March 2015	11 May 2017	€160,000	N/A	0	€160,000

(1) Same maximum limit.

## Financial instruments not representative of share capital

None.

## Potential share capital

No stock options or new free shares have been granted. There are no other financial instruments that dilute the share capital.

## Share buyback programme

The General Meeting of Shareholders of 17 March 2016 authorised the Board of Directors, for a period of eighteen months, to trade in the Company's own shares on the stock market.

In addition, the Combined General Meeting of Shareholders of 17 March 2016 authorised the Board of Directors, for

twenty-four months, to reduce the share capital by cancelling shares purchased under its buyback programme, under the terms provided by the Law.

The Company only used this authorisation as part of the liquidity contract signed with Oddo Corporate Finance, the contract does not include the negotiating fees.

The shares purchased on behalf of the Company during the financial period ended on 30 September 2016, under the terms of the buyback programme, are indicated in the table below.

In euros	Total gross flows 2015/2016	
	Purchases	Sales
Number of shares	22,920	25,496
Average price for the transaction	48.96	49.13
<b>AMOUNT</b>	<b>1,027,663</b>	<b>1,157,709</b>

- Number of treasury shares held at 30 September 2016: 1,853 or approximately 0.02% of the share capital.
- Value assessed at the average purchase price at 30 September 2016:  $€53.79 \times 1,853 = €99,673.00$ .
- Overall par value:  $€2 \times 1,853 = €3,706.00$ .

The shares held by the Company were not subject to any use, or reallocation for other purposes during the 2015/2016 financial year.

The monthly declarations of trading in the Company's shares carried out under the liquidity contract with Oddo Corporate Finance were filed with the AMF (*Autorité des marchés financiers* – the French securities regulator) during the 2015/2016 financial year.

## Authorisation for a new share buyback programme

The next General Meeting of Shareholders will be asked to renew the Company's share buyback programme, as referred to in the reports of the Board to the Meeting.

## Liquidity contract

The Company renewed a liquidity contract with Oddo Corporate Finance in accordance with the professional ethics charter of AMAFI (*Association Française des Marchés Financiers* – the French Financial Markets Association), in which it participates as provider of liquidity.

The transactions carried out under this liquidity contract during the 2015/2016 financial year are listed above, in the paragraph entitled "Share buyback programme".

The Company did not have recourse to derivatives.



## Description of the share buyback programme

In accordance with the provisions of Article 241-2 of the AMF's General Regulations and European Commission Regulation (EC) No. 2273/2003 of 22 December 2003, the purpose of this description is to set out the purpose of and methods of the Company's share buyback programme.

This programme was authorised and its renewal will be submitted for authorisation to the General Meeting of Shareholders of 9 March 2017. The prior notice will be published in the BALO (French official gazette) on 1 February 2017, and the call notice will be published in the BALO and in a legal notices gazette on 20 February 2017.

### 1 Breakdown of treasury shares held, by purpose, as at 20 January 2017 (after closing of the markets)

Number of shares held directly and indirectly: 1,678 shares, representing 0.02% of the Company's share capital.

Number of shares held according to their purpose:

- coordination of the share price by means of an AMAFI liquidity contract: 1,678;
- covering share purchase options or other forms of employee share ownership: N/A;
- external growth transactions: N/A;
- covering marketable securities that entitle the holder to the allocation of shares: N/A;
- cancellation: N/A.

### 2 New share buyback programme

- Authorisation of the programme: Annual General Meeting of 9 March 2017.
- Securities concerned: ordinary shares.
- Maximum percentage of the share capital for which buyback is authorised: 5% (*i.e.* 380,664 as of today), it being specified that this limit shall be reviewed at the buyback date in order to take into account any potential transactions involving an increase or decrease in the share capital that may take place during the programme. The number of shares taken into account to calculate this limit shall correspond to the number of shares bought back, less the number of shares resold during the programme in the interests of liquidity.

- Maximum purchase price: €100.
- Maximum amount of the programme: €38,066,400.00.
- Buyback methods: these share buybacks may be undertaken by any means, including block purchases, and at such times as the Board of Directors shall determine; the Company does not intend to use options or financial instruments.

### Objectives

- To encourage trading in the secondary market or the share liquidity *via* an investment services provider, through a liquidity contract in accordance with the professional ethics charter of AMAFI, the French Financial Markets Association, as approved by the AMF, the French securities regulator.
- To ensure coverage of share purchase option plans and/or free share plans (or similar plans) for the benefit of employees and/or of the Group's Corporate Officers, and of any share awards as part of a Company or Group Savings Scheme (or similar scheme), in connection with profit-sharing and/or any other forms of share awards to employees and/or to the Group's Corporate Officers.
- To retain the shares acquired and subsequently exchange them or use them as payment in the context of any external growth transactions.
- To provide cover for marketable securities that confer the right to acquire shares in the Company in accordance with regulations in force.
- Cancel any shares acquired, subject to authorisation granted by the General Meeting of Shareholders of 17 March 2016 in its eleventh resolution (extraordinary session).

### Duration of the programme

- Eighteen months from the General Meeting of Shareholders of 9 March 2017, *i.e.* until 7 September 2018.

## Summary of transactions in Company shares by Corporate Officers and senior management and their close relatives during the financial year last ended

(Articles L. 621-18-2 of the French Monetary and Financial Code and Article 223-26 of the General Regulations of the AMF)

As far as the Company is aware, no transactions involving securities were undertaken during the 2015/2016 financial year by Corporate Officers or senior management of Manutan International or by persons connected to them.

### Movements in share capital *(in euros and in French francs)*

Year	Transaction		Variation in capital	Issue, merger premiums	New capital amount	Accumulated number of shares	Par value of the share
Situation at 1 October 1993		In euros			2,750,952	1,804,506	
		In francs			18,045,060		10
1993/1994	Capital increase <i>via</i> the capitalisation of reserves	In euros	2,750,952		5,501,903	3,609,012	
		In francs	18,045,060		36,090,120		10
1995/1996	Capital increase in cash and <i>via</i> the capitalisation of reserves	In euros	5,672,921	1,387,341	11,174,824	7,330,204	
		In francs	37,211,920	9,100,360	73,302,040		10
1996/1997	Cash capital increase	In euros	131,381	1,011,630	11,306,205	7,416,384	
		In francs	861,800	6,635,860	74,163,840		10
1997/1998	Cash capital increase, merger	In euros	98,127	3,060,737	11,404,332	7,480,751	
		In francs	643,670	20,077,118	74,807,510		10
8 January 1999	Capital increase <i>via</i> the capitalisation of reserves	In euros	3,557,171		14,961,503	7,480,751	2
30 Sept. 1999	Cash capital increase	In euros	46,000	259,011	15,007,503	7,503,751	2
30 Sept. 2000	Cash capital increase <sup>(1)</sup>	In euros	219,080	1,233,756	15,226,582	7,613,291	2

(1) As part of the exercise of an option.

There have been no movements in share capital since 30 September 2000.

## Analysis of share capital and voting rights

As at the date on which this document was drafted, 20 January 2017, the Company's capital was composed of 7,613,291 shares. At that same date, the number of theoretical voting rights (including those attached to shares with no voting rights) was 11,381,278 and the number of voting rights exercisable at the Ordinary General Meeting of Shareholders was 11,366,538.

### TO THE BEST OF THE COMPANY'S KNOWLEDGE, THE MAIN SHAREHOLDERS AS AT 20 JANUARY 2017<sup>(1)</sup>, ARE AS FOLLOWS:

Major shareholders	Number of shares	Number of single voting rights	Number of double voting rights	Total number of voting rights	Percentage of the share capital	Percentage of voting rights exercisable
André Guichard	2,666,449	1,819,860	846,589	3,513,038	35.02%	30.91%
Jean-Pierre Guichard	449,196		449,196	898,392	5.90%	7.90%
Claudine Guichard	37,114		37,114	74,228	0.49%	0.65%
Hervé Guichard	4,500		4,500	9,000	0.06%	0.08%
Xavier Guichard	4,500		4,500	9,000	0.06%	0.08%
M.T. Finance <sup>(1)</sup>	2,417,581		2,417,581	4,835,162	31.75%	42.54%
<b>Subtotal Guichard family</b>	<b>5,579,340</b>	<b>1,819,860</b>	<b>3,759,480</b>	<b>9,338,820</b>	<b>73.28%</b>	<b>82.16%</b>
Lazard Frères Gestion	415,000	415,000		415,000	5.45%	3.65%
Financière de l'Échiquier	158,500	158,500		158,500	2.08%	1.39%
Registered public	10,758	2,251	8,507	19,265	0.14%	0.17%
Publicly held bearer shares	1,434,953	1,434,953		1,434,953	18.86%	12.63%
<b>Subtotal Public</b>	<b>2,019,211</b>	<b>2,010,704</b>	<b>8,507</b>	<b>2,027,718</b>	<b>26.53%</b>	<b>17.84%</b>
Treasury shares <sup>(2)</sup>	13,062			-	0.17%	0.00%
Oddo Contract	1,678			-	0.02%	0.00%
<b>TOTAL</b>	<b>7,613,291</b>	<b>3,830,419</b>	<b>3,767,957</b>	<b>11,366,333</b>	<b>100.00%</b>	<b>100.00%</b>

(1) Shares indirectly owned by the Guichard family.

(2) Shares held by Lazard Frères Gestion on behalf of investment funds and SICAV: 13,062 direct registered shares.

To the best knowledge of the Company, there are no other shareholders that directly or indirectly, alone or in collaboration, hold more than 5% of the capital or the voting rights in the Company.

### VOTING RIGHTS EXERCISABLE BY THE BARE OWNERS AT EXTRAORDINARY GENERAL MEETINGS

Major shareholders	Total number of shares	Total number of voting rights	Percentage of voting rights exercisable
Hervé Guichard	97,886	195,772	1.72%
Xavier Guichard	97,886	195,772	1.72%
Jean-Pierre Guichard	2,018,942	3,127,954	27.52%

### VOTING RIGHTS EXERCISABLE BY BENEFICIAL OWNERS IN ORDINARY GENERAL MEETING

Major shareholder	Total number of shares	Total number of voting rights	Percentage of voting rights exercisable
André Guichard	2,666,449	3,513,038	30.91%

(1) After closing of the markets.

## Control of the Company

The Company is controlled by the Guichard family according to the terms described on page 145. Nonetheless, the Company has taken a certain number of measures aimed at ensuring that control is not exercised improperly, notably:

- the presence of four independent members among the eight members forming the Board of Directors (situation as at 20 January 2017);
- the splitting of the roles of Chairman of the Board and General Manager;
- the Audit Committee and the Appointments and Remuneration Committee are composed almost entirely of independent members.

## Shareholders' agreement

No shareholders' agreement or any clause in an agreement envisaging preferential conditions for the sale or purchase of shares has been notified to the AMF (*Autorité des marchés financiers*, the French securities regulator).

Group personnel hold no shares in the Company's share capital by way of special investment funds.

## Changes in share capital ownership in the past three years

As a %	30/09/2016	30/09/2015	30/09/2014
Guichard family	73.28%	73.28%	73.28%
Public and other registered shares	26.55%	26.55%	26.55%
Direct registered treasury shares	0.17%	0.17%	0.17%
	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

## Collective agreements to retain securities of Manutan International

On 28 August 2006 the members of the Guichard family, the Company's shareholders, signed a collective agreement to retain securities, pursuant to Article 787-B of the French General Tax Code, whereby they undertook to retain collectively 1,812,898 shares of Manutan International, representing at the date of signing of the collective agreement 23.81% of the financial rights and 31.94% of the voting rights attached to shares issued by the Company.

This commitment was entered into for a period of twenty-four months, which started to run from its registration, *i.e.* from 28 August 2006. At its expiry, it would be extended year by year by tacit agreement.

Each member shall have the option to withdraw from the agreement on the condition that they notify the others of their decision one month before the end of the current period.

The collective agreement to retain was signed by:

- Mr André Guichard, Director;
- Mrs Hélène Julliard\*, wife of André Guichard;

- Mr Jean-Pierre Guichard, Chairman of the Board of Directors;
- Mrs Claudine Laffont, wife of Mr Jean-Pierre Guichard;
- Mr Hervé Guichard, General Manager and Director;
- Mr Xavier Guichard, Deputy General Manager and Director;
- MT Finances, whose share capital is wholly owned by the members of the Guichard family referred to above.

On 15 November 2012 the members of the Guichard family, the Company's shareholders, signed a second collective agreement to retain securities, pursuant to Article 787-B of the French General Tax Code, whereby they undertook to retain collectively 3,661,759 shares of Manutan International, representing at the date of signing of the collective agreement, 48.09% of the share capital, 48.22% of the financial rights and 48.01% of the theoretical voting rights attached to shares issued by the Company.

\* Mrs Hélène Guichard died on 5 December 2015.

This commitment was entered into for a period of twenty-four months, which started to run from its registration. At its expiry, it would be extended year by year by tacit agreement.

Each member shall have the option to withdraw from the agreement on the condition that they notify the others of their decision three months before the end of the current period.

These two undertakings, with the same signatories, are intended to coexist. The only difference is the scope of the shares covered by the undertakings, as the second undertaking includes a higher number of financial and voting rights than the first.

## Market in the securities

Main Index	CAC All-Tradable
Other indices	CAC Small and CAC Mid & Small
Market	EURONEXT Paris – Compartment B
Listed on	EURONEXT Paris
Code or symbol	MANUTAN INTL
ISIN Code	FR0000032302
Reuters	MATP.PA
Bloomberg	MAN FP

### Stock market information

Five-year data	30/09/2016	30/09/2015	30/09/2014	30/09/2013	30/09/2012
Number of shares	7,613,291	7,613,291	7,613,291	7,613,291	7,613,291
Closing balance	53.90	43.00	40.43	40.67	30.95
Market capitalisation (in millions of euros)	410	327	308	310	236
Highest price (in euros)	55.80	50.53	56.14	41.99	43.52
Lowest price (in euros)	42.50	34.85	40.10	27.98	28.35
Average daily volume (in number of shares)	1,968	1,869	3,653	3,094	1,723
Average daily capital (in euros)	96,029	80,103	176,078	103,954	58,133

### Share capital

The Company's share capital at 20 January 2017 consists of 7,613,291 shares with a par value of €2 each.

As at that date, the proportion of the capital held by the public was 26.53%. The percentage of shares held by the Company as treasury stock was 0.02%. The remainder of the share capital is held, directly or indirectly by the Guichard family.

#### Shareholding at 30 September 2016

As at 30 September 2016, shares in Manutan (Manutan Intl) stood at €53.90, an increase of 25.35% compared with the closing price at 30 September 2015. On 21 January 2017, after the markets closed, the shares were quoted at €69.16.

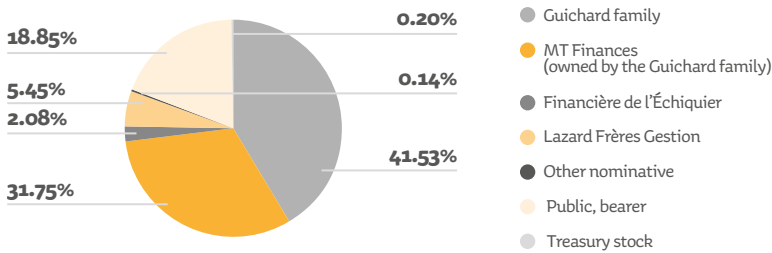
#### Control of the Company

As at 30 September 2016, the Company was held and controlled, directly and indirectly, by the Guichard family, with 73.28% of its capital and 82.15% of the voting rights.

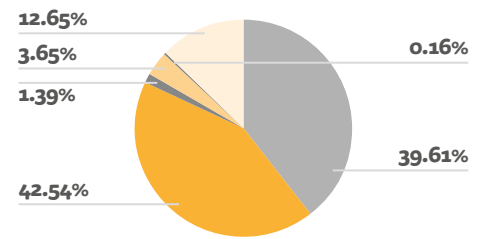
A list of shareholders as at 30 September 2016 is also presented on page 139 of this document, in the chapter entitled "General information concerning the issuer".

## CAPITAL AS AT 30 SEPTEMBER 2016

### Main shareholders



### Voting rights



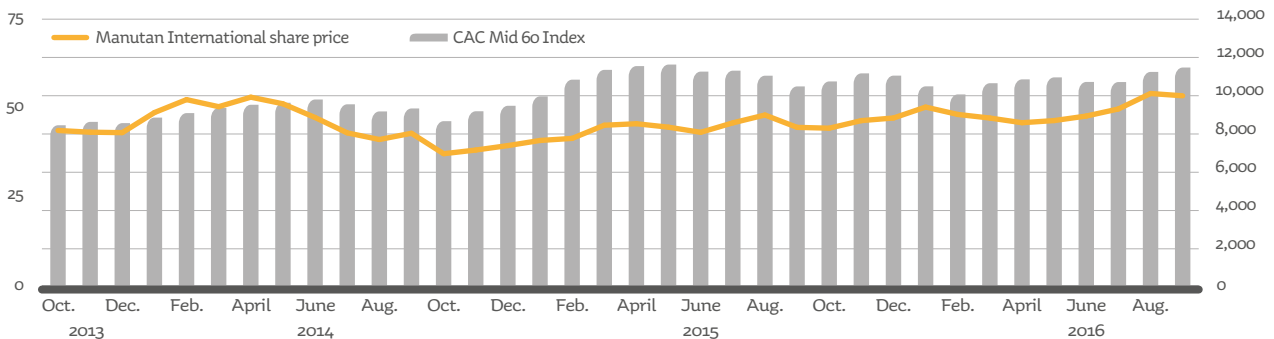
## Liquidity contract

The Company entered into a liquidity contract with Oddo Corporate Finance in accordance with the professional ethics charter of AMAFI (*Association Française des Marchés Financiers*, the French Financial Markets Association), in the framework of share buyback programme. See also page 142 of this document.

## Movements in share price

Relative to the CAC Mid 60 index

From 1 October 2012 to 30 September 2016.



## Change in listed price

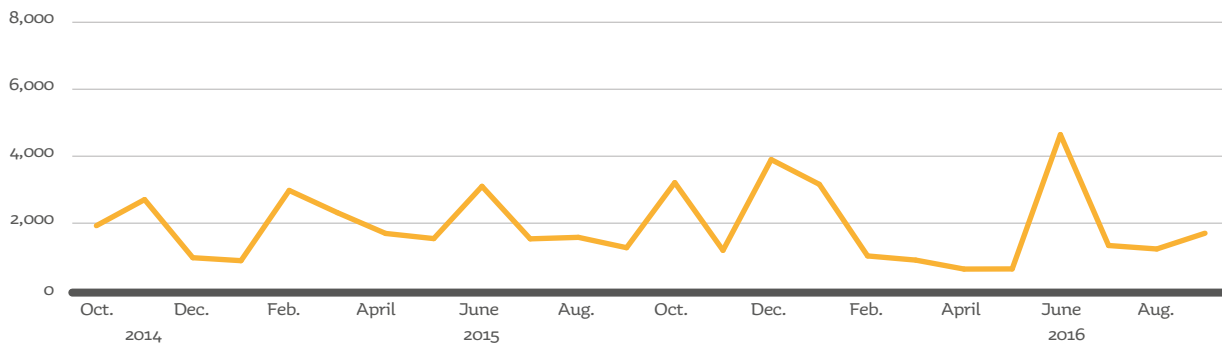
During the financial year, the share price reached its highest closing price (€55.80) on 16 August 2016, and its lowest closing price (€42.50) on 1<sup>st</sup> October 2015. On 30 September 2016 the closing price was €53.90 (€43.00 in September 2015). PER amounted to 12.03 on the basis of the Group consolidated net income at 30 September 2016.



## Trading volume

From 1 October 2014 to 30 September 2016, 1,408,047 shares in Manutan International were traded, representing capital of €65.8 million (compared with 1,408,047 shares representing €65.8 million from 1 October 2013 to 30 September 2015).

### AVERAGE DAILY TRADING VOLUME - OCTOBER 2013 TO SEPTEMBER 2016



## Dividends

In euros

For the financial year ended	30/09/2016	30/09/2015	30/09/2014	30/09/2013	30/09/2012
Net profit	34,078,891	25,821,905	24,166,235	23,277,107	23,900,875
Number of shares	7,613,291	7,613,291	7,613,291	7,613,291	7,613,291
Dividend in amount distributed	11,419,936.5	9,516,614	8,907,550	8,603,019	8,831,417
Price	53.90	43.00	40.43	40.67	30.95
Basic earnings per share <sup>(1)</sup>	4.48	3.39	3.18	3.06	3.14
Basic dividend per share	1.50	1.25	1.17	1.13	1.16
40% reduction <sup>(2)</sup>	0.60	0.50	0.47	0.45	0.46
Dividend payout ratio (%)	33.51%	37%	37%	37.0%	37.0%
Total gross yield <sup>(3)</sup> (%)	3.90	4.07	4.05	3.89	5.25

(1) Earnings per share on a net result basis are calculated using the average number of shares in issue during said year.

(2) Reduction of 40% provided for by Article 158-3-2 of the French Tax Code ("Code général des impôts") for individuals who are tax resident in France.

(3) Calculated using share price on 30 September in each financial year.

Over the last five years, the distributed dividend has been between 33.51% and 37.36% of consolidated net income. At the General Meeting of Shareholders of 9 March 2017, the Board of Directors will propose a distribution rate of 33.51% of consolidated net income, *i.e.* €1.50 per share in respect of the financial year ended 30 September 2016.

Prescription period of dividends: 5 years.

Allocation of unclaimed dividends:

*Direction nationale d'interventions domaniales, Service des curatelles, Les Ellipses, 3, avenue du Chemin-de-Presles, 94417 Saint-Maurice Cedex, France.*





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# Person responsible for the reference document

Xavier Guichard, CEO of Manutan International, located at: ZAC du Parc des Tulipes – Avenue du 21<sup>e</sup> Siècle – 95500 Gonesse.

## Declaration of the person responsible for the reference document

"I declare that to the best of my knowledge, after having taken all reasonable measures for this purpose, the information contained in this reference document reflects reality and there are no omissions such as might alter its import.

I declare that to my knowledge, the financial statements were prepared in accordance with applicable accounting standards and fairly present the assets, financial position and result of the Company and all the Companies included in the consolidation, and that the Management Report presented on page 67 presents a fair view of the operations, results and financial position of the Company and Companies included in the consolidation, as well as a description of the major risks and uncertainties they face.

I have obtained from the Statutory Auditors an end of engagement letter in which they state that they verified the information on the financial position and the accounts shown in this reference document as well as reading the complete document.

The consolidated financial statements for the financial year ended 30 September 2016 and the Parent Company financial statements for the year ended 30 September 2016, which are set out on pages 81 and 119 of this document respectively, have been the subject of reports prepared by Statutory Auditors, as required. The Statutory Auditors' reports on the consolidated and parent company financial statements do not contain any observations."

## Responsibility for the Statutory Audit

### Principal Statutory Auditors

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#### **Mazars SA**

##### **Represented by Anne Veaute**

Tour Exaltis  
 61, rue Henri-Regnault – 92400 Courbevoie

Initial appointment date: 12 March 2015

Duration of office: expires at the end of the Ordinary General Meeting of Shareholders convened to consider the accounts for the financial year ended 30 September 2020.

#### **KPMG SA**

##### **Represented by Franck Noël**

3, cours du Triangle – 92939 Paris-La Défense Cedex

Initial appointment date: 4 March 2004

Duration of office: expires at the end of the Ordinary General Meeting of Shareholders convened to consider the accounts for the financial year ended 30 September 2021.

## Alternate Statutory Auditors

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### **Mr Dominique Muller**

61, rue Henri Regnault – 92400 Courbevoie

Initial appointment date: 12 March 2015

Duration of office: expires at the end of the Ordinary General Meeting of Shareholders convened to consider the accounts for the financial year ended 30 September 2020.

### **Salustro Reydel SA**

2, avenue Gambetta, Tour Eqho – 92066 Paris-La Défense Cedex

Initial appointment date: 17 March 2016

Duration of office: expires at the end of the Ordinary General Meeting of Shareholders convened to consider the accounts for the financial year ended 30 September 2021.

# Shareholder relations and documents accessible to the public

## Responsibility for financial information

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### **Brigitte Auffret – Deputy CEO**

Tel. secretariat: +33 (0)1 34 53 18 33

E-mail: [brigitte.auffret@manutan.fr](mailto:brigitte.auffret@manutan.fr)

## Investor contact

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### **Yassine Soumari – Corporate Finance**

Tel.: +33 (0)1 34 53 35 55

E-mail: [contact.investors@manutan.com](mailto:contact.investors@manutan.com)

The deed of incorporation and the Company's Articles of Association, as well as all reports, letters and other documents, historical financial information of the Company and its subsidiaries over the past two financial years, valuations and statements prepared by an expert when such documents are required by the Law, and any other document required by the Law may be consulted at the Company's office address: Manutan International, ZAC du Parc des Tulipes, Avenue du 21e Siècle, 95506 Gonesse Cedex, France.

The major press releases and documents published by the Company are available to the public on the Company's website at: [www.manutan.com](http://www.manutan.com).

# Cross-reference table of the Registration Document

For easier reading of this Registration Document, the following thematic table enables to identify major sections required by European Commission Regulation No. 809/2004 of 29 April 2004 implementing Directive 2003/71/CE of the European Parliament and Council.

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Measures taken to promote employment and professional integration of the disabled	
Anti-discrimination policy	
<b>g) Promotion of and compliance with the International Labour Organisation's core conventions on:</b>	<b>24</b>
<ul style="list-style-type: none"> <li>■ the respect for the freedom of association and the right to collective bargaining</li> <li>■ the elimination of discrimination in respect of employment and occupation</li> <li>■ the elimination of forced or compulsory labour</li> <li>■ the effective abolition of child labour</li> </ul>	
<b>Environmental information</b>	
<b>a) General environmental policy</b>	<b>26</b>
Organisation adopted by the Company so as to take into account environmental issues and, where applicable, environmental assessment and certification initiatives	
Employee training and information on environmental protection	
Resources dedicated to preventing environmental risks and pollution	
Amount of provisions and guarantees for environmental risk, provided that such information is not likely to seriously harm the Company in any ongoing litigation	
<b>b) Pollution and waste management</b>	<b>27</b>
Measures to prevent, reduce or remedy discharges into the atmosphere, water, and soil that severely affect the environment	
Waste prevention, recycling and elimination measures	

Chapters/Sections	Pages
Steps taken to address noise pollution and any other form of pollution from business activities	
<b>c) Sustainable use of resources</b>	<b>28</b>
Water consumption and supply depending on local constraints	
Consumption of raw materials and measures taken to improve their efficient use	
Energy consumption, measures taken to improve energy efficiency and use of renewable energy	
Land use	N/A
<b>d) Climate change</b>	<b>29</b>
Greenhouse gas emissions	
Adapting to the consequences of climate change	N/A
<b>e) Protection of biodiversity: measures taken to protect or develop biodiversity</b>	<b>N/A</b>
<b>Information about societal commitments to promote sustainable development</b>	
<b>a) Territorial, economic and social impact of the Company's activity</b>	<b>24</b>
In terms of employment and regional development	
On local and neighbouring populations	
<b>b) Stakeholder relations</b>	<b>24</b>
Conditions of dialogue with stakeholders	
Partnership and patronage	
The stakeholders referred to in the Decree are individuals or organisations interested in the Company's business activities, particularly professional integration organisations, educational institutions, environmental protection agencies, consumer organisations and neighbouring residents	
<b>c) Subcontracting and suppliers</b>	<b>25</b>
Inclusion of social and environmental issues in procurement policy	
Scale of outsourcing and raising awareness among suppliers and subcontractors about corporate social responsibility	
<b>d) Fair practices</b>	<b>25</b>
Measures taken to prevent corruption	
Measures taken to promote consumer health and safety	
<b>e) Other</b>	<b>25</b>
Measures taken to promote human rights	



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