

Financial Indicators

In the context of its financial communication, the Group uses financial indicators based on consolidated data from the consolidated financial statements issued in accordance with IFRS as adopted within the European Union.

As indicated in Note 3.1 to the consolidated financial statements as of December 31, 2016 relating to segment information, for operational management purposes the Group uses the concept of “economic revenue”, which corresponds to the consolidated sales of the Group and its joint ventures up to the Group’s percentage stake: HBPO, a German company and world leader in front-end modules, Yanfeng Plastic Omnium, the Chinese leader in exterior body parts, BPO, a major player in the Turkish market for exterior equipment, and Plastic Recycling, a specialist company in plastics recycling.

Reconciliation of economic revenue with consolidated revenue

In thousands of euros	2016	2015
Economic revenue for the historical scope	6,523,162	5,982,499
Economic revenue for the "Faurecia Exterior Systems" acquired scope	412,570	-
Economic revenue	6,935,732	5,982,499
<i>Including Sales from joint ventures at the Group's percentage stake</i>	<i>1,078,481</i>	<i>972,604</i>
Consolidated revenue for the historical scope	5,444,681	5,009,895
Consolidated revenue for the "Faurecia Exterior Systems" acquired scope	412,570	-
CONSOLIDATED REVENUE	5,857,251	5,009,895

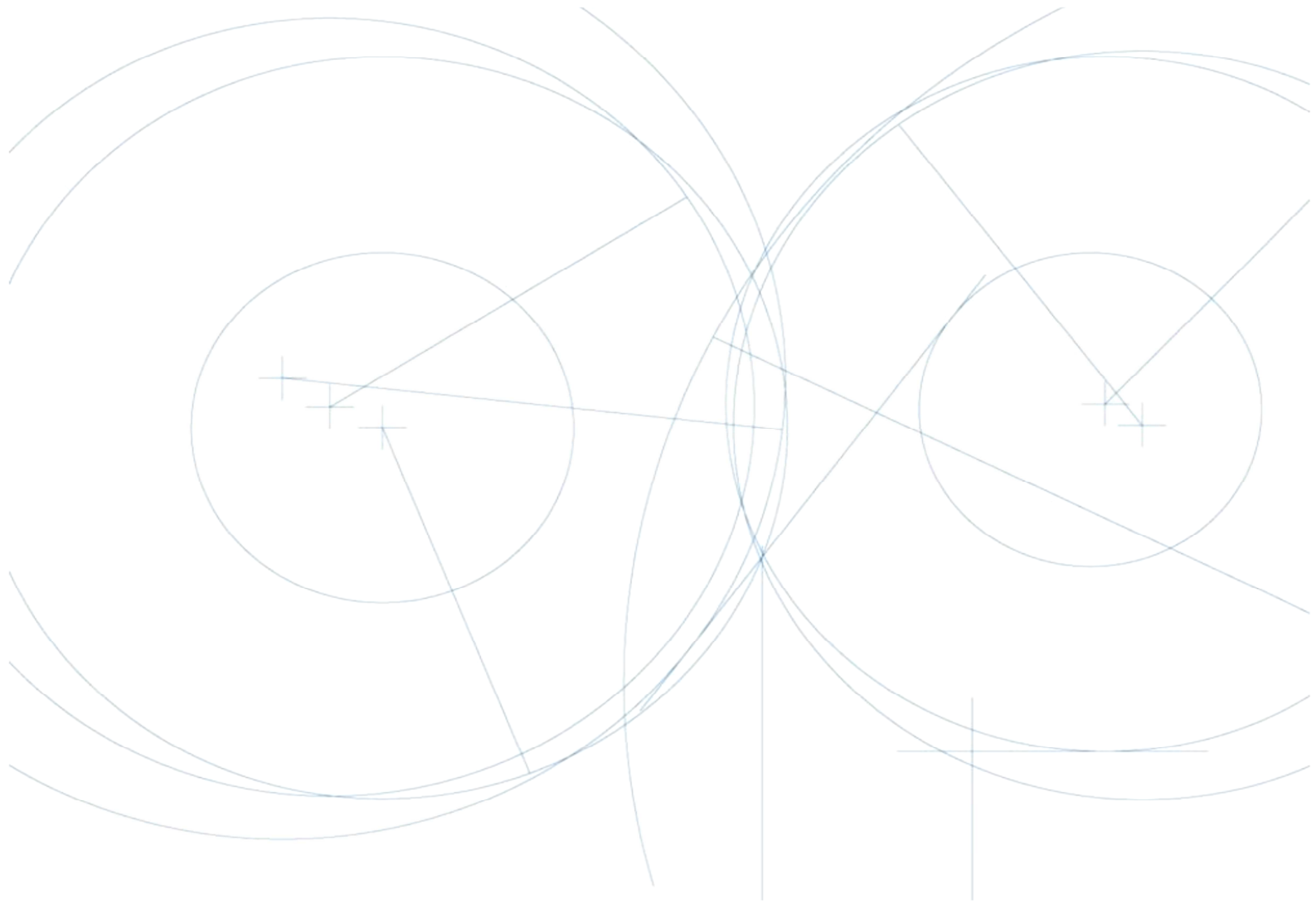
Presentation including "Faurecia Exterior Systems" business for full-year 2016

In thousands of euros	2016
Economic revenue for the historical scope	6,523,162
Economic revenue for the "Faurecia Exterior Systems" acquired scope	1,046,270
Economic revenue	7,569,432
<i>Including Sales from joint ventures at the Group's percentage stake</i>	<i>1,078,481</i>
Consolidated revenue for the historical scope	5,444,681
Consolidated revenue for the "Faurecia Exterior Systems" acquired scope	1,046,270
CONSOLIDATED REVENUE	6,490,951

COMPAGNIE PLASTIC OMNIUM

Incorporated in France with limited liability and issued capital of €9,148,603.20
Headquarters: 19 Boulevard Jules Carteret – 69007 Lyon (France)
955,512,611 Lyon Trade and Company registry no.

CONSOLIDATED FINANCIAL STATEMENTS AS OF December 31, 2016



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BALANCE SHEET

In thousands of euros	Notes	December 31, 2016	December 31, 2015
ASSETS			
Goodwill	3.1.2 - 3.2 - 5.1.1 - 5.1.2	531,077	287,496
Other intangible assets	3.1.2 - 3.2 - 5.1.2	484,321	381,164
Property, plant and equipment	3.1.2 - 3.2 - 3.3 - 5.1.3 - 5.1.4	1,353,589	1,149,215
Investment property	3.1.2 - 3.2 - 5.1.5	93,263	93,263
Investments in associates and joint ventures	5.1.6	190,192	159,073
Available-for-sale financial assets – Equity interests	5.1.7.1	394	356
Other available-for-sale financial assets ⁽¹⁾	5.1.7.2 - 5.2.7.6 - 6.4.2 - 6.7	30,451	1,172
Other non-current financial assets ⁽¹⁾	5.1.8 - 5.2.7.6 - 6.7	54,449	64,740
Deferred tax assets	5.1.12	140,355	87,310
TOTAL NON-CURRENT ASSETS		2,878,091	2,223,789
Inventories	3.1.2 - 5.1.9	390,312	347,413
Finance receivables ⁽¹⁾	5.1.10 - 5.2.7.6 - 6.7	33,918	18,833
Trade receivables	3.1.2 - 5.1.11.2 - 5.1.11.4 - 6.3.1 - 6.4.2 - 6.7	809,624	577,855
Other receivables	3.1.2 - 5.1.11.3 - 5.1.11.4	347,160	225,689
Other financial assets and financial receivables ⁽¹⁾	5.1.10 - 5.2.7.6 - 6.4.2 - 6.7	62,388	27,010
Hedging instruments ⁽¹⁾	3.1.2 - 5.2.7.6 - 5.2.8 - 6.4.2 - 6.7	499	1,558
Cash and cash equivalents ⁽¹⁾	3.1.2 - 5.1.13.1 - 5.1.13.2 - 5.2.7.6 - 6.4.2 - 6.7	334,189	663,156
TOTAL CURRENT ASSETS		1,978,090	1,861,514
Assets held for sale	5.1.16	240,712	5,780
TOTAL ASSETS		5,096,893	4,091,083
EQUITY AND LIABILITIES			
Capital	5.2.1.1	9,149	9,215
Treasury stock		(61,192)	(52,502)
Additional paid-in capital		17,389	38,637
Consolidated reserves		1,202,579	1,012,773
Net income for the period		312,112	258,374
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		1,480,037	1,266,497
Attributable to non-controlling interests		23,674	20,822
TOTAL EQUITY		1,503,711	1,287,319
Non-current borrowings ⁽¹⁾	3.1.2 - 5.2.7.6 - 6.7	1,119,337	921,148
Provisions for pensions and other post-employment benefits	5.2.5 - 5.2.6.5	109,718	101,991
Non-current provisions for liabilities and charges	5.2.5	45,365	34,498
Non-current government grants	5.2.4	12,420	13,875
Deferred tax liabilities	5.1.12	78,643	59,704
TOTAL NON-CURRENT LIABILITIES		1,365,483	1,131,216
Bank overdrafts ⁽¹⁾	3.1.2 - 5.1.13.2 - 5.2.7.6 - 6.4.2 - 6.7	10,307	15,891
Current borrowings ⁽¹⁾	3.1.2 - 5.2.7.6 - 6.7	168,320	94,188
Other current debt ⁽¹⁾	3.1.2 - 5.2.7.6 - 6.4.2 - 6.7	5	4
Hedging instruments ⁽¹⁾	3.1.2 - 5.2.7.6 - 5.2.8 - 6.4.2 - 6.7	17,870	12,757
Provisions for liabilities and charges	5.2.5	41,912	35,019
Current government grants	5.2.4	-	281
Trade payables	5.2.9.1 - 5.2.9.3 - 6.4.2 - 6.7	1,226,618	1,010,431
Other operating liabilities	5.2.9.2 - 5.2.9.3	683,299	503,977
TOTAL CURRENT LIABILITIES		2,148,331	1,672,548
Liabilities related to assets held for sale	5.1.16	79,368	-
TOTAL EQUITY AND LIABILITIES		5,096,893	4,091,083

(1) Components of net debt. Net debt stands at €799.9 million at December 31, 2016 compared with €267.5 million at December 31, 2015 (see Note 5.2.7.6).

INCOME STATEMENT

In thousands of euros	Notes	2016	%	2015	%
Consolidated sales (revenue)	3.1.1 - 3.1.4.1 - 3.1.4.2	5,857,251	100.0%	5,009,895	100.0%
Cost of goods and services sold	4.2	(4,882,708)	-83.4%	(4,172,415)	-83.3%
Gross profit		974,543	16.6%	837,480	16.7%
Net research and development costs	4.1 - 4.2	(145,740)	-2.5%	(108,079)	-2.2%
Selling costs	4.2	(55,086)	-0.9%	(62,215)	-1.2%
Administrative expenses	4.2	(246,180)	-4.2%	(213,423)	-4.3%
Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures	3.1.1	527,537	9.0%	453,763	9.1%
Amortization of intangible assets acquired in business combinations ⁽¹⁾	3.1.1 - 4.4	(21,583)	-0.4%	(18,795)	-0.4%
Share of profit/loss of associates and joint ventures	3.1.1 - 4.5	51,801	0.9%	34,749	0.7%
Operating margin⁽²⁾	3.1.1	557,755	9.5%	469,717	9.4%
Other operating income	3.1.1 - 4.6	34,861	0.6%	20,943	0.4%
Other operating expenses	3.1.1 - 4.6	(120,134)	-2.1%	(96,441)	-1.9%
Finance costs, net	3.1.1 - 4.7	(58,859)	-1.0%	(53,646)	-1.1%
Other financial income and expenses, net	3.1.1 - 4.7	(9,027)	-0.2%	(2,532)	-0.1%
Profit from continuing operations before income tax and after share of profits of associates and joint ventures	3.1.1	404,595	6.9%	338,041	6.7%
Income tax	3.1.1 - 4.8	(86,307)	-1.5%	(75,200)	-1.5%
Net income	3.1.1	318,288	5.4%	262,841	5.2%
Net profit attributable to non-controlling interests	4.9	6,176	0.1%	4,467	0.1%
Net profit attributable to owners of the parent		312,112	5.3%	258,374	5.2%
Earnings per share attributable to owners of the parent company	4.10				
Basic earnings per share (in euros) ⁽³⁾		2.11		1.75	
Diluted earnings per share (in euros) ⁽⁴⁾		2.09		1.72	

- (1) Intangible assets acquired in business combinations, mainly contractual customer relationships
- (2) As of January 1, 2016, the CVAE (“Cotisation sur la valeur ajoutée”), a component of French business tax is shown at the level of income taxes and no longer in the operating gross margin. The 2015 figures remain unchanged.
- (3) Basic earnings per share are calculated using the weighted average number of ordinary shares outstanding, less the average number of shares held in treasury stock.
- (4) Diluted earnings per share take into consideration the average number of treasury shares deducted from equity and shares which might be issued under stock option programs.

STATEMENT OF COMPREHENSIVE INCOME

In thousands of euros	2016			2015		
	Total	Gross	Tax	Total	Gross	Tax
Net profit for the period attributable to owners of the parent⁽¹⁾	312,112	397,065	(84,953)	258,374	332,453	(74,079)
Reclassified to the income statement	4,957	5,177	(220)	25,858	27,404	(1,546)
Reclassified in the period	379	663	(284)	1,626	2,620	(994)
Exchange differences on translating foreign operations - reclassified to the income statement	(161)	(161)	-	-	-	-
Cash flow hedges - Interest rate instruments reclassified to the income statement	540	824	(284)	1,626	2,620	(994)
Reclassified at a later date	4,578	4,514	64	24,232	24,784	(552)
Exchange differences on translating foreign operations	4,701	4,701	-	23,374	23,374	-
Cash flow hedges	(123)	(187)	64	858	1,410	(552)
Gains/(losses) for the period - Interest rate instruments	-	-	-	858	1,410	(552)
Gains/(losses) for the period – Exchange rate instruments	(123)	(187)	64	-	-	-
Cannot be reclassified to the income statement at a later date	(7,405)	(11,762)	4,357	(2,455)	(1,745)	(710)
Actuarial gains/(losses) recognized in equity	(8,449)	(12,806)	4,357	(2,455)	(1,745)	(710)
Fair Value adjustment to available-for-sale assets	1,044	1,044	-	-	-	-
Other comprehensive income	(2,448)	(6,585)	4,137	23,403	25,659	(2,256)
Comprehensive income attributable to owners of the parent⁽²⁾	309,664	390,480	(80,816)	281,777	358,112	(76,335)
Net profit for the period attributable to non-controlling interests	6,176	7,530	(1,354)	4,467	5,588	(1,121)
Reclassified to the income statement	613	613	-	409	409	-
Reclassified at a later date	613	613	-	409	409	-
Exchange differences on translating foreign operations	613	613	-	409	409	-
Cannot be reclassified to the income statement at a later date	-	-	-	(5)	(5)	-
Actuarial gains/(losses) recognized in equity	-	-	-	(5)	(5)	-
Other comprehensive income	613	613	-	404	404	-
Comprehensive income attributable to non-controlling interests	6,789	8,143	(1,354)	4,871	5,992	(1,121)
Total comprehensive income	316,453	398,623	(82,170)	286,648	364,104	(77,456)

(1) Net profit for the period attributable to owners of the parent amounted to €182,991 thousand at December 31, 2016 compared with €151,691 thousand at December 31, 2015.

(2) Total net profit attributable to owners of the parent amounted to €181,556 thousand at December 31, 2016 compared with €165,431 thousand at December 31, 2015.

CHANGE IN EQUITY

In thousands of euros
In thousand units for the number of shares

Shareholders' equity

	Number of shares	Capital	Additional paid-in capital	Treasury stock	Other reserves (1)	Translation adjustment	Net profit for the period	Attributable to owners of the parent	Attributable to non-controlling interests	Total equity
Equity at December 31, 2014	153,577	9,215	38,637	(33,948)	811,071 ⁽¹⁾	4,712	224,553	1,054,239	17,749	1,071,988
Appropriation of net profit at December 2014	-	-	-	-	224,553	-	(224,553)	-	-	-
Net profit at December 31, 2015	-	-	-	-	-	-	258,374	258,374	4,467	262,841
Other comprehensive income	-	-	-	-	(39)	23,442	-	23,403	404	23,807
<i>Exchange differences on translating foreign operations</i>	-	-	-	-	(68)	23,442	-	23,374	409	23,783
<i>Actuarial gains/(losses) recognized in equity</i>	-	-	-	-	(2,455)	-	-	(2,455)	(5)	(2,460)
<i>Cash flow hedges - Interest rate instruments</i>	-	-	-	-	2,484	-	-	2,484	-	2,484
Comprehensive income	-	-	-	-	224,514	23,442	33,821	281,777	4,871	286,648
Treasury stock transactions	-	-	-	(18,554)	1,278	-	-	(17,276)	-	(17,276)
Tax effect of treasury stock transactions	-	-	-	-	-	-	-	-	-	-
Change in scope of consolidation and reserves ⁽²⁾	-	-	-	-	(435)	-	-	(435)	797	362
Dividends paid by Compagnie Plastic Omnium	-	-	-	-	(54,833)	-	-	(54,833)	-	(54,833)
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(2,595)	(2,595)
Stock option costs	-	-	-	-	3,025	-	-	3,025	-	3,025
Equity at December 31, 2015	153,577	9,215	38,637	(52,502)	984,620 ⁽¹⁾	28,154	258,374	1,266,497	20,822	1,287,319
Appropriation of net profit at December 2015	-	-	-	-	258,374	-	(258,374)	-	-	-
Net profit at December 31, 2016	-	-	-	-	-	-	312,112	312,112	6,176	318,288
Other comprehensive income	-	-	-	-	(8,534)	6,086	-	(2,448)	613	(1,835)
<i>Exchange differences on translating foreign operations</i>	-	-	-	-	(1,546)	6,086	-	4,540	613	5,153
<i>Actuarial gains/(losses) recognized in equity</i>	-	-	-	-	(8,449)	-	-	(8,449)	-	(8,449)
<i>Cash flow hedges - Interest rate instruments</i>	-	-	-	-	540	-	-	540	-	540
<i>Cash flow hedges - Currency instruments</i>	-	-	-	-	(123)	-	-	(123)	-	(123)
<i>Change in the fair value adjustment of "Assets held for sale"</i>	-	-	-	-	1,044	-	-	1,044	-	1,044
Comprehensive income	-	-	-	-	249,840	6,086	53,738	309,664	6,789	316,453
Treasury stock transactions	-	-	-	(29,938)	(7,294)	-	-	(37,232)	-	(37,232)
Capital reduction (cancellation of treasury stock)	(1,100)	(66)	(21,248)	21,248	-	-	-	(66)	-	(66)
Change in scope of consolidation and reserves ⁽²⁾	-	-	-	-	(1,812)	-	-	(1,812)	(1,488)	(3,300)
Dividends paid by Compagnie Plastic Omnium	-	-	-	-	(60,512)	-	-	(60,512)	-	(60,512)
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(2,449)	(2,449)
Stock option costs	-	-	-	-	3,498	-	-	3,498	-	3,498
Equity at December 31, 2016	152,477	9,149	17,389	(61,192)	1,168,339 ⁽¹⁾	34,240	312,112	1,480,037	23,674	1,503,711

(1) See Note 5.2.1.2 for details of "Other reserves and retained earnings".

(2) See Note 5.2.1.3 for details of "Changes in scope of consolidation and reserves".

The dividend per share distributed in the first half of 2016 by Compagnie Plastic Omnium in respect of the 2015 fiscal year was €0.41 compared with €0.37 in 2015 in respect of the 2014 fiscal year (see Note 5.2.2 on dividends voted and paid).

STATEMENT OF CASH FLOWS

In thousands of euros	Notes	2016	2015
I - CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	3.1.1	318,288	262,841
Dividends received from associates and joint ventures		31,409	24,887
Non-cash items		382,890	318,389
<i>Share of profit/(loss) of associates and joint ventures</i>	4.5	(51,801)	(34,749)
<i>Stock option plan expense</i>	4.3 – 5.2.3	3,498	3,025
<i>Other adjustments</i>		6,117	(1,715)
<i>Depreciation and provisions for impairment of property, plant and equipment</i>	3.1.3 - 5.1.3	170,756	144,809
<i>Depreciation and provisions for impairment of intangible assets</i>	3.1.3 - 5.1.2	109,094	80,852
<i>Changes in provisions</i>		(9,476)	2,384
<i>Net (gains)/losses on disposals of non-current assets</i>	4.6	14,786	887
<i>Proceeds from operating grants recognized in the income statement</i>		(1,727)	(2,388)
<i>Current and deferred taxes</i>	4.8.1	86,307	75,200
<i>Interest expense</i>		55,336	50,084
NET OPERATING CASH GENERATED BY OPERATIONS BEFORE IMPACT OF FINANCIAL EXPENSES AND INCOME TAX CASH PAYMENTS (A)		732,587	606,117
Change in inventories and work-in-progress – net		44,913	(24,649)
Change in trade receivables – net		(155,278)	(81,644)
Change in trade payables		190,773	133,961
Change in other operating assets and liabilities - net		(20,235)	5,958
CHANGE IN WORKING CAPITAL REQUIREMENTS (B)		60,173	33,626
TAXES PAID (C)		(97,271)	(65,262)
Interest paid		(55,486)	(52,465)
Interest received		2,783	2,625
NET FINANCIAL INTEREST PAID (D)		(52,703)	(49,840)
NET CASH GENERATED BY OPERATING ACTIVITIES (A+B+C+D)		642,786	524,641
II – CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment	3.1.3 - 3.2 - 5.1.3	(220,712)	(269,311)
Acquisitions of intangible assets	3.1.3 - 5.1.2	(151,120)	(108,891)
Disposals of property, plant and equipment	4.6 a	4,852	4,625
Disposals of intangible assets	4.6 a	4	7,973
Net change in advances to suppliers of fixed assets		(35,313)	38,034
Government grants received		210	4,916
NET CASH USED IN OPERATIONS-RELATED INVESTING ACTIVITIES (E)		(402,079)	(322,654)
FREE CASH FLOW (A+B+C+D+E)⁽¹⁾		240,707	201,987
Acquisitions of shares in subsidiaries and associates, takeovers, investments in associates and joint ventures and related investments		(527,680)	101
Acquisitions of available-for-sale financial assets		(29,024)	-
Proceeds from disposals of shares in subsidiaries and associates	4.6 a	15,638	4
Disposals of available-for-sale financial assets	4.6 a	-	-
Impact of changes in scope of consolidation - Cash and cash equivalents contributed by companies entering the scope of consolidation	2.1.1.5 - 5.1.14.1 a	9,480	797
Impact of changes in scope of consolidation - Cash and cash equivalents from companies leaving the scope of consolidation	2.3 - 5.1.14.2	(830)	-
Impact of changes in scope of consolidation - Borrowings contributed by companies entering the scope of consolidation	2.1.1.5 - 5.1.14.1 a	(157,124)	-
NET CASH FROM FINANCIAL INVESTING ACTIVITIES (F)		(689,540)	901
NET CASH FROM INVESTING ACTIVITIES (E+F)		(1,091,619)	(321,753)
III - CASH FLOWS FROM FINANCING ACTIVITIES			
Increases/reductions in share capital and premiums	2.5.1	(66)	-
Purchases/sales of treasury stock		(37,232)	(17,276)
Dividends paid to Burelle SA ⁽²⁾		(35,638)	(32,161)
Dividends paid to other shareholders ⁽³⁾		(27,323)	(25,267)
Acquisitions of non-controlling interests	2.1.2 - 5.1.14.1 b - 5.2.1.3	(3,300)	-
Increase in financial debt		362,385	41,561
Repayment of borrowings		(126,410)	(52,950)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES (G)		132,416	(86,094)
Assets held for sale (and discontinued operations) (H)	5.1.16 - 5.1.16.3	(5,756)	-
Effect of exchange rate changes (I)		(1,210)	(793)
NET CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C+D+E+F+G+H+I)		(323,383)	116,001
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5.1.13.2	647,265	531,264
CASH AND CASH EQUIVALENTS AT END OF PERIOD	5.1.13.2 – 5.2.7.6	323,882	647,265

- (1) The “free cash flow” is an essential notion specific to the Plastic Omnium Group. It is used in all of the Group’s external financial communication and, in particular, for annual and interim results presentations.
- (2) The full amount of the dividend paid to Burelle SA in the two periods was paid by Compagnie Plastic Omnium.
- (3) In 2016, the dividend paid to other shareholders amounting to €24,874 thousand (compared with €22,672 thousand in 2015) was paid by Compagnie Plastic Omnium, bringing the total dividends paid by Compagnie Plastic Omnium to €60,512 thousand (compared with €54,833 thousand in 2015). See Note 5.2.2 “Dividends voted and paid by Compagnie Plastic Omnium”.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Plastic Omnium's consolidated financial statements for the fiscal year ended December 31, 2016 were approved by the Board of Directors on February 22, 2017. They will be submitted for approval to the Combined Shareholders' Meeting on April 27, 2017.

GROUP OVERVIEW

Compagnie Plastic Omnium, a company governed by French law, was set up in 1946. The bylaws set its duration until April 24, 2112. The Company is registered in the Lyon Trade and Companies Register under number 955,512,611 and its registered office is at 19, boulevard Jules Carteret, 69,007 Lyon, France.

The terms "Compagnie Plastic Omnium", "the Group" and "the Plastic Omnium Group" all refer to the group of companies comprising Compagnie Plastic Omnium and its consolidated subsidiaries.

The Plastic Omnium Group is a world leader in the transformation of plastic materials for the automotive market (body component modules, fuel storage and distribution systems) representing 93.7% of its consolidated sales (94.7% of its economic sales) and for local authorities (waste collection containers and highway signage) for the remainder of its sales revenue.

Plastic Omnium Group shares have been traded on the Paris Stock Exchange since 1965. Listed on Eurolist in compartment A since January 17, 2013, the Group is part of the SBF 120 and the CAC Mid 60 indices. The Group's main shareholder is Burelle SA, which owned 57.01% of the Group's shares (58.63% excluding treasury stock) at December 31, 2016.

The unit of measurement used in the Notes to the consolidated financial statements is thousands of euros, unless otherwise indicated.

1. ACCOUNTING POLICIES, ACCOUNTING RULES AND PRINCIPLES

1.1. Accounting policies, accounting rules and principles

The accounting policies used to prepare the consolidated financial statements are those applied by the Group at December 31, 2015. They comply with the International Financial Reporting Standards (IFRS) and interpretations adopted for use in the European Union at December 31, 2016 and are available on the website: http://ec.europa.eu/internal_market/accounting/ias_fr.htm#adopted-commission. IFRS includes the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and interpretations published by the International Financial Reporting Interpretations Committee (IFRIC). These principles are not materially different from the mandatory standards and interpretations published by the IASB and applicable with effect from December 31, 2016.

The accounting policies applied by the Group are described in Note 1 "Accounting policies, accounting rules and principles" to the 2016 consolidated financial statements, except for those affected by the new standards and amendments mandatory from January 1, 2017. The Group did in fact not opt for early application of standards, interpretations and amendments not mandatory at January 1, 2017.

Standards, interpretations and amendments applicable after January 1, 2017:

As stated at December 31, 2015, the impact of IFRS 9 "Financial Instruments" and IFRS 15 "Revenue from Contracts with Customers" published in 2015 by the IASB with an application date of January 1, 2018 but not yet adopted by the European Union, is currently being analyzed by the Group. At this stage, the analyses have not revealed any material impact; in fact, the expected impacts only concern revenue recognition from the sales of services and tooling within automotive projects.

IFRS 16 “Leases” published in early 2016 by the IASB with an application date of January 1, 2019 but not yet adopted by the European Union, is also currently being analyzed by the Group. At this point, the main impacts identified concern real estate leases.

Amendment of the presentation of the CVAE value-added tax paid by French companies in the Consolidated Income Statement:

In order to provide more relevant disclosure, comparable to the major companies in its sector, the Group changed the way it presents France’s value-added tax (CVAE - “Cotisation sur la valeur ajoutée”) in the consolidated income statement from January 1, 2016. It is now presented under income tax and no longer under gross profit/operating margin.

It now relates to income tax expense.

1.1.1. Consolidation principles

Entities in which the Group owns more than 50% of the voting rights, enabling it to exercise full control, are fully consolidated. Entities in which the Group owns less than 50% but that are controlled in substance are also fully consolidated.

The companies over which the Group exercises joint control with other shareholders, regardless of the shareholding percentage, treated as “joint ventures” insofar as the Group does not have joint operations, in addition to the companies over which the Group exercises significant influence, and treated as “Investments in associates” (significant influence is assumed when the Group holds more than 20% of the voting rights in a company) are recognized using the equity method.

1.1.2. Attributable to non-controlling interests

Non-controlling interests correspond to the share of the Group’s interest attributable to outside shareholders. They are presented as a separate item in the income statement and under equity in the consolidated balance sheet, separately from profit and equity attributable to owners of the parent.

Non-controlling interests may be measured either at fair value at the acquisition date (i.e. including a share of goodwill) or at their proportionate share of the fair value of the identifiable net assets acquired. The option is available on a transaction-by-transaction basis.

Changes in a parent’s ownership interest in a subsidiary that do not result in a loss of control are recognized as equity transactions. Accordingly, when the Group’s interest in a controlled entity is increased (or reduced), without control being acquired (or lost), the difference between the acquisition price (or disposal value) and the carrying amount of the share of the net assets acquired (sold) share is recorded in equity.

1.1.3. Segment information

Segment information is presented on the basis of the segments identified in the Group’s internal reporting and notified to the management in order to decide on the allocation of resources and for performance analysis.

The Group is managed on the basis of two operational segments:

- “Automotive”, which covers activities from design and manufacture to sales of body components (Automotive Exteriors division) and modules, and fuel storage and distribution systems (Auto Energy division);
- “Environment”, which covers activities for local authorities, i.e. pre-collection products and services and waste management activities and, until the disposal of Signature Ltd in early August 2016, “Signature” for road and highway signage operations.

1.1.4. Business combinations

Business combinations are recognized by applying the acquisition method. Under this method, assets, liabilities and identifiable contingent liabilities acquired are recognized at their fair value on the acquisition date.

Goodwill is recognized as the excess of (i) the consideration transferred to the vendor plus (ii) the amount of any non-controlling interest in the company acquired over (iii) the net balance of the identifiable assets and liabilities acquired.

In a business combination carried out in stages, the consideration also includes the acquisition-date fair value of the acquirer's previously held equity interest in the acquired company. The previously held equity interest is measured at fair value through profit or loss.

Acquisition-related costs are recorded as expenses.

The fair value adjustments of assets and liabilities acquired are offset against goodwill adjustments on the basis of information obtained during the allocation period, namely within twelve months after the acquisition date. After that date, any changes in value are recognized in profit or loss, including any changes in tax assets.

1.1.5. Translation of foreign subsidiaries' financial statements

Plastic Omnium Group uses the euro as its presentation currency in the consolidated financial statements. Financial statements of foreign subsidiaries are prepared in their functional currency i.e. the currency of the economic environment in which an entity operates; it is usually the local currency, except for certain subsidiaries that carry out the majority of their transactions in another currency. These financial statements are translated into the Group's presentation currency, as follows:

- balance sheet items, other than equity, are translated at the exchange rate on the balance sheet date;
- income statement items are translated at the average exchange rate for the period;
- differences arising from translation are recognized in consolidated equity under "Translation reserves".

Goodwill arising from business combinations with foreign entities is recognized in the functional currency of the acquired entity. They are then translated into the Group's presentation currency at the closing rate, with the translation difference recorded in equity. On disposal of the entire interest in a foreign operation, the related translation differences initially recognized in equity, are reclassified in profit or loss.

1.1.6. Recognition of transactions in foreign currencies

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rate in force on the transaction date. When the financial statements are being drawn up, foreign currency monetary items are translated using the rate at the balance sheet date.

The resulting translation difference is recognized in the income statement under "Other operating income and expense" for transactions related to operating activities, and under "Other financial income and expenses" for financial transactions.

Borrowings in foreign currencies obtained from the Group by a subsidiary, for which repayment is neither planned nor likely in the foreseeable future, are considered as part of the net investment of the Plastic Omnium Group in this foreign business. The corresponding translation adjustments are recorded under equity.

1.1.7. Revenue

Revenue is recognized when control and the risks and rewards of ownership are transferred, and it is likely that future economic benefits associated with the transaction will flow to the Group and the amount of this revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, net of any trade discounts and volume rebates as well as any other sales taxes or customs duties.

Sales of goods

Revenue from the sale of goods and from wholesale transactions is recognized when the material risks and rewards of ownership of the goods are transferred to the buyer, generally on delivery.

Sales of services and tooling

Automotive business

Revenue generated during the project phase of automotive contracts (development work and production of tooling) is recognized when the main risks and rewards of ownership have been transferred to the customer. A determining factor in the Group's analysis is whether or not the customer has formally agreed to the price.

Thus, when a contractual agreement has been signed with the customer concerning the sale price of the tooling, the tooling is considered as having been sold and the related revenue is recognized on the basis of the stage of completion validated by the customer and, at the latest, on the first day of series production of the model concerned. Similarly, when the Group has a contractual agreement with customers, development revenue billed on a time-spent basis is gradually recognized using the stage of completion method.

Where there is no such agreement with the customer (e.g.: where the customer finances the project by "development unit" with no volume guarantee), the Group does not believe the material risks and rewards are transferred to the client; the tooling and/or development time expenses are then recognized in the Group's property, plant and equipment and/or intangible assets, and amortized over the life of the series. Where necessary, income from the customer is recognized in revenue over the lifetime of the series.

Environment business

Most lease-maintenance contracts are operating leases. Revenue from lease-maintenance contracts classified as operating leases is recognized on a straight-line basis over the lease term. Services provided under contracts classified as finance leases are recognized as a sale, for an amount corresponding to the sum of the survey and equipment installation costs and the estimated sale price of the equipment made available.

1.1.8. Receivables

Receivables are initially recognized at fair value. Fair value generally represents the nominal amount of the receivable when the corresponding sale is subject to routine payment terms. Provisions for doubtful accounts are recorded when there is objective evidence that the receivables are impaired. Their amount is determined separately for each customer.

Finance receivables mainly correspond to lease-financing sales in the Environment business, and development and tooling sales for which the Group has signed an agreement enabling customers to pay in installments (for example: "development unit" prices contractually agreed by customers). These latter receivables are originally due in more than one year and may be interest-bearing in the framework of an asset financing agreement with the customer. The corresponding finance income is recognized in revenue. Finance receivables are deducted from the calculation of net debt.

Sold receivables, which are removed from the balance sheet, meet the following criteria:

- the contractual rights to the receivable are transferred to the buyer;
- substantially all the risks and rewards of ownership are transferred to the buyer.

The risks taken into account are:

- o credit risk;
- o risks related to payment delay both for the amount and duration;
- o interest rate risk, which is transferred in full to the buyer.

1.1.9. Operating margin

Operating margin corresponds to profit from fully consolidated companies, before other operating income and expenses which consist mainly of:

- gains from disposals of property, plant and equipment and intangible assets;
- impairment losses on non-current assets (property, plant and equipment and intangible assets) including any impairment of goodwill;
- translation differences, corresponding to the difference between the exchange rates used to account for operating receivables and payables and the rates used to account for the related settlements;
- income and expenses that are unusual in nature, frequency or amount, such as profits and losses related to changes in scope, start-up costs of new plants, restructuring costs and downsizing costs.

Amortization of contractual customer relationships acquired in business combinations is recognized as a separate component of operating margin.

Since the 2015 fiscal year, a share of profit of associates and joint ventures has also been shown in the operating margin as a separate line item.

Consequently, the Group shows an operating margin prior to taking into account amortization of intangible assets from acquisitions within the framework of business combinations and the share of profit of associates and joint ventures, and an operating margin after taking these factors into account.

The operating margin, after taking these factors into account, is the main performance indicator used by the Group.

1.1.10. Research tax credit

Certain research expenditure by Group subsidiaries qualifies for French tax credits. These credits are included under operating margin as a deduction from “Net research and development costs”, see Notes 4.1 “Analysis of research and development costs” and 4.2 “Cost of sales, development, selling and administrative costs”.

1.1.11. Intangible assets

1.1.11.1. Research and development costs

Material development costs are recognized as an intangible asset when the entity can demonstrate in particular:

- its intention is to complete the project and the availability of adequate technical and financial resources to do so;
- that the development costs will generate probable future economic benefits;
- the ability to reliably value the cost of the assets.

Automotive business development costs

Development hours devoted to an Automotive business project subject to a customer contractual payment agreement are considered as sold and expensed on the basis of the stage of completion. The revenue recognition policy is described in Note 1.1.7 “Revenue”.

Costs incurred on orders for specific tooling and molds subject to a customer contractual payment agreement are considered as sold and recognized in inventories. Related income is recognized in “Revenue” based on the percentage of the total cost incurred on the date of technical acceptance, or, at the latest, on the first day of series production. Amounts received prior to these dates are recorded under “Customer prepayments”.

Development hours financed by the customer under “development unit” pricing and not covered by a customer contractual volume undertaking or payment guarantee are recognized under intangible assets in progress during the development phase.

These capitalized development amounts are amortized when daily output reaches 30% of estimated production and, at the latest, three months after the first day of series production. Amortization is calculated on a straight-line basis over the estimated period of series production, which averages three years for body parts and five years for fuel systems.

Other research and development costs

Other research and development costs are recognized under expenses for the period in which they are incurred.

1.1.11.2. Other intangible assets

Other intangible assets are measured at cost less accumulated amortization and impairment losses. They are amortized on a straight-line basis over their estimated useful lives.

They mainly include “Plastic Omnium Auto Inergy” and “Ford-Milan” customer contractual relationships.

These assets are tested for impairment whenever there is objective evidence that they are impaired.

1.1.12. Start-up costs

Costs corresponding to start-up phases, including organization costs, are included in expenses in accordance with the pace at which they are incurred. They correspond to the use of new production capacities or techniques. As indicated in Note 1.1.9. pre-start-up costs for new plants are recognized under other operating expenses.

1.1.13. Goodwill and impairment tests

Plastic Omnium Group goodwill is not amortized but is tested for impairment at least once a year, at the year end, and on the interim balance sheet date if there is objective evidence of impairment.

Impairment tests are carried out at the level of each cash generating unit (CGU) or groups of units generating cash and cash equivalents, namely:

- “Automotive”
- “Environment” excluding “Signature”

The Group presents its segment information in two “reportable segments”, Automotive and Environment (see Note 3 “Segment information”), and information on goodwill is presented on the same basis. (See Note 5.1.1 “Goodwill”).

The carrying amount of each CGU’s assets (including goodwill) is compared with its recoverable amount. Recoverable amount is the higher of fair value less the costs to sell and value in use, determined by the discounted cash flow method.

Future cash flows are estimated based on the Group’s four-year business plan, revised where necessary to take into account the most recent market conditions. The terminal value is calculated by capitalizing projected cash flows for the last year covered by the business plan, using a long-term growth rate that reflects the outlook for the market concerned. The cash flow projections are then discounted.

The assumptions used to determine the discount rates take into account:

- an industry risk premium;
- an industry financing “spread” to value the cost of debt;
- the rates used by comparable companies in each segment concerned.

Sensitivity tests of a 0.5% increase in the discount rate or a reduction of 0.5% on the long-term growth rate or a reduction of 0.5% in the operating margin rate are regularly carried out.

Negative goodwill (badwill) is recorded in the income statement during the year of acquisition.

Goodwill is measured annually at cost, less any accumulated impairment losses. Impairment losses recognized on goodwill are irreversible.

1.1.14. Property, plant and equipment

Gross

Property, plant and equipment are initially recorded at acquisition cost, or production cost for assets manufactured by the Group (or by a subcontractor) for its own use, or at fair value in the case of assets acquired without consideration.

Gains and losses on intra-group sales or acquisitions of property, plant and equipment are eliminated in the consolidated financial statements.

Property, plant and equipment are subsequently recognized at their cost less accumulated amortization and accumulated impairment losses.

After initial recognition, property and industrial buildings are measured at depreciated cost. Maintenance and repair costs to restore or maintain the future economic benefits expected based on the asset's estimated level of performance at the time of acquisition are recognized as an expense as incurred.

Assets acquired under finance leases are recognized in property, plant and equipment at the lower of their fair value and the present value of future minimum lease payments. They are depreciated at the same rate as assets that are owned outright. Contracts classified as finance leases primarily concern industrial buildings, major functional assemblies such as paint lines and presses, and containers leased by the Environment business.

Depreciation

Property, plant and equipment are depreciated by the straight-line method over the following estimated useful lives:

Buildings and fixtures	20 - 40 years
Presses, blow molding and transformation	7 - 12 years
Machining, finishing and other equipment	3 - 7 years
Containers from the Environment business	8 years

Each significant part of a property asset or major functional assembly, such as a paint line, press or blow molding machine, is depreciated separately over its specific estimated useful life.

Impairment of property, plant and equipment

Property, plant and equipment are tested for impairment when the decision is made to cease production, to withdraw a product manufactured using the assets concerned or to close a facility.

1.1.15. Investment property

The elements in the "Investment property" section of the assets on the Group's balance sheet are not included in ordinary operations. These assets, which belong to the Group, correspond to real estate as follows:

- properties that are not occupied on the balance sheet date and whose use has yet to be decided;
- or properties held by the Group for their long-term appreciation, which are leased to third parties under operating leases.

The Group may select to use all or part of a property whose use has yet to be decided (in which case the relevant part is reclassified as owner-occupied property) or to lease it under one or more operating leases.

Investment property is measured at fair value at the balance sheet date, with changes in fair value recognized in profit or loss. The same accounting treatment is applied to the land on which the property is constructed. The land and buildings are valued at regular intervals as part of the year-end closing process by an independent appraiser. Between two valuations, the Group is kept informed of any material changes in the real estate market. The fair value determined by the appraiser is calculated by direct reference to observable prices in an active market (fair value level 2).

Properties or parts of properties previously classified under investment property and reclassified as operating property when the Group decides to use them for its own occupation are recognized at their carrying amount on the transfer date.

When properties are moved from the “Property, plant and equipment” category to the “Investment property” category, any difference between their carrying amount and their fair value on that date is accounted for as a revaluation.

1.1.16. Inventories and goods in process

1.1.16.1. Raw materials inventories and other supplies

Raw materials and supplies are measured at the lower of cost and net realizable value.

At year-end, a provision for impairment is recorded when the estimated selling price of the related finished products in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale, is less than the carrying amount of the raw materials or supplies.

1.1.16.2. Finished and semi-finished product inventories

Finished and semi-finished products are measured at standard production cost, adjusted annually. Cost includes raw materials and direct and indirect production costs. It does not include any administrative overheads or IT costs that are unrelated to production or any research and development or distribution costs. In addition, it does not include the cost of any below normal capacity utilization.

At each balance sheet date, the gross value of finished and semi-finished products is compared to their net realizable value, determined as explained above, and a provision for impairment is recorded when necessary.

1.1.17. Non-current and current borrowings

Current and non-current borrowings are valued using the amortized cost method and the effective interest rate.

1.1.18. Provisions for liabilities and charges

Provisions for contingencies and charges are recorded when the Group has obligations to third parties involving a likely outflow of resources in favor of these third parties, and no equivalent benefit is expected to be received by the Group. Losses identified on onerous contracts, i.e. contracts where the unavoidable costs of meeting the obligations under the contract exceed the expected economic gains from said contracts, are recognized under provisions. These provisions for contingencies and charges are recognized in current or non-current liabilities according to whether they are short- or medium-long term in nature.

The cost of downsizing plans is recognized in the period in which a detailed plan is drawn up and announced to the employees concerned or their representatives.

1.1.19. Provisions for pensions and other post-employment benefits

All Group employees are covered by pension and other long-term post-employment benefit plans. Pension plans comprise both defined contribution and defined benefit plans.

1.1.19.1. Defined contribution plans

The cost of defined contribution plans, corresponding to salary-based contributions to government-sponsored pension and death/disability insurance plans made in accordance with local laws and practices in each country is recognized in operating expense. The Group has no legal or constructive obligation to pay any additional contributions or any future benefits. Consequently, no benefit obligation is recognized in respect of these defined contribution plans.

1.1.19.2. Defined benefit plans

The Group's defined benefit plans are mainly post-employment benefit plans, consisting of length-of-service awards payable to employees of the French companies in the Group and:

- other pension and supplementary pension plans, mainly in the United States and France;
- plans for health insurance coverage in the United States.

Provisions for employee defined benefit plans are calculated on an actuarial basis by independent actuaries using the projected unit credit method.

The calculations take into account:

- retirement age assumptions based on legislation and, in particular for French employees, voluntary retirement when full benefit rights have been acquired;
- mortality assumptions;
- the probability of active employees leaving the Group before retirement age;
- estimated salary increases up to retirement;
- discount rate and inflation rate assumptions.

In the case of funded defined benefit plans, the obligations are deducted from the fair value of plan assets at the reporting date. This valuation builds in long-term profitability assumptions of invested assets calculated on the basis of the discount rate used to value Company commitments.

Changes in provisions for defined benefit obligations are recognized over the benefit vesting period, under "Operating expenses" in the income statement, except for:

- the effect of discounting the commitments, which is recognized in financial expense;
- actuarial gains and losses on post-employment benefit obligations, which are recognized in equity.

1.1.19.3. Other long-term benefits

Other long-term benefits mainly correspond to long-service awards payable to employees of French companies in the Group.

Actuarial gains and losses on "Other long-term benefit plans" (mainly long-service awards) are recognized immediately in profit or loss.

1.1.20. Current government grants

Government grants are recognized as a liability in the balance sheet and correspond to grants to finance investments in new facilities, production equipment or research and development programs.

They are reclassified in gross profit over the periods and in the proportions in which the acquired assets are depreciated.

1.1.21. Treasury stock

Treasury stock is recorded as a deduction from equity, regardless of the purpose for which the shares are being held.

Proceeds from sales of treasury stock are recorded directly as an increase in the Group's equity and gains or losses on the sales therefore have no impact on profit for the year.

1.1.22. Stock option plans

Options allocated under share purchase and subscription option plans are measured at their fair value at the date of grant by the Board of Directors, using the Black & Scholes option pricing model.

The fair value is recognized in "Employee benefits expense" on a straight-line basis over the option vesting period, with a corresponding adjustment to reserves.

When options are exercised, the cash amount received by the Group for the exercise price is recorded in cash and cash equivalents with a corresponding adjustment to consolidated reserves.

1.1.23. Financial assets (other than derivatives)

Financial assets include equity interests in companies that are not consolidated because they are not controlled by the Group (either alone or jointly with a partner) or because the Group does not exercise significant influence over their management, as well as loans and securities.

Financial assets are classified as non-current assets, except for assets maturing within twelve months of the balance sheet date which are recorded under current assets or cash equivalents, as appropriate.

1.1.23.1. Available-for-sale financial assets

Equity interests in companies over which the Group does not exercise control or significant influence are classified as available-for-sale financial assets. They are measured at their fair value at the closing date. Changes in fair value are directly recorded in equity. An impairment is recorded in the income statement when there is objective evidence that these securities have lost value. A significant or prolonged drop in the fair value with reference to the acquisition value is objective evidence of a loss in value. This impairment cannot be written back.

1.1.23.2. Other financial assets

Other financial assets comprise loans, security deposits and surety bonds. They are measured at amortized cost. Whenever there is any objective evidence of impairment – i.e. a negative difference between the carrying amount and the recoverable amount – an impairment provision is recognized through profit or loss. These provisions may be reversed if the recoverable amount subsequently increases.

1.1.24. Derivative instruments and hedge accounting

In order to manage its interest rate risk, the Group uses over the counter derivatives. These hedging instruments are recognized and measured in the balance sheet at fair value.

Changes in the fair value of instruments described as "Cash flow hedges" are recorded under "Other comprehensive income" (equity) for the efficient parts and under "Net financial income" for the inefficient parts.

Changes in the fair value of instruments that do not qualify for hedge accounting are recognized directly in profit or loss.

1.1.25. Cash and cash equivalents

Cash and cash equivalents presented in the statement of cash flows are short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value. Cash comprises cash at bank and in hand, short-term deposits and bank balances in credit, except for funds used to cover short- or medium-term cash needs arising in the ordinary course of business. The latter are considered to represent sources of financing and, as such, are excluded from cash and cash equivalents. Cash equivalents correspond to the temporary investment of surplus cash in instruments with short maturities (money market mutual funds, negotiable debt securities, etc.). Changes in their fair value are recognized in profit or loss.

1.1.26. Assets held for sale and discontinued operations

The following items are classified as “Assets held for sale” on the balance sheet, as soon as the assets or groups of assets are available for sale in their current state and the sale is highly probable:

- non-current assets that are being held pending their sale;
- groups of assets that are being held pending their sale rather than for continuing use (disposal groups); and
- businesses or entities acquired with a view to their subsequent sale.

Liabilities related to these assets, groups of assets, activities or entities held for sale are also presented as a separate item under liabilities in the balance sheet: “Liabilities directly related to assets held for sale”.

Assets (or disposal groups) classified as held for sale are no longer depreciated. They are measured at the lower of their carrying amount and selling price, less costs to sell. Any impairment losses are recognized by the Group in “Other operating expense”.

In the balance sheet, data related to “Assets held for sale and discontinued operations” shown separately in the financial statements do not give rise to a restatement of prior years in terms of presentation.

In the income statement, the profit/loss (from the period and from sale) of business operations or entities that meet the definition of a discontinued operation are reported as a separate line item entitled “Net income from discontinued operations” in each of the fiscal years presented.

1.1.27. Income tax

Deferred taxes related to temporary differences between the carrying amount of assets and liabilities on the balance sheet and their tax base are recognized by the Plastic Omnium Group without discounting.

Deferred taxes are calculated using the liability method based on the most recent enacted tax rate (or the rate substantively enacted) at the balance sheet date that is applicable to the period in which the temporary differences reverse.

Tax credits and deferred tax assets on tax loss carryforwards and other temporary differences are only recognized when it is probable in the relative near term that sufficient taxable earnings will be generated to permit their utilization.

1.2. Use of estimates

In order to prepare its financial statements, the Plastic Omnium Group uses estimates and assumptions to value certain assets, liabilities, income, expenses and commitments. These estimates and assumptions are reviewed by senior management at regular intervals. The amounts shown in the future financial statements of the Group may reflect changes in these estimates or assumptions in consideration of experience or changes in circumstances or economic conditions.

As a general rule, estimates and assumptions used during the fiscal year are based on the latest available information on the balance sheet date. Estimates may be revised depending on developments in the underlying assumptions. The assumptions used mainly concern:

Deferred taxes

The recognition of deferred tax assets depends on the probability of sufficient taxable earnings being generated to permit their utilization. The Group makes regular estimates of future taxable earnings, mainly in its medium-term business plans. These estimates take account of the recurring or non-recurring nature of certain losses and expenses.

Provisions for pensions and other post-employment benefits

The Group, assisted by independent actuaries, adopts assumptions for actuarial valuations in respect of its defined benefit pension plans (see Notes 1.1.19 and 5.2.6 “Provisions for pensions and other post-employment benefits”) concerning:

- discount rates for pension and other long-term benefit plans;
- rates of growth in healthcare costs for the United States;
- expected employee turnover and future salary increases.

Asset impairment tests

Asset impairment tests are conducted notably on goodwill and on development costs for Automotive projects recognized as intangible assets. Within the framework of these tests, in order to determine the recoverable value, the concepts of fair value net of disposal costs and value in use obtained by the discounted cash flow method are used. These tests are based on assumptions concerning future flows of operational cash and cash equivalents and the discount rate. Assumptions that could significantly impact the financial statements concern in particular the discount rate and growth rates.

2. SIGNIFICANT EVENTS OF THE PERIOD

2.1. Acquisitions:

2.1.1. Acquisition of the “Exterior Systems” business of the Faurecia Group

2.1.1.1. Information on the acquisition

On July 29, 2016, Compagnie Plastic Omnium acquired a 100% interest in entities constituting Faurecia’s “Exterior Systems” business, based on an enterprise value of €665 million. This acquisition was supported by a commitment, given at the request of the European Commission, to dispose of four French sites, one Spanish site and two front-end module assembly sites in Germany. On December 23, 2016, Compagnie Plastic Omnium received a firm offer from the American group Flex-N-Gate to purchase the sites implicated by the European Commission decision on the basis of an enterprise value of €200 million.

Half of the revenue from the bumper business acquired is generated in Germany where the Plastic Omnium Group previously had no exterior body systems production activity. This has enabled the Group to expand its portfolio of new customers, forging new links with Audi, Mercedes and Ford and strengthening relationships with, in particular, Volkswagen, Seat and PSA, BMW and Fiat Chrysler Automobiles (FCA).

The Group has thus confirmed its position as world leader in auto exterior systems with its global market share reaching 15%.

In fact, this acquisition has created more widespread industrial coverage:

- five new plants in Germany which is now the country that is the largest contributor to revenue for the Auto Exterior Division and for the Group;
- three additional plants in Spain where the Group has doubled the presence of the Auto Exterior Division;
- and one plant, in Slovakia, Belgium and the Americas, respectively.

Lastly, this acquisition increases the size of the Auto Exterior Division by 50%, and adds an R&D center with three hundred employees in Germany to the one thousand three hundred engineers around the world who are already developing systems for this division that are lighter, more aerodynamic and more integrated. This increases the capacity for innovation and growth to meet the challenges to come from advances in technology.

2.1.1.2. Acquisition share price

Key figures regarding the acquisition are summarized below:

	<i>In thousands of euros</i>	Common information
Enterprise value		665,000
Opening gross balance sheet Borrowings of activities retained at the date of acquisition (and before adjustments) ⁽¹⁾		142,525
Acquisition share price ⁽¹⁾		511,030

(1) The acquisition agreement includes a price adjustment clause.

Regarding the closure of the Consolidated Financial Statements as of December 31, 2016, no reduction in the price has been made in determining the acquisition price given uncertainty in the amount.

2.1.1.3. Key data as of the date of consolidation with the Plastic Omnium Group

Key acquisition data on the scope retained by Plastic Omnium Group are summarized below:

Some key information on the closing date		Plastic Omnium Group subsidiaries and associates
Number of sites/plants	<i>In units</i>	11
Number of R&D centers	<i>In units</i>	4
Number of legal entities	<i>In units</i>	7
Workforce	<i>In units</i>	4,666
2016 full-year Consolidated revenue	<i>In thousands of euros</i>	1,046,270
% of Plastic Omnium 2016 Consolidated revenue restated for the acquisition ⁽¹⁾	%	16.1%
Equity acquired (before appropriation of the acquisition cost)	<i>In thousands of euros</i>	91,915

(1) 2016 Group full-year revenue restated for the acquisition of the "Faurecia Exterior Systems" business (see Note 2.1.1.5) stands at:

* €6,490,951 thousand

2.1.1.4. Recognition of the acquisition in Plastic Omnium Group financial statements

This transaction is recognized according to IFRS 3R "Business combinations".

Entities under exclusive control are consolidated using the full consolidation method as of the date when control was taken, July 29, 2016. At December 31, 2016, the Group's consolidated figures comprise five months of operations between August and December.

Operations acquired for which the Group has made a divestment commitment are shown under "Assets and liabilities held for sale" at December 31, 2016, on the basis of the firm offer received from Flex-N-Gate.

Assets and liabilities acquired are recognized at their fair value on July 29, 2016 in the accounts at December 31, 2016 on the basis of an initial estimate to be finalized in the twelve months after the vesting date.

In particular, the allocation adjustments on the opening balance sheet of the acquisition price covers:

- contractual customer relationships;
- impairments of intangible assets and property, plant and equipment, mainly paint lines;
- provisions for risks, expenses, other contingent liabilities and other risks;
- provisions for loss-making contracts;
- related deferred tax liabilities and deferred tax assets;

Provisional appropriation of the "Faurecia Exterior Systems" business acquisition cost				
<i>In thousands of euros</i>	Plastic Omnium Group subsidiaries and associates	Goodwill	Entities covered by IFRS 5 "Assets and Liabilities held for sale"⁽¹⁾	Total Plastic Omnium Group
<i>Equity acquired</i>	91,915			
<i>Impairment of intangible assets and property, plant and equipment (of which: paint lines)</i>	(24,249)			
<i>Provisions for risks, expenses, contingent liabilities and other risks</i>	(32,551)			
<i>Provisions for loss-making contracts</i>	(27,378)			
<i>Other</i>	1,721			
<i>Contractual customer relationships</i>	40,000			
<i>Deferred taxes</i>	38,617			
Equity acquired (after adjustments)	88,075			88,075
Goodwill		260,955 ⁽²⁾		260,955
Available-for-sale net assets			162,000	162,000
Appropriation of the acquisition cost	88,075	260,955	162,000	511,030 ⁽³⁾

(1) Assets concerned by the disposal commitment demanded of the Plastic Omnium Group by the European Commission. These assets are measured at fair value, corresponding to the sale price estimated on the basis of the firm acquisition offer received from Flex-N-Gate.

(2) Total goodwill includes \$57.9 million (€52.3 million) of deductible goodwill.

(3) See Note 2.1.1.2 on the acquisition cost.

2.1.1.5. Opening balance sheet for Faurecia Exterior Systems business

The provisional opening balance sheet, after recognition of the provisional adjustments referred to in Note 2.1.1.4 "Recognition of the acquisition in Plastic Omnium Group financial statements", for the portion integrated into the Group, is shown below. Pursuant to IFRS3R this balance sheet will be finalized within 12 months of the acquisition date, July 29, 2017:

	July 29, 2016
In thousands of euros	Opening balance sheet
ASSETS	
Goodwill ⁽¹⁾	260,955
Other intangible assets	64,361
Property, plant and equipment	189,713
Available-for-sale financial assets	734
Deferred tax assets	58,485
TOTAL NON-CURRENT ASSETS	574,248
Inventories	102,352
Trade receivables	133,504
Other receivables	10,824
Other financial assets and financial receivables	-
Cash and cash equivalents	9,480
TOTAL CURRENT ASSETS	256,160
Assets held for sale	162,000
TOTAL ASSETS	992,408
EQUITY AND LIABILITIES	
Consolidated reserves	511,030
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	511,030
Attributable to non-controlling interests	-
TOTAL EQUITY	511,030
Non-current and current borrowings	16,588
Provisions for pensions and other post-employment benefits	852
Provisions for liabilities and charges	38,729
Current government grants	101
Deferred tax liabilities	25,692
TOTAL NON-CURRENT LIABILITIES	81,962
Non-current and current borrowings	137,797
Other current debt	3,473
Provisions for liabilities and charges	12,239
Trade payables	146,527
Other operating liabilities	99,380
TOTAL CURRENT LIABILITIES	399,416
Liabilities related to assets held for sale	-
TOTAL EQUITY AND LIABILITIES	992,408
Gross debt	(157,124)
Net cash and cash equivalents	9,480
Net debt	(147,644)

Provisional goodwill represents, in particular, anticipated industrial and innovation synergies and, as mentioned before, profits expected from new relationships with Audi, Mercedes and Ford or from strengthened ties with Volkswagen, Seat, PSA, BMW and Fiat Chrysler Automobiles.

2.1.1.6. Contribution to the Plastic Omnium Group Income Statement

The contribution of the "Exterior Systems" business since the acquisition date of July 29, 2016, corresponding to five months of business from July 30, to December 31, 2016, is shown below:

2016 - Consolidated financial statements								
In thousands of euros	Plastic Omnium Group not including "Faurecia Exterior Systems Business"		% of Plastic Omnium Group revenue	"Faurecia Exterior Systems Business"		% of Plastic Omnium Group revenue	Plastic Omnium Group Total	
	Totals	%		Totals	%		Totals	%
Consolidated revenue	5,444,681	100.0%	93.0%	412,570	100.0%	7.0%	5,857,251	100.0%
Operating margin	540,201	9.9%	9.2%	17,554	4.3%	0.3%	557,755	9.5%
Profit from continuing operations before income tax and after share of profits of associates and joint ventures	389,851	7.2%	6.7%	14,744	3.6%	0.3%	404,595	6.9%

If the acquisition had taken place on January 1, 2016, the contribution of the business acquired to the Group's main financial data would have been shown below. The assumptions used to prepare this data are as follows:

The contribution over twelve months corresponds to the sum:

- of the contribution to the Group consolidated financial statements since the acquisition date (from July 30 to December 31, 2016);
- and the estimated contribution from January 1, to July 29, 2016.

The estimated contribution from January 1 to July 29, 2016 was determined on the basis of the following:

- Faurecia's main financial data over the period, adjusted by changes in cost structure (Faurecia management fees, Exterior Systems Management, etc.);
- extrapolation over twelve months of the impact of allocating the acquisition cost with, in particular, recognition:
 - of the amortization of contractual customer relationships over twelve months,
 - of the neutralization of negative gross margin from loss-making contracts for which impairment provisions were recognized in the opening balance sheet,
 - of the neutralization of the depreciation of property, plant and equipment concerned by the impairments recorded in the opening balance sheet.

2016 - with full-year "Faurecia Exterior Systems Business"								
In thousands of euros	Plastic Omnium Group not including "Faurecia Exterior Systems Business"		% of Plastic Omnium Group revenue	"Faurecia Exterior Systems Business"		% of Plastic Omnium Group revenue	Plastic Omnium Group Total	
	Totals	%		Totals	%		Totals	%
Consolidated revenue	5,444,681	100.0%	83.9%	1,046,270	100.0%	16.1%	6,490,951	100.0%
Operating margin	540,201	9.9%	8.3%	41,454	4.0%	0.6%	581,655	9.0%
Profit from continuing operations before income tax and after share of profits of associates and joint ventures	389,851	7.2%	6.0%	32,644	3.1%	0.5%	422,495	6.5%

2.1.2. Acquisition of the minority stake in the German company RMS Rotherm Maschinenbau GmbH

On January 27, 2016 the Group acquired the stake in the German-based RMS Rotherm Maschinenbau GmbH from its partners. Under the terms of the transaction, ownership is transferred immediately, giving the Group 100% of the company.

Since the company was already controlled by the Group (*see impact in the Statement of cash flows - Note reference 5.1.14.1-b*), the method of consolidation remains unchanged.

The impact of this acquisition of non-controlling interests on 2016 consolidated equity will be -€1,812 thousand.

The corporate name "RMS Rotherm Maschinenbau GmbH" was changed to "Plastic Omnium Systems GmbH".

2.1.3. Investment in the Israeli company, "PO-CellTech"

The Plastic Omnium Group signed a partnership agreement with the Israeli company, "ELBIT Systems" to form a start-up, PO-CellTech, in Caesarea in Israel, focusing on fuel cells and super-condensers. As at December 31, 2016, the company employs 26 employees and should raise this to approximately 40 employees in the long-term.

Plastic Omnium contributes its automotive know-how to electronic systems and fluids management. Investment stands at €16 million and the Group have a 20% holding in the partnership with joint control.

The partner, "ELBIT Systems", contributes both the building that accommodates the research activity as well as existing patents and developments in respect of a fuel cell with very low precious metal content and a new range of super-condensers. It has an 80% holding in the newly formed company.

PO-CellTech is recognized in the Group's financial statements using the equity method, in view of the joint control exercised. The provisional appropriation of the acquisition cost generated goodwill of €12 million. See Notes 4.5 and 5.1.6 on the impact of "Investments in associates and joint ventures" in the Income Statement and Balance Sheet.

2.2. Investments and Site Openings:

2.2.1. Planned opening of an innovation and high-tech operations center: *Δ-Deltatech*

In the 2nd half of 2016, the Group launched its plan to build an innovation and high-tech operations center focusing on new energies, *Δ-Deltatech* in Brussels, Belgium with a total investment of €50 million. The center will employ two hundred engineers. It is due to open in early 2019.

This new center is part of the Automotive segment's "Fuel systems" division.

At December 31, 2016, cumulative investment stands at €1.3 million, including:

- €0.4 million in 2015;
- €0.9 million in 2016.

The costs related to this project and recognized in the 2016 income statement were immaterial.

2.2.2. Inauguration in León, Mexico of a "fuel systems" division plant, and start of production

The Group opened a new site in León, Mexico during the second half-year 2016, on around ten hectares of land, with a plant surface area of fifteen thousand square meters. Production started in September 2016. Reporting to the "fuel systems" division of the Automotive sector, the plant produces fuel tanks for General Motors and Fiat Chrysler Automobiles.

The site has around sixty employees.

At December 31, 2016, cumulative investment stands at €30.6 million, including:

- €12.8 million in 2015
- €17.8 million in 2016

2.2.3. Investments in production capacity: the Warrington plant in the United Kingdom

Construction of a plant in Warrington in the United Kingdom launched in the first half of 2015 has now been completed. Part of the Auto Exterior Branch of the Automotive division, it has produced exterior body parts for the carmaker Jaguar Land-Rover since June 2016.

As of December 31, 2016, cumulated investment stands at €80.8 million (£61.1 million) including:

- €19.9 million (£16.2 million) in 2016;
- €52.8 million (£38.3 million) in 2015;
- €8.1 million (£6.6 million) in 2014.

2.3. Disposals of entities, real estate assets and site closures:

Regarding the sales of "Sulo Emballagen GmbH" in Note 2.3.3 and "Signature Ltd" in Note 2.3.2, as of June 30, 2016, these two companies were not classified as "Assets and liabilities held for sale" because their sales were not highly probable.

2.3.1. Disposal of Auto Exterior division truck business

The Group is withdrawing from its Automotive segment Auto Exterior division truck business. On November 18, 2016, it received a firm purchase offer from the German group “Mutares” which specializes in the acquisition of companies in turnaround.

Truck operations at Plastic Omnium involve the design and manufacture of body and structural parts for the truck industry. It has around 1,500 employees and revenues of €190 million in 2015.

The disposal concerns nine sites, including five in France, one in Germany, one in Mexico and two in China (*see the note on the “List of consolidated entities” at the end of the document for companies that are to be sold in their entirety and those whose “Truck” business alone will be sold off*).

This disposal plan has to be submitted to procedures in connection with staff representation bodies in the countries concerned and then to the competent Competition Authorities. Finalization is planned for 2017.

At December 31, 2016, in accordance with IFRS5, this activity is presented in the balance sheet under “Assets and liabilities held for sale” (*Note 5.1.16*), in consideration of the impact of the probable realizable value. *See Note 4.6. “Other operating income and expenses”*. A loss on disposal of €12 million is expected on the sale.

2.3.2. Disposal of the English Environment division company, “Signature Ltd”

On August 3, 2016, the Plastic Omnium Group sold its English subsidiary, “Signature Ltd”, specializing in highway signage, to the “Hill & Smith Holdings PLC” Group in the United Kingdom for €13.8 million. This company is part of the Environment division.

The transaction resulted in the recognition of a loss of €10.8 million (*See Note 4.6. “Other operating income and expenses”*) corresponding to Group equity of €24.6 million in the consolidated financial statements.

2.3.3. Disposal of the German Environment division company, “Sulo Emballagen GmbH”

On September 30, 2016, the Plastic Omnium Group sold its German subsidiary “Sulo Emballagen GmbH”, specializing in the production and sale of metal containers for the chemical industry, to the “Fields” Group. This company was part of the Environment division.

The transaction resulted in the recognition of a profit of €0.7 million (*See Note 4.6. “Other operating income and expenses”*) bringing Group equity to €1.1 million in the consolidated financial statements.

At the same time as this transaction, the Group also proposed for sale administrative and industrial buildings associated with “Sulo Emballagen GmbH” for sale. The transaction was completed in January 2017. (*See Note 7.6 “Events after the financial year closure “Sale of the “Sulo Emballagen GmbH” headquarters in Herford in Germany”*).

2.3.4. Closure of the Laval “Fuel systems” division production site

Following the decline in volume at its fuel systems production plant in Laval (Mayenne in France) since 2011, without prospects for turnaround, the Group announced the closing of the site on January 8, 2016. Accordingly, a provision for restructuring was recognized in the financial statements (*See Notes 4.6 “Other operating income and expenses” and 5.2.5 “Provisions for liabilities and charges”*).

The Group has decided to put the plant up for sale. It has been reclassified under “Assets and liabilities held for sale” based on its realizable value (*5.1.16*), giving rise to the recording of an exceptional amortization of €1.6 million (*see note 4.6 “Other operating income and expenses”*).

2.3.5. Closure of the Norcross “Auto Exterior” division bumper production site

On October 19, 2016, the Group announced its intention to close the bumper production plant (operated by the American company, "Plastic Omnium Auto Exteriors LLC", part of the Automotive segment “Auto Exterior” division) in Norcross in Georgia as a result of under capacity. Production at this plant is in the process of being transferred to the Chattanooga (Tennessee) and Anderson (South Carolina) plants. The transfer will be complete in early 2017.

The Norcross plant employs 71 people. They will be redeployed to other Group sites or will receive post-employment benefits. The impact in the income statement amounts to €2.0 million (equivalent to \$2.2 million). (see Note 4.6 “Other operating income and expenses” and 5.2.5 “Provisions for liabilities and charges”).

2.4. Financing Activities

2.4.1. Partial repayment of the 2012 “Schuldschein” private placement

On June 17 and 27, 2016, the Group repaid in advance the variable portion of the “Schuldschein” private placement made with private investors in France and abroad, in the amount of €74 million. (See Note 5.2.7.2 “Borrowings: private placement notes and bonds”).

This repayment was accompanied by new financing at a lower interest rate and longer maturity, details of which are provided in Note 2.4.2 “New private placement made” below.

2.4.2. New private placement made

On June 17, 2016 the Group carried out new financing in the form of a “Schuldschein” private placement with private investors abroad, primarily in Asia, Germany, the Netherlands, Switzerland, Luxembourg and Belgium, for an amount of €300 million.

The features of this investment are given in Note 5.2.7.2 “Borrowings: private placement notes and bonds”.

2.4.3. Issuance of commercial paper

In September 2016, the Group issued commercial paper to European investors. On December 31, the amount was €12 million.

Details of these issuances are provided in note 5.2.7.3 “Medium term borrowings: issuance of commercial paper.”

2.5. Transactions on the capital of the Plastic Omnium Company:

2.5.1. Compagnie Plastic Omnium equity reduction

On February 24, 2016 the Board of Directors of Compagnie Plastic Omnium voted to cancel 1,100,000 treasury shares, or 0.72% of the share capital. This operation took effect March 21, 2016.

The share capital of Compagnie Plastic Omnium, consisting of shares with a par value of €0.06, was thus brought to €9,148,603.20. See note 5.2.1.1 “Share capital of Compagnie Plastic Omnium”.

This operation brings the equity interest of the parent company, the Burelle SA holding company, to 57.01% of the share capital before cancellation of Treasury shares.

3. SEGMENT INFORMATION

3.1. Information by operating segment

The Group is divided into two operating segments: Automotive and Environment.

The Group uses the notion of economic sales (revenue) for its operational management, which corresponds to the consolidated revenue of the Group and its joint ventures at their ownership percentage: HBPO, a German company and world leader in front-end modules, Yanfeng Plastic Omnium, the Chinese leader in exterior body parts, BPO, a major player in the Turkish market for exterior equipment, and Plastic Recycling, a specialist company in plastics recycling.

The columns in the tables below show the amounts for each segment. The “Unallocated items” column groups together inter-segment eliminations and amounts that are not allocated to a specific segment (e.g. holding company activities) so as to reconcile segment information to the Group’s financial statements. Financial results, taxes and the share of profit/(loss) of associates are monitored by the Group and not allocated to the segments. Inter-segment transactions are carried out on an arm’s length basis.

3.1.1. Income statement by operating segment

In thousands of euros	2016			
	Automotive	Environment	Unallocated items ⁽³⁾	Total
Economic sales (revenue)⁽¹⁾	6,566,823	368,909	-	6,935,732
<i>Including Revenue from joint ventures at the Group's percentage stake</i>	<i>1,078,481</i>	-	-	<i>1,078,481</i>
Sales to third parties	5,488,424	368,977	(150)	5,857,251
Sales between segments	(82)	(68)	150	-
Consolidated sales (revenue)	5,488,342	368,909	-	5,857,251
<i>% of segment revenue - Total</i>	<i>93.7%</i>	<i>6.3%</i>		<i>100.0%</i>
Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures	503,100	24,438	-	527,537
<i>% of segment revenue</i>	<i>9.2%</i>	<i>6.6%</i>		<i>9.0%</i>
Amortization of intangible assets acquired in business combinations	(21,583)	-	-	(21,583)
Share of profit/(loss) of associates and joint ventures	51,801	-	-	51,801
Operating margin⁽²⁾	533,318	24,438	-	557,755
<i>% of segment revenue</i>	<i>9.7%</i>	<i>6.6%</i>		<i>9.5%</i>
Other operating income	25,355	9,506	-	34,861
Other operating expenses	(77,335)	(42,799)	-	(120,134)
<i>% of segment revenue</i>	<i>-0.9%</i>	<i>-9.0%</i>		<i>-1.5%</i>
Finance costs, net				(58,859)
Other financial income and expenses, net				(9,027)
Profit/(loss) from continuing operations before income tax and after share in associates and joint ventures				404,595
Income tax				(86,307)
Net income				318,288

In thousands of euros	2015			
	Automotive	Environment	Unallocated items ⁽³⁾	Total
Economic sales (revenue)⁽¹⁾	5,596,732	385,767	-	5,982,499
<i>Including Revenue from joint ventures at the Group's percentage stake</i>	<i>972,604</i>	-	-	<i>972,604</i>
Sales to third parties	4,624,217	385,828	(150)	5,009,895
Sales between segments	(89)	(61)	150	-
Consolidated sales (revenue)	4,624,128	385,767	-	5,009,895
<i>% of segment revenue - Total</i>	<i>92.3%</i>	<i>7.7%</i>		<i>100.0%</i>
Operating margin before amortization of intangible assets acquired in business combinations and before share of profit of associates and joint ventures	430,774	22,989	-	453,763
<i>% of segment revenue</i>	<i>9.3%</i>	<i>6.0%</i>		<i>9.1%</i>
Amortization of intangible assets acquired in business combinations	(18,795)	-	-	(18,795)
Share of profit/(loss) of associates and joint ventures	34,749	-	-	34,749
Operating margin⁽²⁾	446,728	22,989	-	469,717
<i>% of segment revenue</i>	<i>9.7%</i>	<i>6.0%</i>		<i>9.4%</i>
Other operating income	19,551	1,392	-	20,943
Other operating expenses	(89,936)	(6,505)	-	(96,441)
<i>% of segment revenue</i>	<i>-1.5%</i>	<i>-1.3%</i>		<i>-1.5%</i>
Finance costs, net				(53,646)
Other financial income and expenses, net				(2,532)
Profit/(loss) from continuing operations before income tax and after share in associates and joint ventures				338,041
Income tax				(75,200)
Net income				262,841

(1) Economic sales (revenue) correspond to the revenue of the Group and its joint ventures consolidated at their percentage of ownership.

(2) As of January 1, 2016, the CVAE ("Cotisation sur la valeur ajoutée"), a component of French business tax is shown at the level of income taxes and no longer in the gross margin/operating margin. The 2015 figures remain unchanged.

(3) "Unallocated items" correspond to inter-segment eliminations and amounts that are not allocated to a specific segment (for example, holding company activities). This column is included to enable segment information to be reconciled to the Group's financial statements.

3.1.2. Balance sheet data by operating segment

December 31, 2016				
In thousands of euros	Automotive	Environment	Unallocated items	Total
Net amounts				
Goodwill	432,520	98,557	-	531,077
Intangible assets	461,842	12,749	9,730	484,321
Property, plant and equipment	1,251,537	55,129	46,923	1,353,589
Investment property	-	-	93,263	93,263
Inventories	352,609	37,703	-	390,312
Trade receivables	765,681	42,066	1,877	809,624
Other receivables	301,935	10,614	34,611	347,160
Finance receivables ⁽¹⁾ (C)	59,915	2,636	-	62,551
Current accounts and other financial assets (D)	(663,931)	(6,150)	758,285	88,204
Available-for-sale financial assets - FMEA 2 (F)	-	-	30,451	30,451
Hedging instruments (E)	139	461	(101)	499
Net cash and cash equivalents ⁽²⁾ (A)	137,334	8,803	177,745	323,882
Total segment assets	3,099,581	262,568	1,152,784	4,514,933
Borrowings (B)	128,802	1,392	1,175,338	1,305,532
Segment liabilities	128,802	1,392	1,175,338	1,305,532
Segment net debt = (B-A-C-D-E-F)⁽³⁾	595,345	(4,358)	208,958	799,945
December 31, 2015				
Goodwill	168,225	119,271	-	287,496
Intangible assets	355,491	15,943	9,730	381,164
Property, plant and equipment	1,035,158	63,783	50,274	1,149,215
Investment property	-	-	93,263	93,263
Inventories	305,564	41,849	-	347,413
Trade receivables	522,801	46,778	8,276	577,855
Other receivables	175,748	10,955	38,986	225,689
Finance receivables ⁽¹⁾ (C)	51,439	4,091	-	55,530
Current accounts and other financial assets (D)	(270,706)	(17,395)	343,154	55,053
Available-for-sale financial assets - FMEA 2 (F)	-	-	1,172	1,172
Hedging instruments (E)	253	-	1,305	1,558
Net cash and cash equivalents ⁽²⁾ (A)	115,245	6,071	525,949	647,265
Total segment assets	2,459,218	291,346	1,072,109	3,822,673
Borrowings (B)	101,907	3,695	922,495	1,028,097
Segment liabilities	101,907	3,695	922,495	1,028,097
Segment net debt = (B-A-C-D-E-F)⁽³⁾	205,676	10,928	50,915	267,519

(1) At December 31, 2016, "Finance receivables" included €28,633 thousand reported in the balance sheet under "Other non-current financial assets" against €36,697 thousand at December 31, 2015, and €33,918 thousand reported under "Finance receivables – current portion" against €18,833 thousand at December 31, 2015 (see Note 5.1.8. and 5.1.10.).

(2) Net cash and cash equivalents as reported in the statement of cash flows. See also Note 5.1.13.2 "Net cash and cash equivalents at end of period".

(3) See Note 5.2.7.1 "Net debt indicator used by the Group" and Note 5.2.7. 6 "Reconciliation of gross and net debt".

3.1.3. Other information by operating segment

2016 In thousands of euros	Automotive	Environment	Unallocated items	Total
Acquisitions of intangible assets	147,974	1,188	1,958	151,120
Capital expenditure including acquisitions of investment property	203,533	13,477	3,702	220,712
Depreciation and amortization expense ⁽¹⁾	(244,929)	(15,098)	(19,823)	(279,850)

2015 In thousands of euros	Automotive	Environment	Unallocated items	Total
Acquisitions of intangible assets	106,961	740	1,190	108,891
Capital expenditure including acquisitions of investment property	242,613	14,034	12,664	269,311
Depreciation and amortization expense ⁽¹⁾	(201,882)	(16,091)	(7,688)	(225,661)

This item corresponds to depreciation, amortization and impairments of property, plant and equipment and intangible

- (1) assets, including the amortization of intangible assets (primarily contractual customer relationships and, to a lesser extent, brands) acquired in business combinations.

3.1.4. Revenue – Information by geographic region and by country of sales

The following table shows revenue generated by the Group's subsidiaries in the regions or market countries indicated below:

3.1.4.1. Information by sales region

2016			2015		
In thousands of euros	Totals	%	In thousands of euros	Totals	%
France	780,667	11.3%	France	746,508	12.5%
North America	1,810,489	26.1%	North America	1,683,288	28.1%
Europe excluding France	2,884,100	41.6%	Europe excluding France	2,333,553	39.0%
South America	198,389	2.9%	South America	162,317	2.7%
Africa	73,722	1.1%	Africa	55,497	0.9%
Asia	1,188,365	17.0%	Asia	1,001,336	16.7%
Economic revenue	6,935,732	100%	Economic revenue	5,982,499	100%
<i>Including Revenue from joint ventures at the Group's percentage stake</i>	1,078,481		<i>Including Revenue from joint ventures at the Group's percentage stake</i>	972,604	
Consolidated revenue	5,857,251		Consolidated revenue	5,009,895	

3.1.4.2. Revenue for the first ten contributing countries

2016			2015		
In thousands of euros	Totals	%	In thousands of euros	Totals	%
United States	1,307,320	18.8%	United States	1,161,243	19.4%
Germany	1,024,057	14.8%	Germany	748,501	12.5%
France	780,667	11.3%	France	746,508	12.5%
China	633,909	9.1%	China	510,958	8.5%
Spain	517,536	7.5%	Mexico	472,154	7.9%
United Kingdom	478,688	6.9%	United Kingdom	427,310	7.1%
Mexico	433,250	6.2%	Spain	384,507	6.4%
South Korea	263,002	3.8%	South Korea	244,124	4.1%
Slovakia	246,898	3.6%	Slovakia	233,974	3.9%
Poland	126,409	1.8%	Hungary	129,430	2.2%
Other	1,123,996	16.2%	Other	923,790	15.4%
Economic revenue	6,935,732	100%	Economic revenue	5,982,499	100%
<i>Including Revenue from joint ventures at the Group's percentage stake</i>	1,078,481		<i>Including Revenue from joint ventures at the Group's percentage stake</i>	972,604	
Consolidated revenue	5,857,251		Consolidated revenue	5,009,895	

3.1.4.3. Automotive segment revenue by automotive manufacturer

2016			2015		
Automotive manufacturers	Totals		Automotive manufacturers	Totals	
	In thousands of euros	% of total Automotive revenue		In thousands of euros	% of total Automotive revenue
Volkswagen - Porsche	1,272,421	19.4%	Volkswagen - Porsche	954,310	17.1%
General Motors	1,017,718	15.5%	General Motors	886,897	15.8%
PSA Peugeot Citroën	690,735	10.5%	PSA Peugeot Citroën	651,540	11.6%
Renault/Nissan	627,059	9.5%	Renault/Nissan	555,357	9.9%
BMW	536,026	8.2%	BMW	508,216	9.1%
Total – Main manufacturers	4,143,959	63.1%	Total – main manufacturers	3,556,320	63.5%
Other automotive manufacturers	2,422,894	36.9%	Other automotive manufacturers	2,040,412	36.5%
Total Automotive segment – Economic revenue	6,566,823	100.0%	Total Automotive segment – Economic revenue	5,596,732	100%
<i>Including Revenue from joint ventures at the Group's percentage stake Automotive Revenue sub-total</i>	1,078,481		<i>Including Revenue from joint ventures at the Group's percentage stake Automotive Revenue sub-total</i>	972,604	
Total Automotive segment - Consolidated revenue	5,488,342		Total Automotive segment - Consolidated revenue	4,624,128	

3.2. Non-current assets by country

In thousands of euros	France	Europe excluding France	North America	Asia	South America	Other ⁽¹⁾	Total
December 31, 2016							
Goodwill	412,606	90,075	28,396	-	-	-	531,077
Intangible assets	85,884	202,593	144,464	41,645	6,165	3,570	484,321
Property, plant and equipment	208,293	519,500	386,447	181,250	51,407	6,692	1,353,589
<i>of which capital expenditure for the year</i>	36,565	75,628	75,651	29,920	2,538	410	220,712
Investment property	93,263	-	-	-	-	-	93,263
<i>of which investment property</i>	-	-	-	-	-	-	-
Total non-current fixed assets	800,046	812,168	559,307	222,895	57,572	10,262	2,462,250

In thousands of euros	France	Europe excluding France	North America	Asia	South America	Other ⁽²⁾	Total
December 31, 2015							
Goodwill	149,951	109,785	27,496	264	-	-	287,496
Intangible assets	82,258	145,249	108,296	39,244	3,062	3,055	381,164
Property, plant and equipment	233,297	363,320	339,547	183,620	22,079	7,352	1,149,215
<i>of which capital expenditure for the year</i>	31,050	102,399	94,363	33,493	573	495	262,373
Investment property	93,263	-	-	-	-	-	93,263
<i>of which investment property</i>	6,938	-	-	-	-	-	6,938
Total non-current fixed assets	558,769	618,354	475,339	223,128	25,141	10,407	1,911,138

(1) "Other" includes South Africa and Morocco.

3.3. Property, plant and equipment (excluding investment property) by operating segment

In thousands of euros	Automotive	Environment	Unallocated items	Total
December 31, 2016				
Property, plant and equipment owned outright – carrying amount	1, 228,745	40, 151	46, 923	1, 315,819
Property, plant and equipment owned outright and under operating leases where the Group is lessor – carrying amount ⁽¹⁾	-	13, 824	-	13, 824
Property, plant and equipment leased under finance leases where the Group is lessee – carrying amount ⁽²⁾	22,792	-	-	22,792
Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor - carrying amount ⁽¹⁾⁽²⁾	-	1,154	-	1,154
Total Property, plant and equipment (excluding Investment property)	1,251, 537	55, 129	46, 923	1,353, 589

In thousands of euros	Automotive	Environment	Unallocated items	Total
December 31, 2015				
Property, plant and equipment owned outright – carrying amount	1,024,088	46,610	50,274	1,120,972
Property, plant and equipment owned outright and under operating leases where the Group is lessor – carrying amount ⁽¹⁾	-	14,005	-	14,005
Property, plant and equipment leased under finance leases where the Group is lessee – carrying amount ⁽²⁾	11,070	-	-	11,070
Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor - carrying amount ⁽¹⁾⁽²⁾	-	3,168	-	3,168
Total Property, plant and equipment (excluding Investment property)	1,035,158	63,783	50,274	1,149,215

(1) The sum of “Property, plant and equipment owned outright and leased under operating leases where the Group is lessor” and “Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor” corresponds to the value of “Property, plant and equipment leased under operating leases where the Group is lessor” (see corresponding sub-section of Note 5.1.3).

(2) See sub-section “Property, plant and equipment leased under finance leases where the Group is lessee” in Note 5.1.3.

4. NOTES TO THE INCOME STATEMENT

4.1. Analysis of research and development costs

The percentage of research and development costs is expressed in relation to revenue.

In thousands of euros	2016	%	2015	%
Research and development costs	(339,118)	-5.8%	(295,404)	-5.9%
Capitalized development costs and research and development costs billed to customers	193,378	3.3%	187,325	3.7%
Net research and development costs	(145,740)	-2.5%	(108,079)	-2.2%

4.2. Cost of sales, development, selling and administrative costs

In thousands of euros	2016	2015
Cost of sales includes:		
Raw materials (purchases and changes in inventory) ⁽¹⁾	(3,634,259)	(3,109,711)
Direct production outsourcing	(13,006)	(13,389)
Utilities and fluids	(88,854)	(79,395)
Employee benefits expense	(596,840)	(502,094)
Other production costs	(416,003)	(337,006)
Proceeds from the sale of waste containers leased to customers under operating leases ⁽²⁾	1,469	2,095
Carrying amount of waste containers leased to customers under operating leases ⁽²⁾	(1,706)	(1,586)
Depreciation	(148,450)	(122,181)
Provisions for liabilities and charges	14,941	(9,148)
Total	(4,882,708)	(4,172,415)
Research and development costs include:		
Employee benefits expense	(164,553)	(136,216)
Amortization of capitalized development costs	(84,758)	(59,968)
Other	103,571	88,105
Total	(145,740)	(108,079)
Selling costs include:		
Employee benefits expense	(37,877)	(40,414)
Depreciation, amortization and provisions	(156)	(175)
Other	(17,053)	(21,626)
Total	(55,086)	(62,215)
Administrative costs include:		
Employee benefits expense	(139,171)	(120,863)
Other administrative expenses	(96,993)	(84,720)
Depreciation	(10,260)	(9,949)
Provisions for liabilities and charges	244	2,109
Total	(246,180)	(213,423)

(1) Of which charges, reversals and provisions for impairment on inventories amounting to:

- -€1,965 thousand in 2016;
- -€2,174 thousand in 2015.

(2) See “Gains/(losses) on disposals of non-current assets” in Note 4.6 “Other operating income and expenses”.

4.3. Employee benefits expense

In thousands of euros	2016	2015
Wages and salaries	(690,904)	(585,620)
Payroll taxes ⁽¹⁾	(190,149)	(160,296)
Non-discretionary profit-sharing	(14,181)	(12,418)
Share-based compensation ⁽²⁾	(3,498)	(3,025)
Pension and other post-employment benefit costs	(1,602)	(798)
Other employee benefits expenses	(38,101)	(37,432)
Total employee benefits expense excluding temporary staff costs	(938,435)	(799,589)
Temporary staff costs	(125,884)	(109,540)
Total employee benefits expenses	(1,064,319)	(909,129)

(1) This item combines payroll taxes on stock purchase and option plans in the amount of:

- None in 2016 (no new plan);
- -€1,811 thousand (including -€592 thousand for executive corporate officers) in 2015.

(2) See note 5.1.3 "Share-based compensation"

4.4. Amortization of intangible assets acquired in business combinations

This item refers essentially to

- the amortization over seven years of "Inergy Automotive Systems" contractual customer relationships recognized during the acquisition in 2010 of 50% of Inergy Automotive Systems
- the amortization over nine years of contractual customer relationships recognized in 2011 on Ford's fuel systems business in the United States;
- the amortization over six years of contractual customer relationships recognized during the acquisition, on July 29, 2016, of the "Faurecia Group Exterior Systems" business (*see Note 2.1.1.5. "The opening balance sheet" at the cost recognized in the financial statements*).

In thousands of euros	2016	2015
Brands	(350)	(350)
Contractual customer relationships	(21,233)	(18,445)
Total amortization of intangible assets acquired in business combinations	(21,583)	(18,795)

4.5. Share of profit/(loss) of associates and joint ventures

The associates Chengdu Faway Yanfeng Plastic Omnium, Dongfeng Plastic Omnium Automotive Exterior and Hicom HBPO are included in the YFPO and HBPO joint ventures respectively.

Share of profit/(loss) of associates and joint ventures looks as follows:

In thousands of euros	% Interest	2016	2015
JV HBPO GmbH and its subsidiaries and associates	33.33%	14,393	12,731
JV Yanfeng Plastic Omnium and its subsidiaries	49.95%	31,130	12,668
B.P.O. AS	49.98%	9,323	9,543
Plastic Recycling SAS	50.00%	(157)	(189)
PO-CellTech ⁽¹⁾	20.00%	(2,883)	-
Total share of profit/(loss) of associates and joint ventures		51,801	34,749

(1) See Note 2.1.3 on investment in the Israeli company, PO-CellTech.

4.6. Other operating income and expenses

In thousands of euros	2016	2015
Pre-start-up costs at new plants ⁽¹⁾	(10,639)	(20,211)
Employee downsizing plans ⁽²⁾	(20,779)	(9,928)
Impairment of non-current assets ⁽³⁾	(14,777)	(14,498)
Provisions for charges ⁽⁴⁾	(1,519)	(4,268)
Litigation ⁽⁵⁾	(9,829)	(613)
Foreign exchange gains and losses on operating activities ⁽⁶⁾	(6,001)	(13,585)
Impact of acquisitions: related fees and expenses ⁽⁷⁾	(6,405)	(7,654)
Costs associated with the restructuring of the "Heavy Goods Vehicle" business	(1,167)	
Deconsolidation impact	(11,740)	-
<i>Of which gains or losses on the sale of securities^(a)</i>	(10,038)	
<i>Of which fees associated with disposals</i>	(1,702)	
Other ⁽⁸⁾	2,094	(3,345)
Gains/losses on disposals of non-current assets ^(a)	(4,511)	(1,396)
Total operating income and expenses	(85,273)	(75,498)
<i>- of which total other operating income</i>	34,861	20,943
<i>- of which total other operating expense</i>	(120,134)	(96,441)

In 2016:

(1) Pre-start-up costs at new plants:

All costs incurred in 2016 relate to the plants of the Auto Exterior division of the Automotive segment, primarily the Warrington plant in the United Kingdom, which has started the production of body parts for Jaguar Land-Rover (see note 2.2.3. "Investments in production capacity"), as well as the San Luis Potosi plant in Mexico.

(2) Employee downsizing plans:

Employee downsizing costs relate chiefly to restructuring and to the job protection plan for the following production sites:

- the Laval (Mayenne) “Fuel systems” division production site (*see Notes 2.3.4 “Closure of the Laval fuel systems production site” and 5.2.5 “Provisions for liabilities and charges”*);
- the Norcross “Auto Exterior” division production site in Georgia in the United States (*see Notes 2.3.5 “Closure of the Norcross bumper production site in the Auto Exterior division” and 5.2.5 “Provisions for liabilities and charges”*).

(3) Impairment of non-current assets:

Impairment of non-current assets mainly corresponds to:

- the provision of €12,000 thousand to take into account, at year-end, the estimated loss from the disposal of Auto Exterior Division truck operations (*See Note 2.3.1 “Disposal of Auto Exterior division truck operations”*) to be recognized at the closing date;
- the -€4,398 impairment on December 31, 2016, corresponding to the estimated loss from the sale of the "Sulo Emballagen GmbH" industrial and office buildings in Herford, Germany (transaction related to the disposal of "Sulo Emballagen GmbH". The disposal took effect on January 10, 2017 (*see Note 7.6 “Subsequent events”*));
- the -€1,600 thousand impairment corresponding to the estimated loss on the future disposal of the Laval plant (*see Note 2.3.4 “Closure of the Laval fuel systems production site”*);
- and reversals of provisions for impairment relating to various fixed asset disposals.

(4) Provisions for charges:

Provisions for charges chiefly cover the risk of customer returns under warranty for the Automotive division.

(5) Litigation:

The amounts in this item correspond to legal fees and expenses relating to several disputes involving the Environment division.

(6) Foreign exchange gains and losses on operating activities:

Virtually all foreign exchange losses over the year were attributable to the Automotive segment, and cover various currencies: Mexican peso, Argentinean peso, Polish zloty and the renminbi in Asia. Losses on all currencies break down as follows:

- 35.5% for the "Auto Exterior" Division;
- and 64.5% for the “Fuel Systems” Division.

(7) Impacts of acquisitions: related fees and expenses:

The Group has continued its acquisitions (*see Notes 2.1.1. “Acquisition of the “Exterior Systems” business of the Faurecia Group” and 2.1.2 “Acquisition of the minority stake in the German company RMS Rotherm Maschinenbau”, etc.*).

(8) Other:

This item essentially comprises an adjustment on third-party accounts of the Mexican subsidiary of Auto Exterior division of the Automotive segment.

In 2015:

(1) Pre-start-up costs at plants:

In the 2015 fiscal year, the Group had opened three new plants in Russia and North America (*See Notes 2.2.3 “Investment in manufacturing capacity” and 5.1.3 “Property, plant and equipment excluding investment property” to the consolidated financial statements published in 2015*). Pre-start-up costs concerned the Automotive sector and were broken down as follows:

- 91% for the “Auto Exteriors” division;
- and the remainder for the “Fuel Systems” division.

(2) Employee downsizing plans:

These primarily involved:

- the continued reorganization of the Automotive division’s Compiègne-Laval site in France;
- the restructuring of the Automotive division’s “Composite” business in China;
- the restructuring of the Environment division’s Neustadt site in Germany;
- and departure costs for a French subsidiary of the Environment division.

(3) Impairment of non-current assets:

This essentially covered depreciation of the property, plant and equipment of the Automotive division’s Composites business in France and China.

(4) Provisions for charges:

Provisions for charges covered the risk of customer returns under warranty for the Automotive division in Europe and Asia.

(5) Litigation:

Not significant

(6) Foreign exchange gains and losses on operating activities:

In fiscal year 2015, foreign exchange gains on transactions concerned:

- the “Auto Exteriors” division of the Automotive segment 34.5%;
- and the “Fuel Systems” division of the Automotive segment 62.4%.

The sharp variations were due to the fall in some currencies, mainly in South America.

(7) Impacts of acquisitions: related fees and expenses:

The Group had embarked upon several acquisitions (*see Notes 2.1.1 “Proposed acquisition of the Faurecia Group “Exterior Systems” business” and 7.6 “Subsequent events”, etc. to the consolidated financial statements published in 2015*).

(8) Other:

They include various non-material amounts.

(a) Gains/losses on disposals of non-current assets:

The breakdown of the disposals of non-current assets shown below explains the impact on non-current operating income of transactions in non-current assets and reconciles them with changes in the statement of cash flows:

- *proceeds from disposals of property, plant and equipment and intangible assets in the statement of cash flows include proceeds from disposals of assets reported under “Other operating income and expenses” and proceeds from waste containers leased to customers under operating leases reported under “Cost of sales” (see Note 4.2);*
- *and net (gains)/losses on disposals of non-current assets in the statement of cash flows include gains and losses from disposals of property, plant and equipment and intangible assets reported under “Other operating income and expenses” and gains and losses from waste containers leased to customers under operating leases (see Note 4.2). The details are as follows:*

In thousands of euros	2016		2015	
	Disposal proceeds	Gain/loss	Disposal proceeds	Gain/loss
Sales of waste containers included in operating margin	1,469	(237)	2,095	509
Total current sales of waste containers (see note 4.2)	1,469	(237)	2,095	509
Disposals of intangible assets	4	(631)	7,973	(195)
Disposals of property, plant and equipment ⁽¹⁾	3,383	(3,880)	2,530	(1,197)
Total from disposals of non-current assets excluding non-current financial assets (see table above)	3,387	(4,511)	10,503	(1,392)
Disposals of non-current financial assets ⁽²⁾	15,638	(10,038)	4	(4)
Total proceeds from disposal of non-current financial assets (see table above)	15,638	(10,038)	4	(4)
Total	20,494	(14,786)	12,602	(887)

2016

(1) Loss on disposals of property, plant and equipment correspond mainly:

* to the loss on the sale of the Environment division’s Neustadt site in Germany. It was classified at December 31, 2015 under “Assets and liabilities held for sale (see Note 5.1.16).

(2) Losses on disposals of non-current financial assets correspond mainly to the €10,772 thousand loss on the sale of Signature Ltd and the €694 thousand profit on the sale of Sulo Emballagen GmbH (see Notes 2.3.2 and 2.3.3).

4.7. Net financial income

In thousands of euros	2016	2015
Finance costs	(48,849)	(43,037)
Interest cost of post-employment benefit obligations ⁽¹⁾	(2,647)	(2,505)
Financing fees and commissions	(7,363)	(8,104)
Finance costs, net	(58,859)	(53,646)
Exchange gains or losses on financing activities	614	(1,150)
Gains or losses on interest rate and currency hedges ⁽²⁾	(9,738)	(2,502)
Other	97	1,120
Other financial income and expenses, net	(9,027)	(2,532)
Total	(67,886)	(56,178)

(1) See Note 5.2.6.5 on the “Changes in net balance sheet amounts”.

(2) See Notes 5.2.8.1.3 on the “Impact of hedging on the Income statement” and 5.2.8.2.2 on the “Impact of unsettled foreign exchange currency hedges on income and equity”.

4.8. Income tax

4.8.1. Income tax recorded in the income statement

Income tax expense includes taxes payable, deferred taxes and since January 1, 2016 the CVAE value-added tax previously recognized as part of gross profit/operating margin. For fiscal year 2015, the CVAE was €76 million.

Income tax expense breaks down as follows:

In thousands of euros	2016	2015 published
Current taxes including the CVAE	(85,181)	(78,683)
Current income tax (expense)/benefit including the CVAE	(80,890)	(83,682)
Tax (expense)/benefit on non-recurring items	(4,291)	4,999
Deferred taxes	(1,126)	3,483
Deferred tax (expense)/benefits on timing differences arising or reversing during the period	(747)	5,965
Effect of changes in tax rates or the introduction of new taxes	(379)	(2,482)
Income tax recorded in the consolidated income statement, including CVAE⁽¹⁾	(86,307)	(75,200)

(1) The CVAE is included in “Income tax recorded in the income statement” from 2016 only.

Presentation of the CVAE in tax expense at December 31, 2015 would give the following figures:

Presentation of tax expense at December 31, 2015 including CVAE (new 2016 presentation):

In thousands of euros	2015 published	Reclassification of the CVAE	2015 New presentation
Current taxes including the CVAE	(78,683)	(7,582)	(86,265)
Current income tax (expense)/benefit including the CVAE	(83,682)	(7,582)	(91,264)
Tax (expense)/benefit on non-recurring items	4,999	-	4,999
Deferred taxes	3,483	-	3,483
Deferred tax (expense)/benefits on timing differences arising or reversing during the period	5,965	-	5,965
Effect of changes in tax rates or the introduction of new taxes	(2,482)	-	(2,482)
Income tax expense in the consolidated income statement including the CVAE	(75,200)	(7,582)	(82,782)

4.8.2. Analysis of income tax expense – Tax proof

The analysis of the income tax expense reveals the following factors:

In thousands of euros	2016		New 2015 Presentation	
	Totals	% ⁽¹⁾	Totals	% ⁽¹⁾
Profit before tax (excluding tax assessed on net interim profit) (A)	345,308		303,292	
Tax calculated on net interim profit (CVAE, etc.) (B)	7,486		7,582	
Consolidated profit before tax and share of profit/(loss) of associates and joint ventures (C) = (A) + (B)	352,794		310,874	
French standard tax rate (D)	34.43%		38.00%	
Theoretical tax expense (E) = (C) x (-D)	(121,467)		(118,132)	
Difference between theoretical tax expense and current and deferred tax expense excluding tax assessed on net interim profit (F)	42,646	-12.0%	42,932	-13.8%
Tax credits	27,437	-7.8%	28,435	-9.1%
Permanent differences between recorded profits and taxable profits	(5,513)	1.6%	(1,772)	0.6%
Change in unrecognized deferred taxes	4,893	-1.4%	(230)	0.1%
Impact on opening deferred tax of a tax rate change	(379)	0.1%	(2,482)	0.8%
Impact of differences in foreign tax rates	18,194	-5.2%	22,481	-7.2%
Other impacts	(1,986)	0.6%	(3,500)	1.1%
Current and deferred tax expense excluding tax assessed on net interim profit (G) = (E) - (F)	(78,821)		(75,200)	
Tax calculated on net interim profit (CVAE, etc.) (H)	(7,486)	2.1%	(7,582)	2.4%
Total current and deferred tax expense (I) = (G) + (H)	(86,307)		(82,782)	
Effective tax rate (I) / (C)	24.5%		26.6%	

(1) Percentage expressed in relation to the consolidated profit before tax and share of profit/(loss) of associates and joint ventures (C)

The Group's effective "tax rate" as of December 31, 2016 was 24.5% in 2016 (26.6% in 2015 after CVAE. reclassification, 24.8% before).

In 2016, the tax recognized was an expense of €86 million (€78 million before CVAE. reclassification) for a theoretical tax of €121 million, on the basis of a tax rate of 34.43%.

In 2015, the tax recognized was an expense of €83 million (€75 million before CVAE. reclassification) for a theoretical tax of €118 million (€115 million before CVAE reclassification), on the basis of a 38% tax rate in 2015.

In France, the 2016 vote of a 28.9% tax rate applicable in 2020 does not impact the Group tax expense, as the future activities taken into account to calculate the tw assets were not concerned by this future rate.

The difference between the tax recognized and the theoretical tax is mainly explained:

- by €27 million through a use of specific tax deductions or credits mainly in North America, in Asia and in France (€28 million as of December 31, 2015);
- €18 million through the impact of more advantageous tax rates, mainly in Asia (China, Thailand) and in Europe (excluding France and Belgium) (€22 million as of December 31, 2015);
- by €5 million through the effect of unrecognized shortfalls or other assets generated during the year, net of those previously not activated but used or recognized during the year;
- and by -€6 million through permanent differences between accounting income and taxable income as taxable dividends (-€2 million as of December 31, 2015).

4.9. Net profit attributable to non-controlling interests

The net profit attributable to non-controlling interests corresponds to that share of non-controlling interests in the profit/loss of fully consolidated entities controlled by the Group. It breaks down as follows:

In thousands of euros	2016	2015
Inergy Automotive Systems Manufacturing (Beijing) Co. Ltd	3,773	3,987
Inergy Automotive Systems Manufacturing India Pvt Ltd	1,001	846
Plastic Omnium Systems GmbH	-	(10)
DSK Plastic Omnium Inergy	1,250	(215)
DSK Plastic Omnium BV	152	(141)
Total attributable to non-controlling interests	6,176	4,467

4.10. Basic earnings per share and diluted earnings per share

Net profit attributable to owners of the parent	2016	2015
Basic earnings per share (in euros)	2.11	1.75
Diluted earnings per share (in euros)	2.09	1.72
Weighted average number of ordinary shares outstanding	152,717,157	153,576,720
- Treasury stock	(4,848,974)	(5,592,866)
Weighted average number of ordinary shares, undiluted	147,868,183	147,983,854
- Impact of dilutive instruments (stock options)	1,350,717	2,534,828
Weighted average number of ordinary shares, diluted	149,218,900	150,518,682
Weighted average price of the Plastic Omnium share during the period		
- Weighted average share price	29.06	25.06

5. NOTES TO THE BALANCE SHEET

5.1. Assets

5.1.1. Goodwill

For 2016, the following assumptions were used for impairment tests (see Note 1.1.13) conducted on cash generating units (CGU) or groups of cash generating units (business segments):

- Automotive: a 1.5% perpetual growth rate and a 9.0% after-tax discount rate;
- Environment: a 1.5% perpetual growth rate and a 7.5% after-tax discount rate.

These assumptions are unchanged from 2015.

At December 31, 2016, the tests conducted did not lead to the recording of any impairment in respect of the Group's goodwill. A 0.5% increase in the discount rate or a reduction of 0.5% in the long-term growth rate or a reduction of 0.5% in the operating margin rate would not have any impact on the test results.

Concerning the Automotive and Environment CGUs, only unreasonable assumptions might jeopardize the test results. Unreasonable assumptions means a negative long-term growth rate combined with a discount rate increased by more than two points.

GOODWILL	Cost	Impairment	Carrying amount
In thousands of euros			
Value at January 1, 2015	284,570	-	284,570
Translation adjustment	2,926	-	2,926
Value at December 31, 2015	287,496	-	287,496
Goodwill on the acquisition of the Faurecia Group "Exterior Systems" business ⁽¹⁾	260,955	-	260,955
Derecognition of goodwill from the company "Signature Ltd" – sold company	(17,031)	-	(17,031)
Derecognition of goodwill from the company "Sulo Emballagen GmbH" – sold company	(3,501)	-	(3,501)
Reclassifications according to IFRS 5 ⁽²⁾	(255)	-	(255)
Translation adjustment	3,412	-	3,412
Value at December 31, 2016	531,077	-	531,077

(1) See Note 2.1.1 on the acquisition of the Faurecia Group "Exterior Systems" business.

(2) See Note 5.1.16 for the breakdown of components included in "Assets and Liabilities held for sale".

Hereafter, goodwill by reportable segment:

GOODWILL BY REPORTABLE SEGMENT	Cost	Impairment	Carrying amount
In thousands of euros			
Automotive	432,520	-	432,520
Environment	98,557	-	98,557
Value at December 31, 2016	531,077	-	531,077

Automotive	168,225	-	168,225
Environment	119,271	-	119,271
Value at December 31, 2015	287,496	-	287,496

5.1.2. Goodwill and intangible assets

In thousands of euros	Goodwill	Patents and licenses	Software	Development costs	Contractual customer relationships	Other	Total
Carrying amount at January 1, 2016	287,496	25,598	18,470	294,689	39,272	3,136	668,661
Increases	-	1,747	9,497	139,826	-	50	151,120
Disposals – net	-	-	(5)	(628)	-	-	(633)
Newly-consolidated companies ⁽¹⁾	260,955	416	1,603	22,342	40,000	-	325,316
Changes in scope of consolidation (derecognition) ⁽²⁾	(20,532)	(33)	(7)	(100)	-	(1,958)	(22,630)
Reclassifications according to IFRS 5 ⁽³⁾	(255)	(1)	(83)	(1,401)	(266)	-	(2,006)
Other reclassifications	-	205	4,670	(4,743)	277	(58)	351
Depreciation for the period	-	(2,077)	(10,526)	(75,053)	(21,238)	(223)	(109,117)
Impairments recognized and reversed	-	(50)	-	73	-	-	23
Translation adjustment	3,413	20	101	733	295	(249)	4,313
Carrying amount at December 31, 2016	531,077	25,825	23,720	375,738	58,340	698	1,015,398

(1) See note 2.1.1.5 on the Opening balance sheet of Faurecia's Exterior Systems business

(2) Derecognition of goodwill relating to divested companies: "Signature Ltd" (-€17,031 thousand) and "Sulo Emballagen GmbH" (-€3,501 thousand)

(3) See Note 5.1.16 for the breakdown of components included in "Assets and Liabilities held for sale"

In thousands of euros	Goodwill	Patents and licenses	Software	Development costs	Contractual customer relationships	Other	Total
Carrying amount at January 1, 2015	284,570	26,154	16,989	251,210	56,063	1,302	636,288
Increases	-	518	6,925	101,354	-	94	108,891
Disposals – net	-	(19)	(172)	(7,976)	-	-	(8,167)
Reclassifications	-	929	3,956	(7,506)	-	2,054	(567)
Depreciation for the period	-	(1,845)	(9,281)	(50,586)	(18,451)	(569)	(80,732)
Impairments recognized and reversed	-	(120)	-	-	-	-	(120)
Translation adjustment	2,926	(19)	53	8,193	1,660	254	13,067
Carrying amount at December 31, 2015	287,496	25,598	18,470	294,689	39,272	3,135	668,660

The significant changes under the sub-section "Goodwill and intangible assets" correspond to the following impacts:

- in 2016: acquisition of the Faurecia Group "Exterior Systems" business;
- in 2015: mainly to the increase in Automotive business development costs.

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In thousands of euros	Goodwill	Patents and licenses	Software	Development costs	Contractual customer relationships	Other	Total
Analysis of carrying amount at January 1, 2016							
Cost	287,496	41,081	113,972	613,288	135,655	6,794	1,198,286
Accumulated amortization	-	(14,998)	(95,502)	(318,287)	(96,383)	(3,659)	(528,829)
Accumulated impairment (losses)	-	(485)	-	(312)	-	-	(797)
Carrying amount at January 1, 2016	287,496	25,598	18,470	294,689	39,272	3,135	668,660
Analysis of carrying amount at December 31, 2016							
Cost	531,078	49,705	135,440	769,231	176,563	1,281	1,663,298
<i>excluding reclassifications according to IFRS 5⁽¹⁾</i>	255	83	603	17,626	2,579	-	21,146
Accumulated amortization	(1)	(23,345)	(111,720)	(393,421)	(118,223)	(583)	(647,293)
<i>excluding reclassifications according to IFRS 5⁽¹⁾</i>	-	(82)	(520)	(15,995)	(2,314)	-	(18,911)
Accumulated impairment (losses)	-	(535)	-	(72)	-	-	(607)
<i>excluding reclassifications according to IFRS 5⁽¹⁾</i>	-	-	-	(229)	-	-	(229)
Carrying amount at December 31, 2016	531,077	25,825	23,720	375,738	58,340	698	1,015,398

(1) See Note 5.1.16 for the breakdown of components included in "Assets and Liabilities held for sale"

In thousands of euros	Goodwill	Patents and licenses	Software	Development costs	Contractual customer relationships	Other	Total
Analysis of carrying amount at January 1, 2015							
Cost	284,570	39,677	100,409	519,839	132,799	6,772	1,084,066
Accumulated amortization	-	(13,158)	(83,420)	(268,629)	(76,736)	(5,470)	(447,413)
Accumulated impairment (losses)	-	(365)	-	-	-	-	(365)
Carrying amount at January 1, 2015	284,570	26,154	16,989	251,210	56,063	1,302	636,288
Analysis of carrying amount at December 31, 2015							
Cost	287,496	41,081	113,972	613,288	135,655	6,794	1,198,286
Accumulated amortization	-	(14,998)	(95,502)	(318,287)	(96,383)	(3,659)	(528,829)
Accumulated impairment (losses)	-	(485)	-	(312)	-	-	(797)
Carrying amount at December 31, 2015	287,496	25,598	18,470	294,689	39,272	3,135	668,660

5.1.3. Property, plant and equipment excluding investment property

Property, plant and equipment owned or leased by the Group mainly pertain to plants and research and development centers.

These plants and research and development centers break down as follows by number and region:

Number of plants and research and development centers In units	December 31, 2016	December 31, 2015
Western Europe	59	53
Eastern Europe	17	16
North America	20	19
Asia	45	44
South America	9	7
Africa	2	2
Total	152	141
<i>of which total plants managed under joint ventures</i>	<i>41</i>	<i>39</i>

Asset breakdowns over the two periods are such that no factory site represents a material portion of the total property, plant and equipment over each period.

In thousands of euros	Land	Buildings	Revalued buildings	Tech. eq. & tool.	Assets under construction	Other	Total
Carrying amount at January 1, 2016	82,292	398,690	-	358,053	186,029	124,151	1,149,215
Acquisitions ⁽¹⁾	221	21,411	-	50,539	124,876	23,665	220,712
Disposals	(47)	(709)	-	(1,688)	-	(3,485)	(5,929)
Entering the consolidation scope ⁽²⁾	4,316	57,386	-	87,106	19,708	21,197	189,713
Changes in consolidation scope (leaving)	(1,160)	(2,811)	-	(1,272)	(1)	(641)	(5,885)
Reclassifications according to IFRS 5 ⁽³⁾	(3,028)	(13,278)	-	(5,742)	(2,362)	(4,558)	(28,968)
Other reclassifications	5,097	8,528	-	111,328	(153,494)	28,190	351 ⁽⁵⁾
Impairments recognized and reversed ⁽⁴⁾	-	(4,349)	-	(4,992)	-	34	(9,307)
Depreciation for the period	(1,463)	(26,781)	-	(91,150)	-	(42,055)	(161,449)
Translation adjustment	391	2,682	-	2,659	(1,188)	1,294	5,838
Carrying amount at December 31, 2016	86,619	440,769	-	504,841	173,568	147,792	1,353,589

In thousands of euros	Land	Buildings	Revalued buildings	Tech. eq. & tool.	Assets under construction	Other	Total
Carrying amount at January 1, 2015	77,117	330,476	14,736	324,383	154,178	107,580	1,008,470
Acquisitions ⁽¹⁾	1,079	40,056	-	45,275	145,051	30,912	262,373
Disposals	(13)	(14)	-	(1,891)	(1)	(3,396)	(5,315)
Reclassifications	3,303 ⁽⁶⁾	43,857	(14,736) ⁽⁷⁾	58,660	(121,125)	27,328	(2,713) ⁽⁵⁾
Impairments recognized and reversed ⁽⁴⁾	-	(2,874)	-	(7,064)	-	(2,099)	(12,037)
Depreciation for the period	(1,061)	(21,380)	-	(72,211)	-	(38,120)	(132,772)
Translation adjustment	1,866	8,569	-	10,901	7,926	1,947	31,209
Carrying amount at December 31, 2015	82,291	398,690	-	358,053	186,029	124,152	1,149,215

“Tech. eq. & tool.”: technical equipment and tooling

At December 31, 2016:

- (1) Property, plant and equipment reported in the “Statement of cash flows” corresponded to acquisitions of property, plant and equipment excluding investment property for €220,712 thousand, against €262,373 thousand at December 31, 2015.
- (2) See note 2.1.1.5 on the Opening balance sheet of Faurecia's Exterior Systems business
- (3) See Note 5.1.16 for the breakdown of components included in “Assets and Liabilities held for sale”
- (4) Practically all depreciation of buildings, technical equipment, tooling and other property, plant and equipment concerned the assets of the Automotive division's Composites business in France and in China.
- (5) The net balance of - €351 thousand is due to intangible assets.

At December 31, 2015:

- (5) The net balance of -€2,713 thousand at December 31, 2015 is due to the following reclassifications:
 - -€5,780 thousand in “Assets held for sale” (See Note 5.1.16);
 - €2,500 thousand in “Investment property” (see Note 5.1.5);
 - and €567 thousand in “Intangible assets”.
- (6) Since 2015, the Group has used the Nanterre site, which was previously classified as “investment property” as the Environment division's exhibition center, valued at €2,500 thousand. This land was reclassified as “Operating buildings”.
- (7) After reclassifying the Nanterre land to “Operating buildings” in 2015, the entire Nanterre site was reclassified as an operating site

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In thousands of euros	Land	Buildings	Tech. eq. & tool.	Assets under construction	Other	Total
Analysis of carrying amount at January 1, 2016						
Cost	90,727	635,223	1,331,284	186,029	436,425	2,679,688
Depreciation	(8,428)	(233,659)	(966,083)	-	(310,489)	(1,518,659)
Accumulated impairment (losses)	(8)	(2,874)	(7,148)	-	(1,784)	(11,814)
Carrying amount at January 1, 2016	82,291	398,690	358,053	186,029	124,152	1,149,215
Analysis of carrying amount at December 31, 2016						
Cost	95,990	703,016	1,622,703	173,568	495,659	3,090,936
<i>excluding reclassifications according to IFRS 5 ⁽¹⁾</i>	(4,207)	(48,232)	(84,288)	(2,362)	(26,333)	(165,422)
Depreciation	(9,364)	(256,310)	(1,113,700)	-	(347,519)	(1,726,893)
<i>excluding reclassifications according to IFRS 5 ⁽¹⁾</i>	871	24,149	60,417	-	20,242	105,679
Accumulated impairment (losses)	(7)	(5,937)	(4,162)	-	(348)	(10,454)
<i>excluding reclassifications according to IFRS 5 ⁽¹⁾</i>	-	8,374	18,129	-	1,534	28,037
Carrying amount at December 31, 2016	86,619	440,769	504,841	173,568	147,792	1,353,589

(1) See Note 5.1.16.1 for the breakdown of components included in “Assets and Liabilities held for sale”

In thousands of euros	Land	Buildings	Tech. eq. & tool.	Assets under construction	Other	Total
Analysis of carrying amount at January 1, 2015						
Cost	84,369	557,961	1,223,536	154,178	411,705	2,431,749
Depreciation	(7,245)	(212,749)	(899,065)	-	(304,102)	(1,423,161)
Accumulated impairment (losses)	(7)	-	(88)	-	(23)	(118)
Carrying amount at January 1, 2015	77,117	345,212	324,383	154,178	107,580	1,008,470
Analysis of carrying amount at December 31, 2015						
Cost	90,727	635,223	1,331,283	186,029	436,425	2,679,687
Depreciation	(8,428)	(233,659)	(966,082)	-	(310,489)	(1,518,658)
Accumulated impairment (losses)	(8)	(2,874)	(7,148)	-	(1,784)	(11,814)
Carrying amount at December 31, 2015	82,291	398,690	358,053	186,029	124,152	1,149,215

“Tech. eq. & tool.”: technical equipment and tooling

• **Property, plant and equipment leased under operating leases where the Group is lessor**

In thousands of euros	December 31, 2016	December 31, 2015
Cost	58,233	60,742
Accumulated depreciation	(43,097)	(43,565)
Accumulated impairment	(158)	(5)
<i>of which depreciation for the year</i>	<i>(4,297)</i>	<i>(4,844)</i>
<i>of which provisions for the year</i>	<i>(153)</i>	<i>15</i>
Accumulated net depreciation and impairment	14,978	17,173

The above figures correspond to waste containers leased to customers by the Environment division under contracts that qualify as simple leases.

- **Minimum lease payments receivable under non-cancelable operating leases and/or lease-maintenance contracts**

In thousands of euros	December 31, 2016	December 31, 2015
Due within one year	49,229	44,847
Due in one to five years	93,896	93,674
Due beyond five years	33,651	42,895
Total	176,776	181,416

- Property, plant and equipment under finance leases where the Group is lessee

These assets, which are included in the tables above on property, plant and equipment, correspond to plants, research and development centers and production equipment.

Changes in capital assets under finance leases where the Group is lessee:

In thousands of euros	Land and Buildings	Technical equipment and tooling	Total
Gross value at December 31, 2016	27,516	21,646	49,162
Accumulated depreciation, impairment and provisions at December 31, 2016	(21,154)	(4,062)	(25,216)
Net carrying amount as of December 31, 2016⁽¹⁾	6,362	17,584	23,946

Gross value at December 31, 2015	27,059	12,280	39,339
Accumulated depreciation, impairment and provisions at December 31, 2015	(20,302)	(4,799)	(25,101)
Net carrying amount at December 31, 2015⁽¹⁾	6,757	7,481	14,238

(1) See Note 3.3. "Property, plant and equipment (excluding investment property) by operating segment".

Changes in payments and discounted value relating to assets under finance leases where the Group is lessee:

In thousands of euros	Minimum payments at December 31, 2016	Discounted value at December 31, 2016
Due within one year	3,458	2,821
Due in one to five years	11,281	10,242
Due in more than five years	4,071	3,996
Net carrying amount at December 31, 2016⁽¹⁾	18,810	17,059

In thousands of euros	Minimum payments at December 31, 2015	Discounted value at December 31, 2015
Due within one year	2,463	2,503
Due in one to five years	4,718	4,137
Net carrying amount at December 31, 2015⁽¹⁾	7,181	6,640

(1) See Note 5.2.7. 6 "Reconciliation of gross and net debt".

5.1.4. Property, plant and equipment (excluding Investment property) by category

PROPERTY, PLANT AND EQUIPMENT BY CATEGORY	Cost	Depreciation	Impairment	Total
<i>In thousands of euros</i>				
December 31, 2016				
Property, plant and equipment owned outright	3,152,272	(1,766,480)	(38,267)	1,347,525
Owned property, plant and equipment leased under operating leases where the Group is lessor ⁽¹⁾	54,924	(40,995)	(105)	13,824
Property, plant and equipment leased under finance leases where the Group is lessee ⁽²⁾	45,853	(22,995)	(66)	22,792
Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor ⁽¹⁾⁽²⁾	3,309	(2,102)	(53)	1,154
Total Property, plant and equipment (excluding Investment property) before IFRS 5 reclassification⁽³⁾	3,256,358	(1,832,572)	(38,491)	1,385,295
Reclassifications according to IFRS 5⁽³⁾	(165,422)	105,679	28,037	(31,706)
Total Property, plant and equipment (excluding Investment property) - Consolidated Balance Sheet	3,090,936	(1,726,893)	(10,454)	1,353, 589

PROPERTY, PLANT AND EQUIPMENT BY CATEGORY	Cost	Depreciation	Impairment	Total
<i>In thousands of euros</i>				
December 31, 2015				
Property, plant and equipment owned outright	2,587,051	(1,454,270)	(11,808)	1,120,972
Owned property, plant and equipment leased under operating leases where the Group is lessor ⁽¹⁾	53,298	(39,289)	(5)	14,005
Property, plant and equipment leased under finance leases where the Group is lessee ⁽²⁾	31,895	(20,825)	-	11,070
Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor ⁽¹⁾⁽²⁾	7,444	(4,276)	-	3,168
Total Property, plant and equipment (excluding Investment property)	2,679,688	(1,518,660)	(11,813)	1,149,215

(1) The sum of “Property, plant and equipment owned outright and leased under operating leases where the Group is lessor” and “Property, plant and equipment leased under finance leases where the Group is lessee that has been sub-let to third parties under operating leases where the Group is lessor” corresponds to the value of “Property, plant and equipment leased under operating leases where the Group is lessor”.

(2) See sub-section “Property, plant and equipment leased under finance leases where the Group is lessee”.

(3) See Note 5.1.16 for the breakdown of components included in “Assets and Liabilities held for sale”

5.1.5. Investment property

The item “Investment property” is unchanged since December 31, 2015:

In thousands of euros	Land	Buildings	Total
Fair value at December 31, 2015	12,700	80,563	93,263
Fair value at December 31, 2016	12,700	80,563	93,263
In thousands of euros	Land	Buildings	Total
Fair value at December 31, 2014	15,200	73,625	88,825
Buildings under construction in Lyon Gerland	-	6,938	6,938
Nanterre building – reclassification as operating building ⁽¹⁾	(2,500)	-	(2,500)
Fair value at December 31, 2015	12,700	80,563	93,263

(1) See reclassification of non-current assets in Note 5.1.3 “Property, plant and equipment excluding investment property”.

These cumulative movements break down as follows:

In fiscal years 2015 and 2016:

In thousands of euros	Land	Buildings	Total
Lyon Gerland complex	12,700	80,563	93,263
Fair value at December 31, 2016 and at December 31, 2015	12,700	80,563	93,263

At December 31, 2016, as at December 31, 2015, the balance of investment property covered:

- The Lyon Gerland complex: this is a 33,000 sq.m. office complex (including 3,000 sq.m. of service buildings) for which work was completed in 2015. A twelve-year lease was granted on April 1, 2015 (18,977 sq.m.) and an additional six-year fixed-term lease was taken out on October 1, 2015 by the same tenant (5,684 sq.m.), increasing the overall occupancy rate to 82%.

The entire building complex is classified under investment property. The portion corresponding to the Group’s own use (around 900 sq.m.), or 3%, is deemed immaterial.

Investment property-related income and expenses are as follows:

In thousands of euros	December 31, 2016	December 31, 2015
Income from investment property rentals	6,565	3,752
Investment property direct operating expenses	(1,350)	(1,042)

5.1.6. Investments in associates and joint ventures

Investments in associates and joint ventures correspond to investments by the Group in the following companies:

In thousands of euros	% interest	December 31, 2016	December 31, 2015
JV HBPO GmbH and its subsidiaries and sub-subsidiaries	33.33%	37,108	33,100
JV Yanfeng Plastic Omnium and its subsidiaries	49.95%	122,748	105,121
B.P.O. AS	49.98%	16,925	20,983
JV Valeo Plastic Omnium SNC ⁽¹⁾	50.00%	-	(34)
Plastic Recycling SAS	50.00%	294	(97)
PO-CellTech ⁽²⁾	20.00%	13,117	-
Total investments in associates and joint ventures		190,192	159,073

(1) JV Valeo Plastic Omnium SNC was dissolved in the last quarter of 2016.

(2) See Note 2.1.3 on Investment in the Israeli company, PO-CellTech.

Investments in these entities include goodwill by segment in the following amounts:

In thousands of euros	December 31, 2016	December 31, 2015
Goodwill in associates and joint ventures - Automotive segment ⁽¹⁾	31,077	21,333
Total goodwill in associates and joint ventures	31,077	21,333

(1) The change over the period mainly corresponds to the new provisional Goodwill relating to the investment in the Israeli company, "PO-CellTech"
See Note 2.1.3 in Transactions in the period.

The tables below provide summary balance sheet and income statement data for all of the associates and joint ventures.

The associates Chengdu Faway Yanfeng Plastic Omnium, Dongfeng Plastic Omnium Automotive Exterior and Hicom HBPO are included in the YFPO and HBPO joint ventures respectively.

The following presentation covers 100% of the data from the consolidated balance sheet and income statement before elimination of internal operations:

In thousands of euros	December 31, 2016	December 31, 2015
Non-current assets	453,383	478,157
Current assets	1,332,808	1,200,402
Total assets	1,786,191	1,678,559
Shareholders' equity	537,653	515,202
Non-current liabilities	14,250	6,472
Current liabilities	1,234,288	1,156,886
Total equity and liabilities	1,786,191	1,678,560
Revenue	3,492,332	3,195,096

5.1.7. Available-for-sale financial assets

5.1.7.1. Available for sale financial assets - Equity interests

The financial assets recognized in this item correspond to non-significant shell companies and dormant companies.

5.1.7.2. Other available for sale financial assets

Financial assets recognized under this item include amounts invested by the Group in the “FMEA 2” Tier 2 Automotive OEM Modernization Fund and to investments in shares in listed companies.

In thousands of euros	December 31, 2016	December 31, 2015
Contributions to the “FMEA 2” fund ⁽¹⁾	1,427	1,172
Financial investments in Listed securities ⁽¹⁾⁽²⁾	29,024	-
Other available-for-sale financial assets	30,451	1,172

(1) Contributions to the “FMEA 2” fund and investments in shares in listed companies are listed with long-term financial receivables in Note 5.2.7.6 “Reconciliation of gross and net debt”.

(2) The funds are invested by the Group’s captive reinsurance company (see Note 5.1.13.1).

5.1.8. Other non-current financial assets

In thousands of euros	December 31, 2016	December 31, 2015
Loans	-	220
Negotiable debt securities ⁽¹⁾	-	5,000
Deposits and bonds	25,786	22,775
Other receivables	30	48
Other non-current assets and financial receivables (see Note 5.2.7.6)	25,816	28,043
Finance receivables related to Environment finance leases (see Note 6.4.1)	1,637	2,620
Finance receivables related to Automotive contracts (see Note 6.4.1)	26,996	34,077
Non-current financial receivables (see Note 5.2.7.6)	28,633	36,697
Total	54,449	64,740

(1) See Note 5.2.7.4 “Loans, Negotiable debt securities and other financial assets”.

Deposits and bonds correspond mainly to guarantee deposits on leased offices and sold receivables sales programs.

“Finance receivables” mainly concern work in progress on Automotive projects for which the Group has received a firm commitment on the selling price of developments and/or tooling. These receivables are discounted.

5.1.9. Inventories and goods in process

In thousands of euros	December 31, 2016		December 31, 2015	
Raw materials and supplies				
<i>At cost</i>	132,089		115,743	
Net realizable value		122,445		107,481
Molds, tooling and engineering				
<i>At cost</i>	135,588		128,648	
Net realizable value		135,431		128,583
Other work in progress				
<i>At cost</i>	70		63	
Net realizable value		70		63
Maintenance inventories				
<i>At cost</i>	55,694		41,381	
Net realizable value		45,536		33,617
Goods				
<i>At cost</i>	9,410		8,010	
Net realizable value		8,406		7,072
Semi-finished products				
<i>At cost</i>	39,140		33,019	
Net realizable value		36,859		31,008
Finished products				
<i>At cost</i>	45,323		42,758	
Net realizable value		41,565		39,589
Total, net		390,312		347,413

5.1.10. Current financial receivables

In thousands of euros	December 31, 2016		December 31, 2015	
	Undiscounted values	Carrying amount	Undiscounted values	Carrying amount
Current financial receivables (see Note 5.2.7.6)	34,038	33,918	19,205	18,833
<i>of which Environment division finance lease receivables</i>	1,119	999	1,653	1,471
<i>of which Automotive division finance receivables</i>	32,919	32,919	17,552	17,362
Other current financial assets and financial receivables (see Note 5.2.7.6)	62,388	62,388	27,010	27,010
<i>of which "Current accounts"</i>	1,337	1,337	1,852	1,852
<i>of which "Negotiable debt securities"⁽¹⁾</i>	24,016	24,016	19,030	19,030
<i>of which receivables attached to available for sale financial assets⁽²⁾</i>	30,179	30,179	-	-
<i>of which "Other"</i>	6,856	6,856	6,128	6,128
Total current financial receivables	96,426	96,306	46,215	45,843

(1) See Note 5.2.7.4 "Loans, negotiable debt securities and other financial assets".

(2) This is a receivable attached to the part of the Faurecia Group's Exterior Systems activity from which the Plastic Omnium Group has withdrawn and which is currently being sold to Flex-N-Gate

5.1.11. Trade and other receivables

5.1.11.1. Sale of receivables

Compagnie Plastic Omnium and some of its European and North American subsidiaries have set up several receivables sales programs with French banks. These programs are due within more than two years on average.

Nearly all of these non-recourse programs transfer substantially all the risks and rewards of ownership to the buyer, with only the non-material dilution risk retained by the Group, and the sold receivables are therefore derecognized.

Receivables sold under these programs, and which are therefore no longer included on the balance sheet, totaled €338 million at December 31, 2016, against €260 million at December 31, 2015. The change between these two periods can be explained mainly by the “Faurecia Exterior Systems” business.

5.1.11.2. Trade receivables - Cost, impairment and carrying amounts

In thousands of euros	December 31, 2016			December 31, 2015		
	Cost	Impairment	Carrying amount	Cost	Impairment	Carrying amount
Trade receivables	813,753	(4,129)	809,624	582,264	(4,409)	577,855

The Group has not identified material customer risk that has not been given an accounting provision in the two periods.

5.1.11.3. Other receivables

In thousands of euros	December 31, 2016	December 31, 2015
Sundry receivables	91,568	54,293
Prepayments to suppliers of tooling and prepaid development costs	79,929	36,536
Prepaid and recoverable income taxes	78,759	61,591
Other prepaid and recoverable taxes	91,077	68,046
Employee advances	1,860	951
Prepayments to suppliers of non-current assets	3,967	4,272
Other receivables	347,160	225,689

5.1.11.4. Trade and other receivables by currency

In thousands of currency units	Receivables at December 31, 2016			Receivables at December 31, 2015		
	Local currency	Euro	%	Local currency	Euro	%
EUR Euro	561,215	561,215	49%	395,988	395,988	49%
USD US dollar	263,184	249,676	22%	200,324	184,003	23%
CNY Chinese yuan	765,604	104,588	9%	568,412	80,502	10%
GBP Pound sterling	70,505	82,348	7%	41,282	56,246	7%
Other Other currencies		158,957	14%		86,805	11%
Total		1,156,784	100%		803,544	100%
Of which:						
• Trade receivables		809,624	70%		577,855	72%
• Other receivables		347,160	30%		225,689	28%

Sensitivity tests on exchange rate movements for “Trade and other receivables” give the following results:

In thousands of currency units	Sensitivity tests on receivables at December 31, 2016						Sensitivity tests on receivables at December 31, 2015					
	Base		Increase – all currencies		Decrease – all currencies		Base		Increase – all currencies		Decrease – all currencies	
			+10%	+20%	-10%	-20%			+10%	+20%	-10%	-20%
	Local currency	Conversion rate	%	%	%	%	Local currency	Conversion rate	%	%	%	%
EUR Euro	561,215	1,00000	46%	44%	51%	54%	395,988	1,00000	47%	45%	52%	55%
USD US dollar	263,184	0,94868	23%	23%	20%	19%	200,324	0,91853	24%	25%	22%	20%
CNY Chinese yuan	765,604	0,13661	9%	10%	9%	8%	568,412	0,14163	10%	11%	9%	9%
GBP Pound sterling	70,505	1,16798	7%	8%	7%	6%	41,282	1,36249	7%	8%	7%	6%
Other Other currencies			15%	15%	13%	13%			12%	11%	10%	10%
Total in euros		1,156,784	1,216,341	1,275,903	1,097,237	1,037,670		803,544	844,300	885,056	762,788	722,033
Of which:												
Trade receivables		809,624	851,308	892,992	767,941	726,257		577,855	607,164	636,473	548,547	519,238
Other receivables		347,160	365,038	382,911	329,290	311,417		225,689	237,136	248,583	214,241	202,795

Currency sensitivity tests on “Trade and other receivables” and “Trade payables and other operating liabilities” (see Note 5.2.9.3) give practically the same net exposure for the Group by currency as the exposure calculated based on actual data at December 31, 2016.

5.1.12. Deferred taxes

As explained in Note 1.1.27 to the accounting rules and methods above, deferred tax assets corresponding to tax loss carryforwards, deductible temporary differences and tax credits are measured based on the probability of sufficient taxable earnings being generated to permit their utilization. To this end, new estimates were made for the year-end closing of the financial statements, leading to the recognition of assets based on probable use within a relatively short period. This reflects a prudent approach given the current economic context.

Recognized deferred taxes relate to the following items:

<i>In thousands of euros</i>	December 31, 2016	December 31, 2015
Property, plant and equipment	(56,752)	(46,150)
Post-employment benefit obligations	40,017	33,704
Provisions for liabilities and charges	105,646	42,916
Financial instruments	5,981	4,790
Tax loss carryforwards and tax credits	100,861	91,639
Other	(26,146)	(18,164)
Impairment of deferred tax assets	(107,895)	(81,129)
Total	61,712	27,606
<i>Of which:</i>		
<i>Deferred tax assets</i>	<i>140,355</i>	<i>87,310</i>
<i>Deferred tax liabilities</i>	<i>78,643</i>	<i>59,704</i>

Unrecognized deferred tax assets on tax loss carryforwards amounted to €59 million at December 31, 2016 against €55 million at December 31, 2015, as follows:

<i>In thousands of euros</i>	December 31, 2016	December 31, 2015
Evergreen tax loss carryforwards	49,818	45,743
Tax loss carryforwards available for more than 5 years	1,763	2,281
Tax loss carryforwards available for up to 5 years	2,337	3,165
Tax loss carryforwards available for up to 4 years	2,323	1,865
Tax loss carryforwards available for up to 3 years	1,341	1,115
Tax loss carryforwards available for less than 3 years	1,696	1,156
Total	59,278	55,325

The change during the year stems essentially from changes in France and Germany.

5.1.13. Cash and cash equivalents

5.1.13.1 Gross cash and cash equivalents

In thousands of euros	December 31, 2016	December 31, 2015
Cash at bank and in hand	222,307	212,968
Short-term deposits	111,882	450,188
Total cash and cash equivalents on the balance sheet	334,189	663,156

Group cash and cash equivalents break down as follows:

In thousands of euros	December 31, 2016	December 31, 2015
Cash and cash equivalents of the Group's captive reinsurance company ⁽¹⁾	26,729	51,189
Cash and cash equivalents in countries with exchange controls on remittances and transfers ⁽²⁾	88,441	70,100
Cash equivalents	219,019	541,867
Total cash and cash equivalents on the balance sheet	334,189	663,156

(1) The change over the period was placed under Available-for-sale financial assets (see Note 5.1.7).

(2) The "countries with exchange controls on remittances and transfers" include Brazil, China, India, Chile and Argentina.

The above amounts are presented in the balance sheet as current assets as they are not subject to any general restrictions.

5.1.13.2. Net cash and cash equivalents at end of period

In thousands of euros	December 31, 2016	December 31, 2015
Cash and cash equivalents	334,189	663,156
Short-term bank loans and overdrafts	(10,307)	(15,891)
Net cash and cash equivalents at end of period in the statement of cash flows	323,882	647,265

5.1.14. Statement of cash flows - Acquisitions and disposals of non-current financial assets, non-controlling interests and related investments

5.1.14.1 Acquisitions of shares in subsidiaries and associates and non-controlling interests and related investments

Financial acquisitions made by the Group are broken down into the following two categories:

a - Acquisitions of shares in subsidiaries and associates, investments leading to a change in control, equity investments in associates, joint ventures and related investments

These are recorded under "Cash flows from investments" in the Consolidated statement of cash flows.

At December 31, 2016:

The €527,580 thousand under "Acquisitions of shares in subsidiaries and associates, takeovers", relates to:

- the acquisition of the Faurecia Group “Exterior Systems” business (*see Note 2.1.1*) amounting to €511,030 thousand;
- the investment in the Israeli company “PO-CellTech” (*see Note 2.1.3*) amounting to €16,000 thousand.
- the subscription to the capital increase in the "Plastic Recycling SAS" company consolidated using the equity method for an amount of €550 thousand.

At December 31, 2015:

The amount which stands at €101 thousand corresponded to “Acquisitions of interest in non-consolidated companies”.

b - Acquisitions of non-controlling interests:

These are recorded under “*Financing activities*” in the consolidated statement of cash flows.

2016: Acquisition of non-controlling interests (30%) in the German company “RMS Rotherm Maschinenbau GmbH” (*see Note 2.1.2*).

2015: None.

5.1.14.2 Disposals of shares in subsidiaries and associates and non-controlling interests

Disposals of shares in subsidiaries and associates

Disposals of shares in subsidiaries and associates are recorded under “Cash flows from investments” in the statement of cash flows.

2016:

In 2016, the Group sold “Signature Ltd” for €13,812 thousand and “Sulo Emballagen GmbH” for €1,820 thousand (*see Notes 2.3.2 and 2.3.3 in "Transactions for the period"*).

2015:

In 2015, the Group had disposed of €4 thousand in non-Group securities belonging to Compania Plastic Omnium SA.

5.1.15. Consolidated funds from operations and proportionate share of funds from operations of associates and joint ventures, after taxes and interest paid, net of dividends paid

Consolidated funds from operations and proportionate share of funds from operations of associates and joint ventures, after taxes and interest paid, net of dividends paid, break down as follows:

Consolidated financial statements	2016	2015
Funds from operations	732,587	606,117
Tax paid	(97,271)	(65,262)
Interest paid	(52,703)	(49,840)
Funds from operations after payment of taxes and interest	582,613	491,015

Associates and joint ventures

Share of funds from operations	73,892	58,408
Share of tax paid	(10,138)	(7,958)
Share of interest received/paid	1,549	1,255
Elimination of dividends paid	(31,409)	(24,887)
Share of funds from operations after payment of taxes and interest received, net of dividends paid	33,894	26,818

Total	616,507	517,833
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5.1.16. Transactions covered by IFRS 5 "Assets and liabilities held for sale"

In the notes that follow, transactions covered by IFRS 5 are first described in Note 5.1.16.1, then summarized in Note 5.1.16.2 and, lastly, shown in detail in Note 5.1.16.3.

These "Assets and liabilities held for sale" are measured as a best estimate of their realizable values. Differences between realizable values and net carrying amounts, where these are negative, resulted in recognition of an impairment for each asset (See Note 4.6 "Other operating income and expenses").

5.1.16.1. Description of transactions covered by IFRS 5

All transactions covered by IFRS 5 are listed chronologically:

IFRS 5 - Notes 1 and 1 bis: "Fuel systems" division technical centers (Oise and Laval):

Following the opening of its new Research and Development Center for fuel systems, α -Alphatech, on September 1, 2014, the Group put its former technical center in the Oise region in France up for sale, as well as the one in Laval in the Mayenne department in France (See Note 2.1 "Investments in the Research and Development Center" in the Consolidated Financial Statements at December 31, 2014).

IFRS 5 - Note 2: “Environment” division’s Neustadt site in Germany:

At December 31, 2015 the Group put the assets at its Environment division plant in Neustadt, Germany up for sale following the shutdown (since May 2015) and the transfer of operations to the Herford plant in Germany. The site was sold during the period. The effects of the transaction are given under the heading “*Gains/(losses) on disposals of non-current assets*” in Note 4.6 “Other operating income and expenses.”

IFRS 5 - Note 3: Laval “Fuel systems” division production site:

During the first half, the Group decided to put the site in Laval (Mayenne) up for sale (*see Note 2.3.4 “Closure of the Laval fuel systems production site”*). The assets have been reclassified in “Assets and liabilities held for sale”.

IFRS 5 - Note 4: Sale of the “Sulo Emballagen GmbH” site in Herford in Germany

In selling “Sulo Emballagen GmbH”, the Group also sold the administrative and industrial buildings of the company in Herford, Germany, owned by another Group company, which sold “Sulo Emballagen GmbH”. See Note 2.3.3 “Disposal of the German Environment division company, “Sulo Emballagen GmbH”.

At December 31, 2015 and at June 30, 2016, the disposal of these assets was not highly likely and therefore, did not appear under “Assets and liabilities held for sale”.

The site was sold in January 2017. See Note 7.6 “Subsequent events”

IFRS 5 - Note 5: Faurecia Auto Exterior division Exterior Systems business held for sale:

Securities in the entities holding the sites from which the Group is withdrawing in order to meet European Commission requirements are recognized under “Assets and Liabilities held for sale”. See Note 2.1.1.8 “Companies from the Faurecia Exterior Systems business companies held for sale”.

IFRS 5 - Note 6: Auto Exterior division truck business:

On November 18, 2016, the Group received a firm purchase offer from the German group “Mutares” which specializes in the acquisition of companies in turnaround. At December 31, 2016, this business was classified under “Assets and liabilities held for sale”, at its estimated realizable value, in the Group’s financial statements. See Note 2.3.1 “Disposal of Auto Exterior division truck business”.

The figures for transactions in “Assets and liabilities held for sale” at December 31 are provided in the following two notes.

5.1.16.2 Summary presentation of transactions classified in IFRS 5 "Assets and liabilities held for sale"

	December 31, 2016	December 31, 2015
<i>In thousands of euros</i>	Totals	Totals
IFRS 5 - Note 1: Compiègne technical center in the Oise department	846	846
<i>of which Land</i> 167	167	167
<i>of which Buildings, equipment, building improvements, fixtures and fittings</i> 679	679	679
IFRS 5 - Note 1 bis: Laval technical center in the Mayenne department	1,079	1,893
<i>of which Land</i> 178	178	178
<i>of which Buildings, equipment, building improvements, fixtures and fittings</i> 901	901	1,715
IFRS 5 - Note2: Environment division's Neustadt site in Germany	-	3,041
<i>of which Land</i> -	-	2,780
<i>of which Buildings, equipment, building improvements, fixtures and fittings</i> -	-	261
IFRS 5 - Note3: Laval production site in Mayenne	871	-
<i>of which Plant</i> 871	871	-
IFRS 5 - Note4: "Sulo Emballagen GmbH" site building in Herford Germany	1,150	-
IFRS 5 - Note 5: "Faurecia Exterior Systems"	162,000	-
IFRS 5 - Note6: Auto Exterior division truck business	74,766	-
ASSETS held for sale	240,712	5,780
IFRS 5 – Note 5: "Faurecia Exterior Systems" business discontinued operations	-	-
IFRS 5 – Note 6: Auto Exterior division "truck" business	79,368	-
LIABILITIES related to assets held for sale	79,368	-
NET ASSETS HELD FOR SALE	161,344	5,780

5.1.16.3. Detail of assets and activities reclassified as “Assets and liabilities held for sale”

The transactions are grouped either by site or by activity.

		December 31, 2016						
In thousands of euros		Total	Assets and liabilities held for sale					
			Compi ègne Techni cal Center	Laval site (techni cal center and plant)	Neusta dt site	Sulo Emballa gen GmbH site, Herford	“Faureci a Exterior Systems” business	Auto Exterior division Truck business
ASSETS			IFRS 5 - Note 1	IFRS 5 - Notes 1 bis & 3	IFRS 5 - Note 2	IFRS 5 - Note 4	IFRS 5 - Note 5	IFRS 5 - Note 6
Goodwill	255							255
Other intangible assets	1,750							1,750
Property, plant and equipment	31,705	846	1,950		1,150			27,759
Available-for-sale financial assets	162,000					162,000		
Other non-current financial assets ⁽¹⁾	23							23
Deferred tax assets	876							876
Inventories	11,547							11,547
Trade receivables ⁽¹⁾	25,231							25,231
Other receivables	2,046							2,046
Other financial assets and financial receivables ⁽¹⁾	(509)							(509)
Cash and cash equivalents ⁽¹⁾	5,787							5,787
Total Assets held for sale	240,712	846	1,950	-	1,150	162,000		74,765
EQUITY AND LIABILITIES								
Consolidated reserves	26							26
Provisions for pensions and similar post-employment benefits	9,990							9,990
Provisions	18,087							18,087
Government grants	165							165
Deferred tax liabilities	204							204
Bank overdrafts ⁽²⁾	31							31
Borrowings and financial debt ⁽²⁾	4,600							4,600
Trade payables ⁽²⁾	27,571							27,571
Other operating liabilities	18,694							18,694
Total liabilities directly related to assets held for sale	79,368						-	79,368

(1) Aggregates comprising Assets held for sale presented in note 6.4.2 Liquidity risks by maturity date

(2) Aggregates comprising Liabilities held for sale presented in note 6.4.2 Liquidity risks by maturity date

5.2. Equity and liabilities

5.2.1. Equity attributable to owners of the parent

5.2.1.1. Share capital of Compagnie Plastic Omnium

In euros	December 31, 2016	December 31, 2015
Share capital at January 1	9,214,603	9,214,603
Capital reduction during the year	(66,000)	-
Share capital at end of period, made up of ordinary shares with a par value of €0.06 each over the two periods	9,148,603	9,214,603
Treasury stock	253,588	331,350
Total share capital net of treasury stock	8,895,015	8,883,254

Shares registered in the name of the same holder for at least two years carry double voting rights.

Structure of capital at December 31, 2016

On February 24, 2016, the Board of Directors of Compagnie Plastic Omnium voted to cancel 1,100,000 treasury shares, or 0.72% of the share capital. This operation took effect March 21, 2016.

The share capital of Compagnie Plastic Omnium went from 153,576,720 shares to 152,476,720 shares with par value of €0.06, representing a total value of €9,148,603.20.

At December 31, 2016, Compagnie Plastic Omnium held 4,226,467 treasury shares, i.e. 2.77% of the share capital, against 5,522,492 or 3.60% of share capital at December 31, 2015.

Structure of capital at December 31, 2015

At December 31, 2015, Compagnie Plastic Omnium held 5,522,492 treasury shares, i.e. 3.60% of the share capital, against 5,790,280 or 3.77% of share capital at December 31, 2014.

5.2.1.2. Details of “Other reserves and retained earnings” in the consolidated statement of changes in equity

In thousands of euros						
	Actuarial gains/(losses) recognized in equity	Cash flow hedges – interest rate instruments	Cash flow hedges – currency instruments	Fair value adjustments	Retained earnings and other reserves	Attributable to owners of the parent
December 31, 2014	(38,944)	(4,144)	(49)	18,156	836,052	811,071
Movements for 2015	(2,455)	2,484	-	-	173,520	173,549
At December 31, 2015	(41,399)	(1,660)	(49)	18,156	1,009,572	984,620
Movements for 2016	(8,449)	540	(123)	1,044	190,707	183,719
At December 31, 2016	(49,848)	(1,120)	(172)	19,200	1,200,279	1,168,339

5.2.1.3. Details of “Changes in scope of consolidation and reserves” in the consolidated statement of changes in equity

In thousands of euros	Shareholders' equity		Total equity
	Attributable to owners of the parent	Attributable to non-controlling interests	
Impact IFRIC 21 ⁽¹⁾	(435)	-	(435)
Partner's subscription to the capital increase	-	797	797
Other changes in scope of consolidation at December 31, 2015	(435)	797	362
Buyout of non-controlling interests in Plastic Omnium Systems Gmbh	(1,812)	(1,488)	(3,300)
Other changes in scope of consolidation at December 31, 2016	(1,812)	(1,488)	(3,300)

(1) See Note 1.1. “Basis of preparation” on IFRIC 21 from the consolidated financial statements as of December 31, 2015.

5.2.2. Dividends voted and paid by Compagnie Plastic Omnium

In thousands of euros Dividend per share in euros Number of shares, in units	December 31, 2016		December 31, 2015	
	Number of shares in 2015	Dividend	Number of shares in 2014	Dividend
Dividend per share (in euros)		0.41 ⁽¹⁾		0.37 ⁽¹⁾
Total number of shares outstanding at the end of the previous year	152,476,720		153,576,720	
Total number of shares held in treasury on the ex-dividend date	4,886,974 ⁽²⁾		5,379,571 ⁽²⁾	
Total number of shares held in treasury at the year-end (for information)	5,522,492 ⁽²⁾		5,790,280 ⁽²⁾	
Dividends on ordinary shares		62,515		56,823
Dividends on treasury stock (unpaid)		(2,004) ⁽²⁾		(1,990) ⁽²⁾
Total net dividend		60,512		54,833

(1) In 2016, Compagnie Plastic Omnium paid a dividend of €0.41 per share on profits from 2015.

In 2015, Compagnie Plastic Omnium paid a dividend of €0.37 per share on profits from 2014.

(2) **At December 31, 2016:** The number of treasury shares taken into account at December 31, 2015 for the determination of the provisional total dividend was 5,522,492. On the ex-dividend date at December 31, 2016, there were only 4,886,974 shares in treasury, reducing the dividends attached to those shares from €2,264 thousand to €2,004 thousand.

At December 31, 2015: The number of treasury shares taken into account at December 31, 2014 for the determination of the provisional total dividend was 5,790,280. On the 2015 ex-dividend date, there were only 5,379,571 shares in treasury, reducing the dividends attached to those shares from €2,142 thousand to €1,990 thousand.

The recommended dividend in respect of 2016 to be proposed to the Combined Shareholders' Meeting of April 27, 2017, amounts to €0.49 per share, representing a total payout of €74,714 thousand based on the 152,476,720 shares outstanding at December 31, 2016 before deducting treasury stock.

5.2.3. Share-based payments

2016: No new stock option plans was launched in 2016.

2015: Stock option plan allocated by the Board of Directors on July 21, 2015 (see the minutes of the Shareholders' Meeting of April 25, 2013) with effect from August 6, 2015 and exercisable as of August 7, 2019 for a three-year period with conditions (market and performance) for the exercise of stock options granted to corporate officers (See Note 7.3.1 "Compensation paid to Senior Executives and Corporate Officers").

Please refer to the Consolidated Financial Statements at December 31, 2015, for the valuation method and main assumptions used for the August 6, 2015 plan.

Outstanding stock option plans

Grant date	Options exercisable for	Grantees	Vesting conditions	Maximum number of options available under the plan	Multiplier following the division by three of the par value of the share on May 10, 2011	Maximum number of options available under the plan as adjusted for the stock split ⁽¹⁾	Multiplier following the division by three of the share par value on September 10, 2014	Maximum number of options available under the plan as adjusted for the stock split ⁽²⁾
July 22, 2008	Stock options	39		350,000	3	1,050,000	3	3,150,000
April 1, 2010	Stock options	124	Employment contract in force on the option exercise date, except in the case of transfer by the employer, early retirement or retirement	375,000	3	1,125,000	3	3,375,000
March 21, 2012	Stock options	208		n/a	n/a	889,500	3	2,668,500
August 7, 2013	Stock options	184		n/a	n/a	424,000	3	1,272,000
August 6, 2015	Stock options	172		n/a	n/a	n/a	n/a	1,253,000

- (1) On April 28, 2011, the Extraordinary Shareholders' Meeting of Compagnie Plastic Omnium voted to divide the par value of its shares by three, with effect from May 10, 2011. The share price went from €0.50 to €0.17. Since all the plans outstanding at December 31, 2011 preceded that decision, the number of options granted to each employee in each plan as of that date, was multiplied by three and the exercise price divided by three.
- (2) On April 25, 2013, the Combined Shareholders' Meeting of Compagnie Plastic Omnium voted to divide the par value of its shares by three, with effect from September 10, 2013. The share price went from €0.17 to €0.06. The number of stock options for every employee in every plan preceding that decision was multiplied by three and the exercise price divided by three.

Successive effects of the three-to-one split of the Plastic Omnium share	July 22, 2008 plan	April 1, 2010 plan	March 21, 2012 plan	August 7, 2013 plan

Effects of division by three of the par value of the share	July 22, 2008 plan	April 1, 2010 plan	March 21, 2012 plan	August 7, 2013 plan
	Voted by the Extraordinary Shareholders' Meeting of April 28, 2011: Effective as from May 10, 2011: Number of stock options at January 1, 2011 before division by three of the par value of the share	340,800	371,500	n/a
Number of stock options at May 10, 2011 after division by three of the par value of the share	1,022,400	1,114,500	n/a	n/a
Effects of division by three of the par value of the share Voted by the Shareholders' Meeting of April 25, 2013: Effective as from September 10, 2013 following the Meeting of the Board of Directors on July 23, 2013: Number of stock options before division by three of the par value of the share in 2013	773,422	1,030,500	842,000	424,000
Number of stock options at September 10, 2013 after three-to-one split of the par value of the share ⁽¹⁾	2,320,266	3,091,500	2,526,000	1,272,000

- (1) The number of stock options was multiplied by three following the division by three of the par value of the Plastic Omnium share on September 10, 2013.

Outstanding options at the year-end and cost for the period related to the stock option plans

The vesting period for each plan is four years.

Outstanding options <i>In euros</i> <i>In units for the number of options</i>	Options outstanding at January 1, 2016	Revaluations/ adjustments	Increases Options granted during the period	Decreases			Cost for the period	Options outstanding at December 31, 2016	
				Options forfeited during the period	Options that expired during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2016

April 1, 2010 plan										
Number of options	626,000						(508,000)		118,000	118,000
Share price at the grant date	3.2								3.2	
Exercise price	2.84								2.84	
Term	7 years								7 years	
Unrecognized cost at period-end	-								-	
Remaining life	1.5 years								0.5 years	

Outstanding options <i>In euros</i> <i>In units for the number of options</i>	Options outstanding at January 1, 2016	Revaluations/ adjustments	Increases Options granted during the period	Decreases			Cost for the period	Options outstanding at December 31, 2016	
				Options forfeited during the period	Options that expired during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2016

March 21, 2012 plan										
Number of options	2,338,500						(1,371,463)		967,037	967,037
Share price at the grant date	7.3								7.3	
Exercise price	7.38								7.38	
Term	7 years								7 years	
Unrecognized cost at period-end	185,895						(185,895)		0	
Remaining life	3.25 years								2.25 years	

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Outstanding options <i>In euros</i> <i>In units for the number of options</i>	Options outstanding at January 1, 2016	Revaluations/ adjustments	Increases Options granted during the period	Decreases			Cost for the period	Options outstanding at December 31, 2016	
				Options forfeited during the period	Options that expired during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2016

August 7, 2013 plan										
Number of options	1,200,000				(24,000)				1,176,000	None
Share price at the grant date	17.71								17.71	
Exercise price	16.17								16.17	
Term	7 years								7 years	
Unrecognized cost at period-end	2,133,446				(153,032)		(1,239,028)		741,386	
Remaining life	4.6 years								3.6 years	

Outstanding options <i>In euros</i> <i>In units for the number of options</i>	Options outstanding at January 1, 2016	Revaluations/ adjustments	Increases Options granted during the period	Decreases			Cost for the period	Options outstanding at December 31, 2016	
				Options forfeited during the period	Options that expired during the period	Options exercised during the period		Total	Of which, options exercisable at December 31, 2016

August 6, 2015 plan										
Number of options	1,253,000				(24,000)				1,229,000	None
Share price at the grant date	26.33								26.33	
Exercise price	24.72								24.72	
Term	7 years								7 years	
Unrecognized cost at period-end	7,655,009				(208,320)		(2,072,615)		5,374,074	
Remaining life	6.6 years								5.6 years	

Total expense for the fiscal year									(3,497,538) in euro	
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At December 31, 2016, shares intended for allocation but not yet allocated amounted to 226,587 shares against 303,000 shares at December 31, 2015.

5.2.4. Government grants

In thousands of euros	December 31, 2016	December 31, 2015
Grants recognized in non-current liabilities	12,420	13,875
Grants recognized in current liabilities	-	281
Total grants recognized as liabilities	12,420	14,156

5.2.5. Provisions for liabilities and charges

In thousands of euros	December 31, 2015	Charges	Utilizations	Releases of surplus provisions	Reclassifications according to IFRS 5 ⁽⁵⁾	Other reclassifications	Actuarial gains/(losses)	Changes in scope of consolidation (derecognition)	Translation adjustment ⁽⁶⁾	December 31, 2016
Customer warranties	17,296	9,853	(4,709)	(2,707)	-	-	-	326	(74)	19,985
Reorganization plans ⁽¹⁾	3,017	7,667	(9,148)	(45)	-	268	-	8,943	(47)	10,655
Taxes and tax risks	3,362	297	(3,361)	-	-	(481)	-	481	-	298
Contract risks ⁽²⁾	36,865	13,407	(21,655)	(6,825)	(17,239)	1,551	-	34,542	(169)	40,478
Claims and litigation	2,657	3,097	(654)	(551)	(848)	167	-	(2)	(23)	3,843
Other ⁽³⁾	6,321	2,081	(1,594)	(559)	-	(1,505)	-	6,679	596	12,019
Provisions for liabilities and charges	69,518	36,402	(41,121)	(10,687)	(18,087)	-	-	50,969	283	87,277
Provisions for pensions and other post-employment benefits ⁽⁴⁾	101,991	7,826	(4,932)	-	(9,990)	-	12,806	409	1,609	109,718
Total	171,509	44,228	(46,053)	(10,687)	(28,077)	-	12806	51,378	1,892	196,995

- (1) Regarding the ongoing reorganization at the Compiègne-Laval site in France.
- (2) Regarding the impacts of loss-making contracts and losses on completion in the Automobile division
- (3) The “Others” sub-section includes individually insignificant amounts.
- (4) The actuarial difference corresponds to the decrease in rates in the Eurozone and United- States.
- (5) See Note 5.1.16 on the breakdown of the items included in “Assets and Liabilities held for sale”.
- (6) These are mainly impacts associated with Faurecia's Exterior Systems activities

In thousands of euros	December 31, 2014	Charges	Utilizations	Releases of surplus provisions	Reclassifications	Actuarial gains/(losses)	Translation adjustment	December 31, 2015
Customer warranties	7,840	10,564	(4,755)	(383)	4,057	-	(27)	17,296
Reorganization plans ⁽¹⁾	17,153	644	(13,879)	(828)	46	-	(120)	3,017
Taxes and tax risks	6,117	222	(2,985)	-	-	-	7	3,362
Contract risks ⁽²⁾	33,241	23,208	(10,049)	(4,681)	(4,860)	-	6	36,865
Claims and litigation ⁽³⁾	4,708	592	(1,044)	(1,541)	-	-	(58)	2,657
Other ⁽⁴⁾	4,787	4,208	(2,908)	(530)	757	-	7	6,321
Provisions for liabilities and charges	73,846	39,438	(35,619)	(7,963)	-	-	(185)	69,517
Provisions for pensions and other post-employment benefits ⁽⁵⁾	93,165	7,010	(3,413)	-	-	1,751	3,478	101,991
Total	167,011	46,448	(39,032)	(7,963)	-	1,751	3,293	171,508

- (1) See 2014 Note reference. This referred to the ongoing reorganization plans for the Compiègne-Laval and Saint-Désirat sites in France.
- (2) These were impacts of onerous contracts and losses on completion of development contracts and various risks contracts in the Automotive division recognized as of 2014.
- (3) The charge/reversal for the period mainly concerned ongoing litigation in the Automotive division.
- (4) The sub-section “Other” was made up of non-material individual amounts.
- (5) The actuarial gains/losses referred to higher rates in the Eurozone and the United States.

5.2.6. Provisions for pensions and other post-employment benefits

Post-employment benefit plans:

The generic term “post-employment benefits” is used to refer to both pension benefits and other employee benefits.

Provisions for pensions:

Provisions for pensions mainly cover:

- benefits payable to employees on retirement;
- supplementary pension plans;
- and plans for the payment of healthcare costs of retired employees.

In France, supplementary pension plans only concern executive corporate officers and consist of termination benefits. In other countries, any supplementary pension plans concern all employees.

Plans for the payment of healthcare costs of retired employees mainly concern the North America region (United States).

Other long-term benefit plans:

Other long-term benefits concern other length-of-service awards.

Post-employment benefit plans are set up in accordance with the regulations applicable in each of the Group’s host countries. Consequently, the costs recorded in the accounts are not a function of the number of employees in each country.

The regions identified and presented are those for which the regulations are consistent, allowing data to be aggregated. Where no such aggregation is possible, no reference actuarial rates are provided as the differences in parameters are too great to allow an average rate to be calculated. Similarly, sensitivity tests are performed on country data that can be reliably aggregated.

5.2.6.1 Actuarial assumptions

The main actuarial assumptions used to measure post-employment and other long-term benefit obligations are as follows:

	December 31, 2016		December 31, 2015	
	France	United States	France	United States
	Managers and non-managers		Managers and non-managers	
Minimum age for receiving a full pension	60-62 years	65 years	60-62 years	65 years
Age from which no reduction applies	65-67 years		65-67 years	
Discount rate – post-employment benefits	1.25%	4.25%	2.00%	4.50%
Discount rate – length-of-service awards	0.50%		1.50%	
Inflation rate	1.70%		1.70%	
Rate of future salary increases	1.70% to 4.70%	3.50%	1.70% to 4.70%	3.25%
Rate of growth in healthcare costs ⁽¹⁾		6.70%		7.50%
Expected long-term rate of return on pension plan assets	2.00%	4.25%	2.00%	4.50%

(1) In the United States, rates are expected to decline by 0.5% per year to reach 5% in 2019.

Discount rates – post-employment benefits:

The Group uses as a reference the bond rates issued by good quality (AA) industrial and commercial companies with maturity equal to the estimated commitment.

Inflation rates:

In France, benefits are indexed to inflation.

In the United States, the impact of inflation is not material.

Average rate of future salary increases:

The average rates of future salary increases are weighted between “managers” and “other employees” and depending on employees’ ages.

Estimated long-term return on pension plan assets:

These rates are based on long-term market forecasts and take account of each plan’s asset allocation.

For other foreign subsidiaries, rate differentials are determined based on local conditions.

5.2.6.2. Changes in balance sheet commitments and benefit costs corresponding to the defined benefit plans

The amounts reported in the balance sheet for defined benefit plans are as follows:

In thousands of euros	Post-employment benefit plans			Other long-term benefits			Total		
	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2016	December 31, 2015	December 31, 2014
Projected benefit obligation at January 1	135,123	125,733	86,910	5,678	6,989	7,056	140,802	132,722	93,966
Service cost	8,929	8,300	6,212	658	371	316	9,587	8,671	6,529
Interest cost	3,881	4,068	3,700	94	99	169	3,975	4,167	3,869
Curtailments, settlements and other	(1,579)	(6,652)	(244)	(239)	(1,299)	(82)	(1,818)	(7,951)	(326)
Actuarial gains and losses	12,411	6,307	25,152	197	(20)	(205)	12,608	6,287	24,948
<i>Of which, experience adjustments</i>	705	1,676	221	(137)	(37)	(180)	568	1,639	41
Benefits paid from plan assets	(711)	(13)	8	5	17	6	(706)	4	14
Benefits paid by the Company	(2,050)	(9,529)	(2,903)	(436)	(574)	(342)	(2,486)	(10,103)	(3,246)
Change in scope	572			(163)			409		
Reclassifications according to IFRS 5 ⁽¹⁾	(9,057)			(933)			(9,990)		
Translation adjustment	2,654	6,910	6,898	15	95	71	2,669	7,005	6,968
Projected benefit obligation at December 31	150,173	135,123	125,733	4,876	5,678	6,989	155,049	140,802	132,722
<i>Change in projected benefit obligation</i>	<i>15,050</i>	<i>9,390</i>	<i>38,823</i>	<i>(802)</i>	<i>(1,311)</i>	<i>(68)</i>	<i>14,247</i>	<i>8,080</i>	<i>38,756</i>
Fair value of plan assets at January 1	38,811	39,557	28,619				38,811	39,557	28,619
Return on plan assets	1,328	1,663	1,440				1,328	1,663	1,440
Employer contributions	4,996	4,757	4,005				4,996	4,757	4,005
Actuarial gains and losses	(459)	4,556	2,406				(459)	4,556	2,406
Benefit payments funded by plan assets	(405)	(7,091)	77				(405)	(7,091)	77
Curtailments, settlements and other		(8,158)	(660)					(8,158)	(660)
Translation adjustment	1,060	3,527	3,670				1,060	3,527	3,670
Fair value of plan assets at December 31	45,331	38,811	39,557				45,331	38,811	39,557
<i>Change in fair value of plan assets</i>	<i>6,520</i>	<i>(746)</i>	<i>10,937</i>				<i>6,520</i>	<i>(746)</i>	<i>10,937</i>
Excess of projected benefit obligation over plan assets = net provision recorded in the balance sheet	104,842	96,312	86,176	4,876	5,679	6,989	109,718	101,991	93,165
- of which France	50,026	49,185	44,860	3,496	4,226	4,162	53,522	53,411	49,022
- of which Europe excluding France	10,947	11,105	9,998	880	916	445	11,827	12,021	10,442
- of which United States	34,842	28,142	26,742	500	537	383	35,342	28,679	27,125
- of which other regions	9,027	7,880	4,576			1,999	9,027	7,880	6,575

(1) See Note 5.1.16.3 for the breakdown of components reclassified in “Assets and Liabilities held for sale”

The present value of partially funded obligations was €95,859 thousand at December 31, 2016, including €12,817 thousand for French plans and €66,641 thousand for US plans. The present value of partially funded obligations was €80,801 thousand at December 31, 2015, including €216 thousand for French plans and €54,942 thousand for US plans.

In 2016:

The significant impacts are due to the decrease in discount rates in Europe and the United States.

In 2015:

Material impacts involved the “United States” and “Europe excluding France”.

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- Outsourcing of all entitlements of retirees and deferred retirees under the US retirement plan i.e. persons who are no longer employed by the US company but have not yet reached the age for liquidating their entitlements (*see Consolidated Financial Statements at December 31, 2015*).
- Valuation of defined benefit contribution plans for which the employer's obligation does not end after the premiums have been paid (*see Consolidated Financial Statements at December 31, 2015*) and involving the plans operated by two Belgian subsidiaries.

5.2.6.3 Breakdown of net obligations by region

The following table shows the net projected benefit obligation by country:

In thousands of euros	December 31, 2016				December 31, 2015			
	France	Europe excluding France	United States	Other	France	Europe excluding France	United States	Other
Post-employment benefit plans								
Length-of-service awards payable on retirement	45,857	691		9,027	47,217	354		7,880
Supplementary pension plans	4,169	10,256	31,093		1,968	10,751	24,576	
Healthcare plans			3,749				3,566	
Total post-employment benefit obligations	50,026	10,947	34,842	9,027	49,185	11,105	28,142	7,880
Other long-term benefits	3,496	880	500		4,226	916	537	
Total other post-employment benefit obligations	3,496	880	500		4,226	916	537	
Net obligations recognized in the balance sheet	53,522	11,827	35,342	9,027	53,411	12,021	28,679	7,880

		December 31, 2016		December 31, 2015	
		France	United States	France	United States
Average maturity of obligations	In years	13	21	13	20
Amount of obligations	In thousands of euros	57,920	66,641	57,200	54,942
<i>of which:</i>					
Pension obligations		-	2,140	-	1,677
Deferred obligations		-	2,094	-	200
Asset obligations		57,920	62,407	57,200	53,065

5.2.6.4 Sensitivity tests – retirement obligations

For retirement obligations, the results of sensitivity tests on the main external variable – discount rates – in 2016 and 2015 were as follows:

In thousands of euros	December 31, 2016					December 31, 2015				
	Basis	Increase		Decrease		Basis	Increase		Decrease	
		+0.25%		-0.25%			+0.25%		-0.25%	
		Amount	%	Amount	%		Amount	%	Amount	%
France										
Effect on service cost and interest cost	4,629	4,678	1.06%	4,719	1.94%	4,616	4,597	-0.42%	4,634	0.39%
Effect on projected benefit obligation	57,920	56,300	-2.80%	59,851	3.33%	57,200	55,408	-3.12%	59,059	3.26%
United States										
Effect on service cost and interest cost	7,158	6,976	-2.54%	7,341	2.56%	6,302	6,137	-2.62%	6,469	2.65%
Effect on projected benefit obligation	66,641	60,134	-9.76%	63,388	-4.88%	54,942	52,317	-4.78%	57,705	5.03%

5.2.6.5 Changes in net balance sheet amounts

Changes in net balance sheet amounts for defined benefit plans are as follows:

In thousands of euros	Post-employment benefit plans			Other long-term benefits			Total		
	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2016	December 31, 2015	December 31, 2014
Net projected benefit obligation at January 1	96,312	86,176	58,290	5,679	6,989	7,056	101,991	93,165	65,347
<u>Expense/income for the year</u>									
Service cost	8,929	8,300	6,210	658	371	317	9,587	8,671	6,527
Curtailments, settlements and other	(1,579)	1,504	420	(239)	(1,300)	(76)	(1,818)	204	344
Benefits paid by the Company	(2,050)	(9,529)	(2,904)	(436)	(574)	(342)	(2,486)	(10,103)	(3,246)
Actuarial gains and losses	(8)			269	(20)	(143)	261	(20)	(143)
Benefit payments funded by assets	(307)	7,078	(69)	5	17		(302)	7,096	(69)
Employer contributions	(4,996)	(4,757)	(4,005)				(4,996)	(4,757)	(4,005)
Net non-recurring post-employment benefit plan costs recorded in operating expenses⁽¹⁾	(11)	2,596	(347)	256	(1,505)	(245)	245	1,091	(593)
Interest cost	3,881	4,068	3,700	94	100	169	3,975	4,168	3,869
Expected return on plan assets	(1,328)	(1,663)	(1,440)				(1,328)	(1,663)	(1,440)
Interest costs of post-employment benefit obligations⁽²⁾	2,553	2,405	2,259	94	100	169	2,647	2,505	2,429
<u>Balance sheet impact</u>									
<u>Change in scope</u>	572			(163)			409		
<u>IFRS 5 reclassification⁽³⁾</u>	(9,057)			(933)			(9,990)		
Actuarial gains and losses	12,878	1,751	22,746	(72)		(61)	12,806	1,751	22,685
Translation adjustment	1,594	3,383	3,227	15	95	71	1,609	3,478	3,297
Balance sheet impact	5,987	5,135	25,972	(1,153)	95	9	4,834	5,230	25,982
Net projected benefit obligation at December 31	104,842	96,312	86,176	4,876	5,679	6,989	109,718	101,991	93,165

(1) Including €1,847 thousand recorded as other operating income and expenses for 2016 versus -€293 thousand for 2015.

(2) See "Interest costs of post-employment benefit obligations in note 4.7 on "Net Financial Income"

(3) See note 5.1.16.3 for the breakdown of components reclassified in "Assets and Liabilities held for sale"

5.2.6.6 Healthcare cost sensitivity tests in the United States

The following table shows the impact of a 1-point change in the healthcare cost trend rate in the United States:

In thousands of euros	December 31, 2016		December 31, 2015	
	Increase	Decrease	Increase	Decrease
Effect on provisions for post-employment benefit obligations	536	(680)	520	(655)

5.2.6.7 Breakdown of plan assets by investment category

The funded plan assets at fair value – mainly in the United States – broke down as follows by investment category:

In thousands of euros	December 31, 2016	December 31, 2015
Equities	22,263	24,713
Bonds	13,050	4,998
Real estate	217	194
Other	9,801	8,905
Total	45,331	38,811

5.2.6.8 Contributions paid in respect of defined contribution plans

Contributions paid in respect of defined contribution plans amounted to €7,136 thousand in 2015, compared with €4,681 thousand in 2014. The change is essentially due to legislation changes in the England.

5.2.7. Non-current and current borrowings

5.2.7.1. Net debt indicator used by the Group

Net debt is an important indicator for day-to-day cash management purposes. It is used to determine the Group's debit or credit position outside of the operating cycle. Net debt is defined as:

- long-term borrowings:
 - drawdowns on lines of credit,
 - private placement notes,
 - bonds;
- less loans, negotiable debt securities and other non-current financial assets (*see Note 5.2.7.4 "Loans, negotiable debt securities and other financial assets"*);
- plus short-term debt;
- plus overdraft facilities;
- and less cash and cash equivalents.

5.2.7.2. Borrowings: private placement notes and bonds

In 2016:

On June 17, 2016 the Group carried out a €300 million “Schuldschein” private placement notes issue mainly with foreign private investors (Asian, German, Dutch, Swiss, Luxembourg and Belgian) and with French investors. This placement had the following features:

Private placement – “Schuldschein”	Amount	Interest rate
Issue - fixed rate in euros	300,000,000	1.478%
Maturity	June 17, 2023	

On June 17 and 27, 2016, the Group made an early repayment of the variable portion of the “Schuldschein” private placement of 2012 totaling €119 million, divided into €45 million at a fixed rate and €74 million at a variable rate.

At December 31, 2016:

The main characteristics of the bonds and private placements as at December 31, 2016 are summarized in the following table:

December 31, 2016	Private bond issue of 2012	“Schuldschein” private placement of 2012	Private bond issue of 2013	“Schuldschein” private placement of 2016
Issue - fixed rate in euros	250,000,000	45,000,000	500,000,000	300,000,000
Annual interest rate/coupon	3.875%	3.720%	2.875%	1.478%
Features	French banks	International (Asia, Germany, Canada, Belgium) and French investors	European investors	International (Asia, Germany, Netherlands, Switzerland, Luxembourg, Belgium) and French investors
	No covenant and rating		No covenant and rating	
Maturity	December 12, 2018	June 27, 2017	May 29, 2020	June 17, 2023

5.2.7.3 Medium-term borrowings: issuance of commercial paper

Besides, on the 2nd half-year 2016, the Group emitted commercial papers the Features of which are presented in the (board) below:

December 31, 2016	Commercial paper as of September 12, 2016	Commercial paper as of September 13, 2016
Issuance – Fixed Rate in euros	2,000,000	10,000,000
Annual Rate/coupon	0.090%	0.090%
Features	European investors	
Maturity	March 13, 2017	

5.2.7.4 Loans, negotiable debt securities and other financial assets

Other financial assets comprise mainly loans, security deposits and surety bonds and negotiable debt securities. They are measured at amortized cost. Whenever there is any objective evidence of impairment – i.e. a negative difference between the carrying amount and the recoverable amount – an impairment provision is recognized through profit or loss. These provisions may be reversed if the recoverable amount subsequently increases.

Other financial assets also include short-term investment securities that do not meet the criteria to be classified as cash equivalents. They are measured at their fair value at the closing date, with changes in fair value recognized in net financial income.

In 2015, the Group subscribed to four negotiable medium-term bank notes with a credit institution.

Negotiable medium-term note	Current ⁽¹⁾			
	February 24, 2015	July 13, 2015 ⁽²⁾	July 13, 2015	February 24, 2015
Subscription date	February 24, 2015	July 13, 2015 ⁽²⁾	July 13, 2015	February 24, 2015
Nominal (<i>in euros</i>)	5,000,000	10,000,000	4,000,000	5,000,000
Maturity	February 25, 2019 <i>Not available for four quarters following the subscription date</i>	July 11, 2018	July 15, 2019	February 24, 2020 <i>Not available for eight quarters following the subscription date</i>
Quarterly coupon: Fixed rate Variable rate	Sets the first four quarters following the issue 3-month Euribor + spread as of the fifth quarter			Sets the first eight quarters following the issue 3-month Euribor + spread as of the ninth quarter

(1) See Note 5.1.10 “Current financial receivables”.

(2) On July 13, 2015, the Group subscribed, on a secondary market, to this investment for which the first issue date was July 11, 2014.

5.2.7.5 Utilization of medium-term credit lines

At December 31, 2016, as at December 31, 2015, the Plastic Omnium Group had access to several confirmed bank lines of credit in an amount that exceeded the Group's requirements.

At December 31, 2016 these confirmed bank lines amounted to €1,303 million with an average maturity of more than four years, compared with €1,269 million at December 31, 2015.

5.2.7.6 Reconciliation of gross and net debt

In thousands of euros	December 31, 2016			December 31, 2015		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Finance lease liabilities	17,059	2,821	14,238	6,640	2,503	4,137
Bonds and bank loans	1,270,598	165,499	1,105,099	1,008,696	91,685	917,011
<i>of which the bond issue in 2013</i>	505,091	8,546	496,545	504,103	8,507	495,596
<i>of which the "EuroPP" bond issue</i>	249,390	531	248,859	248,811	504	248,307
<i>of which the "Schuldschein" private placement 2012</i>	45,000	45,000	-	119,000	-	119,000
<i>Of which the "Schuldschein" private placement 2016</i>	300,960	2,393	298,567	-	-	-
<i>Of which commercial paper</i>	12,000	12,000	-	-	-	-
<i>of which bank lines of credit</i>	158,157	97,029	61,128	136,782	82,674	54,108
Non-current and current borrowings (+)	1,287,657	168,320	1,119,337	1,015,336	94,188	921,148
Other current debt (+)	5	5		4	4	
Hedging instruments – liabilities (+) ⁽¹⁾	17,870	17,870		12,757	12,757	
Total borrowings (B)	1,305,532	186,195	1,119,337	1,028,097	106,949	921,148
Available-for-sale financial assets (-) ⁽²⁾	(30,451)		(30,451)	(1,172)		(1,172)
Other financial assets (-)	(88,367)	(33,918)	(54,449)	(83,573)	(18,833)	(64,740)
of which non-current financial receivables ⁽³⁾	(25,816)		(25,816)	(23,043)		(23,043)
- of which negotiable debt securities ⁽³⁾	-		-	(5,000)		(5,000)
Of which trade accounts receivable ⁽³⁾⁽⁴⁾	(62,551)	(33,918)	(28,633)	(55,530)	(18,833)	(36,697)
Other current financial assets and financial receivables (-) ⁽⁴⁾	(62,388)	(62,388)		(27,010)	(27,010)	
Of which negotiable debt securities	(24,016)	(24,016)		(19,030)	(19,030)	
Of which receivables attached to available for sale financial asset	(30,179)	(30,179)		-	-	
Hedging instruments, assets (-) ⁽¹⁾	(499)	(499)		(1,558)	(1,558)	
Total financial receivables (C)	(181,705)	(96,805)	(84,900)	(113,313)	(47,401)	(65,912)
Gross debt (D) = (B) + (C)	1,123,827	89,390	1,034,437	914,784	59,548	855,236
Cash and cash equivalents (-) ⁽⁵⁾	334,189	334,189		663,156	663,156	
Short-term bank loans and overdrafts (+)	(10,307)	(10,307)		(15,891)	(15,891)	
Net cash and cash equivalents as recorded in the statement of cash flows (A)⁽⁶⁾	(323,882)	(323,882)		(647,265)	(647,265)	
NET DEBT (E) = (D) + (A)	799,945	(234,492)	1,034,437	267,519	(587,717)	855,236

(1) See Note 5.2.8 "Interest rate and foreign exchange hedges".

(2) See Note 5.1.7 "Available-for-sale financial assets".

(3) See Note 5.1.8 "Other non-current financial assets".

(4) See Note 5.1.10 "Current financial assets".

(5) See Note 5.1.13.1 "Cash and cash equivalents – gross".

(6) See Note 5.1.13.2 "Net cash and cash equivalents at close".

5.2.7.7 Analysis of gross debt by currency

The table below shows the gross financial debt after accounting for the swaps transactions whose purpose was to change euros into foreign currency.

<i>As a % of total debt</i>	December 31, 2016	December 31, 2015
Euro	63%	66%
US dollar	25%	22%
Chinese yuan	5%	5%
Pound sterling	5%	2%
Brazilian real	1%	1%
Russian ruble	0%	2%
Polish zloty	0%	1%
Other currencies ⁽¹⁾	1%	1%
Total	100%	100%

(1) "Other currencies" concerns various currencies, which, taken individually, account for less than 1% of total financial debt over the two periods.

5.2.7.8 Analysis of gross debt by type of interest rate

<i>As a % of total debt</i>	December 31, 2016	December 31, 2015
Hedged variable rates ⁽¹⁾	0%	8%
Unhedged variable rates	8%	2%
Fixed rates	92%	90%
Total	100%	100%

(1) Variable rate debt relates to the private placement "Schuldschein - 2012" of € 74 million. It was repaid this year in advance. See note 2.4.1 on repayment of the Schuldschein of 2012 in the chapter of "Significant events of the period".

5.2.8. Interest rate and currency hedges

<i>In thousands of euros</i>	December 31, 2016		December 31, 2015	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	-	(6,414)	-	(8,145)
Foreign exchange derivatives	499	(11,456)	1,558	(4,612)
Total balance sheet	499	(17,870)	1,558	(12,757)

5.2.8.1 Interest rate hedges

Interest rate hedges included swaps and caps. Their purpose is to hedge variable rate debt against increases in interest rates.

At December 31, 2016 as at December 31, 2015:

- The total notional amount of derivative instruments used to manage interest rate risks was €255 million.
- The nominal value of cash-flow hedges as per IAS 39 amounted to €60 million.

Non-hedging instruments nonetheless form part of the Group’s interest rate hedging strategy, as it obtains financing at variable rates of interest, in particular under the framework of its sales of receivables.

The derivatives are recognized in the balance sheet at fair value under “Hedging instruments” in assets or in liabilities.

For derivatives that qualify for hedge accounting under IFRS:

- the effective portion of the gain or loss on the hedging instrument is recognized in equity (in “Other comprehensive income”);
- it is reclassified to the income statement in the same period in which the hedged cash flows (i.e. interest payments) affect profit;
- the time value of options is excluded from the hedging relationship. Changes in the time value of options and the ineffective portion of the gain or loss on the hedging instrument are recognized in profit or loss.

Changes in fair value of instruments that do not qualify for hedge accounting are recognized directly in profit or loss.

5.2.8.1.1 Derivative portfolio

In thousands of euros	December 31, 2016			December 31, 2015		
	Fair value of hedging instruments	Recorded in assets	Recorded in liabilities	Fair value of hedging instruments	Recorded in assets	Recorded in liabilities
Interest rate derivatives (fair value)	(6,414)	-	(6,414)	(8,145)	-	(8,145)
Outstanding premiums	(350)	-	(350)	(1,035)	-	(1,035)
Total fair value and outstanding premiums		-	(6,764)		-	(9,180)

Composition of interest rate derivatives portfolio:

December 31, 2016									
In thousands of euros	Fair value	Recorded in assets	Recorded in liabilities	Effective portion included in OCI ⁽¹⁾	Nominal	Maturity	Reference interest rate	Outstanding premiums ⁽²⁾	Nature of derivative
Caps	-	-	-	-	60,000	May-2017	Euribor 2M	(140)	CFH ⁽³⁾
Caps	-	-	-	-	90,000	June-2017	Euribor 1M	(210)	Not considered
Swaps	(6,414)	-	(6,414)	-	105,000	February-2019	Euribor 1M	n/a	Not considered
Total	(6,414)	-	(6,414)	-	255,000			(350)	

December 31, 2015									
In thousands of euros	Fair value	Recorded in assets	Recorded in liabilities	Effective portion included in OCI ⁽¹⁾	Nominal	Maturity	Reference interest rate	Outstanding premiums ⁽²⁾	Nature of derivative
Caps	-	-	-	-	60,000	May-2017	Euribor 2M	(424)	CFH ⁽³⁾
Caps	-	-	-	-	90,000	June-2017	Euribor 1M	(611)	Not considered
Swaps	(8,145)	-	(8,145)	-	105,000	February-2019	Euribor 1M	n/a	Not considered
Total	(8,145)	-	(8,145)	-	255,000			(1,035)	

(1) OCI: Other comprehensive income.

(2) Cap premiums are paid out in installments over the duration of the instruments. Outstanding premium amounts are classified under liabilities and shareholders' equity in the consolidated balance sheet under "Non-current borrowings" and "Current borrowings".

(3) CFH: Cash flow hedges.

5.2.8.1.2 Amounts recognized in equity under “Other comprehensive income”

The following amounts are expressed as gross values before tax.

In thousands of euros	Balance before tax recorded in OCI (1) at December 31, 2015	Transactions in the period	Change in fair value of derivatives	Fair value adjustments reclassified in profit or loss	Balance before tax recorded in OCI (1) at December 31, 2016
Effective portion of gains and losses on derivatives in the portfolio	-	-	-	-	-
Effect of August 2010 and February 2012 restructuring of the derivatives portfolio ⁽²⁾	2,627	-	-	(803)	1,824
Effect of June 2013 restructuring of the derivatives portfolio	(5,157)	-	-	1,627	(3,530)
Total	(2,530)	-	-	824	(1,706)

In thousands of euros	Balance before tax recorded in OCI (1) at December 31, 2014	Transactions in the period	Change in fair value of derivatives	Fair value adjustments reclassified in profit or loss	Balance before tax recorded in OCI (1) at December 31, 2015
Effective portion of gains and losses on derivatives in the portfolio	(1,414)	-	1,414	-	-
Effect of August 2010 and February 2012 restructuring of the derivatives portfolio ⁽²⁾	3,303	-	-	(676)	2,627
Effect of June 2013 restructuring of the derivatives portfolio	(8,453)	-	-	3,296	(5,157)
Total	(6,564)	-	1,414	2,620	(2,530)

(1) OCI: Other Comprehensive Income.

(2) Restructuring of derivatives portfolio so as to extend maturity of hedging instruments.

5.2.8.1.3 Impact of hedging on the Income statement

In thousands of euros	December 31, 2016	December 31, 2015
Effective component of hedging instruments related to derivatives portfolio (hedging of interest rates accruing over the period)	(3,622)	(4,217)
Reclassification in profit or loss of accumulated gains and losses following past restructurings ⁽¹⁾	(824)	(2,620)
Time value of caps	686	674
Changes in fair value of instruments that do not qualify for hedge accounting	1,740	2,332
Total⁽²⁾	(2,020)	(3,831)

(1) See Note 5.2.8.1.2 “Reclassified in profit or loss”.

(2) See “Gains or losses on interest rate and currency hedges” in Note 4.7 “Net financial income”.
See also the impact of currency hedges in Note 5.2.8.2.

5.2.8.2 Currency hedges

The Group uses derivatives to hedge its exposure to currency risks.

In 2016, the Group implemented a policy of hedging the highly probable future transactions in foreign currencies of its various entities. Hedging instruments implemented within this framework include forward foreign currency purchases. The Group applied to these instruments the accounting treatment of cash flow hedges as required by IAS 39.89: the instruments are measured at fair value, and changes in value are recognized in equity for the effective part. The amounts recognized in equity are transferred to profit or loss when the hedged cash flows affect the income.

At December 31, 2016, the fair value of instruments implemented and recognized was a negative €10,956 thousand, of which a negative €187 thousand recognized in equity

Changes in the fair value of other currency hedging instruments are recognized in financial income.

5.2.8.2.1. Portfolio of currency hedges

	December 31, 2016				December 31, 2015			
	Fair value in thousands of euros	Notional amount in thousands of currency units	Medium-term exchange rate	Exchange rate at December 31, 2016	Fair value in thousands of euros	Notional amount in thousands of currency units	Medium-term exchange rate	Exchange rate at December 31, 2015
			Currency/Euro	Currency/Euro			Currency/Euro	Currency/Euro
Net sell position (net buy position if <0)								
USD - Forward exchange contract	(1,041)	(45,135)	1,0992	1,0541	+221	(31,891)	1,1024	1,0887
GBP - Forward exchange contract	+361	(7,436)	0,8223	0,8562	+510	(30,561)	0,728	0,7340
HUF - Forward exchange contract	-	-	-	-	+1	(59,396)	313,5869	315,9800
CNY - Forward exchange contract	-	-	-	-	+253	(48,000)	7,055	7,0608
MYR - Forward exchange contract	-	-	-	-	-	(1,060)	4,6942	4,6959
CLP - Forward exchange contract	(11)	(332,157)	-	707,8000				
KRW - Forward exchange contract	+139	(9.090,523)	1.265,0800	1.369,3600	-	-	-	-
USD - Forward currency swap	(9,247)	(283,300)	1,0923	1,0541	(4,596)	(191,950)	1,1200	1,0887
GBP - Forward currency swap	(281)	(36,824)	0,8619	0,8562	(62)	(11,617)	0,7368	0,7340
CZK - Forward currency swap	-	-	-	-	-	+834	26,9350	27,0230
RUB - Forward currency swap	(263)	(109,000)	77,4600	64,3000	+619	(900,000)	76,7620	80,6736
CNY - Forward currency swap	(601)	(380,443)	7,4766	7,3202	-	-	-	-
SEK - Forward currency swap	+1	+642	9,7300	9,5525				
JPY -Forward currency swap	(13)	+313,293	122,6700	123,4000				
Total	(10,956)				(3,054)			

5.2.8.2.2. Impact of unsettled foreign exchange hedges on income and equity

In thousands of euros	December 31, 2016	December 31, 2015
Impact of change in foreign exchange hedging portfolio on income (ineffective portion) ⁽¹⁾	(7,715)	1,329
Impact of change in foreign exchange hedging portfolio on equity (effective portion)	(187)	-
Total	(7,902)	1,329

(1) See “Gains or losses on interest rate and currency hedges” in Note 4.7 “Net financial income”.
See also Note 5.2.8.1.3 “Impact of hedging on the income statement”.

5.2.9. Operating and other liabilities

5.2.9.1 Trade payables and other operating liabilities

In thousands of euros	December 31, 2016	December 31, 2015
Trade payables	1,148,724	897,404
Due to suppliers of fixed assets	77,894	113,027
Total	1,226,618	1,010,431

5.2.9.2 Other operating liabilities

In thousands of euros	December 31, 2016	December 31, 2015
Accrued employee benefits expense	137,058	119,769
Accrued income taxes	31,837	30,877
Other accrued taxes	113,068	67,090
Other payables	200,638	141,497
Customer prepayments	200,698	144,744
Total	683,299	503,977

5.2.9.3 Trade payables and other operating liabilities by currency

In thousands of currency units	Liabilities at December 31, 2016			Liabilities at December 31, 2015		
	Local currency	Euro	%	Local currency	Euro	%
EUR Euro	972,984	972,984	51%	689,143	689,143	46%
USD US dollar	461,639	437,946	23%	426,623	391,865	26%
GBP Pound sterling	123,321	144,036	8%	109,647	149,393	10%
CNY Chinese yuan	918,505	125,475	7%	720,017	101,974	7%
BRL Brazilian real	138,182	40,280	2%	62,169	14,419	1%
Other Other currencies		189,196	9%		167,614	10%
Total		1,909,917	100%		1,514,408	100%

<i>Of which</i>						
• Trade payables		1,226,618	64%		1,010,431	67%
• Other operating liabilities		683,299	36%		503,977	33%

Sensitivity tests on exchange rate movements for “Trade payables and other liabilities” give the following results:

In thousands of currency units	Sensitivity tests on liabilities at December 31, 2016							Sensitivity tests on liabilities at December 31, 2015					
	Base		Increase – all currencies		Decrease – all currencies		Base		Increase – all currencies		Decrease – all currencies		
			+10%	+20%	-10%	-20%			+10%	+20%	-10%	-20%	
	Local currency	Conversion rate	%	%	%	%	Local currency	Conversion rate	%	%	%	%	
EUR Euro	972,984	1,00000	49%	46%	54%	56%	689,143	1,00000	43%	41%	48%	51%	
USD US dollar	461,639	0,94868	24%	25%	22%	20%	426,623	0,91853	27%	28%	25%	23%	
GBP Pound sterling	123,321	1,16798	8%	8%	7%	7%	109,647	1,36249	10%	11%	9%	9%	
CNY Chinese yuan	918,505	0,13661	7%	7%	6%	6%	720,017	0,14163	7%	7%	6%	6%	
BRL Brazilian real	138,182	0,29150	2%	2%	2%	2%	62,169	0,23193	1%	1%	1%	1%	
Other Other currencies			10%	12%	9%	9%			12%	12%	11%	10%	
Total in euros		1,909,916	2,003,609	2,097,302	1,816,233	1,722,529		1,514,408	1,596,935	1,679,462	1,431,882	1,349,355	
Of which:													
Trade payables		1,226,618	1,286,791	1,346,964	1 166 445	1 106 271		1,010,431	1,065,493	1,120,556	955,368	900,305	
Other operating liabilities		683,298	716,818	750,338	649 778	616 258		503,977	531,442	558,906	476,514	449,050	

Currency sensitivity tests on “Trade payables and other operating liabilities” and “Trade and other receivables” (See Note 5.1.11) give practically the same net exposure for the Group by currency as the exposure calculated based on actual data at December 31, 2016.

6. CAPITAL AND MARKET RISK MANAGEMENT

Compagnie Plastic Omnium has set up a global cash management system with its subsidiary Plastic Omnium Finance, which manages liquidity, currency and interest rate risks on behalf of all subsidiaries. The market risks strategy, which may involve entering into balance sheet and off-balance sheet commitments, is approved every quarter by the Chairman and Chief Executive Officer.

6.1. Capital management

Plastic Omnium raises equity and debt capital on the markets to meet its objective of maintaining ready access to sufficient financial resources to carry out its business operations, fund the investments required to drive growth and respond to exceptional circumstances, if any.

It seeks funding from the capital markets, leading to capital and financial liabilities management.

Under its capital management, the Group pays dividends to its shareholders and may adjust its strategy in line with changes in economic conditions.

The capital structure may also be adjusted by paying ordinary or special dividends, buying back and canceling Company shares, returning a portion of the share capital to shareholders or issuing new shares and/or securities carrying rights to shares.

The Group uses the gearing ratio – corresponding to the ratio of consolidated net debt to equity – as an indicator of its financial condition. Net debt includes all of the Group’s interest-bearing financial liabilities (other than operating payables) less cash and cash equivalents and other financial assets (other than operating receivables), such as loans and marketable securities. At December 31, 2016 and December 31, 2015, the gearing ratio stands at:

In thousands of euros	December 31, 2016	December 31, 2015
Net debt ⁽¹⁾	799,945	267,519
Equity (including non-current government grants)	1,516,131	1,301,194
Gearing ratio	52.76%	20.56%

(1) See Note 5.2.7.6 “Reconciliation of gross and net debt”.

None of the Group’s bank loans or financial liabilities contains acceleration clauses based on compliance with financial ratios.

As part of its capital management strategy, the liquidity account shows the following positions:

- at December 31, 2016:
 - 25,032 shares;
 - and €2,925,457 in cash.

- At December 31, 2015:
 - 15,712 shares;
 - and €2,902,327 in cash.

6.2. Commodities risk – Exposure to plastics risk

Plastic Omnium’s operations use large quantities of plastic, steel, paint and other raw materials which are subject to price changes that could have an impact on its operating margin.

To limit the risks of price fluctuations, the Group has negotiated price indexation clauses with most of its automotive customers or, failing that, regularly renegotiates selling prices.

The Environment division, as part of its proactive sustainability policy, manufactures its products using over 50% recycled plastic, which by nature is scarcely affected by price swings. For the remainder, the division negotiates annual price contracts with its suppliers. Lastly, inventories are managed to reduce the price impact as much as possible.

Taking these measures together, the Group considers that raw material price changes do not have a material impact on its operating margin.

6.3. Credit risk

Credit risk covers customer credit risk and bank counterparty risk.

6.3.1. Customer risk

At December 31, 2016, 11.1% of the Group's Trade receivables were past due, against 8.6% at December 31, 2015. Trade receivables break down as follows:

Ageing analysis of receivables:

At December 31, 2016:

In thousands of euros	Total outstanding	Not yet due	Due and past due	Less than 1 month	1-2 months	24 months	4-6 months	6-12 months	More than 12 months
Automotive	765,682	686,293	79,389	45,222	10,602	6,559	7,493	4,391	5,123
Environment	42,066	31,448	10,618	5,404	1,447	1,025	786	478	1,478
Unallocated items	1,876	1,847	29	29	-	-	-	-	-
Total	809,624	719,588	90,036	50,654	12,049	7,584	8,279	4,869	6,601
Reclassifications according to IFRS 5 ⁽¹⁾	25,231	22,759	2,472	1,966	198	4	18	125	161

(1) See Note 5.1.16 for detail of businesses reclassified as Assets and liabilities held for sale.

At December 31, 2015:

In thousands of euros	Total outstanding	Not yet due	Due and past due	Less than 1 month	1-2 months	2-4 months	4-6 months	6-12 months	More than 12 months
Automotive	522,799	484,679	38,120	19,621	9,980	2,083	618	2,754	3,064
Environment	46,780	35,394	11,386	6,377	779	1,078	596	576	1,980
Unallocated items	8,276	8,261	15	-	-	-	-	-	15 ⁽¹⁾
Total	577,855	528,334	49,521	25,998	10,759	3,161	1,214	3,330	5,059

(1) This item corresponds to receivables regarding disposed entities and definitively recognized as receivables with regard to external third parties.

The risk of non-recovery is low and involves only a non-material amount of receivables more than twelve months past due.

6.3.2. Bank counterparty risk

The Group invests its cash surplus with first class banks and/or in senior securities.

6.4. Liquidity risk

The Group needs access, at all times, to adequate financial resources not only to finance operations and the investments required to support its growth, but also to withstand the effects of any exceptional events.

This requirement is met primarily through medium-term bank lines of credit, but also through short-term bank facilities.

The cash position of each division and the Group position are reviewed on a daily basis and a cash report is submitted to the Chairman and Chief Executive Officer and the Chief Operating Officers every week.

6.4.1. Other non-current financial receivables - carrying amounts and undiscounted values

Undiscounted values can be reconciled to the information listed in the table in Note 6.4.2 on “Liquidity risk by maturity”.

<i>In thousands of euros</i>	December 31, 2016		December 31, 2015	
	Undiscounted finance receivables	Carrying amount	Undiscounted finance receivables	Carrying amount
Due in one to five years	30,731	28,515	37,979	36,530
Other receivables (see Note 5.1.8)	29	29	48	48
Finance receivables related to Environment finance leases (see Note 5.1.8)	1,647	1,490	2,625	2,405
Finance receivables related to Automotive contracts (see Note 5.1.8)	29,055	26,996	35,306	34,077
Due beyond five years	149	147	249	215
Other receivables (see Note 5.1.8)	-	-	-	-
Finance receivables related to Environment finance leases (see Note 5.1.8)	149	147	249	215
Total	30,880	28,662	38,228	36,745

6.4.2. Liquidity risk by maturity

Liquidity risk by maturity is calculated on the basis of the undiscounted contractual cash flows of financial liabilities. An analysis of liquidity risk yields the following:

At December 31, 2016:

In thousands of euros	December 31, 2016	Less than 1 year	1- 5 years	More than 5 years
FINANCIAL ASSETS				
Available-for-sale financial assets - Equity interests	394	-	394	-
Other available for sale financial assets	30,451	-	30,451	-
Other financial assets	25,816	-	25,816	-
Finance receivables ⁽¹⁾	64,889	34,038	30,702	149-
Trade receivables ⁽²⁾	809,624	803,023	6,601	-
Other current financial assets and financial receivables	62,388	62,388	-	-
Hedging instruments	499	499	-	-
Cash and cash equivalents	334,189	334,189	-	-
Total financial assets	1,328,250	1,234,137	93,964	149
Reclassification of Financial Assets IFRS 5⁽³⁾	30,532	30,349	22	
FINANCIAL LIABILITIES				
Non-current borrowings ⁽⁴⁾	1,230,968	28,497	890,667	311,805
Bank overdrafts	10,307	10,307	-	-
Current borrowings ⁽⁵⁾	174,117	174,117	-	-
Other current debt	5	5	-	-
Hedging instruments	17,870	17,870	-	-
Trade payables	1,226,618	1,226,618	-	-
Total financial liabilities	2,659,885	1,457,414	890,667	311,805
Reclassification of Financial Liabilities IFRS 5⁽³⁾	32,202	32,202		
FINANCIAL ASSETS AND FINANCIAL LIABILITIES – NET⁽⁶⁾	(1,331,635)	(223,277)	(796,703)	(311,656)

At December 31, 2015:

In thousands of euros	December 31, 2015	Less than 1 year	1- 5 years	More than 5 years
FINANCIAL ASSETS				
Available-for-sale financial assets - Equity interests	356	-	356	-
Other available for sale financial assets	1,172	-	1,172	-
Other financial assets	28,043	-	28,043	-
Finance receivables ⁽¹⁾	57,385	19,205	37,931	249
Trade receivables ⁽²⁾	577,855	572,796	5,059	-
Other current financial receivables	27,010	27,010	-	-
Hedging instruments	1,558	1,558	-	-
Cash and cash equivalents	663,156	663,156	-	-
Total Financial Assets	1,356,535	1,283,725	72,561	249

FINANCIAL LIABILITIES				
Non-current borrowings ⁽⁴⁾	1,037,995	28,546	1,005,728	3,721
Bank overdrafts	15,891	15,891	-	-
Current borrowings ⁽⁵⁾	97,890	97,890	-	-
Other current debt	4	4	-	-
Hedging instruments	12,757	12,757	-	-
Trade payables	1,010,431	1,010,431	-	-
Total financial liabilities	2,174,969	1,165,520	1,005,728	3,721

FINANCIAL ASSETS AND FINANCIAL LIABILITIES – NET⁽⁶⁾	(818,434)	118,205	(933,167)	(3,472)
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- (1) Undiscounted amounts (see Notes 5.1.10 “Current financial receivables” and 6.4.1 “Other long-term financial receivables”).
- (2) “Trade receivables” includes €90,036 thousand past due at December 31, 2016, against €49,521 thousand at December 31, 2015. See Note 6.3.1 on “Customer credit risk”.
- (3) See Note 5.1.16 for the breakdown of components included in “Assets and Liabilities held for sale”
- (4) “Non-current borrowings” includes the amounts reported in the balance sheet and interest payable over the remaining life of the debt.
- (5) “Current borrowings” includes the amounts reported in the balance sheet and interest due within one year.
- (6) See Note 5.2.7.5 on confirmed medium-term credit lines compared to uses in 2016 and 2015, the confirmed and unused bank lines largely cover the Group’s cumulated medium-term financing requirements.

6.5. Currency risk

Plastic Omnium’s activities are based for the most part on local plants: by producing locally what is sold locally, the Group has little exposure to currency fluctuations, aside from currency translation adjustments for the financial statements.

The Company’s policy is to minimize the currency risk on transactions involving a future inflow or outflow of funds. Nonetheless, if a transaction does give rise to a material currency risk, it is hedged by a forward currency contract. The subsidiary involved places this hedge with the central treasury or, with the latter’s approval, locally.

6.6. Interest rate risk

Interest rate risk relates to the effect of possible increases in variable rates on variable rate debt, which would have a negative impact on net financial income. Interest rate risk on debt is managed by the Group with the prime objective of keeping debt financing costs relatively low so as not to threaten profits.

At December 31, 2016, as at December 31, 2015, most of the Group's financing was at fixed rates (see Note 5.2.7.8 "Analysis of debt by type of interest rate" and Note 5.2.8.1 "Interest rate hedges").

Financial transactions, particularly interest rate hedges, are carried out with a number of leading financial institutions. A competitive bidding process is used for all material transactions, one of the selection criteria being satisfactory resource and counterparty diversification.

Sensitivity to interest rate changes

At December 31, 2016, an increase of 1% in the rate of interest charged on the variable-rate debt would result in a net decrease of €0.2 million in interest expense, after taking into account the impact of hedging instruments, compared with an increase of €0.3 million (in interest expense, after the impact of hedging instruments, for a 1% increase in the rate charged on variable-rate debt) at December 31, 2015.

At December 31, 2016, a 1% reduction in the interest rate charged on the variable-rate debt would result in a net increase of €0.6 million in interest expense, after taking into account the impact of hedging instruments, compared with a decrease of €0.1 million (in interest expense, after the impact of hedging instruments, for a 1% reduction in the rate charged on variable-rate debt) at December 31, 2015.

6.7. Additional information about financial assets and liabilities

Most of the derivatives are traded over-the-counter on which there are no listed prices. Accordingly, they are valued based on models commonly used by traders to evaluate financial instruments (future discounted cash flow models or option valuation models).

Financial assets and liabilities by category and fair value break down as follows:

2016									
In thousands of euros	At amortized cost	At fair value			Total Carrying amount	Valued at cost	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
		Through the income statement	Through shareholders' equity (AFS) ⁽²⁾	Through shareholders' equity (CFH hedge) ⁽³⁾					
ASSETS									
Available-for-sale financial assets - Equity interests	-	-	394	-	394	394	-	-	-
Available-for-sale financial assets	-	-	30,451	-	30,451	-	30,451	-	-
Other non-current financial assets	54,449	-	-	-	54,449	-	-	-	-
Finance receivables	33,918	-	-	-	33,918	-	-	-	-
Trade receivables	809,624	-	-	-	809,624	-	-	-	-
Other current financial receivables	62,388	-	-	-	62,388	-	-	-	-
Hedging instruments	-	499	-	-	499	-	-	499	-
Cash and cash equivalents	-	334,189	-	-	334,189	-	222,307	100,593	-

In thousands of euros	At amortized cost	At fair value			Total Carrying amount	Valued at cost	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
		Through the income statement	Through shareholders' equity (AFS) ⁽²⁾	Through shareholders' equity (CFH hedge) ⁽³⁾					
LIABILITIES									
Non-current borrowings ⁽¹⁾	1,119,337	-		-	1,119,337	-	-	-	-
Bank overdrafts	10,307	-		-	10,307	-	-	-	-
Current borrowings	168,320	-		-	168,320	-	-	-	-
Other current debt	5	-		-	5	-	-	-	-
Hedging instruments	-	17,683		187	17,870	-	-	187	-
Trade payables	1,226,618	-		-	1,226,618	-	-	-	-

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2016 – Compagnie PLASTIC OMNIUM

2015

In thousands of euros ASSETS	At amortized cost	At fair value			Total Carrying amount	Valued at cost	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
		Through the income statement	Through shareholders' equity (AFS) ⁽²⁾	Through shareholders' equity (CFH hedge) ⁽³⁾					
Available-for-sale financial assets - Equity interests	-	-	356	-	356	356	-	-	-
Available-for-sale financial assets	-	-	1,172	-	1,172	1,172	-	-	-
Other non-current financial assets	64,740	-	-	-	64,740	-	-	-	-
Finance receivables – current portion	18,833	-	-	-	18,833	-	-	-	-
Trade receivables	577,855	-	-	-	577,855	-	-	-	-
Other current financial receivables	27,010	-	-	-	27,010	-	-	-	-
Hedging instruments	-	1,558	-	-	1,558	-	-	1,558	-
Cash and cash equivalents	-	663,156	-	-	663,156	-	444,614	218,542	-

In thousands of euros LIABILITIES	At amortized cost	At fair value			Total Carrying amount	Valued at cost	Instrument listed on an active market (level 1)	Valuations based on observable market data (level 2)	Valuations based on unobservable market data (level 3)
		Through the income statement	Through shareholders' equity (AFS) ⁽²⁾	Through shareholders' equity (CFH hedge) ⁽³⁾					
Non-current borrowings ⁽¹⁾	921,148	-	-	-	921,148	-	-	-	-
Bank overdrafts	15,891	-	-	-	15,891	-	-	-	-
Current borrowings	94,188	-	-	-	94,188	-	-	-	-
Other current debt	4	-	-	-	4	-	-	-	-
Hedging instruments	-	12,757	-	-	12,757	-	-	-	-
Trade payables	1,010,431	-	-	-	1,010,431	-	-	-	-

(1) See Note 5.2.7.6 “Reconciliation of gross and net debt”. This includes “Finance lease liabilities” and “Bonds and bank loans”.

(2) AFS: “Available for sale”.

(3) CFH: “Cash Flow Hedge”.

There were no transfers between fair value levels in 2016, as in 2015.

The fair value of financial assets and liabilities at amortized cost was close to the carrying amount, except for current and non-current borrowings.

In thousands of euros	Balance sheet values at December 31, 2016			Fair value at December 31, 2016		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Bonds and bank loans ⁽¹⁾	1,270,598	165,499	1,105,099	1,586,311	123,604	1,462,707
In thousands of euros	Balance sheet values at December 31, 2015			Fair value at December 31, 2015		
	Total	Current portion	Non-current portion	Total	Current portion	Non-current portion
Bonds and bank loans ⁽¹⁾	1,008,696	91,685	917,011	1,055,535	92,098	963,437

(1) See Note 5.2.7.6 “Reconciliation of gross and net debt”.

Means of measuring fair value:

- The fair value of listed bonds is determined on the basis of listed prices (level 1). The fair value of other current debt is determined in each case by discounting future cash flows at a rate corresponding to the Euribor yield curve at year-end, corrected for the Group's credit risk (level 2).
- The fair value of monetary and non-monetary UCITS is measured according to their last known liquidity value (level 1). The fair value of interest rate products (certificates of deposits, time-deposit accounts, negotiable medium term notes, etc.) is based on discounted future cash flows (nominal and interest) for the remaining duration of the product at year end (level 2). The discount rate used is the market rate matching the product's maturity and characteristics.
- Other non-current financial assets and finance receivables: items consisting mainly of finance receivables recorded based on a discounted value when their maturity is more than one year.
- Most of the derivatives are traded over-the-counter on which there are no listed prices. Accordingly, they are valued based on models commonly used by traders to evaluate financial instruments using future discounted cash flow models or option valuation models (level 2).

7. ADDITIONAL INFORMATION

7.1. Number of employees at year-end

	December 31, 2016			December 31, 2015			
	Excluding temporary staff	Temporary staff	Total	Excluding temporary staff	Temporary staff	Total	Changes/Total
France	4,456	1,037	5,493	4,494	1,039	5,533	-1%
%	20.4%	22.4%	20.7%	27.0%	28.4%	27.3%	
Europe excluding France ⁽²⁾	9,617	1,975	11,592	5,495	1,238	6,733	72%
%	43.9%	42.7%	43.7%	33.0%	33.8%	33.2%	
North America	3,821	646	4,467	3,455	569	4,024	11%
%	17.5%	14.0%	16.8%	20.8%	15.5%	19.8%	
Asia and South America ^{(1) (2)}	4,000	970	4,970	3,184	815	3,999	24%
%	18.3%	21.0%	18.7%	19.1%	22.3%	19.7%	
Total	21,894	4,628	26,522	16,628	3,661	20,289	31%

(1) The “Asia and South America” region includes Turkey, South Africa and Morocco.

(2) The workforce integrated through the acquisition of Faurecia's Systems business represents a total of 4,666 employees.

7.2. Off-balance sheet commitments

7.2.1. Commitments given and received

At December 31, 2016:

In thousands of euros	Total	Intangible assets	Property, plant and equipment	Financial assets and liabilities	Other non-financial current assets/liabilities
Surety bonds given	(15,642)	-	(1,448)	(282)	(13,912)
Commitments to purchase assets ⁽¹⁾	(54,858)	-	(54,858)	-	-
Debt collateral (mortgages)	(3,695)	-	-	(3,695)	-
Other off-balance sheet commitments ⁽²⁾	(4,291)	-	-	(3,946)	(345)
Total commitments given	(78,486)	-	(56,306)	(7,923)	(14,257)
Surety bonds received	422	-	72	-	350
Other commitments received	-	-	-	-	-
Total commitments received	422	-	72	-	350
Total commitments – net	(78,064)	-	(56,234)	(7,923)	(13,907)

At December 31, 2015:

In thousands of euros	Total	Intangible assets	Property, plant and equipment	Financial assets and liabilities	Other non-financial current assets/liabilities
Surety bonds given	(14,719)	-	(810)	(1,788)	(12,121)
Commitments to purchase assets ⁽³⁾	(84,506)	-	(84,506)	-	-
Debt collateral (mortgages)	(4,151)	-	-	(4,151)	-
Other off-balance sheet commitments	(10,085)	-	-	(5,200)	(4,885)
Total commitments given	(113,461)	-	(85,316)	(11,139)	(17,006)
Surety bonds received	2,298	-	799	781	718
Other commitments received	-	-	-	-	-
Total commitments received	2,298	-	799	781	718
Total commitments – net	(111,163)	-	(84,517)	(10,358)	(16,288)

- (1) At December 31, 2016, the change in commitments given on the acquisition of assets is mainly related to the investments made:
- The commissioning of the Warrington plant (€24 million in 2015), see Note 2.2.2 "Investments in Production Capacity: Warrington plant in the UK"
 - The increase in investments carried out in the United States on the Adrian, Anderson and Troy sites (€ million)
- (2) The change in other off-balance sheet commitments given on assets and liabilities relates to a reduction in credit notes for SULO Umwelttechnik GmbH (€5 million).
- (3) At December 31, 2015, the increase in commitments given on the acquisition of assets was mainly related to the investments made in Mexico on the Ramos, Puebla and León sites (€15 million)

7.2.2. Operating leases where the Group is lessee

In thousands of euros	December 31, 2016	December 31, 2015
<i>Minimum lease payments under non cancelable operating leases</i>		
Due within one year	47,658	37,151
Due in one to five years	104,786	83,135
Due beyond five years	31,764	32,076
Total	184,208	152,362

7.3. Related party transactions

7.3.1. Compensation paid to Senior Executives and Corporate Officers

Senior executives are the “persons having authority and responsibility for planning, directing and controlling the activities” of Compagnie Plastic Omnium and its subsidiaries, as defined in IAS 24.

No Compagnie Plastic Omnium stock options were granted to Senior Executives and Corporate Officers in the year ending December 31, 2016.

The total amount of compensation paid to members of the Board of Directors and Senior executives is presented in the table below:

<i>In thousands of euros</i>	Paid or payable by...	2016	2015
Directors' fees	Paid by Compagnie Plastic Omnium	138	121
Directors' fees	Paid by companies controlled by Compagnie Plastic Omnium (excl. Compagnie Plastic Omnium) and by Burelle SA	381	395
Gross compensation	Payable by the Plastic Omnium Group	6,735	6,089
Supplementary pension plans	Payable by the Plastic Omnium Group	989	886
Cost of stock option plans	Payable by the Plastic Omnium Group	-	1,476
	<i>Cost spread over the vesting period</i>	-	884
	<i>Social contributions related to the new plan over the period ⁽¹⁾</i>	-	592
Total compensation		8,243	8,966

(1) Analysis of the social contributions for the plan allocated on August 6, 2015 by Compagnie Plastic Omnium:

The rate of social contributions for the stock option plan of August 6, 2015 is 30%. The Group did not grant any new stock option plans in 2016.

The share of contributions related to the stock options of Executive Corporate Officers is presented in the table below and concerns only 2015:

<i>In thousands of euros</i> <i>In units for the number of options</i>	2016 plan	August 6, 2015 plan
<i>Rate of contribution of payroll taxes on stock option plans</i>		30.00%
Total number of options forming part of the basis on which contributions are calculated		545,000
Total contributions subject to performance conditions (in thousands of euros) ⁽¹⁾	None	1,076
Number of share options of Executive Corporate Officers		300,000
Social contributions on stock options of Executive Corporate Officers (in thousands of euros)		592

(1) All stock options granted to Senior Executives and Corporate Officers are subject to performance conditions. Contributions for all stock options subject to performance conditions amounted to €1,076 thousand, and €735 thousand for the others.

7.3.2. Transactions with Sofiparc SAS, Burelle SA and Burelle Participations SA

At December 31, 2016:

In thousands of euros	Direct and indirect costs	Royalties and management fees	Financial income and expenses	Current accounts	Deposits	Trade payables	Trade receivables	Other receivables	Other debtors
Sofiparc SAS	(187)	(5,261)	14	-	1,185	7	14	-	-
Burelle SA	3	(8,529)	15	17	-	2,975	41	-	11
Burelle Participations SA	-	-	6	-	-	-	-	-	-

At December 31, 2015:

In thousands of euros	Direct and indirect costs	Royalties and management fees	Financial income and expenses	Current accounts	Deposits	Trade payables	Trade receivables	Other receivables	Other debtors
Sofiparc SAS	(862)	(4,462)	10	1	1,059	25	2	-	-
Burelle SA	-	(8,206)	16	13	-	3,446	7	18	-
Burelle Participations SA	-	-	6	-	-	-	6	-	-

7.4. Fees paid to the Statutory Auditors

In thousands of euros	2016		
	Mazars	Ernst & Young	Total
Audit services	(1,879)	(1,831)	(3,710)
<i>of which:</i>			
<i>Plastic Omnium</i>	<i>(366)</i>	<i>(353)</i>	<i>(719)</i>
<i>Subsidiaries</i>	<i>(1,513)</i>	<i>(1,478)</i>	<i>(2,991)</i>
Fees and services specific to the duties of the Statutory Auditor	(77)	(229)	(306)
<i>of which:</i>			
<i>Plastic Omnium</i>	<i>(59)</i>	<i>(77)</i>	<i>(136)</i>
<i>Subsidiaries</i>	<i>(18)</i>	<i>(152)</i>	<i>(170)</i>
Total	(1,956)	(2,060)	(4,016)

In thousands of euros	2015		
	Mazars	Ernst & Young	Total
Audit services	(1,774)	(2,018)	(3,792)
<i>of which:</i>			
<i>Plastic Omnium</i>	<i>(384)</i>	<i>(357)</i>	<i>(741)</i>
<i>Subsidiaries</i>	<i>(1,390)</i>	<i>(1,661)</i>	<i>(3,051)</i>
Fees and services specific to the duties of the Statutory Auditor	(177)	(35)	(212)
<i>of which:</i>			
<i>Plastic Omnium</i>	<i>(51)</i>	<i>12</i>	<i>(39)</i>
<i>Subsidiaries</i>	<i>(126)</i>	<i>(47)</i>	<i>(173)</i>
Total	(1,951)	(2,053)	(4,004)

7.5. Consolidating entity

Burelle SA holds 58.63%% of Compagnie Plastic Omnium after the impact of cancellation of Compagnie Plastic Omnium's treasury stock (57.01% prior to cancellation of treasury stock) and fully consolidates the Company.

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69342 Lyon Cedex 07

7.6. Subsequent events

Sale of the “Sulo Emballagen GmbH” site in Herford, Germany

In connection with the sale of “Sulo Emballagen GmbH” in 2016, the Group also sold on January 10, 2017 its building complex (administrative and industrial buildings) in Herford, Germany for €1,150 thousand.

The building complex belonged to a Group company other than the one that sold “Sulo Emballagen GmbH”. As at December 31, 2016, this building was classified as “Assets and liabilities held for sale” (See Note 5.1.16).

The transaction resulted in a net impact of (-€4,398) thousand already provisioned in the financial statements as of December 31, 2016. See Note 4.6 on the “Other operating income and expenses”

No other event likely to have a material impact on the Group's business, financial position, earnings or assets and liabilities at December 31, 2016 has occurred since the closing date.

LIST OF CONSOLIDATED COMPANIES AT DECEMBER 31, 2016

Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Auto-motive	Environment	Not appropriated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
France										
COMPAGNIE PLASTIC OMNIUM SA			*	Parent company			Parent company			1 - a
PLASTIC OMNIUM SYSTEMES URBAINS SAS		*		FC	100	100	FC	100	100	1 - b
METROPLAST SAS		*		FC	100	100	FC	100	100	1 - b
LA REUNION VILLES PROPRES SAS		*		FC	100	100	FC	100	100	1 - b
PLASTIC OMNIUM CARAIBES SAS		*		FC	100	100	FC	100	100	1 - b
INERGY AUTOMOTIVE SYSTEMS FRANCE SAS		*		FC	100	100	FC	100	100	1 - a
PLASTIC RECYCLING SAS		*		EM_IFRS_2014	50	50	EM_IFRS_2014	50	50	
PLASTIC OMNIUM AUTO EXTERIEUR SA		*		FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM AUTO EXTERIEUR SERVICES SAS		*		FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM GESTION SNC			*	FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM FINANCE SNC			*	FC	100	100	FC	100	100	1 - a
LUODOPARC SAS		*		FC	100	100	FC	100	100	1 - b
PLASTIC OMNIUM ENVIRONNEMENT SAS	d2015	*		-	-	-	FC	100	100	1 - a
PLASTIC OMNIUM AUTO EXTERIORS SAS		*		FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM AUTO INERGY SAS		*		FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM AUTO INERGY MANAGEMENT SAS		*		FC	100	100	FC	100	100	1 - a
VALEO PLASTIC OMNIUM SNC	e2016	*		EM_IFRS_2014	50	50	EM_IFRS_2014	50	50	
BEAUVAIS DIFFUSION SAS		*		FC	100	100	FC	100	100	1 - b
PLASTIC OMNIUM VERNON SAS		*		FC	100	100	FC	100	100	1 - a
TECHNIQUES ET MATERIELS DE COLLECTE - "TEMACO" SAS		*		FC	100	100	FC	100	100	1 - b
PLASTIC OMNIUM COMPOSITES SA	h2016	*		FC	100	100	FC	100	100	1 - a
MIXT COMPOSITES ET RECYCLABLES - MCR SAS	g2016	*		FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM ENVIRONNEMENT HOLDING SAS		*		FC	100	100	FC	100	100	1 - b
SIGNALISATION FRANCE SA			*	FC	100	100	FC	100	100	1 - b
SULO FRANCE SAS		*		FC	100	100	FC	100	100	1 - b
PLASTIC OMNIUM AUTO EXTERIORS INDUSTRIES SAS	d2015	*		-	-	-	FC	100	100	
PLASTIC OMNIUM INTERNATIONAL SAS	d2015	*		-	-	-	FC	100	100	
INERGY AUTOMOTIVE SYSTEMS INDUSTRIES SAS	d2016	*		FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM AUTO INERGY SERVICES SAS	a2015	*		FC	100	100	FC	100	100	1 - a
PLASTIC OMNIUM AUTO INERGY FRANCE SAS	a2015	*		FC	100	100	FC	100	100	1 - a
South Africa										
PLASTIC OMNIUM AUTO INERGY SOUTH AFRICA (PROPRIETARY) LTD		*		FC	100	100	FC	100	100	

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Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Auto-motive	Environment	Not appropriated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
<u>Germany</u>										
PLASTIC OMNIUM GmbH			*	FC	100	100	FC	100	100	2 - b
PLASTIC OMNIUM AUTO COMPONENTS GmbH	*			FC	100	100	FC	100	100	2 - b
PLASTIC OMNIUM ENTSORGUNGSTECHNIK GmbH		*		FC	100	100	FC	100	100	2 - a
PLASTIC OMNIUM AUTO INERGY GERMANY GmbH	*			FC	100	100	FC	100	100	2 - b
HBPO BETEILIGUNGSGESELLSCHAFT GmbH	*			EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
HBPO RASTATT GmbH	*			EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
HBPO GERMANY GmbH	*			EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
HBPO GmbH	*			EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
PLASTIC OMNIUM ENVIRONNEMENT GmbH		*		FC	100	100	FC	100	100	2 - a
ENVICOMP SYSTEMLOGISTIK GmbH		*		FC	100	100	FC	100	100	2 - a
WESTFALIA INTRALOG GmbH		*		FC	100	100	FC	100	100	2 - a
SULO EISENWERK STREUBER & LOHMANN GmbH	d2016	*		FC	100	100	FC	100	100	2 - a
SULO UMWELTTECHNIK GmbH		*		FC	100	100	FC	100	100	2 - a
SULO UMWELTTECHNIK BETEILIGUNGS GmbH	e2016	*		FC	100	100	FC	100	100	
SULO EMBALLAGEN GmbH	a2015 - c2016	*		FC	100	100	FC	100	100	2 - a
PLASTIC OMNIUM URBAN SYSTEMS GmbH		*		FC	100	100	FC	100	100	2 - a
PLASTIC OMNIUM COMPOSITES GmbH	h2016	*		FC	100	100	FC	100	100	2 - b
PLASTIC OMNIUM SYSTEMS GmbH	f2016 x2016a	*		FC	100	100	FC	70	70	
HBPO INGOLSTADT GmbH		*		EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
HBPO REGENSBURG GmbH		*		EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
SULO EA GmbH		*		FC	100	100	FC	100	100	2 - b
PLASTIC OMNIUM AUTOMOTIVE EXTERIORS GmbH	b2016	*		FC	100	100	-	-	-	
<u>Argentina</u>										
PLASTIC OMNIUM AUTO INERGY ARGENTINA SA		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM SA		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTOMOTIVE ARGENTINA	b2016	*		FC	100	100	-	-	-	
<u>Belgium</u>										
PLASTIC OMNIUM AUTOMOTIVE NV	e2015	*		-	-	-	FC	100	100	
PLASTIC OMNIUM NV			*	FC	100	100	FC	100	100	
PLASTIC OMNIUM ADVANCED INNOVATION AND RESEARCH NV		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY BELGIUM SA		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTOMOTIVE BELGIUM	b2016	*		FC	100	100	-	-	-	
<u>Brazil</u>										
INERGY AUTOMOTIVE SYSTEMS DO BRASIL Ltda		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM DO BRASIL Ltda		*		FC	100	100	FC	100	100	
HBPO BRASIL AUTOMOTIVE SERVICOS Ltda	a2016	*		EM_IFRS_2014	33.33	33.33	-	-	-	
PLASTIC OMNIUM AUTOMOTIVE DO BRASIL Ltda	b2016 d2016	*		FC	100	100	-	-	-	

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Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Auto- motive	Environ- ment	Not appropri- ated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
Canada										
HBPO CANADA INC.	*			EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
Chile										
PLASTIC OMNIUM SA		*		FC	100	100	FC	100	100	
China										
PLASTIC OMNIUM COMPOSITES (JIANGSU) Co. Ltd	g2016	*		FC	100	100	FC	100	100	
WUHAN PLASTIC OMNIUM AUTO INERGY Co. Ltd		*		FC	100	100	FC	100	100	
YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*		EM_IFRS_2014	49.95	49.95	EM_IFRS_2014	49.95	49.95	
PLASTIC OMNIUM INERGY (SHANGHAI) CONSULTING Co. Ltd		*		FC	100	100	FC	100	100	
INERGY AUTOMOTIVE SYSTEMS CONSULTING (BEIJING) Co. Ltd		*		FC	100	100	FC	100	100	
BEIJING PLASTIC OMNIUM AUTO INERGY Co. Ltd	x2016c	*		FC	60	60	FC	60	60	
CHONGQING YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR FAWAY Co. Ltd		*		EM_IFRS_2014	49.95	25.47	EM_IFRS_2014	49.95	25.47	
GUANGZHOU ZHONGXIN YANFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR TRIM Co. Ltd		*		EM_IFRS_2014	49.95	25.47	EM_IFRS_2014	49.95	25.47	
CHENGDU FAWAY YANFENG PLASTIC OMNIUM Co. Ltd		*		EM	24.48	24.48	EM	24.48	24.48	
HBPO CHINA Co. Ltd		*		EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
YANFENG PLASTIC OMNIUM (SHANGHAI) AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*		EM_IFRS_2014	49.95	49.95	EM_IFRS_2014	49.95	49.95	
DONGFENG PLASTIC OMNIUM AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*		EM	24.98	24.98	EM	24.98	24.98	
GUANGZHOU PLASTIC OMNIUM AUTO INERGY Co. Ltd		*		FC	100	100	FC	100	100	
SHENYANG PLASTIC OMNIUM AUTO INERGY Co. Ltd		*		FC	100	100	FC	100	100	
YANFENG PLASTIC OMNIUM YIZHENG AUTOMOTIVE EXTERIOR SYSTEM Co. Ltd		*		EM_IFRS_2014	49.95	49.95	EM_IFRS_2014	49.95	49.95	
PLASTIC OMNIUM HOLDING (SHANGHAI) Co. Ltd			*	FC	100	100	FC	100	100	
YANFENG PLASTIC OMNIUM (SHENYANG) AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*		EM_IFRS_2014	49.95	49.95	EM_IFRS_2014	49.95	49.95	
YANFENG PLASTIC OMNIUM NINGBO AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*		EM_IFRS_2014	49.95	49.95	EM_IFRS_2014	49.95	49.95	
YANFENG PLASTIC OMNIUM WUHAN AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd		*		EM_IFRS_2014	49.95	49.95	EM_IFRS_2014	49.95	49.95	
NINGBO PLASTIC OMNIUM AUTO INERGY Co. Ltd		*		FC	100	100	FC	100	100	
HBPO CHINA BEIJING Co. Ltd		*		EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
YANFENG PLASTIC OMNIUM HARBIN AUTOMOTIVE EXTERIOR SYSTEMS Co. Ltd	a2015	*		EM_IFRS_2014	49.95	49.95	EM_IFRS_2014	49.95	49.95	
CHONGQING PLASTIC OMNIUM AUTO INERGY Co. Ltd	a2015	*		FC	100	100	FC	100	100	
South Korea										
SHB AUTOMOTIVE MODULES		*		EM_IFRS_2014	16.67	16.67	EM_IFRS_2014	16.67	16.67	
HBPO KOREA Ltd		*		EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
PLASTIC OMNIUM Co. Ltd		*		FC	100	100	FC	100	100	
HBPO PYEONGTAEK Ltd		*		EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
HBPO ASIA HQ Ltd		*		EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	

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Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Auto-motive	Environment	Not appropriated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
<u>Spain</u>										
COMPANÍA PLASTIC OMNIUM SA			*	FC	100	100	FC	100	100	3
PLASTIC OMNIUM EQUIPAMIENTOS EXTERIORES SA	*			FC	100	100	FC	100	100	3
PLASTIC OMNIUM SISTEMAS URBANOS SA		*		FC	100	100	FC	100	100	3
PLASTIC OMNIUM AUTO INERGY SPAIN SA	*			FC	100	100	FC	100	100	3
PLASTIC OMNIUM COMPOSITES ESPAÑA SA	*			FC	100	100	FC	100	100	3
HBPO IBERIA SL	d2015		*	-	-	-	EM_IFRS_2014	33.33	33.33	
SIGNATURE SEÑALIZACIÓN SA	e2016		*	FC	100	100	FC	100	100	3
HBPO AUTOMOTIVE SPAIN SL			*	EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
PLASTIC OMNIUM COMPONENTES EXTERIORES SL			*	FC	100	100	FC	100	100	3
PLASTIC OMNIUM AUTOMOTIVE ESPANA	b2016		*	FC	100	100	-	-	-	
<u>United States</u>										
PLASTIC OMNIUM AUTO EXTERIORS LLC			*	FC	100	100	FC	100	100	4
PLASTIC OMNIUM Inc.			*	FC	100	100	FC	100	100	4
PLASTIC OMNIUM INDUSTRIES Inc.			*	FC	100	100	FC	100	100	4
PLASTIC OMNIUM AUTO INERGY (USA) LLC			*	FC	100	100	FC	100	100	4
PLASTIC OMNIUM AUTOMOTIVE SERVICES Inc.	e2016		*	FC	100	100	FC	100	100	4
HBPO NORTH AMERICA Inc.			*	EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
PLASTIC OMNIUM AUTOMOTIVE EXTERIORS LLC	b2016		*	FC	100	100	-	-	-	4
<u>Hungary</u>										
HBPO MANUFACTURING HUNGARY Kft			*	EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
HBPO AUTOMOTIVE HUNGARIA Kft			*	EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
<u>India</u>										
PLASTIC OMNIUM AUTO EXTERIORS (INDIA) PVT Ltd			*	FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY INDIA PVT Ltd			*	FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY MANUFACTURING INDIA PVT Ltd			*	FC	55	55	FC	55	55	
<u>Israel</u>										
PO-CellTech	b2016p		*	EM_IFRS_2014	50	20	-	-	-	
<u>Japan</u>										
PLASTIC OMNIUM KK			*	FC	100	100	FC	100	100	
HBPO JAPAN KK			*	EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2016 – Compagnie PLASTIC OMNIUM

Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Auto- motive	Environ- ment	Not appropri- ated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
<u>Malaysia</u>										
HICOM HBPO SDN BHD	*			EM	13.33	13.33	EM	13.33	13.33	
<u>Morocco</u>										
INERGY AUTOMOTIVE SYSTEMS (MOROCCO) SARL	*			FC	100	100	FC	100	100	
<u>Mexico</u>										
PLASTIC OMNIUM AUTOMOVIL SA DE CV	d2016	*		FC	100	100	FC	100	100	
PLASTIC OMNIUM INDUSTRIAL AUTO EXTERIORES RAMOS ARIZPE SA DE CV		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM DEL BAJIO SA DE CV	d2016	*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY MEXICO SA DE CV		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY INDUSTRIAL MEXICO SA DE CV	d2016	*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO EXTERIORES SA DE CV	x2016b	*		FC	100	100	FC	100	100	
INOPLASTIC OMNIUM INDUSTRIAL SA DE CV	d2016 g2016	*		FC	100	100	FC	100	100	
PLASTIC OMNIUM SISTEMAS URBANOS SA DE CV		*		FC	100	100	FC	100	100	
HBPO MEXICO SA DE CV		*		EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
PLASTIC OMNIUM MEDIO AMBIENTE SA DE CV		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM TOLUCA SA DE CV	d2016	*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INDUSTRIAL SRL DE CV		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY INDUSTRIAL SA DE CV	d2016	*		FC	100	100	FC	100	100	
HBPO SERVICES MEXICO SA DE CV	a2016	*		EM_IFRS_2014	33.33	33.33	-	-	-	
HBPO MANAGEMENT SERVICES MEXICO SA DE CV	a2016	*		EM_IFRS_2014	33.33	33.33	-	-	-	
<u>Netherlands</u>										
PLASTIC OMNIUM BV		*		FC	100	100	FC	100	100	5
PLASTIC OMNIUM ENVIRONMENT BV		*		FC	100	100	FC	100	100	5
DSK PLASTIC OMNIUM BV		*		FC	51	51	FC	51	51	
PLASTIC OMNIUM AUTO INERGY NETHERLANDS HOLDING BV	i2016	*		FC	100	100	-	-	-	
<u>Poland</u>										
PLASTIC OMNIUM AUTO INERGY POLAND Sp Z.O.O		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO EXTERIORS Sp Z.O.O		*		FC	100	100	FC	100	100	
SULO Sp Z.O.O		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO Sp Z.O.O		*		FC	100	100	FC	100	100	

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Legal name	Reportable segments			At December 31, 2016			At December 31, 2015			Tax group
	Auto- motive	Environ- ment	Not appropri- ated	Method of consolidation	% of control	% interest	Method of consolidation	% of control	% interest	
<u>Czech Republic</u>										
HBPO CZECH S.R.O.	*			EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
SULO S.R.O.		*		FC	100	100	FC	100	100	
<u>Romania</u>										
PLASTIC OMNIUM AUTO INERGY ROMANIA SRL	*			FC	100	100	FC	100	100	
<u>United Kingdom</u>										
PLASTIC OMNIUM AUTOMOTIVE Ltd	*			FC	100	100	FC	100	100	6
PLASTIC OMNIUM URBAN SYSTEMS Ltd		*		FC	100	100	FC	100	100	6
SIGNATURE Ltd		*		FC	100	100	FC	100	100	6
SULO MGB Ltd		*		FC	100	100	FC	100	100	6
HBPO UK Ltd	*			EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
<u>Russia</u>										
OOO STRAVROVO AUTOMOTIVE SYSTEMS	*			FC	100	100	FC	100	100	
DSK PLASTIC OMNIUM INERGY	*			FC	51	51	FC	51	51	
<u>Singapore</u>										
SULO ENVIRONMENTAL SYSTEMS PTE Ltd		*		FC	100	100	FC	100	100	
<u>Slovakia</u>										
PLASTIC OMNIUM AUTO EXTERIORS S.R.O.	*			FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTO INERGY SLOVAKIA S.R.O.	*			FC	100	100	FC	100	100	
HBPO SLOVAKIA S.R.O.	*			EM_IFRS_2014	33.33	33.33	EM_IFRS_2014	33.33	33.33	
PLASTIC OMNIUM AUTOMOTIVE SLOVAKIA S.R.O.	*			FC	100	100	-	-	-	
<u>Sweden</u>										
PLASTIC OMNIUM AB		*		FC	100	100	FC	100	100	
<u>Switzerland</u>										
PLASTIC OMNIUM AG		*		FC	100	100	FC	100	100	
PLASTIC OMNIUM RE AG			*	FC	100	100	FC	100	100	
<u>Thailand</u>										
PLASTIC OMNIUM AUTO INERGY THAILAND Co. Ltd	*			FC	100	100	FC	100	100	
PLASTIC OMNIUM AUTOMOTIVE Co. Ltd	*			FC	100	100	FC	100	100	
<u>Turkey</u>										
B.P.O. AS	*			EM_IFRS_2014	50	49.98	EM_IFRS_2014	50	49.98	

Consolidation method and notes:

FC:	Fully consolidated.
EM:	Entities that were already consolidated by the equity method before the application of the new consolidation standards on January 1, 2014.
EM_IFRS_2014:	Companies consolidated by the equity method since the application of the new consolidation standards as of January 1, 2014.

Movements during the period:

Creation of entities:

a2015	Companies newly-formed and/or in start-up phase in 2015.
a2016	Companies newly-formed and/or in start-up phase in 2016.

Acquisition of companies:

b2016	Companies acquired in 2016.
b2016p	Investments in 2016

Disposal of entities:

c2016	Companies divested in 2016.
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Merging of entities:

d2015	Companies merged in 2015.
d2016	Companies merged in 2016.

Liquidation of entities:

e2015	Companies liquidated in 2015.
e2016	Companies liquidated in 2016.

Change in the percentage of Plastic Omnium ownership:

f2016	Buyout of the minority stake in the German company RMS Rotherm Maschinenbau GmbH. See “x2016a” for the change in corporate name.
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Companies in the process of being sold:

g2016	Companies in the process of being sold in 2016 (and reclassified as “Assets and Liabilities held for sale”). New companies (Newco) are being created to host the business that will be sold during 2017.
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Companies where some sites are in the process of being sold:

h2016	Companies whose Truck business was in the process of being sold in 2016 (and reclassified as “Assets and Liabilities held for sale”)
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Activation of companies:

i2016	Companies activated during the fiscal year 2016.
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Change in company name:

x2016	Companies whose name was changed in 2016
x2016a	“Plastic Omnium Systems GmbH” is the new company name of “RMS Rotherm Maschinenbau GmbH”.
x2016b	“Plastic Omnium Auto Exteriores SA de CV” is the new company name of “Inoplast Composites SA de CV”.
x2016c	“Beijing Plastic Omnium Auto Inergy Co Ltd” is the new company name of “Inergy Automotive Systems Manufacturing (Beijing) Co Ltd”.

Tax group:

- 1 – a Plastic Omnium France;
- 1 – b Plastic Omnium France Environnement Holding;
- 2 - a Germany Systèmes Urbains;
- 2 - b Germany Plastic Omnium GmbH;
- 2 - c Germany Plastic Omnium Environnement;
- 3 Spain;
- 4 United States;
- 5 Netherlands;
- 6 United Kingdom.