

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

Condensed interim consolidated financial statements
for the six-month period ended 30 June 2015

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

Content of the condensed interim consolidated financial statements of CIE Automotive, S.A. and Subsidiaries for the six-month period ended 30 June 2015

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CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AT 30 JUNE 2015
(€'000)

	Note	30.06.2015	31.12.2014
ASSETS			
Non-current assets			
Property, plant and equipment	4	973,749	927,961
Goodwill	5	910,917	897,410
Other intangible assets	5	48,300	48,544
Non-current financial assets	6	14,211	13,868
Investments in associates	6	10,116	1,497
Deferred tax assets	-	238,072	230,702
Other non-current assets	-	4,498	5,375
		2,199,863	2,125,357
Current assets			
Inventories	-	311,311	288,909
Trade and other receivables	-	362,950	292,653
Other current assets	-	9,246	7,170
Current tax assets	-	67,072	58,558
Other current financial assets	6	80,339	96,258
Cash and cash equivalents	7	218,384	297,699
		1,049,302	1,041,247
Disposal group assets classified as held-for-sale	8	25,208	24,638
Total assets		3,274,373	3,191,242

The accompanying notes set out on pages 7 to 60 form an integral part of these condensed interim consolidated financial statements.

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CONDENSED INTERIM CONSOLIDATED BALANCE SHEET AT 30 JUNE 2015
(€'000)

	Note	30.06.2015	31.12.2014
EQUITY			
Capital and reserves attributable to the parent company's shareholders			
Share capital	9	32,250	32,250
Share premium	9	152,171	152,171
Retained earnings	-	488,569	460,888
Interim dividend	-	-	(12,900)
Cumulative exchange differences	-	(49,636)	(70,590)
Non-controlling interests	-	320,499	299,813
Total equity		943,853	861,632
Deferred income	-	15,729	17,004
LIABILITIES			
Non-current liabilities			
Non-current provisions	11	120,274	117,322
Non-current borrowings	10	856,968	849,897
Deferred tax liabilities	-	77,446	75,963
Other non-current liabilities	-	100,328	176,787
		1,155,016	1,219,969
Current liabilities			
Current borrowings	10	218,991	254,180
Trade and other payables	-	658,944	630,193
Other current financial liabilities	6	13,125	10,489
Current tax liabilities	-	63,719	57,200
Current provisions	11	15,330	11,386
Other current liabilities	-	185,355	126,822
		1,155,464	1,090,270
Disposal group liabilities classified as held-for-sale	8	4,311	2,367
Total liabilities		2,314,791	2,312,606
Total equity and liabilities		3,274,373	3,191,242

The accompanying notes set out on pages 7 to 60 form an integral part of these condensed interim consolidated financial statements.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015
(€'000)

	Note	Six month period ended 30 June	
		2015	2014
OPERATING REVENUE		1,386,655	1,119,385
Revenue	-	1,338,602	1,058,417
Other operating income	-	43,439	50,767
Change in inventories of finished goods and work in progress	-	4,614	10,201
OPERATING EXPENSES		(1,262,509)	(1,032,379)
Consumption of raw materials and secondary materials	-	(739,740)	(609,438)
Employee benefit expense	-	(314,423)	(243,173)
Depreciation	4/5	(62,873)	(53,382)
Other operating income/(expenses)	-	(145,473)	(126,386)
OPERATING PROFIT		124,146	87,006
Finance income	-	10,128	12,095
Finance costs	-	(29,353)	(36,218)
Exchange differences	-	4,289	1,991
Change in fair value of assets and liabilities taken to income statement	2.1	(6,071)	-
Share of profit/(loss) of associates	6	(4)	(1,575)
PROFIT BEFORE TAX		103,135	63,299
Income tax	12	(19,881)	(13,437)
PROFIT FROM CONTINUING OPERATIONS AFTER TAXES		83,254	49,862
LOSS FROM DISCONTINUED OPERATIONS	8	(496)	(99)
PROFIT FOR THE PERIOD		82,758	49,763
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-	(13,982)	(10,262)
PROFIT ATTRIBUTABLE TO THE PARENT COMPANY'S SHAREHOLDERS		68,776	39,501
Earnings per share from continuing and discontinued operations attributable to Company's shareholders (expressed in euro per share)			
- Basic:	13	0.533	0.329
From continuing operations		0.537	0.330
From discontinued operations		(0.004)	(0.001)
- Diluted:	13	0.533	0.329
From continuing operations		0.537	0.330
From discontinued operations		(0.004)	(0.001)

The accompanying notes set out on pages 7 to 60 form an integral part of these condensed interim consolidated financial statements.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015
(€'000)

	Note	Six month period ended 30	
		June	
		2015	2014
PROFIT FOR THE PERIOD		82,758	49,763
OTHER COMPREHENSIVE INCOME			
Entries that may be reclassified to profit or loss:			
- Cash flow hedges	6	(2,564)	2,410
- Net investment hedge	6	(16,545)	5,439
- Currency translation differences	-	28,989	17,422
- Available-for-sale financial assets	-	-	1,821
- Other comprehensive income for the period	-	474	(2,044)
- Tax effect	-	6,364	(2,624)
Total entries that may be reclassified to profit or loss		16,718	22,424
Entries that may not be reclassified to profit or loss:			
- Actuarial gains and losses		(3,798)	(363)
- Tax effect		1,139	109
Total entries that may not be reclassified to profit or loss		(2,659)	(254)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		96,817	71,933
Attributable to:			
- Owners of the parent Company		75,804	54,916
. Continuing operations		76,300	54,909
. Discontinued operations		(496)	7
- Non-controlling interests		21,013	17,017
		96,817	71,933

The accompanying notes set out on pages 7 to 60 form an integral part of these condensed interim consolidated financial statements.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2015
(€'000)

	Share capital (Note 9)	Share premium (Note 9)	First-time application reserve and other restatement reserves	Cumulative exchange differences	Retained earnings	Interim dividend	Non-controlling interests	Total equity
Balance at 31 December 2013	29,705	61,467	18,764	(95,400)	417,111	(10,694)	139,531	560,484
TOTAL COMPREHENSIVE INCOME for 2014	-	-	3,151	12,264	39,501	-	17,017	71,933
Distribution of 2013 profit	-	-	-	-	(22,304)	10,694	-	(11,610)
Increase in capital (Note 9)	2,545	90,704	-	-	(1,527)	-	-	91,722
Other movements (*)	-	-	-	-	2,097	-	(3,424)	(1,327)
Balance at 30 June 2014	32,250	152,171	21,915	(83,136)	434,878	-	153,124	711,202

(*) Basically relates to the distribution of dividends to non-controlling interests.

	Share capital (Note 9)	Share premium (Note 9)	First-time application reserve and other restatement reserves	Cumulative exchange differences	Retained earnings	Interim dividend	Non-controlling interests	Total equity
Balance at 31 December 2014	32,250	152,171	4,903	(70,590)	455,985	(12,900)	299,813	861,632
TOTAL COMPREHENSIVE INCOME for 2015	-	-	(13,926)	20,954	68,776	-	21,013	96,817
Distribution of 2014 profit	-	-	-	-	(25,800)	12,900	-	(12,900)
Increase in capital (Note 9)	-	-	-	-	(1,078)	-	1,078	-
Other movements (*)	-	-	-	-	(291)	-	(1,405)	(1,696)
Balance at 30 June 2015	32,250	152,171	(9,023)	(49,636)	497,592	-	320,499	943,853

(*) Basically relates to the distribution of dividends to non-controlling interests.

The accompanying notes set out on pages 7 to 60 form an integral part of these condensed interim consolidated financial statements.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX-MONTH PERIOD ENDED
30 JUNE 2015
(€'000)

	Notes	Period ended 30 June	
		2015	2014
Cash flows from operating activities			
Cash generated from continuing and discontinued operations	15	121,425	84,916
Interest paid	-	(22,601)	(31,054)
Interest received	-	4,638	9,488
Income tax paid	-	(21,406)	(9,821)
Net cash generated from operating activities		82,056	53,529
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	17	(143)	(5,868)
Acquisition of property, plant and equipment	4	(76,838)	(55,677)
Proceeds from the sale of property, plant and equipment and intangible assets	15	1,889	1,444
Acquisition of intangible assets	5	(5,533)	(3,071)
Acquisition/disposal of other non-current assets	-	(132)	(621)
Liabilities payments of Business combinations	-	(22,400)	-
Acquisition/disposal of financial assets	6	13,630	(36,369)
Net cash used in investing activities		(89,527)	(100,162)
Cash flows from financing activities			
Increase in Capital		-	91,722
Proceeds from borrowings	10	104,311	69,800
Income (net of reimbursements) from high-rotation borrowings	10	(71,951)	(4,415)
Loan repayments	10	(93,317)	(130,300)
Grants received (net)	-	90	109
Dividends paid to shareholders of the parent company	14	(12,900)	(10,694)
Other payments/income to/from non-controlling interests	-	(1,452)	(4,413)
Net cash (used in)/from financing activities	-	(75,219)	11,809
Exchange gains/(losses) on cash and cash equivalents	-	3,375	10,106
Net (decrease)/increase in cash and cash equivalents		(79,315)	(24,718)
Cash and cash equivalents at beginning of the year	7	297,699	326,960
Cash and cash equivalents at end of the year	7	218,384	302,242

The accompanying notes set out on pages 7 to 60 form an integral part of these condensed interim consolidated financial statements.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

1. General information and Regulatory Framework

1.1 CIE Automotive Group and activities

The CIE Automotive Group carries out its activities in two core business lines: the Automotive sector and the Solutions and Services sector (Smart Innovation), which are described below:

- Automotive

The automotive business is carried out through an industrial group formed by several companies that are mainly engaged in the design, manufacture and sale of automotive components and sub-assemblies, as well as biofuels, on the world automotive market, using complementary technologies – aluminium, forging, metals and plastics - and several associated processes: machining, welding, painting and assembly.

Its main facilities are located in Europe: Spain (Álava, Barcelona, Cádiz, Guipúzcoa, Orense, Madrid and Vizcaya), Germany, France, UK, Portugal, Czech Republic, Romania, Italy, Morocco, Lithuania, NAFTA (Mexico and the US), South America (Brazil), and India, the People's Republic of China, Guatemala and Russia.

- Solutions and Services (Smart Innovation)

The Group, through a group of companies, leading by the company Global Dominion Access, S.A., and with stable presence in 28 countries and more than 6,000 employees, supported on a business model which combines knowledge and technology, develops its activities offering Solutions and Services that actively contribute to make more efficient the productive processes of its clients. With a global and multisectorial approach, this subgroup operates, among others, in the sectors of Industry, Energy, Bank, Health, Education and Technology, both in private and public fields.

Its main facilities are located in Europe (Spain, Germany, France, Italy, UK, Poland and Denmark), so on Saudi Arabia, the Gulf States (Oman, Qatar, UAE), USA, Latin America (Chile, Mexico and Argentina) and Asian Southeast and Australia.

The Parent Company's registered office is in Bilbao at "Calle Alameda Mazarredo 69, 8º piso".

Group structure

At present CIE Automotive, S.A. (publicly listed) has a 100% direct stake in: CIE Berriz, S.L., CIE Automotive Nuevos Mercados, S.L., R.S. Automotive, B.V. and in Autokomp Ingeniería, S.A.U; and finally a 62.95% stake in Global Dominion Access, S.A., holding companies to which the CIE Automotive Group's productive companies report.

The list of subsidiaries and associates at 30 June 2015, together with the information concerning them, is set out in the Appendix to these Notes which are part of these interim summarized consolidated financial statements.

All subsidiaries under the control of the CIE Automotive Group have been consolidated using the full consolidation method.

At 30 June 2014 the subsidiaries CIE Avtocon Kaluga, LLC and CIE Automotive Hispamoldes, S.A. were consolidated under the equity method. In December 2014, the Group sold its participation in CIE Avtocon Kaluga, LLC. and its dependent subsidiaries. Additionally, in 16 March 2015 the Group acquired the other 50% of CIE Automotive Hispamoldes, S.A. After the takeover of CIE Automotive Hispamoldes, S.A., it has been consolidated using the full consolidation method.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

The associates companies consolidated under the equity method are as follows:

	% interest	
	30.06.2015	31.12.2014
Belgium Forge, N.V. (1)	100%	100%
Biocombustibles de Zierbana, S.A. (1)	20%	20%
Biocombustibles La Seda, S.L. (1)	40%	40%
Galfor Eólica, S.L. (2)	50%	50%
Gescrap - Autometal Comercio de Sucatas, Ltd.	30%	30%
Antolin - CIE Czech Republic, s.r.o.	30%	30%
Gescrap Autometal de México, S.A. de C.V. and subsidiaries	30%	30%
CIE Automotive Hispamoldes, S.A. and subsidiaries (3)	100%	50%
Centro Near Servicios Financieros, S.L.	14.48%	14.48%
Advance Flight Systems, S.L.	18.89%	18.89%
Sociedad Concesionaria Salud Siglo XXI, S.A.	30%	-
Crest Geartech Ltd. (1)	100%	100%

(1) In liquidation/dormant

(2) Company being launched

(3) Group of companies which, following the acquisition of the remaining 50% in 2015, is consolidated using the full consolidation method.

Listing on the Brazilian Stock Exchange and public offering bid in Autometal

One of the Group's subsidiaries, the Brazilian company Autometal S.A., which was 74.76%-owned by the Group, was at 30 June 2014 traded on the Brazilian Stock Exchange (BM&FBOVESPA – Novo Mercado) since 7 February 2011. Appendix summarises the subsidiaries of Autometal S.A.

In September 2014, the formalities connected to the takeover bid were successfully completed in order to exclude of negotiation of the above mentioned Company in the Brazilian Stock Exchange, acquiring the remaining 25.24% of share capital.

After the final auction, CIE Automotive, S.A. became the owner of 99.75% of the shares of Autometal, S.A. (through its subsidiary CIE Autometal, S.A.). Subsequently, the General Meeting of 6 October 2014 agreed to cancel and redeem the remaining shares to complete 100% of the acquisition.

The maximum price offered to the shareholders of Autometal, S.A. other than CIE Autometal, S.A. amounted to BRL19.50 per share, adjusted by the "Índice de Preços ao Consumidor Amplo (IPCA)". In addition, Autometal shareholders received a complementary dividend of BRL0.2292 per share paid out of 2013 profits. As a result, the shares acquired in the takeover bid were ex-dividend. The operation amounted to approximately €203 million (approximately BRL617 million).

Autometal, S.A.'s share price on the Brazilian Stock Exchange at 30 June 2014 was BRL19.00.

After the completion of the public offering, the Group started a restructuring process of CIE Automotive group in Brazil, by (a) the sale of all business units located abroad to CIE Berriz, S.L., ended in the second semester of 2014, and (b) the reverse merger in February 2015 of the lead investment holding of the Group companies in Brazil, CIE Autometal, S.A., and the lead operating company of this group, Autometal, S.A. (absorbing company).

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

Strategic alliance with Mahindra group

On 15 June 2013, CIE Automotive, S.A., through its Brazilian subsidiary Autometal, S.A. and several of the latter company's subsidiaries, entered into a strategic agreement to integrate Mahindra & Mahindra's automotive component manufacturing business with CIE Automotive, S.A.'s forged steel component manufacturing business, which has resulted in the creation of the MAHINDRA CIE Group, parented by the Indian company Mahindra CIE Automotive, Ltd. and listed on the Bombay Stock Exchange.

Mahindra Systech is Mahindra & Mahindra's automotive component business unit; its portfolio includes cast iron parts, forged steel parts, stamped parts, gear assemblies, magnetic products and composites. It has a network of plants and sales offices in India, Germany, United Kingdom and Italy serving customers located in North America, Europe and Asia, comprising the following five subgroups: Mahindra Forgings, Ltd. (listed on the Bombay Stock Exchange, currently named Mahindra CIE Automotive, Ltd.), Mahindra Composites, Ltd. (listed on the Bombay Stock Exchange), Mahindra Ugine Steel Company, Ltd. (listed on the Bombay Stock Exchange), Mahindra Hinoday Industries, Ltd. (not listed) and Mahindra Gears & Transmission Pvt, Ltd. (not listed).

In June 2013, in a first phase of the operation, Autometal, S.A. integrated (through a purchase and sale transaction between CIE Group companies) CIE Automotive, S.A.'s European forged steel component manufacturing business, which includes the companies CIE Galfor, S.A.U. and CIE Legazpi, S.A.U. (Spanish companies) and UAB CIE LT Forge (Lithuanian company).

On 4 October 2013, after obtaining authorisation from the competition authorities in India, Germany and Brazil, as well as other regulatory approvals, CIE Automotive, S.A. completed this first phase by acquiring a controlling interest in the listed companies Mahindra CIE Automotive, Ltd. and Mahindra Composites, Ltd., through subsidiaries of its Brazilian subsidiary Autometal, S.A., (by means of takeover bids in the Bombay Stock Exchange and direct acquisitions), and a controlling interest in the non-listed company Mahindra Hinoday Industries, Ltd. The total price paid was INR8,809 million (equivalent to approximately €110 million).

The shareholding acquired by Autometal, S.A. in those companies through its subsidiaries was a 79.16% stake in the case of Mahindra CIE Automotive, Ltd., a 61.74% stake in the case of Mahindra Composites, Ltd. and a 64.96% stake in the case of Mahindra Hinoday Industries, Ltd.

Mahindra & Mahindra's transaction was ratified by the General Meeting of Autometal, S.A. held on 8 July 2013, pursuant to Article 256 of Law 6.404/76, as amended by Law 10.303/01.

As part of the global operation, in an independent transaction of the preceding, in 2013 Mahindra & Mahindra (through Mahindra Overseas Investment Company Mauritius Limited) acquired a 13.5% interest in CIE Automotive, S.A., through the following transactions: (a) acquisition from CIE Automotive, S.A. of a 9.44% interest in share capital (post-increase) which the Company recognised as treasury shares at that date; and (b) subscription in the capital increase of a 4.06% interest (post-increase), at the price of €6 per share in both cases, for a total price of €96,210,557.

During a second stage in the second semester of 2014, Mahindra CIE Automotive, Ltd., (at the time indirectly controlled by CIE Automotive, S.A.) initiated the merger by absorption, culminated on December 2014, of Mahindra Composites, Ltd. (listed on the Bombay Stock Exchange), Mahindra Ugine Steel Company, Ltd. (listed on the Bombay Stock Exchange), Mahindra Hinoday Industries, Ltd., Mahindra Investments India Private Limited, Mahindra Gears International Limited and the company holding the European forged component manufacturing business of CIE Automotive, S.A., Participaciones Internacionales Autometal Tres, S.L., integrating all these businesses.

Three of these companies and their subsidiaries, involved in the merger, acquired on that same date, namely: Mahindra Ugine Steel Company, Ltd. (listed on the Bombay Stock Exchange), Mahindra Investments India Private Limited (not listed) and Mahindra Gears International Limited (not listed).

As mentioned above, the final outcome of the process at the end of 2014 was the creation of the MAHINDRA CIE group, parented by the Indian company Mahindra CIE Automotive, Ltd. (formerly Mahindra Forgings, Ltd.), listed on the Bombay Stock Exchange, in which CIE Automotive, S.A. through its subsidiary CIE Berriz, S.L. and several subsidiaries owns a controlling interest (53% of share capital) and in which Mahindra & Mahindra holds around 20% of share capital.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

The share price at 30 June 2015 of the company Mahindra CIE Automotive, Ltd., currently listed on the Bombay Stock Exchange was 229.75 INR.

Changes in the scope of consolidation

Six month period ended 30 June 2015

a) Automotive segment

On February 2015 the reverse merger of the lead investment holding of the Group companies in Brazil, CIE Autometal, S.A., and the lead operating company of this group, Autometal, S.A. (absorbing company has been completed).

On February 26 2015, the General Meeting of the subsidiary Metalcastello S.p.A. approved the return of the share capital of the company in negative financial position, reaching a value of €10 million. None of minority shareholders came to this capital increase therefore the Group through its holding company Mahindra Gears Global Ltd., became holder of 53.21 % of the share capital of the company Metalcastello S.p.A. (50.87% in 2014). This transaction has supposed a reclassification in the equity of the Group between controlling and non-controlling interests of €1,078 thousand.

On 16 March 2015, CIE Berriz, S.L. has acquired 125 shares in CIE Automotive Hispamoldes, S.A. for €250 thousand, representing 50% of its share capital and becoming its sole shareholder, ending the Investment Agreement signed in 2011 with the Hispamoldes Group for the company constitution. This business combination is described in Note 17.

In June 2015, Participaciones Internacionales Autometal, S.L.U. sold to CIE Berriz, S.L. 468,121 shares in CIE Autometal de Mexico, S.A.P.I. de C.V. representing 24.9% of the company's share capital. This transaction has not have effect on the Group consolidation.

In June 2015, CIE Automotive, S.A. sold to CIE Berriz, S.L. 12,160,201 shares representing 26.96% of the share capital of CIE Automotive Nuevos Mercados, S.L. This transaction has not have effect on the Group consolidation.

b) Solutions and Services segment (Smart Innovation)

In February 2015, Global Dominion Access, S.A. has acquired 4,500 shares of the newly company Concesionaria Salud Siglo XXI, S.A., a Chilean company, for an amount of CHI5,427 million equivalent to approximately €8 million (Note 6). This way, Global Dominion holds a 30% of participation in this company.

Six month period ended 30 June 2014

a) Automotive segment

On February 2014, the parent company completed the acquisition of the 50% interest -owned by the Dutch fund VEP Fund I Holding Coöperatief W.A. ("VEP")- in RS Automotive B.V. for €10,766 thousand, adding if applicable, an additional amount linked to the performance of EBITDA in RS Automotive B.V. in 2014 and 2015, payable during the first semester of 2016.

As a result of this acquisition, CIE Automotive, S.A. became the owner of the 100% stake in RS Automotive B.V.

RS Automotive B.V. is the parent of a group of companies with production facilities in France, Spain, Romania, China and Mexico, devoted to the manufacture of special automotive comfort systems and operating in the market under the name of ACS-Advanced Comfort Systems Group.

On April 2015, a final agreement with VEP has been reached, to anticipate the unpaid portion and the subsequent liquidation of rights and obligations under the contract. This transaction has implied to a final payout of €6.8 million euros, generating a positive result of €4 million over the liability previously registered at fair value.

In 2014, CIE Automotive Rus L.L.C. carried out an increase in capital fully subscribed by CIE Automotive Nuevos Mercados, S.L., amounting to RUB 95 million, approximately equivalent to €2 million.

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b) Solutions and Services segment (Smart Innovation)

In the second semester of 2014 there were significant variations in the Group's scope of consolidation as detailed in Note 17.

Shareholders of the Group's parent company

The companies holding a direct or indirect shareholding of more than 10% in CIE Automotive, S.A. at 30 June 2015 and 2014 are as follows (Note 9):

	% interest	
	30.06.2015	30.06.2014
Acek Desarrollo y Gestión Industrial, S.L. (***)	(*) 22.909%	(*) 22.909%
Mahindra & Mahindra, Ltd.	(**) 12.435%	(**) 12.435%

(*) 9.808% directly and the remaining 13.101% indirectly through Risteel Corporation, B.V. (2014: 9.808% directly and the remaining 13.101% indirectly through Risteel Corporation, B.V.).

(**) Indirectly through Mahindra Overseas Investment Company Mauritius, Ltd.

(***) Formerly Corporación Gestamp, S.L.

Authorisation for interim financial statements

These condensed interim consolidated financial statements were authorised for issue by the Board of Directors of the parent company on 29 July 2015.

1.2 Regulatory Framework

Certain companies of the automotive segment develop their activity in the production and sale of biofuel, which is a sector with specific regulatory framework (sector of hydrocarbons).

Some of the liabilities of this specific regulation we can indicate:

- The maintenance of minimum inventory levels of oil products (Royal Decrees 1716/2004 and 1766/2007), that nowadays are 92 days of sales, of which 50 days must be covered for the operators. Of these quantities, 35 days are kept for the Corporation of Strategic Reservations of Oil Products, CORES, by means of lease to the operators. The rest of the quantities of stock has remained covered in the exercises 2015 and 2014 for the own stock of the companies of the Group subject to this obligation.
- Annual accreditation to the certification authority (CNE) of the ownership of the minimal quantity of certificates of biofuels that allows fulfil the aims for the biofuels, whose percentage for the exercises 2015 and 2014 have been fixed in 4.1% of the annual sales.

During 2014, the biofuel production plants of the Group had been granted with the capacity of production to operate in this activity according to the allocation made by the Secretary of State of Energy for the compound of the obligatory aims of biofuels mentioned before.

2. Summary of the main accounting policies applied

Except as indicated in Notes 2.1 and 2.5 below, the accounting policies applied in the preparation of these condensed interim consolidated financial statements for the six month period ended 30 June 2015 are consistent with those applied in the preparation of the 2014 consolidated annual accounts of CIE Automotive, S.A. and subsidiaries. These condensed interim consolidated financial statements for the six month period ended 30 June 2015 have been prepared according to International Accounting Standards (IAS) 34, "Interim financial reporting" and should be read along with the consolidated annual accounts at 31 December 2014 of CIE Automotive, S.A. and subsidiaries, which were prepared according to IFRS-EU.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

2.1 Basis of presentation

The Group's condensed interim consolidated financial statements for the six month period ended 30 June 2015 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted for utilisation in the European Union (IFRS-EU) and approved under European Commission Regulations in force at 30 June 2015.

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held-for-sale and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of interim financial statements and the consolidated annual accounts in conformity with IFRS-EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The judgements and estimates made by management when preparing the condensed interim consolidated financial statements at 30 June 2015 are consistent with those used in the preparation of the consolidated annual accounts at 31 December 2014 of CIE Automotive and subsidiaries.

There are no extraordinary items in the first semester of 2015 and 2014 income statement that would require breakdown or reconciliation of figures.

Significantly, in the first semester of 2015 some balances, both expenses and income, not directly linked to the operational side of the business, are considered non-recurring:

- €4 million income arising from the early cancellation of the contingent liability with VEP group for the purchase of 50% of the RS group in February 2014, and that has been registered under "Change in fair value of assets and liabilities taken to income statement" of the income statement for the six month period ended June 30, 2015 (Notes 1 and 17).
- Increase in expenses by the reassessment of contingent consideration associated with the option granted to the members on the remaining 35% stake in Century Plastics, L.L.C. for €10.1 million, being its net effect, after minority interests, of €6.5 million (Note 2.4 b).
- Recognition of tax credits remaining after the merger carried out in the second half of 2014 within the framework of the strategic transaction with the Mahindra & Mahindra group (Note 1), by the recognition of € 3.5 million because of the positive earning perspective of the new merged company. The net result after minority interests is a €2.3 million income.
- Additionally, there is positive exchange differences of €4.3 million arising mainly from operational payments and collections in foreign currency associated with high volatility during the first semester of 2015 of the US dollar and the Russian rouble principally.

In this way, the net profit attributed to the Parent company for the six month period ended June 30, 2015 is approximately €4 million higher than the one considered appellant of the activity associated with the operative part of the Group's businesses.

2.2 Consolidation principles

The accompanying Appendix to these Notes sets out the identification particulars included in the scope of consolidation.

The criteria used in the consolidation process, except for those mentioned in Notes 1 and 2.5, have not varied with respect to those used in the year ended 31 December 2014 by CIE Automotive, S.A. and subsidiaries.

The consolidation methods used are described in Note 1. The financial statements used in the consolidation process are, in all cases, those relating to the six month period ended 30 June 2015 and 2014.

2.3 Segment information

Operating segments are reported consistently with the internal reporting provided to the chief operating decision-maker (Note 3). The highest decision-making body is responsible for allocating resources to and assessing the performance of the operating segments. The maximum decision-making body is the Executive Steering Committee.

These segments are described in Note 5 to the 2014 consolidated annual accounts of CIE Automotive S.A. and subsidiaries.

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2.4 Accounting estimates and judgements

The preparation of interim financial statements requires management to make judgments, estimates and assumptions affecting the application of accounting policies and the amounts presented under assets and liabilities, income and expenses. Actual results may differ from these estimates.

In the preparation of these condensed interim financial statements, the significant judgments made by management on applying the Group's accounting policies and the key sources of uncertainty in their estimation have been the same as those applied in the consolidated annual accounts for the year ended 31 December 2014.

a) Estimated impairment loss on goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units basically which were determined on the basis of calculations of value in use did not give rise to impairment risks on the Group's goodwill at 31 December 2014.

The assumptions used in the analysis, the effects of the sensitivity analysis and other information on these impairment analyses are included in Note 7 of the consolidated annual accounts of CIE Automotive, S.A. and subsidiaries at 31 December 2014.

The performance of the profit of the different business lines of the CIE Automotive Group has maintained positive levels in the first semester of 2015, without indication of a risk of impairment which would modify the conclusions of the analyses and estimates made at 31 December 2014.

b) Estimate of fair value of assets, liabilities and contingent liabilities associated with a business combination.

In business combinations, the Group classifies or designates, at the acquisition date, the identifiable assets acquired and liabilities assumed as necessary, based on contractual agreements, financial conditions, accounting policies and operating conditions or other pertinent circumstances that exist at the acquisition date in order to subsequently measure the identifiable assets acquired and liabilities assumed, including contingent liabilities, at their acquisition date fair values.

The measurement of the assets acquired and liabilities assumed at fair value requires the use of estimates that depend on the nature of those assets and liabilities in accordance with their prior classification and which, in general, are based on generally accepted measurement methods that take into consideration discounted cash flows associated with those assets and liabilities, comparable quoted prices on active markets and other procedures, as disclosed in the relevant notes to the annual financial statements, broken down by nature. In the case of the fair value of property, plant and equipment, fundamentally consisting of buildings used in operations, the Group uses appraisals prepared by independent experts.

In 2012, the Group acquired 65% of American company Century Plastics, LLC, giving the original partners a put option on the remaining 35% stake in the company, which will be exercisable in May 2016. As a result, a liability was recognized to record the estimated contingent consideration that would be paid to settle the put option. The consideration would be calculated by taking, among other variables, the actual EBITDA of the company during the year 2015. During the first half of 2015 as consequence of a significant increase in net income compared to initial expectations, the Group has concluded the contingent liability current value, crediting this liability in USD12 million (€10.1 million) and reclassifying the total amount in the short term, worth USD43 million (€38.8 million). The effect of this reassessment has been recorded under "Change in fair value of assets and liabilities taken to income statement" of the income statement for the six month period ended June 30, 2015.

c) Percentage of completion of construction contracts

The accounting of the contracts of construction according to the percentage of completion or ending of the same ones is based on estimations of the total of costs incurred on the total ones estimated for the completion. Changes in these estimations have impact in the recognized results of the works in accomplishment. The estimations are constantly monitored and fitted if necessary.

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d) Income tax

Income tax expense for the six month period ended 30 June 2015 and 2014 has been estimated based on profit before taxes, as adjusted for any permanent and/or temporary differences envisaged in tax legislation governing the corporate income tax base calculation. The tax is recognized in the income statement, except insofar as it relates to items recognized directly in equity, in which case, it is also recognized in equity.

Tax credits and deductions and the tax effect of applying tax-loss carryforwards that have not been capitalised are treated as a reduction in the corporate income tax expense for the year in which they are applied or offset.

The calculation of income tax expense did not require the use of significant estimates except in tax credits recognized in the year, which was at all times consistent with the annual financial statements. Bearing in mind the economic and time parameters used for the estimates, had the premises used been modified by 10%, it would not have had a significant positive or negative effect on the results for the six month period ended 30 June 2015.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual accounts. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred taxes on temporary differences are recognized when arising on investments in subsidiaries, associates and joint ventures, except in those cases where the Group can control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets deriving from the carryforward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilised. In the case of investment tax credits the counterpart of the amounts recognized is the deferred income account. The tax credit is accrued as a decrease in expense over the period during which the items of property, plant and equipment that generated the tax credit are depreciated, recognizing the right with a credit to deferred income.

Deferred tax assets corresponding to utilised or recognised tax credits relating to R&D&I activities are recognised in profit or loss on a systematic basis over the periods during which the Group companies expense the costs associated with these activities, based on Management's assessment that treatment as a grant best reflects the economic substance of the tax credit. Accordingly, in keeping with IAS 20, the Group treats the tax credit recognised or used as other operating income.

e) Fair value of derivatives and other financial instruments

The fair value of the financial instruments used by the Group, primarily interest rate swaps and foreign currency insurance, is determined in the reports drafted by the Group's financial analysts and contrasted with those valuations received from the financial institutions with which the financial instruments were contracted.

Note 6.b) details the conditions, notional amounts and valuation of those instruments at the balance sheet date.

f) Pension benefits

The present value of the Group's pension obligations depends on a series of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

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Other key assumptions for employee benefits are based in part on current market conditions. Note 24 of the consolidated annual accounts at 31 December 2014 of CIE Automotive, S.A. and subsidiaries contains further information and a sensitivity analysis for changes to the most significant estimates.

g) Product warranties

Product warranty risks are recognised when there is a firm claim not covered by the relevant insurance policy.

Due to the nature of its business, the Solutions and Services segment (Smart Innovation) does not offer product warranties other than those relating to due performance of the work for which it is contracted. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information is not a good proxy for future claims.

2.5 **New IFRS and IFRIC interpretations**

a) Mandatory standards, amendments and interpretations for all years starting as from 1 January 2015

IFRIC 21 "Levies"

This interpretation approaches the countable treatment of taxes imposed by the Public Administrations different from the tax on the earnings and of fines and sanciones imposed by the breach of the legislation.

The new interpretation has had no material effect on the condensed consolidated interim financial statements of the Group.

Improvement project, cycle 2011-2013

In December 2013 the IASB published the Annual Improvements to IFRSs for cycle 2011-2013. The changes added in this Annual Improvements generally applied for annual periods that begin from January 1, 2015, although early adoption is permitted. The main incorporated amendments relate to:

- IFRS 3 "Business Combinations": Exceptions to the scope for joint ventures.
- IFRS 13 "Fair Value Rating": Scope of the "exception portfolio" available in IFRS 13.
- IAS 40 "Investment Property": Interaction between IAS 40 and IFRS 3 when a property is classified as an investment property or occupied property by its owner.

These changes have had no material effect on the condensed consolidated interim financial statements of the Group.

b) Standards, amendments and interpretations that have still not taken effect but may be adopted before the years commenced 1 January 2015

At the date of signing these consolidated condensed interim financial statements, the IASB and IFRS Interpretations Committee had published standards, amendments and interpretations detailed below which must be applied by the Group from 2016 onwards and the group has not applied in advance.

Improvement project, cycle 2010-2012

In December 2013 the IASB published the Annual Improvements to the IFRS for the Cycle 2010-2012. The modifications incorporated in these Annual Improvements generally apply for the annual exercises that begin from February 1, 2015. The main changes refer to:

- IFRS 2 "Payments based on share": Definition of "condition for the irrevocability of the concession".
- IFRS 3 "Business combinations": Accounting of a contingent consideration in a business combination.

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- IFRS 8 "Operating segments": Information to reveal about the aggregation of operating segments and reconciliation of total assets of all segments that are reported to the assets of the entity.
- IFRS 13 "Fair Value Rating": References to the ability to assess the accounts receivable and payable short-term nominal value when the discounting effect is not significant.
- IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": Proportional restatement of accumulated amortization when the revaluation model is used.
- IAS 24 "Disclosure of related parties": Entities that provide key management personnel services as related party.

It is not expected that the new interpretation has a significant effect on the Group's consolidated financial statements.

IAS 19 (Amendment) "Defined benefit plans: Employee contributions"

The IAS 19 (reviewed in 2011) distinguishes between employee contributions related to the given service and those not linked to the service. Moreover the current modification distinguishes between contributions linked to service only in the year in which they arise and those linked to service in more than one year. The amendment allows the contributions linked to service that does not vary with the duration deduct from the cost of benefits earned in the year in which the related service is provided. Service-related contributions that vary depending on the length of a service must be extended during the service term using the same method of allocation applied to the service provisions. The change applies to the years commenced 1 February 2015 and will be applied retrospectively. Early adoption is permitted.

The Group is analysing possible impacts of this modification in his Consolidated Annual Accounts.

- c) Standards, amendments and interpretations of existing standards that cannot be early adopted or have not been adopted by the European Union

At the date these interim condensed consolidated financial statements were prepared, the IASB and IFRS Interpretations Committee had published the following standards, amendments and interpretations that have not yet been adopted by the European Union.

IFRS 14 "Regulatory deferral accounts"

This is an intermediate standard on the accounting treatment of certain balances that arise in activities with regulated tariffs. It applies only to those entities adopting IFRS 1 for the first time, allowing them to continue recognizing the amounts related to tariff regulation in accordance with their preceding the adoption of IFRS accounting policies.

It is not expected that the rule has a significant effect on the Group Consolidated Annual Accounts.

IFRS 11 (Amendment) "Accounting for acquisitions of interests in joint operations"

It requires apply the accounting principles for a business combination to an investor who acquires an interest in a joint operation constitutes a business.

It is not expected that the ammdement has a significant effect on the Group Consolidated Annual Accounts.

IAS 16 (Amendment) and IAS 38 (Amendment) "Clarification of acceptable methods of depreciation and amortization"

This amendment clarifies that revenue based methods are not sufficient to calculate the depreciation or amortization of an asset because revenue generated by the business activity includes use of an asset, generally, reflects other factors different than the outflow of economic benefits attached to an asset.

It is not expected that the ammdement has a significant effect on the Group Consolidated Annual Accounts.

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IFRS 15 "Revenue from contracts with customers"

In May 2014, the IASB and the FASB jointly issued a converged standard in relation to the recognition of revenue from contracts with customers. Under this standard, revenues have to be recognized when a customer obtains control of the good or service sold, when it has the ability to direct the use and obtain the benefits of the good or service. This IFRS includes a new guide to determine if the revenues have to be recognizing over time or in a certain time. The 15 IFRS requires extensive information about recognized revenue as well as expected revenue to will be recognize in the future in relation to existing contracts. It also requires quantitative and qualitative information about the significant judgments made by management determining income are recognized as well as changes in these trials. The IFRS 15 will be effective for annual periods beginning after 1 January 2017 and early adoption is permitted.

The Group is analysing the impact of that changes may have on the Group Consolidated Annual Accounts in case European Union would adopt them.

IAS 16 (Amendment) and IAS 41 (Amendment) "Agriculture: Plants that need to produce fruit"

Nowadays the Group has not assets of these characteristics.

IFRS 9 "Financial Instruments"

It approaches the classification, valuation and recognition of financial assets and financial liabilities. The complete version of the IFRS 9 has been published in July 2014 and replaces the guide of the IAS39 about the classification and valuation of financial instruments. The IFRS 9 maintains but simplifies the mixed valuation model and establishes three main categories of valuation for the financial assets: amortized cost, fair value with changes in results and fair value with changes in another global result. The base of classification depends on the entity business model and the characteristics of the contractual flows of cash of the financial assets. It requires that the investments in equity are measured to fair value with changes in results with the irrevocable option on the beginning to present the changes on fair value in other global non-recyclable results, provided that the instrument is not held for trading. If the equity instrument is held for trading , changes in fair value are reported in results. In relation to financial liabilities there have been changes from the classification and valuation , except for the recognition of changes in own credit risk in other comprehensive income for liabilities designated at fair value through profit or loss. Under IFRS9, there is a new model of impairment losses, the model of expected credit losses, which replaces the model impairment losses incurred in IAS 39 and which will lead to recognition of losses before it has been done in IAS 39. The IFRS 9 relaxes the requirements for the coverage effectiveness. Under the IAS 39, the coverage has to be highly effective both prospectively and retrospectively. IFRS 9 replaces this line by stipulating an economic relationship between the hedged item and the hedging instrument. It also requires the hedged ratio is the same as the ratio used by the entity to manage risk. Contemporary documentation is still required but it is not the same as the documentation that had been prepared under IAS 39. Lastly, extensive information is required, including reconciliation of the initial and final amounts of the provision for estimated credit losses, assumptions and data, and a reconciliation of the transition between the categories of initial classification under IAS 39 and the new classification categories under IFRS 9.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018. IFRS9 will be applied retroactively. Comparative figures will not need to be restated.

The Group is analysing the impact of that changes may have on the Group Consolidated Annual Accounts in case European Union would adopt them.

IAS 27 (Amendment) "Equity method in separate financial statements"

The IAS 27 was modified to restore the option of using the participation method to account investments in subsidiaries, joint ventures and associates in the separate financial statements of a company.

The amendment does not have any effect on the Consolidated Annual Accounts.

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IFRS 10 (Amendment) and IAS 28 (Amendment) "Sale or transfer of assets between an investor and its associates or joint ventures"

These modifications clarify the accounting treatment of sales and transfers of assets between an investor and its associates and joint ventures, which will depend on whether non-monetary assets sold or provided to an associate or joint venture constitute a "business". The investor will recognize the complete profit or loss when the non-monetary assets constitute a "business". If the assets do not meet the definition of business, the investor recognizes a profit or loss to the extent of the interests of other investors.

The amendment is not expected to have a significant effect on the Consolidated Annual Accounts.

Improvement project, cycle 2012-2014

The amendments affect IFRS 5, IFRS 7, IAS 19 and IAS 34 and will apply for annual periods beginning on or after July 1, 2016, subject to adoption by the EU. The main changes relate to:

- IFRS 5 "Non-current assets held for sale and discontinued operations": Changes in the methods of disposal.
- IFRS 7, "Financial instruments: Disclosure": Continuing involvement in management contracts.
- IAS 19, "Employee Benefits": Determination of the discount rate in obligations for post-employment benefits.
- IAS 34, "Interim Financial Reporting": Information presented elsewhere in the interim financial information.

The Group is analysing the impact of that changes may have on the Group Consolidated Annual Accounts in case European Union would adopt them.

IAS 1 (Amendment) "Presentation of Financial Statements"

The amendments of IAS 1 encourage enterprises to apply professional judgment to determine what information will be disclosure in the financial statements.

The amendment is not expected to have a significant effect on the Consolidated Annual Accounts.

IFRS 10 (Amendment), IFRS 12 (Amendment) and IAS 28 (Amendment) "Investment Entities: Applying the exception to consolidation"

These amendments clarify aspects of the implementation of the requirement for investment firms to assets the dependent at fair value rather than strengthened.

These amendments are not expected to have a significant effect on the Consolidated Annual Accounts.

2.6 Seasonal nature of business and business volume

The Automotive segment does not show any seasonal nature so its sales are distributed uniformly throughout the year.

The Solutions and Services segment (Smart Innovation), by reason of its activity of industrial maintenance services in summer and its activity of project delivery and EPCs for States and large corporations in the last quarter, there has traditionally been a higher statistical volume of their income in the second half of the year.

2.7 Liquidity and working capital management

The management of financial and market risks, liquidity, credit and commodity price risks that affect the Group's financial position remains unchanged with respect to the information contained in the annual accounts of CIE Automotive, S.A. and subsidiaries for the year ended 31 December 2014.

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The prudent management of liquidity risk entails maintaining enough cash and available financing through sufficient credit facilities. In this respect, the CIE Automotive Group strategy, articulated by its Treasury Department, is to maintain the necessary financing flexibility by maintaining sufficient headroom on its undrawn committed borrowing facilities. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of receivables, transferring the related risks and rewards), which as a matter of policy do not exceed roughly one-third of trade receivable balances and other receivables, in order to preserve the level of liquidity and working capital structure required under its business plans.

Management monitors the Group's forecast liquidity requirements together with the evolution in net debt. The calculation of liquidity and net debt at 30 June 2015 and 31 December 2014 is as follows:

	<u>30.06.2015</u>	<u>31.12.2014</u>
Cash and cash equivalents (Note 7)	218,384	297,699
Other current financial assets (Note 6)	80,339	96,258
Undrawn lines of credit (Note 10)	148,302	116,335
Liquidity buffer	<u>447,025</u>	<u>510,292</u>
Bank borrowings (Note 10)	1,075,959	1,104,077
Other current financial liabilities Note 6)	13,125	10,489
Cash and cash equivalents (Note 7)	(218,384)	(297,699)
Other current financial assets (Note 6)	(80,339)	(96,258)
Net financial debt	<u>790,361</u>	<u>720,609</u>

The Group's Finance Department considers that the on-going initiatives will prevent liquidity shortfalls. In this respect, it is estimated that cash generated in the second semester of 2015 and in 2016 will enable to settle payments for the year with no need to increase the net financial debt.

The Group's Finance Department monitors the Group's forecast liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining enough availability on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

In addition, the Group is strategically diversifying the financial markets and financing sources it taps as a tool for eliminating liquidity risk and retaining financing flexibility in light of the situation prevailing in the European financial markets; this strategy has opened up access to the Brazilian, Mexican and Indian financial markets.

Amounts payable to credit institutions in the short term include recurring loans:

- €30.9 million originating from the recurring discounting of commercial paper issued by Group customers (€35.2 million at 31 December 2014) (Note 10).
- €0.4 million originating from recurring import financing (€3.0 million at 31 December 2014) (Note 10).

Although both components of bank debt are presented as current liabilities for accounting purposes, they are stable and are generated in the ordinary course of business and therefore provide financing that is equivalent to long-term funding.

Noteworthy to be highlighted the existence at 30 June 2015 of €148.3 million of undrawn credit lines and loans (31 December 2014: €116.3 million).

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The following table shows a breakdown of working capital in the Group's intermediate summarized balance sheet at 30 June 2015 as compared with 31 December 2014, stating the relative significance of each item:

	<u>30.06.2015</u>	<u>31.12.2014</u>
Inventories	311,311	288,909
Trade and other receivables	362,950	292,653
Other current assets	9,246	7,170
Current tax assets	67,072	58,558
Current operating assets	<u>750,579</u>	<u>647,290</u>
Other current financial assets	80,339	96,258
Cash and other liquid assets	218,384	297,699
CURRENT ASSETS	<u>1,049,302</u>	<u>1,041,247</u>
Trade and other payables	658,944	630,193
Current tax liabilities	63,719	57,200
Current provisions	15,330	11,386
Other current liabilities	185,355	126,822
Current operating liabilities	<u>923,348</u>	<u>825,601</u>
Current bank borrowings	218,991	254,180
Other financial liabilities	13,125	10,489
CURRENT LIABILITIES	<u>1,155,464</u>	<u>1,090,270</u>
NET WORKING CAPITAL	<u>(106,162)</u>	<u>(49,023)</u>

Although the standalone figure for working capital is not a key parameter for the understanding of the Group financial statements, the Group actively manages working capital through net operating working and short- and long-term net borrowings, on the basis of the solidity, quality and stability of relations with customers and suppliers, and comprehensive monitoring of the situation with respect to financial institutions, many credit lines being automatically renewed.

One of the Group's strategies is to ensure the optimisation and maximum saturation of the resources assigned to the business. The Group therefore pays special attention to the net operating working capital invested in the business. In this regard, as in previous years, considerable work has been performed to control and reduce collection periods for trade and other receivables, as well as to minimise inventories through excellent logistic and industrial management, allowing JIT (just in time) supplies to our customers. Supplier payment periods are also constantly optimised by unifying policies and conditions throughout the Group.

As a consequence of the above, there are no risks affecting the Group's liquidity situation.

Fair value estimation

In relation to the fair value measurement of its assets and liabilities, the Group complies with to the requirements of IFRS.

Based on the content of IFRS 13 and in accordance with IFRS 7 on financial instruments measured at fair value, the Group continues to estimate fair value by level in accordance with the following hierarchy:

- Quoted prices (unadjusted) in active markets for assets or liabilities (Level 1).
- Inputs other than Level 1, quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

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a) Level 1 financial instruments

The fair value of financial instruments traded in active markets is based on market prices at the balance sheet date. The listed market price used for financial assets is the current bid price. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions effected on an arm's length basis. The quoted market price used for the financial assets held by the Group is the current bid price. These instruments are included in Level 1.

At 30 June 2015 and 31 December 2014 the Group has no instruments classified at level 1.

b) Level 2 financial instruments

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods such as estimated discounted cash flows and makes assumptions that are based on market conditions existing at each balance sheet date. If all the significant inputs required to calculate an instrument's fair value are observable, the instrument is included in Level 2.

Specific financial instrument valuation techniques include:

- Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
- Fair value of forward foreign exchange contracts is determined using forward exchange rates quoted at the balance sheet date.
- It is assumed that the carrying amounts of trade receivables and payables approximate their fair values.
- Fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

The instruments included in Level 2 relate to derivative instruments (Note 6 b)).

If one or more of the significant inputs are not based on data observable in the market, the financial instrument is included in Level 3.

The Company at 31 December 2014 and 2013 has no Level-3 financial assets or agreements to offset financial assets against financial liabilities.

3. Segment reporting

The Executive Steering Committee, consisting of six members of the Board of Directors, is the Group's chief operating decision-making body. The Executive Steering Committee reviews the Group's internal financial information for the purposes of evaluating performance and assigning resources to segments.

Management has determined the operating segments based on the structure of the reports reviewed by the Executive Steering Committee.

The Executive Steering Committee analyses the business of CIE Automotive Group from a geographical perspective and from the different business lines (segments) that the Group has.

The Group operates with two different segments:

- Automotive.
- Solutions & Services (Smart Innovation).

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

Automotive segment

This segment relates to the production of parts and components for the automotive industry, operating as a TIER 2 supplier in most cases. Although the Group supplies certain automobile manufacturers (OEMs) directly, on these occasions the Group usually acts as a TIER 2 supplier with the OEMs assuming the role of the TIER 1 supplier.

The Group's business model is based on two strategic focal points: multi-technology and the global market, implying the ability to supply technology worldwide.

- Multi-technology: command of different technologies and processes enables the Group to offer complex high value-added products. The Group has the capacity to design and manufacture products using alternative or complementary technologies.
- Global market: worldwide industrialisation and supply capacity. The Group's customers are global and it has the ability to supply them from different geographic areas.

Following the inclusion in the Group of the companies acquired from the Mahindra & Mahindra Group, and the creation of the Mahindra CIE Automotive, Ltd. Group, CIE Automotive Group has begun to analyse the automotive operating segment on the basis of its management units, distinguishing basically, Mahindra CIE group from the automotive businesses in Brazil and Mexico; and the other automotive companies, located mainly in Europe.

In fact, sub segments within automotive segment, are as follows:

- NAFTA

This segment includes, basically, Group companies located in Mexico and United States.

- Brazil

This segment includes, basically, Group companies located in Brazil.

- Mahindra CIE and Asia

In response to the new reality of business and the organization of the group, this segment includes the business of manufacturing forging components that existed in the group including the annual results of the companies CIE Galfor, S.A.U. and CIE Legazpi, S.A.U. (Spanish companies), and U.A.B. CIE LT Forge (Lithuanian company), the companies that joined the Group from 4 October 2013, located in India and Europe and those which have joined the Group in December 2014 located in India and Italy. In addition, and not being significant, in this segment Group companies operating in Chinese market are included.

- Europe - Rest of Automotive

This segment includes all non dependent manufacturing businesses, basically located in Europe.

Solutions and Services segment (Smart Innovation)

The companies included in this segment offer a sum of solutions and services which aim to make more efficient the productive processes of their customers, always under the common denominator of intelligent sensorization and environmental data collection and an active application of knowledge and technology (Smart Innovation concept).

The qualification of solution or service obeys to the scope offered to the client: Solution when offering to make efficient a productive process that the client will remain to manage. On the opposite, service when we take a complete process of one of our clients (outsourcing) and we manage it completely.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

Under the previous portfolio, and orientated to clients in sectors that go from the Technological one, to Energy, Bank, Health, Education up to the Industrial sector, the ranges of the Solutions and Services given include integral projects of hospital equipment, optimization of communications and low currents, construction of renewable energies, supply, sensitizing and meteorological prediction, energy efficiency, design and construction of solar towers, ovens and productive plants, solutions of bank business, digital and communication strategies, drugstore and dietetics, etc. and services of monitoring, installation and maintenance of networks of telecommunications, bank, education, governmental, industrial maintenance, distribution services and commercial processes.

The segments presented at June 2014 have been reclassified attending this new classification.

The Executive Steering Committee assesses the performance of the continuing operations of its operating segments based mainly on key financial metrics such as sales, EBITDA (Operating profit plus amortization) and EBIT (operating profit). The information received by the Executive Steering Committee also includes a breakdown of finance income and costs, tax issues, and, overall profit/loss from discontinued operations (Note 8). These items are analysed at the Group level since they are essentially managed in a centralised manner.

a) Segment information

The earnings performance by segment:

	30.06.2015					
	Automotive				Solutions and Services	Total
	NAFTA	Brazil	Mahindra CIE and Asia	Europe – rest of Automotive		
Revenue	241,996	115,364	403,847	343,228	234,167	1,338,602
Other operating expenses and income (excluding amortization)	(190,948)	(102,897)	(356,522)	(284,458)	(216,758)	(1,151,583)
Depreciation and amortization	(9,284)	(5,987)	(17,950)	(23,272)	(6,380)	(62,873)
Operating profit	41,764	6,480	29,375	35,498	11,029	124,146
EBITDA	51,048	12,467	47,325	58,770	17,409	187,019

	30.06.2014					
	Automotive				Solutions and Services	Total
	NAFTA	Brazil	Mahindra CIE and Asia	Europe – rest of Automotive		
Revenue	180,113	126,982	312,526	359,996	78,782	1,058,417
Other operating expenses and income (excluding amortization)	(148,920)	(113,222)	(278,041)	(305,192)	(72,654)	(919,029)
Depreciation and amortization	(6,072)	(5,634)	(14,406)	(24,054)	(3,162)	(53,382)
Operating profit	25,139	8,126	20,025	30,750	2,966	87,006
EBITDA	31,211	13,760	34,485	54,804	6,128	140,388

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

Transfers or transactions between segments (which are not material) are carried out in the same terms and conditions as market commercial transactions with third parties.

Other profit and loss disclosures by segment:

	30.06.2015					
	Automotive					Total
	NAFTA	Brazil	Mahindra CIE and Asia	Europe – rest of Automotive	Solutions and Services	
Depreciation:	(9,284)	(5,987)	(17,950)	(23,272)	(6,380)	(62,873)
Property, plant and equipment	(8,273)	(5,875)	(17,331)	(20,425)	(3,472)	(55,376)
Intangible assets	(1,011)	(112)	(619)	(2,847)	(2,908)	(7,497)
Impairment	-	-	-	-	-	-

	30.06.2014					
	Automotive					Total
	NAFTA	Brazil	Mahindra CIE and Asia	Europe – rest of Automotive	Solutions and Services	
Depreciation:	(6,072)	(5,634)	(14,460)	(24,054)	(3,162)	(53,382)
Property, plant and equipment	(5,446)	(5,525)	(14,118)	(21,341)	(1,245)	(47,675)
Intangible assets	(626)	(109)	(342)	(2,713)	(1,917)	(5,707)
Impairment	-	-	-	-	-	-

The reconciliation of operating profit to profit attributable to parent company:

	30.06.2015	30.06.2014
Operating results	124,146	87,006
Financial income (expense)	(19,546)	(22,626)
Share in profits of associates	(4)	(1,575)
Gains/(losses) on fair value of financial instruments (Note 6)	4,610	494
Change in fair value of assets and liabilities taken to income statement (Note 2.1)	(6,071)	-
Income tax	(19,881)	(13,437)
Discontinued operations	(496)	(99)
Attributed to non-controlling interests	(13,982)	(10,262)
Profit attributable to owners of the parent	68,776	39,501

There are no significant transactions between segments.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015
(€'000)

Segment assets and liabilities and investments in the year are as follows:

	30.06.2015					
	Automotive					
	NAFTA	Brazil	Mahindra CIE and Asia	Europe – rest of Automotive	Solutions and Services	Total
Investments in associates	476	511	-	1,283	7,846	10,116
Rest of assets	465,942	407,856	1,156,510	718,487	515,462	3,264,257
Total assets	466,418	408,367	1,156,510	719,770	523,308	3,274,373
Total liabilities	283,004	218,667	424,627	985,479	403,014	2,314,791
Fixed asset additions	19,330	9,358	23,793	23,591	6,299	82,371
Disposal of assets net of depreciation and impairment	(222)	(19)	(212)	(686)	(499)	(1,638)
Net investments for year (1)	19,108	9,339	23,581	22,905	5,800	80,733

	31.12.2014					
	Automotive					
	NAFTA	Brazil	Mahindra CIE and Asia	Europe – rest of Automotive	Solutions and Services	Total
Investments in associates	420	492	-	543	42	1,497
Rest of assets	411,924	544,734	1,105,754	582,149	545,184	3,189,745
Total assets	412,344	545,226	1,105,754	582,692	545,226	3,191,242
Total liabilities	253,099	436,801	537,383	648,522	436,801	2,312,606
Fixed asset additions	32,435	11,727	21,738	56,502	9,359	131,761
Disposal of assets net of depreciation and impairment	(53)	(92)	(474)	(1,020)	(770)	(2,409)
Net investments for year (1)	32,382	11,635	21,264	55,482	8,589	129,352

(1) Excludes movements in goodwill.

Segment assets mainly include property, plant and equipment, intangible assets, inventories, accounts receivable and cash. Investments in subsidiaries included in the consolidation scope are excluded.

Segment liabilities include, mainly, operating liabilities and long-term financing, excluding intragroup liabilities eliminated on consolidation.

Investments in non-current assets include property, plant and equipment (Note 4) and intangible assets additions (Note 5).

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

Revenue and non-current assets from continuing operations are disclosed by geographic areas or by country as follows:

	Revenue		Non-current assets (*)	
	30.06.2015	30.06.2014	30.06.2015	31.12.2014
AUTOMOTIVE				
Spain (**)	98,698	113,183	222,646	218,445
Rest of Europe	494,202	474,623	513,450	472,308
Brazil	115,364	126,982	197,764	207,996
NAFTA	241,996	180,131	295,098	261,599
Asia (***)	154,175	84,176	449,643	459,643
Total Automotive	1,104,435	979,635	1,678,601	1,619,991
Solutions and Services (Smart Innovation)				
Spain	77,753	32,934	89,676	89,500
America	56,804	45,848	16,370	16,457
Rest of world	99,610	-	152,817	153,342
Total Solutions and Services (Smart Innovation)	234,167	78,782	258,863	259,299
TOTAL	1,338,602	1,058,417	1,937,464	1,879,290

(*) Non-current assets that are not financial instruments, deferred tax assets and assets related to post-employment benefits.

(**) Sales in Spain in the Automotive segment mainly go to end customers located abroad.

(***) This line includes the Indian companies of the Mahindra Group incorporated (Notes 1 and 17); the European companies being recognised in a separate section, as well as Group companies located in China.

b) Customer information

The Group's risk is limited due its sales policy. No instance does invoicing per customer or platform amount for more than 10% of total revenue (2014: 10%).

4. **Property, plant and equipment**

Set out below is a breakdown of property, plant and equipment:

2015:

	Balance at 31.12.2014	Additions/ (changes) in consolidation scope (Note 17)	Additions		Disposals	(*) Transfers and other movements	Balance at 30.06.2015
			Additions	Disposals			
Cost	2,288,172	155	76,838	(13,996)		44,421	2,395,590
Depreciation and amortization	(1,349,839)	(18)	(55,376)	12,220		(18,454)	(1,411,467)
Provisions	(10,372)	-	-	164		(166)	(10,374)
Carrying amount	927,961						973,749

(*) Basically includes the effect of movements in the currencies in which the property, plant and equipment of foreign subsidiaries are denominated and transfers from property, plant and equipment in progress to PPE held for use.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015
(€'000)

2014:

	Balance at 31.12.2013	Additions/ (changes) in consolidation scope(Note 17)	Additions	Disposals	(*) Transfers and other	Balance at 1.12.2014
Cost	1,921,720	38,636	55,677	(7,197)	26,302	2,035,138
Depreciation and amortization	(1,144,782)	(24,078)	(47,675)	5,981	(11,547)	(1,222,101)
Impairment	(1,978)	-	-	-	23	(1,955)
Carrying amount	774,960					811,082

(*) Basically includes the effect of movements in the currencies in which the property, plant and equipment of foreign subsidiaries are denominated and transfers from property, plant and equipment in progress to PPQE held for use.

a) Property, plant and equipment by geographical area

Set out below is a breakdown of property, plant and equipment by geographical location at 30 June 2015 and 31 December 2014:

	Million euro					
	30.06.2015			31.12.2014		
	Cost	Accumulated depreciation/ Impairment	Carrying amount	Cost	Accumulated depreciation/ Impairment	Carrying amount
America	641	(316)	325	597	(297)	300
Europe	1,463	(988)	475	1,440	(966)	474
Asia	292	(118)	174	251	(97)	154
	2,396	(1,422)	974	2,288	(1,360)	928

b) Property, plant and equipment not used in operations

At 30 June 2015 and 31 December 2014 no items of property, plant and equipment were not in active use.

c) Property, plant and equipment subject to restrictions on title

At 30 June 2015 items of property, plant and equipment with a carrying amount of €50.8 million (year-end 2014: €70.6 million) are pledged to guarantee debts with government bodies and financial institutions with outstanding balances at that date of €29 million (year-end 2014: €30.3 million).

d) Insurance

The Group has taken out a number of insurance policies to cover risks relating to its property, plant and equipment. The coverage provided by these policies is considered to be sufficient.

e) Finance leases

Plant and machinery include the following amounts in respect of finance leases under which the Group is the lessee:

	30.06.2015	31.12.2014
Cost capitalised finance lease	22,818	26,129
Accumulated depreciation	(8,382)	(8,756)
Carrying amount	14,436	17,373

The amounts payable under finance leases are carried under Other Liabilities.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015
(€'000)

f) Capitalisation of borrowing costs

No significant amounts from borrowing costs has been capitalised during six month period ended at 30 June 2015 and 2014.

5. Intangible assets

Set out below is a breakdown of the main classes of intangible assets:

2015:

	Balance at 31.12.2014	Additions/ (changes) in consolidation scope(Note 17)	Additions	Disposals	(*) Transfers and other movements	Balance at 30.06.2015
<u>Cost</u>						
Goodwill	897,410	420	-	-	13,087	910,917
Other intangible assets	148,134	-	5,533	(4,301)	(287)	149,079
	1,045,544	420	5,533	(4,301)	12,800	1,059,996
<u>Accumulated amortization</u>	(99,537)	-	(7,497)	4,222	2,033	(100,779)
<u>Provisions</u>	(53)	-	-	53	-	-
Carrying amount	945,954					959,217

(*) Basically includes the effect of currency fluctuations on the intangible assets of foreign subsidiaries.

2014:

	Balance at 31.12.2013	Additions/ (changes) in consolidation scope(Note 17)	Additions	Disposals	(*) Transfers and Other movements	Balance at 30.06.2014
<u>Cost</u>						
Goodwill	378,463	32,218	-	-	9,943	420,624
Other intangible assets	100,816	18,852	3,071	(18)	2,036	124,757
	479,279	51,070	3,071	(18)	11,979	545,381
<u>Accumulated amortization</u>	(69,112)	(11,467)	(5,707)	4	(2,129)	(88,411)
Carrying amount	410,167					456,970

(*) Basically includes the effect of currency fluctuations intangible assets of foreign subsidiaries.

Additions to goodwill due to change in consolidation scope are as follows (Note 17):

<u>Segment</u>	<u>30.06.2015</u>	<u>30.06.2014</u>
Automotive	420	32,218
	420	32,218

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

a) Goodwill impairment assessment

As a consequence of the strategic operation with the Mahindra & Mahindra Group (Note 1), based on the new business reality and the Group's own organisation, a new CGU called "Mahindra CIE" has been created, encompassing the forged steel component manufacturing business that already formed part of the Group, which includes the companies CIE Galfor, S.A.U. and CIE Legazpi, S.A.U. (Spanish companies), and UAB CIE LT. Forge (Lithuanian company), the companies added as from 4 October 2013, Mahindra Forgings, Ltd. (now Mahindra CIE Automotive, Ltd.) and its subsidiaries (Appendix), Mahindra Composites, Ltd. and Mahindra Hinoday Industries, Ltd., as well as the companies also included in the strategic operation with the Mahindra & Mahindra Group, and acquired in December 2014, Mahindra Ugine Steel Company, Ltd. (company listed on the Bombay Stock Exchange), Mahindra Investments India Private Limited (unlisted company), Mahindra Gears International Limited (unlisted company) and its subsidiaries. In the second semester of 2014, due to these acquisitions a goodwill amounting to €294,572 thousand was generated (Note 17).

After the incorporation of the activities of the subgroup Beroa, Bilcan and Global Near in the second semester of 2014 and at the end of 2014, the Solutions & Services (Smart Innovation) segment is under an internal reorganization process based on the basic characteristics of the global activities developed that have determined the initial definition (current state of development of structures) of the four different CGUs. The future development of the business structures of the new set of activities merged at year-end could result in the future redefinition of these CGU. In the second semester of 2014, due to the culmination of the acquisition process of the Beroa subgroup, a goodwill of €111,756 thousand was generated while a goodwill of €61,908 thousand was generated on the acquisition of the subgroups led by Bilcan and Global Near (Note 17).

The breakdown of goodwill at the resulting CGU level is set out below:

<u>Cash-generating units</u>	<u>Goodwill</u>	
	<u>30.06.2015</u>	<u>31.12.2014</u>
Automotive		
Rest of Automotive (Europe)	136,440	136,006
Brazil	70,071	74,690
NAFTA	100,154	93,184
Mahindra-CIE	409,625	398,926
Solutions and Services (Smart Innovation)		
Solutions	110,028	109,936
IT Services	28,186	28,255
Industry services	24,336	24,336
Commercial Services	32,077	32,077
	<u>910,917</u>	<u>897,410</u>

The recoverable amount of CGUs is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by Management considering a five-year period. Cash flows beyond the five-year period are prospectively based on the basis of conservative estimated growth rates that are in all instances lower than the average long-run growth rate for the business in which each of the CGUs operates.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

b) Key assumptions used in the calculation of value in use at 31 December 2014:

The discount rates applied to cash flow projections were as follows:

	<u>2014</u>
Automotive	
Rest of Automotive (Europe)	7.09%-15.67%
Brazil	11.40%
NAFTA	7.31%-9.95%
Mahindra-CIE	7.07%-15.62%
Solutions and Services (Smart Innovation)	
Solutions	9.00% - 11.00%
IT Services	9.00% - 11.00%
Industry services	9.00% - 11.00%
Commercial Services	9.00%

These discount rates are after-tax and reflect the specific risks relating to the relevant operating segments.

Management determined budgeted EBITDA margins while preparing its business plans, taking into account operations with a similar structure to current operations and based on prior experience. These margins vary by type of business as follows:

	<u>% of revenue</u>
	<u>2014</u>
Automotive	7.78% - 34.2%
Solutions and Services (Smart Innovation)	7.5% - 11%

Other forecast net movements in cash and flows related to tax are projected to these EBITDA`s in order to obtain after-tax free cash flow for each year.

The result of using before-tax cash flows and discount rates does not differ significantly from the outcome of using after-tax cash flows and discount rates.

Cash flows beyond the five-year period covered by the Group's forecasts are extrapolated applying prudent assumptions with respect to the forecast future growth rate (between 0% and 3%), based on GDP growth estimates and the inflation rate in each market, and evaluating the level of investment required to achieve the organic growth levels for these growing.

c) Results of the analysis

The Group verified that in 2014 goodwill did not suffer any impairment loss. Additionally, if the revised estimated discount rate which was applied to discounted cash flows were 10% higher than Management's estimates, the Group would still not need to reduce the carrying amount of goodwill.

The recoverable amount of the CGU was determined based on value-in-use calculations, which require the use of estimates. To calculate value in use at 31 December 2014, the assumptions used to project the related cash flows reflect the overall situation of the Group's operating markets as well as factoring in their projected performance. The assumptions used in the calculations at 31 December 2014 for 2015 and following years would be totally valid for calculating value in use at 30 June 2015. Therefore, considering the positive development of business profitability in the first semester of 2015, it is not believed that conditions have emerged in the CGUs that would pose a risk of impairment of goodwill.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

6. Financial assets

Movements in the Group's financial assets are as follows:

2015

	Held-to-maturity financial assets	Derivative financial instruments	Investments in associates	Total
At 31 December 2014	109,911	⁽²⁾ (10,274)	⁽³⁾ (39)	99,598
Additions to/(changes in) consolidation scope	-	-	⁽⁴⁾ (250)	(250)
Additions	744	-	⁽⁵⁾ 8,859	9,603
Disposals	(23,233)	-	-	(23,233)
Transfers and other movements ⁽¹⁾	1,862	369	-	2,231
Fair value adjustment				
- Profit or loss	449	4,161	-	4,610
- Equity	-	(2,564)	-	(2,564)
Share of profit/(loss) of associates	-	-	(4)	(4)
At 30 June 2015	89,733	⁽²⁾ (8,308)	⁽³⁾ 8,566	89,991
Non-Current	14,211	-	-	14,211
Current	75,522	4,817	-	80,339
Investments in associates	-	-	10,116	10,116

- (1) Basically includes the impact of currency fluctuations on the financial assets held by the Group's foreign subsidiaries and transfers.
- (2) This total is presented net of €13,125 thousand (year-end 2014: €10,489 thousand) corresponding to derivatives recognised on the liability side of the consolidated balance sheet.
- (3) Of this amount, €1,550 thousand (year-end 2014: €1,536 thousand), are registered as a non-current provision on the liability side of the balance sheet in order to prevent a negative balance in respect of the cost of the investment (Note 11).
- (4) This movement includes the effect on the previous equity value of CIE Automotive Hispamoldes, S.A. Group that has been offset from Investments in associates due to the integration on the group by global consolidation method (Note 17).
- (5) Mainly related to the creation of the new company "Concesionaria Salud Siglo XXI, S.A." (Note 1)

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015
(€'000)

2014

	Held-to-maturity financial assets	Available-for-sale financial assets	Financial assets at fair value with changes in income statement	Derivative financial instruments	Investments in associates	Total
At 31 December 2013	81,582	25,477	6,105	⁽²⁾ (7,933)	⁽³⁾ 17,849	123,080
Additions to /(changes in) consolidation scope	1,147	-	-	-	⁽⁴⁾ (7,369)	(6,222)
Additions	58,466	-	-	-	-	58,466
Disposals	(12,424)	(785)	(6,167)	(114)	-	(19,490)
Transfers and other movements ⁽¹⁾	938	3,225	62	(362)	(85)	3,778
Fair value adjustment						
- Profit or loss	44	-	-	450	-	494
- Equity	-	1,821	-	2,410	-	4,231
Share of profit/(loss) of associates	-	-	-	-	(1,575)	(1,575)
At 30 June 2014	129,753	29,738	-	⁽²⁾ (5,549)	(3)8,820	162,762
Non-Current	21,173	-	-	-	-	21,173
Current	108,580	29,738	-	70	-	138,388
Investments in associates	-	-	-	-	10,356	10,356

- (1) Basically includes the impact of currency fluctuations on the financial assets held by the Group's foreign subsidiaries and transfers.
- (2) This total is presented net of €5,619 thousand (year-end 2013: €8,051 thousand) corresponding to derivatives recognised on the liability side of the consolidated balance sheet.
- (3) Of this amount, €1,536 thousand (year-end 2013: €1,536 thousand), are registered as a non-current provision on the liability side of the balance sheet in order to prevent a negative balance in respect of the cost of the investment (Note 11). Investments in associates, basically includes a 21.45% interest on Beroa Thermal Energy, S.L. with a value of €8.6 million at 30 June 2014.
- (4) This movement includes the effect on the previous equity value of RS Group that has been offset from Investments in associates due to the integration on the group by global consolidation method (Note 17).

All the assets recognised at fair value, unless derivatives financial instruments, are traded in an active market from which the value is obtained at each date.

At 30 June 2015 and 31 December 2014, all the Group's financial assets that did not mature or become impaired during the year are treated as high quality and show no signs of impairment, except for the cases mentioned in Note 6.a).

a) Held-to-maturity loans and financial assets

	<u>30.06.2015</u>	<u>31.12.2014</u>
Term deposits	40,974	57,391
Short-term loans	45,028	52,520
Long-term loans	3,731	-
	89,733	109,911

The term deposits and loans bear market interest rates in the countries in which the financial assets are held.

No held-to-maturity financial asset has been reclassified.

Financial assets held to maturity show an impairment loss of €11.3 million generated in 2012 and 2013 by a liquidity issue in one of the Brazilian financial institutions with which the Group operated.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets.

b) Derivative financial instruments

c)

	30.06.2015		31.12.2014	
	Assets	Liabilities	Assets	Liabilities
Swaps (interest rate and others)				
- cash flow hedges	-	(4,271)	35	(4.384)
- trading	4,281	-	180	-
Foreign exchange forward contracts	536	-	-	-
Hedge of a net investment in foreign operations	-	(8,854)	-	(6.105)
Total	4,817	(13,125)	215	(10.489)

- Swaps (interest rate and others)

The notional principal on interest-rate swaps (variable to fixed rate) outstanding at 30 June 2015 amounts to €385 million, USD35 million and 10 million of Danish kroner (year-end 2014: €210 million, USD 38.3 million and 10 million of Danish kroner); they are classified as hedging instruments.

At 30 June 2015, the fixed rates range between 0.5% and 1.68% (2014: between 0.50% and 1.68%) while variable interest rates are indexed to Euribor and Libor.

At 6 August 2014, the Company contracted a derivative associated with CIE Automotive's share price in the market; the underlying of the operation accounts 1.25 million shares, with an initial value of €11.121 per share. This instrument is classified as non-hedging, with a value at June 30, 2015 of €4,281 thousand.

- Forward contracts of foreign currency

At 30 June 2015, purchase contracts forex trading amounted to USD 20 million and sale contracts forex trading amounted to USD 2 million, both classified as non-hedging derivative:

At 31 December 2014 there were no forward currency purchase/sale contracts in force.

- Hedge of net investment in foreign operation

At 30 June 2015 part of the Group's borrowings denominated in US dollars, is designated as a hedge of the net investment in the Group's subsidiaries in the NAFTA automotive segment amounting to €49.2 million (€50.6 million at 31 December 2014).

The negative effect of foreign exchange differences, €16.5 million, (€21.5 million at 31 December 2014) caused by the translation of the above-mentioned debt has been recognised in the equity in the Consolidated Intermediate Summarized Statement of Comprehensive Income.

d) Available-for-sale financial assets

At 30 June 2014, the amount recognised in this item, €29.7 million, relates to Brazil government securities with inflation-linked interest rates (National Treasury Notes – NTN). During the second semester of 2014 all these securities were settled. Such settlement has had an impact on the consolidated income statement amounting to approximately €7.9 thousand.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

7. Cash and cash equivalents

Cash and other cash equivalents at 30 June 2015 and 31 December 2014 break down as follows:

	<u>30.06.2015</u>	<u>31.12.2014</u>
Cash at bank and in hand	114,376	137,251
Short-term bank deposits	104,008	160,448
	<u>218,384</u>	<u>297,699</u>

Short-term bank deposits relate to investments of cash surplus maturing in less than three months or available immediately.

These deposits accrue interest rate that has ranged between 0.1% and 12.0%, depending on the currency (2014: 0.5% - 11.03%).

The carrying amount of cash at Group companies is denominated in the following currencies:

	<u>30.06.2015</u>	<u>31.12.2014</u>
Euro	48,289	73,613
US dollar	68,397	86,491
Brazilian real	63,942	95,884
Indian Rupee	2,300	1,865
Other	35,456	39,846
	<u>218,384</u>	<u>297,699</u>

8. Disposal groups classified as held-for-sale and discontinued operations

a) Automotive segment

In 2012, the Group decided to discontinue its virgin oil-based biodiesel production activities, including the related raw material plantation activity (jatropa) and to sell Biosur Transformación, S.L.U. At year end 2014 and at 30 June 2015, the commitment of sales plan, not yet implemented, is maintained because the offers do not satisfy the Group's expectations. These activities can be clearly distinguished operationally and for financial reporting purposes, they represent a separate line of business.

b) Solutions & Services Segment (Smart Innovation)

Beroa subgroup decided at the end of 2013 to interrupt the activity of manufacture of cement mixers carried out by the German subsidiary Karrena Betonanlagen und Fahrmischer, GmbH. This activity is clearly identifiable, from the operative point of view as to effects of financial information, it represents a business line separated inside the business of the subgroup and corresponds to a separated legal entity. Its net assets have been valued at fair value. Since the decision of interrupting its activity, the company has carried out an operative residual activity and realizes assets, which are basically current.

The information about the abovementioned disposal assets and liabilities of the Group held for sale will be summarize in the next table:

Assets of the disposal group classified as held for sale

	<u>30.06.2015</u>	<u>31.12.2014</u>
Property, plant and equipment	22,871	23,090
Inventories	192	192
Other current assets	2,144	1,356
Other non-current assets	1	-
Total	<u>25,208</u>	<u>24,638</u>

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Liabilities of disposal group classified as held for sale

	<u>30.06.2015</u>	<u>31.12.2014</u>
Government grants	1,057	1,057
Deferred tax liabilities	352	352
Borrowings	114	53
Trade and other payables	2,547	643
Other current liabilities	241	262
Total	<u>4,311</u>	<u>2,367</u>

Estimated impairment losses were calculated by estimating the recoverable amounts of each asset.

For Biosur Transformación S.L.U. specific situation, the Group maintains the valuation on the business based on the value of the recovery company's net assets. A reputable independent expert was commissioned to perform this study. Each of the assets included in the appraisal were classified based on its qualitative characteristics and sized based on its quantitative characteristics. After analyzing these characteristics, the recoverable amount of the assets was determined using as a base the trading price, in the more relevant active markets.

In 2014, all the hypotheses for the valuations were re-evaluated, with the result of no modification in the estimations to be included on the value of sale of the net assets of the company, reason why additional impairment has not been conducted.

During the first semester of 2015 Management maintains these estimates.

9. Share capital and premium

	<u>No. of shares (thousand)</u>	<u>Share capital</u>	<u>Share premium</u>	<u>Total</u>
At 31 December 2013	118,820	29,705	61,467	91,172
Capital increase	10,180	2,545	90,704	93,249
At 30 June 2014	<u>129,000</u>	<u>32,250</u>	<u>152,171</u>	<u>184,421</u>
At 31 December 2014 and 30 June 2015	<u>129,000</u>	<u>32,250</u>	<u>152,171</u>	<u>184,421</u>

a) Share capital

In the first semester of 2014, an agreement was reached to carry out a capital increase through an accelerated private placement operation excluding pre-emptive rights up to 10,179,954 new shares representing 7.89% of the parent Company's total share capital after the increase. The effective total amounted €93,248,378.64, of which €2,544,988.50 related to the fair value of the shares and €90,703,390.14 related to share premium. The issue price of the newly issued ordinary shares was €9.16, of which €0.25 relates to the fair value and €8.91 to the share premium. On 6 June 2014 the capital increase deed was entered in the Mercantile Register of Bizkaia. On 10 June 2014 the Governing Bodies of the Spanish Stock Exchange agreed to their admission to trading and on 11 June 2014 contracting of the new shares has been effective.

There no were additional movements in the capital of Parent Company.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

In accordance with the above, the share capital of CIE Automotive, S.A. at 30 June 2014 and 2015 and at 31 December 2014 is represented by 129,000,000 fully paid ordinary bearer shares with a par value of €0.25 each, all listed on the Spanish Stock Exchange. The companies that, directly or indirectly, hold an interest exceeding 10% are as follows:

	% interest	
	30.06.2015	30.06.2014
Acek Desarrollo y Gestión Industrial, S.L. (***)	(*) 22.909%	(*) 22.909%
Mahindra & Mahindra, Ltd	(**) 12.435%	(**) 12.435%

(*) 9.808% directly and 13.101% indirectly through Risteel Corporation, B.V. (2014: 9.808% directly and the remaining 13.101% indirectly through Risteel Corporation, B.V.).

(**) Indirectly through Mahindra Overseas Investment Company Mauritius Limited.

(***) Formerly Corporación Gestamp, S.L.

The stock price of the parent company CIE Automotive, S.A. listed in the Madrid Stock Exchange was €14.53 at 30 June 2015.

b) Share premium account

This reserve is freely available for distribution.

c) Treasury shares

At 30 June 2015 and 2014 and at 31 December 2014, the parent company has no treasury shares and nor are there any movements on treasury shares.

Similarly, the mandate conferred at the Annual General Meeting of 30 April 2015, whereby the parent company's Board of Directors is empowered to buy at any time and as often as it considers appropriate shares in CIE Automotive, S.A. through any legal means, including acquisitions with a charge to profit for the year and/or freely available reserves, and to subsequently dispose of or redeem such shares, in accordance with article 146 of the Spanish Corporate Enterprises Act, is in effect until 30 April 2020.

10. Borrowings

	30.06.2015	31.12.2014
Non-Current		
Bank borrowings (*)	856,968	849,897
	<u>856,968</u>	<u>849,897</u>
Current		
Bank borrowings (*)	187,631	215,966
Import trade finance (*)	433	3,014
Discounted bills pending maturity and prepayments of export bills	30,927	35,200
	<u>218,991</u>	<u>254,180</u>
	<u>1,075,959</u>	<u>1,104,077</u>

The Group's policy is to diversify its financing sources. There is no concentration risk in respect of its bank borrowings as it works with multiple entities.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

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The exposure of the Group's bank borrowings (*) to interest rate changes is as follows:

	<u>Current balance</u>	<u>At 1 year</u>	<u>At 5 years</u>
At 31 December 2014			
Total borrowings (*)	1,068,877	849,897	40,262
Effect of interest rate swaps	<u>(239,045)</u>	<u>(232,962)</u>	<u>(3,626)</u>
Exposure	<u>829,832</u>	<u>616,935</u>	<u>36,636</u>
At 30 June 2015			
Total borrowings (*)	1,045,032	856,968	39,369
Effect of interest rate swaps	<u>(241,540)</u>	<u>(235,532)</u>	<u>(1,502)</u>
Exposure	<u>(803,492)</u>	<u>621,436</u>	<u>37,867</u>

Non-current borrowings have the following maturities:

	<u>30.06.2015</u>	<u>31.12.2014</u>
Between 1 and 2 years	158,223	200,805
Between 3 and 5 years	659,376	608,830
More than 5 years	<u>39,369</u>	<u>40,262</u>
	<u>856,968</u>	<u>849,897</u>

The effective interest rates at the balance sheet dates were the usual market rates (benchmark rate plus a market spread) and there were no significant differences with respect to other companies of a similar size and with similar risk and borrowing levels.

Bank borrowings carry interest at market rates, by currency, plus a spread that ranges between 60 and 1,350 basis points (2014: between 175 and 500 basis points).

The carrying amounts and fair values of current and non-current borrowings do not differ significantly since a significant portion thereof has been arranged recently and, in all cases, they accrue interest at market rates; note additionally the effect of the interest-rate hedges described in Note 6.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	<u>30.06.2015</u>	<u>31.12.2014</u>
Euro	832,483	852,096
US dollar	204,471	203,058
Brazilian real	26,151	28,009
Other	<u>12,854</u>	<u>20,914</u>
	<u>1,075,959</u>	<u>1,104,077</u>

At 30 June 2015, the Group had drawn down €272 million of the available credit with financial institutions (31 December 2014: €278 million). The total limit on said credit lines stands at €420 million (31 December 2014: €394 million).

The Group has the following undrawn credit facilities:

	<u>30.06.2015</u>	<u>31.12.2014</u>
Floating rate:		
– maturing in less than one year	116,938	60,208
– maturing in more than one year	<u>31,364</u>	<u>56,127</u>
	<u>148,302</u>	<u>116,335</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

On 28 July 2014, CIE Automotive, S.A. entered into a new financing arrangement with a syndicate of six financial institutions for €450 million. The financing which is structured in two tranches (a term loan of €350 million and a revolving facility of €100 million) aims to:

- Voluntary repayment of the syndicated loan arranged in 2011, whose balance on June 30, 2014 was €254 million.
- The partial financing of the corporate operations related to the delisting of trading of the Brazilian subsidiary Autometal, S.A. IPO (Note 1) and cancellation of the issue of debentures).
- The financing of parent company's general business and investment needs.

The amortization period stands at 5 years, with an average term of 4.7 years. This improves the average term of the Company's financing and also improves the economic terms and conditions of the syndicated financing in effect. The balance at 30 June 2015 amounted to €450 million (31 December 2014, €450 million) and the interest rate is benchmarked to Euribor plus a variable spread based on the net debt/EBITDA ratio.

On April 13, 2015, a novation of the syndicated loan in which a drop of margin initially agreed negotiated was signed. Extension in maturities was also agreed, with the new maturity on 13 April 2020. On the other hand, the possibility of delaying an additional year until 13 April 2021 due to the end what was proposed approval will be received by next April 13, 2016.

On 23 June 2014, the Company entered into a financing contract with the European Investment Bank for €70 million and with a repayment period of 7 years, in order to finance the Company and Group's R&D activities connected with automotive parts. At 30 June 2015 the drawn down balance amounts to €70 million and fixed interest (31 December 2014, 45 millions).

Likewise, the Group supports two additional long-term loans from the European Investment Bank (EIB) arranged in 2010 and 2012. The outstanding amount payable is €30 million (31 December 2014: €30 million). The interest on the loans is payable at Euribor.

During the first semester of 2012, through its Brazilian subsidiary, Autometal, S.A., the Group issued BRL 250 million of non-convertible bonds. At 31 December 2013 and 30 June 2014 there were plans to pay the unit nominal value of each bond in three consecutive annual instalments. The first instalment would be paid in 2015 (33%), the second one in 2016 (33%) and the third and final instalment in 2017 (34%). The balance at 30 June 2014 amounted to €86.6 million. As mentioned above, on 15 July 2014 these bonds were redeemed early for BRL264 million (approximately €88 million).

In the second semester of 2013, the Group obtained a bilateral loan of USD 120 million from a Mexican financial institution, through the Mexican subsidiary CIE Autometal de México, S.A.P.I. de C.V., for a seven-year term and a one-year grace period, at a floating interest rate linked to the Libor, on conditions in line with current market price parameters. The balance at 30 June 2015 amounted to €94.2 million (at 31 December 2014: €94.6 million).

Certain other financing is also subject to the fulfilment of ratios that are in line with common market practice for this type of contracts. These ratios are fulfilled at 30 June 2015 and 31 December 2014.

The Group also through its Brazilian subsidiaries, has a number of loans denominated in US dollars for a total of €109 million in June 2015 (€106 million at 31 December 2014), maturing in 2020.

The rest of balances included in borrowing related to loans or bank credits distributed in the different companies of the Group and contracted without specific additional guarantees and to interest rates of market in the different countries.

During the first semester of 2015, €93.3 million of credit and loans were redeemed (first semester of 2014: €130.3 million) and new loans and credit of €104.3 million were added, including the aforementioned credit and loans (first semester of 2013: €74.7 million). These repayments are due mainly to debt refinancing, which has improved loan and credit maturity.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

11. Provisions

The breakdown of the movements in the Company's provisions in the first semester of 2014 and 2015 are as follows:

2015

	<u>Non-Current</u>	<u>Current</u>
At 31 December 2014	117,322	11,386
Additions to consolidation scope (Note 17)	4	-
- Provisions/(reversals)	6,864	2,454
- Applications	(4,649)	(3,866)
- Charged/(credited) to equity	3,798	-
- Transfers and other (*)	(3,065)	5,356
At 30 June 2015	<u>120,274</u>	<u>15,330</u>

(*) Basically refers to the effects of exchange rates of foreign subsidiaries.

2014

	<u>Non-Current</u>	<u>Current</u>
At 31 December 2013	64,058	9,214
Additions to consolidation scope (Note 17)	4,603	-
- Provisions/(reversals)	5,398	1,675
- Applications	(3,243)	(1,302)
- Charged/(credited) to equity	(363)	-
- Transfers and other (*)	670	530
At 30 June 2014	<u>71,123</u>	<u>10,117</u>

(*) Basically refers to the effects of exchange rates of foreign subsidiaries.

Non-current provisions at 30 June 2015 mainly include the following:

- Provision of €7.7 million (31 December 2014: €8.3 million) corresponding almost entirely to tax contingencies in Brazil, of which €2 million was deposited in court pending the resolution of litigation (2014: €2 million).
- Provision of €1.5 million created as security in the sale of assets and closure and liquidation of companies (31 December 2014: €1.7 million).
- Provision for other liabilities of personnel of €71.3 million (31 December 2014: €64.3 millions), including €51.6 million corresponding to pension plans (31 December 2014: €48.6 millions) of the companies of the Group Mahindra incorporated in the group on date October 4, 2013 and December 31, 2014 as well as of the company Beroa Thermal Energy, S.L in June, 2014.
- Provision of €39.8 million (31 December 2014: €43.1 million) for coverage of operational business risks considered enforceable in the long term.

Current provisions at 30 June 2015 are basically for the adaptation of productive structures of companies in Spain (30 June 2015: €1.3 million; 31 December 2014: €1.7 million), and hedging the business' operating risk at various Group companies classified payable at short term (30 June 2015: €12.1 million; 31 December 2014: €7.4 million). They include tax contingency risk and customer complaints at certain subsidiaries (30 June 2015: €1.9 million; 31 December 2014: €2.2 million).

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

Commitments with employees

The commitments of post-employment plans and other long-term presentations to the personnel that several companies of the Group guarantee to certain groups are by country, the following ones:

- 1) Post-employment benefit and other employee retirement benefit plans in Spain:
Several companies of the segment of automotive guarantee benefits to certain retirees and early retirees (at June 2015, 22 people; at 31 December 2014, 22 people), which are financed through Biharko insurance company. On June 30, 2015 and December 31, 2014 there are no registered long-term amounts for this concept.
- 2) Post-employment benefit plans and other long-term employee benefits in Germany which are held in an internal fund.
 - Long-term employee benefits:
 - o Award for time served.
 - o Supplements derived from partial retirement agreements.
 - Post-employment benefits:
 - o Lifetime pension and retirement plans.
 - o The benefit plans guaranteed by Beroa group to its employees are commitments of cash benefits defined to the retirement. Beroa group guarantees income for life after retirement to employees that joined before 1 January 2001 who completed 10 years of service upon leaving the company. The commitment is held in an internal fund.
- 3) Post-employment benefit plans in India which are mainly held in an internal fund:
 - Post-employment benefits:
 - o Lifetime pension and retirement plans.
 - o Retirement benefits. This commitment is financed externally under an insurance contract.
 - o Retirement benefits in case of termination of employment contracts.
- 4) Post-employment benefit plans in Italy. Nowadays the model of pensions is TFR. It was a defined benefit plan that was transformed to a Define Contribution plan by the Reform of the Pensions that took place in December, 2005.
- 5) Benefit plans in France which has an internal fund.
 - o The guaranteed benefit plans by Beroa group to its employees are commitments of cash benefits defined to the retirement derived from collective agreements.
 - o The benefits of the retirement depend on the years of service in the company.

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(€'000)

Post-employment benefits:

Movements in the defined-benefit commitments during 2015:

	<u>2015</u>
At 31 December 2014	46,640
Cost of current services	911
Interest expense/(income)	384
Recalculation of values:	
- Gains/(losses) due to changes in financial assumptions	3,711
- Gains/(losses) based on experience	(58)
Benefit payments	(2,167)
Exchange differences	309
At 30 June 2015	49,730

The balance of benefits consists of €41,759 thousand (€38,776 thousand at 31 December 2014) for lifetime retirement pensions in German companies and €3,525 thousand (€3,284 thousand at 31 December 2014) relating to lifetime retirement pensions, retirement bonuses externally funded through external insurance contracts and retirement bonuses on termination of employment in Indian companies and €3,056 thousand (€3,191 thousand at 31 December 2014) relating to post-employment benefits plan in Italy.

Long-term employee benefits:

The movement in the defined benefit obligation and provision during 2015 is as follows:

	<u>2015</u>
At 31 December 2014	1,916
Cost of current services	(33)
Interest expense/(income)	10
Recalculation of values:	
- Gains/(losses) due to changes in financial assumptions	145
Benefit payments	(179)
At 30 June 2015	1,859

The balance in long-term employee benefits is due to length-of-service awards and supplements derived from partial retirement agreements in German companies.

The breakdown by country of provisions for employee benefits, all for the automotive segment, is as follows:

Breakdown by country	<u>30.06.2015</u>	<u>31.12.2014</u>
Germany	43,618	40,693
India	3,525	3,284
Italy	3,056	3,191
France	1,390	1,388
Total	51,589	48,556

There are no significant changes in financial - actuarial assumptions from the ones described in the Consolidated Annual Accounts of CIE Automotive 2014 (Note 24).

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

12. Income tax

	<u>30.06.2015</u>	<u>30.06.2014</u>
Current tax	17,573	12,436
Deferred taxes	2,308	1,001
Tax expense	<u>19,881</u>	<u>13,437</u>

The theoretical tax rates vary in accordance with the various tax domiciles, the most important of which are as follows:

	<u>Nominal rate</u>
Basque Country	28%
Rest of Spain	28% (*)
Mexico	30%
Brazil	34%
Rest of Europe (average rate)	15% - 35%
China	25%
Rest of America	21%-35%
India	32.45%-33.99% (**)

(*) For the years 2016 and following, 25%

(**) It includes mandatory surcharges.

Deferred tax assets and liabilities are only offset if the Group has a legally enforceable right to set off the recognized amounts and when they relate to income taxes levied by the same taxation authority on a single tax subject/entity, or in the event of different tax subjects/entities, when the Group intends to realise the asset and settle the liability on a net basis.

The parent company is taxed under the tax consolidation system in the regional territory of Bizkaia together with the subsidiaries listed below:

- CIE Bérriz, S.L.
- Autokomp Ingeniería, S.A.U.
- CIE Mecauto, S.A.U.
- CIE Udalbide, S.A.U.
- Egaña 2, S.L.
- Gameko Fabricación de Componentes, S.A.
- Inyectametal, S.A.
- Leaz Valorización, S.L.
- Orbelan Plásticos, S.A.
- Transformaciones Metalúrgicas Norma, S.A.
- Alfa Deco, S.A.U.
- Alurecy, S.A.U.
- Componentes de Automoción Recytec, S.L.U.
- Nova Recyd, S.A.U.
- Recyde, S.A.U.
- Alcasting Legutiano, S.L.U.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

- Bionor Transformación, S.A.U.
- Bionor Berantevilla, S.L.U.
- Vía Operador Petrolífero, S.L.U.
- Mecanizaciones del Sur-Mecasur, S.A.
- CIE Automotive Nuevos Mercados, S.L.
- Gestión de Aceites Vegetales, S.L.
- Reciclado de Residuos Grasos, S.L.
- Reciclados Ecológicos de Residuos, S.L.U.
- Biodiesel Mediterráneo, S.L.U.

The companies of Solutions and Services segment (Smart Innovation), Global Dominion Access, S.A. and Dominion Investigación y Desarrollo, S.L.U. ceased to be part of this fiscal group in 2014.

In relation to the companies of the Solutions and Services segment (Smart Innovation), it has been requested to the tributary pertinent administration, the consideration of group of companies by effect on 1 January 2015, being the dominant: Global Dominion Access, S.A. and the other companies:

- Dominion Investigación y Desarrollo, S.L.U.
- ECI Telecom Ibérica, S.A.
- Dominion Instalaciones y Montajes, S.A.U.
- Beroa Thermal Energy, S.L.
- Beroa Ibérica, S.A.
- Global Near, S.L.
- Near Technologies, S.L.U.
- Dominion Ampliffica, S.L.
- Global Ampliffica, S.L.
- Ampliffica, S.L.

Additional, it has been requested to the tributary pertinent administration, the consideration of group of companies by effect on 1 January 2015, being the parent: Bilcan Global Services, S.L. and others companies: Dominion Centro de Control, S.L.U., Dominion Network S.L.U., Servicios al Operador Móvil S.L., Sur Conexión, S.L, Tiendas Conexión, S.L., Your Phone, S.L., Your Phone Franquicias, S.L. and Eurologística Directa Móvil 21, S.L.U.

The other CIE Automotive Group companies file individual returns.

Generally speaking, the Group companies have their tax returns open to inspection for all years for which the statute applying under the various bodies of tax legislation for each company has not lapsed. This statute ranges between 4 and 6 years from when the tax obligation falls due and the deadline for filling tax returns passes.

The corporate income tax legislation applicable to the parent company in 2014 and 2015 is that relating to Bizkaia Regional Regulation 11/2013 (5 December).

The parent company's directors have calculated the amounts associated with this tax for 2015 and those years open to inspection in accordance with legislation in force at each year end on the understanding that the final outcome of the various legal proceedings and appeals that have been filed in this respect will not have a significant impact on the financial statements taken as a whole.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

13. Earnings per share

a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased and held as treasury shares (Note 9).

	<u>30.06.2015</u>	<u>30.06.2014</u>
Profit attributable to owners of the parent (thousand euro)	68,776	39,501
Weighted average number of ordinary shares in issue (thousand)	129,000	119,936
Basic earnings:	<u>0.533</u>	<u>0.329</u>
- Basic earnings per share from continuing operations (euro per share)	0.537	0.330
- Basic earnings per share from discontinued operations (euro per share)	(0.004)	(0.001)

b) Diluted

The agreement in 2014 of the multiannual remuneration based on the evolution of the process of CIE Automotive, S.A. (Note 18) could have potential dilutive effect of agreement to the IFRS 33. Once realized the calculations it has been determined that the effects of this agreement do not determine a dilution of the earnings for action basic calculated in the previous paragraph.

14. Dividend per share

At 30 April 2015, the General Meeting of CIE Automotive, S.A. approved the motion for the distribution of 2014 profit (individual) including the distribution of a complementary dividend of €0.1 per share carrying dividend rights, amounting to a total payment of €12,900 thousand. The dividend was paid on 3 July 2015.

At 17 December 2014, the Board of Directors of CIE Automotive, S.A. approved the payment of an interim dividend from 2014 profit of €0.1 per share, implying a total of €12,900 thousand. The payment was made on 5 January 2015.

At 30 April 2014, the General Meeting of CIE Automotive, S.A. approved the motion for the distribution of 2013 profit (individual) including the distribution of a complementary dividend of €0.09 per share carrying dividend rights, amounting to a total payment of €11,610 thousand. The dividend was paid on 3 July 2014.

At 16 December 2013, the Board of Directors approved the payment of an interim dividend from 2013 profit of €0.09 per share carrying dividend rights, amounting to a total payment of €10,694 thousand. The payment was made on 3 January 2014.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

15. Cash flows from operating activities

	<u>30.06.2015</u>	<u>30.06.2014</u>
Profit for the year	82,758	49,763
Adjustments:		
- Taxes (Note 12)	17,573	12,436
- Deferred taxes	2,308	1,001
- Grants released to income	(1,417)	(1,269)
- Depreciation of property, plant and equipment (Note 4)	55,376	47,675
- Amortization of intangible assets (Note 5)	7,497	5,707
- (Profit)/loss on disposal of property, plant and equipment (see below)	(251)	(214)
- Net change in provisions (Note 11)	9,318	6,710
- Net (gains)/losses on remeasurement to fair value of derivative financial instruments (Note 6)	(4,610)	(494)
- Net (gains)/losses on remeasurement to fair value taken to income statement	6,071	-
- Exchange differences	(4,289)	(1,991)
- Interest income	(5,518)	(12,095)
- Interest expense	29,353	36,218
- Share of loss/(profit) of associates (Note 6)	4	1,575
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
- Inventories	(18,691)	(21,466)
- Trade and other receivables	(69,768)	(77,690)
- Trade and other payables	15,711	39,050
Cash flows from continuing and discontinued operations	<u>121,425</u>	<u>84,916</u>

In the cash flow statement, revenues from the sale of property, plant and equipment and intangible assets include:

	<u>30.06.2015</u>	<u>30.06.2014</u>
Carrying amount (Notes 4 and 5)	1,638	1,230
Profit/(loss) on disposal of property, plant and equipment	251	214
Proceeds from disposal of property, plant and equipment	<u>1,889</u>	<u>1,444</u>

16. Commitments

a) Capital and lease commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	<u>30.06.2015</u>	<u>31.12.2014</u>
Property, plant and equipment	37,942	18,563
Obligations deriving from irrevocable lease agreements	62,627	64,357

These investments are financed through the cash generated by the Group's activities, under payment agreements with suppliers and equipment vendors and, if necessary, by bank borrowings.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

b) Operating lease commitments

The Group has been leasing various offices and warehouses under non-cancellable operating lease agreements since 2008. The lease terms are between 5 and 10 years, and most of them are renewable at the end of the lease period at market conditions. The Group also leases various plants and items of machinery under cancellable operating lease agreements. The Group is required to provide six months' advanced notice to terminate these agreements.

The total minimum future lease payments under non-cancellable operating leases are as follows:

	<u>30.06.2015</u>	<u>31.12.2014</u>
Less than one year	22,415	21,831
Between one and five years	23,487	24,327
More than five years	16,725	18,199
	<u>62,627</u>	<u>64,357</u>

c) Other information

Solutions and Services (Smart Innovation) segment has posted bonds to guarantee works and services rendered to customers and commercial guarantees amounting to approximately €101.8 million (2014: approximately €98.8 million).

17. Business combinations

2015

Consolidation scope changes are described in Note 1.

On March 2015, CIE Berriz, S.L. acquired the 50% interest that the company Plásticos de Palencia, S.A. had in the "Joint Venture" Group CIE Automotive Hipamoldes, S.A. (Appendix). As a result, the CIE Automotive Group has become the sole shareholder of this subgroup.

The price paid for the acquisition was 250 thousand euros, fully paid at the time of purchase.

This business combination in stages has resulted during the year 2015 in the recognition of a profit on the consolidated income statement, amounting to 210 thousand euros. This result is due to the recognition at fair value (250 thousand euros) of the previous 50% stake held by the Group in the equity of the acquired subgroup (40 thousand euros) and calculated at the date of the takeover.

The fair value of the previous participation was equivalent to the purchase price of 50%.

Consequence of this, the business combination to the takeover of CIE Automotive Hipamoldes, S.A. Group on March 2015 and, therefore, referring to the 100% participation is summarized below:

	<u>Amount</u>
Acquisition price	500
Fair value of the net assets acquired	(80)
Goodwill (Note 5)	<u>420</u>

This goodwill has been attributed to the future profitability of the business acquired and the significant synergies that are expected to arise following the acquisition by the Group.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

The amount of the total compensation paid for the controlling stake is as follows:

	<u>Amount</u>
Fair value of the prior shareholding	250
Purchase price of the 50% stake acquired during the year	<u>250</u>
Total compensation paid	<u>500</u>

The assets and liabilities arising on the acquisition were as follows:

	<u>Fair value of the net assets acquired</u>
Fixed assets	137
Inventories	186
Receivables	686
Other current assets	48
Cash and cash equivalents	<u>107</u>
Acquired assets	<u>1,164</u>
Provisions	4
Accounts payable	1,071
Other liabilities	<u>9</u>
Acquired liabilities and minority interests	<u>1,084</u>
Total Net acquired assets	<u>80</u>

The fair value of the net assets acquired was not different from the accounting figures Hispamoldes CIE Automotive, S.A. Group. There were no other intangible assets that met the conditions to be recognized separately or contingent liabilities or other assets and financial liabilities whose fair value differed from the book value. At the date of preparation of these condensed interim consolidated financial statements the process of this business combination is complete.

The movement in cash funds on the operation is as follows:

	<u>Amount</u>
Payment made	250
Cash and cash equivalents in the subsidiary acquired	<u>(107)</u>
Outflow of cash on the acquisition	<u>143</u>

The sales and the profit of the CIE Automotive Hispamoldes, S.A. Group at June 30, 2015 amounted to 910 and 211 thousand euros respectively.

2014

Automotive segment

On February 2014 the Group acquired the 50% interest that the Dutch fund VEP Fund I Holding Coöperatief W.A. had in the "Joint Venture" Grupo RS Automotive (Appendix). As a result, the CIE Automotive Group has become the sole shareholder of this subgroup.

The price paid on the acquisition amounted to €10,766 thousand which will be increased, if appropriate, by an additional amount (contingent consideration) linked to the development of EBITDA in RS Automotive Group in 2014 and 2015 and payable in the first six months of 2016, recognized in "Other non-current liabilities".

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

On April 2015, a final agreement with VEP has been reached, to anticipate the unpaid portion and the subsequent liquidation of rights and obligations under the contract. This transaction has implied to a final payout of €6.8 million euros, generating a positive result of €4 million over the liability previously registered at fair value.

In 2014, this business combination resulted in the recognition of a profit in the consolidated income statement amounting to €14,252 thousand. This profit results from the measurement at fair value (€21,621 thousand) of the interest held by the Group, prior to the acquisition of the 50% stake, in the equity of the subgroup acquired (€7,370 thousand) and calculated at the date on which control was acquired.

The fair value of the previous interest is equal to the purchase price of the additional 50% acquired in 2014 which includes the amount initially paid and the estimate of the relevant part of above mentioned contingent compensation.

As a result of the above, the business combination to acquire control of the RS Automotive Group in February 2014 and therefore, related to the 100% interest, is summarised below:

	<u>Amount</u>
Purchase price	43,241
Fair value of the net assets acquired	(11,023)
Goodwill	<u>32,218</u>

This goodwill has been attributed to the future profitability of the business acquired and the significant synergies that are expected to arise following the acquisition by the Group.

The amount of the total compensation paid for the controlling stake is as follows:

	<u>Amount</u>
Fair value of the prior shareholding	21,621
Purchase price of the 50% stake acquired during the year	21,620
Total compensation paid	<u>43,241</u>

The assets and liabilities arising on the acquisition were as follows:

	<u>Fair value of the net assets acquired</u>
Fixed assets	21,943
Other non-current assets	1,147
Deferred tax assets	3,734
Inventories	6,934
Receivables	8,963
Cash and cash equivalents	4,898
Acquired assets	<u>47,619</u>
Non-controlling interests	4,699
Deferred income	1,044
Bank loans	4,896
Provisions	4,603
Accounts payable	15,658
Deferred tax liabilities	2,279
Other liabilities	3,417
Acquired liabilities and minority interests	<u>36,596</u>
Net acquired assets	<u>11,023</u>

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

The fair value of the net assets acquired did not differ significantly from the accounting figures of the RS Automotive group. There were no other intangible assets meeting the conditions to be recognized separately or contingent liabilities or other accounting assets or liabilities whose fair value differed from its book value. At the date of these financial statements this business combination has ended.

The movement in cash funds on the operation is as follows:

	<u>Amount</u>
Payment made	10,766
Cash and cash equivalents in the subsidiary acquired	(4,898)
Outflow of cash on the acquisition	<u>5,868</u>

Additionally, as mentioned before, on April 2015 an amount of €6,763 thousand has been paid as liquidation of the contingent compensation.

The sales and result amount of RS Automotive Group at 30 June 2014 were 46,994 and 3,451 thousand euros respectively.

As the end of the process described in Note 1 related to the "**Strategic alliance with Mahindra Group**", in the second semester of 2014 was completed the second phase of the operation that ended in merger by absorption by the dependent Mahindra CIE Automotive Ltd., Mahindra Composites Ltd. (company traded at Bombay Stock Exchange), Mahindra Hinoday Industries Ltd. and Participaciones Internacionales Autometal Tres S.L. (owner of forged components business of CIE Automotive), all controlled by CIE Automotive S.A. and news companies part of CIE Automotive Group through the merger: Mahindra UGINE Steel Company Ltd. (company traded at Bombay Stock Exchange), Mahindra Investments India Private Limited and Mahindra Gears International Limited.

These last two companies are "holding companies" on that they depend, besides other holding companies, the operative companies Mahindra Gears & Transmissions Private, Ltd. and Metalcastello S.p.A.

This process of merger, approved in the second semester of 2014 by the General Meetings of the merged companies and the regulatory authorities, ended on December 2014.

The merger resulted in the issue of 228,671,272 new shares of Mahindra CIE Automotive Ltd., with a par value of 10 rupees, and a real value of 209 rupees per share when they were delivered to shareholders. At the time of this business combination shares, 118,211,276 were allocated to the merged subsidiaries of CIE Automotive Group. The remaining 110,459,996 shares were assigned to the new businesses added to the Group in December 2014.

As a result of the process, CIE Automotive had control of 53.21% of the new share capital after the merger of Mahindra CIE Automotive Ltd. Regarding the businesses previously controlled by the Group, this operation has only implied a reallocation of parent company controlling and non controlling interests of €67,847 thousand as it has only meant a change in the already dependent businesses without change in control.

The equity of the Parent company of the business controlled by the Group previously was readjusted and the interest of the subsidiary of €thousand was also adjusted because the interest held by subsidiaries and businesses changed whilst control remained the same.

Additional new companies to the Group resulted in a business combination under IFRS 3. A summary is given below:

	<u>Amount</u>
Purchase price (fair value of the new shares issued at the date of take of control)	299,777
Price paid to non controlling interests of the groups acquired	11,143
Fair value of net assets added	(16,348)
Goodwill	<u>294,572</u>

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

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This goodwill, which was assigned to the equity of the parent company (53.21%) and to the non-controlling interests (46.79%), respectively, was attributed to the future intrinsic profitability of the new built-in businesses, and to the expectations of additional generation of value for the shareholder derived from the creation of the new consolidated group Mahindra CIE in his synergy integration inside the Group CIE Automotive, having being assigned proportionally in consequence and for that reason, to the new individual businesses incorporated and to the group Mahindra CIE as a whole.

The assets and liabilities arisen in this new business combination were as follows:

	Fair value			Total
	Mahindra Ugine Steel Company Ltd.	Mahindra Investments India Private Limited	Mahindra Gears International Limited	
Property, plant and equipment	36,390	15,238	19,291	70,919
Inventories	5,455	2,622	10,908	18,985
Trade and other receivables	15,859	4,417	6,621	26,897
Other current assets	768	49	202	1,019
Deferred tax assets	3,993	18	774	4,785
Non-current financial assets	130	68	2	200
Other non-current assets	7,290	36	373	7,699
Other financial assets	6,756	124	250	7,130
Cash and cash equivalents	1,280	34	10,310	11,624
Acquired assets	77,921	22,606	48,731	149,258
Non controlling interests	-	-	(2,025)	(2,025)
Debts with credit institutions	430	5,373	20,631	26,4345
Provisions	12,816	205	6,294	19,315
Trade and other payable	8,536	4,401	14,079	27,016
Deferred tax liabilities	5,016	1,215	957	7,188
Other liabilities	1,398	588	52,996	54,982
Liabilities acquired and minority interests	28,196	11,782	92,932	132,910
Total net acquired assets	49,725	10,824	(44,201)	16,348

The fair value of the fixed assets was fixed according to appraisals realized by independent experts with knowledge of Indian and European markets, which estimations, that did not consider limitations or additional risks, were based on market prices of purchase or construction, and having into account the useful residual lives of the different assets.

Pre-existing contingent liabilities were recognized in the business acquired and recognized by means of a document signed with the previous partner of these businesses by €11.7 million. These contingencies were corresponding to certain legal claims of clients, workers and other third parties for which an unfavourable outcome is expected. The Group estimated the amount of all the future not discounted potential payments to be made in case of unfavourable resolution.

As, in the exercise 2014, were no compensation in the operation, the effect in the funds of cash of the same one was only for the cash and cash equivalents in the incorporated companies (€11,624 thousand).

On March 2015, the total compensation pending to pay to minority interests in amount of €12 million was disbursed.

The analysis of the assignment of the fair value of incorporated assets and liabilities is in phase of development and although the most significant analyses of valuation have concluded it can't be considered as finished even if changes are not expected.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

Given the date of the takeover for the new absorbed companies, non activity during the year 2014 was incorporated to the CIE Automotive Group. In case the incorporation had taken place at the beginning of the exercise, the sales and the results contributed to the Group by these businesses would had been of €135,412 and (€12,376) thousand, respectively.

Solutions and Services (Smart Innovation) segment

On July 2014 the process of acquisition by stages of the society group headed by **Beroa Thermal Energy, S.L.** has been achieved by the subsidiary, Global Dominion Access, S.A. The culmination of the process has supposed Global Dominion Access, S.A., exercise the option on the 50% of the share capital of mentioned company, as well as the acquirement of 27.27% minority stakeholders of the remaining capital.

Both transactions, have been realized according to the company´s value, estimated by an independent expert, who has supposed that the mentioned transaction had determined a purchase price (paid price and share capital extension made in Global Dominion Access, S.A.) of the percentage (acquired 77.27%), of €62 million amount. Additionally, this transaction has supposed that the fair value of initially maintained participation 22.73% has increased to €16 million resulted in the recognition of a profit in the consolidated income statement amounting to €8,050 thousand.

Below, operation resulting details of net liquid assets and goodwill are resumed:

	<u>Amount</u>
Purchase price	77,960
Fair value of acquired negative net assets	33,796
Goodwill	<u>111,756</u>

This goodwill has been assigned to the profitability's and future synergies of the businesses acquired inside the Group.

The assets and liabilities arising on the acquisition were as follows:

	<u>Fair value</u>
Property, plant and equipment	42,196
Investments in associates	930
Inventories	6,825
Trade and other receivables	68,740
Other assets	5,034
Deferred tax assets	6,692
Other financial assets	452
Cash and cash equivalents	11,082
Acquired assets	<u>141,951</u>
Non-controlling interests	4,567
Debts with credit institutions	18,541
Provisions	23,312
Trade and other payable	50,262
Deferred tax liabilities	6,388
Other liabilities	72,677
Liabilities acquired and minority interests	<u>175,747</u>
Total Net Assets acquired	<u>(33,796)</u>

Fair values registered in the operation didn't distinguish substantially from those registered in the financial statement of Beroa Group despite of the recognition of determinate intangible assets classified as customer base, with a value of €10 million. The process of assignation of paid price to the acquired assets and liability value is already finished without any differences arisen in the year-end values at the end of 2014.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

The cash fund movements of the operation:

	<u>Amount</u>
Compensation of the exercise (*)	-
Cash and cash equivalents of acquired Group	(11,082)
	<u>(11,082)</u>

(*) During 2014 there was no compensation paid, being outstanding €43 million.

In the second semester of 2014 this business combination has resulted in sales and results (without minority allocation) of €141 and €9 million each one. If the operation had been completed at 1 January 2014, these figures would have been €249 and €2 million respectively.

In addition, in December 2014, CIE Group, also through its subsidiary Global Dominion Access S.A., integrated 100% of the capital of **Bilcan Global Services S.L.** and 89.246% of **Global Near S.L.** by means of a capital increase of non-monetary contributions. This operation resulted in the integration, through the dominion Group, of the following companies:

<u>Company</u>	<u>Activity</u>
Bilcan Global Services, S.L., parent company of:	Holding company
• Servicios al Operador Móvil, S.L.	Holding company
• Eurologística Directa Móvil 21, S.L.	Wholesale distribution, logistics management of mobile phones and point of sale management
• Your Phone, S.L.	Retail distribution of telephone solutions and products
• Your Phone Franquicias, S.L.	Retail distribution of telephone solutions and products
• Global Amplifica, S.L.	Online marketing expert business and specialised in procuring leads for subsequent sale via in-house call centres
• Amplifica México, S.A. de C.V.	Digital point of sale and other digital solutions
• Amplifica, S.L.	Digital point of sale and other digital solutions
• Wise Conversión, S.L.	Digital point of sale and other digital solutions
• Tiendas Conexión, S.L.	Retail distribution of telephone solutions and products
• Sur Conexión, S.L.	Retail distribution of telephone solutions and products
Global Near, S.L., parent company of:	Holding company
• Near Technologies, S.L.U.	Knowledge and innovation based technology solutions
• Tapquo, S.L.	Knowledge and innovation based technology solutions
• Advanced Flight Systems, S.L.	Knowledge and innovation based technology solutions
• Centro Near Servicios Financieros, S.L.	Knowledge and innovation based technology solutions
• DM Informática, S.A. de C.V.	Knowledge and innovation based technology solutions
• Near Technologies Mexico, S.A. de C.V.	Knowledge and innovation based technology solutions
• NXT Solutions, INC	Knowledge and innovation based technology solutions

After this operation, the shares (also 100%) that the subsidiary Dominion Instalaciones y Montajes, S.A.U. held in Dominion Network, S.L. and Dominion Centro de Gestión Personalizada S.L. were transferred to Bilcan Global Services S.L., through a non-monetary contribution to the capital of this last one. This transfer did not have effect in the Consolidated Group Annual Accounts.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

The details of the acquired net assets and the resulting goodwill are summarized below:

	<u>Amount</u>
Purchase Price (after capital increase)	41,434
Fair value of negative net assets acquired	20,474
Goodwill	<u>61,908</u>

This goodwill has been initially attributed to the profitability and future synergies from the acquired businesses in the Group.

The assets and liabilities arising on the business combination were as follows:

	<u>Asset carrying value</u>
Property, plant and equipment	3,262
Inventories	4,512
Trade and other receivables	22,536
Deferred tax assets	1,486
Other financial assets	19,831
Cash and cash equivalents	2,856
Acquired assets	<u>54,483</u>
Non-controlling interests	(1,322)
Debts with credit institutions	6,597
Trade and other payable	40,781
Deferred tax liabilities	115
Other liabilities	28,786
Liabilities acquired and minority interests	<u>74,957</u>
Total net assets acquired	<u>(20,474)</u>

The Group started the analysis of the purchase price allocation to the values of assets and liabilities acquired. This analysis is currently under development and although the most significant analyses of valuation are concluded it can't be considered as definitive.

The movement of this business combination, €2,856 thousand, corresponds only with the cash and cash equivalents of the incorporated the new incorporated companies.

Consolidation of these companies in 2014 did not have any effect on the Group's profit or loss. If the incorporation had been produced at the beginning of 2014, the figures for sales and results of these companies added to the Group (without considering the allocation to minority interests) would have been €95 and €(8.9) million respectively.

18. Related-party transactions

The direct shareholders of the Group (including minority interests), key executive managers, close relatives and those companies consolidated using the equity methods are considered related parties.

The following transactions were carried out with related parties:

- Compensation and loans to the Parent Company's Directors and key management personnel

The total compensation paid to the members of the Board of Directors, consisting of salaries, per diems and other remuneration during the six month period ended 30 June 2015 was €1,246 thousand (30 June 2014: €716 thousand). The members of the Board of Directors have received no remuneration in terms of bonuses or profit sharing arrangements. Nor have they received shares, or sold or exercised stock options or other rights related to pension plans or insurance policies in their favour.

At 30 June 2015, there is a balance receivable (at present value) of €1,212 thousand arising from other transactions with these related parties (30 June 2014: €1,212 thousand), classified in current assets.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

The total compensation paid in the six month period ended 30 June 2015 to key management personnel of the CIE Automotive Group, excluding the amounts included in the section on the remuneration paid to the members of the Board of Directors, was €1,453 thousand (11 people; 2014, 4 people) (30 June 2014: €148 thousand).

The company has no commitments related to pensions or other types of complementary post-employment benefits with key management personnel.

- Long-term complementary incentive based on an increase in value of CIE Automotive, S.A. shares

During the General Shareholders' Meeting of 30 April 2014, a long-term incentive was approved, based on the increase in value of the shares of CIE Automotive, S.A., in favour of the Chief Executive Officer and certain managers and other people owing to their special relationship with the Company.

The incentive consists on the payment of an extraordinary total remuneration proved of multiplying a maximum of 1,800,000 rights by the increase of the market price of shares of CIE Automotive in the period 2013-2017, being its contribution base €6 per share and the closing value will be the average of the market price of the last quarter of 2017, in the terms approved by the Shareholders' General Meeting.

The individual assignment of these rights was fixed by the Appointments and Remuneration Committee of the parent company and their settlement will probably be paid once in cash on 31 March 2018 as a decision of the Group.

The incentive depends on two conditions:

- Interrupted continuity of beneficiaries' services.
- The fulfilment of the objectives of Group's Strategic Plan for 2013- 2017, measured according to EBITDA levels (operating profit plus amortisation and impairment) obtained in the period.

The incentive conditions contain situations of early liquidation due to certain supervening causes.

At 30 June 2015, the estimated amount of the extraordinary remuneration has had a total cost of €3.8 million during 2015 (December 31, 2014, €4.1 million).

- Balances and transactions arising on other related-party transactions

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	<u>30.06.2015</u>	<u>31.12.2014</u>
Balances:		
- Accounts receivable from related parties	66,740	55,368
- Accounts payable to related parties	15,248	32,959
- Dividend payable	12,900	12,900

	<u>30.06.2015</u>	<u>30.06.2014</u>
Transactions:		
- Services received	3,449	1,467
- Services provided	107	-
- Purchases (*)	25,556	6,537
- Sales (*)	80,489	21,765

(*)Both purchases and sales correspond basically with sale/purchase operation with Mahindra & Mahindra group.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015 (€'000)

19. Joint ventures

At 1st September 2009, together with the Dutch investment fund VEP Fund I Holding Cooperative W.A., which is administered by Value Enhancement Partners, the Group incorporated RS Automotive B.V., a Dutch joint venture in which both ventures held 50%. In September 2009 this joint venture carried out its first corporate transaction involving the acquisition of a group of companies.

In February 2014, the parent company completed the acquisition of the 50% of the participation and therefore so the joint venture's financial statements were fully consolidated at 30 June 2014.

On 10 June 2010, together with the Russian companies Sam LTD LLC and JSC KZAE, the Group incorporated CIE Avtocom, LLC and CIE Avtocom Kaluga, LLC, initially 35% owned by CIE Automotive, S.A. and 65% owned by the Russian companies. In 2012, CIE Group acquired an additional 15% shareholding in these companies.

On December 2014 CIE Automotive Nuevos Mercados, S.L. sold its stake in CIE Avtocom Kaluga, LLC (merged into CIE Avtocom, LLC in 2014) for €1 generating a loss of €1,359 million in the second semester of 2014 so at 31 December 2014 the Group did not have a stake in the aforementioned Russian companies.

On 20 July 2007 and together with Plásticos de Palencia, CIE Hispamoldes, S.A. was incorporated with initial capital of €250 thousand, 50% owned by CIE Automotive, S.A. and Plásticos de Palencia, respectively. Subsequently, on 28 December 2011, the company's capital was increased by €250 thousand. This capital increase was 50% subscribed by CIE Automotive, S.A.

In the first semester of 2015, as detailed in notes 1 and 17, the Group, through its subsidiary CIE Berriz, S.L. acquired 50% of the share capital of CIE Automotive Hispamoldes, S.A. becoming its sole shareholder, and ending the "Capital Investment Agreement" signed in 2011 with the Hispamoldes Group for the company constitution as well as consolidating the company using the full consolidation method.

At 30 June 2015 there is no agreement on the joint business group.

20. Events after the balance sheet date

No significant events have occurred from June 30, 2015 to the date of preparation of these condensed interim consolidated financial statements.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

APPENDICES TO THE NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2015 AND 2014

APPENDIX: LIST OF SUBSIDIARIES AND ASSOCIATES AT 30 JUNE 2015

Company	Parent Company	Business activity	Registered office	% effective shareholding of CIE Automotive	
				Direct	Indirect
CIE Berriz, S.L. (*) (merged in 2012 with CIE Inversiones Inmuebles, S.L. and CIE Automotive Bioenergía, S.L.U.)	CIE Automotive, S.A.	Holding company	Vizcaya	100.00%	-
Antolin-CIE Czech Republic s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	30.00%
Belgium Forge, N.V. (in liquidation)	CIE Berriz, S.L.	Manufacture of automotive components	Belgium	-	100.00%
CIE Udalbide, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Vizcaya	-	100.00%
CIE Mecauto, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Álava	-	100.00%
Mecanizaciones del Sur-Mecatur, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Álava	-	100.00%
Gameko Fabricación de Componentes, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Álava	-	100.00%
Grupo Componentes Vilanova, S.L.	CIE Berriz, S.L.	Manufacture of automotive components	Barcelona	-	100.00%
Alfa Deco, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Guipúzcoa	-	100.00%
Alurecy, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Vizcaya	-	100.00%
Componentes de Automoción Recytec, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Álava	-	100.00%
Componentes de Dirección Recylan, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Navarra	-	100.00%
Nova Recyd, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Álava	-	100.00%
Recyde, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Guipúzcoa	-	100.00%
Recyde CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Zdánice, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
Alcasing Legutiano, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Álava	-	100.00%
Egaña 2, S.L.	CIE Berriz, S.L.	Manufacture of automotive components	Vizcaya	-	100.00%
Inyctametal, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Vizcaya	-	100.00%
Orbelan Plásticos, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Guipúzcoa	-	100.00%
Transformaciones Metalúrgicas Norma, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Guipúzcoa	-	100.00%
Plasfil Plásticos da Figueira, S.A. (*) <i>ApoloBlue Tratamentos, Lda</i>	CIE Berriz, S.L. Plasfil Plásticos da Figueira, S.A.	Manufacture of automotive components	Portugal	-	100.00%
CIE Metal CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Plasty CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Unitools Press CZ, a.s.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Joamar, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Automotive Maroc, s.a.r.l. d'au	CIE Berriz, S.L.	Manufacture of automotive components	Morocco	-	100.00%
CIE Praga Louny, a.s. (*) <i>Praga Service, s.r.o.</i>	CIE Berriz, S.L. CIE Praga Louny, a.s.	Installations	Czech Republic	-	100.00%
CIE Deutschland, GmbH	CIE Berriz, S.L.	Services and installations	Germany	-	100.00%
Leaz Valorización, S.L.U. (without activity)	CIE Berriz, S.L.	Waste management and recovery	Vizcaya	-	100.00%
CIE Compiègne, S.A.S.	CIE Berriz, S.L.	Manufacture of automotive components	France	-	100.00%
CIE Automotive Hispamoldes, S.A. (*) <i>CIE Hispamoldes Plásticas, s.a.r.l. d'au</i>	CIE Berriz, S.L. CIE Automotive Hispamoldes, S.A.	Holding company	Vizcaya	-	100.00%
Nanjing Automotive Forging Co., Ltd.	CIE Berriz, S.L.	Manufacture of automotive components	China	-	50.00%
Autometal, S.A. (*) (4) <i>Naturoil Combustíveis Renováveis, S.A.</i>	CIE Berriz, S.L. CIE Autometal, S.A.	Manufacture of automotive components	Brazil	-	100.00%
<i>Bioauto Participações, S.A. (*)</i>	CIE Autometal, S.A.	Biofuel production and sale	Brazil	-	100.00%
Bioauto MT Agroindustrial, Ltda.	CIE Autometal, S.A.	Holding company	Brazil	-	75.00%
Biojan MG Agroindustrial, Ltda. (without activity)	Bioauto Participações, S.A.	Agrobiotechnology	Brazil	-	75.00%
Durametel, S.A.	Bioauto Participações, S.A.	Agrobiotechnology	Brazil	-	75.00%
Autometal SBC Injeção, Pintura e Cromação de Plásticos, Ltda. (*)	Autometal, S.A.	Manufacture of automotive components	Brazil	-	50.00%
Autometal SBC Injeção, Pintura e Cromação de Plásticos, Ltda. (*)	Autometal, S.A.	Manufacture of automotive components	Brazil	-	100.00%

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

APPENDICES TO THE NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2015 AND 2014

APPENDIX: LIST OF SUBSIDIARIES AND ASSOCIATES AT 30 JUNE 2015

Company	Parent Company	Business activity	Registered office	% effective shareholding of CIE Automotive	
				Direct	Indirect
Autocromo Cromação de Plásticos Ltda	Autometal SBC Injeção, Pintura e Cromação de Plásticos, Ltda.	Manufacture of automotive components	Brazil	-	100.00%
Autometal Investimentos e Imóveis, Ltda. (*)	Autometal, S.A.	Services and installations	Brazil	-	100.00%
Gescrap – Autometal Comercio de Sucatas Ltda	Autometal Investimentos e Imóveis, Ltda.	Sale of scrap	Brazil	-	30.00%
Componentes Automotivos Taubaté, Ltda. (*)	Autometal, S.A.	Holding company	Brazil	-	100.00%
Autoforjas, Ltda.	Componentes Automotivos Taubaté, Ltda.	Manufacture of automotive components	Brazil	-	100.00%
Jardim Sistemas Automotivos e Industriais, S.A.	Autometal, S.A.	Manufacture of automotive components	Brazil	-	100.00%
Metalúrgica Nakayone, Ltda.	Autometal, S.A.	Manufacture of automotive components	Brazil	-	100.00%
Participaciones Internacionales Autometal, S.L.U. (*)	CIE Berriz, S.L.	Holding company	Spain	-	100.00%
CIE Autometal de México, S.A. de C.V. (*) (5)	Participaciones Internacionales Autometal, S.L.U.	Holding company	México	-	100.00%
Pintura y Ensamblés de México, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	México	-	100.00%
CIE Celaya, S.A.P.I. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	México	-	100.00%
Gescrap Autometal de Mexico, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Sale of scrap	México	-	30.00%
Gescrap Autometal Mexico Servicios, S.A. de C.V.	Gescrap Autometal de Mexico, S.A. de C.V.	Services and installations	México	-	30.00%
Pintura, Estampado y Montaje, S.A.P.I. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	México	-	100.00%
Maquinados Automotrices y Talleres Industriales de Celaya, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	México	-	100.00%
CIE Bériz México Servicios Administrativos, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Services and installations	México	-	100.00%
Nugar, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	México	-	100.00%
Percaser de México, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Services and installations	México	-	100.00%
Servicat S. Cont. Adm. Y Técnicos, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Services and installations	México	-	100.00%
Inmobiliaria El Puente, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Services	México	-	100.00%
Forjas de Celaya, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	México	-	100.00%
CIE Automotive, USA Inc (*)	CIE Autometal de México, S.A. de C.V.	Services and installations	US	-	100.00%
Century Plastics, Llc	CIE Automotive, USA Inc.	Manufacture of automotive components	US	-	65.00%
Participaciones Internacionales Autometal Dos S.L. (*)	Participaciones Internacionales Autometal, S.L.U.	Holding company	Spain	-	100.00%
Mahindra CIE Automotive Ltd.(2) (*)	Participaciones Internacionales Autometal Dos S.L.	Manufacture of automotive components	India	-	53.21%
Stokes Group Limited (*)	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	United Kingdom	-	53.21%
Stokes Forgings Limited	Stokes Group Limited	Manufacture of automotive components	United Kingdom	-	53.21%
Stokes Forgings Dudley Limited	Stokes Group Limited	Manufacture of automotive components	United Kingdom	-	53.21%
Mahindra Forging Global	Mahindra CIE Automotive Ltd.	Holding company	Republic of Mauritius	-	53.21%
Mahindra Forgings International Limited (*)	Mahindra CIE Automotive Ltd.	Holding company	Republic of Mauritius	-	53.21%
Mahindra Forgings Europe AG (*)	Mahindra Forgings International Limited	Holding company	Germany	-	53.21%
Gesensschmiede Schneider GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	53.21%
Jeco Jellinghaus GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	53.21%
Falkenroth Umformtechnik GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	53.21%
Schoneweiss & Co. GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	53.21%
CIE Galfor, S.A.U. (*)	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	Spain	-	53.21%
CIE Legazpi, S.A.U.	CIE Galfor, S.A.U.	Manufacture of automotive components	Spain	-	53.21%
UAB CIE LT Forge	CIE Galfor, S.A.U.	Manufacture of automotive components	Lithuania	-	53.21%
Galfor Eólica, S.L.	CIE Galfor, S.A.U.	Production and marketing of electricity	Spain	-	26.61%
Mahindra Gears Global Ltd (1)	Mahindra CIE Automotive Ltd.	Holding company	Republic of Mauritius	-	53.21%

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

APPENDICES TO THE NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2015 AND 2014

APPENDIX: LIST OF SUBSIDIARIES AND ASSOCIATES AT 30 JUNE 2015

Company	Parent Company	Business activity	Registered office	% effective shareholding of CIE Automotive	
				Direct	Indirect
Metalcastello S.p.A. (1)	Mahindra Gears Global Ltd	Manufacture of automotive components	Italia	-	53.21%
Crest Geartech Ltd (1)	Metalcastello S.p.A.	Manufacture of automotive components	India	-	53.21%
Mahindra Gears Transmission Private Ltd (1)	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	India	-	53.21%
Bionor Transformación, S.A.U. (*)	CIE Berriz, S.L.	Holding company	Vizcaya	-	100.00%
<i>Bionor Berantevilla, S.L.U.</i>	Bionor Transformación, S.A.U.	Biofuel production and sale	Álava	-	100.00%
<i>Biosur Transformación, S.L.U.</i>	Bionor Transformación, S.A.U.	Biofuel production and sale	Huelva	-	100.00%
<i>Comlube s.r.l. (*) (in liquidation)</i>	Bionor Transformación, S.A.U.	Biofuel production and sale	Italy	-	80.00%
Glycoleo s.r.l. (without activity)	Comlube s.r.l.	Production and marketing of glycerine	Italy	-	40.80%
<i>Biocombustibles de Guatemala, S.A.</i>	Bionor Transformación, S.A.U.	Agrobiotechnology	Guatemala	-	51.00%
<i>Biocombustibles de Zierbana, S.A.</i>	Bionor Transformación, S.A.U.	Biofuel production and sale	Vizcaya	-	20.00%
<i>Biocombustibles La Seda, S.L.</i>	Bionor Transformación, S.A.U.	Production and marketing of glycerine	Barcelona	-	40.00%
<i>Via Operador Petrolífero S.L.U.</i>	Bionor Transformación, S.A.U.	Biofuel production and sale	Vizcaya	-	100.00%
<i>Gestión de Aceites Vegetales, S.L.(GAVE) (*)</i>	Bionor Transformación, S.A.U.	Sale of fatty oils	Madrid	-	88.73%
Reciclado de Residuos Grasos, S.L U(Resigras)	Gestión de Aceites Vegetales, S.L.(GAVE)	Sale of fatty oils	Madrid	-	88.73%
<i>Reciclados Ecológicos de Residuos, S.L.U.</i>	Bionor Transformación, S.A.U.	Sale of fatty oils	Alicante	-	100.00%
<i>Recogida de Aceites y Grasas Maresma, S.L. (Rema)</i>	Bionor Transformación, S.A.U.	Sale of fatty oils	Barcelona	-	51.00%
<i>Biodiesel Mediterráneo, S.L.U.</i>	Bionor Transformación, S.A.U.	Biofuel production and sale	Alicante	-	100.00%
RS Automotive B.V. (*) (1)	CIE Automotive, S.A.	Holding company	Netherlands	100.00%	-
Advanced Comfort Systems International B.V. (*) (1)	RS Automotive B.V.	Holding company	Netherlands	-	100.00%
<i>Advanced Comfort Systems Ibérica, S.L.U. (1)</i>	Advanced Comfort Systems International B.V.	Manufacture of automotive components	Orense	-	100.00%
<i>Advanced Comfort Systems France, S.A.S. (*) (1)</i>	Advanced Comfort Systems International B.V.	Manufacture of automotive components	France	-	100.00%
Advanced Comfort Systems Romania, S.R.L. (1)	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	Romania	-	100.00%
Advanced Comfort Systems México, S.A. de C.V. (1)	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	México	-	100.00%
Advanced Comfort Systems Shanghai Co. Ltd (1)	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	China	-	100.00%
CIE Automotive Nuevos Mercados, S.L. (*) (6)	CIE Automotive, S.A.	Holding company	Vizcaya	-	100.00%
SC CIE Matricón, S.A.	CIE Automotive Nuevos Mercados, S.L.	Manufacture of automotive components	Romania	-	100.00%
CIE Automotive Parts (Shanghai) Co., Ltd.	CIE Automotive Nuevos Mercados, S.L.	Manufacture of automotive components	China	-	100.00%
CIE Automotive Rus, LLC	CIE Automotive Nuevos Mercados, S.L.	Manufacture of automotive components	Russia	-	100.00%
Global Dominion Access, S.A. (*)	CIE Automotive, S.A.	Holding Company /IT Solutions and Services	Bilbao	62.95%	-
Dominion Instalaciones y Montajes, S.A.U. (*)	Global Dominion Access, S.A.	IT Solutions	Bilbao	-	62.95%
E.C.I. Telecom Ibérica, S.A.	Dominion Instalaciones y Montajes, S.A.U.	IT Solutions	Bilbao	-	62.95%
Interbox Technology, S.L.	Dominion Instalaciones y Montajes, S.A.U.	Commercial services	Bilbao	-	37.77%
Dominion Investigación y Desarrollo S.L.U.	Global Dominion Access, S.A.	IT Solutions	Bilbao	-	62.95%
Prosat Comunicações, Ltda.	Global Dominion Access, S.A.	IT Solutions and Services	Brazil	-	62.95%
Global Dominion Brasil Participações, Ltda. (*)	Global Dominion Access, S.A.	Holding company	Brazil	-	62.95%
Halógica Tecnología, S.A.	Global Dominion Brasil Participações, Ltda.	IT Solutions	Brazil	-	61.69%
Dominion Instalações e Montagnes do Brasil Ltda.	Global Dominion Brasil Participações, Ltda.	IT Services	Brazil	-	62.95%
Mexicana de Electrónica Industrial, S.A. de C.V. (*)	Global Dominion Access, S.A.	IT Solutions and Services	México	-	62.95%
Dominion Tecnologías de la Información México, S.A. de CV	Mexicana de Electrónica Industrial, S.A. de C.V.	IT Solutions and Services	México	-	62.95%
Dominion Baires, S.A.	Global Dominion Access, S.A.	IT Solutions and Services	Argentina	-	59.80%
Dominion Limitada Ltda.	Global Dominion Access, S.A.	IT Solutions and Services	Chile	-	62.32%
Dominion Perú Soluciones y Servicios S.A.C.	Global Dominion Access, S.A.	IT Services	Peru	-	62.32%
Visual Line, S.L.	Global Dominion Access, S.A.	IT Solutions	Bilbao	-	34.63%

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

APPENDICES TO THE NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2015 AND 2014

APPENDIX: LIST OF SUBSIDIARIES AND ASSOCIATES AT 30 JUNE 2015

Company	Parent Company	Business activity	Registered office	% effective shareholding of CIE Automotive	
				Direct	Indirect
Sociedad concesionaria Salud Siglo XXI S.A.	Global Dominion Access, S.A.	IT Solutions and Services	Chile	-	18.88%
Beroa Thermal Energy, S.L. (*) (1)	Global Dominion Access, S.A.	Holding company	Bilbao	-	62.95%
Beroa France S.A.S.	Beroa Thermal Energy, S.L.	Industrial Services	France	-	58.93%
Steelcon Chimneys Esbjerg A/S (*)	Beroa Thermal Energy, S.L.	Industrial Solutions	Denmark	-	32.10%
Steelcon Slovakia s.r.o	Steelcon Chimneys Esbjerg A/S	Industrial Solutions	Slovakia	-	32.10%
Beroa Australia Pty. Ltd.	Beroa Thermal Energy, S.L.	Industrial Solutions and Services	Australia	-	62.95%
Beroa Corporation LLC (*)	Beroa Thermal Energy, S.L.	Holding company	US	-	62.95%
Karrena Refractory Linings LLC	Beroa Corporation LLC	Industrial Solutions (without activity)	US	-	62.95%
Karrena International LLC (*)	Beroa Corporation LLC	Industrial Solutions	US	-	56.66%
Karrena International Chimneys LLC	Karrena International LLC	Industrial Solutions	US	-	56.66%
Beroa Ibérica S.A.(*)	Beroa Thermal Energy, S.L.	Industrial Services and Solutions	Bilbao	-	62.95%
Karrenamex S.A.	Beroa Ibérica S.A.	Industrial Services	México	-	62.95%
Beroa de Argentina SRL	Beroa Ibérica S.A.	Industrial Services	Argentina	-	62.95%
Altac South Africa Proprietary Limited	Beroa Ibérica S.A.	Industrial Solutions	South Africa	-	56.66%
Chimneys and Refractories Intern. S.R.L.(*)	Beroa Thermal Energy, S.L.	Industrial Solutions	Italy	-	44.07%
Chimneys and Refractories Intern. Chile S.P.A.	Chimneys and Refractories Intern. S.R.L.	Industrial Solutions (without activity)	Chile	-	44.07%
Beroa-UNISEVEN Refractory Services Pvt Ltd.	Beroa Thermal Energy, S.L.	Industrial Services	India	-	32.11%
Beroa Technology Group GmbH (*)	Beroa Thermal Energy, S.L.	Holding company	Germany	-	62.95%
Refractories & Chimneys Construction Co. Ltd. (3)	Beroa Technology Group GmbH	Industrial Solutions	Saudi Arabia	-	59.74%
Karrena Betonanlagen und Fahrmischer GmbH (*) (in liquidation)	Beroa Technology Group GmbH	Production and marketing of cement mixers (dormant)	Germany	-	62.95%
HIT-Industrietechnik GmbH	Karrena Betonanlagen und Fahrmischer GmbH	Metallic welding	Germany	-	32.74%
Bierrum International Ltd.	Beroa Technology Group GmbH	Industrial Solutions	United Kingdom	-	62.95%
Bierrum Egypt Ltd.	Bierrum International Ltd.	Industrial Solutions	Egypt	-	62.95%
Beroa NovoCOS GmbH	Beroa Technology Group GmbH	Industrial Services	Germany	-	62.95%
Beroa International Co. L.L.C.	Beroa Technology Group GmbH	Industrial Services	Oman	-	44.07%
Beroa Refractory & Insulation L.L.C	Beroa Technology Group GmbH	Industrial Services	United Arab Emirates	-	30.85%
Beroa Nexus Company LLC	Beroa Technology Group GmbH	Industrial Services	Qatar	-	30.85%
Beroa Abu Obaid Industrial Insulation Company Co. W.L.L.	Beroa Technology Group GmbH	Industrial Services	Bahrain	-	28.33%
Beroa Deutschland GmbH (*)	Beroa Technology Group GmbH	Industrial Services and Solutions	Germany	-	62.95%
Karrena S.r.l. (en liquidation)	Beroa Deutschland GmbH	Industrial Services	Italy	-	62.95%
Karrena Construction Thémique S.A.	Beroa Deutschland GmbH	Industrial Services (without activity)	France	-	62.95%
Beroa Polska Sp. z o.o.	Beroa Deutschland GmbH	Industrial Services and Solutions	Poland	-	62.95%
Karrena Arabia Co. Ltd.	Beroa Deutschland GmbH	Industrial Services	Saudi Arabia	-	34.62%
Karrena Furnace Engineering Ltd.	Beroa Deutschland GmbH	Industrial Services (without activity)	United Kingdom	-	62.95%
Karrena Thermal Synergy Sdn, Bhd	Beroa Deutschland GmbH	Industrial Services (without activity)	Malaysia	-	62.95%
Unterstützungs-einrichtung nach Hermann Römer GmbH	Beroa Deutschland GmbH	Industrial Services (without activity)	Germany	-	62.95%
BeroaChile Limitada	Beroa Deutschland GmbH	Industrial Services (without activity)	Chile	-	62.94%
Burwitz Montageservice GmbH	Beroa Deutschland GmbH	Industrial Services and Solutions	Germany	-	62.95%
F&S Feuerfestbau GmbH & Co. KG	Beroa Deutschland GmbH	Industrial Services and Solutions	Germany	-	32.11%
F&S Beteiligungs GmbH	Beroa Deutschland GmbH	Holding company	Germany	-	32.11%
F&S Feuerfestbau GmbH	F&S Beteiligungs GmbH	Industrial Services and Solutions	Germany	-	32.11%
Global Near, S.L. (*) (1)	Global Dominion Access, S.A.	Holding company	Bilbao	-	56.18%

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

APPENDICES TO THE NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIODS ENDED 30 JUNE 2015 AND 2014

APPENDIX: LIST OF SUBSIDIARIES AND ASSOCIATES AT 30 JUNE 2015

Company	Parent Company	Business activity	Registered office	% effective shareholding of CIE Automotive	
				Direct	Indirect
Near Technologies, S.L.U.	Global Near, S.L.	IT Solutions	Bilbao	-	56.18%
Tapquo, S.L.	Near Technologies, S.L.	IT Solutions	Bilbao	-	30.45%
Advanced Flight Systems, S.L.	Near Technologies, S.L.	IT Solutions	Bilbao	-	16.85%
Centro Near Servicios Financieros, S.L.	Global Near, S.L.	IT Solutions	Bilbao	-	12.92%
DM Informática, S.A. de C.V.	Global Near, S.L.	IT Solutions	México	-	56.17%
Near Technologies Mexico, S.A. de C.V.	Global Near, S.L.	IT Solutions	México	-	56.09%
NXT Solutions Inc	Global Near, S.L.	IT Solutions	Panama	-	28.09%
Dominion Amplifica, S.L.	Global Dominion Access, S.A.	Holding company	Bilbao	-	62.95%
Bilcan Global Services, S.L. (*) (1)	Global Dominion Access, S.A.	Holding company	Cantabria	-	62.95%
Servicios Al Operador Móvil, S.L. (*)	Bilcan Global Services, S.L.	Holding company	Madrid	-	62.95%
Eurologística Directa Móvil 21, S.L.U.	Servicios Al Operador Móvil, S.L.	Commercial Services	Madrid	-	62.95%
Your Phone, S.L.U. (*)	Servicios Al Operador Móvil, S.L.	Commercial Services	Madrid	-	62.95%
Your Phone Franquicias, S.L.U.	Your Phone, S.L.	Commercial Services	Madrid	-	62.95%
Global Amplifica, S.L. (*)	Servicios Al Operador Móvil, S.L.	Holding company	Bilbao	-	50.36%
Amplifica Mexico, S.A. de C.V.	Global Amplifica, S.L.	IT Solutions	México	-	50.35%
Amplifica, S.L.U.	Global Amplifica, S.L.	IT Solutions	Bilbao	-	50.36%
Wiseconversion, S.L.	Global Amplifica, S.L.	IT Solutions	Madrid	-	32.73%
Dominion Networks, S.L.U.	Bilcan Global Services, S.L.	IT Services	Madrid	-	62.95%
Dominion Centro de Control, S.L.U. (before Dominion Centro de Gestión Personalizada, S.L.)	Bilcan Global Services, S.L.	IT Services	Madrid	-	62.95%
Tiendas Conexión, S.L. (*)	Bilcan Global Services, S.L.	Commercial Services	Cantabria	-	62.95%
Sur Conexión, S.L.	Tiendas Conexión, S.L.	Commercial Services	Cantabria	-	62.95%
Autokomp Ingeniería, S.A.U.	CIE Automotive, S.A.	Services and installations	Vizcaya	100.00%	

(1) Companies incorporating to the consolidation scope in 2014 with their subsidiaries.

(2) Merged in 2014 with Participaciones Internacionales Autometal Tres S.L., Mahindra Hinoday Industries Limited, Mahindra Composites Limited, Mahindra Ugin Steel Company Ltd, Mahindra Investments India Private Limited and Mahindra Gears International Limited.

(3) Chimneys and Refractories Intern. S.R.L. has a 17% share in Refractories & Chimneys Construction Co. Ltd. and Beroa Technology Group GmbH holds the other 83%. The group has a total interest of 59.74%.

(4) Merged in 2015 with CIE Autometal S.A.

(5) Participaciones Internacionales Autometal, S.L.U. (*) has a shareholding of 75.10% in CIE Autometal de México, S.A. de C.V. and CIE Bériz, S.L. holds the other 24.90%. The group has a total shareholding of 100%.

(6) CIE Automotive Nuevos Mercados, S.L. is a wholly-owned investee of CIE Bériz, S.L. The group therefore has full control over CIE Automotive Nuevos Mercados, S.L.

(*) Parent company of all the investees in the above table.

CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2015

Pursuant to current legislation, all the directors who, as of today's date, make up the Board of Directors of CIE Automotive, S.A. have drafted the abbreviated interim consolidated financial statements for the six month period ended 30 June 2015 and have signed this document in witness whereof.

Similarly, the Directors declare that, to the best of their knowledge, the abbreviated interim consolidated financial statements prepared in accordance with applicable accounting principles present fairly the financial position and results of the issuer and companies included in the consolidation taken as a whole and include a fair analysis of the performance and results of the business and position of the issuer and companies included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties which they face.

In Bilbao, on 29 July 2015