

**CIE AUTOMOTIVE, S.A. AND  
SUBSIDIARIES**

Abbreviated consolidated interim financial statements  
for the six-month period  
ended 30 June 2016

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

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**CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

**ABBREVIATED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2016  
(Thousand euro)**

	<u>Note</u>	<u>30.06.2016</u>	<u>31.12.2015</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	1,011,616	971,521
Goodwill	5	929,296	905,802
Other intangible assets	5	52,450	45,598
Non-current financial assets	6	14,908	11,985
Investments in associates	6	9,642	9,545
Deferred tax assets	-	229,924	223,310
Other non-current assets	-	5,352	5,471
		<u><b>2,253,188</b></u>	<u><b>2,173,232</b></u>
<b>Current assets</b>			
Inventories	-	314,680	293,754
Trade and other receivables	-	424,088	365,061
Other current assets	-	11,910	6,181
Current tax assets	-	75,481	60,432
Other current financial assets	6	85,980	85,702
Cash and cash equivalents	7	360,939	261,011
		<u><b>1,273,078</b></u>	<u><b>1,072,141</b></u>
<b>Disposal group assets classified as held-for-sale</b>	<b>8</b>	<u><b>21,956</b></u>	<u><b>24,776</b></u>
<b>Total assets</b>		<u><b>3,548,222</b></u>	<u><b>3,270,149</b></u>

The accompanying notes on pages 7 to 52 are an integral part of these abbreviated consolidated interim financial statements.

**CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

**ABBREVIATED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2016  
(Thousand euro)**

	<b>Note</b>	<b>30.06.2016</b>	<b>31.12.2015</b>
<b>EQUITY</b>			
<b>Equity attributable to the parent company's shareholders</b>			
Share capital	<b>9</b>	32,250	32,250
Share premium	<b>9</b>	152,171	152,171
Retained earnings	-	559,124	511,177
Interim dividend	-	-	(20,640)
Cumulative exchange differences	-	(71,917)	(97,869)
<b>Non-controlling interests</b>	-	416,894	307,901
<b>Total equity</b>		<b>1,088,522</b>	<b>884,990</b>
<b>Deferred income</b>	-	<b>15,934</b>	<b>17,765</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current provisions	<b>11</b>	114,927	110,861
Non-current borrowings	<b>10</b>	806,762	828,265
Deferred tax liabilities	-	77,691	71,615
Other non-current liabilities	-	64,663	81,755
		<b>1,064,043</b>	<b>1,092,496</b>
<b>Current liabilities</b>			
Current borrowings	<b>10</b>	212,939	172,489
Trade and other payables	-	902,299	815,320
Other current financial liabilities	<b>6</b>	24,918	16,078
Current tax liabilities	-	74,541	56,780
Current provisions	<b>11</b>	10,605	11,108
Other current liabilities	-	152,614	199,098
		<b>1,377,916</b>	<b>1,270,873</b>
<b>Disposal group liabilities classified as held-for-sale</b>	<b>8</b>	<b>1,807</b>	<b>4,025</b>
<b>Total liabilities</b>		<b>2,443,766</b>	<b>2,367,394</b>
<b>Total equity and liabilities</b>		<b>3,548,222</b>	<b>3,270,149</b>

The accompanying notes on pages 7 to 52 are an integral part of these abbreviated consolidated interim financial statements.

**CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

**ABBREVIATED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX-MONTH PERIOD  
ENDED 30 JUNE 2016  
(Thousand euro)**

	Note	Six-month period ended 30 June	
		2016	2015
<b>OPERATING REVENUE</b>		<b>1,388,831</b>	<b>1,386,655</b>
Revenue	-	1,349,483	1,338,602
Other operating income	-	39,058	43,439
Change in inventories of finished goods and work in progress	-	290	4,614
<b>OPERATING EXPENSES</b>		<b>(1,250,070)</b>	<b>(1,262,509)</b>
Consumption of raw materials and secondary materials	-	(743,031)	(739,740)
Employee benefit expenses	-	(304,382)	(314,423)
Depreciation and impairment	4/5	(62,063)	(62,873)
Other operating income/(expenses)	-	(140,594)	(145,473)
<b>OPERATING PROFIT</b>		<b>138,761</b>	<b>124,146</b>
Financial income	-	3,182	5,518
Financial costs	-	(21,796)	(29,353)
Net exchange differences	-	(89)	4,289
Gains/ losses of financial instruments at fair value	6	(454)	4,610
Change in fair value of assets and liabilities taken to income statement	2.4	993	(6,071)
Share of profit/(loss) of associates	6	415	(4)
<b>PROFIT BEFORE TAX</b>		<b>121,012</b>	<b>103,135</b>
Corporate income tax	12	(24,737)	(19,881)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS AFTER TAX</b>		<b>96,275</b>	<b>83,254</b>
<b>PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS AFTER TAX</b>	8	182	(496)
<b>PROFIT FOR THE PERIOD</b>		<b>96,457</b>	<b>82,758</b>
<b>ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	-	(13,893)	(13,982)
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY</b>		<b>82,564</b>	<b>68,776</b>
Earnings per share from continuing and discontinued operations attributable to shareholders of the parent company(expressed in euro per share)			
- Basic	13	<b>0.64</b>	<b>0.533</b>
From continuing operations		0.639	0.537
From discontinued operations		0.001	(0.004)
- Diluted	13	<b>0.64</b>	<b>0.533</b>
From continuing operations		0.639	0.537
From discontinued operations		0.001	(0.004)

The accompanying notes on pages 7 to 52 are an integral part of these abbreviated consolidated interim financial statements.

**CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

**ABBREVIATED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016  
(Thousand euro)**

	Note	Six-month period ended 30 June	
		2016	2015
<b>PROFIT FOR THE PERIOD</b>		<b>96,457</b>	<b>82,758</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>			
Entries that may be reclassified subsequently to profit or loss:			
- Cash flow hedges	6	(8,348)	(2,564)
- Net investment hedge	6	8,231	(16,545)
- Foreign currency translation differences	-	18,629	28,989
- Other comprehensive income for the period	-	645	474
- Tax effect	-	(1,027)	6,364
<b>Total entries that may be reclassified subsequently to profit or loss</b>		<b>18,130</b>	<b>16,718</b>
Entries that may not be reclassified subsequently to profit or loss:			
- Actuarial gains and losses		(221)	(3,798)
- Tax effect		37	1,139
<b>Total entries that may not be reclassified subsequently to profit or loss:</b>		<b>(184)</b>	<b>(2,659)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX</b>		<b>114,403</b>	<b>96,817</b>
<b>Attributable to:</b>			
- Parent company owners		103,240	75,804
. Continuing operations		103,058	76,300
. Discontinued operations		182	(496)
- Non-controlling interests		11,163	21,013
		<b>114,403</b>	<b>96,817</b>

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**CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

**ABBREVIATED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6-MONTH PERIOD ENDED 30 JUNE 2016  
(Thousand euro)**

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

(\*) 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	Exchange differences	Retained earnings	Interim dividend	Non-controlling interests	Total equity
<b>Balance at 31 December 2015</b>	<b>32,250</b>	<b>152,171</b>	<b>(41,546)</b>	<b>(97,869)</b>	<b>552,723</b>	<b>(20,640)</b>	<b>307,901</b>	<b>884,990</b>
<b>TOTAL COMPREHENSIVE INCOME for 2016</b>			(298)	20,974	82,564		11,163	114,403
Distribution 2015 profit					(42,570)	20,640		(21,930)
Changes in the scope of consolidation (Note 1)				4,743	8,531		99,448	112,722
Other movements (*)				235	(280)		(1,618)	(1,663)
<b>Balance at 30 June 2016</b>	<b>32,250</b>	<b>152,171</b>	<b>(41,844)</b>	<b>(71,917)</b>	<b>600,968</b>	<b>-</b>	<b>416,894</b>	<b>1,088,522</b>

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

**The accompanying notes on pages 7 to 52 are an integral part of these abbreviated consolidated interim financial statements.**

**CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

**ABBREVIATED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE SIX-MONTH PERIOD  
ENDED 30 JUNE 2016  
(Thousand euro)**

	Notes	Period ended 30 June	
		2016	2015
<b>Cash flows from operating activities</b>			
Cash generated from continuing and discontinued operations	15	204,811	121,425
Interest paid	-	(15,799)	(22,601)
Interest collected	-	2,398	4,638
Taxes paid	-	(18,229)	(21,406)
Net cash generated from operating activities		173,181	82,056
<b>Cash flows from investing activities</b>			
Acquisition/disposal of subsidiaries, net of cash acquired	17	(2,775)	(143)
Acquisition of property, plant and equipment	4	(84,633)	(76,838)
Proceeds from the sale of property, plant and equipment and intangible assets	15	2,990	1,889
Acquisition of intangible assets	5	(4,522)	(5,533)
Acquisitions / disposals of other non-current assets	-	(8,080)	(132)
Payment of business combinations liabilities		(87,362)	(22,400)
Acquisition of minority interests	1	(45,558)	-
Acquisition/disposal of financial assets	6	(2,005)	13,630
Net cash used in investing activities		(231,945)	(89,527)
<b>Cash flows from financing activities</b>			
Funds obtained from IPO		156,231	-
Proceeds from borrowings	10	129,173	104,311
Income (net of reimbursements) from high-rotation borrowings	10	(18,377)	(71,951)
Loan repayments	10	(89,402)	(93,317)
Grants received (net)	-	265	90
Dividends paid to shareholders of the parent company	14	(20,640)	(12,900)
Other payments/income to/from non-controlling interests	-	(1,145)	(1,452)
Net cash (used in)/from financing activities	-	156,105	(75,219)
<b>Exchange gains/(losses) on cash and cash equivalents</b>	-	<b>2,587</b>	<b>3,375</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>99,928</b>	<b>(79,315)</b>
Cash and equivalents at beginning of the period	7	261,011	297,699
<b>Cash and equivalents at end of the period</b>	<b>7</b>	<b>360,939</b>	<b>218,384</b>

The accompanying notes on pages 7 to 52 are an integral part of these abbreviated consolidated interim financial statements.



## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

#### **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 (Alava, 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), 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 5,000 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, Brazil, Mexico, Argentina and Peru) and South Africa.

The parent company's registered office is located at "Alameda Mazarredo 69, 8º piso", Bilbao.

#### **Group structure**

At present CIE Automotive, S.A. (publicly listed) has a 100% direct stake in: CIE Berriz, S.L.; R.S. Automotive, B.V., and Autokomp Ingeniería, S.A.U. and, lastly, 50.01% stake in Global Dominion Access, S.A. (2015: 62.95%), holding companies to which the CIE Automotive Group's productive companies report.

The list of subsidiaries and associates at 30 June 2016, together with the information concerning them, is set out in the Appendix to these abbreviated consolidated interim financial statements.

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

At the end of 2014, the subsidiary CIE Automotive Hispamoldes, S.L. was consolidated using the equity method. On 16 March 2015, the Group acquired the remaining 50% of CIE Automotive Hispamoldes, S.L., acquiring control of the subsidiary and consolidating using the equity method. In October 2015 CIE Berriz, S.L. carried out the merger by absorption of several companies, including CIE Automotive Hispamoldes, S.L.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

The companies consolidated under the equity method are as follows:

	% interest	
	30.06.2016	31.12.2015
Belgium Forge, N.V. (1)	100%	100%
Biocombustibles La Seda, S.L. (1)	40%	40%
Galfor Eólica, S.L. (2)	27%	27%
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%
Centro Near Servicios Financieros, S.L.	11.50%	14.48%
Advance Flight Systems, S.L.	10.00%	18.89%
Sociedad Concesionaria Chile Salud Siglo XXI, S.A.	15.00%	18.89%
Crest Geartech Ltd. (1)	53.21%	53.21%

(1) In liquidation/dormant

(2) Company being launched.

#### Public offering of shares in Autometal

After the completion of the takeover bid, in order to discontinue the trading of the Brazilian company Autometal S.A., a process was started to restructure the CIE Automotive Group in Brazil through (a) the sale to CIE Berriz, S.L. of all its business interests located abroad, completed in the second half of 2014, and (b) the reverse merger in February 2015 of the holding parent company of the Group's companies located in Brazil, CIE Autometal, S.A. and its operational parent, Autometal, S.A. the latter being the acquiring company that survives.

#### Public offering of subscription and sale of shares in Global Dominion Access, S.A.

The Group's subsidiary, Global Dominion Access, S.A. started trading its shares on the Spanish Stock Exchange on 27 April 2016. The offering, addressed to qualified investors and whose brochure was approved by the Spanish Securities Market Commission (CNMV) on 14 April 2016, has been fully subscribed. The price was set at €2.74 per share in collaboration with the banks responsible for the operation. 54,744,525 new shares have been issued on the operation, involving a share capital amounting to €6,843 thousand and a share premium amounting to €143,157 thousand.

After the capital increase and split, as a result of the IPO, 54,744,525 company shares have been issued, representing 33.31% of share capital post IPO. In addition, the stabilisation agent made use of the "greenshoe" option available to the financial entities involved in the operation (for a maximum of 15% of the shares issued), resulting in the issue of an additional 5,130,938 shares, representing additional capital of €641 thousand and a share premium of €13,417 thousand.

The funds obtained as a result of the offer will permit financing the company's growth, identifying new business opportunities in accordance with its strategy. Also, they will contribute to improving the robustness of its balance sheet, helping to position the Company with a clear market advantage in connection with the tender of relevant new projects.

Also in April 2016 and prior to the IPO, CIE Automotive S.A. has acquired from minority shareholders a total of 15,757,731 shares at a price equal to the one of the public offering, which amounts to €2.74 per share, and preferential subscription rights over a total of 21,040 shares in the subsidiary Global Dominion Access S.A. at a price of €2.4 million. After the operations, CIE Automotive's stake in the Dominion group has gone from 62.95% to 50.01%.

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

#### **Changes in the scope of consolidation**

##### **Six-month period ended 30 June 2016**

###### **a) Automotive segment**

In 2012 the Group acquired 65% of the US company Century Plastics, LLC and granted the selling shareholders a put option over the remaining 35% of the company's capital, exercisable in May 2016. At this date, through its US subsidiary, CIE Automotive USA Investments, the Group has entered into a contract for the acquisition of the 35%, which until that date had been owned by that company's original shareholders. The operation has amounted to USD 68.8 million (approximately €60.8 million) and has been paid in cash. This operation has resulted in the reclassification of €6.6 million between controlling and non-controlling interests in the Group's equity.

###### **b) Solutions and Services (Smart Innovation)**

On 6 May 2016, the Dominion group, through its US subsidiary Beroa Corporation, LLC, acquired 100% of the shares of the US company Commonwealth Dynamics Inc (CDI). This transaction entails the acquisition of 100% control over the following companies:

- Commonwealth Dynamics Inc (USA)
- Commonwealth Constructors Inc (USA)
- Commonwealth Landmark Inc (USA)
- Commonwealth Dynamics Limited (Canada)
- Commonwealth Power Chile, SPA (Chile)
- Commonwealth Power de Mexico S.A. de C.V. (Mexico)
- Commonwealth Power, S.A. (Peru)
- Commonwealth Power Private Limited (India)

This subgroup, based in New Hampshire (EEUU), is a niche company with over 35 years' experience in providing engineering solutions and executing high complexity projects for a wide range of industrial sectors.

Commonwealth Dynamics focuses its activity in countries with a significant industrial presence, such as USA, Chile, Mexico, Peru and India and its customers include most leading companies in those countries.

The transaction price amounts to USD 10 million which breaks down as follows: USD 2 million have been paid upon the formalisation of the acquisition and leaving a) USD 6 million (estimated amount) payable in 2018, 2019 or 2020, depending on the payment option offered to the seller, for an amount equivalent to the subgroup's average aggregate EBITDA for the last three years, according to the payment date, multiplied by 6, to be reduced by the corresponding financial debt; b) USD 2 million (estimated amount) relating to 2.5% of the order portfolio at the payment date indicated above.

On 10 February 2016 Global Dominion Access has submitted an offer as part of the bankruptcy proceedings requested by Abantia Empresarial, S.L. and subsidiaries (the Abantia Group), to acquire the Installation, Maintenance, Industrial and Renewable Energy Promotion production units, which represent most of the Abantia Group's business.

On 24 May 2016 the Group, through its subsidiary Dominion Industry & Infrastructures (incorporated in March 2016 by Global Dominion Access, S.A.), has completed the acquisition which has been approved by the Mercantile Court responsible for the bankruptcy proceedings of the Abantia Group and by the workers' representatives in legal terms.

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

The acquisition of the business entails paying a price of €2 million plus the losses arising from the date of approval of the acquisition request to the date on which control is acquired that is during the months of March, April and May 2016, estimated at an additional €1.5 million.

The breakdown of the assets awarded and the labour and social security liabilities assumed is included in note 17 on business combinations.

In April and May 2016 the remaining 10.75% of the subsidiary Global Near, S.L. has been acquired together with an additional 8.741% of the subsidiary Wiseconversion, S.L. The overall price paid on both operations has amounted to €157 thousand, which has been paid in cash to the relevant minority shareholders. This acquisition resulted in a reclassification of the group's equity between controlling and non-controlling interests.

Additionally, in May 2016 a capital increase has been carried out, in the associate Advanced Flight Systems S.L., resulting in the dilution of the Group's interest from 30% in December 2015 to 20%.

On 16 June 2016, as part of Abengoa's Restructuring Plan (parent group), the purchase-sales agreement has been executed through which Instalaciones Inabensa, S.A. sells to the Group company Dominion Networks, S.L., the assets, goods, contracts and rights attached to the so-called Protisa business– Protisa thermal, sound and fire proofing, carrying out all activities associated with the conduct and exploitation of commercial, import, export and machine and material distribution operations connected with thermal, sound and fire proofing protection.

These assets, goods, contracts and rights include certain property, plant and equipment, supplier and contractor contracts, qualified technical personnel, contracts under execution, classifications and references of work connected with this business and trade marks, patents and trials on fireproof mortars.

The acquisition price of this line of business has amounted to €300 thousand. It was agreed that that price included the amounts payable to personnel for holidays and extra salary payments in 2016. Part of that price, €200 thousand, has been paid upon the signing of the sales agreement while the remainder, €100 thousand, will be paid within a period of 90 days from the signature of the sales agreement.

#### **Six-month period ended 30 June 2015**

##### **a) Automotive segment**

In February 2015 the reverse merger occurred of the holding company, parent of the group companies in Brazil, CIE Autometal, S.A. and its operational parent, Autometal, S.A., the absorbing company that lives on.

On 26 February 2015 the General Meeting of the subsidiary Metalcastello, S.p.A., approved the restoration of the company's share capital, with negative equity, to the value of €10 million. None of the non-controlling shareholders came to the capital increase and therefore the Group, through the holding company Mahindra Gears Global Ltd, became the owner of 53.21% of the share capital of Metalcastello, S.p.A. This operation led to the reclassification of €1,078 thousand between controlling and non-controlling interests in the Group's equity.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

On 16 March 2015, CIE Berriz, S.L. acquired 125 shares of CIE Automotive Hispamoldes, S.L., for €250 thousand, representing 50% of its share capital and becoming its sole shareholder and solving the Investment Agreement entered into with the Hispamoldes Group in 2011 for the company's 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 of CIE Autometal México, S.A.P.I. de C.V., representing 24.9% of the company's share capital. This transaction had not impact at the consolidation level.

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 had not impact whatsoever at Group consolidation level.

#### b) Solutions and Services (Smart Innovation)

In February 2015 Global Dominion Access, S.A. acquired 4,500 shares in the newly formed company Salud Siglo XXI, S.A., of Chilean national, for CLP 5,247 million, equivalent to approximately €8 million (Note 6). As a result, Global Dominion Access, S.A. owns a 30% interest in that company.

#### 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 2016 and 2015 are as follows (Note 9):

	% interest	
	30.06.2016	30.06.2015
Acek Desarrollo y Gestión Industrial, S.L. (***)	(*) 20.909%	(*) 22.909%
Mahindra & Mahindra, Ltd	(**) 12.435%	(**) 12.435%

(\*) 7.808% directly and indirectly through Risteel Corporation, B.V., the remaining 13.101%, (9.808% and 13.101% in 2015).

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

(\*\*\*) Formerly Corporacion Gestamp, S.L.

#### Authorization of interim financial statements

These abbreviated consolidated interim financial statements were authorized for issue by the parent company's Board of Directors on 20 July 2016.

#### 1.2 Regulatory Framework

Certain companies of the automotive segment develop their activity in the production and sale of biofuel, which is a specific sector with a particular regulatory framework (hydrocarbon sector). The obligations defined under these regulations include accreditation of the Spanish Securities & Exchange Commission (CNMV) regarding the ownership of the minimum quantity of certificates of biofuels.

On 5 May 2014 the Order connected with the assignment of production capacity to the Group's biofuel production plants was approved by the Secretary of State for Energy, with validity for two years. It therefore expired on 5 May 2016.

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

#### **2. Summary of significant accounting policies**

Except as indicated in Notes 2.1 and 2.5 below, the accounting policies used to prepare these abbreviated consolidated interim financial statements for the six-month period ended 30 June 2016 are consistent with those used to prepare the 2015 consolidated annual accounts of CIE Automotive, S.A. and subsidiaries. These abbreviated consolidated interim financial statements for the six-month period ended 30 June 2016 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 2015, which were prepared according to IFRS-EU for CIE Automotive, S.A. and subsidiaries.

##### **2.1 Basis of presentation**

The Group's abbreviated consolidated interim financial statements for the six-month period ended 30 June 2016 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 2016.

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 abbreviated interim consolidated financial statements at 30 June 2016 are consistent with those used in the preparation of the consolidated annual accounts at 31 December 2015 of CIE Automotive and subsidiaries.

There are no extraordinary items in the first semester of 2016 and 2015 income statement that would require breakdown or reconciliation of figures.

##### **2.2 Consolidation principles**

The accompanying Appendix to these Notes sets out the subsidiaries 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 2015 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 2016 and 2015.

##### **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 2015 consolidated financial statements of CIE Automotive S.A. and subsidiaries.

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

#### **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 2015.

##### 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 2015.

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 2015.

The performance of the profit of the different business lines of the CIE Automotive Group has maintained positive levels in the first semester of 2016, without indication of a risk of impairment which would modify the conclusions of the analyses and estimates made at 31 December 2015.

##### b) Estimated 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.

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

In 2012, the Group acquired 65% of the US company Century Plastics, LLC and granted the selling shareholders a put option over the remaining 35% of the company's capital, exercised in May 2016. As a result, a liability was recognised in previous years to record the contingent consideration, which was expected to be paid to cancel the put option. This consideration would be calculated taking into account, among other variables, the company's real EBITDA in 2015. In the first half of 2015 and in view of the fact that the company's results have far exceeded forecasts, the Group re-estimated the present value of the contingent consideration and recognised an increase in the liability of USD 12 million (€10.1 million) and reclassified the entire amount to short term in an amount of USD 43 million (€38.8 million). The effect of this re-estimation was recognised in Change in fair value of assets and liabilities taken to the income statement for the six-month period ended 30 June 2015. During the second half of 2015 the present value of the contingent consideration was re-estimated and an increase in that liability was recognised, the total amount of USD 70 million (€64.2 million) being reclassified to short term at 31 December 2015. In May 2016, the put option was exercised over the remaining 35% at an agreed final price of USD 68.8 million (approximately €60.8 million at the put exercise date). This amount was paid in cash. The effect on the variation in the value of the contingent consideration of USD 1.1 million (approximately €1 million) was recognised under Change in the fair value of assets and liabilities through the income statement for the six-month period ended 30 June 2016.

c) Percentage of completion of services contracts (Solutions and Services Segment)

Recognition of services contracts on the basis of the percentage of completion is based on estimates of the total costs incurred over the total estimated to complete the project. Changes in these estimates have an impact on the recognised results of the work in progress. Estimates are constantly monitored and adjusted, if necessary.

d) Income tax

Income tax expense for the six-month period ended 30 June 2016 and 2015 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 2016.

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.



## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

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 delivered 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.

Other key assumptions for employee benefits are based in part on current market conditions. Note 24 to the consolidated annual accounts fat 31 December 2015 of CIE Automotive, S.A. and Subsidiaries includes further information and disclosures of sensitivity with respect to variations in 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 (Smart Innovation) segment does not offer product warranties other than those relating to due performance of the work for which it is contracted. Management estimates the provisions for existing one - off claims, taking into account the specifics of each claim based on technical studies and estimates drawing on experience in each service provided and in light of recent trends, which could suggest that past information on cost may differ from future claims. There is no record of claims making it necessary to establish a provision for warranties.

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

#### **2.5 New IFRS and IFRIC interpretations**

- a) Mandatory standards, amendments and interpretations for all years starting 01 January 2016

#### **Annual improvements to IFRS, 2010 to 2012 cycle**

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.
- 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.
- IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets": Proportional restatement of accumulated amortisation when the revaluation model is used.
- IAS 24 "Disclosure of related parties": Entities that provide key management personnel services as related party.

These amendments have not had a significant impact on the Group's abbreviated consolidated interim 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.

This amendment has not had a significant impact on the Group's abbreviated consolidated interim financial statements.

#### **IFRS 11 (Amendment) "Accounting for Acquisitions of Interests in Joint Operations"**

This standard requires the principles on business combination accounting to be applied to an investor acquiring an interest in a joint operation, which makes up a business. Specifically, identifiable assets and liabilities should be measured at fair value, the costs related to the acquisition should be recognised as an expense, the deferred tax should be recognised and the residual value should be recognised as goodwill. All other principles on business combination accounting apply unless they conflict with IFRS 11. This amendment will be applicable prospectively to years starting on or after 1 January 2016 although early adoption is permitted.

This amendment has not had a significant impact on the Group's abbreviated consolidated interim financial statements.

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

#### **IAS 16 (Amendment) and IAS 38 (Amendment) "Clarification of acceptable methods of depreciation and amortisation"**

This amendment clarifies that it is inappropriate to use revenue-base methods to calculate the depreciation of an asset because revenue generated by an activity, which includes the use of an asset generally, reflects factors other than the consumption of the economic benefits in the asset. The IASB also clarifies that revenue is generally assumed to be an inappropriate basis for assessing consumption of the economic benefits in an intangible asset. This amendment is effective in the years starting on or after 1 January 2016 and will be applicable prospectively. Early application of the amendment is permitted.

This amendment has not had a significant impact on the Group's abbreviated consolidated interim financial statements.

#### **Annual Improvements to IFRS Cycle 2012- 2014:**

The amendments affect IFRS 5, IFRS 7, IAS 19 and IAS 34 and will apply to the years starting on and after 01 January 2016, subject to adoption by the EU. The main amendments relate to:

- IFRS 5 "Non-current assets held for sale and discontinued operations". Changes in disposal methods.
- IFRS 7, "Financial instruments: Disclosures". Continuing involvement in government contracts.
- IAS 19 "Employee benefits": Determining the discount rate for post-employment benefits.
- IAS 34 "Interim financial reporting" Information reported elsewhere in interim financial report.

This amendment has not had a significant impact on the Group's abbreviated consolidated interim financial statements.

#### **IAS 1 (Amendment) "Disclosure Initiatives"**

The amendments to IAS 1 encourage companies to apply professional judgement in determining what information to disclose in their financial statements. The amendments made clarify that materiality applies to the whole of the financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in financial disclosures

The amendments to IAS 1 may be applied immediately and become mandatory for the years beginning on and after 1 January 2016.

These amendments have not had a significant impact on the Group's abbreviated consolidated interim financial statements.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

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

At the date of these abbreviated consolidated interim 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 9, "Financial instruments:**

It approaches the classification, valuation and recognition of financial assets and financial liabilities. The complete version of the IFRS 9 published in July 2014 and replaces the guide of the IAS 39 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 years starting on or after 1 January 2018; early application is permitted. IFRS 9 will be applied retroactively but restatement of the comparative figures will not be required. If an entity elects to apply IFRS 9 early, it should apply all the requirements at the same time. Entities applying the standard before 1 February 2015 continue to have the option of applying it in phases.

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

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

These amendments clarify the accounting treatment of the sale or contribution of assets between an investor and its associates and joint ventures. This will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a business. The investor will recognise the total gain or loss when the non-monetary assets constitute a "business". If the assets do not meet the definition of a business, the investor should recognise the profit or loss to the extent of other investors' interests. The amendments will only apply when an investor sells or contributes the assets to its associates or joint ventures.

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

Initially these amendments to IFRS 10 and IAS 28 were prospective and effective for years starting on or after 1 January 2016. Nevertheless, at the end of 2015 the IASB took the decision to postpone the effective date (without establishing a new specific date) since it is planning a more extensive review which may result in the simplification of accounting for such transactions and other aspects of accounting for associates and joint ventures.

The Group is analysing the impact that the amendment may have on the Group's consolidated financial statements in case European Union would adopt them.

#### **IFRS 15 "Ordinary revenues from Contracts with Customers"**

In May 2014, the IASB and FASB jointly issued a converging statement on the recognition of revenue from contracts with customers. Under this standard, revenue is recognised when a customer obtains control of an asset or service, i.e., when it has both the ability to direct the use and obtain the benefits of the asset or service. IFRS 15 includes new guidance in order to determine whether revenue should be recognised over time or at a point in time. It requires broad disclosure of both recognised revenues and revenues expected to be recognised in the future in relation to existing contracts. Similarly, quantitative and qualitative information should be provided on the significant judgements made by management in determining revenue recognised and any changes in such judgements.

Subsequently, in April 2016 the IASB published amendments to this standard. Although they do not amend the basic principles, they provide clarification on the most complex aspects.

IFRS 15 will be effective for the years commencing on or after 01 January 2018 although early adoption is permitted.

The Group is analysing the impact that the amendment may have on the Group's consolidated financial statements in case European Union would adopt them.

#### **IFRS 10 (Amendment), IFRS 12 (Amendment) and IAS 28 (Amendment) "Investment entities". Applying the Consolidation Exception"**

These amendments clarify three aspects of the requirements for investment entities to measure subsidiaries at fair value instead of consolidating them. The proposed amendments:

- Confirm that the exception to present consolidated financial statements continues to apply to the subsidiaries of an investment entity which are in turn a parent entity;
- They clarify when an investment entity parent should consolidate a subsidiary which provides services related to the investment instead of measuring that subsidiary at fair value; and
- They simplify the application of the equity method for an entity, which is not itself, an investment entity but has an interest in an associate, which is an investment entity.

These amendments are effective for the years starting on or after 1 January 2016; early application is permitted.

The Group is analysing the impact that the amendment may have on the Group's consolidated financial statements in case European Union would adopt them.

#### **IFRS 16 "Leases"**

In January 2016, the IASB published this new standard, as a result of a joint project with the FASB, which repeals IAS 17, "Leases".

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

The IASB and FASB reached the same conclusions on several topics connected with accounting for leases, including the definition of a lease, the requirement, as a general rule, to recognise leases on the balance sheet and the measurement of lease liabilities. IASB and FASB also agreed not to include substantial changes in lessor accounting, maintaining similar requirement to those under previous legislation.

Nevertheless, there are still differences between IASB and FASB as regards the recognition and presentation of lease expenses in the income statement and cash flow statement.

This IFRS will apply to annual reporting periods beginning on or after 1 January 2019. It may be adopted early if IFRS 15 but only if the entity is at the same time applying IFRS 15 Revenue from contracts with customers

The Group is analysing the impact that the amendment may have on the Group's consolidated financial statements in case European Union would adopt them.

#### **IAS 7 (Amendment) "Disclosure Initiatives"**

An entity is required to disclose information, which enables users to understand changes in liabilities arising from financing activities. This includes changes arising from:

- Cash flows, such as use and repayment of loans; and
- Non-monetary changes, such as acquisitions, disposals and unrealised exchange differences.

Liabilities deriving from financing activities are liabilities for which cash flows were or will be classified in the cash flow statement as cash flows from financing activities. Additionally, the new disclosure requirement includes disclosing the changes in financial assets (e.g.. assets covering liabilities arising from financing activities) if cash flows from those financial assets were included or future cash flows will be included in cash from financing activities.

The amendment suggests that including a reconciliation of opening and closing balances in the balance sheet for liabilities from financing activities would fulfil this requirement although no specific format is established

This amendment will apply to annual reporting periods beginning on or after 1 January 2017.

The Group is analysing the impact that the amendment may have on the Group's consolidated financial statements in case European Union would adopt them.

#### **IAS 12 (Amendment) "Recognition of deferred tax assets for unrealised losses"**

The amendments to IAS 12 clarify the requirements for the recognition of deferred tax assets for unrealised losses. The amendment clarifies the accounting treatment of deferred tax when an asset is measured at fair value and that fair value is less than the asset's tax base. It also clarifies other aspects of accounting for deferred tax assets.

This amendment will apply to annual reporting periods beginning on or after 1 January 2017.

The Group is analysing the impact that the amendment may have on the Group's consolidated financial statements in case European Union would adopt them.

#### **IFRS 2 (Amendment): "Classification and measurement of share-based payment transactions"**

The amendment to IFRS 2, which was developed through the IFRS Interpretations Committee, clarifies how to account for certain types of share-based payment transactions. In this respect, it provides the requirements for accounting for:

- The effects of the conditions for the irreversibility and non-determinant conditions for the irreversibility of the grant on the measurement of share-based payments settled in cash;

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016

(Thousand euro)

- Share-based payments, settled net of tax withholdings; and
- The amendment of the terms and conditions of a share-based payment, which changes the classification of the transaction from cash settled to equity settled.

IFRS 9 is effective for years starting on or after 1 January 2018; early application is permitted.

The Group is analysing the impact that the amendment may have on the Group's consolidated financial statements in case European Union would adopt them.

#### 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 management and working capital

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 2015.

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 through the availability of committed credit lines. Additionally, and on the basis of its liquidity needs, the Group uses liquidity facilities (non-recourse factoring and the sale of financial assets representing receivable debts, 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 trend in net debt. The calculation of liquidity and net debt at 30 June 2016 and 31 December 2015 is calculated as follow:

	<u>30.06.2016</u>	<u>31.12.2015</u>
Cash and cash equivalents (Note 7)	360,939	261,011
Other current financial assets (Note 6)	85,980	85,702
Undrawn credit facilities and loans (Note 10)	180,307	145,955
<b>Liquidity reserve</b>	<b>627,226</b>	<b>492,668</b>
Amounts payable to credit institutions (Note 10)	1,019,701	1,000,754
Other current financial liabilities (Note 6)	24,918	16,078
Cash and cash equivalents (Note 7)	(360,939)	(261,011)
Other current financial assets (Note 6)	(85,980)	(85,702)
<b>Net financial debt</b>	<b>597,700</b>	<b>670,119</b>

The Group's Finance Department believes that the on-going initiatives will prevent liquidity shortfalls. In this respect, management expects that the cash generated in the second half of 2016 and in 2017 will be sufficient to service payment obligations for the year without problem.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

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 headroom 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 has enabled to internationalize the pool of banks reducing the weight of Spanish and Brazilian banks.

Short-term bank borrowings include recurring credit facilities amounting to €30.7 million deriving from the recurring discounting of commercial paper from customers (€14.1 million at 31 December 2015) (Note 10).

Although this component of the bank debt is presented as a current liability for accounting purposes, it is stable as evidenced by the usual operation of the business, and therefore provides financing that is equivalent to long-term debt.

Noteworthy is the existence at 30 June 2016 of €180.3 million in unused loans and credit lines (31 December 2015: €146.0 million).

The following table shows a breakdown of working capital in the Group's abbreviated consolidated interim balance sheet at 30 June 2016 as compared with 31 December 2015, stating the relative significance of each item:

	<b>30.06.2016</b>	<b>31.12.2015</b>
Inventories	314,680	293,754
Trade and other receivables	424,088	365,061
Other current assets	11,910	6,181
Current tax assets	75,481	60,432
<b>Current operating assets</b>	<b>826,159</b>	<b>725,428</b>
Other current financial assets	85,980	85,702
Cash and cash equivalent	360,939	261,011
<b>CURRENT ASSETS</b>	<b>1,273,078</b>	<b>1,072,141</b>
Trade and other payables	902,299	815,320
Current tax liabilities	74,541	56,780
Current provisions	10,605	11,108
Other current liabilities	152,614	199,098
<b>Current operating liabilities</b>	<b>1,140,059</b>	<b>1,082,306</b>
Short-term bank loans and overdrafts	212,939	172,489
Other financial liabilities	24,918	16,078
<b>CURRENT LIABILITIES</b>	<b>1,377,916</b>	<b>1,270,873</b>
<b>TOTAL WORKING CAPITAL</b>	<b>(104,838)</b>	<b>(198,732)</b>

Although the standalone figure for working capital is not a key parameter for the understanding of the financial statements, the Group actively manages working capital through net operating working capital 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 with whom in many cases automatically renews its credit lines.



## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

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 optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through excellent logistic and industrial management, allowing JIT (just in time) supplies to our customers.

As a result of the above, it may be confirmed that there are no liquidity risks at the Group.

#### Fair value estimation

With respect to the changes in fair value of its assets and liabilities, the Group complies with the IFRS requirements.

On the basis of IFRS 13 and in accordance with IFRS 7 on financial instruments measured at fair value, the Group reports the estimation of fair value by level according to 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 (for example, reference prices) or indirectly (for example, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

#### **a) Level 1 financial instruments**

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted 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 2016 and 31 December 2014 the Group has no instruments classified in 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.
- The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.
- It is assumed that the carrying amount of trade receivables and payables is similar to their fair value.
- The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

#### **c) Level 3 financial instruments**

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.

Instruments included in Level 3 relate to the contingent consideration for the acquisition of Beroa in 2014 and Commonwealth in 2016, based on the application of the formula indicated in the purchase -sale agreement involving the financial parameters (EBITDA and net financial debt) to be estimated in the future.

Key assumptions in the measurement of these liabilities are based on the expected future return generated by the company. The assumptions used for these estimates agree with those detailed in the impairment testing of goodwill. Since the changes to EBITDA would also entail changes to the net financial debt, the effect of variations in the basic assumptions on the calculation of the financial liability is not considered to be significant.

The Company has not agreements for the offset of financial assets and liabilities.

#### **3. Financial 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 the CIE Automotive Group from both a geographical perspective and from the viewpoint of the different lines of business (segments) in which it operates.

The Group operates in two distinct segments:

- Automotive
- Solutions and Services (Smart Innovation)

##### **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.

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

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, the CIE Automotive Group began to analyse the automotive operating segment on the basis of its management units, distinguishing basically the CIE Mahindra Group, the automotive businesses in Brazil and Mexico, and the other automotive companies, located mainly in Europe.

In fact, subsegments within the automotive segment, are as follows:

- NAFTA

This segment includes, basically, the Group companies located in Mexico and US.

- Brazil

This segment includes basically the group's Automotive companies located in Brazil.

- Mahindra CIE and Asia

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) and the companies deriving from the alliance with the Mahindra group were added to the Group on or after 4 October 2013 located in India and Europe and those added in December 2014 located in India and Italy. Additionally, and while not significant as a distinct segment, the group companies operating in the Chinese market are included here (\*).

- Europe - Other Automotive:

This segment includes all non dependent manufacturing businesses of the Maindra CIE subgroup basically located in Europe.

(\*) Until 2015 the Chinese company Advanced Comfort Systems Shanghai Co. Ltd., not significant for these purposes was included in Europe - Other Automotive as it was consolidated with its European parent. Since 2016 it is included in the segment Mahindra CIE and Asia.

#### **Solutions and Services Segment (Smart Innovation)**

The companies making up this segment offer a range of solutions and services the aim of which is to enhance the efficiency of customers' production processes, always under the common denominator of intelligent scoping and compilation of data on the environment and the active application of knowledge and technology (Smart Innovation).

The classification as a solution or service depends on the scope offered to the customer: Solution when the offer is to enhance the efficiency of a production process that the customer will continue to manage. Conversely, it is classified as a service when the customer outsources a complete process and it is managed in its entirety.

With respect to the above portfolio, the range of solutions and services delivered are aimed at customers in sectors ranging from Technology, Energy, Banking, Health, Education to Industry and include integrated projects connected with hospital equipment, communication and current optimisation, renewable energy construction, supply, weather sensors and forecasts, energy efficiency, design and solar tower construction, production furnaces and plants, banking business solutions, digital and communication strategies, pharmacy and dietetics, etc, and monitoring services, installation and maintenance of telecommunications networks, banking, education, government, industrial maintenance, distribution services and commercial processes.

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 and EBIT (operating profit). The information received by the Executive Steering Committee also includes a breakdown of finance income and costs, tax issues, and profit/loss from discontinued operations. These items are analysed at the Group level since they are essentially managed in a centralised manner.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

a) Information by segment

Results by segment are as follows:

	30.06.2016					
	Automotive					
	NAFTA	Brazil	Mahindra CIE and Asia	Europe - Other Automotive	Solutions and Services	Total
Revenue	245,694	86,193	400,810	361,928	254,858	1,349,483
Other operating expenses and income (excluding depreciation and amortisation)	(187,213)	(78,719)	(351,218)	(297,000)	(234,509)	(1,148,659)
Amortisation/depreciation and impairment	(10,809)	(3,822)	(17,493)	(23,716)	(6,223)	(62,063)
Operating profit	47,672	3,652	32,099	41,212	14,126	138,761
EBITDA	58,481	7,474	49,592	64,928	20,349	200,824

	30.06.2015					
	Automotive					
	NAFTA	Brazil	Mahindra CIE and Asia	Europe - Other Automotive	Solutions and Services	Total
Revenue	241,996	115,364	403,847	343,228	234,167	1,338,602
Other operating expenses and income (excluding depreciation and amortisation)	(190,948)	(102,897)	(356,522)	(284,458)	(216,758)	(1,151,583)
Amortisation/depreciation and impairment	(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

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

Other segment items included in the income statement are as follows:

	30.06.2016					
	Automotive					
	NAFTA	Brazil	Mahindra CIE and Asia	Europe - Other Automotive	Solutions and Services	Total
Depreciation and amortisation:	(10,809)	(3,822)	(17,493)	(23,716)	(6,223)	(62,063)
Property, plant and equipment	(9,893)	(3,726)	(16,884)	(21,609)	(3,108)	(55,220)
Intangible assets	(916)	(96)	(609)	(2,107)	(3,115)	(6,843)
Impairment	-	-	-	-	-	-

	30.06.2015					
	Automotive					
	NAFTA	Brazil	Mahindra CIE and Asia	Europe - Other Automotive	Solutions and Services	Total
Depreciation and amortisation:	(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	-	-	-	-	-	-

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

The reconciliation of operating results and results attributable to the parent company is as follows:

	<b>30.06.2016</b>	<b>30.06.2015</b>
Operating results	138,761	124,146
Financial income (expense)	(18,703)	(19,546)
Share in profits of associates	415	(4)
Gains/(losses) on the fair value of derivative financial instruments (Note 6)	(454)	4,610
Change in fair value of assets and liabilities taken to income statement (Note 2.1)	993	(6,071)
Corporate income tax	(24,737)	(19,881)
Discontinued operations	182	(496)
Attributed to non-controlling interests	(13,893)	(13,982)
<b>Profit attributed to the parent company</b>	<b>82,564</b>	<b>68,776</b>

There are no significant transactions between segments.

Segment assets and liabilities and investments made during the period:

	<b>30.06.2016</b>					
	<b>Automotive</b>					
	<b>NAFTA</b>	<b>Brazil</b>	<b>Mahindra CIE and Asia</b>	<b>Europe - Other Automotive</b>	<b>Solutions and Services</b>	<b>Total</b>
Investments in associates	612	473	73	1,130	7,354	9,642
Other assets	497,520	412,268	1,173,780	725,098	729,914	3,538,580
Total assets	498,132	412,741	1,173,853	726,228	737,268	3,548,222
Total liabilities	308,540	211,862	544,727	907,661	470,976	2,443,766
Fixed asset additions	31,218	3,971	18,858	30,839	4,269	89,155
Disposal of fixed assets net of depreciation and amortisation	-	(542)	(365)	(960)	(357)	(2,224)
Net investments for year (1)	31,218	3,429	18,493	29,879	3,912	86,931
	<b>31.12.2015</b>					
	<b>Automotive</b>					
	<b>NAFTA</b>	<b>Brazil</b>	<b>Mahindra CIE and Asia</b>	<b>Europe - Other Automotive</b>	<b>Solutions and Services</b>	<b>Total</b>
Investments in associates	623	450	-	1,203	7,269	9,545
Other assets	474,452	291,824	1,109,775	786,856	597,697	3,260,604
Total assets	475,075	292,274	1,109,775	788,059	604,966	3,270,149
Total liabilities	307,027	175,924	495,408	895,128	493,907	2,367,394
Fixed asset additions	53,466	16,512	37,181	52,352	12,541	172,052
Disposal of fixed assets net of depreciation and amortisation	(1,116)	(539)	(504)	(2,199)	(1,128)	(5,486)
Net investments for year (1)	52,350	15,973	36,677	50,153	11,413	166,566

(1) Excludes movements in goodwill.

Segment assets mainly include property, plant and equipment, intangible assets (including goodwill), deferred tax assets, inventories, accounts receivable and cash. Investments in investees included in the consolidation scope are reported separately.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

Segment liabilities include operating liabilities and long-term financing, excluding intragroup liabilities eliminated on consolidation. Investments in non-current assets include additions to property, plant and equipment (Note 4) and intangible assets (Note 5).

Revenues and non current assets from the Company's ordinary operations can be analysed geographically as follows:

	Revenue		Non-current assets (*)	
	30.06.2016	30.06.2015	30.06.2016	31.12.2015
<b>AUTOMOTIVE</b>				
Spain (**)	116,229	98,698	232,906	231,430
Rest of Europe	483,418	494,202	506,323	506,213
Brazil	86,193	115,364	194,568	164,030
NAFTA	245,694	241,996	338,112	323,478
Asia (***)	163,091	154,175	439,399	443,283
<b>Total Automotive</b>	<b>1,094,625</b>	<b>1,104,435</b>	<b>1,711,308</b>	<b>1,668,434</b>
<b>SOLUTIONS AND SERVICES (SMART INNOVATION)</b>				
Spain	99,016	74,111	115,607	93,734
Rest of Europe	73,556	46,710	145,732	147,252
America	45,966	60,119	20,354	13,016
Asia & Oceania and other	36,320	53,227	5,713	5,956
<b>Total Solutions and Services (Smart Innovation)</b>	<b>254,858</b>	<b>234,167</b>	<b>287,406</b>	<b>259,958</b>
<b>TOTAL</b>	<b>1,349,483</b>	<b>1,338,602</b>	<b>1,998,714</b>	<b>1,928,392</b>

(\*) Non-current assets, which are not financial instruments and deferred tax assets.

(\*\*) Sales in Spain in the Automotive segment are primarily aimed at end customers located abroad.

(\*\*\*) This line includes the Indian companies of the Mahindra Group (Notes 1 and 17), the European companies being recognised in a separate line, in addition to the Chinese group companies.

#### 4. Property, plant and equipment

The details and movements in property, plant and equipment are as follows:

##### 2016:

	Balance at 31.12.2015	Inclusions/ (variations) in consolidation scope (Note 17)	Additions		Disposals	(*) Transfers and other movements	Balance at 30.06.2016
Cost	2,394,199	23,768	84,633	(26,843)		14,594	2,490,351
Amortisation / depreciation	(1,412,252)	(21,555)	(55,220)	24,676		(4,005)	(1,468,356)
Provisions	(10,426)	-	-	21		26	(10,379)
<b>Net value</b>	<b>971,521</b>						<b>1,011,616</b>

(\*) Basically includes the effect of exchange fluctuations of PPE currency of subsidiaries.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

#### 2015:

	<b>Balance at 31.12.2014</b>	<b>Inclusions / (variations) in consolidation scope (Note 17)</b>	<b>Additions</b>	<b>Disposals</b>	<b>(*) Transfers and other movements</b>	<b>Balance at 30.06.2015</b>
Cost	2,288,172	155	76,838	(13,996)	44,421	2,395,590
Amortisation / depreciation	(1,349,839)	(18)	(55,376)	12,220	(18,454)	(1,411,467)
Provisions	(10,372)	-	-	164	(166)	(10,374)
<b>Net value</b>	<b>927,961</b>					<b>973,749</b>

(\*) Basically includes the effect of exchange fluctuations of PPE currency of foreign subsidiaries.

#### 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 2016 and 31 December 2015:

	<b>Million euro</b>					
	<b>30.06.2016</b>			<b>31.12.2015</b>		
	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Carrying amount</b>	<b>Cost</b>	<b>Accumulated depreciation</b>	<b>Carrying amount</b>
America	702	(335)	367	630	(304)	326
Europe	1,495	(1,015)	480	1,484	(1,005)	479
Asia	293	(128)	165	280	(114)	166
	<b>2,490</b>	<b>(1,478)</b>	<b>1,012</b>	<b>2,394</b>	<b>(1,423)</b>	<b>971</b>

#### b) Assets not used in operations

At 30 June 2016 and 31 December 2015 there are no significant fixed assets not used in operations.

#### c) Insurance

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

#### d) Finance leases

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

	<b>30.06.2016</b>	<b>31.12.2015</b>
Capitalised finance lease cost	22,519	27,865
Accumulated depreciation	(9,622)	(10,508)
<b>Carrying amount</b>	<b>12,897</b>	<b>17,357</b>

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

#### e) Capitalisation of interest

No interest has been capitalised during the six-month period ended 30 June 2016 and 2015 involving significant amounts.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

#### 5. Intangible assets

The details and movements of the main classes of intangible assets are shown below:

##### 2016:

	<b>Balance at 31/12/2015</b>	<b>Inclusions / (variations) in consolidation scope (Note 17)</b>	<b>Additions</b>	<b>Disposals</b>	<b>(*) Transfer and Other movements</b>	<b>Balance at 30/06/2016</b>
<u>Cost</u>						
Goodwill on consolidation	905,802	18,789			4,705	929,296
Other intangible assets	147,798	9,121	4,522	(1,991)	(104)	159,346
	<u>1,053,600</u>	<u>27,910</u>	<u>4,522</u>	<u>(1,991)</u>	<u>4,601</u>	<u>1,088,642</u>
<u>Accumulated amortisation</u>	(102,200)	-	(6,843)	1,913	234	(106,896)
<u>Provisions</u>	-	-	-	-	-	-
<b>Carrying amount</b>	<b><u>951,400</u></b>					<b><u>981,746</u></b>

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

##### 2015:

	<b>Balance at 31/12/2014</b>	<b>Inclusions / (variations) in consolidation scope (Note 17)</b>	<b>Additions</b>	<b>Disposals</b>	<b>(*) Transfer and Other movements</b>	<b>Balance at 30/06/2015</b>
<u>Cost</u>						
Goodwill on consolidation	897,410	420	-	-	13,087	910,917
Other intangible assets	148,134	-	5,533	(4,301)	(287)	149,079
	<u>1,045,544</u>	<u>420</u>	<u>5,533</u>	<u>(4,301)</u>	<u>12,800</u>	<u>1,059,996</u>
<u>Accumulated amortisation</u>	(99,537)	-	(7,497)	4,222	2,033	(100,779)
<u>Provisions</u>	(53)	-	-	53	-	-
<b>Carrying amount</b>	<b><u>945,954</u></b>					<b><u>959,217</u></b>

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



## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

The inclusion of goodwill resulting from changes in consolidation is as follows (Note 17):

Segment	30.06.2016	30.06.2015
Automotive	-	420
Solutions and Services (Smart Innovation)	18,789	-
	<b>18,789</b>	<b>420</b>

a) Impairment testing of goodwill

Goodwill is assigned to the Group's cash-generating units (CGUs) on the basis of the criterion of grouping together under each CGU all the Group's assets and liabilities that jointly and indivisibly generate cash flows in an area of the business from a technology and/or geographical and/or customer viewpoint, on the basis of the synergies and risks shared.

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

Cash-generating units	Goodwill	
	30.06.2016	31.12.2015
<b>Automotive segment:</b>		
Brazil	69,032	58,276
NAFTA	100,104	101,549
Mahindra-CIE	405,937	410,093
Rest of Automotive (Europe)	136,143	136,543
<b>Solutions and Services Segment (Smart Innovation)</b>		
Solutions	124,173	115,684
T&T Services	27,815	27,865
Industrial services	33,628	23,328
Commercial services	32,464	32,464
	<b>929,296</b>	<b>905,802</b>

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash-flow projections based on five year financial budgets approved by management. Cash flows beyond the five-year period are extrapolated 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.

b) Key assumptions used in the calculation of value in use at 31 December 2015:

The discount rates applied to cash flow projections are:

	2015
<b>Automotive</b>	
Brazil	11.31%
NAFTA	6.89%-8.44%
Mahindra-CIE	5.9%-13.14%
Rest of Automotive (Europe)	5.92%-13.51%
<b>Solutions and Services (Smart Innovation)</b>	
Solutions	6.5%-12%
T&T Services	7%-15%
Industrial services	6%-10%
Commercial services	7%

The discount rate range applied is attributable to the cash flows generated in countries with different country-risk characteristics.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

This discount rate is after taxes and reflects the specific risks associated with the relevant segments.

The main changes in the discount rates used with respect to the previous year derive from changes in risk-free rates.

Budgeted EBITDA (operating profit plus depreciation / amortisation and possible impairment) is determined by Group management in their strategic plans, taking into account operations with a similar structure to the current structure and based on prior year experience. These margins vary by type of business as follows:

	<u>% of revenue</u>
	<u>2015</u>
Automotive	5.49%-32.58%
Solutions and Services (Smart Innovation)	6.5%-10.4%

Other forecast net movements in cash and flows related to tax are projected to these EBITDA's in 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 4%), based on GDP growth estimates and the inflation rate in each market, and evaluating the level of investment required to achieve such growth. In order to calculate the residual value, a normalised annual flow is discounted, taking into account the discount rate applied on the projections, less the growth rate taken into account.

#### c) Results of the analysis

The Group verified that in 2015 goodwill had not suffered any impairment. Additionally, if the revised estimated discount rate, which is applied to discounted cash flows, were 10% higher than management's estimates, the Group would still not need to reduce the carrying value of goodwill.

The recoverable amounts in cash generating units are determined based on calculations of the value in use, requiring the utilisation of certain estimates. To calculate the value in use at 31 December 2015, the future cash flow assumptions used were in accordance with the global situation of the markets where the Group operates and their forecast performance. The assumptions used in the calculations at 31 December 2015 for 2016 and subsequent years would be totally valid for calculating the value in use at 30 June 2016. Therefore, considering the positive development of business profitability in the first half of 2016, it is not believed that conditions have emerged in the CGUs that would pose a risk of impairment of goodwill.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

#### 6. Financial assets

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

#### 2016

	Financial assets held to maturity/ Loans and receivables	Financial derivatives	Investments in associates	Total
<b>At 31 December 2015</b>	<b>91,913</b>	<sup>(2)</sup> <b>(10,304)</b>	<sup>(3)</sup> <b>8,011</b>	<b>89,620</b>
Inclusion/(changes) consolidation scope	2,100	-	-	2,100
Additions	49,665	-	374	50,039
Disposals	(48,034)	-	-	(48,034)
Transfers and other movements (1)	106	(1,499)	87	(1,306)
Fair value adjustment				
- Profit or loss	270	(724)	-	(454)
- Equity	-	(7,523)	(1,009)	(8,532)
Results of associates	-	-	415	415
<b>At 30 June 2016</b>	<b>96,020</b>	<sup>(2)</sup> <b>(20,050)</b>	<sup>(3)</sup> <b>7,878</b>	<b>83,848</b>
Non Current	14,908	-	-	14,908
Current	81,112	4,868	-	85,980
Investments in associates	-	-	9,642	9,642

- (1) Basically includes the effect of exchange fluctuations in the currencies in which the financial assets of foreign subsidiaries are denominated and transfers.
- (2) This total is presented net of €24,918 thousand (31 December 2015: €16,078 thousand) corresponding to derivatives recognised on the liability side of the consolidated balance sheet.
- (3) Of this amount, €1,764 thousand (31 December 2015: €1,534 thousand) is recognised 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 in this company (Note 11).

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

#### 2015

	Financial assets held to maturity/ Loans and receivables	Financial derivatives	Investments in associates	Total
<b>At 31 December 2014</b>	<b>109,911</b>	<sup>(2)</sup> <b>(10,274)</b>	<sup>(3)</sup> <b>(39)</b>	<b>99,598</b>
Inclusion/(changes) consolidation scope	-	-	<sup>(4)</sup> (250)	(250)
Additions	744	-	<sup>(5)</sup> 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)
Results of associates	-	-	(4)	(4)
<b>At 30 June 2015</b>	<b>89,733</b>	<sup>(2)</sup> <b>(8,308)</b>	<sup>(3)</sup> <b>8,566</b>	<b>89,991</b>
Non Current	14,211	-	-	14,211
Current	75,522	4,817	-	80,339
Investments in associates	-	-	10,116	10,116

- (1) Basically includes the effect of exchange fluctuations in the currencies in which the financial assets of foreign subsidiaries are denominated and transfers.
- (2) This total is presented net of €13,125 thousand (31 December 2014: €10,489 thousand) corresponding to derivatives recognised on the liability side of the consolidated balance sheet.
- (3) Of this amount, €1,550 thousand (31 December 2014: €1,536 thousand) is recognised 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 in this company (Note 11).
- (4) This includes the effect of the former equity value of the CIE Automotive Hispamoldes, S.A. Group unsubscribed from Investments in associates due to its integration by the full consolidation method (Note 17).
- (5) Mainly relates to the addition in the period in the new company "Concesionaria Salud Siglo XXI, S.A." (Note 1).

All the assets recognised at fair value are traded in an active market (except for financial derivatives) from which the value is obtained at each date.

At 30 June 2016 and 31 December 2015, 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 matter referred to in Note 6.a).

#### a) Financial assets held to maturity/ Loans and receivables

	30.06.2016	31.12.2015
Term deposits	77,363	46,734
Short-term loans	15,799	42,321
Long-term loans	2,858	2,858
	<b>96,020</b>	<b>91,913</b>

Term deposits and loans accrue interest at a market interest rate of the country where the financial asset is held.

No financial asset held to maturity has been reclassified.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

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.

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

#### b) Financial derivatives

	30.06.2016		31.12.2015	
	Assets	Liabilities	Assets	Liabilities
Swaps (interest rate and other )				
- cash flow hedges	-	(14,438)	-	(7,369)
- not hedge	-	(265)	-	(627)
Equity Swap	4,868	-	5,411	-
Foreign exchange swap:				
- cash flow hedges	-	(4,331)	-	-
- not hedge	-	(27)	363	(3)
Hedge of a net investment in foreign operations	-	(5,857)	-	(8,079)
<b>Total</b>	<b>4,868</b>	<b>(24,918)</b>	<b>5,774</b>	<b>(16,078)</b>

- Swaps (interest rate and other )

The notional principal on interest rate swaps outstanding at 30 June 2016 to €485 million, USD28.3 million and DKK 10 million (2015: €450 million, USD31.7 million and DKK10 million), classed as hedging instruments.

- Equity Swap

On 6 August 2014 the parent arranged a derivative associated with the listed share price of CIE Automotive, S.A. The underlying of the operation amounts to 1.25 million shares with an initial value of 11.121 euro per share. This instrument does not qualify for classification as a hedge and at 30 June 2016 is valued at €4,868 thousand (31 December 2015: €5,411 thousand).

- Foreign exchange swap:

The notional principal on foreign currency forwards outstanding at 30 June 2016 amounts to USD 30 million, classified as non-hedging arrangements (31 December 2015: USD 30 million) and USD 28 million, classified as hedging (31 December 2015: USD 0 million).

- Hedge of a net investment in a foreign operation

At 30 June 2016 and 31 December 2015 part of the Group's borrowings, denominated in US dollars, some of them as signed Swaps, are designated as a hedge of the net investment in the Group's subsidiaries in the NAFTA automotive segment amounting to €44.8 million (€45.4 million at 31 December 2015).

The positive effect originated from the currency conversion of the borrowings above mentioned, for an amount of €8.2 million (negative €35.9 million at 31 December 2015) and the negative effect of the swap by €0.4 million (negative €3.9 million at December 2015) have been recognised in equity in the Consolidated Statement of Comprehensive Income.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

#### 7. Cash and cash equivalent

Cash and other cash equivalents a 30 June 2016 and 31 December 2015 break down as follows:

	<u>30.06.2016</u>	<u>31.12.2015</u>
Cash and banks	279,852	201,710
Short -term deposits at credit institutions	81,087	59,301
	<u><b>360,939</b></u>	<u><b>261,011</b></u>

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

The interest rates on these deposits range between 0.2% and 14.25% (2015: 0.2% to 13.5%), depending on the currency.

The carrying amount of the Group's cash is denominated in the following currencies:

	<u>30.06.2016</u>	<u>31.12.2015</u>
Euro	177,461	104,967
US dollars	79,266	74,781
Brazilian real	50,902	27,930
Indian rupee	3,301	3,751
Other	50,009	49,582
	<u><b>360,939</b></u>	<u><b>261,011</b></u>

#### 8. Disposal group assets, 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 (jatropha) and to sell Biosur Transformación, S.L.U. At the year-end 2015 and 30 June 2016 the commitment to the sales plan which has not yet been completed is still in place as the offers received by the Group have not met its expectations. These activities can be clearly distinguished operationally and for financial reporting purposes. They represented a separate line of business.

##### b) Solutions and Services Segment (Smart Innovation)

At the end of 2013 the Beroa subgroup took the decision to discontinue the cement mixer production activities carried out by the German subsidiary Karrena Betonanlagen und Farnischer GmbH. This activity can be clearly distinguished operationally and for financial reporting purposes. It represents a separate line of business within the subgroup's business and corresponds to a separate legal entity. Its net assets were measured at fair value. Since the decision was taken to discontinue its operations, the company has carried out residual operating activities and is realising its net assets which basically comprise current assets.

The information concerning the assets and liabilities of the disposal group classified as held for sale connected with the situations described above are summarised below:

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

#### Disposal group assets classified as held-for-sale

	<b>30.06.2016</b>	<b>31.12.2015</b>
Property, plant and equipment	20,568	22,400
Inventories	135	192
Other current assets	1,252	2,182
Other non-current assets	1	2
<b>Total</b>	<b>21,956</b>	<b>24,776</b>

#### Disposal group liabilities classified as held for sale

	<b>30.06.2016</b>	<b>31.12.2015</b>
Capital grants	1,057	1,057
Deferred tax liability	352	352
Borrowings	5	161
Payables	138	2,239
Other current liabilities	255	216
<b>Total</b>	<b>1,807</b>	<b>4,025</b>

These figures include the estimated impairment of the recoverable value of each asset.

In the specific case of the subsidiary Biosur Transformación, S.L.U., the Group's business valuation is based on the recoverable amount of the company's net assets. A reputable independent expert was commissioned to perform this study. Each of the assets included in the appraisal was classified based on its qualitative characteristics and sized based on its quantitative characteristics. After analysing these characteristics, the recoverable amount of the asset was determined, based on quoted prices on the most significant active markets in each case.

In 2015 all measurement assumptions were reassessed, resulting in no changes to estimates of the sale value of the company's net assets. No additional impairment was therefore recognised.

During the first half of 2016 there were no changes in Management's estimate.

During the six-month period ended 30 June 2016 the companies were virtually dormant.

#### 9. Share capital and premium

	<b>No. shares (thousand)</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Total</b>
<b>At 31 December 2014</b>	<b>118,820</b>	<b>29,705</b>	<b>61,467</b>	<b>91,172</b>
Capital increase	10,180	2,545	90,704	93,249
<b>At 30 June 2015</b>	<b>129,000</b>	<b>32,250</b>	<b>152,171</b>	<b>184,421</b>
<b>At 31 December 2015 and 30 June 2016</b>	<b>129,000</b>	<b>32,250</b>	<b>152,171</b>	<b>184,421</b>

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

#### a) Share capital

In 2014 it was agreed to increase capital through an accelerated private placement, with the exclusion of pre-emptive subscription rights, up to 10,179,954 new shares representing 7.89% of the Company's total share capital following the increase and a total amount in cash of €93,248,378.64 of which €2,544,988.50 related to the par value of the shares while €90,703,390.14 related to the share premium. The issue price of the newly issued ordinary shares amounted to €9.16, of which €0.25 related to the par 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 exchanges agreed to list the new shares and on 11 June 2014 the new shares were effectively traded.

There were no other movements in the parent company's capital.

In accordance with the above, the share capital of CIE Automotive, S.A. at 30 June 2016 and 31 December 2015 is represented by 129,000,000 fully paid ordinary bearer shares, represented through accounting entries, with a par value of €0.25 each, listed on the Spanish stock market. The companies that hold a direct or indirect interest of more than 10% are as follows:

	% interest	
	30.06.2016	30.06.2015
Acek Desarrollo y Gestión Industrial, S.L. (***)	(*) 20.909%	(*) 22.909%
Mahindra & Mahindra, Ltd	(**) 12.435%	(**) 12.435%

(\*) 7.808% directly and indirectly through Risteel Corporation, B.V., the remaining 13.101%, (9.808% and 13.101% in 2015).

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

(\*\*\*) Formerly Corporacion Gestamp, S.L.

The stock price of the parent company CIE Automotive, S.A. listed in the Madrid Stock Exchange was €15.015 at 30 June 2016.

#### b) Share premium

This reserve is freely available for distribution.

#### c) Treasury shares

At 30 June 2016 and 31 December 2015 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 et seq. of the Spanish Companies Act 2010, is in effect until 30 April 2020.



## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

#### 10. Borrowings

	<u>30.06.2016</u>	<u>31.12.2015</u>
<b>Non-Current</b>		
Bank loans and credit facilities (*)	806,762	828,265
	<u>806,762</u>	<u>828,265</u>
<b>Current</b>		
Bank loans and credit facilities (*)	182,263	157,790
Financing of imports (*)	-	579
Bills discounted pending maturity and export advances	30,676	14,120
	<u>212,939</u>	<u>172,489</u>
	<b><u>1,019,701</u></b>	<b><u>1,000,754</u></b>

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.

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>
<b>At 30 June 2016</b>			
Total borrowings (*)	989,025	806,762	28,792
Effect of interest rate swaps	(235,514)	(419,511)	-
Risk	<b><u>753,511</u></b>	<b><u>387,251</u></b>	<b><u>28,792</u></b>
<b>At 31 December 2015</b>			
Total borrowings (*)	986,634	828,265	23,856
Effect of interest rate swaps	(239,031)	(172,919)	-
Risk	<b><u>747,603</u></b>	<b><u>655,346</u></b>	<b><u>23,856</u></b>

Non-current borrowings have the following maturities:

	<u>30.06.2016</u>	<u>31.12.2015</u>
Between 1 and 2 years	119,563	200,346
Between 3 and 5 years	658,407	604,063
More than 5 years	28,792	23,856
	<b><u>806,762</u></b>	<b><u>828,265</u></b>

The effective interest rates at the balance sheet dates are the usual market rates (benchmark rate plus a market spread) and there are 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 75 and 600 basis points (2015: between 75 and 600 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.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

The carrying amount of the Group's borrowings is denominated in the following currencies:

	<b>30.06.2016</b>	<b>31.12.2015</b>
Euro	799,028	839,522
US dollar	184,141	132,158
Brazilian real	28,568	16,545
Others	7,964	12,529
	<b>1,019,701</b>	<b>1,000,754</b>

At 30 June 2016, the Group had drawn down €215.3 million of the available credit lines with financial institutions (31 December 2015: €251 million). The total limit on such credit lines amounts to €395.6 million (31 December 2015: €397 million). Therefore €180.3 million is available (2015: €146.0 million) in unused loans and credit facilities at variable rates.

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 initial amortisation period was 5 years, with an average term of 4.7 years. This improved the average term of the Group's financing and also improved the economic terms and conditions of the previous syndicated loan. The balance at 30 June 2016 amounted to €450 million (31 December 2015, €450 million) and the interest rate is benchmarked to Euribor plus a variable margin based on the net financial debt /EBITDA ratio.

On 13 April 2015, a novation was signed with respect to the syndicated loan, agreeing to a decrease in the margin initially negotiated and agreeing to increase maturity periods, setting the new final maturity on 13 April 2020. Moreover, it was considered the possibility of delaying final maturity for a further one year to 13 April 2021. This was approved on 14 July 2016.

On 23 June 2014, CIE Automotive, S.A. 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 2016 the available balance amounts to €70 million at a fixed interest rate (€70 million at 31 December 2015).

In the second half 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. 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 2016 amounted to €77 million (at 31 December 2015: €87 million).

On 11 May 2016, the Group, through its US subsidiary CIE Automotive Investments, arranged two loans of USD 35 million each, with final maturity at 3 and 5 years, respectively, at a variable interest rate, linked to LIBOR. The balance at 30 June 2016 amounted to €63 million.

All such financing is subject to compliance with certain ratios that are customary in the market for these types of contracts. These ratios are fulfilled at 30 June 2016 and 31 December 2015.

Additionally, the Group, through its Brazilian subsidiaries, has several loans denominated in US dollars for an equivalent amount at 30 June 2016 of €45 million (31 December 2015: €45 million). The last instalment matures in 2017.

Other balances included in borrowings relate to bank loans or credit facilities in Group companies, arranged without specific additional guarantees and at the market interest rates in effect in the different countries.

In the first half of 2016, the Group repaid €131 million of bank borrowings (first half 2015: €93.3 million) and new loans and additional credit accounts have been arranged in addition to the above amounting to €129 million. Repayments largely reflect a debt refinancing effort designed to extend and enhance the Group's debt maturity profile.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

#### 11. Provisions

The breakdown of the movements in Group provisions in the first half of 2015 and 2016 is as follows:

##### 2016

	<b>Non-Current</b>	<b>Current</b>
<b>At 31 December 2015</b>	<b>110,861</b>	<b>11,108</b>
Additions to consolidation scope (Note 17)	2,227	-
- Additions/ (reversals)	9,292	792
- Applications	(4,246)	(6,296)
- Charged/(credited) to equity	221	-
- Transfers and other movements (*)	(3,428)	5,001
<b>At 30 June 2016</b>	<b>114,927</b>	<b>10,605</b>

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

##### 2015

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

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

Non-current provisions at 30 June 2016 mainly include the following:

- A €8.5 million provision (31 December 2015: €7.6 million) corresponding almost entirely to tax contingencies in Brazil, of which €1.8 million are on court deposit pending court rulings (31 December 2015: €1.5 million).
- A €1.8 million provision established to guarantee the sale of assets and closure and winding up of companies (31 December 2015: €1.5 million).
- Provision for other liabilities of personnel of €75.0 million (31 December 2015: €69.6 millions), including €46.4 million corresponding to pension plans (31 December 2015: €47.3 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 €29.6 million (31 December 2015: €32.2 million) for coverage of operational business risks considered enforceable in the long term.

Current provisions at 30 June 2016 are basically for the adaptation of productive structures of companies in Spain (30 June 2016: €1.0 million; 31 December 2015: €1.0 million), and hedging the business' operating risk at various Group companies classified payable at short term (30 June 2016: €6.1 million; 31 December 2015: €6.8 million). They include tax contingency risk and customer complaints at certain subsidiaries (30 June 2016: €3.5 million; 31 December 2015: €3.3 million).

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

#### Commitments with employees

Post-employment benefit plans and other long-term employee benefits which several Group companies guarantee certain groups are as follows, classified by country:

- 1) Post-employment benefit plans and other post-employment benefits in Spain:  
Several companies of the automotive segment guarantee benefits to certain retired and early retired employees (30 June 2016: 19 people; 31 December 2015: 21 people) which are funded through the insurance company Biharko. At 30 June 2016 and 31 December 2015, no long-term amounts are recognised in this respect.
- 2) Post-employment benefit plans and other long-term employee benefits in Germany which are fully covered through in-house provisions.
  - Long-term employee benefits:
    - o Length-of-service awards.
    - o Supplements under phased retirement arrangements.
  - Post-employment benefits:
    - o Lifetime retirement pensions.
    - o Pension plans guaranteed by Beroa's group to its employees are defined benefit retirement commitments. Beroa's Group guarantees a life annuity as from retirement for employees who joined before 1 January 2001 and who have been working for 10 years at their retirement date. The commitment is recorded under in-house provisions.
- 3) Post-employment benefit plans in India which are mostly under in-house provisions
  - Post-employment benefits:
    - o Lifetime retirement pensions.
    - o Retirement awards. This commitment is financed externally under insurance contracts.
    - o Retirement awards in the event of the termination of the employment contract.
- 4) Post-employment benefit plans in Italy. The pension model is currently TFR. This was a defined benefit plan that was converted into a defined contribution plan as a result of the Pension Reform which took place in December 2005.
- 5) Post-employment benefit plans in France which are mostly under in-house provisions:
  - o Benefit plans guaranteed by the Beroa Group to its employees are defined benefit retirement commitments, derived from collective agreements.
  - o Retirement benefits depend on the years of service in the company.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

#### Post-employment benefits:

The movement in defined benefit obligations during the first half of 2016 has been as follows:

	<u>2016</u>	<u>2015</u>
<b>At 1 January</b>	<b>45,790</b>	<b>46,640</b>
Cost of current services	107	911
Interest expense/(income)	520	384
Recalculations for valuations:		
- (Profit)/Loss due to changes in financial assumptions	261	3,711
- Losses/(gains) owing to experience	(40)	(58)
Benefit payments	(1,799)	(2,167)
Translation differences	(5)	309
<b>At 30 June</b>	<b>44,834</b>	<b>49,730</b>

The benefits balance is basically made up of €37,355 thousand (€37,977 thousand at 31 December 2015) relating to lifetime pensions in the German companies, €3,199 thousand (€3,646 thousand at 31 December 2015) relating to lifetime pensions, retirement awards funded externally through insurance contracts and retirement awards in the event of the termination of employment relationship in the Indian companies and €2,899 thousand (€2,784 thousand at 31 December 2015) relating to post-employment benefit plans in Italy.

#### Long-term employee benefits:

The movement in defined benefit obligations and provision during the first half of 2016 has been as follows:

	<u>2016</u>	<u>2015</u>
<b>At 1 January</b>	<b>1,511</b>	<b>1,916</b>
Cost of current services	-	(33)
Interest expense/(income)	9	10
Recalculation of valuations:		
- (Profit)/Loss due to changes in financial assumptions	-	145
Benefit payments	-	(179)
<b>At 30 June</b>	<b>1,520</b>	<b>1,859</b>

The amount registered as long-term employee benefits results from length-of-service awards and complements deriving from partial retirement agreements in the German companies.

Set out below is a breakdown of employee benefit provisions classified by country:

<u>Breakdown by country</u>	<u>30.06.2016</u>	<u>31.12.2015</u>
Germany	38,875	39,488
India	3,199	3,646
Italy	2,899	2,784
France	1,381	1,383
<b>Total</b>	<b>46,354</b>	<b>47,301</b>

There were no significant changes in the actuarial - financial assumptions compared with those described in Note 24 of the Group's annual accounts at the 2015 year end.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

#### 12. Corporate income tax

	<u>30.06.2016</u>	<u>30.06.2015</u>
Current income tax	24,877	17,573
Deferred taxes	(140)	2,308
Tax expense	<u>24,737</u>	<u>19,881</u>

Theoretical tax rates vary depending on the location. The main rates are as follows:

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

Deferred tax assets and liabilities are only offset if and only if the Group has a legally enforceable right to compensate the recognised 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 Berriz, S.L. (acquiring company on the merger carried out in 2015 with CIE Automotive Nuevos Mercados, S.L., Bionor Transformación, S.A.U., CIE Automotive Hispamoldes, S.L. and Participaciones Internacionales Autometal, S.L.U.)
- 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.U.
- 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.
- Bionor Berantevilla, S.L.U.
- Bionor Transformación, S.A.U., dissolved in 2015 as a result of the merger by absorption by CIE Berriz, S.L.
- Vía Operador Petrolífero, S.L.U. (dissolved in 2015)
- Mecanizaciones del Sur - Mecasur, S.A.
- CIE Automotive Nuevos Mercados, S.L., dissolved in 2015 as a result of the merger by absorption by CIE Berriz, S.L.
- Gestión de Aceites Vegetales, S.L.

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

- Reciclado de Residuos Grasos, S.L.U.
- Reciclados Ecológicos de Residuos, S.L.U.
- Biodiesel Mediterráneo, S.L.U.
- Participaciones Internacionales Autometal, S.L.U., dissolved in 2015 as a result of the merger by absorption by CIE Berriz, S.L.
- Participaciones Internacionales Autometal Dos, S.L.U.

In 2015, taking into account the changes introduced into legislation, the Group opted to pay tax under the tax consolidation scheme with respect to the following companies under Common Territory Scheme legislation:

- Grupo Componentes Vilanova, S.L. (representative of the new tax group).
- Biosur Transformación, S.L.U.
- Advanced Comfort Systems Ibérica, S.L.U.

Furthermore, with effect on 1 January 2015, the consideration of group of companies was approved by the corresponding tax administration, being the dominant company Global Dominion Access, S.A. and the others:

- 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.U.

Additionally, also effective 1 January 2015, a state tax group was formed, parented by: Bilcan Global Services, S.L. (merged in 2015 with Servicios al Operador Movil 21, S.L.) and including the rest:

- Dominion Centro de Control, S.L.U.
- Dominion Networks S.L.U.
- Sur Conexión, S.L. (merger in 2015 between Sur Conexión S.L. and Your Phone Franquicias, S.L.U.)
- Tiendas de Conexión, S.L.U. (merger in 2015 between Tiendas Conexión, S.L. and Your Phone, S.L., whose name was changed to Tiendas de Conexión, S.L.U.)
- Eurologística Directa Móvil 21, S.L.U.

Outside Spain, there are the following tax groups:

- In Germany: parented by Mahindra Forgings Europe AG and including the following companies Gesenkschmiede Schneider GmbH, Jeco Jellinghaus GmbH and Falkenroth Umformtechnik GmbH.
- In Germany: parented by the subsidiary Beroa Technology Group GmbH and including Beroa Deutschland GmbH, Burwitz Montageservice GmbH and Karrena Betonanlagen und Fahrnischer GmbH (dormant).
- In USA: parented by subsidiary Beroa Corporation LLC and including Beroa US LLC, Karrena International LLC and Karrena International Chimneys LLC.
- The Dutch companies RS Automotive B.V. and Advanced Comfort Systems International, B.V. are taxed as a single tax unit.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

The other CIE Automotive Group companies file individual tax returns.

In general terms, the years that have not lapsed under applicable tax legislation in each Group company are open to inspection. These range from 4 to 6 years from the date the obligation falls due and the tax filing period ends.

The tax law applicable to the corporate income tax returns for 2016 and 2015 for the Parent Company is Regional Law 11/2013 of 5 December applicable in the Territory of Bizkaia.

The Company's Directors have calculated the amounts associated with this tax for the first half of 2016 and those years open to inspection in accordance with provincial legislation in force at each year end on the understanding that the final outcome of the legal proceedings in progress and the appeals filed will not have a significant impact on the consolidated interim financial statements as a whole.

#### 13. Earnings per share

##### a) Basic

Basic earnings per share are calculated by dividing the profit attributable to the parent company's shareholders by the weighted average number of ordinary shares in the year, excluding treasury shares acquired by the parent company (Note 9).

	<u>30.06.2016</u>	<u>30.06.2015</u>
Profit attributable to the parent company's shareholders (thousand euro)	82,564	68,776
Weighted average number of ordinary shares outstanding (thousand)	129,000	129,000
<b>Basic earnings:</b>	<u><b>0.64</b></u>	<u><b>0.533</b></u>
- Basic earnings per share from continuing operations (euro per share)	0.639	0.537
- Basic earnings per share from discontinued operations (euro per share)	0.001	(0.004)

##### b) Diluted

The year-on-year remuneration agreement based on the performance of the share price of CIE Automotive, S.A., in 2014 (Note 18) may have a potentially dilutive effect in accordance with IAS 33. Following the relevant calculations, the effects of these agreements are considered not to result in the dilution of basic earnings per share calculated above.

#### 14. Dividend per share

On 26 April 2016, the shareholders of CIE Automotive, S.A. in general meeting approved the motion for the distribution of 2015 profit (individual) as well as the distribution of a final dividend of €0.17 (gross) per share carrying dividend rights, amounting to a total payment of €21,930 thousand. Payment was made on 5 July 2016.

On 15 December 2015 the Board of Directors approved the payment of an interim dividend on account of profits for 2015 of a gross amount of EUR 0.16 per share carrying dividend rights, which represented a total of €20,640 thousand. Payment was made on 4 January 2016.

On 30 April 2015, the parent company's shareholders in general meeting approved the motion for the distribution of 2014 profit (individual) as well as the distribution of a final dividend against 2012 profit of €0.1 per share carrying dividend rights, amounting to a total payment of €12,900 thousand. Payment was made on 3 July 2015.



**CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

**NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016  
(Thousand euro)**

**15. Cash generated from operating activities**

	<u>30.06.2016</u>	<u>30.06.2015</u>
<b>Profit for the year</b>	<b>96,458</b>	<b>82,758</b>
Adjustments:		
- Taxes (Note 12)	24,877	17,573
- Deferred taxes	(140)	2,308
- Grants released to income	(1,420)	(1,417)
- Depreciation of property, plant and equipment (Note 4)	55,220	55,376
- Amortisation of intangible assets (Note 5)	6,843	7,497
- (Profit)/loss on the sale of property, plant and equipment (see below)	(766)	(251)
- Net movements in provisions (Note 11)	3,821	9,318
- Net (Gains)/losses in fair value of financial derivatives (Note 6)	454	(4,610)
- Net (Gains)/losses in fair value,taken to income statement	(993)	6,071
- Exchange differences	89	(4,289)
- Interest income	(3,182)	(5,518)
- Interest expense	21,796	29,353
- Share in losses /(gains) in associates (Note 6)	(415)	4
Variations in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
- Inventories	(14,205)	(18,691)
- Trade and other accounts receivable	(46,062)	(58,793)
- Other assets	(21,999)	(10,975)
- Trade and other accounts payable	84,435	15,711
<b>Cash generated from continuing and discontinued operations</b>	<b><u>204,811</u></b>	<b><u>121,425</u></b>

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

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

	<u>30.06.2016</u>	<u>30.06.2015</u>
Carrying amount (Notes 4 and 5)	2,224	1,638
Gain /(loss) on the sale of property, plant and equipment	766	251
<b>Amount collected on the sale of property, plant and equipment</b>	<b><u>2,990</u></b>	<b><u>1,889</u></b>

#### 16. Commitments

##### a) Commitments for the purchase of fixed assets and leases

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

	<u>30.06.2016</u>	<u>31.12.2015</u>
Property, plant and equipment	43,851	31,773
Obligations deriving from irrevocable lease contracts	56,026	53,429

These investments are financed primarily by the cash generated by the Group from its operations under payment agreements with suppliers of equipment and other assets and also by bank financing where necessary.

##### b) Operating lease commitments

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

The total minimum future payments for irrevocable operating leases are as follows:

	<u>30.06.2016</u>	<u>30.12.2015</u>
Less than 1 year	11,134	11,278
Between one and five years	21,431	18,665
More than five years	23,461	23,486
	<b><u>56,026</u></b>	<b><u>53,429</u></b>

##### c) Other information

The Solutions and Services (Smart Innovation) segment has granted guarantees to secure work or services provided to customers and commercial guarantees amounting to approximately €98.8 million (31 December 2015: approximately €111.5 million).

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

#### 17. Business combinations

##### 2016

##### Solutions and Services Segment (Smart Innovation)

Consolidation scope changes are described in Note 1.

On 6 May 2016 the Group acquired, through its US subsidiary Beroa Corporation LLC, a US corporate group parented by Commonwealth Dynamics, Inc. (CDI). This acquisition entails the acquisition of 100% control over the following companies:

- Commonwealth Dynamics Inc (USA)
- Commonwealth Constructors Inc (USA)
- Commonwealth Landmark Inc (USA)
- Commonwealth Dynamics Limited (Canada)
- Commonwealth Power Chile, SPA (Chile)
- Commonwealth Power de Mexico S.A. de C.V. (Mexico)
- Commonwealth Power, S.A. (Peru)
- Commonwealth Power Private Limited (India)

This subgroup, based in New Hampshire (USA), is a niche company with over 35 years' experience in providing engineering solutions and executing high complexity projects for a wide range of industrial sectors.

CDI focuses its activity in countries with a significant industrial presence, such as USA, Chile, Mexico, Peru and India and its customers include most leading companies in those countries.

The transaction price amounts to USD 10 million which breaks down as follows: USD 2 million have been paid upon the formalisation of the acquisition, leaving a) USD 6 million (estimated amount) payable in 2018, 2019 or 2020, depending on the payment option offered to the seller, for an amount equivalent to the subgroup's average aggregate EBITDA for the last three years, according to the payment date, multiplied by 6, to be reduced by the corresponding financial debt; b) USD 2 million (estimated amount) relating to 2.5% of the order portfolio at the payment date indicated above.

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

	<u>Amount (*)</u>
Consideration paid in the year	1,915
Cash and cash equivalents in the Group acquired	(1,839)
	<u>76</u>

(\*) Original amount in US dollars converted to euro at the exchange rate on the acquisition date.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

Summarised below is a breakdown of the net assets acquired and goodwill resulting on the transaction:

	<b>Amount (*)</b>
Acquisition price	9,191
Fair value of the net assets acquired	(702)
<b>Goodwill (Note 5)</b>	<b>8,489</b>

(\*) Original amount in US dollars converted to euros at the exchange rate on the acquisition date.

This goodwill was initially attributed to future returns and synergies on the businesses acquired in the Group.

The net assets acquired at fair value arising on the acquisition are detailed below:

	<b>Fair value</b>
Fixed assets	184
Deferred tax assets	143
Trade receivables	5,846
Other assets	749
Cash and cash equivalents	1,839
<b>Assets acquired</b>	<b>8,761</b>
Trade payables	5,618
Other liabilities	2,441
<b>Liabilities acquired</b>	<b>8,059</b>
<b>Total net assets acquired</b>	<b>702</b>

The process of assigning the price paid to the assets and liabilities acquired based on valuation carried out internally is still on going.

In February 2016, Global Dominion Access submitted an offer as part of the bankruptcy proceedings requested by Abantia Empresarial, S.L. and subsidiaries (the **Abantia Group**), to acquire the Installation, Maintenance, Industrial and Renewable Energy Promotion production units, which represent most of the Abantia Group's business.

On 24 May 2016, the Group, through its subsidiary Dominion Industry & Infrastructures (incorporated in March 2016 by Global Dominion Access, S.A.), has completed the acquisition which has been approved by the Mercantile Court responsible for the bankruptcy proceedings of the Abantia Group and by the workers' representatives in legal terms.

The acquisition of the business entails paying a price of €2 million plus the losses arising from the date of approval of the acquisition request to the date on which control is acquired, i.e., during the months of March, April and May 2016, estimated at an additional €1.5 million

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

	<b>Amount</b>
Total consideration on operation	3,500
Amount pending of payment at balance sheet date	(1,000)
	<b>2,500</b>

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

Summarised below is a breakdown of the net assets acquired and goodwill resulting on the operation:

	<b>Amount</b>
Acquisition price	3,500
Fair value of the negative net assets acquired	6,500
<b>Goodwill (Note 5)</b>	<b>10,000</b>

This goodwill was initially attributed to future returns and synergies on the businesses acquired in the Group.

The net assets acquired at fair value arising on the acquisition are detailed below:

	<b>Fair value</b>
Fixed assets	1,500
Intangible assets	9,121
Trade receivables	5,502
Financial assets	2,100
<b>Assets acquired</b>	<b>18,223</b>
Non-current provisions	2,227
Trade payables	10,675
Accrued wages and salaries	4,259
Other liabilities	7,562
<b>Liabilities acquired</b>	<b>24,723</b>
<b>Total net assets acquired</b>	<b>(6,500)</b>

The process of assigning the price paid to the assets and liabilities acquired based on valuation carried out internally is still on going. As a part of this process, an intangible asset was identified relating to the customer portfolio, whose provisional measurement at the date of these accounts amounts to €9,121 thousand. This measurement will be adjusted within the time period permitted under applicable legislation, following the application of the "MERM" measurement method, based on the excess of earnings over contributing assets required to exploit the intangible asset.

On 16 June 2016, the purchase-sales agreement has been executed under which Instalaciones Inabensa, S.A., as part of the Restructuring Plan of Abengoa (parent group), sells to the Group company Dominion Networks, S.L., the assets, goods, contracts and rights attached to the so-called Protisa business– Protisa thermal, sound and fire proofing, carrying out all activities associated with the conduct and exploitation of commercial, import, export and machine and material distillation operations connected with thermal, sound and fire proofing protection.

These assets, goods, contracts and rights include certain property, plant and equipment elements, supplier contracts, qualified technical personnel, contracts under execution, classifications and references of work connected with this business and trade marks, patents and trials on fireproof mortars.

The acquisition price of this line of business amounted to €300 thousand. It was agreed that that price included the amounts payable to personnel for holidays and extra salary payments in 2016. The price will be paid as follows:

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

- €200 thousand at the time the sales agreement is signed.
- €100 thousand within 90 days from the date on which the sales agreement is signed.

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

	<b>Amount</b>
Total consideration on operation	300
Amount pending of payment at balance sheet date	(100)
	<b>200</b>

Summarised below is a breakdown of the net assets acquired and goodwill resulting on the operation:

	<b>Amount</b>
Acquisition price	300
Fair value of the net assets acquired	-
<b>Goodwill (Note 5)</b>	<b>300</b>

This goodwill was initially attributed to future returns and synergies on the businesses acquired in the Group.

The net assets acquired at fair value arising on the acquisition are detailed below:

	<b>Fair value</b>
Fixed assets	529
<b>Assets acquired</b>	<b>529</b>
Payables	433
Accrued wages and salaries	96
<b>Liabilities acquired</b>	<b>529</b>
<b>Total net assets acquired</b>	<b>-</b>

The process of assigning the price paid to the assets and liabilities acquired based on a valuation carried out internally is still on going.

Sales and results of the business combinations carried out in the six-month period ended 30 June 2016 amount to €7,545 and €75 thousand, respectively. Had the business combinations been carried out on 1 January 2016, these amounts would amount to €45,271 thousand and a loss of €844 thousand, respectively.

## **2015**

### **Automotive segment**

Consolidation scope changes are described in Note 1.

In March 2015, CIE Berriz S.L. acquired from Plásticos de Palencia, S.A the 50% interest it held in the joint venture Group CIE Automotive Hispamolde, S.A. (Appendix). As a result, CIE Automotive became the sole shareholder of this Group

The acquisition price paid amounted to €250 thousand which was paid in full on the date of purchase.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

In 2015 this business combination achieved in stages resulted in the recognition of a profit in the consolidated income statement amounting to €210 thousand. This profit resulted from the measurement at fair value (€250 thousand) of the interest held, prior to the acquisition of the 50% stake, by the Group in the equity of the subgroup acquired (€40 thousand) and calculated at the date on which control was acquired.

The fair value of the previous interest was equal to the purchase price of the 50%.

As a result of the above, the business combination to acquire control of the CIE Automotive Hispamoldes, SA. Group in March 2015 and therefore, related to the 100% interest, is summarised below:

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

This goodwill has been allocated to the future performance of the business acquired and the synergies which are expected to be obtained following the acquisition by the Group.

The total amount of the consideration for the acquisition of control breaks down as follows:

	<b>Amount</b>
Fair value of prior interest	250
Purchase price of the 50% acquired during the year	250
<b>Total consideration</b>	<b>500</b>

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

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

The fair value of the net assets acquired did not differ from carrying amounts in the CIE Automotive Hispamoldes, S.A. Group. There were no other intangible assets meeting the conditions for recognition on a stand-alone basis or contingent liabilities or other accounting assets and liabilities with a fair value differing from carrying amount.

The cash flows deriving from the transaction were as follows:

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

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

The figures for sales and results of the CIE Automotive Hispamoldes, S.A. at 30 June 2015 amounted to €910 thousand and €211 thousand, respectively.

#### 18. Related-party transactions

The direct shareholders of the Group (including non-controlling interests), the directors and key management personnel and these parties' close relatives and investees carried under the equity method are considered related parties.

The following transactions were carried out with related parties:

- Remuneration and loans to the Parent Company's Directors and Senior management personnel

Total remuneration paid in the six-month period ended 30 June 2016 to the members of the Board of Directors, consisting of salaries, per diems and other remuneration was €1,842 thousand (30 June 2015 €1,246 thousand). The members of the Board of Directors received no compensation in respect of per diems, bonuses or profit sharing arrangements. Nor did they receive shares, or sell or exercise stock options or other rights related to pension plans or insurance policies of which they are beneficiaries.

At 30 June 2016 there is a balance receivable (at present value) of €606 thousand arising from other transactions with these related parties (31 December 2015: €606 thousand), classified in current assets.

The total remuneration paid in the six-month period ended 30 June 2016 to senior management staff of the CIE Automotive Group, excluding the amounts included in the section on the remuneration paid to the 11 members of the Board of Directors (2015: 11 members) was €1,458 thousand (30 June 2015: €1,453 thousand).

The Company has entered into no obligations relating to pensions or other types of complementary retirement remunerations with senior management personnel.

- Share-based remuneration

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 CEO and certain senior managers and other people owing to their special relationship with the Company.

The incentive consists of 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 determined in 2014 by the parent company's Appointments and Remuneration Committee. Following the Group's decision, settlement will presumably take place in cash in a lump sum at 31 March 2018.



## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)

The incentive is subject to two conditions:

- Interrupted continuity of beneficiaries' services.
- The fulfilment of the objectives of Group's Strategic Plan for 2013- 2017, measured according to real audited 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 2016 the estimated amount of that extraordinary remuneration has resulted in an accrued expense of €3.06 million (31 December 2015: €6.1 million).

- Other related-party balances and transactions

	<u>30.06.2016</u>	<u>31.12.2015</u>
Balances:		
- Receivable from related parties	34,166	61,624
- Payable to related parties	7,747	6,159
- Balances with entities with significant influence (*)	34,089	34,089
- Dividend payable	(21,930)	(20,640)

	<u>30.06.2016</u>	<u>30.06.2015</u>
Operations performed:		
- Services received	3,620	3,449
- Services rendered	248	107
- Purchases (**)	12,127	25,556
- Sales (**)	78,577	80,489

(\*) As mentioned in the consolidated annual accounts for 2015, as a result of the business combination carried out in 2014 involving the acquisition of the Beroa Group by Global Dominion Access, there are amounts payable to Instituto Sectorial de Promoción y Gestión de Empresas Dos, S.A. (INSSEC2), the parent company's shareholder, for an estimated amount of €34,089 thousand at 30 June 2016, this being identical to the amount at 31 December 2015 given the absence of changes in the underlying estimates. No guarantees have been delivered for these amounts outstanding.

(\*\*) Both purchases and sales relate basically to sales - purchases of parts with the Mahindra & Mahindra group.

#### 19. Joint ventures

On 20 July 2007 and together with Plásticos de Palencia, CIE Automotive 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 half of 2015, as explained 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 terminating the Investment Agreement entered into in 2011 with the Himpamoldes Group. As a result, this company was fully consolidated.

At 30 June 2016 and 2015 there are no joint venture agreements in the Group.

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (Thousand euro)**

#### **20. Events after the balance sheet date**

On 6 May 2016, the Group has concluded a contract for the acquisition of all the shares of Amaya Tellería Group. The transaction, at the time of implementation, will involve an investment of 186 million euros estimated by the Group, including the payment of the price of the transaction and the assumption of the net financial debt of the new group acquired. The price, 141.9 million euros, financed with the Group financial resources, will be partially disbursed (112 million euros) at the date of the transaction, first days in August 2016, after having received the requested approval of competition authorities and having fulfilled the preliminary proceedings contractually agreed. The remaining amount will be liquidated in the first quarter of 2017.

The Amaya Tellería Group engages in the manufacture of automotive components and sub-assemblies in machining and high-pressure aluminium injection technologies. Invoicing in 2015 amounted to approximately €134 million and it employs approximately 800 workers at its factories in the Basque Country, Galicia, Slovakia, Brazil and Mexico. Its net assets amount to approximately €30 million which represent goodwill initially estimated at approximately €115 million.

At the date of approval of these abbreviated consolidated interim financial statements the Group is analysing and valuing the business combination.

On 14 July 2016, Cie Automotive S.A. signed a second novation with respect to the syndicated financing arranged in 2014. According to this novation, the total amount was increased by €150 million, to €600 million, the maturity period was extended for another year, the last payment therefore being due in April 2021 and a change was agreed in the margin initially negotiated and novated in 2015.

Similarly, on that same date, a new loan was arranged with 2 financial institutions amounting to €85 million and with final maturity in 10 years.

The amount of this financing will be used to fund the group's growth and cover other cash and investment needs.

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### APPENDICES TO THE NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 AND 2015

#### APPENDIX: LIST OF SUBSIDIARIES AND ASSOCIATES AT 30 JUNE 2016

Company	Parent Company	Activity	Registered office	% effective shareholding of CIE Automotive	
				Direct	Indirect
<b>CIE Berriz, S.L. (*) (merged in 2015 with CIE Automotive Hispamoldes, S.L., Bionor Transformación, S.A.U., Participaciones Internacionales Autometal, S.L.U., CIE Automotive Nuevos Mercados, S.L.)</b>	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	Alava	-	100.00%
Mecanizaciones del Sur-Mecasur, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Alava	-	100.00%
Gameko Fabricación de Componentes, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Alava	-	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	Alava	-	100.00%
Componentes de Dirección Recylan, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Navarre	-	100.00%
Nova Recyd, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Alava	-	100.00%
Recycle, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Guipúzcoa	-	100.00%
Recycle 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%
Alcasting Legutiano, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Alava	-	100.00%
Egaña 2, S.L.	CIE Berriz, S.L.	Manufacture of automotive components	Vizcaya	-	100.00%
Inyectametal, 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%

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### APPENDICES TO THE NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 AND 2015

#### APPENDIX: LIST OF SUBSIDIARIES AND ASSOCIATES AT 30 JUNE 2016

Company	Parent Company	Activity	Registered office	% effective shareholding of CIE Automotive	
				Direct	Indirect
Plasfil Plásticos da Figueira, S.A. (*)	CIE Berriz, S.L	Manufacture of automotive components	Portugal	-	100.00%
CIE Stratis-Tratamentos, Ltda (formerly ApoloBlue Tratamentos, Lda)	Plasfil Plásticos da Figueira, S.A.	Manufacture of automobile 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 (2)	CIE Berriz, S.L	Manufacture of automotive components	Morocco	-	100.00%
CIE Praga Louny, a.s. (*)	CIE Berriz, S.L	Manufacture of automotive components	Czech Republic	-	100.00%
Praga Service, s.r.o.	CIE Praga Louny, a.s.	Facilities	Czech Republic	-	100.00%
CIE Deutschland, GmbH	CIE Berriz, S.L	Services and installations	Germany	-	100.00%
Leaz Valorización, S.L.U. (dormant)	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%
Nanjing Automotive Forging Co., Ltd.	CIE Berriz, S.L	Manufacture of automotive components	China	-	50.00%
Autometal, S.A. (*) (4)	CIE Berriz, S.L	Manufacture of automotive components	Brazil	-	100.00%
Naturoil Combustíveis Renováveis, S.A.	Autometal, S.A.	Biofuel production and sale	Brazil	-	100.00%
Bioauto Participações, S.A. (*)	Autometal, S.A.	Holding company	Brazil	-	75.00%
Bioauto MT Agroindustrial, Ltda.	Bioauto Participações, S.A.	Agro-biotechnology	Brazil	-	75.00%
Durametal, S.A.	Autometal, S.A.	Manufacture of automotive components	Brazil	-	50.00%
Autometal SBC Injeção, Pintura e Cromação de Plásticos, Ltda. (*)	Autometal, S.A.	Manufacture of automobile components	Brazil	-	100.00%
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%
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%
CIE Autometal de México, S.A. de C.V. (*)	CIE Berriz, S.L	Holding company	Mexico	-	100.00%

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### APPENDICES TO THE NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 AND 2015

#### APPENDIX: LIST OF SUBSIDIARIES AND ASSOCIATES AT 30 JUNE 2016

Company	Parent Company	Activity	Registered office	% effective shareholding of CIE Automotive	
				Direct	Indirect
Pintura y Esambles de México, S.A. de CV	CIE Autometal de México, S.A. de CV.	Manufacture of automotive components	Mexico	-	100.00%
CIE Celaya, S.A.P.I. de C.V.	CIE Autometal de México, S.A. de CV.	Manufacture of automotive components	Mexico	-	100.00%
Gescrap Autometal de Mexico, S.A. de C.V. (*)	CIE Autometal de México, S.A. de CV.	Scrap business	Mexico	-	30.00%
Gescrap Autometal Mexico Servicios, S.A. de C.V.	Gescrap Autometal de Mexico, S.A. de C.V.	Services and installations	Mexico	-	30.00%
Pintura, Estampado y Montaje, S.A.P.I. de C.V.	CIE Autometal de México, S.A. de CV.	Manufacture of automotive components	Mexico	-	100.00%
Maquinados Automotrices y Talleres Industriales de Celaya, S.A. de C.V.	CIE Autometal de México, S.A. de CV.	Manufacture of automotive components	Mexico	-	100.00%
CIE Berriz México Servicios Administrativos, S.A. de C.V.	CIE Autometal de México, S.A. de CV.	Services and installations	Mexico	-	100.00%
Nugar, S.A. de C.V.	CIE Autometal de México, S.A. de CV.	Manufacture of automotive components	Mexico	-	100.00%
Percaser de Mexico, S.A. de C.V.	CIE Autometal de México, S.A. de CV.	Services and installations	Mexico	-	100.00%
Servicat S. Cont. y Técnicos, S.A. de C.V.	CIE Autometal de México, S.A. de CV.	Services and installations	Mexico	-	100.00%
Inmobiliaria El Puente, S.A. de C.V.	CIE Autometal de México, S.A. de CV.	Services	Mexico	-	100.00%
CIE Automotive, USA Inc (*)	CIE Autometal de México, S.A. de CV.	Services and installations	USA	-	100.00%
CIE Automotive USA Investments (1)	CIE Automotive, USA Inc	Holding company	USA	-	100.00%
Century Plastics, LLC	CIE Automotive, USA Inc	Manufacture of automotive components	USA	-	100.00%
Participaciones Internacionales Autometal Dos S.L. (*)	CIE Berriz S.L	Holding company	Spain	-	100.00%
PIA Forging Products, S.L.U. (1)	Participaciones Internacionales Autometal Dos S.L	Holding company	Spain	-	100.00%
Mahindra CIE Automotive, Ltd. (*)	Participaciones Internacionales Autometal Dos S.L	Manufacture of automotive components	India	-	53.21%
Stokes Group Limited (*)	Mahindra CIE Automotive, Ltd.	Manufacture of automotive components	UK	-	53.21%
Stokes Forgings Limited	Stokes Group Limited	Manufacture of automotive components	UK	-	53.21%
Stokes Forgings Dudley Limited	Stokes Group Limited	Manufacture of automotive components	UK	-	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%
Gesenschmiede 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%

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### APPENDICES TO THE NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 AND 2015

#### APPENDIX: LIST OF SUBSIDIARIES AND ASSOCIATES AT 30 JUNE 2016

Company	Parent Company	Activity	Registered office	% effective shareholding of CIE Automotive	
				Direct	Indirect
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.	Electricity production and sale	Spain	-	26.61%
Mahindra Gears Global Ltd (*)	Mahindra CIE Automotive, Ltd.	Holding company	Republic of Mauritius	-	53.21%
Metalcastello S.p.A. (*)	Mahindra Gears Global Ltd	Manufacture of automotive components	Italy	-	53.21%
Crest Geartech Ltd	Metalcastello S.p.A.	Manufacture of automotive components	India	-	53.21%
Mahindra Gears Transmission Private Ltd	Mahindra CIE Automotive, Ltd.	Manufacture of automotive components	India	-	53.21%
Bionor Berantevilla, S.L.U.	CIE Berriz, S.L.	Biofuel production and sale	Alava	-	100.00%
Biosur Transformación, S.L.U.	CIE Berriz, S.L.	Biofuel production and sale	Huelva	-	100.00%
Comlube s.r.l. (*) (in liquidation)	CIE Berriz, S.L.	Biofuel production and sale	Italy	-	80.00%
Glycoleo s.r.l. (domant)	Comlube s.r.l.	Production and marketing of glycerine	Italy	-	40.80%
Biocombustibles de Guatemala, S.A.	CIE Berriz, S.L.	Agro-biotechnology	Guatemala	-	51.00%
Biocombustibles La Seda, S.L. (in liquidation)	CIE Berriz, S.L.	Production and marketing of glycerine	Barcelona	-	40.00%
Gestión de Aceites Vegetales, S.L. (GAVE) (*)	CIE Berriz, S.L.	Marketing of fatty oils	Madrid	-	88.73%
Reciclado de Residuos Grasos, S.L.U. (Resigras),	Gestión de Aceites Vegetales, S.L.(GAVE)	Marketing of fatty oils	Madrid	-	88.73%
Reciclados Ecológicos de Residuos, S.L.U.	CIE Berriz, S.L.	Marketing of fatty oils	Alicante	-	100.00%
Recogida de Aceites y Grasas Maresma, S.L. (Rema)	CIE Berriz, S.L.	Marketing of fatty oils	Barcelona	-	51.00%
Biodiesel Mediterráneo, S.L.U.	CIE Berriz, S.L.	Biofuel production and sale	Alicante	-	100.00%
<b>RS Automotive B.V. (*)</b>	CIE Automotive, S.A.	Holding company	Netherlands	100.00%	-
Advanced Comfort Systems International B.V. (*)	RS Automotive B.V.	Holding company	Netherlands	-	100.00%
Advanced Comfort Systems Ibérica, S.L.U.	Advanced Comfort Systems International B.V.	Manufacture of automotive components	Orense	-	100.00%
Advanced Comfort Systems France, S.A.S. (*)	Advanced Comfort Systems International B.V.	Manufacture of automotive components	France	-	100.00%
Advanced Comfort Systems Romania, S.R.L.	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	Romania	-	100.00%
Advanced Comfort Systems México, S.A. de C.V.	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	Mexico	-	100.00%

## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### APPENDICES TO THE NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 AND 2015

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Company	Parent Company	Activity	Registered office	% effective shareholding of CIE Automotive	
				Direct	Indirect
Advanced Comfort Systems Shanghai Co. Ltd.	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	China	-	100.00%
SC CIE Matricon, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Romania	-	100.00%
CIE Automotive Parts (Shanghai) Co., Ltd.	CIE Berriz, S.L.	Manufacture of automotive components	China	-	100.00%
CIE Automotive Rus, LLC.	CIE Berriz, S.L.	Manufacture of automotive components	Russia		100.00%
<b>Global Dominion Access, S.A. (*)</b>	CIE Automotive, S.A.	Holding company / Technological Solutions and Services	Bilbao	50.01%	-
Dominion Industry & Infrastructures, S.L. (*) (1)	Global Dominion Access, S.A.	Technological Solutions and Services	Barcelona	-	50.01%
Solfuture Gestión, S.L. (1)	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Barcelona	-	25.01%
Huerto Solar La Alcardeteña, S.A. (1)	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Toledo	-	18.50%
Desolaba, S.A. de C.V. (1)	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Mexico	-	50.01%
El Salvador Solar 1, S.A. de C.V. (1)	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	El Salvador	-	40.01%
El Salvador Solar 2, S.A. de C.V. (1)	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	El Salvador	-	40.01%
Montelux, S.R.L. (1)	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Dominican Republic	-	35.01%
Abasol S.P.A. (1)	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Chile	-	50.01%
Rovello S.P.A. (1)	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Chile	-	50.01%
Pinetell S.P.A. (1)	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Chile	-	50.01%
Rosinol S.P.A. (1)	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Chile	-	50.01%
Dominion Instalaciones y Montajes, S.A.U. (*)	Global Dominion Access, S.A.	Technological Solutions and Services	Bilbao	-	50.01%
E.C.I. Telecom Ibérica, S.A.	Dominion Instalaciones y Montajes, S.A.U.	Technological Solutions and Services	Bilbao	-	50.01%
Interbox Technology, S.L.	Dominion Instalaciones y Montajes, S.A.U.	Commercial services	Bilbao	-	30.01%
Dominion Investigación y Desarrollo S.L.U.	Global Dominion Access, S.A.	Technological Solutions and Services	Bilbao	-	50.01%
Prosat Comunicações, Ltda.	Global Dominion Access, S.A.	Technological Solutions and Services	Brazil	-	50.01%
Global Dominion Brasil Participações, Ltda. (*)	Global Dominion Access, S.A.	Holding company	Brazil	-	50.01%
Halógica Tecnología, S.A.	Global Dominion Brasil Participações, Ltda.	Technological Solutions and Services	Brazil	-	49.01%
Dominion Instalações e Montagnes do Brasil Ltda.	Global Dominion Brasil Participações, Ltda.	Technological Solutions and Services	Brazil	-	50.01%

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Company	Parent Company	Activity	Registered office	% effective shareholding of CIE Automotive	
				Direct	Indirect
Mexicana de Electrónica Industrial, S.A. de C.V. (*)	Global Dominion Access, S.A.	Technological Solutions and Services	Mexico	-	50.01%
Dominion Tecnologías de la Información, S.A. de CV	Mexicana de Electrónica Industrial, S.A. de C.V.	Technological Solutions and Services	Mexico	-	50.01%
Dominion Baires, S.A.	Global Dominion Access, S.A.	Technological Solutions and Services	Argentina	-	47.51%
Dominion SPA	Global Dominion Access, S.A.	Technological Solutions and Services	Chile	-	50.01%
Dominion Perú Soluciones y Servicios S.A.C.	Global Dominion Access, S.A.	Technological Solutions and Services	Peru	-	49.51%
Visual Line, S.L.	Global Dominion Access, S.A.	Technological Solutions and Services	Bilbao	-	27.51%
Sociedad concesionaria Chile Salud Siglo XXI S.A.	Global Dominion Access, S.A.	Technological Solutions and Services	Chile	-	15.00%
Beroa Thermal Energy, S.L. (*)	Global Dominion Access, S.A.	Holding company	Bilbao	-	50.01%
Beroa France SAS	Beroa Thermal Energy, S.L.	Industrial services	France	-	50.01%
Steelcon Chimneys Esbjerg A/S (*)	Beroa Thermal Energy, S.L.	Industrial solutions	Denmark	-	50.01%
Steelcon Slovakia s.r.o	Steelcon Chimney Esbjerg A/S	Industrial solutions	Slovakia	-	50.01%
Dominion Global Pty.Ltd.	Beroa Thermal Energy, S.L.	Industrial solutions and services	Australia	-	50.01%
Beroa Corporation LLC (*)	Beroa Thermal Energy, S.L.	Holding company	USA	-	50.01%
Commonwealth Dynamics Inc (*) (1)	Beroa Corporation LLC	Industrial solutions	USA	-	50.01%
Commonwealth Power de Mexico S.A. de C.V. (1)	Commonwealth Dynamics Inc	Industrial solutions	Mexico	-	50.01%
Commonwealth Power (Peru), S.A. (1)	Commonwealth Dynamics Inc	Industrial solutions	Peru	-	50.01%
Commonwealth Power (India), Private Limited (1)	Commonwealth Dynamics Inc	Industrial solutions	India	-	50.01%
Commonwealth Constructors Inc (1)	Beroa Corporation LLC	Industrial solutions	USA	-	50.01%
Commonwealth Landmark Inc (in liquidation) (1)	Beroa Corporation LLC	Dormant	USA	-	50.01%
Commonwealth Dynamics Limited (1)	Beroa Corporation LLC	Industrial solutions	Canada	-	50.01%
Commonwealth Power Chile, SPA (1)	Beroa Corporation LLC	Industrial solutions	Chile	-	50.01%
Karrena International LLC (*)	Beroa Corporation LLC	Industrial solutions	USA	-	50.01%
Karrena International Chimneys LLC	Karrena International LLC	Industrial solutions	USA	-	50.01%
Beroa Ibérica S.A.(*)	Beroa Thermal Energy, S.L.	Industrial solutions and services	Bilbao	-	50.01%
Dominion Industry México, S.A. de C.V.	Beroa Ibérica S.A.	Industrial services	Mexico	-	50.01%
Dominion SRL (formerly Beroa de Argentina SRL)	Beroa Ibérica S.A.	Industrial services	Argentina	-	45.01%
Altac South Africa Proprietary Limited	Beroa Ibérica S.A.	Industrial solutions	South Africa	-	50.01%
Chimneys and Refractories Intern. S.R.L. (*)	Beroa Thermal Energy, S.L.	Industrial solutions	Italy	-	45.01%
Chimneys and Refractories Intern. S.p.A.	Chimneys and Refractories Intern. S.R.L.	Industrial solutions (dormant)	Chile	-	45.01%
Dominion-Uniseven Industrial Services Pvt. Ltd.	Beroa Thermal Energy, S.L.	Industrial services	India	-	25.51%
Refractories & Chimneys Construction Co. Ltda. (3)	Beroa Thermal Energy, S.L.	Industrial solutions	Saudi Arabia	-	49.01%
Beroa Technology Group GmbH (*)	Beroa Thermal Energy, S.L.	Holding company	Germany	-	50.01%
Karrena Betonanlagen und Fahrmischer GmbH (*) (in liquidation)	Beroa Technology Group GmbH	Construction and sale of cement mixers (dormant)	Germany	-	50.01%
HIT-Industrietechnik GmbH (for sale)	Karrena Betonanlagen und Fahrmischer GmbH	Metal welding	Germany	-	26.01%
Bierrum International Ltd.	Beroa Technology Group GmbH	Industrial solutions	UK	-	50.01%



## CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES

### APPENDICES TO THE NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 AND 2015

#### APPENDIX: LIST OF SUBSIDIARIES AND ASSOCIATES AT 30 JUNE 2016

Company	Parent Company	Activity	Registered office	% effective shareholding of CIE Automotive	
				Direct	Indirect
Beroa NovoCOS GmbH	Beroa Technology Group GmbH	Industrial services	Germany	-	50.01%
Beroa International Co LLC	Beroa Technology Group GmbH	Industrial services	Oman	-	35.01%
Beroa Refractory & Insulation LLC	Beroa Technology Group GmbH	Industrial services	United Arab Emirates	-	24.50%
Beroa Nexus Company LLC	Beroa Technology Group GmbH	Industrial services	Qatar	-	24.50%
Beroa Abu Obaid Industrial Insulation Company Co. W.LL	Beroa Technology Group GmbH	Industrial services	Bahrain	-	22.50%
Beroa Deutschland GmbH (*)	Beroa Technology Group GmbH	Industrial solutions and services	Germany	-	50.01%
Karrena SRL (in liquidation)	Beroa Deutschland GmbH	Industrial services (dormant)	Italy	-	50.01%
Karrena Construction Thermique S.A.	Beroa Deutschland GmbH	Industrial services (dormant)	France	-	50.01%
Beroa Polska Sp. Z o.o.)	Beroa Deutschland GmbH	Industrial solutions and services	Poland	-	50.01%
Karrena Arabia Co. Ltd.	Beroa Deutschland GmbH	Industrial solutions and services	Saudi Arabia	-	27.51%
Beroa Chile Limitada	Beroa Deutschland GmbH	Industrial services (dormant)	Chile	-	50.01%
Burwitz Montageservice GmbH	Beroa Deutschland GmbH	Industrial solutions and services	Germany	-	50.01%
F&S Feuerfestbau GmbH & Co KG	Beroa Deutschland GmbH	Industrial solutions and services	Germany	-	25.51%
F&S Beteiligungs GmbH	Beroa Deutschland GmbH	Holding company	Germany	-	25.51%
Global Near, S.L. (*)	Global Dominion Access, S.A.	Holding company	Bilbao	-	50.01%
Near Technologies, S.L.U. (*)	Global Near, S.L.	Technological solutions	Bilbao	-	50.01%
Tapquo, S.L.	Near Technologies, S.L.U.	Technological solutions	Bilbao	-	27.01%
Advanced Flight Systems, S.L.	Near Technologies, S.L.U.	Technological solutions	Bilbao	-	10.00%
Centro Near Servicios Financieros, S.L.	Global Near, S.L.	Technological solutions	Bilbao	-	11.50%
DM Informática, S.A. de C.V.	Global Near, S.L.	Technological solutions	Mexico	-	50.01%
Near Technologies Mexico, S.A. de C.V.	Global Near, S.L.	Technological solutions	Mexico	-	50.01%
Dominion Ampliffica, S.L.	Global Dominion Access, S.A.	Holding company	Bilbao	-	50.01%
Bilcan Global Services, S.L. (*) (5)	Global Dominion Access, S.A.	Holding company	Cantabria	-	50.01%
Eurologística Directa Móvil 21, S.L.U.	Bilcan Global Services, S.L.	Commercial services	Madrid	-	50.01%
Tiendas Conexión, S.L. (6)	Bilcan Global Services, S.L.	Commercial services	Cantabria	-	50.01%
Sur Conexión, S.L. (7)	Bilcan Global Services, S.L.	Commercial services	Cantabria	-	50.01%
Global Ampliffica, S.L.(*)	Bilcan Global Services, S.L.	Holding company	Bilbao	-	40.01%
Ampliffica Mexico, S.A. de C.V.	Global Ampliffica, S.L.	Technological solutions	Mexico	-	40.01%
Ampliffica, S.L.U.	Global Ampliffica, S.L.	Technological solutions	Bilbao	-	40.01%
Wiseconversion, S.L.	Global Ampliffica, S.L.	Technological solutions	Bilbao	-	29.61%
Dominion Networks, S.L.U.	Bilcan Global Services, S.L.	Technology services	Madrid	-	50.01%
Dominion Centro de Control, S.L.U.	Bilcan Global Services, S.L.	Technology services	Madrid	-	50.01%
<b>Autokomp Ingeniería, S.A.U. (*)</b>	CIE Automotive, S.A.	Services and installations	Vizcaya	100.00%	
Forjas de Celaya, S.A. de C.V.	Autokomp Ingeniería, S.A.U.	Manufacture of automotive components	Mexico	-	100.00%
Componentes Automotivos Taubaté, Ltda. (*)	Autokomp Ingeniería, S.A.U.	Holding company	Brazil	-	100.00%
Autoforjas, Ltda.	Componentes Automotivos Taubaté, Ltda.	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 PERIOD ENDED 30 JUNE 2016 AND 2015**

#### **APPENDIX: LIST OF SUBSIDIARIES AND ASSOCIATES AT 30 JUNE 2016**

- (1) Companies added to consolidation scope in 2016 together with their subsidiaries.
- (2) Merged in 2016 with CIE Hispamoldes Plásticos, s.a.r.l. d'au
- (3) The shares of Refractories & Chimneys Construction Co. Ltda. are 17% owned by Chimneys and Refractories Intern. S.R.L. and 83% by Beroa Technology Group GmbH, the group owning a total stake of 49.16%
- (4) Merged in 2015 with CIE Autometal SA
- (5) Result of the merger between Bilcan Global Services, S.L. and Servicios Al Operador Móvil, S.L.
- (6) Result of the merger between Your Phone, S.L. and Tiendas Conexión, S.L.
- (7) Result of the merger between Sur Conexión, S.L. and Your Phone Franquicias, S.L.U.
- (\*) Parent company of all investees appearing subsequently in the table.

## **CIE AUTOMOTIVE, S.A. AND SUBSIDIARIES**

### **NOTES TO THE ABBREVIATED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2016 (In thousand euro)**

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 2016 and have signed this document in witness thereof.

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 20 July 2016