

# 2019



**CIE** *Automotive*



MANAGING HIGH VALUE ADDED  
PROCESSES

INTERIM FINANCIAL STATEMENTS AS  
OF JUNE 30, 2019

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**ABBREVIATED CONSOLIDATED INTERIM BALANCE SHEET AT JUNE 30, 2019**

<b>Thousand euro</b>	<b>Note</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Property, plant and equipment	4	1,473,865	1,231,674
Intangible assets		1,702,185	1,016,506
Goodwill	5	1,682,368	996,902
Other intangible assets	5	19,817	19,604
Non-current financial assets	6	53,338	48,663
Investments in associates	6	97,213	5,801
Deferred tax assets	-	203,521	181,049
Other non-current assets	-	20,624	20,978
<b>Non-current assets</b>		<b>3,550,746</b>	<b>2,504,671</b>
Inventories	-	445,779	405,739
Trade and other receivables		497,490	360,641
Trade receivables	-	409,354	292,424
Other current assets	-	29,087	21,026
Tax receivables	-	59,049	47,191
Other current financial assets	6	60,700	112,141
Cash and cash equivalents	7	482,429	248,895
<b>Current assets</b>		<b>1,486,398</b>	<b>1,127,416</b>
<b>Disposal group assets classified as held-for-sale</b>	<b>8</b>	<b>7,369</b>	<b>31,759</b>
<b>TOTAL ASSETS</b>		<b>5,044,513</b>	<b>3,663,846</b>

The accompanying notes on pages 7 to 41 are an integral part of these abbreviated consolidated interim financial statements.

**ABBREVIATED CONSOLIDATED INTERIM BALANCE SHEET AT JUNE 30, 2019**

<b>Thousand euro</b>	<b>Note</b>	<b>30.06.2019</b>	<b>31.12.2018</b>
Equity attributable to the parent company's shareholders		777,500	679,931
Share capital	9	32,250	32,250
Share premium	9	152,171	152,171
Retained earnings	-	753,605	687,348
Interim dividend	-	-	(39,990)
Cumulative exchange differences	-	(160,526)	(151,848)
Non-controlling interests	-	390,516	368,955
<b>EQUITY</b>		<b>1,168,016</b>	<b>1,048,886</b>
<b>Deferred income</b>	-	<b>10,502</b>	<b>11,266</b>
Non-current provisions	11	241,950	166,791
Non-current borrowings	10	1,410,036	1,057,703
Other non-current financial liabilities	6	15,815	17,877
Deferred tax liabilities	-	81,429	72,882
Other non-current liabilities	-	145,974	65,577
<b>Non-current liabilities</b>		<b>1,895,204</b>	<b>1,380,830</b>
Current borrowings	10	744,607	282,312
Trade and other payables		946,839	780,931
Trade and other payables	-	856,960	721,022
Tax payables	-	89,879	59,909
Other current financial liabilities	6	37	47
Current provisions	11	58,126	31,133
Other current liabilities	-	214,993	110,356
<b>Current liabilities</b>		<b>1,964,602</b>	<b>1,204,779</b>
<b>Disposal group liabilities classified as held-for-sale</b>	<b>8</b>	<b>6,189</b>	<b>18,085</b>
<b>TOTAL LIABILITIES</b>		<b>3,865,995</b>	<b>2,603,694</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,044,513</b>	<b>3,663,846</b>

The accompanying notes on pages 7 to 41 are an integral part of these abbreviated consolidated interim financial statements.

**ABBREVIATED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019**

Thousand euro	Note	Six-month period ended June 30	
		2019	2018 (*)
<b>OPERATING REVENUE</b>		<b>1,767,593</b>	<b>1,636,404</b>
Revenue	-	1,702,444	1,551,763
Other operating income	-	62,854	73,800
Change in inventories of finished goods and work in progress	-	2,295	10,841
<b>OPERATING EXPENSES</b>		<b>(1,541,019)</b>	<b>(1,425,256)</b>
Consumption of raw materials and secondary materials	-	(1,011,655)	(932,973)
Employee benefit expenses	-	(304,876)	(282,287)
Depreciation and impairment	4/5	(81,430)	(66,757)
Other operating income/(expenses)	-	(143,058)	(143,239)
<b>OPERATING PROFIT</b>		<b>226,574</b>	<b>211,148</b>
Financial income	-	6,578	2,163
Financial expense	-	(27,268)	(19,785)
Net exchange differences	-	(77)	(227)
Gains/Losses on financial instruments at fair value	6	8,158	65
Share of profit/(loss) of associates	6	2,041	1,297
<b>PROFIT BEFORE TAX</b>		<b>216,006</b>	<b>194,661</b>
Corporate income tax	12	(47,037)	(41,970)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS AFTER TAX</b>		<b>168,969</b>	<b>152,691</b>
<b>PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUING OPERATIONS AFTER TAX</b>	<b>8</b>	<b>(316)</b>	<b>11,953</b>
<b>PROFIT FOR THE PERIOD</b>		<b>168,653</b>	<b>164,644</b>
<b>ATTRIBUTABLE TO NON-CONTROLLING INTERESTS</b>	-	<b>(18,574)</b>	<b>(26,251)</b>
<b>PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY</b>		<b>150,079</b>	<b>138,393</b>
Basic and diluted earnings per share from continuing operations (in euro)	13	1.166	1.034
Basic and diluted earnings per share from discontinued operations (in euro)	13	(0.003)	0.040

(\*) Restated amounts, see Note 2 and 8, summary of significant accounting policies of the explanatory notes as of June 30, 2019.

The accompanying notes on pages 7 to 41 are an integral part of these abbreviated consolidated interim financial statements.

**ABBREVIATED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX- MONTH PERIOD ENDED JUNE 30, 2019**

Thousand euro	Note	Six-month period ended June 30	
		2019	2018 (*)
<b>PROFIT FOR THE PERIOD</b>		<b>168,653</b>	<b>164,644</b>
Cash flow hedges	6	(5,316)	(1,714)
Foreign currency translation differences	-	(5,846)	(46,393)
Other comprehensive income for the period	-	400	877
Tax effect	-	1,254	494
<b>Total entries that may be reclassified subsequently to profit or loss</b>	-	<b>(9,508)</b>	<b>(46,736)</b>
Actuarial gains and losses	11	-	140
Tax effect	-	-	-
<b>Total entries that may not be reclassified subsequently to profit or loss</b>	-	-	<b>140</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX</b>	-	<b>159,145</b>	<b>118,048</b>
<b>Attributable to parent company owners</b>	-	<b>137,564</b>	<b>100,136</b>
Continuing operations	-	137,880	94,601
Discontinued operations	8	(316)	5,535
<b>Attributable to non-controlling interests</b>	-	<b>21,581</b>	<b>17,912</b>

(\*) Restated amounts, see Note 2.

The accompanying notes on pages 7 to 41 are an integral part of these abbreviated consolidated interim financial statements.

**ABBREVIATED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE 6-MONTH PERIOD ENDED JUNE 30, 2019**

Thousand euro	Share Capital (Note 9)	Treasury Shares (Note 9)	Premium share (Note 9)	First time application reserve and other restatement reserves	Exchange differences	Retained earnings	Interim dividend (Note 14)	Non-controlling interests	Total equity
Balance at December 31, 2017	32,250	(4,526)	152,171	(45,989)	(137,967)	854,567	(36,049)	522,456	1,336,913
Impact on translation to IFRS 9 updates (Note 2.6)	-	-	-	-	-	(7,113)	-	(1,568)	(8,681)
Balance at January 1, 2018	32,250	(4,526)	152,171	(45,989)	(137,967)	847,454	(36,049)	520,888	1,328,232
<b>TOTAL COMPREHENSIVE INCOME for 2018</b>	-	-	-	(672)	(37,585)	138,393	-	17,912	118,048
Distribution of 2017 profit	-	-	-	-	-	(72,169)	36,049	-	(36,120)
Extraordinary dividend (Note 1)	-	-	-	-	-	(393,731)	-	-	(393,731)
Changes in the scope of consolidation (Note 1)	-	-	-	-	(573)	(30,958)	-	(26,088)	(57,619)
Treasury shares disposal	-	4,526	-	-	-	3,207	-	-	7,733
Other movements	-	-	-	-	468	(617)	-	(205)	(354)
Balance at June 30, 2018	32,250	-	152,171	(46,661)	(175,657)	491,579	-	512,507	966,189

Thousand euro	Share Capital (Note 9)	Treasury Shares (Note 9)	Premium share (Note 9)	First time application reserve and other restatement reserves	Exchange differences	Retained earnings	Interim dividend (Note 14)	Non-controlling interests	Total equity
Balance at December 31, 2018	32,250	-	152,171	(47,928)	(151,848)	735,276	(39,990)	368,955	1,048,886
<b>TOTAL COMPREHENSIVE INCOME for 2019</b>	-	-	-	(3,837)	(8,678)	150,079	-	21,581	159,145
Distribution of 2018 profit	-	-	-	-	-	(79,980)	39,990	-	(39,990)
Other movements	-	-	-	-	-	(5)	-	(20)	(25)
Balance at June 30, 2019	32,250	-	152,171	(51,765)	(160,526)	805,370	-	390,516	1,168,016

The accompanying notes on pages 7 to 41 are an integral part of these abbreviated consolidated interim financial statements.

## ABBREVIATED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019

Thousand euro	Note	Six-month period ended June 30	
		2019	2018 <sup>(*)</sup>
<b>Cash generated from continuing operations</b>	15	<b>337,021</b>	<b>269,412</b>
Interest paid	-	(21,102)	(16,843)
Interest collected	-	6,115	2,070
Taxes paid	-	(23,960)	(33,648)
Cash generated from operating activities from discontinued operations	8	(3,831)	37,492
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>294,243</b>	<b>258,483</b>
Acquisition of subsidiaries, net of cash acquired	17	(766,838)	(730)
Acquisition of property, plant and equipment	4	(108,021)	(120,692)
Proceeds from the sale of property, plant and equipment and intangible assets	15	1,909	3,280
Acquisition of intangible assets	5	(2,174)	(1,564)
Acquisitions to non-controlling interests	1	-	(59,619)
Acquisition/disposal of financial assets	6	67,110	(28,707)
Proceeds from the disposal of the biofuel business	8	18,669	-
Cash generated from investing activities from discontinued operations	8	12	(55,003)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(789,333)</b>	<b>(263,035)</b>
Sale/(Acquisition) of Treasury Shares	-	-	7,733
Proceeds from borrowings	10	746,077	241,732
Loan repayments	10	(59,422)	(77,858)
Income (net of reimbursements) from promissory notes and commercial papers	10	50,300	-
Income (net of reimbursements) from high-rotation borrowings	10	49,608	(43,551)
Grants received (net)	-	(215)	415
Variation of other debts	-	(7,647)	(4,096)
Lease payments	4	(10,312)	-
Dividends paid to shareholders of the Parent Company	14	(39,990)	(36,049)
Cash generated from investing activities from financing operations	8	-	45,587
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>728,399</b>	<b>133,913</b>
Exchange gains/(losses) on cash and cash equivalents		<b>1,406</b>	<b>(1,954)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>234,715</b>	<b>127,407</b>
Cash and equivalents at beginning of the period	-	248,895	289,448
Cash and equivalents at beginning of the period classified as discontinued operations	8	1,687	-
<b>Cash and equivalents at end of the period</b>	<b>7</b>	<b>482,429</b>	<b>250,406</b>
<b>Cash and equivalents at end of the period classified as discontinued operations</b>	<b>8</b>	<b>2,868</b>	<b>166,449</b>

(\*) Restated amounts, see Note 2 and 8, summary of significant accounting policies of the explanatory notes as of June 30, 2019.

The accompanying notes on pages 7 to 41 are an integral part of these abbreviated consolidated interim financial statements.



## 1. General information

### 1.1 CIE Automotive Group and its activities

The CIE Automotive Group has been carrying out its activities in two core business lines: the Automotive sector and the Solutions and Services sector (Smart Innovation). As of June 30, 2019, and after the disposal of the Solutions and Services segment (Smart Innovation) on 2018 fiscal year, the Group operates only in the Automotive segment.

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, on the world Automotive market, using complementary technologies – aluminium, forging, metals and plastics - and several associated processes: machining, welding, painting and assembly; as well as roof system design and production.

Its main facilities are located in Europe: Spain (Álava/Araba, Barcelona, Cádiz, Gipuzkoa, Orense, Pontevedra y Madrid and Bizkaia), Germany, France, the United Kingdom, Portugal, the Czech Republic, Romania, Italy, Morocco, Lithuania, Slovakia, North America (Mexico and the United States of America), South America (Brazil), India, the People's Republic of China, Guatemala, Russia and Republic of South Africa.

The Parent Company's registered office is located at "Alameda Mazarredo 69, 8<sup>th</sup> floor", Bilbao.

#### **Group structure**

At present, CIE Automotive, S.A. (publicly listed company) has a 100% direct stake in the following companies: CIE Berriz, S.L., Advanced Comfort Systems Ibérica, S.L.U., Advanced Comfort Systems France, S.A.S., Autokomp Ingeniería, S.A.U., CIE Automotive Boroa, S.L. and CIE Roof Systems, S.L.; mainly holding companies to which the CIE Automotive Group's productive companies report to. Until July 3rd, 2018, CIE Automotive, S.A. also held 50.01% of Global Dominion Access, S.A., head of the Solutions and Services segment (Smart Innovation).

The list of subsidiaries and associates at June 30, 2019, 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.

The subsidiaries consolidated under the equity method are disclosed in Note 6.

#### **Acquisition of CIE Golde**

In September 2018, CIE Automotive, S.A. released the submission of a final binding offer for the acquisition of the roof systems design and assembly business of the US group Inteva Products Inc ("Inteva").

The terms of such binding offer have been agreed with Inteva and the formalisation of a binding agreement was subject to the finalisation of the consultation process Inteva needs to carry out with its France and European union works council. After the completion of this process and the obtaining of the pertinent authorizations from the antitrust authorities in April 2019, on May 6, 2019, the purchase agreement has been formalized for an amount of €741 million (USD 830 million) according to the contractual clauses, of which €723 million have been paid at the time of the transaction, being the rest of the amount payable at the time of distribution of a dividend by one of the subsidiaries of the acquired business.

Inteva roof systems operates twelve manufacturing facilities and six R&D centers in seven different countries (USA, Mexico, Germany, Slovakia, Romania, People's Republic of China and India).

The integration of the Inteva roof systems business enables CIE Automotive Group to reinforce its commitment for the comfort systems in the automotive- adapting to sector trends- as well as to increase its footprint in the sunroof segment.

#### **Disposal of the Solutions and Services segment (Smart Innovation)**

At the General Shareholders' Meeting held on April 24, 2018, the distribution of an extraordinary dividend in kind to the shareholders was approved, distributing 84,764,610 shares of Global Dominion Access, S.A., parent company of the Solutions and Services segment (Smart Innovation), and whose effective delivery had effects on July 3, 2018.

The difference between the value of the net assets of the subgroup and the valuation of the dividend liability distributed on the date of transfer of the shares, which amounted to €405 million, led to an accounting profit recorded in the Consolidated Financial Statements of €239 million; which was recorded under the heading "Profit/(loss) for the year from discontinued activities after tax" on the date of effective distribution of the dividend. Likewise, the net impact on the consolidated statement of comprehensive income amounted to €27 million (€13 million of them attributable to non-controlling interests), and on the consolidated statement of equity of the Group, it led to an outflow of non-controlling shares of €170 million. As of June 30, 2018, the assets and liabilities related to said segment were presented as "Disposal group assets and liabilities classified as held-for-sale" in accordance with current accounting standards.

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

#### **Six-month period ended June 30, 2019**

In January 2019, the companies CIE Automotive Goain, S.L.U. and Advanced Comfort Systems Wuhan Co. Ltd., of Spanish and Chinese nationalities respectively, and which were created at the end of the 2018 fiscal year, have been incorporated into the scope of consolidation. The impacts of these incorporations have not been significant.

On March 28, 2019, the Group has sold the company Bionor Berantevilla, S.L.U., as well as the assets belonging to Biosur Transformación, S.L.U. for an amount of €18.7 million (Note 8).

On April 5, 2019, the constitution of the companies CIE Automotive Boroa, S.L. and CIE Roof Systems, S.L., both direct subsidiaries of CIE Automotive, S.A., has been carried out.

On April 9, 2019, the Group, through its Indian subsidiary Mahindra CIE Automotive, Ltd., has carried out the acquisition of 100% of the shares of the company Aurangabad Electricals, Ltd. for 8.756 million rupees (approximately €111 million) (Note 17).

On May 6, 2019 the Group, through its subsidiaries CIE Roof Systems, S.L. and CIE Automotive USA, Inc, has proceeded to acquire 100% shares of Inteva's roof business, with an acquisition cost of €741 million (Note 17).

#### **Six-month period ended June 30, 2018**

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

In January 2018, the acquisition of 100% of the shares of the Brazilian company Zanini Industria de Autopeças, Ltda. (currently named as Autometal ML Cromação, Pintura e Injeção de Plástico, Ltda.) was carried out for a price of €1,120 thousand.

On June 29, 2018, an additional 5% of the sharehold of the subsidiary Mahindra CIE Automotive, Ltd. was acquired for an approximate amount of €61 million. The net impact on the consolidated equity meant a decrease in the amount of the acquisition, reaching the effective percentage that the Group has of the company at 56.32%.

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

In February 2018, and before the classification of the segment as a discontinued operation, its subsidiary Global Near, S.L., acquired the 100% of the participation of the company Centro Near Servicios Financieros, S.L. Subsequently, a capital share increase was carried out, for which a minority shareholder subscribed the 49.99% of shares. This transaction had a positive financial impact of €2 million in the line of non-controlling interests.

Subsequent to this operation, the company was renamed from Centro Near Servicios Financieros, S.L. to Abside Smart Financial Technologies, S.L.

In April 2018, also before the classification of the segment as discontinued operations, the Group acquired a 100% share of Go Specialist, S.L. via its subsidiary Dominion Industry and Infraestructuras, S.L. The acquisition price amounted to €1 million.

Additionally, once the aforementioned segment was interrupted, the acquisitions of 100% of shares of Grupo Scorpio (composed by Instalaciones Eléctricas Scorpio, S.A. and Instalaciones Eléctricas Scorpio Rioja, S.A) and the Colombian company Diseños y Productos Técnicos, S.A. were carried out through the subsidiary Global Dominion Access, S.A., as well as the constitution with a 50% stake of Smart Nagusi, S.L. through the subsidiary Global Near, S.L.

#### **Preparation of the interim financial statements**

These abbreviated consolidated interim financial statements were authorized for issue by the parent company's Board of Directors on July 22, 2019.

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

Except for what has been indicated in Notes 2.1 and 2.6 below, the accounting policies used to prepare these abbreviated consolidated interim financial statements for the six-month period ended June 30, 2019 are consistent with those used to prepare the 2018 consolidated annual accounts of CIE Automotive, S.A. and subsidiaries. These abbreviated consolidated interim financial statements for the six-month period ended June 30, 2019 have been prepared according to International Accounting Standards (IAS) 34, "Interim financial reporting" and should be read along with the consolidated annual accounts at December 31, 2018, 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 June 30, 2019 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 June 30, 2019.

The interim financial statements have been prepared under the historical cost convention, as modified by the valuation of financial assets and liabilities (including derivative instruments) at fair value and the defined benefit pension plans.

The preparation of interim financial statements and the consolidated financial statements in accordance 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 Group's accounting policies. The judgements and estimates made by management when preparing the abbreviated interim consolidated financial statements at June 30, 2019 are consistent with those used in the preparation of the consolidated annual accounts at December 31, 2018 of CIE Automotive and subsidiaries, except for the adoption of IFRS 16 (Notes 2.6 and 4).

There are no extraordinary items in the six-month period ended June 30, 2019 and 2018 consolidated 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 Note 2.6, have not varied with respect to those used in the year ended December 31, 2018 by CIE Automotive, S.A. and its 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 June 30, 2019 and 2018.

## 2.3 Financial 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 these operating segments. The maximum decision-making body is the Strategy and Operations Committee.

These segments are described in Note 5 to the 2018 consolidated financial statements of CIE Automotive S.A. and subsidiaries.

## 2.4 Comparative information

Following the discontinuation of the Biofuels business and the British forging business Stokes Forging Group, Ltd. in the second half of 2018 after meeting the conditions to be considered as a group of assets and liabilities held for sale, the Group proceeded to classify net income of these activities in "Profit / (loss) of discontinued activities after taxes" line for the period ended June 30, 2018 in application of the current accounting principles. Consequently, the previous comparative information has been reclassified.

In the particular case of the consolidated statement of cash flows, the Group has restated for reasons of comparability, recasting the figures relating to the operating, investment and financing flows in the comparative period of June 30, 2018.

## 2.5 Accounting estimates and judgement

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 abbreviated 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 December 31, 2018.

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 December 31, 2018.

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 December 31, 2018.

The performance of the profit of the different business lines of the CIE Automotive Group has maintained positive levels in the six-month period ended June 30, 2019, without indication of a risk of impairment which would modify the conclusions of the analyses and estimates made at December 31, 2018.

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.

c) Income tax

Income tax expense for the six-month period ended June 30, 2019 and 2018 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 June 30, 2019.

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 on the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax assets deriving from the carryforward of unused tax credits and unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the tax assets can be utilized.

On the fiscal year closing date, the Group determines the deferred tax assets which had not been recognized previously for accounting purposes.

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.

d) 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.

e) 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 22 to the Consolidated Annual Accounts as of December 31, 2018 of CIE Automotive, S.A. and subsidiaries includes further information and disclosures of sensitivity with respect to variations in the most significant estimates.

f) Product warranties

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

## 2.6 Changes in accounting policies

On January 1, 2019, IFRS 16 "Leases" came into force, which replaces IAS 17. As indicated in the Consolidated Annual Accounts of the Group at December 31, 2018, the Group has decided to adopt it without restating comparative years, so it has been applied prospectively. Therefore, the impacts that arise from the application of this standard are recognized in the opening balance as of January 1, 2019.

### IFRS 16 Leases

The Group has adopted IFRS 16 prospectively since January 1, 2019, not restating comparative figures for financial year 2018, as permitted under the specific transitional provisions of the standard. The reclassifications and adjustments arising from the new lease rules are therefore reflected in the initial balance sheet on January 1, 2019.

With the adoption of IFRS 16, the Group has recognized the lease liabilities in relation to the leases that had previously been classified as "operating leases" under the principles of IAS 17 "Leases". These liabilities have been valued at the present value of the remaining lease payments, discounted using the incremental type of indebtedness of the lessee in each of the countries where the Group operates on January 1, 2019.

Following the application by the Group of the latest regulatory updates to this standard, the impact of the application of this rule has applied for an initial recognition of approximately €63 million of rights of use of the assets and the liabilities for lease agreements, which include €49.6 million of non-cancelable leases (Note 16) disclosed in the Consolidated Annual Accounts of December 31, 2018, as well as other rents of goods of lower value and whose contracts were in force on the same date, discounted by the market debt cost per business operating unit or geography. Due to the transition option adopted by the Group, there has been no equity impact, since it equals the value of assets and liabilities at the transition date.

Likewise, the impact of pre-tax profits for the period ended June 30, 2019 has not been significant, resulting in an increase of gross operating profit (EBITDA) by €10 million, increasing depreciation expenses by €9 million and increasing financial expenses by €1million, including the existing leases at December 31, 2018, as well as the ones added in 2019 and the ones arisen as business combinations (Note 4).

### Transition method

In applying IFRS 16 for the first time, the Group has used the following practical solutions allowed by the standard:

- 1) The use of a single discount rate for a lease agreement portfolio with reasonably similar characteristics.
- 2) The confidence in the previous assessments on whether leases are onerous.
- 3) The accounting for operating leases with a remaining lease term of less than 12 months as of January 1, 2019 as short-term leases the exclusion of the initial direct costs in the valuation of the asset by right of use on the date of initial application.
- 4) The retroactive action to determine the lease term when the contract contains options to extend or rescind the lease.

## **2.7 New IFRS and IFRIC interpretations**

### **a) Standards, amendments and mandatory interpretations for all years beginning on January 1, 2019**

There is one amendment according to IFRS-IASB that has entered into force as of January 1, 2019:

The impact of the adoption of these standards and the new accounting policies is broken down in Note 2.6. Except as indicated in this section, the standards had no significant effect on the Group's accounting policies.

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

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

Up to the financial year 2018, lease agreements for property, plant and equipment were classified as finance or operating leases agreements. For operating leases, expenses were accrued on a straight-line basis over the term of the lease. As of January 1, 2019, leases are recognized as an asset by right of use and the corresponding liability on the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and the financial expense. The financial expense is charged to the profit and loss account during the term of the lease in such a way that it produces a constant periodic interest rate on the remaining balance of the liability for each year. The right-of-use asset is depreciated over the useful life of the asset or the lease term, the smaller of the two, on a linear basis.

The IASB and the FASB have reached the same conclusions in many areas related to the accounting of leases, including the definition of a lease, the requirement, as a general rule, to reflect the leases in the balance sheet by eliminating the existing differences between operating and finance leases; and the valuation of the lease liabilities (except from those of low value and very short term maturity). Under this new standard, an asset (right of use of the asset) and a liability for the future payable amounts are registered. The IASB and the FASB also agreed not to incorporate substantial changes to the accounting by the lessor, maintaining requirements similar to those of the regulations previously in force.

However, there are still differences between the IASB and the FASB regarding the recognition and presentation of expenses related to leases in the income statement and in the statement of cash flows.

The impacts of this standard in the consolidated financial statements of the Group have been included in Notes 2.6 and 4.

#### **IFRS 9 (Amendment) "Component of prepayment with negative compensation"**

The terms of instruments with prepayment characteristics with negative compensation, where the lender could be forced to accept an amount of prepayment substantially less than the unpaid amounts of principal and interest, were incompatible with the notion of "reasonable additional compensation" for the early termination of a contract under IFRS 9. As a result, such instruments would not have contractual cash flows that are only payments of principal and interest, which would bring them to be accounted for at fair value with changes in the profit and loss account. The amendment to IFRS 9 clarifies that a party can pay or receive a reasonable compensation when a contract is terminated in advance, which could allow these instruments to be valued at amortized cost or at fair value with changes in other comprehensive income. The modification will be effective for annual exercises beginning on or after January 1, 2019, although early application is allowed.

The Group does not maintain events that have been impacted by the application of this modification.



#### **IFRIC 23, "Uncertainty about the treatment of income tax"**

The interpretation provides requirements in addition to those in IAS 12 "Income Tax", specifying how to recognize and value current and deferred tax assets and liabilities in case of uncertainty about their tax treatment. This interpretation clarifies how the recognition and measurement requirements of IAS 12 are applied when there is uncertainty in their accounting treatment.

The interpretation is effective for annual exercises beginning on or after January 1, 2019, although early application is permitted.

These modifications have not had a significant effect on the Group's Consolidated Financial Statements.

#### **IAS 19 (Modification) "Modification, reduction or liquidation of the plan"**

This amendment specifies how companies should determine pension expenses when changes occur in a defined benefit plan. The amendment is effective as of January 1, 2019, subject to its adoption by the European Union.

This modification had no impact on the Group's Consolidated Financial Statements.

#### **IAS 28 (Modification) "Long-term interests in associates and joint ventures"**

This limited scope amendment clarifies that the long-term interests in an associate or joint venture that, in substance, are part of the net investment in the associate or in the joint venture, but to which the equity method does not apply, are accounted in accordance with the requirements of IFRS 9 "Financial instruments". In addition, the IASB has published an example that illustrates how the requirements of IAS 28 and IFRS 9 should be applied with respect to such long-term interests. The modification is effective for annual exercises beginning on or after January 1, 2019, although early application is allowed.

This modification had no impact on the Group's Consolidated Financial Statements.

#### **b) Standards, modifications and interpretations of existing standards that can not be adopted in advance or that have not been adopted by the European Union**

At the date of preparation of these Consolidated Interim Financial Statements, the IASB and the IFRS Interpretations Committee had published the standards, modifications and interpretations detailed below that are pending adoption by the European Union.

#### **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 sales and contributions of assets between an investor and its associates and joint ventures that will depend on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business". The investor will recognize the full gain or loss when the non-monetary assets constitute a "business". If the assets do not meet the business definition, the investor recognizes the gain or loss to the extent of the interests of other investors. The modifications will only apply when an investor sells or contributes assets to its associate or joint venture.

Originally, these amendments to IFRS 10 and IAS 28 were prospective and effective for annual periods beginning on or after January 1, 2016. However, at the end of 2015, the IASB made the decision to postpone the date of their validity (without setting a new specific date), since they are planning a broader review that may result in the simplification of accounting for these transactions and other aspects of the accounting of associates and joint ventures.

These changes are not expected to have an effect on the Group's Consolidated Annual Accounts in the future.

#### **IFRS 17 "Insurance contracts"**

In May 2017, the IASB finalized its long-term project to develop an accounting standard on insurance contracts and published IFRS 17, "Insurance Contracts." IFRS 17 replaces IFRS 4 "Insurance contracts", which currently allows for a wide variety of accounting practices. IFRS 17 will fundamentally change accounting for all entities that issue insurance contracts and investment contracts with discretionary participation components.

The standard applies for annual periods beginning on or after January 1, 2021, allowing early application if IFRS 15, "Revenue from contracts with customers" and IFRS 9, "Financial instruments" also apply. IFRS 17 is pending approval by the European Union.

Given the Group's activity, there are no contracts that could be affected by this rule.

### **Annual Improvements to IFRS. Cycle 2015 - 2017**

The amendments affect IFRS 3, IFRS 11, IAS 12 and IAS 23 and will apply to annual periods beginning on or after January 1, 2019, all of which are subject to adoption by the EU. The main modifications refer to:

- IFRS 3 "Business Combinations": A previously held participation in a joint operation is re-measured when the control of the business is obtained.
- IFRS 11 "Joint agreements": A previously held share in a joint operation is not measured once the joint control of the business is obtained.
- IAS 12 "Income Tax": The tax consequences of dividends on financial instruments classified as equity must be recognized in accordance with the past transactions or events that generated the distributable profits.
- IAS 23 "Interest costs": Any specific loan originally made to develop an eligible asset is considered part of the generic loans when the asset is ready for use or sale.

No significant impacts from these improvements are anticipated.

### **IFRS 3 (Modification) "Definition of a business"**

These modifications will help to determine if it is an acquisition of a business or a group of assets. The modified definition emphasizes that the product of a business is to provide goods and services to customers, while the previous definition focused on providing returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to modifying the wording of the definition, additional guidance has been provided. To be considered a business, an acquisition would have to include an input and a process that together contribute significantly to the ability to create products. The new guide provides a framework to assess when both elements are present (even for early stage companies that have not generated products). To be a business without results, now it will be necessary to have organized labor.

These changes will apply to business combinations whose acquisition date is from the beginning of the first year that is reported to begin as of January 1, 2020 and to the acquisitions of assets that occur as of the beginning of that year. Early application is allowed.

These changes are not expected to have an effect on the Group's Consolidated Annual Accounts in the future.

### **IAS 1 (Amendment) and IAS 8 (Amendment) "Definition of material"**

These modifications clarify the definition of "material", introducing in addition to omitted or inaccurate items that may influence the decisions of users, the concept of "obscure" information. With these modifications, IFRS is more coherent, but it is not expected to have a significant impact on the preparation of the financial statements.

They will apply to annual exercises beginning on or after January 1, 2020, although their early application is allowed.

These changes are not expected to have an effect on the Group's Consolidated Annual Accounts in the future.

## **2.8 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.

## **2.9 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 December 31, 2018.

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 financial debt. The calculation of liquidity and net financial debt at June 30, 2019 and December 31, 2018 is calculated as follows:



Thousand euro	Note	30.06.2019	31.12.2018
Cash and cash equivalents	7	482,429	248,895
Other financial assets	6	114,038	160,804
Undrawn credit facilities and loans	10	517,722	542,726
<b>Liquidity reserve</b>		<b>1,114,189</b>	<b>952,425</b>
Borrowings with credit institutions	10	2,154,643	1,340,015
Other financial liabilities	6	15,852	17,924
Cash and cash equivalents	7	(482,429)	(248,895)
Other current financial assets	6	(114,038)	(160,804)
<b>Net financial debt</b>		<b>1,574,028</b>	<b>948,240</b>

Group's Finance Department estimates that actions in progress will allow avoiding lack of liquidity situations. In this respect, management expects that the cash generated in the second half of 2019 and in 2020 will be sufficient to service payment obligations forecasted for the year without increasing net financial debt.

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.

Short-term bank borrowings include recurring credit facilities amounting to €38 million deriving from the recurring discounting of commercial paper from customers (€14 million at December 31, 2018) (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 June 30, 2019 of €518 million in unused loans and credit lines (December 31, 2018: €543 million).

The following table shows a breakdown of working capital in the Group's abbreviated consolidated interim balance sheet at June 30, 2019 as compared with December 31, 2018, stating the significance of each item:

Thousand euro	Note	30.06.2019	31.12.2018
Inventory	-	445,779	405,739
Trade and other receivables	-	409,354	292,424
Other current assets	-	29,087	21,026
Current tax assets	-	59,049	47,191
<b>Current operating assets</b>		<b>943,269</b>	<b>766,380</b>
Other current financial assets	6	60,700	112,141
Cash and cash equivalents	7	482,429	248,895
<b>Current assets</b>		<b>1,486,398</b>	<b>1,127,416</b>
Trade and other payables	-	856,960	721,022
Current tax liabilities	-	89,879	59,909
Current provisions	11	58,126	31,133
Other current liabilities <sup>(4)</sup>	-	214,993	110,356
<b>Current operating liabilities</b>		<b>1,219,958</b>	<b>922,420</b>
Short-term borrowings and overdrafts	10	744,607	282,312
Other financial liabilities	6	37	47
<b>Current liabilities</b>		<b>1,964,602</b>	<b>1,204,779</b>
<b>TOTAL WORKING CAPITAL</b>		<b>(478,204)</b>	<b>(77,363)</b>

At June 30, 2019, working capital is €478.2 million negative, mainly related to a bridge loan signed by the Group in April 2019 towards long-term financing, which amounts to €400 million; therefore, the Group Management confirms that there is no risk as of June 30, 2019. Excluding the extraordinary impact described above, the Group's working capital would have amounted €78.2 million negative at June 30, 2019.

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.

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 is being 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.

However, the Group Management effectively controls the periods of payment of expenses and the period of performance of the current assets, conducting a comprehensive monitoring of cash projections, in order to ensure that it has sufficient cash to meet the needs operational while maintaining adequate availability of credit facilities not used at all times so that the Group does not breach the limits and indexes ("covenants") established by the funding. Therefore, it is estimated that the cash generation in 2019 will meet the needs enough to meet the commitments in the short term, avoiding any actions ongoing tense situation in the cash position.

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

## 2.10 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 (Level 3).

### a) Level 1 financial instruments

It corresponds to financial instruments whose fair value is determined by their quotation in an active market.

As of June 30, 2019 and December 31, 2018, there are no financial instruments belonging to this level.

### 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:

- i) Fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.
- ii) Fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date.
- iii) It is assumed that the carrying amount of trade receivables and payables is similar to their fair value.
- iv) 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 6).

### 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.

As of June 30, 2019 and December 31, 2018, there are loans granted to Group employees valued at fair value and amounting to €27,055 thousand (€27,258 thousand as of December 31, 2018) (Note 6).

The Group does not have any agreement for the offset of financial assets and liabilities.

### 3. Financial segment reporting

The Strategy and Operations Committee, consisting of five members of the Board of Directors, is the Group's chief operating decision-making body. The Strategy and Operations 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 Strategy and Operations Committee which 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.

#### 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, being therefore able to supply them from different geographic areas.

The Group analyses the automotive segment on the basis of its management units, which is divided, basically, in the geographical areas in which each of the production plants are located, which are the following ones: North America, Brazil, Asia, Mahindra CIE Europe and Rest of Europe.

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

- North America: it includes, basically, Group companies located in Mexico and United States.
- Brazil: it includes basically Automotive Group companies located in Brazil.
- Asia: includes the Indian companies belonging most of them to the Mahindra CIE group (dependent on the Group), as well as the companies located in the People's Republic of China.
- Mahindra CIE Europe: includes the business for the manufacture of European forges, dependent on the Mahindra CIE group (dependent on the Group).
- Rest of Europe: it includes all non-dependent of Mahindra CIE subgroup manufacturing businesses basically located in Europe.

### a) Segment information of continued operations

Results per subsegments are as follows:

Thousand euro	June 30, 2019						June 30, 2018 (*)					
	NORTH AMERICA	BRAZIL	ASIA	MAHINDRA CIE EUROPE	REST OF EUROPE	TOTAL	NORTH AMERICA	BRAZIL	ASIA	MAHINDRA CIE EUROPE	REST OF EUROPE	TOTAL <sup>1</sup>
Revenue	439,653	167,338	324,471	302,614	468,368	1,702,444	355,784	170,474	277,778	286,165	461,562	1,551,763
Other operating expenses and income (excluding depreciation and amortisation)	(340,243)	(136,790)	(274,470)	(261,467)	(381,470)	(1,394,440)	(273,191)	(143,431)	(233,576)	(247,219)	(376,441)	(1,273,858)
Depreciation, amortisation and impairment	(21,301)	(6,611)	(13,983)	(12,280)	(27,255)	(81,430)	(16,197)	(5,298)	(9,892)	(10,726)	(24,644)	(66,757)
<b>Operating profit</b>	<b>78,109</b>	<b>23,937</b>	<b>36,018</b>	<b>28,867</b>	<b>59,643</b>	<b>226,574</b>	<b>66,396</b>	<b>21,745</b>	<b>34,310</b>	<b>28,220</b>	<b>60,477</b>	<b>211,148</b>
<b>EBITDA</b>	<b>99,410</b>	<b>30,548</b>	<b>50,001</b>	<b>41,147</b>	<b>86,898</b>	<b>308,004</b>	<b>82,593</b>	<b>27,043</b>	<b>44,202</b>	<b>38,946</b>	<b>85,121</b>	<b>277,905</b>

(\*) Restated amounts, see Note 2.

Transactions between Group subsegments are performed under market conditions.

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

Thousand euro	June 30, 2019						June 30, 2018 (*)					
	NORTH AMERICA	BRAZIL	ASIA	MAHINDRA CIE EUROPE	REST OF EUROPE	TOTAL	NORTH AMERICA	BRAZIL	ASIA	MAHINDRA CIE EUROPE	REST OF EUROPE	TOTAL
Depreciation and amortisation:	(21,301)	(6,611)	(13,983)	(12,280)	(27,255)	(81,430)	(16,197)	(5,298)	(9,892)	(10,726)	(24,644)	(66,757)
Property, plant and equipment	(20,973)	(6,225)	(13,681)	(12,190)	(25,714)	(78,783)	(16,036)	(5,016)	(9,549)	(10,567)	(23,212)	(64,380)
Intangible assets	(328)	(386)	(302)	(90)	(1,541)	(2,647)	(161)	(282)	(343)	(159)	(1,432)	(2,377)
Impairment	-	-	-	-	-	-	-	-	-	-	-	-

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

Thousand euro	Note	30.06.2019	30.06.2018 (*)
<b>Operating results</b>		<b>226,574</b>	<b>211,148</b>
Financial income (expense)	-	(20,767)	(17,849)
Share in profits of associates	6	2,041	1,297
Gains/(losses) on the fair value of derivative financial instruments	6	8,158	65
Corporate income tax	12	(47,037)	(41,970)
Discontinued operations	8	(316)	11,953
Attributed to non-controlling interests	-	(18,574)	(26,251)
<b>Profit attributable to the Parent company</b>		<b>150,079</b>	<b>138,393</b>

(\*) Restated amounts, see Note 2.

Segment assets and liabilities and investments made during the period:

Thousand euro	June 30, 2019						TOTAL
	NORTH AMERICA	BRAZIL	ASIA	MAHINDRA CIE EUROPE	REST OF EUROPE		
Investments in associates	3,642	2,637	90,901	-	33	97,213	
Rest of assets	1,018,924	383,279	1,636,343	806,552	1,102,202	4,947,300	
<b>Total assets</b>	<b>1,022,566</b>	<b>385,916</b>	<b>1,727,244</b>	<b>806,552</b>	<b>1,102,235</b>	<b>5,044,513</b>	
<b>Total liabilities</b>	<b>610,601</b>	<b>150,980</b>	<b>328,940</b>	<b>508,061</b>	<b>2,267,413</b>	<b>3,865,995</b>	
Fixed Asset additions	28,150	9,778	18,196	10,763	43,308	110,195	
Disposal of assets net of depreciation and amortisation	(41)	(115)	(158)	(166)	(942)	(1,422)	
<b>Net investments for the year</b>	<b>28,109</b>	<b>9,663</b>	<b>18,038</b>	<b>10,597</b>	<b>42,366</b>	<b>108,773</b>	

Thousand euro	December 31, 2018							TOTAL
	NORTH AMERICA	BRAZIL	ASIA	MAHINDRA CIE EUROPE	REST OF EUROPE	AUTOMOTIVE TOTAL	SOLUTIONS & SERVICES	
Investments in associates	3,221	2,066	381	-	133	5,801	-	5,801
Rest of assets	841,266	354,403	777,069	678,018	1,007,289	3,658,045	-	3,658,045
<b>Total assets</b>	<b>844,487</b>	<b>356,469</b>	<b>777,450</b>	<b>678,018</b>	<b>1,007,422</b>	<b>3,663,846</b>	-	<b>3,663,846</b>
<b>Total liabilities</b>	<b>477,499</b>	<b>143,390</b>	<b>228,735</b>	<b>399,242</b>	<b>1,354,828</b>	<b>2,603,694</b>	-	<b>2,603,694</b>
Fixed Asset additions	60,781	23,353	30,519	21,462	74,861	210,976	5,373	216,349
Disposal of assets net of depreciation and amortisation	(136)	(680)	(333)	(192)	(1,129)	(2,470)	(92)	(2,562)
<b>Net investments for the year</b>	<b>60,645</b>	<b>22,673</b>	<b>30,186</b>	<b>21,270</b>	<b>73,732</b>	<b>208,506</b>	<b>5,281</b>	<b>213,787</b>

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.

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

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

Revenue corresponding to continued activities is segmented in the following geographical areas:

Thousand euro	30.06.2019	30.06.2018 (*)
Spain	108,946	122,812
Rest of Europe	662,036	624,915
Brazil	167,338	170,474
North America	439,653	355,784
Asia	324,471	277,778
<b>TOTAL</b>	<b>1,702,444</b>	<b>1,551,763</b>

(\*) Restated amounts, see Note 2.

Non-current assets, excluding financial instruments, deferred tax assets and investments in subsidiaries, corresponding to continuing activities as of June 30, 2019 are broken down into the following geographical areas or countries:

Thousand euro	30.06.2019	31.12.2018
Spain	362,229	334,380
Rest of Europe	882,517	695,286
Brazil	249,726	240,993
North America	672,997	582,803
Asia	1,029,205	415,696
<b>TOTAL</b>	<b>3,196,674</b>	<b>2,269,158</b>

#### 4. Property, plant and equipment

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

Thousand euro	31.12.2018	June 30, 2019						30.06.2019
		FIRST APPLICATION OF IFRS 16 (Note 4.d)	01.01.2019	ADDITIONS/ (VARIATIONS) IN CONSOLIDATION SCOPE (Note 17)	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS (*)	
Cost	2,833,852	62,721	2,896,573	248,123	113,364	(6,898)	16,665	3,267,827
Depreciation	(1,597,335)	-	(1,597,335)	(113,008)	(78,783)	5,479	(5,472)	(1,789,119)
Impairment	(4,843)	-	(4,843)	-	-	-	-	(4,843)
<b>Net value</b>	<b>1,231,674</b>		<b>1,294,395</b>					<b>1,473,865</b>

  

Thousand euro	31.12.2017	June 30, 2018					30.06.2018
		ADDITIONS/ (VARIATIONS) IN CONSOLIDATION SCOPE (Note 17)	ADDITIONS (**)	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS (*)	DISCONTINUED OPERATIONS	
Cost	2,971,631	10,820	122,906	(17,982)	(43,080)	(186,473)	2,857,822
Depreciation	(1,688,711)	(6,844)	(68,733)	16,055	21,646	136,508	(1,590,079)
Impairment	(11,762)	-	-	61	(30)	-	(11,731)
<b>Net value</b>	<b>1,271,158</b>						<b>1,256,012</b>

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

(\*\*) The comparative movement of accumulated depreciation additions for fiscal year 2018 includes €4,356 thousand reclassified in 2019 within the line of discontinued operations in the consolidated profit and loss account after restatement.

##### a) Property, plant and equipment by geographical area

Set out below is a breakdown of Property, plant and equipment by geographical location at June 30, 2019 and December 31, 2018:

THOUSAND EURO	June 30, 2019			December 31, 2018		
	COST	DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE	COST	DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE
AMERICA	1,035	(446)	589	953	(411)	542
EUROPE	1,717	(1,124)	593	1,510	(1,018)	492
ASIA	516	(224)	292	371	(173)	198
<b>TOTAL</b>	<b>3,268</b>	<b>(1,794)</b>	<b>1,474</b>	<b>2,834</b>	<b>(1,602)</b>	<b>1,232</b>

b) Assets not used for operating activities

At June 30, 2019 and December 31, 2018 there are no significant fixed assets not used for operating activities.

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) Leases

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

June 30, 2019							
Thousand euro	RIGHT OF USE OF ASSETS				LIABILITIES FOR LEASES		
	LAND AND BUILDINGS	OTHER FIXED ASSETS	ACCUMULATED AMORTIZATION	TOTAL ASSETS	LONG TERM	SHORT TERM	TOTAL LIABILITIES
<b>December 31, 2018</b>	-	-	-	-	-	-	-
First application of IFRS 16	48,725	13,996	-	62,721	48,132	14,589	62,721
<b>January 1, 2019</b>	<b>48,725</b>	<b>13,996</b>	-	<b>62,721</b>	<b>48,132</b>	<b>14,589</b>	<b>62,721</b>
Additions to consolidation scope (Note 17)	43,524	2,552	(6,711)	39,365	32,130	8,925	41,055
Additions	1,558	3,785	-	5,343	2,884	2,459	5,343
Depreciation expense/Payments made	-	-	(9,466)	(9,466)	-	(10,312)	(10,312)
Debt update expenses	-	-	-	-	1,067	-	1,067
Long term/Short term transfers	-	-	-	-	(7,357)	7,357	-
Transfers and other (*)	(200)	60	941	801	731	233	964
<b>June 30, 2019</b>	<b>93,607</b>	<b>20,393</b>	<b>(15,236)</b>	<b>98,764</b>	<b>77,587</b>	<b>23,251</b>	<b>100,838</b>

(\*) It basically includes the effect of the Exchange rate derived from foreign subsidiaries' property, plant and equipment.

The discount rates, estimated based on the cost of financing each of the segments operated by the Group, have been as follows:

	2018
<b>Automotive</b>	
Brazil	13.75%
North America	3.74%
Asia	5.00% - 11.00%
Mahindra CIE Europe	1.25%
Rest of Europe	1.25%

e) Capitalisation of interest

No interest has been capitalised during the six-month period ended June 30, 2019 and 2018 involving significant amounts.

5. Goodwill and other intangible

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

June 30, 2019							
Thousand euro	31.12.2018	ADDITIONS AND VARIATIONS IN CONSOLIDATION SCOPE (Note 17)	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS (*)	DISCONTINUED OPERATIONS	30.06.2019
							Cost – Goodwill
Cost – Other intangible assets	96,838	1,785	2,174	(53)	(1,163)	-	99,581
Amortisation and impairment	(77,234)	(1,187)	(2,647)	50	1,254	-	(79,764)
<b>NET VALUE</b>	<b>1,016,506</b>						<b>1,702,185</b>

  

June 30, 2018							
Thousand euro	31.12.2017	ADDITIONS AND VARIATIONS IN CONSOLIDATION SCOPE (Note 17)	ADDITIONS (**)	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS (*)	DISCONTINUED OPERATIONS	30.06.2018
							Cost – Goodwill
Cost – Other intangible assets	191,249	3,087	4,737	(505)	1,685	(105,207)	95,046
Amortisation and impairment	(124,837)	(87)	(6,671)	424	44	55,775	(75,352)
<b>NET VALUE</b>	<b>1,369,815</b>						<b>1,036,570</b>

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

(\*\*) The comparative movement of accumulated depreciation additions for fiscal year 2018 includes €4,291 thousand reclassified in 2019 within the line of discontinued operations in the consolidated profit and loss account after restatement.

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

Segment (Thousand euro)	30.06.2019	30.06.2018 <sup>(*)</sup>
Automotive	695,724	5,366
Solutions and Services	-	4,196
<b>TOTAL</b>	<b>695,724</b>	<b>9,562</b>

(\*) Only includes acquisitions prior to the classification of the Solutions and Services (Smart Innovation) segment discontinuation (Note 17).

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:

Thousand euro	30.06.2019	31.12.2018
Brazil	93,220	92,303
North America	235,368	184,146
Asia	708,840	191,467
Mahindra CIE Europe	332,106	332,106
Rest of Automotive	312,834	196,880
<b>TOTAL</b>	<b>1,682,368</b>	<b>996,902</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 December 31, 2018

The discount rates applied to cash flow projections are:

	2018
<b>Automotive</b>	
Brazil	12.40%
North America	6.77%-10.28%
Asia	7.02%-12.86%
Mahindra CIE Europe	5.00%-5.48%
Rest of Europe	5.45%-12.20%

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

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

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:

	% over revenue
	<b>2018</b>
Automotive	3.97%-40.24%

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 pre-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 1% and 6%), 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 2018 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 December 31, 2018, 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 December 31, 2018 for 2019 and subsequent years would be totally valid for calculating the value in use at June 30, 2019. Therefore, considering the positive development of business profitability in the first half of 2019, it is not believed that conditions have emerged in the CGUs that would pose a risk of impairment of goodwill.



## 6. Financial assets and derivatives

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

	JUNE 30, 2019								
	31.12.2018	ADDITIONS AND VARIATIONS IN CONSOLIDATION SCOPE (Note 17)	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER <sup>(*)</sup>	FAIR VALUE ADJUSTMENT PROFIT OR LOSS	EQUITY	RESULTS IN ASSOCIATES	30.06.2019
<b>Valued at their amortized cost</b>									
Deposits	102,640	6,504	4,797	(71,391)	774	118	-	-	43,442
Current credits	19,060	12,165	-	(40)	(349)	-	-	-	30,836
Non-current credits	15	137	67	-	4	-	-	-	223
Down-payments (Note 18)	11,700	-	-	-	-	-	-	-	11,700
<b>Total loans and receivables at amortized cost (**)</b>	<b>133,415</b>	<b>18,806</b>	<b>4,864</b>	<b>(71,431)</b>	<b>429</b>	<b>118</b>	<b>-</b>	<b>-</b>	<b>86,201</b>
<b>Valued at fair value</b>									
Non-current credits (Note 18)	27,258	-	-	(543)	-	340	-	-	27,055
Asset derivatives – interest rate swaps	131	-	-	-	-	-	(90)	-	41
Asset derivatives – Equity Swap	-	-	-	-	-	741	-	-	741
Asset derivatives – exchange rate swap	-	-	-	-	-	-	-	-	-
Liability derivatives – Equity Swap	(7,299)	-	-	-	-	7,299	-	-	-
Liability derivatives – exchange rate swap	(10,625)	-	-	-	(1)	-	(5,226)	-	(15,852)
<b>Total non-current credits and derivatives</b>	<b>9,465</b>	<b>-</b>	<b>-</b>	<b>(543)</b>	<b>(1)</b>	<b>8,380</b>	<b>(5,316)</b>	<b>-</b>	<b>11,985</b>
Investment in associates	5,801	93,892	-	-	(4,521)	-	-	2,041	97,213
<b>TOTAL</b>	<b>148,681</b>	<b>112,698</b>	<b>4,864</b>	<b>(71,974)</b>	<b>(4,093)</b>	<b>8,498</b>	<b>(5,316)</b>	<b>2,041</b>	<b>195,399</b>

(\*) It basically includes the effect of exchange rate fluctuations in the currencies in which the financial assets of foreign subsidiaries are denominated and transfers.

(\*\*) Previously corresponded to financial assets held to maturity.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2019  
(In thousand euro)

JUNE 30, 2018													
	31.12.2017	IFRS 9 UPDATE ADJUSTMENT (Note 2.6)	ADDITIONS AND VARIATIONS IN CONSOLIDATION SCOPE (Note 17)	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER (*)	DISCONTINUED OPERATIONS	FAIR VALUE ADJUSTMENT				RESULTS IN ASSOCIATES(**)	30.06.2018
								PROFIT OR LOSS	EQUITY	PROFIT OR LOSS	EQUITY		
<b>Valued at their amortized cost</b>													
Deposits	49,108	(2,995)	70	5,636	(5,460)	(1,498)	(17,335)	97	-	225	-	-	27,848
Current credits	38,167	(200)	-	6,584	-	(6,818)	(18,862)	-	-	-	-	-	18,871
Non-current credits	2,860	-	(2,845)	-	-	-	-	-	-	-	-	-	15
Down-payments	-	-	-	13,000	-	-	-	-	-	-	-	-	13,000
<b>Total loans and receivables</b>	<b>90,135</b>	<b>(3,195)</b>	<b>(2,775)</b>	<b>25,220</b>	<b>(5,460)</b>	<b>(8,316)</b>	<b>(36,197)</b>	<b>97</b>	<b>-</b>	<b>225</b>	<b>-</b>	<b>-</b>	<b>59,734</b>
<b>Valued at fair value</b>													
Non-current credits	-	-	-	30,740	-	-	-	-	-	-	-	-	30,740
Asset derivatives – interest rate swaps	649	-	-	-	-	(586)	-	-	126	-	-	-	189
Asset derivatives – Equity Swap	16,361	-	-	-	(16,374)	-	-	13	-	-	-	-	-
Asset derivatives – exchange rate swap	-	-	-	-	-	-	-	93	-	-	-	-	93
Liability derivatives – interest rate swap	(8,842)	-	-	-	-	600	641	-	(1,810)	-	(14)	-	(9,425)
<b>Total non-current credits and derivatives</b>	<b>8,168</b>	<b>-</b>	<b>-</b>	<b>30,740</b>	<b>(16,374)</b>	<b>14</b>	<b>641</b>	<b>106</b>	<b>(1,684)</b>	<b>-</b>	<b>(14)</b>	<b>-</b>	<b>21,597</b>
<b>Investment in associates</b>	<b>15,018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,421</b>	<b>(18,599)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>1,575</b>	<b>4,445</b>
<b>TOTAL</b>	<b>113,321</b>	<b>(3,195)</b>	<b>(2,775)</b>	<b>55,960</b>	<b>(21,834)</b>	<b>(1,881)</b>	<b>(54,155)</b>	<b>203</b>	<b>(1,684)</b>	<b>225</b>	<b>16</b>	<b>1,575</b>	<b>85,776</b>

(\*) It basically includes the effect of exchange fluctuations in the currencies in which the financial assets of foreign subsidiaries are denominated and transfers.

(\*\*) The result corresponding to discontinued operations until 24 April 2018 amounts to €278 thousand.

a) Debt instruments

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

Long-term deposits include an impairment amounting to €13.9 million, corresponding to a situation of liquidity problem in one of the Brazilian financial institutions with which the Group used to operate in the past.

The maximum exposure to credit risk at the date of presentation of consolidated interim information is the carrying amount of the assets.

b) Financial derivatives

• Swaps (interest rate and other)

The most significant notional principals on interest rate swaps (variable to fixed) outstanding at June 30, 2019 amount to €400 million (2018: €403 million), which are classified as hedging instruments.

• Equity swap

On August 6, 2018 the parent company arranged a new derivative associated with the listed share price of CIE Automotive, S.A. The underlying asset of the operation amounted to 2 million shares with an initial value of €25.09 per share. This underlying's valuation amounts to €741 thousand at June 30, 2019 (€7,299 thousand at December 31, 2018), and is due in 2023.

On August 6, 2014 the parent company arranged a derivative associated with the listed share price of CIE Automotive, S.A. The underlying asset of the operation amounted to 1.25 million shares with an initial value of €11.121 per share. This instrument was liquidated in 2018 for an amount of €16,374 thousand.

c) Investments in associates

The companies consolidated under the equity method are as follows:

	% effective participation	
	30.06.2019	31.12.2018
Advanced Comfort Systems Wuhan Co, Ltd. <sup>(3)</sup>	-	100%
Belgium Forge, N.V. <sup>(1)</sup>	100%	100%
Galfor Eólica, S.L.	14%	14%
Gescrap - Autometal Comercio de Sucatas, Ltda.	30%	30%
Gescrap Autometal de México, S.A. de C.V. and its associates	30%	30%
Gescrap India Pvt, Ltd.	17%	17%
Shanghai Inteva Automotive Parts Co., Ltd. <sup>(2)</sup>	50%	-
Inteva Auto Parts (Ningde) Co., Ltd. <sup>(2)</sup>	50%	-
CIE Automotive Goian, S.L.U. <sup>(3)</sup>	-	100%

(1) In liquidation/dormant.

(2) Integrated in 2019 (Note 17).

(3) Integrated in 2018 and currently fully consolidated.

Main movements for 2019 and 2018 are the following:

- After the acquisition of the CIE Golde group, the Group has registered a participation amounting to €93.9 thousand by the company Shanghai Inteva Automotive Parts Co., Ltd. on the date of the acquisition. This amount includes an implicit goodwill amounting to €87.8 million (Note 17).
- In 2018, the investments in associates of the Solutions and Services segment (Smart Innovation) were disposed after the distribution of the extraordinary dividend explained in Note 1.

## 7. Cash and cash equivalents

Cash and cash equivalents a June 30, 2019 and December 31, 2018 break down is as follows:

Thousand euro	30.06.2019	31.12.2018
Petty cash and banks	217,995	85,439
Short-term deposits at credit institutions	264,434	163,456
<b>TOTAL</b>	<b>482,429</b>	<b>248,895</b>

Short-term bank deposits relate to investments of cash surpluses maturing in less than three months or available immediately. These deposits generate an annual market interest rate based on their corresponding currencies.

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

Thousand euro	30.06.2019	31.12.2018
Euro	37,213	31,690
US dollars	285,684	130,169
Brazilian reais	27,040	33,684
Indian rupees	5,668	4,361
Chinese yuan	91,249	36,745
Russian ruble	11,249	5,979
Mexican peso	3,010	4,024
South African rand	17,466	-
Other	3,850	2,243
<b>TOTAL</b>	<b>482,429</b>	<b>248,895</b>

## 8. Disposal group assets classified as held-for-sale and discontinued operations

### a) Automotive segment

#### a.1. Biofuel business

In September 2018, the Board of Directors of CIE Automotive, S.A. after receiving various offers to buy the companies of biofuels made the decision to discontinue this entire business.

After this decision, the Group carried out the discontinuation of the assets and liabilities of these companies, classifying them as a group of assets and liabilities available for sale, reclassifying the profit and loss account of these companies within discontinued activities.

At the time of its reclassification, the Group proceeded to adjust the net assets of the business at their fair value, which consisted basically in the productive plants of the companies Bionor Berantevilla, S.L.U. and Biosur Transformación, S.L.U., which was already classified as held for sale; as well as the goodwill generated in the various acquisitions relating to the business carried out by the Group.

On December 31, 2018, the Group was already negotiating the sale of the company Bionor Berantevilla, S.L.U. and the assets of Biosur Transformación, S.L.U.

In accordance with accounting regulations, the Group recognized the following adjustments resulting from valuing the business at its realizable value (fair value less costs to sell):

- €24.8 million of impairment of the goodwill attributable to the business.
- €8.8 million of impairment of the consolidated net assets of Biosur Transformación, S.L.U. and Bionor Berantevilla, S.L.U.

On March 28, 2019, the sale of the company Bionor Berantevilla, S.L.U. and the assets of Biosur Transformación, S.L.U. has taken place. As the net assets subject to sale were valued at their realizable value, the impact on the Group's consolidated profit and loss account has not been significant. The amount finally paid by the buyer was €18.7 million, of which €13.7 million correspond to the value of the business disposed and €5 million to the cash and working capital net position of the Company Bionor Berantevilla, S.L.U. on the date of transfer.

a.2. British forging business - Stokes

In September 2018, the Board of Directors of Mahindra CIE Automotive, Ltd. made the decision to sell its British forge business, corresponding to the company Stokes Group Limited. After this decision, the Group has carried out the discontinuation of the assets and liabilities of said company, classifying them as a group of assets and liabilities available for sale, reclassifying the profit and loss account of said company within discontinued activities.

Additionally, the Group proceeded to value the assets and liabilities of the company at their fair value as required by IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". This valuation involved an expense of €5.5 million at the time of the discontinuation.

At June 30, 2019, for the specific situation of these businesses held for sale, the Group has a business valuation based on the net assets recovery value, which have not suffered significant changes.

b) Solutions and Services segment (Smart Innovation)

On April 24, 2018, the General Shareholders' Meeting of CIE Automotive, S.A. approved the distribution of an extraordinary dividend for which a dividend in kind has been distributed by the delivery of the participation that the Group holds in Global Dominion Access, S.A. This dividend, which was effective on July 3, 2018, involved the transfer of the Group's participation in the Solutions and Services segment (Smart Innovation) to its shareholders (Note 1).

Taking into account the significant relevance that the activities developed by the Dominion subgroup had for the Group, the assets and liabilities of this segment were registered as discontinued operations, and therefore, they were reported as such in accordance with the assumptions and requirements of IFRS 5 "Non-current assets held for sale and discontinued operations" and IFRIC 17 "Distributions of Non-cash Assets to Owners".

In accordance with this accounting standard, the results generated by the Dominion subgroup until the effective transfer of its holdings and the result obtained from the difference between the book value of the net assets transferred and the fair value of the stake in Global Dominion Access, S.A. were considered to be discontinued operations, so in the comparative income statement of the abbreviated Consolidated interim Financial Statements of the Group for six-month period ended June 30, 2018, these results were disclosed under the heading "Profit/(loss) for the year from discontinuing operations after tax".

The following is the discontinued income statement for the six-month period reported, June 30, 2019, and the six-month period ended June 30, 2018:

Thousand euro	Six-month period ended June 30	
	2019	2018 <sup>(*)</sup>
<b>OPERATING REVENUE</b>	<b>12,144</b>	<b>517,131</b>
Revenue	14,383	516,753
Other operating income	(2,239)	378
<b>OPERATING EXPENSES</b>	<b>(12,188)</b>	<b>(500,396)</b>
Consumption of raw materials and secondary materials	(8,409)	(284,054)
Employee benefit expenses	(2,000)	(140,724)
Depreciation, amortisation and impairment	(411)	(12,537)
Other operating income/(expenses)	(1,368)	(63,081)
<b>OPERATING PROFIT</b>	<b>(44)</b>	<b>16,735</b>
Finance income	-	408
Financial costs	(24)	(4,362)
Gains/Losses on financial instruments at fair value	-	627
Translation differences	(1)	452
Share of profit/(loss) of associates	-	282
<b>PROFIT BEFORE TAX</b>	<b>(69)</b>	<b>14,142</b>
Corporate income tax	(54)	(2,189)
<b>PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS AFTER TAX</b>	<b>(123)</b>	<b>11,953</b>
<b>GAIN GENERATED IN THE DISPOSAL OF BIOFUEL BUSINESS</b>	<b>(193)</b>	<b>-</b>
<b>FINAL PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS</b>	<b>(316)</b>	<b>11,953</b>

(\*) Restated amounts, see Note 2.

The revenue from discontinued operations is broken down into the following geographical areas and countries:

Thousand euro	30.06.2019	30.06.2018 <sup>(*)</sup>
Spain	8,584	308,088
Rest of Europe	5,799	67,685
America	-	88,992
Asia, Oceania and other	-	51,988
<b>TOTAL</b>	<b>14,383</b>	<b>516,753</b>

(\*) Restated amounts, see Note 2.

Additionally, and until the effective distribution of the extraordinary dividend that was made on July 3, 2018, the Group proceeded to reclassify the assets and liabilities belonging to the Solutions and Services (Smart Innovation) segment as assets and liabilities of the disposable group of Items classified as held for sale. The breakdown of assets and liabilities interrupted on April 24, 2018 was as follows:

ASSETS (Thousand euro)	24.04.2018	LIABILITIES (Thousand euro)	24.04.2018
<b>Non-current assets</b>	<b>457,769</b>	Deferred revenue	-
Property, plant and equipment	49,965	<b>LIABILITIES</b>	<b>696,917</b>
Goodwill	280,454	<b>Non-current liabilities</b>	<b>165,395</b>
Other intangible assets	49,432	Non-current provisions	18,294
Non-current financial assets	6,401	Non-current borrowings	111,609
Investments in associates	18,599	Deferred tax liabilities	11,854
Deferred tax assets	51,828	Other non-current liabilities	23,638
Other non-current assets	1,090		
<b>Current assets</b>	<b>544,773</b>	<b>Current liabilities</b>	<b>531,522</b>
Inventory	64,676	Current borrowings	1,342
Trade and other receivables	327,433	Trade and other payables	473,365
Other current assets	3,271	Other financial liabilities	641
Current tax assets	14,198	Current tax liabilities	28,373
Other current financial assets	29,796	Current provisions	2,511
Cash and cash equivalents	105,399	Other current liabilities	25,290
<b>TOTAL ASSETS</b>	<b>1,002,542</b>	<b>TOTAL LIABILITIES</b>	<b>696,917</b>

The information of the assets and liabilities of the disposable group classified as held for sale related to discontinued operations described above are summarized in the following table on June 30, 2019 and December 31, 2018:

ASSETS (Thousand euro)	30.06.2019	31.12.2018	LIABILITIES (Thousand euro)	30.06.2019	31.12.2018
<b>Non-current assets</b>	<b>2,899</b>	<b>20,473</b>	Deferred revenue	1,455	2,431
Property, plant and equipment	2,092	16,630			
Other intangible assets	4	11	<b>LIABILITIES</b>	<b>4,734</b>	<b>15,654</b>
Non-current financial assets	55	61			
Deferred tax assets	388	3,416	<b>Non-current liabilities</b>	<b>352</b>	<b>1,219</b>
Other non-current assets	360	355	Deferred tax liabilities	352	441
			Other non-current liabilities	-	778
<b>Current assets</b>	<b>4,470</b>	<b>11,286</b>			
Inventory	177	6,695	<b>Current liabilities</b>	<b>4,382</b>	<b>14,435</b>
Trade and other receivables	906	1,440	Trade and other payables	366	8,998
Other current assets	16	76	Current tax liabilities	470	479
Current tax assets	503	1,388	Current provisions	3,401	4,405
Cash and cash equivalents	2,868	1,687	Other current liabilities	145	553
<b>TOTAL ASSETS</b>	<b>7,369</b>	<b>31,759</b>	<b>TOTAL LIABILITIES</b>	<b>6,189</b>	<b>18,085</b>

The detail of the consolidated statements of cash flow for discontinued activities for the six-month period of 2019 and 2018 is as follows:

Thousand euro	Six-month period ended	
	2019	2018 (*)
<b>Profit of the year</b>	<b>(123)</b>	<b>11,953</b>
Current and deferred taxes	54	2,189
Depreciation, amortisation and impairment of material and intangible fixed assets	411	12,537
(Profit)/loss on the sale of property, plant and equipment	-	(250)
Net movements of provisions	(1,004)	(1,054)
Net (gains)/losses in fair value of financial instruments	-	(627)
Exchange differences	1	(452)
Interest income	-	(408)
Interest expense	24	4,362
Share in losses/(gains) in associates	-	(282)
<b>Adjustments to the profit of the year</b>	<b>(514)</b>	<b>16,015</b>
Inventory	3,560	5,213
Trade and other receivables	(2,771)	6,200
Other assets	38	4,443
Trade and other payables	(4,008)	(2,084)
<b>Working capital variation</b>	<b>(3,181)</b>	<b>13,772</b>
Interests paid	(13)	(4,098)
Interests collected	-	294
Taxes paid	-	(444)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>(3,831)</b>	<b>37,492</b>
Acquisition of subsidiaries, net of cash acquired	-	1,450
Acquisition of fixed assets	-	(10,871)
Collections from fixed assets disposal	12	458
Collections from Biosur Transformación, S.L.U. assets disposal (**)	5,000	-
Payments for liabilities in business combinations	-	(35,487)
Acquisition of non-controlling interests	-	(745)
Acquisition/disposal of financial assets	-	(9,808)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>5,012</b>	<b>(55,003)</b>
Acquisition of treasury shares	-	(36)
Proceeds from borrowings	-	51,228
Loan repayments	-	(4,098)
Other debt net variation	-	(1,377)
Other payments/income to/from non-controlling interests	-	(130)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-</b>	<b>45,587</b>
Exchange gains/(losses) on cash and cash equivalents	-	(811)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>1,181</b>	<b>27,265</b>
Cash and equivalents at the beginning of the period	1,687	139,184
<b>Cash and equivalents at the end of the period</b>	<b>2,868</b>	<b>166,449</b>
(*) Restated amounts, see Note 2.		
(**) The net collection of cash for the disposal of the biofuel business in the Group is as follows:		
Collections from the disposal of Biosur Transformación, S.L.U. assets		5,000
Collections from the disposal of the company Bionor Berantevilla, S.L.U.		13,669
<b>Cash and equivalents collected from the disposal of the biofuel business</b>		<b>18,669</b>

## 9. Share capital and premium

Movements in thousand euro	June 30, 2019			
	Share capital	Treasury shares	Share premium	Total
December 31, 2018	32,250	-	152,171	184,421
June 30, 2019	32,250	-	152,171	184,421
Movements in thousand euro	June 30, 2018			
	Share capital	Treasury shares	Share premium	Total
December 31, 2017	32,250	(4,526)	152,171	179,895
(Acquisition)/sale of treasury shares	-	4,526	-	4,526
June 30, 2018	32,250	-	152,171	184,421

a) Subscribed capital

The share capital of CIE Automotive, S.A. at June 30, 2019 and 2018, and December 31, 2018 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 stock market of Madrid. The companies that hold a direct or indirect interest of more than 10% are as follows:

% Interest	30.06.2019	31.12.2018
Acek Desarrollo y Gestión Industrial, S.L.	( <sup>1</sup> )14.909%	( <sup>1</sup> )14.909%
Corporación Financiera Alba, S.A.	10.129%	10.129%
Elidoza Promoción de Empresas, S.L.	10.000%	10.000%

(\*) 5.508% directly and indirectly through Risteel Corporation, B.V., the remaining 9.401% at June 30, 2019 and December 31, 2018

The stock price of the parent company CIE Automotive, S.A. listed in the Madrid Stock Exchange was €25.46 at June 28, 2019 (last reported day of the period).

b) Share premium

This reserve is freely available for distribution.

c) Treasury shares

On June 30, 2019 and December 31, 2018, after the disposal of treasury shares during the six-month period ended June 30, 2018, no treasury shares are registered within the parent company's equity. The sale of these treasury shares resulted in an income of €3,207 thousand which was directly taken to the parent company's reserves.

Similarly, the mandate conferred at the Annual General Meeting of May 8, 2019, 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, is in effect until May 9, 2024.

## 10. Borrowings

Thousand euro	30.06.2019	31.12.2018
Bank loans and credit facilities	1,410,036	1,057,703
<b>Non-current borrowings</b>	<b>1,410,036</b>	<b>1,057,703</b>
Bank loans and credit facilities	565,110	177,257
Commercial paper program	141,300	91,000
Bills discounted pending maturity and export advances	38,197	14,055
<b>Current borrowings</b>	<b>744,607</b>	<b>282,312</b>
<b>TOTAL BORROWINGS</b>	<b>2,154,643</b>	<b>1,340,015</b>

a) Bank borrowings

The Group's policy is to diversify its financing sources, and following this guideline, 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:

Thousand euro	Note	Current balance	In 1 year	In 5 years
Total borrowings		1,975,147	1,410,036	236,714
Interest rate swap effect	6	(406,926)	(406,926)	-
<b>Risk as of June 30, 2019</b>		<b>1,568,221</b>	<b>1,003,110</b>	<b>236,714</b>
Total borrowings		1,234,960	1,057,703	106,158
Interest rate swap effect	6	(417,438)	(388,173)	-
<b>Risk as of December 31, 2018</b>		<b>817,522</b>	<b>669,530</b>	<b>106,158</b>

Non-current borrowings have the following maturities:

Thousand euro	30.06.2019	31.12.2018
Between 1 and 2 years	162,751	161,899
Between 3 and 5 years	1,010,571	789,646
More than 5 years	236,714	106,158
<b>TOTAL NON-CURRENT BORROWINGS</b>	<b>1,410,036</b>	<b>1,057,703</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 30 and 600 basis points at June 30, 2019 and December 31, 2018.

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

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

Thousand euro	30.06.2019	31.12.2018
Euro	1,751,334	1,068,193
US dollars	351,459	256,785
Brazilian reais	3,832	4,161
Other	48,018	10,876
<b>TOTAL BORROWINGS</b>	<b>2,154,643</b>	<b>1,340,015</b>

At June 30, 2019, the Group had drawn down €222 million of the available credit lines with financial institutions (December 31, 2018: €260 million). The total limit on such credit lines amounts €740 million (December 31, 2018: €803 million). Therefore an amount of €518 million is available (December 31, 2018: €543 million) in unused loans and credit facilities at variable rates.

On July 28, 2014 CIE Automotive, S.A. entered into a new financing arrangement with a syndicate of six financial institutions for €450 million. The amortisation period stood at 5 years, with an average term of 4.7 years. This improved the average term of the Company's financing and also improved the economic terms and conditions of the former syndicated financing. The subsequent novations related to this financing were the following:

- On April 13, 2015 the syndicated loan was novated and a decrease in the initially negotiated spread was agreed. Similarly, it was agreed to extend the maturity periods, establishing the new final maturity date in April 2020.
- On July 14, 2016, the parent company signed a second novation with respect to the syndicated financing. 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.
- On June 6, 2017, the parent company signed a third novation with respect to the syndicated agreement. According to this novation, the maturity period was extended by one year for most of finance institutions, being the last payment due in April 2022.
- On April 27, 2018, the parent company signed a fourth novation of this syndicated finance agreement. According to this novation, the maturity period was extended by one year, being the last payment due in April 2023.
- On April 12, 2019, the parent company has signed a fifth novation with respect to the syndicated agreement. According to this novation, the limit has been increased by €90 million, reaching a total of €690 million; and the maturity has been extended until April 2024. The impact of registering this novation at its amortized cost has not been significant.

The drawn amount on June 30, 2019 amounted to €470 million (December 31, 2018: €400 million), and its interest rate was indexed to Euribor plus a variable margin based on the Net Finance Debt/EBITDA ratio.

On July 14, 2016, a new loan was arranged with several financial institutions amounting to €85 million and with final maturity in 10 years. Part of this finance agreement was contracted to a fixed interest rate, and the other part to a variable interest rate indexed to Euribor. The drawn amount of this loan on June 30, 2019 and on December 31, 2018 amounted to €81 million.

At June 23, 2014 the Company entered into a financing contract with the European Investment Bank (EIB) 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 June 30, 2019 the drawn down balance amounts to €42 million and bears a fixed interest (€47 million on December 31, 2018).

In July 2018, CIE Automotive, S.A. signed a contract with the European Investment Bank (EIB) of €80 million, fully undrawn at June 30, 2019, which matures on April 15, 2031.

In April 2019, also CIE Automotive, S.A. has subscribed a loan for an amount of €400 million and whose maturity is three months and it is fully undrawn at June 30, 2019.

On May 11, 2016, the Group, through its US subsidiary CIE Automotive USA Investments, arranged two loans of USD35 million each, with maturity of 3 and 5 years, respectively, at a variable interest rate, linked to LIBOR. The balance at June 30, 2019 amounted to €55.4 million (€61.2 million as of December 31, 2018).

In February 2017, the Mexican companies Pintura, Estampado y Montaje, S.A.P.I. de C.V. and Pintura y Ensamblajes de México, S.A. de C.V. arranged three loans amounting to USD60 million, USD40 million and USD40 million, which are due in February 2020, February 2022 and February 2023 respectively, with a total balance amounting to €117.1 million as of June 30, 2019 (€118.4 million as of December 31, 2018).

In June 2018, the Group contracted a new loan of USD50 million from a financial institution, through the Mexican subsidiary CIE Autometal de México, S.A. de C.V., for a five years term and an eleven month grace period, at a floating interest rate linked to the LIBOR, on conditions in line with current market price parameters. The balance of this loan on June 30, 2019 amounts to €43.9 million (December 31, 2018: €43.7 million).

On July 5, 2018, the Group signed a financing contract amounting to USD150 million with International Finance Corporation (World Bank Group) and EDC (Export Development of Canada). This funding has a maturity of 10 years and aims to support sustainable growth of the group CIE Automotive in Mexico in the coming years. On June 30, 2019 the drawn amount of such funding is €131.9 million (December 31, 2018: €34.9 million approximately).

All such financing are subject to compliance with certain ratios that are customary in the market for these types of contracts. These ratios are fulfilled at June 30, 2019 and December 31, 2018.

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 2019, the Group repaid €59 million of bank borrowings (first half 2018: €121 million) and new loans and additional credit accounts have been arranged amounting to €796 million, including the abovementioned. These amounts exclude any movement related to discontinued activities.

#### b) Commercial paper program

On July 19, 2018, the Parent company of the Group has made public the formalization of a program of issuance of commercial paper program with a maximum amount of €200 million, which has been registered in the Ireland Stock Market and which will serve as diversification of financing of working capital needs of the Group and as an alternative to bank financing for this purpose. On June 30, 2019 the drawn balance amounts to €141.3 million (December 31, 2018 €91 million).

## 11. Provisions

The breakdown of the movements in Group provisions in the first half of 2019 and 2018 is as follows:

Thousand euro	30.06.2019	30.06.2018
<b>Beginning balance</b>	<b>197,924</b>	<b>218,374</b>
Additions / (variations) in consolidation scope (Note 17)	108,350	2,950
Additions / (Reversals)	1,291	8,010
<i>Income statement (**)</i>	<i>1,291</i>	<i>8,104</i>
<i>Equity</i>	-	<i>(94)</i>
Releases	(7,811)	(39,239)
Discontinued activities	-	(20,805)
Transfers and other movements (*)	322	(4,989)
<b>Ending balance</b>	<b>300,076</b>	<b>164,301</b>
<b>NON-CURRENT PROVISIONS</b>	<b>241,950</b>	<b>138,159</b>
<b>CURRENT PROVISIONS</b>	<b>58,126</b>	<b>26,142</b>

(\*) Basically refers to the effects of exchange rate in foreign subsidiaries.

(\*\*) The comparative movement of provisions for results for the year 2018 includes €256 thousand of income reclassified in 2019 within the line of interrupted activities in the consolidated profit and loss account after its restatement.

Non-current provisions at June 30, 2019 mainly include the following:

- A €59.7 million provision (December 31, 2018: €54.7 million) corresponding significantly to tax contingencies in Brazil, of which €1.7 million are on court deposit pending court rulings at June 30, 2019 and December 31, 2018.
- A €1.5 million provision established to guarantee the sale of assets and closure and winding up of companies (December 31, 2018: €3.1 million).

- Provision for other liabilities of personnel of €86.4 million (December 31, 2018: €35.8 million), including €76.8 million corresponding to pension plans (December 31, 2018: €33.0 million).
- Provision of €94.3 million (December 31, 2018: €73.2 million) for coverage of operational business risks considered enforceable in the long term.

Current provisions at June 30, 2019 are basically for the adaptation of productive structures of Group companies as well as short-term liabilities with staff (June 30, 2019: €7.4 million, including €3.1 million of pensions; December 31, 2018: €5.9 million); also the hedging of business' operating risk at various Group companies classified as payable at short term maturity (June 30, 2019: €42.8 million; December 31, 2018: €17.9 million). They include other contingency risks and customer complaints at certain subsidiaries (June 30, 2019: €7.9 million; December 31, 2018: €7.3 million).

The total of long and short-term provisions reclassified in discontinued operations on June 30, 2019 amounts to €3.4 million (December 31, 2018: €4.4 million) (Note 8).

### Commitments with employees

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

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

- 1) Post-employment benefit plans and other long-term employee benefits in Germany fully covered through in-house provisions, long-term employee benefits, such as, length-of-service awards and supplements under phased retirement arrangements.
- 2) Post-employment benefit plans in India which are mostly under in-house provisions: lifetime retirement pensions, retirement awards financed externally under insurance contracts and retirement awards in the event of the termination of the employment contracts.
- 3) 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.

### Long term employee benefits

The movement of the defined benefit obligation and long-term employee benefits during the six-month period ended June 30, 2019 and 2018 has been as follows:

		June 30, 2019								
						VALUATION CALCULATION				
Thousand euro	31.12.2018	Additions to consolidation scope	Cost of current services	Interest rate Expense/(Income)	(Profit)/Loss due to changes in financial assumptions	(Profit)/Loss owing to experience	Benefit payments	Translation differences		30.06.2019
Post-employment benefits <sup>(1)</sup>	31,145	46,198	712	722	-	-	(834)	38		78,251
Long term employee benefits	1,634	-	-	6	-	-	-	-		1,640
<b>TOTAL COMMITMENTS</b>	<b>33,049</b>	<b>46,198</b>	<b>712</b>	<b>728</b>	<b>-</b>	<b>-</b>	<b>(834)</b>	<b>38</b>		<b>79,891</b>

  

		June 30, 2018								
						VALUATION CALCULATION				
Thousand euro	31.12.2017	Cost of current services	Interest rate Expense/(Income)	(Profit)/Loss due to changes in financial assumptions	(Profit)/Loss owing to experience	Benefit payments	Translation differences	Discontinued operations		30.06.2018
Post-employment benefits <sup>(1)</sup>	45,322	12	94	(94)	-	(372)	(201)	(13,079)		31,682
Long term employee benefits	1,138	-	-	-	-	-	-	-		1,138
<b>TOTAL COMMITMENTS</b>	<b>46,460</b>	<b>12</b>	<b>94</b>	<b>(94)</b>	<b>-</b>	<b>(372)</b>	<b>(201)</b>	<b>(13,079)</b>		<b>32,820</b>

(1) It corresponds to retirement pensions for life in Germany and India, as well as retirement awards in India and post-employment benefit plans in Italy.

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

Thousand euro	30.06.2019	31.12.2018
Germany	71,450	25,869
India	4,964	4,397
Italy	2,765	2,783
Mexico	712	-
<b>TOTAL PENSIONS</b>	<b>79,891</b>	<b>33,049</b>

There were no significant changes in the actuarial - financial assumptions compared with those described in Note 22 of the Group's annual accounts at the 2018 year end.

## 12. Corporate income tax

Thousand euro	30.06.2019	30.06.2018 <sup>(*)</sup>
Current income tax	44,389	38,982
Deferred taxes	2,648	2,988
<b>Tax expense</b>	<b>47,037</b>	<b>41,970</b>

(\*) Restated amounts, see Note 2.

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

	Nominal rate	
	2019	2018
Basque Country and Navarre	24%	26%
Rest of Spain	25%	25%
Mexico	30%	30%
Brazil	34%	34%
Rest of Europe (average rate)	15% - 33%	15% - 33%
People's Republic of China	25%	25%
Rest of America	21%	21%
India	35%	35%

Both current and deferred tax assets and liabilities are only offset if, and only if, the Group has a legally enforceable right to compensate the amounts recognized in these accounts, and when these assets and liabilities are related 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.
- 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.
- 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.
- Gestión de Aceites Vegetales, S.L.
- Reciclado de Residuos Grasos, S.L.U.
- Reciclados Ecológicos de Residuos, S.L.U.
- Biodiesel Mediterráneo, S.L.U.
- Participaciones Internacionales Autometal Dos, S.L.U.
- PIA Forging Products, S.L.
- Industrias Amaya Tellería, S.A.U.
- Mecanizaciones del Sur - Mecasur, S.A.
- CIE Automotive Boroa, S.L.U. (incorporated in 2019 financial year)
- CIE Roof Systems, S.L.U. (incorporated in 2019 financial year)
- CIE Automotive Goiain, S.L.U.

In addition, the following companies tax under the regulation of Spanish Territory Regime:

- Grupo Componentes Vilanova, S.L. (representative of the Tax Group)
- Biosur Transformación, S.L.U.
- Advanced Comfort Systems Ibérica, S.L.U.
- Denat 2007, S.L.U.

Outside Spain the following fiscal groups exist:

- In Germany: led by the company Mahindra Forgings Europe AG and in which also participate the followings: Gesenkschmiede Schneider GmbH, Jeco Jellinghaus GmbH and Falkenroth Umformtechnik GmbH.
- In the United States: led by the company CIE Automotive USA Inc and in which also participate Century Plastics LLC, Newcor, Inc, Owosso Realty, LLC, Corunna Realty, Corp, Clifford Realty Corp, Machine, Tools and Gears, Inc, Rochester Gears, Inc, CIE Automotive USA Investments, US Roof, LLC and Inteva South Africa, LLC.

Until July 3, 2018, date of disposal of the Solutions and Services segment - Smart Innovation, there were additionally four tax groups in different jurisdictions, and whose parent companies were Global Dominion Access, S.A. (fiscal group of the Basque Country), Bilcan Global Services, S.L. (tax group in Common Territory), Beroa Technology Group GmbH (tax group in Germany) and Beroa Corporation, LLC (tax group in the United States of America).

The other CIE Automotive Group companies file individual 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 2019 and 2018 for the parent company is Regional Law 11/2013 of December 5, applicable in the Territory of Bizkaia.

As a consequence of different interpretations of the tax laws, among others, it could appear additional tax liabilities due to the potential tax audits. Notwithstanding, the Company's Directors consider that such tax liabilities, if any, would not have a significant impact on the interim financial consolidated statements.

### 13. Profit 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).

	30.06.2019	30.06.2018 (*)
Profit attributable to the parent company's shareholders (thousand euro)	150,079	138,393
Weighted average number of ordinary shares outstanding (thousand)	129,000	128,809
<b>BASIC EARNINGS</b>	<b>1.163</b>	<b>1.074</b>
Basic earnings per share from continuing operations (euro per share)	1.166	1.034
Basic earnings per share from discontinued operations (euro per share)	(0.003)	0.040

(\*) Restated amounts, see Note 2.

### 14. Dividends per share

On May 5, 2019, the shareholders' Meeting of CIE Automotive, S.A. agreed the distribution of the individual result of the 2018 fiscal year, approving the distribution of a complementary dividend of €0.31 gross per share entitled to a dividend, which has amounted to a total of €39,990 thousand. The payment will be effective on July 3, 2019.

On December 12, 2018, the Board of Directors approved the payment of an interim dividend from 2018 profit of €0.31 gross per share carrying dividend rights, implying a total payout of €39,990 thousand. Payment has been made on January 4, 2019.

On April 24, 2018 the shareholders of CIE Automotive, S.A. in General Meeting approved the motion for the distribution of an extraordinary dividend based on transfer of ownership of the share held by the parent company in Global Dominion Access, S.A. The transmission of these shares was effective on July 3, 2018 and their fair value amounted to €405 million (Notes 1 and 8).

On that same date, the General Shareholders' Meeting of CIE Automotive, S.A. agreed the distribution of the individual result for the year 2017, approving the distribution of a complementary dividend of €0.28 (gross) per share entitled to a

dividend, which meant a total of €36,120 thousand. The disbursement was effective on July 3, 2018.

On December 12, 2017, the Board of Directors of CIE Automotive, S.A. approved the motion for the distribution of 2017 profit (individual) as well as the distribution of a final dividend of €0.28 (gross) per share carrying dividend rights, amounting to a total payment of €36,049 thousand. Payment was made on January 5, 2018.

#### 15. Cash generated from operating activities

Thousand euro	Note	Six-month period ended	
		June 30	
		2019	2018 <sup>(2)</sup>
<b>Profit/(loss) for the year</b>		<b>168,653</b>	<b>164,644</b>
Current taxes	12	44,389	38,982
Deferred taxes	12	2,648	2,988
Grants released to income	-	(551)	(863)
Depreciation of property, plant and equipment	4	78,783	64,377
Amortisation of intangible assets	5	2,647	2,380
(Profit)/loss on the disposal of property, plant and equipment <sup>(1)</sup>	-	(487)	(1,426)
Net movements in provisions	11	(6,520)	(30,622)
(Profit)/loss from discontinued operations	8	316	(11,953)
Net (gains)/losses in fair value of financial instruments	6	(8,158)	(65)
Exchange differences	-	77	227
Interest Income	-	(6,578)	(2,163)
Interest expense	-	27,268	19,785
Participation in loss/(gain) of the associates	6	(2,041)	(1,297)
<b>Adjustments to the profit for the year</b>		<b>131,793</b>	<b>80,350</b>
Inventories	-	9,485	(34,382)
Trade and other receivables	-	5,708	(74,517)
Other assets	-	(6,035)	26,794
Trade and other payables	-	27,417	106,523
<b>Working capital variation (excluding acquisitions impacts and translation differences on consolidation)</b>		<b>36,575</b>	<b>24,418</b>
<b>CASH GENERATED FROM OPERATING ACTIVITIES</b>		<b>337,021</b>	<b>269,412</b>

<sup>(1)</sup> In the cash flow statement, revenues from the sale of property, plant and equipment and intangible assets include:

	Note	Six-month period ended	
		June 30	
		2019	2018 <sup>(*)</sup>
Carrying amount	4/5	1,422	1,854
Gain/(loss) on the sale of property, plant and equipment	-	487	1,426
<b>Proceeds from fixed asset disposals</b>		<b>1,909</b>	<b>3,280</b>

<sup>(\*)</sup> The book value of property, plant and equipments and intangible assets from the Solutions and Services (Smart Innovation) segment, Biofuels businesses and the British forging business is not included (Notes 1 and 8).

<sup>(2)</sup> Restated amounts (see Note 2).

#### 16. Commitments

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

Thousand euro	30.06.2019	31.12.2018
Property, plant and equipment	50,457	37,458

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.

As of December 31, 2018 there were commitments of non-cancelable leases amounting to €49.6 million, which after the entry into force of IFRS 16 "Leases", the leases in question have been recorded according to the criteria established in the rule (Notes 2.6 and 4).

## 17. Business combinations

### 2019

#### a) Aurangabad

On April 9, 2019, the Group, through its Indian nationality subsidiary Mahindra CIE Automotive, Ltd., has carried out the acquisition of 100% of the shares of the company, also of Indian nationality, Aurangabad Electricals, Ltd. for a price of 8,756 million rupees (approximately €111 million), of which 8,156 million rupees (approximately €104 million) have been paid on the date of the acquisition.

The business combination for taking control of the companies that includes this operation, referring to 100% of their corresponding holdings, as well as the detail of assets and liabilities arising from the acquisition; and the movement of cash funds from the operation is summarized below:

Fair value in thousand euro	Nota	AURANGABAD
Fixed assets	4/5	44,838
Deferred tax assets	-	1,149
Non-current financial assets	6	231
Other non-current assets	-	2,211
Inventories	-	7,219
Accounts receivables	-	16,149
Other current assets	-	403
Current financial assets	6	4,062
Cash and cash equivalents	-	5,386
<b>Assets acquired</b>		<b>81,648</b>
Other financial liabilities	-	22,219
Deferred tax liabilities	-	5,804
Provisions	11	6,303
Accounts payables	-	17,775
Lease liabilities	4	57
Other current liabilities	-	4,476
<b>Liabilities acquired</b>		<b>56,634</b>
<b>Net assets acquired</b>		<b>25,014</b>
Purchase Price		111,427
Fair value of the net assets acquired	-	(25,014)
<b>Goodwill</b>	<b>5</b>	<b>86,413</b>
Consideration paid on operation		103,775
Cash and cash equivalents at the entity acquired		(5,386)
<b>Outflow of cash on the acquisition</b>		<b>98,389</b>

This goodwill has been attributed to the future profitability of the acquired business and the synergies that are expected to be obtained after the acquisition by the Group.

The fair value of the fixed assets has been determined according to appraisals carried out by independent experts who are knowledgeable about the market, whose estimates, which did not include limitations or additional risks to be considered, have been based on purchase or replacement market prices, and account for the residual useful lives of the various assets.

The analysis of the business combination, as well as the process of assigning the price paid to the values of the assets and liabilities acquired have not been completely finalized.

#### b) CIE Golde

On May 6, 2019 the Group, through its subsidiaries CIE Roof Systems, S.L. and CIE Automotive USA, Inc. has proceeded to the acquisition of Inteva's roofing business, with an acquisition cost that has amounted to €741 million, of which €723 million were paid on the date of the acquisition. This business combination includes the acquisition of 100% of the shares of Inteva Holding, BV, Inteva Products USA, LLC, Inteva Products Netherlands 2, BV, Inteva South Africa, LLC and US Roof, LLC. The first three companies are holding companies whose main function is the ownership of shares of the subsidiaries of the CIE Golde Group, while the last two companies are productive and marketing companies.



The business combination for taking control of the companies that includes this operation, referring to 100% of their corresponding holdings, as well as the detail of assets and liabilities arising from the acquisition; and the movement of cash funds from the operation is summarized below:

Fair value in thousand euro	Nota	CIE GOLDE
Fixed assets	4/5	90,875
Deferred tax assets	-	19,198
Non-current financial assets	6	2,348
Investments in associates at fair value	6	93,892
Inventories	-	39,896
Accounts receivables	-	103,097
Other current assets	-	10,353
Current financial assets	6	12,165
Cash and cash equivalents	-	54,387
<b>Assets acquired</b>		<b>426,211</b>
Provisions	11	102,047
Accounts payables	-	112,906
Lease liabilities	4	40,998
Other current liabilities	-	38,690
<b>Liabilities acquired</b>		<b>294,641</b>
<b>Net assets acquired</b>		<b>131,570</b>
Purchase price		740,881
Fair value of the net assets acquired	-	(131,570)
<b>Goodwill</b>	<b>5</b>	<b>609,311</b>
Consideration paid on operation		722,836
Cash and cash equivalents at the entity acquired		(54,387)
<b>Outflow of cash on the acquisition</b>		<b>668,449</b>

This goodwill has been attributed to the future profitability of the acquired business and the synergies that are expected to be obtained after the acquisition by the Group. Moreover, the investments in associates at fair value include an implicit goodwill of €87,785 thousand, based on a fair value estimation made for the company Shanghai Inteva Automotive Parts Co., Ltd.; acquired in the scope of the previous mentioned transaction, over which the Group has acquired 50% (Note 6).

The fair value of the fixed assets will be determined according to appraisals carried out by independent experts who are knowledgeable about the market, once they are finalized.

The analysis of the business combination, as well as the process of assigning the price paid to the values of the assets and liabilities acquired have not been completely finalized.

## **2018**

Consolidation scope changes are described in Note 1.

### **a) Automotive**

In January 2018 the acquisition of 100% of the shares of the Brazilian company Zanini Industria de Autopeças, Ltda was carried out for a price of €1,120 thousand.



The business combination for the takeover of Zanini Industria de Autopeças, Ltda referred to 100% of the participation, as well as the detail of assets and liabilities arising from the acquisition; and the movements of cashflows related to the transaction are detailed below:

Fair value in thousand euro	Note	ZANINI
Fixed assets	4/5	4,955
Non-current financial assets	6	70
Inventories	-	582
Accounts receivables	-	482
Other current assets	-	115
Cash and cash equivalents	-	390
<b>Assets acquired</b>		<b>6,594</b>
Provisions	11	2,857
Borrowings	-	246
Accounts payables	-	3,935
Other liabilities	-	3,802
<b>Liabilities acquired</b>		<b>10,040</b>
<b>Net assets acquired</b>		<b>(4,246)</b>
Purchase price		1,120
Fair value of the net assets acquired	-	4,246
<b>Goodwill</b>	<b>5</b>	<b>5,366</b>
Consideration paid on operation		1,120
Cash and cash equivalents at the entity acquired		(390)
<b>Outflow of cash on the acquisition</b>		<b>730</b>

This goodwill embodied the future economic benefits expected to derive from the business acquired and the synergies expected to be generated by its acquisition by the Group.

The analysis of the business combination, as well as the process of assigning the price paid to the values of the assets and liabilities acquired has been finalized.

The total turnover generated by this business combination does not differ significantly from that which would have been considering a takeover date of January 1, 2018.

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

In February 2018, through the subsidiary of the Group Global Near, S.L. the additional capital acquisition of the company Centro Near Servicios Financieros, S.L. was carried out for one euro, until then a consolidated company using the equity method. Once control over it was obtained (Note 1), the corresponding business combination was accounted for.

On March 28, 2018, the Group, through the subsidiary Dominion Industries and Infraestructuras, S.L., was carried out the acquisition of 100% of the capital stock of Go Specialist, S.L. for €1 million, of which €700 thousand were paid at the time of acquisition.

In June 2018 the Group, through its subsidiary Global Dominion Access, S.A. proceeded to the acquisition of 100% of the shares of Grupo Scorpio for a total amount of €5,164 thousand.

In June 2018 the Group, through its subsidiary Global Dominion Access, S.A. proceeded to acquire 100% of the shares of Diseños y Productos Técnicos, S.A. (DITECSA) for a total amount of €2,782 thousand.

The business combinations for these businesses, as well as the detail of assets and liabilities arising from the acquisition; and the movements of cashflows related to the transaction are detailed below:

Fair value in thousand euro	Note	ABSIDE	GO SPECIALIST	SCORPIO <sup>(*)</sup>	DITECSA <sup>(*)</sup>
Fixed assets	4/5	2,000	21	437	1,259
Deferred taxes	-	1,650	-	99	332
Non-current financial assets	6	(2,845)	-	4	-
Inventories	-	-	-	449	12
Accounts receivables	-	57	-	1,219	310
Other current assets	-	143	-	121	337
Cash and equivalents	-	85	-	2,072	243
<b>Assets acquired</b>		<b>1,090</b>	<b>21</b>	<b>4,401</b>	<b>2,493</b>
Minority shareholders	1	2,000	-	-	-
Other non current financial liabilities	-	-	-	90	-
Other non current liabilities	-	1,787	-	-	-
Deferred taxes	-	-	-	-	2
Provisions	11	-	93	-	-
Accounts payables	-	9	328	1,025	1,084
Other liabilities	-	90	-	237	195
<b>Liabilities acquired</b>		<b>3,886</b>	<b>421</b>	<b>1,352</b>	<b>1,281</b>
<b>Net assets acquired</b>		<b>(2,796)</b>	<b>(400)</b>	<b>3,049</b>	<b>1,212</b>
Purchase Price	-	-	1,000	5,164	2,782
Fair value of the net assets acquired	-	2,796	400	(3,049)	(1,212)
<b>Goodwill</b>	<b>5</b>	<b>2,796</b>	<b>1,400</b>	<b>2,115</b>	<b>1,570</b>
Consideration paid on operation	-	-	700	-	250
Cash and cash equivalents at the entity acquired	-	(85)	-	(2,072)	(243)
<b>Outflow of cash on the acquisition</b>		<b>(85)</b>	<b>700</b>	<b>(2,072)</b>	<b>7</b>

(\*)The movements corresponding to these business combinations have not been disclosed in the notes, as they have taken place after the date of interruption April 24, 2018.

This goodwill embodied the future economic benefits expected to derive from the business acquired and the synergies expected to be generated by its acquisition by the Group.

The net income from these business combinations, classified as discontinued activities, has not been significant.

The business analysis, as well as the process of assigning the price paid to the assets and liabilities acquired have been finalized.

## 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 June 30, 2019 to the members of the Board of Directors, consisting of salaries, per diems and other remuneration was €1,879 thousand (June 30, 2018: €1,554 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.

On June 30, 2019 and December 31, 2018 there is a balance receivable (at present value) of €152 thousand arising from other transactions with these related parties, classified as current assets.

The total remuneration paid in the six-month period ended June 30, 2019 to senior management staff of the CIE Automotive Group, excluding the amounts included in the section on the remuneration paid to the Board of Directors (2019 and 2018: 11 members) was €2,155 thousand (June 30, 2018: €2,831 thousand).

As explained in Note 26 within the Consolidated Annual Accounts of the Group as of December 31, 2018, the Board of Directors of CIE Automotive agreed in its meeting of February 27, 2018 to implement a plan to allow the participation of certain employees in the company's share capital. The total nominal amount of loans to members of the key management, pending collection as of June 30, 2019 is €10,728 thousand (€11,271 thousand as of December 31, 2018). These loans, which meet the conditions to be considered as full recourse, are valued at fair value, and are classified under non-current financial assets in the consolidated interim balance sheet (Note 6).

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

- Remuneration based on the share's price

At the General Shareholders' Meeting held on April 24, 2018, the concession was approved, for the CEO, of a long-term incentive based on the evolution of the share price of CIE Automotive, S.A.

The incentive consists of the payment of a total extraordinary remuneration resulting from multiplying 1,450,000 rights by the increase in the value of the share price of CIE Automotive, S.A. during a maximum period of 9 years (reference periods), with a base price of €21.30 per share and the closing value of the average of the contribution corresponding to the last quarter of the periods completed within the established period, in the terms approved by the General Shareholders' Meeting.

- Other related-party balances and transactions

Balances in thousand euro	30.06.2019	31.12.2018
Receivables from related parties	27,149	28,846
Payables from related parties	(6,375)	(7,076)
Loans and credits from related parties	1,441	1,377
Advances to related parties (Note 6)	11,700	11,700
Balances receivable with entities with significant influence	16,800	16,800
Balances payable with entities with significant influence	(33,584)	(14,712)
Dividend pending payment	(39,990)	(39,990)

  

Transactions in thousand euro	30.06.2019	30.06.2018
Services received	3,162	2,511
Services rendered	7	55
Financial expenses	116	-
Purchases <sup>(*)</sup>	11,882	13,128
Sales <sup>(*)</sup>	106,902	112,060

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

**19. Subsequent events**

On June 24, 2019, the Group made public that it entered into a sale purchase agreement of the entire share capital of the Mexican companies Maquinados de Precisión de México S. de R.L. of C.V. and Precision Courts of Mexico S. de R.L. of C.V. for an amount of USD65.5 million (approximately €58 million). As of June 30, 2019, the closing of this contract is subject to compliance with the usual conditions in this type of transactions.

Company	Parent Company	Activity	Registered office	% effective	
				Direct	Indirect
<b>CIE Berriz, S.L.</b> <sup>(1)</sup>	CIE Automotive, S.A.	Holding company	Bizkaia	100.00%	-
Belgium Forge, N.V. (dormant)	CIE Berriz, S.L.	Manufacture of automotive components	Belgium	-	100.00%
CIE Udalbide, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Bizkaia	-	100.00%
CIE Mecauto, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Álava/Araba	-	100.00%
Mecanizaciones del Sur-Mecatur, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Álava/Araba	-	100.00%
Gameko Fabricación de Componentes, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Álava/Araba	-	100.00%
Grupo Componentes Vilanova, S.L.	CIE Berriz, S.L.	Manufacture of automotive components	Barcelona	-	100.00%
Alurecy, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Bizkaia	-	100.00%
Componentes de Automoción Recytec, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Álava/Araba	-	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	Álava/Araba	-	100.00%
Recycle, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Gipuzkoa	-	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	Álava/Araba	-	100.00%
Egaña 2, S.L.	CIE Berriz, S.L.	Manufacture of automotive components	Bizkaia	-	100.00%
Inyectametal, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Bizkaia	-	100.00%
Orbelan Plásticos, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Gipuzkoa	-	100.00%
Transformaciones Metalúrgicas Norma, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Gipuzkoa	-	100.00%
Plasfil Plásticos da Figueira, S.A. <sup>(1)</sup>	CIE Berriz, S.L.	Manufacture of automotive components	Portugal	-	100.00%
CIE Stratis-Tratamentos, Ltda.	Plasfil Plásticos da Figueira, S.A.	Manufacture of automotive components	Portugal	-	100.00%
CIE Metal CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Plasty CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Unitools Press CZ, a.s.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Joamar, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Automotive Maroc, s.a.r.l. d'au	CIE Berriz, S.L.	Manufacture of automotive components	Morocco	-	100.00%
CIE Praga Louny, a.s. <sup>(1)</sup>	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.	Facilities	Germany	-	100.00%
Leaz Valorización, S.L.U. (without activity)	CIE Berriz, S.L.	Waste management and recoveries	Bizkaia	-	100.00%
CIE Compiègne, S.A.S.	CIE Berriz, S.L.	Manufacture of automotive components	France	-	100.00%
Biosur Transformación, S.L.U. <sup>(2)</sup>	CIE Berriz, S.L.	Biofuel production and sale	Huelva	-	100.00%
Comlube s.r.l. <sup>(1)</sup> (domant)	CIE Berriz, S.L.	Biofuel production and sale	Italy	-	80.00%
Glycoleo s.r.l. (without activity)	Comlube s.r.l.	Production and marketing of glycerine	Italy	-	40.80%
Biocombustibles de Guatemala, S.A. <sup>(2)</sup>	CIE Berriz, S.L.	Agro-biotechnology	Guatemala	-	51.00%
Gestión de Aceites Vegetales, S.L. <sup>(1)(2)</sup>	CIE Berriz, S.L.	Marketing of fatty oils	Madrid	-	88.73%
Reciclado de Residuos Grasos, S.L.U. <sup>(2)</sup>	Gestión de Aceites Vegetales, S.L.	Marketing of fatty oils	Madrid	-	88.73%
Reciclados Ecológicos de Residuos, S.L.U. <sup>(2)</sup>	CIE Berriz, S.L.	Marketing of fatty oils	Alicante	-	100.00%
Recogida de Aceites y Grasas Maresme, S.L. <sup>(2)</sup>	CIE Berriz, S.L.	Marketing of fatty oils	Barcelona	-	51.00%
Biodiesel Mediterráneo, S.L.U. <sup>(2)</sup>	CIE Berriz, S.L.	Biofuel production and sale	Alicante	-	100.00%
Denat 2007, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Pontevedra	-	100.00%
Industrias Amaya Tellería, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Bizkaia	-	100.00%
MAR SK, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Slovakia	-	100.00%
Autocom Componentes Automotivos do Brasil Ltda.	CIE Berriz, S.L.	Manufacture of automotive components	Brazil	-	100.00%
GAT México, S.A. de C.V.	CIE Berriz, S.L.	Manufacture of automotive components	Mexico	-	100.00%
SC CIE Matricón, 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%
CIE Automotive Goian, S.L.U.	CIE Berriz, S.L.	Manufacture of automotive components	Álava/Araba	-	100.00%
Autometal, S.A. <sup>(1)</sup>	CIE Berriz, S.L.	Manufacture of automotive components	Brazil	-	100.00%
Durametal, S.A.	Autometal, S.A.	Manufacture of automotive components	Brazil	-	84.88%
Autometal SBC Injeção e Pintura de Plásticos Ltda. <sup>(1)</sup>	Autometal, S.A.	Manufacture of automotive components	Brazil	-	100.00%
Autocromo Cromação de Plásticos Ltda.	Autometal SBC Injeção e Pintura de Plásticos Ltda.	Manufacture of automotive components	Brazil	-	100.00%

Company	Parent Company	Activity	Registered office	% effective	
				Direct	Indirect
Autometal Investimentos e Imóveis, Ltda. <sup>(*)</sup>	Autometal, S.A.	Facilities	Brazil	-	100.00%
Gescrap-Autometal Comércio de Sucatas S.A.	Autometal Investimentos e Imóveis, Ltda.	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%
Autometal ML Cromação, Pintura e Injeção de Plásticos Ltda <sup>(1)</sup>	Autometal, S.A.	Manufacture of automotive components	Brazil	-	100.00%
CIE Autometal de México, S.A. de C.V. <sup>(*)</sup>	CIE Berriz, S.L.	Holding company	Mexico	-	100.00%
Pintura y Ensamblés de México, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	Mexico	-	100.00%
CIE Celaya, S.A.P.I. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	Mexico	-	100.00%
Gescrap Autometal de Mexico, S.A. de C.V. <sup>(*)</sup>	CIE Autometal de México, S.A. de C.V.	Scrap	Mexico	-	30.00%
Gescrap Autometal Mexico Servicios, S.A. de C.V.	Gescrap Autometal de Mexico, S.A. de C.V.	Facilities	Mexico	-	30.00%
Pintura, Estampado y Montaje, S.A.P.I. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	Mexico	-	100.00%
Maquinados Automotrices y Talleres Industriales de Celaya, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	Mexico	-	100.00%
CIE Berriz México Servicios Administrativos, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Facilities	Mexico	-	100.00%
Nugar, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Manufacture of automotive components	Mexico	-	100.00%
Percaser de México, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Facilities	Mexico	-	100.00%
Servicat S. Cont., Adm. y Técnicos, S.A. de C.V.	CIE Autometal de México, S.A. de C.V.	Facilities	Mexico	-	100.00%
CIE Automotive, USA Inc <sup>(*)</sup>	CIE Autometal de México, S.A. de C.V.	Facilities	USA	-	100.00%
CIE Automotive USA Investments	CIE Automotive, USA Inc	Holding company	USA	-	100.00%
Century Plastics, LLC <sup>(*)</sup>	CIE Automotive, USA Inc	Manufacture of automotive components	USA	-	100.00%
Century Plastics Real State Holdings, LLC	Century Plastics, LLC	Real estate company	USA	-	100.00%
Newcor, Inc <sup>(*)</sup>	CIE Automotive, USA Inc	Holding company	USA	-	100.00%
Owosso Realty, LLC	Newcor, Inc	Real estate company	USA	-	100.00%
Corunna Realty, Corp.	Newcor, Inc	Real estate company	USA	-	100.00%
Clifford Realty, Corp.	Newcor, Inc	Real estate company	USA	-	100.00%
Machine, Tools and Gear, Inc	Newcor, Inc	Manufacture of automotive components	USA	-	100.00%
Rochester Gear, Inc	Newcor, Inc	Manufacture of automotive components	USA	-	100.00%
Inteva South Africa, LLC <sup>(1)</sup>	CIE Automotive, USA Inc	Manufacture of automotive components	USA	-	100.00%
US Roof, LLC <sup>(1)</sup>	CIE Automotive, USA Inc	Manufacture of automotive components	USA	-	100.00%
Participaciones Internacionales Autometal Dos, S.L.U. <sup>(*)</sup>	CIE Berriz, S.L.	Holding company	Bizkaia	-	100.00%
PIA Forging Products, S.L.U.	Participaciones Internacionales Autometal Dos S.L.U.	Holding company	Bizkaia	-	100.00%
Mahindra CIE Automotive Ltd. <sup>(*)</sup>	Participaciones Internacionales Autometal Dos S.L.U.	Manufacture of automotive components	India	-	56.32%
Stokes Group Limited <sup>(*) (2)</sup>	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	United Kingdom	-	56.32%
Stokes Forgings Limited <sup>(2)</sup>	Stokes Group Limited	Manufacture of automotive components	United Kingdom	-	56.32%
Stokes Forgings Dudley Limited <sup>(2)</sup>	Stokes Group Limited	Manufacture of automotive components	United Kingdom	-	56.32%
CIE Galfor, S.A.U. <sup>(*)</sup>	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	Orense	-	56.32%
Mahindra Forgings Europe AG <sup>(*)</sup>	CIE Galfor, S.A.U.	Holding company	Germany	-	56.32%
Gesensschmiede Schneider GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	56.32%
Jeco Jellinghaus GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	56.32%
Falkenroth Umformtechnik GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	56.32%
Schoneweiss & Co. GmbH	Mahindra Forgings Europe AG	Manufacture of automotive components	Germany	-	56.32%
CIE Legazpi, S.A.U.	CIE Galfor, S.A.U.	Manufacture of automotive components	Gipuzkoa	-	56.32%
UAB CIE LT Forge	CIE Galfor, S.A.U.	Manufacture of automotive components	Lithuania	-	56.32%
Galfor Eólica, S.L	CIE Galfor, S.A.U.	Electricity production and sale	Orense	-	14.08%
Metalcastello S.p.A.	CIE Galfor, S.A.U.	Manufacture of automotive components	Italy	-	56.30%
BillForge Pvt. Ltd. <sup>(*)</sup>	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	India	-	56.32%
BillForge de Mexico S de RL de CV	BillForge Pvt. Ltd.	Manufacture of automotive components	Mexico	-	56.32%
BF Precision Pvt. Ltd.	BillForge Pvt. Ltd.	Manufacture of automotive components	India	-	56.32%
Aurangabad Electricals, Ltd. <sup>(*) (1)</sup>	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	India	-	100.00%
Aurangabad Deutschland GmbH <sup>(1)</sup>	Aurangabad Electricals, Ltd.	Manufacture of automotive components	India	-	100.00%
Gescrap India Pvt. Ltd.	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	India	-	16.90%
<b>Advanced Comfort Systems Ibérica, S.L.U.</b>	CIE Automotive, S.A.	Manufacture of automotive components	Orense	100.00%	-
<b>Advanced Comfort Systems France, S.A.S. <sup>(*)</sup></b>	CIE Automotive, S.A.	Manufacture of automotive components	France	100.00%	-

Company	Parent Company	Activity	Registered office	% effective	
				Direct	Indirect
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%
Advanced Comfort Systems Shanghai Co. Ltd. <sup>(*)</sup>	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	China	-	100.00%
Advanced Comfort Systems Wuhan Co. Ltd.	Advanced Comfort Systems Shanghai Co. Ltd.	Manufacture of automotive components	China	-	100.00%
<b>Autokomp Ingeniería, S.A.U.</b> <sup>(*)</sup>	CIE Automotive, S.A.	Facilities	Bizkaia	100.00%	-
Forjas de Celaya, S.A. de C.V.	Autokomp Ingeniería, S.A.U.	Manufacture of automotive components	Mexico	-	100.00%
Nanjing Automotive Forging Co., Ltd.	Autokomp Ingeniería, S.A.U.	Manufacture of automotive components	China	-	50.00%
Componentes Automotivos Taubaté, Ltda. <sup>(*)</sup>	Autokomp Ingeniería, S.A.U.	Holding company	Brazil	-	100.00%
Autoforjas, Ltda.	Componentes Automotivos Taubaté, Ltda.	Manufacture of automotive components	Brazil	-	100.00%
<b>CIE Automotive Boroa, S.L.U.</b> <sup>(1)</sup>	CIE Automotive, S.A.	Finance services	Bizkaia	100.00%	-
<b>CIE Roof Systems, S.L.U.</b> <sup>(1)(*)</sup>	CIE Automotive, S.A.	Holding company	Bizkaia	100.00%	-
Inteva Holding, BV <sup>(1)(*)</sup>	CIE Roof Systems, S.L.U.	Holding company	The Netherlands	-	100.00%
Inteva Tianjin Co., Ltd. <sup>(1)</sup>	Inteva Holding, BV	Manufacture of automotive components	China	-	100.00%
Inteva Wuhan Co., Ltd. <sup>(1)</sup>	Inteva Holding, BV	Manufacture of automotive components	China	-	100.00%
Inteva Yantai Co., Ltd. <sup>(1)</sup>	Inteva Holding, BV	Manufacture of automotive components	China	-	100.00%
Inteva Products USA, LLC <sup>(1)(*)</sup>	CIE Roof Systems, S.L.U.	Holding company	USA	-	100.00%
Inteva Products Barbados, Ltd. <sup>(1)(*)</sup>	Inteva Products USA, LLC	Holding company	Barbados	-	100.00%
Inteva Products Vehicle Systems Shanghai Co., Ltd. <sup>(1)</sup>	Inteva Products Barbados, LLC	Manufacture of automotive components	China	-	100.00%
Inteva Products Changchun Co., Ltd. <sup>(1)</sup>	Inteva Products Barbados, LLC	Manufacture of automotive components	China	-	100.00%
Inteva Products Innovation Shanghai Co., Ltd. <sup>(1)</sup>	Inteva Products Barbados, LLC	Manufacture of automotive components	China	-	100.00%
Inteva Products Netherlands 2, BV <sup>(1)(*)</sup>	CIE Roof Systems, S.L.U.	Holding company	The Netherlands	-	100.00%
Roofs Center India Pvt Ltd. <sup>(1)</sup>	Inteva Products Netherlands 2, BV	Technology center	India	-	100.00%
Roof Systems Gemany, GmbH <sup>(1)</sup>	Inteva Products Netherlands 2, BV	Technology center / Manufacture of automotive components	Germany	-	100.00%
Inteva Products Salonta, SRL <sup>(1)</sup>	Inteva Products Netherlands 2, BV	Manufacture of automotive components	Romania	-	100.00%
Inteva Products Slovakia, Spol. <sup>(1)</sup>	Inteva Products Netherlands 2, BV	Manufacture of automotive components	Slovakia	-	100.00%
Inteva Products Mexico Holdings, LLC <sup>(1)(*)</sup>	Inteva Products Netherlands 2, BV	Holding company	USA	-	100.00%
Automotive Mexico Body Systems, S. de R.L. de C.V. <sup>(1)</sup>	Inteva Products Mexico Holdings, LLC	Manufacture of automotive components	Mexico	-	100.00%
SIR S.A.S. <sup>(1)(*)</sup>	Inteva Products Netherlands 2, BV	Holding company	France	-	100.00%
Shanghai Inteva Automotive Parts Co., Ltd. <sup>(1)(*)</sup>	SIR S.A.S.	Manufacture of automotive components	China	-	50.00%
Inteva Auto Parts (Ningde) Co., Ltd. <sup>(1)</sup>	Shanghai Inteva Automotive Parts Co., Ltd.	Manufacture of automotive components	China	-	50.00%

(1) Companies added to consolidation scope in 2019 together with their subsidiaries.

(2) Discontinued companies at June 30, 2019

(\*) Parent of all investees listed subsequently in the table.

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 June 30, 2019 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 July 22, 2019