2018

CIE Automotive

MANAGING HIGH VALUE ADDED PROCESSES

INTERIM FINANCIAL STATEMENTS AS OF 30 JUNE 2018

Table of contents of the abbreviated consolidated interim financial statements of CIE Automotive, S.A. and subsidiaries for the six-month period ended 30 June 2018

ABBREVIATED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2018

Thousand euro	Note	30.06.2018	31.12.2017
Property, plant and equipment	4	1,256,012	1,271,158
Intangible assets		1,036,570	1,369,815
Goodwill	5	1,016,876	1,303,403
Other intangible assets	5	19,694	66,412
Non-current financial assets	6	36,220	17,701
Investments in associates	6	4,445	15,018
Deferred tax assets	-	180,089	231,069
Other non-current assets	-	11,577	16,412
Non-current assets		**2,524,913**	**2,921,173**
Inventories	-	405,487	450,218
Trade and other receivables		436,381	722,960
Trade receivables	-	375,316	610,337
Other current assets	-	10,119	16,007
Tax receivables	-	50,946	96,616
Other current financial assets	6	54,536	89,444
Cash and cash equivalents	7	250,960	289,448
Current assets		**1,147,364**	**1,552,070**
Disposal group assets classified as held-for-sale	**8**	**1,050,312**	**6,620**
TOTAL ASSETS		**4,722,589**	**4,479,863**

The accompanying notes on pages 7 to 43 are an integral part of these abbreviated consolidated interim financial statements.

ABBREVIATED CONSOLIDATED INTERIM BALANCE SHEET AT 30 JUNE 2018

Thousand euro	Note	30.06.2018	31.12.2017
Equity attributable to the parent company's shareholders		453,682	814,457
Share capital	9	32,250	32,250
Treasury shares	9	-	(4,526)
Share premium	9	152,171	152,171
Retained earnings	-	444,918	808,578
Interim dividend	-	-	(36,049)
Cumulative exchange differences	-	(175,657)	(137,967)
Non-controlling interests	-	512,507	522,456
EQUITY		**966,189**	**1,336,913**
Deferred income	-	**14,321**	**14,819**
Non-current provisions	11	138,159	153,894
Non-current borrowings	10	1,039,249	982,247
Deferred tax liabilities	-	70,231	85,480
Other non-current liabilities	-	74,809	93,206
Non-current liabilities		**1,322,448**	**1,314,827**
Current borrowings	10	246,637	242,642
Trade and other payables		876,448	1,329,586
Trade and other payables	-	811,554	1,218,098
Tax payables	-	64,894	111,488
Other current financial liabilities	6	9,425	8,842
Current provisions	11	26,142	64,480
Other current liabilities	-	523.712	165,989
Current liabilities		**1,682,364**	**1,811,539**
Disposal group liabilities classified as held-for-sale	**8**	**737,267**	**1,765**
TOTAL LIABILITIES		**3,742,079**	**3,128,131**
TOTAL EQUITY AND LIABILITIES		**4,722,589**	**4,479,863**

The accompanying notes on pages 7 to 43 are an integral part of these abbreviated consolidated interim financial statements.

ABBREVIATED CONSOLIDATED INTERIM INCOME STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

		Six-month period ended 30 June	
Thousand euro	**Note**	**2018**	**2017(*)**
OPERATING REVENUE		**1,650,469**	**1,522,656**
Revenue	-	1,566,653	1,471,058
Other operating income	-	73,990	32,003
Change in inventories of finished goods and work in progress	-	9,826	19,595
OPERATING EXPENSES		**(1,440,851)**	**(1,343,950)**
Consumption of raw materials and secondary materials	-	(942,889)	(867,036)
Employee benefit expenses	-	(284,954)	(268,750)
Depreciation and impairment	4/5	(67,921)	(69,526)
Other operating income/(expenses)	-	(145,087)	(138,638)
OPERATING PROFIT		**209,618**	**178,706**
Financial income	-	2,219	2,410
Financial expense	-	(19,860)	(22,666)
Net exchange differences	-	(238)	(1,883)
Gains/Losses on financial instruments at fair value	6	65	2,091
Share of profit/(loss) of associates	6	1,297	2,034
PROFIT BEFORE TAX		**193,101**	**160,692**
Corporate income tax	12	(41,970)	(35,738)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS AFTER TAX		**151,131**	**124,954**
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUING OPERATIONS AFTER TAX	**8**	**13,513**	**10,562**
PROFIT FOR THE PERIOD		**164,644**	**135,516**
ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**-**	(26,251)	(20,451)
PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY		**138,393**	**115,065**
Basic and diluted earnings per share from continuing operations (in euro)	13	1.022	0.856
Basic and diluted earnings per share from discontinued operations (in euro)	13	0.052	0.037

(*) Restated amounts, see Note 2 and 8, summary of significant accounting policies of the explanatory notes as of 30 June 2018.

The accompanying notes on pages 7 to 43 are an integral part of these abbreviated consolidated interim financial statements.

ABBREVIATED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX- MONTH PERIOD ENDED 30 JUNE 2018

		Six-month period ended 30 June	
Thousand euro	**Note**	**2018**	**2017**
PROFIT FOR THE PERIOD		**164,644**	**135,516**
Cash flow hedges	6	(1,714)	2,737
Net investment hedge	6	-	(172)
Foreign currency translation differences	-	(46,393)	(64,903)
Other comprehensive income for the period	-	877	(593)
Tax effect	-	494	(677)
Total entries that may be reclassified subsequently to profit or loss	-	**(46,736)**	**(63,608)**
Actuarial gains and losses	11	140	(97)
Tax effect	-	-	(77)
Total entries that may not be reclassified subsequently to profit or loss	-	**140**	**(174)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD NET OF TAX	-	**118,048**	**71,734**
Attributable to parent company owners	**-**	**100,136**	**61,379**
Continuing operations	-	93,821	58,526
Discountinued operations	-	6,315	2,853
Attributable to non-controlling interests	**-**	**17,912**	**10,355**

The accompanying notes on pages 7 to 43 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 30 JUNE 2018

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	Non-controlling interests	Total equity
Balance at 31 December 2016	**32,250**	**-**	**152,171**	**(47,128)**	**(44,470)**	**694,954**	**(25,800)**	**501,329**	**1,263,306**
TOTAL COMPREHENSIVE INCOME for 2017	**-**	**-**	**-**	**1,531**	**(55,217)**	**115,065**	-	**10,355**	**71,734**
Distribution 2016 profit	-	-	-	-	-	(52,837)	25,800	-	(27,037)
Changes in the scope of consolidation (Note 1)	-	-	-	-	(2,831)	341	-	(3,327)	(5,817)
Treasury shares acquisition	-	(4,526)	-	-	-	-	-	-	(4,526)
Other movements	-	-	-	-	(661)	(396)		(1,040)	(2,097)
Balance at 30 June 2017	**32,250**	**(4,526)**	**152,171**	**(45,597)**	**(103,179)**	**757,127**	**-**	**507,317**	**1,295,563**

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	Non-controlling interests	Total equity
Balance at 31 December 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 1 January 2018	**32,250**	**(4,526)**	**152,171**	**(45,989)**	**(137,967)**	**847,454**	**(36,049)**	**520,888**	**1,328,232**
TOTAL COMPREHENSIVE INCOME for 2018	**-**	**-**	**-**	**(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 30 June 2018	**32,250**	**-**	**152,171**	**(46,661)**	**(175,657)**	**491,579**	**-**	**512,507**	**966,189**

The accompanying notes on pages 7 to 43 are an integral part of these abbreviated consolidated interim financial statements.

ABBREVIATED CONSOLIDATED INTERIM CASH FLOW STATEMENT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018

		Six-month period ended 30 June	
Thousand euro	**Note**	**2018**	**2017 (*)**
Cash generated from continuing operations	15	**305,846**	**294,961**
Interest paid	-	(16,843)	(17,037)
Interest collected	-	2,070	2,023
Taxes paid	-	(33,648)	(31,424)
Other liabilities paid	11	(36,889)	(7,160)
Cash generated from operating activities from discontinued operations	8	37,905	(1,173)
CASH FLOWS FROM OPERATING ACTIVITIES		**258,441**	**240,190**
Acquisition of subsidiaries, net of cash acquired	17	(730)	(131,569)
Acquisition of property, plant and equipment	4	(120,707)	(143,827)
Proceeds from the sale of property, plant and equipment and intangible assets	15	3,280	1,250
Acquisition of intangible assets	5	(1,564)	(5,416)
Acquisitions to non-controlling interests	1	(59,619)	(5,817)
Proceeds from disposals in associates	6	-	2,700
Acquisition/disposal of financial assets	6	(28,706)	(2,366)
Cash generated from investing activities from discontinued operations	8	(54,989)	(12,392)
CASH FLOWS FROM INVESTING ACTIVITIES		**(263,035)**	**(297,437)**
Sale/(Acquisition) of Treasury Shares	-	7,733	(4,526)
Proceeds from borrowings	10	241,732	138,087
Income (net of reimbursements) from high-rotation borrowings	-	(43,551)	16,649
Loan repayments	10	(77,858)	(147,248)
Grants received (net)	-	415	1,784
Variation of other debts	-	(4,096)	2,978
Dividends paid to shareholders of the Parent Company	-	(36,049)	(25,800)
Other payments/income to/from non-controlling interests	-	-	(591)
Cash generated from investing activities from financing operations	8	45,629	766
CASH FLOWS FROM FINANCING ACTIVITIES		**133,955**	**(17,901)**
Exchange gains/(losses) on cash and cash equivalents		**(1,954)**	**(2,368)**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**127,407**	**(77,516)**
Cash and equivalents at beginning of the period	-	289,448	372,550
Cash and equivalents at end of the period	**7**	**250,960**	**295,034**
Cash and equivalents at end of the period classified as discontinuing operations	**8**	**165,895**	**-**

(*) Restated amounts, See Note 2 and 8, summary of significant accounting policies of the explanatory notes as of 30 June 2018.

The accompanying notes on pages 7 to 43 are an integral part of these abbreviated consolidated interim financial statements.

1. General information and Regulatory framework

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) which are described below:

- Automotive

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

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

- Solutions and Services (Smart Innovation)

  The Dominion Group, through a group of companies led by the company Global Dominion Access, S.A. and with stable presence in 30 countries and more than 8,000 employees, supported on a business model which combines knowledge and technology, develops its activities, offering Solutions and Services that actively contribute to make more efficient the production processes of its clients. With a global and multisector approach, this subgroup operates, among others, in the Industry, Energy, Bank, Health, Education and Technology sectors, by covering both, the private and public fields.

  Its main facilities are located in Europe (Spain, Germany, France, Italy, the United Kingdom, Poland and Denmark), Latin America (Mexico, Brazil, Peru, Argentina, Chile, Ecuador, the Dominican Republic and Colombia), the United States and Canada, so on in Asia (Saudi Arabia, India, Oman, Qatar, UAE, Israel, Vietnam, the Phillippines and Japan), and Africa (South Africa and Angola).

  On 24 April 2018, an extraordinary dividend was approved by the General Meeting, through which CIE Automotive, S.A. has distributed to its shareholders all the shares held by Global Dominion Access, S.A., the parent company of this segment with effect of 3 July 2018. Due to this operation, described in Notes 1 and 8, the assets and liabilities related to the aforementioned, as well as the associated profit and loss account, were present as "disposal group assets and liabilities classified as held-for-sale"and "discontinued activities".

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

Group structure

At present CIE Automotive, S.A. (publicly listed) has a 100% direct stake in: CIE Berriz, S.L., Advanced Comfort Systems Ibérica, S.L.U., Advanced Comfort Systems France, S.A.S. and Autokomp Ingeniería, S.A.U. and, lastly, 50.01% stake in Global Dominion Access, S.A. (until July 3, 2018), mainly holding companies to which the CIE Automotive Group's productive companies report to.

The list of subsidiaries and associates at 30 June 2018, 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 companies consolidated under the equity method are disclosed in Note 6.

Disposal of the Solutions and Services segment (Smart Innovation)

At the General Shareholders' Meeting held on 24 April 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 has had effects on 3 July 2018. Therefore, at the date of preparation of these interim financial statements, the net assets belonging to the subgroup led by Global Dominion Access, S.A. are registered as "disposable group assets and liabilities classified as held for sale". Likewise, the profit belonging to this segment has been recorded under the heading "profit/(loss) for the year from discontinuing operations after tax".

CIE Automotive | NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

As of June 30, 2018, the Group has recognized a liability amounting to €394 million corresponding to the fair value of the extraordinary dividend on that date within the other current liability statement.

The difference between the value of the net assets of the subgroup and the valuation of the dividend liability to be distributed will generate a capital gain which will be recorded in the financial statements of December, as the date on which the control over the Solutions and Services segment is 3 July 2018, date of the effective distribution of the dividend. Therefore, the disposal of the assets and liabilities of the Dominion group will take place, and the equity related to non controlling interests will decrease.

The following table shows the overall impact of the dividend distribution on the Group's consolidated statement of equity once the transfer of the shares becomes effective.

Million euro	Exchange differences	Retained earnings	Non-controlling interests	Total Equity
Balance at 30 June 2018	**(176)**	**445**	**513**	**966**
Revaluation of the extraordinary dividend amount due to variation on the market value of shares of Global Dominion Access, S.A.	-	(11)	-	**(11)**
Disposal of the Solution and Services (Smart Innovation) net assets, net of non-controlling interests	13	(165)	(156)	**(308)**
Cancellation of the extraordinary dividend related liability (from which, €240 million will be taken to the profit and loss account based on the cost value of the disposed assets and their book value)	-	405	-	**405**
Balance after transaction	**(163)**	**674**	**357**	**1,052**

As disclosed, the net impact of this extraordinary dividend distribution based in the shares of the Solution and Services (Smart Innovation) segment will increase the consolidated equity in €86 million, increasing the equity attributable to the Parent Company in €242 million and decreasing the equity attributable to non-controlling interests in €156 million approximately.

Changes in the scope of consolidation

Six-month period ended 30 June 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 Cromaçao, Pintura e Injeçao de Plástico, Ltda.) was carried out for a price of €1,120 thousand.

On 29 June 2018, an additional 5% of the sharehold of the subsidiary Mahindra CIE Automotive, Ltd. was acquired for an approximate amount of €60 million. The net impact on the consolidated equity has 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., has acquired the 100% of the participation of the company Centro Near Servicios Financieros, S.L. Subsequently, a capital share increase has been carried out, for which a minority shareholder has subscribed the 49.99% of shares. This transaction has had a positive financial impact of €2 million in the line of non-controlling interests.

Subsequent to this operation, the company has been 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 has acquired a 100% share of Go Specialist, S.L. via its subsidiary Dominion Industry and Infraestructures, S.L. The acquisition price has 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.

Six-month period ended 30 June 2017

a) Automotive segment

During the first half of 2017, the following company transactions were carried out, which resulted in no impact on the consolidated financial statement:

- The reverse merger of the companies Metalcastello, S.P.A. (absorbing company) and Mahindra Gears Global, Ltd. (absorbed company) took place, being an Italian and Mauritian company respectively.
- Brazilian company Bioauto Participaçoes, S.A. was liquidated.
- The merger of the Brazilian companies Autometal, S.A. and Naturoil Combustíveis Renováveis, S.A. took place.

In January 2017, the Group through its Brazilian subsidiary Autometal, S.A., acquired an additional 34.9% of the share capital of the also Brazilian company, Durametal, S.A. for an amount of 20 million Brazilian Reaies (approximately €5.8 million). After this acquisition, the share hold percentage hold by the Group in Durametal, S.A. amounts to 84.9%. This operation had a net negative impact on the consolidated equity amounting to €5.8 million.

Also, in March 2017, the Group acquired the entire share capital of the US Corporation Newcor, Inc. The transaction meant an investment by CIE Automotive of approximately USD108 million (approximately €102 million) fully disbursed in cash (Note 17).

In April 2017, the company Antolin-CIE Czech Republic, s.r.o. was sold for an amount of €2.7 million. The net impact of this transaction resulted in an income amounting to €1.5 million, taken to “Share of profit/(loss) of associates” in the consolidated income statement (Note 6).

b) Solutions and Services Segment (Smart Innovation)

At the beginning of 2017, the German subsidiary Beroa Deutschland GmbH together with another external partner formed the Dutch joint venture, Cobra Carbon Grinding B.V., whose shareholding was distributed to 50% to each partner.

Also, in that same period, a reverse merger had taken place between the subsidiary Global Ampliffica, S.L.U. and its subsidiary Ampliffica, S.L.U., and also between the North American companies Karrena International LLC and its subsidiary Karrena International Chimneys LLC. None of these mergers had any impact on the consolidated financial statements.

In 2017, the Vietnamese subsidiary Chimneys and Refractories International Vietnam Co. Ltd., which was established at the end of 2016, had been incorporated to the consolidation perimeter, whose activity is focused on industrial solutions.

Also during the first semester of 2017, a non-commercial swap agreement was signed by Dominion Industry and Infrastructures, S.L., through which the 37% owned by the Group in Huerto Solar La Alcardeteña, S.A. was exchanged for an additional 50% of the subsidiary Solfuture Gestión, S.L. The impacts of this transaction did not have significant at a consolidated level.

Preparation of interim financial statements

These abbreviated consolidated interim financial statements were authorized for issue by the parent company's Board of Directors on 24 July 2018.

2. Summary of significant accounting policies

Expect 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 30 June 2018 are consistent with those used to prepare the 2017 consolidated annual accounts of CIE Automotive, S.A. and subsidiaries. These abbreviated consolidated interim financial statements for the six-month period ended 30 June 2018 have been prepared according to International Accounting Standards (IAS) 34, “Interim financial reporting” and should be read along with the consolidated annual accounts at 31 December 2017, which were prepared according to IFRS-EU for CIE Automotive, S.A. and subsidiaries.

2.1 Basis of presentation

The Group's abbreviated consolidated interim financial statements for the six-month period ended 30 June 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted for utilisation in the European Union (IFRS-EU) and approved under European Commission Regulations in force at 30 June 2018.

The interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets held-for-sale and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss as well as the liability derived from the extraordinary dividend agreed in the year (Note 1).

The preparation of interim financial statements and the consolidated annual accounts in conformity with IFRS-EU requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The judgements and estimates made by management when preparing the abbreviated interim consolidated financial statements at 30 June 2018 are consistent with those used in the preparation of the consolidated annual accounts at 31 December 2017 of CIE Automotive and subsidiaries.

There are no extraordinary items in the first semester of 2018 and 2017 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 31 December 2017 by CIE Automotive, S.A. and subsidiaries.

The consolidation methods used are described in Note 1. The financial statements used in the consolidation process are, in all cases, those relating to the six-month period ended 30 June 2018 and 2017.

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 2017 consolidated financial statements of CIE Automotive S.A. and subsidiaries.

2.4 Comparative information

Following the approval of the distribution of extraordinary dividends by the Shareholders' Meeting through which the shares held by the Group are distributed in its subsidiary Global Dominion Access, S.A. the requirements for the consideration of the net assets of the Solutions segment are met and Services (Smart Innovation) as discontinued activities. The after-tax result of said activity is included in the "profit / (loss) of discontinued activities after taxes" line in the consolidated income statement for the six-month periods of 2018 and 2017 in application of the accounting principles current. In this sense, the results and cash flows of said period related to said activities have been broken down in Note 8. Consequently, the comparative information of the previous year has been reclassified."

The movement schedules disclosed in this notes include the consolidated financial statement amount for each line of the Solutions and Services (Smart Innovation) segment of 24 April 2018, date of approval of the extraordinary dividend by the Shareholders' Meeting.

In the particular case of the consolidated statement of cash flows, the Group has included separately cash flows generated by the discontinued activities separately in a single line, separating the flows generated by operating, investment and financing activities in the consolidated statement of cash flows as of 30 June 2018. The consolidated statement of comparative cash flows for the same period of 2017 has been restated for reasons of comparability. The detail of the consolidated statement of cash flows of discontinued operations has been included in Note 8.

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 condensed interim financial statements, the significant judgments made by management on applying the Group's accounting policies and the key sources of uncertainty in their estimation have been the same as those applied in the consolidated annual accounts for the year ended 31 December 2017.

a) Estimated impairment loss on goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units basically which were determined on the basis of calculations of value in use did not give rise to impairment risks on the Group's goodwill at 31 December 2017.

The assumptions used in the analysis, the effects of the sensitivity analysis and other information on these impairment analyses are included in Note 7 of the consolidated annual accounts of CIE Automotive, S.A. and subsidiaries at 31 December 2017.

The performance of the profit of the different business lines of the CIE Automotive Group has maintained positive levels in the first semester of 2018, without indication of a risk of impairment which would modify the conclusions of the analyses and estimates made at 31 December 2017.

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 30 June 2018 and 2017 has been estimated based on profit before taxes, as adjusted for any permanent and/or temporary differences envisaged in tax legislation governing the corporate income tax base calculation. The tax is recognized in the income statement, except insofar as it relates to items recognized directly in equity, in which case, it is also recognized in equity.

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

The calculation of income tax expense did not require the use of significant estimates except in tax credits recognized in the year, which was at all times consistent with the annual financial statements. Bearing in mind the economic and time parameters used for the estimates, had the premises used been modified by 10%, it would not have had a significant positive or negative effect on the results for the six-month period ended 30 June 2018.

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

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

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

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

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 24 to the consolidated annual accounts as of 31 December 2017 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 1 January 2018, the updates made to IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from contracts with customers* came into force. As indicated in the consolidated financial statements of 31 December 2017 the Group has decided to adopt them without restating the comparative periods, since their impact was not significant. The reclassifications and the adjustments arising from the new rules are therefore not reflected in the balance sheet as of December 31, 2017, but are recognized in the opening balance sheet as of 1 January 2018.

IFRS 9 Financial instruments

Financial assets and liabilities

The new standard has not significantly affected the valuation of its financial assets, which are valued at amortized cost since all of them exceed the analysis (SPPI) to be considered as debt instruments that are going to be liquidated to their expiration.

Certain amounts presented until 2017 under the denomination of financial assets held to maturity have been reclassified as loans and receivables, without any effect on their valuation (Note 6). On the other hand, and regarding the valuation of financial assets, the Group has recorded a negative amount of approximately €2.7 million (€1.8 million net of taxes) related to deposits (Note 6) and other accounts receivable of lower amount.

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No impact on the accounting of financial liabilities by the Group has been registered, given that the same requirements only affect financial liabilities that are designated at fair value through profit or loss and the only liabilities valued following this criterion correspond to contingent liabilities of business combinations in their contingent price concept, and which are classified as "group liabilities held as available for sale" after the interruption of the Solutions and Services segment (Smart Innovation).

The new hedge accounting rules are more aligned with the risk management practices followed by the Group. In this regard, the Group classifies its derivatives as hedging instruments. After applying the new requirements of IFRS 9 to hedge accounting, the impacts derived from it have not been significant.

Accounts receivable

The Group applies the simplified approach of IFRS 9 to assess expected credit losses using a provision for expected lifetime losses for all commercial accounts receivable.

To assess the expected losses, the Automotive segment has been considered as a single homogeneous segment, where customers are the same in all geographies. Therefore, the Group, based on the historical experience of the percentage of defaults in relation to its volumes of commercial accounts receivable, has recorded an additional provision existing at December 31, 2017 for €3.9 million (€2.9 million net of taxes) with a charge to retained earnings due to the expected credit loss of these balances. In the Solution and Services (Smart Innovation) segment, the impairment registered has amounted to €4.3 million (€3.2 million net of taxes).

Regarding factorized trade receivable valuation, the impact of the updates on the standards have not been significant.

As a result of the changes in the accounting policies of IFRS 9, €8.7 million (of which €5.5 million correspond to the Automotive segment and €3.2 million to the Solutions and Services segment - Smart Innovation) have been debited to the initial balance of accumulated earnings and non-controlling interests, which are disclosed in the following table:

Thousand euro	Note	31.12.2017	IFRS 9	01.01.2018
Deferred tax assets	-	231,069	3,440	234,509
Financial assets – Loans and receivables	6	90,135	(3,195)	86,940
Accounts receivable	-	610,337	(8,627)	601,710
Other receivables	-	32,419	(299)	32,120
TOTAL IMPACT ON RETAINED EARNINGS		**854,567**	**(7,113)**	**847,454**
TOTAL IMPACT ON NON-CONTROLLING INTERESTS		**522,456**	**(1,568)**	**520,888**

IFRS 15 Revenue from contracts with customers

After the analysis made by the Group of the effects of application of the new standard, the conclusions are the following:

- No lines of activity have been identified that require significant modification of the criteria for recognizing current income.
- The presentation in the consolidated balance sheet of assets and liabilities relating to contracts does not determine significant changes in the current presentation practice.
- The most complex contracts (Smart Innovation segment) with different execution obligations in force at the date of application of the new standard do not present treatment differences with respect to the criteria that the Group has been applying.

Therefore, no significant effects have been detected, neither qualitative nor that may require their recognition on the date of the first application of the new standard, as anticipated in the Group's consolidated financial statements as of 31 December 2017.

In particular, in the Automotive segment, after the analysis performed no accounting criteria were detected that must be modified and, therefore, the impacts are not considered significant in any case.

In the segment of Solutions and Services (Smart Innovation), those customers or sectors in which it operates through medium and long-term projects, no operations have been identified where the recognition criteria should be modified, with the possible impacts on the figures have been deemed as not significant. This has been due to the fact that in the large contracts, basically started in 2016, the analysis criteria applied by the Group were in line with the basic criteria underlying IFRS 15. In relation to certain trade operations of technological products and telephony that develops this last segment has concluded as agent the performance of the Group in these activities. These sales have been classified as discontinued operations in the Consolidated Income Statement, without any impact on results. In addition, in the same segment, a new category of financial instrument has been included to collect the items receivable from income from the sale of services calculated by the application of the work progress or that the corresponding sales invoice is still pending, which is called "Assets per contract" and which until December 31, 2017 were recorded jointly under the heading of Trade and other receivables, which at that date reached the figure of €89.5 million. As of June 30, 2018, this item amounts to €102.5 million, and is classified as "Assets disposed of for sale" (Note 8).

2.7 New IFRS and IFRIC interpretations

Standards, amendments and mandatory interpretations for all years beginning on January 1, 2018

There are four amendments according to IFRS-IASB that have entered into force as of January 1, 2018:

a) IFRS 9 "Financial instruments";

b) IFRS 15 "Revenue from contracts with customers";

c) IFRS 15 (Amendment) Clarifications to IFRS 15" Revenue from contracts with customers ";

d) Annual Improvements to IFRS. Cycle 2014 – 2016 (IFRS 1 and IAS 28)

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

IFRS 9 "Financial Instruments"

Investments and other financial assets

As of January 1, 2018, the Group classifies its financial assets into the following rating categories:

a) those that are valued after fair value (either with changes in other comprehensive income or results), and

b) those that are valued at amortized cost.

The classification depends on the business model of the entity to manage the financial assets and the contractual terms of the cash flows.

For assets valued at fair value, gains and losses will be recognized in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, it will depend on whether the group has made an irrevocable election at the time of initial recognition to account for investments in equity at fair value with changes in other comprehensive income (FVOCI).

The group reclassifies investments in debt when and only when its business model to manage those assets changes.

At the time of initial recognition, the Group values a financial asset at its fair value plus, in the case of a financial asset other than at fair value through profit or loss, the costs of the transaction that are directly attributable to the acquisition of the financial asset. The transaction costs of financial assets at fair value with changes in results are taken to results.

Debt instruments

The subsequent valuation of the debt instruments depends on the group's business model to manage the asset and the characteristics of the cash flows of the asset. There are three valuation categories in which the group classifies its debt instruments:

- Amortized cost: Assets held for the collection of contractual cash flows when those cash flows represent only payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in financial income according to the effective interest rate method. A gain or loss arising from the derecognition of accounts is recognized directly in results and is presented in other gains/(losses), together with gains and losses from exchange differences. Impairment losses are presented in a separate line in the income statement.

- Fair value with changes in other comprehensive income (FVOCI): The assets held for the collection of contractual cash flows and for selling the financial assets, when the cash flows of the assets represent only payments of principal and interest, are valued at fair value with changes in other comprehensive income. Movements in the carrying amount are taken to other comprehensive income, except for the recognition of gains or losses from impairment of value, ordinary income from interest and gains or losses from exchange differences that are recognized in profit or loss. When the financial asset is written off in accounts, the accumulated gain or loss previously recognized in other comprehensive income is reclassified from equity to profit and loss and recognized in other gains / (losses). Interest income from these financial assets is included in financial income according to the effective interest rate method. Gains and losses from exchange differences are presented in other gains / (losses) and the impairment expense is presented in a separate line item in the income statement.
- Fair value with changes in results (FVPL): Assets that do not meet the criteria for amortized cost or for fair value with changes in other comprehensive income are recognized at fair value through profit or loss. A gain or loss on an investment in debt that is recognized subsequent to fair value through profit or loss is recognized in income and is presented net within other gains / (losses) in the year in which it arises.

Equity instruments

The Group subsequently values all investments in equity at fair value. When the Group's management has chosen to present the gains and losses on the fair value of investments in equity in other comprehensive income, there is no subsequent reclassification of the gains and losses in fair value to results following the downgrade in accounts of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in other gains / (losses) in the statement of income when applicable. Impairment losses (and reversals of impairment losses) on investments in equity measured at fair value with changes in other comprehensive income are not presented separately from other changes in fair value.

Impairment

As of 1 January 2018, the group evaluates on a prospective basis the expected credit losses associated with its debt instruments recorded at amortized cost and at fair value with changes in other comprehensive income. The methodology applied for the impairment of value depends on whether there has been a significant increase in credit risk.

For trade accounts receivable, the group applies the simplified approach allowed by IFRS 9, which requires that the expected losses during its life are recognized from the initial recognition of accounts receivable.

Derivatives and hedging activities

The effective part of the changes in the fair value of the derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve in equity. The gain or loss related to the ineffective part is recognized immediately in results, within other income/(expenses).

The gain or loss corresponding to the effective portion of the interest rate swaps generated by the variable rate loans is recognized in profit or loss under the heading "Financial expenses" at the same time that the interest expense is accrued by the loans cutlery.

When option contracts are used to hedge forecasted transactions, the Group designates only the intrinsic value of the options as the hedging instrument. Until 31 December 2017, the Group classified the exchange rate options as derivatives held for trading and accounted them at fair value through profit or loss.

When forward contracts are used to hedge forecasted transactions, the Group generally designates only the change in the fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses related to the effective portion of the change in the spot component of forward contracts are recognized in the cash flow hedge reserve in equity. The change in the forward element of the contract related to the hedged item ("matured term element") is recognized in other comprehensive income in the costs of the hedge reserve within equity. In some cases, the entity may designate the total change in the fair value of the forward contract (including forward points) as a hedging instrument. In these cases, gains or losses corresponding to the effective part of the change in the fair value of the full-term contract are recognized in the cash flow hedge reserve in equity.

When a hedging instrument expires, is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and the deferred costs of the hedge at that time remain in equity until that the anticipated transaction occurs, resulting in the recognition of a non-financial asset such as inventories. When the anticipated transaction is no longer expected, the accumulated gain or loss and deferred hedging costs that were presented in equity are classified to the income statement.

IFRS 15 "Revenue from contracts with customers"

In May 2014, the IASB and the FASB jointly issued a convergent standard in relation to the recognition of ordinary income from contracts with customers. Under this rule, income is recognized when a customer obtains control of the good or service sold, that is, when it has both the capacity to direct the use and to obtain the benefits of the good or service. This IFRS includes a new guide to determine if they should recognize income over time or at a specific time. IFRS 15 requires extensive information on both recognized income and future expected income in relation to existing contracts. Likewise, it requires quantitative and qualitative information on the significant judgments made by the management in the determination of the income that is recognized, as well as on the changes in these judgments.

Subsequently, in April 2016, the IASB published modifications to this standard that, although they do not modify the fundamental principles, clarify some of the more complex aspects.

IFRS 15 has been effective for annual periods beginning on or after January 1, 2018.

The summary of impacts of IFRS 15 within the Groups financial statements have been disclosed in 2.6.

IFRS 15 (Amendment) "Clarifications to IFRS 15" Revenue from contracts with customers"

The IASB has amended IFRS 15 in order to:

a) Clarify the guide for the identification of performance obligations, the accounting of intellectual property licenses and the principal versus agent evaluation (net versus gross income presentation).

b) Include new and modified illustrative examples for each of these areas of the guide.

c) Provide additional practical resources related to the transition to the new standard.

These amendments do not change the fundamental principles of IFRS 15, but they do clarify some of the more complex aspects of this standard.

This modification has been effective for annual exercises beginning on January 1, 2018.

The impacts of this modification have been evaluated together with the application of IFRS 15.

Annual Improvements to IFRS. Cycle 2014 – 2016

The amendments affect IFRS 1 and IAS 28 and will apply to annual periods beginning as of 1 January 2018.

Main modifications refer to:

a) IFRS 1, "Adoption for the first time of the International Financial Reporting Standards": Elimination of short-term exemptions for entities that adopt IFRS for the first time.

b) IAS 28, "Investments in associates and joint ventures": Valuation of an investment in an associate or a joint venture at fair value.

These improvements had no impact on the Group.

Rules, modifications and interpretations that have not yet entered into force, but can be adopted in advance

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".

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.

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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.

This standard will be applicable to annual periods beginning after 1 January 2019.

The Group continues analyzing the impacts of this standard update, gathering all the information of those contracts that may enter into the scope of the same. After a preliminary analysis, it is estimated that the main leases that will have to be recognized in the balance sheet correspond to the different production plants that Automotive segment has leased for the operation of the business. In the case of the Solutions and Services segment, the main impact corresponds to the leased stores to carry out the commercialization of the services provided by the sub-segment of "Technological Services".

2.8 Seasonal nature of bsuiness and business volume

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

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

2.9 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 31 December 2017.

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 30 June 2018 and 31 December 2017 is calculated as follows:

Thousand euro	Note	30.06.2018	31.12.2017
Cash and cash equivalents	7	250,960	289,448
Other financial assets	6	90,756	107,145
Undrawn credit facilities and loans	10	230,895	419,433
Liquidity reserve		**572,611**	**816,026**
Borrowings with credit institutions	10	1,285,886	1,224,889
Other current financial liabilities	6	9,425	8,842
Cash and cash equivalents	7	(250,960)	(289,448)
Other current financial assets	6	(90,756)	(107,145)
Nebt financial debt		**953,595**	**837,138**

The Group's Finance Department believes that the on-going initiatives will prevent liquidity shortfalls. In this respect, management expects that the cash generated in the second half of 2018 and in 2019 will be sufficient to service payment obligations forecasted for the year without problem.

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

In addition, the Group is strategically diversifying the financial markets and financing sources it taps as a tool for eliminating liquidity risk and retaining financing flexibility.

Short-term bank borrowings include recurring credit facilities amounting to €18 million deriving from the recurring discounting of commercial paper from customers (€16 million at 31 December 2017) (Note 10).

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

Noteworthy is the existence at 30 June 2018 of €231 million in unused loans and credit lines (31 December 2017: €419 million).

The following table shows a breakdown of working capital in the Group's abbreviated consolidated interim balance sheet at 30 June 2018 as compared with 31 December 2017, stating the significance of each item:

Thousand euro	Note	30.06.2018	31.12.2017
Inventory	-	405,487	450,218
Trade and other receivables	-	375,316	610,337
Other current assets	-	10,119	16,007
Current tax assets	-	50,946	96,616
Current operating assets		**841,868**	**1,173,178**
Other current financial assets	6	54,536	89,444
Cash and cash equivalents	7	250,960	289,448
Current assets		**1,147,364**	**1,552,070**
Trade and other payables	-	811,554	1,218,098
Current tax liabilities	-	64,894	111,488
Current provisions	11	26,142	64,480
Other current liabilities(*)	-	523,712	165,989
Current operating liabilities		**1,426,302**	**1,560,055**
Short-term borrowings and overdrafts	10	246,637	242,642
Other financial liabilities	6	9,425	8,842
Current liabilities		**1,682,364**	**1,811,539**
TOTAL WORKING CAPITAL		**(535,000)**	**(259,469)**

(*) Includes €394 million of extraordinary dividend corresponding to the market valuation of the shares to be distributed on 3 July 2018 (Note 1). The negative working capital excluding this impacto would amount to (€141) million.

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 has been performed to control and reduce collection periods for trade and other receivables, as well as to optimise accounts payable with the support of banking arrangements to mobilise funds and minimise inventories through excellent logistic and industrial management, allowing JIT (just in time) supplies to our customers.

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

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 30 June 2018, the value of the extraordinary dividend payable related to the shares of Global Dominion Access, S.A. is determined by the market price of these shares on the Madrid Stock Exchange. The amount of this liability amounts to €394 million on that date (Note 1).

b) Level 2 financial instruments

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

Specific financial instrument valuation techniques include:

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.

It is assumed that the carrying amount of trade receivables and payables is similar to their fair value.

The fair value of financial liabilities for financial reporting purposes is estimated by discounting future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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

After the interruption of the Solutions and Services (Smart Innovation) segment, the assets and liabilities of Level 3 are shown under the headings of "disposal group assets and liabilities classified as held-for-sale".

The Company has not agreements 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 Executive Steering Committee reviews the Group's internal financial information for the purposes of evaluating performance and assigning resources to segments.

Management has determined the operating segments based on the structure of the reports reviewed by the Strategy and Operations Committee.

The Strategy and Operations Committee analyses the business of the CIE Automotive Group from both a geographical perspective and from the viewpoint of the different lines of business (segments) in which it operates.

Following the approval of the distribution of the extraordinary dividend at the General Shareholders' Meeting on April 24, 2018, the Group has reclassified the net assets related to the Solutions and Services Segment (Smart Innovation) as discontinued activities (Notes 1 and 8). As of June 30, 2018, the only segment in which it operates as a continuing activity would be Automotive, presenting the segment of Solutions and Services (Smart Innovation) as discontinued activity.

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.

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- Global market: Worldwide industrialisation and supply capacity. The Group's customers are global and it has the ability to supply them from difference geographic areas.

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

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

- NAFTA: includes, basically, the Group's Automotive companies located in Mexico and the USA.
- Brazil: includes basically the Group's Automotive companies located in Brazil.
- Mahindra CIE and Asia: includes the business of manufacturing forging components that existed in the group including the annual results of the companies CIE Galfor, S.A.U. and CIE Legazpi, S.A.U. (Spanish companies), and U.A.B. CIE LT Forge (Lithuanian company) and the companies deriving from the alliance with the Mahindra group were added to the Group on or after 4 October 2013 located in India and Europe and those added in December 2014 located in India and Italy, and the indian BillForge Group after its acquisition in 2016. Additionally, and while not significant as a distinct segment, the group companies operating in the Chinese market are included here.
- Europe - Rest of Automotive: includes all manufacturing businesses non-dependent of the Mahindra CIE subgroup basically located in Europe.

a) <u>Segment information</u>

Results per segments are as follows:

	30 June 2018					30 June 2017				
Thousand euro	NAFTA	BRAZIL	MAHINDRA CIE & ASIA	EUROPE & OTHER	TOTAL	NAFTA	BRAZIL	MAHINDRA CIE & ASIA	EUROPE & OTHER	TOTAL
Revenue	355,784	170,474	569,104	471,291	**1,566,653**	361,179	152,659	494,488	462,732	**1,471,058**
Other operating expenses and income (excluding depreciation and amortisation)	(273,191)	(143,431)	(485,858)	(386,634)	**(1,289,114)**	(278,049)	(132,100)	(430,049)	(382,628)	**(1,222,826)**
Amortisation/depreciation and impairment	(16,197)	(5,297)	(20,826)	(25,601)	**(67,921)**	(14,693)	(5,302)	(21,605)	(27,926)	**(69,526)**
Operating profit	**66,396**	**21,746**	**62,420**	**59,056**	**209,618**	**68,437**	**15,257**	**42,834**	**52,178**	**178,706**
EBITDA	**82,593**	**27,043**	**83,246**	**84,657**	**277,539**	**83,130**	**20,559**	**64,439**	**80,104**	**248,232**

Transactions between segment companies are performed under market conditions.

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

	30 June 2018					30 June 2017				
Thousand euro	NAFTA	BRAZIL	MAHINDRA CIE & ASIA	EUROPE & OTHER	TOTAL	NAFTA	BRAZIL	MAHINDRA CIE & ASIA	EUROPE & OTHER	TOTAL
Amortisation and depreciation	**(16,197)**	**(5,297)**	**(20,826)**	**(25,601)**	**(67,921)**	**(14,693)**	**(5,302)**	**(21,605)**	**(27,926)**	**(69,526)**
Property, plant and equipment	(16,036)	(5,015)	(20,324)	(24,166)	(65,541)	(14,015)	(5,167)	(21,101)	(26,301)	(66,584)
Intangible assets	(161)	(282)	(502)	(1,435)	(2,380)	(678)	(135)	(504)	(1,625)	(2,942)
Impairment	-	-	-	-	-	-	-	-	-	-

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

Thousand euro	Note	30.06.2018	30.06.2017
Operating results		**209,618**	**178,706**
Financial income (expense)	-	(17,879)	(22,139)
Share in profits of associates	6	1,297	2,034
Gains /(losses) on the fair value of derivative financial instruments	6	65	2,091
Corporate income tax	12	(41,970)	(35,738)
Discontinued operations	8	13,513	10,562
Attributed to non-controlling interests	-	(26,251)	(20,451)
Profit attributable to the Parent company		**138,393**	**115,065**

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

Segment assets and liabilities and investments made during the period:

30 June 2018

Thousand euro	NAFTA	BRAZIL	MAHINDRA CIE & ASIA	EUROPE & OTHER	TOTAL AUTOMOTIVE	SOLUTIONS & SERVICES (1)	TOTAL
Investments in associates	2,938	1,474	-	33	4,445	-	**4,445**
Other assets	791,755	335,131	1,120,492	1,426,299	3,673,677	1,044,467	**4,718,144**
Total assets	**794,693**	**336,605**	**1,120,492**	**1,426,332**	**3,678,122**	**1,044,467**	**4,722,589**
Total liabilities	**462,475**	**123,026**	**617,008**	**1,803,833**	**3,006,342**	**735,737**	**3,742,079**
Fixed asset additions	37,383	12,490	25,774	46,624	122,271	5,372	**127,643**
Disposal of fixed assets net of depreciation and amortisation	(74)	(567)	(123)	(1,090)	(1,854)	(93)	**(1,947)**
Net investments for year	**37,309**	**11,923**	**25,651**	**45,534**	**120,417**	**5,279**	**125,696**

31 December 2017

Thousand euro	NAFTA	BRAZIL	MAHINDRA CIE & ASIA	EUROPE & OTHER	TOTAL AUTOMOTIVE	SOLUTIONS & SERVICES (1)	TOTAL
Investments in associates	2,252	986	-	33	3,271	11,747	15,018
Other assets	737,835	345,320	1,423,267	960,416	3,466,838	998,007	4,464,845
Total assets	**740,087**	**346,306**	**1,423,267**	**960,449**	**3,470,109**	**1,009,754**	**4,479,863**
Total liabilities	**452,179**	**115,349**	**586,411**	**1,258,765**	**2,412,704**	**715,427**	**3,128,131**
Fixed asset additions	117,778	27,077	51,183	78,301	274,339	18,393	292,732
Disposal of fixed assets net of depreciation and amortisation	(171)	(523)	(1,121)	(5,260)	(7,075)	(607)	(7,682)
Net investments for year	**117,607**	**26,554**	**50,062**	**73,041**	**267,264**	**17,786**	**285,050**

(1) Assets and liabilities classified as a discontinued operation as of 30 June 2018. Fixed asset additions and disposals considered until the date of discontinuation of the segment.

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 activies is segmented in the following geographical areas:

Thousand euro	30.06.2018	30.06.2017
Spain	132,541	132,244
Rest of Europe	630,076	582,927
Brazil	170,474	152,659
NAFTA	355,784	361,179
Asia (*)	277,778	242,049
TOTAL	**1,566,653**	**1,471,058**

Non-current assets, excluding financial instruments and deferred tax assets, corresponding to continuing activities as of 30 June 2018 are broken down into the following geographical areas or countries:

Thousand euro	30.06.2018	31.12.2017
Spain	247,541	239,439
Rest of Europe	647,163	639,353
Brazil	229,548	243,936
NAFTA	571,456	537,447
Asia (*)	608,451	619,094
Total Automotive	**2,304,159**	**2,279,269**
Total Solutions and Services (Smart Innovation)	-	378,116
TOTAL	**2,304,159**	**2,657,385**

(*) This line includes the incorporated companies of the Mahindra group resident in India, as well as the Group companies located in China.

CIE Automotive | NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

4. Property, plant and equipment

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

30 June 2018							
Thousand euro	31.12.2017	ADDITIONS/ (VARIATIONS) IN CONSOLIDATION SCOPE (Note 17)	ADDITIONS (**)	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS (*)	DISCONTINUED OPERATIONS	30.06.2018
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)**
Net value	**1,271,158**						**1,256,012**

30 June 2017							
Thousand euro	31.12.2016	ADDITIONS/ (VARIATIONS) IN CONSOLIDATION SCOPE (Note 17)	ADDITIONS (**)	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS(*)	DISCONTINUED OPERATIONS	30.06.2017
Cost	2,739,765	77,803	151,411	(13,127)	(90,738)	-	**2,865,114**
Depreciation	(1,562,707)	(42,463)	(70,211)	11,064	41,652	-	**(1,622,665)**
Impairment	(10,316)	-	-	491	39	-	**(9,786)**
Net value	**1,166,742**						**1,232,663**

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

(**) The cumulative depreciation addition from the period for discontinued activities until their interruption (Notes 1 and 8) amounts to €3,192 thousand. The comparative movement of accumulated amotization additions for fiscal year 2017 includes €3,627 thousand reclassified in 2018 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 30 June 2018 and 31 December 2017:

	30 June 2018			31 December 2017		
THOUSAND EURO	COST	DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE	COST	DEPRECIATION AND IMPAIRMENT	NET BOOK VALUE
AMERICA	926	(398)	528	909	(396)	513
EUROPE	1,575	(1,039)	536	1,703	(1,142)	561
ASIA	357	(165)	192	360	(163)	197
TOTAL	**2,858**	**(1,602)**	**1,256**	**2,972**	**(1,701)**	**1,271**

b) Assets not used for operating activities

At 30 June 2018 and 31 December 2017 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) Finance leases

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

Thousand euro	30.06.2018	31.12.2017 (*)
Capitalised finance lease cost	25,634	36,792
Accumulated depreciation	(5,923)	(11,827)
Net book value	**19,711**	**24,965**

(*)The comparative statement as of 31 December 2017 includes discountined activites as of 30 June 2018 (Note 8).

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

e) Capitalisation of interest

No interest has been capitalised during the six-month period ended 30 June 2018 and 2017 involving significant amounts.

5. Goodwill and other intangible

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

30 June 2018							
Thousand euro	31.12.2017	ADDITIONS/ (VARIATIONS) IN CONSOLIDATION SCOPE	ADDITIONS (**)	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS (*)	DISCONTINUED OPERATIONS	30.06.2018
Cost – Goodwill	1,303,403	9,562	-	-	(15,635)	(280,454)	**1,016,876**
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)**
NET VALUE	**1,369,815**						**1,036,570**

30 June 2017							
Thousand euro	31.12.2016	ADDITIONS/ (VARIATIONS) IN CONSOLIDATION SCOPE	ADDITIONS (**)	DISPOSALS	TRANSFERS AND OTHER MOVEMENTS (*)	DISCONTINUED OPERATIONS	30.06.2017
Cost – Goodwill	1,240,169	68,060	-	-	(26,405)	-	**1,281,824**
Cost – Other intangible assets	166,014	-	5,416	(392)	(1,197)	-	**169,841**
Amortisation and impairment	(109,177)	-	(7,846)	382	(412)	-	**(117,053)**
NET VALUE	**1,297,006**						**1,334,612**

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

(**) The cumulative amortization additions from the exercise of interrupted activities until their discontinuation (Notes 1 and 8) amount to €4,291 thousand. The comparative movement of accumulated amotization additions for fiscal year 2017 includes €4,904 thousand reclassified in 2018 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)	30.06.2018(*)	30.06.2017
Automotive	5,366	68,060
Solutions and Services	4,196	-
TOTAL	**9,562**	**68,060**

(*) 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	30.06.2018	31.12.2017
Brazil	91,596	94,325
NAFTA	181,398	178,206
Mahindra-CIE	522,044	532,841
Rest Automotive (Europe)	221,838	221,718
Total Automotive	**1,016,876**	**1,027,090**
Total Solutions and Services (Smart Innovation)	**-**	**276,313**
TOTAL	**1,016,876**	**1,303,403**

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.

CIE Automotive | NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

As of 30 June 2018 an amount of €285 million has been classified as discontinued operations, all related to the Solutions and Services segment (Smart Innovation).

b) Key assumptions used in the calculation of value in use at 31 December 2017:

The discount rates applied to cash flow projections are:

	2017
Automotive	
Brazil	11.92%
NAFTA	6.85%-10.18%
Mahindra-CIE	5.37%-13.01%
Rest Automotive (Europe)	5.58%-12.01%
Solutions and Services (Smart Innovation)	4.00%-17.50%

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:

	% of revenue
	2017
Automotive	3.00%-39.52%
Soluciones y Servicios (Smart Innovation)	3.00%-12.30%

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

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

Cash flows beyond the five-year period covered by the Group's forecasts are extrapolated applying prudent assumptions with respect to the forecast future growth rate (between 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 2017 goodwill had not suffered any impairment. Additionally, if the revised estimated discount rate, which is applied to discounted cash flows, were 10% higher than management's estimates, the Group would still not need to reduce the carrying value of goodwill.

The recoverable amounts in cash generating units are determined based on calculations of the value in use, requiring the utilisation of certain estimates. To calculate the value in use at 31 December 2017, the future cash flow assumptions used were in accordance with the global situation of the markets where the Group operates and their forecast performance. The assumptions used in the calculations at 31 December 2017 for 2018 and subsequent years would be totally valid for calculating the value in use at 30 June 2018. Therefore, considering the positive development of business profitability in the first half of 2018, it is not believed that conditions have emerged in the CGUs that would pose a risk of impairment of goodwill.

CIE Automotive | NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

6. Financial assets

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

	30 JUNE 2018												
								FAIR VALUE ADJUSTMENT					
								CONTINUED OPERATIONS		DISCONTINUED OPERATIONS			
	31.12.2017	IFRS 9 UPDATE ADJUSTMENT (Note 2.6)	ADDITIONS/(VARIATIONS) IN CONSOLIDATION SCOPE	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER (*)	DISCONTINUED OPERATIONS	PROFIT OR LOSS	EQUITY	PROFIT OR LOSS	EQUITY	RESULTS IN ASSOCIATES(**)	30.06.2018
Valued at their amortized cost													
Deposits	49,108	(2,995)	70	5,636	(5,460)	(1,498)	(17,335)	97	-	225	-	-	**27,848**
Current credits	38,167	(200)	-	19,584	-	(6,818)	(18,862)	-	-	-	-	-	**31,871**
Non-Current credits	2,860	-	(2,845)	30,740	-	-	-	-	-	-	-	-	**30,755**
Total loans and receivables	**90,135**	**(3,195)**	**(2,775)**	**55,960**	**(5,460)**	**(8,316)**	**(36,197)**	**97**	**-**	**225**	**-**	**-**	**90,474**
Valued at fair value													
Asset derivatives–interes rate swaps	649	-	-	-	-	(586)	-		126	-	-	-	**189**
Asset derivatives –Equity Swap	16,361	-	-	-	(16,374)	-	-	13	-	-	-	-	
Asset derivatives – foreing exchange swap	-	-	-	-	-	-	-	93	-	-	-	-	**93**
Liability derivatives–interest rate swaps	(8,842)	-	-	-	-	600	641		(1,810)	-	(14)	-	**(9,425)**
Total derivatives	**8,168**	**-**	**-**	**-**	**(16,374)**	**14**	**641**	**106**	**(1,684)**	**-**	**(14)**		**(9,143)**
Investment in associates	**15,018**	**-**	**-**	**-**	**-**	**6,421**	**(18,599)**	**-**	**-**	**-**	**30**	**1,575**	**4,445**
TOTAL	**113,321**	**(3,195)**	**(2,775)**	**55,960**	**(21,834)**	**(1,881)**	**(54,155)**	**203**	**(1,684)**	**225**	**16**	**1,575**	**85,776**

(*) 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.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

30 JUNE 2017									
						FAIR VALUE ADJUSTMENT			
Thousand euro	31.12.2016	ADDITIONS/(VARIATIONS) IN CONSOLIDATION SCOPE	ADDITIONS	DISPOSALS	TRANSFERS AND OTHER (*)	PROFIT OR LOSS	EQUITY	RESULTS IN ASSOCIATES (**)	30.06.2017
Deposits	34,610	-	7,676	(9,200)	(850)	-	-	-	32,236
Current credits	23,783	-	1,679	-	910	-	-	-	26,372
Non-Current credits	13	-	2	-	-	-	-	-	15
Total loans and receivables	**58,406**	**-**	**9,357**	**(9,200)**	**60**	**-**	**-**	**-**	**58,623**
Asset derivatives–interes rate swaps	-	-	-	-	-	-	-	-	-
Asset derivatives –Equity Swap	9,242	-	-	-	-	1,976	-	-	11,218
Asset derivatives –foreing exchange swap	-	-	555	-	-	-	-	-	555
Liability derivatives–interest rate swaps	(14,898)	-	-	-	203	115	2,737	-	(11,843)
Total derivatives	**(5,656)**	**-**	**555**	**-**	**203**	**2,091**	**2,737**	**-**	**(70)**
Total investment in associates	**11,799**	-	-	**(2,700)**	**(1,235)**	-	(1,416)	**3,435**	**9,883**
TOTAL	**64,549**	**-**	**9,912**	**(11,900)**	**(972)**	**2,091**	**1,321**	**3,435**	**68,436**

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

(**) The comparative movement of results in associates for the year 2017 includes €1,400 thousand reclassified in 2018 within the line of interrupted activities in the consolidated profit and loss account after restatement.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

a) Loans and other receivables

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

The classification of the Group's financial assets has been carried out in accordance with the updates of IFRS 9 "Financial Instruments" (Note 2.6).

Long-term deposits include an impairment amounting to €13.6 million, corresponding to a situation of liquidity problem in one of the Brazilian financial institutions with which the Group operated in the past. The balance includes a registered impairment of €2.3 million after the update of IFRS 9 as of 30 June 2018 (€2.7 million as of 1 January 2018).

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

b) Fiancial derivatives

- Swaps (interest rate and other)

  The notional principal on interest rate swaps (variable to fixed) outstanding at 30 June 2018 to €403 million and USD15 million (2017: €487 million, and USD40 million), classified as hedging instruments. The notional principal on interest rate swaps (variable to fixed) outstanding at 30 June 2018 classified as discontinued operations amount to €38 million.

  Additionally, there were Interest rate swaps (variable to fixed) which principal notional outstanding at 31 December 2017 amounted to €10 million classified as non-hedging instruments. After IFRS 9 “Financial instruments” has entered into force, these interest rate swaps have been classified as hedging instruments (Note 2.6), as they meet the requirements on the mentioned standard.

- Equity swap

  On 6 August 2014 the parent company arranged a derivative associated with the listed share price of CIE Automotive, S.A. The underlying of the operation amounted to 1.25 million shares with an initial value of 11.121 euro per share. This instrument has been liquidated in 2018 for an amount of €16,374 thousand, amountig its valuation at 31 December 2017 to €16,361 thousand.

  On 30 June 2018 the valuation of the equity swap arranged in the end of 2017 by the parent company of the Solutions and Services (Smart Innovation) segment amounted to €402 thousand, and is classified within discontinued operations.

- Net investment hedging

  On 30 June 2018 and 31 December 2017 the Group had no borrowings in foreign currency used as net investment hedges.

c) Investments in associates

The companies consolidated under the equity method are as follows:

	% effective interest	
	30.06.2018	**31.12.2017**
Belgium Forge, N.V. (1)	100%	100%
Galfor Eólica, S.L.	14%	13%
Gescrap - Autometal Comercio de Sucatas, Ltda.	30%	30%
Gescrap Autometal de México, S.A. de C.V. y sociedades dependientes	30%	30%
Centro Near Servicios Financieros, S.L. (2) (3)	25.01%	11.50%
Advanced Flight Systems, S.L. (2)	15.00%	15.00%
Sociedad Concesionaria Chile Salud Siglo XXI, S.A. (2)	15.00%	15.00%
BAS Project Corporation, S.L. (2)	17.50%	8.42%
Smart Nagusi, S.L. (2)	25.01%	-
Cobra Carbon Grinding, B.V. (2)	25.01%	25.01%

(1) In liquidation/dormant
(2) These companies belong to the Solutions and Services (Smart Innovation) segment. In the year 2018, the related assets of this segment are classified under the heading "Assets of the disposal group classified as held for sale", and the results generated within the "result from discontinued operations".
(3) Fully consolidated after the acquisition of the control of the Company, currently named Abside Smart Financial Technologies, S.L.

CIE Automotive | NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

Main movements for 2018 and 2017 are the following:

In 2018, investments in associates related to the Services and Solutions segment (Smart Innovation), have been reclassified as disposable group of assets as held for sale (Note 8).

In 2017 the Group sold its stake in Antolín-CIE Czech Republic, s.r.o. for an amount of €2,700 thousand, generating a net positive result of €1,543 thousand.

7. Cash and cash equivalents

Cash and other cash equivalents a 30 June 2018 and 31 December 2017 break down as follows:

Thousand euro	30.06.2018	31.12.2017
Petty cash and banks	195,515	253,314
Short-term deposits at credit institutions	55,445	36,134
TOTAL	**250,960**	**289,448**

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	30.06.2018	31.12.2017
Euro	141,707	102,771
US Dollars	48,448	81,817
Brazilian Reais	15,429	15,924
Indian Rupees	4,278	3,724
Chinese yuan	30,564	17,514
Russian ruble	4,289	1,635
Chilean peso	-	16,098
Other	6,245	49,965
TOTAL	**250,960**	**289,448**

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

a) Automotive segment

In 2012 the Group decided to discontinue its virgin oil-based biodiesel production activities, including the related raw material plantation activity (jatropha) and to sell Biosur Transformación, S.L.U. At the year-end 2017 and 30 June 2018 the commitment to the sales plan which has not yet been completed is still in place as the offers received by the Group have not met its expectations. These activities can be clearly distinguished operationally and for financial reporting purposes. They represented a separate line of business. These activities have no significant effect on the income statement.

b) Solutions and Services segment (Smart Innovation)

On 24 April 2018, the General Shareholders' Meeting of CIE Automitive, 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, involves 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 have for the Group, the assets and liabilities of this segment have been registered as discontinued operations, and therefore, they have been reported as such in accordance with the assumptions and requirements of IFRS 5 "Non-current assets held for sale and discontinued operations".

CIE Automotive | NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

In accordance with this 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. are considered to be discontinued operations, so in the income statement of the abbreviated Consolidated interim Financial Statements of the Group for six month period ended June 30, 2018, these results are disclosed under a single heading. Likewise, in the Consolidated Income Statement for the comparative six month period of 2017 included for comparative purposes in the Consolidated Financial Statements of the Group for six months ended June 30, 2017, the information regarding the same operations has been reclassified.

The following is a breakdown of the income statement interrupted until the end of the six-month period reported, 30 June 2018, and the six month period ended 30 June 2017:

	Six-month period ended 30 June	
Thousand euro	**2018**	**2017**
OPERATING REVENUE	**503,066**	**324,556**
Revenue	501,863	322,968
Other operating income	1,203	1,588
OPERATING EXPENSES	**(484,801)**	**(309,801)**
Consumption of raw materials and secondary materials	(274,138)	(147,279)
Employee benefit expenses	(138,057)	(108,965)
Depreciation, amortisation and impairment	(11,373)	(8,531)
Other operating income/(expenses)	(61,233)	(45,026)
OPERATING PROFIT	**18,265**	**14,755**
Finance income	352	348
Financial costs	(4,287)	(3,634)
Gains/Losses on financial instruments at fair value	627	-
Net exchange differences	463	(1,896)
Share of profit/(loss) of associates	282	1,400
PROFIT BEFORE TAX	**15,702**	**10,973**
Corporate income tax	(2,189)	(411)
PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS AFTER TAX	**13,513**	**10,562**

Revenue from discontinued operations in only related to the revenue from Solutions and Services (Smart Innovation segment). Its segmentation is as follows:

Thousand euro	**30.06.2018**	**30.06.2017**
Spain	298,359	120,303
Rest of Europe	62,524	60,715
America	88,992	104,113
Asia, Oceania and other	51,988	37,837
TOTAL	**501,863**	**322,968**

Additionally, and until the effective distribution of the extraordinary dividend that has been made on 3 July 2018, the Group has 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 is as follows:

ASSETS (Thousand euro)	24.04.2018	LIABILITIES (Thousand euro)	24.04.2018
Non current assets	**455,006**	**Deferred revenue**	-
Property, plant and equipment	49,965	**LIABILITIES**	**696,917**
Goodwill	280,454	**Non current liabilities**	**165,395**
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	49,065	Other non-current liabilities	23,638
Other non-current assets	1,090		
Current assets	**549,053**	**Current liabilities**	**531,522**
Inventory	64,676	Current borrowings	1,342
Trade and other receivables	331,713	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
TOTAL ASSETS	**1,004,059**	**TOTAL LIABILITIES**	**696,917**

The Group has recorded these assets and liabilities at their carrying amount, which is lower than their fair value, according to IFRS 5 "Non-current assets held for sale and discontinued operations".

The information on the disposable group assets and liabilities of items classified as held for sale in the situations described above are summarized in the following table on 30 June 2018 and 31 December 2017:

ASSETS (Thousand euro)	30.06.2018	31.12.2017	LIABILITIES (Thousand euro)	30.06.2018	31.12.2017
Non current assets	**469,750**	**5,675**	**Deferred revenue**	**1,057**	**1,057**
Property, plant and equipment	57,208	5,675	**LIABILITIES**	**736,210**	**708**
Goodwill	284,586	-	**Non current liabilities**	**166,923**	**352**
Other intangible assets	50,775	-	Non-current provisions	17,828	-
Non-current financial assets	6,658	-	Non-current borrowings	112,680	-
Investments in associates	18,739	-	Deferred tax liabilities	11,806	352
Deferred tax assets	50,697	-	Other non-current liabilities	24,609	-
Other non-current assets	1,087	-			
Current assets	**580,562**	**945**	**Current liabilities**	**569,287**	**356**
Inventory	67,453	-	Current borrowings	966	-
Trade and other receivables	292,275	-	Trade and other payables	492,960	122
Other current assets	34,599	945	Other financial liabilities	657	-
Current tax assets	17,173	-	Current tax liabilities	33,247	-
Other current financial assets	3,167	-	Current provisions	2,665	-
Cash and cash equivalents	165,895	-	Other current liabilities	38,792	234
TOTAL ASSETS	**1,050,312**	**6,620**	**TOTAL LIABILITIES**	**737,267**	**1,765**

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

In the first semester of the 2018 fiscal year, there were no changes in the Management's estimate.

The detail of the consolidated statements of cashflow for discontinued activities for the six months period of 2018 and 2017 is as follows:

	Six-month period ended 30 June 2018	
Thousand euro	**2018**	**2017**
Profit of the year	**13,513**	**10,562**
Current and deferred taxes	2,189	411
Grants released to income	-	(36)
Depreciation and amortisation	11,373	8,531
(Profit)/loss on the sale of property, plant and equipment	(250)	-
Net movements of provisions	(1,054)	(1,583)
Net (gains)/losses in fair value of financial instruments	(627)	-
Exchange differences	(463)	1,897
Interest income	(352)	(348)
Interest expense	4,287	3,634
Share in losses/(gains) in associates	(282)	(1,400)
Adjustements to the profit of the year	**14,821**	**11,106**
Inventory	5,213	122
Trade and other receivables	6,200	(41,742)
Other assets	4,443	(3,566)
Trade and other payables	(2,037)	26,213
Working capital variation	**13,819**	**(18,973)**
Interests paid	(4,098)	(3,634)
Interests collected	294	348
Taxes paid	(444)	(582)
CASH FLOWS FROM OPERATING ACTIVITIES	**37,905**	**(1,173)**
Acquisition of subsidiaries, net of cash acquired	(34,037)	(6,910)
Acquisition of fixed assets	(10,856)	(7,584)
Collections from fixed assets disposal	458	448
Payments for the acquisition of non-controlling interests	(745)	-
Acquisiton/disposal of financial assets	(9,809)	1,654
CASH FLOWS FROM INVESTING ACTIVITIES	**(54,989)**	**(12,392)**
Proceeds from borrowings	51,228	7,516
Loan repayments	(4,098)	(5,718)
Other debt net variation	(1,371)	(684)
Other payments/income to/from non-controlling interests	(130)	(348)
CASH FLOWS FROM FINANCING ACTIVITIES	**45,629**	**766**
Exchange gains/(losses) on cash and cash equivalents	**(811)**	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**27,734**	**(12,799)**
Cash and equivalents at beginning of the period	138,161	176,253
Cash and equivalents at end of the period classified as discontinuing operations	**165,895**	**163,454**

9. Share capital and premium

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

30 June 2017				
Movements in thousand euro	**Share capital**	**Treasury shares**	**Share premium**	**Total**
31 December 2016	32,250	-	152,171	**184,421**
(Acquisiton)/sale of treasury shares	-	(4,526)	-	(4,526)
30 June 2017	32,250	(4,526)	152,171	**179,895**

a) Subscribed capital

The share capital of CIE Automotive, S.A. at 30 June 2018 and 2017, and 31 December 2017 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	30.06.2018	31.12.2017
Acek Desarrollo y Gestión Industrial, S.L.	(*)14.909%	(*)15.909%
Corporación Financiera Alba, S.A.	10.000%	10.000%

(*) 5.808% directly and indirectly through Risteel Corporation, B.V., the remaining 9.401%, (5.508% and 10.401% respectively in 2017)

The stock price of the parent company CIE Automotive, S.A. listed in the Madrid Stock Exchange was €25.28 at 29 June 2018 (last reported day of the period).

b) Share premium

This reserve is freely available for distribution.

c) Treasury shares

The movement of treasury shares for the six month period ended in 30 June 2018 and 2017 is disclosed as follows:

	30.06.2018		30.06.2017	
	Nº Shares	Amount (Thousand euro)	Nº Shares	Amount (Thousand euro)
Beginning balance	252,587	4,526	-	-
Additions/(disposals)	(252,587)	(4,526)	252,587	4,526
Ending balance	**-**	**-**	**252,587**	**4,526**

On 30 June 2018, after the disposal of treasury shares during the first semester of 2018, no treasury shares are registered within the Parent company's equity. The sale of these treasury shares has resulted in an income of €3,207 thousand which was directly taken to the Parent company's reserves.

On 31 December 2017 an amount of 252,587 shares were held as treasury shares. During the first four months of 2017, the Parent Company acquired 252,587 treasury shares directly (0.196% of the total voting rights of the Company), which considered as a whole with the indirect share resulting from the equity swap agreement signed with Banco Santander, S.A. in 2014 for the acquisition of 1,250,000 shares (equal to 0.969% of the voting rights), has exceeded the threshold of 1% of voting rights of the company as of 21 March 2017, as communicated to CNMV at 22 March 2017.

Similarly, the mandate conferred at the Annual General Meeting of 24 April 2018, 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 24 April 2023.

10. Borrowings

Thousand euro	30.06.2018	31.12.2017
Bank loans and credit facilities (*)	**1,039,249**	982,247
Non-current borrowings	1,039,249	**982,247**
Bank loans and credit facilities (*)	228,382	226,478
Bills discounted pending maturity and export advances	18,255	16,164
Current borrowings	**246,637**	**242,642**
TOTAL BORROWINGS	**1,285,886**	**1,224,889**

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

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 (*)		1,267,631	1,039,249	63,172
Interest rate swap effect	6	(428,321)	(406,556)	-
Risk as of 30 June 2018		**839,310**	**632,693**	**63,172**
Total borrowings (*)		1,208,725	982,247	97,593
Interest rate swap effect	6	(451,650)	(452,945)	(741)
Risk as of 31 December 2017		**757,075**	**529,302**	**96,852**

Non-current borrowings have the following maturities:

Thousand euro	30.06.2018	31.12.2017
Between 1 and 2 years	107,061	135,668
Between 3 and 5 years	869,016	748,986
More than 5 years	63,172	97,593
TOTAL NON-CURRENT BORROWINGS	**1,039,249**	**982,247**

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 40 and 600 basis points (2017: between 40 and 600 basis points).

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

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

Thousand euro	30.06.2018	31.12.2017
Euro	1,049,468	978,776
US Dollar	220,907	230,918
Brazilian reais	4,670	4,769
Other	10,841	10,426
TOTAL BORROWINGS	**1,285,886**	**1,224,889**

At 30 June 2018, the Group had drawn down €318 million of the available credit lines with financial institutions (31 December 2017: €138 million). The total limit on such credit lines amounts €549 million (31 December 2017: €557 million). Therefore an amount of €231 million is available (2017: €419 million) in unused loans and credit facilities at variable rates.

On 28 July 2014 CIE Automotive, S.A. entered into a new financing arrangement with a syndicate of six financial institutions for €450 million.The 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,

On 13 April 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 14 July 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 6 June 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 27 April 2018, the Parent Company signed a forth 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.

The drawn amount on 30 June 2018 amounted to €600 million (31 December 2017: €467 million), and its interest rate was indexed to Euribor plus a variable margin based on the Net Finance Debt/EBITDA ratio.

On 14 July 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 30 June 2018 and 31 December 2017 amounted to €85 million.

At 23 June 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 30 June 2018 the drawn down balance amounts to €56 million and bears a fixed interest (€61 million on 31 December 2017).

In the second half of 2013, the Group obtained a bilateral loan of USD120 million from a Mexican financial institution, through the Mexican subsidiary CIE Autometal de México, S.A. de C.V., for a seven-year term and a one-year grace period, at a floating interest rate linked to the LIBOR, on conditions in line with current market price parameters. This loan has been repaid in advance in 2018. The balance of this loan amounted to €45.7 million as of 31 December 2017.

On 11 May 2016, the Group, through its US subsidiary CIE Automotive USA Investments, arranged two loans of USD35 million each, with final maturity at 3 and 5 years, respectively, at a variable interest rate, linked to LIBOR, The balance at 30 June 2018 amounted to €59.9 million (€58.4 million as of 31 December 2017).

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 €118.2 million as of 30 June 2018 (€116.3 million as of 31 December 2017).

In June 2018, the Group contracted a new loan of USD50 million from an 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 30 June 2018 amounts to €42.8 million.

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 30 June 2018 and 31 December 2017.

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

As indicated in Note 2.6 of Changes in Accounting Policies, no adjustments have been made to the values of these loans because they were not significant for the consolidated financial statements.

In the first half of 2018, the Group repaid €121 million of bank borrowings (first half 2017: €153 million) and new loans and additional credit accounts have been arranged amounting to €242 million, including the abovementioned. These amounts exclude any movement related to discontinued activities.

Additionally, as a result of the reclassification of the liabilities of the Solutions and Services segment (Smart Innovation) to "liabilities of disposable groups held for sale", third-party resources have been reclassified from the balance for the amount of €113.6 million.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

11. Provisions

The breakdown of the movements in Group provisions in the first half of 2018 and 2017 is as follows:

30 June 2018								
			ADDITIONS/(REVERSIONS)					
Thousand euro	31.12.2017	ADDITIONS/ (VARIATIONS) IN CONSOLIDATION SCOPE (Note 17)	INCOME STATEMENT(**)	EQUITY	RELEASES	TRANSFERS AND OTHER MOVEMENTS (*)	DISCOUNTINUED OPERATIONS	30.06.2018
Non-current provisions	153,894	2,950	6,841	(94)	(2,585)	(4,553)	(18,294)	138,159
Current provisions	64,480	-	1,263	-	(36,654)	(436)	(2,511)	26,142
TOTAL PROVISIONS	**218,374**	**2,950**	**8,104**	**(94)**	**(39,239)**	**(4,989)**	**(20,805)**	**164,301**

30 June 2017								
			ADDITIONS/(REVERSIONS)					
Thousand euro	31.12.2016	ADDITIONS/ (VARIATIONS) IN CONSOLIDATION SCOPE (Note 17)	INCOME STATEMENT(**)	EQUITY	RELEASES	TRANSFERS AND OTHER MOVEMENTS (*)	DISCOUNTINUED OPERATIONS	30.06.2017
Non-current provisions	147,108	7,683	5,073	97	(3,627)	(3,108)	-	153,226
Current provisions	21,474	2,966	3,428	-	(4,961)	(1,528)	-	21,379
TOTAL PROVISIONS	**168,582**	**10,649**	**8,501**	**97**	**(8,588)**	**(4,636)**	-	**174,605**

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

(**) The movement of the year shows a net amount of provisions /reversals resultingin €236 thousand euros corresponding to the discontinued activities prior to the interruption (Notes 1 and 8). The comparative movement of provisions for results for the year 2017 includes €568 thousand of income reclassified in 2018 within the line of interrupted activities in the consolidated profit and loss account after its restatement.

Non-current provisions at 30 June 2018 mainly include the following:

- A €16.4 million provision (31 December 2017: €19 million) corresponding significantly to tax contingencies in Brazil, of which €2.3 million are on court deposit pending court rulings (31 December 2017: €2.3 million).
- A €1.5 million provision established to guarantee the sale of assets and closure and winding up of companies as of 30 June 2018 and 31 December 2017.
- Provision for other liabilities of personnel of €40 million (31 December 2017: €56.9 million), including €32.8 million corresponding to pension plans (31 December 2017: €46.5 million).
- Provision of €80.3 million (31 December 2017: €76.5 million) for coverage of operational business risks considered enforceable in the long term.

Current provisions at 30 June 2018 are basically for the adaptation of productive structures of Group companies as well as hedging the business' operating risk at various Group companies classified payable at short term (30 June 2018: €17.7 million; 31 December 2017: €19.7 million). They include tax contingency risk and customer complaints at certain subsidiaries (30 June 2018: €8.4 million; 31 December 2017: €9.3 million). On 31 December 2017 an accrual of €35.5 million was registered within this financial statements related to remuneration accrued by Senior Management.

The total of long and short-term provisions reclassified in discontinued operations on 30 June 2018 amounts to €20.8 million, of which €12.9 million correspond to provisions for long-term obligations with employees in France and Germany.

Commitments with employees

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

1) Post-employment benefit plans and other long-term employee benefits in Germany which are fully covered through in-house provisions,
   - Long-term employee benefits: 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.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

Long term employee benefits

The movement of the defined benefit obligation and long-term employee benefits during the first semester of 2018 and 2017 has been as follows:

30 June 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(1)	45,322	12	94	(94)	-	(372)	(201)	(13,079)	31,682
Long term employee benefits	1,138	-	-	-	-	-	-	-	1,138
TOTAL COMMITMENTS	**46,460**	**12**	**94**	**(94)**	**-**	**(372)**	**(201)**	**(13,079)**	**32,820**

30 June 2017									
				VALUATION CALCULATION					
Thousand euro	31.12.2016	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	30.06.2017
Post-employment benefits(1)	47,076	130	352	97	-	(849)	(144)	-	46,662
Long term employee benefits	1,281	-	6	-	-	-	-	-	1,287
TOTAL COMMITMENTS	**48,357**	**130**	**358**	**97**	**-**	**(849)**	**(144)**	**-**	**47,949**

(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	30.06.2018	31.12.2017 (*)
Germany	25,755	38,342
India	4,192	4,434
Italy	2,873	2,885
France	-	799
TOTAL PENSIONS	**32,820**	**46,460**

(*) Includes pension provisions in Germany and France corresponding to the Solutions and Services segment (Smart Innovation) for €12.7 and €0.8 million respectively. The amount corresponding to these provisions at June 30, 2018 amounted to €12.2 and €0.7 million, and they are classified as "liabilities of disposable groups held for sale" in the consolidated summary balance sheet.

There were no significant changes in the actuarial - financial assumptions compared with those described in Note 24 of the Group's annual accounts at the 2017 year end.

12. Corporate income tax

Thousand euro	30.06.2018	30.06.2017(*)
Current income tax	38,982	34,788
Deferred taxes	2,988	950
Tax expense	**41,970**	**35,738**

(*)For comparative purposes, the amount with respect to the interim financial statements for 6 months ended June 30, 2017 has been reduced by €411 thousand as a result of the income tax on interrupted activities.

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

	Nominal rate
Basque Country and Navarre	26%
Rest of Spain	25%
Mexico	30%
Brazil	34%
Rest of Europe (average rate)	15% - 35%
China	25%
USA	21%
India	30%

Deferred tax assets and liabilities are only offset if and only if the Group has a legally enforceable right to compensate the recognised amounts and when they relate to income taxes levied by the same taxation authority on a single tax subject/entity, or in the event of different tax subjects/entities, when the Group intends to realise the asset and settle the liability on a net basis.
The parent company is taxed under the tax consolidation system in the regional territory of Bizkaia together with the subsidiaries listed below:

- CIE Berriz, S.L.
- 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.
- Bionor Berantevilla, 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. (incorporated in the year 2018)

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.

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 and CIE Automotive USA Investments.

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 2018 and 2017 for the Parent Company is Regional Law 11/2013 of 5 December applicable in the Territory of Bizkaia.

The Company's Directors have calculated the amounts associated with this tax for the first half of 2018 and those years open to inspection in accordance with provincial legislation in force at each year end on the understanding that the final outcome of the legal proceedings in progress and the appeals filed will not have a significant impact on the consolidated interim financial statements as a whole.

13. 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).

	30.06.2018	30.06.2017
Profit attributable to the parent company's shareholders (thousand euro)	138,393	115,065
Weighted average number of ordinary shares outstanding (thousand)	128,809	128,869
BASIC EARNINGS	**1.074**	**0.893**
Basic earnings per share from continuing operations (euro per share)	1.022	0.856
Basic earnings per share from discontinued operations (euro per share)	0.052	0.037

14. Dividends per share

On 24 April 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 liability registered within these interim financial statements at the fair value of these shares amounts to €394 million (Note 1). The effective date of transfer of the share was 3 July 2018.

In this very date, the shareholders of CIE Automotive, S.A. in General Meeting 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 €36,120 thousand. Payment was made on 3 July 2018.

On 12 December 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 5 January 2018.

On 4 May 2017, the shareholders of CIE Automotive, S.A. in General Meeting approved the motion for the distribution of 2016 profit (individual) as well as the distribution of a final dividend of €0.21 (gross) per share carrying dividend rights, amounting to a total payment of €27,037 thousand. Payment was made on 5 July 2017.

On 14 December 2016, the Board of Directors approved the payment of an interim dividend from 2016 profit of €0.20 gross per share carrying dividend rights, implying a total payout of €25,800 thousand. Payment was made on 5 January 2017.

NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (In thousand euro)

15. Cash generated from operating activities

Thousand euro	Note	Six-month period ended 30 June 2018 2018	2017
Profit of the year	-	**164,644**	**135,516**
Current taxes	12	38,982	34,788
Deferred taxes	12	2,988	950
Grants released to income	-	(887)	(920)
Depreciation of property, plant and equipment	4	65,541	66,584
Amortisation of intangible assets	5	2,380	2,942
(Profit)/loss on the sale of property, plant and equipment(*)	-	(1,426)	(116)
Net movements in provisions	11	6,247	8,656
(Profit)/loss from discontinued operations	-	(13,513)	(10,562)
Net (Gains)/losses in fair value of financial derivatives	6	(65)	(2,091)
Exchange differences	-	238	1,883
Interest Income	-	(2,219)	(2,410)
Interest expense	12	19,860	22,666
Share in losses /(gains) in associates	6	(1,297)	(2,035)
Adjustments to the profit of the year		**116,829**	**120,335**
Inventories	-	(34,382)	(38,993)
Trade and other receivables	-	(74,517)	(102,314)
Other assets	-	26,794	(12,121)
Trade and other payables	-	106,478	192,538
Working capital variation (excluding business combination impacts and translation differences in consolidation)		**24,373**	**39,110**
CASH GENERATED FROM CONTINUING AND DISCONTINUED OPERATIONS		**305,846**	**294,961**

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

	Note	Six-month period ended 30 June 2018(*) 2018	2017
Carrying amount	4/5	1,854	1,134
Gain /(loss) on the sale of property, plant and equipment	-	1,426	116
Proceeds from fixed asset disposals		**3,280**	**1,250**

(*) The book value of property, plant and equipments and intangible assests from the Solutions and Services (Smart Innovation) has not been included (Notes 1 and 8).

16. Commitments

a) Commitments for the purchase of fixed assets

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

Thousand euro	30.06.2018(*)	31.12.2017
Property, plant and equipment	48,120	39,614
Obligations deriving from irrevocable lease contracts	46,337	94,396

(*) Commitments related to the acquisition of property, plant and equipment, as long as lease commitments from the Solutions and Services (Smart Innovation) have not been included (Notes 1 and 8).

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

b) Operating lease commitments

The Group has been leasing various offices and warehouses under irrevocable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rates.

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

Thousand euro	30.06.2018(*)	31.12.2017
Less than 1 year	7,347	24,853
Between one and five years	20,136	49,927
More than five years	18,854	19,616
Total	**46,337**	**94,396**

(*) Commitments related to the acquisition of property, plant and equipment, as long as lease commitments from the Solutions and Services (Smart Innovation) have not been included (Notes 1 and 8).

17. Business combinations

2018

Consolidation scope changes are described in Note 1.

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
Assets acquired		**6,594**
Provisions	11	2,857
Borrowings	-	246
Accounts payables	-	3,935
Other liabilities	-	3,802
Liabilities acquired		**10,040**
Net assets acquired		**(4,246)**
Purchase price		1,120
Fair value of the net assets acquired	-	4,246
Goodwill	**5**	**5,366**
Consideration paid on operation		1,120
Cash and cash equivalents at the entity acquired		(390)
Outflow of cash on the acquisition		730

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 business analysis, as well as the process of assigning the price paid to the assets and liabilities acquired are still on going.

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

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. has been carried out for one euro, until then a consolidated company using the equity method. Once control over it has been obtained (Note 1), the corresponding business combination has been accounted for.

On 28 March 2018, the Group, through the subsidiary Dominion Industries and Infraestructures, S.L., has 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(*)	DITECSA(*)
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
Assets acquired		**1.090**	**21**	**4,401**	**2,493**
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
Liabilities acquired		**3,886**	**421**	**1,352**	**1,281**
Net assets acquired		**(2,796)**	**(400)**	**3,049**	**1,212**
Purchase Price		-	1,000	5,164	2,782
Fair value of the net assets acquired	-	(2,796)	(400)	3,049	1,212
Goodwill	**5**	**2,796**	**1,400**	**2,115**	**1,570**
Consideration paid on operation		**-**	**700**	**-**	**250**
Cash and cash equivalents at the entity acquired		(85)	-	(2,072)	(243)
Outflow of cash on the acquisition		**(85)**	**700**	**(2,072)**	**7**

(*)The movements corresponding to these business combinations have not been disclosed in the notes, as they have taken place after the date of interruption 30 April 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 business analysis, as well as the process of assigning the price paid to the assets and liabilities acquired are still on going.

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

2017

Automotive

In March 2017, CIE Automotive USA, Inc, has completed the acquisition of all of the share capital of Newcor Group for a purchase price of USD108 million (€102 million at acquisition date).

Newcor is a company specialized in the design and production of components and subassemblies mechanized of high precision, powertrain and transmissions for the sector of automotive. The Group has three manufacturing plants in the State of Michigan, which annual revenue approximately amount to USD150 million, and among its customers are the top vehicle builders and Tier 1 suppliers, with a significant presence in the USA.

The business combination for the takeover of Newcor Group for the 100% of its shares, is summarised as follows:

Fair value in thousand euro	Note	NEWCOR
Fixed assets	4/5	35,340
Deferred taxes	-	3,822
Inventories	-	8,530
Accounts receivable	-	18,392
Other current assets	-	333
Cash and cash equivalents	-	676
Assets acquired		**67,093**
Provisiones	11	10,649
Account payables	-	13,292
Other liabilities	-	978
Liabilities acquired		**24,919**
Total net assets acquired		**42,174**
Purchase Price		102,245
Fair value of the net assets acquired	-	(42,174)
Goodwill	**5**	**60,071**
Consideration paid on operation		102,245
Cash and cash equivalents at the entity acquired		(676)
Outflow of cash on the acquisition		**(101,569)**

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

The revenue of the business of the business combination made in the six-month period ended 30 June 2017 amounted to €49.6 million. If business combinations had taken place on 1 January 2017, these amounts would have amounted to €73 million.

18. Related party transactions

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

The following transactions were carried out with related parties:

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

Total remuneration paid in the six-month period ended 30 June 2018 to the members of the Board of Directors, consisting of salaries, per diems and other remuneration was €1,554 thousand (30 June 2017: €2,945 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 30 June 2018 and 31 December 2017 there was a balance receivable (at present value) of €303 thousand arising from other transactions with these related parties.

The Board of Directors of the Parent Company at its meeting held on February 27, 2018 agreed to implement a plan to allow certain members of the management, not directors, of the Group to participate in the Company's capital stock. Based on this plan, it is granted by CIE Automotive, S.A. a loan to said directors to acquire a total of 1,275,000 shares of the company. The incentive is subject to the permanence of the workers in the Group until December 31, 2023 and entails restrictions on the sale of the shares.

As of June 30, 2018, the amount of the loan amounts to €30.7 million, which are recorded in the non-current financial assets caption of the consolidated balance sheet.

The total remuneration paid in the six-month period ended 30 June 2018 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 (2017 and 2018: 11 members) was €2,831 thousand (30 June 2017: €3,723 thousand).

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

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

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

During the year 2018, the payment associated with this remuneration was carried out for an amount of €33 million.

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	30.06.2018	31.12.2017
Receivables from related parties	38,801	21,936
Payables from related parties	(5,776)	(5,312)
Loans and credits from related parties	26,265	21,948
Borrowings from related parties	(5,000)	(5,059)
Balances receivable with entities with significant influence	16,800	16,800
Dividend pending payment	(36,120)	(36,049)
Extraordinary dividend (Note 1)	(393,731)	-

Transactions in thousand euro	30.06.2018	30.06.2017
Services received	2,511	3,369
Services rendered	55	299
Purchases (*)	13,128	13,718
Sales (*)	112,060	105,578

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

19. Subsequent events

On 3 July 3018, the effective transmission of Global Dominion Access, S.A. sharehold has been effective (Note 1).

On 5 July 2018, a new financing agreement has been signed with International Finance Corporation (World Bank Group) and EDC (Export Development of Canada) for an amount of USD150 million by the Group. This financing has a maturity of10 years and its purpose is to finance the sustainable growth fo the CIE Automotive Group in Mexico during the forthcoming years.

On 19 July 2018, CIE Automotive informed that it has established a Programme for the issuance of short term commercial paper in the maximum amount of €200 million euro, which has been registered in the Irish Stock Exchange, and will be used as a diversification tool for the finance of working capital needs and as an alternative of bank financing.

Company	Parent Company	Activity	Registered office	% effective Sharedholding of CIE Automotive Direct	Indirect
CIE Berriz, S.L. (*) (10)	CIE Automotive, S.A.	Holding company	Bizkaia	100.00%	-
Belgium Forge, N.V. (domant)	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-Mecasur, 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. (2)	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%
Recyde, S.A.U.	CIE Berriz, S.L.	Manufacture of automotive components	Gipuzkoa	-	100.00%
Recyde CZ, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
CIE Zdánice, s.r.o.	CIE Berriz, S.L.	Manufacture of automotive components	Czech Republic	-	100.00%
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. (*)	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. (*)	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%
Bionor Berantevilla, S.L.U.	CIE Berriz, S.L.	Biofuel production and sale	Álava/Araba	-	100.00%
Biosur Transformación, S.L.U.	CIE Berriz, S.L.	Biofuel production and sale	Huelva	-	100.00%
Comlube s.r.l. (*) (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.	CIE Berriz, S.L.	Agro-biotechnology	Guatemala	-	51.00%
Gestión de Aceites Vegetales, S.L. (*)	CIE Berriz, S.L.	Marketing of fatty oils	Madrid	-	88.73%
Reciclado de Residuos Grasos, S.L.U.	Gestión de Aceites Vegetales, S.L.	Marketing of fatty oils	Madrid	-	88.73%
Reciclados Ecológicos de Residuos, S.L.U.	CIE Berriz, S.L.	Marketing of fatty oils	Alicante	-	100.00%
Recogida de Aceites y Grasas Maresme, S.L.	CIE Berriz, S.L.	Marketing of fatty oils	Barcelona	-	51.00%
Biodiesel Mediterráneo, S.L.U.	CIE Berriz, S.L.	Biofuel production and sale	Alicante	-	100.00%
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 Matricon, S.A.	CIE Berriz, S.L.	Manufacture of automotive components	Romania	-	100.00%
CIE Automotive Parts (Shanghai) Co., Ltd.	CIE Berriz, S.L.	Manufacture of automotive components	China	-	100.00%
CIE Automotive Rus, LLC	CIE Berriz, S.L.	Manufacture of automotive components	Russia		100.00%

Company	Parent Company	Activity	Registered office	% effective Sharedholding of CIE Automotive	
				Direct	Indirect
Autometal, S.A. (*) (7)	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. (*)	Autometal, S.A.	Manufacture of automotive components	Brazil	-	100.00%
Autocromo Cromaçao de Plásticos Ltda.	Autometal SBC Injeção e Pintura de Plásticos Ltda.	Manufacture of automotive components	Brazil	-	100.00%
Autometal Investimentos e Imóveis, Ltda. (*)	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. (1)	Autometal, S.A.	Manufacture of automotive components	Brazil	-	100.00%
CIE Autometal de México, S.A. de C.V. (*)	CIE Berriz, S.L.	Holding company	Mexico	-	100.00%
Pintura y Ensambles 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.(*)	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 (*)	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 (*)	CIE Automotive, USA Inc	Manufacture of automotive components	USA	-	100.00%
Century Plastics Real State Holdings, LLC	Century Plastics, LLC	Real state company	USA	-	100.00%
Newcor, Inc (*)	CIE Automotive, USA Inc	Holding company	USA	-	100.00%
Owosso Realty, LLC	Newcor, Inc	Real state company	USA	-	100.00%
Corunna Realty, Corp.	Newcor, Inc	Real state company	USA	-	100.00%
Clifford Realty, Corp.	Newcor, Inc	Real state company	USA	-	100.00%
Machine, Tools and Gear, Inc	Newcor, Inc	Manufacture of automotive components	USA	-	100.00%
Rochester Gear, Inc (9)	Newcor, Inc	Manufacture of automotive components	USA	-	100.00%
Participaciones Internacionales Autometal Dos, S.L.U.(*)	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. (*) (5)	Participaciones Internacionales Autometal Dos S.L.U.	Manufacture of automotive components	India	-	56.32%
Stokes Group Limited (*)	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	United Kingdom	-	56.32%
Stokes Forgings Limited	Stokes Group Limited	Manufacture of automotive components	United Kingdom	-	56.32%
Stokes Forgings Dudley Limited	Stokes Group Limited	Manufacture of automotive components	United Kingdom	-	56.32%
Mahindra Forgings Europe AG (*)	Mahindra CIE Automotive, Ltd.	Holding company	Germany	-	56.32%
Gesenkschmiede 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 Galfor, S.A.U. (*)	Mahindra CIE Automotive Ltd.	Manufacture of automotive components	Orense	-	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. (6)	CIE Galfor, S.A.U.	Manufacture of automotive components	Italy	-	56.30%
BillForge Pvt. Ltd. (*)	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%

Company	Parent Company	Activity	Registered office	% effective Sharedholding of CIE Automotive Direct	Indirect
Advanced Comfort Systems Ibérica, S.L.U.	CIE Automotive, S.A.	Manufacture of automotive components	Orense	100.00%	-
Advanced Comfort Systems France, S.A.S. (*)	CIE Automotive, S.A.	Manufacture of automotive components	France	100.00%	-
Advanced Comfort Systems Romania, S.R.L.	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	Romania	-	100.00%
Advanced Comfort Systems México, S.A. de C.V.	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	Mexico	-	100.00%
Advanced Comfort Systems Shanghai Co. Ltd.	Advanced Comfort Systems France, S.A.S.	Manufacture of automotive components	China	-	100.00%
Autokomp Ingeniería, S.A.U. (*)	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. (*)	Autokomp Ingeniería, S.A.U.	Holding company	Brazil	-	100.00%
Autoforjas, Ltda.	Componentes Automotivos Taubaté, Ltda.	Manufacture of automotive components	Brazil	-	100.00%
Global Dominion Access, S.A. (*)	CIE Automotive, S.A.	Holding company/Technological Solutions and Services	Bizkaia	50.01%	-
Sociedad concesionaria Salud Siglo XXI S.A.	Global Dominion Access, S.A.	Technological Solutions and Services	Chile	-	15.00%
Dominion Industry & Infrastructures, S.L. (*)	Global Dominion Access, S.A.	Technological Solutions and Services	Barcelona	-	50.00%
Desolaba, S.A. de C.V.	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Mexico	-	50.00%
El Salvador Solar 1, S.A. de C.V.	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	El Salvador	-	40.00%
El Salvador Solar 2, S.A. de C.V.	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	El Salvador	-	40.00%
Montelux, S.R.L.	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Dominican Republic	-	35.00%
Abasol S.P.A.	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Chile	-	50.00%
Rovello S.P.A.	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Chile	-	50.00%
Pimentel S.P.A.	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Chile	-	50.00%
Rosinol S.P.A.	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Chile	-	50.00%
Go Specialist, S.L.(1)	Dominion Industry & Infrastructures, S.L.	Technological Solutions and Services	Bizkaia	-	50.00%
Dominion Energy, S.L.U. (*)	Global Dominion Access, S.A.	Technological Solutions and Services	Bizkaia	-	50.01%
Dominion Centroamericana, S.A.	Dominion Energy, S.L.U.	Technological Solutions and Services	Panama	-	50.01%
Dominion Ecuador Niec, S.A.	Dominion Energy, S.L.U.	Technological Solutions and Services	Ecuador	-	49.95%
BAS Project Corporation, S.L.	Dominion Energy, S.L.U.	Technological Solutions and Services	Bizkaia	-	17.50%
Instalaciones Eléctricas Scorpio, S.A. (*)(1)	Global Dominion Access, S.A.	Technological Services	Bizkaia	-	50.01%
Scorpio Energy Oman	Instalaciones Eléctricas Scorpio, S.A.	Technological Services	Oman		30.01%
Instalaciones Eléctricas Scorpio Rioja, S.A. (1)	Global Dominion Access, S.A.	Technological Services	La Rioja		50.01%
Diseño y Productos Técnicos - DITECSA Colombia (1)	Global Dominion Access, S.A.	Technological Services	Colombia	-	50.01%
Dominion Instalaciones y Montajes, S.A.U. (*)	Global Dominion Access, S.A.	Technological Solutions and Services	Bizkaia	-	50.01%
E.C.I. Telecom Ibérica, S.A.	Dominion Instalaciones y Montajes, S.A.U.	Technological Solutions and Services	Madrid	-	50.01%
Interbox Technology, S.L.	Dominion Instalaciones y Montajes, S.A.U.	Commercial Services	Bizkaia	-	37.51%
Dominion West Africa, S.L.	Dominion Instalaciones y Montajes, S.A.U.	Commercial Services	Bizkaia	-	50.01%
Dominion Honduras S.R.L.	Dominion Instalaciones y Montajes, S.A.U.	Technological Solutions and Services	Honduras	-	49.01%
Dominion Investigación y Desarrollo S.L.U.	Global Dominion Access, S.A.	Technological Solutions and Services	Bizkaia	-	50.01%
Visual Line, S.L.	Global Dominion Access, S.A.	Technological Solutions and Services	Bizkaia	-	27.51%
Dominion Teconología, Ltda. (*)	Global Dominion Access, S.A.	Technological Solutions and Services	Brazil	-	50.00%
Dominion Instalaçoes e Montagnes do Brasil Ltda.	Dominion Tecnología, Ltda.	Technological Solutions and Services	Brazil	-	50.01%
Mexicana de Electrónica Industrial, S.A. de C.V. (*)	Global Dominion Access, S.A.	Technological Solutions and Services	Mexico	-	50.00%
Dominion Tecnologías de la Información, S.A. de C.V.	Mexicana de Electrónica Industrial, S.A. de C.V.	Technological Solutions and Services	Mexico	-	50.00%
Dominion Baires, S.A.	Global Dominion Access, S.A.	Technological Solutions and Services	Argentina	-	47.51%

Company	Parent Company	Activity	Registered office	% effective Sharedholding of CIE Automotive Direct	Indirect
Dominion S.P.A.	Global Dominion Access, S.A.	Technological Solutions and Services	Chile	-	50.01%
Dominion Perú Soluciones y Servicios S.A.C.	Global Dominion Access, S.A.	Technological Solutions and Services	Peru	-	49.51%
Beroa Thermal Energy, S.L. (*)	Global Dominion Access, S.A.	Holding company	Bizkaia	-	50.01%
Dominion Global France, SAS	Beroa Thermal Energy, S.L.	Industrial Services	France	-	50.01%
Steelcon Chimneys Esbjerg A/S (*)	Beroa Thermal Energy, S.L.	Industrial solutions	Denmark	-	50.01%
Steelcon Slovakia s.r.o	Steelcon Chimneys Esbjerg A/S	Industrial solutions	Slovakia	-	50.01%
Labopharma, S.L. (1)	Steelcon Chimneys Esbjerg A/S	Technological Solutions	Madrid	-	40.01%
Dominion Global Pty. Ltd.	Beroa Thermal Energy, S.L.	Industrial solutions and services	Australia	-	50.01%
Beroa Corporation LLC (*)	Beroa Thermal Energy, S.L.	Holding company	USA	-	50.01%
Commonwealth Dynamics Inc (*)	Beroa Corporation LLC	Industrial solutions	USA	-	50.01%
Commonwealth Power (India), Private Limited	Commonwealth Dynamics Inc	Industrial solutions	India	-	50.01%
Commonwealth Dynamics Co. Ltd.	Commonwealth Dynamics Inc	Industrial solutions	Japan	-	50.01%
Commonwealth Dynamics Limited	Beroa Corporation LLC	Industrial solutions	Canada	-	50.01%
Commonwealth Constructors Inc	Beroa Corporation LLC	Industrial solutions	USA	-	50.01%
Commonwealth Power Chile, S.P.A. (domant)	Beroa Corporation LLC	Industrial solutions (domant)	Chile	-	50.01%
International Chimney Corporation (*)	Beroa Corporation LLC	Industrial solutions	USA	-	50.01%
Capital International Steel Works, Inc	International Chimney Corporation	Industrial solutions	USA	-	50.01%
International Chimney Canada, Inc	International Chimney Corporation	Industrial solutions	Canada	-	50.01%
Karrena International Chimneys LLC (8)	Beroa Corporation LLC	Industrial solutions	USA	-	50.01%
Beroa Iberia S.A. (*)	Beroa Thermal Energy, S.L.	Industrial solutions and services	Bizkaia	-	50.01%
Dominion Industry México, S.A. de C.V.	Beroa Iberia S.A.	Industrial Services	Mexico	-	50.00%
Dominion Industry de Argentina, S.R.L.	Beroa Iberia S.A.	Technological Solutions and Services	Argentina	-	50.01%
Altac South Africa Propietary Limited	Beroa Iberia S.A.	Industrial solutions	South Africa	-	50.01%
Dominion Global Philippines Inc	Beroa Iberia S.A.	Industrial solutions	Filipinas	-	50.01%
Chimneys and Refractories Intern. S.R.L. (*)	Beroa Thermal Energy, S.L.	Industrial solutions	Italy	-	45.01%
Chimneys and Refractories Intern. S.P.A. (domant)	Chimneys and Refractories Intern. S.R.L.	Industrial solutions (domant)	Chile	-	45.01%
Chimneys and Refractories Intern. Vietnam Co. Ltd.	Chimneys and Refractories Intern. S.R.L.	Industrial solutions	Vietnam	-	45.01%
Dominion-Uniseven Industrial Services Pvt, Ltd.	Beroa Thermal Energy, S.L.	Industrial Services	India	-	25.51%
Dominion Arabia Industry LLC. (before Refractories & Chimneys Construction Co. Ltda.) (3)	Beroa Thermal Energy, S.L.	Industrial solutions	Saudi Arabia	-	49.16%
Beroa Technology Group GmbH (*)	Beroa Thermal Energy, S.L.	Holding company	Germany	-	50.01%
Karrena Betonanlagen und Fahrmischer GmbH (*) (domant)	Beroa Technology Group GmbH	Construction and sale of cement mixers (domant)	Germany	-	50.01%
HIT-Industrietechnik GmbH (domant)	Karrena Betonanlagen und Fahrmischer GmbH	Metal welding	Germany	-	26.01%
Bierrum International Ltd.	Beroa Technology Group GmbH	Industrial solutions (domant)	United Kingdom	-	50.01%
Beroa NovoCOS GmbH	Beroa Technology Group GmbH	Industrial Services	Germany	-	50.01%
Beroa International Co LLC	Beroa Technology Group GmbH	Industrial Services	Oman	-	35.01%
Beroa Refractory & Insulation LLC	Beroa Technology Group GmbH	Industrial Services	United Arab Emirates	-	24.50%
Beroa Nexus Company LLC	Beroa Technology Group GmbH	Industrial Services	Qatar	-	24.50%
Beroa Deutschland GmbH (*)	Beroa Technology Group GmbH	Industrial solutions and services	Germany	-	50.01%
Cobra Carbon Grinding, B.V.	Beroa Deutschland GmbH	Industrial Services	The Netherlands	-	25.01%
Karrena Construction Thérmique S.A.	Beroa Deutschland GmbH	Industrial Services (domant)	France	-	50.01%
Beroa Polska Sp. Z.o.o.	Beroa Deutschland GmbH	Industrial solutions and services	Polonia	-	50.01%
Karrena Arabia Co. Ltd.	Beroa Deutschland GmbH	Industrial solutions and services	Saudi Arabia	-	27.51%
Beroa Chile Limitada (domant)	Beroa Deutschland GmbH	Industrial Services (domant)	Chile	-	50.00%
Burwitz Montageservice GmbH	Beroa Deutschland GmbH	Industrial solutions and services	Germany	-	50.01%
F&S Feuerfestbau GmbH & Co KG	Beroa Deutschland GmbH	Industrial solutions and services	Germany	-	25.49%
F&S Beteiligungs GmbH	Beroa Deutschland GmbH	Holding company	Germany	-	25.51%
Beroa Abu Obaid Industrial Insulation Company Co. W.L.L.	Beroa Deutschland GmbH	Industrial Services	Bahrain	-	22.50%
Global Near, S.L. (*)	Global Dominion Access, S.A.	Holding company	Bizkaia	-	50.01%
Dominion Digital, S.L.U. (*)(4)	Global Near, S.L.	Technological Solutions	Bizkaia	-	50.01%
Ampliffica Mexico, S.A. de C.V.	Dominion Digital, S.L.U.	Technological Solutions	Mexico	-	50.00%

Company	Parent Company	Activity	Registered office	% effective Sharedholding of CIE Automotive	
				Direct	Indirect
Global Ampliffica Perú, S.A.	Dominion Digital, S.L.U.	Technological Solutions	Peru	-	49.51%
Advanced Flight Systems, S.L.	Dominion Digital, S.L.U.	Technological Solutions	Bizkaia	-	15.00%
Smart Nagusi, S.L. (1)	Dominion Digital, S.L.U.	Technological Solutions	Bizkaia		25.01%
Abside Smart Financial Technologies, S.L. (before Centro Near Servicios Financieros, S.L.)	Global Near, S.L.	Technological Solutions	Bizkaia	-	25.01%
DM Informática, S.A. de C.V.	Global Near, S.L.	Technological Solutions	Mexico	-	50.00%
Dominion Smart Innovation, S.A. de C.V.	Global Near, S.L.	Technological Solutions	Mexico	-	49.93%
Bilcan Global Services, S.L. (*)	Global Dominion Access, S.A.	Holding company	Cantabria	-	50.01%
Eurologística Directa Móvil 21, S.L.U.	Bilcan Global Services, S.L.	Commercial Services	Madrid	-	50.01%
Dominion Networks, S.L.U.	Bilcan Global Services, S.L.	Technological Services	Madrid	-	50.01%
Dominion Centro de Control, S.L.U.	Bilcan Global Services, S.L.	Technological Services	Madrid	-	50.01%
Tiendas Conexión, S.L.U.	Bilcan Global Services, S.L.	Commercial Services	Cantabria	-	50.01%
Sur Conexión, S.L.U.	Bilcan Global Services, S.L.	Commercial Services	Cantabria	-	50.01%
The Phone House Spain, S.L.	Global Dominion Access, S.A.	Technological Services	Madrid	-	50.01%
Connected World Services Europe, S.L.U.	Global Dominion Access, S.A.	Commercial Services	Madrid	-	50.01%
Smart House Spain, S.L.U.	Global Dominion Access, S.A.	Commercial Services	Madrid	-	50.01%

(1) Companies added to consolidation scope in 2018 together with their subsidiaries.
(2) Merged in 2017 with Alfa Deco, S.A.U.
(3) The shares of Dominion Arabia Industry LLC are 17% owned by Chimneys and Refractories Intern. S.R.L. and 83% by Beroa Technology Group GmbH, the group owning a total stake of 49.16%
(4) Previously Near Technologies, S.L.U. merged in 2017 with Tapquo,S.L., Ampliffica, S.L.U. and Wiseconversion, S.L.
(5) Merged in 2017 with Mahindra Forging Global Ltd., Mahindra Forgings International Limited, Crest Geartech Ltd. and Mahindra Gears Transmission Private Ltd.
(6) Merged in 2017 with Mahindra Gears Global, Ltd. by reverse merger
(7) Merged in 2017 with Naturoil Combustíveis Renováveis, S.A.
(8) Merged in 2017 with Karrena International LLC, Ltd. by reverse merger
(9) Merged in 2017 with Deco Engineering, Inc.
(10) Merged in 2017 with Grupo Amaya Tellería, S.L.U. and GAT Staff, S.L.U. with accounting effects of January 1, 2017
(*) 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 30 June 2018 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 24 July 2018