


**Mahindra Investments (India) Private Limited**

 Reg. Off. :- 1<sup>st</sup> Floor, 'B' Wing, Mahindra Towers, Dr. P.K. Kurne Chowk, Worli, Mumbai – 400 0018

Phone : (022) 24961441, 24900831; Fax (022) 24915890

 Date :- 28<sup>th</sup> October, 2013

The financial details and capital evolution of the transferee/resulting and transferor/demerged companies for the previous 3 years as per the audited statement of Accounts:

Name of the Company: Mahindra Investments (India) Private Limited

(Rs. in Crores)

	As per last Limited Review Audited Financial Year	As per last Audited Financial Year	1 year prior to the last Audited Financial Year	2 years prior to the last Audited Financial Year
	YTD Sept.'13 (2013-14)	2012-13	2011-12	2010-11
Equity Paid up Capital	80.06	-	-	-
Reserves and surplus	(0.64)	-	-	-
Carry forward losses	-	-	-	-
Net Worth	79.41	-	-	-
Miscellaneous Expenditure	-	-	-	-
Secured Loans	-	-	-	-
Unsecured Loans	-	-	-	-
Fixed Assets	-	-	-	-
Income from Operations	-	-	-	-
Total Income	-	-	-	-
Total Expenditure	0.64	-	-	-
Profit before Tax	(0.64)	-	-	-
Profit after Tax	(0.64)	-	-	-
Cash profit	(0.64)	-	-	-
EPS	(Rs.0.08)	-	-	-
Book value	Rs.10.00	-	-	-

Yours truly,

**Mahindra Investments (India) Private Limited**
**Director**


- Tel : +91 (022) 2200 0607 / 7318 / 6360  
+91(022) 6631 5835 / 36
- Fax : +91 (022) 2200 3476
- E-mail : info@bkkhareco.com
- 706 / 708, Sharda Chambers,  
New Marine Lines, Mumbai 400 020, India

**B. K. KHARE & Co.**  
CHARTERED ACCOUNTANTS

The Board of Directors  
Mahindra Investments (India) Private Limited  
Mumbai

Dear Sirs,

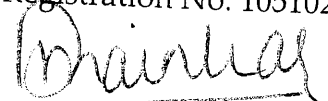
### Limited Review Report

We have reviewed the accompanying statement of unaudited financial results ("the Statement") of **Mahindra Investments (India) Private Limited** for the quarter ended 30<sup>th</sup> September 2013. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on these financial results based on our review.

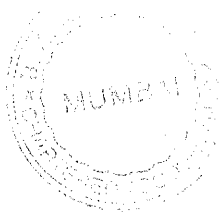
We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatements. A review is limited primarily to inquiries of Company personnel and an analytical procedure applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly we do not express an opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Statement prepared in accordance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs) and other recognised accounting practices and policies contains any material misstatement.

For B.K.Khare & Co  
Chartered Accountants  
Firm Registration No. 105102W

  
Devdatta Mainkar  
Partner  
M.No. 109795

Place: Mumbai  
Date: October 28, 2013



#### Branch Office : Pune

- Tel : +91 (020) 60601005/6/7/8/9  
+91 (020) 25666932 / 32926341
- E-mail : pune@bkkhareco.com
- Hotel Swaroop, 4<sup>th</sup> Floor, Lane No.10,  
Prabhat Road, Erandwane, Pune - 411 004, India

#### Branch Office : Bengaluru

- Tel : +91 (080) 4110 5357 •
- E-mail : bkkhareb@vsnl.net •
- 101, Money Chambers, 1<sup>st</sup> Floor •
- # 6 K. H. Road, Shanthinagar,  
Bengaluru - 560027 India

1028

MAHINDRA INVESTMENTS (INDIA) PRIVATE LIMITED	
Profit & Loss Account for the period of 1st April, 2013 To 30th September, 2013	
Rs. in Lakhs	YTD Sept.'13 (Actuals)
<b>Income</b>	-
<b>Sub Total (A)</b>	-
<b>Expenditure</b>	
Stamp Duty	64,00,580.00
Filling Fees	44,944.00
Professional Fees	2,247.00
Bank Charges	240.45
<b>Sub total (B)</b>	64,48,011.45
<b>EBIDT (A-B)</b>	<b>(64,48,011.45)</b>
Depreciation	-
<b>EBIT</b>	<b>(64,48,011.45)</b>
Interest	-
<b>EBT</b>	<b>(64,48,011.45)</b>

For B.K.KHARE & CO.  
Chartered Accountants

*Devdatta Mainkar*

Devdatta Mainkar  
Partner  
M. No. 109795



Mumbai  
Date : October 28, 2013

Mr. Hemant Luthra  
Director

Mr. Sanjay Joglekar  
Director

Mr. Romesh Kaul  
Director

Mumbai  
Date : October 28, 201



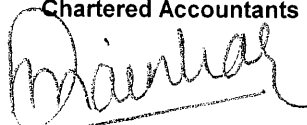
**MAHINDRA INVESTMENTS (INDIA) PRIVATE LIMITED**

Balance Sheet as of September 30, 2013

Balance Sheet	YTD Sept.'13
<b>SOURCES OF FUNDS :</b>	
<b>SHAREHOLDERS' FUNDS :</b>	
Capital	80,05,65,800.00
(Equity Shares 8,00,56,580 of Rs. 10 each.)	
Reserves and Surplus	(64,48,011.45)
<b>Shareholder's Funds</b>	<b>79,41,17,788.55</b>
<b>Total Non-Current Liabilities</b>	<b>-</b>
<b>Total Current Liabilities</b>	<b>-</b>
<b>Total.....</b>	<b>79,41,17,788.55</b>
<b>APPLICATION OF FUNDS :</b>	
<b>NON CURRENT ASSETS</b>	
FIXED ASSETS	-
CAPITAL WORK-IN-PROGRESS	-
INTANGIBLES	-
<b>NON- CURRENT INVESTMENTS</b>	<b>79,36,65,729.00</b>
(Investment in Mahindra Gears & Transmissions Private Limited 1,15,86,361 Equity Shares of Rs.10 each)	
<b>CURRENT ASSETS</b>	
Current Investments	-
Bank & Cash Equivalents	4,52,059.55
Other Receivables	-
<b>Total Current Assets</b>	<b>4,52,059.55</b>
<b>Total.....</b>	<b>79,41,17,788.55</b>

For B.K.KHARE &amp; CO.

Chartered Accountants



Devdatta Mainkar

Partner

M. No. 109795

Mr. Hemant Luthra

Director

Mr. Sanjay Joglekar

Director

Mr. Romesh Kaul

Director

Mumbai

Date : October 28, 2013

Mumbai

Date : October 28, 2013



1030

MAHINDRA INVESTMENTS (INDIA) PRIVATE LIMITED	
Cashflow for the period ended 30th September, 2013	
Particulars	YTD Sept.'13 Actual
<b>Cash Flow from Operating Activities</b>	
<b>Cash Accruals</b>	
Profit after Tax & Before Interest	(64,48,011.45)
<b>OPERATING CASH ACCRUALS</b>	<b>(64,48,011.45)</b>
<b>Less :</b>	
Capital Expenditure Payments	-
Payments for Intangible Assets	-
<b>FREE CASH FLOW before Interest</b>	<b>(64,48,011.45)</b>
<b>Total Interest Payments</b>	<b>-</b>
<b>FREE CASH FLOW after Interest (1)</b>	<b>(64,48,011.45)</b>
<b>Cash Flow from Investing Activities :</b>	<b>-</b>
<b>Receipts</b>	
Investments In Mahindra Gears & Transmission Private Limited	79,36,65,729.00
<b>Payments</b>	<b>79,36,65,729.00</b>
<b>Surplus/(Deficit) from Investing Activities (2)</b>	<b>(79,36,65,729.00)</b>
<b>Cash Flow from Financing Activities :</b>	
Issue of Share Capital to Mahindra & Mahindra Limited	80,05,65,800.00
<b>Receipts</b>	<b>80,05,65,800.00</b>
<b>Payments</b>	<b>-</b>
<b>Surplus/(Deficit) from Financing Activities (3)</b>	<b>80,05,65,800.00</b>
<b>Total Surplus/(Deficit) (1)+(2)+(3)</b>	<b>4,52,059.55</b>
Opening Bank Overdraft & Cash Balance	-
<b>Closing Bank Balance / (Overdraft)</b>	<b>4,52,059.55</b>

For B.K.KHARE & CO.  
Chartered Accountants

*Devdatta Mainkar*

Devdatta Mainkar  
Partner  
M. No. 109795

Mr. Hemant Luthra  
Director

Mr. Sanjay Joglekar  
Director

Mr. Romesh Kaul  
Director



Mumbai  
Date : October 28, 2013

Mumbai  
Date : October 28, 2013

103



The financial details and capital evolution of the transferee/resulting and transferor/demerged companies for the previous 3 years as per the audited statement of Accounts:

Name of the Company: Participaciones Internacionales Autometal Tres S.L

(Thousand euros)

	As per the latest Unaudited financials
	Four month period since incorporation until September 30, 2013
Equity Paid up Capital	60.003
Reserves and surplus	5
Carry forward losses	-
Net Worth	60,008
Miscellaneous Expenditure	-
Secured Loans	-
Unsecured Loans	-
Fixed Assets	-
Income from Operations	-
Total Income	8
Total Expenditure	(3)
Profit before Tax	5
Profit after Tax	n/a
Cash profit	5
EPS	n/a
Book value	n/a



**Participaciones Internacionales  
Autometal Tres, S.L.**

Report on Review of Abbreviated Interim Financial Statements  
as of September 30, 2013





## REPORT ON REVIEW OF ABBREVIATED INTERIM FINANCIAL STATEMENTS


To Participaciones Internacionales Autometal Tres, S.L.'s Sole Member Shareholder:

We have reviewed the accompanying abbreviated interim financial statements of Participaciones Internacionales Autometal Tres, S.L. (here in after the entity) as of September 30, 2013, consisting of the abbreviated balance sheet at 30 September 2013, the abbreviated income statement, the abbreviated statement of changes in net equity and related notes for the four months period in the time of setting-up the entity and 30 September 2013. The entity's Sole Member Director is responsible for the preparation and fair presentation of these abbreviated interim financial statements in accordance with the financial reporting framework applicable to the entity (as identified in Note 2.1 to the accompanying abbreviated interim financial statements), and in particular, with the accounting principles and criteria included therein. Our responsibility is to express a conclusion on these abbreviated interim financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, which must not be seen as an audit of the accounts, nothing has come to our attention that causes us to believe that the accompanying abbreviated interim financial statements do not present fairly, in all material respects, the financial position of Participaciones Internacionales Autometal Tres, S.L. as at September 30, 2013, and of its financial performance for the four months period in the time of setting-up the entity and 30 September 2013 in accordance with the applicable financial reporting framework, and in particular, with the accounting principles and criteria included therein.

PricewaterhouseCoopers Auditores, S.L.

  
Francisco Javier Domingo  
Partner

28 October 2013

PricewaterhouseCoopers Auditores, S.L., Plaza de Euskadi, 5, 48009 Bilbao, España  
Tel.: +34 944 288 800 / +34 902 021 111, Fax: +34 944 288 805, [www.pwc.com/es](http://www.pwc.com/es)

R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª  
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290



1038



**PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.**

**Abbreviated Interim Financial Statements  
30 September 2013**



1035

**PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.**

**CONTENTS OF THE ABBREVIATED INTERIM FINANCIAL STATEMENTS**

<u>Note</u>		<u>Page</u>
	ABBREVIATED BALANCE SHEET	1
	ABBREVIATED INCOME STATEMENT	2
	ABBREVIATED STATEMENT OF CHANGES IN EQUITY	3
	NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS	
1	General information	4
2	Basis of presentation	
	2.1 Fair presentation	4
	2.2 Key sources of estimation uncertainty	5
	2.3 Aggregation	6
	2.4 Presentation currency	6
	2.5 Abbreviated Interim Financial Statements	6
3	Summary of significant accounting policies	
	3.1 Financial assets	6
	3.2 Equity	6
	3.3 Financial liabilities	7
	3.4 Current and deferred income tax	7
	3.5 Business combinations	7
	3.6 Related-party transactions	7
	3.7 Dividend distribution	7
4	Financial risk management	8
5	Investments and loans in group companies	8
6	Share capital and premium	8
7	Profit for the period	9
8	Income tax and tax matters	9
9	Other information	9
10	Related party transactions	10



**PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.**

**ABBREVIATED BALANCE SHEET AT 30 SEPTEMBER 2013**  
**(Thousand euro)**

	<u>Note</u>	<u>30.09.2013</u>
<b>NON-CURRENT ASSETS</b>		
Non-current investments in subsidiaries and affiliates	5	<u>60,000</u>
Equity instruments		<u>60,000</u>
Total non-current assets		<u>60,000</u>
<b>CURRENT ASSETS</b>		
Current investments in subsidiaries and affiliates	-	<u>8</u>
Loans to companies		<u>8</u>
Total current assets		<u>8</u>
<b>TOTAL ASSETS</b>		<u><b>60,008</b></u>
<b>EQUITY</b>		
Capital and reserves		<u>60,008</u>
Share Capital	6	<u>60,003</u>
Profit for the year	7	<u>5</u>
Total equity		<u>60,008</u>
<b>NON-CURRENT LIABILITIES</b>		
Total non-current liabilities		<u>-</u>
<b>CURRENT LIABILITIES</b>		
Total current liabilities		<u>-</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>60,008</b></u>



PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.

ABBREVIATED INCOME STATEMENT FOR THE FOUR MONTH PERIOD ENDED 30 SEPTEMBER 2013  
(Thousand euro)

<u>CONTINUING OPERATIONS</u>	<u>Note</u>	<u>30.09.2013</u>
Other operating expenses		(3)
Other operating expenses		(3)
OPERATING PROFIT		(3)
Finance income	-	8
NET FINANCE EXPENSE		5
PROFIT BEFORE TAX	-	5
Income tax expense	8	-
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS	7	5
<u>DISCONTINUED OPERATIONS</u>		
PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS		-
PROFIT FOR THE PERIOD		5



PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.

ABBREVIATED STATEMENT OF CHANGES IN EQUITY FOR THE FOUR MONTH PERIOD ENDED 30 SEPTEMBER 2013

A) ABBREVIATED STATEMENT OF RECOGNISED INCOME AND EXPENSE  
(Thousand euro)

	Note	2013
Profit for the period	7	5
Income and expense recognised directly in equity		-
Amounts other comprehensive income to income statement		-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		5

B) ABBREVIATED STATEMENT OF TOTAL CHANGES IN EQUITY  
(Thousand euro)

	Issued capital (note 6)	Profit for the period (note 7)	Total
Transactions with shareholders and owners:			
- Setting-up	3	-	3
- Increase in capital	60,000	-	60,000
Profit of the period	-	5	5
Closing balance, 30 September 2013	60,003	5	60,008



## PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.

### NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2013 (Thousand euro)

#### 1. General information

On 28 May 2013 Participaciones Internacionales Autometal Dos, S.L. (PIA2) (Spanish Company) set-up Participaciones Internacionales Autometal Tres, S.L. with a capital contribution amounting to EUR 3 thousand paid in cash by PIA2. Due to this Participaciones Internacionales Autometal Tres, S.L. became a Sole Member company.

On 11 June 2013 capital was increased by EUR 60 million. This capital increase was fully subscribed by Participaciones Internacionales Autometal Dos, S.L.

The business of the Company is the holding, acquisition and sale of participating interests, shares, rights, options, futures and debentures of public and private, listed and non-listed business enterprises and industrial companies, through the subscription or participation in their setting up or share capital increase or their acquisition by any other means.

The development and promotion of businesses and projects through one of the following formulae:

- Financial assistance of any kind to companies and businesses in general, by participation in the share capital or by credit facilities or loans, either shareholder loans or not.
- The rendering of advisory services and financial and management assistance to those companies in which investments were made or may be made by virtue of rights to participate in their share capital.

All those activities which by Law are subject to special requirements with which this Company does not comply are excluded. Likewise, if legal provisions require any professional qualification or administrative authorization, or the inscription in public records, to carry on any of the activities included in the corporate purpose, these activities must be carried out by personas that hold the required qualification and cannot commence until the administrative requirements are complied with.

All those activities which fall within the scope of the Law of Collective Investment Schemes and the Securities Market Act are specifically exempt.

At 30 September 2013 the Company holds the investments in the equity of the following companies, all of them working for the automotive industry:

Name of company	Activity	Interest	Location
CIE Galfor, S.A. (Sociedad Unipersonal)	Forging	100% Direct interest	Spain
UAB CIE Lt Forge	Forging	100% Indirect through CIE Galfor	Lithuania
CIE Legazpi, S.A.	Forging	100% Indirect through CIE Galfor	Spain
Galfor Eólica, S.L.	Production and Marketing of Electricity	50% indirect through CIE Galfor	Spain

The company is controlled directly by Participaciones Internacionales Autometal Dos, S.L. and at the top level by CIE Automotive, S.A. a financially solid group with a global presence. The shares of CIE Automotive, S.A. are traded on the continuous market of the Madrid and Bilbao stock exchanges.

Under Spanish Royal Decree 1815/1991 (of 20 December 1991), at the end of 2013 year, at 31 December 2013, the company will be obliged to present consolidated annual financial statements. The Sole Member Director of the Company has decided to make the arrangement embodied in the article 43 of the Commercial Code and will deposit the consolidated financial statements of the parent company, CIE Automotive, S.A. and subsidiaries.

The registered office of Participaciones Internacionales Autometal Tres, S.L. is located at Calle Iparraguirre 34 - 2ª derecha, 48011 Bilbao (Vizcaya).

#### 2. Basis of presentation

##### 2.1 Fair presentation

The accompanying abbreviated interim financial statements were prepared from the Company's accounting records and are presented in accordance with the Spanish General Accounting Plan, enacted by Spanish Royal Decree 1514/2007, as amended by Royal Decree 1159/2010, of 17 September 2010, in order to give a true and fair view of the Company's equity and financial position at 30 September 2013 and of its financial performance for the four months period from the time of setting-up the Company and 30 September 2013. These abbreviated interim financial statements will be signed by the Sole Member Director on 28 October 2013.



**PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.**

**NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2013**

(Thousand euro)

**2.2 Key sources of estimation uncertainty**

Preparation of the financial statements requires the Company to make estimates and judgements concerning the future. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of investments in Group companies and associates

The Company, and the Group which it belong to, tests its investments in Group companies and associates (note 1) for impairment annually, in accordance with the accounting policy stated in note 3.1. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of estimates. These estimates are made at the level of the cash-generating units (CGUs) defined at the Group level. These CGUs in turn encompass the various plants and individual companies.

If the pre-tax rate used to discount the cash flows had been 10% higher than management's estimates, the Company would still not have needed to reduce the carrying amount of its investments in Group companies.

CIE Automotive Group performed the last test of impairment of its CGU on 31 December 2012. The business that has been transferred to the Company in 2013 were object of impairment test on 31 December 2012 and following there are the details of main assumptions.

With respect to the assumptions used to project the EBITDA (operating profit plus depreciation and amortisation, the starting point for calculating free cash flow) of the CGUs and their future growth, management modelled the most conservative scenario so that underperformance in respect of EBITDA is considered unlikely. Nevertheless, simulations using other growth rates and 10% variations in EBITDA do not indicate the need for impairment charges in 2013 and previous year.

As in prior years, the pre-tax discount rate was determined on the basis of the weighted average cost of capital (WACC) plus a premium to reflect the tax effect. The WACC was determined using the capital asset pricing model (CAPM), which is widely used for discount rate calculation purposes. In certain instances, the discount rate calculation additionally factors in a specific risk premium to reflect the characteristics and the risk profile intrinsic to the cash flow projections of each CGU.

The rates used to discount the cash flow projections were as follows:

CGUs	2012
Automotive segment	
Europe	7.88% - 13.65%

These are after-tax discount rates and reflect the specific risks relating to the relevant operating segments; they had been used for impairment testing purposes in 2012.

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

	EBITDA Margins
	2012
Automotive business	10% - 35%

Other forecast net movements in cash and flows related to tax are factored in to obtain 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.

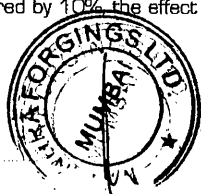
The cash flows beyond the five-year period covered by the Group's internal projections are extrapolated using conservative growth rate assumptions (0%).

Income tax expense

The tax regime applicable to the Company under law implies the use of estimates to quantify the amount of tax due or receivable. Income tax expense was estimated on the basis of management's best judgement with respect to prevailing and foreseeable tax regulations (note 8).

If the ultimate tax assessment is different from the amounts that were initially recognised, any such differences would impact tax expense and deferred tax provisions in the year in which such determination is made.

The calculation of income tax expense did not necessitate significant estimates except with respect to the amount of tax credits recognised in the year. If the assumptions used to make this estimate differed by 10% the effect on profit for the year would not be material.



**PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.**

**NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2013**

(Thousand euro)

**2.3 Aggregation**

Certain of the items presented on the abbreviated balance sheet, abbreviated income statement and abbreviated statement of changes in equity are aggregated to facilitate reader comprehension, while the required breakdowns are provided in the accompanying notes.

**2.4 Presentation currency**

The abbreviated interim financial statements are expressed in thousand euro, unless expressly indicated to the contrary.

**2.5 Abbreviated Interim Financial Statements**

In order to comply with the terms of Article 258 of Company Law, the Company's directors present abbreviated financial statements.

**3. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these abbreviated interim financial statements are set out below.

**3.1. Financial assets**

- a) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable receipts that are not quoted in an active market. They are included in current assets, except for amounts maturing more than 12 months after the end of the reporting period, which are classified as non-current assets. Loans and receivables are included in 'Loans to companies', 'Loans to third parties' and 'Trade and other receivables' in the balance sheet.

These financial assets are recognised initially at fair value, including directly attributable transaction costs, and are subsequently measured at amortised cost. Interest accrued is recognised on the basis of the effective interest rate, deemed the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset. Nevertheless, trade receivables due within less than twelve months from the end of the reporting period are carried at nominal value upon initial recognition and for subsequent measurement purposes, so long as the effect of not discounting the cash flows is not material.

Loans and receivables are tested for impairment at least at each reporting date and the corresponding impairment losses are recognised when there is objective evidence that all amounts due to the Company will not be collected.

Impairment losses are recognised at the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the effective interest rate prevailing at the initial recognition date. Impairment losses and any subsequent reversals are recognised in the income statement.

- b) Investments in Group companies, jointly controlled entities and associates: These assets are measured at cost, less any accumulated impairment losses. However, if the Company held an investment in these entities before they were classified as a Group company, jointly controlled entity or associate, cost is deemed the carrying amount of that investment prior to the classification change. Prior measurement adjustments recognised directly in equity are kept in equity until the investments are derecognised.

If there is objective evidence that the carrying amount of these investments may not be recoverable, the Group recognises the corresponding impairment losses, calculated as the difference between the investment's carrying amount and recoverable amount, deemed to be the higher of fair value less costs to sell and the present value of projected cash flows from the investment. Unless better evidence is available, impairment of this type of asset is estimated based on the investee's equity, adjusted for any unrealised capital gains at the measurement date. Impairment losses and any subsequent reversals are recognised in the income statement in the year in which they arise.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value using valuation techniques. These include the use of recent arm's length transactions between knowledgeable, willing parties, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market observable inputs and relying as little as possible on subjective judgements.

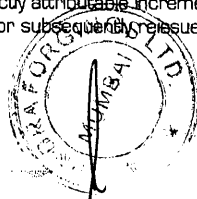
Financial assets are derecognised when substantially all the risks and rewards of ownership of the financial asset have been transferred. Specifically in relation to accounts receivable, this transfer is generally deemed to take place when the risks of insolvency and non-payment have been transferred.

**3.2. Equity**

The Company's share capital is represented by ordinary shares.

The costs of issuing new shares or stock options are recognised directly against equity as a deduction from reserves.

If the Company purchases own shares, the consideration paid, including any directly attributable incremental costs, is deducted from equity until the shares are redeemed, reissued or sold. When these shares are sold or subsequently reissued, any amount received, net of any incremental directly attributable transaction costs, is included in equity.





**PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.**

**NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2013**

(Thousand euro)

**3.3. Financial liabilities**

Debts and payables

This category includes trade and non-trade payables. These liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months from the balance sheet date.

These liabilities are initially recognised at fair value, adjusted for directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest rate method. The effective interest rate is that which exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability.

Nevertheless, trade payables due within less than twelve months from the end of the reporting period that do not carry a contractual interest rate are carried at their nominal value upon initial recognition and for subsequent measurement purposes when the effect of not discounting the cash flows is not material.

In the case of convertible bonds, the Company determines the fair value of the liability component using the rate of interest for similar non-convertible bonds. This figure is recorded as a liability on the basis of the amortised cost until it is settled upon conversion or maturity. Other income obtained is allocated to the conversion option and is recognised in equity.

**3.4. Current and deferred income tax**

Tax expense (income) is the amount of income tax accrued for the year and includes current and deferred tax expense (income).

Income tax is calculated on the basis of accounting profit adjusted for any permanent differences between profit for accounting and tax purposes. Tax credits available at the consolidated tax group level, arising mainly from corporate investing activities, are analysed annually for future utilisation and offset and are recognised as a function of current expectations regarding their utilisation. This analysis not only encompasses estimable taxable income but also expectations regarding the use of tax credits granted.

Both current and deferred tax expense (income) are recognised in the income statement. However, the tax effects of items recognised directly with a credit or charge to equity are also recognised in equity.

Current tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes are calculated, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. However, deferred income tax is not accounted for if it arises from initial recognition of goodwill or initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither 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.

**3.5. Business combinations**

Mergers, spin-offs and non-monetary contributions of businesses among entities under common control are recognised following the rules for accounting for related-party transactions (note 3.6).

Mergers and spin-offs that are not common control transactions and business combinations arising from the acquisition of all of the assets and liabilities of a company or a portion thereof that constitutes one or more businesses are recognised using the acquisition method.

The Company recognises business combinations arising from the acquisition of shares or equity interests in another company in accordance with the rules for accounting for investments in Group companies, jointly-controlled entities and associates (note 3.1).

**3.6. Related-party transactions**

As a general rule, intragroup transactions are initially recognised at fair value. If the price agreed differs from fair value, the difference is recognised based on the economic substance of the transaction. Subsequent measurement follows prevailing accounting rules.

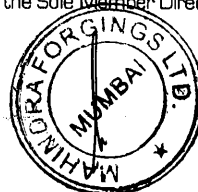
Notwithstanding the foregoing, in mergers, spin-offs and non-monetary business contributions, the assets and liabilities constituting the acquired business are measured at the amount at which they would be recognised in the consolidated annual accounts of the group or subgroup after the transaction.

When the parent of the group or subgroup of the subsidiary does not intervene, the consolidated annual accounts used for this purpose are those of the highest-level Spanish-parented group or subgroup to recognise the assets and liabilities.

In these cases, any difference between consideration paid and the acquiree's net assets, adjusted for grants, donations and legacies received, valuation adjustments and any equity (capital or share premium) issued by the acquiree, is recognised in reserves.

**3.7. Dividend distribution**

The payment of dividends to shareholders is recognised, to the extent outstanding, as a liability in the financial statements in the period in which the dividends are approved by the shareholders in general meeting or declared by the Sole Member Director.



## PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.

### NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2013 [Thousand euro]

#### 4. Financial risk management

##### 4.1. Financial risk factors

Participaciones Internacionales Autometal Tres, S.L. is a holding company that belongs to the Group led by CIE Automotive, S.A.. Risk management from the investments in Group companies, the only aspect of relevant risk that the company in his holding function has, is performed at group level and management of CIE Automotive Group.

#### 5. Investments and loans in Group companies

##### a) Investments in Group companies, jointly-controlled entities and associates

The main Group companies owned directly by the Company (none of which listed) are as follows:

Name and registered office	Legal structure	Business activity	% of total voting rights held directly
Group companies and jointly-controlled entities			
CIE Galfor, S.A. (Sociedad Unipersonal)	SA	Holding company and manufacture of automotive components	100%

On June 2013 Participaciones Internacionales Autometal Tres, S.L. acquired CIE Galfor, S.A. (a Spanish forging company which belongs to CIE Automotive Group) with a purchase price of EUR 60 million paid in cash according to an independent expert valuation.

Previously, CIE Galfor, S.A. had acquired the 100% of participation in the Spanish company CIE Legazpi, S.A. and in the Lithuanian company UAB CIE LT Forge, both belonging to CIE Automotive Group. These acquisitions were made for a purchase price of EUR 34.1 and EUR 19.7 million, respectively, both paid in cash.

The amounts of capital, reserves and profit for the year and other relevant information, as taken from the individual annual accounts of the respective Group companies and jointly controlled entities, at 30 September 2013, are as follows:

Company	Capital	Reserves and other equity items	Profit/loss for the period	Carrying amount of investment at parent	Dividends received (note 19)
CIE Galfor, S.A. (Sociedad Unipersonal)	2,502	2,136	4,227	60,000	-
				60,000	-

#### 6. Share capital and premium

##### a) Capital

As it was mentioned in Note 1, on 28 May 2013 Participaciones Internacionales Autometal Dos, S.L. (PIA2) (Spanish Company) set-up Participaciones Internacionales Autometal Tres, S.L. with a capital contribution amounting to EUR 3 thousand paid in cash by PIA2. Due to this Participaciones Internacionales Autometal Tres, S.L. became a Sole Member company.

On 11 June 2013 capital was increased by EUR 60 million. This capital increase was fully subscribed by Participaciones Internacionales Autometal Dos, S.L.

The Company's share capital at 30 September 2013 is represented by 60,003,000 fully paid ordinary bearer quoted participations with a par value of EUR1 each.

The Sole Member Shareholder is Participaciones Internacionales Autometal Dos, S.L..



**PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.**

**NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2013**  
**[Thousand euro]**

**7. Profit for the period**

a) Proposed distribution of profit

The period from the time to setting-up the company and 30 September 2013 shows a profit amounting to EUR 5 Thousand. Until the end of the fiscal year on 31 December 2013, the Sole Member Director will not propose a distribution of results.

**8. Income tax and tax matters**

The income tax legislation applicable to the Company in 2013 is Vizcaya Provincial Regulation 3/1996 (26 June).

Because certain transactions are treated differently for income tax purposes with respect to how they are treated in preparing the annual financial statements, taxable income for the year differs from accounting profit. There are not reconciliation entries between the tax income and the accounting profit for the period ending at 30 September 2013.

Current tax expense is the result of applying a tax rate of 28%.

There was no income tax payable to the tax authorities at either period ending at 30 September 2013.

As a result, among other things, of the different interpretations to which Spanish tax legislation lends itself, additional tax assessments may be raised in the event of a tax inspection. The Sole Member Director considers, however, that additional assessments, if any, would not significantly affect the 2013 financial statements.

**9. Other information**

a) Compensation paid to the members of the Sole Member Director

The Sole Member Director has not received any compensation for his charge in the period ending at 30 September 2013.

The Sole Member Director received no compensation in respect of bonuses or profit sharing arrangements. Nor did he receives shares, or sell or exercise stock options or other rights related to pension plans or insurance policies of which he is beneficiary.

The Company did not extend any loans or advances to the Sole Member Director in the period ending at 30 September 2013.

b) Key management compensation and loans

The company has not personnel so there is not any compensation or loans or advances extender to key management. The key management of CIE Automotive Group is based on the headquarter company CIE Automotive, S.A.

c) Shareholdings and directorships held by board members in companies with same or complementary activity

Article 229 of Spain's Corporate Enterprises Act, enacted by means of Legislative Royal Decree 1/2010, of 2 July 2010, obliges directors to report to the boards on which they serve, their fellow directors, or if they are sole directors, the General Meeting, on any potential direct or indirect conflict of interest vis-à-vis the entity whose interests they represent. A potentially-conflicted director must abstain from intervening in the resolutions or decisions concerning the transaction giving rise to the conflict in question. In addition, directors must disclose any direct or indirect shareholdings they or their related parties hold in the capital of any other company with the same, similar or complementary corporate purpose as that of the Company, additionally disclosing the positions/duties discharged at those companies.

The Sole Member Director is director at several of the companies inside CIE Automotive Group and he owns directly and indirectly a 0,25% of shareholding of the headquarter company CIE Automotive, S.A.

The Sole Member Director is not subject to any the conflicts of interest outlined in article 229 of the Corporate Enterprises Act.

d) Auditor's fees

The fees corresponding to the period ending at 30 September 2013 by PricewaterhouseCoopers Auditores, S.L. for the audit of the Company's financial statements amounted to EUR 6 thousand.

There are not other fees corresponding to the period ending at 30 September 2013 by other companies that use the PricewaterhouseCoopers trademark for other services rendered to the Company.

e) Environmental disclosures

Environmental activity refers to any transaction, the main purpose of which is to minimise damage to the environment or enhance environmental protection efforts. Because of its holding company structure, the Company is not materially exposed to environmental risk.

The Company did not incur any expenses of an environmental nature in 2013.

The Company is not aware of the existence of any environmental protection related contingencies or liabilities and did not deem it necessary to recognise any provisions for liabilities or charges of an environmental nature.



**PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.**

**NOTES TO THE ABBREVIATED INTERIM FINANCIAL STATEMENTS AS AT SEPTEMBER 30, 2013**  
**(Thousand euro)**

**10. Related party transactions**

The Company is the Group's ultimate parent company (Note 1).

The breakdown of the transactions conducted with Group companies in the period ending at 30 September 2013 is provided below.

Interest:

**2013**

- Interest received

8

The balances outstanding at period-end at 30 September 2013 as a result of the above transaction corresponding to a loan receivable amounting to EUR 8 thousand.



10.-

1046

PARTICIPACIONES INTERNACIONALES AUTOMETAL TRES, S.L.

PREPARATION OF THE ABBREVIATED INTERIM FINANCIAL STATEMENTS FOR THE FOUR MONTH PERIOD ENDED 30 SEPTEMBER 2013

The Sole Member Director of Participaciones Internacionales Autometal Tres, S.L. has drafted the abbreviated interim financial statements for the four month period ended 30 September 2013 and has signed this document in witness whereof.

Similarly, the Directors declare that, to the best of their knowledge, the abbreviated consolidated interim 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 28 October 2013



Roberto Alonso Ruiz  
Administrador Único

