PSA PEUGEOT CITROËN

ANNUAL RESULTS

2014

2014 Annual Results

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Supervisory Board

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Louis Gallois

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Marie-Hélène Roncoroni (permanent representative of Etablissements Peugeot Frères)
Xu Ping[2]

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Liu Weidong[2]
Robert Peugeot (permanent representative of FFP)
Henri Philippe Reichstul
Dominique Reiniche
Geoffroy Roux de Bézieux
Anne Valleron (employee shareholder representative)
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Frédéric Banzet

Managing Board

CHAIRMAN

Carlos Tavares

MEMBERS OF THE MANAGING BOARD

Jean-Baptiste Chasseloup de Chatillon
Grégoire Olivier
Jean-Christophe Quémard

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[1] *Designated as representative of the French state*

[2] *Designated by the proposal of Dongfeng Motor Group Company Limited*

II. ANNUAL REPORT

1. RISK FACTORS AND UNCERTAINTIES

Main risk factors specific to the Group and its business

The PSA Peugeot Citroen Group pays close attention to ensuring that effective control is maintained over the risks associated with its various businesses. The various operating units identify and assess risks and evaluate the related internal controls on an on-going basis, in France and abroad, within the main units of the Automotive Division and the non-Automotive subsidiaries (except Faurecia which has its own system). The principal specific risk factors to which the Group may be exposed will be described in depth in the 2014 Registration Document that will be published in March 2015, and include notably:

- **Operational risks**

These include: risks related to the Group's economic and geopolitical environment, new vehicle development, launch and marketing risks, customer and dealer risks, raw materials risks, supplier risks, industrial risks, environmental risks, workplace health and safety risks, risks associated with the cooperation agreements, risks associated with the strategic partnership with Dongfeng, and information systems risks.

- **Financial market risks**

The Group is exposed to liquidity risk, as well as interest rate risks, counterparty risks, exchange rate risk and other market risks related in particular to fluctuations in commodity prices and in equity markets. Note 12.7 to the 2014 consolidated financial statements provides information on risk management, which is primarily carried out by Corporate Finance, and identified risks and the Group policies designed to manage them.

- **Risks relating to Banque PSA Finance's business**

These risks include activity risks, credit risks, liquidity risks, counterparty risks, as well as concentration risks and operational risks. (See Note 13.5 to the 2014 consolidated financial statements).

For more details, please refer to the 2014 Annual Report of Banque PSA Finance, which can be downloaded from its website at www.banquepsafinance.com

- **Legal and contractual risks**

These risks include notably : legal and arbitration proceedings, legal risks associated with anti-competition litigation, regulatory risks, financial covenants, risks related to pension and other post-retirement benefit obligations, risks related to intellectual property rights, off-balance sheet commitments.

2. GROUP ACTIVITIES

2.1 Significant events in the 2014 financial year

2.1.1 Presentation by Carlos Tavares of the “Back in the Race” Plan to step up the Group’s reconstruction

Carlos Tavares, Chairman of the PSA Peugeot Citroën Managing Board, presented on 14 April 2014 the 2014-2018 “Back in the Race” roadmap designed to ensure the Group’s reconstruction, which includes three metrics:

- recurring positive Group operating free cash flow by 2016 at the latest;
- €2 billion in total Group operating free cash flow over the 2016-2018 period;
- a 2% operating margin in the Automotive Division by 2018, with a target of 5% during the next medium-term plan covering the period 2019-2023.

“Back in the Race” is built around four operational objectives:

1. **DS, Peugeot and Citroën, three distinct and complementary brands**

- The development of DS as a fully-fledged premium brand has been stepped up.
- At the same time, the Group is continuing to reposition the three brands, while clarifying their line-ups to ensure their complementarity, and improving their price positioning.

2. **A focused, targeted global product plan more aligned with market demand**

- The Group’s line-ups are gradually being rationalised and will be streamlined to 26 models by 2022. By focusing on a more compact range, PSA Peugeot Citroën will be able to improve market coverage and improve margins by targeting the most profitable segments.
- In addition, this helps to optimise the use of platforms and programmes around the world and allocates R&D spending and capex more efficiently.

3. **A drive for profitable international growth accordance with the fundamentals of the automobile business**

- The Group is continuing to accelerate its expansion in China, by tripling volumes with Dongfeng by 2020 and successfully completing the development of the DS brand.
- The partnership signed with Dongfeng is also helping to drive faster growth in the ASEAN region.
- At the same time, the Group is transforming the business model in Latin America and Russia, with the objective of returning to profit in the two regions by 2017.
- Lastly, PSA Peugeot Citroën is seeking expansion opportunities in new growth countries, for example in Africa and the Mediterranean basin.
- To do this, a new global organisation, structured around six major regions, has been established: Eurasia, Europe, Middle East/Africa, Latin America, China and ASEAN, Asia-Pacific.

4. **Modernising to improve competitiveness**

- To address its competitiveness challenges, PSA Peugeot Citroën is stepping up the modernisation of its plants and bringing them in line with global benchmark production facilities, while continuing to reduce costs and inventory.

2.1.2 A strengthening of the industrial and commercial partnership with Dongfeng Motor Group

On 19 February 2014, PSA Peugeot Citroën announced the strengthening of the industrial and commercial partnership with Dongfeng Motor Group. This strategic partnership covers three aspects:

• a joint commitment to propel (Dongfeng Peugeot Citroën Automobile) DPCA into a new phase of growth, with the objective of tripling its volumes to 1.5 million vehicles per annum by the early 2020s, thanks to a reinforced product plan;

• the creation of a joint R&D centre, dedicated to the development of products and technologies for fast growing countries, including China;

- the creation of a new joint venture to drive the sales of PSA Peugeot Citroën and DFG vehicles in the rest of Asia and possibly in other emerging markets. This is aimed at capturing the strong growth opportunities in the ASEAN economies and leveraging the similarities between the model line-ups marketed there and in China.

This reinforced partnership represents, under its current form, synergies estimated at around €400 million per year for PSA Peugeot Citroën by 2020 and could later be extended to other areas of collaboration.

The final agreements between PSA Peugeot Citroën and Dongfeng Motor Group were signed on 26 March 2014.

2.1.3 Capital increases

In addition to strengthening the industrial and commercial partnership with Dongfeng Motor Group, Peugeot S.A. carried out capital increases for a total of €3 billion, approved by the Shareholders' Meeting held on 25 April 2014, including:

- a reserved capital increase in the amount of €1,048 million, subscribed in equal parts on 29 April 2014 by DFG via Dongfeng Motor (Hong Kong) International Co., Limited ("DMHK") and the French State through SOGEPA, which led to the creation of 139,733,332 shares at a price of €7.50 per share;

- a share capital increase with preferential subscription rights in the amount of €1,953 million, open to all existing Peugeot S.A. shareholders, which led to the creation of 288,506,351 new shares at the unit price of €6.77;

- prior to the capital increase, an attribution of free equity warrants (BSA) to existing Peugeot S.A. shareholders, with one equity warrant granted per existing share. The Exercise Ratio, adjusted after the transaction on 23 May 2014, is now as follows: equity warrant holders may subscribe to 3.5 new shares using 10 equity warrants, at a total exercise price of €22.50 (corresponding to an implied subscription price of around €6.43 per new share). The warrants have a maturity of three years, and may be exercised from the second year (from 29 April 2015 to 29 April 2017).

Through the reserved capital increases and their participation in the transaction, DMHK and SOGEPA each invested approximately €800 million in PSA Peugeot Citroën and become PSA Peugeot Citroën key shareholders alongside FFP and Etablissements Peugeot Frères, which also subscribed for an amount of €142 million under the transaction.

Use of funds raised

The funds raised through these capital increases are primarily used by PSA Peugeot Citroën to make key investments related to its "Back in the Race" strategic plan, in order to strengthen its competitiveness in Europe and its globalization strategy:

- transform PSA Peugeot Citroën's business model in Latin America and Russia, with the objective of returning to profit;
- develop CO2 technologies and advanced driver assistance systems on a par with the best available;
- invest to attain a competitive European industrial footprint;
- reduce net debt.

A global issuance of shares reserved for employees was launched in the fourth quarter of 2014 in order to involve them with the Group's reconstruction. It concluded successfully in January 2015; over 15,000 employees participated in the offer, with a subscription substantially in excess of the stock option plan. This transaction resulted in the issue of 3,499,973 new shares.

As from 29 January 2015, the share capital is composed of 786,588,648 shares with a nominal value of €1 each.

2.1.4 Partnership between Banque PSA Finance and Santander Consumer Finance

Following their entry into exclusive negotiations on 19 February 2014, Banque PSA Finance and Santander Consumer Finance (Santander CF), Santander's consumer credit subsidiary, announced on 10 July the signing of a framework agreement on the establishment of a partnership covering 11 European countries, and which boosts the competitiveness of the Peugeot, Citroën et DS brands.

This partnership between Banque PSA Finance and Santander CF will take the form of joint ventures in most countries, or commercial agreements. The scope envisaged for the partnership covers approximately 90% of Banque PSA Finance's current operations.

On 2 February 2015, Banque PSA Finance and Santander Consumer Finance announced the start-up of their first two joint companies, in France and the United Kingdom. Operations in the nine other countries are expected to be finalised in 2015 and early 2016.

These operations were approved by the European competition authorities on 3 December 2014 and the banking sector regulatory authorities (European Central Bank) on 28 January 2015.

For more details, please refer to Note 1.3 in the notes to the consolidated financial statements at 31 December 2014.

2.1.5 Signature of a €3-billion syndicated credit facility

On 8 April 2014, PSA Peugeot Citroën signed a new syndicated credit facility for the amount of €3.0 billion. It comprises a €2.0 billion five-year tranche and a €1.0 billion three-year tranche with two optional one-year extensions. This credit facility replaced the €2.4 billion line of credit signed in July 2010, which matured up to July 2015.

In conjunction with the share and rights issues, the new facility has increased the Group's financial strength.

2.1.6 Increasing development in China

China has been PSA Peugeot Citroën's largest market in the world since March 2014.

To support the strong growth in its unit sales, DPCA signed on 2 July 2014 an agreement with the city of Chengdu for the construction of its fourth production facility in China. Work started in October 2014 and the first car will roll off the production lines at the end of 2016.

With total capacity eventually reaching 360,000 vehicles a year, DPCA's fourth plant will build Dongfeng Citroën, Dongfeng Peugeot and Dongfeng Fengshen-badged SUVs and MPVs.

This fourth plant will lift DPCA's production capacity to over one million units a year in 2016.

The Group also successfully launched its DS line in China in 2013 with its partner Chang'an Automobile Group through its JV CAPSA, co-owned 50/50. The agreements signed on 26 March 2014 have no impact on the DS line development plan in China.

2.1.7. Development of Peugeot Motocycles

In order to step up the development of Peugeot Scooters (Peugeot Motocycles company), strengthen the brand and its products, and ensure its future, PSA signed a long-term strategic partnership with the Mahindra & Mahindra group on 19 January 2015.

For more details, please refer to Note 3.3 in the Notes to the consolidated financial statements at 31 December 2014.

2.2 Overview of sales activities

- PSA Peugeot Citroën unit sales up 4.3% to 2,939,000 vehicles in 2014 compared to 2013
- China now the Group's largest market, with unit sales up 31.9% to 734,000
- Strong growth in Europe, with 1,761,000 vehicles sold, for an increase of 8.1%
- Worldwide success for the entire PEUGEOT product range: globalisation of models that end in 8 and successful move upmarket with a strong contribution from the PEUGEOT 308 and the PEUGEOT 2008 and 3008 crossovers
- Good performance from CITROËN-brand models: the new CITROËN C4 Picasso is the European leader in the MPV segment, the CITROËN C4 Cactus has exceeded objectives since launch and the C-Elysée has been resounding success in China, where it is Dongfeng Peugeot Citroën Automobile's (DPCA's) best-selling model with more than 100,000 units sold
- Global launch of DS as the Group's premium brand

Europe

The Group sustained its results in a growing, yet fragile market.

- Group sales in Europe rose 8.1% year-on-year to 1,761,000 units, reflecting the favourable market reaction to the Peugeot 308, voted 2013 car of the year (56,900 units sold), and the positive results of the C4 Cactus (more than 36,800 orders booked as of 31 December 2014).
- Registrations of Peugeot-brand vehicles increased by 6.2% to 952,000 units. The range's updated and consistent model line-up, combined with the dealership network's management of net pricing and a high standard of service quality enhanced the brand's attractiveness and helped it deliver robust, profitable growth. Peugeot gained 0.3 points in the consumer sales channel, a benchmark indicator.
- Citroën outperformed the market while focusing on the most profitable distribution channels, with registrations up 7.2% to 689,000 units and market share gains in France, the United Kingdom, Spain and Germany. This positive momentum was driven by the brand's successful product offensive, headed in particular by the new C4 Picasso, the European MPV leader with 120,000 units sold in 2014, and the year's three successful model launches: the new Jumper introduced in April (31,000 units sold), the new C1 (41,000 units sold) and the C4-Cactus introduced in June (42,000 units sold).
- DS registrations in Europe totalled 85,900 units. The brand is concentrating on profitable sales channels to preserve its models' long-term resale value. In addition, 61 dedicated points of sale (58 DS Salons and three DS Stores) have been opened. The year was shaped by a technological offensive that included the introduction of six new powertrains and a new Xenon Full-LED signature.

China and Southeast Asia

The Peugeot, Citroën and DS brands all set new sales records in China, which is now the Group's largest market.

- The Chinese market again expanded significantly, with demand up 11,5%. The Group achieved unit sales of 734,000, lifting its market share to 4.3% from 3.6% in 2013.
- The Peugeot brand had another record year with unit sales rising 43.1% to 386,565, the strongest increase among the market's top 20 players. The Peugeot 3008 and 2008 fully benefited from growth in the SUV segment and accounted for a third of Dongfeng Peugeot's sales. In the C segment, which represents 52% of the Chinese passenger car market, the new Peugeot 408 got off to a quick start with 30,943 units sold in four months. The brand also added 100 dealerships to its network in 2014.
- Citroën also outpaced the market, setting a new sales record with growth of 14.3% to 320,000 units sold. China now accounts for more than one out of four CITROËN sold worldwide and has confirmed its status as the brand's leading market, ahead of France. This performance was driven in part by the success of recent launches, including the new Citroën C-Elysée, Dongfeng Citroën's best-selling model with more than 100,000 units sold in 2014, and the Citroën C4-L, which sold 66,000 units during the year. The brand extended its line-up in December with the introduction of the C3-XR SUV. The year's performance was also supported by Dongfeng Citroën's increasingly tight-knit and well-respected dealership network, which ranked first in JD Power's 2014 China Sales Satisfaction Index (SSI) study.
- Sales of DS-brand models have taken off in China, for a total of 26,000 units in 2014, thanks to a premium line-up comprising three models produced in Shenzhen and launched just one year ago: the DS5, the DS 5LS and the DS 6. At the same time, the brand has actively developed its distribution network with 80 DS Stores covering China's 60 largest cities. China now accounts for 22% of the brand's worldwide registrations, versus 2% in 2013.

Eurasia, Latin America, Middle-East & Africa, Asia-Pacific

In the rest of the world, the market environment was difficult in 2014 due to a decline in automobile sales and unfavourable exchange rates. As a result, PSA Peugeot Citroën focused on profitability by applying a rigorous pricing policy.

- In Eurasia, the Group put an emphasis on local production of the Peugeot 408 and the Citroën C4 Sedan, which together captured 8.5% of their segment in Russia with 6,500 and 9,000 units sold, respectively.
- In Latin America, in a difficult economic environment, the Group recorded 200,000 units sold and strengthened its position in Argentina, achieving a market share in that country of 15.1%. Recent launches delivered results, with 49,000 units sold for the Peugeot 208 and more than 13,000 units sold for the Citroën C4 Lounge. Sales of the Citroën C3 held up well, at 35,300 units.
- In the Middle-East & Africa, priority was given to improving profitability in an unfavourable currency environment. The Group maintained strong positions in numerous countries, leading the market in Tunisia and France's overseas departments and ranking second in Morocco. Peugeot was the second best-selling brand in Algeria and achieved strong growth in Egypt, with unit sales up 77%. The Peugeot 301 and Citroën C-Elysée were again the leading models in 2014, with 30,400 and 14,800 units sold, respectively. Launched during the course of the year, the flagship Peugeot 2008 and Peugeot 308 achieved unit sales of 8,400 for the first and 7,400 for the second. Sales of light commercial vehicles increased year on year.
- The India-Pacific region saw an increase in sales with the successful launches of the Peugeot 2008 (1,000 orders in 3 months), the Peugeot 308 (3,200 units sold) and the Citroën C4 Picasso (1,450 units sold).

2.3 Capital expenditure and Research & Development

In 2014, investments and capitalised R&D expenses amounted to €2,507 million, including €858 million for Faurecia, compared to €2,397 million in 2013, including €802 million for Faurecia. The level of investments and capitalised R&D expenses related to the Automotive Division was stable compared with 2013. The Group has launched a plan to optimise and improve the efficiency of its R&D and investment expenses, which will enable it to maintain them at a level representing 7-8% of Automotive Division revenue.

2.4 Analysis of Consolidated Operating Results

2.4.1 2014 Group Operating Results

The Group's financial statements at 31 December 2013, presented comparatively, have been restated relative to the financial statements previously reported. The financial statements are in particular impacted by the reclassification of the businesses Banque PSA Finance has contributed as part of the partnership.

For more details, please refer to Note 3.4 in the Notes to the consolidated financial statements at 31 December 2014.

2.4.1.1 Revenue

The Group's operations are organised around three main segments:

- the Automotive Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot, Citroën and DS brands;
- the Automotive Equipment Division, corresponding to the Faurecia Group comprising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies;
- the Finance Division, corresponding to the Banque PSA Finance Group, which provides retail financing to customers of the Peugeot, Citroën and DS brands and wholesale financing to the two brands' dealer networks. Banque PSA Finance is classified as a financial institution.

The table below shows consolidated revenue by business.

(in million euros)	**2014**	**2013**	**%**
Automotive	36,085	36,415	-0.9%
Faurecia	18,829	18,029	4.4%
Banque PSA Finance	1,703	1,773	-3.9%
Banque PSA Finance – Reconciliation*	(752)	(843)	-
Eliminations and other businesses	(2,258)	(2,295)	-
TOTAL	**53,607**	**53,079**	**1%**

**Reconciliation includes the IFRS 5 impacts and provides a link with the presentation given in the consolidated income statement.*

Consolidated revenue does not include the contribution of the Chinese companies Dongfeng Peugeot Citroën Automobile (DPCA), Dongfeng Peugeot Citroën Automobiles Sales (DPCS) and Changan PSA Automobile (CAPSA) that are jointly controlled on a 50/50 basis with our local partners and are therefore accounted for by the equity method.

In 2014, PSA Peugeot Citroën consolidated revenue was up 1% to €53,607 million from €53,079 million in 2013.

The Automotive Division saw its revenue fall by €330 million, Faurecia increased its revenue by €800 million and Banque PSA Finance saw its revenue fall by €70 million. The performances of each business are commented on in section 2.4.1.3.

The table below shows consolidated revenue by region, based on the location of the customer.

(in million euros)	**2014**	**2013**
Consolidated revenue	53,607	53,079
Net contribution to consolidated revenue by region		
Europe	70.0%	66.1%
Eurasia	1.6%	2.5%
China and South-East Asia	7.1%	6.1%
Indo-Pacific	2.1%	1.9%
Latin America	7.4%	10.3%
Middle East and Africa	4.4%	5.3%
North America	7.4%	7.8%
TOTAL	**100%**	**100%**

2.4.1.2 Recurring operating income

The following table shows recurring operating income (loss) by business.

(in million euros)	**2014**	**2013**
Automotive	63	(1,039)
Faurecia	673	538
Banque PSA Finance	337	369
Banque PSA Finance – Reconciliation*	(211)	(217)
Eliminations and other businesses	43	(15)
TOTAL	**905**	**(364)**

**Reconciliation includes the IFRS 5 impacts and provides a link with the presentation given in the consolidated income statement.*

The Group reported recurring operating income of €905 million in 2014, compared with a loss of €364 million in 2013. This increase essentially comes from the Automotive Division which saw its recurring operating income improve by €1,102 million.

2.4.1.3 Analysis of revenue and recurring operating income by division

Automotive Division

(in million euros)	**2014**	**2013**
Revenue	36,085	36,415
Recurring operating income (loss)	63	(1,039)
As a % of revenue	*0.2%*	*-2.9%*

Revenue

Automotive Division revenue was €36,085 million in 2014, slightly down by 0.9% compared with 2013.

New vehicle revenue declined by 1.8% to €25,235 million in 2014, down from €25,710 million in 2013. The product mix continues to be favourable at +3%; the price effect was also favourable over the year at +1.2%. These two effects are not sufficient to compensate for the contraction in volumes (-2.5%) or the exchange rate effect (-2.7%), reflecting in particular the unfavourable trend in the Argentinian peso. The "Other" effect amounted to -0.7%.

Recurring operating income (loss)

The recurring operating income of the Automotive Division stood at €63 million in 2014 as against a loss of €1,039 million in 2013. The €1,102 million difference is associated with an unfavourable environment, for -€500 million, and with the Group's performance, for +€1,602 million.

The change in the Automotive Division’s reported performance was due to the following factors:

Operating Environment

The deteriorating operating environment had a negative impact of €500 million on the recurring operating income.

- "Exchange rates and other" had a negative impact of €351 million, including €364 million in negative foreign currency impact, mainly due to the Argentinian peso and the rouble.
- The shrinking market demand had a negative impact of €97 million.
- Higher raw material costs and other external costs had a negative impact of €52 million.*

Underlying Automotive Division Performance

The Automotive Division's underlying performance contributed positively to the recurring operating income, at €1,602 million over the 2014 financial year.

- The improvement in production and other costs continued with savings of €331 million, as well as a reduction in research and development expenditure of €94 million.*
- The improvement in the product mix continued, resulting in a gain of €500 million.
- The price and product enrichment effect proved positive, at €458 million.

- The market share-country mix effect was negative by €48 million.
- Fixed costs, marketing and other costs improved by €266 million.

**These effects include the positive impact of €122 million, resulting from the exceptional write-downs of Automotive Division assets recorded in 2012 and 2013 (IAS 36).*

Faurecia

(in million euros)	**2014**	**2013**
Revenue	18,829	18,029
Recurring operating income (loss)	673	538
As a % of revenue	*+3.6%*	*+3.0%*

• Total sales up 5.5% (at constant exchange rates and scope) at €18.83 billion;

• Operating income of €673 million, up 25%, representing 3.6% of total sales, compared with 3.0% in 2013;

• Net income of €166 million, up 89%;

• Net cash flow of €216 million;

• Net financial debt of €1.39 billion, down €131 million.

Revenue

Faurecia's total sales for the 2014 financial year stood at €18,829 million, up 4.4% over 2013 sales of €18,029 million.

Recurring operating income (loss)

Recurring operating income stood at €673 million, or 3.6% of total sales, compared with €538 million (3.0% of sales) in 2013. The "guidance" for 2014, adjusted upwards on 29 July 2014, was an operating margin of between 3.3% and 3.6%.

More detailed information about Faurecia is provided in its Annual Report, which can be downloaded from its website at www.faurecia.com

Banque PSA Finance

(in million euros)	**2014**	**2013**
Revenue	1,703	1,773
Net banking revenue	851	891
Recurring operating income (loss)	**337**	**369**
As a % of revenue	*19.8%*	*20.8%*

Revenue

Banque PSA Finance's revenue for 2014 totalled €1,703 million, down 3.9% from the €1,773 million recorded in 2013.

Banque PSA Finance kept financing penetration at a high level, 28.7%, despite very elevated refinancing conditions.

In 2014, as vehicle registration levels experienced different trends depending on the zones, Banque PSA Finance recorded a fall of 4.1% in financing volumes to final customers, dropping from 731,003 to 700,855 contracts.

Recurring operating income (loss)

Banque PSA Finance reported recurring operating income of €337 million at 31 December 2014, versus €369 million the previous year. This deterioration is mainly due to the fall in net banking revenue, partially offset by an improvement in the cost of risk.

More detailed information about Banque PSA Finance is provided in its Annual Report, which can be downloaded from its website at www.banquepsafinance.com

2.4.2 Other income statement items

2.4.2.1 Operating income (loss)

Non-recurring operating expenses amounted to €910 million in 2014, versus €1,578 million in 2013.

- Impairment losses on CGUs, provisions for onerous contracts and other Automotive Division assets totalled €134 million. They include in particular an impairment loss on Latin America and Russia CGU assets of €88 million (see Note 8.3 in the notes to the consolidated financial statements at 31 December 2014).
- Restructuring costs amounted to €761 million in 2014, including €682 million concerning the Automotive Division and €76 million related to Faurecia. Expenses for the Automotive Division mainly concerned recognition of restructuring plans relating to manufacturing sites in Europe for €452 million and the commercial reorganisation of the Group in Europe for €111 million. Other restructuring costs related in particular to the Group's subsidiaries in Latin America for €59 million. Rationalisation costs for the Faurecia Group included €71 million for restructuring (see Note 5.4 in the notes to the consolidated financial statements at 31 December 2014).

Non-recurring operating income totalled €228 million versus €413 million in 2013 and included €119 million in net gains on disposals of real estate assets and €101 million in reversals on CGU impairment losses, onerous contracts and other Automotive Division products.

For more details, please refer to Note 5.4 in the notes to the consolidated financial statements at 31 December 2014.

As a result of these factors, the Group ended 2014 with a consolidated operating income of €223 million, compared with an operating loss of €1,529 million in 2013.

(in million euros)	**2014**	**2013**
Automotive	(533)	(2,104)
Faurecia	587	431
Banque PSA Finance	335	369
Banking PSA Finance – Reconciliation*	(212)	(217)
Eliminations and other businesses	46	(8)
TOTAL PSA PEUGEOT CITROËN	**223**	**(1,529)**

** The reconciliation includes IFRS 5 impacts and provides a link with the presentation given in the consolidated income statement.*

2.4.2.2 Net financial income (expense)

Net financial expense came to €763 million in 2014 compared with €664 million the previous year. This amount includes interest income from loans and on cash and cash equivalents, finance costs and other financial income and expense.

For more details, please refer to Note 12.2 in the Notes to the consolidated financial statements at 31 December 2014.

2.4.2.3 Income taxes expense

Income tax expense stands at €313 million in 2014 compared to €306 million in 2013.

For more details, please refer to Note 14 in the Notes to the consolidated financial statements at 31 December 2014.

2.4.2.4 Share in net earnings of companies at equity

The net income of companies accounted at equity was €282 million for the 2014 financial year, compared to €173 million in 2013. The companies accounted at equity mainly include Dongfeng Peugeot Citroën Automobile (DPCA), Dongfeng Peugeot Citroën Automobile Sales (DPCS) and Changan PSA Automotive (CAPSA).

DPCA contributed €230 million to income in 2014, compared with €187 million in 2013. The contribution of DPCS was €53 million, while that of CAPSA was negative by €20 million in 2014, compared with -€49 million in 2013.

For more information about the Group's share in the net earnings of companies at equity, please refer to the Note 11 in the Notes to the consolidated financial statements at 31 December 2014.

2.4.2.5 Other expenses related to the non-transferred financing of operations to be continued in partnership

Other expenses related to the non-transferred financing of operations to be continued in partnership stood at €251 million in 2014 versus €248 million in 2013.

For more details, please refer to Note 3.3 in the Notes to the consolidated financial statements at 31 December 2014.

2.4.2.6 Consolidated profit (loss) from continuing operations

The Group ended the year with a consolidated loss on continuing operations of €822 million, compared with a loss of €2,574 million in 2013.

2.4.2.7 Profit (loss) from operations to be continued in partnership

The net income from operations to be continued in partnership was €267 million in 2014 compared with a profit of €347 million in 2013.

2.4.2.8 Consolidated profit (loss) for the period

The Group ended the year with a consolidated loss of €555 million compared with a loss of €2,227 million in 2013.

2.4.2.9 Consolidated profit (loss) attributable to equity holders of the parent

The consolidated loss attributable to the parent company's equity holders was €706 million in 2014 versus a loss of €2,327 million in 2013.

2.4.2.10 Earnings per share

Earnings per share from continuing operations attributable to the parent company's equity holders amounted to a loss of€1.59 in 2014, compared with a loss per share of €7.82 in 2013. Consolidated earnings per share attributable to the parent company's equity holders was -€1.15 in 2014 versus a loss of €6.80 in 2013.

Diluted earnings per share were respectively -€1.59 and -€1.15 versus -€7.82 and -€6.80 in 2013.

Please refer to Note 15.2 to the consolidated financial statements at 31 December 2014.

2.5 Outlook

In 2015, PSA Peugeot Citroën expects to see automotive demand increase by a modest 1% in Europe and by approximately 7% in China, but decline by some 10% in Latin America and by around 30% in Russia.

The Group aims to generate operating free cash flow of around €2 billion over the period 2015-2017. It is also targeting an operating margin of 2% in 2018 for the Automotive division, with the objective of reaching 5% over the period of the next medium-term plan, covering 2019-2023.

3. FINANCIAL POSITION AND CASH

3.1 Equity

Consolidated equity amounted to €10,418 million at 31 December 2014, up on the €7,837 million recorded at the previous year-end. The difference comes mainly from Group share issues and reserve increases.

At 31 December 2014, the share capital comprised 783,088,675 shares with a par value of one euro each. The Group holds 12,788,339 treasury shares, enabling it to cover its requirements under its current stock option plans, the share issue of 29 January 2015 reserved for employees, and part of the OCEANE bond issue of June 2009. No treasury shares were bought back in 2014.

For more details, please refer to Note 15 in the Notes to the consolidated financial statements at 31 December 2014.

3.2 Net debt of manufacturing and sales companies and net debt-to-equity ratio

The current and non-current financial liabilities of the manufacturing and sales companies totalled, at 31 December 2014, €9,296 million, compared with €11,148 million at 31 December 2013. Manufacturing and sales company financial assets stood at €9,844 million at 31 December 2014 versus €6,967 million at 31 December 2013. (See Note 12.3 in the Notes to the consolidated financial statements at 31 December 2014).

The net financial position of the manufacturing and sales companies thus stands at €548 million at 31 December 2014, versus a net debt of €4,181 million at the end of December 2013. This substantial reduction in the net debt was mainly due to capital increases and cash flows related to operations. Faurecia's net debt represents €1,483 million, compared with €1,629 million in 2013. The net financial position of the Automobile Division (manufacturing and sales companies excluding Faurecia) grew by €4,583 million over the period to €2,031 million.

3.3 Origin, amount and description of consolidated cash flows

3.3.1 Consolidated cash flows

For more information, please refer to the consolidated financial statements - consolidated statements of cash flows for the year ended 31 December 2014.

3.3.2 Cash flows for manufacturing and sales companies

The following table presents the manufacturing and sales companies' cash flows for 2014 and 2013:

	Manufacturing and sales companies	
(in million euros)	**2014**	**2013**
Consolidated profit (loss) from continuing operations	(611)	(2,446)
Funds from operations	2,126	804
Change in working capital	1,752	440
Net cash from (used in) operating activities of continuing operations	**3,878**	**1,244**
Net cash from (used in) investing activities of continuing operations	**(2,314)**	**(2,474)**
Net cash from (used in) financing activities of continuing operations	**675**	**2,058**
Net cash from the transferred assets and liabilities of operations to be continued in partnership	(20)	(72)
Effect of changes in exchange rates	47	(91)
Increase (decrease) in cash from continuing operations to be continued in partnership	**2,226**	**665**
Net cash and cash equivalents at beginning of year	6,161	5,496
Net cash and cash equivalents at end of period	8,427	6,161

Cash flows from operating activities of manufacturing and sales companies

Funds from operations of the manufacturing and sales companies amounted to €2,126 million in 2014 versus €804 million in 2013. This represents 4% of revenue for the manufacturing and sales companies, compared with 1.5% the previous year. Funds from operations includes cash related to restructuring plans, totalling €583 million euros.

The €1,752 million change in working capital requirements mainly reflects good inventory management for €1,329 million. Trade receivables rose by €405 million and trade payables fell by €27 million compared with 31 December 2014. "Change in income taxes" increased by €47 million, while "other changes" fell by €2 million, compared with 31 December 2013.

Consequently, funds from manufacturing and sales companies present a positive balance of €3,878 million, compared to €1,244 million in 2013.

The table below shows new vehicle inventory levels for the Group and in the independent dealer network:

(in thousands of new vehicles)	**2014**	**2013**	**2012**
The Group	107	169	184
Independent dealer network	232	215	232
TOTAL	**339**	**384**	**416**

New vehicle inventory levels at 31 December 2014 amounted to 339,000 new vehicles, compared with 384,000 at 31 December 2013.

Cash flows from manufacturing and sales company investment activities

Cash flows related to the investment activities of manufacturing and sales companies stood at €2,314 million at the end of 2014, compared with €2,474 million at the end of 2013.

Cash flows from financing activities of manufacturing and sales companies

Cash flows from financing activities of manufacturing and sales companies amounted to €675 million, compared with €2,058 million at 31 December 2013.

Capital increases generated a cash injection of €2,961 million. Payment of Group subsidiary dividends totalled €228 million in 2014, including €224 million from Banque PSA Finance.

Changes in other financial assets and liabilities in the amount of -€2,480 million, include in particular the repayment of borrowings and conversion of bonds for €1,883 million.

Net cash and cash equivalents at end of year - manufacturing and sales companies

Given the cash flows from operating activities, cash flows from investment activities and cash flows from financing activities as detailed above, and after taking into account the effect of changes in exchange rates amounting to €47 million, and flows from the transferred assets and liabilities of operations to be continued in partnership for -€20 million, net cash and cash equivalents at end of year amounted to €8,427 million, compared with €6,161 million at 31 December 2013.

Financial security

Liquidity reserves for the manufacturing and sales companies amounted to €13,463 million at end-2014, versus €10,140 million at end-2013, with €9,263 million in cash and current & non-current financial assets, and €4,200 million in undrawn lines of credit (see Note 12.4 in the notes to the consolidated financial statements at 31 December 2014).

3.3.3. Net cash and cash equivalents at end of year - finance companies

At the end of 2014, Banque PSA Finance cash stood at €2,603 million versus €1,804 million at the end of 2013 (see Note 13.3 in the Notes to the consolidated financial statements at 31 December 2014).

3.4. Liquidity and funding

3.4.1. Manufacturing and sales companies

Financing transactions carried out during 2014 included the following in particular:

- in September 2014, Peugeot S.A. proceeded with the partial redemption of bonds in the amount of €374 million;
- Peugeot Citroën do Brasil subscribed new loans during the year, primarily from Banco Nacional Do Desinvolvimento (B.N.D.E.S.) and Banco Do Brasil, in the amount of €139 million.

In addition, following the renegotiation which took place in April 2014, Peugeot S.A. and GIE PSA Trésorerie have a confirmed credit facility amounting to €2 billion, maturing in April 2019, with the balance of €1 billion maturing in April 2017 and having two optional one-year extensions. This facility was not drawn at 31 December 2014 (see Note 12.4). Faurecia has undrawn confirmed lines of credit amounting to €1,200 million at 31 December 2014, maturing in December 2019.

3.4.2. Banque PSA Finance

As of December 31, 2014, 27% of the financing came from drawn bank loans, 27% from capital markets, 28% from securitization operations on the markets, 8% from "other" financing (including 7% of public origin such as the ECB), and 10% from the bank deposit business started in March 2013. At December 31, 2013, these sources provided 22%, 38%, 25%, 10% (of public origin) and 5% of our financing, respectively.

On 5 February 2015, Banque PSA Finance announced the establishment of a new syndicated loan in the amount of €700 million maturing in five years. This credit facility is part of the launch of the partnership between Banque PSA Finance and Santander Consumer Finance in France and the UK, resulting in a sharp reduction in Banque PSA Finance's financing needs and associated financial securities.

More detailed information about Banque PSA Finance is provided in its Annual Report, which can be downloaded from its website at www.banquepsafinance.com

Consolidated financial statements at 31 December 2014

Contents

The consolidated financial statements of the PSA Peugeot Citroën Group are presented for the years ended 31 December 2014 and 2013. The 2012 consolidated financial statements are included in the Registration Document that was filed with the French securities regulator (*Autorité des Marchés Financiers*) on 28 March 2013 under no. D.13-0239.

CONSOLIDATED STATEMENTS OF INCOME

(in million euros)	Notes	2014 Manufacturing and sales companies	Finance companies	Eliminations	Total
Continuing operations					
Sales and revenue	5.1	**53 019**	**628**	**(40)**	**53 607**
Cost of goods and services sold		(44 445)	(358)	40	(44 763)
Selling, general and administrative expenses		(5 770)	(144)	-	(5 914)
Research and development expenses	5.3	(2 025)	-	-	(2 025)
Recurring operating income (loss)		**779**	**126**	**-**	**905**
Non-recurring operating income	5.4 - 8.3	228	-	-	228
Non-recurring operating expenses	5.4 - 8.3	(907)	(3)	-	(910)
Operating income (loss)		**100**	**123**	**-**	**223**
Financial income		205	-	-	205
Fiancial expenses		(960)	(8)	-	(968)
Net financial income (expense)	12.2	**(755)**	**(8)**	**-**	**(763)**
Income (loss) before tax of fully consolidated companies		**(655)**	**115**	**-**	**(540)**
Current taxes		(255)	(34)	-	(289)
Deferred taxes		29	(53)	-	(24)
Income taxes	14	**(226)**	**(87)**	**-**	**(313)**
Share in net earnings of companies at equity	11.3	270	12	-	282
Other expenses related to the non-transferred financing of operations to be continued in partnership	3.3	-	(251)	-	(251)
Consolidated profit (loss) from continuing operations		**(611)**	**(211)**	**-**	**(822)**
Attributable to equity holders of the parent		*(753)*	*(215)*	*(5)*	*(973)*
Operations to be continued in partnership					
Profit (loss) from operations to be continued in partnership		**(34)**	**301**	**-**	**267**
Consolidated profit (loss) for the period		**(645)**	**90**	**-**	**(555)**
Attributable to equity holders of the parent		*(787)*	*86*	*(5)*	*(706)*
Attributable to minority interests		*142*	*4*	*5*	*151*

(in euros)	
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 15.2)	(1.59)
Basic earnings per €1 par value share - attributable to equity holders of the parent (Note 15.2)	(1.15)
Diluted earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 15.2)	(1.59)
Diluted earnings per €1 par value share - attributable to equity holders of the parent (Note 15.2)	(1.15)

(in million euros)	Notes	2013 Manufacturing and sales companies	Finance companies	Eliminations	Total
Continuing operations					
Sales and revenue	5.1	**52 459**	**668**	**(48)**	**53 079**
Cost of goods and services sold		(45 096)	(375)	48	(45 423)
Selling, general and administrative expenses		(5 731)	(141)	-	(5 872)
Research and development expenses	5.3	(2 148)	-	-	(2 148)
Recurring operating income (loss)		**(516)**	**152**	**-**	**(364)**
Non-recurring operating income	5.4 - 8.3	413	-	-	413
Non-recurring operating expenses	5.4 - 8.3	(1 578)	-	-	(1 578)
Operating income (loss)		**(1 681)**	**152**	**-**	**(1 529)**
Financial income		202	-	-	202
Fiancial expenses		(866)	-	-	(866)
Net financial income (expense)	12.2	**(664)**	**-**	**-**	**(664)**
Income (loss) before tax of fully consolidated companies		**(2 345)**	**152**	**-**	**(2 193)**
Current taxes		(205)	(56)	-	(261)
Deferred taxes		(61)	16	-	(45)
Income taxes	14	**(266)**	**(40)**	**-**	**(306)**
Share in net earnings of companies at equity	11.3	165	8	-	173
Other expenses related to the non-transferred financing of operations to be continued in partnership	3.3	-	(248)	-	(248)
Consolidated profit (loss) from continuing operations		**(2 446)**	**(128)**	**-**	**(2 574)**
Attributable to equity holders of the parent		*(2 538)*	*(143)*	*6*	*(2 675)*
Operations to be continued in partnership					
Profit (loss) from operations to be continued in partnership		**(19)**	**366**	**-**	**347**
Consolidated profit (loss) for the period		**(2 465)**	**238**	**-**	**(2 227)**
Attributable to equity holders of the parent		*(2 556)*	*223*	*6*	*(2 327)*
Attributable to minority interests		*91*	*15*	*(6)*	*100*

(in euros)	
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 15.2)	(7.82)
Basic earnings per €1 par value share - attributable to equity holders of the parent (Note 15.2)	(6.80)
Diluted earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 15.2)	(7.82)
Diluted earnings per €1 par value share - attributable to equity holders of the parent (Note 15.2)	(6.80)

CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES RECOGNISED IN EQUITY

(in million euros)	2014 Before tax	 Income tax benefit (expense)	 After tax
Consolidated profit (loss) for the period	**(242)**	**(313)**	**(555)**
Items that may be recycled through profit or loss			
Fair value adjustments to cash flow hedges	112	(33)	79
- of which, reclassified to the income statement	(129)	19	(110)
- of which, recognised in equity during the period	241	(52)	189
Gains and losses from remeasurement at fair value of available-for-sale financial assets	2	-	2
- of which, reclassified to the income statement	2	-	2
- of which, recognised in equity during the period	-	-	-
Exchange differences on translating foreign operations	215	-	215
Total	**329**	**(33)**	**296**
Items that may not be recycled through profit or loss			
Actuarial gains and losses on pension obligations	(132)	46	(86)
Income and expenses recognised directly in equity, net	**197**	**13**	**210**
- of which, companies at equity	*125*	*-*	*125*
Total recognised income and expenses, net	**(45)**	**(300)**	**(345)**
- of which, attributable to equity holders of the parent			(534)
- of which, attributable to minority interests			189

Income and expenses recognised in equity correspond to all changes in equity resulting from transactions with third parties other than shareholders.

			2013	
(in million euros)		Before tax	Income tax benefit (expense)	After tax
Consolidated profit (loss) for the period		**(1 921)**	**(306)**	**(2 227)**
Items that may be recycled through profit or loss				
Fair value adjustments to cash flow hedges		(48)	18	(30)
- of which, reclassified to the income statement		(49)	13	(36)
- of which, recognised in equity during the period		1	5	6
Gains and losses from remeasurement at fair value of available-for-sale financial assets		(83)	3	(80)
- of which, reclassified to the income statement	-	-	-	-
- of which, recognised in equity during the period	-	(83)	3	(80)
Exchange differences on translating foreign operations		(365)	-	(365)
Total		**(496)**	**21**	**(475)**
Items that may not be recycled through profit or loss				
Actuarial gains and losses on pension obligations		204	(51)	153
Income and expenses recognised directly in equity, net		**(292)**	**(30)**	**(322)**
- of which, companies at equity		*22*	*-*	*22*
Total recognised income and expenses, net		**(2 213)**	**(336)**	**(2 549)**
- of which, attributable to equity holders of the parent				(2 630)
- of which, attributable to minority interests				81

CONSOLIDATED BALANCE SHEETS

ASSETS

(in million euros)	Notes	31 December 2014 Manufacturing and sales companies	Finance companies	Eliminations	Total
Continuing operations					
Goodwill	8.1	1 505	1	-	1 506
Intangible assets	8.1	4 285	63	-	4 348
Property, plant and equipment	8.2	10 826	5	-	10 831
Investments in companies at equity	11	1 562	104	-	1 666
Other non-current financial assets	12.5.A	696	31	(4)	723
Other non-current assets	9.1	928	14	(1)	941
Deferred tax assets	14	529	61	-	590
Total non-current assets		**20 331**	**279**	**(5)**	**20 605**
Operating assets					
Loans and receivables - finance companies	13.3.A	-	4 078	(4)	4 074
Short-term investments - finance companies	13.3.B	-	192	-	192
Inventories	6.1	4 194	-	-	4 194
Trade receivables - manufacturing and sales companies	6.2	1 375	-	(157)	1 218
Current taxes	14	147	9	(62)	94
Other receivables	6.3.A	1 662	320	(52)	1 930
		7 378	**4 599**	**(275)**	**11 702**
Current financial assets	12.5.A	**405**	**-**	**(301)**	**104**
Financial investments	12.5.B	**266**	**-**	**-**	**266**
Cash and cash equivalents	12.5.C & 13.3.C	**8 477**	**1 610**	**(128)**	**9 959**
Total current assets		**16 526**	**6 209**	**(704)**	**22 031**
Total assets of continuing operations		**36 857**	**6 488**	**(709)**	**42 636**
Total assets of operations to be continued in partnership		**167**	**18 529**	**(120)**	**18 576**
Total assets		**37 024**	**25 017**	**(829)**	**61 212**

EQUITY AND LIABILITIES

(in million euros)	Notes	31 December 2014 Manufacturing and sales companies	Finance companies	Eliminations	Total
Equity	15				
Share capital					783
Treasury stock					(296)
Retained earnings and other accumulated equity, excluding minority interests					8 784
Minority interests					1 147
Total equity					**10 418**
Continuing operations					
Non-current financial liabilities	12.6	6 463	-	-	6 463
Other non-current liabilities	9.2	2 993	-	(1)	2 992
Non-current provisions	10.2	1 541	2	-	1 543
Deferred tax liabilities	14	640	-	-	640
Total non-current liabilities		**11 637**	**2**	**(1)**	**11 638**
Operating liabilities					
Financing liabilities	13.4	-	4 331	(363)	3 968
Non-transferred financing liabilities of operations to be continued in partnership	13.4	-	8 677	-	8 677
Current provisions	10.3	2 790	98	-	2 888
Trade payables		8 177	-	(13)	8 164
Current taxes	14	157	8	(1)	164
Other payables	6.3.B	4 114	254	(140)	4 228
		15 238	**13 368**	**(517)**	**28 089**
Current financial liabilities	12.6	**2 833**	**-**	**(19)**	**2 814**
Total current liabilities		**18 071**	**13 368**	**(536)**	**30 903**
Total liabilities of continuing operations (1)		**29 708**	**13 370**	**(537)**	**42 541**
Total transferred liabilities of operations to be continued in partnership		**37**	**8 508**	**(292)**	**8 253**
Total equity and liabilities					**61 212**

(1) *excluding equity*

(in million euros)	Notes	31 December 2013 Manufacturing and sales companies	Finance companies	Eliminations	Total
Continuing operations					
Goodwill	8.1	1 484	77	-	1 561
Intangible assets	8.1	3 958	70	-	4 028
Property, plant and equipment	8.2	11 236	17	-	11 253
Investments in companies at equity	11	1 292	83	-	1 375
Other non-current financial assets	12.5.A	641	53	-	694
Other non-current assets	9.1	620	15	(1)	634
Deferred tax assets	14	478	74	-	552
Total non-current assets		**19 709**	**389**	**(1)**	**20 097**
Operating assets					
Loans and receivables - finance companies	13.3.A	-	21 335	(55)	21 280
Short-term investments - finance companies	13.3.B	-	829	-	829
Inventories	6.1	5 588	-	-	5 588
Trade receivables - manufacturing and sales companies	6.2	1 790	-	(156)	1 634
Current taxes	14	161	43	(16)	188
Other receivables	6.3.A	1 659	657	(131)	2 185
		9 198	**22 864**	**(358)**	**31 704**
Current financial assets	12.5.A	**141**	**-**	**-**	**141**
Financial investments	12.5.B	**-**	**-**	**-**	**-**
Cash and cash equivalents	12.5.C & 13.3.C	**6 185**	**1 804**	**(210)**	**7 779**
Total current assets		**15 524**	**24 668**	**(568)**	**39 624**
Total assets of continuing operations		**35 233**	**25 057**	**(569)**	**59 721**
Total assets of operations to be continued in partnership		**43**	**-**	**-**	**43**
Total assets		**35 276**	**25 057**	**(569)**	**59 764**

(in million euros)	Notes	31 December 2013 Manufacturing and sales companies	Finance companies	Eliminations	Total
Equity	15				
Share capital					355
Treasury stock					(351)
Retained earnings and other accumulated equity, excluding minority interests					6 823
Minority interests					1 010
Total equity					**7 837**
Continuing operations					
Non-current financial liabilities	12.6	7 956	-	-	7 956
Other non-current liabilities	9.2	3 045	-	(1)	3 044
Non-current provisions	10.2	1 128	16	-	1 144
Deferred tax liabilities	14	493	348	-	841
Total non-current liabilities		**12 622**	**364**	**(1)**	**12 985**
Operating liabilities					
Financing liabilities	13.4	-	20 444	(216)	20 228
Non-transferred financing liabilities of operations to be continued in partnership	13.4	-	-	-	-
Current provisions	10.3	2 568	89	-	2 657
Trade payables		8 108	-	(12)	8 096
Current taxes	14	117	44	(16)	145
Other payables	6.3.B	4 124	824	(281)	4 667
		14 917	**21 401**	**(525)**	**35 793**
Current financial liabilities	12.6	**3 192**	**-**	**(43)**	**3 149**
Total current liabilities		**18 109**	**21 401**	**(568)**	**38 942**
Total liabilities of continuing operations (1)		**30 731**	**21 765**	**(569)**	**51 927**
Total transferred liabilities of operations to be continued in partnership		**-**	**-**	**-**	**-**
Total equity and liabilities					**59 764**

(1) *excluding equity*

CONSOLIDATED STATEMENTS OF CASH FLOWS

		2014			
(in million euros)	*Notes*	Manufacturing and sales companies	Finance companies	Eliminations	**Total**
Consolidated profit (loss) from continuing operations		**(611)**	**(211)**	**-**	**(822)**
Other expenses related to the non-transferred financing of operations to be continued in partnershipt		-	251	-	251
Adjustments for non-cash items:					
• Depreciation, amortisation and impairment	*16.2*	2 506	24	-	2 530
• Provisions		275	41	-	316
• Changes in deferred tax		(37)	(80)	-	(117)
• (Gains) losses on disposals and other		42	-	-	42
Share in net (earnings) losses of companies at equity, net of dividends received		(120)	(12)	-	(132)
Revaluation adjustments taken to equity and hedges of debt		81	-	-	81
Change in carrying amount of leased vehicles		(10)	-	-	(10)
Funds from operations [(1)]		**2 126**	**13**	**-**	**2 139**
Changes in working capital	*6.4.A*	1 752	435	(262)	1 925
Net cash from (used in) operating activities of continuing operations [(2)]		**3 878**	**448**	**(262)**	**4 064**
Proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies		-	-	-	-
Capital increase and acquisitions of consolidated companies and equity interests [(3)]		(61)	(10)	-	(71)
Proceeds from disposals of property, plant and equipment and of intangible assets		204	2	-	206
Investments in property, plant and equipment		(1 294)	(3)	-	(1 297)
Investments in intangible assets		(1 119)	(12)	-	(1 131)
Change in amounts payable on fixed assets		(69)	-	-	(69)
Other		25	1	-	26
Net cash from (used in) investing activities of continuing operations		**(2 314)**	**(22)**	**-**	**(2 336)**
Dividends paid:					
• Intragroup		228	(228)	-	-
• Net amounts received from (paid to) operations to be continued in partnership		-	231	-	231
• To minority shareholders of subsidiaries		(58)	-	-	(58)
Proceeds from issuance of shares		2 961	-	-	2 961
(Purchases) sales of treasury stock		24	-	-	24
Changes in other financial assets and liabilities	*12.3.B*	(2 480)	-	334	(2 146)
Net cash from (used in) financing activities of continuing operations		**675**	**3**	**334**	**1 012**
Net cash related to the non-transferred debt of finance companies to be continued in partnership [(4)]		**-**	**(1 448)**	**-**	**(1 448)**
Net cash from the transferred assets and liabilities of operations to be continued in partnership [(4)]		**(20)**	**1 817**	**10**	**1 807**
Effect of changes in exchange rates		47	1	-	48
Increase (decrease) in cash from continuing operations to be continued in partnership		**2 266**	**799**	**82**	**3 147**
Net cash and cash equivalents at beginning of period		**6 161**	**1 804**	**(210)**	**7 755**
Net cash and cash equivalents of continuing operations at end of period	*16.1*	**8 427**	**2 603**	**(128)**	**10 902**

[(1)] Interest received and paid by the manufacturing and sales companies is presented in Note 16.3 Income tax paid (net of refunds) during the year is presented in Note 14.3.B.

[(2)] Excluding flows related to the non-transferred debt of finance companies to be continued in partnership.

[(3)] of which €1 million in acquisitions in 2014 (€17 million in 2013).

[(4)] Details of cash flows from operations to be continued in partnership are disclosed in Note 16.4.

(in million euros)	Notes	2013 Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit (loss) from continuing operations		**(2 446)**	**(128)**	**-**	**(2 574)**
Other expenses related to the non-transferred financing of operations to be continued in partnershipt		-	248	-	248
Adjustments for non-cash items:					
• Depreciation, amortisation and impairment	16.2	3 534	9	-	3 543
• Provisions		(354)	17	-	(337)
• Changes in deferred tax		57	(159)	-	(102)
• (Gains) losses on disposals and other		(36)	-	-	(36)
Share in net (earnings) losses of companies at equity, net of dividends received		(33)	(8)	-	(41)
Revaluation adjustments taken to equity and hedges of debt		119	-	-	119
Change in carrying amount of leased vehicles		(37)	-	-	(37)
Funds from operations (1)		**804**	**(21)**	**-**	**783**
Changes in working capital	6.4.A	440	(457)	(9)	(26)
Net cash from (used in) operating activities of continuing operations (2)		**1 244**	**(478)**	**(9)**	**757**
Proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies		(9)	-	-	(9)
Capital increase and acquisitions of consolidated companies and equity interests (3)		(90)	(30)	-	(120)
Proceeds from disposals of property, plant and equipment and of intangible assets		182	4	-	186
Investments in property, plant and equipment		(1 478)	(3)	-	(1 481)
Investments in intangible assets		(1 002)	(4)	-	(1 006)
Change in amounts payable on fixed assets		(123)	-	-	(123)
Other		46	-	-	46
Net cash from (used in) investing activities of continuing operations		**(2 474)**	**(33)**	**-**	**(2 507)**
Dividends paid:					
• Intragroup		286	(286)	-	-
• Net amounts received from (paid to) operations to be continued in partnership		-	133	-	133
• To minority shareholders of subsidiaries		(48)	-	-	(48)
Proceeds from issuance of shares		10	-	-	10
(Purchases) sales of treasury stock		-	-	-	-
Changes in other financial assets and liabilities	12.3.B	1 810	-	-	1 810
Net cash from (used in) financing activities of continuing operations		**2 058**	**(153)**	**-**	**1 905**
Net cash related to the non-transferred debt of finance companies to be continued in partnership (4)		**-**	**(2 294)**	**-**	**(2 294)**
Net cash from the transferred assets and liabilities of operations to be continued in partnership (4)		**(72)**	**3 099**	**74**	**3 101**
Effect of changes in exchange rates		(91)	(6)	4	(93)
Increase (decrease) in cash from continuing operations to be continued in partnership		**665**	**135**	**69**	**869**
Net cash and cash equivalents at beginning of period		**5 496**	**1 669**	**(279)**	**6 886**
Net cash and cash equivalents of continuing operations at end of period	16.1	**6 161**	**1 804**	**(210)**	**7 755**

(1) *Interest received and paid by the manufacturing and sales companies is presented in Note 16.3 Income tax paid (net of refunds) during the year is presented in Note 14.3.B.*

(2) *Excluding flows related to the non-transferred debt of finance companies to be continued in partnership.*

(3) *of which €17 million in acquisitions in 2013 (€104 million in 2012).*

(4) *Details of cash flows from operations to be continued in partnership are disclosed in Note 16.4.*

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in million euros)	Share capital	Treasury stock	Retained earnings excluding revaluations	Revaluations - excluding minority interests: Cash flow hedges	Available-for-sale financial assets	Actuarial gains and losses on pension obligations	Translation adjust-ments	**Equity - Attributable to equity holders of the parent**	Equity - Minority interests	**Total equity**
At 31 December 2012	**355**	**(351)**	**9 597**	**(42)**	**80**	**(310)**	**138**	**9 467**	**700**	**10 167**
First adoption of IFRS 11	-	-	(55)	-	-	(8)	-	(63)	84	21
First adoption of IFRIC 21	-	-	40	-	-	-	-	40	3	43
At 1 January 2013	**355**	**(351)**	**9 582**	**(42)**	**80**	**(318)**	**138**	**9 444**	**787**	**10 231**
Income and expenses recognised directly in equity for the period	-	-	(2 327)	(32)	(80)	145	(336)	(2 630)	81	(2 549)
Measurement of stock options and performance share grants	-	-	1	-	-	-	-	1	1	2
Effect of changes in scope of consolidation and other	-	-	2	-	-	4	-	6	(22)	(16)
Issuance of shares (1)	-	-	6	-	-	-	-	6	212	218
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(49)	(49)
At 31 December 2013	**355**	**(351)**	**7 264**	**(74)**	**-**	**(169)**	**(198)**	**6 827**	**1 010**	**7 837**
Income and expenses recognised directly in equity for the period	-	-	(706)	82	2	(58)	146	(534)	189	(345)
Measurement of stock options and performance share grants	-	-	20	-	-	-	-	20	3	23
Effect of changes in scope of consolidation and other	-	-	1	-	-	-	-	1	(6)	(5)
Issuance of shares	428	-	2 505	-	-	-	-	2 933	17	2 950
Purchases and sales of treasury stock	-	55	(31)	-	-	-	-	24	-	24
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(66)	(66)
At 31 December 2014	**783**	**(296)**	**9 053**	**8**	**2**	**(227)**	**(52)**	**9 271**	**1 147**	**10 418**

(1) *This item essentially concerns the increase in Faurecia's shareholders' equity resulting from the early repayment of the 2015 OCEANE*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
at December 2014

Preliminary note

The consolidated financial statements for 2014 including explanatory notes were approved for issue by the Managing Board of Peugeot S.A. on 10 February 2015, with Note 19 taking into account events that occurred in the period up to the Supervisory Board meeting on 17 February 2015.

NOTE 1 - SIGNIFICANT EVENTS

1.1. STRENGTHENING OF THE PARTNERSHIP WITH DONGFENG MOTOR GROUP AND €3 BILLION IN CAPITAL INCREASES

On 26 March 2014, the Group signed the final agreement with Dongfeng Motor Group (DFG), the French State and the Peugeot family group on the following major operations aimed at improving its competitiveness, furthering its strategy of globalisation and penetration of emerging markets, and reinforcing its financial strength.

The operations consist of:

1. The strengthening and deepening of the existing industrial and commercial partnership with DFG, China's second largest carmaker, in order to capitalise on the Group's current success in the world's largest automobile market, which is now the primary source of growth for the automotive industry.

   This strategic partnership covers three aspects:

   - Increasing output at DPCA, the Wuhan-based joint venture created in China by DFG and PSA Peugeot Citroën, with the objective of producing and selling 1.5 million vehicles per year by 2020;
   - Creating a joint R&D centre in China, dedicated to the development of products and technologies for fast-growing markets, including China;
   - Creating a new joint venture to drive sales of vehicles branded Peugeot, Citroën and Feng Shen (DPCA's own brand) in Southeast Asia and possibly in other emerging markets.

2. Two capital increases in a total amount of €3 billion approved by the Shareholders' Meeting of 25 April 2014, including:
   - A reserved €1,048 million capital increase subscribed by DFG via Dongfeng Motor (Hong Kong) International Co., Limited ("DMHK") and the French State through SOGEPA, on an equal basis, at a subscription price of €7.50 per share;
   - A capital increase with preferential subscription rights in the amount of €1,953 million, open to all shareholders of Peugeot S.A. Settlement-delivery took place on 23 May 2014,
   - Prior to the capital increases, a bonus issue of equity warrants for existing Peugeot S.A. shareholders, on the basis of one warrant for each share held, and with a subscription ratio of ten warrants for three and a half new Peugeot S.A. shares. The warrants have a maturity of three years, and may be exercised from the second year. The subscription price per share is €6.43 per share.

   Through these capital increases, DFG and the French State have each invested approximately €800 million in PSA Peugeot Citroën, and have become key shareholders alongside the Peugeot family, which also subscribed in the amount of €142 million. Following these transactions, these three shareholders each hold identical interests of 14.1% in the capital of Peugeot S.A., and each have two seats on the Supervisory Board.

1.2. RENEWAL OF A €3 BILLION SYNDICATED CREDIT FACILITY

On 8 April 2014, PSA Peugeot Citroën signed a new €3 billion syndicated credit facility comprising a €2.0 billion tranche maturing in five years and a €1.0 billion tranche maturing in three years with two optional one-year extensions.
This credit facility replaces the €2.4 billion line of credit arranged in July 2010 maturing in July 2015.
Coupled with the capital increases, this transaction further reinforces the Group's financial profile, strength and security.

1.3. IMPLEMENTATION OF A PARTNERSHIP BETWEEN BANQUE PSA FINANCE AND SANTANDER CONSUMER FINANCE

Banque PSA Finance and Santander Consumer Finance (Santander CF) announced on 10 July 2014 the signing of a binding framework agreement on the establishment of a partnership covering 11 European countries (see Note 3.3).

This partnership between Banque PSA Finance, the automotive finance company of PSA Peugeot Citroën, and Santander CF, the division of Banco Santander specialising in consumer finance, will take the form of 10 partnerships in Germany, Austria, Belgium, Spain, France, Italy, the Netherlands, Poland, the United Kingdom, Switzerland and of a commercial agreement in Portugal. The partnership will enhance commercial capabilities for PSA Peugeot Citroën's brands enabling them to increase their penetration of the car finance market. It will also create a sustainable and dynamic captive financing activity with competitive offers dedicated to PSA Peugeot Citroën's brands and customers. The scope of the transaction will cover approximately 90% of Banque PSA Finance's current activities.

On 2 February 2015, Banque PSA Finance and Santander Consumer Finance announced that their first two joint ventures had obtained approval from regulatory authorities to jointly operate in France and the UK. From now on, the companies will provide wholesale financing to Peugeot, Citroën and DS dealers in both countries, as well as retail financing to the dealers' customers. These first two companies account for 53% of the outstanding loans covered by the framework agreement. The launch of activities in the other nine countries is expected to be finalised in 2015 and early 2016.

The new companies, owned 50:50 and consolidated by the equity method by Banque PSA Finance, will allow Banque PSA Finance to improve its profitability in these countries. By 2018, they should also result in a positive cash impact up to €1.5 billion for the PSA Peugeot Citroën Automotive Division.

The start of the two joint ventures will enable Banque PSA Finance to bolster its financing and thus to regain its full capacity to access the capital markets. These starts also allow Banque PSA Finance to announce that it will no longer use the French state's guarantee for new bond issues.

The French state guarantee, which was initially granted for outstanding principal of up to €7 billion, has to date been used in the amount of €1.5 billion to secure two bond issues (see Note 13.5.A.(1)). Both issuances will continue to benefit from the guarantee.

In this new context, Banque PSA Finance announced on 06 February 2015 the arrangement of a new syndicated credit facility in the amount of €700 million maturing in five years. Simultaneously, it repaid and cancelled the €4.1 billion syndicated loan and the €3.2 billion syndicated back-up facility (see Note 13.4.C).

NOTE 2 - ACCOUNTING POLICIES

2.1. STANDARDS APPLIED

The PSA Peugeot Citroën Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union on 31 December 2014, the balance sheet date.[1]

International Financial Reporting Standards include IFRSs and IASs (International Accounting Standards) and the related interpretations as prepared by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

All IFRS standards and interpretations published by the IASB and the IFRS Interpretation Committee whose application is compulsory in financial years beginning on or after 1 January 2014 have been adopted for use and are compulsory in the European Union, or early adopted by the Group, except for IAS 39 which has only been partially adopted for use in the European Union. There are no items in the PSA Peugeot Citroen Group's financial statements that would be affected by the unadopted provisions of this standard.

New compulsory standards and interpretations		First application in the EU for annual periods beginning on or after:	Impacts
IFRS 10	***"Consolidated Financial Statements"***	01/01/2014[2]	see Note 3.4
IFRS 11	***"Joint Arrangements"***		
IFRS 12	***"Disclosure of Interests in Other Entities "***		
Amendment to IFRS 10, IFRS 11 and IFRS 12	***"IFRS 10, IFRS 11, IFRS 12: Transition Guidance"***		
IAS 28	***"Investments in Associates and Joint Ventures"***		
Amendment to IFRS 10, IFRS 12 et IAS 27	***"Investment Entities "***	01/01/2014	Without impact
Amendment to IAS 32	***"Offsetting Financial Assets and Financial Liabilities"***	01/01/2014	Without material impact
Amendment to IAS 36	***"Recoverable Amount Disclosures for Non-Financial Assets"***	01/01/2014	Without material impact
Amendment to IAS 39	***"Novation of Derivatives and Continuation of Hedge Accounting"***	01/01/2014	Without material impact

New standards and interpretations compulsory on or after 1 January 2015, and early adopted		First application in the EU authorised for annual periods beginning on or after:	Impacts
IFRIC 21	***"Levies"*** This text specifies the date on which the taxes charged by	01/01/2014	see Note 3.4

[1] The International Financial Reporting Standards adopted for use in the European Union can be downloaded from the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_en.htm)

[2] The first application date set by the IASB is 1 January 2013.

	government authorities must be provisioned.

New standards and interpretations compulsory on or after 1 January 2015, and not early adopted		First application in the EU for annual periods beginning on or after:	Impacts
Amendment to IAS 19	***"Defined Benefit Plans: Employee Contributions"***	01/01/2015	Impacts currently being analysed

New standards and interpretations not yet adopted by the European Union		First application required by the IASB[3] for financial years beginning on or after	Impacts
Amendment to IAS 1	***" Disclosure Initiative "***	01/01/2016	Impacts currently being analysed
Amendment to IFRS 11	***«Accounting for Acquisitions of Interests in Joint Operations »***	01/01/2016	Impacts currently being analysed
Amendment to IAS 16 and IAS 38	***« Clarification on Acceptable Methods of Depreciation and Amortisation »***	01/01/2016	Impacts currently being analysed
Amendment to IFRS 10 and IAS 28	***« Sale or contribution of assets between an investor and its associate or joint venture»***	01/01/2016	Impacts currently being analysed
IFRS 15	***« Revenue Recognition »***	01/01/2017	Impacts currently being analysed
IFRS 9	***Financial instruments – "Classification and Measurement" and "Hedge Accounting"*** These texts materialise two out of three phases of the revision of IAS 39 Financial Instruments.	01/01/2018	Impacts currently being analysed

2.2. USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions in order to determine the reported amounts of certain assets, liabilities, income and expense items, as well as certain amounts disclosed in the notes to the financial statements relating to contingent assets and liabilities.
The estimates and assumptions used are those deemed by management to be the most pertinent and accurate in view of the Group's circumstances and past experience. Estimates and assumptions are reviewed periodically.
Nevertheless, given the uncertainty inherent in any projections, actual results may differ from initial estimates.

For the preparation of the 2014 annual financial statements, special attention was paid to the following items which are particularly exposed to estimation uncertainty in a crisis environment:
- The recoverable amount of Automotive Division intangible assets and property, plant and equipment (see Note 8.3);
- Provision for onerous contracts entered into pursuant to cooperation agreements (see Note 8.3);
- Deferred tax assets (see Note 14);
- Receivables – finance companies (see Note 13.3.A).

The use of estimates and assumptions is also crucial for the following item:
- Pension obligations (see Note 7.1);
- Provisions (particularly vehicle warranty provisions, restructuring provisions, claims and litigation) (see Note 5.4.B and Note 10);

[3] Subject to adoption by the European Union.

- The recoverable amount of inventories and other receivables (see Note 6.1 and Note 6.2);
- The fair value of derivative financial instruments (see Note 12.7.B and 13.5.B);
- Sales incentives (see Note 5.1.A).

NOTE 3 - SCOPE OF CONSOLIDATION

3.1. ACCOUNTING POLICIES

A. **Consolidation policies**

(1) Consolidation methods

The generic name PSA Peugeot Citroën refers to the Group of companies of which Peugeot S.A. is the parent.

The financial statements of Peugeot S.A. and companies in which Peugeot S.A. directly or indirectly exercises exclusive control are fully consolidated.

Companies in which Peugeot S.A. directly or indirectly exercises a significant influence are included in the consolidated financial statements using the equity method.

Joint operations must be recognised based on the proportion of assets, liabilities, revenue and expenses controlled by the Group. A joint operation may be conducted under a contractual arrangement or through a jointly controlled entity. Joint arrangements that are qualified as joint ventures because the parties have rights to the net assets of the arrangement will be accounted for using the equity method.

Certain companies meeting the above criteria have not been consolidated because they do not meet any of the following minimum requirements:
- revenue in excess of €50 million;
- total assets in excess of €20 million;
- total debt in excess of €5 million.

Investments in these companies are recorded under "Investments in non-consolidated companies" in accordance with the general accounting policies described in Note 12.8. Their consolidation would not have a material impact on the consolidated financial statements.

All significant intragroup transactions and internal margins are eliminated in consolidation.

The Group attributes the profit or loss of a subsidiary between the parent and minority interests based on their respective ownership interests. As a result, if there is no agreement committing the parent to absorbing the losses of the subsidiary, minority interests may be negative.

(2) Changes in scope of consolidation resulting in exclusive control

Business combinations occurring after 1 January 2010 are accounted for using the acquisition method, in accordance with ***IFRS 3 (Revised) – Business Combinations***.

The identifiable assets acquired and liabilities and contingent liabilities assumed are measured at acquisition-date fair value, provided that they meet the accounting criteria of IFRS 3 (revised). The residual goodwill represents anticipated post-acquisition cash flows due to synergies in addition to the assets and liabilities recognised on initial consolidation. Acquisition-related costs are recognised as expenses in the period in which the costs are incurred.

In the event of a price adjustment in the 12 months following the acquisition date, the provisional initial assessment is adjusted against goodwill. Any subsequent adjustment is recognised as debt or credit against profit or loss.

In accordance with ***IAS 36 – Impairment of Assets***, goodwill is not amortised but tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired (see Note 8.3).

(3) Goodwill on companies at equity

Goodwill attributable to acquisitions of associates and joint arrangements is the excess of the cost of shares, including directly attributable acquisition costs, over the Group's equity in the acquisition-date fair value of the identifiable assets and liabilities acquired. It is included in "Investments in companies at equity" and tested for impairment at the level of the associate or joint arrangement concerned.

(4) Other changes in scope of consolidation

Following any change in ownership interest that results in the loss of control of an entity, the initial interest is remeasured at fair value and the gain or loss is recognised in non-recurring operating income or expense (if material).

Changes in ownership interests that do not result in a loss of control of the subsidiary are accounted for as equity transactions (transactions with owners in their capacity as owners) and therefore lead to equity, including transaction costs, being reallocated between the parent and the minority interests.

B. **Conversion methods**

(1) Translation of the financial statements of foreign subsidiaries

(a) Standard method

The Group's functional currency is the euro (€), which is also the presentation currency in the consolidated financial statements. The functional currency of most foreign subsidiaries is their local currency, corresponding to the currency in which the majority of their transactions are denominated. The balance sheets of these subsidiaries are translated at the year- end exchange rate and their income statements are translated on a monthly basis at the average exchange rate for each month. Gains and losses resulting from the translation of financial statements of foreign subsidiaries are recorded in equity under "Translation reserve". Goodwill arising on the acquisition of these subsidiaries is measured in their functional currency.

(b) Specific method

Certain subsidiaries outside the euro zone carry out most of their transactions in euros or US dollars, which is accordingly recognised as their functional currency. Non-monetary items in these subsidiaries' accounts are translated at the historical exchange rate and monetary items at the year-end rate. The resulting translation gains and losses are recognised directly in profit or loss.

(2) Translation of transactions in foreign currencies

In compliance with IAS 21, transactions in foreign currencies are translated into the subsidiary's functional currency at the exchange rate on the transaction date.

At each balance sheet date, monetary items are translated at the closing rate and the resulting exchange difference is recognised in profit or loss, as follows:

- in recurring operating income, for commercial transactions carried out by all Group companies and for financing transactions carried out by the Banque PSA Finance Group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies.

3.2. COMPOSITION OF THE GROUP

The Group consists of the Peugeot S.A. holding company, listed on Euronext, and its affiliates. Significant subsidiaries are consolidated in accordance with Note 3.1.

The Group's operations are organised around three main segments (see Note 4):

- The Automotive Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot, Citroën and DS brands. It mainly comprises wholly owned subsidiaries, as well as jointly controlled subsidiaries for the production of vehicles or subassemblies in Europe and for industrial and commercial activities in China. These jointly controlled subsidiaries are consolidated in accordance with IFRS 11 (see Note 3.4);
- The Automotive Equipment Division, corresponding to the Faurecia group comprising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies. Faurecia is listed on

Euronext. Peugeot S.A. holds 51.1% of Faurecia's capital and 67.3% of its voting rights. The exercise of the dilutive instruments issued by Faurecia would have no impact on the Group's exclusive control;

- The Finance Division, corresponding to the Banque PSA Finance group, which provides retail financing to customers of the Peugeot, Citroën and DS brands and wholesale financing to the brands' dealer networks. Banque PSA Finance is classified as a financial institution. Banque PSA Finance and virtually all its subsidiaries are wholly owned by the Group.
  On 10 July 2014, Banque PSA Finance and Santander Consumer Finance signed a framework agreement on the establishment of a partnership (see Note 1.3).

The Group's other activities are housed under "Other businesses", which notably includes the Peugeot S.A. holding company, Peugeot Motocycles and a minority stake in Gefco consolidated by the equity method. On 19 January 2015, the Group signed a strategic partnership agreement with Mahindra & Mahindra Group (M&M), under the terms of which it lost the exclusive control of Peugeot Motorcycles, which is now consolidated by the equity method.

Changes in the scope of consolidation during 2014 did not have a material impact on the consolidated financial statements, either individually or in the aggregate.

	31 December 2014	31 December 2013
Fully consolidated companies		
Manufacturing and sales companies	304	320
Finance companies	54	50
	358	**370**
Joint operations		
Manufacturing and sales companies	**3**	**3**
Companies at equity		
Manufacturing and sales companies	45	41
Finance companies	1	1
	46	**42**
Consolidated companies	**407**	**415**

3.3. ASSETS AND OPERATIONS HELD FOR SALE OR TO BE CONTINUED IN PARTNERSHIP

A non-current asset or disposal group (operations) is classified as held for sale or to be continued in partnership when its carrying amount will be recovered principally through a sale transaction or inclusion in a partnership rather than through continuing use. For this to be the case, the asset (or disposal group) must be available for immediate sale and its sale must be highly probable.
Assets held for sale and to be continued in partnership are measured at the lower of the carrying amount and the estimated selling price, less costs to sell. Such non-current assets are no longer depreciated from the date on which these assets or disposal group are considered by the Group to satisfy the criteria for classification as held for sale or continued in partnership.
Such assets and related liabilities are presented on separate headings under other Group assets and liabilities: "Assets held for sale or to be continued in partnership " and "Liabilities related to assets held for sale to be continued in partnership".
The items in the income statement, statement of cash flows and other comprehensive income relating to assets held for sale or to be continued in partnership are presented separately in the consolidated financial statements for all periods presented.

These principles have been applied to partnership projects relating to the Finance companies and Peugeot Scooters for the year ended 31 December 2014.

A. **Partnership between Banque PSA Finance and Santander Consumer Finance**

This partnership is discussed in Note 1.3.

Assets and liabilities to be contributed to the partnership have been reclassified in the debt section of the balance sheet in "Assets of operations to be continued in partnership" and "Transferred liabilities of operations to be continued in partnership". Such assets are carried at the fair values assigned within the framework of the transaction, resulting in the recognition of a total expense of €112 million of which €75 million relating the impairment of the goodwill.

EMTN (euro medium-term notes) and MTN (medium-term notes) debt securities and most of the bank borrowings that ensure the refinancing of assets to be transferred will not be transferred. They are included in a specific item, "Non-transferred financing liabilities of operations to be continued in partnership". Wherever possible, the Group plans to prepay these debts. Certain undrawn credit facilities will also be terminated early (see Note 13.4.G). The revision of maturities led to the recognition in 2014 of an exceptional expense of €15 million pursuant to IAS 39.

In Spain and Italy, the existing loans of the Retail business will not be transferred. Consequently, balance sheet and income statement items relating to these loans and their refinancing have not been reclassified.

Operations to be continued in partnership are no longer included in recurring operating income. Income and expenses are classified in the following items:

- Profit (loss) from operations to be continued in partnership;
- Other expenses related to the non-transferred financing of operations to be continued in partnership.

The effect of this transaction on the balance sheet as of 31 December 2014 is as follows:

	31 December 2014			
	Before IFRS 5	IFRS 5 declassification	Other impacts related to the transaction	After IFRS 5
ASSETS				
Deferred tax assets	30	31	-	61
Other non-current assets	319	(101)	-	218
Total non-current assets	**349**	**(70)**	**-**	**279**
Loans and receivables - finance companies	21 060	(16 982)	-	4 078
Short-term investments - finance companies	450	(258)	-	192
Other operating assets	624	(295)	-	329
Operating assets	**22 134**	**(17 535)**	**-**	**4 599**
Cash and cash equivalents	**2 602**	**(992)**	**-**	**1 610**
Total current assets	**24 736**	**(18 527)**	**-**	**6 209**
Total assets of continuing operations	**25 085**	**(18 597)**	**-**	**6 488**
Total assets of operations to be continued in partnership	**-**	**18 649**	**(120)**	**18 529**
Total assets	**25 085**	**52**	**(120)**	**25 017**

	31 December 2014			
	Before IFRS 5	IFRS 5 declassification	Other impacts related to the transaction	After IFRS 5
LIABILITIES				
Deferred tax liabilities	268	(258)	(10)	-
Other non-current liabilities	27	(25)	-	2
Total non-current liabilities	**295**	**(283)**	**(10)**	**2**
Operating liabilities				
Financing liabilities	20 523	(16 192)	-	4 331
Non-transferred financing liabilities of operations to be continued in partnership	-	8 652	25	8 677
Other operating liabilities	1 007	(647)	-	360
Total current liabilities	**21 530**	**(8 187)**	**25**	**13 368**
Total liabilities of continuing operations	**21 825**	**(8 470)**	**15**	**13 370**
Total transferred liabilities of operations to be continued in partnership	**-**	**8 523**	**(15)**	**8 508**
Total liabilities (1)	**21 825**	**53**	**-**	**21 878**

(1) *excluding equity*

B. **Partnership relating to Peugeot Scooters**

To speed up the expansion of Peugeot Scooters (Peugeot Motocycles), strengthen the brand and its products, and secure its future, PSA has entered on 19 January 2015 into a long-term strategic partnership with Mahindra & Mahindra Group (M&M). A major player in India's mobility market, M&M is thereby strengthening its position in the two-wheel vehicle market worldwide.

At that date, M&M has purchased €15 million worth of new shares to finance projects implemented as part of the strategic partnership. It has also acquired shares held by PSA in Peugeot Scooters. The two transactions left M&M holding a 51% interest in Peugeot Scooters. The Group retains significant influence.

Accordingly, all assets and liabilities relating to Peugeot Scooters have been reclassified as "Assets of operations to be continued in partnership" and "Transferred liabilities of operations to be continued in partnership". Income and expenses are recorded in "Profit (loss) from operations to be continued in partnership".

3.4. CHANGES TO FINANCIAL STATEMENTS PREVIOUSLY REPORTED

The Group's financial statements at 31 December 2013, presented comparatively, have been restated as explained below, relative to the financial statements previously reported.

A. **IFRS 5 – Reclassification of operations to be continued in partnership**

These reclassifications are described in Note 3.3.

B. **IFRS 10 and IFRS 11**

IFRS 11 states that joint arrangements classified as joint operations must be recognised based on the proportion of assets, liabilities, revenue and expenses controlled by the Group. A joint operation may be conducted under a contractual arrangement or through a jointly controlled entity. Partnerships that only give control over the net assets of the partnership entity, classified as joint ventures, are consolidated by the equity method.

IFRS 10 redefines exclusive control on the basis of substantive rights.

In practice:

- the main companies under joint control classified as joint ventures are DPCA and CAPSA. They are consolidated by the equity method.
- the companies classified as joint operations are Toyota Peugeot Citroën Automobile (TPCA), Sevel SpA and PCMA Rus Automotiv (PCMAR).
  TPCA and Sevel SpA were previously consolidated by the equity method. In view of the rights held by the Group in the event of a conflict between shareholders, PCMAR was deemed to be controlled in application of the previous standards and therefore fully consolidated. With regard to IFRS 10, these rights are no longer deemed to provide exclusive control.

The new standards have the primary effect of requiring the recognition among assets on the consolidated balance sheet of the Group's share of the carrying amount of the fixed assets of subsidiaries classified as joint operations and its share of their debt among liabilities. At 1 January 2013, the main impact was a €227 million increase in the Group's net debt, including the net debt of €188 million of Française de Mécanique, classified as a joint operation before the acquisition of exclusive control by the Group.

Due to the takeover of Française de Mécanique at the end of 2013, its debt has been included in the Group's net debt at 31 December 2013. At that date, the impact of the application of the new standards was therefore limited to a €33 million increase in net debt.

C. **Interpretation of *IFRIC 21 – LEVIES CHARGED BY PUBLIC AUTHORITIES***

IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government or similar bodies. Changes to previously reported consolidated financial statements mainly concern France and, more specifically, the Social Solidarity Contribution on Companies (C3S) and property tax.

The C3S, which was previously recognised in line with the constitution of revenue during a given year, is now recognised on 1 January of the subsequent year. Equity at 1 January 2013 has therefore been increased by €41 million.

Property tax, which was previously recognised on a straight-line basis during a given year, is now recognized on 1 January of the year. The effect on full-year net income is immaterial.
The IFRIC 21 restatement has no impact on cash flows.

D. **Research and development expenses**

Development costs incurred on vehicles after the start of series production, previously recognised in selling, general and administrative expenses, are now included in research and development expenses. The reclassification amounted to €277 million in the year ended 31 December 2013.

E. **Restatement of financial statements**

The impacts on the 2013 financial statements of these adjustments are shown in the tables below:

Statement of income

(in million euros)	2013 reported in February 2014	2013 Impact as at 31 December 2014	2013 impact	Of which IFRS 10 & 11	Of which IFRIC 21	Of which IFRS 5
Continuing operations						
Sales and revenue	**54 090**	**53 079**	**(1 011)**	**(71)**	**-**	**(940)**
Recurring operating income (loss)	**(177)**	**(364)**	**(187)**	**4**	**(1)**	**(190)**
Operating income (loss)	**(1 346)**	**(1 529)**	**(183)**	**8**	**(1)**	**(190)**
Income (loss) before tax of fully consolidated companies	**(2 004)**	**(2 193)**	**(189)**	**2**	**(1)**	**(190)**
Consolidated profit (loss) from continuing operations	**(2 215)**	**(2 574)**	**(359)**	**(8)**	**(1)**	**(350)**
Discontinued operations						
Profit (loss) from operations to be continued in partnership	(3)	347	350	-	-	350
Consolidated profit (loss) for the year	**(2 218)**	**(2 227)**	**(9)**	**(8)**	**(1)**	**-**
Atributable to equity holders of the parent	*(2 317)*	*(2 327)*	*(10)*	*(9)*	*(1)*	*-*
Atributable to equity minority interests	*99*	*100*	*1*	*1*	*-*	*-*

Balance sheets - Assets

(in million euros)	31 December 2013 reported in February 2014	31 December 2013 Impact as at 31 December 2014	2013 impact	Of which IFRS 10 & 11	Of which IFRIC 21
Continuing operations					
Total non-current assets	**19 971**	**20 097**	**126**	**130**	**(4)**
Operating assets	**31 754**	**31 704**	**(50)**	(50)	-
Current financial assets	**141**	**141**	**-**	**-**	**-**
Cash and cash equivalents	**7 755**	**7 779**	**24**	**24**	**-**
Total current assets	**39 650**	**39 624**	**(26)**	**(26)**	**-**
Total assets of continuing operations	**59 621**	**59 721**	**100**	**104**	**(4)**
Total assets of operations to be continued in partnership	**43**	**43**	**-**	**-**	**-**
Total assets	**59 664**	**59 764**	**100**	**104**	**(4)**

Balance sheets – Equity and liabilities

(in million euros)	31 December 2013 reported in February 2014	31 December 2013 Impact as at 31 December 2014	2013 impact	Of which IFRS 10 & 11	Of which IFRIC 21
Equity					
Total equity	**7 791**	**7 837**	**46**	**5**	**41**
Continuing operations					
Total non-current liabilities	**13 030**	**12 985**	**(45)**	**(60)**	**15**
Operating liabilities	**35 847**	**35 793**	**(54)**	**6**	**(60)**
Current financial liabilities	**2 996**	**3 149**	**153**	**153**	**-**
Total current liabilities	**38 843**	**38 942**	**99**	**159**	**(60)**
Total liabilities of continuing operations	**51 873**	**51 927**	**54**	**99**	**(45)**
Total transferred liabilities of operations to be continued in partnership	**-**	**-**	**-**	**-**	**-**
Total equity and liabilities	**59 664**	**59 764**	**100**	**104**	**(4)**

Statement of cash flows

(en millions d'euros)	2013 reported in February 2014	2013 Impact as at 31 December 2014	2013 impact	Of which IFRS 10 & 11	Of which IFRIC 21	Of which IFRS 5
Funds from operations	**987**	**783**	**(204)**	**73**	**(1)**	**(276)**
Changes in working capital	643	(26)	(669)	43	1	(713)
Net cash from (used in) operating activities [(1)]	**1 630**	**757**	**(873)**	**116**	**-**	**(989)**
Net cash from (used in) investing activities [(1)]	**(2 473)**	**(2 507)**	**(34)**	**(44)**	**-**	**10**
Net cash from (used in) financing activities [(1)]	**1 918**	**1 905**	**(13)**	**(145)**	**-**	**132**
Net cash related to the non-transferred debt of finance companies to be continued in partnership	**-**	**(2 294)**	**(2 294)**	**-**	**-**	**(2 294)**
Net cash from the transferred assets and liabilities of operations to be continued in partnership	**(41)**	**3 101**	**3 142**	**-**	**-**	**3 142**
Effect of changes in exchange rates	(92)	(93)	(1)	(1)	-	-
Increase (decrease) in cash from continuing operations to be continued in partnership	**942**	**869**	**(73)**	**(74)**	**-**	**1**
Net cash and cash equivalents at beginning of period	**6 789**	**6 886**	**97**	**98**	**-**	**(1)**
Net cash and cash equivalents of continuing operations at end of period	**7 731**	**7 755**	**24**	**24**	**-**	**-**

(1) Of continuing operations

NOTE 4 - SEGMENT INFORMATION

In accordance with ***IFRS 8 Operating Segments***, segment information is presented in line with the indicators used internally by management to measure the performance of the Group's different business segments. The Group's main performance indicator is recurring operating income.
The definition of operating sectors is provided in Note 3.2.
For internal reporting, the Finance Division’s full data is given, before the impact of IFRS 5. The “Reconciliation” column provides a link with the presentation given in the consolidated income statement. The “Reconciliation” column sets out the impacts of IFRS 5 described in Note 3.3.

4.1. BUSINESS SEGMENTS

The balances for each segment shown in the table below are on a stand-alone basis. All intersegment balance sheet items and transactions are eliminated and, for the purposes of reconciliation with the Group's financial statements, are shown under the heading "Eliminations and reconciliations" together with unallocated amounts. Faurecia and Banque PSA Finance publish consolidated financial statements and segment information for these two businesses is therefore presented down to the level of net profit. For the other segments, as cash positions and taxes are managed jointly in some countries, only operating income and share in net earnings of companies at equity are presented by segment.

All intersegment commercial transactions are carried out on an arm's length basis on the same terms and conditions as those applicable to the supply of goods and services to third parties.

2014 *(in million euros)*	Automotive	Automotive equipment	Other	Finance companies 100%	Finance companies Reconciliation	Eliminations and unallocated	Total
Sales and revenue							
- third parties	36 084	16 933	2	1 340	(752)	-	**53 607**
- intragroup, intersegment [(1)]	1	1 896	97	363	-	(2 357)	**-**
Total	**36 085**	**18 829**	**99**	**1 703**	**(752)**	**(2 357)**	**53 607**
Recurring operating income (loss)	**63**	**673**	**37**	**337**	**(211)**	**6**	**905**
Non-recurring operating income	220	5	3	1	(1)	-	228
Restructuring costs	(682)	(76)	-	(3)	-	-	(761)
Impairment of CGUs, provisions for onerous contracts and other	(134)	-	-	-	-	-	(134)
Other non-recurring operating income and (expenses), net	-	(15)	-	-	-	-	(15)
Operating income (loss)	**(533)**	**587**	**40**	**335**	**(212)**	**6**	**223**
Interest income		-		-	-	109	109
Finance costs		(202)		-	-	(460)	(662)
Other financial income		3		-	-	93	96
Other financial expenses		(45)		(8)	-	(253)	(306)
Net financial income (expense)	**-**	**(244)**	**-**	**(8)**	**-**	**(511)**	**(763)**
Income taxes expense		(115)		(121)	34	(111)	(313)
Share in net earnings of companies at equity	264	1	5	12	-	-	282
Other expenses related to the non-transferred financing of operations to be continued in partnership	-	-		-	(251)	-	(251)
Consolidated profit (loss) from continuing operations		229		218	(429)		(822)
Profit (loss) from operations to be continued in partnership		-	(34)	-	301		267
Consolidated profit (loss) for the period		**229**		**218**	**(128)**		**(555)**
Capital expenditure (excl. sales with a buyback commitment)	**1 574**	**839**	**-**	**25**	**(10)**		**2 428**
Depreciation and amortisation	**(1 851)**	**(559)**	**-**	**(22)**	**4**		**(2 428)**

[(1)] *The "Eliminations and unaffected" column includes eliminations of intersector sales between the Finance companies and the other sectors (323 millions d'euros).*

In 2014, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €309 million. Net provision expense (cost of risk) for the year amounted to €39 million.

2013 *(in million euros)*	Automotive	Automotive equipment	Other	Finance companies 100%	Finance companies Reconciliation	Eliminations and unallocated	Total
Sales and revenue							
- third parties	36 414	16 042	3	1 463	(843)	-	**53 079**
- intragroup, intersegment [(1)]	1	1 987	92	310	-	(2 390)	**-**
Total	**36 415**	**18 029**	**95**	**1 773**	**(843)**	**(2 390)**	**53 079**
Recurring operating income (loss)	**(1 039)**	**538**	**(16)**	**369**	**(217)**	**1**	**(364)**
Non-recurring operating income	396	5	12	-	-	-	413
Restructuring costs	(369)	(91)	(5)	-	-	-	(465)
Impairment of CGUs, provisions for onerous contracts and other.	(1 092)	-	-	-	-	-	(1 092)
Other non-recurring operating income and (expenses), net	-	(21)	-	-	-	-	(21)
Operating income (loss)	**(2 104)**	**431**	**(9)**	**369**	**(217)**	**1**	**(1 529)**
Interest income		9		-	-	129	138
Finance costs		(208)		-	-	(415)	(623)
Other financial income		4		-	-	60	64
Other financial expenses		(39)		(1)	1	(204)	(243)
Net financial income (expense)	**-**	**(234)**	**-**	**(1)**	**1**	**(430)**	**(664)**
Income taxes expense		(65)		(138)	98	(201)	(306)
Share in net earnings of companies at equity	140	14	12	8	-	(1)	173
Other expenses related to the non-transferred financing of operations to be continued in partnership	-	-	-	-	(248)	-	(248)
Consolidated profit (loss) from continuing operations		146		238	(366)		(2 574)
Profit (loss) from operations to be continued in partnership	-	(3)	(16)	-	366		347
Consolidated profit (loss) for the period		**143**		**238**	**-**		**(2 227)**
Capital expenditure (excl. sales with a buyback commitment)	**1 705**	**775**	**-**	**19**	**(12)**		**2 487**
Depreciation and amortisation	**(1 925)**	**(533)**	**-**	**(26)**	**19**		**(2 465)**

[(1)] *The "Eliminations and unaffected" column includes eliminations of intersector sales between the Finance companies and the other sectors (262 millions d'euros).*

In 2013, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €333 million. Net provision expense (cost of risk) for the year amounted to €40 million.

4.2. GEOGRAPHICAL SEGMENTS

In the table below, sales and revenue are presented by destination of products sold, and investments and assets by geographic location of the subsidiary concerned.

2014 (in million euros)	Europe	Eurasia	China & South-Asia	India Pacific	Latin America	Middle East Africa	North America	Total
Sales and revenue	37 530	856	3 830	1 101	3 948	2 367	3 975	53 607
Non-current assets (excl. deferred tax assets and financial instruments)	13 690	172	337	84	313	566	398	15 560

2013 (in million euros)	Europe	Eurasia	China & South-Asia	India Pacific	Latin America	Middle East Africa	North America	Total
Sales and revenue	35 082	1 330	3 248	995	5 442	2 838	4 144	53 079
Non-current assets (excl. deferred tax assets and financial instruments)	13 919	290	256	76	282	440	359	15 622

NOTE 5 - OPERATING INCOME

Operating income corresponds to profit before net financial income or expense[4], current and deferred taxes and the Group's share in the net earnings of companies at equity.

The Group uses recurring operating income as its main business performance indicator. Recurring operating income corresponds to operating income before other non-recurring income and expenses, defined as material items of income and expense that are unusual in nature or infrequent in occurrence whose inclusion in operating income creates a distorted view of the Group’s underlying performance.

In practice, other non-recurring operating income and expenses consist mainly of the following items which are described in the notes to the financial statements where appropriate (see Note 5.4):

- restructuring and early-termination plan costs;
- impairment losses (and subsequent adjustments) recognised on (i) non-current assets following impairment tests performed on the cash-generating units (CGUs) to which they belong, and (ii) the corresponding onerous contracts;
- gains on disposals of real estate and impairment of real estate held for sale.

- **Selling, general and administrative expenses**

Selling, general and administrative expenses correspond to general administrative expenses, indirect selling expenses and warranty costs.

5.1. SALES AND REVENUE

A. **Accounting policies**

(1) Manufacturing and sales companies

(a) Automotive division

Sales and revenue of the manufacturing and sales companies include mainly revenues from the sale and leasing of vehicles and the sale of other goods and services.
In accordance with ***IAS 18 – Revenue***, new vehicle sales are recognised on the date the risks and rewards of ownership are transferred. This generally corresponds to the date when the vehicles are made available to non-group dealers or the delivery date, in the case of direct sales.

[4] Consolidated profit (loss) from continuing operations, excluding “other expenses related to the non-transferred financing of operations to be continued in partnership”.

Sales at cost of items purchased on behalf of other parties and sales to subcontractors of raw materials, parts and mechanical sub-assemblies that are intended to be bought back at cost are not included in revenue.

Sales of new vehicles with a buyback commitment are not recognised at the time of delivery but accounted for as operating leases when it is probable that the vehicle will be bought back. This principle applies:

- whatever the duration of the buyback commitment;
- for both direct sales and sales financed by Banque PSA Finance and its subsidiaries.

The difference between the sale price and the buyback price is recognised as rental revenue on a straight-line basis over the duration of the buyback commitment. The vehicle is initially recognised at production cost in property, plant and equipment. Depreciation expense is calculated over the term of the lease by the straight-line method, on the basis of the vehicle's cost less its estimated residual value, representing the anticipated resale price on the used vehicle market. Any additional gain made on the final sale of the vehicle is recognised in the period in which it is sold on the used vehicle market. If the net difference is a loss, an allowance is booked when the buyback contract is signed.

Sales incentives

The cost of current and future sales incentive programmes is accrued on the basis of historical costs for the previous three months, determined country by country, and charged against profit for the period in which the corresponding sales are recognised. In cases where the cost of the programme varies according to sales, it is deducted from revenue.

The Group's incentive programmes include retail financing granted at a significant discount to market interest rates. The corresponding cost is recognised at the time of the sale.

(b) Automotive Equipment division

The Automotive Equipment Division performs development work and manufactures or purchases specific tooling to produce parts or modules for programmes covered by specific customer orders.

The revenue recognition criteria provided for in IAS 18 are not met in cases where development and tooling costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer. Under such circumstances, development work and tooling cannot be considered as having being sold. The development costs are recognised in intangible assets (see Note 5.3.A) and tooling in property, plant and equipment (see Note 8.2.A).

If the contract includes a payment guarantee, the development and tooling costs are recognised in inventories and work-in-progress. The corresponding revenue is recognised when the customer signs off on each technical phase.

(2) Finance companies

The Group's finance companies provide wholesale financing to dealer networks and retail financing to customers. Financing may take the form of conventional loans, finance leases, buyback contracts or long-term leasing. The different forms of financing are treated as lending transactions and are recognised in the balance sheet in the amount of the Banque PSA Finance Group's net financial commitment (see Note 13.1). Sales financing revenues are recorded using the yield-to-maturity method, so as to recognise a constant rate of interest over the life of the loan.

Due to the application of IFRS 5, revenue is limited to that of continuing operations (see Note 3.3.A).

B. **Key figures**

(in million euros)	2014	2013
Sales of vehicles and other goods	51 578	51 088
Service revenues	1 441	1 371
Financial services revenue	588	620
Total	**53 607**	**53 079**

Sales of goods consist mainly of sales of vehicles and automobile parts, sub-assemblies and components.
Service revenues primarily comprise auto repairs and servicing by captive dealers, and vehicle leasing services as described in Note 8.2.C.
Financial services revenue corresponds for the most part to interest income, insurance premiums and other gross revenues.

5.2. RECURRING OPERATING EXPENSES ANALYSED BY NATURE

Broken down by type, operating expenses include staff costs and the depreciation or amortisation of intangible assets and property, plant and equipment, explained below. Other recurring operating expenses are analysed by each Division at its own appropriate level with the result that they cannot be presented on a consistent basis at Group level.

Personnel costs

Group personnel costs are as follows:

(in million euros)	2014	2013
Automotive Division	(5 381)	(5 769)
Automotive Equipment Division	(3 103)	(2 986)
Finance companies [1]	(153)	(147)
Other businesses	(81)	(87)
Total	**(8 718)**	**(8 989)**

[1] *Including €110 million representing personnel expenses of activities to be continued in partnership (€105 million in 2013).*

The Competitiveness and Employment Tax Credit (CICE) established in 2013 has been deducted from personnel expenses in the amount of €108 million (€72 million in 2013).
Details of pension costs are disclosed in Note 7.

Depreciation and amortisation expense

Depreciation and amortisation expense included in recurring operating income breaks down as follows:

(in million euros)	2014	2013
Automotive Division	(749)	(757)
Automotive Equipment Division	(82)	(70)
Finance companies	(565)	(555)
Other businesses	(1 032)	(1 083)
Total	**(2 428)**	**(2 465)**

5.3. RESEARCH AND DEVELOPMENT EXPENSES

A. **Accounting policies**

Research and development expenses include the cost of scientific and technical activities, industrial property, and the education and training necessary for the development, production or implementation and marketing of new or substantially improved materials, methods, products, processes, systems or services.

Under ***IAS 38 – Intangible Assets**,* development expenditure is recognised as an intangible asset if the entity can demonstrate in particular:

- its intention to complete the intangible asset and use or sell it, as well as the availability of adequate technical, financial and other resources for this purpose;
- that it is probable that the future economic benefits attributable to the development expenditure will flow to the entity;
- that the cost of the asset can be measured reliably.

Capitalised development costs include related borrowing costs (see Note 12.2.A).
Expenses for the year include research costs, non-capitalised study and development costs under the above criteria, and the amortisation of capitalised development costs.

(1) Automotive division

Development expenditure on vehicles and mechanical sub-assemblies (engines and gearboxes) incurred between the project launch (corresponding to the styling decision for vehicles) and the start-up of pre-series production is recognised in intangible assets. It is amortised from the start-of-production date over the asset's useful life, representing up to seven years for vehicles and ten years for mechanical sub-assemblies and modules. The capitalised amount mainly comprises payroll costs of personnel directly assigned to the project, the cost of prototypes and the cost of external services related to the project. No overheads or indirect costs are included, such as rent, building depreciation and information system utilisation costs. The capitalised amount also includes the portion of qualifying development expenditure incurred by the Group under cooperation agreements that is not billed to the partner. Generally, development costs billed to the Group by its partners under cooperation agreements are also capitalised, unless they relate to a project with milestones and are incurred after the final capitalisation milestone. All development expenditure incurred to develop mechanical sub-assemblies compliant with new emissions standards is monitored on a project-by-project basis and is also capitalised.

(2) Automotive Equipment Division

Development work is undertaken for all programmes covered by specific customer orders. Where development costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer, the costs incurred during the period between the customer's acceptance of the commercial offer and the start-of-production date of the parts or modules are recognised in intangible assets. The intangible asset is amortised based on the quantity of parts delivered to the customer, provided that accumulated amortisation at each year-end does not represent less than the amount that would be recognised if the asset were amortised on a straight- line basis over five years. If the contract includes a payment guarantee, the development expenditure is recognised in inventories and work-in-progress.

B. **Research and development expenses, net**

(in million euros)	*Notes*	**2014**	2013
Total expenditure		(2 250)	(2 229)
Capitalised development expenditure [(1)]		970	835
Non-capitalised expenditure		**(1 280)**	**(1 394)**
Amortisation of capitalised development expenditure	*8.1*	(745)	(754)
Total		**(2 025)**	**(2 148)**

[(1)] In addition to this expenditure, borrowing costs are capitalised pursuant to IAS 23 "Borrowing Costs" (Revised) (see Note 12.2.A).

The amounts presented in the above table are stated net of research funding received by the Group.

5.4. NON-RECURRING OPERATING INCOME AND EXPENSES

(in million euros)	*Notes*	**2014**	2013
Net gains on disposals of real estate assets		119	28
Reversal of impairment loss on Automotive Division CGUs and other assets and provisions for Automotive Division onerous contracts	*8.3.B*	101	366
Other non-recurring operating income		8	19
Total non-recurring operating income		**228**	**413**
Division CGUs and other assets	*8.3.B*	(134)	(1 092)
Impairment loss on Faurecia CGUs and other Faurecia assets	*8.3.C*	-	-
Restructuring costs	*5.4.B*	(761)	(465)
Other non-recurring operating expenses		(15)	(21)
Total non-recurring operating expenses		**(910)**	**(1 578)**

A. **Impairment test on Automotive division CGUs and provisions for Automotive division onerous contracts**

The detail of impairment testing, provisions for onerous contracts and other impairment is disclosed in Note 8.3.

B. **Restructuring costs**

Restructuring costs consist mainly of workforce reductions.

(in million euros)	**2014**	2013
Automotive Division	(682)	(369)
Automotive Equipment Division	(76)	(91)
Finance companies	(3)	-
Other businesses	-	(5)
Total	**(761)**	**(465)**

Automotive division

In 2014, Automotive Division restructuring costs amounted to €682 million.

They relate chiefly to the recognition of the restructuring plans covering the Group's industrial sites in Europe (Jobs and Skills Matching System -DAEC-, Jobs and Skills Reallocation Plan -PREC-, Employment Safeguarding Plan -PSE- and older employee plans) in the amount of €452 million and the reorganisation of its commercial operations in Europe in the amount of €111 million. Other restructuring costs relate mainly to the Group's subsidiaries in Latin America in the amount of €59 million.

Automotive Equipment division (Faurecia Group)

In 2014, Faurecia group restructuring costs totalled €76 million, including €71 million in provisions for redundancy costs, mainly in Germany, France and North America.

NOTE 6 - REQUIREMENTS IN WORKING CAPITAL OF MANUFACTURING AND SALES COMPANIES

6.1. INVENTORIES

Inventories are stated at the lower of cost and net realisable value, in accordance with ***IAS 2 - Inventories***.

Cost is determined by the first-in-first-out (FIFO) method and includes all direct and indirect variable production expenses, plus fixed production expenses based on the normal capacity of the production facility. The net realisable value of inventories intended to be sold corresponds to their selling price, as estimated based on market conditions and any relevant external information sources, less the estimated costs necessary to complete the sale (such as variable direct selling expenses, refurbishment costs not billed to customers for used vehicles and other goods).

The Automotive Equipment Division performs development work and manufactures or purchases specific tooling to produce parts or modules for programmes covered by specific customer orders. When the contract includes a payment guarantee, the development costs are recognised in inventories and work-in-progress and the corresponding revenue is recognised when the customer signs off on each technical phase.

	31 December 2014			31 December 2013		
(in million euros)	Gross	Allowance	Net	Gross	Allowance	Net
Raw materials and supplies	781	(137)	644	930	(169)	761
Semi-finished products and work-in-progress	789	(23)	766	1 009	(22)	987
Goods for resale and used vehicles	892	(140)	752	1 243	(216)	1 027
Finished products and replacement parts	2 198	(166)	2 032	2 988	(175)	2 813
Total	**4 660**	**(466)**	**4 194**	**6 170**	**(582)**	**5 588**

6.2. TRADE RECEIVABLES

A provision for impairment is recorded on the manufacturing and sales companies' trade receivables if the Group believes that there is a risk that the receivables will not be recovered. Indications of probable impairment include the existence of unresolved claims or litigation, the age of the receivables and the obligor's significant financial difficulties.

In accordance with IAS 39, the Group derecognises receivables for which the contractual rights to receive the cash flows have been transferred along with substantially all of the risks and rewards of ownership. In analysing the transfer of risks, dilution risk is not included inasmuch as it has been defined and correctly segregated notably from the risk of late payment. Transferred receivables are not derecognised when the default risk is retained by the Group. Costs incurred in transferring a receivable are recognised in financial expense.
In segment reporting, this rule also applies to the Automotive Division debts transferred to the Group's finance companies, which have been removed from this item and now appear in the consolidated balance sheet under "Loans and receivables - finance companies" (see Note 13.3.A.(2)) or "Assets of operations to be continued in partnership".

(in million euros)	31 December 2014	31 December 2013
Trade receivables	1 550	1 933
Allowances for doubtful accounts	(175)	(143)
Total - manufacturing and sales companies	**1 375**	**1 790**
Elimination of transactions with the finance companies	(157)	(156)
Total	**1 218**	**1 634**

Assignments of trade receivables to financial institutions are disclosed in Note 12.6.F.

6.3. OTHER RECEIVABLES AND OTHER PAYABLES

A. Other receivables

(in million euros)	**31 December 2014**	31 December 2013
State, regional and local taxes excluding income tax [(1)]	953	971
Personnel-related payables	44	47
Due from suppliers	167	192
Derivative instruments	76	51
Prepaid expenses	267	213
Miscellaneous other receivables	155	185
Total	**1 662**	**1 659**

[(1)] *In 2014, the Group sold €132 million worth of French research tax credits and €64 million worth of French competitiveness and employment tax credits (see Note 12.6.F).*

B. Other payables

(in million euros)	**31 December 2014**	31 December 2013
Taxes payable other than income taxes	669	609
Personnel-related payables	983	961
Payroll taxes	424	430
Payable on fixed asset purchases	229	288
Customer prepayments	719	700
Derivative instruments [(1)]	90	113
Deferred income	558	576
Miscellaneous other payables	442	447
Total	**4 114**	**4 124**

[(1)] *This item corresponds to the fair value of instruments purchased by the Group to hedge currency risks on current or forecast operating receivables and payables. These instruments are analysed by maturity in Note 12.7.A, "Management of financial risks".*

6.4. CHANGE IN WORKING CAPITAL REQUIREMENTS OF MANUFACTURING AND SALES COMPANIES

A. Analysis of the change in working capital

(in million euros)	**2014**	2013
(Increase) decrease in inventories	1 329	369
(Increase) decrease in trade receivables [(1)]	405	66
Increase (decrease) in trade payables	(27)	28
Change in income taxes	47	(75)
Other changes	(2)	52
	1 752	**440**
Net cash flows with Group finance companies	*(5)*	*(33)*
Total	**1 747**	**407**

[(1)] *Including a €706 million decrease in receivables related to sales of receivables to non-Group financial institutions (€250 million in 2013).*

B. **Analysis of the change in balance sheet items**

2014 (in million euros)	At 1 January	IFRS 5 declassification	Cash flows from operating activities	Cash flows from investing activities	Changes in scope of consolidation and other	Translation adjustment	Revaluations taken to equity	At 31 December
Inventories	(5 588)	27	1 329	-	7	31	-	(4 194)
Trade receivables	(1 790)	20	405	-	28	(38)	-	(1 375)
Trade payables	8 108	(11)	(27)	-	(5)	112	-	8 177
Income taxes	(44)	1	47	-	(1)	7	-	10
Other receivables	(1 659)	3	8	(4)	3	2	(15)	(1 662)
Other payables	4 124	(10)	153	(70)	(3)	(18)	(62)	4 114
	3 151	**30**	**1 915**	**(74)**	**29**	**96**	**(77)**	**5 070**
Net cash flows with Group finance companies	*13*	*-*	*(5)*	*-*	*-*	*3*	*-*	*11*
Total	**3 164**	**30**	**1 910**	**(74)**	**29**	**99**	**(77)**	**5 081**

The change in working capital in the consolidated statement of cash flows at 31 December 2014 (€1,752 million positive effect) corresponds to cash flows from operating activities (€1,915 million positive effect), exchange differences (€121 million negative effect) and other movements (€42 million negative effect).

Cash flows from operating activities of manufacturing and sales companies	**1 915**
Exchange differences	*(121)*
Other changes	*(42)*
Change in working capital in the statement of cash flows	**1 752**

NOTE 7 - EMPLOYEE BENEFITS EXPENSE

7.1. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

In addition to pension benefits paid in accordance with the laws and regulations of the countries in which they operate, Group companies are liable for the payment of supplementary pensions and retirement benefits. These benefits are paid under defined contribution and defined benefit plans.

For defined contribution plans, contributions made during the year are expensed.

In accordance with ***IAS 19 - Employee Benefits***, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method. The main assumptions underpinning the measurement of the commitment are the retirement date, wage increases and staff turnover, and a discount rate and an inflation rate.

The projected benefit obligation is measured twice a year for the main plans, at mid-year and at year-end, and every three years for the other plans, except when more frequent valuations are necessary to take into account changes in actuarial assumptions or significant changes in demographic statistics.

Changes in actuarial assumptions and experience adjustments – corresponding to the effects of differences between previous actuarial assumptions and what has actually occurred – give rise to actuarial gains and losses. These actuarial gains and losses are recorded under “income (expense) recognised directly in equity”, and are not recyclable in the income statement.

In the event of change in the benefits conferred by a pension plan, the effects of changes are recognised in full in the income statement of the period in which they are incurred, in “operating income” under “past service cost”.

As a result, for each defined benefit plan, the Group records a provision in an amount equal to the projected benefit obligation less the fair value of the plan assets.

These pension surpluses constituted by the Group are recognized in the balance sheet according to the IFRIC 14 interpretation.

The net cost of defined benefit pension plans for the period therefore corresponds to the sum of the following:
- The service cost (recognised in "Recurring operating income");
- The accretion expense of the net commitment of the return on plan hedging assets (in financial income and expense). These two components (accretion and return on assets) are determined based on the discount rate of commitments.

Other employee benefit obligations recognised in the balance sheet concern:
- long-service awards payable by French and foreign subsidiaries;
- healthcare costs paid by certain subsidiaries in the United States.

A. **Plan descriptions**

Group employees in certain countries are entitled to supplementary pension benefits payable annually to retirees, or retirement bonuses representing one-off payments made at the time of retirement. These benefits are paid under defined contribution and defined benefit plans. The Group’s only obligation under defined contribution plans is to pay fixed contributions into the fund concerned. The payments are recognised in income for the year. Payments under defined benefit plans concern primarily France and the United Kingdom.

In France, the existing defined benefit plans concern:
- the retirement bonuses provided for by collective bargaining agreements;
- the portion of the top-hat pension scheme for engineers and management personnel that was not transferred to an external fund in 2002 and guarantees an aggregate replacement rate from all plans of up to 60% of the employee's final salary (currently covering 2,600 retired employees);
- the pension plan set up by the former subsidiary of the Chrysler group in France (Talbot), which was closed to new entrants in 1981 and covers 15,300 retired employees at end-2014;
- the closed Citroën supplementary plan (ACC) that covered 4,900 retired employees at end-2014.

Members of the managing bodies benefit from a supplementary pension plan, subject to two conditions: firstly, to have held office as a member of managing bodies for a minimum term; secondly, to end their career as employees of the Company. This plan, whose rules have been amended with effect from 1 January 2014, provides a supplementary pension representing a maximum of 30% of the reference compensation, determined on the basis of the average fixed compensation of the last three years of activity before retirement, plus a percentage equal to the average of the ratios of variable compensation to fixed compensation for the eight years of activity before retirement.

In the United Kingdom, the Group has four trustee-administered defined benefit plans. These plans have been closed to new entrants since May 2002. At 31 December 2014, 20,300 beneficiaries were covered by these plans, including 900 active employees, 7,800 former employees not yet retired and 11,600 retired employees. The plans guarantee a replacement rate of up to 66% of the employee's final salary.

The supplementary pension plan for Faurecia group executives in France comprises:
- a non-contributory defined contribution plan for which contribution rates are based on salary bands A and B;
- a supplementary defined benefit plan based on salary band C.

B. **Assumptions**

	Euro zone	United-Kingdom
Discount Rate		
2014	**1.85 %**	**3.60 %**
2013	3.25 %	4.50 %
Inflation Rate		
2014	**1.80 %**	**3.00 %**
2013	1.80 %	3.20 %
Average Duration (in years)		
2014	**12**	**14**
2013	11	15

At each period-end, the discount rate is determined based on the most representative returns on prime corporate bonds with a life that approximates the duration of the benefit obligation.

Prime corporate bonds are defined as bonds awarded one of the top two ratings by a recognised rating agency (for example, bonds rated AA or AAA by Moody's or Standard & Poor's).

The assumptions regarding future salary increases take into account inflation and forecast individual pay rises in each country. The assumption for French plans is inflation plus individual pay rise according to the employee's age. The assumption for UK plans is inflation plus 1.15 %.

Mortality and staff turnover assumptions are based on the specific economic conditions of each host country.

Sensitivity of assumptions: a 0.25-point increase or decrease in the discount rate and in the inflation rate in France or the UK would lead to the following increases or decreases in projected benefit obligations:

	Discount rate	Inflation rate
France	-2.53%	2.91%
United Kingdom	-3.50%	3.43%

A 1-point increase or decrease in the expected return on external funds would have led to an increase or decrease in the investment income recognised in 2014 of €10 million for French plans and €21 million for UK plans.
In 2012, the Group arranged an interest rate swap for the United Kingdom within the pension fund, making it possible to vary hedging assets in response to changes in the liability at the discount rate.

C. **Information on external funds**

The projected benefit obligation is partially covered by dedicated external funds.

The breakdown of external funds is as follows:

	31 December 2014		31 December 2013	
	Equities	Bonds	Equities	Bonds
France	10 %	90 %	10 %	90 %
United Kingdom	20 %	80 %	40 %	60 %

The fair value of shares and bonds was at level 1 in 2014 and 2013.

In 2014, the actual return on external funds managed by the Group in France and by the pension trusts in the United Kingdom was +8.90 % for the French funds and +21.04% for the UK funds. In France, equity funds consist of MSCI EMU Euro index tracker funds and international index tracker funds, while bond funds are invested in prime European government bonds, in European corporate bonds rated A or higher and in European inflation-linked government bonds.
In the United Kingdom, 45 % of the equity portfolio are invested in FTSE All Share Index tracker funds. The remaining 55 % are invested in funds that track the main UK, European, US and Japanese stock market indices.

70 % of the bond portfolio are comprised of inflation-linked government bonds denominated in pounds sterling. The remaining 30 % are comprised mainly of corporate bonds rated A or higher.

In France, the Group is free to decide the amount of its contributions to the external funds. At 31 December 2014, no decision had been made as to the amount of contributions to be paid in 2015.
In 2014, the Group contributed €8 million to the external fund for the supplementary pension plan for Peugeot S.A. managing bodies.

In the United Kingdom, the Group's annual contribution amounted to £31 million (€40 million) in 2014. It is estimated at £32 million (€41 million) for 2015, although this sum may change in light of the negotiations planned for 2015.

D. Movement for the year

- **Excluding minimum funding requirement (IFRIC 14)**

(in million euros)	2014 France	2014 United Kingdom	2014 Other	2014 Total	2013 France	2013 United Kingdom	2013 Other	2013 Total
Projected benefit obligation								
At beginning of period: Present value	**(1 629)**	**(1 838)**	**(655)**	**(4 122)**	**(1 787)**	**(1 782)**	**(688)**	**(4 257)**
Impact of the declassification of the commitments of operations to be continued in partnership	18	33	39	90	-	-	-	-
Service cost	(46)	(14)	(19)	(79)	(84)	(14)	(21)	(119)
Interest cost	(51)	(85)	(21)	(157)	(54)	(73)	(20)	(147)
Benefit payments for the year	102	81	39	222	134	48	31	213
Unrecognised actuarial gains and (losses):				-				-
- amount	(245)	(135)	(139)	(519)	82	(17)	29	94
- as a % of projected benefit obligation at beginning of period	*15.0 %*	*7.3 %*	*21.2 %*	*2.2 %*	*4.6 %*	*1.0 %*	*4.2 %*	*11.9 %*
Past service cost	-	-	-	-	-	-	2	2
Translation adjustment	-	(132)	(8)	(140)	-	35	11	46
Effect of changes in scope of consolidation and other	-	-	-	-	-	(35)	-	(35)
Effect of curtailments and settlements	(21)	-	1	(20)	80	-	1	81
At period-end: Present value	**(1 872)**	**(2 090)**	**(763)**	**(4 725)**	**(1 629)**	**(1 838)**	**(655)**	**(4 122)**
External fund								
At beginning of period: Fair value	**1 030**	**2 067**	**307**	**3 404**	**1 107**	**1 893**	**305**	**3 305**
Impact of the declassification of the hedging assets of operations to be continued in partnership	(7)	(38)	(32)	(77)	-	-	-	-
Normative return on external funds	32	92	11	135	32	78	10	120
Actuarial gains and (losses):								-
- amount	65	327	11	403	26	82	3	111
- as a % of projected benefit obligation at beginning of period	*6.3 %*	*15.8 %*	*3.6 %*	*11.8 %*	*2.3 %*	*4.3 %*	*1.0 %*	*3.4 %*
Translation adjustment	-	156	5	161	-	(36)	(3)	(39)
Employer contributions	22	45	13	80	4	63	15	82
Benefit payments for the year	(99)	(83)	(30)	(212)	(139)	(48)	(23)	(210)
Effect of changes in scope of consolidation and other	-	-	-	-	-	35	-	35
At period-end: Fair value	**1 043**	**2 566**	**285**	**3 894**	**1 030**	**2 067**	**307**	**3 404**

E. Reconciliation of balance sheet items

(in million euros)	31 December 2014 France	United Kingdom	Other	Total	31 December 2013 France	United Kingdom	Other	Total
Present value of projected benefit obligation	**(1 872)**	**(2 090)**	**(763)**	**(4 725)**	**(1 629)**	**(1 838)**	**(655)**	**(4 122)**
Fair value of external funds	1 043	2 566	285	3 894	1 030	2 067	307	3 404
Net (liability) asset recognised in the balance sheet before minimum funding requirement (IFRIC 14)	**(829)**	**476**	**(478)**	**(831)**	**(599)**	**229**	**(348)**	**(718)**
Minimum funding requirement liability (IFRIC 14)	-	(25)	-	(25)	-	(11)	-	(11)
Net (liability) asset recognised in the balance sheet	**(829)**	**451**	**(478)**	**(856)**	**(599)**	**218**	**(348)**	**(729)**
Of which, liability (Note 10.2.A)	(836)	(50)	(478)	(1 364)	(607)	(34)	(349)	(990)
Of which, asset	7	501	-	508	8	252	1	261
Of which, unfunded plans	*1.0 %*	*0.0 %*	*10.6 %*	*2.1 %*	*1.0 %*	*0.0 %*	*11.1 %*	*2.2 %*

The projected benefit obligation of French companies includes benefit obligations in respect of supplementary pensions owed to members of the managing bodies (described in Note 7.3) in the amount of €27 million. This amount does not include the additional 45 % contribution due above the threshold pursuant to Article L. 137-11 of the French Social Security Code (provisioned in the amount of €6 million). In addition, commitments in respect of retirement benefits for members of managing bodies are provisioned in the amount of €1 million. The service cost for these two plans was €1 million in fiscal 2014.

F. Expenses recognised in the income statement

These expenses are recorded as follows:

- service cost is recorded under "Selling, general and administrative expenses";
- the impact of restructuring is reported under "Non-recurring operating income" or "Non-recurring operating expenses";
- interest cost and the expected return on external funds are recorded under "Financial expenses" and "Financial income" respectively.

Pension expenses break down as follows:

(in million euros)	2014 France	United Kingdom	Other	Total	2013 France	United Kingdom	Other	Total
Service cost	(46)	(14)	(19)	(79)	(84)	(14)	(21)	(119)
Interest cost	(51)	(85)	(21)	(157)	(54)	(73)	(20)	(147)
Normative return on external funds	32	92	11	135	32	78	10	120
Past service cost	-	-	-	-	-	-	2	2
Effect of curtailments and settlements	(21)	-	1	(20)	80	-	1	81
Total	**(86)**	**(7)**	**(28)**	**(121)**	**(26)**	**(9)**	**(28)**	**(63)**

7.2. SHARE-BASED PAYMENT

Stock options and performance shares are granted to Group management and certain employees under equity-settled share-based payment plans. These plans are recognised in accordance with ***IFRS 2 Share-based Payment***.

A. Employee stock options

(1) Plan characteristics

No plan was awarded between 2009 and 2014. Former plans awarded to certain employees, directors and officers of the Company and its subsidiaries, allowing them to purchase shares at a specified price, have the following characteristics:

	Date of Managing Board decision	Vesting date	Last exercise date	Number of initial grantees	Exercise price (in euros)	Number of options granted
2006 Plan	23/08/2006	23/08/2009	22/08/2014	92	26.84	983 500
2007 Plan	22/08/2007	22/08/2010	21/08/2015	169	39.43	1 155 000
2008 Plan	22/08/2008	22/08/2011	19/08/2016	194	21.58	1 345 000

On 31 December 2014, the share price was €10.22.

(2) Changes in the number of options outstanding

Changes in the number of options outstanding under these plans (exercisable for €1 par value shares) are shown below:

	2014		2013	
	Number	WAEP [(1)] *(in euros)*	Number	WAEP [(1)] *(in euros)*
Outstanding at beginning of period	**3 259 035**	**37.8**	**4 371 970**	**39.4**
Granted following the capital increase	1 007 080	35.1	-	-
Granted during the period	-	-	-	-
Cancelled during the period	(20 312)	26.8	(107 905)	37.0
Exercised during the period	-	-	-	-
Expired during the period	(1 302 842)	26.8	(1 005 030)	44.8
Outstanding at end of period	**2 942 961**	**29.7**	**3 259 035**	**37.8**
Exercisable at end of period	2 942 961	29.7	3 259 035	37.8

[(1)] *Options' Weighted Average Exercise Price*

Options outstanding at the year-end are as follows:

(number of options)	**31 December 2014**	31 December 2013
2006 Plan	-	994 500
2007 Plan	1 341 192	1 029 015
2008 Plan	1 601 769	1 235 520
Total at 31 December	**2 942 961**	**3 259 035**

(3) Personnel costs arising from stock option plans

The Peugeot S.A. and Faurecia stock-option plans did not generate any personnel costs.

B. **Performance share plans**

- **Peugeot S.A. performance share plan**

No performance share plans are currently in force at Peugeot S.A. at end 2014.

- **Faurecia performance share plan**

In 2010, Faurecia established a performance share plan for executives of group companies. These shares are subject to service and performance conditions.
The amount recognised in income for the period is an expense of €6 million (compared with an expense of €2.1 million in 2013).

The details of performance share plans are provided in the following table:

(number of shares)	Maximum number of performance shares due if: - objective achieved	- objective exceeded
Date of Managing Board decision:		
23/07/2012	682 000	886 600
24/07/2013	852 000	1 107 600
28/07/2014	718 350	933 855

Following the achievement of the performance target of the first plan (Board meeting of 23 June 2010), 478,400 shares were granted during the previous years and 226 200 in 2014.

7.3. MANAGEMENT COMPENSATION

(in million euros)	*Notes*	**2014**	2013
Compensation paid to :			
• Members of the Managing Board		7.1	3.8
• Members of the Group Executive Comittee (excluding members of the Managing Board)		5.9	3.1
• Members of the Supervisory Board		1.1	1.4
Total management compensation		**14.1**	**8.3**
Stock option and performance share costs	*7.2*	-	-
Total		**14.1**	**8.3**

The Group is managed by the Managing Board.
The Group's management bodies correspond to the Group Executive Committee, which includes the members of the Managing Board and other members of executive management.
The compensation details provided in the table above do not include payroll taxes. The amount of compensation paid to members of management bodies, including accrued variable compensation, is provisional.
The fixed compensation of Executive Board members was constant in 2014.

The following table presents details of outstanding Peugeot S.A. stock options granted to members of the management bodies in the years prior to 2014:

(number of options)	**2014**	2013
Stock options held at 31 December.	309 615	272 610

Members of the Group's management bodies benefit from a supplementary pension plan described in Note 7.1.A.
Members of the Group's management bodies are not entitled to any long-term benefits apart from pension benefits and the performance shares under the plans referred to above, or any other forms of share-based payments or any compensation for loss of office.

NOTE 8 - GOODWILL AND INTANGIBLE ASSETS – PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and intangible assets are carried at amortised cost less deductions and impairment, pursuant to IAS 36 (see Note 8.3).

8.1. GOODWILL AND INTANGIBLE ASSETS

A. Accounting policies

Accounting policies relating to goodwill are described in Note 3.1.A.(3) and those related to research and development expenses in Note 5.3.1.(A).

- **Other internally-developed or purchased intangible assets, excluding research and development expenditure**

The portion of development costs relating to software for internal use that corresponds to directly attributable internal or external costs necessary to create the software or improve its performance is recognised as an intangible asset when it is probable that these costs will generate future economic benefits. The capitalised costs are amortised over the estimated useful life of the software, ranging from four to twelve years. Other software acquisition and development costs are expensed as incurred.
Other intangible assets (consisting principally of patents and trademarks) are amortised on a straight- line basis over the estimated period of benefit, not to exceed twenty years.

B. Change in carrying amount

31 December 2014 *(in million euros)*	Goodwill	Development expenditure	Software and other	Intangible assets
At beginning of period	**1 561**	**3 656**	**372**	**4 028**
IFRS 5 declassification	(75)	-	(1)	(1)
Purchases/additions [(1)]	-	1 042	89	1 131
Amortisation for the year	-	(749)	(82)	(831)
Impairment losses [(2)]	-	(20)	(1)	(21)
Disposals	-	(3)	(1)	(4)
Change in scope of consolidation and other	-	1	15	16
Translation adjustment	20	30	-	30
At period-end	**1 506**	**3 957**	**391**	**4 348**

[(1)] *Including borrowing costs of €58 million capitalised in accordance with* ***IAS 23 (Revised) - "Borrowing Costs"*** *(see Note 12.2.A).*
[(2)] *Of which €75 million in impairment losses on goodwill of the Finance Division CGU (see Note 8.3).*

31 December 2013 *(in million euros)*	Goodwill	Development expenditure	Software and other	Intangible assets
At beginning of period	**1 564**	**3 749**	**374**	**4 123**
Purchases/additions [(1)]	-	929	80	1 009
Amortisation for the year	-	(757)	(86)	(843)
Impairment losses [(2)]	-	(200)	(4)	(204)
Disposals	-	(54)	(13)	(67)
Change in scope of consolidation and other	4	18	24	42
Translation adjustment	(7)	(29)	(3)	(32)
At period-end	**1 561**	**3 656**	**372**	**4 028**

[(1)] *Including borrowing costs of €94 million capitalised in accordance with* ***IAS 23 (Revised) - "Borrowing Costs"*** *(see Note 12.2.A).*
[(2)] *Of which €227 million in impairment losses on other assets of the Automotive Division CGU.*

C. Breakdown of godwill

(in million euros)	2014	2013
Net		
Faurecia CGU	187	187
Faurecia CGUs	1 317	1 297
Banque PSA Finance CGU	2	77
Total	**1 506**	**1 561**

Impairment tests on goodwill allocated to the Automotive Equipment CGUs are discussed in Note 8.3.

8.2. PROPERTY, PLANT AND EQUIPMENT

A. Accounting policies

(1) Cost

In accordance with ***IAS 16 - Property, Plant and Equipment***, property, plant and equipment are stated at acquisition or production cost. They are not revalued.

Capitalised costs include the portion of specific tooling expenses incurred by the Group under cooperation agreements that is not billed to its partners.

The cost of items of property, plant and equipment that take at least twelve months to get ready for their intended use includes related borrowing costs (see Note 12.2.A).

Government grants are recognised as a reduction in the cost of the corresponding assets.
Maintenance costs are expensed as incurred.

Leased assets include vehicles leased to retail customers by the Group's leasing companies and vehicles sold with a buyback commitment, which are recognised according to the method described in Note 5.1.(1)(a).

Assets acquired under finance leases, as defined in ***IAS 17 - Leases***, are recognised at an amount equal to the present value of the future lease payments, or to the fair value of the leased property, whichever is lower. A financial liability is recognised in the same amount. The assets are depreciated by applying the method and rates indicated below.

(2) Depreciation

(a) Standard method

Depreciation is calculated on a straight-line basis to write off the acquisition or production cost of the assets, less any residual value, over their estimated useful lives. Property, plant and equipment generally have no residual value, except for rental vehicles. The main useful lives of property, plant and equipment are as follows:

	(in years)
Buildings	20 - 30
Plant and equipment	4 - 16
Computer equipment	3 - 4
Vehicles and handling equipment	4 - 7
Fixtures and fittings	10 - 20

(b) Specific tooling

In the Automotive Division, specific tooling is depreciated over the estimated lives of the corresponding models, which are generally shorter than the useful lives of the tooling concerned due to the frequency of model changes.

In the Automotive Equipment Division, specific tooling is depreciated based on the quantity of parts delivered to the customer, provided that accumulated depreciation at each year-end does not represent less than the amount that would be recognised if the asset were depreciated on a straight-line basis over five years.
The estimated useful lives of property, plant and equipment are reviewed periodically, particularly whenever a decision is made to halt production of a vehicle or mechanical sub-assembly.

B. **Breakdown of property, plant and equipment**

The carrying amount of property, plant and equipment can be analysed as follows:

31 December 2014 *(in million euros)*	Land and buildings	Plant and equipment	Leased vehicles [(2)]	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Net							
At beginning of period	**2 539**	**5 095**	**2 381**	**30**	**308**	**900**	**11 253**
IFRS 5 declassification	(1)	(2)	-	(9)	(2)	1	(13)
Purchases/additions [(1)]	59	700	-	4	13	538	1 314
Depreciation for the year	(237)	(1 282)	(3)	(3)	(72)	-	(1 597)
Impairment losses	(1)	(24)	-	(1)	-	(16)	(42)
Disposals	(67)	(3)	-	(3)	(7)	-	(80)
Transfers and reclassifications	18	345	-	2	32	(397)	-
Change in scope of consolidation and other [(2)]	78	355	(98)	(8)	30	(469)	(112)
Translation adjustment	8	56	29	-	3	12	108
At period-end	**2 396**	**5 240**	**2 309**	**12**	**305**	**569**	**10 831**
Gross value	*7 112*	*31 483*	*2 714*	*84*	*943*	*621*	*42 957*
Accumulated depreciation and impairment	*(4 716)*	*(26 243)*	*(405)*	*(72)*	*(638)*	*(52)*	*(32 126)*

[(1)] *Including property, plant and equipment acquired under finance leases for €16 million. Borrowing costs capitalised in accordance with* ***IAS 23 (Revised) - "Borrowing Costs"*** *amounted to €8 million (see Note 12.12.A).*

[(2)] *"Change in scope of consolidation and other" movements in "Leased vehicles" includes net changes for the year (additions less disposals).*

31 December 2013 *(in million euros)*	Land and buildings	Plant and equipment	Leased vehicles [(3)]	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	Total
Net							
At beginning of period	**3 054**	**5 259**	**2 587**	**30**	**308**	**1 653**	**12 891**
Purchases/additions [(1)]	68	489	-	23	26	937	1 543
Depreciation for the year	(258)	(1 321)	9	(7)	(64)	-	(1 641)
Impairment losses [(2)]	(241)	(630)	-	(2)	(32)	(44)	(949)
Disposals	(35)	(17)	-	(13)	(3)	-	(68)
Transfers and reclassifications	35	1 074	-	-	50	(1 159)	-
Change in scope of consolidation and other [(3)]	(42)	328	(208)	-	27	(459)	(354)
Translation adjustment	(42)	(87)	(7)	(1)	(4)	(28)	(169)
At period-end	**2 539**	**5 095**	**2 381**	**30**	**308**	**900**	**11 253**
Gross value	*7 234*	*31 267*	*2 818*	*111*	*938*	*940*	*43 308*
Accumulated depreciation and impairment	*(4 695)*	*(26 172)*	*(437)*	*(81)*	*(630)*	*(40)*	*(32 055)*

[(1)] *Including property, plant and equipment acquired under finance leases for €50 million. Borrowing costs capitalised in accordance with* ***IAS 23 (Revised) - "Borrowing Costs"*** *amounted to €42 million (see Note 12.2.A).*

[(2)] *Including €907 million in impairment losses on assets of the Automotive Division CGU.*

[(3)] *"Change in scope of consolidation and other" movements in "Leased vehicles" includes net changes for the year (additions less disposals).*

C. **Leased vehicles**

Leased vehicles include vehicles leased under short-term leases to retail customers by the Group's companies and vehicles sold with a buyback commitment, which are recognised according to the method described in Note 5.1.(1)(a).

They break down as follows:

(in million euros)	**2014**	2013
Vehicles sold with a buyback commitment	2 293	2 374
Vehicles under short-term leases	16	7
Total, net	**2 309**	**2 381**

8.3. ASSET IMPAIRMENT

A. Accounting policies

In accordance with ***IAS 36 – Impairment of Assets***, the recoverable amount of property, plant and equipment and intangible assets is tested for impairment at each balance sheet date, whenever events or changes in circumstances indicate that it might be impaired. The recoverable amount of an asset is the higher of its value in use and its fair value less costs to sell. The impairment test usually consists of estimating the asset's value in use. Value in use is measured as the net present value of estimated future cash flows. Assets with indefinite useful lives, i.e. mainly goodwill, are tested for impairment at least once a year.

The tests are performed at the level of cash generating unit (CGU) to which the assets belong. CGUs are defined as the smallest identifiable Group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If a CGU's recoverable amount is less than its carrying amount, an impairment loss is recognised in profit or loss and, to the extent possible, as an adjustment to the carrying amount of any goodwill allocated to the CGU.

The Automotive Division comprises a number of Vehicle CGUs, each corresponding to a vehicle model. The assets included in a Vehicle CGU consist of tooling and other specific plant and equipment used to manufacture the model, as well as capitalised model development expenditure (see Note 5.3.A.(1)). The Automotive Division CGU consists of the Vehicle CGUs and all other fixed assets.

In the Automotive Equipment Division, each CGU corresponds to a programme and comprises all customer contract-related intangible assets and property, plant and equipment. These CGUs are combined in Business Units (Automotive Seating, Interior Systems, Automotive Exteriors and Emissions Control Technologies) to which support assets and goodwill are allocated. The Automotive Equipment Division CGU comprises the assets of the CGUs in the above four Business Units and the Faurecia goodwill recognised in the PSA Peugeot Citroën Group's consolidated financial statements.

B. Impairment test on Automotive division CGUs and provisions for Automotive division onerous contracts

The results of the impairment tests on the assets of the Automotive Division CGU, the Russia UGT, the Latin America UGT and each Vehicle CGU were updated at 31 December 2014. These tests are based on the Group's best estimates in what is an uncertain economic environment.

AUTOMOTIVE DIVISION CGU

The Group updated the projections used for testing the impairment of the Automotive Division CGU in December 2014. Testing was based on the most recent medium-term plan (MTP), covering the years 2015-2019.

The automotive market forecasts used are the Group's most recent estimates, which are based on external forecasts. The MTP's exchange rate assumptions were reviewed. Forecasted synergies with Dong Feng were taken into account.

The estimate of annual recurring operating income used to determine the terminal value is based on an estimate of the operating margin achievable in the medium term, in light of the various actions planned by the Group. The terminal value is based on a perpetual growth rate of 1%, unchanged compared with the previous tests.

The after-tax discount rate applied was 9.5% for 2015-2019 and 10.5% for the terminal value. These rates are unchanged compared with those used for the periods ended 31 December 2013, and are consistent with industry benchmarks.

Specific tests performed on Latin America UGT and Russia UGT have been also updated on the basis of the 2015-2019 MTP. It led to the recognition of a total impairment charge of €88 million, recorded in non-current operating income (loss).

As of 31 December 2014, taking into account impairment recognised previously, net impairment charges totalled €2,645 million. As such, the carrying amount of the intangible assets and property, plant and equipment of the Automotive Division was €12,031 million.

The sensitivity to changes in the main assumptions is as follows: impairment would increase by €317 million with a 0.5% higher discount rate, €241 million with a perpetual growth rate limited to 0.5%, €1,154 million as a result of a 0.5% reduction in the operating margin in the reference year used to calculate the terminal value and €1,553 million if these three factors were combined.

VEHICLE CGUs AND OTHER AUTOMOTIVE ASSETS

As of 31 December 2014, the impairment testing of assets dedicated to the Vehicle CGUs did not reveal impairment other than that recognised under the testing described above.

For the Vehicle CGUs corresponding to vehicles produced under cooperation agreements, in addition to testing of assets for impairment, provisions for long-term contract losses were recorded for any projected losses arising from purchase commitments.
The updating of data relating to volumes and margins for these vehicles as well as forecast currency exchange rates for purchasing currencies, led to a reversal of the provision for losses on onerous contracts amounting to €71 million over the year. As of 31 December 2014, provisions totalled €52 million.

A +/- 5% increase or decrease in the projected yen/euro exchange rate would have the effect of reducing the charge for the year by €20 million or increasing it by €37 million.

Other reversals of provisions and income were recognised in the amount of €30 million, i.e. a total of €101 million including the reversal of the €71 million provision for loss on onerous contracts.

C. Impairment test on Faurecia group CGUs and other assets

FAURECIA GROUP CGUs

The carrying amount of each group of assets was compared with the higher of its fair value and value in use. Value in use is defined as the present value of estimated future cash flows expected to be generated by each cash-generating unit based on the latest projections from the Medium-Term Plan (2015-2018 plan for 2014 impairment tests, as revised at end-2014 based on the latest 2015 budget assumptions).

The main assumption affecting value in use is the level of recurring operating income, particularly for the calculation of terminal value. 2018 margin was projected at 5.5%. The calculation was performed by extrapolating to perpetuity projected cash flows for the last year of the Medium-Term Plan (2018) using a growth rate of 1.5%. Future cash flows were discounted at an unchanged after-tax rate of 9.5%.

The test performed at end-2014 confirmed that the goodwill allocated to the four CGUs was fairly stated in the balance sheet. The balance sheet values are presented in the table below:

(in million euros)	**2014**	2013
• Automotive Seating	793	793
• Emissions Control Technologies	353	333
• Automotive Exteriors	125	125
• Interior Systems	46	46
Total	**1 317**	**1 297**

The test results are largely positive, and the combined sensitivity to changes in assumptions (0.5 percentage point increase in the discount rate, 0.5 percentage point reduction in the perpetual growth rate and 0.5 percentage point reduction in the perpetual operating margin) does not call into question the carrying amount of goodwill.

FAURECIA CGU IN THE ACCOUNTS OF PSA PEUGEOT CITROËN

The stock market value of the Faurecia shares held by Peugeot S.A. at 31 December 2014 was €1,959 million, representing the price that would be paid in a transaction between minority shareholders not leading to the acquisition of control.

The Group's share of Faurecia's net assets in the consolidated balance sheet is valued at €1,039 million (including the goodwill of €187 million recognised by Peugeot S.A. at that date). In light of these values no impairment loss was recognised on the Faurecia goodwill at 31 December 2014.

8.4. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES RELATED TO OPERATING ACTIVITIES

(in million euros)	**31 December 2014**	31 December 2013
Capital commitments for the acquisition of non-current assets	723	404
Orders for research and development work	35	16
Minimum purchase commitments	215	285
Non-cancellable lease commitments	1 764	1 463
	2 737	**2 168**

A. **Minimum purchase commitments**

In order to speed up its growth and reduce costs, the Group has entered into cooperation agreements with other carmakers for the joint development and/or manufacture of mechanical sub-assemblies or vehicles. These joint arrangements enable the partners to share project costs, delivering economies of scale that translate into competitive advantage.

Under the terms of these agreements, the Group is committed to financing investment in research and development and specific tooling and to taking delivery of a minimum quantity of products manufactured by the joint arrangements. If it fails to honour this minimum purchase commitment, it will be required to pay a penalty designed to cover the related production costs borne by the partner.

Any adverse consequences of these commitments are reflected in the consolidated financial statements as soon as they are considered probable, in the form of asset impairments or, if necessary, provisions for contingencies.

For contracts where the products are manufactured by the Group's partner, capacity reservation fees are accounted for as off- balance sheet commitments net of any provisions.

B. **Capital commitments for the acquisition of non-current assets**

This item corresponds mainly to commitments to purchase property, plant and equipment. It also includes the Group's commitment towards the two Fonds de Modernisation des Equipementiers Automobiles (FMEA - tier 1 and tier 2), two funds set up to support automotive equipment manufacturers. The Group's total commitment to FMEA amounted to €204 million. At 31 December 2014, the Group had already paid €128 million into this fund.

C. **Non-cancellable lease commitments**

Periods *(in million euros)*	**31 December 2014**	31 December 2013
2014	-	261
2015	290	215
2016	235	187
2017	202	154
2018	180	135
2019	160	119
2020	168	-
Subsequent years	529	392
Total non-cancellable lease commitments	**1 764**	**1 463**

Non-cancellable leases are entered into in the normal course of business and consist mainly of leases on commercial property and vehicles. The lease terms reflect local practices in each country.

NOTE 9 - OTHER NON-CURRENT ASSETS AND OTHER NON-CURRENT LIABILITIES

9.1. OTHER NON-CURRENT ASSETS

(in million euros)	*Notes*	**31 December 2014**	31 December 2013
Investments in non-consolidated companies		**52**	32
Excess of payments to external funds over pension obligations	*7.1.E*	508	261
Units in the FMEA funds		61	64
Derivative instruments [(1)]		6	-
Guarantee deposits and other		314	277
Total		**941**	**634**

[(1)] *Corresponding to the non-current portion of derivative instruments hedging commodity risks.*

The Group has invested in the two "Fonds de Modernisation des Equipementiers Automobiles" (FMEA - tier 1 and tier 2). The Group has committed €204 million to these two funds, €128 million of which has been paid to date. These units have been classified as "available-for-sale" in accordance with IAS 39 and are therefore measured at fair value (see Note 12.8.B.(3)). They are reported as non-current assets because of the lock-up applicable to the Group's investment.

In light of the difficulties experienced by automotive equipment manufacturers, the FMEA units were written down by €51 million at 31 December 2014 based on the valuation published by the fund manager, Caisse des Dépôts et Consignations.

As the Group considers that the impairment loss will last, it was recognised through profit and loss in accordance with the accounting policies (see Note 12.8.B.(3)).

9.2. OTHER NON-CURRENT LIABILITIES

(in million euros)	Notes	31 December 2014	31 December 2013
Liabilities related to vehicles sold with a buyback commitment	5.1.A(.1).(a)	2 796	2 913
Other		196	131
Total		**2 992**	**3 044**

NOTE 10 - CURRENT AND NON-CURRENT PROVISIONS

10.1. ACCOUNTING POLICIES

In accordance with ***IAS 37 – Provisions, Contingent Liabilities and Contingent Assets***, a provision is recognised when, at the balance sheet date, the Group has a present obligation towards a third party, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and no inflow of resources of an equivalent amount is expected. Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan.

In application of ***IFRIC – 21 Levies charged by public authorities***, taxes levied by public authorities are recognised as of the date of their tax generating event.

Provisions are discounted only when the effect is material. In this case, the discount rate is based on a risk-free rate.

Warranties

A provision is recorded to cover the estimated cost of vehicle and spare parts warranties at the time of sale to independent dealer networks or end-customers. Revenues from the sale of extended warranties or maintenance contracts are recognised over the period during which the service is provided.

10.2. NON-CURRENT PROVISIONS

A. **Analysis by type**

(in million euros)	Notes	31 December 2014	31 December 2013
Pensions	7.1	1 364	990
Other employee benefit obligations		151	138
Other		28	16
Total		**1 543**	**1 144**

B. Movements for the year

(in million euros)	2014	2013
At beginning of period	**1 144**	**1 283**
IFRS 5 declassification	**(20)**	**-**
Movements taken to profit or loss		
Additions	179	167
Releases (utilisations)	(108)	(105)
Releases (unused provisions)	(29)	(84)
	42	**(22)**
Other changes		
Translation adjustment	8	(14)
Recognised in equity during the period	328	(148)
Change in scope of consolidation and other	41	45
At period-end	**1 543**	**1 144**

Provision releases mainly concern pensions. These reversals of moot pension provisions relate mainly to staff whose departure is expected under workforce adjustment mechanisms (see Note 5.4.B).

10.3. CURRENT PROVISIONS

A. Analysis by type

(in million euros)	31 December 2014	31 December 2013
Warranties	790	709
Commercial and tax claims and litigation	582	465
Restructuring plans	890	752
Long-term contract losses	124	258
Sales with a buyback commitment	198	176
Other	304	297
Total	**2 888**	**2 657**

The provision for warranties mainly concerns sales of new vehicles, where the contractual obligations generally cover two years.

It corresponds to the expected cost of warranty claims related to vehicles and replacement parts. The amount expected to be recovered from suppliers is recognised as an asset, under "Miscellaneous other receivables" (Note 6.3.A).
Provisions for tax claims concern a number of claims primarily outside France.

B. Movements for the year

(in million euros)	2014	2013
At beginning of period	**2 657**	**3 070**
IFRS 5 declassification	**(37)**	**-**
Movements taken to profit or loss		
Additions [(1)]	1 763	1 379
Releases (utilisations)	(1 130)	(1 272)
Releases (unused provisions) [(2)]	(359)	(431)
	274	**(324)**
Other changes		
Translation adjustment	(6)	(91)
Change in scope of consolidation and other	-	2
At period-end	**2 888**	**2 657**

[(1)] *The main additions for restructuring plans in 2014 are discussed in Note 5.4.B.*

[(2)] *The decline in warranty costs resulting from improvements to vehicle quality led to a €68 million reduction in the related provisions in 2014 (€71 million reduction in 2013).*

NOTE 11 - INVESTMENTS IN COMPANIES AT EQUITY

The share in earnings of companies at equity represents the Group's share of the earnings of those companies, plus any impairment of investments in companies at equity.
Gains on disposals of investments in companies at equity are recorded in operating income.

Companies accounted for by the equity method include joint ventures within the meaning of IFRS 11, namely DPCA and CAPSA in China, as well as companies over which the Group has significant influence, mainly Gefco S.A.

11.1. CHANGES IN THE CARRYING AMOUNT OF INVESTMENTS IN COMPANIES AT EQUITY

(in million euros)	**2014**	2013
At beginning of period	**1 375**	**1 320**
Dividends and profit transfers [(1)]	(150)	(133)
Share of net earnings	282	173
Newly consolidated companies	14	-
Capital increase (reduction)	12	42
Changes in scope of consolidation and other	6	(5)
Translation adjustment	127	(22)
At period-end	**1 666**	**1 375**
O/w Dongfeng Peugeot Citroën Automobile goodwill	79	72
O/w Dongfeng Peugeot Citroën Automobile Finance Company Ltd goodwill	5	5
O/w Gefco goodwill	57	57

[(1)] *Dividends and profit transfers in 2014 included €121 million in net dividends paid to the Group by DPCA, of which €13 million withheld.*

11.2. SHARE IN NET ASSETS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	**31 December 2014**	31 December 2013
Dongfeng Motor Company cooperation agreement :		1 153	884
• Dongfeng Peugeot Citroën Automobile [(1)]	50 %	1 092	884
• Dongfeng Peugeot Citroën Automobile Sales Co	50 %	61	-
Changan cooperation agreement : Changan PSA Automobiles Co., Ltd	50 %	158	163
Other	34 %	11	8
Automotive		1 322	1 055
Automotive equipment		81	84
Other activities : Gefco [(1)]	25 %	146	148
Manufacturing and sales activities		**1 549**	**1 287**
Dongfeng Peugeot Citroën Automobile Finance Company Ltd [(1)]	50 %	104	83
Finance activities		**104**	**83**
Total		**1 653**	**1 370**

[(1)] *Including goodwill (see Note 11.1)*

The share in net assets of companies at equity breaks down into €1,666 million (€1,375 million at 31 December 2013) for companies with positive net equity, reported under "Investments in companies at equity" less €13 million (€5 million at 31 December 2013) for companies with negative net equity, reported under "Non-current provisions".

11.3. SHARE IN NET EARNINGS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	**31 December 2014**	31 December 2013
Dongfeng Motor Company cooperation agreement :		283	187
• Dongfeng Peugeot Citroën Automobile [(1)]	50 %	230	187
• Dongfeng Peugeot Citroën Automobile Sales Co	50 %	53	-
Changan cooperation agreement : Changan PSA Automobiles Co., Ltd	50 %	(20)	(49)
Other	34 %	2	1
Automotive		265	139
Automotive equipment		1	14
Other activities : Gefco [(1)]	25 %	5	12
Manufacturing and sales activities		**271**	**165**
Dongfeng Peugeot Citroën Automobile Finance Company Ltd [(1)]	50 %	11	8
Finance activities		**11**	**8**
Total		**282**	**173**

[(1)] *Including goodwill (see Note 11.1)*

11.4. KEY FINANCIAL DATA OF COMPANIES ACCOUNTED AT EQUITY

A. Detailed information on the main companies accounted at equity

(1) Dongfeng cooperation agreement

PSA Peugeot Citroën and Dongfeng Motor Group have two joint ventures:

- Dongfeng Peugeot Citroën Automobile (DPCA), based in Wuhan, which is subject to joint control and is qualified for accounting purposes as a joint venture. It manufactures motor vehicles under the Dongfeng Peugeot and Dongfeng Citroën brands in China and Fengshen;
- Dongfeng Peugeot Citroën Automobile Sales Co (DPCS), based in Wuhan, over which the Group has significant influence. It markets the vehicles produced by DPCA in China.

Two other jointly controlled companies are being created:

- one to undertake joint research and development;
- one to market vehicles manufactured by DCPA outside China, in the ASEAN region.

The amounts below represent the combined financial statements of DPCA and DPCS.

Earnings items at 100%

	In million euros		In million yuans	
	2014	2013	**2014**	2013
Sales and revenue	8 701	7 034	69 874	57 447
Recurring operating income (loss)	651	439	5 251	3 593
Operating income (loss)	637	420	5 135	3 433
Of which depreciation and impairment	*(225)*	*(299)*	*(1 843)*	*(2 443)*
Net financial income (loss)	126	74	1 026	605
Income taxes	(195)	(120)	(1 575)	(980)
Profit (loss) from continuing operations	568	374	4 586	3 058
Profit (loss) from discontinued operations	-	-	-	-
Profit (loss) of the period	568	374	4 586	3 058
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	283	187		
Income and expenses recognised in equity, net	-	-		
Other information				
Net dividend received from the joint venture(s) by the PSA Peugeot Citroën group	121	112		

Balance sheet items at 100%

	In million euros		In million yuans	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
Assets				
Non-current assets	2 709	2 356	20 414	19 668
Current assets	3 492	2 589	26 315	21 616
Of which cash and cash equivalents	*1 700*	*830*	*12 809*	*6 932*
Liabilities				
Non-current liabilities (excluding equity)	(215)	(188)	(1 620)	(1 567)
Of which non-current financial liabilities	*(215)*	*(188)*	*(1 620)*	*(1 567)*
Current liabilities	(3 839)	(3 133)	(28 929)	(26 159)
Of which current financial liabilities	*(230)*	*(226)*	*(1 733)*	*(1 885)*
Equity	(2 147)	(1 624)	(16 180)	(13 558)

Transition table		
Equity	(2 147)	(1 624)
% of interest	50%	50%
Group's share in equity	(1 074)	(812)
Goodwill	(79)	(72)
Investments in company at equity	(1 153)	(884)

(2) Changan Cooperation Agreement

Since 2011, PSA Peugeot Citroën and Changan have owned a joint venture known as Changan PSA Automobile (CAPSA), based in Shenzhen, subject to joint control and classified for accounting purposes as a joint venture. It manufactures and markets motor vehicles under the DS brand in China.
The newly built plant began production in 2013.

Earnings items at 100%

	In million euros		In million yuans	
	2014	2013	**2014**	2013
Sales and revenue	518	70	4 233	571
Recurring operating income (loss)	(45)	(121)	(370)	(990)
Operating income (loss)	(44)	(128)	(359)	(1 046)
Of which depreciation and impairment	*(39)*	*(8)*	*(317)*	*(62)*
Net financial income (loss)	(12)	-	(95)	(1)
Income taxes	15	30	120	247
Profit (loss) from continuing operations	(41)	(98)	(334)	(800)
Profit (loss) from discontinued operations	-	-	-	-
Profit (loss) of the period	(41)	(98)	(334)	(800)
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	(20)	(49)		
Income and expenses recognised in equity, net	-	-		
Other information				
Net dividend received from the joint venture(s) by the PSA Peugeot Citroën group	-	-		

Balance sheet items at 100%

	In million euros		In million yuans	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013
Assets				
Non-current assets	821	695	6 195	5 807
Current assets	524	208	3 945	1 739
Of which cash and cash equivalents	*96*	*65*	*724*	*540*
Liabilities				
Non-current liabilities (excluding equity)	(411)	(309)	(3 099)	(2 582)
Of which non-current financial liabilities	*(411)*	*(309)*	*(3 099)*	*(2 582)*
Current liabilities	(618)	(269)	(4 659)	(2 248)
Of which current financial liabilities	*(230)*	*(36)*	*(1 733)*	*(301)*
Equity	(316)	(325)	(2 382)	(2 716)

Transition table		
Equity	(316)	(325)
% of interest	50%	50%
Group's share in equity	(158)	(163)
Goodwill	-	-
Investments in company at equity	(158)	(163)

B. **Overall disclosures regarding non-material equity-accounted investments**

Joint-Ventures

On 31 December 2014, there was no other significant joint venture.

Associates

(en millions d'euros)	**31 December 2014**	31 December 2013
Share in assets	261	239
Profit (loss) from continuing operations	18	21
Profit (loss) from discontinued operations	-	-
Income and expenses recognised in equity, net	-	1

11.5. RELATED PARTY TRANSACTIONS – COMPANIES AT EQUITY

Transactions with companies at equity are billed on arm's length terms.
Receivables and payables with companies at equity are as follows:

(in million euros)	**31 December 2014**	31 December 2013
Long-term loans	-	-
Short-term loans	-	-
Trade receivables	280	236
Trade payables	(276)	(284)

Sale and purchase transactions carried out by the consolidated Group with companies at equity are as follows:

(in million euros)	**2014**	2013
Sales [(1)]	1 719	1 399
Purchases [(2)]	(1 806)	(2 073)

[(1)] of which €1,405 million in sales to DCPA (€1,226 million in 2013) and €196 million in sales to CAPSA (€61 million in 2013).
[(2)] of which €1,782 million in purchases from Gefco (€1,991 million in 2013) and €24 million in purchases from DCPA in 2014 (€25 million in 2013).

NOTE 12 - FINANCING AND FINANCIAL INSTRUMENTS – MANUFACTURING AND SALES COMPANIES

12.1. ACCOUNTING POLICIES

The principles governing the measurement of financial assets and liabilities within the meaning of IAS 32 and IAS 39 are described in Note 12.8.

12.2. NET FINANCIAL INCOME (EXPENSE)

(in million euros)	**2014**	2013
Interest income	109	138
Finance costs	(662)	(623)
Other financial income	96	64
Other financial expenses	(306)	(243)
Net financial income (expense)	**(763)**	**(664)**

A. **Finance costs**

Finance costs are actual expense less the capitalised portion of assets in development.

(in million euros)	**2014**	2013
• Interest on borrowings	(635)	(681)
• Interest on bank overdrafts	(42)	(37)
• Interest on finance lease liabilities	(10)	(12)
• Foreign exchange gain (loss) on financial transactions	(33)	(22)
• Other	(8)	(6)
Finance costs incurred	(728)	(758)
Of which Automotive Division and Other Businesses	*(521)*	*(544)*
Capitalised borrowing Costs	66	135
Total	**(662)**	**(623)**

Borrowing costs that are directly attributable to the acquisition, construction or production of an item of property, plant and equipment or an intangible asset that takes at least twelve months to get ready for its intended use are capitalised as part of the cost of that asset (the "qualifying asset"). Group inventories do not meet the definition of qualifying assets under ***IAS 23 – Borrowing Costs*** and their carrying amount does not therefore include any borrowing costs.

When funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation corresponds to the actual borrowing costs incurred during the period less any investment income on the temporary investment of any borrowed funds not yet used.

When funds borrowed for general corporate purposes are used to obtain a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate equal to the weighted average borrowing costs for the period of the operating segment that obtains the qualifying asset.

Finance costs incurred, net of interest income

(in million euros)	**2014**	2013
Finance costs incurred	(728)	(758)
Of which Automotive Division and Other Businesses	*(521)*	*(544)*
Interest income	109	138
Of which Automotive Division and Other Businesses [(1)]	*108*	*128*
Total	**(619)**	**(620)**
Of which Automotive Division and Other Businesses	*(413)*	*(416)*

[(1)] *Of which €89 million of gain on disposal of 4,004,695 BNPPARIBAS shares in 2013.*

B. **Other financial income and expenses**

(in million euros)	**2014**	2013
Expected return on pension funds	10	11
Other financial income	86	53
Financial income	**96**	**64**
Interest cost on employee benefit obligations	(32)	(36)
Ineffective portion of the change in fair value of financial instruments	(42)	(9)
Other financial expenses	(232)	(198)
Financial expenses	**(306)**	**(243)**

12.3. NET FINANCIAL POSITION OF MANUFACTURING AND SALES COMPANIES

Net financial position (net debt) of the manufacturing and sales companies is a financial indicator not defined by IFRS. According to the Group's definition, it is equal to the financial liabilities net of financial assets used as collateral, or that may be utilised to redeem these liabilities, as well as those assigned to specific expenses of the manufacturing and sales companies. This definition remains unchanged from the date of first adoption of IFRS in the Group. The share of these financial assets not readily available is not taken into consideration in the financial security of the manufacturing and sales companies (see Note 12.4).
Financial assets and liabilities with maturities of more than one year at the balance sheet date are classified as non-current. All other assets and liabilities are reported as current.

A. **Composition of net financial position (net debt)**

(in million euros)	**31 December 2014**	31 December 2013
Financial assets and liabilities of the manufacturing and sales companies		
Non-current financial liabilities	(6 463)	(7 956)
Current financial liabilities	(2 833)	(3 192)
Other non-current financial assets	696	641
Current financial assets	405	141
Financial investments	266	-
Cash and cash equivalents	8 477	6 185
(Net debt) Net financial position of the manufacturing and sales companies	**548**	**(4 181)**
Of which external loans and borrowings	134	(4 348)
Of which financial assets and liabilities with finance companies	414	167
Automotive Division and other activities	***2 031***	***(2 552)***

B. **Change in net financial position (net debt)**

In 2014, the Group kept up the proactive refinancing strategy and conservative liquidity policy described in Note 12.7.A.

The manufacturing and sales companies reduced their net debt over the period through the conjunction of two measures:

- Peugeot S.A. rights issues in a total amount of €2,961 million;
- Net cash from operating activities exceeding the cash used in investing activities.

Net cash from operating activities for the year totalled positive €3,878 million, representing funds from operations of €2,126 million plus the positive impact of a €1,752 million decrease in working capital. Changes in working capital are discussed in Note 6.4.A.

Investments for the period in property, plant and equipment and intangible assets amounted to €2,278 million. Other financing needs for the period stood at €94 million.

Other cash inflows for the period were as follows:

- Banque PSA Finance dividend of €224 million and PSA Assurance dividend of €4 million;
- The sale of preferential subscription rights attached to treasury shares for €24 million.

These various cash inflows and outflows have resulted in a reduction in net debt of €4,719 million.

Hence:

- Cash reserves amounted to €8,477 million at 31 December 2014 versus €6,185 million at 31 December 2013. Current financial assets amounted to €405 million at 31 December 2014 versus €141 million at 31 December 2013. Financial investments totalled €266 million.
- Net debt before cash and cash equivalents decreased by €2,480 million as a result of the following variations :

(in million euros)	**2014**	2013
Increase in borrowings	160	2 564
Repayment of borrowings and conversion of bonds	(1 883)	(2 194)
(Increase) decrease in non-current financial assets	17	(62)
(Increase) decrease in current financial assets	(514)	1 342
Increase (decrease) in current financial liabilities	(260)	160
	(2 480)	**1 810**
Net cash flows with Group finance companies	*334*	-
Total	**(2 146)**	**1 810**

Loan repayments in the amount of €1,883 million include notably partial bonds' redemptions by Peugeot S.A. in total amount of €374 million (see Note 12.6.A).

Furthermore, the non-cash changes represented a decrease of €10 million in the net debt of the Group.

12.4. LIQUIDITY RESERVES

Financial security is made up of available cash, other readily available financial assets and undrawn credit lines.

€35 million (€19 million at 31 December 2013) and €486 million (€386 million at 31 December 2013) in current and non-current financial assets respectively were included in the calculation of financial security, representing a total of €520 million (€405 million at 31 December 2013).

(in million euros)	*Notes*	**31 December 2014**	31 December 2013
Cash and cash equivalents [(1)]	*12.5.C*	8 477	6 185
Financial investments		266	-
Current & non current financial assets		520	405
Total		**9 263**	**6 590**
Lines of credit (undrawn) – excluding Faurecia		3 000	2 400
Lines of credit (undrawn) – Faurecia		1 200	1 150
Total financial security		**13 463**	**10 140**
of which Faurecia		*2 297*	*1 911*

(1) of which €443 million in Argentina

▪ **SYNDICATED LINES OF CREDIT**

The Group's manufacturing and sales companies have the following additional borrowing capacity under revolving lines of credit expiring at various dates through to 2019:

(in million euros)	**31 December 2014**	31 December 2013
Peugeot S.A. and GIE PSA Trésorerie	3 000	2 400
Faurecia	1 200	1 150
Undrawn confirmed lines of credit	**4 200**	**3 550**

Following the renegotiation in April 2014, a €2,000 million tranche of the Peugeot S.A. and GIE PSA Trésorerie facility now matures in April 2019. The balance of €1,000 million matures in April 2017, with two optional one-year extensions. This credit facility was undrawn at the period-end.

This facility is subject to the respect of:

- a level of net debt of manufacturing and sales companies of less than of €6 billion;
- a ratio of the net debt of manufacturing and sales companies to consolidated equity of less than 1.

The net debt of manufacturing and sales companies is defined and disclosed in Note 12.3. The Group's equity is that listed under "Total Equity" in liabilities.

Faurecia's additional borrowing capacity, other than trough Peugeot S.A., results from a new syndicated line of credit arranged on 15 December 2014. It comprises only one €1,200 million tranche expiring in December 2019. This credit facility was undrawn at the period-end.

12.5. BREAKDOWN OF FINANCIAL ASSETS

A. Other non-current and current financial assets

(in million euros)	**31 December 2014**		31 December 2013	
	Non-current	Current	Non-current	Current
Loans and receivables	295	392	323	132
Financial assets classified as "at fair value through profit or loss"	332	-	307	-
Derivative instruments	69	13	11	9
Total financial assets, net	**696**	**405**	**641**	**141**

B. Financial investments

Short-term investments are investments of surplus cash flows for which the remaining maturity and investment horizon is less than 12 months. They total €266 million.

C. **Cash and cash equivalents**

Cash primarily represents cash in bank current accounts, and excludes bank overdrafts. Cash equivalents consist primarily of cash investments and negotiable debt securities that are readily convertible to known amounts of cash, subject to an insignificant risk of change in value and held in order to meet short-term cash commitments with an original maturity of three months or less according to IAS 7.

Cash and cash equivalents include:

(in million euros)	**31 December 2014**	31 December 2013
Mutual fund units and money market securities	6 113	4 914
Cash and current account balances	2 364	1 271
Total - manufacturing and sales companies	**8 477**	**6 185**
o/w deposits with finance companies	*(128)*	*(210)*
Total	**8 349**	**5 975**

Cash includes the proceeds from borrowings arranged to meet future financing needs (see note 12.3.A) as well as the proceeds from the right issues of the year.
At 31 December 2014, cash equivalents mainly included money market funds for €4,115 million, bank deposits and overnight money market notes in the amount of €1,064 million and commercial paper for €300 million.
All of these instruments comply with the 'Committee of European Securities Regulators' (CESR) definition of Short-Term Money Market Funds.

12.6. BREAKDOWN OF FINANCIAL LIABILITIES

	Carrying amount at 31 December 2014 Amortised cost or fair value		Carrying amount at 31 December 2013 Amortised cost or fair value	
(in million euros)	Non-current	Current	Non-current	Current
Convertible bonds [(1)]	768	21	737	21
Other bonds	4 328	780	5 301	834
Employee profit-sharing fund	2	1	3	1
Finance lease liabilities	148	64	210	70
Other long-term borrowings	1 217	630	1 700	723
Other short-term financing and overdraft facilities	-	1 332	-	1 543
Derivative instruments	-	5	5	-
Total financial liabilities	**6 463**	**2 833**	**7 956**	**3 192**

[(1)] The amortised cost of Oceane convertible bonds corresponds to the debt component. The equity component - corresponding to the conversion option - is recognized separately in equity.

A. Main financing transactions during the year

The financial risk management policy is set out in Note 12.7.A.

The main transactions during the year were as follows:

- **Bond issues by manufacturing and sales companies (excluding Faurecia)**

In September 2014, Peugeot S.A. made partial redemptions in a total amount of €374 million:

- €115 million on the €460 million bond maturing in June 2015;
- €96 million on the €397 million bond maturing in March 2016;
- €79 million on the €500 million bond maturing in October 2016 and;
- €84 million on the €600 million bond maturing in July 2017.

Peugeot Citroën do Brasil subscribed new loans during the year, primarily from Banco Nacional Do Desinvolvimento (BNDES) and Banco do Brasil, in a total amount of €139 million of which €133 million in short-term loans denominated in euro.

- **Peugeot S.A. syndicated credit facility**

On 9 July 2010, Peugeot S.A rolled over in advance a €2,400 million three-year syndicated revolving credit facility (with two extensions of one year at the banks' option) with a group of 21 banks.
In July 2011, a first one-year extension was accepted by the banks, to July 2014.
In July 2012, PSA Peugeot Citroën obtained a second one-year extension to July 2015 for a €2,225 million tranche, with the remainder still due July 2014.
Following the renegotiation in April 2014, a €2,000 million tranche of the Peugeot S.A. and GIE PSA Trésorerie facility now matures in April 2019. The balance of €1,000 million matures in April 2017, with two optional one-year extensions. This credit facility was undrawn at period-end.

- **Faurecia syndicated credit facility**

In December 2011, Faurecia obtained a new €1,150 million syndicated credit facility. The facility comprises a €690 million tranche expiring in November 2014 with a two-year extension option and a €460 million tranche expiring in December 2016.
Following the exercise of the two extension options, the first tranche was split into a €36 million tranche maturing in December 2014 and a €654 million tranche maturing in December 2016.
On 15 December 2014, Faurecia arranged a new syndicated line of credit which comprises only one €1,200 million tranche expiring in December 2019. This credit facility was undrawn at the period-end.

B. Characteristics of the Peugeot S.A. and Faurecia Oceane convertible bonds:

The Oceane convertible bonds issued by the Group are recognised and measured as follows:

- the debt component is recognised in liabilities at amortised cost, determined using the market interest rate for debt securities with similar characteristics but without the conversion feature. The carrying amount is stated net of a proportionate share of the debt issuance costs;
- the conversion option is recognised in equity for an amount equal to the difference between the total issue proceeds and the value of the debt component. The carrying amount is stated net of a proportionate share of the debt issuance costs and corresponding deferred taxes.

The conversion option is recognised in equity because the conversion ratio is fixed (i.e. bond holders will receive a fixed number of shares in exchange for a fixed amount of bonds). It is not subsequently remeasured at fair value, unless there is a change in the bonds' estimated life. It will, however, be adjusted, for all conversions of bonds. A deferred tax liability calculated on the gross value of the conversion option is also recognised in equity.

- **OCEANE Peugeot S.A.**

On 23 June 2009, Peugeot S.A. issued €575 million worth of Oceane bonds convertible or exchangeable for new or existing shares, i.e. €25.10 per share. The 22,908,365 bonds are due 1 January 2016 and pay interest at an annual nominal rate of 4.45%.
At 31 December 2014, 1,493 bonds had been converted. At inception, the debt component of the OCEANE convertible bonds amounted to €441 million and the equity component to €125 million. The conversion ratio is 1 OCEANE bond for 1.57 shares.

- **OCEANE Faurecia**

On 18 September 2012, Faurecia issued €250 million worth of Oceane bonds convertible or exchangeable for new or existing shares, i.e. €19.48 per share. The 12,833,675 bonds are due on 1 January 2018 and pay interest at an annual nominal rate of 3.25%.

At 31 December 2014, no bond had been converted. At inception, the debt component of the OCEANE convertible bonds amounted to €198 million and the equity component to €47 million. The conversion ratio is one OCEANE bond for one share.

C. Characteristics of bonds and other borrowings

(in million euros)	Carrying amount at 31 December 2014 Non-current	Current	Issuing currency	Due
Manufacturing and sales companies (excluding Faurecia)				
2009 convertible bond issue - €575m	549	13	EUR	Q1/2016
Faurecia				
2012 convertible bond issue - €250m	218	8	EUR	Q1/2018
2012 redeemable bond issue - €9m	1	-	EUR	Q4/2016
Total convertible bond issues	**768**	**21**		
Manufacturing and sales companies (excluding Faurecia)				
2003 bond issue - €600m	868	10	EUR	Q3/2033
2010 bond issue - €345m	-	355	EUR	Q2/2015
2010 bond issue - €421m	419	4	EUR	Q4/2016
2011 bond issue - €150m	150	1	EUR	Q4/2016
2011 bond issue - €302m	301	16	EUR	Q1/2016
2012 bond issue - €516m	513	14	EUR	Q3/2017
2013 bond issue - €1,000m	993	61	EUR	Q1/2018
2013 bond issue - €600m	594	50	EUR	Q1/2019
Faurecia				
2011 bond issue - €490m	490	2	EUR	Q4/2016
2012 bond issue - €250m	-	267	EUR	Q2/2015
Total bond issues	**4 328**	**780**		
Manufacturing and sales companies (excluding Faurecia) – euro-denominated loans				
EIB loan (1) - €200m	78	42	EUR	Q3/2017
EIB loan (1) - €65m	23	13	EUR	Q4/2017
EIB loan (1) - €300m	168	60	EUR	2014 to 2018
FDES loan (1) - Zero coupon	24	-	EUR	Q1/2020
Borrowings - Spain	172	63	EUR	2015 to 2026
Borrowings - Czech Republic	-	36	EUR	Q4/2017
Borrowings - Russia	93	48	EUR	2017 to 2019
Other borrowings	45	5		
Manufacturing and sales companies (excluding Faurecia) – foreign currency loans				
Borrowings - Brazil	301	217	BRL	2015 to 2024
Borrowings - Russia	14	5	RUB	Q2/2019
Other borrowings	10	20	nc	nc
Faurecia				
Other borrowings	289	121	EUR	2014 to 2019
Total other long-term borrowings	**1 217**	**630**		

(1) EIB: European Investment Bank; FDES: French social and economic development fund.

D. Characteristics of other short-term financing and overdraft facilities

(in million euros)	Issuing currency	Carrying amount at 31 December 2014	Carrying amount at 31 December 2013
Commercial paper	EUR	438	334
Short-term loans	N/A	493	543
Bank overdrafts	N/A	254	541
Payments issued (1)	N/A	50	24
derecognised	N/A	97	101
Total		**1 332**	**1 543**

(1) This item corresponds to payments issued but not yet debited from the bank accounts, as the due date was not a bank business day.

E. **Finance lease liabilities**

The present value of future payments under finance leases reported in "Other borrowings" can be analysed as follows by maturity:

(in million euros)	**31 December 2014**	31 December 2013
Less than 1 year	-	88
1 to 5 years	124	90
Subsequent years	102	120
	226	**298**
Less interest portion	(14)	(18)
Present value of future lease payments	**212**	**280**
Of which short-term	64	70
Of which long-term	148	210

F. **Financing by the assignment of receivables**

The Automotive Division and Faurecia meet part of their financing needs by selling receivables to financial institutions.

The sold receivables are derecognised when they meet the criteria specified in Note 6.2.

(in million euros)	**31 December 2014**		31 December 2013	
	Total receivables sold to non-Group financial institutions	Portion sold but not derecognised	**Total receivables sold to non-Group financial institutions**	Portion sold but not derecognised
Financed portion [(1)]	***1 682***	*62*	***1 140***	*226*
- of which Faurecia group	*637*	*62*	*363*	*138*

(1) *The financed portion of the receivables corresponds to the portion that gives rise to a cash inflow.*

Furthermore, Peugeot S.A. sold and derecognised in 2014 a portion of a claim on the French State under the tax credit for competitiveness and employment (*crédit d'impôt pour la compétitivité et l'emplo*i – CICE), in a total amount of €64 million. The cash proceeds received in the twelve months to 31 December 2014 amounted to €60 million.

Besides, Peugeot S.A. and Faurecia sold and derecognised their 2013 French research tax credits, for a total of €132 million. The cash proceeds received at 31 December 2014 amounted to €126 million.

The sale of receivables constitutes usual short-term financing.

No transaction was carried out in December 2014 outside of the sale of receivables programme.

12.7. MANAGEMENT OF FINANCIAL RISKS

A. **Financial Risk Management Policy**

In the course of its business, PSA Peugeot Citroën is exposed to liquidity risks, as well as interest rate, counterparty, currency and other market risks arising, in particular, from changes in commodity prices and equity prices.

(1) Liquidity risk

In the prevailing economic environment, the Group continued with its diversified, proactive financing strategy and conservative liquidity policy in order to meet its general financing needs, particularly the financing of its business and of its development projects. The financing strategy is defined by the Managing Board, and implemented under the direction of the Chief Financial Officer with the Corporate Finance & Treasury Department and submitted to the Supervisory Board's Finance and Audit Committee. The Group's cash forecasts, financing needs and interest income and expenses, as well as the level of liquidity reserves are reviewed at monthly meetings of the Treasury and Foreign Exchange Committee chaired by the Chief Financial Officer. The financing plan is implemented by the Corporate Finance & Treasury Department.

Pursuant to this policy, the Group:

- issues bonds under an EMTN programme;
- has recourse to bank borrowings in France and abroad;
- sells receivables;
- arranges confirmed lines of credit for its financial security;
- and, where necessary, issues convertible bonds.

The Group could also raise funds by a capital increase.

This financing policy allows it to seize market opportunities to pre-finance itself and to thereby optimise its financial security.

At 31 December 2014, the net financial position of the manufacturing and sales companies was €548 million compared to a €4,181 million net debt at 31 December 2013. The breakdown of the net debt can be found in Note 12.3.A, and changes thereto in Note 12.3.B. The repayment schedule of financial liabilities is set out in the table below. In June 2010, Peugeot S.A. put in place a €5 billion EMTN programme, €3,333 million of which had been drawn down at end-December 2014.

At 31 December 2014, the manufacturing and sales companies had liquidity reserves of €13,463 million (see Note 12.4) compared to €10,140 million at end-December 2013.

It covers all currently anticipated financing needs for the manufacturing and sales companies over the coming 12 months.

Contractual repayment schedule of financial liabilities and derivative instruments: manufacturing and sales companies

The following table shows undiscounted cash flows from financial liabilities and derivative instruments. They include principal repayments as well as future contractual interest payments. Foreign currency cash flows and variable or indexed cash flows have been determined on the basis of market data at the year-end.

(in million euros)	Assets	Liabilities	Undiscounted contractual cash flows					
			2015	2016	2017	2018	2019	> 5 years
Financial liabilities								
Bonds - principal repayments								
Manufacturing and sales companies - exclud. Faurecia		(4 732)	(345)	(1 448)	(516)	(1 000)	(600)	(600)
Faurecia		(959)	(250)	(499)	-	(250)	-	-
Other long-term debt - principal repayments								
Manufacturing and sales companies - exclud. Faurecia		(1 437)	(509)	(377)	(222)	(144)	(67)	(210)
Faurecia		(410)	(121)	(156)	(77)	(28)	(12)	(16)
Total bonds and other borrowings								
Manufacturing and sales companies - exclud. Faurecia		(6 169)	(854)	(1 825)	(738)	(1 144)	(667)	(810)
Faurecia		(1 369)	(371)	(655)	(77)	(278)	(12)	(16)
Total interest on bonds and other borrowings								
Manufacturing and sales companies - exclud. Faurecia		(179)	(309)	(256)	(188)	(152)	(75)	(504)
Faurecia		(27)	(74)	(61)	(8)	(8)	-	-
Other short-term debt		(1 332)	(1 332)	-	-	-	-	-
Finance lease liabilities		(212)	(98)	(10)	(9)	(7)	(6)	(96)
Employee profit-sharing fund		(3)	(1)	-	-	-	-	(2)
Derivative instruments								
Total derivative instruments	**102**	**(56)**	**8**	**5**	**1**	**-**	**-**	**-**
TOTAL	**102**	**(9 347)**	**(3 031)**	**(2 802)**	**(1 019)**	**(1 589)**	**(760)**	**(1 428)**

Covenants

None of the borrowings of the manufacturing and sales companies excluding Faurecia are subject to specific acceleration clauses based on minimum credit ratings. In some cases, the borrowings of manufacturing and sales companies are subject to clauses whereby the borrower gives the lenders certain guarantees that are commonly required within the automotive industry.

They include:

- Negative pledge clauses whereby the borrower undertakes not to grant any collateral to any third parties. These clauses nevertheless carry certain exceptions;
- “material adverse changes” clauses, which apply in the event of a major negative change in economic conditions;
- ”pari passu” clauses, which ensure that lenders enjoy at least the same treatment as other creditors;
- ”cross-default” clauses, whereby if one loan goes into default other loans become repayable immediately;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with applicable legislation;
- change of control clauses.

In addition, EIB loans are dependent on the Group carrying out the projects being financed and, in some cases, require the Group to pledge a minimum amount of financial assets.
The OCEANE convertible bonds are subject to standard clauses, such as the requirement to maintain a listing for Peugeot S.A. shares.
All of these clauses were complied with in 2014.

Drawing on the €3 billion syndicated credit facility established in April 2014 is subject to compliance with:

- a level of net debt of manufacturing and sales companies of less than of €6 billion;
- a ratio of the net debt of manufacturing and sales companies to consolidated equity of less than 1.

The net debt of manufacturing and sales companies is defined and disclosed in Note 12.3. The Group's equity is that listed under "Total Equity" in liabilities.

The €1,200 million syndicated line of credit arranged in December 2014 by Faurecia contains only one covenant setting limits on debt.

Adjusted net debt* / EBITDA**	maximum	2.50

** Consolidated net debt*

*** EBITDA: Faurecia's Earnings Before Interest, Tax, Depreciation and Amortisation for the last 12 months.*

The compliance with this ratio is a condition to the availability of this credit facility. As of 31 December 31 2014, Faurecia complied with this ratio.

The Faurecia OCEANE convertible bonds are subject to standard clauses, such as the requirement to maintain a listing for Faurecia shares.

(2) Interest Rate Risks

Trade receivables and payables are due within one year and their value is not affected by the level of interest rates.

Cash reserves and short-term financing needs of manufacturing and sales companies - excluding Automotive Equipment companies - are mainly centralised at the level of GIE PSA Trésorerie, which invests net cash reserves on the financial markets. These short-term instruments are indexed to variable rates, or at fixed rates given the very low interest rates observed in 2014.

The gross borrowings of manufacturing and sales companies - excluding Automotive Equipment companies - consist mainly of fixed- and adjustable-rate long-term loans. New borrowings obtained since 2009 have been kept at fixed rate in order to retain the benefit of record low fixed interest rates. The GIE's bond maturing in 2033 had initially been converted to variable rate by means of derivatives qualifying for hedge accounting under IFRS. This hedging was terminated in November 2012.

The proportion of the manufacturing and sales companies' borrowings - excluding Automotive Equipment companies - at variable rates of interest is now 3.6 %, based on the principal borrowed.

Faurecia independently manages its interest rate risk on a centralised basis. This is organised by Faurecia's Finance and Treasury Department, which reports to its executive management. Hedging decisions are made by a Market Risk Committee that meets on a monthly basis. Issues of conventional and convertible bonds in 2012 were at fixed rate, increasing the proportion of fixed-rate debt compared to the previous year. Nevertheless, with a significant portion of the debt (syndicated line of credit, short-term borrowings, commercial paper) being variable rate, the hedging policy aims to limit the effect on Faurecia's profit of an increase in short-term rates. This hedging is mainly implemented through the use of interest rate swaps, primarily in euros. Substantially all variable rate interest payable in 2014 is hedged, and to a lesser extent in 2015.

Some of Faurecia's derivative instruments have qualified for hedge accounting under IAS 39 since 2008. The other derivative instruments purchased by Faurecia represent economic hedges of interest rate risks on borrowings but do not meet the criteria in IAS 39 for the application of hedge accounting.
Faurecia is the only entity that holds cash flow hedges of interest rate risks.

The net interest rate position of manufacturing and sales companies is as follows:

31 December 2014 *(in million euros)*		Intraday to 1 year	2 to 5 years	Beyond 5 years	Total
Total assets	Fixed rate	601	170	416	**1 187**
	Variable rate	8 535	-	-	**8 535**
Total liabilities	Fixed rate	(341)	(5 086)	(1 077)	**(6 504)**
	Variable rate	(2 535)	-	-	**(2 535)**
Net position before hedging	Fixed rate	**260**	**(4 916)**	**(661)**	**(5 317)**
	Variable rate	**6 000**	**-**	**-**	**6 000**
Derivative financial instruments	Fixed rate	(470)	(45)	(62)	**(577)**
	Variable rate	577	-	-	**577**
Net position after hedging	Fixed rate	**(210)**	**(4 961)**	**(723)**	**(5 894)**
	Variable rate	**6 577**	**-**	**-**	**6 577**

31 December 2013 *(in million euros)*		Intraday to 1 year		2 to 5 years		Beyond 5 years	Total
Total assets	Fixed rate	924	-	191	-	278	**1 393**
	Variable rate	5 394	-	24	-	2	**5 420**
Total liabilities	Fixed rate	(1 196)	-	(4 683)	-	(2 502)	**(8 381)**
	Variable rate	(2 374)	-	(6)	-	-	**(2 380)**
Net position before hedging	Fixed rate	**(272)**		**(4 492)**		**(2 224)**	**(6 988)**
	Variable rate	**3 020**		**18**		**2**	**3 040**
Derivative financial instruments	Fixed rate	-	-	(583)	-	(139)	**(722)**
	Variable rate	252	-	470	-	-	**722**
Net position after hedging	Fixed rate	**(272)**		**(5 075)**		**(2 363)**	**(7 710)**
	Variable rate	**3 272**		**488**		**2**	**3 762**

(3) Counterparty and credit risks

The Automotive Division places significant emphasis on guaranteeing the security of payments for the goods and services delivered to customers. Relations with Peugeot and Citroën dealers are managed within the framework of the Banque PSA Finance sales financing system described below. Payments from other customers are secured by arrangements with leading counterparties that are validated by the Group Treasury Committee.

At Faurecia, the main counterparties are leading carmakers whose creditworthiness is tracked customer-by-customer.

Other counterparty risks concern investments of available cash and transactions involving currency, interest rate and commodity derivatives. These two types of transactions are carried out solely with leading financial partners approved by the Group Treasury Committee. The related counterparty risks are managed through a system of exposure limits by amount and by commitment duration. The limits are determined according to a range of criteria including the results of specific financial analyses by counterparty, the counterparty's credit rating and the amount of its equity capital.

Available cash is invested either in money market securities issued by approved counterparties, or in mutual funds or deposit accounts. The bulk of money market securities in the portfolio are issued by leading banks and the remainder by non-financial sector issuers. Mutual funds are selected according to guidelines specifying minimum fund credit ratings and maximum maturities of underlying assets. In addition, the amount invested in each fund is capped based on the fund's total managed assets.

Derivatives transactions are governed by standard ISDA or Federation Bancaire Française (FBF) agreements and contracts with the most frequently used counterparties provide for weekly margin calls.

(4) Currency risk

The manufacturing and sales companies manage their foreign exchange positions on transactions denominated in foreign currencies with the objective of hedging the risk of fluctuations in exchange rates. Automotive Division currency risks are managed centrally, for the most part by PSA International S.A. (PSAI) under the supervision of executive management. All products used by PSAI are standard products covered by International Swaps and Derivatives Association (ISDA) master agreements.

The goal is to minimise Automotive Division exchange differences by systematically hedging as soon as the foreign currency invoice is booked.
At Group level, currency risks are managed by requiring manufacturing companies to bill sales companies in the latter's local currency (except in rare cases or where this is not allowed under local regulations). Currency risks on these intragroup billings are also hedged using forward foreign exchange contracts. In most cases, foreign currency intragroup loans of Automotive Division companies are also hedged.

A new foreign currency policy includes the hedging of future flows for the Automotive Division. It consists of hedging the main net exposures to G10 currencies. These hedges are underpinned by governance rules and a strict decision-making process. They are classified as cash flow hedges under IAS 39. The maximum horizon for these hedges is two years. The hedging ratios depend on the maturity.

At 31 December 2014, the Automotive Division had cash flow hedges on the following currencies: GBP, CHF, SEK, DKK and NOK.

The Group does not hedge its net investment in foreign operations.

PSAI also carries out proprietary transactions involving currency instruments. These transactions are subject to very strict exposure limits and are closely monitored on a continuous basis. They are the only non-hedging transactions carried out by companies in the PSA Peugeot Citroën Group and have a very limited impact on consolidated profit.

The historical Value at Risk (VaR) method is used to identify and manage market risks. The historical VaR uses volatilities and exchange rates for the various currencies since the beginning of 2008. VaR represents the maximum possible loss on the portfolio, based on the confidence level. The confidence levels measured are 95% and 99%. For both of these confidence levels, applying historical VaR to the portfolio at 31 December 2014 would not have had a material impact on Group earnings. This method assumes that future VaR will follow the same trend as historical VaR. It does not provide an indication of the losses that would be incurred under an extreme stress scenario.

Faurecia manages the currency risks incurred by its subsidiaries on commercial transactions principally through forward purchase and sale contracts or options, and foreign currency financing. Future transactions are hedged on the basis of cash flow forecasts drawn up during the budgeting process and approved by management. The derivative instruments used to hedge these future transactions qualify for cash flow hedge accounting, insofar a hedging relationship exists under IAS 39 standard. Subsidiaries located outside the euro zone receive intragroup loans in their functional currency. These loans are refinanced in euros, and the related currency risk is hedged by swaps.

Net position of the manufacturing and sales companies in the main currencies (open positions at 31 December)

The net position of the manufacturing and sales companies in the main foreign currencies is as follows:

31 December 2014 *(in million euros)*	GBP	JPY	USD	PLN	CHF	ARS	CZK	Other	**Total**
Total assets	261	71	568	14	25	218	225	190	1 572
Total liabilities	(74)	(45)	(16)	(18)	-	(1)	(301)	(152)	(607)
Future transactions [(1)]	629	8	41	(108)	38	-	(59)	277	826
Exposure to fixed charge coverage commitments	-	(184)	-	-	-	-	-	-	(184)
Net position before hedging	**816**	**(150)**	**593**	**(112)**	**63**	**217**	**(135)**	**315**	**1 607**
Derivative financial instruments	(816)	(36)	(594)	104	(63)	(218)	38	(285)	(1 870)
Net position after hedging	**-**	**(186)**	**(1)**	**(8)**	**-**	**(1)**	**(97)**	**30**	**(263)**

[(1)] *This item mainly includes hedges of Faurecia's exposure on forecast transactions for the next six months.*

31 December 2013 *(in million euros)*	GBP	JPY	USD	PLN	CHF	RUB	CZK	Other	**Total**
Total assets	221	79	622	47	23	102	254	232	1 580
Total liabilities	(112)	(74)	(3)	(12)	-	(193)	(287)	(8)	(689)
Future transactions [(1)]	312	2	92	(104)	163	42	(51)	137	593
Exposure to fixed charge coverage commitments	-	(321)	-	-	-	-	-	-	(321)
Net position before hedging	**421**	**(314)**	**711**	**(69)**	**186**	**(49)**	**(84)**	**361**	**1 163**
Derivative financial instruments	(430)	185	(632)	63	(186)	84	35	(350)	(1 231)
Net position after hedging	**(9)**	**(129)**	**79**	**(6)**	**-**	**35**	**(49)**	**11**	**(68)**

[(1)] *This item mainly includes hedges of Faurecia's exposure on forecast transactions for the next six months.*

A 5% increase or decrease in the year-end exchange rate of the main currencies in which the manufacturing and sales companies had open balance sheet positions at 31 December 2014 (see table below) would have the following direct impact on income before tax and equity :

(in million euros)	PLN/EUR	CZK/EUR	JPY/EUR	USD/CAD	USD/EUR	USD/DZD	JPY/RUB	Other
Hypothetical fluctuation against the euro	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0 %	5.0%
Impact on income before tax	1	1	-	5	2	3	-	3
Impact on equity	6	2	5	-	2	-	-	1

The following table shows the net position of the manufacturing and sales companies in the main foreign currencies versus the other currencies:

31 December 2014 *(in million euros)*	RUB/UAH	USD/CAD	USD/BRL	USD/ARS	USD/DZD	UAH/USD	RUB/USD	JPY/RUB
Total assets	-	116	109	41	-	-	-	-
Total liabilities	-	-	(61)	(261)	(53)	(5)	(1)	-
Future transactions [(1)]	-	(10)	-	-	-	-	-	-
Net position before hedging	**-**	**106**	**48**	**(220)**	**(53)**	**(5)**	**(1)**	**-**
Derivative financial instruments	-	(110)	(44)	221	-	-	-	-
Net position after hedging	**-**	**(4)**	**4**	**1**	**(53)**	**(5)**	**(1)**	**-**

[(1)] *This item mainly includes hedges of Faurecia's exposure on forecast transactions for the next six months.*

31 December 2013 *(in million euros)*	RUB/UAH	USD/CAD	USD/BRL	USD/ARS	USD/DZD	UAH/USD	RUB/USD	JPY/RUB
Total assets	-	98	62	69	-	-	-	-
Total liabilities	(1)	-	(166)	(137)	(45)	(17)	-	(2)
Future transactions [(1)]	-	(15)	-	-	-	-	-	-
Net position before hedging	**(1)**	**83**	**(104)**	**(68)**	**(45)**	**(17)**	**-**	**(2)**
Derivative financial instruments	-	(85)	99	73	-	-	-	-
Net position after hedging	**(1)**	**(2)**	**(5)**	**5**	**(45)**	**(17)**	**-**	**(2)**

[(1)] *This item mainly includes hedges of Faurecia's exposure on forecast transactions for the next six months.*

(5) Commodity risk

The Automotive Division's exposure to commodity risks is tracked jointly by the Purchasing Department and PSA International S.A. (PSAI) which is responsible for hedging the Group's currency and commodity risks, while Faurecia's risks are managed independently. The Automotive Division's commodity risks are reviewed at quarterly intervals by a Metals Committee chaired by the Group's Chief Financial Officer. This Committee monitors hedging gains and losses, reviews each commodity that may have a material impact on the Group's operating income and sets hedging targets in terms of volumes and prices over periods of up to three years. Cash flow hedges are used only when they qualify for hedge accounting under IAS 39.

The production costs of the Automotive Division and Faurecia are exposed to the risk of changes in certain raw materials prices, either as a result of their direct purchases or indirectly through the impact of these changes on their suppliers' costs. These raw materials are either industrial products such as steel and plastics whose prices and related adjustments are negotiated between buyers and vendors, or commodities traded on organised markets, such as aluminium, copper, lead or precious metals, for which the transaction price is determined by direct reference to the prices quoted on the commodity market.

Part of the Automotive Division's exposure to fluctuations in commodity prices is hedged using derivative instruments traded on regulated markets. The aim of these hedges is to minimize the impact of changes in commodity prices on physical deliveries for the Group's production needs. In 2013, hedging volumes were lower than in previous years with hedging extending to the first half of 2016.

In 2014, commodity hedges concerned purchases of aluminium, copper, lead, platinum, palladium and rhodium.

For the Automotive Division, in the event of a 17% rise (fall) in base metal prices (aluminium, copper and lead) and a 18% rise (fall) in precious metal prices (platinum, palladium and rhodium), the impact of the commodity hedges held at 31 December 2014 would have been a €85 million increase (decrease) in consolidated equity at

31 December 2014 (versus €83 million at 31 December 2013). As all commodity hedges qualified as cash flow hedges under IAS 39, changes in the fair value of these instruments resulting from changes in the prices of the hedged commodities would not have had any impact on 2014 profit.

The commodity price trend assumptions were determined based on the average historical and implicit volatilities observed on the relevant commodity markets in the reporting year.

Faurecia's sales contracts with customers do not include any indexation clause based on commodity prices. The risk of an unfavourable change in commodity prices is attenuated through a policy of regular price negotiations with customers and tight inventory management. Faurecia does not use derivative instruments to hedge its commodity and energy purchases.

B. **Hedging instruments**

Derivative instruments are stated at fair value.

They may be classified as hedging instruments if:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship;
- the effectiveness of the hedge is demonstrated at inception and in each financial reporting period for which the hedge is designated.

The Group uses two hedging relationships:

- ***fair value hedges***:
  The hedged portion of the asset or liability is recognised in the balance sheet and measured at fair value. Gains and losses arising from remeasurement at fair value are recognised in profit or loss, and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument;
- ***cash flow hedges***:
  The effective portion of the gain or loss arising from remeasurement at fair value of the hedging instrument is recognised directly in equity, since the gain or loss arising from remeasurement at fair value of the hedged portion of the underlying future transaction is not recognised in the balance sheet. The ineffective portion is recognised in profit or loss. Cumulative gains and losses recognised in equity are reclassified to profit or loss when the hedged item affects profit or loss. The effective portion of the gain or loss arising from remeasurement at fair value of hedges of raw materials purchases does not affect the value at which the raw materials are recognised in inventory.

Besides, the Group implements currency hedges to protect against changes in the value of receivables and payables denominated in foreign currencies. Change in the fair value of these derivatives is recorded in the income statement, offsetting the change in receivables and payables denominated in foreign currencies, recognised in profit or loss. In cases where the Group has documented a hedging relationship, the ineffective portion is recognised in financial income.

Derivative interest rate and currency hedging instruments are measured by using a valuation technique that benchmarks interbank rates (such as Euribor, etc) and daily foreign exchange rates set by the European Central Bank. Derivative commodity hedging instruments are valued by external experts.

(1) Details of values of hedging instruments and notional amounts hedged

31 December 2014 (in million euros)	Carrying amount		Notional amount	Maturity		
	Assets	Liabilities		< 1 year	2 to 5 years	> 5 years
Currency risk						
Fair value hedges:						
• Currency swaps, currency options and forward foreign exchange contracts	12	(15)	1 256	1 256	-	-
• Cross-currency swaps	2	-	17	9	8	-
Cash flow hedges:						
• Currency options and forward foreign exchange contracts	-	(14)	1 087	1 062	25	-
• Cross-currency swaps	67	-	93	-	93	-
Trading instruments [(1)]	55	(56)	7 966	7 879	87	-
Of which Intragroup	-	-				
Total currency risks	**136**	**(85)**	**10 419**	**10 206**	**213**	**-**
Interest rate risk						
Fair value hedges:						
• Interest rate swaps	-	-	-	-	-	-
Cash flow hedges:						
• Interest rate swaps and interest rate options	2	(1)	484	470	14	-
Trading instruments [(2)]	-	-	-	-	-	-
Of which Intragroup	-	-				
Total interest rate risks	**2**	**(1)**	**484**	**470**	**14**	**-**
Commodity risk						
Cash flow hedges:						
• Swaps	6	(12)	429	227	202	-
Total commodity risks	**6**	**(12)**	**429**	**227**	**202**	**-**
TOTAL	**144**	**(98)**	**11 332**	**10 903**	**429**	**-**
Of which:						
Total fair value hedges	**14**	**(15)**	**1 273**	**1 265**	**8**	**-**
Total cash flow hedges	**75**	**(27)**	**2 093**	**1 759**	**334**	**-**

[(1)] Currency trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

[(2)] Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

Hedging instruments that are not subject to compensation clauses in case of default by either party do not represent a significant amount for the Automotive Division.

31 December 2013	Carrying amount		Notional amount	Maturity		
(in million euros)	Assets	Liabilities		< 1 year	years	years
Currency risk						
Fair value hedges:						
• Currency swaps, currency options and forward foreign exchange contracts	9	(8)	812	812	-	-
• Cross-currency swaps	3	-	36	36	-	-
Cash flow hedges:						
• Currency options and forward foreign exchange contracts	26	(1)	643	626	17	-
• Cross-currency swaps	11	-	183	-	105	78
Trading instruments (1)	13	(50)	6 928	6 773	155	-
Of which Intragroup	-	-				
Total currency risks	**62**	**(59)**	**8 602**	**8 247**	**277**	**78**
Interest rate risk						
Fair value hedges:						
• Interest rate swaps	-	-	-	-	-	-
Cash flow hedges:						
• Interest rate swaps and interest rate options	-	(5)	506	-	470	36
Trading instruments (2)	-	-	-	-	-	-
Of which Intragroup	-	-				
Total interest rate risks	**-**	**(5)**	**506**	**-**	**470**	**36**
Commodity risk						
Cash flow hedges:						
• Swaps	1	(73)	421	246	175	-
Total commodity risks	**1**	**(73)**	**421**	**246**	**175**	**-**
TOTAL	**63**	**(137)**	**9 529**	**8 493**	**922**	**114**
Of which:						
Total fair value hedges	**12**	**(8)**	**848**	**848**	**-**	**-**
Total cash flow hedges	**38**	**(79)**	**1 753**	**872**	**767**	**114**

(1) Currency trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

(2) Interest rate trading instruments: derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

(2) Impact of hedging instruments on income and equity

(a) Impact of cash flow hedges

(in million euros)	2014	2013
Change in effective portion recognised in equity	241	-
Change in ineffective portion recognised in profit or loss	-	(2)
Effective portion reclassified to the income statement under "Cost of goods and services sold"	57	25
Effective portion reclassified to the income statement under "Finance costs"	71	19

(b) Impact of fair value hedges

(in million euros)	2014	2013
Change in ineffective portion recognised in profit or loss	(42)	(7)
Net impact on income	**(42)**	**(7)**

The "Net gain (loss) on hedges of borrowings" presented in Note 12.2.A also includes gains and losses on economic hedges that do not qualify for hedge accounting under IAS 39.

12.8. FINANCIAL INSTRUMENTS

A. **Financial assets and liabilities - definitions**

Financial assets and liabilities within the meaning of IAS 39 include the items listed in the table in Note 12.8.E.
The event generating the balance sheet recognition is the transaction (i.e. commitment) date, and not the settlement date.

B. **Translation of transactions in foreign currencies**

In compliance with IAS 21, transactions in foreign currencies are translated into the subsidiary's functional currency at the exchange rate on the transaction date.
At each balance sheet date, monetary items are translated at the closing rate and the resulting exchange difference is recognised in profit or loss, as follows:

- in recurring operating income, for commercial transactions carried out by all Group companies and for financing transactions carried out by the Banque PSA Finance Group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies.

C. **Recognition and measurement of financial assets**

IAS 39 provides for different methods of measurement depending on the nature of the financial assets.

(1) Financial assets at fair value through profit or loss

These assets are recognised in the balance sheet at fair value. Any change in their fair value is recognised in profit or loss for the period.

(2) Loans and receivables

"Loans and receivables" are carried at amortised cost measured using the effective interest method. When their maturities are very short, their fair value corresponds to their carrying amount, including any impairment.

(3) Available-for-sale financial assets

"Available-for-sale financial assets" are securities that may be held on a lasting basis or sold in the short term. They are recognised in the balance sheet at fair value. Gains and losses arising from remeasurement at fair value are recognised directly in equity. Only impairment losses reflecting a prolonged or significant decline in fair value are recognised in the income statement of the period.
An impairment loss is systematically recognised in profit or loss where the value falls by over 50% compared to the acquisition cost or over a minimum of three years. Furthermore, a special line-by-line analysis is carried out where the value falls over 30% compared to the acquisition cost or within a minimum of 1 year.
"Investments in non-consolidated companies" are carried on the balance sheet at their acquisition cost, which the Group considers to be representative of fair value, except in cases of impairment.
"Other non-current assets" classified as "available-for-sale" correspond to units in Fonds de Modernisation des Equipementiers Automobiles (FMEA). FMEA is a fund to support automotive equipment manufacturers set up at the French government's initiative under France's Automotive Industry Pact signed on 9 February 2009. The units are measured at fair value. This corresponds to their net asset value at the balance sheet date. Its fair value reflects the investments made by the fund.

D. **Recognition and measurement of financial liabilities**

Borrowings and other financial liabilities are generally stated at amortised cost measured using the effective interest method.
The method used for measuring and recognising the Group's OCEANE convertible bonds is disclosed in Note 12.6.B.
When the Group obtains government loans at below-market interest rates, the loans' amortised cost is calculated through an effective interest rate based on market rates. The subsidy is recognised in accordance with IAS 20 as related either to assets or to income, depending on the purpose for which the funds are used.

E. **Financial instruments reported in the balance sheet**

(in million euros)	31 December 2014 Carrying amount	Fair value	Analysis by class of instrument: Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Other non-current financial assets	696	696	332	-	295	-	69
Other non-current assets [(1)]	420	420	-	102	312	-	6
Trade receivables	1 375	1 375	-	-	1 375	-	-
Other receivables	1 662	1 662	-	-	1 586	-	76
Current financial assets	405	405	-	-	392	-	13
Financial investments	266	266	266	-	-	-	-
Cash and cash equivalents	8 477	8 477	8 477	-	-	-	-
Assets	**13 301**	**13 301**	**9 075**	**102**	**3 960**	**-**	**164**
Non-current financial liabilities [(2)]	6 463	6 907	-	-	45	6 418	-
Other non-current liabilities [(3)]	197	197	-	-	194	-	3
Trade payables	8 177	8 177	-	-	8 177	-	-
Other payables	4 114	4 114	-	-	4 024	-	90
Current financial liabilities	2 833	2 835	-	-	-	2 828	5
Liabilities	**21 784**	**22 230**	**-**	**-**	**12 440**	**9 246**	**98**

[(1)] Other non-current assets exclude the amount of pension plan surpluses (see Note 9.1), which are not financial assets as defined by IAS 39.

[(2)] The fair values of the OCEANE convertible bonds respectively issued by Peugeot S.A. (€595 million) and Faurecia (€370 million) correspond to their quoted market prices at the balance sheet date and therefore include both the debt component measured at amortised cost and the equity component represented by the conversion option.

[(3)] Excluding liabilities related to vehicles sold with a buyback commitment.

(in million euros)	31 December 2013 Carrying amount	Fair value	Analysis by class of instrument: Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Other non-current financial assets	641	641	307	-	323	-	11
Other non-current assets [(1)]	364	364	0	89	275	-	-
Trade receivables	1 790	1 790	-	-	1 790	-	-
Other receivables	1 659	1 659	-	-	1 608	-	51
Current financial assets	141	141	-	-	132	-	9
Financial investments	-	-	-	-	-	-	-
Cash and cash equivalents	6 185	6 185	6 185	-	-	-	-
Assets	**10 780**	**10 780**	**6 492**	**89**	**4 128**	**-**	**71**
Non-current financial liabilities [(2)]	7 956	8 215	-	-	43	7 908	5
Other non-current liabilities [(3)]	132	132	-	-	113	-	19
Trade payables	8 108	8 108	-	-	8 108	-	-
Other payables	4 124	4 124	-	-	4 011	-	113
Current financial liabilities	3 192	3 192	-	-	-	3 192	-
Liabilities	**23 512**	**23 771**	**-**	**-**	**12 275**	**11 100**	**137**

[(1)] Other non-current assets exclude the amount of pension plan surpluses (see Note 9.1), which are not financial assets as defined by IAS 39.

[(2)] The fair values of the OCEANE convertible bonds respectively issued by Peugeot S.A. (€577 million) and Faurecia (€398 million) correspond to their quoted market prices at the balance sheet date and therefore include both the debt component measured at amortised cost and the equity component represented by the conversion option.

[(3)] Excluding liabilities related to vehicles sold with a buyback commitment.

The fair value of financial instruments held by the Group is calculated whenever it can be estimated reliably on the basis of market data for assets considering that they are not intended to be sold. The fair value of financial instruments traded on an active market is based on the market price at the balance sheet date. The market price used for financial assets held by the Group is the bid price on the market at the measurement date.

F. Information about financial assets and liabilities measured at fair value

	31 December 2014			31 December 2013		
(in million euros)	Derivative instruments	Instruments at fair value through profit or loss	Available-for sale financial assets	Derivative instruments	Instruments at fair value through profit or loss	Available-for sale financial assets
Level 1 fair value inputs: quoted prices in active markets						
Other non-current financial assets	-	332	-	-	305	-
Financial investments	-	266	-	-	-	-
Cash and cash equivalents	-	8 477	-	-	6 185	-
Level 2 fair value inputs: based on observable market data						
Other non-current financial assets	69	-	-	11	2	-
Other non-current assets	6	-	-	-	-	-
Other receivables	76	-	-	51	-	-
Current financial assets	13	-	-	9	-	-
Level 3 fair value inputs: not based on observable market data						
Other non-current assets	-	-	102	-	-	89
Total financial assets measured at fair value	**164**	**9 075**	**102**	**71**	**6 492**	**89**

[(1)] *Corresponding to traditional instruments for investing available cash such as certificates of deposit, commercial paper and money market notes.*

The change in level 3 fair value does not contain any material items.

	31 December 2014			31 December 2013		
(in million euros)	Derivative instruments	Instruments at fair value through profit or loss	Available-for sale financial assets	Derivative instruments	Instruments at fair value through profit or loss	Available-for sale financial assets
Level 1 fair value inputs: quoted prices in active markets						
Level 2 fair value inputs: based on observable market data						
Non-current financial liabilities	-	-	-	(5)	-	-
Other non-current liabilities	(3)	-	-	(19)	-	-
Other payables	(90)	-	-	(113)	-	-
Current financial liabilities	(5)	-	-	-	-	-
Level 3 fair value inputs: not based on observable market data						
Non-current financial liabilities [(1)]	-	-	(45)	-	-	(43)
Total financial liabilities measured at fair value	**(98)**	**-**	**(45)**	**(137)**	**-**	**(43)**

[(1)] *The change in "Non-current financial assets" as measured based on Level 3 fair value imputs is recognised in "Income and expenses recognised directly in equity, net".*

G. Information about financial assets and liabilities not measured at fair value

	31 December 2014		Fair value level		
(in million euros)	Carrying amount	Fair value	Level 1	Level 2	Level 3
Liabilities					
Non-current financial liabilities	6 463	6 907	5 510	1 397	-
Current financial liabilities	2 828	2 830	803	2 027	-

(in million euros)	31 December 2013 Carrying amount	Fair value	Fair value level Level 1	Level 2	Level 3
Liabilities					
Non-current financial liabilities	7 951	8 210	6 452	1 758	-
Current financial liabilities	3 192	3 192	850	2 342	-

H. Effect of financial instruments on profit or loss

(in million euros)	2014 Income Statement Impact	Analysis by class of instrument: Instruments at fair value through profit or loss	Available-for sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	8	-	-	8	-	-
Total interest expense	(621)	-	-	-	(621)	-
Remeasurement [(1)]	(95)	101	-	(16)	(3)	(177)
Disposal gains and dividends	(250)	-	1	(251)	-	-
Net impairment	(91)	-	(34)	(57)	-	-
Total - manufacturing and sales companies	**(1 049)**	**101**	**(33)**	**(316)**	**(624)**	**(177)**

[(1)] For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.

(in million euros)	2013 Income Statement Impact	Analysis by class of instrument: Instruments at fair value through profit or loss	Available-for sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	19	-	-	19	-	-
Total interest expense	(596)	-	-	-	(596)	-
Remeasurement [(1)]	(33)	119	-	(8)	(3)	(141)
Disposal gains and dividends	(212)	-	1	(213)	-	-
Net impairment	(35)	-	(38)	3	-	-
Total - manufacturing and sales companies	**(857)**	**119**	**(37)**	**(199)**	**(599)**	**(141)**

[(1)] For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.

12.9. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

(in million euros)	31 December 2014	31 December 2013
Guarantees given	335	304
Pledged or mortgaged assets	506	551
	841	**855**

- **Pledged or mortgaged assets**

This item includes the French government bonds (OATs) given as collateral for loans from the European Investment Bank (EIB). When the maturities of French government bonds do not correspond to those of loans, commitments are covered in cash.

The following table analyses pledged and mortgaged assets by commitment period:

Pledges or mortgages expiring in the years indicated		
(in million euros)	**31 December 2014**	31 December 2013
2014	-	468
2015	422	16
2016	14	14
2017	13	11
2018	16	16
2019	-	-
2020	-	-
Subsequent years	41	26
Total pledged or mortgaged assets	**506**	**551**
Total assets	61 212	59 764
Percentage of total assets	0.8%	0.9%

NOTE 13 - FINANCING AND FINANCIAL INSTRUMENTS – FINANCE COMPANIES

13.1. ACCOUNTING POLICIES

A. Financial assets and liabilities - definitions

The assets and liabilities of finance companies mainly include loans and receivables, marketable securities and debts.

B. Recognition and measurement of financial assets

(1) Financial assets at fair value through profit or loss

Marketable securities are carried at fair value through profit or loss if they benefit from interest rate hedges. Changes in the fair value of the hedged securities are recognized directly in profit or loss, together with the offsetting change fair value of the economic hedges.

(2) Loans and receivables

Loans and receivables reported in the balance sheet correspond to Banque PSA Finance's net financial commitment in respect of the loans and receivables. Their carrying amount includes the following items before the effect of hedge accounting:

- outstanding principal;
- accrued interest;
- commissions paid to referral agents as well as directly attributable administrative expenses incurred with third parties on inception of loans and receivables, which are added to the outstanding principal;
- contributions received from the brands, which are deducted from the outstanding principal;
- unamortised loan set-up costs, which are deducted from the outstanding principal;
- deposits received at the inception of finance leases, which are deducted from the amount financed.

Interest income is allocated by the effective interest method, with the effective interest rate being the rate that exactly discounts estimated future cash receipts through the expected life of the loan.

Loans and receivables are generally hedged against interest rate risks, with the hedged portion of the loan remeasured at fair value in accordance with hedge accounting policies. Gains and losses arising from remeasurement at fair value are recognised in profit or loss and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument. (see Note 12.7.B).

Loans and receivables are tested for impairment when a loss event occurs, corresponding in practice to default on a single instalment. Impairment is measured by comparing the carrying amount of the loan or receivable to the present value of estimated future cash flows discounted at the effective interest rate.

For retail loans and receivables:

- an impairment loss is recognised on sound loans when the borrower defaults on a single instalment. Impairment is assessed based on the probability of the outstanding loan being classified as non-performing and on the discounted average loss ratio;
- impairment losses on non-performing loans are determined based on the average loss ratio discounted at the loans' effective interest rate, which is used to calculate provisions for credit losses on non-performing and doubtful loans.

For other loans and receivables (consisting mainly of wholesale loans), provisions for known credit risks are determined on a case-by-case basis, when the first instalment is missed or at the latest when the loan is reclassified as non-performing. Reclassification occurs when at least one instalment is over 91 days past due, or within a maximum of 451 days if it can be demonstrated that there is no counterparty risk. In the case of an aggravated risk, the loan may be reclassified as non-performing before the 91-day period has expired.

C. **Recognition and measurement of financial liabilities**

See Note 12.8.D.

13.2. IFRS 5 IMPACT ON THE MAIN INCOME STATEMENT AND BALANCE SHEET ITEMS AS OF 31 DECEMBER 2014

IFRS 5 impacts are described in Note 3.3.A.

13.3. CURRENT FINANCIAL ASSETS

A. **Loans and receivables - finance companies**

(1) Analysis

	31 December 2014		
(in million euros)	Assets to be contributed to partnership	Continuing operations	31 December 2013
"Retail, Corporate and Equivalent"			
Credit sales	5 533	2 950	8 863
Long-term leases	4 393	190	4 681
Leases subject to buyback commitments	1 552	351	2 039
Other receivables	40	79	133
Ordinary accounts and other	(46)	42	46
Total net "Retail, Corporate and Equivalent"	**11 472**	**3 612**	**15 762**
Corporate Dealers			
Wholesale Finance Receivables	4 482	333	4 495
Other receivables	691	46	725
Other	292	48	330
Total net "Corporate Dealers"	**5 465**	**427**	**5 550**
Remeasurement of interest rate hedged portfolios	-	39	23
Eliminations	-	(4)	(55)
Total	**16 937**	**4 074**	**21 280**

The fair value of the loans and receivables of finance companies related to continuing operations was €4,012 million as of 31 December 2014 (€21,234 million as of 31 December 2013).

Retail, Corporate and Equivalent finance receivables represent loans provided by the finance companies to Peugeot, Citroën and DS customers to purchase or lease vehicles.

Wholesale finance receivables represent amounts due to Peugeot, Citroën and DS by their dealer networks and certain European importers which have been transferred to Group finance companies, and working capital loans provided by the finance companies to the dealer networks.

Retail, Corporate and Equivalent finance receivables included €8,864 million in securitised automotive receivables that were still carried on the balance sheet at 31 December 2014 (€8,788 million at 31 December 2013) of which €7,238 million of receivables of operations to be continued in partnership and €1,626 million of receivables of continuing operations.

The Banque PSA Finance group carried out several securitisation transactions in 2014 through special purpose entities.

The Banque PSA Finance subsidiaries and branches have rights to obtain the majority of benefits of the special purpose entities and are exposed to risks incident to these entities' activities. Therefore, the special purpose entities are fully consolidated.

Liabilities corresponding to securities issued by securitisation funds are shown in Note 13.4 "Financing liabilities - finance companies".

(2) Automotive division sales of receivables

The following table shows outstanding Automotive Division receivables sold to the finance companies for which the Automotive Division pays the financing cost:

(in million euros)	**31 December 2014**	31 December 2013
	3 553	3 260

(3) Maturities of loans and receivables

31 December 2014 *(in million euros)*	Credit sales	Leases with a buyback commitment	Long-term leases	Wholesale finance receivables	Other (1)	**Total**
Unallocated	121	20	14	65	127	**347**
Less than three months	233	40	46	161	11	**491**
Three to six months	225	34	22	110	6	**397**
Six months to one year	431	63	44	13	32	**583**
Two to five years	1 977	206	91	-	53	**2 327**
Beyond five years	72	4	-	-	9	**85**
Total gross loans and receivables outstanding	**3 059**	**367**	**217**	**349**	**238**	**4 230**
Guarantee deposits on leases	-	-	(9)	-	-	(9)
Allowances	(91)	(15)	(10)	(16)	(50)	(182)
Total net loans and receivables outstanding	**2 968**	**352**	**198**	**333**	**188**	**4 039**

(1) Other receivables include "ordinary accounts" and "items taken into account in amortised cost calculations".

(4) Allowances for credit losses

(a) Net retail, corporate and equivalent loans and receivables outstanding

(in million euros)	Balance sheet as of 31/12/2013	IFRS 5 declassification	Balance sheet as of 31/12/2013 after declassification	Net production and translation adjustments	Total cost of risk as of 31/12/2014	Balance sheet as of 31/12/2014
Performing loans with no past due balances	15 051	(11 297)	3 754	(297)	-	3 457
Performing loans with past due balances	631	(482)	149	(30)	-	119
Non-performing loans	668	(429)	239	22	(111)	150
Total gross Retail, Corporate and Equivalent loans and receivables outstanding	**16 350**	**(12 208)**	**4 142**	**(305)**	**(111)**	**3 726**
Items taken into account in amortised cost calculations	**45**	**3**	**48**	**(6)**	-	**42**
Guarantee deposits	**(63)**	**42**	**(21)**	**13**	-	**(8)**
Performing loans with no past due balances	-	-	-	-	*(1)*	*(1)*
Allowances for performing loans with past due balances	*(43)*	*23*	*(20)*	-	*1*	*(19)*
Allowances for non-performing loans	*(527)*	*324*	*(203)*	*2*	*73*	*(128)*
Allowances	**(570)**	**347**	**(223)**	**2**	**73**	**(148)**
Total net Retail, Corporate and Equivalent loans and receivables outstanding	**15 762**	**(11 816)**	**3 946**	**(296)**	**(38)**	**3 612**
Allowances booked during the period						(44)
Allowances released during the period (utilisations)						117

(b) Net corporate dealer loans and receivables outstanding

(in million euros)	Balance sheet as of 31/12/2013	IFRS 5 declassification	Balance sheet as of 31/12/2013 after declassification	Net production and translation adjustments	Total cost of risk as of 31/12/2014	Balance sheet as of 31/12/2014
Performing loans with no past due balances	5 438	(4 935)	503	(142)	-	361
Performing loans with past due balances	10	(9)	1	1	-	2
Non-performing loans	250	(135)	115	(14)	(2)	99
Total gross Corporate Dealer loans and receivables outstanding	**5 698**	**(5 079)**	**619**	**(155)**	**(2)**	**462**
Items taken into account in amortised cost calculations	**(10)**	**10**	**-**	**-**	-	**-**
Guarantee deposits	**(73)**	**72**	**(1)**	**-**	-	**(1)**
Performing loans with no past due balances	-	-	-	-	*(4)*	*(4)*
Allowances for non-performing loans	*(65)*	*32*	*(33)*	*3*	-	*(30)*
Allowances	**(65)**	**32**	**(33)**	**3**	**(4)**	**(34)**
Total net Corporate Dealer loans and receivables outstanding	**5 550**	**(4 965)**	**585**	**(152)**	**(6)**	**427**
Allowances booked during the period						(10)
Allowances released during the period (utilisations)						6

B. Short-term investments – Finance companies

Short-term investments consist primarily of certificates of deposit held by the securitisation funds.

C. **Cash and cash equivalents**

(in million euros)	31 December 2014 Assets to be contributed to partnership	31 December 2014 Continuing operations	31 December 2013
Ordinary accounts in debit [(1)]	970	362	779
• Central banks and post office banks (deposits)	23	308	463
• Loans and advances at overnight rates	-	-	362
• Term loans	-	641	-
• French Treasury bonds classified as cash equivalents	-	252	-
• Mutual funds	-	47	200
Liquidity reserve	23	1 248	1 025
Total	**993**	**1 610**	**1 804**

[(1)] *Including the last direct debits on customer accounts for the period.*

Cash and cash equivalents include Banque PSA Finance's liquidity reserves, which amounted to €1,271 million at 31 December 2014 (€1,025 million at 31 December 2013), €641 million in term loans, €252 million in French treasury bonds, €331 million in central bank deposits (€463 million at 31 December 2013) and €47 million invested in mutual funds (€200 million at 31 December 2013).

13.4. FINANCING LIABILITIES – FINANCE COMPANIES

		31 December 2014			
		Liabilities of operations to be continued in partnership			
(in million euros)	*Notes*	*Transferred*	*Not transferred*	*Liabilities of continuing operations*	31 December 2013
Securities issued by securitisation funds	*13.4.A*	4 830	-	765	5 057
Other debt securities	*13.4.B*	-	3 254	2 192	7 677
Bank borrowings	*13.4.C*	280	5 423	928	6 264
		5 110	**8 677**	**3 885**	**18 998**
Customer deposits	*13.4.D*	2 373	-	446	1 446
		7 483	**8 677**	**4 331**	**20 444**
Amounts due to Group manufacturing and sales companies		-	-	*(363)*	*(216)*
Total		**7 483**	**8 677**	**3 968**	**20 228**

The following detailed analysis covers the liabilities of continuing operations and other non-transferred liabilities.

Of the €8,677 million in liabilities to credit institutions not transferred, the Group prepaid €2,999 million of the syndicated term-loan on 6 February 2015 (see Note 13.4.G).

A. **Bonds issued by securisation funds**

Banque PSA Finance derives part of its financing from securitisation transactions, mainly involving pools of automobile loans. These transactions are reported under "Bonds issued by securitisation funds" for €5,595 million at 31 December 2014 (€5,057 million at 31 December 2013).

B. **Other debt securities**

"Other debt securities" consist mainly of EMTN/BMTNs for €5,148 million (€7,183 million at 31 December 2013) and certificates of deposit and commercial paper for €49 million (€64 million at 31 December 2013).

C. **Bank borrowings**

As of 31 December 2014, the item "Liabilities to credit institutions"" included €1,300 million obtained under the European Central Bank's long-term refinancing operation (LTRO). As of 31 December 2014, a total of €3,456 million had been drawn on the syndicated credit facility of €9,820 million.

On 3 July 2014, Banque PSA Finance issued €300 million in fixed-rate 0.375% bonds maturing in July 2017.

D. Customer deposits

The interest-bearing passbook savings account for private customers previously launched in France has been introduced in Germany and Belgium in 2014. The total funds for these accounts at 31 December 2014 were €1,974 million of which €1,074 million in Germany, out of total amounts owed to customers of €2,819 million repayable at any time.

E. Analysis by maturity

31 December 2014 *(in million euros)*	Bonds issued by securitisation funds	Other debt securities	Bank borrowings	**Total**
• Less than three months	129	964	2 111	**3 204**
• Three months to one year	147	1 495	243	**1 885**
• Two to five years	489	2 781	3 997	**7 267**
• Beyond five years	-	206	-	**206**
Total	**765**	**5 446**	**6 351**	**12 562**
Of which liabilities of continuing operations	*765*	*2 192*	*928*	*3 885*
Of which non-transferred liabilities of operations to be continued in partnership	*-*	*3 254*	*5 423*	*8 677*

31 December 2013 *(in million euros)*	Bonds issued by securitisation funds	Other debt securities	Bank borrowings	**Total**
• Less than three months	432	929	1 833	**3 194**
• Three months to one year	1 209	1 912	1 564	**4 685**
• Two to five years	3 416	4 655	2 867	**10 938**
• Beyond five years	-	181	-	**181**
Total	**5 057**	**7 677**	**6 264**	**18 998**

F. Analysis by repayment currency

All bonds are mainly repayable in euros. Other financial liabilities can be analysed as follows by repayment currency:

	31 December 2014			31 December 2013		
(in million euros)	Other debt securities	Bank borrowings	**Total**	Other debt securities	Bank borrowings	**Total**
EUR	2 274	332	2 606	9 965	5 428	15 393
Other currencies	683	596	1 279	2 769	836	3 605
Total	**2 957**	**928**	**3 885**	**12 734**	**6 264**	**18 998**

Liabilities consisting of debt securities include bonds, securities issued as part of securitization transactions and other debt securities.

G. Credit lines

(in million euros)	**31 December 2014**	31 December 2013
Commitments of operations to be continued in partnership		
• Lines not transferred	5 200	
• Transferred lines	646	
Commitments of continuing operations	518	
Undrawn confirmed lines of credit	**6 364**	**7 006**

The credit lines totalling €6 364 million are detailed as follows:

- €1,966 million in undrawn revolving bilateral lines of credit for €2,423 million, comprising mainly long-term financing commitments received;
- €152 million in undrawn various bank lines of credit;
- €1,100 million undrawn from the €4,099 million syndicated term loan, comprising mainly long-term financing commitments received;
- the following syndicated back-up credit facilities totalling €3,146 million:
    - €136 million expiring in December 2015;
    - €1,216 million expiring in January 2016
    - €1,794 million expiring in December 2016.

On 6 February 2015, Banque PSA Finance announced the establishment of a new syndicated loan in the amount of €700 million maturing in five years. This credit facility is part of the launch of the partnership between Banque PSA Finance and Santander Consumer Finance in France and the UK, resulting in a sharp reduction in Banque PSA Finance's financing needs and associated financial securities. Simultaneously, Banque PSA Finance repaid and cancelled the €4,099 million syndicated term loan and the €3,146 million syndicated back-up facility.

13.5. MANAGEMENT OF FINANCIAL RISKS

A. **Financial risk management policy**

In the course of its business, Banque PSA Finance is exposed to liquidity risks, as well as interest rate, counterparty, currency and other market risks.

(1) Liquidity risk

The financing strategy of Banque PSA Finance is defined under the direction of the governing bodies of Banque PSA Finance.
Banque PSA Finance's capital structure and equity ratio comply with the latest regulatory requirements, reflecting the quality of the bank's assets.
Its financing is ensured by a broad range of liquidity sources, matching of maturities of assets and liabilities, and hedging all of its exposure to currency and interest rate risks.

Following the establishment of local partnerships with SCF, funding will no longer be Banque PSA Finance's sole responsibility. Until their implementation and for non-transferred operations, funding will be provided by Banque PSA Finance. Given the establishment on 6 February 2015 of a new syndicated loan and the repayment and cancellation of the syndicated term loan and syndicated back-up credit facility, the system in force ensures the financing over the next 12 months of continuing operations and operations to be continued in partnership, until the date of their creation.

Refinancing is arranged by Banque PSA Finance with maturities that comfortably cover the maturities of the retail financing portfolio. In addition to the financing that has been drawn down, undrawn credit facilities have been arranged bilaterally or with syndicates of leading banks. The bank also has cash reserves of €1,271 million, including €1,148 million in high-quality liquid assets as of 31 December 2014 (see Note 13.3.C).

Financing strategy implemented in 2014

In 2014, Banque PSA Finance used various sources of funding: bank deposits ("Distingo" consumer savings and deposit account), bonds and securitisation transactions, as well as syndicated back-up credit facilities and revolving bilateral lines. As a regulated credit institution, Banque PSA Finance also has access to alternative sources of liquidity such as the European Central Bank (ECB).

At 31 December 2014, 27% of the financing was provided by bank facilities, 27% by the capital markets, 28% by securitisation transactions, 8% by "other financing" (including 7% of public origin such as the ECB), and 10% by the savings business launched in March 2013. At 31 December 2013, these sources provided 22%, 38%, 25%, 10% (from public origin), and 5% of Banque PSA Finance's financing, respectively.

€7 billion guarantee from the French State

Under Article 85 of the Amending Finance Act of 29 December 2012, the Minister for the Economy is authorised to provide a State guarantee for a fee for securities issued between 1 January 2013 and 31 December 2016 by Banque PSA Finance in order to enable it to refinance itself. It is a guarantee for a maximum of €7 billion in capital, and does not represent a transfer of funds from the French State to Banque PSA Finance. It is only in the event of Banque PSA Finance defaulting that the Bank's counterparties could ask the State to honour the guarantee. The final approval of the European Commission on the French State guarantee in favour of Banque PSA Finance was obtained on 29 July 2013. A guarantee monitoring committee, comprising representatives of the French State and the PSA Peugeot Citroën Group, will oversee the implementation of the guarantee.

The state guarantee has been used in the amount of €1,500 million and will benefit two bond issues until their redemption: €1,200 million issued in April 2013 and €300 million issued in July 2014.

Following the start of operations in France and the United Kingdom of the first joint ventures owned equally by Banque PSA Finance and Santander Consumer Finance, Banque PSA Finance has announced that it will no longer use the French State guarantee for new bond issues (see Note 1.3). The agreement on the French state guarantee concluded between the French government and Banque PSA Finance has been adjusted to include early termination of drawdowns and the state's acquisition of a stake in the Group's capital, by simplifying the monitoring mechanisms and setting out the conditions for the exercise of the state's specific rights.

Renewal of bank facilities

Details of bank facilities are provided in Note 13.4.G.

These agreements contain acceleration clauses on top of the pre-existing covenants: a prohibition on providing PSA with more than €500 million in financing, a Common Equity Tier One ratio of at least 11% and the need to retain the French State guarantee for bond issues from 2013 to 2015.

Finally, Banque PSA Finance also obtained in 2014 commitments to renew the bulk of the bilateral bank facilities for a total amount exceeding of €1,700 million.

The renewal of bank facilities, the new deposit business, securitisation issues, collateralisation and the issuance of bonds backed by a French state guarantee ensure Banque PSA Finance's funding for at least the 12 coming months and until the closing of transactions with Santander Consumer Finance.

Contractual cash flows: finance companies

Liquidity risk is analysed based on the contractual timing of cash inflows and outflows from detailed asset and liability items, determined by reference to the remaining period to maturity used to calculate Banque PSA Finance's consolidated liquidity ratio. As a result, the future contractual interest payments are not included in the schedule. The derivative instruments used to hedge contractual future interest payments are not analysed by period.

Banque PSA Finance *(in million euros)*	31 December 2014	Not analysed	0-3 months	3-6 months	6-12 months	2-5 years	> 5 years
Assets							
Cash	1 610	-	1 610	-	-	-	-
Short-term investments - finance companies	192	-	146	-	-	46	-
Derivative instruments (1)	61	61	-	-	-	-	-
Other non-current financial assets	31	-	-	-	-	31	-
Loans and receivables - finance companies	4 078	193	490	398	583	2 328	86
Total cash flows from assets	**5 972**	**254**	**2 246**	**398**	**583**	**2 405**	**86**
Liabilities							
Derivative instruments (1)	57	57	-	-	-	-	-
Financing liabilities	4 331	179	904	774	866	1 400	208
Non-transferred financing liabilities of operations to be continued in partnership	8 677	84	2 475	58	189	5 871	-
Total cash flows from liabilities	**13 065**	**320**	**3 379**	**832**	**1 055**	**7 271**	**208**

(1) *Intercompany loans and borrowings with manufacturing and sales companies are mainly short-term.*

Covenants

The loan agreements signed by Banque PSA Finance, mainly in connection with issues of debt securities, include the customary acceleration clauses requiring the group to give certain covenants to lenders. They include :

- "negative pledge" clauses whereby the borrower undertakes not to grant any collateral to any third parties.
  These clauses nevertheless comprise exceptions allowing the Group to carry out securitisation programmes or to give assets as collateral;
- "material adverse changes" clauses, which apply in the event of a major negtive change in economic and financial conditions;
- "pari passu" clauses, which ensure that lenders enjoy at least the same treatment as the borrower's other creditors;
- "cross-default" clauses, whereby if one loan goes into default, all other loans from the same lender automatically become repayable immediately;
- clauses whereby the borrower undertakes to provide regular information to the lenders;
- clauses whereby the borrower undertakes to comply with applicable legislation;
- clauses whereby no change in control of the company is authorised.

Many of Banque PSA Finance's agreements include four specific acceleration clauses requiring it to maintain a banking licence and to thereby comply with the capital ratios applicable to all French banks. And, from 2013, the need to retain the optional guarantee from the French State for bond issues up to 2015 (see modification detailed above in "€7 billion guarantee from the French State") and a Common Equity Tier One ratio of at least 11%.
All applicable clauses were complied with in 2014.

(2) Interest rate risks

Banque PSA Finance's fixed-rate loans to customers of the Automotive Division are refinanced mainly through adjustable rate borrowings. Banque PSA Finance's policy aims to offset the impact of changes in interest rates using appropriate financial instruments to match interest rates on the loans and the related refinancing.

Implementation of this strategy is overseen by the Bank's Refinancing Committee and led by Corporate Treasury. Interest rate risks on outstanding loans are attenuated through an assertive hedging policy, with a 3% ceiling on unhedged exposures (by country and by half-yearly maturity band) arising from the difficulty of precisely matching loan balances with the notional amounts of derivatives.

Concerning assets, fixed rate instalment loans are hedged by interest rate swaps that are purchased on the market as soon as the financing is granted. In practice, the swaps are purchased at ten-day intervals. Wholesale financing is granted at rates based on short-term market rates, while the liquidity reserve is invested at the same rates.

Concerning liabilities, all new interest-bearing debt is converted to a rate based on a three-month benchmark using appropriate hedging instruments. Refinancing costs for new retail loans may be capped through the occasional use of options. Given the historically low interest rates and the lack of consensus as to rate rises over the coming year, no optional hedging was put in place in 2014 for Banque PSA Finance.

The net interest rate position of finance companies is as follows:

31 December 2014 *(in million euros)*		Intraday to 1 year		2 to 5 years		Beyond 5 years	Total
Total assets	Fixed rate	5 947	-	9 633	-	-	**15 580**
	Variable rate	8 531	-	-	-	-	**8 531**
Total liabilities	Fixed rate	(2 304)	-	(2 860)	-	(206)	**(5 370)**
	Variable rate	(14 839)	-	-	-	-	**(14 839)**
Net position before hedging	Fixed rate	**3 643**		**6 773**		**(206)**	**10 210**
	Variable rate	**(6 308)**		**-**		**-**	**(6 308)**
Derivative financial instruments	Fixed rate	(2 804)	-	(3 204)	-	206	**(5 802)**
	Variable rate	5 802	-	4	-	-	**5 806**
Net position after hedging	Fixed rate	**839**		**3 569**		**-**	**4 408**
	Variable rate	**(506)**		**4**		**-**	**(502)**

Sensitivity tests show that an increase or a decrease by 1% in average interest rates would have had an positive or negative impact on income before tax between -€5 million and +€3 million.

(3) Counterparty and credit risks

Banque PSA Finance's exposure to credit risk corresponds to the risk of losses due to borrower default or borrower failure to fulfill their contractual obligations. The counterparties concerned are Peugeot and Citroën dealers and the dealers' retail customers. In the event of default, Banque PSA Finance generally has the right to repossess the vehicle and sell it on the used vehicle market. The risk that the vehicle's selling price on the used vehicle market will be less than the outstanding debt is taken into account in determining the amount of the related impairment (see Note 13.1.B).

Wholesale lending decisions for fleet customers and dealers are made based on a detailed risk assessment in accordance with strict rules on lending limits, either by the local Banque PSA Finance credit committees, or by the Group credit committee. The level of credit lines is dependent on the item to be financed, the client’s risk rating and lastly the general level of risk borne by the approving Credit Committee.

Banque PSA Finance's Corporate Lending Department is responsible for controlling the credit risk of these activities throughout the credit cycle. It uses Basel II-compliant credit scoring systems. The systems are tested regularly to ensure that they are reliable. They contribute to determining commitment levels and lending limits, and to defining detailed management and control rules. Their effectiveness is underpinned by high quality credit analyses performed by local units and headquarters teams, as well as by warning systems designed to ensure that incurred risks are identified and dealt with on a timely basis.

Retail loan acceptance processes are based on a local credit scoring system that is managed and overseen by a dedicated expert unit at the Bank’s headquarters. To enhance its effectiveness, the scoring system is adapted according to the specific characteristics of each local market. The headquarters-based credit risk control unit regularly assesses the credit scoring system's effectiveness, working closely with the French and international operating units that perform regular reviews of requests, acceptances and payment incidents. For partnership subsidiaries, customer selection is the responsibility of the partner which uses the decision-making tools that it has developed. Nevertheless, teams at Banque PSA Finances’s headquarters monitor the level of risk of requests and acceptance closely on an on-going basis, as well as the characteristics of files with past due instalments.

A dedicated headquarters-based collections unit leads the activities of all the finance companies in this area, manages their shared collection systems and coordinates the results. It also oversees two collection call centres.

Defaults with no impairment concern only corporate loans. Corporate loans with one or more installments that are over 90 days past due and loans to local administrations with one or more installments that are over 270 days past due are not classified as non-performing when the delays are due to payment incidents or claims, and do not reflect a default risk.

In 2014, there is no more defaults with no impairment, considering the collective impairment of Corporate sound receivables.

Loans to corporate dealers and corporate and equivalent financing for which one or more instalments are more than 90 days past due (or 270 days for loans to local administrations) are not classified as non-performing when non-payment is due to an incident or a claim and is not related to the borrower's ability to pay.

Concerning concentration of credit risks, Banque PSA Finance continually monitors its largest exposures to ensure that they remain at reasonable levels and do not exceed the limits set in banking regulations. The Bank's ten largest weighted exposures other than with PSA Peugeot Citroën Group entities amounted to €1,954 million compared to €2,057 million in 2013.

As Banque PSA Finance is structurally in a net borrower position, its exposure to other financial counterparties is limited to (i) the investment of funds corresponding to the liquidity reserve and of any excess cash, and (ii) the use of derivatives (swaps and options) to hedge currency and interest rate risks.
Available cash is invested in money market securities issued by leading banks, in deposit accounts with leading banks or in mutual funds offering a capital guarantee and a guaranteed yield.

Financial analyses are performed to ensure that each counterparty operates on a sustainable basis and has adequate capital resources. The results of the analysis are used to award an internal rating to the counterparty and to set acceptable exposure limits. These limits are defined by type of transaction (investments and derivatives), and cover both amounts and durations. Utilisation of these limits is assessed and checked daily. Derivatives transactions are governed by standard ISDA or FBF agreements and contracts with the most frequently used counterparties provide for weekly margin calls. Derivative contracts are entered into solely with counterparties rated A or higher.

(4) Currency risk

Group policy consists of not entering into any operational currency positions. Liabilities are matched with assets in the same currency, entity-by-entity, using appropriate financial instruments. The hedging is achieved using cross currency swaps, currency swaps and forward foreign exchange contracts.
The Group does not hedge its net investment in foreign operations.

The net position of the finance companies in the main foreign currencies is as follows:

31 December 2014 *(in million euros)*	GBP	HUF	PLN	CHF	RUB	CZK	USD	Other	**Total**
Total assets	3 486	15	144	195	-	17	6	-	3 863
Total liabilities	(1 698)	-	-	(272)	-	-	(418)	-	(2 388)
Net position before hedging	**1 788**	**15**	**144**	**(77)**	**-**	**17**	**(412)**	**-**	**1 475**
Derivative financial instruments	(1 789)	(15)	(144)	77	-	(17)	412	-	(1 476)
Net position after hedging	**(1)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**

In view of the Group's hedging policy, a change in exchange rates at the level of the finance companies would not have any material impact on consolidated profit or equity.

B. **Hedging instruments: Finance companies**

The different types of hedges and their accounting treatment are described in Note 12.7.B.

(1) Details of values of hedging instruments and notional amounts hedged

Offsetting notional amounts have been netted to make the financial statements easier to read.

31 December 2014	Carrying amount		Notional amount	Maturity		
(in million euros)	Assets	Liabilities		< 1 year	2 to 5 years	> 5 years
Currency risk						
Fair value hedges:						
• Currency swaps	61	(21)	2 464	2 464	-	-
Interest rate risk						
Fair value hedges:						
• Interest rate swaps	-	(36)	16 306	7 273	8 827	206
Cash flow hedges:						
• Interest rate swaps	-	-	31	31	-	-
Trading instruments	-	-	183	-	183	-
Total	**61**	**(57)**	**18 984**	**9 768**	**9 010**	**206**
Of which Intragroup	-	*(19)*				
Total fair value hedges	**61**	**(57)**	**18 770**	**9 737**	**8 827**	**206**
Total cash flow hedges	**-**	**-**	**31**	**31**	**-**	**-**

C. **Impact of hedging instruments on income and equity**

(a) Impact of cash flow hedges

(in million euros)	2014	2013
Effective portion reclassified to the income statement under "Cost of goods and services sold"	1	4

(b) Impact of fair value hedges

(in million euros)	2014	2013
Gains and losses on hedged customer loans recognised in profit or loss	16	(48)
Gains and losses on hedges of customer loans recognised in profit or loss	(17)	49
Net impact on income	**(1)**	**1**
Gains and losses on remeasurement of financial liabilities recognised in profit or loss	36	99
Gains and losses on remeasurement of hedges of financial liabilities recognised in profit	(34)	(101)
Net impact on income	**2**	**(2)**

13.6. FINANCIAL INSTRUMENTS

A. Financial instruments reported in the balance sheet under continuing operations

(in million euros)	31 December 2014 Carrying amount	Fair value	Analysis by class of instrument: Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Other non-current financial assets	31	31	23	-	8	-	-
Other non-current assets	14	14	-	14	-	-	-
Loans and receivables - finance companies	4 078	4 012	-	-	4 078	-	-
Short-term investments - finance companies	192	192	192	-	-	-	-
Other receivables	320	320	-	-	259	-	61
Cash and cash equivalents	1 610	1 610	1 610	-	-	-	-
Assets	**6 245**	**6 179**	**1 825**	**14**	**4 345**	**-**	**61**
Financing liabilities - finance companies	4 331	4 346	-	-	-	4 331	-
Non-transferred financing liabilities of operations to be continued in partnership - finance companies	8 677	8 887	-	-	-	8 677	-
Other payables	254	254	-	-	197	-	57
Liabilities	**13 262**	**13 487**	**-**	**-**	**197**	**13 008**	**57**

B. Information about financial assets and liabilities measured at fair value

The fair values of the marketable securities held by finance companies are at level 2.

C. Information about financial assets and liabilities not measured at fair value

(in million euros)	31 December 2014 Carrying amount	Fair value	Fair value level: Level 1	Level 2	Level 3
Assets					
Loans and receivables - finance companies	4 078	4 012	-	-	4 012
Liabilities					
Financing liabilities - finance companies	3 885	3 900	2 967	-	933
Non-transferred financing liabilities of operations to be continued in partnership - finance companies	8 677	8 887	3 266	-	5 621

D. Effect of financial instruments on profit or loss

(in million euros)	2014 Income Statement Impact	Analysis by class of instrument: Instruments at fair value through profit or loss	Available-for-sale financial assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Finance companies						
Total interest income	413	-	-	413	-	-
Total interest expense	(271)	-	-	-	(271)	-
Remeasurement [(1)]	81	13	-	16	35	17
Net impairment	(39)	-	-	(39)	-	-
Total - finance companies	**184**	**13**	**-**	**390**	**(236)**	**17**

[(1)] *For instruments classified as "at fair value through profit or loss", remeasurement includes interest and dividends received.*

Concerning the Finance companies, the impact on the income statement of assets and liabilities pursuant to IAS 39 is recognised in "recurring operating income".

13.7. OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

	31 December 2014			
	Commitments of operations to be continued in partnership			
(in million euros)	*Transferred*	*Not transferred*	*Commitments of continuing operations*	31 December 2013
Financing commitments to customers	1 128	-	130	1 257
Guarantees given on behalf of customers and financial institutions	124	2 009	132	3 268
	1 252	**2 009**	**262**	**4 525**

NOTE 14 - INCOME TAXES

In accordance with ***IAS 12 - Income Taxes***, deferred taxes are calculated for all temporary differences between the tax base of assets and liabilities and their carrying amount. Deferred tax liabilities are systematically recognised, while deferred tax assets are recognised only when there is a reasonable expectation that they will be recovered.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and companies at equity, except to the extent that both of the following conditions are satisfied:

- the Group is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

In practice:

- for subsidiaries, a deferred tax liability is recognised only in respect of distribution taxes on dividends that will be paid by the subsidiary in the following year by decision of the Group;
- for companies at equity, a deferred tax liability on dividend distributions is recognised for all differences between the tax base of the shares and their carrying amount;
- current tax benefits generated by intragroup provisions and sales are not cancelled by recognising deferred tax liabilities, except when the difference is considered to be temporary, for example, when the Group plans to divest the subsidiary.

14.1. INCOME TAXES OF FULLY-CONSOLIDATED COMPANIES

(in million euros)	2014	2013
Current taxes		
Corporate income taxes	(289)	(261)
Deferred taxes		
Deferred taxes arising in the year	154	123
Impairment losses on deferred tax assets	(178)	(168)
Total	**(313)**	**(306)**

A. **Current taxes**

Current taxes represent the amounts paid or currently due to the tax authorities for the year, calculated in accordance with the tax regulations and rates in effect in the various countries.

In France, Peugeot S.A. and its French subsidiaries that are at least 95%-owned maintained their election to determine French income taxes on a consolidated basis in accordance with Article 223 A of the French Tax Code.

The Group has also elected to file a consolidated tax return in other countries that have Group relief schemes.

B. **Tax rate in France**

The French statutory income tax rate is 34.43%, including supplementary contributions.

The Amending Finance Act of 29 December 2013 raising this tax rate to 38% applies up to December 2015. The cap on offsetting tax loss carryforwards against taxable profit for the year is maintained at 50% in 2014.

At 31 December 2014, deferred tax liabilities falling due in 2016, and deferred tax assets for tax loss carryforwards available for offsetting against these liabilities (subject to the 50% cap) were remeasured at the new rate. The impact is not material.

C. **Impairment losses on deferred taxes**

Deferred taxes are determined as described above.
Deferred taxes were tested for impairment on the basis of five-year tax estimates, consistent with the impairment testing of the Automotive Division CGU.

At 31 December 2014 based on the update of the impairment test, the €362 million in additional losses generated in France during the year were not recognised in income. In addition, the deferred tax assets booked in the opening balance sheet have been impaired by €21 million, in view of the change in the net deferred tax liabilities.

14.2. RECONCILIATION BETWEEN THEORETICAL INCOME TAX IN FRANCE AND INCOME TAX IN THE CONSOLIDATED STATEMENT OF INCOME

This reconciliation covers the full results of consolidated companies regardless of their classification in the statement of income.

(in million euros)	**2014**	2013
Pre-tax profit (loss) from continuing operations	(540)	(2 193)
Pre-tax profit (loss) before tax on expenses related to operations to be continued in partnership	(382)	(378)
Pre-tax profit (loss) from operations to be continued in partnership	392	565
Income (loss) before tax of fully-consolidated companies	**(530)**	**(2 006)**
French statutory income tax rate for the period	*38.0%*	*38.0%*
Theoretical tax expense for the period based on the French statutory income tax rate	**201**	**762**
Tax effect of the following items :		
• Permanent differences	(32)	72
• Income taxable at reduced rates	17	14
• Tax credits	16	57
• Profit in France not subject to the surtax	(45)	(75)
• Effect of differences in foreign tax rates and other	76	(1)
Income tax before impairment losses on the French tax group	**233**	**829**
Effective tax rate applicable to the Group	***44.0%***	*NS*
• Assets on French tax consolidation deficits of Peugeot S.A. generated during the year and not recognised	(333)	(746)
• Impairment losses on the Peugeot S.A. French tax group	(21)	(80)
• Other impairment losses	(186)	(396)
Income tax expense	**(307)**	**(393)**
• of which tax expense on continuing operations	(313)	
• of which tax expense on expenses related to operations to be continued in partnership	131	
• of which tax expense on operations to be continued in partnership	(125)	

Tax credits include research tax credits that do not meet the definition of government grants.

14.3. CHANGE IN TAX ITEMS ON THE BALANCE SHEET

A. Analysis by nature

(in million euros)	**31 December 2014**	31 December 2013
Current Taxes		
Assets	94	188
Liabilities	(164)	(145)
	(70)	**43**
Deffered Taxes		
Assets before offsetting of French tax group loss	*750*	*834*
Offsetting of French tax group loss	*(160)*	*(282)*
Net assets	590	552
Liabilities	(640)	(841)
	(50)	**(289)**

B. Movements for the year

(in million euros)	**31 December 2014**	31 December 2013
Current taxes		
At beginning of period	**43**	**(16)**
IFRS 5 declassification	4	-
Expense	(289)	(261)
Equity	-	-
Payments	178	348
Translation adjustments and other charges	(6)	(28)
At end of period	**(70)**	**43**
Deffered Taxes		
At beginning of period	**(289)**	**(186)**
IFRS 5 declassification	219	-
Expense	(14)	(79)
Equity	17	(33)
Translation adjustments and other charges	17	9
At end of period	**(50)**	**(289)**

14.4. DEFERRED TAX ASSETS AND LIABILITIES

(in million euros)		**31 December 2014**	31 December 2013
Tax credits		**11**	-
carryforwards	**Gross** (1)	5 030	4 699
	Valuation allowances (Note 12.1.C)	(1 976)	(2 086)
	Previously unrecognised deferred tax assets (2)	(2 657)	(2 141)
	Deferred tax asset offset (French tax group) (3)	(160)	(282)
	Other deferred tax assets offset	(41)	(35)
	Total deferred tax assets on tax loss carryforwards	**196**	**155**
Other deferred tax assets		**383**	**397**
Deferred tax assets		**590**	**552**
Deferred tax liabilities before offsetting (4)		(800)	(1 123)
Deferred tax liabilities offset (French tax group) (1)		160	282
Deferred tax liabilities		**(640)**	**(841)**

(1) The gross amount of deferred tax assets corresponding to tax loss carryforwards represents all deferred tax assets corresponding to tax losses that can be carried forward, regardless of whether they were recognised on the balance sheet at 31 December 2014.

(2) Of the impaired unrecognised deferred tax assets, €753 million (€759 million at 31 December 2013) to Faurecia, and €1,615 million related to the French tax group (€1,354 million at 31 December 2013), including €60 million recognised directly in equity.

(3) Offsetting consists of presenting on the face of the balance sheet the net deferred tax position of the French tax group, with deferred tax assets covered by deferred tax liabilities, taking into account the legal restrictions on the use of tax loss carryforwards (see Note 14.1).

(4) The main temporary differences that generate deferred tax liabilities arise from the capitalisation of development costs and differences in amortisation or depreciation methods or periods.

NOTE 15 - EQUITY AND EARNINGS PER SHARE

15.1. EQUITY

A. Capital management policy

The capital management policy relates to equity as defined under IFRS. It is designed to optimise the Group's cost of capital and ensure that it has secure long-term capital resources. Managing capital essentially involves deciding the level of capital to be held currently or in the future and setting dividend policies.

Equity breaks down into portions attributable to minority interests and to equity holders of the parent company.

Equity attributable to equity holders of the parent is equal to the share capital of Peugeot S.A. less any treasury stock, plus reserves and retained earnings of the Group's various businesses.
Minority interests mainly represent non-Group shareholders of Faurecia. Equity attributable to minority interests varies in line with changes in the Faurecia group's consolidated equity (in particular net earnings and change in translation reserves) and - exceptionally - in the event of a sale, purchase or any other equity transaction carried out by Peugeot S.A. in respect of Faurecia.

There are no financial covenants based on consolidated equity. The drawdown on the confirmed credit facilities of Peugeot S.A. and GIE PSA Trésorerie is subject to compliance with an equity-based financial ratio (see Note 12.4).
Banque PSA Finance complies with the capital adequacy ratio and other capital requirements imposed under banking regulations.

Peugeot S.A. shares are held in treasury for the following purposes:

- to award shares to employees, directors and officers of the Company or of companies or groupings that are affiliated with it when the stock options are exercised;
- to reduce the company's share capital.

Furthermore, the Group may carry out capital increases when holders of Peugeot S.A. OCEANE bonds present their bonds for conversion when shares held for allocation on conversion of the OCEANE are insufficient (see Note 15.1.C). There was no capital increase as a result of the conversion of OCEANE bonds in 2014.

B. Analysis of share capital and changes in the year

Rights issues

On 29 April 2014, Peugeot S.A. conducted a reserved capital increase in the amount of €1,048 million, subscribed in equal parts by Dongfeng Motor Group (DFG) via Dongfeng Motor (Hong Kong) International Co., Limited ("DMHK") and the French State through SOGEPA at a price of €7.5 per share, resulting in the issuance of 139,733,332 new shares. The share premium recognised as such amounted to €908 million.

On 23 May 2014, Peugeot conducted a capital increase with preferential subscription rights in the amount of €1,953 million at a price of €6.77 per share, open to all shareholders of Peugeot S.A. and giving rise to the issuance of 288,506,351 new shares. The share premium recognised as such amounted to €1,665 million.

The costs associated with these two transactions amounted to €67 million, and were deducted from share premiums.

Through these capital increases, in a total net amount of 2,934 million, DFG and the French State have each invested approximately €800 million in PSA Peugeot Citroën, and have become key shareholders alongside the Peugeot family, which also subscribed in the amount of €142 million. Following these transactions, these three shareholders each hold identical interests of 14.1% in the capital of Peugeot S.A., and each have two seats on the Supervisory Board.

(in euros)	**31 December 2014**	31 December 2013
Share capital at beginning of period	354 848 992	354 848 992
Rights issue	428 239 683	-
Share capital at end of period	**783 088 675**	**354 848 992**

On 29 April 2014, a bonus issue of 342,060,365 equity warrants was carried out for existing Peugeot S.A. shareholders, on the basis of one warrant for each share held, and with a subscription ratio of ten warrants for three new Peugeot S.A. shares at a strike price of €7.5 per share. The warrants mature after three years, and may be exercised from the second year, with a strike price equal to the subscription price of the reserved capital increase in favour of DFG and the French State. This allocation did not have an immediate effect on the Group's equity. On the basis of the new 3.5 exercise ratio and the new exercise price of €6.43 pursuant to the rights issues that occurred during the first half of 2014, the maximum amount of the capital increase liable to arise from this issue is €770 million for 119,721,128 new shares.

Situation at 31 December 2014

Share capital amounted to €783,088,675 at 31 December 2014, divided into shares with a par value of €1 each. It is fully paid-up. Shares may be held in registered or bearer form, at the shareholder's discretion. Pursuant to Article 11 of the Articles of Association revised at the Shareholders' Meeting of 25 April 2014, shares registered in the name of the same holder for at least two years carry double voting rights. However, the Peugeot family has waived its entitlement to benefit from this article for a period of two years, and accordingly has the same number of voting rights as DFG and the French State.

C. **Treasury stock**

All Peugeot S.A. shares held by the Group are recorded at cost as a deduction from equity. Proceeds from sales of treasury stock are taken to equity, so that any disposal gains or losses have no impact on profit.

The Group may use the buyback authorisations given at Shareholders' Meetings to buy back Peugeot S.A. shares. No shares were bought back in 2014.

At the time of the unreserved capital increase of 23 May 2014, the Group sold the subscription rights attached to treasury shares for €24 million. The proceeds of this sale have been recognised directly in equity.

Changes in treasury stock are presented in the following table:

(1) Number of shares held

(number of shares)	*Notes*	**2014** Transactions	2013 Transactions
At beginning of period		**12 788 627**	**12 788 628**
Conversion of Oceane bonds		(288)	(1)
At period-end		**12 788 339**	**12 788 627**
Allocation			
• Shares held for allocation on conversion of 23 June 2009 OCEANE bonds		8 636 181	9 421 687
• Shares held for allocation on exercise of outstanding stock options [(1)]	*7.2.A*	2 942 961	3 259 035
• Coverage of the capital increase reserved for employees		1 200 000	-
• Unallocated shares		9 197	107 905
		12 788 339	**12 788 627**

[(1)] Pursuant the adjustment of the number of stock options due to the capital increases in the first-half 2014, the Managing Board has decided on 17 July 2014 to allocate the 119,020 unallocated shares as well as 888,060 shares from the allocation on conversion of 23 June 2009 Oceane bonds to the allocation on exercise of outstanding stock options, i.e. 1,007,080 shares.

No purchases or cancellation of shares were made in 2013 or 2014.

(2) Change in value

(in million euros)	**2014**	2013
At beginning of period	(351)	(351)
Preferential subscription rights sold on the market	55	-
At period-end	**(296)**	**(351)**
Average price per share (in euros)	18.18	

The purchase price of treasury shares is deducted from equity.
The share price on 31 December 2014 was €10.22.

D. **Reserves and retained earnings, excluding minority interests**

Reserves and retained earnings, including profit for the year, can be analysed as follows:

(in million euros)	**31 December 2014**	31 December 2013
Peugeot S.A. legal reserve	35	31
Other Peugeot S.A. statutory reserves and retained earnings	8 769	8 474
Reserves and retained earnings of subsidiaries, excluding minority interests	(20)	(1 682)
Total	**8 784**	**6 823**

Other Peugeot S.A. statutory reserves and retained earnings include:

(in million euros)	**31 December 2014**	31 December 2013
Reserves available for distribution:		
Without any additional corporate tax being due	7 701	7 406
after deduction of additional tax [(1)]	1 068	1 068
Total	**8 769**	**8 474**
Tax on distributed earnings	**198**	**198**

[(1)] *Corresponding to the portion of the long-term capital gains reserve that remains subject to additional tax.*

E. **Minority interests**

Minority interests correspond mainly to the interests of other shareholders of Faurecia.

15.2. BASIC EARNINGS PER SHARE

Basic earnings per share and diluted earnings per share are presented at the foot of the income statement. They are calculated as follows:

A. **Basic earnings per share - Attributable to equity holders of the parent**

Basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period.

The average number of shares outstanding is calculated by taking into account the number of shares issued and cancelled during the period and changes in the number of shares held in treasury stock.

	2014	2013
Consolidated basic earnings of continuing operations - attributable to equity holders of the parent *(in million euros)*	(973)	(2 675)
Consolidated basic earnings - attributable to equity holders of the parent *(in million euros)*	(706)	(2 327)
Average number of €1 par value shares outstanding	611 267 664	342 051 814
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (in euros)	***(1.59)***	*(7.82)*
Basic earnings per €1 par value share (in euros)	***(1.15)***	*(6.80)*

B. **Diluted earnings per share - Attributable to equity holders of the parent**

Diluted earnings per share are calculated by the treasury stock method. This consists of taking into account the exercise of stock options, performance share grants to employees and the conversion of OCEANE convertible bonds when it is not accretive.

There were no dilutive potential shares in 2013 or 2014 resulting from the Peugeot S.A. OCEANE convertible bonds or the stock option plans.

The following tables show the effects of the calculation:

(1) Effect on the average number of shares

	Notes	2014	2013
Average number of €1 par value shares outstanding		611 267 664	342 051 814
Dilutive effect, calculated by the treasury stock method, of:			
• Stock option plans	7.2.A	-	-
• Outstanding Oceane convertible bonds	12.6.B	-	-
• Equity warrants		-	-
Diluted average number of shares		**611 267 664**	**342 051 814**

(2) Effect of Faurecia dilution on consolidated earnings of continuing operations - attributable to equity holders of the parent

(in million euros)	2014	2013
Consolidated profit (loss) from continuing operations - attributable to equity holders of the parent	(973)	(2 675)
Dilutive effect of Faurecia Oceane bond conversions, stock options and performance share grants	-	-
Consolidated profit (loss) from continuing operations (after Faurecia dilution effect)	**(973)**	**(2 675)**
Diluted earnings of continuing operations - attributable to equity holders of the parent per €1 par value share (in euros)	*(1.59)*	*(7.82)*

(3) Effect of Faurecia dilution on consolidated earnings - attributable to equity holders of the parent

(in million euros)	2014	2013
Consolidated profit (loss) attributable to equity holders of the parent	(706)	(2 327)
Dilutive effect of Faurecia Oceane bond conversions, stock options and performance share grants	-	-
Consolidated profit (loss) after Faurecia dilution	**(706)**	**(2 327)**
Diluted earnings attributable to equity holders of the parent per €1 par value share (in euros)	*(1.15)*	*(6.80)*

The Faurecia Oceane convertible bonds issued in September 2012 and performance share grants have a potential impact on the total number of Faurecia shares outstanding without affecting the number of shares held by the PSA Peugeot Citroën Group. Consequently, they have a dilutive effect on consolidated profit attributable to the PSA Peugeot Citroën Group.

The Faurecia stock options are anti-dilutive in 2013 and 2014 due to the plans' terms.

NOTE 16 - NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

The statement of cash flows is partitioned into cash flows from operating activities, cash flows from investing activities and cash flows from financing activities depending on the nature of the transactions.

The Group's main choices as regards presentation were as follows:

- Interest flows were kept under cash flows from operating activities;
- Payments received in connection with grants were allocated by function to cash flows from investing activities or cash flows from operating activities depending on the nature of the grant;
- The conversion options of convertible bonds (involving both optional and mandatory conversion) are presented on a capital increase line under cash flows from financing activities;
- Voluntary contributions paid into pension funds are recognised under cash flows from operating activities;
- Payments made on the deferred portion of a fixed asset purchase are presented under cash flows from investing activities for the period ("Change in amounts payable on fixed assets");
- Tax payments are classified under cash flows from operating activities;
- Bonds' redemptions are classified under cash flows from financing activities.

16.1. ANALYSIS OF NET CASH AND CASH EQUIVALENT REPORTED IN THE STATEMENTS OF CASH FLOWS

(in million euros)	*Notes*	**31 December 2014**	31 December 2013
Cash and cash equivalents	*12.5.C*	8 477	6 185
Payments issued	*12.6.D*	(50)	(24)
Net cash and cash equivalents - manufacturing and sales companies		**8 427**	**6 161**
Net cash and cash equivalents - finance companies	*13.3.C*	**2 603**	**1 804**
Elimination of intragroup transactions		*(128)*	*(210)*
Total		**10 902**	**7 755**

16.2. NET CHARGES TO DEPRECIATION, AMORTISATION AND IMPAIRMENT IN THE STATEMENT OF CASH FLOWS

(in million euros)	*Notes*	**2014**	2013
Depreciation and amortisation expense	*5.2*	(2 428)	(2 465)
Impairment of:			
• capitalised development costs	*8.1.B*	(20)	(177)
• intangible assets	*8.1.B*	(1)	(2)
• property, plant and equipment	*8.2.B*	(42)	(849)
Negative goodwill recognised on a bargain purchase	*5.4*	-	(17)
Other		(39)	(33)
Total		**(2 530)**	**(3 543)**

16.3. INTEREST RECEIVED AND PAID BY THE MANUFACTURING AND SALES COMPANIES

Interest received and paid by manufacturing and sales companies is included in working capital provided by operations, and is as follows:

(in million euros)	**2014**	2013
Interest received	75	38
Interest paid	(595)	(618)
Net interest received (paid)	**(520)**	**(580)**

16.4. DETAIL OF CASH FLOW FROM OPERATIONS TO BE CONTINUED IN PARTNERSHIP

(in million euros)	**2014**	2013
Other expenses related to the non-transferred financing of operations to be continued in partnership	(251)	(248)
Change in liabilities related to the financing of operations to be continued in partnership	(1 197)	(2 046)
Net cash related to the non-transferred debt of finance companies to be continued in partnership	**(1 448)**	**(2 294)**
Profit (loss) from operations to be continued in partnership	267	347
Change in assets and liabilities of operations to be continued in partnership	1 771	2 887
Net dividends received from operations to be continued in partnership	(231)	(133)
Net cash from the transferred assets and liabilities of operations to be continued in partnership	**1 807**	**3 101**

NOTE 17 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

Off-balance sheet commitments given in the normal course of business were as follows at 31 December 2014:

(in million euros)	*Notes*	**31 December 2014**	31 December 2013
Manufacturing and sales companies			
■ **Financing commitments**	*12.9*	841	**855**
■ **Operating commitments**	*8.4*	2 737	**2 168**
		3 578	**3 023**
Finance companies	*13.7*	**3 523**	**4 525**

17.1. CONTINGENT LIABILITIES

The Group is involved in claims and litigation arising in the normal course of business. Based on the information currently available, the outcome of this litigation is not expected to result in an outflow of economic resources without anything in return.

On 25 March 2014, the European Commission and the Department of Justice of the United States of America and on 27 November 2014, the Competition Commission of South Africa, initiated an enquiry covering certain suppliers of emission control systems on the basis for suspicions of anti-competitive practices in this segment. Faurecia is one of the companies covered by these enquiries. These enquiries are ongoing. In the event anti-competitive practices are proven, possible sanctions include fines, criminal charges or civil damages. Faurecia is at present unable to predict the consequences of such inquiries including the level of fines or sanctions that could be imposed.

17.2. COMMITMENTS CONNECTED WITH THE GEFCO GROUP

Representations and warranties were made to JSC Russian Railways (RZD) as part of its acquisition of the Gefco Group from PSA. At 31 December 2014, the Group had not identified any material risks associated with these representations and warranties.

Under the logistics and transportation service agreements entered into by the PSA and Gefco groups, the Group gave guarantees regarding the satisfactory performance of the logistics contracts and a five-year exclusivity clause. At 31 December 2014, the Group had not identified any material risks associated with these representations and warranties.

NOTE 18 - RELATED PARTY TRANSACTIONS

Related parties are companies subject to significant influence consolidated by the equity method, members of the managing bodies and shareholders holding more than 10% of Peugeot S.A. capital.

Transactions with companies accounted for by the equity method are disclosed in Note 11.5. Other than these transactions, there were no significant transactions with other related parties.

NOTE 19 - SUBSEQUENT EVENTS

In February 2015, announcements were made about the partnership between Banque PSA Finance and Santander Consumer Finance, as well as the use of the French state guarantee and the renegotiation of syndicated credit facilities. The information is contained in Notes 1.3, 13.4 and 13.5.

PSA Peugeot Citroën has presented to its European networks a plan for an after-sales offensive aimed at expanding its replacement parts business. The plan includes a logistics component, which will significantly reduce the number of official distributors of replacement parts. This restructuring will requires the termination of existing contracts with two years' notice, in accordance with the relevant contractual provisions.

NOTE 20 - FEES PAID TO THE AUDITORS

	Mazars		Ernst & Young		PricewaterhouseCoopers	
(in million euros)	**2014**	2013	**2014**	2013	**2014**	2013
Audit						
Statutory and contractual audit services						
• Peugeot S.A.	0.2	0.2	0.3	0.3	-	-
• Fully-consolidated subsidiaries	2.7	2.7	8.4	8.8	3.0	2.9
o/w France	*1.3*	*1.4*	*2.6*	*2.6*	*0.7*	*0.8*
o/w International	*1.4*	*1.3*	*5.8*	*6.2*	*2.3*	*2.1*
Audit-related services						
• Peugeot S.A.	0.2	-	0.2	-	-	-
• Fully-consolidated subsidiaries	-	0.1	0.1	0.1	-	-
o/w France	-	0.1	-	0.1	-	-
o/w International	-	-	*0.1*	-	-	-
Sub-total	**3.1**	**3.0**	**9.0**	**9.2**	**3.0**	**2.9**
o/w Faurecia	-	-	4.4	4.8	3.0	2.9
Excluding Faurecia	3.1	3.0	4.6	4.4	-	-
	100%	*100%*	*100%*	*99%*	*91%*	*97%*
Other services provided to subsidiaries						
Legal and tax services	-	-	-	0.1	0.3	0.1
Other	-	-	-	-	-	-
Sub-total	**-**	**-**	**-**	**0.1**	**0.3**	**0.1**
o/w Faurecia	-	-	-	-	-	-
Excluding Faurecia	-	-	-	0.1	0.3	0.1
				1%	*9%*	*3%*
TOTAL	**3.1**	**3.0**	**9.0**	**9.3**	**3.3**	**3.0**
o/w Faurecia	-	-	4.4	4.8	3.0	2.9
Excluding Faurecia	3.1	3.0	4.6	4.5	0.3	0.1

Faurecia's Statutory Auditors are Ernst & Young and PricewaterhouseCoopers

NOTE 21 - CONSOLIDATED COMPANIES AT 31 DECEMBER 2014

The Companies listed below are fully consolidated, except those marked with an asterisk (*), which are consolidated by the equity method, and those marked with two asterisks (**), which are consolidated as joint operations and recognised in proportion to the share of assets, liabilities, revenue and expenses controlled by the Group.

Company	Country	% Interest	Company	Country	% Interest
HOLDING COMPANY AND OTHER					
PEUGEOT S.A.	France	100	PEUGEOT MOTOCYCLES ITALIA S.p.A.	Italy	100
FINANCIERE PERGOLESE	France	100	SOCIETE ANONYME DE REASSURANCE LUXEMBOURGEOISE - SARAL	Luxembourg	100
G.I.E. PSA TRESORERIE	France	100	PSA INTERNATIONAL S.A.	Switzerland	100
GRANDE ARMEE PARTICIPATIONS	France	100	* JINAN QUIGQI PEUGEOT MOTORCYCLES	China	50
PEUGEOT MOTOCYCLES	France	100	* GEFCO	France	25
PEUGEOT MOTOCYCLES DEUTSCHLAND GmbH	Germany	100			
AUTOMOTIVE DIVISION					
PEUGEOT CITROEN AUTOMOBILES S.A.	France	100	PSA SERVICES DEUTSCHLAND GmbH	Germany	100
PEUGEOT ALGERIE S.p.A.	Algeria	100	CITROEN HUNGARIA Kft	Hungary	100
CISA	Argentina	100	PEUGEOT HUNGARIA Kft	Hungary	100
PEUGEOT CITROEN ARGENTINA S.A.	Argentina	100	CITROEN MOTORS Irlande LTD	Ireland	100
CITROEN OSTERREICH GmbH	Austria	100	CITROEN ITALIA S.p.A.	Italy	100
PEUGEOT AUSTRIA GmbH	Austria	100	PEUGEOT AUTOMOBILI ITALIA S.p.A.	Italy	100
PEUGEOT WIEN GmbH	Austria	100	PEUGEOT GIANICOLO S.p.A.	Italy	100
CITROEN BELUX S.A. - NV	Belgium	100	PEUGEOT MILAN	Italy	100
PEUGEOT BELGIQUE LUXEMBOURG S.A.	Belgium	100	PSA SERVICES SRL	Italy	100
S.A. PEUGEOT DISTRIBUTION SERVICE N.V.	Belgium	100	PEUGEOT CITROEN JAPAN KK Co Ltd	Japan	100
CITROEN do BRASIL	Brazil	100	PEUGEOT TOKYO	Japan	100
PCI do BRASIL Ltda	Brazil	100	PEUGEOT MEXICO S.A.de CV	Mexico	100
PEUGEOT CITROEN COMERCIAL EXPORTADORA	Brazil	100	SERVICIOS AUTO. FRANCO MEXICANA	Mexico	100
PEUGEOT CITROEN do BRASIL AUTOMOVEIS Ltda	Brazil	100	CITROEN NORGE A/S	Norway	100
AUTOMOTORES FRANCO CHILENA S.A.	Chile	100	CITROEN POLSKA S.p.z.o.o.	Poland	100
PEUGEOT CHILE	Chile	97	PEUGEOT POLSKA S.p.z.o.o.	Poland	100
PCA (CHINA) AUTOMOTIVE DRIVE Co	China	100	AUTOMOVEIS CITROEN S.A.	Portugal	100
CITROEN - HRVATSKA d.o.o.	Croatia	100	PEUGEOT PORTUGAL AUTOMOVEIS DISTRIBUCAO	Portugal	100
PEUGEOT HRVATSKA d.o.o.	Croatia	100	PEUGEOT PORTUGAL AUTOMOVEIS S.A.	Portugal	100
CITROEN CESKA REPUBLICA s.r.o.	Czech Republic	100	PEUGEOT CITROEN AUTOMOVEIS	Portugal	99
PCA LOGISTIKA CZ	Czech Republic	100	PEUGEOT CITROEN RUS	Russia	100
PEUGEOT CESKA REPUBLICA s.r.o.	Czech Republic	100	CITROEN SLOVAKIA s.r.o.	Slovakia	100
CITROEN DANMARK A/S	Denmark	100	PCA SLOVAKIA s.r.o.	Slovakia	100
AUTOMOBILES CITROEN	France	100	PEUGEOT SLOVAKIA s.r.o.	Slovakia	100
AUTOMOBILES PEUGEOT	France	100	PSA SERVICE CENTRE EUROPE	Slovakia	100
CENTRAUTO	France	100	CITROEN SLOVENIJA d.o.o.	Slovénia	100
CITROEN ARGENTEUIL	France	100	PEUGEOT SLOVENIJA d.o.o. P.Z.D.A.	Slovénia	100
CITROEN CHAMP DE MARS	France	100	PEUGEOT MOTORS SOUTH AFRICA Ltd	South Africa	100
CITROEN DUNKERQUE	France	100	AUTOMOVILES CITROEN ESPANA	Spain	100
CITROEN ORLEANS	France	100	HISPANOMOCION S.A.	Spain	100
FRANCAISE DE MECANIQUE	France	100	PEUGEOT CITROEN AUTOMOVILES ESPANA S.A.	Spain	100
MECANIQUE ET ENVIRONNEMENT	France	100	PEUGEOT ESPANA S.A.	Spain	100
PEUGEOT CITROEN AULNAY S.N.C.	France	100	COMERCIAL CITROEN S.A.	Spain	97
PEUGEOT CITROEN MECANIQUE DU GRAND EST S.N.C.	France	100	CITROEN SVERIGE AB	Sweden	100
S.N.C.	France	100	CITROEN (SUISSE) S.A.	Switzerland	100
PEUGEOT CITROEN MULHOUSE S.N.C.	France	100	PEUGEOT (SUISSE) S.A.	Switzerland	100
PEUGEOT CITROEN POISSY S.N.C.	France	100	PEUGEOT CITROEN GESTION INTERNATIONAL	Switzerland	100
PEUGEOT CITROEN RENNES S.N.C.	France	100	LOWEN GARAGE AG	Switzerland	97
PEUGEOT CITROEN SOCHAUX S.N.C.	France	100	CITROEN NEDERLAND B.V.	The Netherlands	100
PEUGEOT MEDIA PRODUCTION	France	100	PEUGEOT NEDERLAND N.V.	The Netherlands	100
PEUGEOT SAINT DENIS AUTOMOBILES	France	100	PCMA HOLDING	The Netherlands	70
PIECES ET ENTRETIEN AUTOMOBILE BORDELAIS	France	100	PEUGEOT OTOMOTIV PAZARLAMA AS - POPAS	Turkey	100
PRINCE S.A.	France	100	TEKOTO MOTORLU TASTLAR ANKARA	Turkey	100
PROCESS CONCEPTION INGENIERIE S.A.	France	100	TEKOTO MOTORLU TASTLAR BURSA	Turkey	100
RETAIL France	France	100	TEKOTO MOTORLU TASTLAR ISTAMBUL	Turkey	100
SABRIE	France	100	PEUGEOT CITROEN UKRAINE	Ukraine	100
SEVELIND	France	100	ASTON LINE MOTORS Ltd	United Kingdom	100
SNC PC.PR	France	100	BOOMCITE Ltd	United Kingdom	100
SOCIETE COMMERCIALE AUTOMOBILE	France	100	CITROEN U.K.Ltd	United Kingdom	100
SOCIETE COMMERCIALE CITROEN	France	100	ECONOMYDRIVE CARS	United Kingdom	100
MECANISATIONS ET DE MACHINES - SCEMM	France	100	MELVIN MOTORS (BISHOPBRIGGS) Ltd	United Kingdom	100
L'OUEST	France	100	PEUGEOT CITROEN AUTOMOBILES UK	United Kingdom	100
NORD - SEVELNORD	France	100	PEUGEOT MOTOR COMPANY PLC	United Kingdom	100
ARDENNES	France	100	ROBINS & DAY Ltd	United Kingdom	100
SOCIETE INDUSTRIELLE AUTOMOBILE DE PROVENCE	France	100	ROOTES Ltd	United Kingdom	100
DE PIECES DE RECHANGE	France	100	WARWICK WRIGHT MOTORS CHISWICK Ltd	United Kingdom	100
SOCIETE LYONNAISE DE PIECES ET SERVICES AUTOMOBILE	France	100	** TOYOTA PEUGEOT CITROEN AUTOMOBILES Czech s.r.o.	Czech Republic	50

Company	Country	% Interest
SOCIETE MECANIQUE AUTOMOBILE DE L'EST	France	100
SOCIETE NOUVELLE ARMAND ESCALIER	France	100
Sté Cle DISTRIBUTION PIECES DE RECHANDES - SCPR	France	100
TECHNOBOOST	France	60
CITROEN COMMERCE GmbH	Germany	100
CITROEN DEUTSCHLAND AG	Germany	100
PEUGEOT DEUTSCHLAND GmbH	Germany	100
PEUGEOT NORDHESSEN GmbH	Germany	100
** SOCIETA EUROPEA VEICOLI LEGGERI - SEVEL S.p.A.	Italy	50
** PCMA AUTOMOTIV RUS	Russia	70
* CAPSA	China	50
* DONGFENG PEUGEOT CITROEN AUTOMOBILES CY Ltd	China	50
* DONGFENG PEUGEOT CITROEN AUTOMOBILES SALES COMPANY Ltd	China	50
* WUHAN SHELONG HONGTAI AUTOMOTIVE KO Ltd	China	10
* STAFIM	Tunisia	34
* STAFIM - GROS	Tunisia	34

AUTOMOTIVE EQUIPMENT DIVISION

Company	Country	% Interest
FAURECIA	France	51
FAURECIA ARGENTINA S.A.	Argentina	51
FAURECIA EXTERIORS ARGENTINA	Argentina	51
FAURECIA SISTEMAS DE ESCAPE ARGENTINA S.A.	Argentina	51
FAURECIA INDUSTRIE N.V.	Belgium	51
SOCIETE INTERNATIONALE DE PARTICIPATIONS	Belgium	51
FAURECIA AUTOCOMPONENT EXTERIOR SYSTEMS HOLDING	Belgium	51
FAURECIA AUTOMOTIVE DO BRASIL LTDA	Brazil	51
FAURECIA SISTEMAS DE ESCAPAMENTO DO BRASIL LTDA	Brazil	51
FAURECIA AUTOMOTIVE SEATING CANADA LTD	Canada	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES CANADA LTD	Canada	51
FAURECIA (CHANGCHUN) AUTOMOTIVE SYSTEMS CO., LTD	China	51
FAURECIA (CHINA) HOLDING CO. LTD	China	51
FAURECIA (GUANGZHOU) AUTOMOTIVE SYSTEMS CO., LTD	China	51
FAURECIA (NANJING) AUTOMOTIVE SYSTEMS CO., LTD	China	51
FAURECIA (QINGDAO) EXHAUST SYSTEMS CO, Ltd	China	51
FAURECIA (SHANGHAI) AUTOMOTIVE SYSTEMS CO., LTD	China	51
FAURECIA (SHENYANG) AUTOMOTIVE SYSTEMS CO., LTD	China	51
FAURECIA (WUHAN) AUTOMOTIVE COMPONENTS SYSTEMS CO., LTD	China	51
FAURECIA (WUHAN) AUTOMOTIVE SEATING CO., LTD	China	51
FAURECIA (WUHU) EXHAUST SYSTEMS CO, LTD	China	51
FAURECIA (WUXI) SEATING COMPONENTS CO., LTD	China	51
FAURECIA (YANCHENG) AUTOMOTIVE SYSTEMS CO LTD	China	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES DEVELOPMENT (SHANGHAI) COMPANY LTD	China	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, (Shanghai) Co., Ltd	China	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, (Yantai) Co., Ltd	China	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Chengdu	China	51
CHANGSHA FAURECIA EMISSIONS CONTROL TECHNOLOGIES CO. LTD	China	51
CUMMINGS BEIJING	China	51
NINGBO	China	46
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, (Chongqing) Co., Ltd	China	37
FAURECIA EMISSIONS CONTROL TECHNOLOGIES (NINGBO HANGZHOU BAY NEW DISTRICT) CO. LTD	China	34
CHANGCHUN FAURECIA XUANG INTERIOR SYSTEMS COMPANY LIMITED	China	31
CHANGCHUN FAURECIA XUYANG AUTOMOTIVE SEAT CO., LTD (CFXAS)	China	31
FOSHAN FAURECIA XUYANG INTERIOR SYSTEMS COMPANY LIMITED	China	31
SHANGHAI FAURECIA AUTOMOTIVE SEATING CO LTD	China	28
FAURECIA EXHAUST SYSTEMS CHANGCHUN CO., LTD	China	26
FAURECIA- GSK (WUHAN) AUTOMOTIVE SEATING CO., LTD	China	26
FAURECIA HONGHU EXHAUST SYSTEMS SHANGHAI, Co. Ltd (ex SHEESC)	China	26
CHENGDU FAURECIA. LIMIN INTERIOR & EXTERIOR SYSTEMS	China	26
CHONGQING GUANGNENG FAURECIA INTERIOR SYST	China	26
FAURECIA EMISSIONS CONTROL TECHNOLOGIES FOSHAN COMPANY LIMITED	China	26
FAURECIA NHK (XIANGYANG) AUTOMOTIVE SEATING CO., LTD	China	26
FAURECIA TONGDA EXHAUST SYSTEM (WUHAN) CO., LTD	China	26
NANCHANG	China	26
FAURECIA AUTOMOTIVE CZECH REPUBLIC, s.r.o.	Czech Republic	51
FAURECIA AUTOMOTIVE POLSKA Spolka Akcyjna	Poland	51
FAURECIA GORZOW Spolka Akcyjna	Poland	51
FAURECIA GROJEC R&D CENTER Spolka Akcyjna	Poland	51
FAURECIA LEGNICA Spolka Akcyjna	Poland	51
FAURECIA WALBRZYCH Spolka Akcyjna	Poland	51
EDA - ESTOFAGEM DE ASSENTOS, LDA,	Portugal	51
FAURECIA - ASSENTOS DE AUTOMOVEL, LIMITADA	Portugal	51
FAURECIA - SISTEMAS DE ESCAPE PORTUGAL, LDA	Portugal	51
FAURECIA SISTEMAS DE INTERIOR DE PORTUGAL. COMPONENTES PARA AUTOMOVEIS S.A. (Ex SAI PORTUGAL)	Portugal	51
SASAL	Portugal	51
FAURECIA SEATING TALMACIU S.R.L.	Rumania	51
EURO AUTO PLASTIC SYSTEMS S.R.L.	Rumania	26
OOO FAURECIA AUTOMOTIVE DEVELOPMENT	Russia	51
FAURECIA AUTOCOMPONENT EXTERIOR SYSTEMS	Russia	51
OOO FAURECIA ADP	Russia	31
OOO FAURECIA METALLOPRODUKCIA EXHAUST SYSTEMS	Russia	31
FAURECIA SLOVAKIA s.r.o.	Slovakia	51
EMISSION CONTROL TECHNOLOGIES S.A. (CAPETOWN) (PTY) LTD	South Africa	51
FAURECIA EXHAUST SYSTEMS SOUTH AFRICA LTD	South Africa	51
FAURECIA INTERIOR SYSTEMS PRETORIA (PTY) LTD	South Africa	51
FAURECIA INTERIOR SYSTEMS SOUTH AFRICA (PTY) LTD	South Africa	51
FAURECIA EMISSIONS CONTROL SYSTEMS KOREA (ex DAEKI)	South Korea	51
FAURECIA JIT AND SEQUENCING KOREA	South Korea	51
FAURECIA TRIM KOREA LTD	South Korea	51
FAURECIA AUTOMOTIVE SYSTEMS KOREA LTD	South Korea	51
FAURECIA SHIN SUNG CO. LTD	South Korea	51
ASIENTOS DE CASTILLA LEON, S.A.	Spain	51
ASIENTOS DE GALICIA, S.L.	Spain	51
ASIENTOS DEL NORTE, S.A.	Spain	51
FAURECIA ASIENTOS PARA AUTOMOVIL ESPAÑA, S.A.	Spain	51
FAURECIA AUTOMOTIVE ESPAÑA, S.L.	Spain	51
FAURECIA AUTOMOTIVE EXTERIORS ESPANA, S.A. (Ex Plastal Spain S.A.)	Spain	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Pampelona, S.L.	Spain	51
FAURECIA INTERIOR SYSTEMS ESPAÑA, S.A.	Spain	51
FAURECIA INTERIOR SYSTEMS SALC ESPAÑA, S.L.	Spain	51
FAURECIA SISTEMAS DE ESCAPE ESPAÑA, S.A.	Spain	51
INCALPLAS, S.L.	Spain	51
VALENCIA MODULOS DE PUERTA, S.L.	Spain	51
TECNOCONFORT	Spain	26
FAURECIA EXHAUST SYSTEMS AB	Sweden	51
FAURECIA INTERIOR SYSTEMS SWEDEN AB	Sweden	51
UNITED PARTS EXHAUST SYSTEMS AB	Sweden	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Thailand Co., Ltd	Thailand	51
FAURECIA INTERIOR SYSTEMS THAILAND CO., LTD.	Thailand	51
FAURECIA & SUMMIT INTERIOR SYSTEMS	Thailand	26
ET Dutch Holding BV	The Netherlands	51

Company	Country	% Interest
FAURECIA COMPONENTS PISEK s.r.o.	Czech Republic	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Mlada Boleslav, s.r.o	Czech Republic	51
FAURECIA EXHAUST SYSTEMS S.R.O.	Czech Republic	51
FAURECIA INTERIOR SYSTEMS BOHEMIA s.r.o.	Czech Republic	51
AUTOMOTIVE SANDOUVILLE	France	51
ECSA - ETUDES ET CONSTRUCTION DE SIEGES POUR L'AUTOMOBILE	France	51
FAURECIA AUTOMOTIVE HOLDINGS	France	51
FAURECIA AUTOMOTIVE INDUSTRIE	France	51
FAURECIA AUTOMOTIVES COMPOSITES	France	51
FAURECIA BLOC AVANT	France	51
FAURECIA EXHAUST INTERNATIONAL	France	51
FAURECIA INDUSTRIES	France	51
FAURECIA INTERIEUR INDUSTRIE	France	51
FAURECIA INTERIEUR MORNAC	France	51
FAURECIA INTERIEUR SAINT QUENTIN	France	51
FAURECIA INVESTMENTS	France	51
FAURECIA SERVICES GROUPE	France	51
FAURECIA SIEGES D'AUTOMOBILES	France	51
FAURECIA SYSTÈMES D'ECHAPPEMENT	France	51
FINANCIERE FAURECIA	France	51
HAMBACH AUTOMOTIVE EXTERIORS SAS	France	51
SIEBRET	France	51
SIEDOUBS	France	51
SIELEST	France	51
SIEMAR	France	51
SIENOR	France	51
SOTEXO	France	51
TRECIA	France	51
FAURECIA EXTERIORS INTERNATIONAL	France	51
FAURECIA ADP HOLDING	France	31
FAURECIA-METALLOPRODUKCIA Holding	France	31
EAK - COMPOSANTS POUR L'AUTOMOBILE (EAK SNC)	France	26
FAURECIA ABGASTECHNIK GmbH	Germany	51
FAURECIA Angell-Demmel GmbH	Germany	51
FAURECIA AUTOMOTIVE GmbH	Germany	51
FAURECIA AUTOSITZE GmbH	Germany	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Finnentrop GmbH	Germany	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Germany GmbH	Germany	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Novaferra GmbH	Germany	51
FAURECIA EXTERIORS GmbH	Germany	51
FAURECIA INNENRAUM SYSTEME GmbH	Germany	51
FAURECIA KUNSTSTOFFE AUTOMOBILSYSTEME GmbH	Germany	51
EMCON Technologies Kft	Hungary	51
FAURECIA MAGYARORSZAG KIPUFOGO-RENDSZER KFT	Hungary	51
FAURECIA AUTOMOTIVE SEATING INDIA PRIVATE LIMITED	India	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES INDIA	India	51
FAURECIA TECHNOLOGY CENTER INDIA PVT Ltd	India	51
Faurecia Emissions Control Technologies, India Private Limited	India	38
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Italy SRL	Italy	51
FAURECIA JAPAN K.K.	Japan	51
FAURECIA HOWA INTERIOR'S	Japan	26
FAURECIA AST Luxembourg S.A	Luxembourg	51
FAURECIA HICOM EMISSIONS CONTROL TECHNOLOGIES	Malaya	33
ET Mexico Holdings II, S. de R.L.de C.V.	Mexico	51
EXHAUST SERVICES MEXICANA, S.A. DE C.V.	Mexico	51
FAURECIA SISTEMAS AUTOMOTRICES DE MEXICO, S.A. de C.V. (ex FAURECIA DUROPLAST MEXICO, S.A. DE C.V.)	Mexico	51
SERVICIOS CORPORATIVOS DE PERSONAL ESPECIALIZADO, S.A. DE C.V.	Mexico	51
FAU - Faurecia Howa Interiors de Mexico SA de CV	Mexico	26
FAURECIA EQUIPEMENTS AUTOMOBILES MAROC	Morocco	51

Company	Country	% Interest
FAURECIA AUTOMOTIVE SEATING B.V.	The Netherlands	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, Netherlands B.V.	The Netherlands	51
FAURECIA NETHERLANDS HOLDING B.V.	The Netherlands	51
FAURECIA INFORMATIQUE TUNISIE	Tunisia	51
SOCIETE TUNISIENNE D'EQUIPEMENTS D'AUTOMOBILE	Tunisia	51
FAURECIA POLIFLEKS OTOMOTIV SANAYI VE TICARET ANONIM SIRKETI	Turkey	51
FAURECIA AUTOMOTIVE SEATING UK LIMITED	United Kingdom	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, UK Limited	United Kingdom	51
FAURECIA MIDLANDS Limited	United Kingdom	51
SAI AUTOMOTIVE FRADLEY LTD	United Kingdom	51
SAI AUTOMOTIVE WASHINGTON LIMITED	United Kingdom	51
FAURECIA AUTOMOTIVE DEL URUGUAY	Uruguay	51
FAURECIA AUTOMOTIVE SEATING, LLC	USA	51
FAURECIA EMISSIONS CONTROL TECHNOLOGIES, USA, LLC	USA	51
FAURECIA EXHAUST SYSTEMS, INC.	USA	51
FAURECIA INTERIOR SYSTEMS SALINE LLC	USA	51
FAURECIA INTERIOR SYSTEMS, INC.	USA	51
FAURECIA INTERIORS SYSTEMS HOLDING	USA	51
FAURECIA USA HOLDINGS, INC.	USA	51
FNK NORTH AMERICA	USA	51
FAURECIA INTERIORS LOUISVILLE, LLC	USA	51
FAURECIA MADISON AUTOMOTIVE SEATING INC	USA	51
FAURECIA NORTH AMERICA HOLDINGS LLC	USA	51
* SAS Automotriz Argentina S.A. (dormant company)	Argentina	26
* SAS Automotive N.V.	Belgium	26
* SAS Automotive Do Brasil Ltda	Brazil	26
* FAU - FMM Pernambuco Componentes Automotivos Ltda	Brazil	18
* CHANGCHUN FAURECIA XUYANG AUTOMOTIVE COMPONENTS TECHNOLOGIES R&D COMPANY LIMITED	China	26
* CHANGCHUN HUAXIANG F.A. PLASTIC	China	26
* DONGGUAN CSM FAURECIA AUTOMOTIVE SYSTEMS COMPANY LIMITED	China	26
* JINAN FAURECIA LIMIN INTERIOR & EXTERIOR SYSTEMS CO.	China	26
* LANZHOU FAURECIA LIMIN INTERIOR & EXTERIOR SYSTEMS CO.	China	26
* SAS (Wuhu) Automotive Systems Co. Ltd, Wuhu City, China	China	26
* XIANGTAN FAURECIA. LIMIN INTERIOR & EXTERIOR SYSTEMS	China	26
* ZEIJIANG FAURECIA. LIMIN INTERIOR & EXTERIOR SYSTEMS	China	26
* SAS Autosystemtechnik s.r.o.	Czech Republic	26
* COCKPIT AUTOMOTIVE SYSTEMS DOUAI SNC	France	26
* SAS AUTOMOTIVE France	France	26
* AMMINEX EMISSIONS SYSTEMS APS	France	21
* CHANGCHUN XUYANG FAURECIA ACOUSTICS & SOFT TRIM CO.LTD	France	20
* SAS AUTOSYSTEMTECHNIK GmbH und Co. KG	Germany	26
* SAS AUTOSYSTEMTECHNIK VERWALTUNGS GmbH	Germany	26
* FAU - NHK F. Krishna India Automotive Seating Private Limited	India	10
* FAURECIA-NHK Co., Ltd	Japan	26
* SAS Automotive Systems & Services, S.A. DE C.V.	Mexico	26
* SAS Automotive Systems S.A. de C.V.	Mexico	26
* SAS Autosystemtechnik de Portugal, Unipessoal, Lda.	Portugal	26
* VANPRO ASSENTOS LIMITADA	Portugal	26
* SAS Automotive s.r.o	Slovakia	26
* AD Tech Co Ltd	South Korea	26
* KWANG JIN FAURECIA Co. Limited	South Korea	26
* COMPONENTES DE VEHICULOS DE GALICIA, S.A.	Spain	26
* COPO IBERICA, S.A.	Spain	26
* FAU - Indistrias Cousin Frères S.L.	Spain	26
* SAS Autosystemstechnick, S.A.	Spain	26
* SAS Otosistem Teknik Ticaret ve Limited Şirketi	Turkey	26
* TEKNIK MALZEME Ticaret Ve Sanayi A.S.	Turkey	26
* SAS Automotive USA, inc.	USA	26
* FAURECIA JV IN DETROIT	USA	26
* FAU - FAURECIA DMS Leverage Lender LLC	USA	23

FINANCE AND INSURANCE COMPANIES

Company	Country	% Interest
BANQUE PSA FINANCE	France	100
BPF ALGERIE	Algeria	100
PSA FINANCE ARGENTINA S.A.	Argentina	50
BPF - Banque PSA Finance, Succursale en Belgique	Belgium	100
PSA FINANCE BELUX	Belgium	100
BANCO PSA FINANCE BRASIL S.A.	Brazil	100
FOND D'INVESTISSEMENT EN DROITS DE CREANCES	Brazil	100
PSA FINANCE ARRENDAMIENTO COMERCIAL	Brazil	100
PSA FINANCIAL Doo	Croatia	100
PSA FINANCE CESKA REPUBLIKA s.r.o.	Czech Republic	100
BPF - Auto ABS FCT2 2013-A (FONDS A)	France	100
BPF - FCT Auto ABS - Compartiment 2012-3	France	100
BPF - FCT Auto ABS - Compartiment 2012-7	France	100
BPF - FCT Auto ABS - Compartiment 2013-2	France	100
BPF - FCT Auto ABS3 - Compartiment 2014-01	France	100
COMPAGNIE GENERALE DE CREDIT AUX PARTICULIERS - CREDIPAR	France	100
COMPAGNIE POUR LA LOCATION DE VEHICULES - CLV	France	100
FCC AUTO ABS - Compartiment 2011.01	France	100
FCC AUTO ABS - Compartiment 2012-01	France	100
FCC AUTO ABS - Compartiment 2012-02	France	100
PSA ASSURANCES SAS	France	100
SOCIETE FINANCIERE DE BANQUE - SOFIB	France	100
SOFIRA - SOCIETE DE FINANCEMENT DES RESEAUX AUTOMOBILES	France	100
BPF - Auto ABS DFT Master Compartment Germany 2013	Germany	100
BPF - Auto ABS German Lease Master	Germany	100
BPF - Auto ABS German Loans Master	Germany	100
BPF - FCT Auto ABS - Compartiment 2013-1	Germany	100
FCT Auto ABS German loans - Compartiment 2011-2	Germany	100
BPF - Retail Prod Zártköruen Muködo Részvénytársaság	Hungary	100
PSA FINANCE HUNGARIA Rt	Hungary	100
BPF - ABS Italian Loans Master S.r.l.	Italy	100
PSA FACTOR ITALIA S.p.A.	Italy	100
PSA RENTING ITALIA S.p.A.	Italy	100
PSA FINANCE SCS	Luxembourg	100
PSA INSURANCE LTD	Malta	100
PSA LIFE INSURANCE LTD	Malta	100
PSA SERVICES LTD	Malta	100
BPF MEXICO S.A. DE CV	Mexico	100
PSA FINANCE POLSKA	Poland	100
PSA GESTAO COMERCIO E ALUGER DE VEICULOS	Portugal	100
BANK PSA FINANCE RUS	Russia	100
PSA FINANCE SLOVAKIA s.r.o.	Slovakia	100
BPF FINANCIRANJE D.o.o.	Slovénia	50
BPF - FCT Auto ABS - Compartiment 2012-5	Spain	100
BPF - Auto ABS Swiss Lease 2013 GmbH	Switzerland	100
PSA FINANCE SUISSE S.A.	Switzerland	100
PEUGEOT FINANCE INTERNATIONAL N.V.	The Netherlands	100
PSA FINANCE NEDERLAND B.V.	The Netherlands	100
PSA FINANCIAL HOLDING B.V.	The Netherlands	100
BPF PAZARLAMA A.H.A.S.	Turkey	100
BPF - Auto ABS UK Loans PLC - Compartiment 2012-5	United Kingdom	100
BPF - Economy Drive Cars Limited	United Kingdom	100
PSA WHOLESALE Ltd	United Kingdom	100
VERNON WHOLESALE INVESTMENTS CO Ltd	United Kingdom	100
* DONGFENG PEUGEOT CITROEN AUTOMOBILE FINANCE COMPANY	China	50

Dont 12,5% via Dongfeng Peugeot Citroën Automobile

NOTE 22 - CORRESPONDANCE TABLE OF THE 2014 AND 2013 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENT AT DECEMBRER 2014	CONSOLIDATED FINANCIAL STATEMENT AT DECEMBER 2013
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2.1 Standards applied	**2** Standards applied
2.2 Use of estimates and assumptions	**2.4** Use of estimates and assumptions
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3.1 Accounting policies	**2.1 à 2.3** Accounting policies - Consolidation, Translation of the financial statements of foreign subsidiaries, Translation of transactions in foreign currencies
3.2 Composition of the Group	**4 & 5.1** Scope of consolidation & Segment information - business segments
3.3 Assets and operations held for sale or to be continued in partnership	**2.24** Accounting policies - Assets and operations held for sale or to be continued in partnership
3.4 Changes to financial statements previously reported	**3** Changes to financial statements previously reported
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4.1 Business segments	**5.1** Business segments
4.2 Geographical segments	**5.2** Geographical segments
5 OPERATING INCOME	
Definition	**2.9** Accounting policies - Operating income
5.1 Sales and revenue	**6 & 2.5** Accounting policies & Sales and revenue
5.2 Recurring operating expenses analysed by nature	**7** Recurring operating expenses analysed by nature
5.3 Research and development expenses	**2.8, 2.13 & 8** Accounting policies & Research and development expenses
5.4 Non-recurring operating income and expenses	**9** Non-recurring operating income and expenses
6 REQUIREMENTS IN WORKING CAPITAL OF MANUFACTURING AND SALES COMPANIES	
6.1 Inventories	**2.17 & 21** Accounting policies & Inventories
6.2 Trade receivables	**2.18 & 22** Accounting policies & Trade receivables
6.3 Other receivables and other payables	**23.1 & 33.1** Other receivables & other payables
6.4 Change in working capital requirements of manufacturing and sales companies	**34** Notes to the consolidated statements of cash flows
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7.3 Management compensation	**39** Management compensation
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8.2 Property, plant and equipment	**2.14 & 15** Accounting policies & Property, plant and equipment
8.3 Asset impairment	**2.15 & 9.1** Accounting policies - impairment of long-lived assets & Impairment test on Automotive division CGUs and provisions for Automotive division onerous contracts
8.4 Off-balance sheet commitments and contingent liabilities related to operating activities	**37.2** Operations-related commitments
9 OTHER NON-CURRENT ASSETS AND OTHER NON-CURRENT LIABILITIES	
9.1 Other non-current assets	**18** Other non-current assets
9.2 Other non-current liabilities	**30** Other non-current liabilities
10 CURRENT AND NON-CURRENT PROVISIONS	**27 & 2.20** CURRENT AND NON-CURRENT PROVISIONS & ACCOUNTING POLICIES
10.1 Accounting policies	**2.20** Accounting policies - provisions
10.2 Non-current provisions	**27.1** Non-current provisions
10.3 Current provisions	**27.2** Current provisions

CONSOLIDATED FINANCIAL STATEMENT AT DECEMBRER 2014		CONSOLIDATED FINANCIAL STATEMENT AT DECEMBRER 2013	
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	Accounting policies	**2.10**	Accounting policies - share in earnings of companies at equity
11.1	Changes in the carrying amount of investments in companies at equity	**16.1**	Changes in the carrying amount of investments in companies at equity
11.2	Share in net assets of companies at equity	**16.2**	Share in net assets of companies at equity
11.3	Share in net earnings of companies at equity	**16.3**	Share in net earnings of companies at equity
11.4	Key financial data of companies at equity	**16.4**	Key financial data of companies at equity – attributable to the Group
	A. Detailed information on the main companies accounted at equity	**16.5**	Additional information on Dongfeng Peugeot Citroën Automobile
	B. Overall disclosures regarding non-material equity-accounted investments		*New*
11.5	Related party transactions - Companies at equity	**16.6**	Related party transactions - Companies at equity
12	**FINANCING AND FINANCIAL INSTRUMENTS – MANUFACTURING AND SALES COMPANIES**		
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12.2	Net financial income (loss)	**2.11,10 & 11**	Accounting policies, finance costs & other financial income and expenses
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12.5	Breakdown of financial assets	**17, 24 & 25**	Other non-current financial assets, current financial assets & cash and cash equivalents
12.6	Breakdown of financial liabilities	**2.16 & 29**	Accounting policies & current and non-current financial liabilities – Manufacturing and sales companies
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12.8	Financial instruments	**2.3 & 2.16, 35**	Accounting policies & financial instruments
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13.2	IFRS 5 impact on the main income statement and balance sheet items as of 31 December 2014 - See note 3.3.A.		*New*
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13.6	Financial instruments	**35**	Financial instruments
13.7	Off balance-sheet commitments and contingent liabilities	**37**	Financing-related commitments
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14.2	Reconciliation between theoretical income tax in France and income tax in the consolidated statement of income	**12.2**	Reconciliation between theoretical income tax in France and income tax in the consolidated statement of income
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15.2	Basic earnings per share	**13**	Basic earnings per share
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21	**CONSOLIDATED COMPANIES AT 31 DECEMBER 2014**	**42**	CONSOLIDATED COMPANIES AT 31 DECEMBER 2013

IV – STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you, for the year ended December 31, 2014, on:

- the audit of the accompanying consolidated financial statements of Peugeot S.A.;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the managing board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2014 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Without qualifying our opinion, we draw your attention to notes 2 " Accounting principles" and 3.4 "Changes To Financial Statements Previously Reported" to the consolidated financial statements which set out the impact of the first application of IFRS 10 and IFRS 11 concerning consolidated financial statements and joint arrangements.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- The preparation of the consolidated financial statements requires your group to make estimates and assumptions regarding the valuation of certain assets, liabilities, income and expenses, the most significant of which are outlined in note 2.2 to the consolidated financial statements "Accounting principles – Use of Estimates and Assumptions." For all of these matters, we examined the appropriateness of the accounting rules and methods used and the information given in this note to the consolidated financial statements. In addition, we examined the consistency of the assumptions used, their translation into figures, and the available documentation, and on that basis we assessed the reasonableness of the estimates made.
- Note 8.3 to the consolidated financial statements "Asset Impairment" describes the accounting methods and assumptions used for impairment tests. We verified that the impairment tests were carried out correctly, we verified the reasonableness of the underlying estimates and assumptions, we reviewed the calculations which led to the recognition of the impairment and we verified that this note to the consolidated financial statements provides relevant information.
- As indicated in note 14 to the consolidated financial statements "Income taxes," deferred tax assets and liabilities are accounted for in the statement of financial position. This note indicates, amongst other things, that tax-loss carry forwards relating to the French tax consolidation generated over the year have not been recognized in the absence of any reasonable expectation that they will be recovered, on the basis of tax estimates consistent with the impairment testing of the Automotive Division CGU. We examined the Group's tax forecasts, deferred tax assets and liabilities timelines and the consistency of overall assumptions used for this depreciation.
- We reviewed the information on the implementation of a partnership between your group and Santander Consumer Finance referred to in note 1 to the consolidated financial statements "Significant Events". We verified reclassifications and restatements of comparative periods, valuation of assets and liabilities to be continued in partnership and the presentation of these impacts in accordance with IFRS 5 as described in note 3.3 to the consolidated financial statements "Assets And Operations Held For Sale Or To Be Continued In Partnership."

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Courbevoie and Paris-La Défense, February 18, 2015

The statutory auditors

French original signed by

MAZARS		ERNST & YOUNG et Autres	
Jean-Louis Simon	Jérôme de Pastors	Christian Mouillon	Marc Stoessel

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