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# HALF-YEAR FINANCIAL REPORT



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# 2016 Interim results

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# I. MANAGEMENT AND SUPERVISORY BODIES

## AT 30 JUNE 2016

### Supervisory Board

#### CHAIRMAN

Louis Gallois

#### VICE-CHAIRMEN

Marie-Hélène Peugeot Roncoroni (permanent representative of Etablissements Peugeot Frères)  
Zhu Yanfeng (permanent representative of Dongfeng Motor (Hong Kong) International Co. Ltd.)

*Mr Bruno Bézard resigned from his office as member of the Supervisory Board, effective as from 30 June 2016.*

#### MEMBERS OF THE SUPERVISORY BOARD

Geoffroy Roux de Bézieux  
Catherine Bradley  
Pamela Knapp  
Jean-François Kondratiuk (employee representative)  
Helle Kristoffersen  
Liu Weidong  
Robert Peugeot (permanent representative of FFP)  
Henri Philippe Reichstul  
Anne Valleron (employee shareholder representative)  
Florence Verzelen (permanent representative of SOGEPA)

#### ADVISORS

Wei Wenqing  
Aymeric Ducrocq  
Frédéric Banzet

### Managing Board

#### CHAIRMAN

Carlos Tavares

#### MEMBERS OF THE MANAGING BOARD

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

## II. INTERIM MANAGEMENT REPORT

### 1. THE GROUP'S OPERATIONS

#### 1.1. Business review

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- **Product offensive launched in Europe with the new Peugeot Expert, Citroën Jumpy, Peugeot 3008 and Citroën C3**
- **Positions strengthened in Latin America, with growth of 16.4%**
- **Return to Iran, with agreements signed for Peugeot and DS**

**First-half consolidated sales in Europe rose 7.4% year-on-year to 1,056,000 units.**

**Peugeot** sales climbed 7.9% to 601,000 units, led mainly by the Peugeot 2008 (up 16%, or 99,900 units) and Partner (up 8%, or 62,800 units), which were both ranked no. 2 in their respective segments in Europe. The 208 and 308 models continued to advance, up 15% (157,800 units) and 10% (119,200 units), respectively. Sales of the brand were particularly impressive in Italy (up 17.4%), Spain (up 12.5%) and the Netherlands (up 8.8%). This excellent performance will be buoyed in the second half of the year by various new product innovations, including the new Peugeot 2008 SUV and 3008, and the new Peugeot Traveller and Expert.

**Citroën** delivered its best sales performance for five years, advancing 7.2% to 414,000 units. Its strong showing was powered chiefly by the C4 Picasso, the leading MPV in Europe, but also by the C4 Cactus and the C1, which each reported sales growth for the period. In the market for light commercial vehicles, the Berlingo also consolidated its success as leader of its segment. These solid performances enabled the brand to gain ground in its biggest markets (United Kingdom, Spain and Germany). The momentum should accelerate in the second half, driven by the new C4 Picasso, the new Jumpy, the SpaceTourer and the new C3, which will replace the brand's current best seller in the autumn.

Sales for the **DS** brand rose 0.7% to 40,900 units, with the new DS 3 and the new DS 3 Cabrio launched in March completing the brand's entirely revisited line-up. The DS 4 and DS 4 Crossback were highly successful, with the Crossback representing 28% of total sales from these two compact premium models thanks to its strong customer appeal. The brand continues to expand its dealer network, which included 21 DS Stores and 86 DS Salons in Europe at the end of June.

**In the fast-changing China & Southeast Asia market**, PSA Group sales were down 19.4% to 297,000 units.

Following the arrival of the DS 4S sedan at the end of April, the Group is preparing a marketing offensive in the second half of 2016 which will see it launch five SUVs in the next two years.

As part of its Blue Upper plan, the **Peugeot** brand is planning to launch 18 new models in China by 2020 and, before the end of 2016, revisit the 308 Sedan and the 3008, two of its three best sellers in the world's biggest market.

The **Citroën** C3-XR SUV consolidated its success, with sales surging 35%. The new Citroën C6 and C4 L models will be launched in the second half of the year.

To partner growth in the SUV market segment, the PSA Group will inaugurate a new plant in Chengdu in September 2016. The Group's Shenzhen facility already manufactures the DS 6 SUV, the **DS** brand's best-selling model in China.

The **Middle East & Africa** region had to contend with an unfavourable economic climate in the first half of 2016, with imports suspended and then subject to quotas in Algeria and restrictions placed on currency access in certain countries (Egypt and Tunisia). This situation weighed heavily on the Group's sales in the region, which fell 13.3%.

The Group prepared for its return to Iran, signing a joint venture agreement in June with Iran Khodro, a long-standing **Peugeot** partner. The **DS** brand was also launched in the country at the beginning of the year, in cooperation with a private investor.

**In Latin America, the PSA Group strengthened its positions**, with sales up 16.4% to 88,800 units in a market down by 8.2%. The Group reported its biggest-ever market share in Chile, at over 7%.

**Peugeot** saw sales surge 26%, powered by excellent performances in Argentina (up 45%), Chile (up 38%) and Brazil (up 2%) in a sharply declining market (down 25%). The brand capitalised on its latest product launches: the 2008 and the new 208.

**Citroën** maintained its positions during the first half of the year with impressive advances in Argentina (up 29%) and Chile (up 55%). After a successful launch in Brazil, the new Citroën C3 Aircross is now sold in Argentina and helped drive the brand's good performance.

**In Eurasia**, despite a sharply deteriorated economic environment and a declining market, particularly in Russia (down 14.7%), the PSA Group saw its sales stabilise (down 0.1%) and continued to focus on its margins.

The Group's performance in **India-Pacific** was led by the Japanese market, which accounted for 49% of the Group's sales in the region. The launch of the Citroën C4 Cactus and diesel models in Japan will be instrumental in helping to boost the Group's positions in the region.

## 1.2. Consolidated worldwide sales

### consolidated world sales by regions\*

units		H1 2015	H1 2016	%Chg
China & Southeast Asia	Peugeot	207 512	162 593	-21,6%
	Citroën	149 784	125 174	-16,4%
	DS	10 774	8 740	-18,9%
	<b>PSA</b>	<b>368 070</b>	<b>296 507</b>	<b>-19,4%</b>
Eurasia	Peugeot	2 816	2 713	-3,7%
	Citroën	2 299	2 390	4,0%
	DS	41	50	22,0%
	<b>PSA</b>	<b>5 156</b>	<b>5 153</b>	<b>-0,1%</b>
Europe	Peugeot	557 187	601 313	7,9%
	Citroën	385 703	413 620	7,2%
	DS	40 654	40 942	0,7%
	<b>PSA</b>	<b>983 544</b>	<b>1 055 875</b>	<b>7,4%</b>
India & Pacific	Peugeot	10 438	7 983	-23,5%
	Citroën	2 022	1 670	-17,4%
	DS	524	805	53,6%
	<b>PSA</b>	<b>12 984</b>	<b>10 458</b>	<b>-19,5%</b>
Latin America	Peugeot	46 985	59 351	26,3%
	Citroën	28 635	28 994	1,3%
	DS	659	446	-32,3%
	<b>PSA</b>	<b>76 279</b>	<b>88 791</b>	<b>16,4%</b>
Middle East & Africa	Peugeot	61 700	57 382	-7,0%
	Citroën	38 360	29 115	-24,1%
	DS	796	923	16,0%
	<b>PSA</b>	<b>100 856</b>	<b>87 420</b>	<b>-13,3%</b>
Total	Peugeot	886 638	891 335	0,5%
	Citroën	606 803	600 963	-1,0%
	DS	53 448	51 906	-2,9%
	<b>PSA</b>	<b>1 546 889</b>	<b>1 544 204</b>	<b>-0,2%</b>

\* including Completed Knock Down

WORLDWIDE UNIT SALES PER MODEL\*

units		H1 2015	H1 2016	%Var
Peugeot	ION	596	1 003	68,3%
	107	97	-	-
	108	37 362	40 141	7,4%
	206	3 568	6 407	79,6%
	207	1 001	0	-
	208	166 348	190 223	14,4%
	2008	127 951	133 940	4,7%
	301	51 084	49 733	-2,6%
	307	322	-	-
	308	173 297	168 269	-2,9%
	308S	6 712	5 022	-25,2%
	408	53 034	46 930	-11,5%
	3008	70 668	58 543	-17,2%
	5008	17 703	16 388	-7,4%
	405	-	6 941	-
	508	36 935	29 558	-20,0%
	807	5	-	-
	4008	3 668	1 431	-61,0%
	RCZ	3 023	155	-94,9%
	BIPPER	9 941	5 122	-48,5%
	PARTNER	76 103	82 890	8,9%
	EXPERT	17 911	15 413	-13,9%
	BOXER	29 290	32 827	12,1%
Autre	19	399	-	
<b>Total</b>		<b>886 638</b>	<b>891 335</b>	<b>0,5%</b>
Citroën	C-ZERO	467	684	46,5%
	C1	32 646	36 759	12,6%
	C3	115 017	121 649	5,8%
	ZX	3 899	-	-
	C-ELYSEE	61 927	63 182	2,0%
	C3-XR	28 744	38 800	35,0%
	C4 CACTUS	45 984	47 492	3,3%
	C4	159 530	144 491	-9,4%
	C5	20 483	8 652	-57,8%
	C8	12	-	-
	C4 AIRCROSS	7 294	5 306	-27,3%
	NEMO	11 182	4 308	-61,5%
	BERLINGO	77 135	85 003	10,2%
	JUMPY	16 926	15 906	-6,0%
	JUMPER	25 507	27 966	9,6%
	E-MEHARI	50	496	-
	SPACETOURER	50	269	-
<b>Total</b>		<b>606 803</b>	<b>600 963</b>	<b>-1,0%</b>
DS	DS3	26 431	25 289	-4,3%
	DS4	9 377	12 204	30,1%
	DS5	9 591	8 509	-11,3%
	DS4 S	-	441	-
	DS6	8 049	5 463	-32,1%
<b>Total</b>		<b>53 448</b>	<b>51 906</b>	<b>-2,9%</b>
<b>PSA</b>		<b>1 546 889</b>	<b>1 544 204</b>	<b>-0,2%</b>

\* including CKD's

WORLDWIDE UNIT SALES BY TYPES & ENERGIES

Brands	Type	Energy	H1 2015	H1 2016
PSA	Passengers cars (PC) (VP)		1 343 296	1 334 306
	Light Commercial Vehicle (LCV)		203 593	209 898
	PC + LCV of which:	Petrol	781 500	819 133
		LPG	2 509	0
		Electric	1 321	2 935
		Diesel	758 189	721 125
		Hybrid	3 370	1 011
<b>TOTAL PSA</b>			<b>1 546 889</b>	<b>1 544 204</b>



## 2. ANALYSIS OF CONSOLIDATED INTERIM OPERATING RESULTS

The Group's operations are organised around three main business segments described in Note 3 to the consolidated financial statements at 30 June 2016. The Group's consolidated financial statements at 30 June 2015 were adjusted compared with the financial statements previously reported primarily to reflect the classification of Faurecia's Automotive Exteriors business as an operation held for sale in accordance with IFRS 5. Full details of the reclassifications can be found in Note 2.2 to the consolidated financial statements at 30 June 2016. Subsequent events are presented in Note 16 to the financial statements.

### 2.1. Impact of Faurecia's planned disposal of its Automotive Exteriors business to Plastic Omnium

On 19 April 2016, Faurecia signed a definitive agreement with Plastic Omnium for the disposal of its Automotive Exteriors business. The business which will be disposed of, includes bumpers and front-end modules, generated €2 billion in revenue in 2015 within Faurecia itself. The transaction is based on an Enterprise Value of €665 million. The tables below show the impact of this reclassification on the Group's comparative financial statements at 30 June 2015 in accordance with IFRS 5. The detailed impact is discussed in Note 2.2 to the consolidated financial statements at 30 June 2016.

<i>(in million euros)</i>	<b>30 June 2015 reported in July 2015</b>	Faurecia Automotive Exteriors Impact of IFRS5	<b>30 June 2015 reported in July 2016</b>
Group Revenue	28,904	(868)	28,036
Group Recurring Operating Income (loss)	1,424	(40)	1,384
Free cash flow of manufacturing and sales companies	2,792	(74)	2,718

### 2.2. Profit (loss) for the period attributable to owners of the parent

The consolidated profit for the period came to €1,383 million, an increase of €663 million and the profit for the period attributable to owners of the parent represented €1,212 million, up €641 million.

<i>(in million euros)</i>	<b>30 June 2015*</b>	<b>30 June 2016</b>	<b>Change</b>
Revenue	28,036	27,779	-257
<b>Recurring operating income</b>	<b>1,384</b>	<b>1,830</b>	<b>+446</b>
As a % of Revenue	4.9%	6.6%	
Non-recurring operating income and expenses	(343)	(207)	+136
Operating income (loss)	1,041	1,623	+582
Net financial income (expense)	(334)	(150)	184
Income taxes	(320)	(310)	+10
Share in net earnings of companies at equity	233	149	-84
Profit (loss) from operations held for sale or to be continued in partnership**	100	71	-29
<b>Consolidated profit (loss) for the period</b>	<b>720</b>	<b>1,383</b>	<b>+663</b>
<b>Profit (loss) for the period attributable to owners of the parent</b>	<b>571</b>	<b>1,212</b>	<b>+641</b>

\* Restated according to IFRS 5

\*\* Including "Other expenses related to the non-transferred financing of operations to be continued in partnership".

## 2.3. Group Revenue

The table below shows consolidated revenue by division:

<i>(in million euros)</i>	30 June 2015*	30 June 2016	Change
Automotive	19,409	19,190	-219
Faurecia	9,489	9,532	+43
Other businesses and eliminations**	(862)	(943)	-81
<b>Group Revenue</b>	<b>28,036</b>	<b>27,779</b>	<b>-257</b>

\* Restated according to IFRS 5

\*\* Including the activities of Banque PSA Finance not covered by the partnership signed with Santander Consumer Finance

Group's revenue does not include the contribution of the Chinese companies Dongfeng Peugeot Citroën Automobiles (DPCA), Dongfeng Peugeot Citroën Automobiles Sales (DPCS) and Changan PSA Automobiles (CAPSA), which are jointly controlled companies, accounted for by the equity method.

Nor does it include the revenue from finance companies covered by the partnership signed with Santander Consumer Finance, or the revenue from Faurecia's Automotive Exteriors business with regard to which a definitive agreement was signed on 19 April 2016 and which was reclassified on a separate line in accordance with IFRS 5.

**Automotive division revenue** was down 1.1% compared to the first half of 2015, due to the unfavourable impact in exchange rates (-3.7%), a decline in sales to partners (-1.6%) and a negative product mix effect (-0.9%). Higher volumes (+4.1%) and an improvement in net prices (+2.1%) partially offset this decrease. The "Other" effect amounted to -1.1%.

At constant exchange rates, **Group revenue** was up 2.4% compared to the first half of 2015 and that of the Automotive division was up 2.5%.

## 2.4. Group Recurring Operating Income (loss)

The following table shows Recurring Operating Income (loss) by business segment

<i>(in million euros)</i>	30 June 2015*	30 June 2016	Change
Automotive	975	1,303	+328
Faurecia	384	490	+106
Other businesses and eliminations**	25	37	+12
<b>Group Recurring Operating Income (loss)</b>	<b>1,384</b>	<b>1,830</b>	<b>+446</b>

\* Restated according to IFRS 5

\*\* Including the activities of Banque PSA Finance not covered by the partnership signed with Santander Consumer Finance

In the first half of 2016 the **Automotive division's recurring operating margin**, corresponding to the ratio of the Automotive Division's recurring operating income to the Automotive division's revenue stood at 6.8% compared to 5% in the first half of 2015. The Group's recurring operating margin stood at 6.6% compared to 4.9% in first half of 2015.

The increase in **Recurring Operating Income of the Automotive division** was due to overall favourable market conditions (+€31 million) but most of all, a new improvement in the Company's internal performance (+€297 million).

- The external environment was driven by improved market conditions, for €256 million, mainly in Europe, and by lower raw materials costs and other external costs for €90 million, while the "Currency and Other" impact was significantly unfavourable, for €(315) million, mainly due to the drop in the sterling and the Argentinian peso.
- The improvement in internal performance was due to the reduction in production & procurement and SG&A Expenses, for €614 million. The slightly negative price and product enrichment effects and a slightly negative product mix, for respectively €(28) million and €(40) million. The changes in market share and mix, for €(129) million, the effect of capitalising research and development expenses for €(21) million, had a negative impact and the "Other" effect amounted to €(99) million.

**Faurecia's recurring operating income** was €490 million, up €106 million (following IFRS 5 reclassification of the "Automotive Exteriors" business).

## 2.5. Other items contributing to Group profit (loss) for the period

**Non-recurring operating income and expenses** amounted to an expense of €207 million and primarily included Automotive division restructuring costs totalling €107 million – mainly in France for €63 million, in the rest of Europe for €28 million and in Latin America for €8 million – and of Faurecia for €59 million.

**The Group's net financial expenses** were divided by two and stood at €(150) million compared to €(334) million in the first half of 2015. Net financial income and expenses are set out in Note 9 to the consolidated financial statements at 30 June 2016.

The **Income tax expense** amounted to €310 million in the first half of 2016 compared with €(320) million in the first half of 2015. See Note 11 to the consolidated financial statements at 30 June 2016.

**The share in net earnings from companies at equity** amounted to €149 million in the first half of 2016 compared to €233 million in the first half of 2015.

The contribution of the Dongfeng joint ventures (DPCA and DPCS) represented €95 million, down by €101 million.

CAPSA's contribution was negative at €(7) million in the first half of 2016, versus €(18) million in the first half of 2015.

The contribution from the joint ventures under the partnership between Banque PSA Finance and Santander Consumer Finance amounted to €80 million. This contribution is described in Note 8 to the consolidated financial statements at 30 June 2016.

The **profit from operations held for sale or to be continued in partnership**, including "Other expenses related to the non-transferred financing of operations to be continued in partnership", amounted to €71 million. This mainly consisted of the contribution of the finance companies covered by the partnership between Banque PSA Finance and Santander Consumer Finance totalling €24 million and the profit of Faurecia's Automotive Exteriors business amounting to €47 million.

The **net income, Group share**, of €1,212 million was up €641 million. **Earnings per share** came to €1.51 per share compared to €0.73 per share in the first half of 2015.

## 2.6. Banque PSA Finance

The results (at 100%) of finance companies are presented below.

<i>(in million euros)</i>	<b>30 June 2015</b>	<b>30 June 2016</b>	<b>Change</b>
Revenue	838	737	-101
Net banking revenue	534	537	+3
Cost of risk	0.25%	0.15%	
<b>Recurring operating income</b>	<b>294</b>	<b>297</b>	<b>+3</b>
Penetration rate	28.3%	29.3%	+1.0pt
Number of new contracts (leasing and financing)	368,126	400,338	+32,212

\*As a percentage of net average net outstandings

More detailed information about Banque PSA Finance is provided in the Banque PSA Finance Interim Report which can be downloaded from its website at [www.banquepsafinance.com](http://www.banquepsafinance.com).

## 2.7. Faurecia

Faurecia's results after the reclassification of the Automotive Exteriors business following the signing of an agreement for its disposal on 19 April 2016 are presented below.

(in million euros)	30 June 2015*	30 June 2016	Change
Revenue	9,489	9,532	+43
<b>Recurring operating income</b>	<b>384</b>	<b>490</b>	<b>+106</b>
As a % of revenue	4%	5.1%	
Non-recurring operating income (expense)	(29)	(66)	-37
<b>Operating income (loss)</b>	<b>355</b>	<b>424</b>	<b>+69</b>
Net financial income (expense)	(43)	(105)	-62
<b>Consolidated profit (loss) for the period</b>	<b>253</b>	<b>284</b>	<b>+31</b>
Free cash flow	169	212	+43
Net financial position (end-2015)	(1,026)	(1,067)	-41

\* Restated according to IFRS 5

More detailed information about Faurecia is provided in its half-year report, which can be downloaded from its website at [www.faurecia.com](http://www.faurecia.com).

## 2.8. Outlook

### Market outlook

For 2016, the Group expects the automotive market to grow by about 4% in Europe, and 8% in China, and to shrink by around 12% in Latin America and 15% in Russia.

### Operational targets

The Push to Pass Plan, unveiled on 5 April 2016 sets the following targets:

- Reach an average 4% automotive recurring operating margin in 2016-2018, and target 6% by 2021;
- Deliver 10% Group revenue growth by 2018<sup>1</sup> vs 2015, and target an additional 15% by 2021<sup>1</sup>.

## 3. FINANCIAL POSITION AND CASH

### 3.1. Net financial position and financial security of manufacturing and sales companies

The net financial position of manufacturing and sales companies are set out and described in Note 9 to the Group's consolidated financial statements at 30 June 2016.

The **net financial position of manufacturing and sales companies** at 30 June 2016 consisted of net cash of €5,972 million, and grew by €1,412 million compared to 31 December 2015. In this positive net cash position, Faurecia has a net debt of €1,067 million at 30 June 2016, compared to a net debt of €1,026 million at the end of December 2015.

The Group continued to actively manage its debt in the first half of 2016 in particular through a partial bond redemption by Peugeot S.A. in June 2016 for €496 million, along with the early repayment by Faurecia of bond maturing in December 2016 in the amount of €490 million. In addition, Peugeot S.A. issued a €500 million bond maturing in April 2023. Faurecia also issued a bond, in the amount €700 million maturing in 2023.

**Liquidity reserves** for the manufacturing and sales companies amounted to €16,394 million at 30 June 2016, versus €15,552 million at 31 December 2015, with €12,194 million in cash and cash equivalents, financial investments and current & non-current financial assets, and €4,200 million in undrawn lines of credit (see Note 9.3 to the consolidated financial statements at 30 June 2016).

<sup>1</sup> At constant (2015) exchange rates

## 3.2. Free cash flow from manufacturing and sales operations

Details of the free cash flow of manufacturing and sales companies can be found in Note 13 to the consolidated financial statements at 30 June 2016.

The free cash flow generated over the period stood at €1,846 million, €212 million of which was contributed by Faurecia. The free cash flow over the period mainly stemmed from:

- €3,112 million in cash flows generated by recurring operations;
- €(314) million in cash flows related to restructuring plans;
- €389 million improvement in the working capital requirement, including €1,030 million in trade payables, €(170) million in trade receivables and €(610) million in inventories. (€1,560) million in capitalised capital expenditure and research & development, including Faurecia's share which represented €(442) million in the first semester 2016. Total research and development expenses incurred slightly increased during the first half of 2016 compared par to the first half of 2015 and are presented in Note 4 to the consolidated financial statements at 30 June 2016;
- €219 million in dividends from finance companies.

**New vehicle inventory** of the Group and of the independent dealer network:

<i>(in thousands of new vehicles)</i>	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>30 June 2014</b>
The Group	139	148	170
Independent dealer network	260	243	237
<b>TOTAL</b>	<b>399</b>	<b>391</b>	<b>407</b>

Excluding Free Cash Flow, the changes in net financial position represented €(434) million. These are mainly related to translation adjustments in the amount of €(155) million, dividends paid to Faurecia's minority interests in the amount of €(81) million and to cash flows from operations held for sale in the amount of €(79) million.

## 3.3. Liquidity and funding of finance companies

The liquidity and funding of finance companies is discussed in Note 10.3 to the consolidated financial statements at 30 June 2016.

More detailed information about Banque PSA Finance is provided in the Banque PSA Finance's Interim Report which can be downloaded from its website at [www.banquepsafinance.com](http://www.banquepsafinance.com).

## 4. FACTORS AND UNCERTAINTIES

### Main risk factors specific to the Group and its business

The Group operates in a profoundly changing environment not only in terms of technology, but also as regards modes of consumption and new entrants into the automotive industry. It is thus exposed to risks that were they to materialise could have a significant adverse effect on its business, financial position, results or outlook. PSA Peugeot Citroën pays close attention to ensuring that the risks inherent in its business activities are effectively managed across its various businesses. The Group's various operating units identify and assess risks and evaluate the related internal controls on an ongoing basis, in France and abroad, with annual reporting to the Executive Committee. (Faurecia has its own process). The principal specific risk factors to which the Group may be exposed will be described in depth in the 2015 Registration Document (Chapter 1.5)<sup>2</sup>, and include notably:

- **Operational risks**

These include: risks related to the Group's economic and geopolitical environment, particularly in Great Britain where the Group is subject to free-trade agreements and to currency fluctuations (in the first half of 2016, Group sales represented 138,000 vehicles). A gross change of 1 point in the sterling against the euro has a €30 million impact on the Automotive division's recurring operating income. The long-term impact of an exit of the United Kingdom from the European Union will depend on the exit conditions and their consequences which are currently unknown. There are also risks related to the development, launch and sale of new vehicles (for example petrol/diesel mix), risks related to the emergence of new business models for new mobility, customer and dealer risks, raw material risks, supplier risks, industrial risks, environmental risks, workplace health and safety risks, risks associated with cooperation agreements, risks associated with the strategic partnership with Dongfeng and information system risks.

- **Financial market risks**

The Group is exposed to liquidity risk, interest rate risk, exchange rate risk, counterparty risk, credit risk and other market risks related in particular to fluctuations in commodity prices. Note 12.7 to the 2015 consolidated financial statements and Note 9.2 to the consolidated financial statements at 30 June 2016 provide information on risk management, which is primarily carried out by Corporate Finance, identified risks and the Group policies designed to manage them.

- **Risks related to Banque PSA Finance**

These include activity risk, credit risk, liquidity risk, counterparty risk, as well as concentration risk and operational risk. (See Note 13 to the 2015 consolidated financial statements).

*For further details please see Banque PSA Finance's 2015 Annual Report, which can be downloaded from its website at [www.banquepsafinance.com](http://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 and off-balance sheet commitments. (See Note 14 to the consolidated financial statements at 30 June 2016).

## 5. RELATED PARTY TRANSACTIONS

The Group's related party transactions are described in Notes 15 and 8.5 to the consolidated financial statements at 30 June 2016. 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.

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<sup>2</sup> The 2015 Registration Document was filed with the Autorité des Marchés Financiers (AMF) on 24 March 2016, in accordance with Article 212-13 of the AMF General Regulation, under number D.16-0204.

### III. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2016

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## INTERIM CONSOLIDATED STATEMENTS OF INCOME

<i>(in million euros)</i>	Notes	First-half 2016			Total
		Manufacturing and sales companies	Finance companies	Eliminations	
<b>Continuing operations</b>					
<b>Sales and revenue</b>		<b>27,684</b>	<b>102</b>	<b>(7)</b>	<b>27,779</b>
Cost of goods and services sold		(22,320)	(62)	7	(22,375)
Selling, general and administrative expenses		(2,599)	(33)	-	(2,632)
Research and development expenses	4.1	(942)	-	-	(942)
<b>Recurring operating income (loss)</b>		<b>1,823</b>	<b>7</b>	<b>-</b>	<b>1,830</b>
Non-recurring operating income	4.2	32	-	-	32
Non-recurring operating expenses	4.2	(239)	-	-	(239)
<b>Operating income (loss)</b>		<b>1,616</b>	<b>7</b>	<b>-</b>	<b>1,623</b>
Financial income		191	4	-	195
Financial expenses		(345)	-	-	(345)
<b>Net financial income (expense)</b>	9.1	<b>(154)</b>	<b>4</b>	<b>-</b>	<b>(150)</b>
<b>Income (loss) before tax of fully consolidated companies</b>		<b>1,462</b>	<b>11</b>	<b>-</b>	<b>1,473</b>
Current taxes		(190)	(4)	-	(194)
Deferred taxes		(109)	(7)	-	(116)
<b>Income taxes</b>	11	<b>(299)</b>	<b>(11)</b>	<b>-</b>	<b>(310)</b>
Share in net earnings of companies at equity	8.3	62	87	-	149
Other expenses related to the non-transferred financing of operations to be continued in partnership	2.2	-	(11)	-	(11)
<b>Consolidated profit (loss) from continuing operations</b>		<b>1,225</b>	<b>76</b>	<b>-</b>	<b>1,301</b>
<i>Attributable to equity holders of the parent</i>		<i>1,055</i>	<i>75</i>	<i>-</i>	<i>1,130</i>
<b>Operations held for sale or to be continued in partnership</b>					
<b>Profit (loss) from operations held for sale or to be continued in partnership</b>		<b>47</b>	<b>35</b>	<b>-</b>	<b>82</b>
<b>Consolidated profit (loss) for the period</b>		<b>1,272</b>	<b>111</b>	<b>-</b>	<b>1,383</b>
<i>Attributable to equity holders of the parent</i>		<i>1,102</i>	<i>110</i>	<i>-</i>	<i>1,212</i>
<i>Attributable to minority interests</i>		<i>170</i>	<i>1</i>	<i>-</i>	<i>171</i>
<i>(in euros)</i>					
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 12.2.A)					1.41
Basic earnings per €1 par value share - attributable to equity holders of the parent (Note 12.2.A)					1.51
Diluted earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 12.2.B)					1.32
Diluted earnings per €1 par value share - attributable to equity holders of the parent (Note 12.2.B)					1.41



Manufacturing and sales companies	First-half 2015 <sup>(1)</sup>			Total	Manufacturing and sales companies	2015 <sup>(1)</sup>			Total
	Finance companies	Eliminations				Finance companies	Eliminations		
<b>27,904</b>	<b>140</b>	<b>(8)</b>	<b>28,036</b>	<b>54,426</b>	<b>267</b>	<b>(17)</b>	<b>54,676</b>		
(22,752)	(84)	8	(22,828)	(44,372)	(154)	17	(44,509)		
(2,845)	(37)	-	(2,882)	(5,467)	(109)	-	(5,576)		
(942)	-	-	(942)	(1,858)	-	-	(1,858)		
<b>1,365</b>	<b>19</b>	<b>-</b>	<b>1,384</b>	<b>2,729</b>	<b>4</b>	<b>-</b>	<b>2,733</b>		
53	-	-	53	141	2	-	143		
(396)	-	-	(396)	(900)	-	-	(900)		
<b>1,022</b>	<b>19</b>	<b>-</b>	<b>1,041</b>	<b>1,970</b>	<b>6</b>	<b>-</b>	<b>1,976</b>		
138	5	-	143	295	(7)	-	288		
(477)	-	-	(477)	(937)	7	-	(930)		
<b>(339)</b>	<b>5</b>	<b>-</b>	<b>(334)</b>	<b>(642)</b>	<b>-</b>	<b>-</b>	<b>(642)</b>		
<b>683</b>	<b>24</b>	<b>-</b>	<b>707</b>	<b>1,328</b>	<b>6</b>	<b>-</b>	<b>1,334</b>		
(162)	(19)	-	(181)	(342)	(19)	-	(361)		
(145)	6	-	(139)	(345)	-	-	(345)		
<b>(307)</b>	<b>(13)</b>	<b>-</b>	<b>(320)</b>	<b>(687)</b>	<b>(19)</b>	<b>-</b>	<b>(706)</b>		
174	59	-	233	314	123	-	437		
-	(81)	-	(81)	-	(114)	-	(114)		
<b>550</b>	<b>(11)</b>	<b>-</b>	<b>539</b>	<b>955</b>	<b>(4)</b>	<b>-</b>	<b>951</b>		
408	(18)	-	390	665	(17)	-	648		
<b>40</b>	<b>141</b>	<b>-</b>	<b>181</b>	<b>72</b>	<b>179</b>	<b>-</b>	<b>251</b>		
<b>590</b>	<b>130</b>	<b>-</b>	<b>720</b>	<b>1,027</b>	<b>175</b>	<b>-</b>	<b>1,202</b>		
448	123	-	571	737	162	-	899		
142	7	-	149	290	13	-	303		
			0.50				0.82		
			0.73				1.14		
			0.46				0.75		
			0.68				1.04		

<sup>(1)</sup> These financial statements have been restated (see Note 2.2)

## INTERIM CONSOLIDATED STATEMENTS OF INCOME AND EXPENSES RECOGNISED IN EQUITY

<i>(in million euros)</i>	First-half 2016		
	Before tax	Income tax benefit (expense)	After tax
<b>Consolidated profit (loss) for the period</b>	<b>1,693</b>	<b>(310)</b>	<b>1,383</b>
<b>Items that may be recycled through profit or loss</b>			
Fair value adjustments to cash flow hedges	67	(24)	43
• of which, reclassified to the income statement	59	(16)	43
• of which, recognised in equity during the period	8	(8)	-
Gains and losses from remeasurement at fair value of available-for-sale financial assets	7	(1)	6
• of which, reclassified to the income statement	7	(1)	6
• of which, recognised in equity during the period	-	-	-
Exchange differences on translating foreign operations	(106)	-	(106)
<b>Total</b>	<b>(32)</b>	<b>(25)</b>	<b>(57)</b>
<b>Items that may not be recycled through profit or loss</b>			
Actuarial gains and losses on pension obligations	(139)	62	(77)
<b>Income and expenses recognised directly in equity, net</b>	<b>(171)</b>	<b>37</b>	<b>(134)</b>
• of which, companies at equity	(95)	-	(95)
<b>Total recognised income and expenses, net</b>	<b>1,522</b>	<b>(273)</b>	<b>1,249</b>
• of which, attributable to equity holders of the parent			1,120
• of which, attributable to minority interests			129

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

<b>First-half 2015</b>			<b>2015</b>		
Before tax	Income tax benefit (expense)	After tax	Before tax	Income tax benefit (expense)	After tax
<b>1,040</b>	<b>(320)</b>	<b>720</b>	<b>1,908</b>	<b>(706)</b>	<b>1,202</b>
(30)	8	(22)	(48)	12	(36)
33	(2)	31	24	(7)	17
(63)	10	(53)	(72)	19	(53)
-	-	-	8	(1)	7
-	-	-	8	(1)	7
-	-	-	-	-	-
310	-	310	71	-	71
<b>280</b>	<b>8</b>	<b>288</b>	<b>31</b>	<b>11</b>	<b>42</b>
231	(65)	166	219	(60)	159
<b>511</b>	<b>(57)</b>	<b>454</b>	<b>250</b>	<b>(49)</b>	<b>201</b>
137	-	137	105	-	105
<b>1,551</b>	<b>(377)</b>	<b>1,174</b>	<b>2,158</b>	<b>(755)</b>	<b>1,403</b>
		961			1,063
		213			340

## INTERIM CONSOLIDATED BALANCE SHEETS

### ASSETS

		30 June 2016			
(in million euros)	Notes	Manufacturing and sales companies	Finance companies	Eliminations	Total
<b>Continuing operations</b>					
Goodwill		1,420	1	-	1,421
Intangible assets		5,042	60	-	5,102
Property, plant and equipment		11,580	1	-	11,581
Investments in companies at equity	8.1	1,441	1,129	-	2,570
Other non-current financial assets		645	25	(1)	669
Other non-current assets		1,208	10	-	1,218
Deferred tax assets		517	22	-	539
<b>Total non-current assets</b>		<b>21,853</b>	<b>1,248</b>	<b>(1)</b>	<b>23,100</b>
<b>Operating assets</b>					
Loans and receivables - finance companies	10.2.A	-	270	(2)	268
Short-term investments - finance companies		-	206	-	206
Inventories	5.1	4,547	-	-	4,547
Trade receivables - manufacturing and sales companies		1,593	-	(23)	1,570
Current taxes		272	3	-	275
Other receivables		2,050	104	(217)	1,937
		<b>8,462</b>	<b>583</b>	<b>(242)</b>	<b>8,803</b>
<b>Current financial assets</b>		<b>914</b>	<b>-</b>	<b>(351)</b>	<b>563</b>
<b>Financial investments</b>		<b>185</b>	<b>-</b>	<b>-</b>	<b>185</b>
<b>Cash and cash equivalents</b>	9.4.A & 10.2.B	<b>11,056</b>	<b>342</b>	<b>(54)</b>	<b>11,344</b>
<b>Total current assets</b>		<b>20,617</b>	<b>925</b>	<b>(647)</b>	<b>20,895</b>
<b>Total assets of continuing operations</b>		<b>42,470</b>	<b>2,173</b>	<b>(648)</b>	<b>43,995</b>
<b>Total assets of operations held for sale or to be continued in partnership</b>		<b>777</b>	<b>3,826</b>	<b>(20)</b>	<b>4,583</b>
<b>Total assets</b>		<b>43,247</b>	<b>5,999</b>	<b>(668)</b>	<b>48,578</b>

### EQUITY AND LIABILITIES

		30 June 2016			
(in million euros)	Notes	Manufacturing and sales companies	Finance companies	Eliminations	Total
<b>Equity</b>					
Share capital	12				810
Treasury stock					(238)
Retained earnings and other accumulated equity, excluding minority interests					11,102
Minority interests					1,673
<b>Total equity</b>					<b>13,347</b>
<b>Continuing operations</b>					
Non-current financial liabilities	9.4.B	4,897	-	-	4,897
Other non-current liabilities		4,174	-	-	4,174
Non-current provisions	7.1	1,521	-	-	1,521
Deferred tax liabilities		943	15	-	958
<b>Total non-current liabilities</b>		<b>11,535</b>	<b>15</b>	<b>-</b>	<b>11,550</b>
<b>Operating liabilities</b>					
Financing liabilities	10.3	-	382	(211)	171
Non-transferred financing liabilities of operations to be continued in partnership	10.3	-	357	(130)	227
Current provisions	7.2	2,850	143	-	2,993
Trade payables		9,760	-	(4)	9,756
Current taxes		77	3	-	80
Other payables		5,346	303	(251)	5,398
		<b>18,033</b>	<b>1,188</b>	<b>(596)</b>	<b>18,625</b>
<b>Current financial liabilities</b>	9.4.B	<b>1,931</b>	<b>-</b>	<b>(8)</b>	<b>1,923</b>
<b>Total current liabilities</b>		<b>19,964</b>	<b>1,188</b>	<b>(604)</b>	<b>20,548</b>
<b>Total liabilities of continuing operations <sup>(1)</sup></b>		<b>31,499</b>	<b>1,203</b>	<b>(604)</b>	<b>32,098</b>
<b>Total transferred liabilities of operations held for sale or to be continued in partnership</b>		<b>420</b>	<b>2,777</b>	<b>(64)</b>	<b>3,133</b>
<b>Total equity and liabilities</b>					<b>48,578</b>

<sup>(1)</sup> excluding equity

(in million euros)	Notes	31 December 2015			Total
		Manufacturing and sales companies	Finance companies	Eliminations	
<b>Continuing operations</b>					
Goodwill		1,381	1	-	1,382
Intangible assets		4,705	64	-	4,769
Property, plant and equipment		10,893	1	-	10,894
Investments in companies at equity	8.1	1,656	981	-	2,637
Other non-current financial assets		669	42	(2)	709
Other non-current assets		1,072	11	-	1,083
Deferred tax assets		550	31	-	581
<b>Total non-current assets</b>		<b>20,926</b>	<b>1,131</b>	<b>(2)</b>	<b>22,055</b>
<b>Operating assets</b>					
Loans and receivables - finance companies	10.2.A	-	468	(10)	458
Short-term investments - finance companies		-	96	-	96
Inventories	5.1	3,996	-	-	3,996
Trade receivables - manufacturing and sales companies		1,624	-	(69)	1,555
Current taxes		116	12	(9)	119
Other receivables		1,716	131	(9)	1,838
		<b>7,452</b>	<b>707</b>	<b>(97)</b>	<b>8,062</b>
<b>Current financial assets</b>		<b>570</b>	<b>-</b>	<b>(456)</b>	<b>114</b>
<b>Financial investments</b>		<b>352</b>	<b>-</b>	<b>-</b>	<b>352</b>
<b>Cash and cash equivalents</b>	9.4.A & 10.2.B	<b>10,465</b>	<b>486</b>	<b>(55)</b>	<b>10,896</b>
<b>Total current assets</b>		<b>18,839</b>	<b>1,193</b>	<b>(608)</b>	<b>19,424</b>
<b>Total assets of continuing operations</b>		<b>39,765</b>	<b>2,324</b>	<b>(610)</b>	<b>41,479</b>
<b>Total assets of operations held for sale or to be continued in partnership</b>		<b>616</b>	<b>7,048</b>	<b>(33)</b>	<b>7,631</b>
<b>Total assets</b>		<b>40,381</b>	<b>9,372</b>	<b>(643)</b>	<b>49,110</b>

(in million euros)	Notes	31 December 2015			Total
		Manufacturing and sales companies	Finance companies	Eliminations	
<b>Equity</b>					
Share capital	12				808
Treasury stock					(238)
Retained earnings and other accumulated equity, excluding minority interests					9,985
Minority interests					1,664
<b>Total equity</b>					<b>12,219</b>
<b>Continuing operations</b>					
Non-current financial liabilities	9.4.B	4,267	-	-	4,267
Other non-current liabilities		3,487	-	-	3,487
Non-current provisions	7.1	1,278	-	-	1,278
Deferred tax liabilities		952	17	-	969
<b>Total non-current liabilities</b>		<b>9,984</b>	<b>17</b>	<b>-</b>	<b>10,001</b>
<b>Operating liabilities</b>					
Financing liabilities	10.3	-	525	(171)	354
Non-transferred financing liabilities of operations to be continued in partnership	10.3	-	2,604	(305)	2,299
Current provisions	7.2	3,044	153	-	3,197
Trade payables		8,858	-	(9)	8,849
Current taxes		167	6	(9)	164
Other payables		4,806	117	(43)	4,880
		<b>16,875</b>	<b>3,405</b>	<b>(537)</b>	<b>19,743</b>
<b>Current financial liabilities</b>	9.4.B	<b>3,229</b>	<b>-</b>	<b>(14)</b>	<b>3,215</b>
<b>Total current liabilities</b>		<b>20,104</b>	<b>3,405</b>	<b>(551)</b>	<b>22,958</b>
<b>Total liabilities of continuing operations <sup>(1)</sup></b>		<b>30,088</b>	<b>3,422</b>	<b>(551)</b>	<b>32,959</b>
<b>Total transferred liabilities of operations held for sale or to be continued in partnership</b>		<b>401</b>	<b>3,623</b>	<b>(92)</b>	<b>3,932</b>
<b>Total equity and liabilities</b>					<b>49,110</b>

<sup>(1)</sup> excluding equity

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(in million euros)</i>	Notes	First-half 2016			Total
		Manufacturing and sales companies	Finance companies	Eliminations	
<b>Consolidated profit (loss) from continuing operations</b>		<b>1,225</b>	<b>76</b>	-	<b>1,301</b>
Other expenses related to the non-transferred financing of operations to be continued in partnership		-	11	-	11
Adjustments for non-cash items:					
• Depreciation, amortisation and impairment		1,206	8	-	1,214
• Provisions		(240)	(10)	-	(250)
• Changes in deferred tax		104	1	-	105
• (Gains) losses on disposals and other		(2)	(5)	-	(7)
Share in net (earnings) losses of companies at equity, net of dividends received		213	(12)	-	201
Revaluation adjustments taken to equity and hedges of debt		55	-	-	55
Change in carrying amount of leased vehicles		237	-	-	237
<b>Funds from operations</b>		<b>2,798</b>	<b>69</b>	-	<b>2,867</b>
Changes in working capital	5.2	389	838	(74)	1,153
<b>Net cash from (used in) operating activities of continuing operations <sup>(1)</sup></b>		<b>3,187</b>	<b>907</b>	<b>(74)</b>	<b>4,020</b>
Proceeds from disposals of shares in consolidated companies and in equity investments		(2)	43	-	41
Capital increase and acquisitions of consolidated companies and equity investments		(98)	(17)	-	(115)
Proceeds from disposals of property, plant and equipment and of intangible assets		79	-	-	79
Investments in property, plant and equipment		(946)	(1)	-	(947)
Investments in intangible assets		(722)	(4)	-	(726)
Change in amounts payable on fixed assets		117	-	-	117
Other		12	-	14	26
<b>Net cash from (used in) investing activities of continuing operations</b>		<b>(1,560)</b>	<b>21</b>	<b>14</b>	<b>(1,525)</b>
Dividends paid:					
• Intragroup		219	(219)	-	-
• Net amounts received from (paid to) operations to be continued in partnership		-	51	-	51
• To minority shareholders of subsidiaries		(81)	(5)	-	(86)
Proceeds from issuance of shares		8	-	-	8
(Purchases) sales of treasury stock		-	-	-	-
Changes in other financial assets and liabilities	9.2.B	(1,049)	-	(104)	(1,153)
<b>Net cash from (used in) financing activities of continuing operations</b>		<b>(903)</b>	<b>(173)</b>	<b>(104)</b>	<b>(1,180)</b>
<b>Net cash related to the non-transferred debt of finance companies to be continued in partnership <sup>(2)</sup></b>		-	<b>(2,258)</b>	<b>175</b>	<b>(2,083)</b>
<b>Net cash from the transferred assets and liabilities of operations held for sale or to be continued in partnership <sup>(2)</sup></b>		<b>(78)</b>	<b>1,201</b>	<b>(11)</b>	<b>1,112</b>
Effect of changes in exchange rates		(95)	10	-	(85)
<b>Increase (decrease) in cash from continuing operations held for sale or to be continued in partnership</b>		<b>551</b>	<b>(292)</b>	-	<b>259</b>
<b>Net cash and cash equivalents at beginning of period</b>		<b>10,453</b>	<b>893</b>	<b>(54)</b>	<b>11,292</b>
<b>Net cash and cash equivalents of continuing operations at end of period</b>	13.1	<b>11,004</b>	<b>601</b>	<b>(54)</b>	<b>11,551</b>

<sup>(1)</sup> Excluding flows related to the non-transferred debt of finance companies to be continued in partnership.

<sup>(2)</sup> Details of cash flows from operations to be continued in partnership are disclosed in Note 13.2.

First-half 2015				2015			
Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
<b>550</b>	<b>(11)</b>	-	<b>539</b>	<b>955</b>	<b>(4)</b>	-	<b>951</b>
-	81	-	81	-	114	-	114
1,291	9	-	1,300	2,482	10	-	2,492
154	7	-	161	273	57	-	330
141	(49)	-	92	353	(60)	-	293
93	(5)	-	88	184	7	-	191
180	(58)	-	122	41	(123)	-	(82)
23	2	1	26	84	21	1	106
134	-	-	134	118	-	-	118
<b>2,566</b>	<b>(24)</b>	<b>1</b>	<b>2,543</b>	<b>4,490</b>	<b>22</b>	<b>1</b>	<b>4,513</b>
887	6,185	53	7,125	942	6,538	40	7,520
<b>3,453</b>	<b>6,161</b>	<b>54</b>	<b>9,668</b>	<b>5,432</b>	<b>6,560</b>	<b>41</b>	<b>12,033</b>
23	(10)	-	13	31	(83)	-	(52)
(117)	(6)	-	(123)	(120)	(25)	-	(145)
37	-	-	37	88	2	-	90
(704)	-	-	(704)	(1,622)	(1)	-	(1,623)
(657)	(10)	-	(667)	(1,327)	(18)	-	(1,345)
14	-	-	14	134	-	-	134
99	1	136	236	124	-	111	235
<b>(1,305)</b>	<b>(25)</b>	<b>136</b>	<b>(1,194)</b>	<b>(2,692)</b>	<b>(125)</b>	<b>111</b>	<b>(2,706)</b>
570	(570)	-	-	918	(918)	-	-
-	74	-	74	-	88	-	88
(48)	-	-	(48)	(85)	-	-	(85)
166	-	-	166	199	-	-	199
-	-	-	-	-	-	-	-
(1,046)	-	343	(703)	(1,676)	-	142	(1,534)
<b>(358)</b>	<b>(496)</b>	<b>343</b>	<b>(511)</b>	<b>(644)</b>	<b>(830)</b>	<b>142</b>	<b>(1,332)</b>
-	<b>(6,829)</b>	<b>(360)</b>	<b>(7,189)</b>	-	<b>(8,234)</b>	<b>(5)</b>	<b>(8,239)</b>
<b>34</b>	<b>(375)</b>	<b>(254)</b>	<b>(595)</b>	<b>42</b>	<b>938</b>	<b>(218)</b>	<b>762</b>
146	-	-	146	(112)	(19)	3	(128)
<b>1,970</b>	<b>(1,564)</b>	<b>(81)</b>	<b>325</b>	<b>2,026</b>	<b>(1,710)</b>	<b>74</b>	<b>390</b>
<b>8,429</b>	<b>2,601</b>	<b>(129)</b>	<b>10,901</b>	<b>8,427</b>	<b>2,603</b>	<b>(128)</b>	<b>10,902</b>
<b>10,399</b>	<b>1,037</b>	<b>(210)</b>	<b>11,226</b>	<b>10,453</b>	<b>893</b>	<b>(54)</b>	<b>11,292</b>

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(in million euros)</i>	Revaluations - excluding minority interests							Equity - Attributable to equity holders of the parent	Equity - Minority interests	Total equity
	Share capital	Treasury stock	Retained earnings excluding revaluations	Cash flow hedges	Available- for-sale financial assets	Actuarial gains and losses on pension obligations	Translation adjust- ments			
<b>At 31 December 2014</b>	<b>783</b>	<b>(296)</b>	<b>9,053</b>	<b>8</b>	<b>2</b>	<b>(227)</b>	<b>(52)</b>	<b>9,271</b>	<b>1,147</b>	<b>10,418</b>
Income and expenses recognised in equity for the period	-	-	571	(24)	-	151	263	961	213	1,174
Effect of changes in scope of consolidation and other	-	-	3	-	-	-	-	3	(6)	(3)
Issuance of shares	22	-	125	-	-	-	-	147	31	178
Purchases and sales of treasury stock	-	24	(24)	-	-	-	-	-	-	-
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(63)	(63)
<b>At 30 June 2015</b>	<b>805</b>	<b>(272)</b>	<b>9,728</b>	<b>(16)</b>	<b>2</b>	<b>(76)</b>	<b>211</b>	<b>10,382</b>	<b>1,322</b>	<b>11,704</b>
Income and expenses recognised in equity for the period	-	-	328	(12)	7	(6)	(215)	102	127	229
Measurement of stock options and performance share grants	-	-	10	-	-	-	-	10	5	15
Effect of changes in scope of consolidation and other	-	-	(104)	-	-	-	-	(104)	101	(3)
Issuance of shares	3	-	162	-	-	-	-	165	130	295
Purchases and sales of treasury stock	-	34	(34)	-	-	-	-	-	-	-
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(21)	(21)
<b>At 31 December 2015</b>	<b>808</b>	<b>(238)</b>	<b>10,090</b>	<b>(28)</b>	<b>9</b>	<b>(82)</b>	<b>(4)</b>	<b>10,555</b>	<b>1,664</b>	<b>12,219</b>
Income and expenses recognised in equity for the period	-	-	1,212	44	6	(52)	(90)	1,120	129	1,249
Measurement of stock options and performance share grants	-	-	3	-	-	-	-	3	4	7
Effect of changes in scope of consolidation and other	-	-	(10)	-	-	-	-	(10)	4	(6)
Issuance of shares	2	-	12	-	-	-	-	14	8	22
Purchases and sales of treasury stock	-	-	(8)	-	-	-	-	(8)	(13)	(21)
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(123)	(123)
<b>At 30 June 2016</b>	<b>810</b>	<b>(238)</b>	<b>11,299</b>	<b>16</b>	<b>15</b>	<b>(134)</b>	<b>(94)</b>	<b>11,674</b>	<b>1,673</b>	<b>13,347</b>



# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2016

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## Preliminary note

The interim consolidated financial statements for the six months ended 30 June 2016 and related notes were approved by the Managing Board of Peugeot S.A. on 22 July 2016 with the exception of Note 16 which takes into account events that occurred in the period up to the Supervisory Board meeting on 26 July 2016.

## NOTE 1 - ACCOUNTING POLICIES

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### 1.1. STANDARDS APPLIED

The PSA Group's interim consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with *IAS 34 – Interim Financial Reporting*, which provides for the presentation of a selected number of explanatory notes. These condensed interim consolidated financial statements should be read and understood in conjunction with the 2015 consolidated financial statements.

The interim consolidated financial statements for the period ended 30 June 2016 for the PSA Group have been prepared using the same accounting policies as those used for the financial year ended 31 December 2015.

The PSA Group's consolidated financial statements for the year ended 31 December 2015 and for the half-year ended 30 June 2016 were prepared in accordance with International Financial Reporting Standards (IFRS), adopted for use in the European Union. They also comply with International Financial Reporting Standards (IFRS) adopted by the IASB and IFRS Interpretation Committee interpretations, inasmuch as the provision of IAS 39 unadopted by the European Union does not affect the PSA Group's financial statements.

### 1.2. 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.

The points for attention used in the preparation of the 2016 interim financial statements are the same as those used for the 2015 annual financial statements.

## NOTE 2 - SCOPE OF CONSOLIDATION

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### 2.1. 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 of the consolidated financial statements for 2015.

The Group's operations are organised around three main segments (see Note 3):

- The Automotive division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot, Citroën and DS brands, as well as the new spare parts distribution and mobility businesses;
- The Automotive Equipment division, corresponding to the Faurecia group. Peugeot S.A. holds 46.38% of Faurecia's capital and 62.98% 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. In 2014, Banque PSA Finance and Santander Consumer Finance signed a framework agreement for the establishment of a partnership. This partnership covers most Banque PSA Finance's business. In 2015, the French, British, Maltese, Spanish and Swiss

operations were transferred to entities controlled jointly with Santander, and are now consolidated by the equity method. In the first half of 2016, the Italian, Dutch and Belgian operations were also transferred to entities controlled jointly with Santander, and are now consolidated by the equity method (see Note 8.4 C).

The Group's other activities are housed under "Other businesses", which notably includes the Peugeot S.A. holding company.

	<b>30 June 2016</b>	31 December 2015
<b>Fully consolidated companies</b>		
Manufacturing and sales companies	290	295
Finance companies	28	36
	<b>318</b>	<b>331</b>
<b>Joint operations</b>		
Manufacturing and sales companies	3	3
<b>Companies at equity</b>		
Manufacturing and sales companies	51	49
Finance companies	22	19
	<b>73</b>	<b>68</b>
<b>Consolidated companies</b>	<b>394</b>	<b>402</b>

## MAIN CHANGES IN THE SCOPE OF CONSOLIDATION DURING THE HALF-YEAR

On Tuesday 21 June 2016, the PSA Group and Iran Khodro signed the final joint venture agreement to produce latest-generation vehicles in Iran. This 50/50 joint venture is under joint control of the two partners. It is accounted for by the equity method at 30 June 2016.

The Group also continued the implementation of its partnership with Santander (see Note 2.2).

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

### A. Operations related to the partnership with Santander

Following the agreement reached in 2014, Banque PSA Finance and Santander Consumer Finance (Santander CF) have gradually implemented a partnership spanning 11 countries in Europe and Brazil.

The description of the treatment of operations in the consolidated financial statements is described in Note 3.3.A to the 2015 consolidated financial statements.

## **(1) Details of reclassifications in the consolidated income statement**

The tables listed below for the first-half 2015 and for 2015 are those published in the consolidated financial statements at 30 June 2015 and at 31 December 2015.

<b>2015</b>			
<i>(in million euros)</i>	Finance division at 100%	Reclassification of the full scope	Finance division reported <sup>(3)</sup>
<b>Sales and revenue</b>	<b>1,601</b>	<b>(1,334)</b>	<b>267</b>
Cost of goods and services sold	(606)	452	(154)
Selling, general and administrative expenses	(481)	372	(109)
<b>Recurring operating income (loss)</b>	<b>514</b>	<b>(510)</b>	<b>4</b>
Non-recurring operating income and expenses	(23)	25	2
Net financial income (expense)	4	(4)	-
Income taxes	(148)	129	(19)
Share in net earnings of companies at equity	11	112	123
Other expenses related to the non-transferred financing of operations to be continued in partnership <sup>(1)</sup>	-	(114)	(114)
<b>Consolidated profit (loss) from continuing operations</b>	<b>358</b>	<b>(362)</b>	<b>(4)</b>
Profit (loss) from operations to be continued in partnership <sup>(2)</sup>	-	179	179
<b>Consolidated profit (loss) for the period</b>	<b>358</b>	<b>(183)</b>	<b>175</b>

<sup>(1)</sup> These charges relate to the financing debts of activities to be transferred including a negative €10 million adjustment value related to the Santander partnership.

<sup>(2)</sup> Included a negative €60 million adjustment value related to the Santander partnership.

<sup>(3)</sup> Financial statements restated in accordance with IFRS 5 (scope of the partnership at 31 December 2015).

<b>First-half 2015</b>			
<i>(in million euros)</i>	Finance division at 100%	Reclassification of the full scope	Finance division reported <sup>(3)</sup>
<b>Sales and revenue</b>	<b>838</b>	<b>(698)</b>	<b>140</b>
Cost of goods and services sold	(331)	247	(84)
Selling, general and administrative expenses	(213)	176	(37)
<b>Recurring operating income (loss)</b>	<b>294</b>	<b>(275)</b>	<b>19</b>
Non-recurring operating income and expenses	(23)	23	-
Net financial income (expense)	10	(5)	5
Income taxes	(88)	75	(13)
Share in net earnings of companies at equity	8	51	59
Other expenses related to the non-transferred financing of operations to be continued in partnership <sup>(1)</sup>	-	(81)	(81)
<b>Consolidated profit (loss) from continuing operations</b>	<b>201</b>	<b>(212)</b>	<b>(11)</b>
Profit (loss) from operations to be continued in partnership <sup>(2)</sup>	-	141	141
<b>Consolidated profit (loss) for the period</b>	<b>201</b>	<b>(71)</b>	<b>130</b>

<sup>(1)</sup> These charges relate to the financing debts of activities to be transferred including a negative €10 million adjustment value related to the Santander partnership.

<sup>(2)</sup> Included a negative €9 million adjustment value related to the Santander partnership.

<sup>(3)</sup> Financial statements restated in accordance with IFRS 5 (scope of the partnership at 30 June 2015).

First-half 2016	Finance division at 100%	Reclassification of operations to be continued in partnership	Implementation of the partnership in Italy, Belgium and the Netherlands	Finance division reported <sup>(3)</sup>
<i>(in million euros)</i>				
<b>Sales and revenue</b>	<b>737</b>	<b>(151)</b>	<b>(484)</b>	<b>102</b>
Cost of goods and services sold	(215)	61	92	(62)
Selling, general and administrative expenses	(225)	40	152	(33)
<b>Recurring operating income (loss)</b>	<b>297</b>	<b>(50)</b>	<b>(240)</b>	<b>7</b>
Non-recurring operating income and expenses	(2)	2	-	-
Net financial income (expense)	(3)	7	-	4
Income taxes	(109)	17	81	(11)
Share in net earnings of companies at equity	7	-	80	87
Other expenses related to the non-transferred financing of operations to be continued in partnership <sup>(1)</sup>	-	(11)	-	(11)
<b>Consolidated profit (loss) from continuing operations</b>	<b>190</b>	<b>(35)</b>	<b>(79)</b>	<b>76</b>
Profit (loss) from operations to be continued in partnership <sup>(2)</sup>	-	35	-	35
<b>Consolidated profit (loss) for the period</b>	<b>190</b>	<b>-</b>	<b>(79)</b>	<b>111</b>

<sup>(1)</sup> These charges relate to the financing debts of activities to be transferred including a negative €1 million adjustment value related to the Santander partnership.

<sup>(2)</sup> Included a negative €1 million adjustment value related to the Santander partnership.

<sup>(3)</sup> Financial statements restated in accordance with IFRS 5 (scope of the partnership at 30 June 2016).

## **(2) Implementation of the partnership with Santander Consumer Finance in the first-half 2016**

<i>(in million euros)</i>	At 31 December 2015 after complete reclassification	Implementation of the partnership in Italy, Belgium and the Netherlands				At 30 June 2016 reported
		Deconsolidation and equity method	Repayment of the financing by the Joint Ventures	Reduction of equity through payment of dividends	Other changes	
Loans and receivables - finance companies	468	-	-	-	(198)	270
Cash and cash equivalents	486	144	1,923	(224)	(1,987)	342
Investments in companies at equity	981	148	-	-	-	1,129
Short-term investments - finance companies	96	-	-	-	110	206
Other current and non-current assets	293	(5)	-	-	(62)	226
<b>Total assets of continuing operations</b>	<b>2,324</b>	<b>287</b>	<b>1,923</b>	<b>(224)</b>	<b>(2,137)</b>	<b>2,173</b>
<b>Total assets of operations to be continued in partnership</b>	<b>7,048</b>	<b>(3,203)</b>	<b>-</b>	<b>-</b>	<b>(19)</b>	<b>3,826</b>
<b>Total assets</b>	<b>9,372</b>	<b>(2,916)</b>	<b>1,923</b>	<b>(224)</b>	<b>(2,156)</b>	<b>5,999</b>
Financing liabilities	525	-	-	-	(143)	382
Other current and non-current liabilities	293	-	-	201	(30)	464
Non-transferred financing liabilities of operations to be continued in partnership	2,604	-	-	-	(2,247)	357
<b>Total liabilities of continuing operations</b>	<b>3,422</b>	<b>-</b>	<b>-</b>	<b>201</b>	<b>(2,420)</b>	<b>1,203</b>
<b>Total transferred liabilities of operations to be continued in partnership</b>	<b>3,623</b>	<b>(2,916)</b>	<b>1,923</b>	<b>-</b>	<b>147</b>	<b>2,777</b>
<b>Total liabilities <sup>(1)</sup></b>	<b>7,045</b>	<b>(2,916)</b>	<b>1,923</b>	<b>201</b>	<b>(2,273)</b>	<b>3,980</b>

<sup>(1)</sup> excluding equity

The deconsolidation of the assets and liabilities of the Italian, Belgian and Dutch subsidiaries continued as joint ventures (€3,203 million and €2,916 million respectively) was offset by cash received from Santander for the acquisition of shares (€144 million) and the value of joint ventures kept by the Group (€148 million).

The repayment by joint ventures of financing provided by the Group amounted to €1,923 million.

The Group's external refinancing debts were repaid over the period in the amount of €2,247 million, including €135 million in advance.

Equity was reduced by the payment of dividends (€224 million paid and €201 million yet to be paid).

## B. Disposal by Faurecia of the Automotive Exteriors business

Following the signature of the Memorandum of Understanding by Faurecia and Compagnie Plastic Omnium for the sale of its Automotive Exteriors business on 14 December 2015, the definitive agreement (Sales and Purchase Agreement) has been signed on 19 April 2016. The transaction concerns the bumpers and front end modules business of Faurecia which had sales of €2 billion in 2015 and employs 7,700 people in 22 sites. The Enterprise Value of the transaction is € 665 million. The appropriate filings will now be made by Plastic Omnium with the relevant antitrust authorities and the transaction is due to close during 2016.

### (1) Details of reclassifications in the consolidated income statement of the manufacturing and sales activities

2015 <i>(in million euros)</i>	Before IFRS 5 reclassification	IFRS 5 impact	Reported in February 2016
<b>Sales and revenue</b>	<b>56,078</b>	<b>(1,652)</b>	<b>54,426</b>
Cost of goods and services sold	(45,853)	1,481	(44,372)
Selling, general and administrative expenses	(5,536)	69	(5,467)
Research and development expenses	(1,877)	19	(1,858)
<b>Recurring operating income (loss)</b>	<b>2,812</b>	<b>(83)</b>	<b>2,729</b>
Non-recurring operating income and expenses	(760)	1	(759)
Net financial income (expense)	(635)	(7)	(642)
Income taxes	(704)	17	(687)
Share in net earnings of companies at equity	314	-	314
<b>Consolidated profit (loss) from continuing operations</b>	<b>1,027</b>	<b>(72)</b>	<b>955</b>
Profit (loss) from operations held for sale	-	72	72
<b>Consolidated profit (loss) for the period</b>	<b>1,027</b>	<b>-</b>	<b>1,027</b>

First-half 2015 <i>(in million euros)</i>	Before IFRS 5 reclassification	IFRS 5 impact	Reported in July 2016
<b>Sales and revenue</b>	<b>28,772</b>	<b>(868)</b>	<b>27,904</b>
Cost of goods and services sold	(23,536)	784	(22,752)
Selling, general and administrative expenses	(2,889)	44	(2,845)
Research and development expenses	(942)	-	(942)
<b>Recurring operating income (loss)</b>	<b>1,405</b>	<b>(40)</b>	<b>1,365</b>
Non-recurring operating income and expenses	(342)	(1)	(343)
Net financial income (expense)	(341)	2	(339)
Income taxes	(318)	11	(307)
Share in net earnings of companies at equity	174	-	174
<b>Consolidated profit (loss) from continuing operations</b>	<b>578</b>	<b>(28)</b>	<b>550</b>
Profit (loss) from operations held for sale	12	28	40
<b>Consolidated profit (loss) for the period</b>	<b>590</b>	<b>-</b>	<b>590</b>

First-half 2016	Before IFRS 5 reclassification	IFRS 5 impact	Reported in July 2016
<i>(in million euros)</i>			
<b>Sales and revenue</b>	<b>28,490</b>	<b>(806)</b>	<b>27,684</b>
Cost of goods and services sold	(23,028)	708	(22,320)
Selling, general and administrative expenses	(2,636)	37	(2,599)
Research and development expenses	(957)	15	(942)
<b>Recurring operating income (loss)</b>	<b>1,869</b>	<b>(46)</b>	<b>1,823</b>
Non-recurring operating income and expenses	(223)	16	(207)
Net financial income (expense)	(155)	1	(154)
Income taxes	(307)	8	(299)
Share in net earnings of companies at equity	61	1	62
<b>Consolidated profit (loss) from continuing operations</b>	<b>1,245</b>	<b>(20)</b>	<b>1,225</b>
Profit (loss) from operations held for sale	-	47	47
<b>Consolidated profit (loss) for the period</b>	<b>1,245</b>	<b>27</b>	<b>1,272</b>

**(2) Details of reclassifications in the consolidated balance sheet of the manufacturing and sales activities at 30 June 2016**

First-half 2016	Before IFRS 5 reclassification	IFRS 5 impact	Reported in July 2016
<i>(in million euros)</i>			
Goodwill	1,561	(141)	1,420
Intangible assets and property, plant and equipment	16,922	(300)	16,622
Deferred tax assets	514	3	517
Other current and non-current assets	13,154	(299)	12,855
Cash and cash equivalent	11,064	(8)	11,056
<b>Total assets of continuing operations</b>	<b>43,215</b>	<b>(745)</b>	<b>42,470</b>
<b>Total assets of operations held for sale</b>	<b>-</b>	<b>777</b>	<b>777</b>
<b>Total assets</b>	<b>43,215</b>	<b>32</b>	<b>43,247</b>
Current and non-current provisions	4,403	(32)	4,371
Other non-current liabilities	10,015	(1)	10,014
Other current liabilities	17,491	(377)	17,114
<b>Total liabilities of continuing operations</b>	<b>31,909</b>	<b>(410)</b>	<b>31,499</b>
<b>Total liabilities of operations held for sale</b>	<b>-</b>	<b>420</b>	<b>420</b>
<b>Total liabilities <sup>(1)</sup></b>	<b>31,909</b>	<b>10</b>	<b>31,919</b>

<sup>(1)</sup> excluding equity



**(3) Details of reclassifications in the consolidated statement of cash flows of the manufacturing and sales activities at June 2016**

First-half 2016	Before IFRS 5 reclassification	IFRS 5 impact	Reported in July 2016
<i>(in million euros)</i>			
<b>Funds from operations</b>	2,821	(23)	2,798
Changes in working capital	339	50	389
<b>Net cash from (used in) operating activities of continuing operations</b>	<b>3,160</b>	<b>27</b>	<b>3,187</b>
Proceeds from disposals of shares in consolidated companies and in equity investments	(2)	-	(2)
Capital increase and acquisitions of consolidated companies and equity investments	(98)	-	(98)
Proceeds from disposals of property, plant and equipment and of intangible assets	78	1	79
Investments in property, plant and equipment and investments in intangible assets	(1,716)	48	(1,668)
Other	133	(4)	129
<b>Net cash from (used in) investing activities of continuing operations</b>	<b>(1,605)</b>	<b>45</b>	<b>(1,560)</b>
Dividends paid:			
• Intragroup	219	-	219
• To minority shareholders of subsidiaries	(81)	-	(81)
Proceeds from issuance of shares	8	-	8
Changes in other financial assets and liabilities / (Purchases) sales of treasury stock	(1,063)	14	(1,049)
<b>Net cash from (used in) financing activities of continuing operations</b>	<b>(917)</b>	<b>14</b>	<b>(903)</b>
<b>Net cash from assets and liabilities of operations held for sale</b>	<b>11</b>	<b>(89)</b>	<b>(78)</b>
Effect of changes in exchange rates	(98)	3	(95)
<b>Increase (decrease) in cash from operations held for sale</b>	<b>551</b>	<b>-</b>	<b>551</b>
<b>Net cash and cash equivalents at beginning of period</b>	<b>10,453</b>	<b>-</b>	<b>10,453</b>
<b>Net cash and cash equivalents at end of period</b>	<b>11,004</b>	<b>-</b>	<b>11,004</b>

## NOTE 3 - 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 2.1.

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 2.2.

### BUSINESS SEGMENTS

The balances for each segment shown in the table below are on a stand-alone basis. All intersegment transactions are eliminated and, for the purposes of reconciliation with the Group's financial statements, are shown under the heading "Eliminations and unallocated" 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, share in net earnings of companies at equity and profit (loss) from operations held for sale or to be continued in partnership 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.

First-half 2016 (in million euros)	Automotive	Automotive equipment	Other	Finance companies		Eliminations and unallocated <sup>(1)</sup>	Total
				100%	Reconciliation		
<b>Sales and revenue</b>							
• third parties	19,190	8,494	-	657	(562)	-	27,779
• intragroup, intersegment	-	1,038	56	80	-	(1,174)	-
<b>Total <sup>(2)</sup></b>	<b>19,190</b>	<b>9,532</b>	<b>56</b>	<b>737</b>	<b>(562)</b>	<b>(1,174)</b>	<b>27,779</b>
<b>Recurring operating income (loss)</b>	<b>1,303</b>	<b>490</b>	<b>33</b>	<b>297</b>	<b>(290)</b>	<b>(3)</b>	<b>1,830</b>
Non-recurring operating income	29	3	-	-	-	-	32
Restructuring costs	(107)	(59)	(1)	-	-	-	(167)
Impairment loss on CGUs, provisions for onerous contracts and other	(5)	-	-	-	-	-	(5)
Other non-recurring operating expenses	(29)	(10)	(28)	(2)	2	-	(67)
<b>Operating income (loss)</b>	<b>1,191</b>	<b>424</b>	<b>4</b>	<b>295</b>	<b>(288)</b>	<b>(3)</b>	<b>1,623</b>
<b>Net financial income (expense)</b>		<b>(105)</b>		<b>(3)</b>	<b>7</b>	<b>(49)</b>	<b>(150)</b>
Income taxes expense	-	(95)	-	(109)	98	(204)	(310)
Share in net earnings of companies at equity	45	13	4	7	80	-	149
Other expenses related to the non-transferred financing of operations to be continued in partnership	-	-	-	-	(11)	-	(11)
<b>Consolidated profit (loss) from continuing operations</b>		<b>237</b>		<b>190</b>	<b>(114)</b>		<b>1,301</b>
Profit (loss) from operations held for sale or to be continued in partnership	-	47	-	-	35	-	82
<b>Consolidated profit (loss) for the period</b>		<b>284</b>		<b>190</b>	<b>(79)</b>		<b>1,383</b>
<b>Capital expenditure</b> (excluding sales with a buyback commitment)	<b>1,250</b>	<b>417</b>	<b>-</b>	<b>11</b>	<b>(5)</b>		<b>1,673</b>

<sup>(1)</sup> The "Eliminations and unallocated" column includes eliminations of intersector sales between the Finance companies and the other sectors (€73 million).

<sup>(2)</sup> of which a turnover of €18,764 million for manufacturer's activity of the Automotive division.

In the first half of 2016, on a fully consolidated basis, Banque PSA Finance (Finance Companies segment) generated net banking revenue of €537 million. Net provision expense (cost of risk) amounted to €16 million in the first half 2016.

In the first half of 2016, after application of IFRS 5, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €40 million.

First-half 2015 (in million euros)	Automotive	Automotive equipment	Other	Finance companies		Eliminations and unallocated <sup>(1)</sup>	Total
				100%	Reconciliation		
<b>Sales and revenue</b>							
• third parties	19,406	8,497	1	639	(507)	-	28,036
• intragroup, intersegment	3	992	50	199	-	(1,244)	-
<b>Total <sup>(2)</sup></b>	<b>19,409</b>	<b>9,489</b>	<b>51</b>	<b>838</b>	<b>(507)</b>	<b>(1,244)</b>	<b>28,036</b>
<b>Recurring operating income (loss)</b>	<b>975</b>	<b>384</b>	<b>8</b>	<b>294</b>	<b>(275)</b>	<b>(2)</b>	<b>1,384</b>
Non-recurring operating income	51	2	-	-	-	-	53
Restructuring costs	(357)	(31)	(1)	(2)	2	-	(389)
Impairment loss on CGUs, provisions for onerous contracts and other	(8)	-	-	-	-	-	(8)
Other non-recurring operating expenses	1	-	-	(21)	21	-	1
<b>Operating income (loss)</b>	<b>662</b>	<b>355</b>	<b>7</b>	<b>271</b>	<b>(252)</b>	<b>(2)</b>	<b>1,041</b>
<b>Net financial income (expense) <sup>(3)</sup></b>		<b>(43)</b>		<b>10</b>	<b>(5)</b>	<b>(296)</b>	<b>(334)</b>
Income taxes expense	-	(86)	-	(88)	75	(221)	(320)
Share in net earnings of companies at equity	179	(1)	(4)	8	51	-	233
Other expenses related to the non-transferred financing of operations to be continued in partnership	-	-	-	-	(81)	-	(81)
<b>Consolidated profit (loss) from continuing operations</b>		<b>225</b>		<b>201</b>	<b>(212)</b>		<b>539</b>
Profit (loss) from operations held for sale or to be continued in partnership	-	28	12	-	141	-	181
<b>Consolidated profit (loss) for the period</b>		<b>253</b>		<b>201</b>	<b>(71)</b>		<b>720</b>
<b>Capital expenditure</b> (excluding sales with a buyback commitment)	<b>964</b>	<b>424</b>	<b>-</b>	<b>16</b>	<b>(6)</b>		<b>1,398</b>

<sup>(1)</sup> The "Eliminations and unallocated" column includes eliminations of intersector sales between the Finance companies and the other sectors (€191 million).

<sup>(2)</sup> of which a turnover of €18,914 million for manufacturer's activity of the Automotive division.

<sup>(3)</sup> Following the sale of Peugeot Scooters in February 2015, the financial income of the Automotive Equipment Division includes the capital gain from the internal transfer of €56 million Peugeot Scooters shares sold to entities of the Automotive Division by Faurecia in 1998.

In the first half of 2015, on a fully consolidated basis, Banque PSA Finance (Finance Companies segment) generated net banking revenue of €534 million. Net provision expense (cost of risk) amounted to €27 million in the first half 2015.

In the first half of 2015, after application of IFRS 5, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €57 million. Net provision expense (cost of risk) amounted to €1 million in the first half 2015.

2015 <i>(in million euros)</i>	Automotive	Automotive equipment	Other	Finance companies		Eliminations and unallocated <sup>(1)</sup>	Total
				100%	Reconciliation		
<b>Sales and revenue</b>							
• third parties	37,510	16,915	1	1,246	(996)	-	<b>54,676</b>
• intragroup, intersegment	4	1,855	109	355	-	(2,323)	-
<b>Total <sup>(2)</sup></b>	<b>37,514</b>	<b>18,770</b>	<b>110</b>	<b>1,601</b>	<b>(996)</b>	<b>(2,323)</b>	<b>54,676</b>
<b>Recurring operating income (loss)</b>	<b>1,871</b>	<b>830</b>	<b>28</b>	<b>514</b>	<b>(510)</b>	-	<b>2,733</b>
Non-recurring operating income	130	11	-	2	-	-	143
Restructuring costs	(734)	(57)	(2)	(4)	4	-	(793)
Impairment loss on CGUs, provisions for onerous contracts and other	(88)	(5)	-	-	-	-	(93)
Other non-recurring operating expenses	-	(14)	-	(21)	21	-	(14)
<b>Operating income (loss)</b>	<b>1,179</b>	<b>765</b>	<b>26</b>	<b>491</b>	<b>(485)</b>	-	<b>1,976</b>
<b>Net financial income (expense)</b>		<b>(150)</b>		<b>4</b>	<b>(4)</b>	<b>(492)</b>	<b>(642)</b>
Income taxes expense		(186)		(148)	129	(501)	(706)
Share in net earnings of companies at equity	302	13	(1)	11	112	-	437
Other expenses related to the non-transferred financing of operations to be continued in partnership	-	-	-	-	(114)	-	(114)
<b>Consolidated profit (loss) from continuing operations</b>		<b>442</b>		<b>358</b>	<b>(362)</b>		<b>951</b>
Profit (loss) from operations held for sale or to be continued in partnership	-	61	11	-	179		251
<b>Consolidated profit (loss) for the period</b>		<b>503</b>		<b>358</b>	<b>(183)</b>		<b>1,202</b>
<b>Capital expenditure</b> <i>(excluding sales with a buyback commitment)</i>	<b>2,018</b>	<b>931</b>	-	<b>33</b>	<b>(14)</b>		<b>2,968</b>

<sup>(1)</sup> The "Eliminations and unallocated" column includes eliminations of intersector sales between the Finance companies and the other sectors (€338 million).

<sup>(2)</sup> of which a turnover of €36,535 million for manufacturer's activity of the Automotive division.

In 2015, on a fully consolidated basis, Banque PSA Finance (Finance Companies segment) generated net banking revenue of €1,065 million. Net provision expense (cost of risk) for the year amounted to €69 million.

In 2015, after application of IFRS 5, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €113 million. Net provision expense (cost of risk) for the year amounted to €1 million.

## NOTE 4 - OPERATING INCOME

### 4.1. RESEARCH AND DEVELOPMENT EXPENSES

<i>(in million euros)</i>	First-half 2016	First-half 2015	2015
Total expenditure <sup>(1)</sup>	(1,176)	(1,142)	(2,249)
Capitalised development expenditure <sup>(2)</sup>	633	586	1,163
<b>Non-capitalised expenditure</b>	<b>(543)</b>	<b>(556)</b>	<b>(1,086)</b>
Amortisation of capitalised development expenditure	(399)	(386)	(772)
<b>Total</b>	<b>(942)</b>	<b>(942)</b>	<b>(1,858)</b>

<sup>(1)</sup> of which Faurecia

(213) (221) (374)

<sup>(2)</sup> In addition to this expenditure, borrowing costs are capitalised pursuant to IAS 23 - **Borrowing Costs**.

## 4.2. NON-RECURRING OPERATING INCOME AND EXPENSES

<i>(in million euros)</i>	<i>Notes</i>	<b>First-half 2016</b>	First-half 2015	2015
Net gains on disposals of real estate assets		21	16	47
Reversal of impairment loss on Automotive Division CGUs and other assets and provisions for Automotive Division onerous contracts	4.2.A.(1)	10	37	86
Other non-recurring operating income <i>(excluding Automotive Division)</i>		1	-	10
<b>Total non-recurring operating income</b>		<b>32</b>	<b>53</b>	<b>143</b>
Impairment loss on Automotive Division CGUs and other assets and provisions for Automotive Division onerous contracts	4.2.A.(1)	(34)	(8)	(88)
Impairment loss on Faurecia CGUs and other Faurecia assets	4.2.A.(2)	-	-	(5)
Restructuring costs	4.2.B	(167)	(389)	(793)
Other non-recurring operating expenses <i>(excluding Automotive Division)</i>		(38)	1	(14)
<b>Total non-recurring operating expenses</b>		<b>(239)</b>	<b>(396)</b>	<b>(900)</b>

### A. Impairment test on CGUs, provisions for onerous contracts and other depreciations

#### **(1) 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 CGU, the Latin America CGU and each Vehicle CGU were updated at 31 December 2015. Monitoring of impairment testing was performed in preparing the financial statements for the first-half 2016.

##### **Automotive division CGU**

Tests conducted in respect of previous years led to the recognition of an overall impairment loss of €3,009 on the Automotive Division recognised in 2012 and impairment losses of €1,009 million on plants in Latin America and Russia in 2013. The update of these tests as at 31 December 2015 was performed on the basis of data from the Medium Term Plan (MTP 2016-2020).

The cash flow generated in the first half of 2016 did not undermine the results of tests performed at the end of 2015. New tests will be carried out in the second half based on the new MTP 2017-2021.

##### **Vehicle CGUs and other automotive assets**

Concerning the assets allocated to Vehicle CGUs, the updated impairment tests did not indicate the need to change previously recognised impairment amounts.

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 for these vehicles as well as forecast currency exchange rates for purchasing currencies, and notably the yen, led to a charge to provisions for losses on onerous contracts amounting to €22 million over first-half 2016.

#### **(2) Impairment test on Faurecia group CGUs and other assets**

##### **Faurecia group CGUs and Faurecia CGU at PSA Group**

There were no indications that the Faurecia CGUs might be impaired at 30 June 2016 and therefore no impairment tests were performed at that date.

The market value of Faurecia securities at 30 June 2016 covers the value of Faurecia's net assets in the Group's financial statements.

### B. Restructuring costs

Restructuring costs consist mainly of workforce reductions.

<i>(in million euros)</i>	<b>First-half 2016</b>	First-half 2015	2015
Automotive Division	(107)	(357)	(734)
Automotive Equipment Division	(59)	(31)	(57)
Other businesses	(1)	(1)	(2)
<b>Total</b>	<b>(167)</b>	<b>(389)</b>	<b>(793)</b>

### Automotive division

Automotive division restructuring costs amounted to €107 million in the first-half 2016. They mainly include restructuring costs in France for €63 million, in other European countries for €28 million and in South America for €8 million.

### Automotive Equipment division (Faurecia group)

In the first-half 2016, Faurecia group restructuring costs totalled €59 million, mainly in Europe.

## NOTE 5 - REQUIREMENTS IN WORKING CAPITAL OF MANUFACTURING AND SALES COMPANIES

### 5.1. INVENTORIES

<i>(in million euros)</i>	30 June 2016	30 June 2015	31 December 2015
Raw materials and supplies	698	772	652
Semi-finished products and work-in-progress	952	926	749
Goods for resale and used vehicles	575	573	688
Finished products and replacement parts	2,322	2,450	1,907
<b>Total</b>	<b>4,547</b>	<b>4,721</b>	<b>3,996</b>
• of which at cost	4,950	5,146	4,420
• of which allowances	(403)	(425)	(424)

### 5.2. CHANGE IN WORKING CAPITAL REQUIREMENTS OF MANUFACTURING AND SALES COMPANIES

<i>(in million euros)</i>	30 June 2016	30 June 2015	2015
(Increase) decrease in inventories	(610)	(471)	(14)
(Increase) decrease in trade receivables	(170)	(286)	76
Increase (decrease) in trade payables	1,030	1,190	863
Change in income taxes	(217)	(5)	(11)
Other changes	356	459	28
	<b>389</b>	<b>887</b>	<b>942</b>
<i>Net cash flows with Group finance companies</i>	165	371	12
<b>Total</b>	<b>554</b>	<b>1,258</b>	<b>954</b>

## NOTE 6 - EMPLOYEE BENEFITS EXPENSE

### 6.1. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

#### A. Assumptions

The rates used to calculate the Group's pension obligation on the balance sheet date are as follows:

	Euro zone	United-Kingdom
<b>Discount Rate</b>		
<b>June 2016</b>	<b>1.25 %</b>	<b>2.90 %</b>
December 2015	2.30 %	3.85 %
June 2015	2.30 %	3.85 %
<b>Inflation Rate</b>		
<b>June 2016</b>	<b>1.80 %</b>	<b>2.95 %</b>
December 2015	1.80 %	3.00 %
June 2015	1.80 %	3.00 %

#### B. Analysis at 30 June 2016

	30 June 2016				31 December 2015			
	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
<i>(in million euros)</i>								
<b>Present value of projected benefit obligation</b>	<b>(1,771)</b>	<b>(2,097)</b>	<b>(699)</b>	<b>(4,567)</b>	<b>(1,564)</b>	<b>(2,096)</b>	<b>(670)</b>	<b>(4,330)</b>
Fair value of external funds	931	2,697	287	3,915	932	2,657	285	3,874
<b>Net (liability) asset recognised in the balance sheet before minimum funding requirement (IFRIC 14)</b>	<b>(840)</b>	<b>600</b>	<b>(412)</b>	<b>(652)</b>	<b>(632)</b>	<b>561</b>	<b>(385)</b>	<b>(456)</b>
Minimum funding requirement liability (IFRIC 14)	-	(38)	-	(38)	-	(38)	-	(38)
<b>Net (liability) asset recognised in the balance sheet</b>	<b>(840)</b>	<b>562</b>	<b>(412)</b>	<b>(690)</b>	<b>(632)</b>	<b>523</b>	<b>(385)</b>	<b>(494)</b>
Of which, liability (Note 7.1)	(864)	(41)	(425)	(1,330)	(656)	(38)	(397)	(1,091)
Of which, asset	24	603	13	640	24	561	12	597
<i>Of which, unfunded plans</i>	<i>0.0 %</i>	<i>0.0 %</i>	<i>9.4 %</i>	<i>1.4 %</i>	<i>2.1 %</i>	<i>0.0 %</i>	<i>10.3 %</i>	<i>2.4 %</i>

### 6.2. SHARE-BASED PAYMENT

#### A. Peugeot S.A. performance share plans

##### (1) Performance share plan 2015

A performance share plan was established in 2015 (see Note 7.2.B.(1) to the 2015 consolidated financial statements). The personnel expenses associated with this plan, measured in accordance with IFRS 2, was €7 million for the first-half 2016, excluding payroll taxes.

##### (2) Performance share plan 2016

Following the authorisation given by the Extraordinary Shareholders' Meeting of 27 April 2016 and the Supervisory Board at its meeting of 27 April 2016, the Peugeot S.A. Managing Board adopted a performance share plan effective at 2 June 2016, subject to performance conditions. This plan covers a maximum total of 2,200,000 shares. The allocation of performance shares is subject to a condition of presence within the Group at the end of the vesting period. The final acquisition is subject to two performance conditions, namely the Automotive Division's average recurring operating margin over the period from 2016 to 2018, and growth in consolidated revenue at constant exchange rates between 2015 and 2018.

In light of the objectives, the shares will vest in two equal parts subject to presence within the company at 3 and 16 June 2019 and 3 and 16 June 2020.

The personnel expenses associated with this plan, measured in accordance with IFRS 2, was not significant in the first-half of 2016.

## B. Faurecia performance share plan

At 30 June 2016, two performance share plans were in force, implemented by the Board of Directors at its meetings of dated 28 July 2014 and 23 July 2015.

## NOTE 7 - CURRENT AND NON-CURRENT PROVISIONS

### 7.1. NON-CURRENT PROVISIONS

#### A. Analysis by type

<i>(in million euros)</i>	<i>Notes</i>	<b>30 June 2016</b>	31 December 2015
Pensions	6.1.B	1,330	1,091
Other employee benefit obligations		147	148
Other		44	39
<b>Total</b>		<b>1,521</b>	<b>1,278</b>

#### B. Movements for the half-year

<i>(in million euros)</i>	<b>30 June 2016</b>	31 December 2015
<b>At beginning of period</b>	<b>1,278</b>	<b>1,543</b>
<b>IFRS 5 reclassification</b>	-	<b>(18)</b>
<b>Movements taken to profit or loss</b>		
Additions	53	197
Releases (utilisations)	(46)	(125)
Releases (unused provisions)	(7)	(167)
	-	<b>(95)</b>
<b>Other changes</b>		
Translation adjustment	(8)	8
Recognised in equity during the period	231	(225)
Change in scope of consolidation and other	20	65
<b>At period-end</b>	<b>1,521</b>	<b>1,278</b>

### 7.2. CURRENT PROVISIONS

#### A. Analysis by type

<i>(in million euros)</i>	<b>30 June 2016</b>	31 December 2015
Warranties	851	895
Commercial and tax claims and litigation	602	628
Restructuring plans	926	1,068
Long-term contract losses	116	109
Sales with a buyback commitment	166	195
Other	332	302
<b>Total</b>	<b>2,993</b>	<b>3,197</b>

## B. Movements for the half-year

<i>(in million euros)</i>	<b>30 June 2016</b>	31 December 2015
<b>At beginning of period</b>	<b>3,197</b>	<b>2,888</b>
<b>IFRS 5 reclassification</b>	-	<b>(13)</b>
<b>Movements taken to profit or loss</b>		
Additions <sup>(1)</sup>	716	1,957
Releases (utilisations)	(627)	(1,248)
Releases (unused provisions)	(339)	(284)
	<b>(250)</b>	<b>425</b>
<b>Other changes</b>		
Translation adjustment	41	(103)
Change in scope of consolidation and other	5	-
<b>At period-end</b>	<b>2,993</b>	<b>3,197</b>

<sup>(1)</sup> The main additions for restructuring plans in 2016 are discussed in Note 4.2.B.

## NOTE 8 - INVESTMENTS IN COMPANIES AT EQUITY

Companies accounted for by the equity method include:

- Joint ventures with Dongfeng Motor Group et Changan, located in China and Singapore;
- Finance joint ventures with Santander Consumer Finance in France, the United-Kingdom, Malta, Spain, Switzerland, Italy, The Netherlands and Belgium (see Note 8.4.C);
- as well as companies over which the Group has significant influence, mainly Gefco S.A. and Peugeot Motocycles.

### 8.1. CHANGES IN THE CARRYING AMOUNT OF INVESTMENTS IN COMPANY AT EQUITY

<i>(in million euros)</i>	<b>First-half 2016</b>	2015
<b>At beginning of period</b>	<b>2,637</b>	<b>1,666</b>
Dividends <sup>(1)</sup>	(350)	(356)
Share of net earnings	149	437
Newly consolidated companies <sup>(2)</sup>	186	780
Capital increase (reduction)	35	47
Changes in scope of consolidation and other	3	(41)
Translation adjustment	(90)	104
<b>At period-end</b>	<b>2,570</b>	<b>2,637</b>
O/w Dongfeng Peugeot Citroën Automobile goodwill	81	85
O/w Dongfeng Peugeot Citroën Automobile Finance Company Ltd goodwill	3	3
O/w Gefco goodwill	57	57

<sup>(1)</sup> Dividends and profit transfers in first-half 2016 included €249 million in net dividends paid to the Group by the companies in partnership with Dongfeng Motor Group, of which €13 million withheld.

<sup>(2)</sup> It concerns mainly companies in partnership with Santander in Italy, Belgium and the Netherlands (see Note 2.2).



## 8.2. SHARE IN NET ASSETS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	First-half 2016	2015
Dongfeng Motor Group cooperation agreement :		1,046	1,258
• Dongfeng Peugeot Citroën Automobile <sup>(1)</sup>	50 %	968	1,067
• Dongfeng Peugeot Citroën Automobile Sales Co	50 %	72	184
• Dongfeng Peugeot Citroën International Co	50 %	6	7
Changan cooperation agreement : Changan PSA Automobiles Co., Ltd	50 %	108	120
Other		10	11
Automotive		1,164	1,389
Automotive equipment		114	97
GEFCO <sup>(1)</sup>	25 %	145	146
Peugeot Scooters	49 %	5	9
Other activities		150	155
<b>Manufacturing and sales activities</b>		<b>1,428</b>	<b>1,641</b>
Santander Consumer Finance cooperation agreement	50 %	1,060	916
Dongfeng Peugeot Citroën Automobile Finance Company Ltd <sup>(1)</sup>	25 %	69	65
<b>Finance activities</b>		<b>1,129</b>	<b>981</b>
<b>Total</b>		<b>2,557</b>	<b>2,622</b>

<sup>(1)</sup> Including goodwill (see Note 8.1)

The Group's share of the net assets of companies at equity comprises €2,583 million (€2,648 million at 31 December 2015) related to companies with a positive net worth, reported under "Investments in companies at equity", less €13 million (€15 million at 31 December 2015) for companies with a negative net worth, reported under "Non-current provisions".

## 8.3. SHARE IN NET EARNINGS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	First-half 2016	First-half 2015	2015
Dongfeng Motor Group cooperation agreement :		95	196	350
• Dongfeng Peugeot Citroën Automobile <sup>(1)</sup>	50 %	51	138	177
• Dongfeng Peugeot Citroën Automobile Sales Co	50 %	44	58	173
Changan cooperation agreement : Changan PSA Automobiles Co., Ltd	50 %	(7)	(18)	(50)
Other		(43)	1	2
Automotive		45	179	302
Automotive equipment		13	(1)	13
GEFCO <sup>(1)</sup>	25 %	8	(1)	6
Peugeot Scooters	49 %	(4)	(3)	(7)
Other activities		4	(4)	(1)
<b>Manufacturing and sales activities</b>		<b>62</b>	<b>174</b>	<b>314</b>
Santander Consumer Finance cooperation agreement	50 %	80	51	112
Dongfeng Peugeot Citroën Automobile Finance Company Ltd <sup>(1)</sup>	25 %	7	8	11
<b>Finance activities</b>		<b>87</b>	<b>59</b>	<b>123</b>
<b>Total</b>		<b>149</b>	<b>233</b>	<b>437</b>

<sup>(1)</sup> Including goodwill (see Note 8.1)

## 8.4. KEY FINANCIAL DATA OF SIGNIFICANT COMPANIES ACCOUNTED AT EQUITY

### A. Dongfeng Motor Group cooperation agreement

PSA Group and Dongfeng Motor Group have three 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, 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 in China the vehicles produced by DPCA;

- Dongfeng Peugeot Citroën Automobile International Co (DPCI), based in Singapore, which is subject to joint control and is qualified for accounting purposes as a joint venture. It markets outside China, in the ASEAN zone, the vehicles produced by DPCA.

Another company that will be in charge of joint research and development and subject to joint control is being created.

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

#### Earnings items at 100%

	In million euros			In million yuans		
	First-half 2016	First-half 2015	2015	First-half 2016	First-half 2015	2015
Sales and revenue	3,547	5,031	9,864	25,859	34,973	68,991
Recurring operating income (loss)	204	459	828	1,483	3,194	5,805
Operating income (loss) <sup>(1)</sup>	216	455	843	1,573	3,166	5,903
<i>Of which depreciation and impairment</i>	<i>(151)</i>	<i>(215)</i>	<i>(297)</i>	<i>(1,102)</i>	<i>(1,488)</i>	<i>(2,076)</i>
Net financial income (loss)	26	69	82	186	477	573
Income taxes	(52)	(131)	(225)	(374)	(912)	(1,568)
Profit (loss) from continuing operations	190	393	700	1,385	2,731	4,908
Profit (loss) from discontinued operations	-	-	-	-	-	-
Profit (loss) for the period	190	393	700	1,385	2,731	4,908
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	95	196	350			
Income and expenses recognised in equity, net	-	-	-			
Other information						
Net dividend received from the joint venture(s) by the PSA group	249	332	332			

<sup>(1)</sup> Including the share of net earnings of companies at equity.

#### B. Changan cooperation agreement

Since 2011, PSA Group 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		
	First-half 2016	First-half 2015	2015	First-half 2016	First-half 2015	2015
Sales and revenue	204	250	498	1,486	1,736	3,486
Recurring operating income (loss)	2	(23)	(74)	11	(158)	(516)
Profit (loss) from continuing operations	(13)	(35)	(99)	(97)	(243)	(694)
Profit (loss) from discontinued operations	-	-	-	-	-	-
Profit (loss) of the period	(13)	(35)	(99)	(97)	(243)	(694)
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	(7)	(18)	(50)			
Income and expenses recognised in equity, net	-	-	-			
Other information						
Net dividend received from the joint venture(s) by the PSA group	-	-	-			

### C. Santander Consumer Finance agreement

The combined financial statements of all the joint ventures with Santander Consumer Finance are presented in summary form in the tables below.

The scope covered comprises a variable number of months of activity depending on the date of implementation of the partnership in each country. These dates are as follows:

- For France and the United Kingdom: 2 February 2015;
- For Spain and Switzerland: 2 October 2015;
- For Italy: 4 February 2016;
- For the Netherlands: 1 February 2016;
- For Belgium: 1 May 2016.

#### 100% of components of earnings on the scope covered

<i>(in million euros)</i>	First-half 2016	First-half 2015	2015
<b>Net banking revenue</b>	<b>404</b>	<b>242</b>	<b>547</b>
General operating expenses and others	(150)	(77)	(191)
<b>Gross operating income</b>	<b>254</b>	<b>165</b>	<b>356</b>
Cost of risk	(11)	(15)	(34)
<b>Operating income</b>	<b>243</b>	<b>150</b>	<b>322</b>
Income taxes	(79)	(49)	(98)
<b>Profit (loss) for the period</b>	<b>164</b>	<b>101</b>	<b>224</b>
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	80	51	112
Income and expenses recognised in equity, net	12	-	-
<b>Other information</b>			
Net dividend received from the joint venture(s) by the PSA group	-	-	-

#### 100% of balance sheet items on the scope covered

<i>(in million euros)</i>	First-half 2016	2015
Customer loans and receivables	18,541	14,581
Other assets	2,294	1,806
<b>Total assets</b>	<b>20,835</b>	<b>16,387</b>
Financing liabilities	16,662	13,451
Other liabilities	2,006	1,054
Equity	2,167	1,882
<b>Total liabilities</b>	<b>20,835</b>	<b>16,387</b>

## 8.5. RELATED PARTY TRANSACTIONS – COMPANIES AT EQUITY

Transactions with companies at equity are billed on arm's length terms.

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

<i>(in million euros)</i>	First-half 2016	First-half 2015	2015
Sales to manufacturing and sales companies <sup>(1)</sup>	470	1,002	1,369
Sales and assignments to companies in partnership with Santander	2,800	1,889	4,617
Purchases <sup>(2)</sup>	(1,084)	(969)	(1,846)

<sup>(1)</sup> of which €389 million in sales to companies in partnership with Dongfeng Motor Group (€694 million in first-half 2015 and €1,217 million in 2015) and €22 million in sales to CAPSA (€35 million in first-half 2015 and €69 million in 2015).

<sup>(2)</sup> of which €898 million in purchases from Gefco (€915 million in first-half 2015 and €1,729 million in 2015).

Receivables and payables with companies at equity are as follows:

<i>(in million euros)</i>	30 June 2016	31 December 2015
Short-term loans	300	-
Trade receivables	360	282
Trade payables	(364)	(312)

## NOTE 9 - FINANCING AND FINANCIAL INSTRUMENTS – MANUFACTURING AND SALES COMPANIES

### 9.1. NET FINANCIAL INCOME (EXPENSE) OF THE GROUP AND THE MANUFACTURING AND SALES COMPANIES

<i>(in million euros)</i>	First-half 2016	First-half 2015	2015
Interest income	65	75	187
Finance costs	(234)	(333)	(539)
Other financial income	130	68	101
Other financial expenses	(111)	(144)	(391)
<b>Net financial income (expense)</b>	<b>(150)</b>	<b>(334)</b>	<b>(642)</b>
<i>of which Manufacturing and Sales Companies</i>	<i>(154)</i>	<i>(339)</i>	<i>(642)</i>

#### ▪ Finance costs

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

<i>(in million euros)</i>	First-half 2016	First-half 2015	2015
Financial expense	(291)	(352)	(600)
Foreign exchange gain (loss) on financial transactions and other	(7)	(18)	(35)
Finance costs incurred	(298)	(370)	(635)
<i>of which Automotive Division and Other Businesses</i>	<i>(201)</i>	<i>(278)</i>	<i>(448)</i>
Capitalised borrowing Costs	64	37	96
<b>Total</b>	<b>(234)</b>	<b>(333)</b>	<b>(539)</b>

## Finance costs incurred, net of interest income

<i>(in million euros)</i>	<b>First-half 2016</b>	First-half 2015	2015
Finance costs incurred	(298)	(370)	(635)
<i>of which Automotive Division and Other Businesses</i>	(201)	(278)	(448)
Interest income	65	75	187
<i>of which Automotive Division and Other Businesses</i>	58	72	182
<b>Total</b>	<b>(233)</b>	<b>(295)</b>	<b>(448)</b>
<i>of which Automotive Division and Other Businesses</i>	(143)	(206)	(266)

## 9.2. NET FINANCIAL POSITION (NET DEBT) OF MANUFACTURING AND SALES COMPANIES

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

<i>(in million euros)</i>	<b>30 June 2016</b>	31 December 2015
<b>Financial assets and liabilities of the manufacturing and sales companies</b>		
Non-current financial liabilities	(4,897)	(4,267)
Current financial liabilities	(1,931)	(3,229)
Other non-current financial assets	645	669
Current financial assets	914	570
Financial investments	185	352
Cash and cash equivalents	11,056	10,465
<b>(Net debt) Net financial position of the manufacturing and sales companies <sup>(1)</sup></b>	<b>5,972</b>	<b>4,560</b>
<i>of which external loans and borrowings</i>	5,574	4,061
<i>of which financial assets and liabilities with finance companies</i>	398	499
<b><sup>(1)</sup> of which Automotive Division and other activities</b>	<b>7,039</b>	<b>5,586</b>

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

The Group kept up the proactive refinancing strategy and conservative liquidity policy described in Note 12.7.A to the consolidated financial statements for 2015.

Manufacturing and sales companies further improved their net financial position in the first half of 2016.

Net cash from operating activities for the first half totalled positive €3,187 million, representing funds from operations of €2,798 million plus the positive impact of a €389 million decrease in working capital. Changes in working capital are discussed in Note 5.2.

Investments for the period in property, plant and equipment and intangible assets amounted to €1,472 million. Other financing needs for the period stood at €169 million.

Other cash inflows for the period were as follows:

- Banque PSA Finance dividend of €219 million;
- Various right issues for a total amount of €8 million, resulting notably from conversions of equity warrants bonds issued on 29 April 2014.

These various cash inflows and outflows have resulted in an increase of the net financial position in the amount of €1,773 million which breaks down as follows:

- Cash reserve improved by €724 million;
- Net debt before cash and cash equivalents decreased by €1,049 million as a result of the following changes:

<i>(in million euros)</i>	<b>30 June 2016</b>	30 June 2015	31 December 2015
Increase in borrowings	1,203	985	975
Repayment of borrowings and conversion of bonds	(2,023)	(1,499)	(1,968)
(Increase) decrease in non-current financial assets	8	1	(9)
(Increase) decrease in current financial assets	(198)	(346)	(283)
Increase (decrease) in current financial liabilities	(39)	(187)	(391)
	<b>(1,049)</b>	<b>(1,046)</b>	<b>(1,676)</b>
<i>Net cash flows with Group finance companies</i>	<i>(104)</i>	<i>343</i>	<i>142</i>
<b>Total</b>	<b>(1,153)</b>	<b>(703)</b>	<b>(1,534)</b>

Loan repayments in the amount of €2,023 million include notably (see Note 9.4.C):

- The repayment by Peugeot S.A. of the outstanding Oceane convertible bonds issued on 23 June 2009, at their 4 January 2016 maturity in the amount of €535 million;
- The early redemption by Faurecia of the outstanding Oceane convertible bonds issued on 18 September 2012 with January 2018 maturity in the amount of €14 million;
- Partial redemptions of bonds by Peugeot S.A. in June 2016 in the amount of €496 million;
- The early redemption of debt maturing in December 2016 by Faurecia in the amount of €490 million.

Increase in borrowings in the amount of €1,203 million include notably (see Note 9.4.C):

- Issue by Peugeot S.A. of €500 million in fixed-rate 2.375% bonds maturing in April 2023;
- Issue by Faurecia of €700 million in fixed-rate 3.625% bonds maturing in June 2023.

Furthermore, the non-cash changes represented a decrease of €361 million in the net financial position of the Group.

### 9.3. FINANCIAL SECURITY

<i>(in million euros)</i>	<i>Notes</i>	<b>30 June 2016</b>	31 December 2015
Cash and cash equivalents <sup>(1)</sup>	9.4.A	11,056	10,465
Financial investments		185	352
Current & non current financial assets		953	535
<b>Total</b>		<b>12,194</b>	<b>11,352</b>
Lines of credit (undrawn) – excluding Faurecia		3,000	3,000
Lines of credit (undrawn) – Faurecia		1,200	1,200
<b>Total financial security</b>		<b>16,394</b>	<b>15,552</b>
<i>of which Faurecia</i>		<i>2,376</i>	<i>2,234</i>

<sup>(1)</sup> of which €121 million in Argentina (€318 million at 31 December 2015) leading to a net financial position in the amount of €90 million (€373 million at 31 December 2015).

€498 million (€57 million at 31 December 2015) and €455 million (€478 million at 31 December 2015) in current and non-current financial assets respectively were included in the calculation of financial security, representing a total of €953 million (€535 million at 31 December 2015).

## ▪ 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 2021:

<i>(in million euros)</i>	<b>30 June 2016</b>	31 December 2015
Peugeot S.A. and GIE PSA Trésorerie	3,000	3,000
Faurecia	1,200	1,200
<b>Undrawn confirmed lines of credit</b>	<b>4,200</b>	<b>4,200</b>

The €2,000 million tranche of the Peugeot S.A. and GIE PSA Trésorerie facility matures in November 2020. The balance of €1,000 million matures in November 2018, with two optional one-year extensions on hand's banks. This credit facility was undrawn at the period-end.

The drawing of 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 (net financial position) of manufacturing and sales companies is defined and disclosed in Note 9.2. The Group's equity is that listed under "Total Equity" in liabilities.

Both covenants were met at 30 June 2016.

Faurecia's additional borrowing capacity, other than through 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. Following the signing of an amendment on 24 June 2016, the maturity of the line was extended to 24 June 2021. This credit facility was undrawn at the period-end.

## 9.4. BREAKDOWN OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

### A. Cash and cash equivalents

Cash and cash equivalents include:

<i>(in million euros)</i>	<b>30 June 2016</b>	31 December 2015
Mutual fund units and money market securities	7,687	7,740
Cash and current account balances	3,369	2,725
<b>Total - manufacturing and sales companies</b>	<b>11,056</b>	<b>10,465</b>
<i>of which deposits with finance companies</i>	<i>(54)</i>	<i>(55)</i>
<b>Total</b>	<b>11,002</b>	<b>10,410</b>

### B. Breakdown of financial liabilities

<i>(in million euros)</i>	<b>Carrying amount at 30 June 2016</b>		Carrying amount at 31 December 2015	
	Amortised cost or fair value		Amortised cost or fair value	
	Non-current	Current	Non-current	Current
Convertible bonds	-	-	1	561
Other bonds	4,013	552	3,323	1,315
Finance lease liabilities	134	24	138	23
Other long-term borrowings	746	508	803	472
Other short-term financing and overdraft facilities	-	842	-	853
Derivative instruments and other	4	5	2	5
<b>Total financial liabilities</b>	<b>4,897</b>	<b>1,931</b>	<b>4,267</b>	<b>3,229</b>

## C. Main financing transactions during the first-half 2016

The main transactions during the first-half 2016 were as follows:

### ▪ Bond issues by manufacturing and sales companies (excluding Faurecia)

At their 4 January 2016 maturity, Peugeot S.A. repaid the outstanding Oceane convertible bonds issued on 23 June 2009, in the amount of €535 million.

On 8 April 2016, Peugeot S.A. issued €500 million in fixed-rate 2.375% bonds maturing in April 2023.

In June 2016, Peugeot S.A. made partial redemptions in total amount of €496 million:

- €75 million on the €378 million bond maturing in July 2017;
- €251 million on the €810 million bond maturing in March 2018;
- €170 million on the €600 million bond maturing in January 2019.

### ▪ Bond issues by manufacturing and sales companies (Faurecia)

On 15 January 2016, Faurecia completed the early redemption of the outstanding Oceane convertible bonds issued on 18 September 2012 with January 2018 maturity in the amount of €14 million.

On 14 March 2016, Faurecia issued €700 million in fixed-rate 3.625% bonds maturing in June 2023.

On 14 March 2016, Faurecia completed the early redemption of bonds maturing in December 2016 in the amount of €490 million.

## D. Financing by the assignment of receivables

The Automotive Division and Faurecia meet part of their financing needs by selling receivables to financial institutions. The sale of receivables on its own distribution networks of the Automotive division to finance companies in partnership with Santander amounted to €3,678 million (€2,573 million at 31 December 2015). These receivables were previously financed by subsidiaries of Banque PSA Finance.

The other financings by assignment of receivables are as follows:

(in million euros)	30 June 2016		31 December 2015	
	Total receivables sold to financial institutions	Portion sold but not derecognised	Total receivables sold to financial institutions	Portion sold but not derecognised
<b>Portion financed by third party financial institutions<sup>(1)</sup></b>	<b>2,236</b>	<b>119</b>	<b>1,934</b>	<b>70</b>
<i>of which Faurecia group</i>	762	25	665	11

<sup>(1)</sup> The financed portion of the receivables corresponds to the portion that gives rise to a cash inflow.

## NOTE 10 - FINANCING AND FINANCIAL INSTRUMENTS – FINANCE COMPANIES

### 10.1. IFRS 5 IMPACT ON THE MAIN INCOME STATEMENT AND BALANCE SHEET ITEMS AS OF 30 JUNE 2016

IFRS 5 impacts are described in Note 2.2.

Balance sheet items (excluding investments in company at equity) at 30 June 2016 and 31 December 2015 relate to different scopes of business. They no longer include the Italian, Dutch and Belgian operations, which have been transferred to the partnership.



## 10.2. CURRENT FINANCIAL ASSETS

### A. Loans and receivables - finance companies

	30 June 2016		31 December 2015	
	Assets to be contributed to partnership	Continuing operations	Assets to be contributed to partnership	Continuing operations
<i>(in million euros)</i>				
<b>"Retail, Corporate and Equivalent"</b>				
Credit sales	1,386	176	2,677	261
Long-term leases	1,056	39	1,290	47
Leases subject to buyback commitments	92	5	534	21
Other receivables	-	-	12	6
Ordinary accounts and other	(104)	(6)	(106)	(4)
<b>Total net "Retail, Corporate and Equivalent"</b>	<b>2,430</b>	<b>214</b>	<b>4,407</b>	<b>331</b>
<b>Corporate Dealers</b>				
Wholesale Finance Receivables	896	47	1,890	125
Other receivables	12	-	20	3
Other	31	3	82	1
<b>Total net "Corporate Dealers"</b>	<b>939</b>	<b>50</b>	<b>1,992</b>	<b>129</b>
Remeasurement of interest rate hedged portfolios	-	6	-	9
Eliminations	-	(2)	-	(10)
<b>Total</b>	<b>3,369</b>	<b>268</b>	<b>6,399</b>	<b>459</b>

### B. Cash and cash equivalents

	30 June 2016		31 December 2015	
	Assets to be contributed to partnership	Continuing operations	Assets to be contributed to partnership	Continuing operations
<i>(in million euros)</i>				
Ordinary accounts in debit <sup>(1)</sup>	155	81	279	67
• Central banks and post office banks (deposits)	60	10	28	155
• Term loans	17	-	12	12
• French Treasury bonds classified as cash equivalents	-	251	-	251
• Mutual funds	27	-	88	1
Liquidity reserve	104	261	128	419
<b>Total</b>	<b>259</b>	<b>342</b>	<b>407</b>	<b>486</b>

## 10.3. FINANCING LIABILITIES – FINANCE COMPANIES

	Notes	30 June 2016			31 December 2015		
		Liabilities of operations to be continued in partnership		Liabilities of continuing operations	Liabilities of operations to be continued in partnership		Liabilities of continuing operations
		Transferred	Not transferred		Transferred	Not transferred	
<i>(in million euros)</i>							
Securities issued by securitisation	10.3.A	482	-	-	1,099	-	-
Other debt securities	10.3.B	66	227	56	53	1,777	34
Bank borrowings	10.3.C	392	-	99	380	522	330
		<b>940</b>	<b>227</b>	<b>155</b>	<b>1,532</b>	<b>2,299</b>	<b>364</b>
Customer deposits	10.3.D	1,712	130	227	1,729	305	161
		<b>2,652</b>	<b>357</b>	<b>382</b>	<b>3,261</b>	<b>2,604</b>	<b>525</b>
Amounts due to Group manufacturing and sales companies		-	(130)	(211)	-	(305)	(171)
<b>Total</b>		<b>2,652</b>	<b>227</b>	<b>171</b>	<b>3,261</b>	<b>2,299</b>	<b>354</b>

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

#### A. Bonds issued by securitisation 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 €482 million at 30 June 2016 (€1,099 million at 31 December 2015).

#### B. Other debt securities

“Other debt securities” consist mainly of EMTN/BMTNs for €254 million (€1,743 million at 31 December 2015).

#### C. Bank borrowings

At 30 June, 2016, the “liabilities to credit institutions” item amounted to €491 million (€1,232 million at 31 December 2015).

#### D. Customer deposits

The total funds for the interest-bearing passbook savings accounts for private customers totalled €1,479 million of which €1,079 million in Germany (respectively €1,508 million and €1,082 million at 31 December 2015), out of total amounts owed to customers of €2,069 million repayable at any time (€2,195 million at 31 December 2015).

#### E. Credit lines

<i>(in million euros)</i>	<b>30 June 2016</b>	31 December 2015
Commitments of operations to be continued in partnership		
• Lines not transferred	380	1,382
• Transferred lines	92	118
Commitments of continuing operations	43	461
<b>Undrawn confirmed lines of credit</b>	<b>515</b>	<b>1,961</b>

As of 30 June 2016, the credit lines totalling €515 million are detailed as follows:

- €380 million in undrawn revolving bilateral lines of credit;
- €135 million in undrawn various bank lines of credit.

### 10.4. GUARANTEE FROM THE FRENCH STATE

The Group ceased to benefit from the French state guarantee on 30 June 2016, the April 2016 tranche having been redeemed.

## NOTE 11 - INCOME TAXES

Income taxes for the half-year period are calculated on the basis of pre-tax profit by tax jurisdiction, multiplied by the estimated effective tax rate for the full year. The tax impacts of specific transactions are recorded in the period during which the transactions occur.

Comparative (within the automotive sector and with other similar taxes in Europe) and in-depth analysis of indirect taxes has led the Group to classify the Corporate Value Added Tax (Cotisation sur la valeur ajoutée des entreprises – CVAE) in income taxes and withholding taxes on management fees in recurring operating income. This has the effect of reclassifying a net expense of €31 million in the six months to 30 June 2016, previously classified in recurring operating income, in income taxes. The same accounting treatment would have resulted in net reclassifications of €58 million in the six months to 30 June 2015 and €84 million in the year ended 31 December 2015.

When withholding taxes on management fees are used by the recipients to pay tax, income is recognised appropriately in current taxes.

The total deferred tax assets on unrecognised French deficits represented €3,824 million at 30 June 2016 (€3,824 million at 31 December 2015). The tax loss carryforwards for the French tax group as at 31 December 2015 amounted to €12,309 million.

The theoretical tax expense can be reconciled to the tax expense reported in the consolidated income statement as follows:

<i>(in million euros)</i>	<b>30 June 2016</b>	30 June 2015	2015
<i>Pre-tax profit (loss) from continuing operations</i>	1,473	707	1,334
<i>Pre-tax profit (loss) before tax on expenses related to operations to be continued in partnership</i>	(17)	(123)	(174)
<i>Pre-tax profit (loss) from operations to be continued in partnership</i>	126	254	342
<b>Income (loss) before tax of fully-consolidated companies</b>	<b>1,582</b>	<b>838</b>	<b>1,502</b>
<i>French statutory income tax rate for the period</i>	34.4%	38.0%	38.0%
<b>Theoretical tax expense for the period based on the French statutory income tax rate</b>	<b>(545)</b>	<b>(318)</b>	<b>(571)</b>
<b>Tax effect of the following items :</b>			
• Permanent differences	72	(86)	(185)
• Income taxable at reduced rates	52	17	25
• Tax credits	35	5	13
• Profit in France not subject to the surtax	-	12	25
• Effect of differences in foreign tax rates and other	56	69	154
<b>Income tax before impairment losses on the French tax group</b>	<b>(330)</b>	<b>(301)</b>	<b>(539)</b>
<i>Effective tax rate applicable to the Group</i>	20.8%	33.6%	35.9%
• Assets on French tax consolidation deficits of Peugeot S.A. generated during the year	76	(4)	(170)
• Other impairment losses	(94)	(46)	(28)
<b>Income tax expense</b>	<b>(348)</b>	<b>(351)</b>	<b>(737)</b>
• of which tax expense on continuing operations	(310)	(320)	(706)
• of which tax expense on expenses related to operations to be continued in partnership	6	42	60
• of which tax expense on operations to be continued in partnership	(44)	(73)	(91)

Tax credits include research tax credits that do not meet the definition of government grants.

## NOTE 12 - EQUITY AND EARNINGS PER SHARE

### 12.1. EQUITY

#### A. Analysis of share capital

##### Right issues

##### ▪ Capital increase consecutive to the exercise of equity warrants

As part of the capital increases carried out in the first half of 2014, equity warrants were issued to former shareholders, exercisable from the second year. At 30 June 2016, 3,226,600 warrants had been exercised, out of a total of 342,060,365 warrants issued. Their exercise resulted in the delivery of 1,129,271 new shares and a cash inflow of €7 million. The number of warrants outstanding as at 30 June 2016 was 275,952,495 corresponding to 96,583,373 shares at an exercise price of €6.43 each.

##### ▪ Performance share plans by Peugeot S.A.

The performance share plan established in the first-half of 2016 is described in Note 6.2.

## Analysis of share capital

<i>(in euros)</i>	30 June 2016	31 December 2015
Share capital at beginning of period	808,597,336	783,088,675
Rights issue reserved for employees	-	3,499,973
Equity warrants conversion	1,129,271	22,008,688
<b>Share capital at end of period</b>	<b>809,726,607</b>	<b>808,597,336</b>

### Situation at 30 June 2016

Share capital amounted to €809,726,607 at 30 June 2016, 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. Following the capital increases carried out in the first-half of 2016, the stakes of SOGEP, Dongfeng Motor Group and the Peugeot family (FFP and Etablissements Peugeot Frères) each stood at 13.66% (13.66% at 31 December 2015) i.e. 110,622,220 shares each. For each shareholder, this stake accounted for 19.30% of the voting right, including treasury stock, and for 19.15% of the voting rights, excluding treasury stock.

The share price on 30 June 2016 was €10.815.

## B. Treasury stock

From time to time, the Group may use the buyback authorisations given at Shareholders' Meetings to purchase Peugeot S.A. shares into treasury. No shares were bought back during the first-half of 2016.

Changes in treasury stock are presented in the following table:

<i>(number of shares)</i>	Notes	30 June 2016	31 December 2015
<b>At beginning of period</b>		<b>9,113,263</b>	<b>12,788,339</b>
Treasury stocks granted upon the capital increase reserved for employees		-	(1,199,990)
Conversion of Oceane bonds		-	(2,475,086)
<b>At period-end</b>		<b>9,113,263</b>	<b>9,113,263</b>
<b>Allocation</b>			
• Shares held for allocation on conversion of 23 June 2009 OCEANE bonds		-	7,543,682
• Shares held for allocation on exercise of outstanding stock options		1,569,581	1,569,581
• Shares held for allocation on future share-based plans		5,343,682	-
• Shares held for allocation on the outstanding performance share plan of June 2016		2,200,000	-
		<b>9,113,263</b>	<b>9,113,263</b>

## 12.2. 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.

	First-half 2016	First-half 2015	2015
Consolidated basic earnings of continuing operations - attributable to equity holders of the parent <i>(in million euros)</i>	1,130	390	648
Consolidated basic earnings - attributable to equity holders of the parent <i>(in million euros)</i>	1,212	571	899
Average number of €1 par value shares outstanding	803,395,640	779,531,647	788,956,575
<i>Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (in euros)</i>	1.41	0.50	0.82
<i>Basic earnings per €1 par value share (in euros)</i>	1.51	0.73	1.14

## 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 plans to employees and equity warrants.

The performance share plans (see Note 6.2) and equity warrants had a potentially dilutive effect at 30 June 2016.

There were no dilutive potential shares at 30 June 2016 resulting from the stock option plans.

The following tables show the effects of the calculation:

### (1) Effect on the average number of shares

	Notes	First-half 2016	First-half 2015	2015
Average number of €1 par value shares outstanding		803,395,640	779,531,647	788,956,575
Dilutive effect, calculated by the treasury stock method, of:				
• Performance share plans	6.2.A	2,465,300	1,232,650	1,848,975
• Outstanding Oceane convertible bonds	12.1.A	-	35,963,714	33,488,703
• Equity warrants		51,996,319	22,855,296	41,045,939
<b>Diluted average number of shares</b>		<b>857,857,259</b>	<b>839,583,307</b>	<b>865,340,192</b>

### (2) Effect of Faurecia dilution on consolidated earnings of continuing operations - attributable to equity holders of the parent

(in million euros)	First-half 2016	First-half 2015	2015
Consolidated profit (loss) from continuing operations - attributable to equity holders of the parent	1,130	390	648
Dilutive effect of Faurecia Oceane bond conversions, stock options and performance share grants	-	(4)	(1)
<b>Consolidated profit (loss) from continuing operations (after Faurecia dilution effect)</b>	<b>1,130</b>	<b>386</b>	<b>647</b>
<i>Diluted earnings of continuing operations - attributable to equity holders of the parent per €1 par value share (in euros)</i>	<i>1.32</i>	<i>0.46</i>	<i>0.75</i>

### (3) Effect of Faurecia dilution on consolidated earnings - attributable to equity holders of the parent

(in million euros)	First-half 2016	First-half 2015	2015
Consolidated profit (loss) attributable to equity holders of the parent	1,212	571	899
Dilutive effect of Faurecia Oceane bond conversions, stock options and performance share grants	-	(4)	(1)
<b>Consolidated profit (loss) after Faurecia dilution</b>	<b>1,212</b>	<b>567</b>	<b>898</b>
<i>Diluted earnings attributable to equity holders of the parent per €1 par value share (in euros)</i>	<i>1.41</i>	<i>0.68</i>	<i>1.04</i>

The stock option plans as well as the performance share plans have a potential impact on the total number of Faurecia shares outstanding without affecting the number of shares held by the PSA Group. Consequently, they have potentially a dilutive effect on consolidated profit attributable to the PSA Group.

Given the characteristics of Faurecia's performance share plans and stock option plans, they were not dilutive at 30 June 2016.

## NOTE 13 - NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

### 13.1. ANALYSIS OF NET CASH AND CASH EQUIVALENT REPORTED IN THE STATEMENTS OF CASH FLOWS

<i>(in million euros)</i>	<i>Notes</i>	<b>30 June 2016</b>	30 June 2015	31 December 2015
Cash and cash equivalents	9.4.A	11,056	10,530	10,465
Payments issued and other		(52)	(131)	(12)
<b>Net cash and cash equivalents - manufacturing and sales companies</b>		<b>11,004</b>	<b>10,399</b>	<b>10,453</b>
<b>Net cash and cash equivalents - finance companies</b>	10.2.B	<b>601</b>	<b>1,037</b>	<b>893</b>
<i>Elimination of intragroup transactions</i>		(54)	(210)	(55)
<b>Total</b>		<b>11,551</b>	<b>11,226</b>	<b>11,291</b>

### 13.2. DETAIL OF CASH FLOW FROM OPERATIONS TO BE CONTINUED IN PARTNERSHIP

<i>(in million euros)</i>	<b>30 June 2016</b>	30 June 2015	2015
Other expenses related to the non-transferred financing of operations to be continued in partnership	(11)	(81)	(115)
Change in liabilities related to the financing of operations to be continued in partnership	(2,072)	(7,108)	(8,124)
<b>Net cash related to the non-transferred debt of finance companies to be continued in partnership</b>	<b>(2,083)</b>	<b>(7,189)</b>	<b>(8,239)</b>
Profit (loss) from operations to be continued in partnership	83	167	251
Change in assets and liabilities of operations to be continued in partnership	1,080	(688)	599
Net dividends received from operations to be continued in partnership	(51)	(74)	(88)
<b>Net cash from the transferred assets and liabilities of operations held for sale or to be continued in partnership</b>	<b>1,112</b>	<b>(595)</b>	<b>762</b>

### 13.3. DETAIL OF FREE CASH FLOW FROM MANUFACTURING AND SALES OPERATIONS

<i>(in million euros)</i>	<b>30 June 2016</b>	30 June 2015	2015
Net cash from (used in) operating activities of continuing operations	3,187	3,453	5,432
Net cash from (used in) investing activities of continuing operations	(1,560)	(1,305)	(2,692)
Dividends received from Banque PSA Finance	219	570	918
<b>Free Cash Flow</b>	<b>1,846</b>	<b>2,718</b>	<b>3,658</b>

## NOTE 14 - 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 addition, on 24 March 2016, two class actions were filed in the United States District Court for the Eastern District of Michigan against several suppliers of emissions control systems, alleging anticompetitive practices in regard to Exhaust Systems, and seeking unspecified amounts of civil damages. Faurecia Emissions Control Technologies US, LLC, is one of the companies named as defendants, and Faurecia SA has been named as an additional defendant.

In the event that 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 and action groups including the level of fines or sanctions that could be imposed : therefore, no accruals were accounted for as of June 30th, 2016.

Representations and warranties were made to JSC Russian Railways (RZD) as part of its acquisition of the Gefco group from PSA on 5 November 2012. At 30 June 2016, 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 30 June 2016, the Group had not identified any material risks associated with these representations and warranties.

## **NOTE 15 - RELATED PARTIES TRANSACTIONS**

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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 8.5. Other than these transactions, there were no significant transactions with other related parties.

## **NOTE 16 - SUBSEQUENT EVENTS**

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No events occurred between 30 June 2016 and the 26 July 2016 meeting of the Supervisory Board to review the financial statements that could have a material impact on economic decisions made on the basis of these financial statements, with the exception of the following operations.

On 11 July 2016, the European Commission has approved the sale of Faurecia Automotive Exteriors to Plastic Omnium, subject to a commitment from Plastic Omnium to divest all of the bumper business in France and a site in Spain as well as the Front End Module business in Germany. This business represents sales of € 700 million out of the total business sold by Faurecia of € 1.9 billion.

The closing of the deal is due to take place on July 29, 2016 for the entire perimeter sold by Faurecia. The enterprise value is € 665 million. The divestiture commitment made by Plastic Omnium has no impact on the sale of the business by Faurecia or on the amount of the transaction.

On 21 July 2016, PSA Group and SAIPA have signed a framework agreement to create a joint-venture to produce and sell Citroën vehicles in Iran. This 50/50 joint venture will cover the entire value chain, from the design stage right through to vehicle marketing. Manufacturing will take place at the Kashan plant in Iran, which will be 50%-owned by PSA Group. The agreement will take effect following the signature of the definitive agreement, scheduled for late 2016. The end of the ramp-up of the first Citroën vehicle will be reached in 2018 in Kashan plant.

## **IV – PERSONS RESPONSIBLES FOR THE 2016 INTERIM FINANCIAL REPORT**

### **Person Responsible for the 2016 Interim Financial Report**

Mr Carlos Tavares  
Chairman of the Managing Board  
Peugeot S.A.

### **Statement by the Person Responsible for the 2016 Interim Financial Report**

"I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the past six-month period included in the interim financial report have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of Peugeot S.A. and the companies in the consolidated group, and that the interim management report on pages 2 to 12 includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, a description of the main related-party transactions and a discussion of the principal risks and uncertainties for the remaining six months of the year."

Carlos Tavares  
Chairman of the Peugeot S.A. Managing Board

### **Person Responsible for Financial Information**

Frédéric Brunet  
Head of Financial Communication and Investor Relations  
Phone: 00 33 (0)1 40 66 42 59



# V – STATUTORY AUDITORS’ REVIEW REPORT ON THE 2016 HALF-YEARLY FINANCIAL INFORMATION

*This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with the requirements of article L. 451-1-2 III of the French monetary and financial code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Peugeot S.A., for the period from January 1 to June 30, 2016,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the managing board. Our role is to express a conclusion on these financial statements based on our review.

## 1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

## 2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Courbevoie and Paris-La Défense, July 27, 2016

The statutory auditors  
*French original signed by*


MAZARS  
Jean-Louis Simon

Jérôme de Pastors

ERNST & YOUNG et Autres  
Christian Mouillon      Jean-François Bélorgey



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