



Consolidated financial statements 2012

4.2 Consolidated financial statements

4.2.1 Consolidated income statement

(€ million)	2012	2011
Revenues (note 4)	41,270	42,628
Cost of goods and services sold	(34,092)	(34,759)
Research and Development expenses (note 11-A)	(1,915)	(2,027)
Selling, general and administrative expenses	(4,534)	(4,751)
Operating margin (note 5)	729	1,091
Other operating income and expenses (note 6)	(607)	153
<i>Other operating income</i>	224	384
<i>Other operating expenses</i>	(831)	(231)
Operating income	122	1,244
Net interest income (expenses)	(267)	(219)
<i>Interest income</i>	184	193
<i>Interest expenses</i>	(451)	(412)
Other financial income and expenses	1	98
Financial income (note 7)	(266)	(121)
Gain on sale of AB Volvo shares (note 14)	924	-
Share in net income (loss) of associates	1,504	1,524
<i>Nissan (note 13)</i>	1,234	1,332
<i>Other associates (note 14)</i>	270	192
Pre-tax income	2,284	2,647
Current and deferred taxes (note 8)	(549)	(508)
Net income	1,735	2,139
Net income – non-controlling interests' share	(37)	47
Net income – parent-company shareholders' share	1,772	2,092
Earnings per share ⁽¹⁾ in € (note 9)	6.51	7.68
Diluted earnings per share ⁽¹⁾ in € (note 9)	6.50	7.68
Number of shares outstanding (in thousands) (note 9)		
<i>For earnings per share</i>	272,256	272,381
<i>For diluted earnings per share</i>	272,393	272,381

(1) Net income – parent-company shareholders' share divided by number of shares stated.

4.2.2 Consolidated comprehensive income

Other components of comprehensive income are reported net of tax effects, which are presented in note 10-B.

<i>(€ million)</i>	2012	2011
NET INCOME	1,735	2,139
Actuarial gains and losses on defined-benefit pension plans	(268)	(23)
Translation adjustments on foreign activities	(99)	(107)
Partial hedge of the investment in Nissan	35	(142)
Fair value adjustments on cash flow hedging instruments	(20)	(13)
Fair value adjustments on available-for-sale financial assets	132	(257)
Total other components of comprehensive income excluding associates (A)	(220)	(542)
Actuarial gains and losses on defined-benefit pension plans	10	(107)
Translation adjustments on foreign activities	(1,164)	645
Fair value adjustments on cash flow hedging instruments	(19)	(14)
Fair value adjustments on available-for-sale financial assets	72	(80)
Associates' share of other components of comprehensive income (B)	(1,101)	444
Other components of comprehensive income (A) + (B)	(1,321)	(98)
COMPREHENSIVE INCOME	414	2,041
Parent-company shareholders' share	450	1,996
Non-controlling interests' share	(36)	45

4.2.3 Consolidated financial position

ASSETS (€ million)	December 31, 2012	December 31, 2011
NON-CURRENT ASSETS		
Intangible assets (note 11-A)	3,482	3,718
Property, plant and equipment (note 11-B)	11,534	11,357
Investments in associates	15,562	15,991
<i>Nissan (note 13)</i>	14,788	14,931
<i>Other associates (note 14)</i>	774	1,060
Non-current financial assets (note 22)	1,032	1,068
Deferred tax assets (note 8)	416	566
Other non-current assets (note 18)	821	580
Total non-current assets	32,847	33,280
CURRENT ASSETS		
Inventories (note 15)	3,864	4,429
Sales financing receivables (note 16)	23,230	21,900
Automotive receivables (note 17)	1,144	1,275
Current financial assets (note 22)	989	1,244
Current tax assets	39	66
Other current assets (note 18)	2,121	2,068
Cash and cash equivalents (note 22)	11,180	8,672
Total current assets	42,567	39,654
TOTAL ASSETS	75,414	72,934

SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	December 31, 2012	December 31, 2011
SHAREHOLDERS' EQUITY		
Share capital	1,127	1,127
Share premium	3,785	3,785
Treasury shares	(201)	(201)
Revaluation of financial instruments	36	(129)
Translation adjustment	(1,386)	(155)
Reserves	19,159	17,567
Net income – parent-company shareholders' share	1,772	2,092
Shareholders' equity – parent-company shareholders' share	24,292	24,086
Shareholders' equity – non-controlling interests' share	255	481
Total shareholders' equity (note 19)	24,547	24,567
NON-CURRENT LIABILITIES		
Deferred tax liabilities (note 8)	123	135
Provisions – long-term (note 20)	2,496	2,227
Non-current financial liabilities (note 23)	6,622	6,327
Other non-current liabilities (note 21)	844	724
Total non-current liabilities	10,085	9,413
CURRENT LIABILITIES		
Provisions – short-term (note 20)	889	866
Current financial liabilities (note 23)	3,094	3,230
Sales financing debts (note 23)	23,305	21,996
Trade payables	6,558	6,202
Current tax liabilities	131	126
Other current liabilities (note 21)	6,805	6,534
Total current liabilities	40,782	38,954
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	75,414	72,934

4.2.4 Changes in shareholders' equity

(€ million)	Number of shares (thousand)	Share capital	Share premium	Treasury shares	Revaluation of financial instruments	Translation adjustment	Reserves	Net income (parent-company shareholders' share)	Shareholders' equity (parent-company shareholders' share)	Shareholders' equity (non-controlling entities' share)	Total shareholders' equity
Balance at December 31, 2010	295,722	1,127	3,785	(145)	235	(554)	14,367	3,420	22,235	522	22,757
2011 net income								2,092	2,092	47	2,139
Other components of comprehensive income ⁽¹⁾					(364)	399	(131)		(96)	(2)	(98)
2011 comprehensive income					(364)	399	(131)	2,092	1,996	45	2,041
Allocation of 2010 net income							3,420	(3,420)			
Dividends							(82)		(82)	(74)	(156)
(Acquisitions) / disposals of treasury shares and impact of capital increases				(56)					(56)	3	(53)
Impact of changes in the scope of consolidation with no loss of control ⁽²⁾							(13)		(13)	(15)	(28)
Cost of stock option plans							6		6		6
Balance at December 31, 2011	295,722	1,127	3,785	(201)	(129)	(155)	17,567	2,092	24,086	481	24,567
2012 net income								1,772	1,772	(37)	1,735
Other components of comprehensive income ⁽¹⁾					165	(1,231)	(256)		(1,322)	1	(1,321)
2012 comprehensive income					165	(1,231)	(256)	1,772	450	(36)	414
Allocation of 2011 net income							2,092	(2,092)			
Dividends							(316)		(316)	(68)	(384)
(Acquisitions) / disposals of treasury shares and impact of capital increases											
Impact of changes in the scope of consolidation with no loss of control ⁽²⁾							57		57	(122)	(65)
Cost of stock option plans							15		15		15
Balance at December 31, 2012	295,722	1,127	3,785	(201)	36	(1,386)	19,159	1,772	24,292	255	24,547
<p>(1) Changes in reserves correspond to actuarial gains and losses on defined-benefit pension funds during the period (€(130) million in 2011 and €(258) million in 2012)</p> <p>(2) Impacts of changes in the scope of consolidation result from the treatment applied to acquisitions of non-controlling interests and put options for buyouts of non-controlling interests (note 2-J). In 2012, the main changes in the scope of consolidation concern Renault's acquisitions of non-controlling interests in Avtoframos and Remosprom in Russia and Nissan's acquisition of non-controlling interests in Aichi Kikai in Japan (note 13).</p>											
Details of changes in consolidated shareholders' equity in 2012 are given in note 19.											

4.2.5 Consolidated cash flows

(€ million)	2012	2011
NET INCOME	1,735	2,139
Cancellation of dividends received from unconsolidated listed investments ⁽¹⁾	(34)	(22)
Cancellation of income and expenses with no impact on cash		
- Depreciation, amortization and impairment	3,307	2,831
- Share in net (income) loss of associates	(1,504)	(1,524)
- Other income and expenses with no impact on cash (note 26-A)	(788)	(360)
Dividends received from unlisted associates	3	5
Cash flow ⁽²⁾	2,719	3,069
Dividends received from listed companies ⁽³⁾	507	335
Net change in financing for final customers	(568)	(1,206)
Net change in renewable dealer financing	(896)	(1,449)
Decrease (increase) in sales financing receivables	(1,464)	(2,655)
Bond issuance by the Sales Financing segment (note 23-A)	3,509	5,160
Bond redemption by the Sales Financing segment (note 23-A)	(2,765)	(2,528)
Net change in other Sales financing debts	652	(149)
Net change in other securities and loans of the Sales Financing segment	(69)	107
Net change in Sales financing financial assets and debts	1,327	2,590
Change in capitalized leased assets	(210)	(192)
Decrease (increase) in working capital (note 26-B)	997	206
CASH FLOWS FROM OPERATING ACTIVITIES	3,876	3,353
Capital expenditure (note 26-C)	(2,847)	(2,455)
Disposals of property, plant and equipment and intangibles	162	239
Acquisitions of investments with gain of control, net of cash acquired	(5)	-
Acquisitions of other investments, net of cash acquired	(112)	(156)
Disposals of investments with loss of control, net of cash transferred	-	-
Disposals of other investments, net of cash transferred and other ⁽⁴⁾	1,473	-
Net decrease (increase) in other securities and loans of the Automotive segment	(240)	38
CASH FLOWS FROM INVESTING ACTIVITIES	(1,569)	(2,334)
Transactions with non-controlling interests ⁽⁵⁾	(91)	-
Dividends paid to parent-company shareholders (note 19-D)	(338)	(88)
Dividends paid to non-controlling interests	(73)	(66)
(Purchases) sales of treasury shares	-	(56)
Cash flows with shareholders	(502)	(210)
Bond issuance by the Automotive segment (note 23-A)	1,952	712
Bond redemption by the Automotive segment (note 23-A)	(1,073)	(941)
Net increase (decrease) in other financial liabilities of the Automotive segment	132	(1,911)
Net change in financial liabilities of the Automotive segment	1,011	(2,140)
CASH FLOWS FROM FINANCING ACTIVITIES	509	(2,350)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,816	(1,331)

(1) Dividends received from Daimler.

(2) Cash flow does not include dividends received from listed companies.

(3) Dividends from Daimler (€34 million), AB Volvo (€47 million) and Nissan (€426 million) in 2012. Dividends from Daimler (€22million), AB Volvo (€38million) and Nissan (€275 million) in 2011.

(4) AB Volvo shares were sold for €1,476 million in 2012.

(5) Via capital increases or capital reductions and acquisitions of additional investments in controlled companies (note 2-J).

<i>(€ million)</i>	2012	2011
Cash and cash equivalents: opening balance	8,672	10,025
Increase (decrease) in cash and cash equivalents	2,816	(1,331)
Effect of changes in exchange rate and other changes	(308)	(22)
Cash and cash equivalents: closing balance	11,180	8,672

Details of interest received and paid by the Automotive segment are given in note 26-D.

Current taxes paid by the Group are reported in note 8-A.

4.2.6 Segment reporting

A – Information by operating segment

A1 – CONSOLIDATED INCOME STATEMENT BY OPERATING SEGMENT

(€ million)	Automotive	Sales financing	Intersegment transactions	Consolidated total
2012				
Sales of goods	37,227	-	-	37,227
Sales of services	1,929	2,114	-	4,043
External revenues	39,156	2,114	-	41,270
Intersegment sales	(297)	452	(155)	0
Revenues by segment	38,859	2,566	(155)	41,270
Operating margin ⁽¹⁾	(15)	754	(10)	729
Operating income	(615)	749	(12)	122
Financial income ⁽²⁾	85	-	(351)	(266)
Gain on sale of AB Volvo shares	924	-	-	924
Share in net income (loss) of associates	1,495	9	-	1,504
Pre-tax income	1,889	758	(363)	2,284
Current and deferred taxes	(313)	(239)	3	(549)
Net income	1,576	519	(360)	1,735
2011				
Sales of goods	38,697	-	-	38,697
Sales of services	1,982	1,949	-	3,931
External revenues	40,679	1,949	-	42,628
Intersegment sales	(290)	409	(119)	-
Revenues by segment	40,389	2,358	(119)	42,628
Operating margin ⁽¹⁾	328	761	2	1,091
Operating income	478	764	2	1,244
Financial income ⁽²⁾	230	-	(351)	(121)
Share in net income (loss) of associates	1,519	5	-	1,524
Pre-tax income	2,227	769	(349)	2,647
Current and deferred taxes	(252)	(254)	(2)	(508)
Net income	1,975	515	(351)	2,139

(1) Details of amortization and depreciation are provided in the consolidated cash flow statements by operating segment.

(2) Sales financing dividends are included in the Automotive segment's financial income and eliminated as an intersegment transaction.

A2 – CONSOLIDATED FINANCIAL POSITION BY OPERATING SEGMENT
Consolidated financial position by operating segment – December 31, 2012

ASSETS (€ million)	Automotive	Sales financing	Intersegment transactions	Consolidated total
NON-CURRENT ASSETS				
Property, plant and equipment and intangible assets	14,910	116	(10)	15,016
Investments in associates	15,514	48	-	15,562
Non-current financial assets – investments in non-controlled entities	3,433	-	(2,645)	788
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segment	348	-	(104)	244
Deferred tax assets and other non-current assets	1,047	238	(48)	1,237
Total non-current assets	35,252	402	(2,807)	32,847
CURRENT ASSETS				
Inventories	3,825	42	(3)	3,864
Customer receivables	1,195	23,649	(470)	24,374
Current financial assets	1,150	514	(675)	989
Current tax assets and other current assets	1,583	2,774	(2,197)	2,160
Cash and cash equivalents	10,072	1,338	(230)	11,180
Total current assets	17,825	28,317	(3,575)	42,567
TOTAL ASSETS	53,077	28,719	(6,382)	75,414
SHAREHOLDERS' EQUITY AND LIABILITIES(€ million)	Automotive	Sales financing	Intersegment transactions	Consolidated total
SHAREHOLDERS' EQUITY	24,437	2,650	(2,540)	24,547
NON-CURRENT LIABILITIES				
Long-term provisions	2,262	234	-	2,496
Non-current financial liabilities	6,362	260	-	6,622
Deferred tax liabilities and other non-current liabilities	424	543	-	967
Total non-current liabilities	9,048	1,037	-	10,085
CURRENT LIABILITIES				
Short-term provisions	857	32	-	889
Current financial liabilities	3,716	-	(622)	3,094
Trade payables and sales financing debts	6,663	24,199	(999)	29,863
Current tax liabilities and other current liabilities	8,356	801	(2,221)	6,936
Total current liabilities	19,592	25,032	(3,842)	40,782
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	53,077	28,719	(6,382)	75,414

Consolidated financial position by operating segment – December 31, 2011

ASSETS (€ million)	Automotive	Sales financing	Intersegment transactions	Consolidated total
NON-CURRENT ASSETS				
Property, plant and equipment and intangible assets	14,956	129	(10)	15,075
Investments in associates	15,955	36	-	15,991
Non-current financial assets – investments in non-controlled entities	3,237	-	(2,538)	699
Non-current financial assets – other securities, loans and derivatives on financing operations of the Automotive segment	497	-	(128)	369
Deferred tax assets and other non-current assets	1,007	189	(50)	1,146
Total non-current assets	35,652	354	(2,726)	33,280
CURRENT ASSETS				
Inventories	4,409	25	(5)	4,429
Customer receivables	1,354	22,220	(399)	23,175
Current financial assets	1,441	451	(648)	1,244
Current tax assets and other current assets	1,605	2,849	(2,320)	2,134
Cash and cash equivalents	7,618	1,171	(117)	8,672
Total current assets	16,427	26,716	(3,489)	39,654
TOTAL ASSETS	52,079	27,070	(6,215)	72,934
SHAREHOLDERS' EQUITY AND LIABILITIES (€ million)	Automotive	Sales financing	Intersegment transactions	Consolidated total
SHAREHOLDERS' EQUITY	24,450	2,540	(2,423)	24,567
NON-CURRENT LIABILITIES				
Long-term provisions	2,058	169	-	2,227
Non-current financial liabilities	6,066	261	-	6,327
Deferred tax liabilities and other non-current liabilities	340	519	-	859
Total non-current liabilities	8,464	949		9,413
CURRENT LIABILITIES				
Short-term provisions	833	33	-	866
Current financial liabilities	3,789	-	(559)	3,230
Trade payables and sales financing debts	6,402	22,774	(978)	28,198
Current tax liabilities and other current liabilities	8,141	774	(2,255)	6,660
Total current liabilities	19,165	23,581	(3,792)	38,954
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	52,079	27,070	(6,215)	72,934

A3 – CONSOLIDATED CASH FLOWS BY OPERATING SEGMENT

(€ million)	Automotive	Sales financing	Intersegment transactions	Consolidated total
2012				
Net income	1,576	519	(360)	1,735
Cancellation of dividends received from unconsolidated listed investments ⁽¹⁾	(34)	-	-	(34)
Cancellation of income and expenses with no impact on cash				
- Depreciation, amortization and impairment	3,299	8	-	3,307
- Share in net (income) loss of associates	(1,495)	(9)	-	(1,504)
- Other income and expenses with no impact on cash	(772)	(15)	(1)	(788)
Dividends received from unlisted associates	3	-	-	3
Cash flow ⁽²⁾	2,577	503	(361)	2,719
Dividends received from listed companies ⁽³⁾	507	-	-	507
Decrease (increase) in Sales financing receivables	-	(1,562)	98	(1,464)
Net change in financial assets and Sales Financing debts	-	1,483	(156)	1,327
Change in capitalized leased assets	(228)	18	-	(210)
Decrease (increase) in working capital	922	95	(20)	997
CASH FLOWS FROM OPERATING ACTIVITIES	3,778	537	(439)	3,876
Purchases of intangible assets	(900)	(2)	-	(902)
Purchases of property, plant and equipment	(1,936)	(9)	-	(1,945)
Disposals of property, plant and equipment and intangibles	162	-	-	162
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired/transferred	(5)	-	-	(5)
Acquisitions and disposals of other investments and other assets ⁽⁴⁾	1,363	(2)	-	1,361
Net decrease (increase) in other securities and loans of the Automotive segment	(252)	-	12	(240)
CASH FLOWS FROM INVESTING ACTIVITIES	(1,568)	(13)	12	(1,569)
Cash flows with shareholders	(493)	(360)	351	(502)
Net change in financial liabilities of the Automotive segment	1,071	-	(60)	1,011
CASH FLOWS FROM FINANCING ACTIVITIES	578	(360)	291	509
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,788	164	(136)	2,816

(1) Dividends received from Daimler.

(2) Cash flow does not include dividends received from listed companies.

(3) Dividends from Daimler (€ 34 million), AB Volvo (€ 47 million) and Nissan (€ 426 million).

(4) AB VOLVO shares were sold for € 1,476 million in 2012

(€ million)	Automotive	Sales financing	Intersegment transactions	Consolidated total
2011				
Net income	1,975	515	(351)	2,139
Cancellation of dividends received from unconsolidated listed investments ⁽¹⁾	(22)	-	-	(22)
Cancellation of income and expenses with no impact on cash				
- Depreciation, amortization and impairment	2,820	11	-	2,831
- Share in net (income) loss of associates	(1,518)	(6)	-	(1,524)
- Other income and expenses with no impact on cash	(350)	(10)	-	(360)
Dividends received from unlisted associates	5	-	-	5
Cash flow ⁽²⁾	2,910	510	(351)	3,069
Dividends received from listed companies ⁽³⁾	335	-	-	335
Decrease (increase) in sales financing receivables	-	(2,610)	(45)	(2,655)
Net change in financial assets and Sales Financing debts	-	2,681	(91)	2,590
Change in capitalized leased assets	(241)	49	-	(192)
Decrease (increase) in working capital	627	(413)	(8)	206
CASH FLOWS FROM OPERATING ACTIVITIES	3,631	217	(495)	3,353
Purchases of intangible assets	(887)	(1)	-	(888)
Purchases of property, plant and equipment	(1,564)	(3)	-	(1,567)
Disposals of property, plant and equipment and intangibles	239	-	-	239
Acquisitions and disposals of investments involving gain or loss of control, net of cash acquired/transferred	-	-	-	-
Acquisitions and disposals of other investments and other assets	(156)	-	-	(156)
Net decrease (increase) in other securities and loans of the Automotive segment	(88)	-	126	38
CASH FLOWS FROM INVESTING ACTIVITIES	(2,456)	(4)	126	(2,334)
Cash flows with shareholders	(201)	(360)	351	(210)
Net change in financial liabilities of the Automotive segment	(2,164)	-	24	(2,140)
CASH FLOWS FROM FINANCING ACTIVITIES	(2,365)	(360)	375	(2,350)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,190)	(147)	6	(1,331)

(1) Dividends received from Daimler.

(2) Cash flow does not include dividends received from listed companies.

(3) Dividends from Daimler, AB Volvo and Nissan.

B – Information by Region

The Regions presented correspond to the geographic sectors of the Group's structure.

Renault reorganized its Regions in 2012. Africa has now joined the Euromed Region to form a new Region, Euromed-Africa. The Asia-Africa Region is now the Asia-Pacific Region.

The figures for 2011 relate to the regions as adopted in 2012.

Consolidated revenues are presented by location of customers.

Property, plant and equipment and intangibles are presented by location of subsidiaries and joint ventures.

(€ million)	Europe ⁽¹⁾	Americas	Asia-Pacific	Euromed-Africa	Eurasia	Consolidated total
2012						
Revenues	24,661	6,141	4,010	3,992	2,466	41,270
Property, plant and equipment and intangibles	10,777	686	616	2,321	616	15,016
2011						
Revenues	27,720	5,210	4,264	3,754	1,680	42,628
Property, plant and equipment and intangibles	11,192	629	701	2,084	469	15,075

(1) Including France:

(€ million)	2012	2011
Revenues	10,894	12,431
Property, plant and equipment and intangibles	9,180	9,643

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4.2.7 Notes to the consolidated financial statements

4.2.7.1 Accounting policies and scope of consolidation

NOTE 1 – APPROVAL OF THE FINANCIAL STATEMENTS

The Renault group's consolidated financial statements for 2012 were finalised at the Board of Directors' meeting of February 13, 2013 and will be submitted for approval of the shareholders at the General Shareholders' Meeting.

NOTE 2 – ACCOUNTING POLICIES

In application of regulation 1606/2002 passed on July 19, 2002 by the European Parliament and the Council of Europe, Renault's consolidated financial statements for 2012 are prepared under IFRS (International Financial Reporting Standards) as issued by the IASB (International Accounting Standards Board) at December 31, 2012 and adopted by the European Union at the year-end.

A - Changes in accounting policies

The amendment to IFRS 7, "Financial instruments: disclosures – transfers of financial assets" which was published in the Official Journal of the European Union in November 2011, was applied for the first time in 2012.

The first application of this amendment has no significant impact on the financial statements at December 31, 2012.

The Group has not undertaken early application of the followings standards and amendments which were published in the Official Journal of the European Union at December 31, 2012 but were not mandatory in 2012.

Standard		Effective date
Amendment to IFRS 7	Financial instruments: Disclosure - Offsetting financial assets and financial liabilities	January 1, 2013
IFRS 10	Consolidated financial statements	January 1, 2014
IFRS 11	Joint arrangements	January 1, 2014
IFRS 12	Disclosure of interests in other entities	January 1, 2014
IFRS 13	Fair Value Measurement	January 1, 2013
Amendment to IAS 1	Presentation of financial statement – Presentation of other components of comprehensive income	January 1, 2013
Amendment to IAS 12	Income Taxes - Deferred Tax: Recovery of Underlying Assets	January 1, 2013
IAS 19 (revised)	Employee Benefits	January 1, 2013
Amendment to IAS 28	Investments in Associates and Joint Ventures	January 1, 2014
Amendment to IAS 32	Financial instruments: Presentation - Offsetting of financial assets and financial liabilities	January 1, 2014

The impacts of application of IAS 19 (revised) on the consolidated financial statements are currently being evaluated. The Group does not currently expect its application to have any significant impact.

Similarly, the Group does not currently expect the adoption of the other standards and amendments to have any significant impact.

B – Estimates and judgments

In preparing its financial statements, Renault has to make estimates and assumptions that affect the book value of certain assets and liabilities, income and expense items, and the information disclosed in certain notes. Renault regularly revises its estimates and assessments to take account of past experience and other factors deemed relevant in view of the economic circumstances. If changes in these assumptions or circumstances are not as anticipated, the figures reported in Renault's future financial statements could differ from the estimates established at the time the financial statements were finalised.

The main items in the financial statements that are sensitive to estimates and judgments at December 31, 2012 are the following:

- Fixed assets (note 2-L and 12);
- Property, plant and equipment related to leased vehicles or inventories related to used vehicles (notes 2-G, 11-B and 15);
- Investments in associates (notes 2-L, 13 and 14);
- Sales financing receivables (notes 2-G and 16);
- Deferred taxes (notes 2-I and 8);
- Provisions, particularly vehicle warranty provisions (note 2-G), provisions for pensions and other long-term employee benefit obligations (note 20-C) and provisions for workforce adjustment measures (note 6-A);
- The value of the assets and liabilities of operations in Iran, and the exchange rates used to determine those values (note 6-D1).

C – Consolidation principles

The consolidated financial statements include the financial statements of all companies controlled exclusively, directly or indirectly, by the Group (“subsidiaries”). Jointly controlled companies (“joint ventures”) are proportionately consolidated. Companies in which the Group exercises significant influence (“associates”) are included in the financial statements on an equity basis.

Significant intercompany transactions and unrealized internal profits are eliminated.

Non-consolidated companies, which fulfill these criteria, are recorded as other non-current assets.

None of these companies' individual contributions to consolidated figures exceeds the following:

- revenues €20 million
- inventories €20 million

Their consolidation would have a negligible impact on the consolidated financial statements, since they are Group-financed entities whose losses, if any, are recognized via impairment losses, and which:

- acquire almost all their purchases from Group companies, most of these companies being dealership-type establishments; or
- carry out almost all their sales transactions with Group companies.

D – Presentation of the financial statements

Operating income and operating margin

Operating income includes all revenues and costs directly related to the Group's activities, whether recurrent or resulting from non-recurring decisions or operations, such as restructuring costs.

The operating margin corresponds to the operating income before other operating income and expenses, which cover:

- restructuring costs and costs relating to workforce adjustment;
- gains or losses on partial or total disposal of businesses or operating entities, and other gains and losses relating to changes in the scope of consolidation and direct acquisition costs;
- gains or losses on disposal of property, plant and equipment or intangible assets (except vehicle sales);
- unusual items, i.e. income and charges that are unusual in their frequency, nature or amount, particularly impairment of fixed assets.

Reporting by operating segment

The operating segments used by Renault are:

- the Automotive segment, comprising the production, sales, and distribution subsidiaries for passenger and light commercial vehicles, automobile service subsidiaries, and the subsidiaries in charge of cash management for the Group;
- the Sales Financing segment, which the Group considers as an operating activity, carried out by RCI Banque and its subsidiaries for the distribution network and final customers.

The information by operating segment is based on internal reporting to the Group Executive Committee, identified as the “Chief Operating Decision-Maker”. This information is prepared under the IFRSs applicable to the consolidated financial statements. All Group financial data are assigned to the operating segments. The “Intersegment transactions” column is reserved for transactions between the two segments, which are carried out on near-market conditions. Dividends paid by the Sales Financing segment to the Automotive segment are included in the Automotive division's financial income.

The indicator used to evaluate segment performance is the operating margin.

Apart from taxes and the associates' share in net income, income and expenses relating to sales financing are recorded as operating items. The tax effect inherent to the French consolidated taxation system is included in the tax expense of the Automotive segment.

Assets and liabilities are specific to each segment. Receivables assigned by the Automotive segment to the sales financing companies are treated as operating assets by the assignee when the risks and benefits are substantially transferred.

Vehicles and batteries for which the Automotive segment has a repurchase commitment are included in the segment's assets. When these assets are financed by the Sales Financing segment, the Sales Financing segment recognises a receivable on the Automotive segment.

Current and non-current assets and liabilities

Sales financing receivables, other securities, derivatives, loans and financial liabilities of the Sales Financing segment (other than redeemable shares and subordinated loans) are considered as current assets and liabilities, as they are used in normal business cycle of this operating segment.

For the Automotive segment, in addition to items directly related to the business cycle, all assets and liabilities maturing within one year are classified as current.

E – Translation of the financial statements of foreign companies

The Group's presentation currency is the Euro.

For foreign companies, the functional currency is generally the local currency. In cases where most transactions are carried out in a different currency, that is adopted as the functional currency.

To determine whether a country is in hyperinflation, the Group refers to the list published by the AICPA (American Institute of Certified Public Accountants) Task Force. In 2012, this list included none of the countries where Renault has significant business activity.

Foreign companies' accounts are established in their functional currency, and subsequently translated into the Group's presentation currency as follows:

- financial position items other than components of shareholders' equity, which are stated at historical value, are translated at the closing rate of exchange;
- income statement items are translated at the average exchange rate for the period;
- the translation adjustment is one of the other components of comprehensive income, and therefore has no impact on net income.

Goodwill and valuation adjustments generated by a business combination with a foreign company are treated as an asset or liability of the entity acquired, as appropriate. They are therefore expressed in the relevant entity's functional currency, and translated into Euro at the closing rate.

When a foreign company is sold, the accumulated translation adjustments on its assets and liabilities are transferred to net income.

F – Translation of foreign currency transactions

Transactions undertaken in a currency other than the functional currency of the entity concerned are initially translated to and recorded in the functional currency, using the rate applicable at the transaction date.

For financial reporting purposes, monetary items in currencies other than the functional currency are translated at the closing rate. All resulting foreign exchange differences are recognized in the income statement, except for foreign exchange gains and losses on debts, receivables, and financial instruments designated as hedges of the net investment in a foreign entity (note 2-V).

The following impacts are therefore recorded in net income:

- translation adjustments related to financial operations by the Automotive segment are included in the net financial income;
- other translation adjustments are included in the operating margin.

Derivatives are measured and recorded as described in note 2-V.

G – Revenues and margin

Revenues comprise all proceeds from sales of the Group's automobile products, services related to these sales, sales of automobile technologies, marketing rights and the various sales financing products marketed by the Group's companies to their customers.

Sales of goods and services and margin recognition

- Sales and margin recognition

Sales of automotive goods are recognized when the goods are made available to the distribution network in the case of non-Group dealers, or upon delivery to the end-user in the case of direct sales. The margin on sales is recognized immediately for normal sales by the Automotive segment, including sales with associated financing contracts that can be considered as

finance leases (long-term or with a purchase option). However, no sale is recognized when an automotive item (vehicle or electric car battery) is covered by an operating lease from a Group finance company or the Group has made a buy-back commitment with a high probability of application, if the term of the contract covers an insufficient portion of the item's useful life.

In such cases, the transactions are recorded as operating leases and included in sales of services. The difference between the price paid by the customer and the buy-back price is treated as rental income, and spread over the period the automotive item is at the customer's disposal. The production cost for the new automotive item concerned is recorded in inventories for contracts of less than one year, or included in property, plant and equipment under fixed assets leased to customers when the contracts exceed one year. The sale of the automotive item as second-hand at the end of the lease gives rise to recognition of sales revenue and the related margin. The forecast resale value takes account of recent known developments on the second-hand automotive market but also future anticipated developments over the period in which the automotive goods will be sold, which may be influenced by factors both external (economic situation, taxation) and internal (changes in the range, lower manufacturer prices). As soon as a loss is expected on the resale, a provision (if the automotive item is in inventories) or additional depreciation (if the automotive item is included in property, plant and equipment) is recognized to cover the loss. When the overall position of the lease contract (rental income and income on resale) shows a loss, an additional provision is also recorded immediately to cover the future loss.

Sales of automobile technologies and marketing rights are recognized when the associated risks and benefits are actually transferred. The timing of this transfer depends on the terms of the sale contracts, taking into consideration factors such as the period covered and the volumes concerned, and the recoverability or otherwise for the purchaser of the amounts paid.

- Sales incentive programmes

When based on the volume or price of the products sold, the cost of these programmes is deducted from revenues when the corresponding sales are recorded. Otherwise, the cost is included in selling, general and administrative expenses. If programmes are approved after the sales, a provision is established when the decision is made.

The Group sometimes organizes promotional campaigns offering reduced-interest loans to end-users. The cost of these operations is recognized immediately when the rates offered cannot cover refinancing and administration costs, and charged to sales financing revenues over the duration of the loan otherwise.

- Warranty

The estimated or incurred costs relating to product or part warranties not covered by insurance are charged to expenses when the sales are recorded. Provisions for costs to be borne by Renault are valued on the basis of observed data by model and engine, i.e. the level of costs, and their distribution over the periods covered by the manufacturer's warranty. In the event of product recalls relating to incidents that come to light after the vehicle has been put on the market, provisions are established to cover the costs involved as soon as the decision to undertake the recall campaign has been made. Amounts claimed from suppliers are deducted from the warranty expense when it is considered practically certain they will be recovered.

- Services related to sales of automobile products

Renault offers its customers extended warranty and maintenance contracts, the income and margin on which are recognized over the period covered by the contract.

Sales financing revenues and margin recognition

- Sales financing revenues

Sales financing revenues are generated by financing operations for sales of vehicles to dealers and end-users. These financing operations take the form of loans from the Sales Financing segment companies, and are carried in the balance sheet at amortized cost under the effective tax rate method, less any impairment. Income on these contracts is calculated so as to give a constant interest rate over the period, and is included in sales revenues.

- Sales financing costs

The costs of sales financing are considered as operating expenses and included in the operating margin. They mainly comprise interest incurred by sales financing companies to refinance their customer transactions, other costs and revenues directly related to administration of this type of refinancing (temporary investments, hedging and management of exchange and interest rate risks), and the cost of risks other than those relating to refinancing of receivables.

- Commissions payable to business intermediaries

Commissions are treated as external distribution costs, and therefore deferred as contract acquisition costs, so as to give a constant interest rate over the term of the financing contracts.

- Impaired receivables

Impairment for credit risk is recognized to cover the risk of non-recovery of receivables. When there is objective evidence of a loss of value (payments overdue, deterioration in the financial position, litigation procedures, etc) for an individual receivable, impairment is determined on an individual basis (using a statistical or case-by-case approach). Otherwise, a collectively based provision may be recorded (for example in the event of unfavorable developments in a macro-economic and/or segment indicator associated with otherwise sound receivables).

Impairment for country risk is determined based on assessment of the systemic credit risk to which debtors are exposed in the event of long-term continuous deterioration in the economic and general environment of the countries included in the base.

H – Financial income (expense)

Except for derivatives, interest income and expenses are recognized under the effective interest rate method, whereby interest and transaction costs are spread on an actuarial basis over the duration of the loan or borrowing.

Interest income and expenses include accrued interest on interest rate derivatives used in fair value and cash flow hedging (when this income or expense is transferred from equity). Changes in the fair value of interest rate derivatives, excluding accrued interest, are included in other financial income and expenses.

Other financial income and expenses also include changes in the fair value of Renault SA redeemable shares and dividends from companies that are neither controlled nor under significant influence, which are recognized in the year they are distributed.

I – Income tax

The Group recognizes deferred taxes for all temporary differences between the tax and book values of assets and liabilities in the consolidated balance sheet. Deferred taxes are calculated at the latest tax rate enacted at the closing date applicable to the period when temporary differences are reversed. Each individual fiscal entity (legal entity, establishment or group of entities that pays tax to the tax administration) that is authorized to offset its current tax assets and liabilities reports deferred tax assets and liabilities net. Net deferred tax assets are recognized according to the probability of future recovery.

For fully consolidated companies, a deferred tax liability is recorded in respect of dividend distributions likely to be made by the Group.

For joint ventures and associates, a deferred tax liability on dividend distributions is booked for all differences between the book value and fiscal value of shares held.

Tax credits that can only be used against a taxable profit are recorded as a deduction from the income tax payable. Tax credits that are recoverable regardless of whether the company makes a taxable profit are set against the relevant nature of expense.

J – Intangible assets

Goodwill

Non-controlling interests (formerly called "minority interests") are carried at fair value (the full goodwill method) or at their share in the fair value of assets acquired and liabilities transferred (the partial goodwill method). To date Renault has only recognized goodwill valued under the partial goodwill. The choice of which method to use will be made for each individual case.

Goodwill is not amortized, but impairment tests are carried out at least annually or whenever there is evidence of loss of value. After initial recognition, goodwill is stated at cost less accumulated impairment.

Goodwill relating to associates is included in the statement of financial position, in the asset "investments in associates". In the event of impairment, an impairment loss is booked and included in the consolidated income statement via the share in net income (loss) of associates.

Acquisitions of additional investments and put options on non-controlling interests in companies controlled by the Group are treated as equity transactions. The positive or negative difference between the cost of acquiring shares and the book value of the non-controlling interests acquired is recorded in shareholders' equity. The non-controlling interests concerned by put options are stated at fair value and reclassified as liabilities in the consolidated financial position.

Research and development expenses

Development expenses incurred between the approval of the decision to begin development and implement production facilities for a new vehicle or part (e.g. engine or gearbox) and the subsequent approval of the design for mass production are capitalized as intangible assets. They are amortized on a straight-line basis from the date of approval for production, over the expected market life of the vehicle or part, up to a maximum period of seven years. Capitalized development expenses mainly comprise the cost of prototypes, the cost of studies invoiced by external firms, the cost of personnel assigned to the project and a share of overheads dedicated exclusively to development activities.

They also include financing costs for projects that began on or since January 1, 2009. The capitalization rate for borrowing costs is equal to the weighted average interest rate on non-dedicated borrowings of the year, with a limit such that capitalized borrowing costs do not exceed the total borrowing costs borne during the year. When a project is financed through a specific borrowing, the capitalization rate is equal to the interest rate on the borrowing.

Expenses incurred before the formal approval of product development are recorded as costs in the period they are incurred, in the same way as research expenses. Expenses incurred after the start of mass production are treated as production costs.

K – Property, plant and equipment

The gross value of property, plant and equipment corresponds to historical acquisition or production cost.

Design and preparation expenses are included in the asset's production cost.

Production cost also includes financing costs borne during the construction phase of property, plant and equipment when construction began on or after January 1, 2009. The capitalization rate applied is the same as the rate used for intangible assets.

Investment subsidies received are deducted from the gross value of the assets concerned.

Subsequent expenses for property, plant and equipment, except those incurred to increase productivity or prolong the life of an asset, are charged to expenses as incurred.

Assets used by the Group under finance leases are treated as assets financed by credit.

Fixed assets leased to customers are vehicles and batteries under lease from a Group finance company, for which the Group has a repurchase commitment, or vehicles sold under an agreement including a buy-back clause covering more than one year (note 2-G).

Depreciation

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

Buildings ⁽¹⁾	15 to 30 years
Specific tools	2 to 7 years
Machinery and other tools (other than press lines)	5 to 15 years
Press lines	20 to 30 years
Other tangible assets ⁽²⁾	4 to 6 years

(1) Buildings in use before 1987 are depreciated over a period of up to 40 years.

(2) Except for leased batteries, which are depreciated over periods of 8 to 10 years depending on the models.

Useful lives are regularly reviewed, and accelerated depreciation is recorded when an asset's useful life becomes shorter than the initially expected period of use, particularly when it is decided to withdraw a vehicle or part from the market.

L – Impairment of assets

Impairment of fixed assets (other than leased assets)

Fixed assets are subjected to impairment tests as soon as there is any indication of a loss of value, such as significant adverse changes in the market in which the company operates, or changes affecting the circumstances and manner of use of the assets.

For the **Automotive segment**, impairment tests are carried out at two levels:

- At the level of vehicle-specific and component-specific assets

Vehicle-specific and component-specific assets are capitalized development expenses, specific tools and supplier tools. Impairment tests are carried out by comparing the net book value of the assets with the recoverable value, calculated based on discounted future cash flows related to the vehicle or component.

- At the level of cash-generating units

A cash-generating unit is defined as the smallest identifiable group of assets that generates largely independent cash flows. Fixed assets related to cash-generating units include goodwill, specific assets and capacity assets.

Impairment tests are carried out on cash-generating units by comparing the net book value with the recoverable value. Recoverable value is defined as the higher of value in use or fair value less selling costs.

Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset. Future cash flows derive from the business plan drawn up and validated by the Management, plus a terminal value based on discounted normative cash flows after application of a growth rate to infinity. They also include the dividends paid by the Sales Financing segment to the Automotive segment; these dividends represent, in cash form, the Sales Financing segment's contribution as taken into consideration in internal assessments of project profitability. The assumptions underlying the business plan include estimates of market developments in countries in which the Group operates and its share of those markets, changes in the sale price of products and the prices of purchased components and commodities. The pre-tax discount rate used is the weighted average cost of capital as determined by the company.

When the recoverable value is lower than the net book value, impairment equivalent to the difference is recorded against the assets concerned.

For the Sales Financing segment, an impairment test is carried out at least once a year or whenever as there is an indication of loss of value, by comparing the book value and recoverable value of assets. Recoverable value is defined as the higher of fair value (less selling costs) and value in use. Value in use is the present value of future cash flows as determined in the most recent 5-year forecasts for each cash-generating unit, consisting of legal entities or groups of legal entities in a given country. The same discount rate is used for all cash-generating units tested: a risk-free 10-year rate increased by the average risk premium for the sector in which the cash-generating units operate.

Impairment of investments in associates

Impairment tests of the value of investments in associates are carried out as soon as there is any indication of a loss of value, essentially significant adverse changes in the markets in which the company operates, or a major or long-term decline in stock market value.

Impairment tests are carried out in compliance with IAS 28 and IAS 36, by comparing the book value of the investment in the associate with the share of the present value of future estimated cash flows expected from the associate.

When the recoverable value is lower than the book value, impairment equivalent to the difference is recorded against the relevant investment in an associate.

M – Non-current assets or groups of assets held for sale

Assets held for sale are non-current assets or groups of assets that are available for sale (and do not require significant work to prepare them for sale) and very likely to be sold.

Non-current assets or groups of assets considered to be held for sale are measured and recorded at the lower of net book value or fair value less selling costs. No further impairment or amortization is recorded once an asset is classified as held for sale (or included in a group of assets held for sale). These assets are reported on a specific line of the financial position.

N – Inventories

Inventories are stated at the lower of cost or net realisable value. Cost corresponds to acquisition cost or production cost, which includes direct and indirect production expenses, and a share of manufacturing overheads based on a normal level of activity. The normal level of activity is assessed site by site, in order to determine the share of fixed costs to be excluded in the event of below-normal activity.

Inventories are valued under the FIFO (First In First Out) method.

When the net realisable value is lower than the financial position value, impairment equal to the difference is recorded.

O – Assignment of receivables

Receivables assigned to third parties (through securitization or discounting) are removed from Group assets when the associated risks and benefits are also substantially transferred to the third parties in question.

The same treatment applies to assignments between the Automotive and Sales Financing segments.

P – Treasury shares

Treasury shares are shares held for the purposes of stock-option plans and free share plans awarded to Group managers and Executives. They are recorded at acquisition cost and deducted from Group shareholders' equity until the date of sale.

When these shares are sold, the sale price is directly included in consolidated shareholders' equity. Consequently, no gain or loss on treasury shares is included in the net income for the period.

Q – Stock-option plans / Free share attribution plans

The Group awards stock-option plans (purchase and subscription options) and share attribution plans, all for Renault shares. The grant date is the date at which beneficiaries are informed of the decision to grant these options or shares, and the terms of the relevant plans. For plans subject to performance conditions, an estimate of achievement of those conditions is taken into account in determining the number of options or free shares attributed. This estimate is reviewed annually based on changes in the probability of performance condition achievement. The final fair value of services rendered in return for attribution of options or free shares is measured by reference to the fair value of those options or shares at their grant date, using a binomial mathematical model. Entitlements to attribution of free shares are valued based on the share value at grant date less dividends expected during the vesting period. Where relevant, a discount is applied to reflect the fact that the shares must be held for a certain period.

The fair value is spread on a straight-line basis over the vesting period for the relevant plan. The cost is included in personnel expenses, with a corresponding adjustment to consolidated reserves. When the option is exercised, the cash amount received by the Group in settlement of the exercise price is booked in cash and cash equivalents, with a corresponding adjustment to consolidated reserves.

R – Provisions

Pensions and other long-term employee benefit obligations

The Group's payments for defined-contribution benefit plans are recorded as expenses for the relevant period.

For defined-benefit plans concerning post-employment benefits, the Group uses the Projected Unit Credit Method to determine the present value of its obligations. Under this method, benefits are attributed to periods of service according to the plan's benefit formula, principally on a straight-line basis over the years of service.

The future payments for employee benefits are measured on the basis of future salary increases, retirement age, mortality and length of employment with the company, and are discounted at a rate determined by reference to yields on long-term high quality corporate bonds of a duration corresponding to the estimated average duration of the benefit plan concerned.

The actuarial gains and losses resulting from revisions of the underlying assumptions and experience-based adjustments are included in other components of comprehensive income, as allowed under IAS 19.

The net expense for the year, corresponding to the sum of the current period service costs, the discount cost less the expected return on fund assets and a portion of deferred past service costs, is charged in full to the operating margin.

Restructuring measures / Termination benefits

The estimated cost of restructuring and the cost of workforce adjustment measures are recognized as soon as a detailed plan has been defined and is either announced or in progress.

S – Financial assets

The Group recognizes a financial asset when it becomes a party to the contractual provisions of the instrument.

Financial assets comprise investments in non-controlled companies in which Renault does not exercise significant influence, marketable securities, negotiable debt instruments, loans, and derivative assets related to financial transactions (note 2-V).

These instruments are presented as non-current assets, apart from those maturing within 12 months of the closing date, which are classified as current assets.

Investments in non-controlled companies in which Renault does not have significant influence

Investments in non-controlled companies in which Renault does not have significant influence are qualified as "available-for-sale" assets. The fair values of financial assets are determined in priority by reference to the market price. If this is not possible, the Group uses a valuation method that is not based on market data.

Changes in the fair value of "available-for-sale" assets are included in other components of comprehensive income. If there is a significant or prolonged decrease in the fair value such that it falls below the acquisition price, impairment is recorded in the income statement.

Marketable securities and negotiable debt instruments

Short-term investments in the form of marketable securities and negotiable debt instruments are undertaken for the management of cash surpluses, but do not meet the requirements to qualify as cash equivalents.

These instruments are classified as "available-for-sale" assets and carried at fair value.

Loans

Loans essentially include interbank loans for investment of cash surpluses and loans to associates.

They are initially recognized at fair value, plus directly attributable transaction costs.

Loans are valued at amortized cost. Impairment is recognized in the income statement when there is objective evidence of depreciation in value caused by an event that occurred after the initial recognition of the asset.

T – Cash and cash equivalents

Cash includes cash on hand, current accounts and other demand deposits, with the exception of bank overdrafts, which are included in financial liabilities. These instruments are stated at amortized cost.

Cash equivalents are investments held for the purpose of meeting short-term cash commitments. For an investment to qualify as a cash equivalent, it must be readily convertible for a known amount of cash and be subject to an insignificant risk of change in value. Fixed or variable-income instruments that are not listed on an active market are stated at amortized cost. Other instruments are carried at fair value.

U – Financial liabilities and sales financing debts

The Group recognizes a financial liability (for the Automotive segment) or a sales financing debt when it becomes a party to the contractual provisions of the instrument.

Financial liabilities and sales financing debts comprise redeemable shares, bonds, other debts represented by a certificate, borrowings from credit institutions, other interest-bearing borrowings and derivative liabilities related to financial transactions (note 2-V).

Redeemable shares

In accordance with IAS 39, the Group considers that the variable interest on redeemable shares is an embedded derivative which cannot be valued separately. Consequently, the Group has stated all its redeemable shares at fair value. For these shares, fair value is equal to market value.

Changes in the fair value of Automotive segment redeemable shares are recorded in financial income and expenses, while changes in the fair value of Sales Financing segment redeemable shares are recorded in the operating margin.

Bonds, other debts represented by a certificate, borrowings from credit institutions and other interest-bearing borrowings

Bonds, other debts represented by a certificate, borrowings from credit institutions and other interest-bearing borrowings are initially stated at fair value, less any directly attributable transaction costs.

At each reporting date, apart from specific hedge accounting methods (note 2-V), these financial liabilities are generally restated at amortized cost using the effective interest rate method. The financial expense calculated in this way includes issuance expenses and issuance or redemption premiums, together with the impact of debt renegotiations when the old and new terms are not substantially different.

Renegotiations of the terms of borrowings and similar operations are recorded as an extinction of the former liability with recognition of a new liability only if there are substantial differences between the old and new terms. When this is the case, the costs borne for renegotiation are included in the financial expenses for the period during which the negotiation takes place.

V – Derivatives and hedge accounting

Measurement and presentation

Derivatives are initially stated at fair value. This fair value is subsequently reviewed at each closing date.

- The fair value of forward exchange contracts is based on market conditions. The fair value of currency swaps is determined by discounting future cash flows, using closing-date market rates (exchange and interest rates).
- The fair value of interest rate derivatives is the amount the Group would receive (or pay) to settle outstanding contracts at the closing date, taking into account any unrealized gains or losses based on current interest rates and the quality of the counterparty to each contract at the closing date. This fair value includes accrued interest.
- The fair value of commodity derivatives is based on market conditions.

The Automotive segment's derivatives are reported in the financial position as current if they mature within 12 months and non-current otherwise. All Sales Financing segment derivatives are reported in the financial position as current.

Hedge accounting

The treatment of derivatives designated as hedging instruments depends on the type of hedging relationship:

- fair value hedge;
- cash flow hedge;
- hedge of a net investment in a foreign operation.

The Group identifies the hedging instrument and the hedged item as soon as the hedge is set up, and documents the hedging relationship, stating the hedging strategy, the risk hedged and the method used to assess the hedge's effectiveness. This documentation is subsequently updated, such that the effectiveness of the designated hedge can be demonstrated.

Hedge accounting uses specific measurement and recognition methods for each category of hedge.

- Fair value hedges: the hedged item is adjusted to fair value in view of the risk hedged and the hedging instrument is recorded at fair value. As changes in these items are recorded in the income statement simultaneously, only the ineffective portion of the hedge has an impact on net income. It is recorded in the same income statement item as changes in the fair value of the hedged item and the hedging instrument.
- Cash flow hedges: no adjustment is made to the value of the hedged item; only the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged risk is recorded, net of taxes, in other components of comprehensive income, while the ineffective portion is included in net income. The cumulative amount included in equity is transferred to the income statement when the hedged item has an impact on net income.
- Hedge of a net investment in a foreign operation: the hedging instrument is adjusted to fair value. Following this adjustment, the effective portion of the change in fair value attributable to the hedged exchange risk is recorded, net of taxes, in other components of comprehensive income, while the ineffective portion is included in net income. The cumulative amount included in equity is transferred to net income at the date of liquidation or sale of the investment. The interest rate component of financial instruments used to hedge the investment in Nissan (forward sales and fixed/fixed cross-currency swaps) is treated as an ineffective portion and consequently recorded directly in financial income and expenses.

Derivatives not designated as hedges

Changes in the fair value of derivatives not designated as hedges are recognized directly in financial income, except in the case of derivatives entered into exclusively for reasons closely related to business operations. In this case, changes in the fair value of derivatives are included in the operating margin.

NOTE 3 – CHANGES IN THE SCOPE OF CONSOLIDATION

	Automotive	Sales Financing	Total
Number of companies consolidated at December 31, 2011	129	36	165
Newly consolidated companies (acquisitions, formations, etc)	-	1	1
Deconsolidated companies (disposals, mergers, liquidations, etc)	(4)	-	(4)
Number of companies consolidated at December 31, 2012	125	37	162

The main changes in the scope of consolidation were as follows:

- 2012

ES Mobility srl is a company formed in 2011 to lease batteries for electric vehicles in Italy. It is fully consolidated since January 1, 2012.

In December 2012 Renault sold all its A shares in the AB Volvo group, which has been deconsolidated as a result from October 1, 2012, (note 14-A).

- 2011

The subsidiary Renault Beijing Automotive Company, which sells imported vehicles on Chinese territory, has been fully consolidated since January 1, 2011.

Fonderie de Bretagne has also been fully consolidated since January 1, 2011. This entity results from Renault's takeover of SBFM under a receivership procedure.

4.2.7.2 Income statement and comprehensive income

NOTE 4 – REVENUES

A – 2011 revenues applying 2012 Group structure and methods

The consolidated revenues for 2012 and 2011 are calculated under identical Group structure and methods.

B – Breakdown of revenues

(€ million)	2012	2011
Sales of goods	37,227	38,697
Rental income on leased assets ⁽¹⁾	446	548
Interest income on sales financing receivables	1,519	1,436
Sales of other services	2,078	1,947
Sales of services	4,043	3,931
REVENUES	41,270	42,628

(1) Rental income recorded by the Group in connection with vehicle sales with a buy-back commitment or fixed asset rentals.

NOTE 5 – OPERATING MARGIN: DETAILS OF INCOME AND EXPENSES BY NATURE

A – Cost of goods and services sold

The Group's information systems are designed to present income statements by function, and cannot therefore supply the value of purchases consumed.

B – Personnel expenses

	2012	2011
Personnel expenses (€ million)	5,801	5,857
Workforce at December 31	127,086	128,322

Details of pensions and other long-term benefit expenses are presented in note 20-C.

C – Share-based payments

Share-based payments concern stock-options and free shares granted to personnel, and amounted to a personnel expense of €14 million for 2012 (€6 million in 2011).

The plan valuation method is presented in note 19-H.

D – Rental expenses

Rents amounted to approximately €249 million in 2012 (€238 million in 2011).

E – Foreign exchange gains/losses

In 2012, the operating margin included a net foreign exchange loss of €63 million comprising €34 million on business activities in Iran for the eight months period prior to devaluation of the rial (compared to a foreign exchange loss of €12 million in 2011 which included a gain of €1 million in Iran).

NOTE 6 – OTHER OPERATING INCOME AND EXPENSES

(€ million)	2012	2011
Restructuring and workforce adjustment costs	(110)	71
Gains and losses on total or partial disposal of businesses or operating entities, and other gains and losses related to changes in the scope of consolidation	-	-
Gains and losses on disposal of property, plant and equipment and intangible assets (except leased assets sales)	18	133
Impairment of fixed assets	(279)	(61)
Other unusual items	(236)	10
Total	(607)	153

A – Restructuring and workforce adjustment costs

Restructuring costs were mainly incurred for workforce adjustment measures in Europe in 2012 and 2011, and in Korea in 2012.

In 2012, they include a net amount of €40 million reversed from provisions (€48 million in 2011) after the provision for workforce adjustment measures in France was updated to reflect the terms of departures that took place in 2012. In 2011, restructuring costs also comprised a reversal of €50 million from provisions, resulting from the Group's decision to discontinue the plan to reorganize its establishments in the Paris area.

B – Gains and losses on disposal of property, plant and equipment and intangible assets (except leased assets sales)

Most of the gain on disposal of property, plant and equipment and intangible assets (except leased assets sales) results from sales of land and buildings located in Europe in 2012 and 2011, and in Korea in 2012.

C – Impairment of fixed assets

In 2012, impairment was booked on intangible assets (€243 million) and tangible assets (€36 million) in respect of five vehicles in the range and mechanical adaptations.

In 2011, an amount of €88 million was reversed from impairment previously booked on intangible assets, to reflect the improved cash flow prospects for three vehicles in the range, and impairment of €149 million was recorded in respect of intangible and tangible assets associated with three other vehicles in the range (note 11).

D – Other unusual items

D1 – Operations in Iran

In Iran, Renault works with two local industrial partners, Iran Khodro and Pars Khodro, which make the Logan and the Mégane using certain parts supplied by Group entities. Parts for the Logan transit through Renault Pars, a fully-consolidated subsidiary owned 51% by Renault and 49% by its partners.

Due to the economic sanctions imposed on Iran, settlements of commercial and financial debts in foreign currencies are at a very low level.

At Renault Pars, assets in rials mainly consist of receivables on partners (€138 million) and financial assets (€231 million), and Renault Pars has a commercial debt towards other Group entities denominated in euros (€569 million at December 31, 2012 and €358 million at December 31, 2011).

This situation is reflected as follows in the Group's consolidated financial statements:

- A foreign exchange loss of €304 million has been recorded in the income statement, corresponding to the effect of the rial's devaluation (from IRR 14 407 = €1 in 2011 to IRR 33 000 = €1 in 2012) on the Group's Iranian entities' debts denominated in euros to Renault sas and its subsidiaries. This loss is of an exceptional amount and nature, and is included in unusual items in other operating income and expenses.
- The balance of cash available in the subsidiary (€158 million at December 31, 2012) has been reclassified as current financial assets (note 22-A2), as the Group is currently unable to use this cash for anything other than settlement of local debts and it is impossible to predict how long this situation will last.
- The subsidiary's shareholders' equity is negative at €185 million (compared to a positive €58 million at December 31, 2011). In compliance with accounting standards, the minority interests' share is still recognised, representing a negative amount of €91 million at December 31, 2012 (positive amount of €29 million at December 31, 2011).

D2 – Other unusual revenues and expenses

In 2012, other unusual items of operating income and expenses include an operating tax credit amounting to €94 million, which resulted from signature in March 2012 of an agreement with a Brazilian local authority for a change in the tax option regarding prior years' import taxes. These unusual items also include an expense of €11 million following the decrease in Renault's percentage of interest in Nissan (note 13-C).

NOTE 7 – FINANCIAL INCOME

The net interest expense for 2012 amounts to €267 million (€219 million in 2011).

Other financial income and expenses comprise:

(€ million)	2012	2011
Change in fair value of redeemable shares (note 23-A)	(18)	31
Foreign exchange gains and losses on financial operations	29	27
Other	(10)	40
Total	1	98

Other financial income includes dividends received from Daimler at their gross value of €36 million in 2012 (€30 million 2011). It also includes an impairment expense of €46 million on the shares in the Modernization Fund for Automotive Equipment Manufacturers (Fonds de Modernisation des Equipementiers Automobiles - FMEA) (note 22-A1).

NOTE 8 – CURRENT AND DEFERRED TAXES

As Renault SA elected to determine French income taxes under the domestic tax consolidation regime when it was formed, this is the regime applicable to the Group in which Renault SA is taxed in France.

The Renault group also applies other optional tax consolidation systems in Germany, Italy, Spain, and the UK.

A – Current and deferred tax expense

Breakdown of the tax charge

(€ million)	2012	2011
Current income taxes	(493)	(408)
Deferred taxes revenue (expenses)	(56)	(100)
Current and deferred taxes	(549)	(508)

In 2012, €413 million of current income taxes were generated by foreign entities (€350 million in 2011).

Current income taxes paid by the Group during 2012 totalled €345 million (€273 million in 2011).

B – Breakdown of the tax charge

(€ million)	2012	2011
Income before taxes and share in net income of associates	780	1,123
Statutory income tax rate applicable in France	36.1%	36.1%
Theoretical tax income (charge)	(282)	(405)
Effect of differences between local rate and the French rate	93	114
Tax credits	39	31
Distribution taxes	(60)	(61)
Change in unrecognized deferred tax assets	(679)	(215)
Other impacts ⁽¹⁾	340	28
Current and deferred tax income (charge)	(549)	(508)

(1) Other impacts are primarily the following: permanent differences, income subject to reduced tax rates, the cost of tax reassessments, and prior year adjustments.

As there was no prospect of reporting taxable income, the Group has not recognized the net deferred tax assets of the French tax consolidation group at December 31, 2012. In the second half of 2012, the net deferred tax assets of the French tax group recognized at December 31, 2011 amounting to €215 million were written down (€138 million charged to expenses and €77 million to equity).

In 2012, other impacts on the current and deferred tax charge primarily include the effect of partial tax-exemption of the gain on sale of shares in AB Volvo (note 14).

For the foreign companies, the effective tax rate was 29% at December 31, 2012 (31% at December 31, 2011). The decrease compared to 2011 principally results from improved income levels and prospects of future profits in Argentina and Colombia, and a tax-free subsidy received in Brazil. These favourable effects are mitigated by the impact of the foreign exchange loss caused by devaluation of the Iranian rial for which no deferred tax assets were recognized.

C – Breakdown of net deferred taxes

C1 – Change in deferred tax assets and liabilities

(€ million)	2012	2011
Deferred tax assets	566	705
Deferred tax liabilities	(135)	(125)
Net deferred tax assets (liabilities) at January 1	431	580
Deferred tax income (expense) for the period	(56)	(100)
Deferred tax income (expense) included in equity	-	(42)
Translation adjustments	(81)	(10)
Change in scope of consolidation and other	(1)	3
Net deferred tax assets (liabilities) at December 31	293	431
- deferred tax assets	416	566
- deferred tax liabilities	(123)	(135)

C2 - Breakdown of net deferred tax assets by nature

(€ million)	December 31, 2012	December 31, 2011
Deferred taxes on:		
Investments in associates ⁽¹⁾	(141)	(147)
Fixed assets	(1,732)	(1,844)
Provisions and other expenses or valuation allowances deductible upon utilization	1,047	1,014
Loss carryforwards	4,060	3,744
Other	349	250
Net deferred tax assets (liabilities)	3,583	3,017
Unrecognized deferred tax assets (note 8-C3)	(3,290)	(2,586)
Net deferred tax assets (liabilities) reported	293	431

(1) Including tax on future dividend distributions

The residual unrecognized net deferred tax assets of entities included in the French tax consolidation amounted to €2,600 million at December 31, 2012. €783 million of these unrecognized assets arose on items booked through equity (chiefly the effects of the partial hedge of the investment in Nissan, revaluation of financial instruments, and actuarial gains and losses), and €1,817 million on items affecting the income statement.

Outside France, unrecognized deferred tax assets totaled €690 million, essentially relating to tax loss carryforwards generated by the Group in Brazil and South Korea.

C3 - Breakdown of unrecognized net deferred tax assets, by expiry

(€ million)	December 31, 2012	December 31, 2011
Net deferred tax assets that can be carried forward indefinitely ⁽¹⁾	3,159	2,504
Other net deferred tax assets expiring in more than 5 years	119	71
Other net deferred tax assets expiring between 1 and 5 years	10	9
Other net deferred tax assets expiring within 1 year	2	2
Total unrecognized net deferred tax assets	3,290	2,586

(1) Including €2,600 million at December 31, 2012 (€1,888 million at December 31, 2011) corresponding to unrecognized net deferred tax assets of entities included in the French tax consolidation (note 8-C2), mainly corresponding to tax loss carryforwards.

NOTE 9 – BASIC AND DILUTED EARNINGS PER SHARE

(In thousands of shares)	2012	2011
Shares in circulation	295,722	295,722
Treasury shares	(4,059)	(3,914)
Shares held by Nissan x Renault's share in Nissan	(19,407)	(19,427)
Number of shares used to calculate basic earnings per share	272,256	272,381

The number of shares used to calculate the basic earnings per share is the weighted average number of ordinary shares in circulation during the period, i.e. after neutralization of treasury shares and Renault shares held by Nissan.

(In thousands of shares)	2012	2011
Number of shares used to calculate basic earnings per share	272,256	272,381
Dilutive effect of stock-options and free share attribution rights	137	-
Number of shares used to calculate diluted earnings per share	272,393	272,381

The number of shares used to calculate the diluted earnings per share is the weighted average number of ordinary shares potentially in circulation during the period, i.e. the number of shares used to calculate the basic earnings per share plus the number of stock-options and rights to free share attribution, that have a dilutive effect and fulfil the performance conditions at the year-end when issuance is conditional.

NOTE 10 – OTHER COMPONENTS OF COMPREHENSIVE INCOME

A – Breakdown of other components of comprehensive income

(€ million)	2012	2011
Actuarial gains and losses on defined benefit pension plans	(268)	(23)
Translation adjustments on foreign activities		
Gains / (losses) for the period	(99)	(107)
Reclassification under net income	-	-
Total translation adjustments on foreign activities	(99)	(107)
Partial hedge of the investment in Nissan		
Gains / (losses) for the period	35	(142)
Reclassification under net income	-	-
Total Partial hedge of the investment in Nissan	35	(142)
Cash flow hedges		
Gains / (losses) for the period	(51)	(24)
Reclassification under net income	31	11
Total cash flow hedges	(20)	(13)
Available-for-sale financial assets		
Gains / (losses) for the period	132	(257)
Reclassification under net income	-	-
Total available-for-sale financial assets	132	(257)
Associates' share of other components of comprehensive income	(1,101)	444
Other components of comprehensive income	(1,321)	(98)

B – Tax effects of other components of comprehensive income

(€ million)	Other components of comprehensive income					
	2012			2011		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Actuarial gains and losses on defined benefit pension plans	(271)	3	(268)	(24)	1	(23)
Translation adjustments on foreign activities	(99)	-	(99)	(107)	-	(107)
Partial hedge of the investment in Nissan	110	(75)	35	(84)	(58)	(142)
Cash flow hedges	(18)	(2)	(20)	(8)	(5)	(13)
Available-for-sale financial assets	135	(3)	132	(274)	17	(257)
Associates' share of other components of comprehensive income	(1,107)	6	(1,101)	441	3	444
Total	(1,250)	(71)⁽¹⁾	(1,321)	(56)	(42)⁽¹⁾	(98)

(1) Including an expense of €77 million in 2012 (expense of €40 million in 2011) related to the non-recognition of the French tax group's net deferred tax assets (note 8-B).

4.2.7.3 Operating assets and liabilities, shareholders' equity

NOTE 11 – INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

A - Intangible assets

A1 - Intangible assets at December 31

(€ million)	December 31, 2012	December 31, 2011
Capitalized development expenses	8,362	7,800
Goodwill	243	246
Other intangible assets	557	437
Intangible assets, gross	9,162	8,483
Capitalized development expenses	(5,329)	(4,466)
Other intangible assets	(351)	(299)
Amortization and impairment	(5,680)	(4,765)
Intangible assets, net	3,482	3,718

Most goodwill are in Europe.

A2 - Changes during the year

(€ million)	Gross value	Amortization and impairment	Net value
Value at December 31, 2010	7,792	(4,115)	3,677
Acquisitions (note 26-C)/(amortization)	874	(829)	45
(Disposals)/reversals	(174)	174	-
Translation adjustment	(8)	4	(4)
Change in scope of consolidation and other	(1)	1	-
Value at December 31, 2011	8,483	(4,765)	3,718
Acquisitions (note 26-C)/(amortization)	897	(1,118)	(221)
(Disposals)/reversals	(216)	203	(13)
Translation adjustment	(2)	-	(2)
Change in scope of consolidation and other	-	-	-
Value at December 31, 2012	9,162	(5,680)	3,482

Acquisitions of intangible assets in 2012 comprise €764 million of self-produced assets and €133 million of purchased assets (respectively €825 million and €49 million in 2011). They do not include capitalized borrowing costs in 2012 because of a net liquidity position (in 2011 they included €16 million of capitalized borrowing costs, corresponding to a capitalization rate of 2.47% for such costs).

Amortization and impairment in 2012 include €243 million of impairment of capitalized development expenses relating to five vehicles in the range and in mechanical adaptations (note 6-C).

Amortization and impairment in 2011 included cancellation of €88 million of impairment previously recorded on capitalized development expenses for three vehicles in the range, and €84 million of impairment recorded on one other vehicle (note 6-C).

A3 - Research and development expenses included in income

(€ million)	2012	2011
Research and development expenses	(1,889)	(2,064)
Capitalized development expenses	764	808
Amortization of capitalized development expenses	(790)	(771)
TOTAL REPORTED IN INCOME STATEMENT	(1,915)	(2,027)

B – Property, plant and equipment**B1 - Property, plant and equipment at December 31**

(€ million)	December 31, 2012	December 31, 2011
Land	593	598
Buildings	6,113	5,942
Specific tools	13,359	12,569
Machinery and other tools	10,007	9,656
Fixed assets leased to customers	2,040	2,139
Other tangibles	852	857
Construction in progress	1,653	1,545
Property, plant and equipment, gross	34,617	33,306
Land and buildings	(3,272)	(3,090)
Specific tools	(10,956)	(10,319)
Machinery and other tools	(7,421)	(7,154)
Fixed assets leased to customers	(690)	(608)
Other tangibles	(744)	(778)
Depreciation and impairment	(23,083)	(21,949)
Property, plant and equipment, net	11,534	11,357

Depreciation and impairment in 2012 include impairment of €36 million on two vehicles in the range (note 6-C), compared to €65million of impairment in 2011 on three vehicles in the range.

B2 - Changes during the year

Changes during 2012 in property, plant and equipment were as follows:

(€ million)	December 31, 2011	Acquisitions / (depreciation and impairment)	(Disposals)/ reversals	Translation adjustments	Change in scope of consolidation and other	December 31, 2012
Land	598	10	(23)	7	1	593
Buildings	5,942	248	(67)	(19)	9	6,113
Specific tools	12,569	1,094	(279)	(78)	53	13,359
Machinery and other tools	9,656	643	(248)	(54)	10	10,007
Fixed assets leased to customers	2,139	661	(782)	2	20	2,040
Other tangibles	857	58	(66)	(3)	6	852
Construction in progress ⁽¹⁾	1,545	221	(25)	(8)	(80)	1,653
Property, plant and equipment, gross ⁽²⁾	33,306	2,935	(1,490)	(153)	19	34 617
Land	-	-	-	-	-	-
Buildings	(3,090)	(239)	47	11	(1)	(3,272)
Specific tools	(10,319)	(964)	272	59	(4)	(10,956)
Machinery and other tools	(7,154)	(544)	228	42	7	(7,421)
Fixed assets leased to customers ⁽³⁾	(608)	(412)	330	(1)	1	(690)
Other tangibles	(778)	(30)	64	3	(3)	(744)
Construction in progress	-	-	-	-	-	-
Depreciation and impairment	(21,949)	(2,189)	941	114	-	(23,083)
Land	598	10	(23)	7	1	593
Buildings	2,852	9	(20)	(8)	8	2,841
Specific tools	2,250	130	(7)	(19)	49	2,403
Machinery and other tools	2,502	99	(20)	(12)	17	2,586
Fixed assets leased to customers	1,531	249	(452)	1	21	1,350
Other tangibles	79	28	(2)	-	3	108
Construction in progress ⁽¹⁾	1,545	221	(25)	(8)	(80)	1,653
Property, plant and equipment, net	11,357	746	(549)	(39)	19	11,534

(1) Items classified as "construction in progress" are transferred to completed asset categories via the "acquisitions / (depreciation and impairment)" column.

(2) Acquisitions do not include capitalized borrowing costs in 2012 because of a net liquidity position (in 2011 they included €26 million of capitalized borrowing costs, corresponding to a capitalization rate of 2.47% for such costs).

(3) Depreciation of assets leased to customers amounts to €248 million at December 31, 2012 (€163 million at December 31, 2011).

Changes during 2011 in property, plant and equipment were as follows:

(€ million)	Gross value	Depreciation and impairment	Net value
Value at December 31, 2010	32,246	(20,742)	11,504
Acquisitions/(depreciation and impairment)	2 610	(2,002)	608
(Disposals)/reversals	(1,361)	716	(645)
Translation adjustments	(166)	98	(68)
Change in scope of consolidation and other	(23)	(19)	(42)
Value at December 31, 2011	33,306	(21,949)	11,357

NOTE 12 – IMPAIRMENT TESTS ON FIXED ASSETS (OTHER THAN LEASED ASSETS)

The Group carried out impairment tests on its fixed assets under the approach described in the accounting policies (note 2-L).

A – Impairment tests on vehicle-specific and component-specific assets

Following impairment tests of assets dedicated to specific vehicles or components, impairment of €279 million was booked during 2012 (€149 million at December 31, 2011), in respect of five models in the range and mechanical adaptations. This impairment is allocated in priority to capitalized development expenses.

Apart from vehicles for which impairment has been recorded, other vehicles tested in previous half-years no longer display any evidence of impairment.

B – Impairment tests on cash-generating units – Automotive segment

In 2012, only the Korea cash-generating unit was subjected to an impairment test, as there were no indications of impairment in the Group's other geographically determined cash-generating units.

The recoverable value used for the purposes of the impairment tests for Korea is the value in use, determined under the discounted future cash flow method on the basis of the following assumptions:

Korea	2012	2011
Business plan duration	6 years	6 years
Growth rate to infinity	1.75 %	2.7 %
After-tax discount rate	8.8 %	8.5 %

In 2012 as in 2011, no impairment was recognized on assets included in the cash-generating units subjected to impairment tests.

An impairment test was also carried out on the Automotive segment as a cash-generating unit, following the same procedure as for tests of other cash-generating units.

The assumptions used for the Automotive segment are as follows:

	2012	2011
Business plan duration	6 years	6 years
Forecast sales volumes over the projected horizon (units)	3,432,000	3,350,000
Growth rate to infinity	1.8%	1.8 %
After-tax discount rate	8.8%	8.5 %

In 2012 as in 2011, no impairment was recognized on assets included in the Automotive segment as a result of the impairment tests.

Changes in the assumptions underlying the calculations show that to cover the assets, for each factor considered individually:

- The projected volume reduction must not exceed 300,000 units;
- The after-tax discount rate must not exceed 13%.

With a growth rate to infinity close to zero, the conclusions of the test are unaffected.

NOTE 13 – INVESTMENT IN NISSAN

A – Nissan consolidation method

Renault and Nissan have chosen to develop a unique type of alliance between two distinct companies with common interests, uniting forces to achieve optimum performance. The Alliance is organized so as to preserve individual brand identities and respect each company's corporate culture.

Consequently:

- Renault does not hold the majority of Nissan voting rights.
- The terms of the Renault-Nissan agreements do not entitle Renault to appoint the majority of Nissan directors, nor to hold the majority of voting rights at meetings of Nissan's Board of Directors; at December 31, 2012, Renault supplied three of the total nine members of Nissan's Board of Directors (four of the total nine members at December 31, 2011).
- Renault Nissan BV, owned 50% by Renault and 50% by Nissan, is the Alliance's joint decision-making body for strategic issues concerning either group individually. Its decisions are applicable to both Renault and Nissan. This entity does not enable Renault to direct Nissan's financial and operating strategies, and cannot therefore be considered to represent contractual control by Renault over Nissan. The matters examined by Renault Nissan BV since it was formed have remained strictly within this contractual framework, and are not an indication that Renault exercises control over Nissan.
- Renault can neither use nor influence the use of Nissan's assets in the same way as its own assets.
- Renault provides no guarantees in respect of Nissan's debt.

In view of this situation, Renault is considered to exercise significant influence in Nissan, and therefore uses the equity method to include its investment in Nissan in the consolidation.

B – Nissan consolidated financial statements included under the equity method in the Renault consolidation

The Nissan accounts included under the equity method in Renault's financial statements are Nissan's consolidated accounts published in compliance with Japanese accounting standards (as Nissan is listed on the Tokyo stock exchange), after adjustments for the requirements of the Renault consolidation.

Nissan publishes consolidated financial statements quarterly, and annually at March 31. For the purposes of the Renault consolidation, Nissan results are included in line with the Renault calendar (the results for the period January to December are consolidated in Renault's annual financial statements).

Nissan held 0.68% of treasury shares at December 31, 2012 (1.15% at December 31, 2011). Consequently, Renault's percentage interest in Nissan was 43.7% at December 31, 2012 (43.9% at December 31, 2011).

C – Changes in the investment in Nissan as shown in Renault's statement of financial position

(€ million)	Share in net assets			Net goodwill	Total
	Before neutralization	Neutralization proportional to Nissan's investment in Renault ⁽¹⁾	Net		
At December 31, 2011	14,953	(975)	13,978	953	14,931
2012 net income	1,234	-	1,234	-	1,234
Dividend distributed	(427)	-	(427)	-	(427)
Translation adjustment	(993)	-	(993)	(110)	(1,103)
Acquisitions of non-controlling interests ⁽²⁾	90	-	90	-	90
Treasury share transactions ⁽³⁾	6	-	6	(28)	(22)
Other changes ⁽⁴⁾	85	-	85	-	85
At December 31, 2012	14,948	(975)	13,973	815	14,788

- (1) Nissan has held 15% of Renault since the acquisition in 2002, excluding the subsequent impacts of Renault's purchases of its treasury shares.
- (2) After adjustment of the "Restatements for Renault group requirements" and application of the equity share ratio, the negative goodwill on Nissan's acquisition of all non-controlling interests in Aichi Kikai is reflected in a €90 million movement in "Reserves". Nissan provides details of this operation in its published financial statements at March 31, 2012.
- (3) Nissan acquired the non-controlling interests in Aichi Kikai from its former shareholders in exchange for Nissan treasury shares. After reversal of the related goodwill, this operation resulted in a loss of €22 million. Once the translation adjustment was transferred to the income statement, this loss led to recognition of an €11 million expense under "Other operating income and expenses" (note 6).
- (4) Other changes include Renault dividends received by Nissan, the change in actuarial gains and losses on pension obligations, the change in the financial instrument revaluation reserve.

D – Changes in Nissan equity restated for the purposes of the Renault consolidation

<i>(in billions of yen)</i>	December 31, 2011	2012 net income	Dividends	Translation adjustment	Acquisitions of non-controlling interests	Treasury shares	Other changes ⁽¹⁾	December 31, 2012
Shareholders' equity – Nissan share under Japanese GAAP	2,909	308	(94)	220	-	19	6	3,368
Restatements for Renault group requirements:								
Restatement of fixed assets	348	(1)	-	-	-	-	-	347
Provision for pension and other long-term employee benefit obligations ⁽²⁾	(165)	21	-	(8)	-	-	15	(137)
Capitalization of development expenses	526	(5)	-	1	-	-	-	522
Effect of changes in the scope of consolidation with no loss of control ⁽³⁾	-	(24)	-	-	24	-	-	-
Deferred taxes and other restatements ⁽⁴⁾	(206)	(12)	(7)	14	(3)	-	-	(214)
Net assets restated for Renault group requirements	3,412	287	(101)	227	21	19	21	3,886
<i>(€ million)</i>								
Net assets restated for Renault group requirements	34,054	2,822	(976)	(2,274)	205	181	194	34,206
Renault's share	43.9%							43.7%
(before the dilution and neutralization effect described below)	14,953	1,234	(427)	(993)	90	81	85	15,023
Dilutive effect	-	-	-	-	-	(75)	-	(75)
Neutralization of Nissan's investment in Renault ⁽⁵⁾	(975)	-	-	-	-	-	-	(975)
Renault's share in the net assets of Nissan	13,978	1,234	(427)	(993)	90	6	85	13,973

(1) Other changes include the effect of Renault dividends received by Nissan, the change in the actuarial gains and losses on pension obligations and the change in the financial instruments revaluation reserve.

(2) Including actuarial gains and losses recognized in equity.

(3) The acquisition of non-controlling interests in Aichi Kikai is considered as an equity transaction under IFRS. Under Japanese GAAP, the corresponding gain is included in the profit and loss account.

(4) Including elimination of Nissan's investment in Renault, accounted for under the equity method.

(5) Nissan has held 15% of Renault since the acquisition in 2002, excluding the subsequent impacts of Renault's purchase of its treasury shares.

E – Nissan net income under Japanese GAAP

Since Nissan's financial year ends at March 31, the Nissan net income included in the 2012 Renault consolidation is the sum of Nissan's net income for the final quarter of its 2011 financial year and the first three quarters of its 2012 financial year.

	January to March 2012		April to June 2012		July to September 2012		October to December 2012		January to December 2012	
	Fourth quarter of Nissan's 2011 financial year		First quarter of Nissan's 2012 financial year		Second quarter of Nissan's 2012 financial year		Third quarter of Nissan's 2012 financial year		Reference period for Renault's 2012 consolidated financial statements	
	(in billions of yen)	(€ million) ⁽¹⁾	(in billions of yen)	(€ million) ⁽¹⁾	(in billions of yen)	(€ million) ⁽¹⁾	(in billions of yen)	(€ million) ⁽¹⁾	(in billions of yen)	(€ million) ⁽¹⁾
Net income – parent-company shareholders' share	75	724	73	704	106	1,077	54	513	308	3,018

(1) Converted at the average 2012 exchange rate for each quarter.

F – Nissan financial information under IFRS

The table below presents Nissan financial information, restated for the purposes of the Renault consolidation, for the period January 1 – December 31, 2012. The restatements include adjustments for harmonization of accounting standards and the adjustments to fair value of assets and liabilities applied by Renault at the time of acquisitions in 1999 and 2002.

	(in billions of yen)	(€ million) ⁽¹⁾
2012 revenues	9,384	91,448
2012 net income ⁽²⁾	326	3,181
Shareholders' equity at December 31, 2012	4,179	36,783
Financial position total at December 31, 2012	13,033	114,715

(1) Converted at the average exchange rate for 2012 i.e. 102.6 JPY = 1 EUR for income statement items, and at the December 31, 2012 rate i.e. 113.6 JPY = 1 EUR for financial position items.

(2) The net income reported does not include Renault's contribution to Nissan net income.

G – Hedging of the investment in Nissan

The Group has partially hedged the Yen/Euro exchange risk on its investment in Nissan since 1999.

At December 31, 2012, the corresponding hedging operations totalled 110 billion yen (€966 million), comprising 27 billion yen (€238 million) of private placements on the EMTN market and 83 billion yen (€728 million) in bonds issued directly in yen on the Japanese Samurai bond market.

During 2012, these operations generated favourable foreign exchange differences of €110 million (€84 million unfavourable in 2011). After depreciation of deferred taxes, the year's net favourable effect of €35 million was included in the Group's translation adjustment reserves (note 19-E).

H – Valuation of Renault's investment in Nissan at stock market prices

Based on the quoted price at December 31, 2012 of JPY 811 per share, Renault's investment in Nissan is valued at €14,006 million (€13,550 million at December 31, 2011 based on the price of JPY 692 per share).

I – Impairment test of the investment in Nissan

At December 31, 2012, the stock market value of the investment was 5.3% lower than its book value in the assets of Renault's statement of financial position. In view of this, an impairment test was carried out in application of the approach presented in the note on accounting policies (note 2-L).

As this investment is strategic, in compliance with IAS 36 the recoverable value was determined based on the higher of stock market value, representing "fair value", and value in use, estimated on the basis of discounted cash flows defined in the business plan drawn up by Nissan management. An after-tax discount rate of 10% and a growth rate to infinity of 2.7% were used to calculate value in use. The terminal value was calculated under profitability assumptions consistent with Nissan's past data and balanced medium-term prospects.

The test results did not lead to recognition of any impairment on the investment in Nissan in 2012.

A 1% increase in the discount rate associated with a 1% decrease in the growth rate to infinity or a 2% decrease in the operating margin would have no impact on the book value of the investment in Nissan. Also, impairment is considered to be indicated by a stock market price of below 840 yen per share, and the Nissan share price has been above 900 yen since January 29, 2013.

J – Operations between the Renault group and the Nissan group

Renault and Nissan follow joint strategies for vehicle and part development, purchasing, and production and distribution resources.

The cooperation between the two groups in 2012 principally takes the following forms:

Joint investments

Renault and Nissan share development costs and investments for gearbox and engine production.

The two Groups have made joint investments since 2007 for production of Logan vehicles. This type of cooperation now also exists in South Africa, where the Nissan group has manufactured the Sandero since 2009.

Since 2011, the Alliance's Chennai plant in India has produced the first cross-badged Renault Pulse, an adaptation of the Nissan Micra using a 1.5 dCi diesel engine made at the Cleon plant in France.

Vehicle manufacturing

In Brazil, Renault supplies Nissan with assembly services for its Frontier pick-up and Livina models at the Curitiba plant. 31,770 vehicles were assembled during 2012.

Renault Samsung Motors produced 15,250 Nissan-badged SM3 vehicles in 2012, purchased by Nissan for sale through its own network (mainly in Russia and the Middle East).

Since 2011, the Chennai plant has provided assembly services for the Fluence and Koleos vehicles sold on the Indian market by Renault dealers. These services were extended in 2012 to include the Duster and Scala. Renault collected 36,000 vehicles from this plant in 2012.

Concerning light commercial vehicles, Nissan produced 56,700 Traffic vans over the year at its Barcelona plant in Spain in 2012. 8.1% of these are sold through the Nissan network. Renault, meanwhile, produced 3,600 Interstars (Nissan-badged Masters), which are purchased by Nissan for sale through its own network.

Part sales

In Europe, the Renault group produces engines common to the Alliance at its Cléon plant in France, for use by Nissan's Japanese and UK plants in the Nissan Qashqai and X-Trail vehicles.

Renault also supplies gearboxes and engines manufactured at the plants in Cacia in Portugal, Valladolid and Seville in Spain, Cléon in France and Pitesti in Romania to Nissan's plants in Sunderland in the UK, Barcelona in Spain, Saint Petersburg in Russia and Chennai in India.

In South America, Renault supplies gearboxes made by Cormeconica to Nissan plants located mostly in Mexico and Brazil. These parts are used in Nissan's Micra and Tiida.

In total Renault supplied 969,500 gearboxes and 388,100 engines during 2012.

In South Korea, Nissan supplies Renault Samsung Motors with parts used in production of the SM3 (Fluence), the SM5 (Latitude), the SM7 and the Koleos.

Since 2011, batteries and battery components produced by the Nissan/NEC joint venture AESC in Japan have been used to produce the zero-emission Fluence and Kangoo electric cars at Bursa in Turkey and Maubeuge in France. 9,900 units were produced in 2012.

Renault also uses Nissan's pinions for the Megane range, and automatic gearboxes, with continuous variable transmissions for the Megane and the Espace. Renault also uses a 2.0 litre engine developed jointly with Nissan for the Laguna and Clio. Nissan supplies rear axles for the Dacia Duster.

Sales

In Europe, Renault also markets Nissan vehicles in Bulgaria, Croatia, Romania, Serbia and Slovenia.

Conversely, Nissan markets Renault vehicles in Japan, Australia and the Gulf countries.

Finance

From trading rooms in Lausanne and Singapore, Renault Finance acts as the Nissan group's counterparty in financial instruments trading to hedge foreign exchange, interest rate and commodity risks, in addition to its business for Renault. On the foreign exchange markets during 2012, Renault Finance undertook foreign exchange transactions totalling approximately €23.8 billion on behalf of Nissan. Foreign exchange, interest rate and commodity derivative transactions, undertaken for Nissan, are recorded at market price and included in the positions managed by Renault Finance.

Relations with the Sales Financing segment

The Sales Financing segment helps to attract customers and build loyalty to the Nissan brands through a range of financing products and services incorporated into its sales policy, principally in Europe. In 2012, the consolidated RCI Banque subgroup recorded €143 million of income in the form of commission and interest received from Nissan.

Total figures for 2012

Total sales by Renault to Nissan and purchases by Renault from Nissan amounted to an estimated €2,100 million and €1,900 million respectively.

The joint policies for purchasing and other administrative functions such as information systems departments are reflected directly in the Renault and Nissan financial statements, and therefore generate no financial exchanges between the two Groups. The same applies to sales of powertrain parts by the Alliance to partners such as Daimler and AVTOVAZ.

NOTE 14 – INVESTMENTS IN OTHER ASSOCIATES

Details of investments in other associates are as follows:

- Value in the Group's statement of financial position : €774 million at December 31, 2012 (€1,060 million at December 31, 2011),
- Renault's share in the net income of other associates: €270 million for 2012 (€192 million for 2011).

At December 31, 2011, most of these amounts relate to the investments in AB Volvo and AVTOVAZ, accounted for under the equity method.

The investment in AB Volvo was sold in December 2012 as described below. Renault's interest in Avtovaz is now its largest investment in other associates.

A – AB Volvo

AB Volvo's financial year-end is December 31.

A1 – Sale of the investment in AB Volvo

In December 2012, the Group sold all of the A shares it still held in AB Volvo (138,605 thousands shares representing 6.5% of the capital) via a placement with institutional investors for the price of SEK 92.25 per share giving a total of €1,476 million.

The sale of the AB Volvo shares generated a profit of €924 million. This income is reported on a specific line of the Group's consolidated income statement due to its significant, non-recurrent nature.

This sale completes the Group's withdrawal from the capital of AB Volvo, which began in 2010 when the Group sold all its B shares (14.2% of the share capital).

A2 – Changes in the value of Renault's investment in AB Volvo as shown in Renault's statement of financial position

(€ million)	Share in net assets	Net goodwill	Total
At December 31, 2011	570	13	583
Net income for the period January 1 to September 30, 2012	80	-	80
Dividend distributed	(47)	-	(47)
Translation adjustment, actuarial gains and losses and revaluation of financial instruments	-	-	-
Effect of the sale of AB VOLVO shares	(603)	(13)	(616)
At December 31, 2012	-	-	-

The share in the net income of AB Volvo was calculated by applying a 6.8% percentage interest to net income for the first three quarters of 2012. AB Volvo's contribution for the fourth quarter of 2012 is not included in the Renault Group's financial statements, since there was no operation with a significant impact on AB Volvo's net income between October 1, 2012 and the date at which the shares were sold in December 2012.

A3 – Changes in AB Volvo equity restated for the purposes of the Renault consolidation

(€ million)	December 31, 2011	Net income from January 1 until September 30, 2012	Dividends	Other changes	September 30, 2012
Shareholders' equity –parent company shareholders' share	9,491	1,173	(683)	50	10,031
Restatements for Renault group requirements	(1,152)	-	-	(60)	(1,212)
Net assets restated for Renault group requirements	8,339	1,173	(683)	(10)	8,819
Renault's share in the net assets of AB Volvo	570	80	(47)	-	603

The restatements applied for Renault group requirements mainly concern cancellation of goodwill booked in AB Volvo's accounts when AB Volvo was acquired by Renault and recognition of actuarial gains and losses in equity.

A4 – AB Volvo financial information under IFRS

AB Volvo financial information for the period January 1 to September 30, 2012 established under IFRS, as published by AB Volvo, is summarized as follows:

	(in millions of SEK)	(€ million) ⁽¹⁾
Revenues for the period January 1 to September 30, 2012	231,853	26,546
Net income for the period January 1 to September 30, 2012	10,417	1,193

(1) Converted at the average exchange rate from January 1 to September 30, 2012 i.e. SEK 8.73 = € 1 for income statement items.

A5 – Operations between the Renault group and the AB Volvo group

There were no significant joint operations by the Renault group and the AB Volvo group in 2012.

B – AVTOVAZ

AVTOVAZ's financial year-end is December 31. For the purposes of the Renault consolidation, given the existing time constraints for production of financial information, the accounts of AVTOVAZ are consolidated with a 3-months time-lag. Consequently, the AVTOVAZ net income included in Renault's 2012 consolidated financial statements is the sum of AVTOVAZ's net income for the final quarter of its 2011 financial year and the first three quarters of its 2012 financial year.

B1 – Changes in the value of Renault's investment in AVTOVAZ as shown in Renault's statement of financial position

(€ million)	Share in net assets
At September 30, 2011	230
Net income for the period October 1, 2011 to September 30, 2012	186
Capital increases	-
Translation adjustment, actuarial gains and losses and revaluation of financial instruments	13
At September 30, 2012	429

Renault's percentage interest in AVTOVAZ at December 31, 2012 is unchanged from December 31, 2011 at 25%.

In December 2012, a new partnership agreement was signed between the Renault-Nissan Alliance and the public holding company Russian Technologies to form a joint venture, Alliance Rostec Auto B.V. This joint venture will control Avtovaz, combining the investments in AVTOVAZ held by the Renault-Nissan Alliance and Russian Technologies to play the role of majority shareholder.

Under this agreement, the Renault-Nissan Alliance will contribute 23 billion rubles entitling it to a 67.13% share in the joint venture, which will hold 74.5% of AVTOVAZ, by mid-2014. Renault will invest 11.3 billion rubles, with the objective of holding 50.1% of the joint venture in June 2014.

In parallel to this agreement, AVTOVAZ's debt was restructured, and 52 billion rubles of loans from Russian Technologies were rescheduled until 2032 free of interest. Most of AVTOVAZ's net income for 2012 results from discounting of this interest-free debt.

B2 – Changes in AVTOVAZ equity restated for the purposes of the Renault consolidation

(€ million)	October 1, 2011	Net income for the period October 1, 2011 – September 30, 2012	Capital increase	Other changes	September 30, 2012
Shareholders' equity – parent company shareholders' share	884	738	-	49	1,671
Restatements for Renault group requirements	37	8	-	(2)	43
Net assets restated for Renault group requirements	921	746	-	47	1,714
Renault's share in the net assets of AVTOVAZ	230	186	-	13	429

Restatements for Renault group requirements mainly concern valuation of intangibles (the Lada brand) and fair value measurement of financial liabilities.

B3 – AVTOVAZ financial information under IFRS

AVTOVAZ's published financial information under IFRS for 2011 (year ended December 31) and the first three quarters of the year 2012 are summarised below:

2011	<i>(millions of roubles)</i>	<i>(€ million)⁽¹⁾</i>
2011 revenues	175,073	4,283
2011 net income	6,677	163
Shareholders' equity at December 31, 2011	38,514	922
Financial position total at December 31, 2011	128,577	3,079

(1) Converted at the average exchange rate for 2011 i.e. 40.88 RUB = 1 EUR for income statement items and the exchange rate at December 31, 2011 i.e. 41.76 RUB = 1 EUR for balance sheet items.

January to September 2012	<i>(millions of roubles)</i>	<i>(€ million)⁽¹⁾</i>
Revenues, January – September 2012	140,490	3,530
Net income, January – September 2012 ⁽²⁾	29,557	740
Shareholders' equity at September 30, 2012	67,950	1,693
Financial position total at September 30, 2012	140,092	3,490

(1) Converted at the average exchange rate for January to September 2012, i.e. 39.80 RUB = 1 EUR for income statement items and the exchange rate at September 30, 2012, i.e. 40.14 RUB = 1 EUR for balance sheet items.

(2) Rescheduling of loans from Russian Technologies had an impact of 28.6 billion rubles.

B4 – Valuation of Renault's investment in AVTOVAZ at stock market prices

Based on AVTOVAZ's stock market share price, Renault's investment in AVTOVAZ is valued at €198 million at December 31, 2012, (€237 million at December 31, 2011).

B5 – Impairment test of the investment in AVTOVAZ

At December 31, 2012, the stock market value of the investment was 54% lower than the value of AVTOVAZ in Renault's balance sheet. In view of this, an impairment test was carried out in application of the approach presented in the note on accounting policies (note 2-L to the annual financial statements). An after-tax discount rate of 14.6% and a growth rate to infinity of 2.5% were used to calculate value in use. The terminal value was calculated under balanced profitability assumptions and medium-term prospects. The test results at December 31, 2012 did not lead to recognition of any impairment on the investment in AVTOVAZ.

B6 - Operations between the Renault group and the AVTOVAZ group

The Renault group continued to provide technical assistance to AVTOVAZ for several vehicle, engine and gearbox projects implemented by the Renault-Nissan Alliance and AVTOVAZ, and for assembly of the B0 platform shared by AVTOVAZ and the Alliance. Consulting services are also provided by Renault in areas such as purchases, quality and IT. During 2012, Renault invoiced €35 million to AVTOVAZ for this technical assistance.

Following the start of production on the Lada "Largus" minivan using the B0 platform, Renault started supplying AVTOVAZ with parts required for assembly, for a total amount of €94 million in 2012.

Renault's share in the B0 platform investment is recorded in tangible assets at the amount of €112 million at December 31, 2012.

In 2012, Renault paid AVTOVAZ €74 million in the form of 10-year loans.

NOTE 15 – INVENTORIES

<i>(€ million)</i>	December 31, 2012			December 31, 2011		
	Gross value	Impairment	Net value	Gross value	Impairment	Net value
Raw materials and supplies	1,161	(208)	953	1,322	(190)	1,132
Work in progress	232	-	232	261	-	261
Used vehicles	1,079	(130)	949	1,087	(122)	965
Finished products and spare parts	1,860	(130)	1,730	2,208	(137)	2,071
TOTAL	4,332	(468)	3,864	4,878	(449)	4,429

NOTE 16 – SALES FINANCING RECEIVABLES

A – Sales financing receivables by nature

<i>(€ million)</i>	December 31, 2012	December 31, 2011
Dealership receivables	6,736	5,934
Financing for end-customers	12,516	12,407
Leasing and similar operations	4,776	4,420
Gross value	24,028	22,761
Impairment	(798)	(861)
Net value	23,230	21,900
Fair Value	23,412	21,979

The fair value is estimated by discounting future cash flows at rates that would be applicable to similar loans (conditions, maturity and debtor quality) at the year-end. Receivables with a term of less than one year are not discounted, as their fair value does not differ significantly from their net book value.

B – Assignments and assets pledged as guarantees for management of the liquidity reserve

B1 – Assignments of sales financing assets

<i>(€ million)</i>	December 31, 2012	December 31, 2011
Assigned receivables carried in the balance sheet	8,814	8,739
Associated liabilities	3,902	3,704

The Sales Financing segment undertook several securitization operations through special purpose vehicles and conduit financing operations (in France, Italy, Germany and the United Kingdom) involving loans to final customers and receivables on the dealership network. This did not lead to derecognition of the receivables assigned, as all risks were retained by the Group. The associated liabilities correspond to securities resulting from the securitization operations, recognized in other debts represented by certificate.

The difference between the receivables assigned and the amount of the liability corresponds to the higher credit necessary for these operations, and the share of securities retained by RCI Banque to form a liquidity reserve.

Securitized assets can no longer be assigned or pledged. Subscribers to debt securities only have claims on the assets assigned.

At December 31, 2012, the fair value of sales financing receivables assigned still reported in the balance sheet was €8,842 million, and the associated liabilities amounted to €3,949 million.

B2 – Assets pledged as guarantees for management of the liquidity reserve

For management of the liquidity reserve, RCI Banque had provided guarantees of €2,933 million (€2,601 million in December, 2011) to the European Central Bank: €2,773 million in the form of shares in securitization vehicles and €160 million in sales financing receivables (€2,429 million and €172 million at December 31, 2011). RCI Banque had used €400 million of this liquidity reserve at December 31, 2012 (€350 million at December 31, 2011), classified as borrowings from credit institutions in sales financing debts (note 23).

At December 31, 2012, RCI Banque also provided guarantees to the Société de Financement de l'Economie Française (SFEF) in the form of receivables with book value of €341 million (€1,225 million at December 31, 2011), in return for financing of € 210 million (€785 million at December 31, 2011) recorded in borrowings from credit institutions in debts of the Sales Financing segment (note 23).

C – Sales financing receivables by maturity

(€ million)	December 31, 2012	December 31, 2011
- 1 year	13,964	12,851
1 to 5 years	9,162	8,987
+ 5 years	104	62
Total sales financing receivables, net	23,230	21,900

D – Breakdown of overdue sales financing receivables (gross values)

(€ million)	December 31, 2012	December 31, 2011
Receivables for which impairment has been recognized ⁽¹⁾: overdue by	577	643
- 0 to 30 days	14	12
- 30 to 90 days	53	53
- 90 to 180 days	57	54
- More than 180 days	453	524
Receivables for which no impairment has been recognized: overdue by	16	17
- 0 to 30 days	16	17
- More than 30 days	-	-

(1) This only includes sales financing receivables partly or totally written off through impairment on an individual basis.

The maximum exposure to credit risk for the sales financing activity is represented by the net book value of sales financing receivables plus the amount of financing commitments for customers reported under off-balance sheet commitments given (note 28-A).

This risk is reduced by guarantees provided by customers, as reported in off-balance sheet commitments received (note 28-B). In particular, guarantees held in connection with overdue or impaired sales financing receivables amounted to €538 million at December 31, 2012 (€537 million at December 31, 2011).

There is no indication at the year-end that the quality of sales financing receivables not yet due or unimpaired has been adversely affected, nor is there any significant concentration of risks within the sales financing customer base.

E – Changes in impairment of sales financing receivables

(€ million)	
Impairment at December 31, 2011	(861)
Impairment recorded during the year	(385)
Reversals for application	275
Reversals of unused residual amounts	174
Translation adjustment and other	(1)
Impairment at December 31, 2012	(798)

Net credit losses amounted to €61 million in 2012 (€25 million in 2011).

NOTE 17 – AUTOMOTIVE RECEIVABLES

(€ million)	December 31, 2012	December 31, 2011
Gross value	1,226	1,354
Impairment	(82)	(79)
Automotive receivables, net	1,144	1,275

These receivables do not include accounts receivable assigned to the Group's sales financing companies or other non-Group entities when substantially all the risks and benefits associated with ownership of the receivables are transferred. The risk of dilution (essentially the risks of non-settlement after a commercial dispute) is retained by the Group, but is considered negligible. Receivables assigned in this way to Group sales financing companies are included in sales financing receivables, principally dealership receivables.

When substantially all the risks and benefits are not transferred, although from a legal standpoint receivables have been assigned to Group sales financing companies or other non-Group entities, they remain in Automotive receivables and a corresponding financial liability is recorded (in other interest-bearing borrowings). The amount of assigned Automotive receivables that remain in the balance sheet because the Group retains the credit risk or risk of late settlement is not significant at December 31, 2012.

There is no significant concentration of risks within the Automotive customer base, and no single non-Group customer accounts for more than 10% of the Group's total sales revenues.

The fair value of Automotive receivables is equal to their net book value due to their short-term maturities.

NOTE 18 – OTHER CURRENT AND NON CURRENT ASSETS

(€ million)	December 31, 2012			December 31, 2011		
	Non-current	Current	Total	Non-current	Current	Total
Prepaid expenses	90	194	284	56	182	238
Tax receivables (excluding current taxes)	21	996	1,017	15	867	882
Other receivables	591	599	1,190	396	709	1,105
Investments in controlled unconsolidated entities	119	-	119	113	-	113
Derivatives on operating transactions of the Automotive segment	-	-	-	-	-	-
Derivatives assets on financing transactions of the Sales Financing segment	-	332	332	-	310	310
TOTAL	821	2,121	2,942	580	2,068	2,648
<i>Gross value</i>	<i>959</i>	<i>2,193</i>	<i>3,152</i>	<i>735</i>	<i>2,098</i>	<i>2,833</i>
<i>Impairment</i>	<i>(138)</i>	<i>(72)</i>	<i>(210)</i>	<i>(155)</i>	<i>(30)</i>	<i>(185)</i>

NOTE 19 – SHAREHOLDERS' EQUITY

A – Share capital

The total number of ordinary shares issued and fully paid-up at December 31, 2012 was 295,722 thousand, with par value of €3.81 per share (unchanged from December 31, 2011).

Treasury shares do not bear dividends. They accounted for 1.37% of Renault's share capital at December 31, 2012 (unchanged from December 31, 2011).

The Nissan group holds 15% of Renault through its wholly-owned subsidiary Nissan Finance Co., Ltd (the voting rights attached to these shares cannot be exercised).

B – Capital management

In managing its capital, the Group's objective is to guarantee continuity of business in order to provide returns for shareholders and benefits for other stakeholders, and to maintain optimum capital structure in order to optimise its cost.

The Group actively manages its capital structure, making adjustments in view of developments in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payments to shareholders, redeem some of the capital or issue new shares. The management objectives, policies and procedures are unchanged from 2011.

The Group's objectives are monitored in different ways in the different operating segments.

The Group manages the Automotive segment's capital with reference to a ratio equal to the segment's net indebtedness divided by the sum of shareholders' equity (net indebtedness includes all non-operating interest-bearing financial liabilities and commitments less cash and cash equivalents and other non-operating financial assets such as marketable securities or the segment's loans, shareholders' equity is as reported in the Group's financial position). The Group had a net liquidity position at December 31, 2012 (debt ratio equal to 1.2% at December 31, 2011).

The Sales Financing segment must comply with regulatory ratios specific to banking operations. The minimum solvency ratio (shareholders' equity including subordinated loans to total weighted risks) is 8%. RCI Banque's Core Tier 1 (without floor Bâle I) solvency ratio was 13.7% at December 31, 2012 (13.6% at December 31, 2011).

The Group also partially hedges its investment in Nissan (note 13-G).

C – Renault treasury shares

In accordance with decisions approved at General Shareholders' Meetings, the Board of Directors decided to allocate all Renault treasury shares to current stock-option plans awarded to Group managers and executives.

	December 31, 2012	December 31, 2011
Total value of treasury shares (€ million)	201	201
Total number of treasury shares	4,059,255	4,059,255

D – Distributions

At the General and Extraordinary Shareholders' Meeting of April 27, 2012, it was decided to distribute a dividend of €1.16 per share or a total of €338 million (€0.30 per share in 2011). This dividend was paid during May.

E – Translation adjustment

The change in translation adjustment over the year is as follows:

(€ million)	2012	2011
Change in translation adjustment on the value of the investment in Nissan	(1,120)	694
Impact, net of tax, of partial hedging of the investment in Nissan (note 13-H)	35	(142)
Total change in translation adjustment related to Nissan	(1,085)	552
Other changes in translation adjustment	(143)	(156)
Total change in translation adjustment	(1,228)	396

In 2012, other changes in the translation adjustment mostly resulted from movements in the Brazilian real, the Argentinian peso, the Iranian rial and the Korean won against the Euro. In 2011, the main currencies concerned were the Brazilian real, the Russian rouble and the Turkish lira.

F – Financial instrument revaluation reserve

F1 – Change in the financial instrument revaluation reserve

The figures below are reported net of tax effects.

(€ million)	Cash flow hedges	Available-for-sale financial assets	Total
At December 31, 2011 ⁽¹⁾	(78)	(51) ⁽³⁾	(129)
Changes in fair value recorded in shareholders' equity	(80)	213	133
Transfer from shareholders' equity to the income statement ⁽²⁾	41	(9)	32
At December 31, 2012 ⁽¹⁾	(117)	153 ⁽³⁾	36

(1) For the schedule of transfers of amounts related to cash flow hedges transferred to shareholders' equity, see note F-3 below.

(2) For a breakdown of the amounts related to cash flow hedges transferred to shareholders' equity, see note F-2 below.

(3) The revaluation reserve partly relates to Daimler shares (note 22-A).

F2 – Breakdown of the amounts related to cash flow hedges transferred from the financial instrument revaluation reserve to the income statement

(€ million)	2012	2011
Operating margin	31	12
Other operating income and expenses	-	-
Net financial income (expense)	-	(1)
Share in net income of associates	10	-
Current and deferred taxes	-	-
Total transferred to the income statement for cash flow hedges	41	11

F3 – Schedule of amounts related to cash flow hedges transferred from the financial instruments revaluation reserve to the income statement

(€ million)	December 31, 2012	December 31, 2011
Within one year	(12)	2
After one year	(57)	(47)
Revaluation reserve for cash flow hedges excluding associates	(69)	(45)
Revaluation reserve for cash flow hedges - associates	(48)	(33)
Total revaluation reserve for cash flow hedges	(117)	(78)

This schedule is based on contractual maturities of hedged cash flows.

G – Stock-option and free share attribution plans

Since October 1996, the Board of Directors has periodically granted stock-options to Group executives and managers, with prices and exercise periods specific to each plan.

2 new stock-option or free share plans were introduced in 2012. All plans introduced since 2006 include performance conditions which determine the number of options or shares granted to beneficiaries.

G1 – Changes in the number of stock-options held by personnel

	2012			2011		
	Quantity	Weighted average exercise price (€)	Weighted average share price at grant and exercise dates (€)	Quantity	Weighted average exercise price (€)	Weighted average share price at grant and exercise dates (€)
Outstanding at January 1	8,595,407	70	-	10,387,702	68	-
Granted	350,000 ⁽¹⁾	31	33	766,000	37	35
Exercised	-	-	-	-	-	-
Expired	(3,789,211)	59	N/A	(2,558,295)	52	N/A
Outstanding at December 31	5,156,196	76	-	8,595,407	70	-

(1) These stock option allocations correspond to the part of plan 19 dating from December 8, 2011, which was announced to the beneficiaries in 2012 and the options allocated under plan 20 to the Chairman and CEO at December 13, 2012.

G2 – Options and free share attribution rights yet to be exercised at December 31, 2012

Plan	Type of plan	Grant date	Exercise price (€)	Outstanding	Exercise period
Plan 11	Stock subscription options	September 13, 2005	72.98	1,446,900	September 14, 2009 – September 12, 2013
Plan 12	Stock subscription options	May 4, 2006	87.98	1,285,834	May 5, 2010 – May 5, 2014
Plan 14	Stock subscription options	December 5, 2006	93.86	1,492,906	December 6, 2010 – December 4, 2014
Plan 18	Stock purchase options	April 29, 2011	38.80	480,556	April 30, 2015 – April 28, 2019
Plan 18 bis	Attribution of free shares	April 29, 2011	-	1,110,345 94,800	April 30, 2014 – April 30, 2016 April 30, 2015
Plan 19	Stock purchase options	December 8, 2011	26.87	300,000	December 9, 2015 – December 7, 2019
Plan 19 bis	Attribution of free shares	December 8, 2011	-	550,700 53,200	December 8, 2013 – December 8, 2015 December 8, 2015
Plan 20	Stock purchase options ⁽¹⁾	December 13, 2012	37.43	447,800	December 13, 2016 – December 12, 2020
Plan 20 bis	Attribution of free shares ⁽¹⁾	December 13, 2012	-	593,100 86,800	December 13, 2014 – December 12, 2016 December 13, 2016

(1) Beneficiaries of these plans decided in 2012 were informed of the allocation in early 2013, except for the Chairman and CEO who was allocated 150,000 stock purchase options on December 13, 2012.

H – Share-based payments

Share-based payments exclusively concern stock-options and free shares awarded to personnel.

Plan values

The options awarded under these plans only become vested after a period of four years for plans 11 to 20. For stock-option plans, the exercise period then covers four years for plans 11 to 20. Loss of the benefit of these options follows the applicable regulations: all options are forfeited in the event of resignation, and a decision is made for each individual case when an employee leaves at the company's instigation.

The valuation method follows a suitable binomial mathematical model, with exercise of the options anticipated and spread over the exercise period on a straight-line basis. The volatility factor applied is implicit volatility at the grant date. The dividend used is determined by reference to the dividend payout schedule at the time each plan is valued.

The plans have been valued as follows:

N°plan	Initial value (thousand of €)	Unit fair value	Expense for 2012 (€ million)	Expense for 2011 (€ million)	Share price at grant date (€)	Volatility	Interest rate	Exercise price (€)	Duration of option	Dividend per share (€)
Plan 11	22,480	14.65	-	-	72.45	23.5 %	2.68%	72.98	4-8 years	1.80
Plan 12 ⁽¹⁾	17,324	16.20	-	-	87.05	28.1 %	3.90%	87.98	4-8 years	2.40 – 4.50
Plan 14 ⁽¹⁾	26,066	15.00	-	-	92.65	26.7 %	3.88%	93.86	4-8 years	2.40 – 4.50
Plan 18	3,422	9.31	(1)	(1)	36.70	37.28%	2.28%	38.80	4-8 years	0.30 – 1.16
Plan 18 bis	28,711	31.04	(9)	(5)	36.70	N/A	2.28%	N/A	3-5 years	0.30 – 1.16
Plan 19	1,608	5.36	-	-	27.50	42,24%	1.99%	26.87	4-8 years	1.19 – 1.72
Plan 19 bis	15,966	26.17	(4)	-	34.18	N/A	1.68%	N/A	2-4 years	1.17 – 1.73
TOTAL	115,577		(14)	(6)						

(1) For these plans, options or free share attribution rights have been awarded at different dates within the stated period. The information reported may correspond to weighted averages based on quantities awarded per grant date.

NOTE 20 – PROVISIONS

A – Provisions at December 31

(€ million)	December 31, 2012	December 31, 2011
Provisions (other than provisions for pension and other long-term employee obligations)	1,736	1,743
Provisions for restructuring and workforce adjustment costs	258	368
Provisions for warranty costs	688	675
Provisions for tax risks and litigation	336	284
Provisions related to insurance activities	161	124
Other provisions	293	292
Provisions for pension and other long-term employee benefit obligations	1,649	1,350
Total provisions	3,385	3,093
<i>Provisions – long-term</i>	<i>2,496</i>	<i>2,227</i>
<i>Provision – short-term</i>	<i>889</i>	<i>866</i>

All known litigation in which Renault or Group companies are involved is examined at each closing. After seeking the opinion of legal advisors, any provisions deemed necessary are set aside to cover the estimated risk.

B – Changes in provisions (other than provisions for pension and other long-term employee obligations)

(€ million)	Restructuring provisions	Warranty provisions	Tax risks and litigation provisions	Insurance activities ⁽¹⁾	Other provisions	Total
At December 31, 2011	368	675	284	124	292	1,743
Increases	68	387	116	56	58	685
Reversals of provisions for application	(131)	(345)	(32)	(19)	(31)	(558)
Reversals of unused balance of provisions	(50)	(24)	(17)	-	(26)	(117)
Changes in scope of consolidation	-	-	-	-	-	-
Translation adjustments and other changes	3	(5)	(15)	-	-	(17)
At December 31, 2012	258	688	336	161	293	1,736

(1) It's mainly about technical reserves of the insurance companies of the sales financing activity

In 2012, increases to restructuring provisions essentially comprise the effect of workforce adjustment measures in Europe (note 6-A).

Most of the reversals of unused provisions for restructuring relate to the updating of the provision for workforce adjustment measures in France to reflect the terms of departures that took place in 2012 (note 6-A).

At December 31, 2012, other provisions included €28 million of provisions established in application of environmental regulations (€35 million at December 31, 2011). These provisions include expenses related to the EU directive on end-of-life vehicles (note 28-A2) and environmental compliance costs for industrial land that the Group intends to sell (particularly on the Boulogne-Billancourt site). They also include €4 million for depollution of commercial land belonging to Renault Retail Group (RRG).

As greenhouse gas emissions were lower than the Group's allocated quotas, no associated provisions were booked at December 31, 2012.

C – Provisions for pensions and other long-term employee benefit obligations

C1 – Pension and benefit plans

Pensions and other long-term employee benefit obligations essentially concern current employees. These benefits are covered either by contributions to defined-contribution plans or by defined-benefit plans.

- Defined-contribution plans

The Group makes earnings-related payments, in accordance with local custom, to the national organizations responsible for paying pensions and similar financial benefits. There is no actuarial liability concerning these pension arrangements.

The total expense for defined-contribution plans is approximately €578 million in 2012 (€576 million in 2011).

- Defined-benefit plans

Provisions are established for this type of plan, mainly concerning indemnities payable upon retirement, but also covering:

- other payments upon retirement and supplementary pensions;
- other long-term benefits, chiefly long-service awards and flexible holiday entitlements;
- healthcare expense coverage.

Defined-benefit plans are sometimes covered by funds which are valued annually based on market value. The value of fund assets, if any, is deducted from the corresponding liability. In view of the amounts involved, the Group's exposure to risk resulting from changes in these fund asset values is low (see note 20-C6).

C2 – Actuarial assumptions

The main actuarial assumptions used for the companies in France, the country accounting for most of the Group's obligations, are the following:

Retirement age	60 to 65 years
Salary increase	3%
Discount rate ⁽¹⁾	2.6%

(1) The rate most frequently used to value the Group's obligations in France is 2.6% in 2012 (4.3% in 2011). However, the rate varies between companies depending on the maturities of obligations.

The weighted average rate of return expected for the Group's principal funds is 4.5% in 2012 (4.9% in 2011). In the UK, where a significant portion of the group's pension funds are invested, the expected rate of return is 5% (5.9% in 2011).

This return is determined based on past returns for each category of assets included in the portfolios.

C3 – Net expense for the year

(€ million)	2012	2011
Current service cost	93	95
Amortization of past service cost	(3)	(2)
Effect of plan curtailments	(7)	-
Interest cost	75	65
Expected return on fund assets	(18)	(18)
Effects of workforce adjustment measures	-	-
Net expense (income) for the year	140	140

C4 – Provisions at December 31

(€ million)	December 31, 2012	December 31, 2011
French companies	1,416	1,131
Foreign companies	233	219
TOTAL	1,649	1,350

C5 – Changes in obligations, fund assets and provision

(€ million)	Obligations	Fund assets	Obligations net of fund assets	Unrecorded past service costs	Balance sheet provision
Balance at December 31, 2011	1,752	(406)	1,346	4	1,350
Net expense for the year 2012 (note 20-C3)	160	(18)	142	(2)	140
Benefits paid out	(120)	20	(100)	-	(100)
Contributions to funds	-	(8)	(8)	-	(8)
Actuarial gains (losses)	290	(19)	271	-	271
Translation adjustments	10	(6)	4	-	4
Change in scope of consolidation and other	(8)	-	(8)	-	(8)
Balance at December 31, 2012	2,084	(437)	1,647	2	1,649

C6 – Breakdown of fund assets

(€ million)	December 31, 2012	December 31, 2011
Equities	96	90
Bonds	293	271
Other	48	45
Total fund assets	437	406

The weighted average real rate of return expected for the Group's principal funds is 8.1% in 2012. In the UK, where a significant portion of the Group's pension funds are invested, the expected real rate of return for 2012 is 11.5%.

The current best estimate for contributions payable in 2013 is close to €10 million.

C7 – Historical data

(€ million)	December 31, 2012	December 31, 2011	December 31, 2010	December 31, 2009	December 31, 2008
Obligations not covered by funds	1,487	1,206	1,119	1,045	977
Obligations covered by funds	597	546	513	447	376
Total obligations (A)	2,084	1,752	1,632	1,492	1,353
Value of fund assets (B)	437	406	392	347	307
Funding status (B) – (A)	(1,647)	(1,346)	(1,240)	(1,145)	(1,046)
Actuarial gains and losses on obligations recorded in equity during the year (before tax)	(290)	(23)	(38)	(66)	44
Actuarial gains and losses on fund assets recorded in equity during the year (before tax)	19	(1)	19	12	(47)

The cumulative actuarial net-of-tax gains and losses (excluding the associates' share) included in Other components of comprehensive income is a loss of €546 million at December 31, 2012 (loss of €278 million at December 31, 2011).

NOTE 21 – OTHER CURRENT AND NON CURRENT LIABILITIES

(€ million)	December 31, 2012			December 31, 2011		
	Non-current	Current	Total	Non-current	Current	Total
Tax liabilities (excluding current taxes)	170	855	1,025	308	819	1,127
Social liabilities	17	1,555	1,572	15	1,599	1,614
Other liabilities	262	3,846	4,108	255	3,555	3,810
Deferred income	395	545	940	146	559	705
Derivatives on operating transactions of the Automotive segment	-	4	4	-	2	2
Total	844	6,805	7,649	724	6,534	7,258

Other liabilities mainly correspond to deferred income recorded in connection with sales contracts including a buy-back commitment.

4.2.7.4 Financial assets and liabilities, fair value and management of financial risks

NOTE 22 – FINANCIAL ASSETS – CASH AND CASH EQUIVALENTS

A – Current/non-current breakdown

(€ million)	December 31, 2012			December 31, 2011		
	Non-current	Current	Total	Non-current	Current	Total
Investments in non-controlled entities	788	-	788	699	-	699
Marketable securities and negotiable debt instruments	-	171	171	-	88	88
Loans	68	622	690	89	329	418
Derivative assets on financing operations by the Automotive segment	176	196	372	280	827	1,107
Total financial assets	1,032	989	2,021	1,068	1,244	2,312
<i>Gross value</i>	<i>1,033</i>	<i>1,002</i>	<i>2,035</i>	<i>1,069</i>	<i>1,257</i>	<i>2,326</i>
<i>Impairment</i>	<i>(1)</i>	<i>(13)</i>	<i>(14)</i>	<i>(1)</i>	<i>(13)</i>	<i>(14)</i>
Cash equivalents	-	3,647	3,647	-	118	118
Cash on hand and bank deposits	-	7,533	7,533	-	8,554	8,554
Total cash and cash equivalents	-	11,180	11,180	-	8,672	8,672

Information on the counterparty risks associated with financial assets and cash and cash equivalents is provided in note 25-B6.

A1 – Investments in non-controlled entities

Investments in non-controlled entities include €680 million (€558 million at December 31, 2011) for the Daimler shares purchased under the strategic partnership agreement.

These shares are classified as available-for-sale financial assets and their fair value is determined by reference to the market price. At December 31, 2012, the stock market price (41.32 euros per share) was higher than the acquisition price (35.52 euros per share). The corresponding increase in value, amounting to €122 million, is recorded in other components of comprehensive income of 2012.

Investments in non-controlled entities also include €69 million at December 31, 2012 (€103 million at December 31, 2011) paid to the Modernization Fund for Automotive Equipment Manufacturers (*Fonds de Modernisation des Equipementiers Automobiles* - FMEA), as part of the support plan for these suppliers introduced by the French authorities and automakers. Renault has undertaken a commitment to pay a total of €200 million as funds are called.

The fair value of these securities is determined by reference to the most recent net asset value reported by the FMEA's management company, after adjustment for any relevant information that becomes known afterwards. In 2012, the decline in their fair value was considered durable, and was recognized in other financial expenses in the amount of €46 million at December 31, 2012.

A2 – Non-available cash and cash equivalents

The Group has liquidities in countries where repatriation of funds can be complex for regulatory or political reasons. In most of these countries, such funds are used locally for industrial purposes.

As a result of repatriation difficulties linked to foreign exchange controls in Iran, the cash and cash equivalents of Renault Pars were reclassified as current financial assets at December 31, 2012 (€158 million at December 31, 2012 compared to €196 million at December 31, 2011) (note 6-D1).

B – Breakdown by category of financial instruments and fair value

(€ million)	Instruments Held for trading ⁽¹⁾	Hedging derivatives	Available-for-sale instruments	Total instruments carried at fair value	Loans and receivables	Total
Investments in non-controlled entities	-	-	788	788	-	788
Marketable securities and negotiable debt instruments	-	-	171	171	-	171
Loans	-	-	-	-	690	690
Derivative assets on financing operations by the Automotive segment	233	139	-	372	-	372
Total financial assets at December 31, 2012	233	139	959	1,331	690	2,021
Cash equivalents	-	-	132	132	3,515	3,647
Cash	-	-	-	-	7,533	7,533
Total cash and cash equivalents at December 31, 2012	-	-	132	132	11,048	11,180
Investments in non-controlled entities	-	-	699	699	-	699
Marketable securities and negotiable debt instruments	-	-	88	88	-	88
Loans	-	-	-	-	418	418
Derivative assets on financing operations by the Automotive segment	991	116	-	1,107	-	1,107
Total financial assets at December 31, 2011	991	116	787	1,894	418	2,312
Cash equivalents	82	-	36	118	-	118
Cash	-	-	-	-	8,554	8,554
Total cash and cash equivalents at December 31, 2011	82	-	36	118	8,554	8,672

(1) Including derivatives not designated as hedges for accounting purposes.

No financial assets were reclassified between categories in 2012 (or 2011).

The fair value of loans is €707 million at December 31, 2012 (€431 million at December 31, 2011). For loans with original maturity of less than three months and floating-rate loans, the value recorded in the assets in the statement of financial position is considered to be the fair value. Other fixed-rate loans have been measured by discounting future cash flows using the rates offered to Renault at December 31, 2012 and December 31, 2011 for loans with similar conditions and maturities.

The fair value of cash is equal to its net book value, due to its short-term maturity.

NOTE 23 – FINANCIAL LIABILITIES AND SALES FINANCING DEBTS

A – Current/non-current breakdown

(€ million)	December 31, 2012			December 31, 2011		
	Non-current	Current	Total	Non-current	Current	Total
Renault SA redeemable shares	249	-	249	231	-	231
Bonds	4,525	1,249	5,774	3,895	1,131	5,026
Other debts represented by a certificate	-	158	158	-	200	200
Borrowings from credit institutions (at amortized cost)	787	1,455	2,242	1,049	1,029	2,078
Borrowings from credit institutions (at fair value)	220	-	220	222	-	222
Other interest-bearing borrowings	521	53	574	512	72	584
Financial liabilities of the Automotive segment (excluding derivatives)	6,302	2,915	9,217	5,909	2,432	8,341
Derivative liabilities on financing operations of the Automotive segment	60	179	239	157	798	955
Total financial liabilities of the Automotive segment	6,362	3,094	9,456	6,066	3,230	9,296
DIAC redeemable shares	9	-	9	10	-	10
Bonds	-	11,513	11,513	-	10,767	10,767
Other debts represented by a certificate	251	6,785	7,036	251	6,918	7,169
Borrowings from credit institutions	-	3,930	3,930	-	4,133	4,133
Other interest-bearing borrowings	-	973	973	-	87	87
Total financial liabilities and debts of the Sales Financing segment (excluding derivatives)	260	23,201	23,461	261	21,905	22,166
Derivative liabilities on financing operations of the Sales Financing segment	-	104	104	-	91	91
Financial liabilities and debts of the Sales Financing segment	260	23,305	23,565	261	21,996	22,257
TOTAL FINANCIAL LIABILITIES AND SALES FINANCING DEBTS	6,622	26,399	33,021	6,327	25,226	31,553

Redeemable shares

The redeemable shares issued in October 1983 and April 1984 by Renault SA are subordinated perpetual shares. They earn a minimum annual return of 9% comprising a fixed portion 6.75% and a variable portion that depends on consolidated revenues and is calculated based on identical Group structure and methods. The return on redeemable shares, amounting to €17 million for 2012 (€17 million for 2011), is included in interest expenses. These shares are listed on the Paris Stock Exchange, and traded for €290 at December 31, 2011 and €312 at December 31, 2012 for par value of €153 leading to a corresponding €18 million adjustment to the fair value of redeemable shares recorded in other financial expenses (note 7).

The return on Diac redeemable shares issued in 1985 comprises a fixed portion equal to the Annual Monetary Rate, and a variable portion calculated by multiplying an amount equal to 40% of the Annual Monetary Rate by the rate of increase in net consolidated profit of the Diac sub-group compared to the prior year.

Changes in bonds

In 2012, Renault SA redeemed bonds issued between 2005 and 2010 for a total of €1,073 million, and undertook new bonds issues totalling €1,952 million with maturities between 2013 and 2017.

RCI Banque also redeemed bonds for a total of €2,765 million in 2012, and issued new bonds totalling €3,509 million and maturing between 2013 and 2017.

€180 million loan from the European Investment Bank

In 2012, the European Investment Bank granted Renault a new four-year loan of €180 million.

Credit lines

At December 31, 2012, Renault SA had confirmed credit lines opened with banks worth €3,485 million (€3,810 million at December 31, 2011). The short-term portion amounted to €355 million at December 31, 2012 (€880 million at December 31, 2011). These credit lines had not been used at December 31, 2012 (or in 2011).

Sales financing's confirmed credit lines opened in several currencies with banks amounted to €4,696 million (€4,589 million at December 31, 2011). The short-term portion amounted to €657 million at December 31, 2012 (€507 million at December 31, 2011). These credit lines were unused at December 31, 2012 (or in 2011).

The contractual documentation for financial liabilities and confirmed credit lines contains no clause that could affect the continued supply of credit in the event of any change in Renault's credit rating or financial ratio compliance.

B – Breakdown by category of financial instrument and fair value

(€ million)	Instruments stated at fair value				Instruments stated at amortized cost ⁽²⁾		Balance sheet value
	Instruments held for trading ⁽¹⁾	Hedging derivatives	Instruments designated from initial recognition as at fair value	Total instruments stated at fair value	Balance sheet value	Fair value	
December 31, 2012							
Renault SA redeemable shares	-	-	249	249	-	-	249
Bonds	-	-	-	-	5,774	6,015	5,774
Other debts represented by a certificate	-	-	-	-	158	158	158
Borrowings from credit institutions	-	-	220	220	2,242	2,194	2,462
Other interest-bearing borrowings	-	-	-	-	574	605	574
Derivative liabilities on financing operations of the Automotive segment	236	3	-	239	-	-	239
Total financial liabilities of the Automotive segment	236	3	469	708	8,748	8,972	9,456
Diac redeemable shares	-	-	9	9	-	-	9
Bonds	-	-	-	-	11,513	11,682	11,513
Other debts represented by a certificate	-	-	-	-	7,036	6,828	7,036
Borrowings from credit institutions	-	-	-	-	3,930	3,984	3,930
Other interest-bearing borrowings	-	-	-	-	973	973	973
Derivative liabilities on financing operations of the Sales Financing segment	50	54	-	104	-	-	104
Financial liabilities and debts of the Sales Financing segment	50	54	9	113	23,452	23,467	23,565

(1) Including derivatives not classified as hedges for accounting purposes.

(2) Including financial liabilities subject to fair value hedges.

	Instruments stated at fair value				Instruments stated at amortized cost ⁽²⁾		Balance sheet value
	Instruments held for trading ⁽¹⁾	Hedging derivatives	Instruments designated from initial recognition as at fair value	Total instruments stated at fair value	Balance sheet value	Fair value	
(€ million) December 31, 2011							
Renault SA redeemable shares	-	-	231	231	-	-	231
Bonds	-	-	-	-	5,026	5,057	5,026
Other debts represented by a certificate	-	-	-	-	200	200	200
Borrowings from credit institutions	-	-	222	222	2,078	2,082	2,300
Other interest-bearing borrowings	-	-	-	-	584	584	584
Derivative liabilities on financing operations of the Automotive segment	950	5	-	955	-	-	955
Total financial liabilities of the Automotive segment	950	5	453	1,408	7,888	7,923	9,296
DIAC redeemable shares	-	-	10	10	-	-	10
Bonds	-	-	-	-	10,767	10,600	10,767
Other debts represented by a certificate	-	-	-	-	7,169	7,197	7,169
Borrowings from credit institutions	-	-	-	-	4,133	4,112	4,133
Other interest-bearing borrowings	-	-	-	-	87	87	87
Derivative liabilities on financing operations of the Sales Financing segment	42	49	-	91	-	-	91
Financial liabilities and debts of the Sales Financing segment	42	49	10	101	22,156	21,996	22,257

(1) Including derivatives not classified as hedges for accounting purposes.

(2) Including financial liabilities subject to fair value hedges

The fair value of financial liabilities and debts of the Sales Financing segment stated at amortized cost is essentially determined by discounting future cash flows at rates offered to Renault at December 31, 2012 and 2011 for loans with similar conditions and maturities.

C – Breakdown by maturity

For financial liabilities including derivatives, contractual flows are similar to the expected flows and correspond to the amounts to be paid.

For floating-rate financial instruments, interest is calculated using interest rates as at December 31, 2012.

No contractual flows are reported for Renault and Diac redeemable shares as they have no fixed redemption date.

C1 – Financial liabilities of the Automotive segment

(€ million)	December 31, 2012							
	Balance sheet value	Total contractual flows	- 1 yr	1 - 2 yrs	2 - 3 yrs	3 - 4 yrs	4 - 5 yrs	+ 5 yrs
Bonds issued by Renault SA (by issue date)								
2003	41	41	-	41	-	-	-	-
2006	539	528	500	28	-	-	-	-
2007	66	66	-	56	-	-	10	-
2008	406	406	406	-	-	-	-	-
2009	747	750	-	750	-	-	-	-
2010	1,282	1,292	142	-	650	-	500	-
2011	733	698	136	62	-	500	-	-
2012	1,908	1,892	-	704	88	250	850	-
Accrued interest, expenses and premiums	52	57	57	-	-	-	-	-
Total bonds	5,774	5,730	1,241	1,641	738	750	1,360	-
Other debts represented by a certificate	158	158	158	-	-	-	-	-
Borrowings from credit institutions	2,462	2,458	1,454	256	201	220	236	91
Other interest-bearing borrowings	574	780	84	26	16	9	309	336
Total other financial liabilities	3,194	3,396	1,696	282	217	229	545	427
Future interest on bonds and other financial liabilities	-	719	172	193	109	63	141	41
Redeemable shares	249	-	-	-	-	-	-	-
Derivative liabilities on financing operations	239	235	178	6	11	37	3	-
Total financial liabilities of the Automotive segment	9,456	10,080	3,287	2,122	1,075	1,079	2,049	468

The portion of financial liabilities of the Automotive segment maturing within one year breaks down as follows:

(€ million)	December 31, 2012			
	Contractual flows maturing within 1 year	- 1 month	1-3 months	3 months – 1 year
Bonds	1,241	46	85	1,110
Other financial liabilities	1,696	370	586	740
Future interest on bonds and other financial liabilities	172	3	34	135
Derivative liabilities on financing operations	178	81	36	61
Total financial liabilities maturing within 1 year	3,287	500	741	2,046

C2 – Financial liabilities and debts of the Sales Financing segment

(€ million)	December 31, 2012							
	Balance sheet value	Total contractual flows	- 1 yr	1 - 2 yrs	2 - 3 yrs	3 - 4 yrs	4 – 5 yrs	+ 5 yrs
Bonds issued by RCI Banque (year of issue)								
2005	10	10	-	-	10	-	-	-
2006	13	11	-	-	11	-	-	-
2010	2,803	2,751	1,406	-	618	727	-	-
2011	4,977	4,815	485	2,491	618	1,221	-	-
2012	3,505	3,481	369	934	1,221	223	734	-
Accrued interest, expenses and premiums	205	241	241	-	-	-	-	-
Total bonds	11,513	11,309	2,501	3,425	2,478	2,171	734	-
Other debts represented by a certificate	7,036	7,036	4,660	965	882	3	526	-
Borrowings from credit institutions	3,930	3,923	1,959	994	746	216	8	-
Other interest-bearing borrowings	973	973	973	-	-	-	-	-
Total other financial liabilities	11,939	11,932	7,592	1,959	1,628	219	534	-
Future interest on bonds and other financial liabilities	-	1,323	494	410	270	110	39	-
Redeemable shares	9	-	-	-	-	-	-	-
Derivative liabilities on financing operations	104	96	69	20	6	1	-	-
Total Financial liabilities and debts of the Sales Financing segment	23,565	24,660	10,656	5,814	4,382	2,501	1,307	-

The portion of financial liabilities and debts of the Sales Financing segment maturing within one year breaks down as follows:

(€ million)	December 31, 2012			
	Contractual flows maturing within 1 year	-1 month	1-3 months	3 months – 1 year
Bonds	2,501	604	68	1,829
Other financial liabilities	7,592	4,049	1,277	2,266
Future interest on bonds and other financial liabilities	494	14	32	448
Derivative liabilities on financing operations	69	11	10	48
Total financial liabilities maturing within 1 year	10,656	4,678	1,387	4,591

NOTE 24 – FAIR VALUE OF FINANCIAL INSTRUMENTS AND IMPACT ON NET INCOME

A – Fair value of financial instruments by level

The following breakdown by level is presented for financial instruments carried in the balance sheet at fair value:

- Level 1: instruments whose fair values are derived from a listed price in an active market
- Level 2: instruments whose fair values are derived from observable market prices and are not included in Level 1
- Level 3: instruments whose fair values are derived from data not observable on the market.

(€ million)	December 31, 2012			
	Fair value in balance sheet	Level 1	Level 2	Level 3
Investments in non-controlled entities	788	680	-	108
Marketable securities and negotiable debt instruments	171	60	111	-
Derivative assets on financing operations by the Automotive segment	372	-	372	-
Derivative assets on transactions undertaken for operating purposes by the Automotive segment	1	-	1	-
Derivative assets on financing operations by the Sales Financing segment	332	-	332	-
Cash equivalents	132	132	-	-
Financial instruments stated at fair value in the balance sheet assets	1,796	872	816	108
Renault SA redeemable shares	249	249	-	-
Borrowings from credit institutions by the Automotive segment	220	-	220	-
Derivative liabilities on transactions undertaken for financing purposes by the Automotive segment	239	-	239	-
Derivative liabilities on transactions undertaken for operating purposes by the Automotive segment	4	-	4	-
DIAC redeemable shares	9	9	-	-
Derivative liabilities on financing operations of the Sales Financing segment	104	-	104	-
Financial instruments stated at fair value in the balance sheet liabilities	825	258	567	-

Estimated fair values are based on information available on the markets and arrived at using valuation methods appropriate to the types of instrument in question. However, the methods and assumptions used are by nature theoretical, and judgment plays a major role in interpreting market data.

Fair values have been determined on the basis of information available at the end of the year and do not therefore take account of subsequent movements.

In general, the valuation methods for each level are as follows:

- Level 1: fair value is identical to the most recent listed price;
- Level 2: fair value is generally determined by recognized valuation models that use observable market data;
- Level 3: the fair value of investments in non-controlled companies is based on the share of net assets

In 2012 no financial instruments were transferred between Level 1 and Level 2, or into or out of Level 3.

B – Changes in Level 3 financial instruments

Level 3 financial instruments amounted to €108 million at December 31, 2012. They decreased by €33 million over the year, essentially due to impairment of €46 million on shares in the Modernization Fund for Automotive Equipment Manufacturers (Fonds de Modernisation des Equipementiers Automobiles - FMEA) (note 22-A1).

C – Impact of financial instrument on net income

(€ million)	Financial assets other than derivatives			Financial liabilities other than derivatives		Derivatives	Total impact on net income
	Instrum ents held for trading	Available- for-sale instruments	Loans and receivables	Instruments designated as at fair value through profit and loss	Instruments stated at amortized cost ⁽¹⁾		
2012							
Interest income	-	-	147	-	-	37	184
Interest expenses	-	-	-	(17)	(423)	(11)	(451)
Change in fair value	-	(45)	5	(18)	2	12	(44)
Impairment	-	-	1	-	-	-	1
Dividends	-	39	-	-	-	-	39
Gains (losses) on sale	-	-	2	-	-	-	2
Net foreign exchange gains and losses	25	-	(2)	-	(347)	-	(324)
Total impact on net income - Automotive segment	25	(6)	153	(35)	(768)	38	(593)
<i>Including:</i>							
- operating margin	-	-	42	-	(103)	(3)	(64)
- other operating income and expenses	-	-	(47)	-	(243)	-	(290)
- net financial income (expense)	25	(6)	158	(35)	(422)	41	(239)
Interest income	-	1	1,612	-	-	112	1,725
Interest expenses	-	-	-	-	(1,127)	(90)	(1,217)
Change in fair value	-	-	-	-	(66)	64	(2)
Impairment	-	(2)	(59)	-	-	-	(61)
Dividends	-	-	-	-	-	-	-
Gains (losses) on sale	-	-	-	-	-	-	-
Net foreign exchange gains and losses	-	-	-	-	-	-	-
Total impact on net income - Sales Financing segment	-	(1)	1,553		(1,193)	86	445
<i>Including :</i>							
- operating margin	-	(1)	1,553	-	(1,193)	86	445
- other operating income and expenses	-	-	-	-	-	-	-
- net financial income (expense)	-	-	-	-	-	-	-
TOTAL GAINS AND LOSSES WITH IMPACT ON NET INCOME	25	(7)	1,706	(35)	(1,961)	124	(148)

(1) Including financial liabilities subject to fair value hedges.

For the Automotive segment, the impact of financial instruments on net income mainly corresponds to foreign exchange gains and losses on operating transactions, and impairment of operating receivables.

D – Fair value hedges

(€ million)	2012	2011
Change in fair value of the hedging instrument	51	212
Change in fair value of the hedged item	(22)	(211)
Net impact on net income of fair value hedges	29	1

This net impact of fair value hedges on net income corresponds to the ineffective portion of hedges. Hedge accounting methods are described in note 2-V.

NOTE 25 – DERIVATIVES AND MANAGEMENT OF FINANCIAL RISKS

A – Fair value of derivatives

The fair value of derivatives corresponds to their balance sheet value.

(€ million)	Financial assets		Other assets	Financial liabilities and Sales Financing debts		Other liabilities
	Non-current	Current	Current	Non-current	Current	Current
December 31, 2012						
Cash flow hedges	-	-	-	-	-	4
Fair value hedges	-	-	70	-	(1)	-
Hedge of the net investment in Nissan	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	109	15	-	175	-
Total foreign exchange risk	-	109	85	-	174	4
Cash flow hedges	3	-	70	3	55	-
Fair value hedges	116	20	177	-	-	-
Derivatives not classified as hedges and derivatives held for trading	57	67	-	57	54	-
Total interest rate risk	176	87	247	60	109	-
Cash flow hedges	-	-	-	-	-	-
Fair value hedges	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	-	-	-	-	-
Total commodity risk	-	-	-	-	-	-
Total	176	196	332	60	283	4

(€ million)	Financial assets		Other assets	Financial liabilities and Sales Financing debts		Other liabilities
	Non-current	Current	Current	Non-current	Current	Current
December 31, 2011						
Cash flow hedges	-	-	-	-	1	2
Fair value hedges	-	5	124	-	(4)	-
Hedge of the net investment in Nissan	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	426	26	-	489	-
Total foreign exchange risk	-	431	150	-	486	2
Cash flow hedges	6	-	64	3	52	-
Fair value hedges	87	18	96	-	1	-
Derivatives not classified as hedges and derivatives held for trading	187	378	-	154	350	-
Total interest rate risk	280	396	160	157	403	-
Cash flow hedges	-	-	-	-	-	-
Fair value hedges	-	-	-	-	-	-
Derivatives not classified as hedges and derivatives held for trading	-	-	-	-	-	-
Total commodity risk	-	-	-	-	-	-
Total	280	827	310	157	889	2

The Renault Group's specialist subsidiary Renault Finance handles the Automotive segment's short-term interbank investments. It is also Nissan's counterparty in derivatives trading to hedge exchange, interest rate and commodity risks.

The fair values of derivatives reported in the Group's consolidated financial position assets and liabilities mainly relate to Renault Finance's business conducted on its own behalf and its transactions with Renault and Nissan subsidiaries.

B – Management of financial risks

The Group is exposed to the following financial risks:

- Liquidity risks
- Market risks (foreign exchange, interest rate, equity and commodity risks)
- Counterparty risks
- Credit risks (notes 16 and 17)

B1 – Liquidity risk

The Group is financed via the capital markets, through:

- long-term resources (bond issues, private placements, project financing, etc);
- short-term bank loans or commercial paper issues;
- securitization of receivables by RCI Banque.

The Automotive segment needs sufficient financial resources to finance its day-to-day business and the investments necessary for future growth. It therefore regularly borrows on the banking and capital markets to refinance its gross debt and guarantee liquidity for the Automotive segment, and this exposes it to liquidity risk in the event of extended market closures or tensions over credit availability. As part of its centralised cash management policy, Renault SA handles most refinancing for the Automotive segment through long-term resources via the capital markets (bond issues and private placements), short-term financing such as treasury notes, or project financing via the banking sector or semi-public bodies.

Medium-term refinancing for the Automotive segment in 2012 was mostly provided by a 5-year bond totalling €1,355 million as part of Renault SA's EMTN programme (including €1,100 million of issues in euros) and 2-year "Shelf documentation" issues on the Japanese market for an amount of 62.4 billion yen.

The European Investment Bank approved a new loan of €180 million to Renault.

The contractual documentation for this financing contains no clause that could affect the continued supply of credit in the event of any change in Renault's credit rating or financial ratio compliance.

Renault also has confirmed credit lines opened with banks worth €3,485 million, maturing at various times up to 2017. None of these credit lines was used in 2012. These confirmed credit lines form a liquidity reserve for the Automotive segment, and act partly as backup lines of credit for short-term commercial paper issues.

The contractual documentation for these confirmed bank credit facilities contains no clause that might adversely affect credit availability or continuation as a result of a change in Renault's credit rating or financial ratio compliance.

Given its available cash reserves (€10.1 billion) and confirmed credit lines unused at year-end (€3.5 billion), the Automotive segment has sufficient financial resources to cover its commitments over a 12-month horizon.

Confirmed credit lines open but unused are described in note 23-A

The Sales Financing segment's business depends on reliable access to financial resources: any restriction on access to banking and financial markets would lead to downscaling of its financing activity and/or raise the cost of the financing negotiated. The liquidity risk is closely monitored on a regular basis. The static liquidity position, which has been constantly positive over the last few years, reflecting surplus long-term resources compared to applications, remains positive. RCI Banque therefore distributes loans from resources raised several months previously, enabling the segment to maintain a stable financial margin.

In 2012, despite the sovereign debt crisis in the Euro zone and intervention by the European authorities, risk aversion declined in the second half of the year, leading to tighter credit spreads.

RCI Banque took advantage of favourable conditions on the debt market to continue its diversification strategy for sources of financing.

On the bond market, the Group raised the equivalent of €3.2 billion through its traditional markets (four bonds issues in euros and one in Swiss francs), and also in new currencies (public issues in Norwegian kroner, Swedish kronor and Australian dollars, and a private placement in Czech crowns). The Group also made regular issues on the bond markets in Argentina, Brazil and particularly Korea, where it issued several bonds in Won in 2012 amounting to a total of €300 million.

On the structured financing segment, the French securitization programme comprises three separate securitization funds dedicated respectively to securitization issues self-subscribed by RCI Banque, which are eligible for ECB monetary policy operations, and issues of fixed-rate and floating-rate bonds in public placements, totalling €750 million and €700 million respectively.

In Italy, after a self-underwritten securitization issue of €619 million in the first half-year, a further €300 million was raised by conduit financing.

These long-term resources, plus the €4.4 billion of undrawn confirmed credit lines and €1.9 billion of available liquid receivables that can be redeemed at European Central Bank, are sufficient to fund ongoing commercial business for 12 months assuming a total lack of new exterior resources.

To diversify its sources of financing, the Group launched a savings account in February 2012 intended for the general public in France. Savings collected amounted to €893 million at December 31, 2012, thus reducing the extent of market financing.

B2 – Foreign exchange risks

- Management of foreign exchange risks

The Automotive segment is exposed to foreign exchange risks in the course of its industrial and commercial business. These risks are monitored or centralised by Renault's Cash and Financing department.

It is Renault's general policy not to hedge operating future cash flows in foreign currencies. As a result, the Group's operating margin is exposed to foreign exchange risks. The main exceptions authorized by the General Management in 2012 concerned a foreign exchange hedge that partly hedges sales revenues in pounds sterling, a foreign exchange hedge that partly hedges the risk of the Argentinian peso against the US dollar, and a partial hedge of purchases in Turkish lira.

The foreign exchange risk on working capital had a significant impact on the Group's consolidated financial statements via Renault Pars (Iran)'s commercial debt in euros to Renault sas. The exceptional devaluation of the rial in 2012 resulted in a foreign exchange loss of €304 million, which was recorded in other operating income and expenses (note 6).

Subsidiaries' financing and investing cash flows in foreign currencies are usually hedged in the same currencies.

Most financial liabilities and debts of Sales Financing, after hedges, are in Euros.

Equity investments are not hedged, apart from the investment in Nissan, totalling 110 billion yen at December 31, 2012 (note 13-G).

Renault Finance undertakes operations unrelated to operating cash flows on its own behalf. These operations are controlled daily and strict risk limits apply. They have no significant impact on Renault's consolidated results.

The Sales Financing segment has low exposure to foreign exchange risks since its policy is to provide refinancing for subsidiaries in their own currencies. At 31 December 2012, RCI Banque's consolidated foreign exchange position reached 3 million.

The Group made no major changes to its foreign exchange risk management policy in 2012.

- Analysis of the sensitivity of financial instruments to foreign exchange risks

This analysis concerns the sensitivity to foreign exchange risks of monetary assets and liabilities (including intercompany balances) and derivatives in a currency other than the currency of the entity that holds them. However, it does not take into account items covered by fair value hedges (hedged assets or liabilities and derivatives), for which changes in fair value of the hedged item and the hedging instrument almost totally offset each other in the income statement.

The Group has financial instruments denominated in Japanese yen, held for the purposes of the policy to partially hedge its investment in Nissan (note 13-G).

Impacts are estimated solely on the basis of instant conversion of the financial assets and liabilities concerned at year-end after application of the 1% variation in the Euro exchange rate.

The impact on equity concerns the 1 % variation in the Euro against other currencies applied to available-for-sale financial assets, cash flow hedges and the partial hedge of the investment in Nissan. All other impacts affect net income.

For the Automotive segment, the impact on shareholders' equity (before taxes) of a 1% rise in the Euro against the principal currencies, applied to financial instruments exposed to foreign exchange risks, would have an unfavourable effect of €10 million at December 31, 2012, chiefly resulting from yen bond issues associated with the partial hedge of the investment in Nissan. This impact is offset by the opposite variation in the translation adjustment on the value of the investment in Nissan (note 19). The estimated impact on net income at December 31, 2012 is not significant.

- Currency derivatives

(€ million)	December 31, 2012				December 31, 2011			
	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs	Nominal	- 1 yr	1 - 5 yrs	+ 5 yrs
Currency swaps – purchases	1,855	896	959	-	2,887	1,687	1,200	-
Currency swaps - sales	1,842	852	990	-	2,669	1,601	1,068	-
Forward purchases	15,106	15,106	-	-	20,771	20,771	-	-
Forward sales	15,103	15,103	-	-	20,794	20,794	-	-
Forward purchases – Future cash flows	-	-	-	-	100	100	-	-
Forward sales – Future cash flows	-	-	-	-	202	202	-	-

B3 – Interest rate risk

- Interest rate risk management

The Renault group's exposure to interest rate risk mainly concerns the sales financing business of RCI Banque and its subsidiaries. Customer loans are generally issued at fixed interest rates, for durations of between 12 and 72 months. Dealer credit is issued at floating rates for durations of less than 12 months.

Interest rate risk is monitored using a methodology common to the entire RCI group, to allow overall management of interest rate risks at consolidated group level. Exposure is assessed daily and hedging is systematic, using swaps to convert floating-rate liabilities to fixed-rate liabilities (cash flow hedges). The objective for each subsidiary is to hedge all risks in order to protect the sales margin.

The Automotive segment's interest rate risk management policy applies two principles: long-term investments use fixed-rate financing, and investments for cash reserves use floating-rate financing. In addition, the financing in yen undertaken as part of the partial hedge of Nissan equity is fixed-rate.

Finally, Renault Finance carries out interest rate transactions on its own behalf, within strictly defined risk limits. This arbitrage activity has no significant impact on Renault's consolidated net income.

The Group made no major changes to its interest rate risk management policy in 2012.

- Analysis of the sensitivity of financial instruments to interest rate risks

The Group is exposed to the following interest rate risks:

- variations in the interest flows on floating-rate financial instruments stated at amortized cost (including fixed-rate instruments swapped to floating rate, and structured products);
- variations in the fair value of the fixed-rate financial instruments stated at fair value;
- variations in the fair value of derivatives.

Impacts are estimated by applying this 100 base point rise in interest rates over a one-year period to financial instruments reported in the closing balance sheet.

The impact on equity corresponds to the change in fair value of available-for-sale fixed-rate financial assets and cash flow hedges after a 100 base point rise in interest rates. All other impacts affect net income

Calculation of the individual segments' sensitivity to interest rates includes intersegment loans and borrowings.

For the Automotive segment, the impact on net income and shareholders' equity (before taxes) of a 100 base point rise in interest rates applied to financial instruments exposed to interest rate risks would be positive by €59 million and €2 million respectively at December 31, 2012.

For the Sales Financing segment, the impact on net income and equity (before taxes) of a 100 base point rise in interest rates applied to financial instruments exposed to interest rate risks would be a negative €39 million and a positive €31 million respectively at December 31, 2012. The impact on equity results mainly from the change in the fair value of swaps undertaken to hedge future cash flows.

- Fixed rate/floating rate breakdown of financial liabilities and sales financing debts, after the effect of derivatives (excluding derivatives)

(€ million)	December 31, 2012	December 31, 2011
Fixed rate	19,085	17,615
Floating rate	13,593	12,892
Total financial liabilities and sales financing debts (excluding derivatives)	32,678	30,507

- Interest rate derivatives

(€ million)	December 31, 2012				December 31, 2011			
	Nominal	- 1 yr	1-5 years	+ 5 yrs	Nominal	- 1 yr	1-5 years	+ 5 yrs
Interest rate swaps	20,260	9,515	10,745	-	32,994	16,150	16,816	28
FRAs	-	-	-	-	1	1	-	-
Other interest rate hedging instruments	-	-	-	-	10	-	10	-

B4 – Equity risks

- Management of equity risks

The Group's exposure to equity risks essentially concerns the Daimler shares acquired in connection with the cooperation agreements, and marketable securities indexed to share prices. The Group does not use equity derivatives to hedge this risk.

The Group made no major changes to its equity risk management policy in 2012.

- Analysis of sensitivity of financial instruments to equity risks

The sensitivity to equity risks resulting from application of a 10% decrease in share prices to the financial assets concerned at year-end would have an unfavourable impact of €70 million on shareholders' equity. The impact on net income is not significant at December 31, 2012.

B5 – Commodity risks

- Management of commodity risks

Renault's Purchases department may hedge part of its commodity risks using financial instruments such as forward purchase contracts, purchase options and tunnel contracts. These hedges concern physical purchasing operations required by the factories, and are subject to volume and time constraints.

There were no commodity hedges outstanding at December 31, 2012 for the Automotive segment business.

B6 – Counterparty risk

All Group entities use a fully-coordinated counterparty risk management procedure involving a scoring system, based principally on the counterparties' long-term credit rating and equity level. For Group companies with significant exposure, compliance with authorized limits is monitored on a daily basis under strict internal control procedures.

The counterparties for deposits are subject to special monitoring, unless this is impossible. Most deposits are with large network banks, as this allows a good spread of the risk and lowers the systemic risk. They are almost all overnight deposits, such that assets can be reallocated rapidly if there is stress on any counterparty. The main exception is Iran.

The Group is not subject to any significant risk concentration for its operations on the financial and banking markets.

No losses were recorded in 2012 due to default by a banking counterparty.

4.2.7.5 Cash flows and other information

NOTE 26 – CASH FLOWS

A – Other income and expenses with no impact on cash

<i>(€ million)</i>	2012	2011
Net allocation to provisions	82	(193)
Net effects of sales financing credit losses	(63)	(86)
Net (gain) loss on asset disposals ⁽¹⁾	(928)	(136)
Change in fair value of redeemable shares	18	(32)
Change in fair value of other financial instruments	30	(10)
Deferred taxes	55	100
Other	18	(3)
Other income and expenses with no impact on cash	(788)	(360)

(1) Including the €924 million gain on sale of the AB Volvo shares in 2012.

B – Change in working capital

<i>(€ million)</i>	2012	2011
Decrease (increase) in net inventories	495	152
Decrease (increase) in Automotive net receivables	(10)	22
Decrease (increase) in other assets	(406)	(258)
Increase (decrease) in trade payables	451	(181)
Increase (decrease) in other liabilities	467	471
Increase (decrease) in working capital	997	206

C – Capital expenditure

<i>(€ million)</i>	2012	2011
Purchases of intangible assets	(902)	(888)
Purchases of property, plant and equipment (other than assets leased to customers)	(2,274)	(1,898)
Total purchases for the period	(3,176)	(2,786)
Deferred payments	329	331
Total capital expenditure	(2,847)	(2,455)

D – Interest received and paid by the Automotive segment

<i>(€ million)</i>	2012	2011
Interest received	178	193
Interest paid	(391)	(501)
Interest received and paid	(213)	(308)

NOTE 27 – RELATED PARTIES

A – Remuneration of Directors and Executives and Executive Committee members

A1 – Remuneration of Directors and Executives

The Board of Directors has combined the functions of Chairman of the Board of Directors and Chief Executive Officer. The Chairman and CEO receives no remuneration for his duties as Chairman of the Board.

The table below reports the remuneration paid, pro rata to the periods in which the functions were occupied:

(€ million)	2012	2011
Basic salary	1.2	1.2
Performance-related remuneration	1.0	1.6
Employer's social security charges	0.8	1.0
Complementary pension	0.5	0.5
Other components of remuneration	0.1	0.1
Total remuneration excluding stock-options	3.6	4.4
Stock-option plans	0.3	0.1
Stock-option plans – effect of cancellations	-	-
Total remuneration under stock-option plans	0.3	0.1
Chairman and Chief Executive Officer	3.9	4.5

Directors' fees amounted to €1,131,000 in 2012 (€870,629 in 2011), of which €48,000 were paid for the Chairman's functions (€36,000 in 2011).

A2 – Remuneration of Executive Committee members (other than the Chairman and Chief Executive Officer)

The remuneration and related benefits of members of the Executive Committee (other than the Chairman and Chief Executive Officer), were recognized in expenses as follows:

(€ million)	2012	2011
Basic salary	4.0	3.8
Retirement indemnities	1.0	-
Performance-related salary	2.6	1.2
Employer's social security charges	3.1	2.4
Complementary pension	2.0	0.7
Other	0.5	0.2
Total remuneration excluding stock-options	13.2	8.3
Stock-option plans	1.6	0.8
Stock-option plans – effect of cancellations	-	-
Total remuneration under stock-option plans	1.6	0.8
Executive Committee members (other than the Chairman and CEO)	14.8	9.1

B – Renault's investments in associates

Details of Renault's investments in Nissan, AB Volvo and AVTOVAZ are provided respectively in notes 13, 14-A and 14-B.

NOTE 28 – OFF- BALANCE SHEET COMMITMENTS AND CONTINGENT ASSETS AND LIABILITIES

Renault enters into a certain number of commitments in the course of its business. When these commitments qualify as liabilities, they are covered by provisions (e.g. retirement and other personnel benefits, litigations, etc...). Details of off-balance sheet commitments and contingencies are provided below (note 28-A).

Renault also receives commitments from customers (deposits, mortgages, etc...) and may benefit from credit lines with credit institutions (note 28-B).

A – Off-balance sheet commitments given and contingent liabilities

A1 – Ordinary operations

The Group is committed for the following amounts:

(€ million)	December 31, 2012	December 31, 2011
Sureties, endorsements and guarantees given ⁽¹⁾	229	220
Financing commitments in favor of customers ⁽²⁾	1,465	1,627
Firm investment orders	612	784
Lease commitments	396	229
Assets pledged, provided as guarantees or mortgaged and other commitments ⁽³⁾	124	126

(1) Including € 10 million of financial guarantees at December 31, 2012 which could be called in immediately after the year-end.

(2) Confirmed credit lines opened for customers by the Sales Financing segment lead to a maximum payment of this amount within 12 months after the year-end.

(3) Assets pledged, provided as guarantees or mortgaged mainly concern guarantees of financial liabilities, provided by Renault Samsung Motors when it was acquired by Renault in 2000.

Lease commitments include rent from non-cancellable leases. The breakdown is as follows:

(€ million)	December 31, 2012	December 31, 2011
Less than 1 year	26	42
Between 1 and 5 years	212	142
More than 5 years	158	45
TOTAL	396	229

A2 – Special operations

- End-of-life vehicles

Under EC Directive 2000/53/EC concerning end-of-life vehicles, published in September 2000, EU member states will be obliged to take measures to ensure that:

- vehicles at the end of their useful life can be transferred to an approved processing centre free of charge to the last owner;
- specific progressive targets are met concerning the re-use rate for vehicle components, with priority given to recycling, and the value of components that can be re-used.

Since January 1, 2007, this Directive has concerned all vehicles on the road.

The Group establishes provisions in relation to the corresponding cost on a country-by-country basis, as the Directive is incorporated into national laws and when the procedures for recycling operations are defined. These provisions are regularly reviewed to ensure they take account of changes in each country's situation.

For countries where the legislation is not yet complete, until the laws are in existence, it is impossible to accurately determine whether the Group will have to bear a residual cost.

- Used batteries

In all countries where electric vehicles are sold, Renault generally applies a recycling policy for Lithium-Ion traction batteries. This policy includes the obligations laid down in the Battery Directive 2006/66/EC, and Renault ensures that a network exists to collect and process electric vehicle batteries, free of charge to the last owner of the batteries.

The professionals involved in this network must provide proof that they apply best practices as regards environmental protection and health and safety for local populations.

No provision has been established for battery recycling as the Group cannot currently reliably determine whether it would have to bear any residual cost.

- Other commitments

Disposals of subsidiaries or businesses by the Group generally include representations and warranties in the buyer's favor. At December 31, 2012, Renault had not identified any significant risk in connection with these operations.

Following partial sales of subsidiaries in previous years, Renault holds put options covering some or all of the residual investment retained. Exercising these options would not have a significant impact on the Group's financial statements.

Group companies are periodically subject to tax inspections in the countries in which they operate. Tax adjustments are recorded as provisions in the financial statements. Contested tax adjustments are recognized on a case-by-case basis, taking into account the risk that the proceedings or appeal may be unsuccessful.

B – Off-balance sheet commitments received and contingent assets

<i>(€ million)</i>	December 31, 2012	December 31, 2011
Sureties, endorsements and guarantees given	1,872	1,360
Assets pledged or mortgaged ⁽¹⁾	2,290	2,127
Buy-back commitments ⁽²⁾	1,791	1,656
Other commitments	31	57

(1) The Sales Financing segment receives guarantees from its customers in the course of sales financing for new or used vehicles. Guarantees received from customers amount to €2,248 million at December 31, 2012 (€2,078 million at December 31, 2011).

(2) Commitments received by the Sales Financing segment for sale to a third party of rental vehicles at the end of the rental contract.

Off balance sheet commitments received concerning confirmed opened credit lines are presented in note 23-A.

NOTE 29 – FEES PAID TO STATUTORY AUDITORS AND THEIR NETWORK

The audit fees for Group's Statutory Auditors and their networks were as follows:

Ernst & Young network

(€ thousands)	2012		2011		2012/2011	
	Amount excluding VAT	%	Amount excluding VAT	%	Amount	%
Audit						
Statutory audit, certification, review of individual and consolidated accounts						
- Issuer ⁽¹⁾	2,687	46.6%	2,288	44.1 %	399	17.4%
- Fully consolidated subsidiaries	2,386	41.3%	2,451	47.2 %	(65)	(2.7)%
Other inspections and services directly linked to the statutory auditor's mission						
- Issuer ⁽¹⁾	238	4.1%	293	5.6 %	(55)	(18.8)%
- Fully consolidated subsidiaries	380	6.6%	88	1.7 %	292	331.8%
Subtotal : audit	5,691	98.6%	5,120	98.6 %	571	11.1%
Other network services for the fully consolidated subsidiaries						
- Legal, tax, labour-related	83	1.4%	70	1.4 %	13	18.6%
- Other	-	-	-	-	-	-
Subtotal : other services	83	1.4%	70	1.4 %	13	18.6%
Total fees	5,774	100%	5,190	100 %	584	11.2%

(1) Renault SA and Renault s.a.s.

Deloitte network

(€ thousands)	2012		2011		2012/2011	
	Amount excluding VAT	%	Amount excluding VAT	%	Amount	%
Audit						
Statutory audit, certification, review of individual and consolidated accounts						
- Issuer ⁽¹⁾	2,570	34.2%	2,610	35.5 %	(40)	(1.5)%
- Fully consolidated subsidiaries	4,270	56.9%	4,405	59.9 %	(134)	(3.0)%
Other inspections and services directly linked to the statutory auditor's mission						
- Issuer ⁽¹⁾	169	2.2%	-	-	169	-
- Fully consolidated subsidiaries	375	5.0%	181	2.5 %	194	107.2%
Subtotal : audit	7,385	98.3%	7,196	97.9 %	189	2.6%
Other network services for the fully consolidated subsidiaries						
- Legal, tax, labour-related	125	1.7%	157	2.1 %	(32)	(20.4)%
- Other	-	-	-	-	-	-
Subtotal: other services	125	1.7%	157	2.1 %	(32)	(20.4)%
Total fees	7,510	100%	7,353	100 %	157	2.1%

(1) Renault SA and Renault s.a.s.

NOTE 30 – SUBSEQUENT EVENTS

No significant events have occurred since the year-end.

NOTE 31 – CONSOLIDATED COMPANIES

A – Fully consolidated companies (subsidiaries)

Renault Group's interest (%)	Country	December 31, 2012	December 31, 2011
Renault SA	France	Consolidating company	Consolidating company
AUTOMOTIVE			
FRANCE			
Renault s.a.s	France	100	100
Arkanéo	France	100	100
Auto Châssis International (ACI) Le Mans	France	100	100
Auto Châssis International (ACI) Villeurbanne	France	100	100
Fonderie de Bretagne	France	100	100
IDVU	France	100	100
IDVE	France	100	100
Maubeuge Construction Automobile (MCA)	France	100	100
Renault Environnement	France	100	100
Renault Développement Industriel et Commercial (RDIC)	France	100	100
Renault Retail Group SA and subsidiaries	France	100	100
Renault Samara	France	100	100
RDREAM	France	100	100
SCI parc industriel du Mans	France	100	100
SCI Plateau de Guyancourt	France	100	100
SNC Renault Cléon	France	100	100
SNC Renault Douai	France	100	100
SNC Renault Flins	France	100	100
SNC Renault Sandouville	France	100	100
Société des Automobiles Alpine Renault	France	100	100
Sofrastock International	France	100	100
Société de Transmissions Automatiques	France	80	80
Société de Véhicules Automobiles de Batilly (SOVAB)	France	100	100
Société Immobilière de Construction Française pour l'Automobile et la Mécanique (SICOFRAM) and subsidiaries	France	100	100
Société Immobilière Renault Habitation (SIRHA)	France	100	100
Société Immobilière d'Epone	France	100	100
Société Immobilière pour l'Automobile et la Mécanique (SIAM)	France	100	100
SODICAM 2	France	100	100
Technologie et Exploitation Informatique (TEI)	France	100	100
EUROPE			
Renault Österreich and subsidiaries	Austria	100	100
Renault Belgique Luxembourg and subsidiaries	Belgium	100	100
Renault Industrie Belgique (RIB)	Belgium	100	100
Renault Croatia	Croatia	100	100
Renault Ceska Republica and subsidiaries	Czech Republic	100	100
Renault Deutsche AG and subsidiaries	Germany	100	100

Renault Group's interest (%)	Country	December 31, 2012	December 31, 2011
Renault Hungaria and subsidiaries	Hungary	100	100
Renault Irlande	Ireland	100	100
Renault Italia and subsidiaries	Italy	100	100
Motor Reinsurance Company	Luxembourg	100	100
Renault Group b.v	Netherlands	100	100
Renault Nederland	Netherlands	100	100
Renault Polska	Poland	100	100
Cacia	Portugal	100	100
Renault Portuguesa and subsidiaries	Portugal	100	100
Renault Slovakia	Slovakia	100	100
Renault Nissan Slovenia d.o.o.	Slovenia	100	100
Revoz	Slovenia	100	100
Renault Espana Comercial SA (RECSA) and subsidiaries	Spain	100	100
Renault Espana SA and subsidiaries	Spain	100	100
Renault Nordic	Sweden	100	100
Renault Finance	Switzerland	100	100
Renault Suisse SA and subsidiaries	Switzerland	100	100
Grigny Ltd.	United Kingdom	100	100
Renault Retail Group U.K. Ltd.	United Kingdom	100	100
Renault U.K.	United Kingdom	100	100
AMERICA			
Groupe Renault Argentina	Argentina	100	100
Renault do Brasil LTDA	Brazil	100	100
Renault do Brasil SA	Brazil	100	100
Sociedad de Fabricacion de Automotores (SOFASA) and subsidiaries	Colombia	100	100
Renault Corporativo SA de C.V.	Mexico	100	100
Renault Mexico	Mexico	100	100
ASIA – PACIFIC			
Renault Beijing Automotive Company	China	100	100
Renault Private Ltd	India	100	100
Renault Pars	Iran	51	51
Renault Samsung Motors	South Korea	80	80
EUROMED - AFRICA			
Renault Algérie	Algeria	100	100
Renault Nissan Bulgarie	Bulgaria	100	100
Renault Maroc	Morocco	80	80
Renault Maroc Service	Morocco	100	100
Renault Tanger Exploitation	Morocco	100	100
Renault Tanger Méditerranée	Morocco	100	100
Société marocaine de construction automobile (SOMACA)	Morocco	77	77
Dacia and subsidiaries	Romania	99	99
Renault Industrie Roumanie	Romania	99	100
Renault Mécanique Roumanie	Romania	100	100
Renault Nissan Roumanie	Romania	100	100

Renault Group's interest (%)	Country	December 31, 2012	December 31, 2011
Renault Technologie Roumanie	Romania	100	100
Renault South Africa and subsidiaries	South Africa	51	51
Oyak-Renault Otomobil Fabrikalari	Turkey	52	52
EURASIA			
AFM Industrie	Russia	100	100
Avtoframos	Russia	100	94
Remosprom	Russia	100	64
Renault Ukraine	Ukraine	100	100
SALES FINANCING			
FRANCE			
Compagnie de Gestion Rationnelle (COGERA)	France	100	100
Diac	France	100	100
Diac Location	France	100	100
RCI Banque and branches	France	100	100
Société de Gestion, d'Exploitation de Services en Moyens Administratifs (SOGESMA)	France	100	100
EUROPE			
RCI Financial Services Belgique	Belgium	100	100
Renault Autofin SA Belgique	Belgium	100	100
RCI Finance CZ sro	Czech Republic	100	100
ES Mobility srl	Italy	100	-
RCI Versicherungs Service GmbH	Germany	100	100
RCI Zrt Hongrie	Hungary	100	100
RCI Insurance Services Ltd	Malta	100	100
RCI Life Ltd	Malta	100	100
RCI Services Ltd	Malta	100	100
RCI Financial Services BV	Netherlands	100	100
RCI Bank Polska	Poland	100	100
Renault Credit Polska	Poland	100	100
RCI Gest IFIC and subsidiary	Portugal	100	100
RCI Gest Seguros	Portugal	100	100
Overlease Espagne	Spain	100	100
RCI Finance SA	Switzerland	100	100
RCI Financial Services Ltd	United Kingdom	100	100
Renault Acceptance Ltd	United Kingdom	100	100

Renault Group's interest (%)	Country	December 31, 2012	December 31, 2011
AMERICA			
Courtage SA	Argentina	100	100
ROMBO Compania Financiera	Argentina	60	60
CAM RCI Brasil	Brazil	60	60
CFI Renault do Brasil	Brazil	60	60
Consortio Renault do Brasil	Brazil	100	100
Renault do Brasil S/A Corr. de Seguros	Brazil	100	100
ASIA – PACIFIC			
RCI Korea	South Korea	100	100
EUROMED - AFRICA			
RCI Finance Maroc	Morocco	100	100
RCI Broker de Assigurare	Romania	100	100
RCI Finantare Romania	Romania	100	100
RCI Leasing Romania	Romania	100	100

B – Proportionately consolidated companies (joint ventures)

Renault Group's interest (%)	Country	December 31, 2012	December 31, 2011
AUTOMOTIVE			
Française de Mécanique	France	50	50
Indra Investissements	France	50	50
Renault Nissan Technology and Business Centre India Private Limited (RNTBCI)	India	67	67
SALES FINANCING			
Renault Credit Car	Belgium	50	50
Renault Leasing CZ sro	Czech Republic	50	50

C - Companies accounted for by the equity method (associates)

Renault Group's interest (%)	Country	December 31, 2012	December 31, 2011
AUTOMOTIVE			
Boone Comenor	France	33	24
Renault Nissan Automotive India Private Limited	India	30	30
Groupe Nissan	Japan	43,7	43,9
Groupe AVTOVAZ	Russia	25	25
Groupe AB Volvo	Sweden	-	6,8
MAIS	Turkey	49	49
SALES FINANCING			
Nissan Renault Finance Mexico	Mexico	15	15