PSA PEUGEOT CITROËN

HALF-YEAR FINANCIAL REPORT

2015

2015 Interim Financial Report

CONTENTS

I. INTERIM MANAGEMENT REPORT

1. THE GROUP'S OPERATIONS

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

- the Automotive Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot, Citroën and DS brands;
- the Automotive Equipment Division, corresponding to the Faurecia group specialising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies;
- the Finance Division, corresponding to the Banque PSA Finance Group (BPF), which provides retail financing to customers of the Peugeot, Citroën and DS brands and wholesale financing to the brands' dealer networks. Banque PSA Finance is classified as a financial institution. In July 2014, Banque PSA Finance and Santander Consumer Finance (SCF) signed a European partnership framework agreement. Since the decision, the results for the scope covered by the partnership are presented on separate lines below the Group's operating income.

Regarding segment information – business segments and principal markets – please refer to Note 4 to the consolidated financial statements at 30 June 2015.

1.1 First-half 2015 highlights

1.1.1 First joint ventures between Banque PSA Finance and Santander Consumer Finance commence operations

On 2 February 2015, the first two joint ventures obtained approval from the regulatory authorities to begin their operations in France and the UK. The companies now provide wholesale financing to Peugeot, Citroën and DS dealers in both countries, as well as retail financing to the dealers' customers. The launch of operations in the other nine countries is expected to be finalised in 2015 and early 2016.

The start of the two joint ventures bolsters Banque PSA Finance's financing, thus enabling it to regain its full capacity to access the capital markets. Consequently, it has announced that it would no longer be using the French State's guarantee.

For more details, please refer to section 3.4.2 below and to Note 3.2 to the consolidated financial statements at 30 June 2015.

1.1.2 Expansion of Peugeot Motocycles

To speed up the expansion of Peugeot Scooters (Peugeot Motocycles), strengthen the brand and its products, and secure its future, PSA has entered on 19 January 2015 into a long-term strategic partnership with Mahindra & Mahindra Group.

For more details, please refer to Note 3.1 to the consolidated financial statements at 30 June 2015.

1.1.3 Acquisition of Mister Auto

On 31 March 2015, the Group acquired Mister Auto, an e-commerce leader for replacement parts for all automotive brands on the European market.

For more details, please refer to Note 3.1 to the consolidated financial statements at 30 June 2015.

1.1.4 Development of a joint platform between PSA Peugeot Citroën and Dongfeng Group (DFG)

On 19 April 2015 plans were unveiled for the joint development of a global platform, the "Common Modular Platform", for the manufacture of B and C segment vehicles under the Peugeot, Citroën, DS and Dongfeng brands, as well as for the creation of a joint R&D centre based in Shanghai, dedicated to developing products and technologies for fast-growing Asian markets.

The new platform will become PSA Peugeot Citroën and DFG's new generation platform for B and C segments. The project calls for capital expenditure of €200 million, of which 60% will be committed by PSA and 40% by DFG.

The new platform will enable PSA Peugeot Citroën and DFG to manufacture vehicles in their respective growth regions. In China and the ASEAN countries, PSA Peugeot Citroën will benefit in particular from DFG's supplier base expertise, which will make it possible to meet ambitious cost targets in highly competitive segments.

1.1.5 Mr Zhu Yanfeng coopted as a member of the Supervisory Board

On 4 June 2015, taking into account the resignation of Mr Xu Ping, who has taken up another post, the Supervisory Board of Peugeot SA decided, following Dongfeng Motor Group Company's proposal, to coopt Mr Zhu Yanfeng, President of Dongfeng Motors, as a member of the Supervisory Board and to appoint him as Vice-Chairman of the Supervisory Board.

The cooptation will be submitted to ratification at the next Shareholders' Meeting.

1.1.6 Strategic partnership agreement signed with Bolloré Group

On 17 June 2015, PSA Peugeot Citroën and Bolloré Group signed a strategic partnership agreement on electric vehicles and car sharing. This covers:

- the distribution and production of a Bolloré electric car ("Bluesummer") at the PSA plant in Rennes;
- a joint commitment to developing shared mobility solutions, including carsharing schemes using conventional and electric vehicles.

1.1.7 The signing of a manufacturing agreement with the Kingdom of Morocco

On 19 June 2015, PSA Peugeot Citroën and the Kingdom of Morocco signed an agreement to build a plant in the town of Ameur Seflia in Kenitra province. The plant will begin producing B and C segment engines and vehicles from 2019, to meet the needs of the region and of Moroccan customers. Starting out with an initial production capacity of 90,000 engines and vehicles, the plant will ultimately raise output to 200,000 units in line with future market demand.

The plan will leverage the competitive supplier base in Morocco which will benefit from the plant's gradual ramp-up of production, as well as the development of engineering operations required for the project, thus realising a local content rate of 60% at the launch date, ultimately rising to 80%.

The agreement rounds out the existing manufacturing facilities in Nigeria and those being negotiated in Iran, and allows the Group to lay the foundations today for its ambition of selling one million vehicles in the Africa-Middle East region by 2025.

The regional strategy focuses on gradually expanding vehicle production capacity in the heart of the region to serve the Group's customers across the Africa-Middle East markets where potential production volume is estimated to reach eight million vehicles by 2025.

Under this plan, the Africa-Middle East region will become PSA Peugeot Citroën's third largest profitable growth market.

1.1.8 The signing of a binding Framework Agreement with Banco Santander Brazil

On 24 July 2015, following the signing of an European partnership agreement between Banque PSA Finance and Santander Consumer Finance, PSA Peugeot Citroën and Banque PSA Finance announced the signing of a binding Framework Agreement with Banco Santander Brazil, to develop a partnership between the two groups in Brazil. Banque PSA Finance and Santander Group are extending their cooperation from Europe to Brazil. PSA Peugeot Citroën to improve its competitiveness in Brazil.

In this operation, Banco Santander Brazil will acquire shares of the Group financial companies in Brazil and this partnership will take the form of a financial company, 50/50 owned by Banque PSA Finance and Banco Santander Brazil. This partnership is subject to the approval of competent competition and banking regulatory authorities.

1.2 Business review

- Worldwide sales up 0.4% to 1,547,000 units[1]
- Sales advance in Europe, China, India-Pacific, and Middle East & Africa – now the Group's third largest growth market
- Assertive brand positioning:
  - worldwide success for the Peugeot 308, the brand's bestselling model
  - Citroën C4 Cactus gets seal of approval with 90,000 units sold since its launch a year ago and 35 awards across the world
  - premium brand DS continues its development with the launch of the new DS 5
- The Group consolidates its position as European leader in CO_2 emission reduction with average CO_2 emissions of 106.9g/km in the first five months of 2015, thanks in particular to the popularity and performance of its three-cylinder petrol range.

Consolidated sales in Europe rose 2.9% year on year to 984,000.

Peugeot sales were up 6.7% as a result of the excellent performance delivered by the Peugeot 308, the third bestselling model in the C segment (sedans and estates) in Europe and the segment leader in France. In the B-SUV segment, the Peugeot 2008 held onto its no. 2 ranking in Europe with 57% of sales generated on the two highest trim levels.

Citroën registrations climbed 2.8% in the first half, reflecting the brand repositioning begun a year ago, its well-rounded sales policy and the success of its latest passenger car (PC) models. The Citroën C4 Cactus generated sales of more than 43,000 units over the period and was well received by international critics, garnering awards such as "World Car Design of the Year" in New York in April. Sales of the new Citroën C1 came in at 32,000 units, a staggering 54% higher than the previous version.

DS sales jumped 14.8% between the first and second quarters to reach 40,700 units, driven by the launch of the new DS 5. The brand pursued its long-term premium positioning strategy during the period, launching "1955" limited edition models across the range to mark the 60th anniversary of the very first DS.
First-half 2015 also saw the opening of several new DS Stores, most recently in Paris, Geneva, Luxembourg and Milan, taking the DS network's total to 9 DS STORE and 65 DS SALON.

In China and Southeast Asia, PSA Peugeot Citroën sales totalled 368,000 vehicles, a 2.2% improvement on first-half 2014.

For the second year running, **Peugeot** was one of the fastest growing international brands on the market with sales up 11.1% year on year in China: SUV 2008 and 3008 sales surged 34%; the new 408 sedan got off to an excellent start, selling 68% more units than the old model; while the launch of the 308 S in April also contributed positively.

In China, Citroën sales retreated 6.7% compared with first-half 2014, mainly as a result of the discontinuation of low-margin models including the old C-Elysée, and a lull in the market for notchback sedans, which accounted for all of the brand's sales until the successful launch of the C3-XR SUV in December 2014 (nearly 30,000 units sold). The Citroën C-Elysée remains the brand's bestseller with more than 46,000 units sold over the period.

DS sales rose 4% in China in the first half of 2015 thanks in particular to the success of the DS 6. The brand also continued to develop its distribution network and now has 84 DS Stores covering 60 major cities. China currently represents 20% of the brand's worldwide sales.

Middle East & Africa: a profitable international lever of the Back in the Race plan
In the first half of the year, the Group consolidated the strong positions it holds in a number of countries in its historical Middle East & Africa markets: leading the market in Tunisia and ranking second in Morocco and third in Algeria.

Peugeot sold 61,700 units in the first half, advancing 11% compared with the same period in 2014. The brand's performance was buoyed by the recovery in the Turkish market, where it gained 0.6 market share points. In Algeria, Peugeot also improved its market share, from 10.8% to 13%, and consolidated its position as the country's no.3 player.

Citroën sales shot up by 53% to 38,300 units on the back of market share gains in two of the region's major markets, Turkey and Algeria (1 point and 0.5 points respectively), thanks in particular to strong demand for the Citroën C-Elysée, the brand's bestselling model in both countries.

Markets remained slow in **Latin America and Eurasia**. **Peugeot** and **Citroën** focused on improving their margins by placing an emphasis on their most profitable vehicles and those manufactured locally. In Mexico, Peugeot sales jumped 19.6% owing to the success of the Peugeot 301 and the Peugeot Partner as well as the recent launch of the new Peugeot 308.

In the **India-Pacific** region, **Peugeot** sales rose sharply, particularly in South Korea (up 132%), driven by sales of the Peugeot 2008. **Citroën** also enjoyed robust growth, particularly in Japan, with deliveries up 67% thanks to the strong performance of the Grand C4 Picasso.

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[1] *Breakdown by region and by brand below*

Some key figures

PSA Peugeot Citroën - World sales by region

	REGION PSA	BRAND	06 months 13 Volume	06 months 14 Volume	06 months 15 Volume	%	%Chg
Build Up First (BU)	China & Southeast Asia	Peugeot	142 987	189 108	207 156	13,4%	9,5%
		Citroën	137 868	160 315	149 784	9,7%	-6,6%
		DS	957	10 482	10 774	0,7%	2,8%
		PSA	**281 812**	**359 905**	**367 714**	**23,8%**	**2,2%**
	Eurasia	Peugeot	20 246	15 229	2 816	0,2%	-81,5%
		Citroën	15 740	11 329	2 299	0,1%	-79,7%
		DS	907	570	41	0,0%	-92,8%
		PSA	**36 893**	**27 128**	**5 156**	**0,3%**	**-81,0%**
	Europe*	Peugeot	460 031	521 986	557 187	36,0%	6,7%
		Citroën	332 113	383 801	385 703	24,9%	0,5%
		DS	63 374	50 056	40 654	2,6%	-18,8%
		PSA	**855 518**	**955 843**	**983 544**	**63,6%**	**2,9%**
	India Pacific	Peugeot	6 971	6 965	10 465	0,7%	50,3%
		Citroën	1 519	1 759	2 022	0,1%	15,0%
		DS	1 476	857	524	0,0%	-38,9%
		PSA	**9 966**	**9 581**	**13 011**	**0,8%**	**35,8%**
	Latin America	Peugeot	87 313	64 454	46 985	3,0%	-27,1%
		Citroën	56 155	41 478	28 635	1,9%	-31,0%
		DS	2 368	856	659	0,0%	-23,0%
		PSA	**145 836**	**106 788**	**76 279**	**4,9%**	**-28,6%**
	Africa and Middle East	Peugeot	90 012	55 625	61 700	4,0%	10,9%
		Citroën	38 576	25 053	38 360	2,5%	53,1%
		DS	1 466	968	796	0,1%	-17,8%
		PSA	**130 054**	**81 646**	**100 856**	**6,5%**	**23,5%**
	Total	Peugeot	807 560	853 367	886 309	57,3%	3,9%
		Citroën	581 971	623 735	606 803	39,2%	-2,7%
		DS	70 548	63 789	53 448	3,5%	-16,2%
		PSA	**1 460 079**	**1 540 891**	**1 546 560**	**100,0%**	**0,4%**
Completely knocked down units (CKD)	China & SE Asia	Peugeot	587	192	329	0,0%	71,4%
		PSA	**587**	**192**	**329**	**0,0%**	**71,4%**
	Total	Peugeot	587	192	329	0,0%	71,4%
		PSA	**587**	**192**	**329**	**0,0%**	**71,4%**
BU + CKD		Peugeot	808 147	853 559	886 638	57,3%	3,9%
		Citroën	581 971	623 735	606 803	39,2%	-2,7%
		DS	70 548	63 789	53 448	3,5%	-16,2%
		PSA	**1 460 666**	**1 541 083**	**1 546 889**	**100,0%**	**0,4%**

* Europe = EU + EFTA + Albania + Croatia + Bosnia + Kosovo + Macedonia + Montenegro + Serbia

WORLDWIDE UNIT SALES*

VENTES MONDIALES CONSOLIDEES PAR MODELE*

units		H1 2014 S1 2014	H1 2015 S1 2015	%Var
Peugeot	ION	299	596	99,3%
	107	20 790	97	-99,5%
	108	4 259	37 362	++
	206	20 646	3 568	-82,7%
	207	12 453	1 001	-92,0%
	208	177 257	166 348	-6,2%
	2008	95 400	127 951	34,1%
	301	58 097	51 084	-12,1%
	307	3 541	322	-90,9%
	308	142 338	173 297	21,8%
	308S		6 712	
	3008	83 498	70 354	-15,7%
	5008	20 890	17 703	-15,3%
	408	37 502	52 945	41,2%
	508	40 667	36 935	-9,2%
	807	1 173	5	-99,6%
	4007	14		-100,0%
	4008	4 212	3 668	-12,9%
	RCZ	4 232	3 023	-28,6%
	BIPPER	9 269	9 941	7,2%
	PARTNER	73 388	76 103	3,7%
	EXPERT	15 609	17 894	14,6%
	BOXER	27 833	29 290	5,2%
	Other / autre		110	
	Total	**853 367**	**886 309**	**3,9%**
Citroën	C-ZERO	478	467	-2,3%
	C1	25 671	32 646	27,2%
	C3	146 174	115 017	-21,3%
	ZX	15 165	3 899	-74,3%
	C-ELYSEE	59 586	61 927	3,9%
	C3-XR		28 744	
	C4 CACTUS	7 633	45 984	++
	C4	206 696	159 530	-22,8%
	C5	28 724	20 483	-28,7%
	C8	1 253	12	-99,0%
	C4 AIRCROSS	8 362	7 294	-12,8%
	NEMO	8 889	11 182	25,8%
	BERLINGO	76 514	77 135	0,8%
	JUMPY	14 462	16 889	16,8%
	JUMPER	24 128	25 507	5,7%
	Other / autre		87	
	Total	**623 735**	**606 803**	**-2,7%**
DS	DS3	32 687	26 431	-19,1%
	DS4	13 416	9 377	-30,1%
	DS5	17 686	9 591	-45,8%
	DS6		8 049	
	Total	**63 789**	**53 448**	**-16,2%**
PSA	**Total**	**1 540 891**	**1 546 560**	**0,4%**

** excluding CKD's / sans les Eléments Détachés*

2. ANALYSIS OF CONSOLIDATED INTERIM OPERATING RESULTS

2.1 First-half 2015 revenue and income

The Group's consolidated financial statements at 30 June 2015 were drawn up under the accounting policies used for the financial statements at 31 December 2014. The financial statements at 30 June 2014 have been restated to reflect the application of IFRS 5. The financial statements are in particular impacted by the reclassification of the businesses Banque PSA Finance to be continued in the partnership.

For more details, please refer to Note 2.1 to the consolidated financial statements at 30 June 2015.

2.1.1 Group revenue

The table below shows consolidated revenue by business.

(in million euros)	**30 June 2015**	**30 June 2014**	**Change**
Automotive division	19,409	18,610	4.3%
Faurecia	10,507	9,328	12.6%
Eliminations and other businesses *	(1,012)	(912)	
TOTAL	**28,904**	**27,026**	**6.9%**

** Including the activities of Banque PSA Finance which are not part of the partnership signed with Santander Consumer Finance*

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

2.1.2 Group recurring operating income (loss)

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

(in million euros)	**30 June 2015**	**30 June 2014**
Automotive division	975	7
Faurecia	424	311
Eliminations and other businesses *	25	69
TOTAL	**1,424**	**387**

** Including the activities of Banque PSA Finance which are not part of the partnership signed with Santander Consumer Finance*

2.1.3 Analysis of revenue and recurring operating income by division

Automotive Division

(in million euros)	**30 June 2015**	**30 June 2014**
Revenue	19,409	18,610
Recurring operating income (loss)	975	7
As a % of revenue	*5.0%*	*0.0%*

Revenue

In the first half of 2015, revenue of the Automotive Division amounted to €19,409 million, up 4.3% in comparison with the first half of 2014.

Revenue from new vehicles amounted to €13,918 million, compared with €13,163 million in the first half of 2014. The 5.7% increase is due to growth in net prices (+1.8%), a positive product mix (+1.6%) and an improvement in exchange rates (+2.1%).

These three effects offset the contraction in volumes (-0.3%) and negative country mix (-0.4%). The "Other" effect amounted to +0.9%.

Recurring operating income (loss)

The recurring operating income of the Automotive Division stood at €975 million in the first half of 2015, compared with €7 million in the first half of 2014. The +€968 million difference is associated with a favourable operating environment, for +€274 million, and with the Group's performance, for +€694 million.

The improvement in the operating environment was due to the following factors:

- "Exchange rates and other" had a positive impact of €146 million, including the rise of the Pound sterling and the Swiss franc against the euro;
- Market development, mainly in Europe, which had a positive impact of €156 million;
- Higher raw material costs and other external costs had a negative impact of €28 million.

The Automotive Division's underlying performance was due to the following effects:

- The reduction in production and procurement continued with savings of €375 million, as well as a reduction in research and development charges of €110 million;
- The improvement in the product mix of €168 million;
- The reduction of selling general and Administrative expenses of €175 million;
- The negative price and product enrichment effect of €45 million;
- A deterioration in market share and country mix of €110 million.

Faurecia

(in million euros)	30 June 2015	30 June 2014
Revenue	10,507	9,328
Recurring operating income (loss)	424	311
As a % of revenue	*4.0%*	*3.3%*

• Net income of €253 million, up €137 million
• Net free cash flow of €243 million
• Net financial debt of €1,263 million, up €220 million

Revenue

Faurecia's total revenue for the first half of 2015 stood at €10,507 million, compared with €9,328 million for the same period in 2014, i.e. a rise of 12.6%.

Recurring operating income (loss)

Recurring operating income stood at €424 million, or 4% of total revenue, compared with €311 million (3.3% of revenue) in the first half of 2014.

More detailed information about Faurecia is provided in its half-year report, which can be downloaded from its website at www.faurecia.com.

Banque PSA Finance

(in million euros)	30 June 2015	30 June 2014
Revenue	838	848
Net banking revenue	534	426
Recurring operating income (loss)	294	172
As a % of revenue	*35.1%*	*20.3%*

The above figures are presented on a 100% basis before IFRS 5 and business transferred to joint ventures.

Revenue

Banque PSA Finance's revenue for the first half totalled €838 million, slightly down by 1.2% from the €848 million recorded in the first half of 2014.

The penetration rate for new vehicles stood at 28.3% in the first half of 2015, a one-point increase on the first half of 2014.

Recurring operating income (loss)

Banque PSA Finance reported recurring operating income of €294 million, up €122 million from the first half of 2014. Following the agreement with Santander Consumer Finance, two joint ventures are already operational in France and the UK. These allow the Group to benefit from refinancing conditions at better levels of market competitiveness.

More detailed information about Banque PSA Finance is provided in the Bank's interim report which can be downloaded from its website at www.banquepsafinance.com.

2.2 Other income statement items

2.2.1 Operating income

Non-recurring operating expenses amounted to €396 million in the first half, compared with €264 million in the first half of 2014.

- Impairment losses on CGUs, provisions for onerous contracts and other Automotive Division assets totalled €8 million (see Note 5.1 in the notes to the consolidated financial statements at 30 June 2015).
- Restructuring costs amounted to €389 million in the first half of 2015, including €31 million related to Faurecia and €357 million concerning the Automotive Division, in France for €203 million, in Europe for €123 million and in Latin America for €30 (see Note 5.1 to the consolidated financial statements at 30 June 2015).

Non-recurring operating income totalled €54 million versus €165 million in the first half of 2014, and included €15 million in net gains on disposals of real estate assets and €37 million in reversals on CGU impairment losses, onerous contracts and other Automotive Division products.

For more details, please refer to Note 5 to the consolidated financial statements at 30 June 2015.

As a result of these factors, the Group ended the first-half of 2015 with a consolidated operating gain of €1,082 million, up €794 million compared to the same period in 2014.

(in million euros)	**30 June 2015**	**30 June 2014**
Automotive division	662	(50)
Faurecia	396	266
Eliminations and other businesses *	24	72
TOTAL PSA PEUGEOT CITROËN	**1,082**	**288**

** Including the activities of Banque PSA Finance which are not part of the partnership signed with Santander Consumer Finance*

2.2.2 Net financial income (expense)

Financial income and expenses represented a net expense of €336 million compared with a net expense of €344 million in first half 2014. This amount includes interest income from loans and on cash and cash equivalents, finance costs and other financial income and expense.

For more details, please refer to Note 10.1 to the consolidated financial statements at 30 June 2015.

2.2.3 Income tax expense

Income tax amounted to €331 million in the first half of 2015, versus €154 million in the same period of 2014.

For more details, please refer to Note 12 to the consolidated financial statements at 30 June 2015.

2.2.4 Share in net earnings of equity-accounted companies

The share in net earnings of equity-accounted companies was €233 million in the first half of 2015, compared with €108 million in the first half of 2014. Equity-accounted companies mainly include Dongfeng Peugeot Citroën Automobile (DPCA), Dongfeng Peugeot Citroën Automobile Sales (DPCS), Changan PSA Automobile (CAPSA) and, since 2 February 2015, the two first joint ventures between Banque PSA Finance and Santander Consumer Finance (France and the UK).

The companies in partnership with Dongfeng (DPCA and DPCS) contributed €196 million in the first half of 2015, compared to €110 million in the same period of 2014.

CAPSA's contribution was negative at €18 million in the first half of 2015, versus -€15 million in 2014.

The first two joint ventures in the partnership between BPF and SCF contributed €51 million.

For more information about the share in net earnings of equity-accounted companies, please refer to Note 9 to the consolidated financial statements at 30 June 2015.

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

Other expenses relating to the non-transferred financing of operations to be continued in partnership stood at €81 million in the first half of 2015, versus €152 million in the first half of 2014.

For more details, please refer to Note 3.2 to the consolidated financial statements at 30 June 2015.

2.2.6 Profit (loss) from continuing operations

Net income from continuing operations amounted to a gain of €567 million in the first half of 2015, compared with a loss of €254 million in the first half of 2014.

For more details, please refer to Note 4.1 to the consolidated financial statements at 30 June 2015.

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

Net income from operations to be continued in partnership was €153 million in the first half of 2015, versus net income of €212 million in the first half of 2014. It does not include expenses relating to the financing of these assets which are explained in section 2.2.5.

For more details, please refer to Note 4.1 to the consolidated financial statements at 30 June 2015.

2.2.8 Consolidated profit (loss) for the period

The Group reported a consolidated profit of €720 million in the first half of 2015, compared with a loss of -€42 million in the first half of 2014.

For more details, please refer to Note 4.1 to the consolidated financial statements at 30 June 2015.

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

The consolidated profit attributable to equity holders of the parent came to €571 million in the first half of 2015, versus a loss of €114 million in the same period of 2014.

For more details, please refer to Note 13.2 A to the consolidated financial statements at 30 June 2015.

2.2.10 Basic earnings per share

Earnings from continuing operations, per share, attributable to the parent company's equity holders amounted to €0.54, compared with a loss of €0.25 in the first half of 2014. Consolidated earnings per share attributable to the parent company's equity holders stood at €0.73 in the first half of 2015, versus a loss of €0.25 in the first half of 2014.

For more details, please refer to Note 13.2 to the consolidated financial statements at 30 June 2015.

2.3 Outlook

Market Outlook
In 2015 the Group expects automotive demand to expand by 6% in Europe and approximately 3% in China but to contract by around 15% in Latin America and 35% in Russia.

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

3. FINANCIAL POSITION AND CASH

3.1 Equity

Consolidated equity amounted to €11,704 million at 30 June 2015, an increase on the €10,418 million recorded at the previous year-end.

Since year-end, 3,499,973 new shares have been issued following the capital increase reserved for employees in January 2015, and 18,632,353 new shares issued following the exercise of 53,234,550 equity warrants. At 30 June 2015, the share capital comprised 805,221,001 shares with a par value of one euro each. The Group holds 11,588,274 treasury shares, enabling it to cover its requirements under its current stock option plans and part of the OCEANE bond issue of June 2009. No shares were bought back during the first half.

For more details, please refer to Note 13.1 to the consolidated financial statements at 30 June 2015.

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

The current and non-current financial liabilities of the manufacturing and sales companies totalled, at 30 June 2015, €8,681 million (versus €9,296 million at 31 December 2014). Manufacturing and sales company financial assets stood at €12,243 million at 30 June 2015, versus €9,844 million at 31 December 2014. (See Note 10.2 to the consolidated financial statements at 30 June 2015).

The net financial position of the manufacturing and sales companies thus stands at €3,562 million at 30 June 2015, versus a net financial position of €548 million at the end of December 2014. Apart from free cash flow, the improvement in this position is mainly due to the exercise of equity warrants for €120 million. Faurecia's net debt represents €1,263 million, compared with €1,483 million at the end of 2014.

For more details, please refer to Note 10.2 B to the consolidated financial statements at 30 June 2015.

3.3 Origin, amount and description of consolidated cash flows

3.3.1 Consolidated cash flows

For more information, please refer to the consolidated financial statements - Consolidated Statements of Cash Flows for the year ended 30 June 2015.

[2] *Recurring operating income relating to the Automotive Division's revenues*

3.3.2 Cash Flows for manufacturing and sales companies

The following table presents the manufacturing and sales companies' cash flows for the first half-years of 2015 and 2014:

	Manufacturing and sales companies	
(in million euros)	**30 June 2015**	**30 June 2014**
Profit (loss) from continuing operations	578	(140)
Funds from operations	2,621	1,186
Changes in working capital	932	1,143
Net cash from (used in) operating activities	**3,553**	**2,329**
Net cash from (used in) investing activities	**(1,331)**	**(1,029)**
Net cash from (used in) financing activities	**(396)**	**2,921**
Net cash from the transferred assets and liabilities of operations to be continued in partnership	(2)	(15)
Effect of changes in exchange rates	146	16
Increase (decrease) in cash from continuing operations to be continued in partnership	**1,970**	**4,222**
Net cash and cash equivalents at beginning of year	8,429	6,161
Net cash and cash equivalents at end of period from continuing operations	10,399	10,383

Cash flows from operating activities of manufacturing and sales companies

The funds from operations of the manufacturing and sales companies amounted to €2,621 million in the first half of 2015, compared with €1,186 million in the first half of 2014. It represents 9.1% of the revenue of the manufacturing and sales companies, compared with 4.4% in the first half of last year.

The change in working capital requirement (WCR) came to €932 million compared with 31 December 2014 and is mainly due to the seasonal nature of the markets and production schedule. In this change, inventories accounted for -€486 million, trade receivables for -€287 million, trade payables for +€1,241 million, other receivables and liabilities for +€464 million.

Consequently, funds from continuing manufacturing and sales companies present a positive balance of €3,553 million, compared to €2,329 million at 30 June 2014.

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

(in thousands of new vehicles)	**30 June 2015**	**30 June 2014**	**30 June 2013**
The Group	148	170	216
Independent dealer network	243	237	221
TOTAL	**391**	**407**	**437**

Cash flows from manufacturing and sales company investment activities

The flows connected to investment in manufacturing and sales companies stood at -€1,331 million at 30 June 2015, compared with -€1,029 million at the end of June 2014.

Cash flows from financing activities of manufacturing and sales companies

The flows from the financing activities of the manufacturing and sales companies totalled -€396 million, as opposed to +€2,921 million at 30 June 2014. Dividend payments from Banque PSA Finance totalled €570 million in the first half of 2015, compared with €228 million in 2014.

Changes in other financial assets and liabilities, in the amount of -€1,084 million, include in particular partial bond redemptions for €500 million, reimbursement of debt by Peugeot S.A. for €345 million and an early repayment from Faurecia for €250 million.

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

Given the cash flows from operating activities, cash flows from investment activities and cash flows from financing activities as detailed above, and after taking into account the effect of changes in exchange rates amounting to €146 million, and flows from the transferred assets and liabilities of operations to be continued in partnership for -€2 million, net cash and cash equivalents at the end of the period amounted to €10,399 million, compared with €10,383 million at 30 June 2014.

Liquidity reserves

Liquidity reserves for the manufacturing and sales companies amounted to €15,521 million at 30 June 2015, versus €13,463 million at 31 December 2014, with €11,321 million in cash and current & non-current financial assets, and €4,200 million in undrawn lines of credit (see Note 10.3 to the consolidated financial statements at 30 June 2015).

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

At the end of June 2015, the cash and cash equivalents of Banque PSA Finance amounted to €1,037 million, compared with €1,830 million at the end of June 2014 (see Note 11.2 to the consolidated financial statements at 30 June 2015).

3.4 Liquidity and funding

3.4.1 Manufacturing and sales companies

In June 2015, the Group actively managed its debt by carrying out a partial bond redemption totalling €500 million.

In addition, following the renegotiation which took place in April 2014, Peugeot S.A. and GIE PSA Trésorerie have a confirmed credit facility amounting to €2,000 million, maturing in April 2019, with the balance of €1,000 million maturing in April 2018, and with an optional one-year extension (the first optional one-year extension having been used in April 2015). This facility was undrawn at 30 June 2015 (see Note 10.4). Faurecia has undrawn confirmed lines of credit amounting to €1,200 million at 30 June 2015, maturing in December 2019.

For more details, please refer to Note 10.3 to the consolidated financial statements at 30 June 2015.

3.4.2 Banque PSA Finance

At 30 June 2015, 17% of the financing was provided by bank facilities, 27% by the capital markets, 24% by securitisation transactions, 12% by “others financing” (including 4% from public origin such as ECB) and 20% by the savings business launched in March 2013. At 31 December 2014, these sources provided 27%, 27%, 28%, 8% (7% of public origin) and 10% of the Bank’s financing, respectively.

On 6 February 2015, Banque PSA Finance announced the establishment of a new syndicated loan in the amount of €700 million maturing in five years. This credit facility is part of the launch of the partnership between Banque PSA Finance and Santander Consumer Finance in France and the UK, resulting in a sharp reduction in Banque PSA Finance’s financing needs and associated financial securities.

In February 2015, the first joint ventures between Banque PSA Finance and Santander Consumer Finance began operations in France and the UK. The start-up of operations by these new ventures also enabled Banque PSA Finance to announce that it would no longer be using the French State's guarantee for its future bond issues. At 30 June 2015, the amount of Banque PSA Finance’s debt secured by the French State was €270 million.

A total of €1,500 million of this State guarantee has been used through two bond issues: €1,200 million in April 2013 and €300 million in July 2014. The two bond issues were the subject of a debt buyback in March 2015, with a residual notional amount of €257 million and €13 million respectively. The French State guarantee will cover the issues to maturity.

For more details, please refer to Note 11 to the consolidated financial statements at 30 June 2015.

More detailed information about Banque PSA Finance is provided in the Banque PSA Finance’s Interim Report which can be downloaded from its website at www.banquepsafinance.com.

4. RISK FACTORS AND UNCERTAINTIES

Main risk factors specific to the Group and its business

PSA Peugeot Citroën pays close attention to ensuring that effective control is maintained over the risks associated with its various businesses. The various operating units identify and assess risks and evaluate the related internal controls on an on-going basis, in France and abroad, within the main units of the Automotive Division and the non-Automotive subsidiaries (except Faurecia which has its own system). The principal risk factors specific to the Group - described exhaustively in the 2014 Registration Document (Chapter 1.5) [3] - include the following:

- **Operational risks**

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

- **Financial market risks**

The Group is exposed to liquidity risk, as well as interest rate risks, counterparty risks, exchange rate risk and other market risks related in particular to fluctuations in commodity prices. Note 12.7 to the 2014 consolidated financial statements, and Note 10.2 to the consolidated financial statements at 30 June 2015 provide information on risk management, which is primarily carried out by Corporate Finance, as well as on the risks identified and the Group policies designed to manage them.

- **Risks relating to Banque PSA Finance**

These mainly include market risk, credit risk, liquidity risk, counterparty risk and concentration and operational risk. (See Note 13.5 to the 2014 consolidated financial statements).

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

- **Legal and contractual risks**

These risks mainly include: legal and arbitration proceedings, legal risks associated with anti-competition litigation, regulatory risks, financial covenants, risks related to pension and other post-retirement benefit obligations, risks related to intellectual property rights, and off-balance sheet commitments. (See Note 15.1 to the consolidated financial statements at 30 June 2015)

5. RELATED PARTY TRANSACTIONS

The Group's related party transactions are described in Note 18 to the 2014 consolidated financial statements. Related parties are companies subject to significant influence consolidated by the equity method, members of the managing bodies and shareholders holding more than 10% of Peugeot S.A. capital.

The nature of transactions with companies accounted at equity is detailed in Note 11.5 to the 2014 consolidated financial statements, which also specifies their financial impacts over the last two financial years. Companies accounted at equity mainly comprise the DPCA and CAPSA joint ventures in China, as well as Gefco S.A.. Other than these transactions, there were no significant transactions with other parties.

The transactions with companies accounted for by the equity method are disclosed in Note 9.5 to the consolidated financial statements at 30 June 2015. In the first half of 2015, the implementation of the partnership with Santander increased related-party transactions. Other than these transactions, there were no significant transactions with other parties. (See Note 16 to the consolidated financial statements at 30 June 2015).

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[3] *The 2014 Registration Document was filed with the Autorité des Marchés Financiers (AMF) on 27 March 2015, in accordance with Article 212-13 of the AMF General Regulation, under number D.15-0215.*

II. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AT 30 JUNE 2015

PSA Peugeot Citroën Group

Contents

INTERIM CONSOLIDATED STATEMENTS OF INCOME

(in million euros)	Notes	First-half 2015 Manufacturing and sales companies	Finance companies	Eliminations	Total
Continuing operations					
Sales and revenue		**28 772**	**140**	**(8)**	**28 904**
Cost of goods and services sold		(23 536)	(84)	8	(23 612)
Selling, general and administrative expenses		(2 889)	(37)	-	(2 926)
Research and development expenses		(942)	-	-	(942)
Recurring operating income (loss)		**1 405**	**19**	**-**	**1 424**
Non-recurring operating income	*5.1*	54	-	-	54
Non-recurring operating expenses	*5.1*	(396)	-	-	(396)
Operating income (loss)		**1 063**	**19**	**-**	**1 082**
Financial income		138	5	-	143
Fiancial expenses		(479)	-	-	(479)
Net financial income (expense)	*10.1*	**(341)**	**5**	**-**	**(336)**
Income (loss) before tax of fully consolidated companies		**722**	**24**	**-**	**746**
Current taxes		(174)	(19)	-	(193)
Deferred taxes		(144)	6	-	(138)
Income taxes	*12*	**(318)**	**(13)**	**-**	**(331)**
Share in net earnings of companies at equity	*9.3*	174	59	-	233
Other expenses related to the non-transferred financing of operations to be continued in partnership	*3.2*	-	(81)	-	(81)
Consolidated profit (loss) from continuing operations		**578**	**(11)**	**-**	**567**
Attributable to equity holders of the parent		*436*	*(18)*	*-*	*418*
Operations to be continued in partnership					
Profit (loss) from operations to be continued in partnership		**12**	**141**	**-**	**153**
Consolidated profit (loss) for the period		**590**	**130**	**-**	**720**
Attributable to equity holders of the parent		*448*	*123*	*-*	*571*
Attributable to minority interests		*142*	*7*	*-*	*149*

(in euros)	
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 13.2)	0.54
Basic earnings per €1 par value share - attributable to equity holders of the parent (Note 13.2)	0.73
Diluted earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (Note 13.2)	0.49
Diluted earnings per €1 par value share - attributable to equity holders of the parent (Note 13.2)	0.68

First-half 2014 [1]				2014 [1]			
Manufacturing and sales companies	Finance companies	Eliminations	Total	Manufacturing and sales companies	Finance companies	Eliminations	Total
26 882	**153**	**(9)**	**27 026**	**53 019**	**300**	**(18)**	**53 301**
(22 535)	(54)	9	(22 580)	(44 445)	(147)	18	(44 574)
(3 030)	(27)	-	(3 057)	(5 770)	(57)	-	(5 827)
(1 002)	-	-	(1 002)	(2 025)	-	-	(2 025)
315	**72**	**-**	**387**	**779**	**96**	**-**	**875**
165	-	-	165	228	-	-	228
(264)	-	-	(264)	(907)	-	-	(907)
216	**72**	**-**	**288**	**100**	**96**	**-**	**196**
93	-	-	93	206	-	-	206
(437)	-	-	(437)	(961)	(5)	-	(966)
(344)	**-**	**-**	**(344)**	**(755)**	**(5)**	**-**	**(760)**
(128)	**72**	**-**	**(56)**	**(655)**	**91**	**-**	**(564)**
(129)	(18)	-	(147)	(255)	(19)	-	(274)
14	(21)	-	(7)	29	(81)	-	(52)
(115)	**(39)**	**-**	**(154)**	**(226)**	**(100)**	**-**	**(326)**
103	5	-	108	270	12	-	282
-	(152)	-	(152)	-	(300)	-	(300)
(140)	**(114)**	**-**	**(254)**	**(611)**	**(297)**	**-**	**(908)**
(208)	*(120)*	*2*	*(326)*	*(753)*	*(301)*	*(5)*	*(1 059)*
(5)	**217**	**-**	**212**	**(34)**	**387**	**-**	**353**
(145)	**103**	**-**	**(42)**	**(645)**	**90**	**-**	**(555)**
(213)	*97*	*2*	*(114)*	*(787)*	*86*	*(5)*	*(706)*
68	*6*	*(2)*	*72*	*142*	*4*	*5*	*151*
			(0.25)				(1.59)
			(0.25)				(1.15)
			(0.70)				(1.73)
			(0.25)				(1.15)

[1] These financial statements have been restated (see Note 3.2)

INTERIM CONSOLIDATED SATEMENTS OF INCOME AND EXPENSES RECOGNISED IN EQUITY

(in million euros)	First-half 2015 Before tax	Income tax benefit (expense)	After tax
Consolidated profit (loss) for the period	**1 051**	**(331)**	**720**
Items that may be recycled through profit or loss			
Fair value adjustments to cash flow hedges	(30)	8	(22)
• of which, reclassified to the income statement	33	(2)	31
• of which, recognised in equity during the period	(63)	10	(53)
Gains and losses from remeasurement at fair value of available-for-sale financial assets	-	-	-
• of which, reclassified to the income statement	-	-	-
• of which, recognised in equity during the period	-	-	-
Exchange differences on translating foreign operations	310	-	310
Total	**280**	**8**	**288**
Items that may not be recycled through profit or loss			
Actuarial gains and losses on pension obligations	231	(65)	166
Income and expenses recognised directly in equity, net	**511**	**(57)**	**454**
• of which, companies at equity	*137*	-	*137*
Total recognised income and expenses, net	**1 562**	**(388)**	**1 174**
• of which, attributable to equity holders of the parent			961
• of which, attributable to minority interests			213

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

First-half 2014			2014		
Before tax	Income tax benefit (expense)	After tax	Before tax	Income tax benefit (expense)	After tax
112	**(154)**	**(42)**	**(229)**	**(326)**	**(555)**
52	(16)	36	112	(33)	79
(19)	3	(16)	(129)	19	(110)
71	(19)	52	241	(52)	189
-	-	-	2	-	2
-	-	-	2	-	2
-	-	-	-	-	-
(38)	-	(38)	215	-	215
14	**(16)**	**(2)**	**329**	**(33)**	**296**
(103)	26	(77)	(132)	46	(86)
(89)	**10**	**(79)**	**197**	**13**	**210**
(19)	-	*(19)*	125	-	*125*
23	**(144)**	**(121)**	**(32)**	**(313)**	**(345)**
		(180)			(534)
		59			189

INTERIM CONSOLIDATED BALANCE SHEETS

ASSETS

(in million euros)	Notes	30 June 2015 Manufacturing and sales companies	Finance companies	Eliminations	Total
Continuing operations					
Goodwill		1 519	1	-	1 520
Intangible assets		4 493	65	-	4 558
Property, plant and equipment		11 348	1	-	11 349
Investments in companies at equity	9	1 545	743	-	2 288
Other non-current financial assets		696	64	(3)	757
Other non-current assets		1 148	14	(1)	1 161
Deferred tax assets		611	(36)	-	575
Total non-current assets		**21 360**	**852**	**(4)**	**22 208**
Operating assets					
Loans and receivables - finance companies	11.2.A	-	722	(7)	715
Short-term investments - finance companies		-	138	-	138
Inventories	6.1	4 721	-	-	4 721
Trade receivables - manufacturing and sales companies		1 712	-	(93)	1 619
Current taxes		78	4	-	82
Other receivables		1 970	164	(369)	1 765
		8 481	**1 028**	**(469)**	**9 040**
Current financial assets		**850**	**-**	**(662)**	**188**
Financial investments		**167**	**-**	**-**	**167**
Cash and cash equivalents	10.4.A & 11.2.B	**10 530**	**400**	**(210)**	**10 720**
Total current assets		**20 028**	**1 428**	**(1 341)**	**20 115**
Total assets of continuing operations		**41 388**	**2 280**	**(1 345)**	**42 323**
Total assets of operations to be continued in partnership		**5**	**10 371**	**(59)**	**10 317**
Total assets		**41 393**	**12 651**	**(1 404)**	**52 640**

EQUITY AND LIABILITIES

(in million euros)	Notes	30 June 2015 Manufacturing and sales companies	Finance companies	Eliminations	Total
Equity	13				
Share capital					805
Treasury stock					(272)
Retained earnings and other accumulated equity, excluding minority interests					9 849
Minority interests					1 322
Total equity					**11 704**
Continuing operations					
Non-current financial liabilities	10.4.B	5 868	-	-	5 868
Other non-current liabilities		3 780	-	(1)	3 779
Non-current provisions	8.1	1 392	-	-	1 392
Deferred tax liabilities		795	(54)	-	741
Total non-current liabilities		**11 835**	**(54)**	**(1)**	**11 780**
Operating liabilities					
Financing liabilities	11.3	-	358	(10)	348
Non-transferred financing liabilities of operations to be continued in partnership	11.3	-	3 975	(660)	3 315
Current provisions	8.2	2 943	103	-	3 046
Trade payables		9 676	-	(10)	9 666
Current taxes		143	13	-	156
Other payables		4 650	472	(446)	4 676
		17 412	**4 921**	**(1 126)**	**21 207**
Current financial liabilities	10.4.B	**2 813**	**-**	**(19)**	**2 794**
Total current liabilities		**20 225**	**4 921**	**(1 145)**	**24 001**
Total liabilities of continuing operations [1]		**32 060**	**4 867**	**(1 146)**	**35 781**
Total transferred liabilities of operations to be continued in partnership		**-**	**5 413**	**(258)**	**5 155**
Total equity and liabilities					**52 640**

[1] *excluding equity*

(in million euros)	Notes	31 December 2014 Manufacturing and sales companies	Finance companies	Eliminations	Total
Continuing operations					
Goodwill		1 505	1	-	1 506
Intangible assets		4 285	63	-	4 348
Property, plant and equipment		10 826	5	-	10 831
Investments in companies at equity	9	1 562	104	-	1 666
Other non-current financial assets		696	31	(4)	723
Other non-current assets		928	14	(1)	941
Deferred tax assets		529	61	-	590
Total non-current assets		**20 331**	**279**	**(5)**	**20 605**
Operating assets					
Loans and receivables - finance companies	11.2.A	-	4 078	(4)	4 074
Short-term investments - finance companies		-	192	-	192
Inventories	6.1	4 194	-	-	4 194
Trade receivables - manufacturing and sales companies		1 375	-	(157)	1 218
Current taxes		147	9	(62)	94
Other receivables		1 662	320	(52)	1 930
		7 378	**4 599**	**(275)**	**11 702**
Current financial assets		**405**	**-**	**(301)**	**104**
Financial investments		**266**	**-**	**-**	**266**
Cash and cash equivalents	10.4.A & 11.2.B	**8 477**	**1 610**	**(128)**	**9 959**
Total current assets		**16 526**	**6 209**	**(704)**	**22 031**
Total assets of continuing operations		**36 857**	**6 488**	**(709)**	**42 636**
Total assets of operations to be continued in partnership		**167**	**18 529**	**(120)**	**18 576**
Total assets		**37 024**	**25 017**	**(829)**	**61 212**

(in million euros)	Notes	31 December 2014 Manufacturing and sales companies	Finance companies	Eliminations	Total
Equity	13				
Share capital					783
Treasury stock					(296)
Retained earnings and other accumulated equity, excluding minority interests					8 784
Minority interests					1 147
Total equity					**10 418**
Continuing operations					
Non-current financial liabilities	10.4.B	6 463	-	-	6 463
Other non-current liabilities		2 993	-	(1)	2 992
Non-current provisions	8.1	1 541	2	-	1 543
Deferred tax liabilities		640	-	-	640
Total non-current liabilities		**11 637**	**2**	**(1)**	**11 638**
Operating liabilities					
Financing liabilities	11.3	-	4 331	(363)	3 968
Non-transferred financing liabilities of operations to be continued in partnership	11.3	-	8 677	-	8 677
Current provisions	8.2	2 790	98	-	2 888
Trade payables		8 177	-	(13)	8 164
Current taxes		157	8	(1)	164
Other payables		4 114	254	(140)	4 228
		15 238	**13 368**	**(517)**	**28 089**
Current financial liabilities	10.4.B	**2 833**	**-**	**(19)**	**2 814**
Total current liabilities		**18 071**	**13 368**	**(536)**	**30 903**
Total liabilities of continuing operations [(1)]		**29 708**	**13 370**	**(537)**	**42 541**
Total transferred liabilities of operations to be continued in partnership		**37**	**8 508**	**(292)**	**8 253**
Total equity and liabilities					**61 212**

[(1)] *excluding equity*

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in million euros)	Notes	First-half 2015 Manufacturing and sales companies	Finance companies	Eliminations	Total
Consolidated profit (loss) from continuing operations		**578**	**(11)**	**-**	**567**
Other expenses related to the non-transferred financing of operations to be continued in partnership		-	81	-	81
Adjustments for non-cash items:					
• Depreciation, amortisation and impairment		1 320	9	-	1 329
• Provisions		154	7	-	161
• Changes in deferred tax		140	(49)	-	91
• (Gains) losses on disposals and other		92	(5)	-	87
Share in net (earnings) losses of companies at equity, net of dividends received		180	(58)	-	122
Revaluation adjustments taken to equity and hedges of debt		23	2	1	26
Change in carrying amount of leased vehicles		134	-	-	134
Funds from operations		**2 621**	**(24)**	**1**	**2 598**
Changes in working capital	*6.2*	932	6 185	53	7 170
Net cash from (used in) operating activities of continuing operations [1]		**3 553**	**6 161**	**54**	**9 768**
Proceeds from disposals of shares in consolidated companies and of investments in non-consolidated companies		23	(10)	-	13
Capital increase and acquisitions of consolidated companies and equity interests		(117)	(6)	-	(123)
Proceeds from disposals of property, plant and equipment and of intangible assets		41	-	-	41
Investments in property, plant and equipment		(725)	-	-	(725)
Investments in intangible assets		(663)	(10)	-	(673)
Change in amounts payable on fixed assets		9	-	-	9
Other		101	1	136	238
Net cash from (used in) investing activities of continuing operations		**(1 331)**	**(25)**	**136**	**(1 220)**
Dividends paid:					
• Intragroup		570	(570)	-	-
• Net amounts received from (paid to) operations to be continued in partnership		-	74	-	74
• To minority shareholders of subsidiaries		(48)	-	-	(48)
Proceeds from issuance of shares		166	-	-	166
(Purchases) sales of treasury stock		-	-	-	-
Changes in other financial assets and liabilities	*10.2.B*	(1 084)	-	343	(741)
Net cash from (used in) financing activities of continuing operations		**(396)**	**(496)**	**343**	**(549)**
Net cash related to the non-transferred debt of finance companies to be continued in partnership [2]		**-**	**(6 829)**	**(360)**	**(7 189)**
Net cash from the transferred assets and liabilities of operations to be continued in partnership [2]		**(2)**	**(375)**	**(254)**	**(631)**
Effect of changes in exchange rates		146	-	-	146
Increase (decrease) in cash from continuing operations to be continued in partnership		**1 970**	**(1 564)**	**(81)**	**325**
Net cash and cash equivalents at beginning of period		**8 429**	**2 601**	**(129)**	**10 901**
Net cash and cash equivalents of continuing operations at end of period	*14.1*	**10 399**	**1 037**	**(210)**	**11 226**

[1] *Excluding flows related to the non-transferred debt of finance companies to be continued in partnership.*

[2] *Details of cash flows from operations to be continued in partnership are disclosed in Note 14.2.*

First-half 2014				2014			
Manufacturing and sales companies	Finance companies	Eliminations	**Total**	Manufacturing and sales companies	Finance companies	Eliminations	**Total**
(140)	**(114)**	**-**	**(254)**	**(611)**	**(297)**	**-**	**(908)**
-	152	-	152	-	300	-	300
1 172	1	-	1 173	2 506	15	-	2 521
(38)	7	-	(31)	275	41	-	316
(21)	(71)	-	(92)	(37)	(88)	-	(125)
(25)	-	-	(25)	42	-	-	42
36	(5)	-	31	(120)	(12)	-	(132)
60	-	-	60	81	-	-	81
142	-	-	142	(10)	-	-	(10)
1 186	**(30)**	**-**	**1 156**	**2 126**	**(41)**	**-**	**2 085**
1 143	(312)	286	1 117	1 753	(157)	16	1 612
2 329	**(342)**	**286**	**2 273**	**3 879**	**(198)**	**16**	**3 697**
-	-	-	-	-	-	-	-
(3)	-	-	(3)	(61)	(10)	-	(71)
142	-	-	142	205	1	-	206
(568)	-	-	(568)	(1 294)	(2)	-	(1 296)
(542)	(4)	-	(546)	(1 119)	(12)	-	(1 131)
(64)	-	-	(64)	(69)	-	-	(69)
6	(29)	-	(23)	25	(9)	-	16
(1 029)	**(33)**	**-**	**(1 062)**	**(2 313)**	**(32)**	**-**	**(2 345)**
228	(228)	-	-	228	(228)	-	-
-	92	-	92	-	231	-	231
(26)	-	-	(26)	(58)	-	-	(58)
2 969	-	-	2 969	2 961	-	-	2 961
24	-	-	24	24	-	-	24
(274)	-	420	146	(2 480)	-	334	(2 146)
2 921	**(136)**	**420**	**3 205**	**675**	**3**	**334**	**1 012**
-	**(449)**	**(400)**	**(849)**	**-**	**(1 155)**	**(300)**	**(1 455)**
(15)	**980**	**(436)**	**529**	**(20)**	**2 179**	**32**	**2 191**
16	6	(2)	20	47	-	(1)	46
4 222	**26**	**(132)**	**4 116**	**2 268**	**797**	**81**	**3 146**
6 161	**1 804**	**(210)**	**7 755**	**6 161**	**1 804**	**(210)**	**7 755**
10 383	**1 830**	**(342)**	**11 871**	**8 429**	**2 601**	**(129)**	**10 901**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in million euros)	Share capital	Treasury stock	Retained earnings excluding revaluations	Revaluations - excluding minority interests: Cash flow hedges	Available-for-sale financial assets	Actuarial gains and losses on pension obligations	Translation adjust-ments	**Equity - Attributable to equity holders of the parent**	Equity - Minority interests	**Total equity**
At 31 December 2013	**355**	**(351)**	**7 264**	**(74)**	**-**	**(169)**	**(198)**	**6 827**	**1 010**	**7 837**
Income and expenses recognised directly in equity for the period	-	-	(114)	36	-	(67)	(35)	(180)	59	(121)
Measurement of stock options and performance share grants	-	-	2	-	-	-	-	2	-	2
Effect of changes in scope of consolidation and other	-	-	3	-	-	-	-	3	8	11
Issuance of shares	428	-	2 509	-	-	-	-	2 937	17	2 954
Purchases and sales of treasury stock	-	59	(35)	-	-	-	-	24	-	24
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(41)	(41)
At 30 June 2014	**783**	**(292)**	**9 629**	**(38)**	**-**	**(236)**	**(233)**	**9 613**	**1 053**	**10 666**
Income and expenses recognised directly in equity for the period	-	-	(592)	46	2	9	181	(354)	130	(224)
Measurement of stock options and performance share grants	-	-	18	-	-	-	-	18	3	21
Effect of changes in scope of consolidation and other	-	-	(2)	-	-	-	-	(2)	(14)	(16)
Issuance of shares	-	-	(4)	-	-	-	-	(4)	-	(4)
Purchases and sales of treasury stock	-	(4)	4	-	-	-	-	-	-	-
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(25)	(25)
At 31 December 2014	**783**	**(296)**	**9 053**	**8**	**2**	**(227)**	**(52)**	**9 271**	**1 147**	**10 418**
Income and expenses recognised directly in equity for the period	-	-	571	(24)	-	151	263	961	213	1 174
Measurement of stock options and performance share grants	-	-	-	-	-	-	-	-	-	-
Effect of changes in scope of consolidation and other	-	-	3	-	-	-	-	3	(6)	(3)
Issuance of shares	22	-	125	-	-	-	-	147	31	178
Purchases and sales of treasury stock	-	24	(24)	-	-	-	-	-	-	-
Dividends paid by other Group companies	-	-	-	-	-	-	-	-	(63)	(63)
At 30 June 2015	**805**	**(272)**	**9 728**	**(16)**	**2**	**(76)**	**211**	**10 382**	**1 322**	**11 704**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Six months ended 30 June 2015

Preliminary note

The interim consolidated financial statements for the six months ended 30 June 2015 and related notes were approved by the Managing Board of Peugeot S.A. on 23 July 2015 with the exception of Note 17 which takes into account events that occurred in the period up to the Supervisory Board meeting on 28 July 2015.

NOTE 1 - HIGHLIGHTS OF FIRST-HALF 2015

1.1. EXTENDING OF THE PARTNERSHIP WITH SANTANDER AND FIRST IMPLEMENTATION

In the first half of 2015, discussions were initiated to extend the partnership with Santander to the Brazilian activities and to the outstanding portfolio of Retail activities in Spain and Italy. The partnership in France and the UK became effective on 2 February 2015. Since then, these activities have been housed in partnerships, measured in accordance with the equity method in the proportion of 50% (see Note 3.2).

1.2. OTHER CHANGES IN SCOPE OF CONSOLIDATION

The Group made a number of acquisitions and disposals during the half-year. These transactions are disclosed in Note 3.1.
The Group also initiated the creation of new companies in partnership with Dong Feng covering joint research and development and export activities in Asia.

1.3. CAPITAL INCREASE AND EXERCISE OF EQUITY WARRANTS

A. Capital increase reserved for employees
The capital increase reserved for employees, which was initiated in the final quarter of 2014, was finalised in January 2015. More than 15,280 employees participated in the "Accelerate" offer, with a substantially higher rate of subscription than for the share purchase offer (see Note 13.1.A).

B. Exercise of equity warrants (BSA)
As part of the capital increases carried out in the first half of 2014, equity warrants were issued to former shareholders, exercisable from the second year (see Note 15.1.B to the 2014 consolidated financial statements). At 30 June 2015, 53,234,550 warrants had been exercised, out of a total of 342,060,365 warrants issued (see Note 13.1.A).

1.4. REDEMPTION OF BONDS

As part of the process of managing its debt, the Group went ahead with the early redemption of several bonds in the amount of €500 million (see Note 10.4.C).

NOTE 2 - ACCOUNTING POLICIES

2.1. STANDARDS APPLIED

The interim consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with ***IAS 34 – Interim Financial Reporting***, which provides for the presentation of a selected number of explanatory notes. These condensed interim consolidated financial statements should be read and understood in conjunction with the 2014 consolidated financial statements.

The interim consolidated financial statements for the period ended 30 June 2015 for the PSA Peugeot Citroën Group have been prepared using the same accounting policies as those used for the financial year ended 31 December 2014. The Group having early applied ***IFRIC 21 - Levies*** in 2014, new standards with mandatory application for accounting periods beginning on or after 1 January 2015 did not have a material impact on the Group.

The Group's consolidated financial statements for the year ended 31 December 2014 and for the half-year ended 30 June 2015 were prepared in accordance with International Financial Reporting Standards (IFRS), adopted for use in the European Union. This interim financial consolidated statements also comply with International Financial Reporting Standards (IFRS) and IFRS Interpretation Committee interpretations, inasmuch as the provision of IAS 39 unadopted by the European Union does not affect the PSA Peugeot group's financial statements.

2.2. USE OF ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions in order to determine the reported amounts of certain assets, liabilities, income and expense items, as well as certain amounts disclosed in the notes to the financial statements relating to contingent assets and liabilities.

The estimates and assumptions used are those deemed by management to be the most pertinent and accurate in view of the Group's circumstances and past experience. To reduce uncertainty, estimates and assumptions are reviewed periodically.

Nevertheless, given the uncertainty inherent in any projections, actual results may differ from initial estimates.

The points for attention used in the preparation of the 2015 interim financial statements are the same as those used for the 2014 annual financial statements.

NOTE 3 - SCOPE OF CONSOLIDATION

3.1. COMPOSITION OF THE GROUP

The Group consists of the Peugeot S.A. holding company, listed on Euronext, and its affiliates. Significant subsidiaries are consolidated in accordance with Note 3.1 of the consolidated financial statements for 2014.

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

- The Automotive Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot, Citroën and DS brands. It mainly comprises wholly owned subsidiaries, as well as jointly controlled subsidiaries for the production of vehicles or subassemblies in Europe and for industrial and commercial activities in China. These jointly controlled subsidiaries are consolidated in accordance with IFRS 11;
- The Automotive Equipment Division, corresponding to the Faurecia group comprising Interior Systems, Automotive Seating, Automotive Exteriors and Emissions Control Technologies. Faurecia is listed on Euronext. Peugeot S.A. holds 51.2% of Faurecia's capital and 67.3% of its voting rights. The exercise of the dilutive instruments issued by Faurecia would have no impact on the Group's exclusive control;
- The Finance Division, corresponding to the Banque PSA Finance group, which provides retail financing to customers of the Peugeot, Citroën and DS brands and wholesale financing to the brands' dealer networks. Banque PSA Finance is classified as a financial institution. In 2014, Banque PSA Finance and Santander Consumer Finance signed a framework agreement for the establishment of a partnership whose scope was extended in June 2015 (see Note 1.1). This partnership covers most Banque PSA Finance's business. Since February 2015, the French and British operations were transferred to entities controlled jointly with Santander, and are now consolidated using the equity method.

The Group's other activities are housed under "Other businesses", which notably includes the Peugeot S.A. holding company, and minority stakes in Gefco as well as in Peugeot Motocycles both consolidated by the equity method.

	30 June 2015	31 December 2014
Fully consolidated companies		
Manufacturing and sales companies	300	304
Finance companies	40	54
	340	**358**
Joint operations		
Manufacturing and sales companies	3	3
Companies at equity		
Manufacturing and sales companies	48	45
Finance companies	15	1
	63	**46**
Consolidated companies	**406**	**407**

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

Excluding the transactions related to the partnership with Santander (see Note 3.2), the main acquisitions and disposals during the half-year are as follows:

- on 19 January, 2015, the Group signed a strategic partnership agreement with Mahindra & Mahindra Group (M&M), under the terms of which the Group lost the exclusive control of Peugeot Motorcycles, which is now consolidated by the equity method in the proportion of 49%;
- on 31 March 2015, the Group sold the design and manufacturing of industrial tools business housed in PCI-SCEMM;
- on 31 March 2015, the Group acquired Mister Auto. This company was not consolidated at 30 June 2015.

Changes in the scope of consolidation during the first-half 2015 did not have a material impact on the consolidated financial statements, either individually or in the aggregate.

3.2. OPERATIONS RELATED TO THE PARTNERSHIP WITH SANTANDER

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

In 2014, pursuant to IFRS 5, the assets and liabilities held for sale or to be continued in partnership were reclassified to specific items in the financial statements (see Note 3.3 to the 2014 financial statements).

In the first half of 2015, discussions were initiated to extend the partnership with Santander to the Brazilian activities and the Retail activities in Spain and Italy. Reclassifications were consequently performed in 2015, and a revaluation charge of €9 million was recognised. For the 2014 financial statements presented comparatively, the income statement and the statement of cash flows have been restated. They are presented in the tables below. However, in accordance with IFRS 5, the 2014 balance sheet has not been restated.

EMTN (euro medium-term notes) and MTN (medium-term notes) debt securities and most of the bank borrowings that ensure the refinancing of assets to be transferred will not be transferred. They are included in a specific item, “Non-transferred financing liabilities of operations to be continued in partnership”. Wherever possible, the Group plans to prepay these debts. Certain undrawn credit facilities will also be terminated early (see Note 11.3.E). The impact on the first half of 2015 was an expense of €10 million.

Accordingly, operations to be continued in partnership and the related funding are no longer included in recurring operating income (loss). Income and expenses are classified in the following items:

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

The partnership in France and the UK became effective on 2 February 2015. The relevant activities have since that date been housed in partnerships, measured in accordance with the equity method in the proportion of 50%. Previously, these companies were fully consolidated. The deconsolidation resulted in the recognition of an expense of €10 million during the half-year against the profit (loss) of operations to be continued in partnership.

Following the implementation of the partnership in France and the UK, resulting in a considerable reduction in Banque PSA Finance's financing needs and related liquidity reserves, Banque PSA Finance has adjusted its refinancing (see Note 11.3).

A. Details of reclassifications in the consolidated income statement

2014	Finance division at 100%	Reclassification of the full scope	Finance division reported in July 2015 [3]
Sales and revenue	**1 703**	**(1 403)**	**300**
Cost of goods and services sold	(967)	820	(147)
Selling, general and administrative expenses	(399)	342	(57)
Recurring operating income (loss)	**337**	**(241)**	**96**
Non-recurring operating income and expenses	(2)	2	-
Net financial income (expense)	(8)	3	(5)
Income taxes	(121)	21	(100)
Share in net earnings of companies at equity	12	-	12
Other expenses related to the non-transferred financing of operations to be continued in partnership [1]	-	(300)	(300)
Consolidated profit (loss) from continuing operations	**218**	**(515)**	**(297)**
Profit (loss) from operations to be continued in partnership [2]	-	387	387
Consolidated profit (loss) for the period	**218**	**(128)**	**90**

(1) These charges relate to the financing debts of activities to be transferred included a negative €16 million adjustment value related to the Santander partnership.

[2] Included a negative €112 million adjustment value related to the Santander partnership of which a €75 million depreciation of the Banque PSA Finance goodwill.

[3] Financial statements restated in accordance with IFRS 5 (scope of the partnership at 30 June 2015).

First-half 2014	Finance division at 100%	Reclassification of the full scope	Finance division reported [2]
Sales and revenue	**848**	**(695)**	**153**
Cost of goods and services sold	(475)	421	(54)
Selling, general and administrative expenses	(201)	174	(27)
Recurring operating income (loss)	**172**	**(100)**	**72**
Non-recurring operating income and expenses	(2)	2	-
Net financial income (expense)	-	-	-
Income taxes	(72)	33	(39)
Share in net earnings of companies at equity	5	-	5
Other expenses related to the non-transferred financing of operations to be continued in partnership [1]	-	(152)	(152)
Consolidated profit (loss) from continuing operations	**103**	**(217)**	**(114)**
Profit (loss) from operations to be continued in partnership	-	217	217
Consolidated profit (loss) for the period	**103**	**-**	**103**

[1] These charges relate to the financing debts of activities to be transferred.

[2] Financial statements restated in accordance with IFRS 5 (scope of the partnership at 30 June 2015).

First-half 2015	Finance division at 100%	Reclassification of operations to be continued in partnership	Implementation of the partnership in France and the UK	Finance division reported [2]
Sales and revenue	**838**	**(409)**	**(289)**	**140**
Cost of goods and services sold	(331)	187	60	(84)
Selling, general and administrative expenses	(213)	99	77	(37)
Recurring operating income (loss)	**294**	**(123)**	**(152)**	**19**
Non-recurring operating income and expenses	(23)	23	-	-
Net financial income (expense)	10	(5)	-	5
Income taxes	(88)	26	49	(13)
Share in net earnings of companies at equity	8	-	51	59
Other expenses related to the non-transferred financing of operations to be continued in partnership [1]	-	(81)	-	(81)
Consolidated profit (loss) from continuing operations	**201**	**(160)**	**(52)**	**(11)**
Profit (loss) from operations to be continued in partnership [2]	-	*141*	-	141
Consolidated profit (loss) for the period	**201**	**(19)**	**(52)**	**130**

[1] These charges relate to the financing debts of activities to be transferred including a negative €10 million adjustment value related to the Santander partnership.
[2] Included a negative €9 million adjustment value related to the Santander partnership.
[3] Financial statements restated in accordance with IFRS 5 (scope of the partnership at 30 June 2015).

B. Effect of the extension of the scope of the partnership with Santander Consumer Finance

Statement of income

2014	Finance division at 100%	Initial scope of the partnership	2014 reported in February 2015	Additional scope of the partnership	2014 reported in July 2015
Sales and revenue	**1 703**	**(1 075)**	**628**	**(328)**	**300**
Recurring operating income (loss)	**337**	**(211)**	**126**	**(30)**	**96**
Non-recurring operating income and expense	**335**	**(212)**	**123**	**(27)**	**96**
Net financial income (expense)	(8)	-	(8)	3	(5)
Income taxes	(121)	34	(87)	(13)	(100)
Share in net earnings of companies at equity	12	-	12	-	12
Other expenses related to the non-transferred financing of operations to be continued in partnership	-	(251)	(251)	(49)	(300)
Consolidated profit (loss) from continuing oper	**218**	**(429)**	**(211)**	**(86)**	**(297)**
Profit (loss) from operations to be continued in partnership	-	301	301	86	387
Consolidated profit (loss) for the period	**218**	**(128)**	**90**	**-**	**90**

The additional scope concerns that for which the Group entered into discussions in the first half of 2015.

Balance sheets

31 December 2014	Finance division at 100%	Reclassification of the initial scope	At 31 December 2014 reported in February 2015	reclassification of the additional scope	At 31 December 2014 after complete declassification
Loans and receivables - finance companies	21 060	(16 982)	4 078	(3 249)	829
Cash and cash equivalents	2 602	(992)	1 610	(279)	1 331
Short-term investments - finance companies	450	(258)	192	(28)	164
Investments in companies at equity	104	-	104	-	104
Other current and non-current assets	869	(365)	504	(254)	250
Total assets of continuing operations	**25 085**	**(18 597)**	**6 488**	**(3 810)**	**2 678**
Total assets of operations to be continued in partnership	-	18 529	18 529	3 810	22 339
Total assets	**25 085**	**(68)**	**25 017**	**-**	**25 017**
Financing liabilities	20 523	(16 192)	4 331	(3 510)	821
Other current and non-current liabilities	1 302	(940)	362	(90)	272
Non-transferred financing liabilities of operations to be continued in partnership	-	8 677	8 677	2 045	10 722
Total liabilities of continuing operations	**21 825**	**(8 455)**	**13 370**	**(1 555)**	**11 815**
Total transferred liabilities of operations to be continued in partnership	-	8 508	8 508	1 555	10 063
Total liabilities [1]	**21 825**	**53**	**21 878**	**-**	**21 878**

[1] *excluding equity*

C. Implementation of the partnership with Santander Consumer Finance in the first-half 2015

	At 31 December 2014 after complete declassification	Implementation of the partnership in France and the UK			Reduction of equity through payment of dividends	Other changes	At 30 June 2015 reported
		Reconsolidation and equity method	Repayment of the financing by the Joint Ventures	Rescheduling of the financing			
Loans and receivables - finance companies	829	(71)	-	-	-	(36)	722
Cash and cash equivalents	1 331	603	4 679	(4 877)	(570)	(766)	400
Investments in companies at equity	104	617	-	-	-	22	743
Short-term investments - finance companies	164	-	-	-	-	(26)	138
Other current and non-current assets	250	20	-	-	-	7	277
Total assets of continuing operations	**2 678**	**1 169**	**4 679**	**(4 877)**	**(570)**	**(799)**	**2 280**
Total assets of operations to be continued in partnership	**22 339**	**(11 177)**	**-**	**-**	**-**	**(791)**	**10 371**
Total assets	**25 017**	**(10 008)**	**4 679**	**(4 877)**	**(570)**	**(1 590)**	**12 651**
Financing liabilities	821	-	-	-	-	(463)	358
Other current and non-current liabilities	272	-	-	-	348	(86)	534
Non-transferred financing liabilities of operations to be continued in partnership	10 722	-	-	(4 877)	-	(1 870)	3 975
Total liabilities of continuing operations	**11 815**	**-**	**-**	**(4 877)**	**348**	**(2 419)**	**4 867**
Total transferred liabilities of operations to be continued in partnership	**10 063**	**(10 014)**	**4 679**	**-**	**-**	**684**	**5 412**
Total liabilities [1]	**21 878**	**(10 014)**	**4 679**	**(4 877)**	**348**	**(1 735)**	**10 279**

[1] *excluding equity*

The deconsolidation of the assets and liabilities of subsidiaries France and the United Kingdom continued as joint ventures (€11,177 million and €10,014 million respectively) was offset by cash received from Santander for the acquisition of shares (€603 million) and the value of joint ventures kept by the Group (€617 million).

The repayment by joint ventures of financing provided by the Group amounted to €4,679 million.

The Group's external refinancing debts were repaid over the period in the amount of €4,877 million.
Equity was reduced by the payment of dividends (€570 million paid and €348 million yet to be paid).

NOTE 4 - SEGMENT INFORMATION

In accordance with ***IFRS 8 Operating Segments***, segment information is presented in line with the indicators used internally by management to measure the performance of the Group's different business segments. The Group's main performance indicator is recurring operating income.

The definition of operating sectors is provided in Note 3.1.

For internal reporting, the Finance Division's full data is given, before the impact of IFRS 5. The "Reconciliation" column provides a link with the presentation given in the consolidated income statement. The "Reconciliation" column sets out the impacts of IFRS 5 described in Note 3.2.

4.1. BUSINESS SEGMENTS

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

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

First-half 2015		Automotive		Finance companies		Eliminations and	
(in million euros)	Automotive	equipment	Other	100%	Reconciliation	unallocated [1]	Total
Sales and revenue							
• third parties	19 406	9 365	1	639	(507)	-	**28 904**
• intragroup, intersegment [1]	3	1 142	50	199	-	(1 394)	**-**
Total	**19 409**	**10 507**	**51**	**838**	**(507)**	**(1 394)**	**28 904**
Recurring operating income (loss)	**975**	**424**	**8**	**294**	**(275)**	**(2)**	**1 424**
Non-recurring operating income	51	3	-	-	-	-	54
Restructuring costs	(357)	(31)	(1)	(2)	2	-	(389)
Impairment of CGUs, provisions for onerous contracts and other	(8)	-	-	-	-	-	(8)
Other non-recurring operating income and (expenses), net	1	-	-	(21)	21	-	1
Operating income (loss)	**662**	**396**	**7**	**271**	**(252)**	**(2)**	**1 082**
Net financial income (expense) [2]	**-**	**(45)**	**-**	**10**	**(5)**	**(296)**	**(336)**
Income taxes expense		(97)		(88)	75	(221)	(331)
Share in net earnings of companies at equity	179	(1)	(4)	8	51	-	233
Other expenses related to the non-transferred financing of operations to be continued in partnership	-	-	-	-	(81)	-	(81)
Consolidated profit (loss) from continuing operations		**253**		**201**	**(212)**		**567**
Profit (loss) from operations to be continued in partnership		-	12	-	141		153
Consolidated profit (loss) for the period		**253**		**201**	**(71)**		**720**
Capital expenditure (excluding sales with a buyback commitment)	**964**	**424**	**-**	**13**	**(3)**		**1 398**

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

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

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

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

First-half 2014 (in million euros)	Automotive	Automotive equipment	Other	Finance companies 100%	Finance companies Reconciliation	Eliminations and unallocated [1]	Total
Sales and revenue							
• third parties	18 610	8 271	1	678	(534)	-	**27 026**
• intragroup, intersegment [1]	-	1 057	47	170	-	(1 274)	**-**
Total	**18 610**	**9 328**	**48**	**848**	**(534)**	**(1 274)**	**27 026**
Recurring operating income (loss)	**7**	**311**	**(2)**	**172**	**(100)**	**(1)**	**387**
Non-recurring operating income	160	2	3	-	-	-	165
Restructuring costs	(207)	(37)	-	(2)	2	-	(244)
Impairment of CGUs, provisions for onerous contracts and other.	(10)	-	-	-	-	-	(10)
Other non-recurring operating income and (expenses), net	-	(10)	-	-	-	-	(10)
Operating income (loss)	**(50)**	**266**	**1**	**170**	**(98)**	**(1)**	**288**
Net financial income (expense)	**-**	**(104)**	**-**	**-**	**-**	**(240)**	**(344)**
Income taxes expense		(45)		(72)	33	(70)	(154)
Share in net earnings of companies at equity	96	(1)	8	5	-	-	108
Other expenses related to the non-transferred financing of operations to be continued in partnership	-	-	-	-	(152)	-	(152)
Consolidated profit (loss) from continuing operations		**116**		**103**	**(217)**		**(254)**
Profit (loss) from operations to be continued in partnership	-	-	(5)	-	217		212
Consolidated profit (loss) for the period		**116**		**103**	**-**		**(42)**
Capital expenditure (excluding sales with a buyback commitment)	**712**	**398**	**-**	**9**	**(5)**		**1 114**

(1) The "Eliminations and unallocated" column includes eliminations of intersector sales between the Finance companies and the other sectors (€161 million).

In the first half of 2014, on a fully consolidated basis, Banque PSA Finance (Finance Companies segment) generated net banking revenue of €426 million. Net provision expense (cost of risk) amounted to €53 million in the first half 2014.

In the first half of 2014, after application of IFRS 5, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €105 million. Net provision expense (cost of risk) amounted to €6 million in the first half 2014.

2014 (in million euros)	Automotive	Automotive equipment	Other	Finance companies 100%	Finance companies Reconciliation	Eliminations and unallocated [1]	Total
Sales and revenue							
• third parties	36 084	16 933	2	1 341	(1 059)	-	**53 301**
• intragroup, intersegment [1]	1	1 896	98	362	-	(2 357)	**-**
Total	**36 085**	**18 829**	**100**	**1 703**	**(1 059)**	**(2 357)**	**53 301**
Recurring operating income (loss)	**63**	**673**	**37**	**337**	**(241)**	**6**	**875**
Non-recurring operating income	220	5	3	1	(1)	-	228
Restructuring costs	(682)	(76)	-	(3)	3	-	(758)
Impairment of CGUs, provisions for onerous contracts and other.	(134)	-	-	-	-	-	(134)
Other non-recurring operating income and (expenses), net	-	(15)	-	-	-	-	(15)
Operating income (loss)	**(533)**	**587**	**40**	**335**	**(239)**	**6**	**196**
Net financial income (expense)	**-**	**(244)**	**-**	**(8)**	**3**	**(511)**	**(760)**
Income taxes expense		(115)		(121)	21	(111)	(326)
Share in net earnings of companies at equity	264	1	5	12	-	-	282
Other expenses related to the non-transferred financing of operations to be continued in partnership	-	-	-	-	(300)	-	(300)
Consolidated profit (loss) from continuing operations		**229**		**218**	**(515)**		**(908)**
Profit (loss) from operations to be continued in partnership	-	-	(34)	-	387		353
Consolidated profit (loss) for the period		**229**		**218**	**(128)**		**(555)**
Capital expenditure (excluding sales with a buyback commitment)	**1 574**	**839**	**-**	**25**	**(11)**		**2 427**

(1) The "Eliminations and unallocated" column includes eliminations of intersector sales between the Finance companies and the other sectors (€344 million).

In 2014, on a fully consolidated basis, Banque PSA Finance (Finance Companies segment) generated net banking revenue of €851 million. Net provision expense (cost of risk) for the year amounted to €116 million.

In 2014, after application of IFRS 5, Banque PSA Finance (Finance Companies segment) reported net banking revenue of €167 million. Net provision expense (cost of risk) for the year amounted to €14 million.

NOTE 5 - OPERATING INCOME

5.1. NON-RECURRING OPERATING INCOME AND EXPENSES

(in million euros)	*Notes*	**First-half 2015**	First-half 2014	2014
Net gains on disposals of real estate assets		15	78	119
Reversal of impairment loss on Automotive Division CGUs and other assets and provisions for Automotive Division onerous contracts		37	83	101
Other non-recurring operating income		2	4	8
Total non-recurring operating income		**54**	**165**	**228**
Impairment loss on Automotive Division CGUs and other assets and provisions for Automotive Division onerous contracts (note 7.1)		(8)	(10)	(134)
Impairment loss on Faurecia CGUs and other Faurecia assets		-	-	-
Restructuring costs	*5.1.B*	(389)	(244)	(758)
Other non-recurring operating expenses		1	(10)	(15)
Total non-recurring operating expenses		**(396)**	**(264)**	**(907)**

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

(1) Impairment test on Automotive division CGUs and provisions for Automotive division onerous contracts

The results of the impairment tests on the assets of the Automotive Division CGU, the Russia CGU, the Latin America CGU and each Vehicle CGU were updated at 31 December 2014. Monitoring of impairment testing was performed in preparing the financial statements for the six months to 30 June 2015.

Automotive division CGU

Tests conducted in respect of previous years led to the recognition of an overall impairment loss of €3,009 on the Automotive Division recognised in 2012 and impairment losses of €1,009 million on plants in Latin America and Russia in 2013. The update of these tests as at 31 December 2014 was performed on the basis of data from the Medium Term Plan (MTP 2015-2019).

The cash flow generated for the first half of 2015 and the Group's new prospects prevented the appearance of indications undermining the data obtained from tests conducted at the end of 2014. New tests will be carried out in the second half based on the new MTP 2016-2020.

Vehicle CGUs and other automotive assets

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

For the Vehicle CGUs corresponding to vehicles produced under cooperation agreements, in addition to testing of assets for impairment, provisions for long-term contract losses were recorded for any projected losses arising from purchase commitments.

The updating of data relating to volumes and margins for these vehicles as well as forecast currency exchange rates for purchasing currencies, and notably the yen, led to a reversal of the provision for losses on onerous contracts amounting to €17 million over first-half 2015.

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

Faurecia Group CGUs

There were no indications that the Faurecia CGUs might be impaired at 30 June 2015 and therefore no impairment tests were performed at that date.

The market value of Faurecia securities at 30 June 2015 covers the value of Faurecia's net assets in the Group's financial statements (including goodwill of €187 million recorded by Peugeot S.A.).

B. Restructuring costs

Restructuring costs consist mainly of workforce reductions.

(in million euros)	**First-half 2015**	First-half 2014	2014
Automotive Division	(357)	(207)	(682)
Automotive Equipment Division	(31)	(37)	(76)
Finance companies	-	-	-
Other businesses	(1)	-	-
Total	**(389)**	**(244)**	**(758)**

Automotive division

Automotive division restructuring costs amounted to €357 million. They mainly include restructuring costs in France for €203 million, in other European countries for €123 million and in South America for €30 million.

Automotive Equipment division (Faurecia Group)

In the first-half 2015, Faurecia group restructuring costs totalled €31 million, mainly in Europe.

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

6.1. INVENTORIES

(in million euros)	**30 June 2015**	30 June 2014	31 December 2014
Raw materials and supplies	772	727	644
Semi-finished products and work-in-progress	926	1 039	766
Goods for resale and used vehicles	573	610	752
Finished products and replacement parts	2 450	2 826	2 032
Total	**4 721**	**5 202**	**4 194**
• of which at cost	5 146	5 661	4 660
• of which allowances	(425)	(459)	(466)

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

(in million euros)	**30 June 2015**	30 June 2014	2014
(Increase) decrease in inventories	(486)	349	1 329
(Increase) decrease in trade receivables [1]	(287)	(485)	405
Increase (decrease) in trade payables	1 241	736	(27)
Change in income taxes	(5)	122	47
Other changes	469	421	(1)
	932	**1 143**	**1 753**
Net cash flows with Group finance companies	*371*	*126*	*50*
Total	**1 303**	**1 269**	**1 803**

[1] *Including a €511 million decrease in receivables related to sales of receivables to non-Group financial institutions (€706 million in 2014).*

NOTE 7 - EMPLOYEE BENEFITS EXPENSE

7.1. PENSIONS AND OTHER POST-EMPLOYMENT BENEFITS

A. Assumptions

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

	Euro zone	United-Kingdom
Discount Rate		
June 2015	**2.30 %**	**3.85 %**
December 2014	1.85 %	3.60 %
June 2014	2.50 %	4.25 %
Inflation Rate		
June 2015	**1.80 %**	**3.00 %**
December 2014	1.80 %	3.00 %
June 2014	1.80 %	3.15 %

B. Analysis at 30 June 2015

	30 June 2015				31 December 2014			
(in million euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Present value of projected benefit obligation	**(1 686)**	**(2 207)**	**(765)**	**(4 658)**	**(1 872)**	**(2 090)**	**(763)**	**(4 725)**
Fair value of external funds	1 030	2 807	294	4 131	1 043	2 566	285	3 894
Net (liability) asset recognised in the balance sheet before minimum funding requirement (IFRIC 14)	**(656)**	**600**	**(471)**	**(527)**	**(829)**	**476**	**(478)**	**(831)**
Minimum funding requirement liability (IFRIC 14)	-	(41)	-	(41)	-	(25)	-	(25)
Net (liability) asset recognised in the balance sheet	**(656)**	**559**	**(471)**	**(568)**	**(829)**	**451**	**(478)**	**(856)**
Of which, liability (Note 8.1)	(665)	(45)	(478)	(1 188)	(836)	(50)	(478)	(1 364)
Of which, asset	9	604	7	620	7	501	-	508
Of which, unfunded plans	*2.8 %*	*0.0 %*	*10.2 %*	*2.7 %*	*1.0 %*	*0.0 %*	*10.6 %*	*2.1 %*

7.2. SHARE-BASED PAYMENT

A. Peugeot S.A. performance share plan

A performance share plan was established in 2015.

(1) Plan characteristics

Following the authorisation given by the Extraordinary Shareholders' Meeting of 24 April 2013 and the Supervisory Board at its meeting of 17 February 2015, the Peugeot S.A. Managing Board adopted a performance share plan on 27 February 2015. The allocation of performance shares is subject to a condition of presence within the Group at the end of the vesting period. For tax residents of France, performance shares will fully vest on 31 March 2017 and must be held until 31 March 2019. For other beneficiaries, the vesting period will run until 31 March 2019. No lock-up period is imposed thereafter.

Vesting is subject to performance conditions in terms of the aggregate operating free cash flow (FCF) of manufacturing and sales companies between 2014 and 2016, the net financial position of manufacturing and sales companies in 2016 and the recurring operating income of the Automotive Division in 2016.

(2) Personnel costs arising from the performance share plan

The plan covers a maximum total of 2,465,000 shares, resulting in either the issuance of new shares or the delivery of treasury shares.

The fair value of the shares granted is estimated at €15.47 for the calculation of the expense for French tax residents and €13.49 for other beneficiaries.

The personnel expense associated with this plan, measured in accordance with IFRS 2, was €4.3 million for the six months, excluding payroll taxes.

B. Faurecia performance share plan

At 30 June 2015, two performance share plans were in force, implemented by the Board of Directors at its meetings of dated 24 July 2013 and 28 July 2014.

NOTE 8 - CURRENT AND NON-CURRENT PROVISIONS

8.1. NON-CURRENT PROVISIONS

A. Analysis by type

(in million euros)	*Notes*	**30 June 2015**	31 December 2014
Pensions	*7.1.B*	1 188	1 364
Other employee benefit obligations		166	151
Other		38	28
Total		**1 392**	**1 543**

B. Movements for the half-year

(in million euros)	**30 June 2015**	31 December 2014
At beginning of period	**1 543**	**1 144**
IFRS 5 declassification	**(2)**	**(20)**
Movements taken to profit or loss		
Additions	80	179
Releases (utilisations)	(39)	(108)
Releases (unused provisions)	(40)	(29)
	1	**42**
Other changes		
Translation adjustment	17	8
Recognised in equity during the period	(185)	328
Change in scope of consolidation and other	18	41
At period-end	**1 392**	**1 543**

8.2. PROVISIONS COURANTES

A. Analysis by type

(in million euros)	**30 June 2015**	31 December 2014
Warranties	876	790
Commercial and tax claims and litigation	587	582
Restructuring plans	997	890
Long-term contract losses	93	124
Sales with a buyback commitment	185	198
Other	308	304
Total	**3 046**	**2 888**

B. Movements for the half-year

(in million euros)	**30 June 2015**	31 December 2014
At beginning of period	**2 888**	**2 657**
IFRS 5 declassification	**(2)**	**(37)**
Movements taken to profit or loss		
Additions [1]	837	1 763
Releases (utilisations)	(559)	(1 130)
Releases (unused provisions)	(118)	(359)
	160	**274**
Other changes		
Translation adjustment	-	(6)
Change in scope of consolidation and other	-	-
At period-end	**3 046**	**2 888**

[1] *The main additions for restructuring plans in 2015 are discussed in Note 5.1.B.*

NOTE 9 - INVESTMENTS IN COMPANIES AT EQUITY

Companies accounted for by the equity method include:

- Joint ventures with Dong Feng Motor Group et Changan, located in China,
- Finance joint ventures with Santander Consumer Finance in France and in the United-Kingdom,
- as well as companies over which the Group has significant influence, mainly Gefco S.A. and Peugeot Motocycles.

9.1. CHANGES IN THE CARRYING AMOUNT OF INVESTMENTS IN COMPANY AT EQUITY

(in million euros)	**First-half 2015**	2014
At beginning of period	**1 666**	**1 375**
Dividends [1]	(354)	(150)
Share of net earnings	233	282
Newly consolidated companies [2]	635	14
Capital increase (reduction)	28	12
Changes in scope of consolidation and other	(57)	6
Translation adjustment	137	127
At period-end	**2 288**	**1 666**
O/w Dongfeng Peugeot Citroën Automobile goodwill	86	79
O/w Dongfeng Peugeot Citroën Automobile Finance Company Ltd goodwill	3	5
O/w Gefco goodwill	57	57

[1] *Dividends in first-half 2015 included €279 million in dividends paid to the Group by DPCA, of which €16 million withheld, as well as €53 million in dividends paid to the Group by DPCS, of which €3 million withheld.*

[2] *Entries into the scope of consolidation mainly relate to finance companies operated in partnership with Santander Consumer Finance in France and the United Kingdom in February 2015 (see Note 3.2).*

9.2. SHARE IN NET ASSETS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	**First-half 2015**	2014
Dongfeng Motor Company cooperation agreement :		1 124	1 153
• Dongfeng Peugeot Citroën Automobile [(1)]	50 %	1 045	1 092
• Dongfeng Peugeot Citroën Automobile Sales Co	50 %	72	61
• Dongfeng Peugeot Citroën International Co	50 %	7	-
Changan cooperation agreement : Changan PSA Automobiles Co., Ltd	50 %	154	158
Other		12	11
Automotive		1 290	1 322
Automotive equipment		83	81
GEFCO [(1)]	25 %	141	146
Peugeot Scooters	49 %	13	-
Other activities		154	146
Manufacturing and sales activities		**1 527**	**1 549**
Santander agreement	50 %	680	-
Dongfeng Peugeot Citroën Automobile Finance Company Ltd [(1)]	25 %	63	104
Finance activities		**743**	**104**
Total		**2 270**	**1 653**

[(1)] *Including goodwill (see Note 9.1)*

The Group's share of the net assets of companies at equity comprises €2,288 million (€1,666 million at 31 December 2014) related to companies with a positive net worth, reported under "Investments in companies at equity", less €18 million (€13 million at 31 December 2014) for companies with a negative net worth, reported under "Non-current provisions".

9.3. SHARE IN NET EARNINGS OF COMPANIES AT EQUITY

(in million euros)	Latest % interest	**First-half 2015**	First-half 2014	2014
Dongfeng Motor Company cooperation agreement :		196	110	283
• Dongfeng Peugeot Citroën Automobile [(1)]	50 %	138	110	230
• Dongfeng Peugeot Citroën Automobile Sales Co	50 %	58	-	53
• Dongfeng Peugeot Citroën International Co	50 %	-	-	-
Changan cooperation agreement : Changan PSA Automobiles Co., Ltd	50 %	(18)	(15)	(20)
Other		1	1	2
Automotive		179	96	265
Automotive equipment		(1)	(1)	1
GEFCO [(1)]	25 %	(1)	8	5
Peugeot Scooters	49 %	(3)	-	-
Other activities		(4)	8	5
Manufacturing and sales activities		**174**	**103**	**271**
Santander agreement	50 %	51	-	-
Dongfeng Peugeot Citroën Automobile Finance Company Ltd [(1)]	25 %	8	5	11
Finance activities		**59**	**5**	**11**
Total		**233**	**108**	**282**

[(1)] *Including goodwill (see Note 9.1)*

9.4. KEY FINANCIAL DATA OF COMPANIES ACCOUNTED AT EQUITY

A. Dongfeng cooperation agreement

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

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

Two other jointly controlled activities are being created:

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

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

Earnings items at 100%

	In million euros			In million yuans		
	First-half 2015	First-half 2014	2014	**First-half 2015**	First-half 2014	2014
Sales and revenue	5 031	3 960	8 701	34 973	33 491	69 874
Recurring operating income (loss)	459	276	651	3 194	2 326	5 251
Operating income (loss)	455	281	637	3 166	2 373	5 135
Of which depreciation and impairment	*(215)*	*(121)*	*(225)*	*(1 488)*	*(1 018)*	*(1 843)*
Net financial income (loss)	69	28	126	477	237	1 026
Income taxes	(131)	(89)	(195)	(912)	(754)	(1 575)
Profit (loss) from continuing operations	393	220	568	2 731	1 856	4 586
Profit (loss) from discontinued operations	-	-	-	-	-	-
Profit (loss) of the period	393	220	568	2 731	1 856	4 586
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	196	110	283			
Income and expenses recognised in equity, net	-	-	-			
Other information						
Net dividend received from the joint venture(s) by the PSA Peugeot Citroën group	332	121	121			

B. Changan cooperation agreement

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

Earnings items at 100%

	In million euros			In million yuans		
	First-half 2015	First-half 2014	2014	**First-half 2015**	First-half 2014	2014
Sales and revenue	250	176	518	1 736	1 486	4 233
Recurring operating income (loss)	(23)	(34)	(45)	(158)	(286)	(370)
Profit (loss) of the period	(35)	(31)	(41)	(243)		(334)
Group's share in the profit (loss) of the period (Share in net earnings of companies at equity)	(18)	(15)	(20)			
Income and expenses recognised in equity, net	-	-	-			
Other information						
Net dividend received from the joint venture(s) by the PSA Peugeot Citroën group	-	-	-			

C. Santander Consumer Finance agreement

Information on the partnership with Santander Consumer Finance is disclosed in Note 3.2.

9.5. RELATED PARTY TRANSACTIONS – COMPANIES AT EQUITY

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

(in million euros)	**30 June 2015**	31 December 2014
Long-term loans	-	-
Short-term loans	-	-
Trade receivables	507	280
Trade payables	(360)	(276)

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

(in million euros)	**First-half 2015**	2014
Sales [1]	2 891	1 719
Purchases [2]	(969)	(1 806)

[1] *of which €1,889 million in sales to joint-venture companies with Santander and €615 million in sales to DCPA (€1,405 million in 2014).*

[2] *of which €915 million in purchases from Gefco (€1,782 million in 2014).*

NOTE 10 - FINANCING AND FINANCIAL INSTRUMENTS – MANUFACTURING AND SALES COMPANIES

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

(in million euros)	**First-half 2015**	First-half 2014	2014
Interest income	75	45	109
Finance costs	(334)	(331)	(662)
Other financial income	68	48	97
Other financial expenses	(145)	(106)	(304)
Net financial income (expense)	**(336)**	**(344)**	**(760)**
of which Manufacturing and Sales Companies	*(341)*	*(344)*	*(755)*

Finance costs include an exceptional charge of €57 million for the early redemption of bonds by Peugeot S.A. (see Note 10.4.C).

- **Finance costs**

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

(in million euros)	**First-half 2015**	First-half 2014	2014
• Interest on borrowings	(335)	(314)	(635)
• Interest on bank overdrafts	(14)	(22)	(42)
• Interest on finance lease liabilities	(4)	(5)	(10)
• Foreign exchange gain (loss) on financial transactions	(14)	(23)	(33)
• Other	(4)	(4)	(8)
Finance costs incurred	(371)	(368)	(728)
Of which Automotive Division and Other Businesses	*(278)*	*(276)*	*(520)*
Capitalised borrowing Costs	37	37	66
Total	**(334)**	**(331)**	**(662)**

Finance costs incurred, net of interest income

(in million euros)	**First-half 2015**	First-half 2014	2014
Finance costs incurred	(371)	(368)	(728)
Of which Automotive Division and Other Businesses	*(278)*	*(276)*	*(520)*
Interest income	75	45	109
Of which Automotive Division and Other Businesses	*72*	*42*	*108*
Total	**(296)**	**(323)**	**(619)**
Of which Automotive Division and Other Businesses	*(206)*	*(234)*	*(412)*

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

A. Composition of net financial position (net debt)

(in million euros)	**30 June 2015**	31 December 2014
Financial assets and liabilities of the manufacturing and sales companies		
Non-current financial liabilities	(5 868)	(6 463)
Current financial liabilities	(2 813)	(2 833)
Other non-current financial assets	696	696
Current financial assets	850	405
Financial investments	167	266
Cash and cash equivalents	10 530	8 477
(Net debt) Net financial position of the manufacturing and sales companies	**3 562**	**548**
Of which external loans and borrowings	2 706	134
Of which financial assets and liabilities with finance companies	856	414
Automotive Division and other activities	***4 825***	***2 031***

B. Change in net financial position (net debt)

In 2015, the Group kept up the proactive refinancing strategy and conservative liquidity policy described in Note 12.7.A to the consolidated financial statements for 2014.

Manufacturing and sales companies further improved their net financial position in the first half of 2015.

Net cash from operating activities for the first half totalled positive €3,553 million, representing funds from operations of €2,621 million plus the positive impact of a €932 million decrease in working capital. Changes in working capital are discussed in Note 6.2.

Investments for the period in property, plant and equipment and intangible assets amounted to €1,338 million. Other financing needs for the period stood at €41 million.

Other cash inflows for the period were as follows:

- Banque PSA Finance dividend of €570 million;
- Increases in the amount of €166 million, mainly that reserved for Group employees (excluding Faurecia) and that following the conversion of equity warrants issued on 29 April 2014 in a total amount of €147 million.

These various cash inflows and outflows have resulted in an improvement of the net financial position in the amount of €2,910 million.

Hence:

- Cash and cashequivalents amounted to €10,530 million at 30 June 2015 versus €8,477 million at 31 December 2014. Current financial assets amounted to €850 million at 31 June 2015 versus €405 million at 31 December 2014. Financial investments totalled €167 million.
- Net debt before cash and cash equivalents decreased by €1,084 million as a result of the following variations :

(in million euros)	**30 June 2015**	30 June 2014	31 December 2014
Increase in borrowings	951	101	160
Repayment of borrowings and conversion of bonds	(1 503)	(210)	(1 883)
(Increase) decrease in non-current financial assets	1	(23)	17
(Increase) decrease in current financial assets	(346)	(378)	(514)
Increase (decrease) in current financial liabilities	(187)	236	(260)
	(1 084)	**(274)**	**(2 480)**
Net cash flows with Group finance companies	*343*	*420*	*334*
Total	**(741)**	**146**	**(2 146)**

Loan repayments in the amount of €1,503 million include notably (see Note 10.4.C):

- partial redemptions of bonds by Peugeot S.A. in June 2015 in the amount of €500 million;
- repayment of debt by Peugeot S.A. at its June 2015 maturity in the amount of €345 million;
- the early redemption of debt by Faurecia in the amount of €250 million.

Furthermore, the non-cash changes represented a decrease of €104 million in the net debt of the Group.

10.3. LIQUIDITY RESERVES

(in million euros)	*Notes*	**30 June 2015**	31 December 2014
Cash and cash equivalents [(1)]	*10.4.A*	10 530	8 477
Financial investments		167	266
Current & non current financial assets		624	520
Total		**11 321**	**9 263**
Lines of credit (undrawn) – excluding Faurecia		3 000	3 000
Lines of credit (undrawn) – Faurecia		1 200	1 200
Total financial security		**15 521**	**13 463**
of which Faurecia		*2 451*	*2 297*

[(1)] of which €639 million in Argentina (€443 million at 31 December 2014) leading to a net financial position in the amount of €443 million (€372 million at 31 December 2014).

€133 million (€34 million at 31 December 2014) and €491 million (€486 million at 31 December 2014) in current and non-current financial assets respectively were included in the calculation of financial security, representing a total of €624 million (€520 million at 31 December 2014).

▪ SYNDICATED LINES OF CREDIT

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

(in million euros)	**30 June 2015**	31 December 2014
Peugeot S.A. and GIE PSA Trésorerie	3 000	3 000
Faurecia	1 200	1 200
Undrawn confirmed lines of credit	**4 200**	**4 200**

The €2,000 million tranche of the Peugeot S.A. and GIE PSA Trésorerie facility matures in April 2019. The balance of €1,000 million matures in April 2018, after having exercised the first of the two optional one-year extensions. This credit facility was undrawn at the period-end.

This facility is subject to the respect of:

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

The net debt of manufacturing and sales companies is defined and disclosed in Note 10.2. The Group's equity is that listed under "Total Equity" in liabilities.

Both covenants were met at 30 June 2015.

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

10.4. BREAKDOWN OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

A. Cash and cash equivalents

Cash and cash equivalents include:

(in million euros)	**30 June 2015**	31 December 2014
Mutual fund units and money market securities	7 772	6 113
Cash and current account balances	2 758	2 364
Total - manufacturing and sales companies	**10 530**	**8 477**
o/w deposits with finance companies	*(210)*	*(128)*
Total	**10 320**	**8 349**

B. Breakdown of financial liabilities

	Carrying amount at 30 June 2015 Amortised cost or fair value		Carrying amount at 31 December 2014 Amortised cost or fair value	
(in million euros)	Non-current	Current	Non-current	Current
Convertible bonds [(1)]	222	579	768	21
Other bonds	4 279	346	4 328	780
Employee profit-sharing fund	3	-	2	1
Finance lease liabilities	146	44	148	64
Other long-term borrowings	1 218	563	1 217	630
Other short-term financing and overdraft facilities	-	1 273	-	1 332
Derivative instruments	-	8	-	5
Total financial liabilities	**5 868**	**2 813**	**6 463**	**2 833**

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

C. Main financing transactions during the first half 2015

The main transactions during the first-half 2015 were as follows:

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

In June 2015, Peugeot S.A. made partial redemptions in a total amount of €500 million:

- €64 million on the €302 million bond maturing in March 2016;
- €109 million on the €571 million bond maturing in October 2016;
- €137 million on the €516 million bond maturing in July 2017;
- €190 million on the €1,000 million bond maturing in March 2018.

In June 2015, Peugeot S.A. repaid the €345 million bond maturing in June 2015.

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

On March and April 2015, Faurecia issued €700 million in fixed-rate 3.125 % bonds maturing in June 2022.

In April 2015, Faurecia completed the early redemption of its €250 million bond maturing in June 2019.

D. Financing by the assignment of receivables

The Automotive Division and Faurecia meet part of their financing needs by selling receivables to financial institutions. The sale of receivables on its own distribution networks of the Automotive division to finance companies in partnership with Santander amounted to €2,425 million. These receivables were previously financed by subsidiaries of Banque PSA Finance.

The other financings by assignment of receivables are as follows:

(in million euros)	30 June 2015		31 December 2014	
	Total receivables sold to financial institutions	Portion sold but not derecognised	**Total receivables sold to financial institutions**	Portion sold but not derecognised
Portion financed by third party financial institutions	***2 136***	*5*	***1 682***	*62*
Financed portion [1]	***2 136***	*5*	***1 682***	*62*
- of which Faurecia group	*754*	*5*	*637*	*62*

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

10.5. MANAGEMENT OF FINANCIAL RISKS

The management of financial risks of the manufacturing and sales companies is discussed in note 12.7 to the consolidated statements for 2014.

NOTE 11 - FINANCING AND FINANCIAL INSTRUMENTS – FINANCE COMPANIES

11.1. IFRS 5 IMPACT ON THE MAIN INCOME STATEMENT AND BALANCE SHEET ITEMS AS OF 30 JUNE 2015

IFRS 5 impacts are described in Note 3.2.

Balance sheet items (excluding investments in company at equity) at 30 June 2015 and 31 December 2014 relate to different scopes of business. At 30 June 2015, they take into account the reclassification of the Retail businesses in Spain and Italy and the Brazilian activities, but no longer include activities in France and the United Kingdom, which have been transferred to the partnership.

11.2. CURRENT FINANCIAL ASSETS

A. Loans and receivables - finance companies

(in million euros)	30 June 2015 Assets to be contributed to partnership	30 June 2015 Continuing operations	31 December 2014 Assets to be contributed to partnership	31 December 2014 Continuing operations
"Retail, Corporate and Equivalent"				
Credit sales	4 198	352	5 533	2 950
Long-term leases	1 803	57	4 393	190
Leases subject to buyback commitments	518	125	1 552	351
Other receivables	18	-	40	79
Ordinary accounts and other	(34)	(1)	(46)	42
Total net "Retail, Corporate and Equivalent"	**6 503**	**533**	**11 472**	**3 612**
Corporate Dealers				
Wholesale Finance Receivables	2 620	167	4 482	333
Other receivables	70	4	691	46
Other	103	2	292	48
Total net "Corporate Dealers"	**2 793**	**173**	**5 465**	**427**
Remeasurement of interest rate hedged portfolios	-	16	-	39
Eliminations	-	(7)	-	(4)
Total	**9 296**	**715**	**16 937**	**4 074**

The fair value of the loans and receivables of finance companies related to continuing operations was €723 million as of 30 June 2015 (€4,012 million as of 31 December 2014).

Retail, Corporate and Equivalent finance receivables included €3,262 million in securitised automotive receivables that were still carried on the balance sheet at 30 June 2015 (€8,890 million at 31 December 2014) and for the all related to receivables of operations to be continued in partnership.

B. Cash and cash equivalents

(in million euros)	30 June 2015 Assets to be contributed to partnership	30 June 2015 Continuing operations	31 December 2014 Assets to be contributed to partnership	31 December 2014 Continuing operations
Ordinary accounts in debit [1]	553	40	970	362
• Central banks and post office banks (deposits)	17	7	23	308
• Term loans	23	101	-	641
• French Treasury bonds classified as cash equivalents	-	251	-	252
• Mutual funds	46	1	-	47
Liquidity reserve	86	360	23	1 248
Total	**639**	**400**	**993**	**1 610**

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

11.3. FINANCING LIABILITIES – FINANCE COMPANIES

		30 June 2015			31 December 2014		
		Liabilities of operations to be continued in partnership		*Liabilities of continuing operations*	Liabilities of operations to be continued in partnership		*Liabilities of continuing operations*
(in million euros)	*Notes*	*Transferred*	*Not transferred*		*Transferred*	*Not transferred*	
Securities issued by securitisation fund	*11.3.A*	2 260	-	-	4 830	-	765
Other debt securities	*11.3.B*	-	2 243	59	-	3 254	2 192
Bank borrowings	*11.3.C*	600	1 072	267	280	5 423	928
		2 860	**3 315**	**326**	**5 110**	**8 677**	**3 885**
Customer deposits	*11.3.D*	2 045	660	32	2 373	-	446
		4 905	**3 975**	**358**	**7 483**	**8 677**	**4 331**
Amounts due to Group manufacturing and sales companies		-	(660)	*(10)*	-	-	*(363)*
Total		**4 905**	**3 315**	**348**	**7 483**	**8 677**	**3 968**

The following detailed analysis covers the liabilities of continuing operations and other non-transferred liabilities.
Of the €5,423 million in liabilities to credit institutions not transferred at 31 December 2014, the Group repaid by anticipation €2,999 million of the syndicated term-loan on 6 February 2015 (see Note 11.3.C).

A. Bonds issued by securisation funds

Banque PSA Finance derives part of its financing from securitisation transactions, mainly involving pools of automobile loans. These transactions are reported under "Bonds issued by securitisation funds" for €2,260 million at 30 June 2015 (€5,595 million at 31 December 2014).

B. Other debt securities

"Other debt securities" consist mainly of EMTN/BMTNs for €2,227 million (€5,148 million at 31 December 2014) and certificates of deposit, following notably the repayment of €1,230 million of bonds issued with the guarantee from the French State.

C. Bank borrowings

At 30 June, 2015, the "liabilities to credit institutions" item amounted to €1,939 million (€6,631 million at 31 December 2014). The reduction in this item is attributable chiefly to the debts of operations to be continued in partnership but not transferred, and resulted from the repayment of:

- The drawn portion of the syndicated term loan in the amount of €2,999 million (see Note 11.3.E);
- The drawn portion of the funding of €1,300 million obtained under the European Central Bank's long-term refinancing operation (LTRO) in the amount of €400 million;
- The drawn portion of the revolving bilateral credit facilities in the amount of €228 million (see Note 11.3.E).

D. Customer deposits

The total funds for the interest-bearing passbook savings accounts for private customers totalled €1,812 million of which €1,444 million in Germany (respectively €2,074 million and €1,074 million at 31 December 2014), out of total amounts owed to customers of €2,737 million repayable at any time (€2,819 million at 31 December 2014).

E. Credit lines

(in million euros)	**30 June 2015**	31 December 2014
Commitments of operations to be continued in partnership		
• Lines not transferred	1 492	5 200
• Transferred lines	120	646
Commitments of continuing operations	465	518
Undrawn confirmed lines of credit	**2 077**	**6 364**

As of 31 December 2014, the credit lines totalling €6,364 million are detailed as follows:

- €1,966 million in undrawn revolving bilateral lines of credit for €2,423 million;
- €152 million in undrawn various bank lines of credit;
- €1,100 million undrawn from the €4,099 million syndicated term loan;
- €3,146 million in undrawn syndicated back-up credit facilities.

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

As of 30 June 2015, the credit lines totalling €2,077 million are detailed as follows:

- €1,198 million in undrawn revolving bilateral lines of credit for €1,364 million, comprising mainly long-term financing commitments received;
- €700 million in undrawn syndicated back-up credit facilities expiring in February 2020;
- €179 million in undrawn various bank lines of credit.

11.4. MANAGEMENT OF FINANCIAL RISKS

The management of financial risks of the manufacturing and sales companies is discussed in note 13.5 to the consolidated statements for 2014.

€7 billion guarantee from the French State

Following the start of operations in France and the United Kingdom of the first joint ventures owned equally by Banque PSA Finance and Santander Consumer Finance, Banque PSA Finance has announced that it will no longer use the French State guarantee for new bond issues. At 30 June 2015, the amount of Banque PSA Finance's debt secured by the French government was €270 million.

NOTE 12 - INCOME TAXES

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

The total deferred tax assets on unrecognised French deficits represented €3,718 million at 30 June 2015 (€3,719 million at 31 December 2014). The tax loss carryforwards for the French tax group as at 31 December 2014 amounted to €11,848 million.

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

(in million euros)	**30 June 2015**	30 June 2014	2014
Pre-tax profit (loss) from continuing operations	746	(56)	(564)
Pre-tax profit (loss) before tax on expenses related to operations to be continued in partnership	(123)	(233)	(458)
Pre-tax profit (loss) from operations to be continued in partnership	215	325	507
Income (loss) before tax of fully-consolidated companies	**838**	**36**	**(515)**
French statutory income tax rate for the period	*38.0%*	*38.0%*	*38.0%*
Theoretical tax expense for the period based on the French statutory income tax rate	**(318)**	**(14)**	**196**
Tax effect of the following items :			
• Permanent differences	(13)	(8)	(32)
• Income taxable at reduced rates	17	-	17
• Tax credits	5	13	16
• Profit in France not subject to the surtax	12	(5)	(45)
• Effect of differences in foreign tax rates and other	16	26	62
Income tax before impairment losses on the French tax group	**(281)**	**12**	**214**
Effective tax rate applicable to the Group	*33.6%*	*NS*	*41.5%*
• Assets on French tax consolidation deficits of Peugeot S.A. generated during the year	-	(128)	(333)
• Impairment losses on the Peugeot S.A. French tax group	-	-	(21)
• Other impairment losses	(50)	(38)	(186)
Income tax expense	**(331)**	**(154)**	**(326)**
• of which tax expense on continuing operations	(311)	(121)	(330)
• of which tax expense on expenses related to operations to be continued in partnership	42	80	158
• of which tax expense on operations to be continued in partnership	(62)	(113)	(154)

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

NOTE 13 - EQUITY AND EARNINGS PER SHARE

13.1. EQUITY

A. Analysis of share capital

Right issues

- **Capital increase reserved for employees**

The capital increase reserved for employees, which was initiated in the final quarter of 2014, was finalised in January 2015. More than 15,280 employees participated in the "Accelerate" offer, with a substantially higher rate of subscription than for the share purchase offer. It resulted in the issuance of 3,499,973 new shares of the Company and the delivery of 1,199,990 treasury shares as matching contributions.

- **Capital increase consecutive to the exercise of equity warrants**

As part of the capital increases carried out in the first half of 2014, equity warrants were issued to former shareholders, exercisable from the second year. At 30 June 2015, 53,234,550 warrants had been exercised, out of a total of 342,060,365 warrants issued. Their exercise resulted in the delivery of 18,632,353 new shares and a cash inflow of €120 million. The number of warrants outstanding as at 30 June 2015 was 288,825,815, corresponding to 101,089,035 shares at an exercise price of €6.43 each.

- **Grants of performance shares by Peugeot S.A.**

The performance share plan established in the first half of 2015 is described in Note 7.2.

Analysis of share capital

(in euros)	**30 June 2015**	31 December 2014
Share capital at beginning of period	783 088 675	354 848 992
Rights issue reserved to Dong Feng Motors and the French State	-	428 239 683
Rights issue reserved for employees	3 499 973	-
Equity warrants conversion	18 632 353	-
Share capital at end of period	**805 221 001**	**783 088 675**

Situation at 30 June 2015

Share capital amounted to €805,221,001 at 30 June 2015, divided into shares with a par value of €1 each. It is fully paid-up. Shares may be held in registered or bearer form, at the shareholder's discretion. Following the capital increases carried out in the first half of 2015, the stakes of SOGEPA, Dong Feng Motor Group and the Peugeot family (FFP and Etablissements Peugeot Frères) each stood at 13.7% (14.1% at 31 December 2014). Pursuant to Article 11 of the Articles of Association revised at the Shareholders' Meeting of 25 April 2014, shares registered in the name of the same holder for at least two years carry double voting rights. In accordance with the agreements concluded as part of the capital increases carried out in 2014, the Peugeot family companies undertook to neutralise the impact of their double voting rights at the Shareholders' Meeting by aligning their voting rights with the number of shares held by DFG and SOGEPA after said capital increases, i.e. 110,622,220 shares.

The share price on 30 June 2015 was €18.44.

B. Treasury stock

From time to time, the Group may use the buyback authorisations given at Shareholders' Meetings to purchase Peugeot S.A. shares into treasury. No shares were bought back during the first half of 2015.

Changes in treasury stock are presented in the following table:

(number of shares)	*Notes*	**30 June 2015**	31 December 2014
At beginning of period		**12 788 339**	**12 788 627**
Treasury stocks granted upon the capital increase reserved for employees	*13.1.A*	(1 199 990)	-
Conversion of Oceane bonds		(75)	(288)
At period-end		**11 588 274**	**12 788 339**
Allocation			
• Shares held for allocation on conversion of 23 June 2009 OCEANE bonds		8 645 313	8 636 181
• Shares held for allocation on exercise of outstanding stock options		2 942 961	2 942 961
• Coverage of the capital increase reserved for employees		-	1 200 000
• Unallocated shares		-	9 197
		11 588 274	**12 788 339**

13.2. EARNINGS PER SHARE

Basic earnings per share and diluted earnings per share are presented at the foot of the income statement. They are calculated as follows:

A. Basic earnings per share – Attributable to equity holders of the parent

Basic earnings per share are calculated on the basis of the weighted average number of shares outstanding during the period.

The average number of shares outstanding is calculated by taking into account the number of shares issued and cancelled during the period and changes in the number of shares held in treasury stock.

	First-half 2015	First-half 2014	2014
Consolidated basic earnings of continuing operations - attributable to equity holders of the parent	418	(326)	(1 059)
Consolidated basic earnings - attributable to equity holders of the parent *(in million euros)*	571	(114)	(706)
Average number of €1 par value shares outstanding	779 531 647	452 235 111	611 267 664
Basic earnings per €1 par value share of continuing operations - attributable to equity holders of the parent (in euros)	*0.54*	*(0.25)*	*(1.59)*
Basic earnings per €1 par value share (in euros)	*0.73*	*(0.25)*	*(1.15)*

B. Diluted earnings per share - Attributable to equity holders of the parent

Diluted earnings per share are calculated by the treasury stock method. This consists of taking into account the exercise of stock options, performance share grants to employees, equity warrants and the conversion of OCEANE convertible bonds when it is not accretive.

The Peugeot S.A. OCEANE convertible bonds, grants of performance shares (see Note 7.2) and equity warrants had a potentially dilutive effect at 30 June 2015.

There were no dilutive potential shares at 30 June 2015 resulting from the stock option plans.

The following tables show the effects of the calculation:

(1) Effect on the average number of shares

	Notes	**First-half 2015**	First-half 2014	2014
Average number of €1 par value shares outstanding		779 531 647	452 235 111	611 267 664
Dilutive effect, calculated by the treasury stock method, of:				
• Stock option plans		-	-	-
• Performance share plans	*7.2.A*	1 232 650	-	-
• Outstanding Oceane convertible bonds	*13.1.A*	35 963 714	-	-
• Equity warrants		22 855 296	11 908 650	-
Diluted average number of shares		**839 583 307**	**464 143 761**	**611 267 664**

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

(in million euros)	**First-half 2015**	First-half 2014	2014
Consolidated profit (loss) from continuing operations - attributable to equity holders of the parent	418	(326)	(1 059)
Dilutive effect of Faurecia Oceane bond conversions, stock options and performance share grants	(4)	-	-
Consolidated profit (loss) from continuing operations (after Faurecia dilution effect)	**414**	**(326)**	**(1 059)**
Diluted earnings of continuing operations - attributable to equity holders of the parent per €1 par value share (in euros)	*0.49*	*(0.70)*	*(1.73)*

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

(in million euros)	**First-half 2015**	First-half 2014	2014
Consolidated profit (loss) attributable to equity holders of the parent	571	(114)	(706)
Dilutive effect of Faurecia Oceane bond conversions, stock options and performance share grants	(4)	-	-
Consolidated profit (loss) after Faurecia dilution	**567**	**(114)**	**(706)**
Diluted earnings attributable to equity holders of the parent per €1 par value share (in euros)	*0.68*	*(0.25)*	*(1.15)*

The Faurecia Oceane convertible bonds issued in September 2012 and performance share grants have a potential impact on the total number of Faurecia shares outstanding without affecting the number of shares held by the PSA Peugeot Citroën Group. Consequently, they have potentially a dilutive effect on consolidated profit attributable to the PSA Peugeot Citroën Group.

Given the characteristics of Faurecia's stock option plans, they were not dilutive in 2014 or at 30 June 2015.

NOTE 14 - NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

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

(in million euros)	*Notes*	**30 June 2015**	30 June 2014	31 December 2014
Cash and cash equivalents	*10.4.A*	10 530	10 426	8 477
Payments issued		(131)	(43)	(48)
Net cash and cash equivalents - manufacturing and sales companies		**10 399**	**10 383**	**8 429**
Net cash and cash equivalents - finance companies	*11.2.B*	**1 037**	**1 830**	**2 601**
Elimination of intragroup transactions		*(210)*	*(342)*	*(129)*
Total		**11 226**	**11 871**	**10 901**

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

(in million euros)	**30 June 2015**	30 June 2014	31 December 2014
Other expenses related to the non-transferred financing of operations to be continued in partnership	(81)	(152)	(300)
Change in liabilities related to the financing of operations to be continued in partnership	(7 108)	(697)	(1 155)
Net cash related to the non-transferred debt of finance companies to be continued in partnership	**(7 189)**	**(849)**	**(1 455)**
Profit (loss) from operations to be continued in partnership	139	212	354
Change in assets and liabilities of operations to be continued in partnership	(696)	409	2 068
Net dividends received from operations to be continued in partnership	(74)	(92)	(231)
Net cash from the transferred assets and liabilities of operations to be continued in partnership	**(631)**	**529**	**2 191**

NOTE 15 - OFF-BALANCE SHEET COMMITMENTS AND CONTINGENT LIABILITIES

There have been no further material changes in off-balance sheet items and contingent liabilities since 31 December 2014.

15.1. CONTINGENT LIABILITIES

The Group is involved in claims and litigation arising in the normal course of business. Based on the information currently available, the outcome of this litigation is not expected to result in an outflow of economic resources without anything in return.

The Group is involved in several investigations relating to competition regulations, which are described below. The Group is at present unable to predict the consequences of such inquiries including the level of fines or sanctions that could be imposed.

On 25 March 2014, the European Commission and the Department of Justice of the United States of America and on 27 November 2014, the Competition Commission of South Africa, initiated an enquiry covering certain suppliers of emission control systems on the basis for suspicions of anti-competitive practices in this segment. Faurecia is one of the companies covered by these enquiries. These enquiries are ongoing. In the event anti-competitive practices are proven, possible sanctions include fines, criminal charges or civil damages. Faurecia is at present unable to predict the consequences of such inquiries including the level of fines or sanctions that could be imposed.

In the first half of 2015, the Spanish competition authority informed the Group's subsidiary in Spain of complaints relating to the exchange of information with other actors in the automotive industry, which may infringe the rules on competition.

In the first half of 2015, car-rental firm CITER, a former subsidiary of the Group, was notified by the French competition authority of complaints relating to the exchange of information with other actors in the car-rental sector, which may infringe the rules on competition. The Group is involved by this investigation under the liability guarantee given to the purchaser of the business.

As part of an investigation by the French competition authority concerning Gefco on the exchange of information with other actors of the freight industry, Peugeot S.A. has been included in its capacity as parent of Gefco at the time of the litigious events. At this stage, Peugeot S.A. is not able to predict the consequences of this particular investigation and the level of fines or penalties which might be served.

15.2. COMMITMENTS CONNECTED WITH THE GEFCO GROUP

Representations and warranties were made to JSC Russian Railways (RZD) as part of its acquisition of the Gefco Group from PSA. At 30 June 2015, the Group had not identified any material risks associated with these representations and warranties.

Under the logistics and transportation service agreements entered into by the PSA and Gefco groups, the Group gave guarantees regarding the satisfactory performance of the logistics contracts and a five-year exclusivity clause. At 30 June 2015, the Group had not identified any material risks associated with these representations and warranties.

NOTE 16 - RELATED PARTIES TRANSACTIONS

Related parties are companies subject to significant influence consolidated by the equity method, members of the managing bodies and shareholders holding more than 10% of Peugeot S.A. capital.

Transactions with companies accounted for by the equity method are disclosed in Note 9.5. Other than these transactions, there were no significant transactions with other related parties.

NOTE 17 - SUBSEQUENT EVENTS

No events occurred between 30 June 2015 and the 28 July 2015 meeting of the Supervisory Board to review the financial statements that could have a material impact on economic decisions made on the basis of these financial statements, with the exception of the following operation:

The Group announced on July 24, 2015 the signing of a framework agreement between Banque PSA Finance and Banco Santander Brazil to develop a partnership between the two groups in Brazil. The transaction has been submitted for approval to the Brazilian competition and regulation authorities. The consequences of the extension of the partnership are described in Note 3.2.

III – PERSON RESPONSIBLE FOR THE 2015 INTERIM FINANCIAL REPORT

Person Responsible for the 2015 Interim Financial Report

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

Statement by the Person Responsible for the 2015 Interim Financial Report

"I hereby declare that, to the best of my knowledge, the condensed interim consolidated financial statements for the past six-month period included in the interim financial report have been prepared under generally accepted accounting principles and give a true and fair view of the assets, liabilities, financial position and results of Peugeot S.A. and the companies in the consolidated group, and that the interim management report on pages 2 to 14 includes a fair review of the material events that occurred in the first six months of the financial year and their impact on the interim accounts, a description of the main related-party transactions and a discussion of the principal risks and uncertainties for the remaining six months of the year."

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

Person Responsible for Financial Information

Frédéric Brunet
Head of Financial Communication and Investor Relations
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IV – STATUTORY AUDITORS' REVIEW REPORT ON THE 2015 FIRST HALF-YEARLY FINANCIAL INFORMATION

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

To the Shareholders,

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

- the review of the accompanying condensed half-yearly consolidated financial statements of Peugeot S.A., for the period from January 1 to June 30, 2015,
- the verification of the information presented in the half-yearly management report.

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

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.
We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Courbevoie and Paris-La Défense, July 28, 2015
The statutory auditors
French original signed by

MAZARS		ERNST & YOUNG et Autres	
Jean-Louis Simon	Jérôme de Pastors	Marc Stoessel	Christian Mouillon

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