



## Grupo Antolin Dutch B.V.

### €400 million 4.75% Senior Secured Notes due 2021

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Grupo Antolin Dutch B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated and existing under the laws of the Netherlands (the “Issuer”), issued €400 million 4.75% Senior Secured Notes due 2021 (the “notes”). Interest will be paid on the notes semi-annually in arrears in cash on April 1 and October 1 of each year, commencing October 1, 2014.

The notes will mature on April 1, 2021. Prior to April 1, 2017, the Issuer may redeem the notes in whole or in part at any time at a redemption price equal to 100% of the principle amount thereof, plus accrued and unpaid interest and additional amounts, if any, plus the applicable “make whole” premium, as described herein. In addition, prior to April 1, 2017, the Issuer may redeem at its option up to 40% of aggregate principal amount of the notes with the net cash proceeds from certain equity offerings at the redemption price set forth in this offering memorandum. At any time on or after April 1, 2017, the Issuer will be entitled at its option to redeem all or a portion of the notes, upon not less than 30 nor more than 60 days’ notice, at the applicable redemption price set forth in this offering memorandum. The Issuer may redeem all of the notes, at any time, at a price equal to their principal amount plus accrued and unpaid interest, if any, and additional amounts, if any, upon the occurrence of certain changes in applicable tax law.

The notes are senior obligations of the Issuer secured by (i) a first-ranking pledge over 32.6% of the shares of Grupo Antolín-Irausa, S.A. (the “Company”) held by Castilfale Gestión, S.A.U (“HoldCo2”) (the “Initial Collateral”) and (ii) a first-ranking pledge over 67.4% of the shares of the Company held by Grupo Antolín Holdco, S.L.U (“HoldCo1”) (the “Post Closing Collateral” and, together with the Initial Collateral, the “Collateral”). The Initial Collateral will be granted within 15 business days from the date of the issuance of the notes. As of the date of the issuance of the notes, HoldCo1 is a *sociedad de responsabilidad limitada* incorporated in Spain. Under Spanish law, we must convert HoldCo1 to a *sociedad anónima* before HoldCo1 can grant a pledge of any of its assets for the benefit of the noteholders. We have undertaken to convert HoldCo1 into a *sociedad anónima* as soon as practicable. Following such conversion, the notes are secured by the Collateral. If the noteholders do not benefit from a pledge of 100% of the shares of the Company by December 31, 2014, the interest rate payable on the notes will be subject to an increase of 0.50% per annum of the aggregate principal amount of the notes, which shall apply to each subsequent interest payment of the notes to each noteholder from January 1, 2015, until such date in which the Collateral is granted, upon which such increase shall expire. See “Description of the Notes—Principal, Maturity and Interest and Payment of the Notes—Interest Rate Adjustments.” The notes will rank equally in right of payment with all of the Issuer’s existing and future senior debt and senior to any of its existing or future subordinated debt. The Company and certain of its subsidiaries (with the Company, the “Guarantors”) will guarantee the notes (the “Guarantees”). Local laws may limit your rights to enforce certain guarantees, and, in addition, your rights with respect to the notes and the Guarantees will be subject to an intercreditor agreement (the “Intercreditor Agreement”) entered into with, among others, lenders under our senior term facilities and revolving credit facility (the “Senior Facilities Agreement”). See “Annex A—Senior Facilities Agreement” for a copy of the Senior Facilities Agreement substantially in the form in which it will be executed and “Annex B—Intercreditor Agreement” for a copy of the Intercreditor Agreement substantially in the form in which it will be executed.

The Guarantees, as well as certain claims against the Issuer and the Guarantors, will be subject to significant contractual and legal limitations. In particular, the Guarantees of Grupo Antolín Lusitânia -Componentes Automóvel, S.A. and Grupo Antolín Valença-Componentes Automóvel, S.U.L. will be limited to a maximum amount of €17.8 million and €4.7 million, respectively and will be governed by English law pursuant to the Intercreditor Agreement. Furthermore, the Guarantees may be released under certain circumstances.

This offering memorandum constitutes a prospectus for the purpose of the Luxembourg law dated July 10, 2005 on Prospectuses for Securities, as amended, and includes information on the terms of the notes, including redemption and repurchase prices, covenants and transfer restrictions.

There is currently no public market for the notes. An application has been made to have the notes admitted to the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF Market ("Euro MTF").

**Investing in the notes involves a high degree of risk. See "Risk Factors" beginning on page 27 for a discussion of certain risks that you should consider in connection with an investment in any of the notes.**

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**Issue price for the notes: 100.00%**  
plus accrued interest, if any, from the issue date.

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**This offering memorandum does not constitute an offer to sell, or the solicitation of an offer to buy, securities in any jurisdiction where such offer or solicitation is unlawful. The notes have not been and will not be registered under the US federal or state securities laws or the securities laws of any other jurisdiction and may not be offered or sold within the US or to, or for the account or benefit of, US persons (as defined in Regulation S under the US Securities Act of 1933 ("Regulation S"), as amended (the "Securities Act")), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Initial Purchasers named below are offering the notes only to "qualified institutional buyers" ("QIBs"), as defined in Rule 144A under the Securities Act ("Rule 144A"), in reliance on Rule 144A, and to persons outside the US in reliance on Regulation S. See "Notice to Investors" and "Transfer Restrictions" for further details about eligible offerees and resale restrictions.**

The notes were ready for delivery, in book-entry form only, through Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking société anonyme ("Clearstream") on March 21, 2014.

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*Bookrunners*

Deutsche Bank      Banco Popular Español, S.A.      Bankia      Bankinter      BBVA      BNP Paribas  
CaixaBank      Sabadell      Santander

*Co-Managers*

Banca March      Espírito Santo Investment Bank

The date of this offering memorandum is May 16, 2014

## TABLE OF CONTENTS

	<u>Page</u>
NOTICE TO INVESTORS .....	ii
USE OF TERMS AND CONVENTIONS.....	viii
FORWARD LOOKING STATEMENTS .....	xii
PRESENTATION OF FINANCIAL AND OTHER DATA.....	xiv
EXCHANGE RATE AND CURRENCY INFORMATION .....	xvi
SUMMARY .....	1
THE OFFERING.....	14
RISK FACTORS .....	27
USE OF PROCEEDS .....	53
CAPITALIZATION .....	54
SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION .....	56
OPERATING AND FINANCIAL REVIEW AND PROSPECTS .....	61
INDUSTRY .....	91
BUSINESS .....	97
MANAGEMENT .....	128
SHAREHOLDERS AND CERTAIN TRANSACTIONS .....	131
DESCRIPTION OF OTHER INDEBTEDNESS.....	133
DESCRIPTION OF THE NOTES .....	142
BOOK-ENTRY, DELIVERY AND FORM.....	206
TAXATION .....	209
CERTAIN ERISA CONSIDERATIONS .....	222
PLAN OF DISTRIBUTION .....	224
TRANSFER RESTRICTIONS .....	227
LEGAL MATTERS .....	231
INDEPENDENT AUDITORS .....	231
WHERE YOU CAN FIND MORE INFORMATION .....	231
ENFORCEABILITY OF CIVIL LIABILITIES .....	232
LISTING AND GENERAL INFORMATION .....	234
INDEX TO FINANCIAL INFORMATION .....	F-1
ANNEX A: SENIOR FACILITIES AGREEMENT .....	A-i
ANNEX B: INTERCREDITOR AGREEMENT.....	B-i

## NOTICE TO INVESTORS

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OR ANY STATE SECURITIES LAWS AND, SUBJECT TO CERTAIN EXCEPTIONS, MAY NOT BE OFFERED OR SOLD IN THE US OR TO US PERSONS. SEE “PLAN OF DISTRIBUTION” AND “TRANSFER RESTRICTIONS”. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF ANY SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this offering memorandum and, if given or made, any such information or representation must not be relied upon as having been authorized by the Issuer, any of its affiliates or the Initial Purchasers or their respective affiliates. This offering memorandum does not constitute an offer of any securities other than those to which it relates or an offer to sell, or a solicitation of an offer to buy, to any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this offering memorandum nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date of this offering memorandum or that the information contained in this offering memorandum is correct as of any time subsequent to that date.

By receiving this offering memorandum, investors acknowledge that they have had an opportunity to request for review, and have received, all additional information they deem necessary to verify the accuracy and completeness of the information contained in this offering memorandum. Investors also acknowledge that they have not relied on the Initial Purchasers in connection with their investigation of the accuracy of this information or their decision whether to invest in the notes.

The contents of this offering memorandum may only be used for the purpose for which this offering memorandum has been published and are not to be considered legal, business, financial, investment, tax or other advice. Prospective investors should consult their own counsel, accountants and other advisors as to legal, business, financial, investment, tax and other aspects of a purchase of the notes. In making an investment decision, investors must rely on their own examination of the Issuer and its affiliates, the terms of the offering of the notes and the merits and risks involved.

This offering is being made in reliance upon exemptions from registration under the Securities Act for an offer and sale of securities that does not involve a public offering. The notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable securities laws of any other jurisdiction pursuant to registration or exemption therefrom. If you purchase the notes, you will be deemed to have made certain acknowledgments, representations and warranties as detailed under “Transfer Restrictions”. The notes have not been and will not be registered with, recommended by or approved by the US Securities and Exchange Commission (the “SEC”) or any other US federal, state or foreign securities commission or regulatory authority, nor has the SEC or any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of this offering memorandum. Any representation to the contrary is a criminal offense in the United States.

The Initial Purchasers and Deutsche Trustee Company Limited (the “Trustee”) make no representations or warranties, express or implied, as to the accuracy or completeness of the information contained in this offering memorandum. Nothing contained in this offering memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchasers of the Trustee as to the past or future.

We have prepared this offering memorandum solely for use in connection with the offer of the notes to QIBs under Rule 144A and to non-US persons (within the meaning of Regulation S) outside the United States under Regulation S.

The Issuer reserves the right to withdraw the offering of the notes at any time. The Issuer and the Initial Purchasers reserve the right to reject any offer to purchase the notes in whole or in part for any reason or for no reason and to allot to any prospective purchaser less than the full amount of the notes sought by such purchaser.

The laws of certain jurisdictions may restrict the distribution of this offering memorandum and the offer and sale of the notes. Persons into whose possession this offering memorandum or any of the notes come must inform themselves about, and observe, any such restrictions. None of the Issuer, the Initial Purchasers, the Trustee or their respective representatives are making any representation to any offeree or any purchaser of the notes regarding the legality of any investment in the notes by such offeree or purchaser under applicable investment or similar laws or regulations. For a further description of certain restrictions on the offering and sale of the notes and the distribution of this offering

memorandum, see “Notice to Investors in the European Economic Area”, “Notice to Certain Other European Investors” and “Transfer Restrictions”.

To purchase the notes, investors must comply with all applicable laws and regulations in force in any jurisdiction in which investors purchase, offer or sell the notes or possess or distribute this offering memorandum. Investors must also obtain any consent, approval or permission required by such jurisdiction for investors to purchase, offer or sell any of the notes under the laws and regulations in force in any jurisdiction to which investors are subject. None of the Issuer, its affiliates, the Trustee or the Initial Purchasers or their respective affiliates will have any responsibility therefor.

No action has been taken by the Initial Purchasers, the Issuer or any other person that would permit an offering of the notes or the circulation or distribution of this offering memorandum or any offering material in relation to the Issuer or its affiliates or the notes in any country or jurisdiction where action for that purpose is required.

The notes will only be issued in fully registered form and in denominations of €100,000 and integral multiples of €1,000 in excess thereof. Notes sold to QIBs in reliance on Rule 144A will initially be represented by one or more global notes in registered form without interest coupons attached (the “Rule 144A Global Notes”). Notes sold to non-US persons outside the US in reliance on Regulation S will be represented by one or more global notes in registered form without interest coupons attached (the “Regulation S Global Notes” and, together with the Rule 144A Global Notes, the “Global Notes”). The Global Notes were deposited, on the date of issuance of the notes with, or on behalf of, a common depository for the accounts of the Euroclear and Clearstream and registered in the name of the nominee of the common depository. Prior to the date that is 40 days after the later of the commencement of the offering or the date of issuance of the notes, beneficial interests in a Regulation S Global Note may not be able to be offered, sold or delivered to, or for the account or benefit of, US persons pursuant to restrictions under the US federal securities laws. See “Book-Entry, Delivery and Form”.

We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge and belief (having taken reasonable care to ensure that such is the case), the information contained in this offering memorandum is in accordance with the facts in all material respects and does not omit anything likely to affect the import of such information in any material respect. We accept responsibility accordingly.

IN CONNECTION WITH THIS ISSUE, DEUTSCHE BANK AG, LONDON BRANCH (THE “STABILIZING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) MAY OVER-ALLOT OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL FOR A LIMITED PERIOD AFTER THE DATE OF ISSUANCE OF THE NOTES. HOWEVER, THERE IS NO OBLIGATION ON THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) TO UNDERTAKE SUCH ACTION. SUCH STABILIZING ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES TAKES PLACE AND, IF BEGUN, MAY BE DISCONTINUED AT ANY TIME BUT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE DATE OF ISSUANCE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZING ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND REGULATIONS. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE “PLAN OF DISTRIBUTION”.

#### NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES, ANNOTATED, 1955, AS AMENDED, (“RSA 421-B”) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATION OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

## NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA

This offering memorandum has been prepared on the basis that all offers of the notes were made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the “Prospectus Directive”, as implemented in Member States of the European Economic Area (the “EEA”) and any amendments thereto, including the 2010 Prospectus Directive Amending Directive, to the extent implemented in the Relevant Member State), from the requirement to produce and publish a prospectus for offers of the notes. Accordingly, any person making or intending to make any offer within the EEA of the notes should only do so in circumstances in which no obligations arise for us or any of the Initial Purchasers to produce a prospectus for such offer. Neither we nor the Initial Purchasers have authorized, nor do we or they authorize, the making of any offer of notes through any financial intermediary, other than offers made by the Initial Purchasers, which constitute a final placement of the notes contemplated in this offering memorandum.

In relation to each Member State of the EEA that has implemented the Prospectus Directive (each, a “Relevant Member State”), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”), an offer is not being made and will not be made to the public of any notes which are the subject of this offering contemplated by this offering memorandum in that Relevant Member State, other than:

- (i) to any legal entity which is a “qualified investor” as defined in the Prospectus Directive;
- (ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 Prospectus Directive Amending Directive, 150, natural or legal persons (other than “qualified investors” as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the Initial Purchasers nominated by the Issuer for any such offer; or
- (iii) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the notes shall require us or the Initial Purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression “offer of the notes to the public” in relation to the notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and includes any relevant implemented measure in each Relevant Member State, and the expression 2010 Prospectus Directive Amending Directive means Directive 2010/73/EU.

## NOTICE TO CERTAIN OTHER EUROPEAN INVESTORS

### Spain

The notes may not be sold, offered or distributed to persons in Spain, except in circumstances which do not constitute a public offer (*oferta pública*) of securities in Spain, in accordance with article 30 bis of the Securities Market Act (*Ley 24/1988, de 28 de julio del Mercado de Valores*) as amended and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos*). Neither the notes, this offering nor this offering memorandum and its contents have been approved or registered with the Spanish Securities and Exchange Commission (*Comisión Nacional del Mercado de Valores*), and therefore it is not intended for the public offering of notes in Spain.

### United Kingdom

This offering memorandum is directed solely at:

- (i) persons who are outside the United Kingdom;
  - (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”);
  - (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; and
  - (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated,
- (all such persons in (i), (ii), (iii) and (iv) above together being referred to as “relevant persons”).

Any investment or investment activity to which this offering memorandum relates will only be available to and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum.

## France

This offering memorandum has not been prepared in the context of a public offering of financial securities in France within the meaning of Article L.411-1 of the French *Code monétaire et financier* and Title I of Book II of the *Règlement Général of the Autorité des marchés financiers* (the “AMF”) and therefore has not been and will not be submitted for clearance to the AMF. Consequently, the notes are not being offered, directly or indirectly, to the public in France and this offering memorandum has not been and will not be released, issued or distributed or caused to be released, issued or distributed to the public in France. Offers, sales and distributions of the notes in France will be made only to qualified investors (*investisseurs qualifiés*) acting for their own accounts or to a closed circle of investors (*cercele restreint d’investisseurs*) acting for their own accounts or to providers of the investment service of portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour le compte de tiers*) as defined in, and in accordance with, Articles L.411-2 and D.411-1 to D.411-4, D.744-1, D.754-1 and D.764-1 of the French *Code monétaire et financier*. The notes may only be offered, directly or indirectly, to the public in France, in compliance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code monétaire et financier*.

## Germany

The offering of the notes is not a public offering in the Federal Republic of Germany. The notes may be offered and sold in the Federal Republic of Germany only in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (*Wertpapierprospektgesetz*) (the “German Securities Prospectus Act”) and any other applicable German law. Consequently, in Germany the notes will only be available to, and this offering memorandum and any other offering material in relation to the notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the German Securities Prospectus Act. Any resale of the notes in Germany may only be made in accordance with the German Securities Prospectus Act and other applicable laws. We have not, and do not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) (“BaFin”) or obtain a notification to BaFin from another competent authority of a Member State of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17 Para. 3 of the German Securities Prospectus Act.

## Italy

This offering memorandum has not been, nor will be, published in the Republic of Italy (“Italy”) in connection with the offering of the notes and such offering of the notes has not been, nor will be, registered with the *Commissione Nazionale per le Società e la Borsa* (“Consob”) in Italy pursuant to Legislative Decree no. 58 of February 24, 1998 as amended (the “Financial Services Act”) and to Consob Regulation no. 11971 of May 14, 1999 as amended (the “Issuers Regulation”) and, accordingly, no notes may, and will, be offered, sold, transferred or delivered, directly or indirectly in an offer to the public in Italy, nor may, or will, copies of this offering memorandum or of any other document relating to the notes be distributed in Italy, except:

- (i) to qualified investors (*operatori qualificati*), as defined in Article 34-ter, paragraph 1(b), of Issuers Regulation; or
- (ii) in other circumstances which are exempted from the rules governing offers to the public pursuant to, and in accordance with, the conditions set out in Article 100 of the Financial Services Act and its implementing regulations including Article 34-ter, first paragraph, of Issuers Regulation.

## The Netherlands

The notes which are the subject of the offering contemplated by this offering memorandum, have not, may not and will not be offered to the public in the Netherlands, other than exclusively to qualified investors (*gekwalificeerde beleggers*) as defined in section 1:1 of the Dutch Act on the financial supervision (*Wet op het financieel toezicht* or the “AFS”).

Each purchaser of notes described in this offering memorandum located in the Netherlands will be deemed to have represented, acknowledged and agreed that it is a qualified investor (*gekwalificeerde beleggers*) as defined in section 1:1 of the AFS.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any notes in the Netherlands means to make a sufficiently specific offer addressed to more than one person as referred to in section 217(1) of Book 6 of the Dutch Civil Code to conclude a contract to purchase or otherwise acquire the notes, or to issue an invitation to make an offer of the notes.

## USE OF TERMS AND CONVENTIONS

Unless otherwise specified or the context requires otherwise in this offering memorandum:

- references to “Additional Guarantors” are to Grupo Antolín-Álava, S.L.U., Grupo Antolín-Ara, S.L.U., Grupo Antolín-Magnesio, S.L.U and Grupo Antolín-Vigo, S.L.U., which will unconditionally guarantee the notes immediately following each entity’s conversion into a *sociedad anónima* (see “Summary—The Offering—Guarantors”);
- references to “ADE” are to the *Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León*, a public company wholly-owned by the regional government of *Castilla y León*;
- references to “ADE Facility” are to the facility dated October 22, 2012, between ADE and the Company, for an amount up to €70.0 million;
- references to “APAC” are to Australia, China, India, Indonesia, Japan, Korea, Malaysia, Philippines, Taiwan and Thailand, collectively;
- references to “Avot” are to Avot Inversiones, S.L.;
- references to “Bankia Loan” are to the loan dated April 30, 2013 between Bankia, S.A. and the Company for an amount of up to €10.0 million;
- references to “Bridge Facility” are to the Bridge Facility Agreement dated December 12, 2013, between the Company, as borrower, certain of its subsidiaries, as guarantors, and Banco Bilbao Vizcaya Argentaria, S.A., as agent of the several lenders named therein;
- references to “CHMSL” are to center high mounted stop lamps;
- references to “CO” are to carbon monoxide;
- references to “Collateral” are to the Initial Collateral and the Post Closing Collateral. See “Summary—Summary corporate and financing structure”;
- references to “Company” are to Grupo Antolín-Irausa, S.A.;
- references to “DRL” are to daytime running lamps;
- references to “Eastern Europe” are to the following countries: Belarus, Bulgaria, Czech Republic, Hungary, Kazakhstan, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey, Ukraine and Uzbekistan;
- references to “EEA” are to the European Economic Area;
- references to “EBRD” are to the European Bank for Reconstruction and Development;
- references to “EBRD Facility” are to the loan agreement dated April 16, 2012, between Grupo Antolín-Saint Petersburg and the EBRD for an amount of up to €6.0 million;
- references to “EIB” are to the European Investment Bank;
- references to “emerging markets” and “emerging economies” are to growth markets and growth economies, excluding the US;
- references to “EU” are to the European Union;
- references to “EUR”, “euro(s)” and “€” are to the currency of those countries in the European Union that form part of the common currency of the euro;
- references to “Europe” are to Western Europe and Eastern Europe;
- references to “GHG” are to greenhouse gas;



- references to “Factoring Agreement” are to the syndicated factoring agreement dated December 1, 2010, as amended, by and among the Company and Banco Bilbao Vizcaya Argentaria, S.A., as agent in respect of several financial institutions;
- references to “Funding Loan” are to the loan from the Issuer to the Company made on the date of issuance of the notes pursuant to the Funding Loan Agreement, the principal amount of which shall be equal to the aggregate principal amount of the notes issued on the date of issuance of the notes;
- references to “Funding Loan Agreement” are to the funding loan agreement, dated on the date of issuance of the notes, by and between the Issuer, as lender, and the Company, as borrower, pursuant to which the Issuer will extend the Funding Loan to the Company;
- references to “GBP”, “pound(s)” and “£” are to the currency of the United Kingdom;
- references to “Group”, “Grupo Antolín”, “we”, “us” and “our” are to the Company together with its consolidated subsidiaries;
- references to “growth markets” and “growth economies” are to economies where we are experiencing increasing demand for our products and which include the US, Mexico, Brazil, Turkey, Russia, China, India and Thailand;
- references to “Guarantees” are to the unconditional guarantees of the notes to be granted by the Guarantors, more specifically set out in “Summary—Summary corporate and financing structure”;
- references to “Guarantors” are to the Company, the Initial Guarantors and the Additional Guarantors (see “Summary—The Offering—Guarantors”);
- references to “HoldCo1” are to Grupo Antolín Holdco, S.L.U.;
- references to “HoldCo2” are to Castilfale Gestión, S.A.U.;
- references to “Initial Collateral” are to the first-ranking pledge over 32.6% of the shares of the Company held by HoldCo2, which will be delivered within 15 business days of the date of the issuance of the notes;
- references to “IFRS” are to the International Financial Reporting Standards promulgated by the International Accounting Standards Board and as adopted by the European Union;
- references to “Indenture” are to the indenture governing the notes and dated as of the date of issuance of the notes;
- references to “Initial Guarantors” are to CML Innovative Technologies GmbH & Co. KG, Grupo Antolín-Deutschland, GmbH, Grupo Antolín-Logistik Deutschland, GmbH, Grupo Antolín-North America, Inc., Grupo Antolín-Kentucky, Inc., Grupo Antolín-Illinois, Inc., Grupo Antolín-Michigan, Inc., Grupo Antolín-Ardasa, S.A.U., Grupo Antolín-Autotrim, S.A.U., Grupo Antolín-Dapsa, S.A.U., Grupo Antolín-Aragusa, S.A.U., Grupo Antolín-Ingeniería, S.A.U., Grupo Antolín-Navarra, S.A.U., Grupo Antolín-PGA, S.A.U., Grupo Antolín-Eurotrim, S.A.U., Grupo Antolín-Glass, S.A.U., Grupo Antolín-Plasbur, S.A.U., Grupo Antolín-RyA, S.A.U., Grupo Antolín-Martorell, S.A.U., Grupo Antolín-Silao, S.A. de C.V., Grupo Antolín-Saltillo S. de R.L. de C.V., Grupo Antolín Lusitânia-Componentes Automóvel, S.A., Grupo Antolín Valença-Componentes Automóvel, S.U.L., Grupo Antolín-UK, Ltd., Grupo Antolín-Leamington, Ltd., Grupo Antolín Bohemia, a.s., Grupo Antolín-Bratislava, s.r.o, Grupo Antolín Ostrava, s.r.o. and Grupo Antolín Turnov, s.r.o., which will guarantee the notes (see “Summary—The Offering—Guarantors”);
- references to “Initial Purchasers” are to Deutsche Bank AG, London Branch, Banca March, S.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco de Sabadell, S.A., Banco Espírito Santo de Investimento, S.A., Sucursal en España, Banco Popular Español, S.A., Banco Santander, S.A., Bankia, S.A., Bankinter, S.A., BNP Paribas and Caixabank S.A.;
- references to “Issuer” are to Grupo Antolin Dutch B.V., the issuer of the notes;
- references to “JIT” are to just in time;
- references to “LED” are to light-emitting diode;

- references to “LCV” are to light commercial vehicle;
- references to “Mercosur” are to Argentina, Brazil, Colombia, Ecuador, Paraguay, Uruguay and Venezuela, collectively;
- references to “MPV” are to multi-purpose vehicle;
- references to “North America” are to the US, Canada and Mexico, collectively;
- references to “notes” are to the €400 million 4.75% Senior Secured Notes due 2021 offered hereunder;
- references to “OEM” are to original equipment manufacturer;
- references to “Post Closing Collateral” are to the first-ranking pledge over 67.4% of the shares of the Company held by HoldCo1, which will be delivered upon HoldCo1’s conversion into a *sociedad anónima* (see “Summary—Summary corporate and financing structure”);
- references to “R\$” are to the currency of Brazil;
- references to “R&D” are to research and development;
- references to “RMB” are to the currency of China;
- references to “Sarmental” are to Sarmental Gestión, S.L.U.;
- references to “Senior Facilities” are to the senior term facility and the revolving credit facility made available under the Senior Facilities Agreement;
- references to “Senior Facilities Agreement” are to the senior term and revolving credit facilities agreement dated the date of this offering memorandum entered into between, among others, the Company, as the original borrower, various subsidiaries of the Company, as original guarantors, the original lenders listed therein and Deutsche Bank AG, London Branch as agent and security agent, a copy of which is attached as Annex A to this offering memorandum;
- references to “Syndicated Facility” are to the syndicated loan agreement dated October 8, 2010 between the Company, as borrower, and Banco Español de Crédito, S.A. (currently Banco Santander, S.A.), Banco Santander, S.A., Caja Rural de Burgos and the Public Credit Institute (*Instituto de Crédito Oficial*), as lenders for an amount of up to €14.0 million which was guaranteed on the same date by means of a Guarantee Agreement between the Company and ADE Financiación S.A.;
- references to “TCO” are to technical-commercial offices;
- references to “UK” are to the United Kingdom;
- references to “US”, “U.S.” and “United States” are to the United States of America;
- references to “US\$”, “dollar(s)” and “\$” are to the currency of the United States of America; and
- references to “Western Europe” are to Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, collectively.

## FORWARD LOOKING STATEMENTS

Except for historical information contained herein, statements contained in this offering memorandum may constitute “forward looking statements” within the meaning of the US Private Securities Litigation Reform Act of 1995.

The words “believe”, “anticipate”, “expect”, “predict”, “continue”, “intend”, “estimate”, “plan”, “aim”, “assume”, “positioned”, “will”, “may”, “should”, “shall”, “risk”, “probable” and other similar expressions, which are predictions or indications of future events and future trends, which do not relate to historical matters, identify forward looking statements. This offering memorandum includes forward looking statements relating to our potential exposure to various types of market risks, such as credit risk, interest rate risk, exchange rate risk and commodity price risk. You should not rely on forward looking statements because they involve known and unknown risks, uncertainties and other factors which are in some cases beyond our control and may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward looking statements (and from past results, performance or achievements). Certain factors that may cause such differences include but are not limited to:

- continued or increased weakness in the global economy, the global credit markets and the financial services industry, including the European sovereign debt crisis and restricted access to financing;
- the failure of one or more major financial institutions;
- increased or more pronounced cyclicalities in the automobile industry;
- the loss of customers and/or the inability to realize revenues;
- our inability to realize revenues from our awarded business;
- disruptions to the automotive supply chain and fluctuations in the prices of materials;
- our and our customers’ inability to obtain sufficient capital financing and credit insurance;
- increased competition and/or shifts in market share among and demand for certain vehicles and products;
- our inability to offset price concessions or additional costs;
- our costs in relation to construction, maintenance and downsizing, closing or the sale of plants, including mechanical failures, equipment shutdowns, technological breakdowns and interruptions to the supply of utilities;
- integration and consolidation risks associated with acquisitions and difficulties in connection with program launches, including risks in relation to growth with APAC automotive customers;
- our operations may require increased capital expenditure that will consume cash;
- returns on investments, potential future acquisitions and divestitures and with our joint ventures, certain of which we do not control;
- impairment of deferred tax assets, goodwill and/or risks related to hedging and other derivative arrangements;
- our international operations, including in relation to compliance with anti-corruption laws, regulations and economic sanctions programs;
- foreign exchange rate fluctuations and restrictions on transfer of funds, as well as risks associated with tax liability in the jurisdictions in which we operate;
- unrealized expectations on our investment strategies and a shift away from technologies in which we invest;
- loss of key executives, availability of labor and workforce utilization efficiency, including work stoppages and other labor problems;
- interruptions in operations at our facilities, including explosions, fires or any other accidents or acts of God;

- legal, regulatory, environmental, insurance, product liability, taxation intellectual property and/or health and safety issues and/or changes;
- climate change, natural disasters, terrorist attacks and/or other acts of violence, war or political changes; and
- restrictions on the transfer of funds.
- other risks and uncertainties inherent in our business and the world economy.

For a more detailed discussion of these factors, see “Risk Factors”, “Business” and “Operating and Financial Review and Prospects” included elsewhere in this offering memorandum. You are cautioned not to place undue reliance on these forward looking statements. These forward looking statements are made as of the date of this offering memorandum and are not intended to give any assurance as to future results. We undertake no obligation to, and do not intend to, publicly update or revise any of these forward looking statements, whether to reflect new information or future events or circumstances or otherwise.

## PRESENTATION OF FINANCIAL AND OTHER DATA

### Financial information and operational data

This offering memorandum includes our audited consolidated historical financial statements as of and for the years ended December 31, 2013, 2012 and 2011. In addition, we have also presented certain summary historical financial information as of and for the years ended December 31, 2010, 2009 and 2008, which have been derived from our audited consolidated financial statements as of and for the years ended December 31, 2010, 2009 and 2008, respectively. Other financial data is included which is derived from our accounting records. Unless otherwise indicated, all financial information in this offering memorandum has been prepared in accordance with IFRS applicable at the relevant date. IFRS differs in certain significant respects from generally accepted accounting principles in the US.

The Issuer was incorporated on February 21, 2014 for the purposes of facilitating this offering. The Issuer has no material assets or liabilities and has not engaged in any activities other than those related to its incorporation in preparation for this offering, and, consequently, we have not provided herein financial statements of the Issuer. The Issuer is a finance subsidiary of the Company as of the date of issuance of the notes.

See “Independent Auditors” for a description of the independent auditors’ reports dated February 28, 2014, April 30, 2013 and April 30, 2012 on our consolidated financial statements as of and for the years ended December 31, 2013, 2012, and 2011, respectively, which have been audited by Deloitte S.L., independent auditors, as stated in their unqualified reports appearing herein on pages F-1 to F-320 of this offering memorandum.

We have presented certain information in this offering memorandum that are non-IFRS measures. As used in this offering memorandum, this information includes “Gross profit”, which represents total operating income less supplies, “EBITDA”, which represents our profit for the year from continuing operations after adding back depreciation and amortization expense. This offering memorandum also contains other measures and ratios such as gross profit margin, EBIT margin, EBITDA margin, capital expenditures, net financial debt, adjusted cash flow available for debt service, net finance income/(cost) and leverage and coverage ratios. We present these non-IFRS measures because we believe that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity.

In particular, we believe that EBITDA is meaningful for investors because it provides an analysis of our operating results, profitability and ability to service debt and because EBITDA is used by our chief operating decision makers to track our business evolution, establish operational and strategic targets and make important business decisions. To facilitate the analysis of our operations, this indicator excludes depreciation and amortization expense from our profit for the year from continuing operations in order to eliminate the impact of general long-term capital investment. Although we are presenting this measure to enhance the understanding of our historical operating performance, EBITDA should not be considered an alternative to our profit for the year from continuing operations as an indicator of our operating performance, or an alternative to cash flows from operating activities as a measure of our liquidity. EBITDA as used in this offering memorandum may not be calculated in the same manner as “Consolidated EBITDA”, which is calculated pursuant to the Indenture governing the notes as described under “Description of the Notes”, or for the purposes of any of our other indebtedness.

The information presented by EBITDA, other adjusted financial information and other pro forma financial data presented in this offering memorandum is unaudited and has not been prepared in accordance with IFRS or any other accounting standards. Pro forma cash and bank balances and pro forma net financial debt give pro forma effect to the offering of the notes, the entering into the Senior Facilities Agreement and the application of the net proceeds therefrom as described under “Use of Proceeds” as if they had occurred on December 31, 2013. Pro forma net finance income/(cost) gives pro forma effect to the offering of the notes, the entering into the Senior Facilities Agreement and the application of net proceeds therefrom as described under “Use of Proceeds” as if they had occurred on January 1, 2013. We present these non-IFRS measures because we believe that they and similar measures are widely used by investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. In addition, the presentation of these measures is not intended to and does not comply with the reporting requirements of the SEC; compliance with its requirements would require us to make changes to the presentation of this information.

You should not consider EBITDA or any other non-IFRS or financial measures presented herein, as alternatives to measures of financial performance determined in accordance with generally accepted accounting principles, such as net income, as a measure of operating results or cash flow as a measure of liquidity. EBITDA is not a measure of financial performance under IFRS. Our computation of EBITDA and other non-IFRS financial measures may not be comparable to similarly titled measures of other companies.

Our financial information is presented in euro.

Rounding adjustments have been made in calculating some of the financial information included in this offering memorandum. As a result, figures shown as totals in some tables and elsewhere may not be exact arithmetic aggregations of the figures that precede them.

### **Industry data**

In this offering memorandum, we rely on and refer to information regarding our business and the market in which we operate and compete. We have obtained this information from various third party sources, including providers of industry data, discussions with our customers and our own internal estimates. While we believe that industry publications, surveys and forecasts are reliable, they have not been independently verified, and neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of such information set forth in this offering memorandum.

In drafting this offering memorandum, we used industry sources including reports prepared by LMC Automotive and Roland Berger.

Additionally, industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed and in some instances such sources state that they do not assume liability for such information. Market studies and analyses are frequently based on information and assumptions that might not be accurate or technically correct, and their methodologies may be forward looking and speculative. We cannot assure you of the accuracy and completeness of such information as we have not independently verified such information.

In addition, in many cases, we have made statements in this offering memorandum regarding our industry and our position in the industry based solely on our experience, our internal studies and estimates, and our own investigation of market conditions. While we assume that our own market observations are reliable, we give no warranty for the accuracy of our own estimates and the information derived from them. They may differ from estimates made by our competitors or from future studies conducted by market research institutes or other independent sources. While we are not aware of any misstatements regarding the industry or similar data presented herein, such data involves risks and uncertainties and are subject to change based on various factors, including those discussed under the heading “Risk Factors” in this offering memorandum. Additionally, all data in relation to our position in our industry as well as specific market share details are based on the number of units of automotive interior components sold.

We cannot assure you that any of these assumptions are accurate or correctly reflect our position in the industry, and none of our internal surveys or information has been verified by any independent sources. Neither we nor the Initial Purchasers make any representation or warranty as to the accuracy or completeness of this information. Some of the surveys or sources were compiled by our advisors and are not publicly available and accordingly may not be considered to be as independent as other third party sources.

## EXCHANGE RATE AND CURRENCY INFORMATION

The following tables set forth, for the periods set forth below, the high, low, average and period end Bloomberg Composite Rate expressed as U.S. dollars per €1.00. The Bloomberg Composite Rate is a “best market” calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum. We make no representation that the U.S. dollar amounts referred to below could have been or could, in the future, be converted into euro at any particular rate, if at all.

The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month or for any shorter period, means the average of the daily Bloomberg Composite Rates during that month, or shorter period, as the case may be.

The Bloomberg Composite Rate of the euro on May 13, 2014 was \$1.3704 per €1.00.

	U.S. dollars per €1.00			
	High	Low	Average <sup>(1)</sup>	Period end
2011 .....	1.4830	1.2907	1.3926	1.2959
2012 .....	1.3458	1.2061	1.2860	1.3193
2013 .....	1.3802	1.2780	1.3285	1.3743
	High	Low	Average <sup>(2)</sup>	Period end
September 2013 .....	1.3530	1.3120	1.3362	1.3527
October 2013 .....	1.3804	1.3520	1.3639	1.3583
November 2013 .....	1.3606	1.3367	1.3497	1.3591
December 2013 .....	1.3803	1.3551	1.3708	1.3789
January 2014 .....	1.3763	1.3486	1.3623	1.3486
February 2014 .....	1.3802	1.3519	1.3670	1.3802
March 2014 .....	1.3934	1.3933	1.3826	1.3769
April 2014 .....	1.3886	1.3705	1.3811	1.3867
May 2014 through May 13, 2014 .....	1.3928	1.3704	1.3835	1.3704

(1) The average of the exchange rates on the last business day of each month during the relevant period.

(2) The average of the exchange rates on each business day during the relevant period.

## SUMMARY

*This summary highlights selected information contained in this offering memorandum. In this offering memorandum, we generally use “we”, “our” and other similar terms to refer to the Company and its consolidated subsidiaries. This summary should be read as an introduction to this offering memorandum. It does not purport to be complete and is qualified in its entirety by, and should be read in conjunction with, the remainder of this offering memorandum. Any decision by an investor to invest in the notes should be based on a thorough consideration of this offering memorandum in its entirety, including “Risk Factors”, “Operating and Financial Review and Prospects” and our financial statements and related notes and information contained elsewhere in this offering memorandum as well as the information referred to under “Where You Can Find More Information”.*

### Our company

We are a leading Tier 1 player in the design, development, manufacturing and supply of automotive interior components, offering multi-technology solutions for overhead systems (or headliners), doors and interior plastics, seating and lighting systems for sale to original equipment manufacturers (“OEMs”). We have a geographically diversified platform of more than 120 manufacturing plants and just-in-time (“JIT”) assembly and sequencing facilities, as well as 25 technical-commercial offices (“TCO”) in 25 countries worldwide as of December 31, 2013. We supplied our products globally to the top 15 OEMs by production volume in 2013. We provided components for over 300 different models and we believe we supplied approximately one out of every four vehicles manufactured worldwide. Our product, geographical and customer diversification allows us to take advantage of global growth opportunities, in particular our presence in APAC, North America, Mercosur and Eastern Europe, which in the past has mitigated the impact of regional production fluctuations on our business during economic downturns. We are headquartered in Burgos, Spain and the average number of employees working for us in 2013, was 13,746. Our revenue and EBITDA for the year ended December 31, 2013 amounted to €2,128.2 million and €238.2 million, respectively. We are wholly-owned by the Antolín family, who is committed to our business.

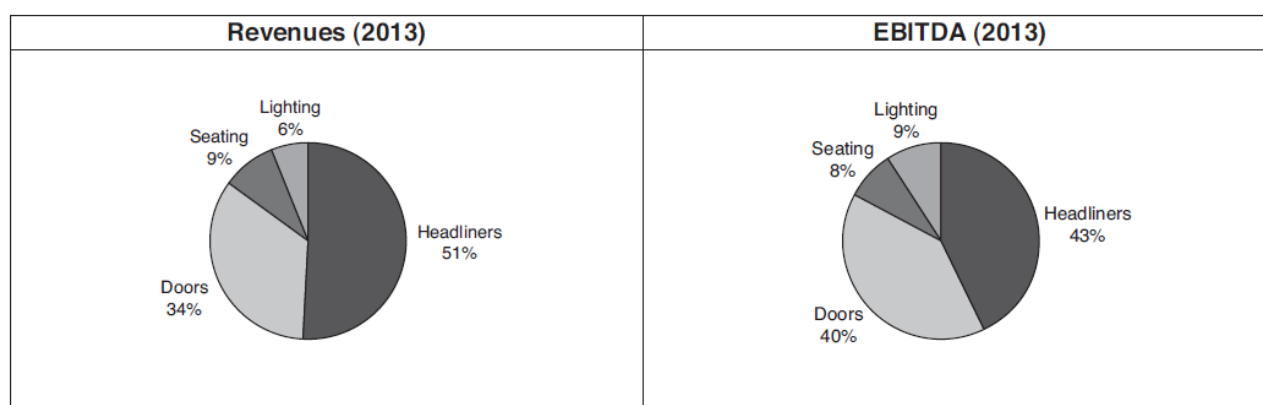
We organize our activities around our four business segments:

- **Overhead systems (“Headliners”):** We believe we are a leader in the manufacturing of headliner modular solutions, incorporating acoustic, safety, panoramic and lighting functionalities. We cover all the product spectrum for overhead systems, from the headliner substrate to more complex modular systems, including panoramic systems incorporating glass roof modules and panoramic windshields and lighted headliners. Furthermore, the integration of sunvisors into the overhead system is an important aspect of this business segment. In the period between the year ended December 31, 2009 and the year ended December 31, 2013, the EBITDA in our Headliners segment has tripled, with our EBITDA margin increasing to 9.6% for the year ended December 31, 2013, compared to 6.2% for the year ended December 31, 2009. The percentage of our revenue attributed to our Headliners segment amounted to 51.0% for the year ended December 31, 2013. We use key technologies for headliner substrates and benefit from full vertical integration, from the core polyurethane foam production to the final assembly of the overhead systems. In 2013, we believe we were a leader in overhead systems with 23% of the global market share.
- **Doors and interior plastics (“Doors”):** We have expertise in the manufacturing and supply of a wide range of door panels, pillars, trim inserts and trays for door systems. We produce a wide range of specialized plastic parts, some of them with weight reduction and environmentally-friendly properties. We produce an extensive range of door mechanisms, from window regulators to complex modules. We also produce metal structures and profiles with our own rolling and stamping technology. In 2013, we believe we were a leading producer in Europe with a market share of 7% in door panels and a market share of 12% in window regulators, and a leading producer of door panels and window regulators in the Mercosur region with a 12% market share in door panels and a 22% market share in window regulators.
- **Seating:** We develop and manufacture high added value light- weight seats for multi-purpose vehicles (“MPVs”), light commercial vehicles (“LCVs”) and vans. Our seating product portfolio comprises our in-house developed automatic anchorage seats which we market under our Drop&Go brand, fold-into-floor seats and seats and benches with integrated 3-point belts. We produce seats using magnesium and high strength steel, allowing us to reduce weight while maintaining design and functionality. Being focused in the manufacture of light-weight and innovative seats for MPVs and LCVs, which is an attractive niche sector of the broader seating market, gives us an advantage over many of our competitors, who have difficulties in innovating and investing in this range of specialized products.
- **Lighting:** We believe we were the leading manufacturer of interior automotive lighting components in Europe, with a 26% market share of overhead front consoles in 2013. Our lighting product portfolio comprises interior solutions based on light emitting diodes (“LED”) including consoles, multi-purpose



lamps, ambient lighting, electronics/smart lighting and exterior solutions such as daytime running lights (“DRL”), direction, position and license plate indicators and center high mounted stop lamps (“CHMSL”). We are one of the few suppliers which benefit from full vertical integration in the production of lighting components, from the manufacture of plastic parts, to the electronics and the light function. The potential integration of lighting elements with other interior automotive components increasingly offers synergies with our other business lines as lighting is incorporated in door paneling and overhead systems, allowing us to offer our customers an integrated and innovative range of customized interior solutions, which we believe gives us an additional competitive advantage over other players in our industry.

We are a leading integrated provider of interior trim solutions, with a long-standing industrial tradition of over 60 years, present throughout each phase of the entire production cycle in each of our segments: product conception, design, validation, industrial process, assembly and sequenced delivery of the product. For the year ended December 31, 2013, our revenue was € 2,128.2 million and our EBITDA was €238.2 million. Our revenues and EBITDA per business segment for the year ended December 31, 2013 are as follows:



We believe that our financial and operational success and stability have been, and continue to be, driven by our strategic, customer focused geographical growth and diversified revenue streams, as well as our manufacturing, process, design and technological expertise. We believe that these factors have allowed us to achieve our position as a leading global supplier in the automotive industry, with high strategic importance to many of the largest OEMs.

## Our Industry

The automotive industry designs, develops, manufactures, markets, sells and services motor vehicles which are usually classified into light vehicles (passenger cars and light commercial vehicles) and heavy commercial vehicles. The automotive production value chain is split between OEMs such as Volkswagen AG (“Volkswagen Group”), the Renault-Nissan Alliance (“Renault- Nissan”) and Ford Motor Company (“Ford”) and automotive suppliers, such as Bosch, Continental, Magna International and us. Automotive suppliers are then generally further categorized into three different tiers. Tier 1 suppliers such as us sell their products directly to OEMs. Typically these products are larger modules or systems which integrate components, sometimes sourced from Tier 2 automotive suppliers. Tier 2 suppliers provide individual components or component groups which in turn typically integrate individual parts produced by a further layer of Tier 3 suppliers.

Automotive suppliers are typically further divided into sub-segments based on their components’ function within the car. As an automotive supplier of interior components, our revenue development is linked to the development of automotive production numbers and changes in the content per vehicle for the components and systems we produce. The interior market in the broader sense is comprised by all the products and systems that form the cabin interior of the car and surround the driver and passengers. As such, interior components have a direct effect on driver and passenger comfort and safety and therefore allow OEMs to differentiate between car models.

As the automotive industry continues to evolve, global trends have developed across the industry that are being driven by a combination of maturing consumer preferences, financial, legal and regulatory requirements and the increasing importance of emerging economies relative to more traditional mature economies. The global automotive production industry is expected to grow by 23% between 2014 and 2018, with the APAC region expected to experience the strongest growth closely followed by Eastern Europe. Despite the strong growth of the APAC region, Western Europe is still our largest absolute market as of December 31, 2013.

Global trends which will drive future industry growth and the long-term growth potential of the interior component market include:

*Higher consumer expectations of interior comfort:* Increased comfort features in the car selection process by final customers is of growing importance, partially due to the increase in the average age of the population and greater time spent in the vehicle. The trend towards higher consumer expectations of interior comfort increases demand for qualities such as improved fit, finish and craftsmanship in interiors across all vehicle types. We believe OEMs are dedicating a larger portion of total cost per vehicle to interior components as they “upscale” vehicle interiors across their entire portfolio of platforms. Suppliers with advanced design, materials and manufacturing capabilities to deliver a broad suite of interior component products across a wide range of price points should benefit from this continued focus on interior comfort and craftsmanship by both consumers and OEMs. While increased consumer expectations of interior comfort play an important role in certain emerging markets in which we operate, like China and Thailand, other emerging markets, like India, are still lagging behind on this trend.

*Increasing market share of low-cost and premium automotive segments:* In the long term, the automotive market is expected to shift focus away from mid-market towards low-tech and low-cost vehicles on the one hand and function oriented, innovative vehicles for premium customers on the other hand. In recent years, the market share of low-cost passenger cars (i.e. cars costing less than \$10,000 / €7,000) has been increasing, predominantly in China, India, Brazil and Eastern Europe, and sales of small passenger cars are expected to grow further. These cars are mainly manufactured and sold in high-growth countries in APAC, as well as in Brazil and Eastern Europe. Growth in the premium segment is also expected to be driven by emerging markets, including China, India, the Middle East and Africa. Vehicles in the premium segment tend to be more technologically advanced in each sub-segment of automotive components, including the interior components segment.

*Sustainability and safety:* The OEMs that we supply, and automobile manufacturers generally, are increasingly focused on weight and emissions reduction in order to meet increasing legal, regulatory and industry-standard requirements in the markets in which they operate, as well as on the safety of passengers, other road users and pedestrians. The development of the regulatory environment is complex and has required automotive suppliers such as ourselves to focus on the design and development of technologies to address the various regulations and to differentiate us from our competitors.

*Globalization of platforms:* OEMs are increasingly designing vehicle models built on common but variable platforms which can be produced in high volumes. The use of common platforms allows OEMs to increase economies of scale across the value chain, differentiate their products from those of their competitors, expand the number of product segments in which they compete, extend the life of existing automobile platforms and remain responsive to changing lifestyle trends and customer tastes. This trend towards common platforms provides automotive suppliers such as us increased opportunities to supply larger volumes of products and also to benefit from economies of scale. Furthermore, there is an increased dependency on suppliers such as ourselves capable of managing complex projects, which in turn assures the quality standards across geographies globally.

*Consolidation of supplier base:* In order to take advantage of the operational economies of scale across the value chain, OEMs are encouraging consolidation of their supplier-base with an increased focus on large, technically and financially strong global suppliers capable of producing consistent and high-quality products across geographies. The OEMs we supply use a number of factors to determine their choice of suppliers including, among other things, quality, service (including location, service interruptions and on-time delivery), in-house research and development (“R&D”) and technological capabilities, overall track record and quality of relationship with the OEM, production capacity, financial stability and price. In recent years, we have noticed that development expertise, an extensive geographical footprint, consistent and high quality production capability and diverse ancillary competencies tend to offset price-sensitivities among OEMs who appreciate the added-value inherent in these other factors.

*Outsourcing and technological partnership with OEMs:* As OEMs increasingly focus their resources on automobile assembly, they are either maintaining or increasing the levels of production outsourcing to suppliers such as ourselves. As they grow outside of their home markets, they are more inclined to turn to external suppliers for content they might have previously supplied in-house. Suppliers such as ourselves can benefit from economies of scale derived from serving various customers, that our OEM customers find more difficult to achieve in our product segment when manufacturing in-house abroad. In addition, specialization has led to advances achieved by suppliers such as ourselves in certain technologies, which OEMs find difficult to match in-house in price and quality, thereby increasing outsourcing in these areas, even in mature economies. Furthermore, while know-how is still being developed by suppliers and the design is still controlled by OEMs, there is an increased importance in the collaboration with Tier 1 suppliers.

*The regional shift of the automotive industry with continuing increase in demand for vehicles in emerging markets:* While vehicle production demands have fluctuated across the global economy in recent years, particularly at the height of the global financial crisis in 2008 and 2009, on a normalized level the demand in emerging economies has generally continued to increase. Industry sources forecast between now and 2020 there will be a higher compound annual growth rate (“CAGR”) of sales in Brazil, Russia, India and China and in other emerging economies than that experienced in more mature economies, such as those of Western Europe. In response to this, OEMs continue to develop their

presence in these markets, resulting in an increased need for OEMs to establish supplier networks beyond their home markets, including the migration of component and vehicle design, development and engineering activities to certain of these markets. In certain of these markets, such as China, there is already significant demand for new, premium brand vehicle models. Nevertheless, vehicle demand in these emerging economies is predominantly for less advanced models with lower entry-level price points. This increasing local demand in emerging markets has helped boost the local automotive industry in these countries and has attracted investments in manufacturing from North American, European and APAC-based automobile manufacturers, through stand-alone investments and joint ventures with local partners. The evolution of volume demand in these markets is in tandem with an evolution of regulatory and industry standards modeled after those set earlier by more mature economies. This trend offers automobile suppliers such as ourselves an opportunity to expand our business with our customers in these emerging markets.

*Growth of cooperative agreements:* In order to achieve economies of scale and defray developments costs, competing automobile component manufacturers are increasingly entering into cooperative alliances and arrangements relating to shared purchasing of components, joint engine, powertrain and/or platform development and sharing and other forms of cooperation. This cooperation among competing automobile component manufacturers is expected to continue. For example, we have entered into joint ventures in emerging markets to accelerate our international expansion with partners such as, Ningbo Huaxiang Electronics Co., Ltd in China, Krishna Maruti Limited (belonging to the Krishna Group) in India, NHK Spring (Thailand) Co., Ltd in Thailand, SKT Yedek Parca ve Makina Sanayi ve Ticaret A.S. in Turkey and ZAM Avtotechnika LLC in Russia.

## **Our key strengths**

We believe we have the following competitive strengths:

### ***Leading positions in core markets***

We believe that we are a leader in the design, development, manufacturing and supply of automotive interior components with approximately one out of every four automobiles manufactured in the world containing interior parts manufactured by us. In 2013, we believe we equipped approximately 23% of vehicles worldwide with our overhead systems making us the global market leader in this area and we believe we achieved a leading position across most regions in overhead systems, with a 39% market share in Europe, 46% market share in the Mercosur area and a 30% market share in North America. Additionally, we believe that our lighting product portfolio was a clear market leader in Europe with a 26% market share in overhead front consoles. In Europe we also have a strong market position in doors and interior plastics and niche seating products and we believe we are among the top three producers of interior door components in the Mercosur region. In addition to our strong presence in our established markets, we have a leading position in many emerging economies. For example, we believe we were the leader in the manufacturing of overhead systems in India, with a market share of 58% in 2013.

Additionally, OEMs face substantial switching costs from operational, technical and logistical perspectives in replacing the supplier of a particular component or system during the life cycle of a specific vehicle model. The supplier of a component for a specific car model is often also chosen for the next generations of that model. This is mostly due to the long lead-time and large investment required to set up the production and supply processes, and to the scale operational efficiencies gained through experience with the lean manufacturing of certain products. We believe that such switching costs and our technological capacities strongly protect our leading market position.

We maintain and grow our market positions around the world, due to our established customer relationships, highly advanced technological capabilities, reputation of quality and reliability and our global manufacturing footprint.

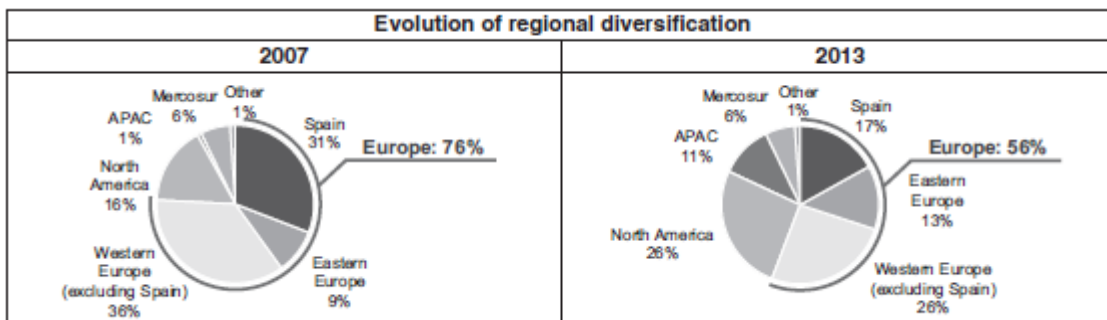
### ***Highly diversified business model***

#### ***Regional diversification***

We have a highly diversified geographical footprint with more than 120 manufacturing plants and JIT assembly and sequencing facilities and 25 TCOs in 25 countries worldwide as of December 31, 2013. In the last few years we have focused our expansion outside our traditional markets in Western Europe and North America into Eastern Europe, APAC and the Mercosur region, where we have been able to capture the increasing demand for our products, in part driven by a significant increase in vehicle production. Our increased efforts in geographic diversification have resulted in a decrease in the percentage of total revenues in Europe from 75.7% in 2007 to 56.2% in 2013, with Spain accounting for only 16.6% of our 2013 revenues as compared to 31.2% in 2007. However, despite the recent sovereign debt and financial crisis, Spain has historically been and continues to be a main hub of the automotive industry worldwide and consequently we aim to continue to have a significant footprint in Spain, while increasing our presence in other markets.

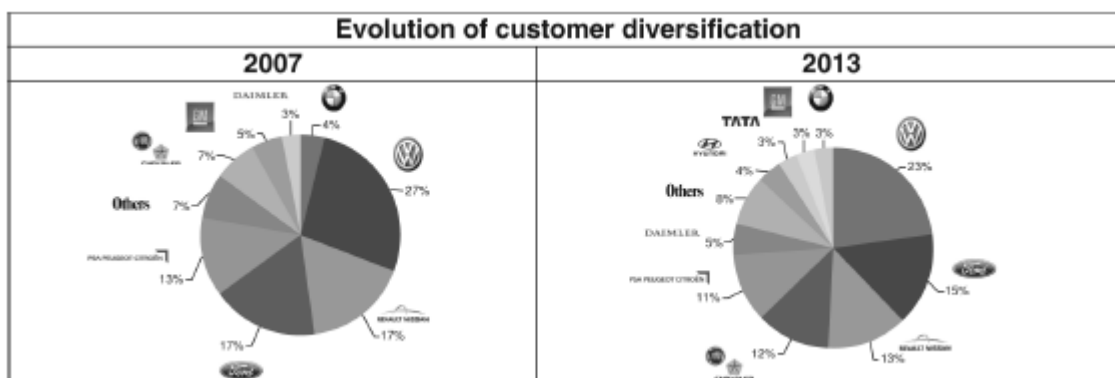
We are one of very few truly global players in our product portfolio who have committed substantial investment to, and have a well-established presence in, these growth markets. We are a market leader measured by units of production in many of these markets, which gives us a competitive advantage over other players. Furthermore, our revenues from our APAC operations have increased from €22.9 million in 2007 to €222.7 million in 2013, representing 10.5% of our revenue in 2013.

As part of our customer-focused approach to our expansion strategy, we have proactively coordinated our expansion plans into growth markets with those OEMs we supply. When our OEM customer expands into a new market or location, we determine whether it is in our strategic interest to also open a facility in such location. As of December 31, 2013, we had 9 production facilities under construction or development, including 6 in China, one in Thailand, one in India and one in Russia. Our strong geographical diversification allows us to take advantage of global growth opportunities and has mitigated the impact of regional demand fluctuations on our business during economic downturn.



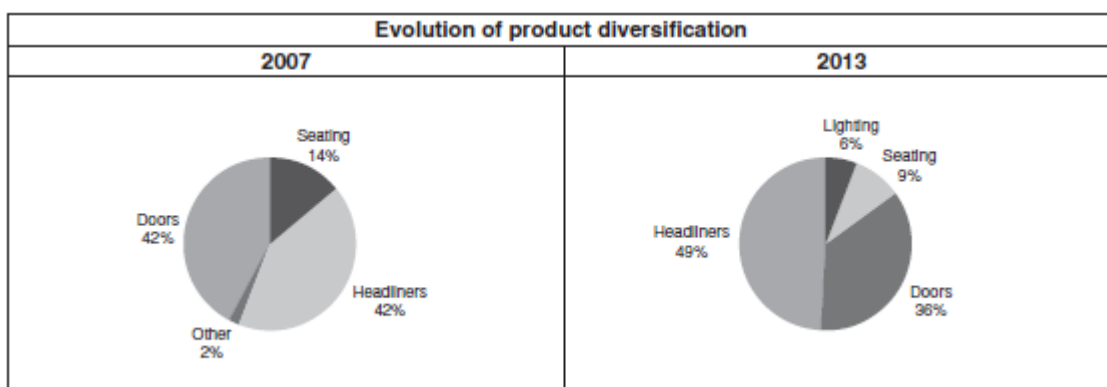
*Customer diversification*

Relative to our competitors, we have a well-diversified customer base which, through a successful development strategy, has improved across models and now includes most of the largest OEMs by production volume in 2013. Our OEM customers include, Volkswagen Group, Ford, Renault-Nissan, Fiat-Chrysler, PSA Peugeot Citroën Group (“PSA”), Daimler, Hyundai and BMW among others. In the year ended December 31, 2013, 10 of our OEM customers each represented more than 3% of our total revenues. We have pursued a strategy of customer diversification and continue to develop new global relationships some of the world’s largest OEMs. Additionally, we have a diverse set of customers for each of our products and no single OEM is the largest customer in every one of our business segments.



*Product diversification*

Our historic product portfolio has been comprised primarily of products in our headliners, doors and interior plastics and seating segments. In recent years, we have increased our product portfolio with our lighting segment, through the acquisition in 2012 of CML Innovative Technologies (“CML”), a leading provider of interior automotive lighting components in Europe, for €74.4 million. We believe that our lighting segment has both a high growth potential and strong profitability and is highly complementary to our existing product portfolio. The diversification of our product portfolio has helped us to strengthen our strategic relationships with OEMs, who are able to turn to us for innovative and market-leading product solutions across the broad spectrum of automotive interior solutions.



### ***Long-standing contractual customer relationships***

We have strategic and long-standing relationships with our OEM customers, which are based on many years of successful collaboration. Our scale and ability to develop differentiated solutions for our OEM customers on a global scale are critical to our success and differentiate us from local and regional suppliers of automotive components.

Our global presence enables us to manufacture, assemble and sequence our products in our plants and JIT facilities, which are located close to OEMs around the world. This allows for JIT delivery systems on a global scale and on a consistent and high quality basis, making us a clear choice for global OEMs.

Our well-developed technological capabilities, global manufacturing footprint and proximity to OEMs, operational scale and track record of financial performance enable us to supply products to support an OEM throughout the full product life cycle. Additionally, we often act as a development partner during the initial stages of product development which allow us to recommend and incorporate our products into potential designs well in advance of any formal orders from our OEM customers. Our ability to support the development process of OEMs and work as an outsourcing partner to them all over the world is a significant differentiator, in particular on new product solutions, and would take large investment and a long time to replicate, thereby making us a preferred partner to the leading OEMs in the industry.

Our ability to maintain our competitive advantages and technological leadership has resulted in strong customer relationships and translates into a consolidated customer base with our top 5 OEM customers representing 75% of sales in 2013. The relationships with key customers are long-standing and the sales from our top 5 OEM customers have grown from €1,340.0 million in 2007 to €1,578.2 million in 2013.

### ***Strong innovation track record***

The automotive industry has a growing focus on innovation, due to continuously increasing customer expectations and the need to meet environmental goals and regulatory requirements. Our commitment to developing innovative and high quality products has defined our approach to our OEM customers. Many of our products are manufactured using state-of-the-art technologies that provide superior safety, comfort and design while focusing on weight reduction.

Over the last few years we have continuously invested in R&D, and in 2013 our total R&D spending amounted to €57.5 million or 2.7% of our revenues. This level of R&D spending allows us to respond to the growing demand and requirements of OEMs for products at the forefront of technical innovation. As of December 31, 2013, we had a dedicated team of 819 employees in engineering functions throughout R&D, product quality and graphic engineering, supporting our product innovation capabilities, as compared to 546 employees in these functions in 2009.

Among our most significant recent innovations are: (i) new edge- wrapping processes, environmentally focused foam technologies, new thermoplastic technology and innovative thermo-plastic materials for our headliners segment; (ii) chemical foaming for visible plastic parts, new compression processes, 3D fabrics and fully integrated door modules for our doors and interior plastics segment; (iii) light-weight seats made with magnesium and high strength steel and thermoplastic composite technologies for our seating segment and (iv) fully integrated illuminated headliners based on new flock fabrics, laser engraving of fabrics and capacitive sensors for our lighting segment. These products and techniques are only some of the innovation that furthers our competitive advantage and allows us to retain and expand our leading market positions.

As a result of our significant focus on innovation, as of December 31, 2013, we have patent applications for over 440 technical processes, including those related to our key innovations such as, Drop&Go seats, S-sentiel, Swan linings, Edge Wrapping, Novaform and WISH; and have registered approximately 40 patents in 2013.

### ***Attractive market fundamentals***

According to LMC Automotive, global automotive production is forecast to grow by a CAGR of 5.4% in the period between 2013 and 2017, based on the number of units produced globally. The interior components market in which we operate is expected to outperform other sectors in the automotive industry due to the increasing interior component content per vehicle. This trend is driven by increasing comfort requirements of consumers and rising technological demands from OEMs related to weight savings and noise and vibration insulation. These demands are driven by emissions reduction requirements and related engine downsizing measures by automotive OEMs with smaller, more technologically complex engines typically causing more noise and vibration.

We are in a strong position to continue to benefit from ongoing consolidation and supplier concentration in our market due to our competitive cost base and resulting strong profitability, global presence, leading technological capabilities and solid financial position. As OEMs continue to globalize production and introduce global platforms and modular toolkits as a basis for a large number of car models, they are more interested in working with global suppliers with strong development capabilities which can support them across their global operations.

### ***Superior profitability and strong financial track record***

Notwithstanding a decline in revenue in 2009 due to the global economic crisis, we have consistently achieved strong revenue growth of 14% CAGR in the period between 2009-2013 and have maintained an EBITDA margin above 10% since 2010. Our strong financial performance is the result of our diversified client, product and geographic base as well as our long-standing customer relationships, operational excellence, leading market positions and internationalization strategy. We believe we are well-positioned to sustain our competitive advantages and maintain revenue growth and profitability in the future, while benefitting from favorable trends in our industry.

In addition, we have proven our ability to manage our business through economic downturns. During the financial crisis of 2008 and 2009, we sold non-core assets, streamlined production by closing a factory in Germany and restructuring facilities in the US, France, Spain and the Czech Republic and cut our fixed costs by approximately 9.4% via indirect labor reduction and total organizational restructuring. Our workforce was reduced by 5.9% globally between 2008 and 2009.

We have been able to generate cash in downturns due to high profitability and centralized working capital management policies. Our investment strategy has been oriented toward value added products and selected complementary acquisition opportunities. We have at all times retained a prudent approach to preserving cash and maintaining a strong liquidity profile. Over the last 4 years we have generated on average €62.3 million of adjusted cash flow available for debt service. See “—Summary Consolidated Financial Information”.

Our financial profile has remained strong at all times and our objective is to maintain a cautious financial strategy. Our prudent approach to financial management is strongly supported by our family shareholders.

### ***Experienced management and committed core shareholder***

Our management team has extensive experience in the automotive industry and the majority of our executive committee has been with the Company for more than 20 years, demonstrating a high degree of continuity and commitment in our leadership. Our high operational performance is deeply rooted in our organizational structure and culture.

The management of our Company has always remained focused on building strategic long-term relationships with key customers, producing an innovative and broad range of products and leading our expansion internationally into key growth markets.

Our management team has a demonstrated track record of achieving resilient financial performance through the economic cycle and maintaining strong EBITDA margins even during the 2008-2009 economic crisis. Our recent successful acquisition of CML in 2012 was driven by our management’s identification of the substantial value creation potential of this business.

Our family ownership is crucial to support our vision and strategy. Mr. José Antolín, the representative of our chairman, who is also one of our founders, along with other members of the Antolín family, has been instrumental in driving our profitable growth strategy and remain fully committed to our business and strategy.

## **Our strategies**

Our mission is to be a crucial strategic partner for our OEM customers around the world and across the entire spectrum of our product portfolio. The strategies to achieve our mission are based on innovation, flexibility, customer focused growth and further geographic, product and customer diversification, while maintaining the highest levels of customer satisfaction. We intend to achieve this by pursuing the following strategic actions:

### ***Continue to be an innovation leader through research and development***

Our objective is to be a leading innovator in the automotive interior components industry. High consumer expectations, environmental goals and regulatory changes are three of the main drivers in the automotive market. We are involved in the design of highly innovative cars, as a result of our focus in three main areas:

- *materials and processes*: usage of environmentally-friendly and recyclable/recycled materials and weight reduction to minimize CO2 emissions;
- *industrial flexibility*: innovative manufacturing processes to produce various functions and adapting to meet evolving market demands with minimum investment; and
- *smart interiors*: supporting our customers' brand strategy and enhancing end user experience and perceived quality based on customization without specific investment.

As a result of our significant focus on innovation, we have patent applications for over 440 different technical processes, as of December 31, 2013 and have registered approximately 40 patents in 2013. The number of persons that we employ in engineering functions throughout R&D, product quality and graphic engineering, supporting our product innovation capabilities, has grown from 546 in 2009 to 819 in 2013.

### ***Become a global full-service supplier to OEMs***

We intend to strengthen our position as a Tier 1 supplier for automobile interiors with an extensive production and supply network that can flexibly service our customers on a global basis, providing major OEMs access to our global platform and product portfolio. In addition, we hope to increasingly take on additional responsibilities and activities of OEMs by managing Tier 2 and Tier 3 suppliers, thereby improving the manufacturing and product development efforts of our customers.

Our approach to project and production management is increasingly focused on integral execution by locating our technical and manufacturing facilities close to the decision-making and manufacturing centers of our customers. Additionally, we aim to ensure engineering benchmarking, continuous improvements in operational excellence and standardization of processes in every country in which we operate. We intend to develop new industrial processes able to produce different products with the same investment.

### ***Develop design, engineering and production capacities across low cost countries***

Our objective is to significantly increase our operations in low-cost countries in Eastern Europe, North America (particularly Mexico) as well as in APAC and Mercosur regions. These markets present opportunities to capitalize on growing long-term demand relative to that of more mature economies. We intend to increase our internationalization by both selectively expanding our production capacities in new geographies and also expanding our product portfolio in such low-cost markets in which we already have successful operations.

For example, we plan to invest an aggregate of over €3.2 million in the construction of four production and JIT facilities in China, which we expect to be open between 2014 and mid-2015. Furthermore, we plan to invest €4.0 million to open a new plant in Gujarat, India and €5.5 million to open a new plant in Sibiu, Romania. Finally, we have invested approximately €6.1 million (equivalent) in a facility in Nizhny Novgorod, Russia for the manufacturing of overhead systems.

### ***Expand footprint in the APAC region***

We intend to increase our presence in the APAC region consistent with the development trend of the automotive market in the region. We believe that we are well positioned to take advantage of growth opportunities in the APAC region as a result of our existing footprint of high quality production facilities in the region. We intend to capitalize on our current operations and reputation to increase our presence in the region through selective and disciplined investments and partnerships. For example in China, we have two TCOs and we operate 10 sites directly and 8 sites together with local partners through our different joint ventures. We have one TCO and three operating sites in India, which serve

customers including Tata Group, Mahindra, Ford, Fiat-Chrysler, Volkswagen Group, Hyundai, Toyota and General Motors. Furthermore, we have a joint venture with the Krishna Group which supplies Maruti-Suzuki and Honda. In South Korea, we have one TCO and we provide automotive parts to Renault-Samsung in a joint venture with Dongwon Tech. In addition, we have had a TCO in Japan since 1998.

## **Recent developments**

### *Current Trading*

The Company is currently trading ahead of management expectations. For the month ended January 31, 2014, our revenue and EBITDA increased on a year- on-year basis, due to strong performance in our seating and lighting segments, while our headliners and doors segments remained stable. Specifically, our seating segment benefited from the “Citroën B78” project for PSA in our plant in Vigo, Spain, and our lighting segment benefited from several new projects launched at the end of 2013. Additionally, EBITDA margins increased on a year-on-year basis due to improving margins in our seating segment as well as increased sales in our lighting segment.

## **History and Shareholders**

Our history starts in the 1950s, when the Antolín family opened a repair shop in Burgos and specialized in brakes and steering components. The Company was incorporated in 1987 in order to manage and coordinate the activities of various growing group companies. In 1989 we opened our first office abroad in the UK and since then we have consistently followed the path of internationalization. Since inception we have been controlled by the Antolín family, which has continuously supported our vision, strategy and growth throughout our evolution. Our chairman is Injat, S.L. represented by Jose Antolín, a member of the Antolín family.

Our shareholders are (i) HoldCo1, a Spanish *sociedad de responsabilidad limitada*, which holds 67.4% of the shares of the Company and (ii) HoldCo2, a Spanish *sociedad anónima*, which holds 32.6% of the shares of the Company. HoldCo2 is a wholly-owned subsidiary of Sarmental, which in turn is a wholly-owned subsidiary of HoldCo1. HoldCo1 is wholly-owned by the Antolín family through different holding entities. In December 2013, the Antolín family, through Sarmental, acquired the remaining 22.9% interest in the Company that it did not then own and increased the ownership stake in the Company to 100%. See “Shareholders and Certain Transactions”.

## **The Issuer and the Company**

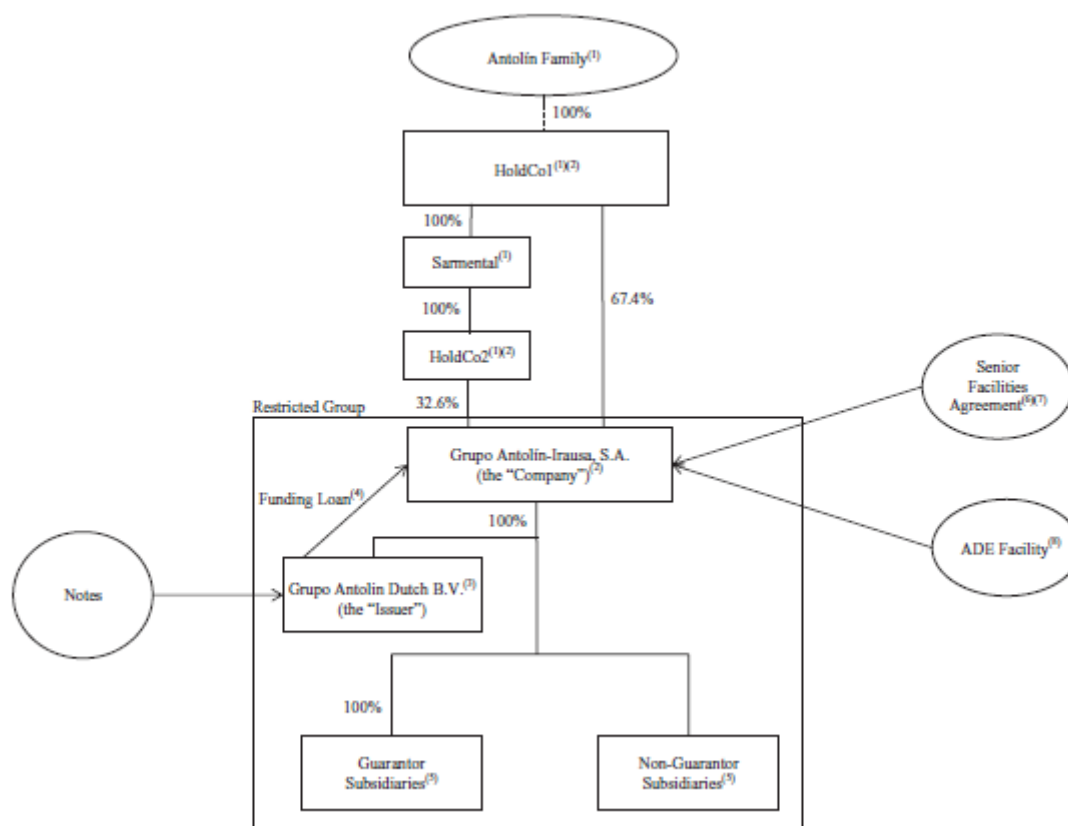
Grupo Antolin Dutch B.V. is a wholly-owned subsidiary of the Company incorporated in the Netherlands on February 21, 2014 under number 60070005 and with its registered office at Muiderstraat 1, 1011 PZ Amsterdam, The Netherlands. The telephone number of the Issuer is +31 (0) 20 579 2100.

The Company is incorporated in Spain under tax identification number A-09092305 and with its registered office at Ctra. Madrid- Irún km. 244,8 E09007, Burgos, Spain. The telephone number of the Company is +34 947 47 77 00.



## Summary corporate and financing structure

The following diagram summarizes certain aspects of our corporate structure and financing after giving effect to this offering. For more information as to the terms of the notes, see “Description of the Notes”.



- (1) Our shareholders are (i) HoldCo1, a Spanish *sociedad de responsabilidad limitada*, which holds 67.4% of the shares of the Company and (ii) HoldCo2, a Spanish *sociedad anónima*, which holds 32.6% of the shares of the Company. HoldCo2 is a wholly-owned subsidiary of Sarmental, which in turn is a wholly-owned subsidiary of HoldCo1. HoldCo1 is wholly-owned by the Antolín family through different holding entities. See “Shareholders and Certain Transactions”.
- (2) The notes are unconditionally guaranteed by the Company. Within 15 business days of the date of the issuance of the notes, HoldCo2 will grant the Initial Collateral. HoldCo1 is a *sociedad de responsabilidad limitada* incorporated in Spain, and under Spanish law, we must convert HoldCo1 to a *sociedad anónima* before HoldCo1 can grant a pledge of any of its assets for the benefit of, amongst others, the noteholders. We have undertaken to convert HoldCo1 into a *sociedad anónima* as soon as practicable. In addition to the Initial Collateral and following such conversion of HoldCo1, the notes are secured by the Collateral. The conversion of HoldCo1 into a *sociedad anónima* is expected to take place within approximately three to six months from the date of issuance of the notes. See “—The Offering—Guarantors”.
- (3) The notes were issued by Grupo Antolin Dutch B.V., a wholly-owned Dutch finance subsidiary of the Company.
- (4) A Funding Loan in respect of the notes will be made by Issuer to the Company. The Funding Loan will have the same aggregate principal amount and repayment terms as the notes.
- (5) Certain of the Company’s subsidiaries will unconditionally guarantee the notes. For a list of these subsidiaries please see “—The Offering—Guarantors”. It is expected that each of Grupo Antolín-Álava, S.L.U., Grupo Antolín-Ara, S.L.U., Grupo Antolín-Magnesio, S.L.U. and Grupo Antolín-Vigo, S.L.U. will unconditionally guarantee the notes upon their respective conversions into a *sociedad anónima*. The Company has agreed to implement the conversion as soon as practicable. The conversions are expected to take place within approximately three to six months from the date of issuance of the notes. See “—The Offering—Guarantors”. The subsidiaries of the Company which will guarantee the notes (including the Additional Guarantors) represent approximately 60.6%, 66.2% and 67.1% of our total consolidated assets, EBITDA and revenue, respectively, as of and for the year ended December 31, 2013. The Additional Guarantors represent approximately 4.2%, 4.6% and 5.8% of our total consolidated assets, EBITDA and revenue, respectively, as of and for the year ended December 31, 2013.
- (6) We have additional bank and other debt, which has been incurred and guaranteed by the Company and various of our subsidiaries, including subsidiaries guaranteeing the notes. As of December 31, 2013, after giving pro forma effect to the offering, the entering into of the Senior Facilities Agreement and the transactions contemplated hereby, we would have had €736.6 million of financial debt, including the € 400.0 million aggregate principal amount of the notes issued in this offering. Subsidiaries of the Company that will not guarantee the notes would have had €22.7 million of debt outstanding as of December 31, 2013 on a consolidated basis. See “Description of Other Indebtedness”.

- (7) The Senior Facilities Agreement provides for facilities of €400.0 million, split into a term facility of €200.0 million and a revolving credit facility of €200.0 million, which we expect to remain undrawn on the date of issuance of the notes. See “Description of Other Indebtedness—Senior Facilities Agreement” and “Annex A: Senior Facilities Agreement”. The intercreditor relationships between the lenders under the Senior Facilities Agreement and the trustee on behalf of the holders of the notes are governed by an Intercreditor Agreement. See “Description of Other Indebtedness—Intercreditor Agreement” and “Annex B: Intercreditor Agreement”.
- (8) The ADE Facility will remain in place on the date of the issuance of the notes. It is expected that ADE will accede to the Intercreditor Agreement shortly after the date of the issuance of the notes at which point ADE will enter into the Intercreditor Agreement and benefit from the Collateral. If ADE does not accede to the Intercreditor Agreement on or before June 30, 2014, the Senior Facilities Agreement provides that we shall repay in full and terminate our ADE Facility, which we will do by drawing our revolving credit facility under the Senior Facilities Agreement. See “Description of Other Indebtedness—Intercreditor Agreement” and “Annex B: Intercreditor Agreement”.

## THE OFFERING

The summary below describes the principal terms of the notes. See “Description of the Notes” in this offering memorandum for a more detailed description of the terms and conditions of the notes.

<b>Issuer</b> .....	Grupo Antolin Dutch B.V.																												
<b>Notes Offered</b> .....	€400.0 million aggregate principal amount of 4.75% senior secured notes due 2021 (the “notes”).																												
<b>Issue Date</b> .....	March 21, 2014.																												
<b>Maturity</b> .....	April 1, 2021.																												
<b>Interest Rates and Payment Dates</b> .....	The Issuer will pay interest on the notes semi-annually on April 1 and October 1 of each year, commencing October 1, 2014, at a rate of 4.75% per annum. Interest will accrue from the date of issuance of the notes. If the noteholders do not benefit from a pledge of 100% of the shares of the Company by December 31, 2014, the interest rate payable on the notes will be subject to an increase of 0.50% per annum of the aggregate principal amount of the notes, which shall apply to each subsequent interest payment of the notes to each noteholder from January 1, 2015, until such date in which the Collateral is granted, upon which such increase shall expire. See “Description of the Notes—Principal, Maturity and Interest and Payment of the Notes—Interest Rate Adjustments”. The Issuer will publish a notice of any increase in the interest rate payable.																												
<b>Denominations</b> .....	The notes have been issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.																												
<b>Collateral</b> .....	<p>Within 15 business days of the date of the issuance of the notes, HoldCo2 will grant the Initial Collateral. HoldCo1 is a <i>sociedad de responsabilidad limitada</i> incorporated in Spain, and under Spanish law, we must convert HoldCo1 into a <i>sociedad anónima</i> before HoldCo1 can grant a pledge of any of its assets for the benefit of, amongst others, the noteholders. We have undertaken to convert HoldCo1 into a <i>sociedad anónima</i> as soon as practicable. In addition to the Initial Collateral and following such conversion of HoldCo1, the notes are secured by the Collateral. The conversion is expected to take place within approximately three to six months from the date of issuance of the notes.</p> <p>If the noteholders do not benefit from a pledge of 100% of the shares of the Company by December 31, 2014, the interest rate payable on the notes will be subject to an increase of 0.50% per annum of the aggregate principal amount of the notes, which shall apply to each subsequent interest payment of the notes to each noteholder from January 1, 2015, until such date in which the Collateral is granted, upon which such increase shall expire. See “Description of the Notes—Principal, Maturity and Interest and Payment of the Notes—Interest Rate Adjustments”.</p>																												
<b>Guarantees</b> .....	The notes are guaranteed, jointly and severally, by the Guarantors. A Guarantee may be released in the event of certain sales or disposals of the relevant Guarantor, in the event of certain enforcement actions under the Intercreditor Agreement and under certain other circumstances. The guarantees of Grupo Antolín Lusitânia-Componentes Automóvel, S.A. and Grupo Antolín Valença-Componentes Automóvel, S.U.L. will be limited to €17.8 million and €4.7 million, respectively and will be governed by English law pursuant to the Intercreditor Agreement.																												
<b>Guarantors</b> .....	<p>The Guarantors are the Company and the other operating and intermediate holding companies listed below (the “Subsidiary Guarantors”). The subsidiaries of the Company which will guarantee the notes (including the Additional Guarantors) represent approximately 60.6%, 66.2% and 67.1% of our total consolidated assets, EBITDA and revenue, respectively, as of and for the year ended December 31, 2013. The Additional Guarantors represent approximately 4.2%, 4.6% and 5.8% of our total consolidated assets, EBITDA and revenue, respectively, as of and for the year ended December 31, 2013.</p> <table border="0" style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 80%;">Grupo Antolín-Bohemia, a.s.</td> <td style="text-align: right;">(Czech Republic)</td> </tr> <tr> <td>Grupo Antolín Ostrava, s.r.o.</td> <td style="text-align: right;">(Czech Republic)</td> </tr> <tr> <td>Grupo Antolín Turnov, s.r.o.</td> <td style="text-align: right;">(Czech Republic)</td> </tr> <tr> <td>CML Innovative Technologies GmbH &amp; Co. KG</td> <td style="text-align: right;">(Germany)</td> </tr> <tr> <td>Grupo Antolín-Deutschland, GmbH</td> <td style="text-align: right;">(Germany)</td> </tr> <tr> <td>Grupo Antolín-Logistik Deutschland, GmbH</td> <td style="text-align: right;">(Germany)</td> </tr> <tr> <td>Grupo Antolín-Silao, S.A. de C.V.</td> <td style="text-align: right;">(Mexico)</td> </tr> <tr> <td>Grupo Antolín-Salttillo S. de R.L. de C.V.</td> <td style="text-align: right;">(Mexico)</td> </tr> <tr> <td>Grupo Antolín Lusitânia—Componentes Automóvel, S.A.</td> <td style="text-align: right;">(Portugal)</td> </tr> <tr> <td>Grupo Antolín Valença-Componentes Automóvel, S.U.L.</td> <td style="text-align: right;">(Portugal)</td> </tr> <tr> <td>Grupo Antolín-Bratislava, s.r.o.</td> <td style="text-align: right;">(Slovakia)</td> </tr> <tr> <td>Grupo Antolín-Álava, S.L.U. (which shall guarantee the notes only following its conversion into a Spanish <i>sociedad anónima</i>)</td> <td style="text-align: right;">(Spain)</td> </tr> <tr> <td>Grupo Antolín-Ara, S.L.U. (which shall guarantee the notes only following its conversion into a Spanish <i>sociedad anónima</i>)</td> <td style="text-align: right;">(Spain)</td> </tr> <tr> <td>Grupo Antolín-Aragusa, S.A.U.</td> <td style="text-align: right;">(Spain)</td> </tr> </table>	Grupo Antolín-Bohemia, a.s.	(Czech Republic)	Grupo Antolín Ostrava, s.r.o.	(Czech Republic)	Grupo Antolín Turnov, s.r.o.	(Czech Republic)	CML Innovative Technologies GmbH & Co. KG	(Germany)	Grupo Antolín-Deutschland, GmbH	(Germany)	Grupo Antolín-Logistik Deutschland, GmbH	(Germany)	Grupo Antolín-Silao, S.A. de C.V.	(Mexico)	Grupo Antolín-Salttillo S. de R.L. de C.V.	(Mexico)	Grupo Antolín Lusitânia—Componentes Automóvel, S.A.	(Portugal)	Grupo Antolín Valença-Componentes Automóvel, S.U.L.	(Portugal)	Grupo Antolín-Bratislava, s.r.o.	(Slovakia)	Grupo Antolín-Álava, S.L.U. (which shall guarantee the notes only following its conversion into a Spanish <i>sociedad anónima</i> )	(Spain)	Grupo Antolín-Ara, S.L.U. (which shall guarantee the notes only following its conversion into a Spanish <i>sociedad anónima</i> )	(Spain)	Grupo Antolín-Aragusa, S.A.U.	(Spain)
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Grupo Antolín-Silao, S.A. de C.V.	(Mexico)																												
Grupo Antolín-Salttillo S. de R.L. de C.V.	(Mexico)																												
Grupo Antolín Lusitânia—Componentes Automóvel, S.A.	(Portugal)																												
Grupo Antolín Valença-Componentes Automóvel, S.U.L.	(Portugal)																												
Grupo Antolín-Bratislava, s.r.o.	(Slovakia)																												
Grupo Antolín-Álava, S.L.U. (which shall guarantee the notes only following its conversion into a Spanish <i>sociedad anónima</i> )	(Spain)																												
Grupo Antolín-Ara, S.L.U. (which shall guarantee the notes only following its conversion into a Spanish <i>sociedad anónima</i> )	(Spain)																												
Grupo Antolín-Aragusa, S.A.U.	(Spain)																												

Grupo Antolín-Ardasa, S.A.U.	(Spain)
Grupo Antolín-Autotrim, S.A.U.	(Spain)
Grupo Antolín-Dapsa, S.A.U.	(Spain)
Grupo Antolín-Eurotrim, S.A.U.	(Spain)
Grupo Antolín-Glass, S.A.U.	(Spain)
Grupo Antolín-Ingeniería, S.A.U.	(Spain)
Grupo Antolín-Magnesio, S.L.U. (which shall guarantee the notes only following its conversion into a Spanish <i>sociedad anónima</i> )	(Spain)
Grupo Antolín-Martorell, S.A.U.	(Spain)
Grupo Antolín-Navarra, S.A.U.	(Spain)
Grupo Antolín-PGA, S.A.U.	(Spain)
Grupo Antolín-Plasbur, S.A.U.	(Spain)
Grupo Antolín-RyA, S.A.U.	(Spain)
Grupo Antolín-Vigo, S.L.U. (which shall guarantee the notes only following its conversion into a Spanish <i>sociedad anónima</i> )	(Spain)
Grupo Antolín-Leamington, Ltd.	(United Kingdom)
Grupo Antolín-UK, Ltd.	(United Kingdom)
Grupo Antolín-North America, Inc.	(United States)
Grupo Antolín-Kentucky, Inc.	(United States)
Grupo Antolín-Illinois, Inc.	(United States)
Grupo Antolín-Michigan, Inc.	(United States)

Grupo Antolín-Álava, S.L.U., Grupo Antolín-Ara, S.L.U., Grupo Antolín-Magnesio, S.L.U. and Grupo Antolín-Vigo, S.L.U. will not guarantee the notes until each has been converted into a Spanish *sociedad anónima*. The Company has agreed to implement the conversions as soon as practicable. The conversions are expected to take place within approximately three to six months from the date of issuance of the notes.

#### Ranking of the notes and Guarantees

The notes are the general senior obligations of the Issuer and will rank equally in right of payment with all existing and future senior indebtedness of the Issuer. The notes will rank senior in right of payment to any existing and future obligations of the Issuer subordinated in right of payment to the notes.

The Guarantees of the Subsidiary Guarantors will:

- rank equally in right of payment to all existing and future obligations of the Subsidiary Guarantors that are not subordinated in right of payment to the their Guarantees;
- be effectively subordinated to any secured debt of the Subsidiary Guarantors to the extent of the value of the assets securing such debt; and
- be structurally subordinated to all existing and future obligations of subsidiaries of the Subsidiary Guarantors that do not guarantee the notes.

The Guarantee of the Company will:

- rank equally in right of payment with any existing and future debt of the Company that is not subordinated in right of payment to its Guarantee;
- be effectively subordinated to any secured debt of the Company to the extent of the value of the assets securing such debt; and
- be structurally subordinated to all existing and future debt of any subsidiaries of the Company that do not guarantee the notes (other than the Issuer).

See “Description of Other Indebtedness—Intercreditor Agreement” for a description of certain terms affecting the notes and the Guarantees, including provisions relating to the release of Guarantees and turnover of proceeds following an enforcement event under the Intercreditor Agreement and “Annex B: Intercreditor Agreement”.

As of December 31, 2013, after giving pro forma effect to this offering, the entering into of the Senior Facilities Agreement, and the application of the estimated proceeds therefrom (i) we would have had outstanding €736.6 million of financial debt, including the notes, (ii) we would have had outstanding €5.5 million of secured debt, excluding the notes, the Senior Facilities Agreement and the ADE Facility and (iii) the subsidiaries of the Company that will not guarantee the notes would have had €22.7 million of debt. See “Description of Other Indebtedness”. The Issuer would have had no debt other than the notes.

#### Intercreditor Agreement .....

The Collateral will also be granted to secure indebtedness under the Senior Facilities Agreement and the notes. These intercreditor relationships will be governed by the Intercreditor Agreement. Pursuant to the terms of the Intercreditor Agreement, the holders of the notes and Guarantees will share on a pro rata basis recoveries received upon enforcement over any such share pledges constituting Collateral with the secured creditors under the Senior Facilities Agreement. It is expected that ADE accedes to the Intercreditor Agreement shortly after the date of the issuance of the notes at which point ADE will enter into the Intercreditor Agreement and benefit from the Collateral. If ADE does not accede to the Intercreditor Agreement on or before June 30, 2014, the Senior Facilities Agreement provides that we shall repay in full and terminate our ADE Facility, which we will do by drawing our revolving credit facility under the Senior Facilities Agreement. See “Description of Other Indebtedness—Intercreditor Agreement” and “Annex B: Intercreditor Agreement”.

<b>Optional Redemption</b> .....	The Issuer may redeem all or part of the notes at any time on or after April 1, 2017, at the redemption prices described in “Description of the Notes—Optional Redemption”. At any time prior to April 1, 2017, the Issuer may redeem up to 40% of the aggregate principal amount of the notes with the net cash proceeds from certain equity offerings at a redemption price equal to 104.75% of their principal amount, plus accrued and unpaid interest and additional amounts, if any, to the redemption date, provided that at least 60% of the aggregate principal amount of the notes remains outstanding after the redemption. At any time prior to April 1, 2017, the Issuer may also redeem all or part of the notes at a redemption price equal to 100% of the principal amount of the notes redeemed plus a “make whole” premium, plus accrued and unpaid interest and additional amounts, if any, to the date of redemption.
<b>Optional Tax Redemption</b> .....	The Issuer may redeem the notes in whole, but not in part, at any time, if changes in tax laws would require the Issuer to pay additional amounts on the notes. If the Issuer decides to redeem the notes following such a change in tax laws, the Issuer must redeem the notes at a price equal to the principal amount of the notes plus accrued and unpaid interest and additional amounts, if any, to the date of redemption and certain other amounts. See “Description of the Notes—Optional Tax Redemption”.
<b>Additional Amounts</b> .....	All payments in respect of the notes or any Guarantee will be made without withholding or deduction on account of taxes unless required by law. If an applicable withholding agent is required by law to withhold or deduct any amount for taxes imposed by a Relevant Taxing Jurisdiction (as defined herein) in respect of payments on the notes or any Guarantee, subject to certain exceptions, we will pay the additional amounts necessary so that the net amount received by the beneficial owners of notes after the withholding or deduction (including any withholding or deduction attributable to the additional amounts) will equal the amounts that would have been received had there been no deduction or withholding. See “Description of the Notes—Additional Amounts”.
<b>Change of Control</b> .....	If we experience specific kinds of changes in control, we may be required to offer to repurchase the notes at a redemption price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and additional amounts, if any. See “Description of the Notes—Repurchase at the Option of Holders—Change of Control”.
<b>Certain Covenants</b> .....	The Indenture governing the notes will, among other things, limit our ability to: <ul style="list-style-type: none"> <li>• incur or guarantee additional debt and issue preferred stock;</li> <li>• make certain payments, including dividends or other distributions;</li> <li>• make certain investments or acquisitions, including participating in joint ventures;</li> <li>• prepay or redeem subordinated debt;</li> <li>• engage in certain transactions with affiliates;</li> <li>• create unrestricted subsidiaries;</li> <li>• enter into arrangements that restrict payments of dividends to us;</li> <li>• sell assets, consolidate or merge with or into other companies;</li> <li>• sell or transfer all or substantially all of our assets or those of our subsidiaries on a consolidated basis;</li> <li>• issue or sell share capital of certain subsidiaries; and</li> <li>• create or incur certain liens.</li> </ul> <p>These covenants contain important exceptions, limitations and qualifications. See “Description of the Notes—Certain Covenants”.</p>
<b>Transfer Restrictions</b> .....	The notes have not been and will not be registered under the Securities Act or the securities laws of any other jurisdiction and will not be so registered. The notes are subject to restrictions on transferability and resale. See “Transfer Restrictions”. Holders of the notes will not have the benefit of any exchange or registration rights.
<b>Listing</b> .....	The Issuer has made an application for the notes to be admitted to Official List of the Luxembourg Stock Exchange for trading on the Euro MTF.
<b>No Prior Market</b> .....	Although application has been made to admit the notes to the Official List of the Luxembourg Stock Exchange for trading on the Euro MTF in accordance with its rules, the notes are new securities for which there will be no established market. Although the Initial Purchasers have informed us that they intend to make a market in the notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, we cannot assure you that a liquid market for the notes will develop or be maintained.
<b>Use of Proceeds</b> .....	The Issuer expects to use the net proceeds of this offering to make the Funding Loan. We will use the proceeds of the Funding Loan to refinance certain of our existing facilities and pay commissions, fees and other expenses associated with this offering. See “Use of Proceeds”.
<b>Trustee</b> .....	Deutsche Trustee Company Limited
<b>Security Agent</b> .....	Deutsche Bank AG, London Branch
<b>Principal Paying Agent</b> .....	Deutsche Bank AG, London Branch
<b>Transfer Agent</b> .....	Deutsche Bank Luxembourg S.A.
<b>Registrar and Luxembourg Listing Agent</b> .....	Deutsche Bank Luxembourg S.A.

<b>Governing Law of the Indenture, the notes and the Guarantees.....</b>	The Indenture, the Notes and the Guarantees of the Guarantors organized under the laws of the Czech Republic, Germany, Mexico, Slovakia, Spain, the United Kingdom and the United States shall be governed by the laws of the State of New York. The Guarantees for the Guarantors organized under the laws of Portugal will be granted as part of the Intercreditor Agreement and governed by English law.
<b>Governing Law for Security Documents relating to the Collateral.....</b>	Spanish.
<b>Governing Law of the Intercreditor Agreement.....</b>	English.

## **RISK FACTORS**

Investing in the notes involves substantial risks. You should consider carefully all the information in this offering memorandum. In particular, you should carefully consider the factors set forth under “Risk Factors” before making a decision whether to invest in the notes.

## SUMMARY CONSOLIDATED FINANCIAL DATA

Our summary consolidated historical financial data as of and for each of the years ended December 31, 2013, 2012, 2011, 2010, 2009 and 2008 has been derived from our audited consolidated financial statements as of and for the years ended December 31, 2013, 2012, 2011, 2010, 2009 and 2008. Our audited consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011 are included elsewhere in this offering memorandum.

Also presented below is certain pro forma financial data which has been prepared to give pro forma effect to this offering, the entering into of the Senior Facilities Agreement, the application of the proceeds therefrom and the related transactions as described under “Use of Proceeds”, in each case as if these events had occurred on January 1, 2013 (in the case of pro forma net finance income/(cost)) and December 31, 2013 (in the case of pro forma net financial debt and pro forma cash and bank balances). The pro forma financial data is for information purposes only, and does not purport to present what our results of operations and financial condition would have been had these transactions actually occurred on these dates, nor does it project our results of operations for any future period or our financial condition at any future date. We also present certain adjusted and other financial data and such financial data has been derived from historical financial information prepared in accordance with IFRS, such financial data contains financial measures other than those in accordance with IFRS and should not be considered in isolation from or as a substitute for our historical financial information.

Our summary consolidated financial data is presented in euro and has been prepared in accordance with IFRS. You should read this summary consolidated financial data in conjunction with “Capitalization”, “Selected Consolidated Financial and Other Information”, “Operating and Financial Review and Prospects”, and the historical consolidated financial statements and the related notes, included elsewhere in this offering memorandum. The results of operations for prior years are not necessarily indicative of the results to be expected for any future period. For more information on the basis of preparation of this financial information, see “Presentation of Financial and Other Data” and the notes to the financial statements included elsewhere in this offering memorandum.

The following table shows selected financial data for the Company on a consolidated basis for the period indicated.

	Year ended December 31,					
	2008	2009	2010	2011	2012	2013
	(in millions of €)					
<b>Consolidated Income Statement Data:</b>						
Revenue .....	1,563.5	1,248.4	1,637.3	1,876.0	2,087.0	2,128.2
Changes in inventories of finished goods and work in progress .....	9.8	11.1	1.0	3.2	8.3	3.4
Capital grants and other grants taken to income .....	1.9	2.7	2.2	2.3	2.2	1.3
Other operating income .....	50.9	56.3	50.0	79.3	63.2	64.7
<b>Total operating income .....</b>	<b>1,626.1</b>	<b>1,318.5</b>	<b>1,690.6</b>	<b>1,960.8</b>	<b>2,160.7</b>	<b>2,197.6</b>
Supplies .....	(1,028.3)	(767.4)	(998.3)	(1,177.0)	(1,286.9)	(1,325.3)
Staff costs .....	(287.7)	(268.8)	(291.5)	(319.4)	(386.7)	(398.5)
Depreciation and amortization expense .....	(100.4)	(93.8)	(98.8)	(99.8)	(108.5)	(102.2)
Change in trade provisions .....	(4.4)	(2.9)	0.1	(1.1)	(1.1)	(0.2)
Other operating expenses .....	(222.5)	(191.6)	(241.8)	(285.4)	(298.0)	(286.5)
Less-own work capitalized .....	45.2	26.5	24.8	31.7	36.2	51.2
<b>Profit for the year from continuing operations .....</b>	<b>28.1</b>	<b>20.5</b>	<b>85.0</b>	<b>109.9</b>	<b>115.8</b>	<b>136.1</b>
Finance income .....	4.5	5.5	4.5	9.4	6.8	5.1
Finance costs .....	(31.4)	(28.6)	(31.6)	(36.8)	(39.0)	(36.3)
Net fair value gain/(loss) on financial instruments .....	—	—	—	—	(4.1)	(4.7)
Exchange differences .....	2.4	(5.4)	0.5	1.2	5.8	(3.5)
Impairment and gains/(losses) on disposal of financial instruments .....	—	—	—	—	0.6	13.3
<b>Net finance income/(cost) .....</b>	<b>(24.6)</b>	<b>(28.5)</b>	<b>(26.6)</b>	<b>(26.2)</b>	<b>(29.9)</b>	<b>(26.2)</b>
Net impairment losses on non-current assets .....	(14.0)	(6.2)	(12.7)	(8.0)	(10.0)	(7.1)
Gain/(loss) on disposals of non-current assets .....	0.2	—	(2.2)	(2.9)	(1.7)	(0.7)
Negative consolidation difference .....	0.6	—	—	—	—	—
Profit/(loss) on the loss of control of consolidated holdings .....	—	—	(8.5)	—	—	—
Investments available for sale taken to profit and loss for the year .....	—	—	10.3	—	—	—
Profit of companies accounted for using the equity method .....	0.4	0.6	2.5	3.1	2.7	1.5
<b>Profit before tax .....</b>	<b>(9.3)</b>	<b>(13.6)</b>	<b>47.8</b>	<b>76.0</b>	<b>76.9</b>	<b>103.5</b>
Corporate income tax .....	0.8	(7.3)	(19.9)	(25.6)	(27.6)	(37.0)
<b>Consolidated profit for the year .....</b>	<b>(8.6)</b>	<b>(20.9)</b>	<b>28.0</b>	<b>50.3</b>	<b>49.3</b>	<b>66.6</b>
Attributable to non-controlling interests .....	(1.2)	(4.4)	(9.7)	(10.3)	(7.7)	(10.7)
<b>Attributable to shareholders of the Company .....</b>	<b>(9.8)</b>	<b>(25.3)</b>	<b>18.3</b>	<b>40.1</b>	<b>41.6</b>	<b>55.9</b>

	As of December 31,					
	2008	2009	2010	2011	2012	2013
	(in millions of €)					
<b>Consolidated Statement of Financial Position:</b>						
<b>Non-current assets:</b>						
Intangible assets .....	159.1	154.2	143.0	136.2	194.6	199.4
Property, plant and equipment.....	426.8	409.2	401.1	405.9	448.5	428.6
Other non-current assets <sup>(1)</sup> .....	141.1	132.6	115.3	128.5	135.4	108.7
<b>Total non-current assets .....</b>	<b>727.0</b>	<b>696.0</b>	<b>659.4</b>	<b>670.6</b>	<b>778.5</b>	<b>736.8</b>
<b>Current assets:</b>						
Inventories .....	188.6	172.1	175.9	193.5	242.9	262.8
Trade and other receivables.....	185.7	221.1	219.4	261.0	241.0	237.4
Cash and bank balances .....	89.9	115.3	207.3	190.0	210.4	170.5
Other current assets <sup>(2)</sup> .....	6.1	2.4	1.9	11.0	8.1	3.8
<b>Total current assets .....</b>	<b>470.3</b>	<b>510.9</b>	<b>604.5</b>	<b>655.5</b>	<b>702.4</b>	<b>674.5</b>
<b>Total assets.....</b>	<b>1,197.3</b>	<b>1,206.9</b>	<b>1,263.9</b>	<b>1,326.1</b>	<b>1,480.9</b>	<b>1,411.3</b>
<b>Total equity.....</b>	<b>297.8</b>	<b>265.8</b>	<b>302.7</b>	<b>330.3</b>	<b>347.7</b>	<b>238.5</b>
<b>Non-current liabilities:</b>						
Bank borrowings and debentures or other marketable securities ...	358.9	317.5	327.2	341.2	386.6	487.5
Other non-current liabilities <sup>(3)</sup> .....	62.0	86.0	89.5	91.2	110.4	100.4
<b>Total non-current liabilities.....</b>	<b>420.9</b>	<b>403.5</b>	<b>416.7</b>	<b>432.4</b>	<b>497.0</b>	<b>587.9</b>
<b>Current liabilities:</b>						
Bank borrowings and debentures or other marketable securities ...	81.8	110.9	111.4	96.5	120.1	54.2
Trade and other payables.....	319.2	350.9	364.5	377.1	400.8	421.6
Other current liabilities <sup>(4)</sup> .....	77.6	75.8	68.6	89.7	115.4	109.1
<b>Total current liabilities .....</b>	<b>478.6</b>	<b>537.6</b>	<b>544.5</b>	<b>563.3</b>	<b>636.3</b>	<b>584.9</b>
<b>Total equity and liabilities .....</b>	<b>1,197.3</b>	<b>1,206.9</b>	<b>1,263.9</b>	<b>1,326.1</b>	<b>1,480.9</b>	<b>1,411.3</b>

- (1) Other non-current assets comprises investment property, investment in companies accounted for using the equity method, non-current financial assets and deferred tax assets (and goodwill as of December 31, 2008, 2009 and 2010).
- (2) Other current assets comprises non-current assets held for sale and other current financial assets.
- (3) Other non-current liabilities comprises grants, non-current provisions, derivatives, other financial liabilities and deferred tax liabilities.
- (4) Other current liabilities comprises short term debt owed to associated companies, other financial liabilities, taxes and social security contributions refundable, current tax liabilities, current provisions and other current liabilities.



	Year ended December 31,					
	2008	2009	2010	2011	2012	2013
	(in millions of €)					
<b>Consolidated Cash Flow Information:</b>						
Consolidated profit for the year before tax .....	(9.3)	(13.6)	47.8	76.0	76.9	103.5
Corporate income tax paid .....	(19.0)	(0.7)	(8.9)	(21.3)	(25.9)	(33.7)
Depreciation and amortization expenses .....	100.4	93.9	98.8	99.8	108.3	102.2
Finance income and expense <sup>(1)</sup> .....	24.6	28.5	26.6	26.2	29.9	26.2
(Increase)/decrease in working capital <sup>(2)</sup> .....	(44.3)	4.4	2.0	(36.2)	15.4	(4.2)
Other cash generated by/(used in) operating activities <sup>(3)</sup> .....	2.9	19.7	7.1	(1.7)	2.3	2.0
<b>Net cash generated by/(used in) operating activities.....</b>	<b>55.3</b>	<b>132.2</b>	<b>173.4</b>	<b>142.8</b>	<b>206.9</b>	<b>196.0</b>
Property, plant and equipment.....	(106.6)	(59.1)	(55.1)	(83.8)	(82.6)	(76.8)
Intangible assets .....	(44.8)	(34.2)	(30.1)	(33.2)	(38.3)	(43.6)
Group and associated companies.....	—	—	—	(0.1)	(70.4)	(3.3)
Other cash generated by/(used in) investing activities <sup>(4)</sup> .....	1.3	17.5	15.6	(8.4)	10.5	29.7
<b>Net cash generated by/(used in) investing activities.....</b>	<b>(150.1)</b>	<b>(75.7)</b>	<b>(69.6)</b>	<b>(125.5)</b>	<b>(180.9)</b>	<b>(94.0)</b>
<b>Adjusted cash flow available for debt service<sup>(5)</sup> .....</b>	<b>(94.8)</b>	<b>56.5</b>	<b>103.8</b>	<b>17.3</b>	<b>26.0</b>	<b>102.0</b>
Net cash generated by/(used in) financing activities .....	(36.9)	(31.1)	(11.8)	(34.7)	(5.5)	(142.0)
<b>Net increase/(decrease) in cash and bank balances.....</b>	<b>(131.7)</b>	<b>25.4</b>	<b>92.0</b>	<b>(17.4)</b>	<b>20.5</b>	<b>(39.9)</b>

- (1) For the purposes of consistency with the figures shown in earlier periods, finance income and expense for the year ended December 31, 2013 includes €4.7 million of net fair value gain on financial instruments.
- (2) (Increase)/decrease in working capital includes any increases or decreases in trade and other receivables, inventories, other current assets, trade and other payables and other current liabilities. See “Operating and Financial Review and Prospects—Historical cash flows” for more information.
- (3) Other cash generated by/(used in) operating activities include allocation to/(reversal of) current provisions, allocation to/(reversal of) non-current provisions, capital grants and other grants taken to income, net impairment loss on non-current assets, gain/(loss) on disposal of non-current assets, net fair value gain/(loss) on financial instruments (except for the year ended December 31, 2013), profit of companies accounted for using the equity method, capital grants received/(repaid), payments of provisions and unrealized exchange differences and other items. See “Operating and Financial Review and Prospects—Historical cash flows” for more information.
- (4) Other cash generated by/(used in) investing activities includes non-current financial assets, dividends received from investments, group companies and joint ventures (for the year ended December 31, 2008) and associates (for the years ended December 31, 2008, 2009 and 2010), as well as cash generated by the disposal of property, plant and equipment, non-current financial assets, current financial assets and non-current assets held for sale. See “Operating and Financial Review and Prospects—Historical cash flows” for more information.
- (5) Adjusted cash flow available for debt service represents net cash generated by/(used in) operating activities, less net cash generated by/(used in) investing activities.

	As of and for the year ended December 31,					
	2008	2009	2010	2011	2012	2013
	(in millions of €, except percentages and ratios)					
<b>Other Financial Data:</b>						
Gross profit <sup>(1)</sup> .....	597.8	551.1	692.3	783.8	873.8	872.3
Profit for the year from continuing operations (EBIT) <sup>(2)</sup> .....	28.1	20.5	85.0	109.9	115.8	136.1
EBITDA <sup>(2)</sup> .....	128.5	114.3	183.8	209.7	224.3	238.2
Gross profit margin <sup>(3)</sup> .....	36.8%	41.8%	40.9%	40.0%	40.4%	39.7%
EBIT margin <sup>(3)</sup> .....	1.8%	1.6%	5.2%	5.9%	5.5%	6.4%
EBITDA margin <sup>(3)</sup> .....	8.2%	9.2%	11.2%	11.2%	10.7%	11.2%
Capital expenditures <sup>(4)</sup> .....	151.4	93.3	85.2	117.1	120.9	120.4
Cash and bank balances .....	89.9	115.3	207.3	189.9	210.4	170.5
Bank loans, debentures and other marketable securities <sup>(5)</sup> .....	440.8	428.4	438.6	437.8	506.7	541.7
Financial debt <sup>(5)</sup> .....	594.7	602.4	628.4	616.4	713.7	741.0
Net financial debt <sup>(5)</sup> .....	504.8	487.1	421.1	426.5	503.3	570.5
Net finance income/(cost) .....	(24.6)	(28.5)	(26.6)	(26.2)	(29.9)	(26.2)
Ratio of net financial debt to EBITDA <sup>(2)(5)</sup> .....	3.9x	4.3x	2.3x	2.0x	2.2x	2.4x
Ratio of EBITDA to net finance income/(cost) <sup>(2)</sup> .....	5.2x	4.0x	6.9x	8.0x	7.5x	9.1x

**Year ended  
December 31, 2013**  
(in millions of €,  
except ratios)

<b>Pro Forma Financial Data:</b>	
Pro forma cash and bank balances <sup>(6)</sup> .....	164.1
Pro forma net financial debt <sup>(6)</sup> .....	572.5
Pro forma net finance income/(cost) <sup>(7)</sup> .....	36.2
Ratio of pro forma net financial debt to EBITDA <sup>(2)(6)</sup> .....	2.4x
Ratio of EBITDA to pro forma net finance income/(cost) <sup>(2)(7)</sup> .....	6.6x

(1) “Gross profit” represents total operating income less supplies. The following table presents the calculation of gross profit:

	Year ended December 31,					
	2008	2009	2010	2011	2012	2013
	(in millions of €)					
<b>Total operating income</b> .....	<b>1,626.1</b>	<b>1,318.5</b>	<b>1,690.6</b>	<b>1,960.8</b>	<b>2,160.7</b>	<b>2,197.6</b>
<i>Adjusted for:</i>						
Supplies .....	(1,028.3)	(767.4)	(998.3)	(1,177.0)	(1,286.9)	(1,325.3)
<b>Gross profit</b> .....	<b>597.8</b>	<b>551.1</b>	<b>692.3</b>	<b>783.8</b>	<b>873.8</b>	<b>872.3</b>

(2) “EBITDA” represents profit for the year from continuing operations (“EBIT”) before depreciation and amortization expense. Our management believes that EBIT and EBITDA are meaningful for investors because they provide an analysis of our operating results, profitability and ability to service debt and because EBIT and EBITDA are used by our chief operating decision makers to track our business evolution, establish operational and strategic targets and make important business decisions. EBIT and EBITDA are also measures commonly reported and widely used by analysts, investors and other interested parties in our industry. To facilitate the analysis of our operations, EBITDA excludes depreciation and amortization expense from EBIT in order to eliminate the impact of general long-term capital investment. Although we are presenting EBITDA to enhance the understanding of our historical operating performance, EBITDA should not be considered an alternative to EBIT as an indicator of our operating performance, or an alternative to cash flows from operating activities as a measure of our liquidity. The following table presents the calculation of EBITDA:

	Year ended December 31,					
	2008	2009	2010	2011	2012	2013
	(in millions of €)					
<b>Profit for the year from continuing operations</b> .....	<b>28.1</b>	<b>20.5</b>	<b>85.0</b>	<b>109.9</b>	<b>115.8</b>	<b>136.1</b>
<i>Adjusted for:</i>						
Depreciation and amortization expense .....	100.4	93.8	98.8	99.8	108.5	102.2
<b>EBITDA</b> .....	<b>128.5</b>	<b>114.3</b>	<b>183.8</b>	<b>209.7</b>	<b>224.3</b>	<b>238.2</b>

(3) Gross profit margin is gross profit divided by total operating income. EBIT margin is EBIT divided by revenue. EBITDA margin is EBITDA divided by revenue.

- (4) Capital expenditures consists of expenditures in property plant and equipment, plus expenditures in intangible assets. See “Operating and Financial Review and Prospects—Key factors affecting our results of operations—Capital Expenditures”.
- (5) Bank loans, debentures and other marketable securities consists of current and non-current payables under finance leases, the Bridge Facility, the Syndicated Facility, as well as other loans, credit lines, invoice discount lines, interest payable and financial remeasurement. Financial debt consists of bank loans, debentures and other marketable securities plus non-recourse factoring and other financial liabilities. Net financial debt consists of financial debt less cash and bank balances. The following table presents a calculation of net financial debt:

	As of the year ended December 31,					
	2008	2009	2010	2011	2012	2013
	(in millions of €)					
<b>Bank loans, debentures and marketable securities<sup>(a)</sup></b> .....	<b>440.8</b>	<b>428.4</b>	<b>438.6</b>	<b>437.8</b>	<b>506.7</b>	<b>541.7</b>
Other financial liabilities <sup>(b)</sup> .....	11.9	20.7	29.1	33.8	41.1	40.6
Non-recourse factoring <sup>(c)</sup> .....	142.0	153.3	160.7	144.8	165.9	158.7
<b>Financial debt</b> .....	<b>594.7</b>	<b>602.4</b>	<b>628.4</b>	<b>616.4</b>	<b>713.7</b>	<b>741.0</b>
Cash and bank balances .....	(89.9)	(115.3)	(207.3)	(189.9)	(210.4)	(170.5)
<b>Net financial debt</b> .....	<b>504.8</b>	<b>487.1</b>	<b>421.1</b>	<b>426.5</b>	<b>503.3</b>	<b>570.5</b>

(a) Bank loans, debentures and marketable securities includes both current and non-current liabilities.

(b) Other financial liabilities primarily include loans granted to us by Spanish public bodies to finance R&D projects and improve competitiveness, including financial remeasurement in relation to these loans, as well as certain other intercompany loans with non-wholly owned subsidiaries and includes both current and non-current portions.

(c) Non-recourse factoring reflects the amounts received under the Factoring Agreement on a non-recourse basis as of December 31, 2013. The Factoring Agreement establishes a total limit of €220.0 million. The finance parties under the Factoring Agreement have recourse against the Company in the period between January 1 and November 30 of each calendar year. In the period between December 1 and December 31 of each calendar year, the factoring occurs on a non-recourse basis, without any impact on our balance sheet. As part of the offering of the notes and the transactions contemplated thereby, the Factoring Agreement will be canceled shortly following the date of the issuance of the notes. As of December 31, 2013, we had €163.5 million outstanding under the Factoring Agreement, including accrued and unpaid interest. This amount includes (i) €158.7 million incurred on a non-recourse basis and (ii) an additional €4.8 million incurred under the Factoring Agreement on a recourse basis. As a result of the terms of the Factoring Agreement, as of the date of the offering of the notes, the amounts incurred on a recourse basis will increase as compared to the non-recourse amounts. See “Use of Proceeds” and “Description of Other Indebtedness—Debt being repaid—Factoring Agreement”.

- (6) Pro forma cash and bank balances and pro forma net financial debt give pro forma effect to the offering of the notes, the entering into of the Senior Facilities Agreement and the application of the net proceeds therefrom as described under “Use of Proceeds” as if they had occurred on December 31, 2013. See “Use of Proceeds” and “Capitalization”.
- (7) Pro forma net finance income/(cost) gives pro forma effect to the offering of the notes, the entering into the Senior Facilities Agreement and the incurrence of indebtedness under a term facility thereunder, and the application of the net proceeds therefrom as described under “Use of Proceeds” as if they had occurred on January 1, 2013. Pro forma net finance income/(cost) has been calculated by adding the net finance income/(cost) associated with the notes (excluding amortization of issuance costs), the Senior Facilities Agreement (excluding the amortization of issuance costs but including commitments fees), the ADE Facility and all other outstanding indebtedness following the issuance of the notes and the transactions contemplated hereby as described in “Capitalization”, as if they had been incurred on January 1, 2013, less finance income for the year ended December 31, 2013. See “Use of Proceeds” and “Capitalization”.

## Summary Segmental Information

The following table shows selected financial information on a segmental basis for the periods indicated.

	For the year ended December 31,		
	2011	2012	2013
	(in millions of €, except for percentages)		
<b>Revenue</b>			
Headliners.....	922.5	1,052.3	1,084.5
Doors .....	728.7	735.1	727.1
Seating .....	223.7	181.3	185.6
Lighting .....	—	117.0	130.3
Other <sup>(1)</sup> .....	1.0	1.2	0.7
<b>Total</b> .....	<b>1,876.0</b>	<b>2,087.0</b>	<b>2,128.2</b>
<b>EBITDA</b>			
Headliners.....	80.7	93.0	103.8
Doors .....	98.3	86.2	94.7
Seating .....	28.4	22.4	19.6
Lighting .....	—	16.0	20.8

Other <sup>(1)</sup> .....	2.3	6.7	(0.6)
<b>Total</b> .....	<b>209.7</b>	<b>224.3</b>	<b>238.2</b>
<b>EBITDA Margin</b>			
Headliners.....	8.7%	8.8%	9.6%
Doors.....	13.5%	11.7%	13.0%
Seating.....	12.7%	12.4%	10.6%
Lighting.....	—	13.7%	16.0%
<b>Total</b> .....	<b>11.2%</b>	<b>10.7%</b>	<b>11.2%</b>
<b>Operating Profit</b>			
Headliners.....	45.1	55.8	68.7
Doors.....	51.4	41.0	52.0
Seating.....	15.3	9.0	8.6
Lighting.....	—	11.6	15.0
Other <sup>(1)</sup> .....	(2.1)	(1.6)	(8.3)
<b>Total</b> .....	<b>109.9</b>	<b>115.8</b>	<b>136.0</b>

(1) Other is not a primary business segment and its operations support our primary business segments, it is included here for the purposes of reconciliation and we do not consider it material. Other includes a wide range of results generated mainly in Grupo Antolín-Ingeniería, S.A.U, TCOs and consolidated pricing adjustments.

GUARANTOR AND NON-GUARANTOR CONSOLIDATED FINANCIAL INFORMATION

ASSETS	31/12/2013	31/12/2013	Equity	31/12/2013
	Guarantors	Non-Guarantors	Adjustment	Consolidated
<b>NONCURRENT ASSETS:</b>	141,438	58,002		199,440
<b>Intangible assets</b> .....	52,766	58,002		52,766
Goodwill .....	88,672	183,419		146,674
Other intangible assets .....	245,146	—		428,565
<b>Property, plant and equipment</b> .....	4,756	—		4,756
<b>Investments in companies accounted for using the equity method</b> .....	10,995	4,571		15,566
<b>Non-current financial assets</b> .....	2,753	2,973		5,727
<b>Deferred tax assets</b> .....	81,331	1,374		82,706
<b>Total non-current assets</b> .....	<b>486,420</b>	<b>250,430</b>		<b>736,760</b>
<b>CURRENT ASSETS:</b>				
Non-current assets held for sale .....	—	—		
Inventories .....	149,356	113,410		262,766
Trade and other receivable .....	106,768	130,642		237,410
Other current financial assets .....	36	3,796		3,832
Cash and bank balances .....	112,378	58,124		170,502
<b>Total current assets</b> .....	<b>368,538</b>	<b>305,972</b>		<b>674,510</b>
<b>EQUITY AND LIABILITIES</b>				
Non-Current Liabilities: .....				
Grants .....	1,771	5,166		6,937
Non-current provisions .....	8,244	15,058		23,302
Non-current financial liabilities .....	517,677	14,976		532,652
Bank borrowings and debentures or other marketable securities .....	474,564	12,917		487,481
Derivatives .....	5,658	—		5,658
Other financial liabilities .....	37,455	2,059		39,513
Deferred tax liabilities .....	22,236	2,784		25,021
<b>Total non current liabilities</b> .....	<b>549,928</b>	<b>37,984</b>		<b>587,912</b>
<b>CURRENT LIABILITIES</b>				
Current provisions .....	2,098	—		2,098
Current financial liabilities .....	39,893	15,422		55,315
Bank borrowings and debentures or other marketable securities .....	38,804	15,422		54,226
Other financial liabilities .....	1,089	—		1,089
Trade, sundry and other payables .....	266,956	154,695		421,652
Other current liabilities .....	64,238	41,588		105,825
<b>Total current liabilities</b> .....	<b>373,185</b>	<b>211,705</b>		<b>584,890</b>
<b>Total Liabilities</b> .....	<b>923,113</b>	<b>249,689</b>	<b>0</b>	<b>1,172,802</b>
<b>CONSOLIDATED EQUITY</b> .....	<b>573,711</b>	<b>428,482</b>	<b>(763,725)</b>	<b>238,468</b>
<b>TOTAL EQUITY AND LIABILITIES</b> .....	<b>1,496,824</b>	<b>678,171</b>	<b>(763,725)</b>	<b>1,411,270</b>
	<b>2013</b>	<b>2013</b>	<b>2013</b>	
	<b>Guarantors</b>	<b>Non-Guarantors</b>	<b>Consolidated</b>	
<b>CONTINUING OPERATIONS:</b>				
Revenue .....	1,427,240	700,912		2,128,152
Changes in inventories of finished goods and work in progress .....	2,259	1,112		3,371
Capital grants and other grants taken to income .....	1,028	293		1,321
Other operating income .....	38,296	26,414		64,710
<b>Total operating income</b> .....	<b>1,468,823</b>	<b>728,731</b>		<b>2,197,554</b>
Supplies .....	(935,365)	(389,922)		(1,325,287)
Staff costs .....	(246,043)	(152,505)		(398,548)
Depreciation and amortisation expense .....	(58,854)	(43,335)		(102,189)
Change in trade provisions .....	147	(313)		(166)
Other operating expenses .....	(156,169)	(130,357)		(286,526)
Less – Own work capitalised .....	26,293	24,919		51,212
<b>Total operating expenses</b> .....	<b>(1,369,991)</b>	<b>(691,513)</b>		<b>(2,061,504)</b>
<b>Profit for the Year from Continuing</b> .....	<b>98,832</b>	<b>37,218</b>		<b>136,050</b>
<b>Net Finance Income</b> .....	<b>(20,965)</b>	<b>(5,244)</b>		<b>(26,209)</b>
Net impairment and gain/loss on disposal of non-current assets .....	(7,744)	(74)		(7,818)
Profit of companies accounted for using the equity method .....	—	1,497		1,497
<b>Profit Before Tax</b> .....	<b>70,123</b>	<b>33,397</b>		<b>103,520</b>

Corporate income tax.....	(25.796)	(11.163)	(36.959)
<b>Net Profit for the Year from Continuing .....</b>	<b><u>44.327</u></b>	<b><u>22.234</u></b>	<b><u>66.561</u></b>
<b>Consolidated Profit for the Year .....</b>	<b><u>44.327</u></b>	<b><u>22.234</u></b>	<b><u>66.561</u></b>

## RISK FACTORS

### Risks related to our Business

***The weakness in the global economy, the global credit markets and the financial services industry over the past several years has severely and negatively affected demand for automobiles and automotive parts and continued weakness or a worsening of economic and political conditions could have a material adverse effect on our profitability.***

Demand for and pricing of our products is subject to economic and political conditions and other factors present in the various domestic and international markets where our products are sold. The level of demand for our products depends primarily upon the level of consumer demand for new vehicles that are manufactured with our products.

The global economic crisis has resulted in delayed and reduced purchases of durable consumer goods, such as automobiles. Although the global economic climate has improved since 2011, the global economy has not recovered to levels previously experienced and remains fragile. Furthermore, the US Federal Reserve has announced the tapering of its quantitative easing in the US financial system, which has led to weakened liquidity in some emerging markets and economic uncertainty, especially in relation to foreign exchange rates in emerging markets effects, which could be extended as the tapering continues. If the global economy or any local economy in which we have operations were to take another significant downturn, depending upon its length, duration and severity, our business, financial condition, results of operations, and cash flow would be materially adversely affected.

***An unanticipated deterioration of economic conditions, which may include the failure of one or more major financial institutions, could adversely affect the amount of credit available to us, result in depletion of our cash resources and subject us to counterparty risk in connection with derivative transactions, each of which could have a material adverse effect on our operations and financial condition.***

Uncertain economic conditions create significant planning risks for us. The occurrence of an economic shock not contemplated in our business plan, a rapid deterioration of economic conditions or a more prolonged recession such as that experienced during the global economic crisis could result in the depletion of our cash resources. Notwithstanding that we have a diverse group of financial institutions acting as providers of credit to our business, the failure of a financial institution in which we invest our cash reserves or that is a counterparty in a derivatives transaction with us, could increase the risk that our cash reserves and amounts owing to us pursuant to derivative transactions may not be fully recoverable. Each of these factors could have a material adverse effect on our operations and financial condition.

***Deterioration in the world economies could exacerbate the difficulties experienced by our customers and suppliers in obtaining financing, which, in turn, could materially and adversely impact our business, financial condition, results of operations and cash flows.***

Lending institutions have suffered and may continue to suffer losses due to their lending and other financial relationships, especially because of the general weakening of the global economy and the increased financial instability of many borrowers. Longer-term disruptions in the credit markets could further adversely affect our customers by making it increasingly difficult for them to obtain financing for their businesses and for their customers to obtain financing for automobile purchases. Our OEM customers typically require significant financing for their respective businesses. In addition, our OEM customers typically have related finance companies that provide financing to their dealers and customers. These finance companies have historically been active participants in the securitization markets, which have experienced severe disruptions during the global economic crisis. Our suppliers, as well as the other suppliers to our customers, may face similar difficulties in obtaining financing for their businesses. If capital is not available to our customers and suppliers, or if its cost is prohibitively high, their businesses would be negatively impacted, which could result in their restructuring or even reorganization/liquidation under applicable bankruptcy laws. Any such negative impact, in turn, could materially and negatively affect our company either through the loss of revenues to any of our customers so affected, or due to our inability to meet our commitments without excess expense resulting from disruptions in supply caused by the suppliers so affected.

Financial difficulties experienced by any major customer could have a material adverse impact on us if such customer were unable to pay for the products we provide, materially reduced its capital expenditure on, and resulting demand for, new product lines, or we otherwise experienced a loss of, or material reduction in, business from such customer. As a result of such difficulties, we could experience lost revenues, significant write-offs of accounts receivable, significant impairment charges or additional restructurings beyond the steps we have taken to date.

***The continuation or worsening of the European “sovereign debt crisis” could intensify the risks faced by the automotive industry and our business, which could have a material adverse effect on our operations, financial condition and profitability.***

As a result of the recent credit crisis in Europe and the widespread concern about the ability of several European governments to repay their debt, particularly in Cyprus, Greece, Italy, Ireland, Portugal and Spain, in March 2011, the European Council agreed on the need for the countries that utilize the euro as an official currency (the “Eurozone”) to establish a permanent stability mechanism, the European Stability Mechanism (the “ESM”), to assume the role of the European Financial Stability Facility and the European Financial Stability Mechanism in providing external financial assistance to Eurozone countries after June 2013.

On February 2, 2012, the Treaty Establishing the European Stability Mechanism (the “ESM Treaty”) was signed by each Member State of the Eurozone countries. The ESM Treaty includes a package of measures, including the provision of financial assistance to its signatories experiencing or being threatened by severe financing problems, where such financial assistance is necessary for the safeguarding of financial stability in the Eurozone as a whole, and entered into force on September 27, 2012.

On March 2, 2012, a new fiscal compact, the Treaty on Stability, Coordination and Governance in the Economic Monetary Union (the “Fiscal Compact”), was signed by all Member States of the European Union (the “Member States”) (except the Czech Republic and the United Kingdom) and entered into force on January 1, 2013. As of September 30, 2013, the Fiscal Compact had been ratified by 21 Member States. The Fiscal Compact places deficit restrictions on Member State budgets (other than the United Kingdom and Czech Republic), with associated sanctions for those Member States that violate the specified limits.

Despite these measures, conditions in Europe have resulted in increased volatility in global capital markets, as well as lower consumer confidence, which could continue for the foreseeable future. Spain and Western Europe accounted for approximately 16.6% and 26.2%, respectively, of our total revenue for the year ended December 31, 2013. In these circumstances, many of the risks faced by the automotive industry and our business could intensify, which could have a material adverse effect on our business, financial condition, results of operations and cash flows as well as negatively impact our access to, and cost of, capital.

***The automobile industry is cyclical and cyclical downturns in our business segments negatively impact our business, financial condition, results of operations and cash flows.***

The volume of automotive production and the level of new vehicle purchases regionally and worldwide are cyclical and have fluctuated, sometimes significantly from year-to-year. These fluctuations are caused by such factors as general economic conditions, interest rates, consumer confidence, consumer preferences, patterns of consumer spending, fuel costs and the automobile replacement cycle, and such fluctuations give rise to changes in demand for our products and may have a significant adverse impact on our results of operations. In addition, OEM customers generally do not commit to purchasing minimum quantities from their suppliers. As our business has certain fixed costs that must be met regardless of demand for our products, cyclical downturns can further effect our results of operations.

The highly cyclical and fluctuating nature of the automotive industry presents a risk that is outside our control and that cannot be accurately predicted. Moreover, a number of factors that we cannot predict can and have impacted cyclicity in the past. Decreases in demand for automobiles generally, or in the demand for automobiles incorporating our products in particular, could materially and adversely impact our business, financial condition, results of operations and cash flows.

***We are dependent on large customers for current and future revenues. The loss of any of these customers or the loss of market share by these customers could have a material adverse impact on us.***

Although we supply our products to several of the leading automobile manufacturers, as is common in our industry we depend on certain large value customers for a significant proportion of our revenues. For example, during 2013, Volkswagen Group, Ford, Renault-Nissan, Fiat-Chrysler and PSA represented 23.1%, 15.0%, 13.5%, 11.5% and 11.0% of our revenue, respectively. The loss of all or a substantial portion of our sales to any of our large volume customers could have a material adverse effect on our business, financial condition, results of operations and cash flows by reducing cash flows and by limiting our ability to spread our fixed costs over a larger revenue base. We may make fewer sales to these customers for a variety of reasons, including, but not limited to:

- loss of awarded business;
- reduced or delayed customer requirements;



- OEMs' insourcing business they have traditionally outsourced to us;
- strikes or other work stoppages affecting production by our customers;
- bankruptcy or insolvency of a customer; or
- reduced demand for our customers' products.

See also “—Deterioration in the world economies could exacerbate the difficulties experienced by our customers and suppliers in obtaining financing, which, in turn, could materially and adversely impact our business, financial condition, results of operations and cash flows”.

***Our inability to realize revenues represented by our awarded business or termination or non-renewal of production purchase orders by our customers could materially and adversely impact our business, financial condition, results of operations and cash flows.***

The realization of future revenues from awarded business is inherently subject to a number of important risks and uncertainties, including the number of vehicles that our customers will actually produce and the timing of that production.

Typically the terms and conditions of the agreements with our customers do not include a commitment regarding minimum volumes of purchases from us. In addition, such contracts typically provide that customers have the contractual right to unilaterally terminate our contracts with them with no notice or limited notice. If such contracts are terminated by our customers, our ability to obtain compensation from our customers for such termination is generally limited to the direct out-of-pocket costs that we incurred for materials and work-in-progress and in certain instances undepreciated capital expenditures and tooling. Further, there is no guarantee that our customers will renew their purchase orders with us. We cannot assure you that our results of operations will not be materially adversely impacted in the future if we are unable to realize revenues from our awarded business, if our customers cancel awarded business or if our customers fail to renew their contracts with us.

***Disruptions in the automotive supply chain could have a material adverse impact on our business, financial condition, results of operations and cash flows.***

The automotive supply chain is subject to disruptions because we, along with our customers and suppliers, attempt to maintain low inventory levels. In addition, our plants are typically located in close proximity to our customers.

Disruptions could be caused by a multitude of potential problems, such as closures of one of our or our suppliers' plants or critical manufacturing lines due to strikes, mechanical breakdowns, electrical outages, fires, explosions or political upheaval, as well as logistical complications due to weather, earthquakes, or other natural or nuclear disasters, mechanical failures, delayed customs processing and more.

Additionally, if we are the cause for a customer being forced to halt production, the customer may seek to recoup all of its losses and expenses from us. Any disruptions affecting us or caused by us could have a material adverse impact on our business, financial condition, results of operations and cash flows.

***The inability for us, our customers or our suppliers to obtain and maintain sufficient capital financing, including working capital lines, and credit insurance may adversely affect our, our customers' and our suppliers' liquidity and financial condition.***

Our working capital requirements can vary significantly, depending in part on the level, variability and timing of our customers' worldwide vehicle production and the payment terms with our customers and suppliers. Our liquidity could also be adversely impacted if our suppliers were to suspend normal trade credit terms and require payment in advance or payment on delivery. If our available cash flows from operations are not sufficient to fund our ongoing cash needs, we would be required to look to our cash balances and availability for borrowings under our credit facilities to satisfy those needs, as well as potential sources of additional capital, which may not be available on satisfactory terms and in adequate amounts, if at all.

There can be no assurance that we, our customers and our suppliers will continue to have such ability. This may increase the risk that we cannot produce our products or will have to pay higher prices for our inputs. These higher prices may not be recovered in our selling prices.

Our suppliers often seek to obtain credit insurance based on the strength of the financial condition of our subsidiary with the payment obligation, which may be less robust than our consolidated financial condition. If we were to

experience liquidity issues, our suppliers may not be able to obtain credit insurance and in turn would likely not be able to offer us payment terms that we have historically received. Our failure to receive such terms from our suppliers could have a material adverse effect on our liquidity.

***We are subject to fluctuations in the prices of materials.***

Our operating income and net income can be adversely affected by changes in the prices of the materials we use, notably textile fabrics, plastic injection grain, petroleum-based resins and certain metals. To the extent that our agreements with suppliers do not protect us from increases in the cost of materials or that we cannot pass through increases in the costs of our materials to our customers, we are exposed to risks related to unfavorable fluctuations in commodity prices. We do not use derivatives to hedge our purchases of materials or energy. If commodity prices were to rise steeply, we cannot guarantee that we would be able to pass on all such price increases to our customers, which could have an unfavorable impact on our sales, results and overall financial position.

***We may have difficulty competing favorably in the highly competitive automotive parts industry generally and in certain product or geographic areas specifically.***

The automotive parts industry is highly competitive. We face significant competition within each of our major product areas, including from new competitors entering the markets that we serve, and OEMs that may seek to integrate vertically. The principal competitive factors include price, technology, quality, global presence, service, product performance, design and engineering capabilities, new product innovation and timely delivery. We cannot assure you that we will be able to continue to compete favorably in these competitive markets or that increased competition will not have a material adverse effect on our business by reducing our ability to increase or maintain sales and profit margins.

Furthermore, the failure to obtain new business projects on new models or to retain or increase business projects on redesigned existing models, could adversely affect our business, financial condition, results of operations and cash flows. In addition, it may be difficult in the short-term for us to obtain new revenues to replace any unexpected decline in the sale of existing products.

***Shifts in market shares among vehicles or vehicle segments or shifts away from vehicles in which we have significant content could have a material adverse effect on our profitability.***

While we supply internal components for a wide variety of vehicles produced globally, we do not supply components for all vehicles produced, nor is the number or value of components evenly distributed among the vehicles for which we do supply components. Shifts in market shares among vehicles or vehicle segments, particularly shifts away from vehicles on which we have significant content and shifts away from vehicle segments in which our sales may be more heavily concentrated, could have a material adverse effect on our profitability.

***Our inability to offset price concessions or additional costs from our customers could have an adverse effect on our profitability.***

We face ongoing pricing pressure, as well as pressure to absorb costs related to product design and engineering, as well as other items previously paid for directly by OEMs, such as tooling. Typically, in line with our industry practice, our customers benefit from price reductions during the life cycle of a contract. We expect to offset these price concessions by achieving production efficiencies, however, we cannot guarantee that we will do so. If we fail to achieve production efficiencies to fully offset price concessions or do not otherwise offset such price concessions, our profitability and results of operations would be adversely affected.

***We may be forced to downsize, close or sell some of our operations which could have an adverse effect on our profitability.***

The automotive industry in some of our markets (most notably Western Europe) continues to experience significant overcapacity, elevated levels of vehicle inventory, reduced consumer demand for vehicles and depressed production volumes and sales levels. In response to these conditions, we may be forced to restructure our operations, including through plant closures. If we are forced to close manufacturing locations because of loss of business or consolidation of manufacturing facilities, the employee severance, asset retirement and other costs, including reimbursement costs relating to public subsidies, to close these facilities may be significant. In certain locations that are subject to leases, we may continue to incur material costs consistent with the initial lease terms. We continually attempt to align production capacity with demand; therefore, we cannot assure you that additional plants will not have to be closed.

***The construction and maintenance of our facilities entails certain risks.***

The construction and maintenance of our facilities entails certain difficulties, both from a technical perspective as well as in terms of the timing of the various construction phases. A number of problems may arise in relation to our facilities, such as interruptions or delays due to failed deliveries by suppliers or manufacturers, problems with connecting to the utilities networks, construction faults, problems linked to the operation of equipment, adverse weather conditions, unexpected delays in obtaining or sourcing permits and authorizations, or longer-than-expected periods for technical adjustments. The additional costs that may arise in the maintenance of facilities may adversely affect our business operations, financial position and operational results.

***We may not be able to grow our business with APAC-based automotive customers, or grow our business enough with such customers to offset slower growth with our largest customers, which could have an adverse effect on our profitability.***

In light of the amount of business we currently have with our largest customers in certain regions, our opportunities for incremental growth with these customers may be limited. The amount of business we have with APAC-based OEMs, including Toyota, Hyundai Kia and Honda, generally lags that of our largest customers which are based in Europe (Ford, Volkswagen Group and Renault- Nissan) due in part to the existing relationships between such APAC-based OEMs and their preferred suppliers. There is no certainty that we can achieve growth with APAC-based OEMs, nor that any such growth will offset slower growth we may experience with our largest customers.

***Mechanical failure, equipment shutdowns and technological breakdown could adversely affect our business.***

We are subject to mechanical failure and equipment shutdowns which may be beyond our control. If a section of one of our production sites is damaged or shuts down, it could cause a mechanical failure or equipment shutdown in other components of such production site. If such events occur, our production capacity may be materially and adversely impacted. In the event that we are forced to shut down any of our production sites for a significant period of time, it would have a material adverse effect on our business operations, financial position and operational results.

***Interruptions in the supply of utilities to our facilities may negatively affect our operations.***

We are reliant upon a continuous and uninterrupted supply of electricity, gas and water to our production facilities to ensure the continued operation of our production lines and supply chain. An interruption to the supply of any of these utilities, even in the short term, including but not limited to a trip in the electricity grid, a gas leak or issues with local water mains, could cause equipment shutdowns, mechanical failures and/or damage to our facilities and equipment which could materially and adversely impact our business operations, operational results and financial position.

***Our ongoing operations may require increased capital expenditure at certain stages that will consume cash from our operations and borrowings.***

In order to maintain our product lines for existing products, from time to time, we are required to make certain operational and maintenance related capital expenditure on our facilities. Our capital expenditures for the years ended 2011, 2012 and 2013 amounted to €117.1 million, €120.9 million and €120.4, respectively. Our ability to undertake such operational and maintenance measures largely depends on our cash flow from our operations and access to capital. We intend to continue to fund our cash needs through cash flow from operations. However, there may be unforeseen capital expenditure needs for which we may not have adequate capital. The timing of capital expenditures also may cause fluctuations in our operational results.

***Our profitability may be adversely affected by program launch difficulties.***

From time to time we are awarded new business by our customers. The launch of new programs is a complex process, the success of which depends on a wide range of factors, including the production readiness of our and our suppliers' manufacturing facilities and manufacturing processes, as well as factors related to tooling, equipment, employees, initial product quality and other factors. Our failure to successfully launch material new programs could have an adverse effect on our profitability.

***There are integration and consolidation risks associated with potential future acquisitions and divestitures. Future acquisitions and divestment may result in significant transaction expenses, unexpected liabilities and a negative impact on operations and/or cash flows. Future acquisitions may result in risks associated with entering new markets, and we may be unable to profitably operate the acquired businesses.***

We have made strategic acquisitions and divestitures and in the future we may consider and make further strategic acquisitions of suitable acquisition candidates in markets where we currently operate as well as in markets in

which we have not previously operated. For example, in 2012 we acquired 100% of the shares of CML, which specializes in the manufacture of lighting systems for motor vehicles, for €74.4 million. We may also consider and make strategic divestitures where this is in line with our strategy.

However, we may not be able to identify suitable acquisition candidates in the future, or may not be able to finance such acquisitions on favorable terms. We may lack sufficient management, financial and other resources to successfully integrate future acquisitions or to ensure that such future acquisitions will perform as planned or prove to be beneficial to our operations. We may not be offered suitable terms, including price, for divestitures we wish to make. Acquisitions and divestitures involve numerous other risks, including the diversion of our management's attention from other business concerns, undisclosed risks impacting the target and potential adverse effects on existing business relationships with current customers and suppliers. In addition, any acquisitions or divestitures could impact our financial position, cash flow or create dilution for our stockholders. In certain transactions, our acquisition analysis includes assumptions regarding the consolidation of operations and improved operating cost structures for the combined operations. Such synergies or benefits may not be achieved on the assumed time schedule or in the assumed amount, if at all. Any future acquisitions may result in significant transaction expenses, unexpected liabilities and risks associated with entering new markets in addition to the integration and consolidation risks.

As a result of our acquisitions or divestments, we may assume continuing obligations, deferred payments and liabilities. Any past or future acquisitions may result in exposure to third parties for liabilities, such as liability for faulty work done by the acquired business and liability of the acquired business or assets that may or may not be adequately covered by insurance or by indemnification, if any, from the former owners of the acquired business or assets. In connection with divestitures, we may remain exposed to the buyer for tax, environmental or other liabilities of the divested business. The occurrence of any of these liabilities could have a material adverse effect on our business and results of operations.

***We do not control certain of our joint ventures.***

We have a number of strategic partnerships and joint ventures and alliances. See "Business—Joint Ventures". There can be no assurance that the arrangements will be successful and/or achieve their planned objectives. The performance of all such operations in which we do not have a controlling interest will depend on the financial and strategic support of the other shareholders. Such other shareholders may make ill-informed or inadequate management decisions, or may fail to supply or be unwilling to supply the required operational, strategic and financial resources, which could materially adversely affect these operations. If any of our strategic partners were to encounter financial difficulties, change their business strategies or no longer be willing to participate in these strategic partnerships, joint ventures and alliances, our business, financial condition and results of operations could be materially adversely affected.

Moreover, in some of these businesses, we may not have the power to control the payment of dividends or other distributions, so even if the business is performing well, we may not be able to receive payment of our share of any profits. Finally, there could be circumstances in which we may wish or be required to acquire the ownership interests of our partners, and there can be no assurance that we will have access to the funds necessary to do so, on commercially reasonable terms or at all.

***The value of our deferred tax assets could become impaired, which could materially and adversely affect our operating results.***

As of December 31, 2013, we had approximately €82.7 million in deferred tax assets. These deferred tax assets include net operating loss carry forwards that can be used to offset taxable income in future periods and reduce income taxes payable in those future periods. Our ability to utilize our net operating loss carry forwards may be limited and delayed. We periodically determine the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, historical operating results, expectations of future earnings and tax planning strategies. If we determine in the future that there is not sufficient evidence to support the valuation of these assets, due to the factors described above or other factors, we may be required to adjust the valuation allowance to reduce our deferred tax assets. Such a reduction could result in material non-cash expenses in the period in which the valuation allowance is adjusted and could have a material adverse effect on our results of operations. In addition, adverse changes in the underlying profitability and financial outlook of our operations in several foreign jurisdictions could lead to changes in our valuation allowances against deferred tax assets and other tax accruals that could adversely affect our financial results. Finally, the Company and some of its Spanish subsidiaries form a tax group subject to the special tax consolidation regime for corporate income tax purposes. If, for whatever reason, the consolidated tax regime were forfeited or the tax group extinguished, the right to offset the tax loss carry forwards and use the tax credits of the tax group would be assigned to the companies that generated them. This could limit the ability of the companies to effectively make use of these deferred tax assets and that could adversely affect our financial results.

***We have a material amount of goodwill, which, if it becomes impaired, would result in a reduction in our net income and equity.***

Goodwill, primarily derived from our acquisition of CML, represents the excess of the cost of an acquisition over the fair value of the net assets acquired. IFRS requires that goodwill be periodically evaluated for impairment based on the fair value of the reporting unit. Declines in our profitability or the value of comparable companies may impact the fair value of our reporting units, which could result in a write-down of goodwill and a reduction in net income.

As of December 31, 2013, we had approximately €52.8 million of goodwill on our consolidated balance sheet that could be subject to impairment. In addition, if we acquire new businesses in the future, we may recognize additional goodwill, which could be significant. We could also be required to recognize additional impairments in the future and such an impairment charge could have a material adverse effect on our financial position and results of operations in the period of recognition.

***We are subject to risks related to our international operations.***

Our international operations include manufacturing facilities in, among other locations, Brazil, China, India, Mexico, Russia and Thailand, and we sell our products in each of these areas. For the year ended December 31, 2013, approximately 23.3% of our revenues were derived from operations in growth economies outside of Europe and the United States. International operations are subject to various risks that could have a material adverse effect on those operations and our business as a whole, including but not limited to:

- exposure to local economic and social conditions, including logistical and communication challenges;
- exposure to local political conditions, including political disputes, coups, the risk of seizure of assets by a foreign government, increased risk of fraud and political corruption, terrorism, acts of war or similar events;
- exposure to local public health issues and the resultant impact on economic and political conditions;
- exposure to potentially undeveloped legal systems which make it difficult to enforce contractual rights and to potentially adverse changes in laws and regulatory practices;
- exposure to local tax requirements and obligations;
- foreign currency exchange rate fluctuations and currency controls;
- greater risk of uncontrollable accounts and longer collection cycles;
- the risk of government sponsored competition;
- controls on the repatriation of cash, including the imposition or increase of withholding and other taxes on remittances and other payments by foreign subsidiaries; and

- export and import restrictions.

***We are exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanction programs.***

Our international operations require us to comply with the laws and regulations of various jurisdictions. In particular, our international operations are subject to anti-corruption laws and regulations, such as the U.S. Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act of 2010, and economic sanction programs, including those administered by the UN, EU and Office of Foreign Asset Control in the United States. These laws prohibit improper business conduct and restrict us from dealing with certain sanctioned countries.

As a result of our international operations, we are exposed to the risk of violating anti-corruption laws and sanctions regulations applicable in those countries where we operate. Some of the countries in which we operate lack as developed a legal system as other locations and are perceived to have high levels of corruption. Our continued geographical diversification, including in emerging economies, development of joint venture relationships worldwide and our employment of local agents in the countries in which we operate increases the risk of violations of anti-corruption laws, sanctions or similar laws. Violations of anti-corruption laws and sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant impact on our reputation and consequently on our ability to win future business.

We have policies and procedures designed to assist our compliance with applicable laws and regulations including training of our employees to comply with such laws and regulations. Our Code of Conduct, approved in 2010 and which is translated in all languages in which our Group operates, aims at educating our employees in such policies and principles. While we have a strong culture of compliance and we believe we have adequate systems of control, we seek to continuously improve our system of internal controls, to remedy any weaknesses that are identified through appropriate corrective action depending on the circumstances, including additional training, improvement of internal controls and oversight, and deployment of additional resources and to take appropriate action in case of any breach of our rules and procedures which might include disciplinary measures, suspensions of employees and ultimately termination of such employees. There can be no assurance, however, that our policies and procedures will be followed at all times or will effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents or partners and, as a result, we could be subject to penalties and material adverse consequences on our business, financial condition or results of operations if they failed to prevent any such violations.

***Foreign exchange rate fluctuations could cause a decline in our financial condition, results of operations and cash flows.***

Although our reporting currency is the euro, a portion of our sales and operating costs are realized in other currencies, such as the US dollar, the Brazilian real, the Chinese yuan, the Indian rupee, the Mexican peso, the Czech crown, the Russian ruble or the Turkish lira. Such non-euro currencies are considered to be denominated in foreign currency and are recorded at the exchange rates prevailing on the dates of the operations. Gains or losses on transactions denominated in foreign currencies are taken to the consolidated income statement as and when they occur.

We are subject to risk if the foreign currency in which our costs are paid appreciates against the currency in which we generate revenues because the appreciation effectively increases our cost in that country. The financial condition, results of operations and cash flows of some of our operating entities are reported in foreign currencies and then translated into euro at the applicable foreign exchange rate for inclusion in our consolidated financial statements. As a result, appreciation of the euro against these foreign currencies generally will have a negative impact on our reported sales and profits while depreciation of the euro against these foreign currencies will generally have a positive effect on reported revenues and profits.

Significant long-term fluctuations in relative currency values, in particular a significant change in the relative values of the non-Euro currencies in which we operate could have an adverse effect on our profitability and financial condition and any sustained change in such relative currency values could adversely impact our competitiveness in certain geographic regions.

Economic instability in the countries in which we operate where the euro is not the local currency and the related decline in the value of the relevant local currency in these countries could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We seek a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies. We have not entered into any foreign-currency hedge rate agreements or

forward contracts. In the year ended December 31, 2013, a 5% rise in the euro against currencies such as the Czech crown, the Brazilian real, the US dollar and the Mexican peso, would have reduced our revenues by approximately €39.0 million or approximately 1.8%, and EBITDA would have decreased by approximately €4.6 million.

***Our hedging and other derivative arrangements may not effectively or sufficiently offset the negative impact of foreign exchange rate fluctuations.***

We may use a combination of natural hedging techniques and financial derivatives to protect against certain foreign currency exchange rate risks. Such hedging activities may be ineffective or may not offset more than a portion of the adverse financial impact resulting from foreign currency variations. Gains or losses associated with hedging activities also may negatively impact operating results.

***We have invested substantial resources in markets where we expect growth and we may be unable to timely alter our strategies should such expectations not be realized.***

Our future growth is dependent on our making the right investments at the right time to support product development and manufacturing capacity in areas where we can support our customer base. We have identified certain markets including North America, Mercosur and APAC as key markets where we are likely to experience substantial growth, and accordingly have made and expect to continue to make substantial investments, both directly and through participation in various partnerships and joint ventures to support anticipated growth in those regions. If we are unable to deepen existing and develop additional customer demand in these regions, we may not only fail to realize expected rates of return on our existing investments, but we may incur losses on such investments and be unable to timely redeploy the invested capital to take advantage of other markets, potentially resulting in lost market share to our competitors. Our results will also suffer if these regions do not grow as quickly as we anticipate.

***Changes in our mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on our profitability.***

Our effective tax rate varies in each country in which we conduct business. Changes in our mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on our profitability.

***Our profitability may be materially adversely affected by our inability to utilize tax losses or because of tax exposures we face.***

We have incurred losses in some countries which we may not be able to fully or partially offset against income we have earned in those countries. In some cases, we may not be able to utilize these losses at all if we cannot generate profits in those countries or if we have ceased conducting business in those countries altogether. Our inability to utilize material tax losses could materially adversely affect our profitability. At any given time, we may face other tax exposures arising out of changes in tax laws, tax reassessments or otherwise. To the extent we cannot implement measures to offset these exposures, they may have a material adverse effect on our profitability. The Company and some of its Spanish subsidiaries form a tax group subject to the special tax consolidation regime for corporate income tax purposes. If for whatever reason the consolidated tax regime were forfeited or the tax group extinguished, the right to offset the tax loss carry forwards and use the tax credits of the tax group would be assigned to the companies that generated them. This could limit the ability of the companies to effectively make use of these deferred tax assets and that could adversely affect our financial results.

***Loss of key executives and failure to attract qualified management could limit our growth and negatively impact our operations.***

We have a management team with a substantial amount of expertise in the automotive industry. Loss of key members of management could result in the loss of valuable customer relationships and/or less or unsuccessful implementation of strategies.

***Availability of labor in some of the areas in which we operate could negatively impact our operations.***

When establishing and operating facilities in some emerging economies, we may encounter difficulties with the availability of labor. In some instances we may compete with our customers for qualified employees in a limited labor pool of adequately trained workers. Performing work in these areas and under these circumstances can slow our progress, potentially causing us to incur contractual liabilities to our customers. These circumstances may also cause us to incur additional, unanticipated costs that we might not be able to pass on to our customers.

***Our profitability could be negatively impacted if we are not able to maintain appropriate utilization of our workforce.***

The extent to which we utilize our workforce affects our profitability. If we under utilize our workforce, our project profits and overall profitability suffer in the short-term. If we over utilize our workforce, we may negatively impact safety, employee satisfaction and project execution, which could result in a decline of future project awards. The utilization of our workforce is impacted by numerous factors including:

- our estimate of the headcount requirements for various manufacturing units based upon our forecast of the demand for our products;
- our ability to maintain our talent base and manage attrition;
- our ability to schedule our portfolio of projects to efficiently utilize our employees and minimize production downtime;
- our need to invest time and resources into functions such as training, business development, employee recruiting, and sales that are not chargeable to customer projects; and
- the degree of structural flexibility of labor laws in countries where our employees are located.

***The workforce in the automotive industry is highly unionized and if we fail to extend or renegotiate our collective bargaining agreements with our labor unions as they expire from time to time, or if our employees, or our customers' employees, engage in work stoppages and other labor problems, this could result in a material adverse effect.***

As of December 31, 2013, we had 45 collective bargaining agreements, 18 of which are expiring in the next 12 months and four of which are currently under negotiation for their renewal. In addition, we have specific exposure to labor strikes in our international operations. For example, in 2013, we had a strike in our plant in South Africa and two strikes in our plant in Saint Petersburg, Russia. If major work disruptions involving our employees were to occur, our business could be adversely affected by a variety of factors, including a loss of revenues, increased costs and reduced profitability. We cannot assure you that we will not experience a material labor disruption at one or more of our facilities in the future whether in the course of renegotiation of our labor arrangements or otherwise. We cannot guarantee that we will be able to successfully extend or renegotiate our collective bargaining agreements as they expire from time to time. If we fail to extend or renegotiate any of our collective bargaining agreements or are only able to renegotiate them on terms that are less favorable to us, we may need to incur additional costs, which could have a material adverse effect on our business, financial condition and results of operations.

Further, many of the manufacturing facilities of our customers and suppliers are unionized and are subject to the risk of labor disruptions from time to time. A significant labor disruption could lead to a lengthy shutdown of our customers' or our suppliers' production lines, which could have a material adverse effect on our operations and profitability.

***A shift away from technologies in which we invest could have a material adverse effect on our profitability and financial condition.***

Our business requires a high level of technical expertise for the development and manufacture of our products. We invest in technology and innovation which we believe will be critical to our long-term growth and we need to continually adapt our expertise in response to technological innovations, industry standards, product instructions and customer requirements. Our ability to anticipate changes in technology and to successfully develop and introduce new and enhanced products or manufacturing processes on a timely basis will be a significant factor in our ability to remain competitive. New technologies or changes in industry and customer requirements may render one or more of our current offerings obsolete, excessively costly or otherwise unmarketable. If there is a shift away from the use of technologies in which we are investing, our costs may not be fully recovered. We may be placed at a competitive disadvantage if other technologies emerge as industry leading technologies, which could have a material adverse effect on our prospects for growth, profitability and financial condition.

***Legal or regulatory claims or investigations against us could have a material adverse effect on our financial position.***

From time to time, we may become involved in legal or regulatory proceedings, claims or investigations, including by governmental bodies, customers, suppliers, former employees, class action plaintiffs and others. On an ongoing basis, we attempt to assess the likelihood of any adverse judgments or outcomes to these proceedings or claims, although it is difficult to predict final outcomes with any degree of certainty. See "Business—Proceedings". We are also subject to tax audits from time to time. Among other tax audits, the Spanish tax authorities conducted several inspections



for income tax, corporate tax and value added tax from 2002 to 2008 and are conducting further inspections for 2008 and 2010.

Except as disclosed in this offering memorandum, we do not believe that any of the proceedings or claims to which we are currently a party will result in costs, charges or liabilities that will have a material adverse effect on our financial position. However, we cannot assure you that the costs, charges and liabilities associated with these matters will not be material, or that those costs, charges and liabilities will not exceed any amounts reserved for them in our consolidated financial statements. In future periods, we could be subject to cash costs or non-cash charges to earnings if any of these matters are resolved unfavorably to us.

***We face risks related to the intellectual and industrial property we use.***

We believe that we either own or may validly use all the intellectual and industrial property rights required for our business operations and that we have taken all reasonable measures to protect our rights or obtain warranties from the owners of third party rights. However, we cannot rule out the risk that our intellectual and industrial property rights may be disputed by a third party on the grounds of pre-existing rights or for any other reason. Furthermore, for countries outside Europe and North America we cannot be sure of holding or obtaining intellectual and industrial property rights offering the same level of protection as those in Europe and North America.

***Product liability claims, warranty and recall costs could cause us to incur losses and damage our reputation.***

We face an inherent business risk of exposure to product liability claims in the event of the failure of our products to perform to specifications, or if our products are alleged to result in property damage, bodily injury or death. We are generally required under our customer contracts to indemnify our customers for product liability claims in respect of our products. Accordingly, we may be materially and adversely impacted by product liability claims.

If any of our products are, or are alleged to be, defective, we may be required to participate in a recall involving those products. In addition, our customers demand that we bear the cost of the repair and replacement of defective products which are either covered under their warranty or are the subject of a recall by them. Warranty provisions are established based on our best estimate of the amounts necessary to settle existing or probable claims on product defect issues. Recall costs are costs incurred when government regulators or our customers decide to recall a product due to a known or suspected performance issue and we are required to participate either voluntarily or involuntarily. Currently, under most customer agreements, we only account for existing or probable warranty claims. We have no warranty and recall data which allows us to establish accurate estimates of, or provisions for, future warranty or recall costs relating to new products, assembly programs or technologies being brought into production. In addition, our insurance covering product recalls is limited in amount and coverage and in some jurisdictions non-existent. The obligation to repair or replace such products could have a material adverse effect on our profitability and financial condition.

For example, in 2005, we had to recall a window component in a vehicle for Renault due to a defect in one of the fixtures, which resulted in over € 6.0 million in repair expenses. In 2010, we had a defect in a seating belt fixture for a Renault-Nissan vehicle which resulted in additional expenses of € 0.3 million in relation to our recall of this product.

A decrease in actual and perceived quality of our products could damage our image and reputation and also the image and reputation of one or more of our brands. Defective products could result in loss of sales, loss of customers and loss of market acceptance. In turn, any major defect in one of our products could also have a material adverse effect on our reputation and market perception, which in turn could have an adverse effect on our sales and results of operations.

***Our operations expose us to the risk of material health and safety liabilities.***

The nature of our operations subjects us to various statutory compliance and litigation risks under health, safety and employment laws. We cannot guarantee that there will be no accidents or incidents suffered by our employees, our contractors or other third parties on our sites. If any of these incidents occur, we could be subject to prosecutions and litigation, which may lead to fines, penalties and other damages being imposed on us and cause damage to our reputation. Such events could have a material adverse effect on our business operations, financial position and operational results.

***We are subject to environmental requirements and risks as a result of which we may incur significant costs, liabilities and obligations.***

We are subject to a variety of environmental and pollution control laws, regulations and permits that govern, among other things, soil, surface water and groundwater contamination; the generation, storage, handling, use, disposal and transportation of hazardous materials; the emission and discharge of materials, including greenhouse gases ("GHGs"), into the environment; and health and safety. If we fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators or become subject to litigation. Environmental and pollution control

laws, regulations and permits, and the enforcement thereof, change frequently, have tended to become more stringent over time and may necessitate substantial capital expenditures or operating costs.

We are also subject to environmental laws requiring investigation and clean-up of environmental contamination. Estimating environmental clean-up liabilities is complex and heavily dependent on the nature and extent of historical information and physical data relating to the contaminated sites, the complexity of the contamination, the uncertainty of which remedy to apply and the outcome of discussions with regulatory authorities relating to the contamination. In addition, these environmental laws and regulations are complex, change frequently and have tended to become more stringent and expensive over time. Therefore, in the future we may not be, in complete compliance with all such laws and regulations and we may incur material costs or liabilities as a result of such laws and regulations. In addition to potentially significant investigation and cleanup costs, contamination can give rise to third party claims for fines or penalties, natural resource damages, personal injury or property damage.

For example, Trimtec Ltda. (“Trimtec”), our subsidiary in Brazil, is subject, together with 25 other companies, to three environmental claims derived from the environmental damages created by *Companhia Brasileira de Bauxita* (“CBB”), who provided services of incineration and industrial waste disposal for Trimtec and other companies. CBB did not perform such services and was abandoning waste in the state of Para, which ended up causing severe environmental damage. We estimate that the aggregate potential liability of Trimtec will not exceed €1.0 million in damages. See “Business—Proceedings”.

We cannot assure you that our costs, liabilities and obligations relating to environmental matters will not have a material adverse effect on our business, financial condition, results of operations and cash flows.

***We may not be adequately insured.***

We currently have insurance arrangements in place for products and public liability, property damage, business interruption (including for sudden and unexpected environmental damage). However, these insurance policies may not cover any losses or damages resulting from the materialization of any of the risks we are subject to. Further, significant increases in insurance premiums could reduce our cash flow. It is also possible in the future that insurance providers may no longer wish to insure businesses in our industry against certain environmental occurrences.

***Significant changes in laws and governmental regulations could have an adverse effect on our profitability.***

The legal, regulatory and industry standard environment in our principal markets is complex and dynamic, and future changes to the laws, regulations and market practice as regards, for example, CO<sub>2</sub> emissions and safety tests and protocols, could have an adverse effect on the products we produce and our profitability. Additionally, we could be adversely affected by changes in tax or other laws and jurisprudence which impose additional costs on automobile manufacturers or consumers, or more stringent fuel economy and emissions requirements on manufacturers from which we derive some of our sales.

***We may face risks relating to climate change that could have an adverse impact on our business.***

GHG emissions have increasingly become the subject of substantial international, national, regional, state and local attention. GHG emission regulations have been promulgated in certain of the jurisdictions in which we operate, and additional GHG requirements are in various stages of development. For example, the United States Congress has considered legislation that would establish a nationwide limit on GHGs. In addition, the Environmental Protection Agency (“EPA”) has issued regulations limiting GHG emissions from mobile and stationary sources pursuant to the federal Clean Air Act. When effective, such measures could require us to modify existing or obtain new permits, implement additional pollution control technology, curtail operations or increase our operating costs. In addition, our OEM customers may seek price reductions from us to account for their increased costs resulting from GHG regulations. Further, growing pressure to reduce GHG emissions from mobile sources could reduce automobile sales, thereby reducing demand for our products and ultimately our revenues. Thus, any additional regulation of GHG emissions, including through a cap-and-trade system, technology mandate, emissions tax, reporting requirement or other program, could adversely affect our business, results of operations, financial condition, reputation, product demand and liquidity.

***Interruptions in operations at our facilities could have a material adverse effect on our business, financial condition and results of operations.***

We operate more than 120 manufacturing plants and JIT assembly and sequencing facilities and 25 TCOs in 25 countries worldwide as of December 31, 2013, and our results of operations are dependent on the continued operation of our production facilities and the ability to supply products to our customers. Our production processes are complex as they need to be adapted to variations in the properties of certain materials and use combustibles and other dangerous materials. Significant interruptions in operations at our production plants, such as due to theft, explosions, fires or any

other accidents or acts of God, may significantly reduce the productivity and profitability of a particular production facility, or our business as a whole, during and after such interruptions. For example, in 2008 we had a theft of certain manufacturing materials in Vosges, France, and in 2010 we had a similar occurrence in Leamington, United Kingdom. Although we hold several types of insurance policies (including insurance against fire and business interruptions), our insurance coverage may be inadequate. Furthermore, our insurance coverage may not continue to be available on commercially reasonable terms and our insurance carriers may not have sufficient funds to cover all losses, damages, liabilities or potential claims. Additionally, natural disasters could disrupt our supply of products to our customers which could have a material adverse effect on our operations and profitability. Our manufacturing facilities are subject to risks associated with natural disasters, including fires, floods, hurricanes and earthquakes. The occurrence of any of these disasters could cause the total or partial destruction of a manufacturing facility, thus preventing us from supplying products to our customers and disrupting production at their facilities for an indeterminate period of time. The inability to promptly resume the supply of products following a natural disaster at a manufacturing facility could have a material adverse effect on our operations and profitability. For example, in 2010, we had a flood in our plant in Chrastrava, Czech Republic, due to the flood of one of the rivers adjacent to the plant, which resulted in total damages of €13.4 million, all of which were covered by insurance. We also had two fires in two of our plants in Henin Beaumont, France and Shenyang, China, with a total damage of € 10.6 million in the former, and RMB10.6 million in the latter, both of which were covered by insurance. In 2013, we had a flooding of our plant in Ningbo, China due to a typhoon, the damages of which are currently being valued at around RMB9.6 million.

***Terrorist attacks and other acts of violence or war or political changes in geographical areas where we operate may affect our business and results of operations.***

Terrorist attacks and other acts of violence or war may negatively affect our business and results of operations. There can be no assurance that there will not be terrorist attacks or violent acts that may directly impact us, our customers or partners. In addition, political changes in certain geographical areas where we operate may affect our business and results of operations. Any of these occurrences could cause a significant disruption in our business and could adversely affect our business operations, financial position and operational results.

***We are subject to taxation which is complex and often requires us to make subjective determinations.***

We are subject to many different forms of taxation including but not limited to income tax, value added tax, social security and other payroll related taxes. Tax law and administration is complex and often requires us to make subjective determinations. The tax authorities may not agree with the determinations that are made by us with respect to the application of tax law. Such disagreements could result in lengthy legal disputes and, ultimately, in the payment of substantial amounts for tax, interest and penalties, which could have a material effect on our results of operations. For example, we are subject to several administrative and judicial proceedings in Brazil, of which four judicial proceedings are due to the dispute over certain VAT deductions that we had taken under the exemption for certain manufacturers that applied to us under Brazilian tax law. As of the date of this offering memorandum, we estimate that the aggregate potential liability under these administrative and judicial proceedings in Brazil amount to approximately €21.3 million. See “Business—Proceedings”. Additionally, we could be adversely affected by changes in tax laws, regulations or interpretations.

***We may be subject to restrictions on transfer of funds.***

Under the current foreign exchange regulations in certain countries in which we operate, there are restrictions on the transfer of funds into and outside of such countries, which may include restrictions on the disposition of funds deposited with banks and restrictions on transferring funds abroad, as well as require official approval to buy foreign currency. Additionally, we have trapped cash in certain jurisdictions in which we operate in relation to our joint ventures and local law. These restrictions could impact the payment of dividends to us by certain of our subsidiaries. If we were unable to repatriate funds from any such countries, we would not be able to use the cash flow from our businesses to finance our operating requirements elsewhere and satisfy our debt obligations, including the notes.

**Risks related to the notes**

***The Collateral is limited to a pledge of shares in the Company and the notes are secured only to the extent of the value of the Collateral; such security may not be sufficient to satisfy the obligations under the notes and the Guarantees.***

The notes are senior obligations of the Issuer secured by the Collateral which consists of: (i) a first-ranking pledge over 32.6% of the shares of the Company held by HoldCo2 and a first-ranking pledge over 67.4% of the shares of the Company held by HoldCo1. The Initial Collateral will be granted within 15 business days of the date of the issuance of the notes. As of the date of the issuance of the notes, HoldCo1 is a *sociedad de responsabilidad limitada* incorporated in Spain. Under Spanish law, we must convert HoldCo1 into a *sociedad anónima* before HoldCo1 can grant a pledge of any of its assets for the benefit of the noteholders. We have undertaken to convert HoldCo1 into a *sociedad anónima* as

soon as practicable. Following such conversion, the notes are secured by the Collateral. The Collateral will also secure, on a first-ranking basis, the finance parties under the Senior Facilities. Subject to certain limits, the Indenture permits additional debt to be secured by the Collateral, and such additional secured debt may be substantial. The rights of a holder of notes to the Collateral may be diluted by any increase in the debt secured by the Collateral or a reduction of the Collateral securing the notes. If there is an Event of Default (as defined in the Indenture) on the notes, there is no guarantee that the proceeds of any sale of the Collateral will be sufficient to satisfy, and may be substantially less than, amounts due under the notes as well as other debt benefiting from a *pari passu* security interest in the Collateral, including indebtedness under the Senior Facilities. The amount of proceeds realized upon the enforcement of the security interests over the Collateral or in the event of liquidation will depend upon many factors, including, among others, the availability of buyers. Furthermore, there may not be any buyer willing and able to purchase our business as a whole. The book value of the Collateral should not be relied on as a measure of realizable value for such assets.

***HoldCo1 and HoldCo2 have control over the Collateral securing the notes and the sale of particular assets could reduce the pool of assets securing the notes.***

The Security Documents will allow HoldCo1 and HoldCo2, each as a pledgor, to remain in possession of, retain exclusive control over, and collect and invest any dividends and other distributions from the Collateral. In certain limited circumstances, HoldCo1 and HoldCo2 may, subject to the terms of the Indenture and the Intercreditor Agreement, without any release or consent by the Security Agent, dispose of the Collateral (which shall remain subject to the pledges in respect thereto notwithstanding any such disposal).

***It may be difficult to realize the value of the Collateral securing the notes.***

By its nature, the Collateral does not have a readily ascertainable market value and may not be saleable or, if it is saleable, there may be substantial delays in its disposal. The terms of the Intercreditor Agreement provide that decisions regarding enforcement are made by the holders of the notes and lenders holding, collectively, a majority in aggregate principal amount of the obligations secured by the Collateral. As a result, holders of the notes may not solely control decisions in respect to the Collateral, including timing of enforcement and such other secured parties may have interests that are not the same as those of holders of the notes. To the extent that liens, security interests and other rights granted to other parties encumber assets owned by the Company, those parties have or may exercise rights and remedies with respect to the property subject to their liens, security interests or other rights that could adversely affect the value of that Collateral and the ability of the Security Agent, acting on behalf of the Trustee or investors as holders of the notes to realize or enforce that Collateral. In the event of enforcement of the pledge over the Collateral, the Intercreditor Agreement provides for a release of all obligations of the Issuer and the Guarantors. As a result, if the proceeds of any sale of Collateral are not sufficient to repay all amounts due on the notes and the Guarantees, investors (to the extent not repaid from the proceeds of the sale of the Collateral) would have no remaining claim against the Issuer or any Guarantor. Creditors of the Company or its subsidiaries not secured by a lien on the Collateral will not be obligated to accede to the Intercreditor Agreement. As a result, in the event of an enforcement action, such creditors will not be obligated to release their claims against the Company and/or its subsidiaries. Each of these factors or any challenge to the validity of the Collateral or the Intercreditor Agreement could reduce the attractiveness of enforcement proceedings against the Collateral.

The Collateral securing the notes is subject to any and all encumbrances, liens and other imperfections permitted under the Indenture and/or the Intercreditor Agreement. The existence of any such encumbrances, liens and other imperfections could adversely affect the value of the Collateral securing the notes, as well as the ability of the Security Agent to realize or foreclose on such Collateral.

***The security interests in the Collateral are not directly granted to the holders of the notes.***

The security interests in the Collateral that secure, amongst other obligations, the obligations of the Company under the Guarantee are not granted directly to the holders of the notes but are granted only in favor of the Security Agent on behalf of the Trustee and the holders of the notes in accordance with the Indenture, the Intercreditor Agreement. The security documents related to the Collateral holders of the notes will not have direct security interests and will not be entitled to take enforcement action in respect of the Collateral securing the notes, except through the Trustee, who will (subject to the provisions of the Indenture and the Intercreditor Agreement) provide instructions to the Security Agent in respect of the Collateral.

***The granting of guarantees and security interests in the Collateral by Spanish companies is restricted by Spanish law.***

Spanish law imposes a restriction on the granting of guarantees by Spanish guarantors under Spanish law-governed security documents such that guarantees in respect of obligations under such security documents shall not include nor extend to any obligations or amounts that would render such guarantees in contravention of sections 143.2, 149 or 150 of the Spanish Capital Companies Act (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*). In particular, no Spanish guarantee may secure any payment, prepayment, repayment or reimbursement obligations derived from any finance document used, or that may be used, for the purposes of payment of acquisition debt (for the purposes of sections 143.2, 149 or 150 of the Spanish Companies Act) or the payment of any costs or transaction expenses related to, or paying the purchase price for, such acquisition.

The interpretations of the laws of Spain by the Courts may limit the ability of the Guarantors organized in Spain to guarantee the Notes or the ability of HoldCo1 and HoldCo2 to grant security on the Collateral. Although the law does not establish any limit, recent first instance Spanish case law indicates, and certain scholars understand that, risks associated with a guarantee or the value of a security interest provided by a Spanish company to secure the indebtedness held by other companies within its corporate group shall be reasonable and economically and operationally justified from the guarantor's or grantor's own perspective and justified under the corporate interest of such guarantor or grantor.

Furthermore, the interpretations of the laws of Spain of certain scholars about the specialty principle (*principio de especialidad*), concludes that a security interest can only secure one primary obligation, together with its ancillary obligations (e.g., interest costs). Therefore, when there are multiple primary obligations with respect to different creditors, such as the secured creditors under the revolving portion of our Senior Facilities Agreement and the holders of the Notes, there must be at least one security interest for each primary obligation to be secured. Additionally, although multiple mortgages over the same asset securing different obligations are recognized, Spanish law does not expressly recognize the existence of two or more pledges over the same asset. However, the existence of two or more pledges over the same shares has become a market practice in Spain and is accepted by the majority of legal scholars although no case law has supported the enforceability of such pledges and it cannot be disregarded that a court could take a different view and consider such pledges inefficient and not admissible in Spain.

***The enforcement of the Collateral may be restricted by Spanish law.***

Spanish Insolvency Law imposes a moratorium on the enforcement of secured creditors' rights (in rem security) in the event of insolvency. Once the debtor is declared insolvent, the enforcement of security interests over assets owned by the debtor and used for its professional or business activities (presumably most of the debtor's assets) is stayed until the first of the following circumstances occurs: (a) approval of a creditors' composition agreement (unless the content has been approved by the favorable vote of the secured creditors, in which case it will be bound by whatever has been agreed in the composition agreement); or (b) one year has elapsed since the declaration of insolvency without liquidation proceedings being initiated. Enforcement will be stayed even if at the time of declaration of insolvency the notices announcing the public auction have been published. The stay will only be lifted when the court hearing the insolvency proceedings determines that the asset is not used for the debtor's professional or business activities or is not necessary for the survival of the debtor's business. When it comes to determining which assets of the debtor are used for its professional or business activities, courts have generally embraced a broad interpretation and will likely include most of the debtor's assets. Finally, enforcement of the Collateral will be subject to the provisions of Spanish Procedural Law and Spanish Insolvency Law (where applicable) and this may entail delays in the enforcement.

Applicable law requires that a security interest in certain assets can only be properly perfected (or registered or other foreign equivalent) and its priority retained through certain actions undertaken by the secured party. The liens on the Collateral securing the notes from time to time owned by us or the Guarantors may not be perfected (or registered or other foreign equivalent), which may result in the loss of the priority, or a defect in the perfection (or registration or other foreign equivalent), of the security interest for the benefit of the Trustee and holders of the notes to which they would have been otherwise entitled. Neither the Security Agent nor the Trustee will be obligated to create or perfect any of the security interests in the Collateral.

Spanish law does not contemplate the concept of a "security agent". Although this by itself does not prohibit this agent to be set in place, the fact that there is a lack of regulation on the matter provides uncertainty as to how a Spanish court would recognize the acting of the Security Agent in an enforcement situation. Since holders of the notes will not have any independent power to enforce the Collateral securing the notes, except through the Security Agent following the instructions of the Trustee, there is some uncertainty as to whether a Spanish court would recognize the authority of the Security Agent or whether lack of recognition would entail delays in the enforcement or even the consequence of the Collateral not being able to be enforced on the same terms as provided for in the Security Documents.

For more information, please see "Enforceability of Civil Liabilities".

***The Collateral may be released without the consent of the holders of the notes.***

The Collateral may be released in certain circumstances, including in the event the Collateral is sold pursuant to an enforcement sale in accordance with the Intercreditor Agreement. Upon any such enforcement sale in accordance with the Intercreditor Agreement, all obligations of the Issuer and the Guarantors will be released and holders of the notes will only receive payment out of the proceeds of the sale of the Collateral. Please see "Description of other Indebtedness—Intercreditor Agreement".

Additional notes issued pursuant to the Indenture, will be secured by the Collateral without the need to extend it nor create additional first ranking pledges.

***Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Eurozone, or the potential dissolution of the euro entirely, could adversely affect the value of the notes.***

Despite the creation of the ESM and the Fiscal Compact, concerns persist regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States,

including Spain, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the notes.

***Our substantial indebtedness may make it difficult for us to service our debt, including the notes, and to operate our business.***

We have, and after this offering will continue to have, a significant amount of indebtedness. As of December 31, 2013, as adjusted to give pro forma effect to this offering, the entering into of the Senior Facilities Agreement, and the application of the estimated proceeds therefrom, we would have had €736.6 million of financial debt, of which €400.0 million would have been represented by the notes. We anticipate that our substantial indebtedness will continue for the foreseeable future. Our substantial indebtedness may have important negative consequences for you, including:

- making it more difficult for us and our subsidiaries to satisfy our obligations with respect to our debt, including the notes and other liabilities;
- requiring that a substantial portion of the cash flow from operations of our operating subsidiaries be dedicated to debt service obligations, reducing the availability of cash flow to fund internal growth through working capital and capital expenditures, and for other general corporate purposes;
- increasing our vulnerability to economic downturns in our industry;
- exposing us to interest rate increases;
- placing us at a competitive disadvantage compared to our competitors that have less debt in relation to cash flow;
- limiting our flexibility in planning for or reacting to changes in our business and our industry;
- restricting us from pursuing strategic acquisitions or exploiting certain business opportunities; and
- limiting, among other things, our and our subsidiaries' ability to borrow additional funds or raise equity capital in the future and increasing the costs of such additional financings.

In the worst case, an actual or impending inability by us or our subsidiaries to pay debts as they become due and payable could result in our insolvency.

In addition, the Indenture and the Senior Facilities Agreement contain restrictions that substantially limit our financial and operational flexibility and that of our subsidiaries. In particular, these agreements place limits on our ability to incur additional indebtedness; grant security interests to third persons; dispose of material assets; undertake organizational measures such as mergers, changes of corporate form, joint ventures or similar transactions; and enter into transactions with related parties.

***Despite our current substantial indebtedness, we may be able to incur more debt in the future, including on a secured basis over the Collateral or otherwise, which could further exacerbate the risks of our indebtedness.***

We may incur more debt in the future. The revolving portion of our Senior Facilities Agreement provides for total commitments of up to €200.0 million, and no cash drawings will be outstanding on the date the notes are issued. The Indenture and the Senior Facilities will limit our ability to incur additional debt but will not prohibit us from doing so. We may incur additional debt in the future, secured by the Collateral or otherwise, which could mature prior to the notes, and such debt could be secured on an equal, rateable and *pari passu* basis with the notes and the Guarantees. Any non-Guarantor subsidiary could also incur additional debt, and the notes and Guarantees would be structurally subordinated to any such debt.

***The Issuer is dependent on payments from the Company to make payments on the notes and, in turn, the Company is dependent on payments from its subsidiaries in order to be able to make payments to the Issuer, and the Company's subsidiaries may not be permitted or otherwise able to make payments to the Company.***

Even if the Company's subsidiaries generate sufficient cash from their operations, their ability to provide funds to the Company and, therefore, the Company's ability to provide funds to the Issuer are subject to, among other things, local tax restrictions and local corporate law restrictions related to earnings, the level of legal or statutory reserves, losses from previous years and capitalization requirements for the Company's subsidiaries. As a result, although the Company

may have sufficient resources, on a consolidated basis, to make the necessary payments to the Issuer in order for the Issuer to meet its obligations, the Company's subsidiaries may not be able to make the necessary transfers to it, and it to the Issuer, to permit the Issuer to satisfy its obligations under the notes or otherwise. In particular, the Company's subsidiaries may be restricted from providing funds to it under some circumstances. These circumstances include:

- restrictions under the corporate law of the jurisdictions in which the Company's subsidiaries are based. The relevant laws could require, among other things, that its subsidiaries retain a certain percentage of annual net income in a legal reserve, that its subsidiaries maintain the share capital of a limited liability company and that, after payment of any dividend, the relevant subsidiary's shareholders' equity exceed its share capital. For example, Spanish law limits certain of the Company's subsidiaries' ability to provide funds to the Company due to restrictions that require, among other things, each of its Spanish subsidiaries to retain at least 10% of their annual net profit (*beneficio neto*) income in a legal reserve until the reserve reaches at least 20% of such company's share capital and that, after payment of any dividend, shareholders' equity must exceed the company's share capital. In addition, in order for Spanish companies to distribute dividends (i) available reserves must be equal to, or greater than, the R&D expenses appearing in the balance sheet of the company; and (ii) a non-disposable reserve equal to the goodwill appearing in the balance sheet of the company must be created. Moreover, the by-laws of each of the Company's Spanish subsidiaries may provide for additional reserves that must be retained prior to providing funds to it;
- restrictions under foreign exchange laws and regulations that could limit or tax the remittance of dividends or transfer payments abroad; and
- existing and future contractual restrictions, including restrictions in credit facilities, cash pooling arrangements and other indebtedness that affect the ability of the Company's subsidiaries to pay dividends or make other payments to it in the future.

***The Issuer may not be able to recover any amounts under its Funding Loan because its right to receive payments under such funding loan is subordinated to all third party liabilities of the Company.***

Under Spanish insolvency law, the Funding Loan between the Issuer and the Company will be classified as subordinated claims of the Company, meaning that in an insolvency proceeding they would be subordinated to the preferential and ordinary claims of the Company.

***We require a significant amount of cash to service our debt and for other general corporate purposes. Our ability to generate sufficient cash depends on many factors beyond our control.***

Our ability to make payments on our debt, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as the other factors discussed in these "Risk Factors" and elsewhere in this offering memorandum.

Our business may not generate sufficient cash flows from operations, and additional debt and equity financing may not be available to us in an amount sufficient to enable us to pay our debts when due, including the notes, or to fund our other liquidity needs. For a discussion of our cash flows and liquidity, please see "Operating and Financial Review and Prospects".

If our future cash flows from operations and other capital resources are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the notes, on or before maturity.

We may not be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of our debt, including the Senior Facilities Agreement and the notes, and any future debt that we may incur, may limit our ability to pursue any of these alternatives.



***Certain of the Guarantees will be limited to a specified amount and each of the Guarantees are significantly limited by applicable laws and are subject to certain limitations or defenses.***

The Guarantors will guarantee the payment of the notes as described in “Description of the Notes—The Note Guarantees”. The Guarantees provide the holders of the notes with a direct claim against the relevant Guarantor. However, the Guarantees of Grupo Antolín Lusitânia—Componentes Automóvel, S.A. and Grupo Antolín Valença—Componentes Automóvel, S.U.L. will be limited to a maximum amount of €17.8 million and €4.7 million, respectively. In addition, the Guarantees of the obligations of each Guarantor under its Guarantee will be limited under the Indenture to an amount that has been determined so as to ensure that amounts payable will not result in violations of laws relating to corporate benefit, capitalization, capital preservation (under which, among others, the risks associated with a guarantee or grant of security on account of a parent company’s debt need to be reasonable and economically and operationally justified from the Guarantor’s or grantor’s perspective), thin capitalization, corporate purpose, financial assistance or transactions under value, or otherwise cause the Guarantor to be deemed insolvent under applicable law or such Guarantee to be deemed void, unenforceable or ultra vires, or cause the directors of such Guarantor to be held in breach of applicable corporate or commercial law for providing such Guarantee. If these limitations were not observed, the Guarantees and the grant of security interests by the Guarantors could be subject to legal challenge.

As a result, a Guarantor’s liability under its Guarantees could be materially reduced or eliminated depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee issued by a company that is not in that company’s corporate interests or the burden of which exceeds the benefit to the company may not be valid and enforceable. It is possible that a Guarantor, a creditor of a Guarantor or the insolvency administrator, in the case of an insolvency of a Guarantor, may contest the validity and enforceability of the respective Guarantee and that the applicable court may determine that the Guarantee should be limited or voided. In the event that any Guarantee is deemed invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the Guarantee apply, the notes would not be guaranteed by such Guarantee.

For more information on the specific limitations under applicable law of the respective jurisdictions of incorporation of the Guarantors and certain contractual limitations to be confirmed in the Indenture, please see “Enforceability of Civil Liabilities”.

***Some of the Collateral and the Guarantees will not be in place as of the date of issuance of the notes.***

On the date of issuance of the notes, the notes will not be guaranteed by the Guarantors that are incorporated as a private limited company (*sociedad limitada*) under Spanish law, namely Grupo Antolín-Álava, S.L.U., Grupo Antolín-Ara, S.L.U., Grupo Antolín-Magnesio, S.L.U. and Grupo Antolín-Vigo, S.L.U. We have agreed to convert each Spanish Guarantor described above into a *sociedad anónima* under Spanish law as soon as practicable. The conversions are expected to take place within approximately three to six months following the date of issuance of the notes. Each of the Spanish Guarantors referred to above will become a party to the Indenture and the Intercreditor Agreement and guarantee the notes only following its conversion. We cannot assure you that we will be able to effect the change of corporate form or that we will successfully procure such additional Guarantees within the specified time period and, accordingly, the notes may not have the benefit of a guarantee from these additional Guarantors.

Furthermore, the notes will be secured by the Post Closing Collateral only after HoldCo1 has been converted into a *sociedad anónima*. While the Company has agreed to implement the conversion as soon as practicable and the conversion is expected to take place within approximately three to six months from the date of issuance of the notes, we cannot assure you that we will be able to effect the change of corporate form or that we will successfully procure such Collateral within the specified time period, and, accordingly, the notes may not have the benefit of the Collateral. In addition, the Collateral may be subject to certain perfection requirements in order to be enforced. See “—The enforcement of the Collateral may be restricted by Spanish law”.

***Fraudulent conveyance laws may limit your rights as a holder of notes.***

Although laws differ among various jurisdictions, in general, under fraudulent conveyance laws, a court could subordinate or void a Guarantee if it found that:

- the Guarantee was incurred with an actual intent to hinder, delay or defraud creditors or shareholders of the Guarantor;
- the Guarantee was granted within two years prior to the insolvency declaration of the Guarantor and it is detrimental for the Guarantor’s state;
- the Guarantor did not receive fair consideration or reasonably equivalent value for the Guarantee and the Guarantor:

- was insolvent or was rendered insolvent because of the Guarantee;
- was undercapitalized or became undercapitalized because of the Guarantee; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay at maturity; or
- the Guarantee was held to exceed the corporate objects of the relevant Guarantor or not to be in the best interest or for the corporate benefit of the Guarantor.

The measure of insolvency for purposes of fraudulent conveyance laws varies depending on the law applied. Generally, however, a Guarantor would be considered insolvent if it could not pay its debts as they become due. If a court decided that any Guarantee was a fraudulent conveyance and voided such Guarantee, or held it unenforceable for any other reason, you would cease to have any claim in respect of the Guarantor of such Guarantee and would be a creditor solely of the Issuer and the remaining Guarantors. Please see “Enforceability of Civil Liabilities”.

In an insolvency proceeding, it is possible that creditors of the Guarantors or the appointed insolvency administrator may challenge the Guarantees, and intercompany obligations generally, as fraudulent transfers or conveyances or on other grounds. If so, such laws may permit a court, if it makes certain findings, to: (i) avoid or invalidate all or a portion of a Guarantor’s obligations under its Guarantee; (ii) direct that holders of the notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor’s creditors; and (iii) take other action that is detrimental to you.

***Local insolvency laws may not be as favorable to you as the insolvency laws of another jurisdiction with which you may be more familiar.***

The Issuer is incorporated in the Netherlands, and the Guarantors are organized under the laws of other jurisdictions, including Spain. See “Summary—The Offering—Guarantors”. The insolvency laws of these other jurisdictions may not be as favorable to holders of the notes as the laws of some other jurisdictions with which you may be more familiar. Certain provisions of the insolvency laws in these jurisdictions could affect the ranking of the notes and the Guarantees or claims relating to the notes and the Guarantees on an insolvency of the Issuer or the Guarantors, as the case may be.

***Not all of our subsidiaries will guarantee the notes, and any claim by us or any of our creditors, including the holders of the notes, against such non-Guarantor subsidiaries will be structurally subordinated to all of the claims of creditors of those non-Guarantor subsidiaries.***

Not all of our existing and future subsidiaries will guarantee the notes. On a consolidated basis as of December 31, 2013, we had total assets of € 1,411.3 million and financial debt of €741.0 million. As of and for the year ended December 31, 2013, the subsidiaries of the Company guaranteeing the notes (including the Additional Guarantors) represent approximately 60.6%, 66.2% and 67.1% of our total consolidated assets, EBITDA and revenue, respectively. The Additional Guarantors represent approximately 4.2%, 4.6% and 5.8% of our total consolidated assets, EBITDA and revenue, respectively, as of and for the year ended December 31, 2013. In addition, after giving pro forma effect to the offering, the entering into of the Senior Facilities Agreement and the application of the proceeds therefrom, the subsidiaries of the Company that will not guarantee the notes would have had €22.7 million of debt outstanding as of December 31, 2013 on a consolidated basis. See “Description of Other Indebtedness”. The Indenture does not limit the transfer of assets to, or the making of investments in, any of our restricted group members, including our non-guarantor subsidiaries. Please see “Description of the Notes—Certain Covenants”. Accordingly, even though certain of our material subsidiaries will be required to provide an additional Guarantee for the benefit of the notes pursuant to the Indenture, non-Guarantor subsidiaries could account for a higher portion of our assets, liabilities, revenues and net income in the future. See “Description of the Notes—Certain Covenants—Additional Note Guarantees”.

In the event that any of our non-Guarantor subsidiaries becomes insolvent, liquidates, reorganizes, dissolves or otherwise winds up, the assets of such non-Guarantor subsidiary will not be subject to claims from the holders of the notes to satisfy their respective credits against us and will be used first to satisfy the claims of the non Guarantor subsidiary’s creditors, including trade creditors, banks and other lenders. Consequently, any claim by us or our creditors against a non-Guarantor subsidiary will be structurally subordinated to all of the claims of the creditors of such non-Guarantor subsidiary.

***We may not have the ability to raise the funds necessary to finance a change of control offer.***

Upon the occurrence of certain change of control events as described in the Indenture, we will be required to offer to repurchase all of the notes in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of repurchase. The requirement that we offer to repurchase the notes upon a change of

control is limited only to the transactions specified in the definition of “Change of Control” within the Indenture. Please see “Description of the Notes—Repurchase at the Option of Holders—Change of Control”. We may not have sufficient funds at the time of any such event to make the required repurchases. Additionally, certain change of control events would be prepayment events under the Senior Facilities Agreement. In the event this results in an event of default thereunder, the lenders under the Senior Facilities Agreement may accelerate such debt, which could also cause an event of default under the Indenture.

The source of funds for any repurchase required as a result of any such event will be available cash or cash generated from operating activities or other sources, including borrowings, sales of assets and sales of equity or funds provided by subsidiaries. Sufficient funds may not be available at the time of any such events to make any required repurchases of the notes tendered.

***You may be unable to enforce judgments against us, the Guarantors or our respective directors and officers.***

Neither the Issuer nor most of the Guarantors are incorporated in the United States. In addition, most of our assets are outside the United States and all of our directors and officers live outside the United States, primarily in Spain. As a result, it may be difficult or impossible to serve process against any of these persons in the United States. Furthermore, because a substantial part of the assets of these persons are located outside of the United States, it may not be possible to enforce judgments obtained in courts in the United States predicated upon civil liability provisions of the federal securities laws of the United States against these persons. Additionally, there is doubt as to the enforceability in many foreign jurisdictions, including Spain, of civil liabilities based on the civil liability provisions of the federal or state securities laws of the United States against the Issuer, the Guarantors, the directors, controlling persons and management and any experts named in this offering memorandum who are not residents of the United States. Please see “Enforceability of Civil Liabilities”.

***The interests of our ultimate controlling shareholders may be inconsistent with the interest of holders of the notes and/or our ultimate controlling shareholders may sell their stake in future.***

Our ultimate controlling shareholders are members of the Antolín family. See “Shareholders and Certain Transactions”. As a result, our ultimate controlling shareholders have and will continue to have direct or indirect power, among other things, to influence our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve other changes to our operations. The interests of our ultimate controlling shareholders could conflict with your interests, particularly if we encounter financial difficulties or are unable to pay our debts when due. In addition, our controlling parties may, in the future, own businesses that directly compete with ours in certain respects or do business with us.

In addition, our controlling shareholders may suffer financial distress and may need to sell their stake in the Issuer. In order to avoid negative distortions to and minimize the volatility of our share price derived from any such sales, we may decide from time to time to acquire such shares for our treasury stock, which would result in a substantial cost for us and may affect our results of operations.

***If the Spanish tax authorities determine that income derived from the Notes or the Note Guarantees should be treated as Spanish source income, tax at a 21.0% rate could apply. In such tax were to apply, we would be required to gross-up holders for such tax, but we would then have the right to redeem the notes at par.***

If the Spanish tax authorities determine that income derived from the Notes or the Note Guarantees should be treated as Spanish source income, Spanish nonresident income tax could apply (currently at the rate of 21.0%, or, in specific circumstances, a lower rate depending on the tax residency of the beneficiary). Such tax would be collected by withholding, and it could only be asserted directly to the holders in the absence of such withholding. If such tax were to apply, we would be required to gross-up holders for the amount of such tax and this could materially affect our financial position. We have been advised that, under applicable Spanish tax rules, payments of principal and interest made with respect to the Notes should not be subject to such tax, but there is no clear precedent to support this position. If we are required to make any gross-up payments in respect of this Spanish tax, we would then have the right to redeem the notes, in whole but not in part, at a price equal to the principal amount of the notes plus accrued and unpaid interest and additional amounts, if any, to the date of redemption and certain other amounts.

***There is no existing public trading market for the notes and the ability to transfer them is limited, which may adversely affect the value of the notes.***

The notes are a new issue. There is no existing trading market for the notes and there can be no assurance that a trading market for the notes will develop. We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market or how liquid that trading market might become. Although the Initial Purchasers have advised us that they intend to make a market in the notes, they are not obligated to do so and may stop at

any time. The market price of our notes may be influenced by many factors, some of which are beyond our control, including:

- changes in demand, the supply or pricing of our products;
- general economic conditions, including material prices;
- the activities of competitors;
- our quarterly or annual earnings or those of our competitors;
- investors' perceptions of us and the automotive industry;
- the failure of securities analysts to cover our notes after this offering or changes in financial estimates by analysts;
- the public's reaction to our press releases or our other public announcements;
- future sales of notes; and
- other factors described under these "Risk Factors".

As a result of these factors, you may not be able to resell your notes at or above the initial issue price. In addition, securities trading markets experience extreme price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of a particular company. These broad market fluctuations and industry factors may materially reduce the market price of our notes, regardless of our operating performance. If an active trading market does not develop, you may have difficulty selling any notes that you buy.

The notes have not been and will not be registered under the Securities Act or any U.S. securities laws and we have not undertaken to effect any exchange offer for the notes in the future. You may not offer the notes for sale in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws, or pursuant to an effective registration statement. The notes and the Indenture will contain provisions that will restrict the notes from being offered, sold or otherwise transferred except pursuant to the exemptions available pursuant to Rule 144A and Regulation S, or other exceptions under the Securities Act. Furthermore, we have not registered the notes under any other country's securities laws. It is your obligation to ensure that your offers and sales of the notes within the United States and other countries comply with applicable securities laws. Please see "Notice to Investors". In addition, by its acceptance of delivery of any notes, the holder thereof agrees on its own behalf and on behalf of any investor accounts for which it has purchased the notes that it shall not transfer the notes in an amount less than € 100,000 and integral multiples of €1,000 thereafter.

## USE OF PROCEEDS

We estimate that the gross proceeds of this offering will be €400.0 million with the net proceeds of €395,179,999. The Issuer will use the gross proceeds, less certain underwriting commissions, from this offering to make a Funding Loan to the Company pursuant to the Funding Loan Agreement. The Company will apply the gross proceeds of the Funding Loan, together with borrowings under the Senior Facilities, to, directly or indirectly, (i) prepay and discharge all outstanding debt under the Bridge Facility, together with all accrued interest thereon, (ii) prepay and discharge all outstanding debt under the Syndicated Facility and certain other facilities, together with all accrued interest, (iii) prepay and discharge all outstanding debt under the Factoring Agreement, together with all accrued interest thereon, (iv) pay break costs and termination fees in connection with the repayment and cancellation of the Bridge Facility, the Syndicated Facility, the Factoring Agreement and certain other facilities and (v) pay other costs and expenses related to the foregoing transactions, as further described below.

The table below sets forth the expected sources and uses as if the transactions therein occurred on December 31, 2013.

Sources	Uses
(in millions of €)	(in millions of €)
Notes <sup>(1)</sup> .....	Repayment of the Bridge Facility <sup>(3)</sup> .....
400.0	400.7
Senior Facilities <sup>(2)</sup> .....	Repayment of the Syndicated Facility and other facilities <sup>(4)</sup> .....
200.0	27.3
	Repayment of Factoring Agreement <sup>(5)</sup> .....
	163.5
Cash and bank balances ..	Transaction costs <sup>(6)</sup> .....
6.5	15.0
<b>Total</b> .....	<b>Total</b> .....
<b>606.5</b>	<b>606.5</b>

(1) The offering consists of €400.0 million of notes.

(2) Borrowings under the Senior Facilities are comprised of (i) a senior term facility with an aggregate principal amount of €200.0 million to be drawn on the date of the issuance of the notes and (ii) a revolving credit facility with an aggregate principal amount of €200.0 million which is expected to remain undrawn on the date of issuance of the notes. See “Description of Other Indebtedness”. It is expected that ADE will accede to the Intercreditor Agreement shortly after the date of the issuance of the notes at which point ADE will enter into the Intercreditor Agreement and benefit from the Collateral. If ADE does not accede to the Intercreditor Agreement on or before June 30, 2014, the Senior Facilities Agreement provides that we shall repay in full and terminate our ADE Facility, which we will do by drawing our revolving credit facility under the Senior Facilities Agreement. See “Description of Other Indebtedness—Intercreditor Agreement” and “Annex B: Intercreditor Agreement”.

(3) Includes the aggregate principal amount of the Bridge Facility, plus accrued and unpaid interest and any break costs in connection with terminating the Bridge Facility. The outstanding amount of indebtedness under the Bridge Facility as of December 31, 2013 was €400.0 million plus accrued interest of €0.7 million. There will be no break costs in connection with the termination of the Bridge Facility. Unamortized debt issuance costs amounted to €2.1 million.

(4) Includes the repayment of (i) €11.3 million outstanding under the Syndicated Facility along with accrued interest, (ii) €10.0 million outstanding under the Bankia Loan, which will be repaid on its maturity date on May 10, 2014 to avoid potential cancellation costs and (iii) €6.0 million outstanding under the EBRD Facility. For a description of the indebtedness being refinanced see “Description of Other Indebtedness—Debt being repaid”.

(5) As part of the offering of the notes and the transactions contemplated thereby, the Factoring Agreement will be canceled shortly following the date of the issuance of the notes. As of December 31, 2013, we had €163.5 million outstanding under the Factoring Agreement, including accrued and unpaid interest. This amount includes (i) €158.7 million incurred on a non-recourse basis and (ii) an additional €4.8 million incurred under the Factoring Agreement on a recourse basis, including accrued and unpaid interest amounting to €0.3 million. As a result of the terms of the Factoring Agreement, as of the date of the offering of the notes, the amounts incurred on a recourse basis will increase as compared to the non-recourse amounts.

(6) Represents our estimate of fees and expenses, for illustrative purposes only, associated with the offering of the notes and the transactions contemplated thereby. Such estimated transaction costs include Initial Purchasers’ fees, professional fees and expenses and other transaction costs in relation to the offering of the notes and fees and commissions, professional fees and expenses and other transaction costs in relation to the Senior Facilities Agreement.

## CAPITALIZATION

The following table sets forth the consolidated cash and capitalization as of December 31, 2013 on an actual basis derived from our consolidated balance sheet as of December 31, 2013 included elsewhere in this offering memorandum and as adjusted to give effect to this offering, the entering into the Senior Facilities Agreement and the incurrence of indebtedness under the term facilities thereunder and the application of the proceeds therefrom as described under “Use of Proceeds”.

You should read this table in conjunction with “Operating and Financial Review and Prospects” and the consolidated financial statements and the notes thereto included elsewhere in this offering memorandum.

	As of December 31, 2013	
	Actual	As adjusted
	(in millions of €)	
<b>Cash and bank balances<sup>(1)</sup></b> .....	<b>170.5</b>	<b>164.1</b>
Notes offered hereby .....	—	400.0
Term facility .....	—	200.0
Revolving credit facility <sup>(2)</sup> .....	—	—
Bridge Facility <sup>(3)</sup> .....	400.7	—
Credit lines <sup>(4)</sup> .....	13.5	13.5
ADE Facility <sup>(5)</sup> .....	70.0	70.0
Finance leases .....	9.1	9.1
Other bank loans and obligations or other tradeable securities <sup>(6)</sup> .....	50.5	18.4
Unamortized debt issuance costs <sup>(7)</sup> .....	(2.1)	(15.0)
<b>Bank borrowings and debentures or other marketable securities</b> .....	<b>541.7</b>	<b>696.0</b>
Other financial liabilities <sup>(8)</sup> .....	40.6	40.6
Factoring Agreement <sup>(9)</sup> .....	158.7	—
<b>Financial debt</b> .....	<b>741.0</b>	<b>736.6</b>
Equity .....	238.5	227.9
Factoring Agreement <sup>(9)</sup> .....	(158.7)	—
<b>Total capitalization</b> .....	<b>820.8</b>	<b>964.5</b>

- (1) Cash and bank balances include the cash and current bank accounts, as well as short-term bank deposits maturing within 12 months.
- (2) In connection with the offering of the notes, we have entered into a new revolving credit facility in the amount of €200.0 million, which remained undrawn on the date of the issuance of the notes.
- (3) Includes the outstanding aggregate principal amount of the Bridge Facility plus €0.7 million in accrued and unpaid interest.
- (4) As of December 31, 2013, our credit lines include €4.9 million in euro credit lines and €8.6 million in credit lines in foreign currency granted to the Company.
- (5) The ADE Facility will remain in place on the date of the issuance of the notes. It is expected that ADE will accede to the Intercreditor Agreement shortly after the date of the issuance of the notes at which point ADE will enter into the Intercreditor Agreement and benefit from the Collateral. If ADE does not accede to the Intercreditor Agreement on or before June 30, 2014, the Senior Facilities Agreement provides that we shall repay in full and terminate our ADE Facility, which we will do by drawing our revolving credit facility under the Senior Facilities Agreement. See “Description of Other Indebtedness—Intercreditor Agreement” and “Annex B: Intercreditor Agreement”.
- (6) Other bank loans and obligations or other tradeable securities mainly includes the (i) €11.3 million outstanding under the Syndicated Facility, (ii) €10.0 million outstanding under the Bankia Loan and (iii) €6.0 million outstanding under the EBRD Facility, (iv) the recourse portion of our Factoring Agreement in an amount of €4.8 million and (v) other loans that will remain outstanding following the transactions contemplated hereby. See “Description of Other Indebtedness—Debt being repaid”. Other bank loans and obligations or other tradeable securities also includes accrued financial expenses in an amount of €3.0 million. The as adjusted amount of €18.4 million consists of a number of bilateral facilities in certain of our non-wholly owned subsidiaries, which will remain in place after the issuance of the notes and the transactions contemplated hereby.
- (7) The unamortized debt issuance costs relate to the Bridge Facility and the issuance costs of the notes, borrowings under the Senior Facilities and the other transactions contemplated hereby. See “Use of Proceeds”.
- (8) Includes €42.4 million related to several loans granted to the Company by certain Spanish public bodies to finance R&D projects and for improving competitiveness, plus other financial liabilities for €4.0 million and accrued interest, less financial remeasurements of €5.8 million. Generally, these loans are repaid in 10 annual instalments falling due between 2015 and 2026. See “Description of Other Indebtedness”.
- (9) As part of the offering of the notes and the transactions contemplated thereby, the Factoring Agreement will be canceled shortly following the date of the issuance of the notes. As of December 31, 2013, we had €163.5 million outstanding under the Factoring Agreement, including accrued and unpaid interest. This amount includes (i) €158.7 million incurred on a non-recourse basis and (ii) an additional €4.8 million incurred under the Factoring Agreement on a recourse basis, including accrued and unpaid interest amounting to €0.3 million. As a result of the terms of the Factoring Agreement, as of the date of the offering of the notes, the amounts incurred on a recourse basis will increase as compared to the non-recourse amounts. Total capitalization does not include the outstanding €158.7 million non-recourse

amounts under the Factoring Agreement, as such amount is not reflected on our balance sheet as of December 31, 2013. See “Operating and Financial Review and Prospects—Off-balance sheet arrangements”.

## SELECTED CONSOLIDATED FINANCIAL AND OTHER INFORMATION

Our selected consolidated historical financial data as of and for each of the years ended December 31, 2013, 2012, 2011, 2010, 2009 and 2008 has been derived from our audited consolidated financial statements as of and for the years ended December 31, 2013, 2012, 2011, 2010, 2009 and 2008. Our audited consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011 are included elsewhere in this offering memorandum. We also present certain adjusted financial data and such financial data has been derived from historical financial information prepared in accordance with IFRS, such financial information should not be considered in isolation from or as a substitute for our historical financial information.

Our selected consolidated financial data is presented in euro and has been prepared in accordance with IFRS. You should read this selected consolidated financial data in conjunction with “Capitalization”, “Summary Consolidated Financial and Other Information”, “Operating and Financial Review and Prospects”, and the historical consolidated financial statements and the related notes, included elsewhere in this offering memorandum. The results of operations for prior years are not necessarily indicative of the results to be expected for any future period. For more information on the basis of preparation of this financial information, see “Presentation of Financial and Other Data” and the notes to the financial statements included elsewhere in this offering memorandum.

The following table shows selected financial data for the Company on a consolidated basis for the period indicated.

	Year ended December 31,					
	2008	2009	2010	2011	2012	2013
	(in millions of €)					
<b>Consolidated Income Statement Data:</b>						
Revenue .....	1,563.5	1,248.4	1,637.3	1,876.0	2,087.0	2,128.2
Changes in inventories of finished goods and work in progress .....	9.8	11.1	1.0	3.2	8.3	3.4
Capital grants and other grants taken to income .....	1.9	2.7	2.2	2.3	2.2	1.3
Other operating income .....	50.9	56.3	50.0	79.3	63.2	64.7
<b>Total operating income.....</b>	<b>1,626.1</b>	<b>1,318.5</b>	<b>1,690.6</b>	<b>1,960.8</b>	<b>2,160.7</b>	<b>2,197.6</b>
Supplies .....	(1,028.3)	(767.4)	(998.3)	(1,177.0)	(1,286.9)	(1,325.3)
Staff costs .....	(287.7)	(268.8)	(291.5)	(319.4)	(386.7)	(398.5)
Depreciation and amortization expense .....	(100.4)	(93.8)	(98.8)	(99.8)	(108.5)	(102.2)
Change in trade provisions .....	(4.4)	(2.9)	0.1	(1.1)	(1.1)	(0.2)
Other operating expenses.....	(222.5)	(191.6)	(241.8)	(285.4)	(298.0)	(286.5)
Less-own work capitalized .....	45.2	26.5	24.8	31.7	36.2	51.2
<b>Profit for the year from continuing operations.....</b>	<b>28.1</b>	<b>20.5</b>	<b>85.0</b>	<b>109.9</b>	<b>115.8</b>	<b>136.1</b>
Finance income.....	4.5	5.5	4.5	9.4	6.8	5.1
Finance costs .....	(31.4)	(28.6)	(31.6)	(36.8)	(39.0)	(36.3)
Net fair value gain/(loss) on financial instruments .....	—	—	—	—	(4.1)	(4.7)
Exchange differences.....	2.4	(5.4)	0.5	1.2	5.8	(3.5)
Impairment and gains/(losses) on disposal of financial instruments .....	—	—	—	—	0.6	13.3
<b>Net finance income/(cost) .....</b>	<b>(24.6)</b>	<b>(28.5)</b>	<b>(26.6)</b>	<b>(26.2)</b>	<b>(29.9)</b>	<b>(26.2)</b>
Net impairment losses on non-current assets ....	(14.0)	(6.2)	(12.7)	(8.0)	(10.0)	(7.1)
Gain/(loss) on disposals of non-current assets ..	0.2	—	(2.2)	(2.9)	(1.7)	(0.7)
Negative consolidation difference .....	0.6	—	—	—	—	—
Profit/(loss) on the loss of control of consolidated holdings .....	—	—	(8.5)	—	—	—
Investments available for sale taken to profit and loss for the year .....	—	—	10.3	—	—	—
Profit of companies accounted for using the equity method.....	0.4	0.6	2.5	3.1	2.7	1.5
<b>Profit before tax .....</b>	<b>(9.3)</b>	<b>(13.6)</b>	<b>47.8</b>	<b>76.0</b>	<b>76.9</b>	<b>103.5</b>
Corporate income tax.....	0.8	(7.3)	(19.9)	(25.6)	(27.6)	(37.0)
<b>Consolidated profit for the year .....</b>	<b>(8.6)</b>	<b>(20.9)</b>	<b>28.0</b>	<b>50.3</b>	<b>49.3</b>	<b>66.6</b>
Attributable to non-controlling interests .....	(1.2)	(4.4)	(9.7)	(10.3)	(7.7)	(10.7)
<b>Attributable to shareholders of the Company .....</b>	<b>(9.8)</b>	<b>(25.3)</b>	<b>18.3</b>	<b>40.1</b>	<b>41.6</b>	<b>55.9</b>

As of December 31,						
2008	2009	2010	2011	2012	2013	
(in millions of €)						



**Consolidated Statement of Financial Position:****Non-current assets:**

Intangible assets.....	159.1	154.2	143.0	136.2	194.6	199.4
Property, plant and equipment.....	426.8	409.2	401.1	405.9	448.5	428.6
Other non-current assets <sup>(1)</sup> .....	141.1	132.6	115.3	128.5	135.4	108.7
<b>Total non-current assets</b> .....	<b>727.0</b>	<b>696.0</b>	<b>659.4</b>	<b>670.6</b>	<b>778.5</b>	<b>736.8</b>

**Current assets:**

Inventories.....	188.6	172.1	175.9	193.5	242.9	262.8
Trade and other receivables.....	185.7	221.1	219.4	261.0	241.0	237.4
Cash and bank balances.....	89.9	115.3	207.3	190.0	210.4	170.5
Other current assets <sup>(2)</sup> .....	6.1	2.4	1.9	11.0	8.1	3.8
<b>Total current assets</b> .....	<b>470.3</b>	<b>510.9</b>	<b>604.5</b>	<b>655.5</b>	<b>702.4</b>	<b>674.5</b>

<b>Total assets</b> .....	<b>1,197.3</b>	<b>1,206.9</b>	<b>1,263.9</b>	<b>1,326.1</b>	<b>1,480.9</b>	<b>1,411.3</b>
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<b>Total equity</b> .....	<b>297.8</b>	<b>265.8</b>	<b>302.7</b>	<b>330.3</b>	<b>347.7</b>	<b>238.5</b>
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**Non-current liabilities:**

Bank borrowings and debentures or other marketable securities.....	358.9	317.5	327.2	341.2	386.6	487.5
Other non-current liabilities <sup>(3)</sup> .....	62.0	86.0	89.5	91.2	110.4	100.4
<b>Total non-current liabilities</b> .....	<b>420.9</b>	<b>403.5</b>	<b>416.7</b>	<b>432.4</b>	<b>497.0</b>	<b>587.9</b>

**Current liabilities:**

Bank borrowings and debentures or other marketable securities.....	81.8	110.9	111.4	96.5	120.1	54.2
Trade and other payables.....	319.2	350.9	364.5	377.1	400.8	421.6
Other current liabilities <sup>(4)</sup> .....	77.6	75.8	68.6	89.7	115.4	109.1
<b>Total current liabilities</b> .....	<b>478.6</b>	<b>537.6</b>	<b>544.5</b>	<b>563.3</b>	<b>636.3</b>	<b>584.9</b>

<b>Total equity and liabilities</b> .....	<b>1,197.3</b>	<b>1,206.9</b>	<b>1,263.9</b>	<b>1,326.1</b>	<b>1,480.9</b>	<b>1,411.3</b>
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(1) Other non-current assets comprises investment property, investment in companies accounted for using the equity method, non-current financial assets and deferred tax assets (and goodwill as of December 31, 2008, 2009 and 2010).

(2) Other current assets comprises non-current assets held for sale and other current financial assets.

(3) Other non-current liabilities comprises grants, non-current provisions, derivatives, other financial liabilities and deferred tax liabilities.

(4) Other current liabilities comprises short term debt owed to associated companies, other financial liabilities, taxes and social security contributions, refundable current tax liabilities, current provisions and other current liabilities.

**Year ended December 31,**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
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(in millions of €)

**Consolidated Cash Flow Information:**

Consolidated profit for the year before tax.....	(9.3)	(13.6)	47.8	76.0	76.9	103.5
Corporate income tax paid.....	(19.0)	(0.7)	(8.9)	(21.3)	(25.9)	(33.7)
Depreciation and amortization expenses.....	100.4	93.9	98.8	99.8	108.3	102.2
Finance income and expense <sup>(1)</sup> .....	24.6	28.5	26.6	26.2	29.9	26.2
(Increase)/decrease in working capital <sup>(2)</sup> .....	(44.3)	4.4	2.0	(36.2)	15.4	(4.2)
Other cash generated by/(used in) operating activities <sup>(3)</sup> .....	2.9	19.7	7.1	(1.7)	2.3	2.0

<b>Net cash generated by/(used in) operating activities</b> .....	<b>55.3</b>	<b>132.2</b>	<b>173.4</b>	<b>142.8</b>	<b>206.9</b>	<b>196.0</b>
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Property, plant and equipment.....	(106.6)	(59.1)	(55.1)	(83.8)	(82.6)	(76.8)
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Intangible assets.....	(44.8)	(34.2)	(30.1)	(33.2)	(38.3)	(43.6)
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Group and associated companies.....	—	—	—	(0.1)	(70.4)	(3.3)
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Other cash generated by/(used in) investing activities <sup>(4)</sup> .....	1.3	17.5	15.6	(8.4)	10.5	29.7
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<b>Net cash generated by/(used in) investing activities</b> .....	<b>(150.1)</b>	<b>(75.7)</b>	<b>(69.6)</b>	<b>(125.5)</b>	<b>(180.9)</b>	<b>(94.0)</b>
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<b>Adjusted cash flow available for debt service</b> <sup>(5)</sup> .....	<b>(94.8)</b>	<b>56.5</b>	<b>103.8</b>	<b>17.3</b>	<b>26.0</b>	<b>102.0</b>
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Net cash generated by/(used in) financing activities.....	(36.9)	(31.1)	(11.8)	(34.7)	(5.5)	(142.0)
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<b>Net increase/(decrease) in cash and bank balances</b> .....	<b>(131.7)</b>	<b>25.4</b>	<b>92.0</b>	<b>(17.4)</b>	<b>20.5</b>	<b>(40.0)</b>
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(1) For the purposes of consistency with the figures shown in earlier periods, finance income and expense for the year ended December 31, 2013 includes €4.7 million of net fair value gain on financial instruments.

(2) (Increase)/decrease in working capital includes any increases or decreases in trade and other receivables, inventories, other current assets, trade and other payables and other current liabilities. See “Operating and Financial Review and Prospects—Historical cash flows” for more information.

(3) Other cash generated by/(used in) operating activities include allocation to/(reversal of) current provisions, allocation to/(reversal of) non-current provisions, capital grants and other grants taken to income, net impairment loss on non-current assets, gain/(loss) on disposal of non-current assets, net fair value gain/(loss) on financial instruments (except for the year ended December 31, 2013), profit of companies

accounted for using the equity method, capital grants received/(repaid), payments of provisions and unrealized exchange differences and other items. See “Operating and Financial Review and Prospects—Historical cash flows” for more information.

- (4) Other cash generated by/(used in) investing activities includes non-current financial assets, dividends received from investments, group companies and joint ventures (for the year ended December 31, 2008) and associates (for the years ended December 31, 2008, 2009 and 2010), as well as cash generated by the disposal of property, plant and equipment, non-current financial assets, current financial assets and non-current assets held for sale. See “Operating and Financial Review and Prospects—Historical cash flows” for more information.
- (5) Adjusted cash flow available for debt service represents net cash generated by/(used in) operating activities, less net cash generated by/(used in) investing activities.

## Selected Segmental Information

The following table shows selected financial information on a segmental basis for the periods indicated.

	<b>For the year ended December 31,</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>(in millions of €, except for percentages)</b>		
<b>Revenue</b>			
Headliners.....	922.5	1,052.3	1,084.5
Doors.....	728.7	735.1	727.1
Seating.....	223.7	181.3	185.6
Lighting.....	—	117.0	130.3
Other <sup>(1)</sup> .....	1.0	1.2	0.7
<b>Total.....</b>	<b>1,876.0</b>	<b>2,087.0</b>	<b>2,128.2</b>
<b>EBITDA</b>			
Headliners.....	80.7	93.0	103.8
Doors.....	98.3	86.2	94.7
Seating.....	28.4	22.4	19.6
Lighting.....	—	16.0	20.8
Other <sup>(1)</sup> .....	2.3	6.7	(0.6)
<b>Total.....</b>	<b>209.7</b>	<b>224.3</b>	<b>238.2</b>
<b>EBITDA Margin</b>			
Headliners.....	8.7%	8.8%	9.6%
Doors.....	13.5%	11.7%	13.0%
Seating.....	12.7%	12.4%	10.6%
Lighting.....	—	13.7%	16.0%
<b>Total.....</b>	<b>11.2%</b>	<b>10.7%</b>	<b>11.2%</b>
<b>Operating Profit</b>			
Headliners.....	45.1	55.8	68.7
Doors.....	51.4	41.0	52.0
Seating.....	15.3	9.0	8.6
Lighting.....	—	11.6	15.0
Other <sup>(1)</sup> .....	(2.1)	(1.6)	(8.3)
<b>Total.....</b>	<b>109.9</b>	<b>115.8</b>	<b>136.0</b>

- (1) Other is not a primary business segment and its operations support our primary business segments, it is included here for the purposes of reconciliation and we do not consider it material. Other includes a wide range of results generated mainly in Grupo Antolín-Ingeniería, S.A.U, TCOs and consolidated pricing adjustments.

## OPERATING AND FINANCIAL REVIEW AND PROSPECTS

*You should read the following discussion together with our consolidated financial statements included elsewhere in this offering memorandum. The financial data in this discussion of our results of operations and financial condition as of and for the years ended December 31, 2013, 2012 and 2011. The financial data in this discussion of our results of operations and financial condition as of and for the years ended December 31, 2013, 2012 and 2011 has been derived from the audited consolidated financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2013, 2012 and 2011 prepared in accordance with IFRS. Certain monetary amounts, percentages and other figures included in this offering memorandum have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be the arithmetic aggregation of the figures that precede them, and figures expressed as percentages in the text may not total 100% or, as applicable, when aggregated may not be the arithmetic aggregation of the percentages that precede them.*

*You should read the following discussion together with the sections entitled “Selected Consolidated Financial and Other Information”, “Risk Factors”, “Forward Looking Statements” and “Presentation of Financial Information”.*

### Our company

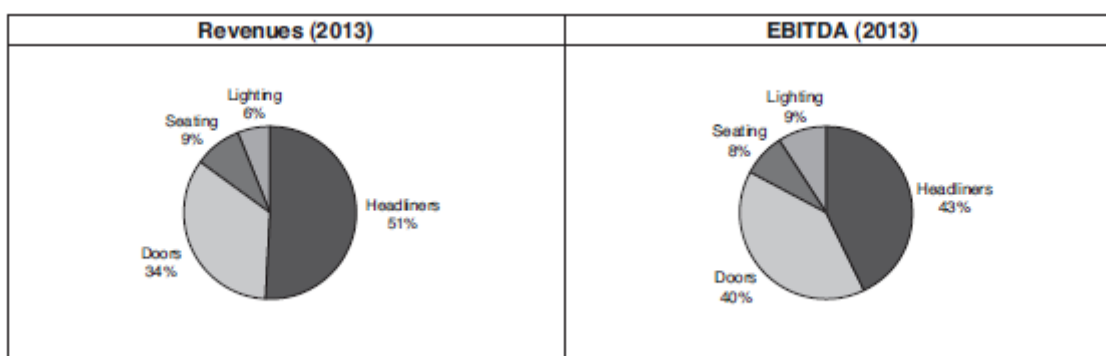
We are a leading Tier 1 player in the design, development, manufacturing and supply of automotive interior components, offering multi-technology solutions for overhead systems (or headliners), doors and interior plastics, seating and lighting systems for sale to OEMs. We have a geographically diversified platform of more than 120 manufacturing plants and JITs assembly and sequencing facilities, as well as 25 TCOs in 25 countries worldwide as of December 31, 2013. We supplied our products globally to the top 15 OEMs by production volume in 2013. We provided components for over 300 different models and we believe we supplied approximately one out of every four vehicles manufactured worldwide. Our product, geographical and customer diversification allows us to take advantage of global growth opportunities, in particular our presence in APAC, North America, Mercosur and Eastern Europe, which in the past has mitigated the impact of regional production fluctuations on our business during economic downturns. We are headquartered in Burgos, Spain and the average number of employees working for us in 2013, was 13,746. Our revenue and EBITDA for the year ended December 31, 2013 amounted to €2,128.2 million and €238.2 million, respectively. We are wholly-owned by the Antolín family, who is committed to our business.

We organize our activities around our four business segments:

- **Overhead systems (“Headliners”):** We believe we are a leader in the manufacturing of headliner modular solutions, incorporating acoustic, safety, panoramic and lighting functionalities. We cover all the product spectrum for overhead systems, from the headliner substrate to more complex modular systems, including panoramic systems incorporating glass roof modules and panoramic windshields and lighted headliners. Furthermore, the integration of sunvisors into the overhead system is an important aspect of this business segment. In the period between the year ended December 31, 2009 and the year ended December 31, 2013, the EBITDA in our headliners segment has tripled, with our EBITDA margin increasing to 9.6% for the year ended December 31, 2013, compared to 6.2% for the year ended December 31, 2009. The percentage of our revenue attributed to our headliners segment amounted to 51.0% for the year ended December 31, 2013. We use key technologies for headliner substrates and benefit from full vertical integration, from the core polyurethane foam production to the final assembly of the overhead systems. In 2013, we believe we were a leader in overhead systems with 23% of the global market share.
- **Doors and interior plastics (“Doors”):** We have expertise in the manufacturing and supply of a wide range of door panels, pillars, trim inserts and trays for door systems. We produce a wide range of specialized plastic parts, some of them with weight reduction and environmentally-friendly properties. We produce an extensive range of door mechanisms, from window regulators to complex modules. We also produce metal structures and profiles with our own rolling and stamping technology. In 2013, we believe we were a leading producer in Europe with a market share of 7% in door panels and a market share of 12% in window regulators, and a leading producer of door panels and window regulators in the Mercosur region with a 12% market share in door panels and a 22% market share in window regulators.
- **Seating:** We develop and manufacture high added value light-weight seats for MPVs, LCVs and vans. Our seating product portfolio comprises our in-house developed automatic anchorage seats which we market under our Drop&Go brand, fold-into-floor seats and seats and benches with integrated 3-point belts. We produce seats using magnesium and high strength steel, allowing us to reduce weight while maintaining design and functionality. Being focused in the manufacture of light-weight and innovative seats for MPVs and LCVs, which is an attractive niche sector of the broader seating market, gives us an advantage over many of our competitors, who have difficulties in innovating and investing in this range of specialized products.

- **Lighting:** We believe we were the leading manufacturer of interior automotive lighting components in Europe, with a 26% market share of overhead front consoles in 2013. Our lighting product portfolio comprises interior solutions based on LEDs, including consoles, multi-purpose lamps, ambient lighting, electronics/smart lighting and exterior solutions such as DRL, direction, position and license plate indicators and CHMSL. We are one of the few suppliers which benefit from full vertical integration in the production of lighting components, from the manufacture of plastic parts, to the electronics and the light function. The potential integration of lighting elements with other interior automotive components increasingly offers synergies with our other business lines as lighting is incorporated in door paneling and overhead systems, allowing us to offer our customers an integrated and innovative range of customized interior solutions, which we believe gives us an additional competitive advantage over other players in our industry.

We are a leading integrated provider of interior trim solutions, with a long-standing industrial tradition of over 60 years, present throughout each phase of the entire production cycle in each of our segments: product conception, design, validation, industrial process, assembly and sequenced delivery of the product. For the year ended December 31, 2013, our revenue was € 2,128.2 million and our EBITDA was €238.2 million. Our revenues and EBITDA per business segment for the year ended December 31, 2013 are as follows:



We believe that our financial and operational success and stability have been, and continue to be, driven by our strategic, customer focused geographical growth and diversified revenue streams, as well as our manufacturing, process, design and technological expertise. We believe that these factors have allowed us to achieve our position as a leading global supplier in the automotive industry, with high strategic importance to many of the largest OEMs.

### **Segment reporting**

Our Group is presently organized into four business segments: headliners, doors, seating and lighting. Our primary basis of segment reporting is by business division, which reflects the management structure of our business, our system of internal financial reporting. We report net turnover, other net operating expenses/income, EBITDA, depreciation and amortization, EBIT, investments in intangible assets, capital expenditures on property, plant and equipment, assets and liabilities attributable to the segment.

### **Key factors affecting our results of operations**

We believe that the following factors impact our results of operations:

- **Acquisition of CML Innovative Technologies**

On January 10, 2012, we acquired 100% of the share capital of CML for €74.4 million to complement our existing activities in the field of interior automotive lighting systems. CML is a supplier that specializes in manufacturing lighting systems for motor vehicles and is based in Besançon (France). CML has two R&D centers and seven production units located in Germany, France, the Czech Republic, the United Kingdom, Romania and China. CML, recorded net revenue of more than €130.3 million and €117.0 million for the years ended 2013 and 2012, respectively and an EBITDA of €20.8 million and €16.0 million for the years ended 2013 and 2012, respectively. We combined CML with our existing lighting segment, which together employed over 950 people as of December 31, 2013.

There were no disposals which had a significant effect on our financial results in the years ended December 31, 2013, 2012 and 2011.

- **Capital expenditure**

Our capital expenditure is incurred primarily in connection with the acquisition or construction of new plants, including the purchase of tooling and other equipment for new or existing plants, as well as R&D expenses. Our business involves significant capital expenditure both on material fixed assets such as property, plant and equipment and on intangible assets mainly linked to R&D. Capital expenditure is essential to maintain our long-term relationships with our clients, which are based on our capacity to offer technologically advanced interior automotive solutions at competitive prices. Capital expenditure on intangible assets is related to innovation in design and materials, so that our products contribute to the perceived value in the interior of the vehicle. Once a project is ongoing, maintenance capital expenditure is limited and somewhat predictable. When new programs or vehicle models are required, usually at the end of a vehicle cycle, “renewal” or “replacement” capital expenditure is required in order to adapt existing infrastructure to accommodate new assembly and process design, usually at levels significantly below the expenditure required to create the capacity in the first place. For the year ended December 31, 2013, we had capital expenditures in property, plant and equipment of €76.8 million and capital expenditures in intangible assets of €43.6 million.

In 2013, we initiated the building and equipping of the production plants in Sibiu, Romania with an investment of €5.0 million, Kansas, US with an investment of €5.2 million and Valencia, Spain with an investment of €7.4 million in a plant owned by Grupo Antolín-Valplas, S.A.U. We have also expanded the production plants of our consolidated subsidiary companies in Liberec and Ostrava, in the Czech Republic.

Capitalized development expenses amounted to 92.3% of our intangible assets as of December 31, 2013. Among the main additions to development expenses in 2013 were projects including, “Daimler VS20”, “Citroën B78”, “Renault Edison”, “Ford V363NA”, “Golf Plus W379” and “Skoda A7”. The costs incurred in each development project are capitalized when the following conditions are met: (i) the development cost of the asset can be assessed reliably; (ii) the costs are specifically itemized for each project and correspond to an identifiable asset; (iii) we can prove that the project is technically viable; and (iv) the project is likely to generate profits in the future.

Once the projects are completed and go into production, capitalized development expenses begin to be amortized. Capitalized development expenses are mostly amortized on a straight-line basis over the estimated useful lives of the projects.

- ***Global automotive market***

We operate within the global automotive equipment sector and our business growth is entirely driven by trends in the global automobile market. The cycles of the global automotive industry, which are correlated with general global macroeconomic conditions, impact our OEM customers’ production requirements and consequently impact the volume of purchases of our products by our OEM customers. With increased economic activity in our growth markets and recovery in our more traditional markets, we have experienced and expect to experience increased vehicle production levels, with a consequent increase in the demand for our products and a positive impact on our revenues with slower economic growth having the opposite effect.

- ***Diversification***

Our strong geographic, customer and product diversification has had the effect of reducing revenue volatility during the economic downturn, as well as limiting our exposure to regional business cycles. Our well-diversified customer base, which includes all of the 15 largest OEMs by production volume as of December 31, 2013, has limited our exposure to a downturn in the demand for any one OEM’s product portfolio. Regional differences in duration, timing and intensity of economic cycles, combined with the diversity of our geographic footprint, have mitigated the effects of the economic cycle on our business, limiting the impact of our exposure to the cycle in any one region or geography. Our stable revenues have allowed us to take advantage of global growth opportunities, even during the economic downturn.

The revenues received from our five largest customers, Volkswagen Group, Ford, Renault-Nissan, Fiat-Chrysler and PSA represented 75.0% of total revenues in 2013 as opposed to 74.0% of total revenues in 2012. Our geographic revenue diversification has also increased. Spain, France and the US represented the three highest revenue generating geographies and represented, 42.1% of our revenues in 2013 and 40.5% of revenues in 2012. The acquisitions and strategic incorporation of CML has generated a new business segment “lighting,” adding additional diversity to our product offering. Furthermore, our geographic diversification has limited our exposure to recent downturns, especially in Western Europe. For example, our revenue from the North America region almost doubled in the period between 2010 and 2013.

- ***Price of materials***

A significant part of our cost base consists of purchases of materials which are variable in nature. The primary materials used in our production facilities are textile fabrics, plastic injection grain, petroleum-based resins and certain metals, including steel, aluminum and copper. In recent years, the costs of materials and other supplies has represented

on average approximately 61% of our sales. Materials and other supplies, packaging and containers, replacement parts, sundry materials, add-on parts and stocks for resale are valued at the lower of cost applying the weighted average price method, and net realizable value. While prices of materials affect our revenue and costs, historically, our profit margins have not been significantly affected by changes in prices of materials. We work with a diversified group suppliers across the world. We try to obtain materials in the region in which our products are manufactured in order to minimize transportation costs. We have not experienced any significant shortages of materials and normally do not carry inventories of such materials in excess of those reasonably required to meet our production schedules. We estimate that over 41% of the value of the materials we source come from suppliers chosen by OEMs, which allows us to benefit from their enhanced negotiation power and to be automatically compensated by the applicable OEM for any increase of material costs. In addition, we estimate that approximately 8% of the value of materials we source come from suppliers who have price transfer agreements directly with our customers where costs of materials outside of certain ranges are passed onto the OEM and approximately 51% of the value of materials we source are related to customer contracts which allow us to renegotiate terms with OEMs based on increases in the costs of materials, thus helping us to minimize the impact of material price fluctuations. In situations where we renegotiate terms with OEMs in order to pass on cost increases of materials, we must bear the increased costs until the negotiations are finalized, which often takes between three and six months.

- ***Operating costs***

Staff costs have represented on average approximately 17% of our revenue between 2011 and 2013. A significant part of our staff costs are semi- variable in nature and can be adjusted to meet business needs. The predictability of our cost-base has assisted our strategic planning and has allowed us to maintain consistent profit margins. We do not have any defined benefit pension, workforce post-retirement health care benefits or employer paid post-retirement basic life insurance benefits obligations.

However, some of our subsidiaries forming part of our lighting segment have assumed commitments to pay contributions to the retirement pensions of some of their current and former employees. These commitments affect, primarily, companies located in Germany and the United Kingdom. A significant portion of these commitments has been outsourced and are covered by insurance policies or pension plans with insurance companies. We pay fixed contributions into a fund and are obliged to make additional contributions if the fund does not have sufficient assets to pay all the employees the benefits to which it has committed.

We record the present value of these defined benefit commitments as liabilities in the consolidated statement of financial position under “Non- current provisions”, net of the fair value of the assets that meet the requirements to be treated as “assets earmarked for the plan”.

The provision for pension commitments relates to the British, French and German companies of CML. The net provision as at December 31, 2013 stood at €7.8 million, comprised of €20.7 million relating to the present value of the defined benefit obligations and €12.9 million relating to the fair value of the pension assets.

- ***Vehicle cycles***

In our industry, once a project has been nominated to a preferred supplier, it is rare for an OEM to switch to another supplier, given the significant operational, technical and logistical costs of switching, particularly during the life cycle of a specific vehicle model. Vehicle models typically have long, multi-year product life cycles. Given these factors, while the actual revenues which we derive from a project ultimately depend on our OEM customers’ production volumes achieved for the respective car models, we have good visibility on mid-term revenues within a relatively small range of sensitivity.

- ***Product pricing***

During the life cycle of a contract, we are expected to achieve production efficiencies. Typically, in line with our industry practice, we pass on a portion of these production efficiencies to our customers by way of price reductions during the term of the contract. When negotiated price reductions are expected to be retroactive, we accrue for such amounts as a reduction of revenues as products are shipped. To the extent we are not able to achieve the efficiencies necessary to offset the price reductions, such price reductions negatively impact our revenues. Some pricing agreements with our customers are conditional upon achieving certain joint cost-saving targets.

- ***Seasonality***

Our business is seasonal. Our working capital requirements typically increase during the first and second quarters of the year and reduce towards the end of the year. This is due to the following factors. OEMs typically slow down vehicle production during certain portions of the year. For instance, our customers in the United States typically

slow down vehicle production during the beginning of the second half of July and August and our European customers slow down vehicle production in August, and both geographies slow down production during the holiday season in December during which they also often conduct internal maintenance and adjustments to inventory. Further, there are a fewer number of working days at the end of the year as opposed to the beginning of a year and this results in a reduction in vehicle production towards the end of such year. Also, we typically agree final due amounts with our suppliers at year-end, which are usually paid at the beginning of the following year, resulting in higher payables at year-end and significant cash outflows during January and February. Further, a significant portion of our tooling receivables balances are invoiced from our clients typically before year-end, resulting in a reduction in receivables and cash inflows at the end of the year. Our results of operations, cash flows and liquidity may therefore be impacted by these seasonal practices. However, our strong geographic, customer and product diversification allows us to take advantage of global production cycles and has mitigated the impact of regional demand fluctuations during the year on our business.

- ***Transaction and foreign exchange translation***

Our international expansion and our increasing volume of business outside of the euro-zone, exposes us to exchange rate risks in currencies such as the US dollar, the Brazilian real, the Chinese yuan, the Indian rupee, the Mexican peso, the Czech crown, the Russian ruble or the Turkish lira. In the year ended December 31, 2013, a 5% rise in the euro against currencies such as the Czech crown, the Brazilian real, the US dollar and the Mexican peso, would have reduced our net turnover by approximately €39.0 million or approximately 1.8%, and EBITDA would have decreased by approximately €4.6 million. We seek to limit our foreign exchange transaction risk by purchasing and manufacturing products in the same country where we sell to the OEMs, and by negotiating with customers and suppliers to hedge against major movements in currencies. However, the translation of foreign currencies back to the euro may have a significant impact on our revenues and financial results. Foreign exchange has an unfavorable impact on revenues when the euro is relatively strong as compared with foreign currencies and a favorable impact on revenues when the euro is relatively weak as compared with foreign currencies. The functional currency of our foreign operations is the local currency. The statements of financial position and income statements of the foreign companies included in the scope of consolidation, denominated in currencies other than the euro, were translated to euro using the “closing rate method”. All the assets, rights and obligations of these companies were translated to euro at the applicable year-end exchange rates. Their share capital and reserves were translated at their historical exchange rates. To counteract seasonal effects, the income statement items of these companies were translated to euro at the average exchange rates for the year, based on the volume of transactions performed in each period.

The exchange differences arising from the application of these methods are taken to equity under “Remeasurements-Exchange differences” in the consolidated statement of financial position, net of the portion of these differences corresponding to non-controlling interests, which is taken to equity under “Non-controlling interests” in the consolidated statement of financial position. Such translation differences are recognized as income or as expense in the year in which the investment is made or divested. Usually, we do not enter into foreign-currency swap agreements or forward contracts.

### **Principal income statement account items**

The following is a brief description of the revenue and expenses that are included in the line items of our consolidated income statement accounts.

#### ***Revenue***

Revenue is measured at the fair value of the consideration received and represents the amounts received or receivable for the goods and services provided in the normal course of business, net of discounts, value added tax and other recoverable sales-related taxes. Where it is doubtful as to whether the revenues will be collected, recognition is deferred until they are effectively collected. Revenue includes revenue on sales of products and ordinary revenue from the provision of services.

#### ***Changes in inventories of finished goods and work in progress***

We value our inventories as follows:

Materials and other supplies, packaging and containers, replacement parts, sundry materials, add-on parts and stocks for resale, are valued at the lower of cost applying the weighted average price method and net realizable value.

Finished goods, semi-finished goods and work-in-process are stated at the lower of real average production cost (materials used, labor and direct and indirect manufacturing expenses) and net realizable value.

Tools for new projects, which are developed and manufactured by us to be sold later on to our customers, are stated at the lower of either the costs incurred to manufacture them, as and when they are incurred, and their estimated net realizable value.

Net realizable value corresponds to the estimated selling price less the estimated costs of completing the products and the costs to be incurred in the marketing, selling and distribution.

Obsolete, defective or slow-moving inventories are reduced to their realizable value. In addition, if the net realizable value of the inventories is lower than the acquisition or production cost, the appropriate write-downs are recognized as an expense in the consolidated income statement for the year.

#### ***Capital grants and other grants taken to income***

Official grants related to property, plant and equipment are recognized in our consolidated statement of financial position as deferred income when we have met the relevant qualifying conditions and there are, therefore, no reasonable doubts about the grants being collected. These capital grants are taken to the consolidated income statement under “Capital grants and other grants taken to income” on a straight-line basis over the useful lives of the assets.

Grants to cover or finance our expenses are recognized once all the conditions attaching to them have been fulfilled and will be taken to income when the financed expenses are incurred.

#### ***Other operating income***

Other operating income is comprised principally of revenues on the sale of project tools, income from miscellaneous services, operating grants, income from leases of investment property, revenues from the assignment of industrial property and other revenue.

#### ***Supplies***

The amount of supplies that are used in the production process are reported in the consolidated income statement. The most significant item accounted as supply is the purchase of materials. Changes during the period in inventories of materials, goods for resale and other supplies are adjusted in the supplies account.

#### ***Staff costs***

Our staff costs include wages, salaries and similar expenses, termination benefits, employer’s social security contributions and other welfare expenses. Staff costs are primarily driven by the size of our operations, our geographical reach and customer requirements.

#### ***Depreciation and amortization expense***

Depreciation and amortization expense relates mainly to the annual depreciation charges on property, plant, equipment and capitalized development expenses. We transfer property, plant and equipment under construction to property, plant and equipment used in operations when the assets in question become operational, from which time depreciation is charged. Property, plant and equipment used in operations are depreciated on a straight-line basis, based on the acquisition or production cost of the assets or their restated value, less their residual value. The land on which buildings and other constructions are located is deemed to have an indefinite lifespan and is therefore not subject to depreciation. Annual depreciation charges on property, plant and equipment are charged to “Depreciation and amortization expense” in the consolidated income statement over the average estimated useful life of the assets. Capitalized development expenses are generally amortized on a straight-line basis over the estimated useful lives of the projects as from the date the related projects are completed.

#### ***Other operating expenses***

Our other operating expenses relate to the rental cost of leased buildings, maintenance and upkeep, other external services, taxes and levies, impairment of accounts receivable and application of non-current provisions.

#### ***Net finance income/(cost)***

Net finance income/(cost) primarily consists of finance income, finance costs, net fair value gain/(loss) on financial instruments, exchange differences and impairment and gains/(losses) on disposal of financial instruments.



### ***Profit before tax***

Profit before tax primarily includes net impairment loss on non-current assets, profits or losses from disposal of assets, gain/(losses) on disposal of non-current assets, profits from business combinations and profit of companies accounted for using the equity method.

### ***Corporate income tax***

The Company and all of its consolidated Spanish subsidiaries domiciled in Spanish “common territory” in which it has holdings of 75% or more file consolidated corporation tax returns.

The income tax expense is calculated as the tax payable with respect to the taxable profit for the year, after considering any changes in the assets and liabilities recognized arising from temporary differences and from tax credit and tax loss carry forwards.

We consider that a timing difference exists when there is a difference between the carrying amount of an asset or liability and its tax base. The tax base for assets and liabilities is treated as the amount attributed to it for tax purposes. A taxable timing difference is understood to be a difference that will generate a future obligation for us to pay taxes to the related tax authorities. A deductible timing difference is one that will generate a right for us to a refund or to make a lower payment to the related tax authorities in the future.

Tax credits and deductions and tax loss carry forwards are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the conditions for doing so established in tax regulations are met, provided that we consider it probable that they will be used in future periods.

Current tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities within twelve months from the date they are recognized. Deferred tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities in future years.

Deferred tax liabilities are recognized for all taxable temporary differences. In this regard, a deferred tax liability is recognized for the taxable timing differences resulting from investments in subsidiary companies and associate companies, and from holdings in joint ventures, except when we can control the reversal of the timing differences and they are not expected to be reversed in the foreseeable future.

The consolidated companies only recognize deferred tax assets arising from deductible temporary differences and from tax credit and tax loss carry forwards to the extent that it is probable that they will have sufficient future taxable profits against which these assets can be utilized.

Deferred tax assets and liabilities are not recognized if they arise from the initial recognition of an asset or liability (other than in a business combination) that at the time of recognition affects neither accounting profit nor taxable profit. The deferred tax assets and liabilities recognized are reassessed each year in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

### ***Consolidated profit for the year attributable to non-controlling interests***

Our consolidated results include entities in which we have a non-controlling interest. See note 13 to our consolidated financial statements for the years ended December 31, 2013 and December 31, 2012 and note 12 to our consolidated financial statements for the years ended December 31, 2011, included elsewhere in this offering memorandum for a description of the entities in which we had a non-controlling interest during the period.

### ***Principal segmental account items***

#### ***Net turnover***

Net turnover refers to the incomes related to the sale of components and the services provided to OEMs in the normal course of business, net of discounts, VAT and other recoverable sales-related taxes.

#### ***Other operating (expenses)/ income, net***

Other operating (expenses)/income, net refers to and includes all expenses necessary to produce the goods sold and the services provided to our customers, excluding financial expenses, impairments on assets and results coming from asset disposals.

***EBITDA***

EBITDA is the result of adding our operating profit to the depreciation and amortization expense.

***Depreciation and amortisation***

Refers to the amount recognized in our income statement under this concept reflecting the loss of value of the tangible and intangible assets on a straight-line basis over the estimated useful life of the asset.

***Operating Profit/(loss) (EBIT)***

It is the difference between the net turnover and other operating (expenses)/income, net.

## Year ended December 31, 2013 compared to year ended December 31, 2012

### Group results of operations

The table below sets out our results of operations for the year ended December 31, 2013, compared to the year ended December 31, 2012.

	Year ended December 31,		% change
	2012	2013	
	(in millions of €)		
<b>Consolidated Income Statement Data:</b>			
Revenue .....	2,087.0	2,128.2	2.0
Changes in inventories of finished goods and work in progress .....	8.3	3.4	(59.0)
Capital grants and other grants taken to income .....	2.2	1.3	(40.9)
Other operating income .....	63.2	64.7	(2.4)
<b>Total operating income.....</b>	<b>2,160.7</b>	<b>2,197.6</b>	<b>1.7</b>
Supplies .....	(1,286.9)	(1,325.3)	3.0
Staff costs .....	(386.7)	(398.5)	3.1
Depreciation and amortization expense .....	(108.3)	(102.2)	(5.6)
Change in trade provisions .....	(1.1)	(0.2)	NM
Other operating expenses.....	(298.0)	(286.5)	(3.9)
Less-own work capitalized .....	36.2	51.2	41.4
<b>Profit for the year from continuing operations .....</b>	<b>115.8</b>	<b>136.1</b>	<b>17.5</b>
Finance income.....	6.8	5.1	(25.0)
Finance costs .....	(39.0)	(36.3)	(6.9)
Net fair value gain/(loss) on financial instruments .....	(4.1)	(4.7)	14.6
Exchange differences.....	5.8	(3.5)	NM
Impairment and gains/(losses) on disposal of financial instruments .....	0.6	13.3	NM
<b>Net finance income/(cost) .....</b>	<b>(29.9)</b>	<b>(26.2)</b>	<b>(12.4)</b>
Net impairment losses on non-current assets .....	(10.0)	(7.1)	(29.0)
Gain/(loss) on disposals of non-current assets .....	(1.7)	(0.7)	(58.8)
Profit of companies consolidated using the equity method.....	2.7	1.5	(44.4)
<b>Profit before tax .....</b>	<b>76.9</b>	<b>103.5</b>	<b>34.6</b>
Corporate income tax.....	(27.6)	(37.0)	34.1
<b>Consolidated profit for the year .....</b>	<b>49.3</b>	<b>66.6</b>	<b>35.1</b>

### Revenue

Revenue increased by €41.2 million, or 2.0%, to €2,128.2 million in 2013 from €2,087.0 million in 2012. The increase in revenue was primarily attributable to the further expansion of our business in markets in North America and APAC, offsetting a declining performance in markets located in Western Europe and Mercosur region and the impact of a weaker US dollar. Revenues generated in North America and APAC increased by 9.9% and 25.2%, respectively. Our revenues generated in Europe decreased by 3.4%, mainly as a result of the conclusion of certain project in our door segment. Our lighting and headliners segments had revenue increases of 11.4% and 3.1%, respectively.

By geographic market, the increase in revenue was principally due to a 25.2% and 9.9% increase in revenues in APAC and North America, respectively, particularly in China and the US, where production volumes increased. This trend was offset by a decrease of our revenue in Europe.

The greatest increases in sales to our OEMs in 2013 were to Ford and Daimler, particularly in North America and APAC.

### Other operating income

Revenues on the sale of project tools decreased by €1.6 million, or 9.8%, to €14.7 million in 2013 from €16.3 million in 2012. This decrease was primarily due to a decrease in the number of projects and the profit on tooling per project which were invoiced at the year end and authorized by our customers. We record the revenue arising from the sale of these tools once the tools have been technically approved and title has been transferred to the customer or when mass production of the products with these tools is underway.

Income from miscellaneous services increased by €5.4 million, or 21.3%, to €30.7 million in 2013 from €25.3 million in 2012. This increase was primarily due to invoicing of prototypes from our subsidiary Grupo Antolín-Deutschland, GmbH to Volkswagen Group in connection with the project "Door Panel VW B8" and certain services invoiced from Grupo Antolín-Leamington, Ltd. to Jaguar Land Rover.

### ***Supplies***

Supplies increased by €38.4 million, or 3.0%, to €1,325.3 million in 2013 from €1,286.9 million in 2012. The increase in supplies was primarily attributable to the growth of our North American business, particularly in relation to the number of headliners and door modules sold in North America, which resulted in an increase in the modular components we had to source for the manufacturing of headliners and door modules.

### ***Staff costs***

Staff costs increased by €11.8 million, or 3.1%, to €398.6 million in 2013 from €386.7 million in 2012. The increase in staff costs was primarily attributable to an increase in our consolidated workforce by approximately 200 people. We primarily increased the number of employees in North America and APAC, but certain companies in Europe and several companies belonging to our lighting segment also saw an increased number of employees.

### ***EBITDA***

EBITDA increased by €13.9 million, or 6.2%, to €238.2 million in 2013 from €224.3 million in 2012. The increase in EBITDA was primarily attributable to increased revenues generated in North America and APAC. EBITDA generated in North America and APAC increased by €5.1 million and €12.3 million, respectively. EBITDA generated in Europe decreased by €3.7 million and EBITDA generated in Mercosur decreased by €1.0 million. The increase in EBITDA is mainly due to growth in our headliner segment and its geographical success in North America and APAC, as well as growth in our lighting segment due to new projects in Europe and China.

EBITDA margin increased by 0.5 percentage points to 11.2% in 2013 from 10.7% in 2012. The increase in EBITDA margin was primarily attributable to the increase in sales and its positive effect on our fixed cost structure, especially in North America and APAC.

### ***Depreciation and amortization expense***

Depreciation and amortization expense decreased by €6.3 million, or 5.8%, to €102.2 million in 2013 from €108.5 million in 2012. The decrease in depreciation and amortization expense was primarily attributable to impairments made in 2012 on intangible assets and property, plant and equipment related to projects of certain companies (such as Grupo Antolín-Cambrai, S.A.S., Grupo Antolín Lusitânia—Componentes Automóvel, S.A. and Grupo Antolín-Turnov, s.r.o.). This decrease is also due to the fact that concluding projects in our seating segment can be used in new replacement projects such as “Daimler VS20” and “PSA KO” project.

### ***Other operating expenses***

Other operating expenses decreased by €11.5 million, or 3.9%, to €286.5 million in 2013 from €298.0 million in 2012. The decrease in other operating expenses was primarily attributable to the decrease in other operating expenses attributable to a reclassification with regard to Antolin Shanghai Autoparts Co., Ltd.’s TCOs treatment of certain expenses. Additionally, there has been a significant reduction in expenses in quality industrial services, consulting services, research services and transportation in certain companies. In 2012, all these expenses were higher in companies with industrial inefficiencies such as Trimtec, Grupo Antolín-Bohemia, a.s. and Grupo Antolín-Saint Petersburg. Due to the improvements made during 2013 in these companies such expenses have been reduced.

### ***Profit for the year from continuing operations***

Profit for the year from continuing operations increased by €20.3 million, or 17.5%, to €136.1 million in 2013 from €115.8 million in 2012. The increase in profit for the year from continuing operations was primarily attributable to the increase in revenues and the reduction in the fixed costs structure due to lower depreciation and amortization expense and the reduction made in other operating expenses.

### ***Net finance income/(cost)***

Net finance income/(cost) decreased by €3.7 million, or 12.4%, to €26.2 million in 2013 from €29.9 million in 2012. The decrease in net finance income/(cost) was primarily attributable to the results obtained with the disposal of financial instruments, specifically the disposal of our minority stake in CIE Automotive.

## Corporate income tax

Corporate income tax increased by €9.4 million, or 34.1%, to € 37.0 million in 2013 from €27.6 million in 2012. The increase in corporate income tax was primarily attributable to the increase of earning before taxes representing €26.6 million.

## Consolidated profit for the year

Consolidated profit for the year increased by €17.3 million, or 35.1%, to €66.6 million in 2013 from €49.3 million in 2012. The increase was primarily attributable to the increase in operating results of €20.3 million, the reduction in financial expenses in €3.7 million, lower impairment expenses and gain/loss on disposals of non-current assets of €3.8 million in impairments and higher tax expense of €9.4 million.

## Segment results of operations

### Headliners

Description:	Year ended December 31,		% change
	2012	2013	
	(in millions of €)		
Net turnover.....	1,052.3	1,084.5	3.1
Other operating (expenses)/income, net.....	(959.4)	(980.6)	2.2
<b>EBITDA.....</b>	<b>93.0</b>	<b>103.8</b>	<b>11.6</b>
Depreciation and amortization.....	(37.1)	(35.1)	(5.5)
<b>Operating profit/(loss) (EBIT).....</b>	<b>55.8</b>	<b>68.7</b>	<b>23.1</b>

*Net turnover.* Net turnover increased by €32.2 million, or 3.1%, to €1,084.5 million in 2013 from €1,052.3 million in 2012. The increase in net turnover was primarily attributable to growth in North America and APAC, offset by a decrease in net turnover of €17.2 million in Europe. Specifically, increases in revenues generated in North America and APAC represented €32.7 million and €16.2 million, respectively.

*Other operating (expenses)/income, net.* Net operating expenses increased by €21.2 million, or 2.2%, to €980.6 million in 2013 from €959.4 million in 2012. The increase in net operating expenses was primarily attributable to the increase of revenue in North America and APAC.

*EBITDA.* EBITDA increased by €10.8 million, or 11.6%, to € 103.8 million in 2013 from €93.0 million in 2012. The increase in EBITDA was primarily attributable to the increase of revenues in North America and APAC. EBITDA margin increased by 0.8 percentage points, to 9.6% in 2013 from 8.8% in 2012. The increase in EBITDA margin was primarily attributable to an increase in sales and its positive effect on our fixed cost structure.

*Depreciation and amortization.* Depreciation and amortization decreased by €2.0 million, or 5.4%, to €35.1 million in 2013 from € 37.1 million in 2012. The decrease in depreciation and amortization was primarily attributable to the conclusion of certain projects.

*Operating profit/(loss) (EBIT).* Operating profit increased by €12.9 million, or 23.1%, to €68.7 million in 2013 from €55.8 million in 2012. The increase in operating profit was primarily attributable to increased revenues in North America and APAC.

### Doors

Description:	Year ended December 31,		% change
	2012	2013	
	(in millions of €)		
Net turnover.....	735.1	727.1	(1.1)
Other operating (expenses)/income, net.....	(648.9)	(632.4)	(2.5)
<b>EBITDA.....</b>	<b>86.2</b>	<b>94.7</b>	<b>9.8</b>
Depreciation and amortization.....	(45.2)	(42.7)	(5.6)
<b>Operating profit/(loss) (EBIT).....</b>	<b>41.0</b>	<b>52.0</b>	<b>26.7</b>

*Net turnover.* Net turnover decreased by €8.0 million, or 1.1%, to €727.1 million in 2013 from €735.1 million in 2012. The decrease in net turnover was primarily attributable to a €38.4 million reduction in the revenues generated in Europe and an €11.9 million reduction in the revenues generated in Mercosur. This was partially offset by increased revenues of €17.8 million and €24.5 million generated in North America and APAC, respectively.

*Other operating (expenses)/income, net.* Net operating expenses decreased by €16.5 million, or 2.5%, to €632.4 million in 2013 from €648.9 million in 2012. The decrease in net operating expenses was primarily attributable to reduction of revenues generated in Europe.

*EBITDA.* EBITDA increased by €8.5 million, or 9.9%, to € 94.7 million in 2013 from €86.2 million in 2012. The increase in EBITDA was primarily attributable to the companies located mainly in APAC and also to companies located in North America. EBITDA margin increased by 1.3 percentage points, to 13.0% in 2013 from 11.7% in 2012. The increase in EBITDA margin was primarily attributable to increased sales in North America and APAC.

*Depreciation and amortization.* Depreciation and amortization decreased by €2.5 million, or 5.5%, to €42.7 million in 2013 from € 45.2 million in 2012. The decrease in depreciation and amortization was primarily attributable to impairment recognition in certain companies such as Grupo Antolín-Cambrai, S.A.S and Grupo Antolín-Turnov s.r.o. and also to the conclusion of certain projects. Additionally, in 2012 Grupo Antolín-Illinois, Inc. received a significant project development compensation from Fiat-Chrysler, reducing the amount of intangible assets and decreasing future amortization expense.

*Operating profit/(loss) (EBIT).* Operating profit increased by € 11.0 million, or 26.8%, to €52.0 million in 2013 from € 41.0 million in 2012. The increase in operating profit was primarily attributable to companies located in APAC and North America.

## Seats

	Year ended December 31,		% change
	2012	2013	
	(in millions of €)		
<b>Description:</b>			
Net turnover.....	181.3	185.6	2.4
Other operating (expenses)/income, net.....	(158.9)	(166.0)	4.5
<b>EBITDA.....</b>	<b>22.4</b>	<b>19.6</b>	<b>(12.5)</b>
Depreciation and amortization.....	(13.4)	(10.9)	(18.7)
<b>Operating profit/(loss) (EBIT).....</b>	<b>9.0</b>	<b>8.6</b>	<b>(4.4)</b>

*Net turnover.* Net turnover increased by €4.3 million, or 2.4%, to €185.6 million in 2013 from €181.3 million in 2012. The increase in net turnover was primarily attributable to an increase in the revenues of Grupo Antolín-Vigo, S.L.U. due to the production of a new seat project for PSA “B78 Picasso”. This increase was partially offset by a reduction in revenues generated by Grupo Antolín-Loire, S.A.S. and Grupo Antolín-Jarny, S.A.S., respectively due to the lower demand of projects for PSA and Renault-Nissan.

*Other operating (expenses)/income, net.* Net operating expenses increased by €7.1 million, or 4.5%, to €166.0 million in 2013 from €158.9 million in 2012. The increase in net operating expenses was primarily attributable to Grupo Antolín-Vigo, S.L.U. due to increased revenues and the launch of the new PSA “B78 Picasso”.

*EBITDA.* EBITDA decreased by €2.8 million, or 12.5%, to € 19.6 million in 2013 from €22.4 million in 2012. The decrease in EBITDA was primarily attributable to reduced sales by Grupo Antolín-Loire, S.A.S., Grupo Antolín-Álava, S.L.U. and Grupo Antolín-Jarny, S.A.S. in 2012, as well as the launch process of the new project of PSA “B78 Picasso” in Grupo Antolín-Vigo, S.L.U. EBITDA margin decreased by 1.9 percentage points, to 10.6% in 2013 from 12.4% in 2012. The decrease in EBITDA margin was primarily attributable to the effect of certain projects entering their final year of production with declining sales, reduced revenues in certain companies and its negative impact on our fixed cost structure.

*Depreciation and amortization.* Depreciation and amortization decreased by €2.5 million, or 18.7%, to €10.9 million in 2013 from €13.4 million in 2012. The decrease in depreciation and amortization was primarily attributable to the conclusion of certain projects and the ability to use certain affiliated assets with new replacement projects.

*Operating profit/(loss) (EBIT).* Operating profit decreased by € 0.4 million, or 4.4%, to €8.6 million in 2013 from €9.0 million in 2012. The decrease in operating profit was primarily attributable to the decrease in sales of Grupo

Antolín-Álava, S.L.U., Grupo Antolín-Loire, S.A.S. and Grupo Antolín-Jarny, S.A.S. and the negative effect on our fixed cost structure.

### Lighting

	Year ended December 31,		% change
	2012	2013	
	(in millions of €)		
<b>Description:</b>			
Net turnover.....	117.0	130.3	11.4
Other operating (expenses)/income, net.....	(101.0)	(109.6)	8.4
<b>EBITDA.....</b>	<b>16.0</b>	<b>20.8</b>	<b>30.0</b>
Depreciation and amortization.....	(4.4)	(5.8)	31.8
<b>Operating profit/(loss) (EBIT).....</b>	<b>11.6</b>	<b>15.0</b>	<b>29.3</b>

*Net turnover.* Net turnover increased by €13.3 million, or 11.4%, to €130.3 million in 2013 from €117.0 million in 2012. The increase in net turnover was primarily attributable to new projects obtained in 2013.

*Other operating (expenses)/income, net.* Net operating expenses increased by €8.6 million, or 8.5%, to €109.6 million in 2013 from €101.0 million in 2012. The increase in net operating expenses was primarily attributable to the increase of revenues in Europe and China due to new projects obtained in 2013.

*EBITDA.* EBITDA increased by €4.8 million, or 30%, to € 20.8 million in 2013 from €16.0 million in 2012. EBITDA margin increased by 2.3 percentage points, to 16.0% in 2013 from 13.7% in 2012. The increase in EBITDA margin was primarily attributable to the increase in sales and its positive effect on our fixed costs structure.

*Depreciation and amortization.* Depreciation and amortization increased by €1.4 million, or 31.8%, to €5.8 million in 2013 from € 4.4 million in 2012. The increase in depreciation and amortization was primarily attributable to new investments made in 2012 and 2013.

*Operating profit/(loss) (EBIT).* Operating profit increased by € 3.4 million, or 29.3%, to €15.0 million in 2013 from €11.6 million in 2012. The increase in operating profit was primarily attributable to the increase in revenues in Europe and China due to new projects obtained in 2013.

### Year ended December 31, 2012 compared to year ended December 31, 2011

#### Group results of operations

The table below sets out our results of operations for the year ended December 31, 2012, compared to the year ended December 31, 2011.

	Year ended December 31,		% change
	2011	2012	
	(in millions of €)		
<b>Consolidated Income Statement Data:</b>			
Revenue.....	1,876.0	2,087.0	11.2
Changes in inventories of finished goods and work in progress.....	3.2	8.3	NM
Capital grants and other grants taken to income.....	2.3	2.2	(4.3)
Other operating income.....	79.3	63.2	(20.3)
<b>Total operating income.....</b>	<b>1,960.8</b>	<b>2,160.7</b>	<b>10.2</b>
Supplies.....	(1,177.0)	(1,286.9)	9.3
Staff costs.....	(319.4)	(386.7)	21.1
Depreciation and amortization expense.....	(99.8)	(108.5)	8.7
Change in trade provisions.....	(1.1)	(1.1)	
Other operating expenses.....	(285.4)	(298.0)	4.4
Less-own work capitalized.....	31.7	36.2	14.2
<b>Profit for the year from continuing operations.....</b>	<b>109.9</b>	<b>115.8</b>	<b>5.4</b>
Finance income.....	9.4	6.8	(27.7)
Finance costs.....	(36.8)	(39.0)	6.0
Net fair value gain/(loss) on financial instruments.....	—	(4.1)	—
Exchange differences.....	1.2	5.8	NM
Impairment and gains/(losses) on disposal of financial instruments.....	—	0.6	—
<b>Net finance income/(cost).....</b>	<b>(26.2)</b>	<b>(29.9)</b>	<b>14.1</b>
Net impairment losses on non-current assets.....	(8.0)	(10.0)	25.0

Gain/(loss) on disposals of non-current assets .....	(2.9)	(1.7)	(41.4)
Profit of companies consolidated using the equity method.....	3.1	2.7	(12.9)
<b>Profit before tax .....</b>	<b>76.0</b>	<b>76.9</b>	<b>1.2</b>
Corporate income tax.....	(25.6)	(27.6)	7.8
<b>Consolidated profit for the year .....</b>	<b>50.3</b>	<b>49.3</b>	<b>(2.0)</b>

### **Revenue**

Revenue increased by €211.0 million, or 11.2%, to €2,087.0 million in 2012 from €1,876.0 million in 2011. The increase in revenue was primarily attributable to €117.0 million in revenue generated from our lighting segment as a result of our acquisition of CML in January 2012, a €129.8 million, or 14.1% increase in revenues in our overhead segment due to the strong performance in North America and APAC and our smaller exposure to the European market. This increase was offset by the negative performance of our seating business due to its higher exposure to the Western European market. Overall production volumes in Western Europe decreased due to the impact of the sovereign debt crisis in our largest OEMs. Excluding the impact on revenues derived from the acquisition of CML, revenues increased by 5% from 2011.

By geographic market, the increase in revenue was principally due to a 47.8% and 36.1% increase in revenues in APAC and North America, respectively, particularly in China and the US, where production volumes increased. This trend was offset by a decrease in sales to PSA due to declining volumes in Europe for this OEM.

The greatest increases in sales to our OEMs in 2012 were to Fiat-Chrysler, Ford and Renault-Nissan, which increased as a result of the strong performance of the North American and APAC markets. Sales to PSA decreased due to such customer's declining volumes in Europe.

### **Other operating income**

Revenues on the sale of project tools increased by €1.7 million, or 11.6%, to €16.3 million in 2012 from €14.6 million in 2011. This increase was primarily due to increases in revenues relating to the sale of project tools for recent projects and the impact in revenues on sales of project tools derived from the acquisition of CML.

Income from miscellaneous services decreased by €6.3 million, or 19.9%, to €25.3 million in 2012 from €31.6 million in 2011. This decrease was primarily due to higher invoiced amounts in 2011 in various of our subsidiaries for different concepts such as client compensations, supplier charges, services and reversal of guarantees.

As a result of the economic losses caused by a fire in March 2011, we recognized €9.2 million in income derived from the indemnity paid by our insurance company for the damage suffered and to cover the additional costs that Grupo Antolín IGA, S.A.S. had to incur to meet its commitments to deliver products to its customers. This indemnity was taken to "Other operating income" in the accompanying consolidated income statement for 2011.

Other revenue decreased by €1.2 million, or 7.9%, to €13.9 million in 2012 from €15.1 million in 2011. This decrease was primarily due to the income recognized in 2011 in Grupo Antolín-Michigan, Inc. for the ending of the "Chrysler DS Program".

### **Supplies**

Supplies increased by €109.9 million, or 9.3%, to €1,286.9 million in 2012 from €1,177.0 million in 2011. The increase in supplies was primarily attributable to the increase in our revenue and the consolidation of CML, which added €52.2 million of supply costs in 2012.

### **Staff costs**

Staff costs increased by €67.3 million, or 21.1%, to €386.7 million in 2012 from €319.4 million in 2011. The increase in staff costs was primarily attributable to the increases of wages, salaries and employer's social security contributions due to a higher average number of employees compared to the prior year and the inclusion of over 950 employees from CML.

### **EBITDA**

EBITDA increased by €14.6 million, or 7.0%, to €224.3 million in 2012 from €209.7 million in 2011. The increase in EBITDA was primarily attributable to the increase in revenues generated in North America and APAC.



EBITDA margin decreased by 0.5 percentage points, 10.7% in 2012 from 11.2% in 2011. The decrease in EBITDA margin was primarily attributable to the increase in sales in North America and APAC and its positive effect on our fixed costs structure.

### ***Depreciation and amortization expense***

Depreciation and amortization expense increased by €8.7 million, or 8.7%, to €108.5 million in 2012 from €99.8 million in 2011. The increase in depreciation and amortization expense was primarily attributable to a €4.4 million increase in depreciation expense due to the acquisition of CML and higher depreciation expense resulting from the increased asset base compared to the prior year. The main additions to our property, plant and equipment in 2012 correspond to investments to complete our production plant in Saint Petersburg, Russia.

### ***Other operating expenses***

Other operating expenses increased by €12.6 million, or 4.4%, to €298.0 million in 2012 from €285.4 million in 2011. The increase in other operating expenses was primarily attributable to the overall increase in our activity and the impact of the acquisition of CML.

### ***Profit for the year from continuing operations***

Profit for the year from continuing operations increased by €5.9 million, or 5.4%, to €115.8 million in 2012 from €109.9 million in 2011. The increase in profit for the year from continuing operations was primarily attributable to the increase in operating income attributable to our overhead and lighting segments. Excluding the impact of the acquisition of CML, profit for the year from continuing operations decreased in 2012, mainly due to the reduction in European sales volumes.

### ***Net finance income/(cost)***

Net finance costs increased by €2.7 million, or 14.1%, to €29.9 million in 2012 from €26.2 million in 2011. The increase in net finance income/(cost) was primarily attributable to a €4.9 million increase in the net financial costs due to an increase in our credit lines and to the ADE Facility as well as in relation to a €4.1 million loss related to change in fair market value of held- for-sale financial assets.

### ***Corporate income tax***

Corporate income tax increased by €2.0 million, or 7.8%, to €27.6 million in 2012 from €25.6 million in 2011. The increase in corporate income tax was primarily attributable to an increase of €5.6 million, or 7.4%, in the corporate income tax base.

### ***Consolidated profit for the year***

Consolidated profit for the year decreased by €1.0 million, or 2.0%, to €49.3 million in 2012 from €50.3 million in 2011 for the reasons described above.

## **Segment results of operations**

### ***Headliners***

	Year ended December 31,		% change
	2011	2012	
	(in millions of €)		
<b>Description:</b>			
Net turnover.....	922.5	1,052.3	14.1
Other operating (expenses)/income, net.....	(841.8)	(959.4)	14.0
<b>EBITDA.....</b>	<b>80.7</b>	<b>93.0</b>	<b>15.2</b>
Depreciation and amortization.....	(35.6)	(37.1)	4.2
<b>Operating profit/(loss) (EBIT).....</b>	<b>45.1</b>	<b>55.8</b>	<b>23.7</b>

*Net turnover.* Net turnover increased by €129.8 million, or 14.1%, to €1,052.3 million in 2012 from €922.5 million in 2011. The increase in net turnover was primarily attributable to the growth from our subsidiaries located in the United States due to higher volumes and new programs in our headliners segment as well as new operations in China.

*Other operating (expenses)/income, net.* Net operating expenses increased by €117.6 million, or 14.0%, to €959.4 million in 2012 from €841.8 million in 2011. The increase in net operating expenses was primarily attributable to the increase in sales of the segment in North America and APAC.

**EBITDA.** EBITDA increased by €12.3 million, or 15.2%, to €93.0 million in 2012 from €80.7 million in 2011. The increase in EBITDA was primarily attributable to the increase in sales and a slight improvement in EBITDA margin over net turnover, from 8.7% in 2011 to 8.8% in 2012.

**Depreciation and amortization.** Depreciation and amortization increased by €1.5 million, or 4.2%, to €37.1 million in 2012 from €35.6 million in 2011.

**Operating profit/(loss) (EBIT).** Operating profit increased by €10.7 million, or 23.7%, to €55.8 million in 2012 from €45.1 million in 2011. The increase in operating profit was primarily attributable to the increase in revenue and to an increase in EBIT margin from 4.9% in 2011 to 5.3% in 2012, due to the positive effect of such revenue increase on our fixed costs structure in North America and increasing margins in APAC due to lower staff costs and higher volumes as well as their positive effect on our fixed costs structure.

## Doors

Description:	Year ended December 31,		% change
	2011	2012	
	(in millions of €)		
Net turnover.....	728.7	735.1	0.9
Other operating (expenses)/income, net.....	(630.5)	(648.9)	2.9
<b>EBITDA.....</b>	<b>98.3</b>	<b>86.2</b>	<b>(12.3)</b>
Depreciation and amortization.....	(46.8)	(45.2)	(3.4)
<b>Operating profit/(loss) (EBIT).....</b>	<b>51.4</b>	<b>41.0</b>	<b>(20.2)</b>

**Net turnover.** Net turnover increased by €6.4 million, or 0.9%, to €735.1 million in 2012 from €728.7 million in 2011. The increase in net turnover was primarily attributable to higher demand and new projects in China and the United States, which was partially offset by a decrease in demand from Western Europe.

**Other operating (expenses)/income, net.** Net operating expenses increased by €18.4 million, or 2.9%, to €648.9 million in 2012 from €630.5 million in 2011. The increase in net operating expenses was primarily attributable to the increase in the segment's net turnover and higher operation costs in Grupo Antolín-Saint Petersburg as optimal production volumes were not yet reached in this new operation.

**EBITDA.** EBITDA decreased by €12.1 million, or 12.3%, to €86.2 million in 2012 from €98.3 million in 2011. The decrease in EBITDA was primarily attributable to the negative results in Grupo Antolín-Saint Petersburg and decreasing revenues in Western Europe. EBITDA margin decreased by 1.8 percentage points, to 11.7% in 2012 from 13.5% in 2011. The decrease in EBITDA margin was primarily attributable to the decrease in sales in Western Europe and negative results in Grupo Antolín-Saint Petersburg.

**Depreciation and amortization.** Depreciation and amortization decreased by €1.6 million, or 3.4%, to €45.2 million in 2012 from €46.8 million in 2011. The decrease in depreciation and amortization was primarily attributable to the impairments registered in 2011 in our subsidiaries, including Trimtec, Grupo Antolín-Cambrai, S.A.S and Grupo Antolín-PGA, S.A., primarily related to the impairment of intangible assets of certain projects thus reducing future expense via amortization.

**Operating profit/(loss) (EBIT).** Operating profit decreased by €10.4 million, or 20.2%, to €41.0 million in 2012 from €51.4 million in 2011. The decrease in operating profit was primarily attributable to the negative results in Grupo Antolín-Saint Petersburg and the negative effect on fixed costs of our decreasing revenue in Western Europe.

## Seats

Description:	Year ended December 31,		% change
	2011	2012	
	(in millions of €)		
Net turnover.....	223.7	181.3	(19.0)
Other operating (expenses)/income, net.....	(195.4)	(158.9)	(18.7)
<b>EBITDA.....</b>	<b>28.4</b>	<b>22.4</b>	<b>(21.1)</b>
Depreciation and amortization.....	(13.1)	(13.4)	2.3
<b>Operating profit/(loss) (EBIT).....</b>	<b>15.3</b>	<b>9.0</b>	<b>(41.2)</b>

*Net turnover.* Net turnover decreased by €42.4 million, or 19.0%, to €181.3 million in 2012 from €223.7 million in 2011. The decrease in net turnover was primarily attributable to lower demand in Europe, particularly in Spain and France, as a result of the impact of the ongoing sovereign debt crisis on certain OEMs.

*Other operating (expenses)/income, net.* Net operating expenses decreased by €36.5 million, or 18.7%, to €158.9 million in 2012 from €195.4 million in 2011. The decrease in net operating expenses was primarily attributable to the decrease in sales of the seating business segment.

*EBITDA.* EBITDA decreased by €6.0 million, or 21.1%, to €22.4 million in 2012 from €28.4 million in 2011. The decrease in EBITDA was primarily attributable to the decrease in the net turnover and the negative effect of operating leverage. Fixed costs remained stable despite such decrease in sales. EBITDA margin decreased by 0.3 percentage points, to 12.4% in 2012 from 12.7% in 2011. The decrease in EBITDA margin was primarily attributable to decreased sales and its effect on our fixed costs structure.

*Depreciation and amortization.* Depreciation and amortization increased by €0.3 million, or 2.3%, to €13.4 million in 2012 from €13.1 million in 2011. The increase in depreciation and amortization was primarily attributable to recent investments in our seat facilities.

*Operating profit/(loss) (EBIT).* Operating profit decreased by €6.3 million, or 41.2%, to €9.0 million in 2012 from €15.3 million in 2011. The decrease in operating profit was primarily attributable to our decrease in net revenue and the negative effect related to operating leverage.

## Liquidity and capital resources

### Historical cash flows

The following tables set forth our historical cash flow items for the periods indicated:

	<b>Year ended December 31,</b>		
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	(in millions of €)		
<b>Consolidated Cash Flow Information:</b>			
<b>Cash flows from operating activities:</b>			
<b>Consolidated profit for the year before taxes</b> .....	<b>76.0</b>	<b>76.9</b>	<b>103.5</b>
<b>Adjustments for:</b>			
Depreciation and amortization expenses .....	99.8	108.3	102.2
Allocation to/(reversal of) current provisions .....	(1.4)	5.0	0.6
Allocation to/(reversal of) non-current provisions .....	(1.1)	4.1	9.7
Capital grants and other grants taken to income .....	(2.3)	(2.2)	(1.3)
Finance income and expense .....	26.2	29.9	21.5
Net impairment loss on non-current assets .....	8.5	10.7	7.1
Gain/(loss) on disposal of non-current assets .....	2.9	1.7	0.7
Net fair value gain/(loss) on financial instruments .....	—	4.1	4.7
Profit of companies accounted for using the equity method .....	(3.1)	(2.7)	(1.5)
<b>Operating profit before movements in working capital</b> .....	<b>205.4</b>	<b>235.9</b>	<b>247.3</b>
(Increase)/decrease in trade and other receivables .....	(41.5)	40.7	3.6
(Increase)/decrease in inventories .....	(15.8)	(31.9)	(19.9)
(Increase)/decrease in other current assets .....	(7.3)	—	—
Increase/(decrease) in trade and other payables .....	25.7	(4.7)	15.4
Increase/(decrease) in other current liabilities .....	2.6	11.3	(3.3)
Capital grants received/(repaid), net .....	—	—	—
Payments of provisions .....	(2.3)	(7.1)	(4.6)
Unrealized exchange differences and other items .....	(2.8)	(11.4)	(8.8)
<b>Cash generated from operations</b> .....	<b>164.1</b>	<b>232.8</b>	<b>229.7</b>
Corporate income tax paid .....	(21.3)	(25.9)	(33.7)
<b>Net cash generated by/(used in) operating activities</b> .....	<b>142.8</b>	<b>206.9</b>	<b>196.0</b>
<b>Cash flows from investing activities:</b>			
<b>Dividends received</b> .....	<b>—</b>	<b>2.0</b>	<b>0.5</b>
<b>Proceeds from disposal of:</b>			
Property, plant and equipment .....	2.0	1.8	3.8
Non-current financial assets .....	1.7	3.6	22.0
Current financial assets .....	—	6.7	2.9
Non-current financial assets held for sale .....	—	—	1.5
<b>Payments for investments in:</b>			
Group and associated companies .....	(0.1)	(70.4)	(3.3)
Property, plant and equipment .....	(83.8)	(82.6)	(76.8)

Intangible assets.....	(33.2)	(38.3)	(43.6)
Investment property .....	—	—	—
Non-current financial assets.....	(11.9)	(3.6)	(1.0)
<b>Net cash generated by/(used in) investing activities .....</b>	<b>(125.5)</b>	<b>(180.9)</b>	<b>(94.0)</b>
<b>Cash flows from financing activities:</b>			
<b>Proceeds from/(payments for) equity instruments:</b>			
Returns to minority interests.....	(2.4)	(4.8)	(2.8)
<b>Proceeds from/(payments for) financial liabilities:</b>			
Repayment of syndicated loan.....	(18.1)	(31.2)	(249.7)
Proceeds from syndicated bridge loan .....	—	—	400.0
Proceeds from other bank borrowings, net .....	17.6	90.8	(115.3)
Proceeds from/(repayment of) other financial liabilities, net.....	4.6	(12.4)	(0.5)
<b>Other cash flows from financing activities:</b>			
Finance income and expense paid, net.....	(27.5)	(27.9)	(34.7)
Dividends paid and payments on other equity instrument .....	(9.0)	(20.0)	(139.0)
<b>Net cash generated by/(used in) financing activities .....</b>	<b>(34.7)</b>	<b>(5.5)</b>	<b>(142.0)</b>
<b>Net increase/(decrease) in cash and bank balances .....</b>	<b>(17.4)</b>	<b>20.5</b>	<b>(40.0)</b>
<b>Cash and bank balances at the beginning of the year .....</b>	<b>207.3</b>	<b>189.9</b>	<b>210.4</b>
<b>Cash and bank balances at the end of the year .....</b>	<b>189.9</b>	<b>210.4</b>	<b>170.5</b>

#### *Net cash generated by/(used in) operating activities*

Our net cash generated by operating activities was €196.0 million in 2013, primarily attributable to a consolidated profit for the year before taxes of €103.5 million, depreciation and amortization expenses which totaled €102.2 million, finance and income expenses of €21.5 million, payments of corporate income tax of €33.7 million and a decrease in working capital of €4.2 million.

Our net cash generated by operating activities was €206.9 million in 2012, primarily attributable to a consolidated profit for the year before taxes of €76.9 million, depreciation and amortization expenses which totaled €108.3 million, finance and income expenses of €29.9 million, payments of corporate income tax of €25.9 million and an increase in working capital of €15.4 million.

Our net cash generated by operating activities was €142.8 million in 2011, primarily attributable to our consolidated profit for the year before taxes of €76.0 million, depreciation and amortization expenses which totaled €99.8 million, finance and income expenses of €26.2 million, payments of corporate income tax of €21.3 million and an increase in working capital of €36.3 million.

#### *Net cash generated by/(used in) investing activities*

Our net cash used in investing activities was €94.0 million in 2013, primarily attributable to €76.9 million invested in property, plant and equipment, corresponding to our new plants in Sibiu, Romania, Nizhny Novgorod, Russia and Valencia, Spain, as well as investments in the expansion of existing facilities operated by CML Innovative Technologies, S.A.S., CML Technologies GmbH & Co. KG, Grupo Antolín-Bohemia, a.s., Grupo Antolín-Turnov, s.r.o., Ningbo Antolín Huaxiang Auto Parts, Co. Ltd., Grupo Antolín-Kentucky, Inc. and Grupo Antolín-Ara, S.L.U. Furthermore, we had €43.6 million invested in intangible assets in 2013, mainly due to development expenses in new projects like “Daimler VS20”, “Citroën B78”, “Renault Edison”, “Ford V363NA”, “Golf Plus W379” and “Skoda A7”.

Our net cash used in investing activities was €180.9 million in 2012, primarily attributable to the acquisition of CML and CRS (an Italian injection moulding company), the completion of the construction of the production plant belonging to Grupo Antolín-Saint Petersburg. and the extension of the production facilities in other companies in North America, Europe and China. Additionally, there is an increase related to intangible assets due to new projects such as “Renault Edison”, “Ford V363 NA” and “Ford 390”, among others.

Our net cash used in investing activities was €125.5 million in 2011, primarily attributable to €7.3 million used to acquire the factory that Grupo Antolín-Magnesio S.L.U. has in Valdorros, Spain, investments in a factory in Chrastava, Czech Republic, owned by Grupo Antolín Bohemia, a.s., in order to replace machinery that we retired in 2010, capital expenditures made in building and equipping a production plant of Grupo Antolín-Saint Petersburg. and the expansion of production in Grupo Antolín Ostrava, s.r.o.

Investments in intangible assets are related to project development expenses such as “Seat Citroen B78”, “Door Renault DHM Platform”, and “headliner Ford C344 NA”, among others.

Non-current financial assets investment is related to the acquisition by the Company in 2011 of 3.7 million shares of the financial institution “Banca Cívica” (now Caixabank, S.A.).

#### ***Net cash generated by/(used in) financing activities***

Our net cash used in financing activities were €142.0 million in 2013, primarily attributable to the expense paid of €34.7 million, an increase in our net indebtedness of €34.5 million, which was partially offset by the payment of dividends and interim dividends to the shareholders of the Company in an amount of €139.0 million, which related to the repurchase of shares in the Company by the Antolín family. See “—Liquidity”.

Our net cash used in financing activities was €5.5 million in 2012, primarily attributable to the net financial expense of €27.9 million, an increase in our net indebtedness of €47.2 million, which was partially offset by the payment of dividends to the shareholders of the Company in an amount of €20.0 million.

Our net cash used in financing activities was €34.7 million in 2011, primarily attributable to the net financial expense of €27.5 million, an increase in our net indebtedness of €4.1 million and the payment of dividends to the shareholders of the Company in an amount of €9.0 million.

#### **Liquidity**

Our principal source of liquidity is our operating cash flow, which is analyzed above. Our ability to generate cash from our operations depends on our future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive, market, regulatory and other factors, many of which are beyond our control, as well as other factors discussed in the section entitled “Risk Factors”.

Following the issuance of the notes and the repayment of certain of our long-term indebtedness, our long-term indebtedness will primarily consist of (i) the notes offered hereby, (ii) the senior term facility and the revolving credit facility made available under the Senior Facilities Agreement, (iii) the ADE Facility, (iv) certain loans granted to us by Spanish public bodies to finance R&D projects and improve competitiveness and (v) other loans and finance leases. See “Use of Proceeds” and “Description of Other Indebtedness”.

As of December 31, 2013, the cash and bank balances and other liquid assets amounted to €170.5 million.

Although we believe that our expected cash flows from operations, together with available borrowings and cash on hand, will be adequate to meet our anticipated liquidity and debt service needs, we cannot assure you that our business will generate sufficient cash flows from operations or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the notes, or to fund our other liquidity needs.

We believe that the potential risks to our liquidity include:

- a reduction in operating cash flows due to a lowering of operating profit from our operations, which could be caused by a downturn in our performance or in the industry as a whole;
- the failure or delay of our customers to make payments due to us;
- a failure to maintain low working capital requirements; and
- the need to fund expansion and other development capital expenditures.

If our future cash flows from operations and other capital resources (including borrowings under our current or any future credit facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell our assets;
- obtain additional debt or equity financing; or
- restructure or refinance all or a portion of our debt, including the notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on satisfactory terms, if at all. In addition, the terms of the notes and any future debt may limit our ability to pursue any of these alternatives.

In addition, historically we have paid dividends to our shareholders of €9.0 million in 2011, €20.0 million in 2012 and €139.0 million in 2013.

The increase in dividends paid in 2013 was due to a repurchase of shares in the Company by the Antolín family. On December 16, 2013, Sarmental, a shareholder of the Company, agreed to purchase from Anira Inversiones, S.L. (“Anira”) 1,833,905 shares in the Company, representing approximately 22.9% of the share capital of the Company for a total purchase price of €85.0 million. Anira was a vehicle owned by certain savings banks of Spain, including Caixabank S.A., Bankia S.A. and the Spanish Deposit Guarantee Fund (*Fondo de Garantía de Depósitos*). Following the acquisition, the Company paid out a dividend of €118.2 million to Sarmental and Avot, which was financed through the Bridge Facility. Sarmental received €38.5 million and Avot received €79.7 million through this dividend. Avot then contributed €49.5 million to Sarmental, which in turn paid the €85.0 million to Anira as purchase price consideration. As a result of this acquisition, the Antolín family currently owns 100% of the share capital of the Company.

We are leveraged and have debt service obligations. As of December 31, 2013 and as adjusted to give pro forma effect to this offering and the entering into of the Senior Facilities Agreement and the transactions contemplated hereby, we would have had approximately €736.6 million of financial debt. We anticipate that our leverage will continue for the foreseeable future. Our level of debt may have important negative consequences for you. See “Risk Factors—Risks related to the notes”.

## Working capital

The following table sets forth changes to our working capital for the periods indicated.

	<u>As of December 31,</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
	(in millions of €)		
(Increase)/decrease in trade and other receivables .....	(41.5)	40.7	3.6
(Increase)/decrease in inventories .....	(15.8)	(31.9)	(19.9)
(Increase)/decrease in other current assets .....	(7.3)	—	—
Increase/(decrease) in trade and other payables .....	25.7	(4.7)	15.4
Increase/(decrease) in other current liabilities .....	2.6	11.3	(3.3)
<b>Total (increase)/decrease in working capital .....</b>	<b>(36.3)</b>	<b>15.4</b>	<b>(4.2)</b>

Our working capital requirements largely arise from our trade receivables, which are primarily composed of amounts owed to us by our customers, inventories primarily composed of materials (mainly textile fabric, plastic injection grain, petroleum-based resins and certain metals, including steel, aluminum and copper) and other current assets which comprise receivables accounts with the public treasury by the advanced payments of taxes or refunds of taxes. Our trade payables primarily relate to trade payables to our suppliers for materials, services and fixed assets, other amounts to the public treasury for taxes and payments to our employees by way of salaries. We have historically funded our working capital requirements through funds generated from our operations, from borrowings under bank facilities and through funds from other finance sources.

Net working capital increased by €4.2 million in 2013 as compared to a decrease of €15.4 million in 2012. This increase is principally due to a €19.9 million increase in inventories, as a result of increased sales, mainly in North America and APAC and a €15.4 million decrease in trade and other payables.

Net working capital decreased by €15.4 million in 2012 as compared to an increase of €36.3 million in 2011. This decrease is principally due to a €40.7 million decrease in trade and other receivables, as a result of an increase in the amount of non-recourse factoring under our Factoring Agreement and an €11.3 million increase in other current liabilities which are related to an increase in inventories.

Our working capital requirements are mainly related to our inventories as the degree of vertical integration in our company is high. Otherwise, our working capital requirements are significantly lower due to our Factoring Agreement, which allows us to reduce our trade receivables by the amount of the receivable assigned to the financial institutions, without recording, therefore, any financial liability in this regard.

We anticipate that our working capital requirements in the foreseeable future will generally be stable as a percentage of revenue. However, these requirements can fluctuate as a result of a variety of factors, including any significant increase in receivables due to longer time periods to collect payment from our customers or a substantial increase in the cost of our materials. We undertake both non-recourse and recourse factoring in relation to our trade receivables.

## Capital expenditures

The following table sets forth our cash used in investing activities for the periods indicated:

	<u>As of December 31,</u>		
	<u>2011</u>	<u>2012</u>	<u>2013</u>
	(in millions of €)		
Property, plant and equipment.....	(83.8)	(82.6)	(76.8)
Intangible assets .....	(33.2)	(38.3)	(43.6)
<b>Capital expenditures .....</b>	<b>(117.0)</b>	<b>(120.9)</b>	<b>(120.4)</b>
Group and associated companies.....	(0.1)	(70.4)	(3.3)
Non-current financial assets .....	(11.9)	(3.6)	(1.0)
<b>Payments for investments .....</b>	<b>(129.0)</b>	<b>(195.0)</b>	<b>(124.7)</b>

Payments for investments during 2011, 2012 and 2013 totaled €129.0 million, €195.0 million and €124.7 million, respectively. Our capital expenditure consists principally in expenditure on development expenses, property, plant and equipment. The main investments in 2013 correspond to our new plants in Sibiu, Romania, Nizhny Novgorod, Russia and Valencia, Spain, as well as investments in the expansion of existing facilities. The main investments in property during 2011 and 2012 are related to the completion of the construction of the production plant in Saint Petersburg, Russia and the replacement of the plant and machinery in the factory of Chrastava, Czech Republic that was damaged due to a flood in 2010.

Investments in intangible assets in 2013 related mainly to development expenses on certain new projects including “Daimler VS20”, “Citroën B78”, “Renault Edison”, “Ford V363NA”, “Golf Plus W379” and “Skoda A7”. The increase in expenditures in intangible assets in 2012 and 2011 is mainly due to the incorporation of CML and it is related to development projects of the lighting segment together with new projects awarded to certain companies.

In 2013, our expenditures on Group and associated companies reflect the full consolidation of our subsidiary in Argentina, Irauto, S.A. In 2012, our expenditures on Group and associated companies increased significantly with the acquisition of CML. In February, 2012 we acquired CRS s.r.l.’s plastic injection and vehicle interior coverings manufacturing business for a total of €2.5 million.

We expect that our payments for investments in 2014 will be generally in line with those of previous years.

## Contractual obligations

We have contractual commitments providing for payments primarily pursuant to our outstanding financial debt, including the financial obligations arising from the notes but excluding financial derivatives.

Our consolidated contractual obligations as of December 31, 2013, after giving pro forma effect to this offering, the entering into of the Senior Facilities Agreement and the application of the proceeds therefrom, were as follows:

	<u>Total</u>	<u>Less than 1 year</u>	<u>1-5 years</u>	<u>More than 5 years</u>
		(in millions of €)		
<b>Contractual Obligations</b>				
Interest bearing loans and borrowings <sup>(1)</sup> .....	699.0	23.0	236.0	440.0



Financial leases .....	9.1	3.5	5.0	0.6
<b>Total Financial Debt .....</b>	<b>708.1</b>	<b>26.5</b>	<b>241.0</b>	<b>440.6</b>
Operating leases .....	73.8	18.1	48.2	7.5
Soft loans <sup>(2)</sup> .....	42.4	1.1	17.9	23.4
Other current liabilities.....	35.3	35.3	—	—
<b>Total Operating leases .....</b>	<b>151.5</b>	<b>54.5</b>	<b>66.1</b>	<b>30.9</b>

- (1) Interest bearing loans and borrowings consists of (i) amounts incurred under the notes offered hereby, the Senior Facilities Agreement and the ADE Facility, (ii) €13.5 million in credit lines outstanding and (iii) €18.4 million of other bank loans or obligations or other tradable securities less €2.9 million of accrued interest. The ADE Facility will remain in place on the date of the issuance of the notes. It is expected that ADE will accede to the Intercreditor Agreement shortly after the date of the issuance of the notes at which point ADE will enter into the Intercreditor Agreement and benefit from the Collateral. If ADE does not accede to the Intercreditor Agreement on or before June 30, 2014, the Senior Facilities Agreement provides that we shall repay in full and terminate our ADE Facility, which we will do by drawing our revolving credit facility under the Senior Facilities Agreement. See “Description of Other Indebtedness—Intercreditor Agreement” and “Annex B: Intercreditor Agreement”.
- (2) Soft loans includes several loans granted to the Company by certain Spanish public bodies, excluding accrued interest and financial remeasurement. See “Description of Other Indebtedness—Existing Debt Facilities—Other”.

### Off-balance sheet arrangements

The only off-balance sheet arrangement in our Group is the Factoring Agreement. As part of the offering of the notes and the transactions contemplated thereby, the Factoring Agreement will be canceled shortly following the date of the issuance of the notes. As of December 31, 2013, we had €163.5 million outstanding under the Factoring Agreement, including accrued and unpaid interest. This amount includes (i) €158.7 million incurred on a non-recourse basis and (ii) an additional €4.8 million incurred under the Factoring Agreement on a recourse basis, including accrued and unpaid interest amounting to €0.3 million. As a result of the terms of the Factoring Agreement, as of the date of the offering of the notes, the amounts incurred on a recourse basis will increase as compared to the non-recourse amounts. See “Use of Proceeds” and “Description of Other Indebtedness—Debt being repaid—Factoring Agreement”.

Under the Factoring Agreement, receivables are on our balance sheet from January 1 to November 30 each year, for an aggregate amount of €220.0 million. When our clients pay us, we receive the cash and pay it back immediately to our lenders under the Factoring Agreement. In the period between December 1 and December 31 of each year, we do not record any receivables or liabilities under our Factoring Agreement, and all cash received from our clients is immediately transferred to the lenders, which will have no recourse against us.

The outstanding receivables assigned without recourse to financial institutions at December 31, 2013 totaled approximately €158.7 million. As part of the risks and benefits of the assets and control over the assets are transferred in such operations, we directly reduce our trade receivables by the amount of the receivable assigned to the financial institutions, without recording any financial liability.

### Critical accounting policies

Our financial statements and the accompanying notes contain information that is pertinent to this discussion and analysis of our financial position and results of operations. The preparation of financial statements in conformity with IFRS requires our management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses, and the related disclosure of contingent assets and liabilities. Estimates are evaluated based on available information and experience. Actual results could differ from these estimates under different assumptions or conditions. For a detailed description of our critical accounting policies, see note 3 to our consolidated financial statements for the years ended December 31, 2013, 2012 and 2011 included elsewhere in this offering memorandum.

We have adopted IFRS 10, 11 and 12 with effect from January 1, 2014. Among other things, these new standards eliminate the use of the proportional consolidation method for jointly controlled companies. Certain of our joint arrangements, the terms of which are renegotiated from time to time, may be reclassified as either joint ventures and accounted for using the equity method or be fully consolidated. Any change arising from the application of these new accounting standards would be presentational in nature and will not affect underlying cash flows. Under the indenture for the notes, the financial ratios and financial definitions are generally determined in accordance with IFRS as in effect from time to time.

The directors of the Company have assessed the potential impacts of applying these new standards in the future and consider that it may be significant for presenting and analyzing certain items on our consolidated financial statements, although they will not affect the profit and loss attributable to the Company or the net equity attributable to its shareholders.

Specifically, we have assessed the potential effect the application of IFRS 10, 11 and 12 would have on our annual 2014 financial statements, estimating that it would result in approximately a 4% decrease in net turnover and 8% decrease in EBITDA. There would be no effect on the profit and loss attributable to the Company or the net equity attributable to its shareholders.

## **Market risks**

Our activities are exposed to a number of financial risks: market risk (fair value risk and price risk), credit risk, liquidity risk, exchange risk and interest-rate risk on cash flows. Our global risk management program is focused on the uncertainty of financial markets and seeks to minimize potential adverse effects on our financial performance. We use financial derivatives to hedge against certain risks. Risk management is controlled by our financial department (“Financial Department”) in accordance with policies approved by our board of directors (“Board of Directors”). Our Financial Department identifies, evaluates and hedges financial risks in close cooperation with our operating units. Our Board of Directors determines policies for the global management of risk, and for specific risk areas such as currency risk, interest rate risk, liquidity risk, risk derived from the use of derivative and non- derivative financial instruments and the investment of cash surpluses.

We are exposed to the risk of changes in market value of the investments held as “available for sale” which are classified under “non-current financial assets” in the consolidated statement of financial position.

The risk deriving from a possible increase in the prices of materials, including the purchase of components used in the production processes, is mitigated by the fact that we operate with our main suppliers under long- term agreements which afford stability in prices. On the other hand, we negotiate with our customers to pass on increases in the prices of certain materials. The terms of agreements with customers have resulted in lower prices, which could reduce our margins. We nevertheless develop improvement programs and tools to offset these decreases with increases in productivity. We also negotiate with our suppliers to help them absorb these price reductions.

## ***Credit risk***

Our customer portfolio is diversified across the major vehicle manufacturing groups, as a result of which there is no particular concentration of credit risk. In the past, motor vehicle manufacturers were deemed not to have a major credit risk. We therefore consider that, in spite of the difficulties facing the motor vehicle sector, the credit ratings of its debtors are sound and its receivables in the first months of 2014 will be collectable as normal. We have policies for other customers to ensure that it sells to customers who have suitable credit histories.

The credit risk on cash and cash equivalents, financial derivatives and deposits with banks and financial institutions is deemed to be immaterial, as these operations are only entered into with financial institutions with high credit ratings. We have policies for limiting the amount of the risk with any financial institution.

## ***Liquidity risk***

We manage liquidity risk prudently, based on maintaining sufficient cash and negotiable securities, the availability of funding by means of sufficient committed credit facilities and the capacity to liquidate positions in the market. Furthermore, the centralized cash pooling system we have set up allows us to manage financial resources with greater efficiency. Given the dynamic nature of the underlying businesses, our Financial Department aims to keep financing flexible through its use of the Senior Facility.

## ***Interest rate risks for cash flows and fair value risk***

Given that we do not carry major amounts of interest-earning assets, our operating revenues and cash flows are fairly independent of the variations in market interest rates.

Our interest rate risk stems from our non-current borrowings. Our variable rate borrowings expose us to interest-rate risks for cash flows. Our fixed rate borrowings expose us to fair value interest rate risks. At the end of the 2013 reporting period, taking into account financial derivatives contracted, approximately 44.5% of borrowings were at fixed interest rates.

We mainly manage the interest rate risk on cash flows using variable to fixed interest rate swaps. These interest rate swaps have the financial effect of converting variable interest rate borrowings into fixed interest rate borrowings. We generally borrow long term at variable interest rates and swaps them for fixed interest rates that are normally lower than those that we would have obtained had we borrowed directly at fixed rates. Under the terms of the interest rate swaps, we undertake to exchange with other parties, at set intervals (normally every six months), the difference between the fixed interest and the variable interest calculated based on the notional amount contracted.

We have carried out a sensitivity analysis for the amounts of the variable interest rate debt at December 31, 2013, taking into account the contractual terms of the funding in force at said date, and concluded that a 0.5% change in interest rates would lead to an increase of approximately €2.8 million in interest expense. This sensitivity analysis did not take into account the debt hedged by the interest rate swaps contracted for a notional amount of €240.0 million.

We consider that there are no significant differences between the carrying amount and the fair value of financial assets and liabilities.

#### ***Foreign currency risks***

Our international expansion and our ever-growing volume of business outside the euro zone expose it to exchange rate risks in currencies such as the Czech crown, the Brazilian real, the US dollar or the Mexican peso, which could have an impact on our results. To reduce our exposure to this risk, we avail ourselves of a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies. We have not entered into any foreign-currency hedge rate agreements or forward contracts.

We have carried out a sensitivity analysis of the key figures in our 2014 budget income statement, and have concluded that a 5% rise in the euro against currencies such as the Czech crown, the Brazilian real, the US dollar and the Mexican peso, would reduce net turnover by approximately €44.0 million or approximately 2.0%, and pre-tax budgeted consolidated profit and loss for 2014 would decrease by approximately €3.1 million.

#### ***Commodity risk***

The primary materials used in our business are textile fabrics, plastic injection grain, petroleum-based resins and certain metals, including, steel, aluminum and copper. We are mostly neutral to changes in the price of materials as a result of our pass through arrangements with OEMs, which function as a hedge of our material costs.

## INDUSTRY

*You should read the following discussion together with the sections entitled “Selected Consolidated Financial and Other Information”, “Risk Factors” and “Forward Looking Statements”.*

### Introduction

The automotive industry designs, develops, manufactures, markets, sells and services motor vehicles which are usually classified into light vehicles and heavy commercial vehicles. The light vehicle segment is comprised of passenger cars, vans and light trucks with a gross vehicle weight of less than six tons, while the heavy commercial vehicle segment consists of vehicles with a gross vehicle weight of greater than six tons.

The automotive production value chain is split between OEMs such as Volkswagen Group, Renault-Nissan and Ford and automotive suppliers, such as Bosch, Continental, Magna International and us. Automotive suppliers are then generally further categorized into three different tiers. Tier 1 suppliers such as us sell their products directly to OEMs. Typically these products are larger modules or systems which integrate components, sometimes sourced from Tier 2 automotive suppliers. Tier 2 suppliers provide individual components or component groups which in turn typically integrate individual parts produced by a further layer of Tier 3 suppliers. A clear delineation of the suppliers as Tier 1, Tier 2 or Tier 3 is not always possible because suppliers often manufacture and sell numerous products or product groups.

Automotive suppliers are typically further divided into sub-segments based on their components' function within the car. Each of these sub-segments is comprised of various product groups. A typical classification of automotive suppliers by vehicle function could include the following sub-segments: powertrain, body and structural, electronics, interior, transmission, suspension, climate control, wheels and tires, steering, fuel systems, passenger restraints, audio and telematics, exhaust and body glass. There are many different market leaders in the respective market niches. Consequently, a consistent definition of these niche markets does not often exist, and it is very difficult to determine the market position of an individual supplier by using objective criteria.

As an automotive supplier of interior components, our revenue development is linked to the development of automotive production numbers and changes in the content per vehicle for the components we produce.

### Overview of and key trends in the interior components market

We mainly act as a supplier to OEMs in the interior components market. The interior market in the broader sense is comprised by all the products and components that form the cabin interior of the car and surround the driver and passengers. As such, interior components have a direct effect on driver and passenger comfort and safety and therefore are important components that allow OEMs to differentiate between car models. Products typically included in this category are among others: seats, instrument panels, arm and head rests, headliners, door panels, carpeting and floor covers, glove boxes, sun visors, interior panels, power controls, ashtrays, air outlets, handles, sound deadeners and horn pads.

Key trends in the interior market include higher consumer expectations of interior comfort, and likewise the demand for a higher standard of vehicle interior content. According to the J.D. Power and Associates 2012 Initial Quality Study examining consumer purchasing preferences, interior comfort is the second most important purchasing factor influencing vehicle selection. In addition, according to the J.D. Power and Associates 2013 Avoider Study, which examined the reasons consumers do not consider, or avoid, particular models when shopping for a new vehicle, almost 20% of consumers do not consider vehicles with poorly executed interiors. The trend towards higher consumer expectations of interior content increases demand for qualities such as improved fit, finish and craftsmanship in interiors across all vehicle types. We believe OEMs are dedicating a larger portion of total cost per vehicle to interior components as they “upscale” vehicle interiors across their entire portfolio of platforms, from compact to sports utility vehicles to luxury vehicles. Suppliers with advanced design, materials and manufacturing capabilities to deliver a broad suite of interior component products across a wide range of price points should benefit from this continued focus on interior comfort and craftsmanship by both consumers and OEMs.

Additionally, OEMs are driven by regulatory changes and consumer preferences to invest heavily in environmental initiatives such as fuel efficiency, reduced emissions and overall environmental friendliness including recycling, as further outlined under “Market and industry trends”. This creates a need for interior components that are lighter-weight, have improved acoustical performance and are environmentally friendly and will continue to provide an opportunity for differentiation for interior component supplier as OEMs strive to reduce the ecological footprint of their vehicles.

The automotive interior market has undergone substantial supplier rationalization over recent years. In 2008 and 2009, the decline in vehicle production volumes dramatically affected the financial condition of many OEMs and, consequently, many automotive suppliers were forced to either seek bankruptcy protection or liquidate. As a result, significant industry consolidation occurred within the automotive interiors segment. We expect this consolidation to continue as OEMs increasingly look to partner with a small number of global suppliers that have a broad product portfolio, a global manufacturing footprint as well as integrated design, engineering and program management capabilities. As the market continues to recover, we anticipate further consolidation as well-capitalized suppliers continue to vertically integrate their operations and expand geographies and diversify their product offering.

Key automotive suppliers in the interior market besides us include Brose, Faurecia, International Automotive Components, Johnson Controls, Lear, Magna and Toyota Boshoku. The total size of the interior component market has been estimated at US\$ 139.0 billion, according to a 2012 market report by Roland Berger.

## **Market and industry trends**

The global automotive supplier market is characterized by the following trends and growth factors:

### ***The market share of low-cost and premium automotive segments are expected to increase at the expense of the mid-market volume segment***

In the long term, the automotive market is expected to shift focus away from mid-market towards low-tech and low-cost vehicles on the one hand and function oriented, innovative vehicles for premium customers on the other. In recent years, the market share of low-cost passenger cars (i.e. cars costing less than \$10,000 / €7,000) has been increasing, predominantly in China, India, Brazil and Eastern Europe, and sales of small passenger cars are expected to grow further. These cars are mainly manufactured and sold in high-growth countries in APAC, as well as in Brazil and Eastern Europe. Growth in the premium segment is also expected to be driven by emerging markets, including China, India, the Middle East and Africa. Vehicles in the premium segment tend to be more technologically advanced in each sub-segment of automotive components, including the interior components segment.

### ***Stricter carbon dioxide emission regulations and other regulatory and demand drivers worldwide are forcing OEMs to improve fuel efficiency and environmental friendliness of vehicles***

The development and production of more fuel-efficient vehicles is a key growth trend in the automotive sector. It is driven by consumers' preference to save money on fuel (particularly given rising oil prices) and regulatory factors. Furthermore, increasing social and environmental awareness among end consumers is expected to play a greater role in vehicle purchase decisions. Consequently, OEMs face on going pressure to improve the fuel efficiency of their vehicles and thereby reduce carbon dioxide emissions. The regulatory obligation to improve the efficiency of existing technologies and to develop new environmentally friendly technologies, aimed at reducing fuel consumption and a consequent reduction in carbon dioxide emissions, is becoming a key focus for OEMs given stringent carbon dioxide consumption and emission standards throughout the industrial world, including in the European Union, the United States, China and Japan.

The development and production of innovative components and systems contributing to emission reduction is a key growth area in the automotive sector. Many countries have adopted emission regulations which set limits on the amount of pollutants that new vehicles can emit. These regulations limit, in particular, the emission of carbon monoxide, nitrogen oxides, hydrocarbons and particulate matter, all of which are considered harmful to human health. Within the next several years emission limits worldwide are expected to become increasingly restrictive given growing environmental awareness. Regulations have been adopted in both developed and emerging markets; Brazil, India and China, for example, tend to adopt similar regulations a few years after they have been approved in Europe. The emission limits for nitrogen oxides and particulate matters emitted by diesel vehicles are expected to face the most substantial reductions. In the European Union, for example, the regulatory standard Euro 6, which will become compulsory for all new passenger cars in 2015, reduces the emission limit of nitrogen oxides for diesel vehicles from 180 mg/km today to 80 mg/km. The tightening of emission regulation worldwide will drive demand for more eco-friendly products, forcing OEMs and suppliers to develop innovative components and systems which comply with the more restrictive emission legislation.

### ***Increasing number of electric and hybrid cars and the emergence of hydrogen powered vehicles***

Consumers are becoming increasingly environmentally conscious and this is affecting their vehicle purchase choice. A rising number of both electric and hybrid vehicles can be observed on the roads, with hybrids being more popular than purely electric vehicles. However, the rates of adoption of these vehicles has so far been relatively slow, largely due to their relatively high price, short driving range and the lack of battery re-charging infrastructure, even in developed countries. Market observers predict that it will be a number of years until battery technology is improved and

becomes affordable for mainstream use in automobiles. Moreover, it will also take some time to develop charging stations to support these types of vehicles. Once these obstacles have been overcome, take-up of both hybrid and electric cars is likely to increase. During this stage we are likely to see an increase in the number of automotive suppliers who manufacture electric motors, advanced automotive batteries as well as semiconductors, connectors and sensors which the vehicles will need.

***The move to common, global platforms provides strong opportunities for global suppliers, while increasing the pressure to globalize further***

OEMs are increasingly designing vehicle models built on common but variable platforms which can be produced in high volumes. The use of common platforms allows OEMs to increase economies of scale across the value chain, differentiate their products from those of their competitors, expand the number of product segments in which they compete, extend the life of existing automobile platforms and remain responsive to changing lifestyle trends and customer tastes. This trend towards common platforms provides automotive suppliers such as us increased opportunities to supply larger volumes of products and also to benefit from economies of scale. Furthermore, there is an increased dependency on suppliers capable of managing complex projects, which in turn assures the quality standards across geographies globally.

***There is strong consolidation pressure among global suppliers driven by evolving OEM requirements***

In order to take advantage of the operational economies of scale across the value chain, OEMs are encouraging consolidation of their supplier-base with an increased focus on large, technically and financially strong global suppliers capable of producing consistent and high-quality products across geographies. The OEMs we supply use a number of factors to determine their suppliers including, among other things, quality, service (including location, service interruptions and on-time delivery), in-house R&D and technological capabilities, overall track record and quality of relationship with the OEM, production capacity, financial stability and price. In recent years, we have noticed that development expertise, an extensive geographical footprint, consistent and high quality production capability and diverse ancillary competencies tend to offset price-sensitivities among OEMs who appreciate the added-value inherent in these other factors.

***The regional shift of the automotive industry will continue to intensify with the continuing increase in demand for vehicles in emerging markets***

While vehicle production demands have fluctuated across the global economy in recent years, particularly at the height of the global financial crisis in 2008 and 2009, on a normalized level the demand in emerging economies has generally continued to increase. Industry sources forecast that in the years to 2020 there will be a higher CAGR of sales in Brazil, Russia, India and China and in other emerging economies than that experienced in more mature economies, such as those of Western Europe. In response to this, OEMs continue to develop their presence in these markets, resulting in an increased need for OEMs to establish supplier networks beyond their home markets, including the migration of component and vehicle design, development and engineering activities to certain of these markets. In certain of these markets, such as China, there is already significant demand for new, premium brand vehicle models. Nevertheless, vehicle demand in these emerging economies is predominantly for less advanced models with lower entry-level price points. This increasing local demand of emerging markets has helped boost the local automotive industry in these countries and has attracted investments in manufacturing from North American, European and APAC based automobile manufacturers, through stand-alone investments and joint ventures with local partners. The evolution of volume demand in these markets is in tandem with an evolution of regulatory and industry standards modeled after those set earlier by more mature economies. This trend offers automobile suppliers such as ourselves an opportunity to expand our business with our customers in these emerging markets.

***Increased outsourcing by OEMs is driving a closer relationship with a selected group of suppliers that are acting as development partners***

As OEMs increasingly focus their resources on automobile assembly, they are either maintaining or increasing the levels of production outsourcing to suppliers such as ourselves. As they grow outside of their home markets, they are more inclined to turn to external suppliers for content they might have done in-house. Suppliers such as ourselves can benefit from economies of scale derived from serving various customers, that our OEM customers find more difficult to achieve in our product segment when manufacturing abroad. In addition, specialization has led to advances achieved by suppliers such as ourselves in certain technologies, which OEMs find difficult to match in-house in price and quality, thereby increasing outsourcing in these areas, even in mature economies. Furthermore, while know-how is still being developed by suppliers and the design is still controlled by OEMs, there is an increased importance in the collaboration with Tier 1 suppliers.

## ***OEMs and suppliers increasingly pursue cooperative agreements to achieve scale quickly***

In order to achieve economies of scale and defray developments costs, competing automobile component manufacturers are increasingly entering into cooperative alliances and arrangements relating to shared purchasing of components, joint engine, powertrain and/or platform development and sharing and other forms of cooperation. This cooperation among competing automobile component manufacturers is expected to continue. For example, we have entered into joint ventures in emerging markets to accelerate our international expansion with partners such as, Ningbo Huaxiang Electronics Co., Ltd. in China, Krishna Maruti Limited (belonging to the Krishna Group) in India, NHK Spring (Thailand) Co., Ltd. in Thailand, SKT Yedek Parca ve Makina Sanayi ve Ticaret A.S. in Turkey and ZAM Avtotechnika LLC in Russia.

## **Automotive production development by region**

The following is a brief description of selected historical and forecast light vehicle production in key regions in which we operate, as well as selected annualized growth rates in production. Both historical and forecast data is based on data published by an independent third party provider. There can be no assurance that any of the forecasts presented below will be accurate.

### ***Europe***

Following the financial crisis in 2008 and 2009, the automotive industry in Europe went through a challenging period with several supplier insolvencies, substantial overcapacity and capacity reduction efforts, as well as reduced investment. Thereafter, Europe experienced a period of growth in automotive production, from 19.1 million vehicles in 2010 to 19.2 million vehicles in 2013, representing a CAGR of 0.1%. Growth during this period was particularly strong in the United Kingdom, which experienced automotive production growth between 2010 and 2013 at a CAGR of 4.9%.

By 2017, automotive production in the region is expected to grow to 22.4 million vehicles, representing a 2013-16 CAGR of 3.9%. This figure varies from country to country, for example automotive production growth of 4.5% is expected in Spain. While domestic demand in Spain remains subdued, local production is mostly designated for export to other European and international markets and benefits from a favorable cost position compared to other Western European markets. This is demonstrated by the fact that five of the ten best selling cars in Europe in 2013 were at least partially produced in Spain: the Volkswagen Golf, the Ford Fiesta, the Renault Clio, the Renault Mégane and the Opel Corsa.

A production shift from Western to Eastern Europe has gradually taken place over the past decade. This trend was reinforced with the introduction of so-called “scrapping schemes” by a number of European countries in 2008 and 2009, including Austria, France, Germany and Spain. The schemes were designed to support the automotive industry during the crisis, and offered “scrappage” premiums to consumers buying a new car, in return for “scrapping” their older cars. The schemes tended to favor smaller, low-cost vehicles, a significant portion of which were produced in Eastern Europe.

### ***North America***

North American car manufacturers faced significant challenges in the financial crisis, and the US government provided “bail-outs” to Chrysler and General Motors. Subsequently, production volumes rebounded from 11.8 million vehicles in 2010 to 16.2 million vehicles in 2013, representing a CAGR of 10.9%. This growth was driven by improvement in the broader macroeconomic environment and consumer sentiment, as well as low interest rates. By 2017, automotive production in the region is projected to grow to 18.3 million vehicles, representing a CAGR of 3.1%. A continuing trend in North America is the fast growing European “transplants”, or localization of European OEM production capacity in North America.

### ***Mercosur***

Automotive production in Mercosur experienced growth between 2010 and 2013, increasing from 3.9 million vehicles to 4.3 million vehicles, representing a CAGR of 3.6%. By 2017, automotive production is projected to reach 5.2 million vehicles, representing a CAGR of 4.8%.

Within Mercosur, Brazil is the largest automotive production market. The Brazilian government introduced tariffs and raised the tax on imported cars at the end of 2011, with further measures including tax breaks for OEMs if they did more engineering work in Brazil and used Brazilian automotive suppliers. On the demand side, Brazil introduced tax breaks on vehicles in 2012 to stimulate both sales and production.

## *APAC*

The key automotive manufacturing countries in the region are China, followed by Japan, Korea and India. Overall, the crisis had a limited impact on the region, but was more pronounced in Japan and Korea, with Chinese manufacturing volumes remaining strong through the cycle. Automotive production in Asia (excluding Japan) grew from 27.1 million vehicles in 2010 to 33.0 million vehicles in 2013, representing a CAGR of 6.4%. By 2017, automotive production is projected to reach 46.9 million vehicles, representing a CAGR of 9.2%.

In recent years, China has become a key growth market with a number of OEMs and suppliers establishing production facilities in the country. As a result, automotive production in China grew at a CAGR of 7.0% between 2010 and 2013 (from 16.8 million vehicles in 2010 to 20.5 million vehicles in 2013), and is projected to grow at a CAGR of 10.0% between 2013 and 2017 (to 30.0 million vehicles in 2016). A similar trend is observed in India, where automotive production grew at a CAGR of 3.2% between 2010 and 2013 (from 3.2 million vehicles in 2010 to 3.6 million vehicles in 2013), and is projected to grow at a CAGR of 14.6% between 2013 and 2017 (to 6.1 million vehicles in 2017).



## BUSINESS

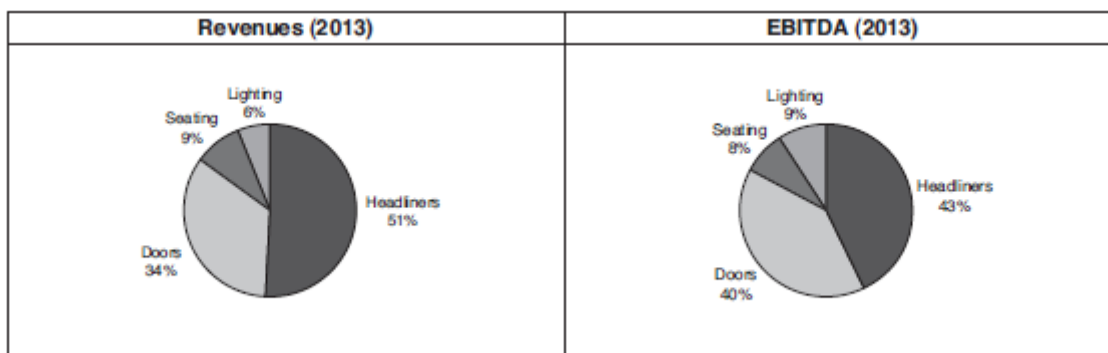
### Our company

We are a leading Tier 1 player in the design, development, manufacturing and supply of automotive interior components, offering multi-technology solutions for overhead systems (or headliners), doors and interior plastics, seating and lighting systems for sale to OEMs. We have a geographically diversified platform of more than 120 manufacturing plants and JTs assembly and sequencing facilities, as well as 25 technical-commercial offices TCOs in 25 countries worldwide as of December 31, 2013. We supplied our products globally to the top 15 OEMs by production volume in 2013. We provided components for over 300 different models and we believe we supplied approximately one out of every four vehicles manufactured worldwide. Our product, geographical and customer diversification allows us to take advantage of global growth opportunities, in particular our presence in APAC, North America, Mercosur and Eastern Europe, which in the past has mitigated the impact of regional production fluctuations on our business during economic downturns. We are headquartered in Burgos, Spain and the average number of employees working for us in 2013, was 13,746. Our revenue and EBITDA for the year ended December 31, 2013 amounted to € 2,128.2 million and €238.2 million, respectively. We are wholly-owned by the Antolín family, who is committed to our business.

We organize our activities around our four business segments:

- **Overhead systems (“Headliners”):** We believe we are a leader in the manufacturing of headliner modular solutions, incorporating acoustic, safety, panoramic and lighting functionalities. We cover all the product spectrum for overhead systems, from the headliner substrate to more complex modular systems, including panoramic systems incorporating glass roof modules and panoramic windshields and lighted headliners. Furthermore, the integration of sunvisors into the overhead system is an important aspect of this business segment. In the period between the year ended December 31, 2009 and the year ended December 31, 2013, the EBITDA in our headliners segment has tripled, with our EBITDA margin increasing to 9.6% for the year ended December 31, 2013, compared to 6.2% for the year ended December 31, 2009. The percentage of our revenue attributed to our headliners segment amounted to 51.0% for the year ended December 31, 2013. We use key technologies for headliner substrates and benefit from full vertical integration, from the core polyurethane foam production to the final assembly of the overhead systems. In 2013, we believe we were a leader in overhead systems with 23% of the global market share.
- **Doors and interior plastics (“Doors”):** We have expertise in the manufacturing and supply of a wide range of door panels, pillars, trim inserts and trays for door systems. We produce a wide range of specialized plastic parts, some of them with weight reduction and environmentally-friendly properties. We produce an extensive range of door mechanisms, from window regulators to complex modules. We also produce metal structures and profiles with our own rolling and stamping technology. In 2013, we believe we were a leading producer in Europe with a market share of 7% in door panels and a market share of 12% in window regulators, and a leading producer of door panels and window regulators in the Mercosur region with a 12% market share in door panels and a 22% market share in window regulators.
- **Seating:** We develop and manufacture high added value light- weight seats for MPVs, LCVs and vans. Our seating product portfolio comprises our in-house developed automatic anchorage seats which we market under our Drop&Go brand, fold-into-floor seats and seats and benches with integrated 3-point belts. We produce seats using magnesium and high strength steel, allowing us to reduce weight while maintaining design and functionality. Being focused in the manufacture of light-weight and innovative seats for MPVs and LCVs, which is an attractive niche sector of the broader seating market, gives us an advantage over many of our competitors, who have difficulties in innovating and investing in this range of specialized products.
- **Lighting:** We believe we were the leading manufacturer of interior automotive lighting components in Europe, with a 26% market share of overhead front consoles in 2013. Our lighting product portfolio comprises interior solutions based on LED including consoles, multi-purpose lamps, ambient lighting, electronics/smart lighting and exterior solutions such as DRL, direction, position and license plate indicators and CHMSL. We are one of the few suppliers which benefit from full vertical integration in the production of lighting components, from the manufacture of plastic parts, to the electronics and the light function. The potential integration of lighting elements with other interior automotive components increasingly offers synergies with our other business lines as lighting is incorporated in door paneling and overhead systems, allowing us to offer our customers an integrated and innovative range of customized interior solutions, which we believe gives us an additional competitive advantage over other players in our industry.

We are a leading integrated provider of interior trim solutions, with a long-standing industrial tradition of over 60 years, present throughout each phase of the entire production cycle in each of our segments: product conception, design, validation, industrial process, assembly and sequenced delivery of the product. For the year ended December 31, 2013, our revenue was € 2,128.2 million and our EBITDA was €238.2 million. Our revenues and EBITDA per business segment for the year ended December 31, 2013 are as follows:



We believe that our financial and operational success and stability have been, and continue to be, driven by our strategic, customer focused geographical growth and diversified revenue streams, as well as our manufacturing, process, design and technological expertise. We believe that these factors have allowed us to achieve our position as a leading global supplier in the automotive industry, with high strategic importance to many of the largest OEMs.

### Our Industry

The automotive industry designs, develops, manufactures, markets, sells and services motor vehicles which are usually classified into light vehicles (passenger cars and light commercial vehicles) and heavy commercial vehicles. The automotive production value chain is split between OEMs such as Volkswagen Group, the Renault-Nissan Alliance, Renault-Nissan and Ford and automotive suppliers, such as Bosch, Continental, Magna International and us. Automotive suppliers are then generally further categorized into three different tiers. Tier 1 suppliers such as us sell their products directly to OEMs. Typically these products are larger modules or systems which integrate components, sometimes sourced from Tier 2 automotive suppliers. Tier 2 suppliers provide individual components or component groups which in turn typically integrate individual parts produced by a further layer of Tier 3 suppliers.

Automotive suppliers are typically further divided into sub-segments based on their components' function within the car. As an automotive supplier of interior components, our revenue development is linked to the development of automotive production numbers and changes in the content per vehicle for the components and systems we produce. The interior market in the broader sense is comprised by all the products and systems that form the cabin interior of the car and surround the driver and passengers. As such, interior components have a direct effect on driver and passenger comfort and safety and therefore allow OEMs to differentiate between car models.

As the automotive industry continues to evolve, global trends have developed across the industry that are being driven by a combination of maturing consumer preferences, financial, legal and regulatory requirements and the increasing importance of emerging economies relative to more traditional mature economies. The global automotive production industry is expected to grow by 23% between 2014 and 2018, with the APAC region expected to experience the strongest growth closely followed by Eastern Europe. Despite the strong growth of the APAC region, Western Europe is still our largest absolute market as of December 31, 2013.

Global trends which will drive future industry growth and the long-term growth potential of the interior component market include:

*Higher consumer expectations of interior comfort:* Increased comfort features in the car selection process by final customers is of growing importance, partially due to the increase in the average age of the population and greater time spent in the vehicle. The trend towards higher consumer expectations of interior comfort increases demand for qualities such as improved fit, finish and craftsmanship in interiors across all vehicle types. We believe OEMs are dedicating a larger portion of total cost per vehicle to interior components as they “upscale” vehicle interiors across their entire portfolio of platforms. Suppliers with advanced design, materials and manufacturing capabilities to deliver a broad suite of interior component products across a wide range of price points should benefit from this continued focus on interior comfort and craftsmanship by both consumers and OEMs. While increased consumer expectations of interior comfort play an important role in certain emerging markets in which we operate, like China and Thailand, other emerging markets, like India, are still lagging behind on this trend.

*Increasing market share of low-cost and premium automotive segments:* In the long term, the automotive market is expected to shift focus away from mid-market towards low-tech and low-cost vehicles on the one hand and function oriented, innovative vehicles for premium customers on the other hand. In recent years, the market share of low-cost passenger cars (i.e. cars costing less than \$10,000 / €7,000) has been increasing, predominantly in China, India, Brazil and Eastern Europe, and sales of small passenger cars are expected to grow further. These cars are mainly manufactured and sold in high-growth countries in APAC, as well as in Brazil and Eastern Europe. Growth in the premium segment is also expected to be driven by emerging markets, including China, India, the Middle East and Africa. Vehicles in the premium segment tend to be more technologically advanced in each sub-segment of automotive components, including the interior components segment.

*Sustainability and safety:* The OEMs that we supply, and automobile manufacturers generally, are increasingly focused on weight and emissions reduction in order to meet increasing legal, regulatory and industry-standard requirements in the markets in which they operate, as well as on the safety of passengers, other road users and pedestrians. The development of the regulatory environment is complex and has required automotive suppliers such as ourselves to focus on the design and development of technologies to address the various regulations and to differentiate us from our competitors.

*Globalization of platforms:* OEMs are increasingly designing vehicle models built on common but variable platforms which can be produced in high volumes. The use of common platforms allows OEMs to increase economies of scale across the value chain, differentiate their products from those of their competitors, expand the number of product segments in which they compete, extend the life of existing automobile platforms and remain responsive to changing lifestyle trends and customer tastes. This trend towards common platforms provides automotive suppliers such as us increased opportunities to supply larger volumes of products and also to benefit from economies of scale. Furthermore, there is an increased dependency on suppliers such as ourselves capable of managing complex projects, which in turn assures the quality standards across geographies globally.

*Consolidation of supplier base:* In order to take advantage of the operational economies of scale across the value chain, OEMs are encouraging consolidation of their supplier-base with an increased focus on large, technically and financially strong global suppliers capable of producing consistent and high-quality products across geographies. The OEMs we supply use a number of factors to determine their choice of suppliers including, among other things, quality, service (including location, service interruptions and on-time delivery), in-house R&D and technological capabilities, overall track record and quality of relationship with the OEM, production capacity, financial stability and price. In recent years, we have noticed that development expertise, an extensive geographical footprint, consistent and high quality production capability and diverse ancillary competencies tend to offset price-sensitivities among OEMs who appreciate the added-value inherent in these other factors.

*Outsourcing and technological partnership with OEMs:* As OEMs increasingly focus their resources on automobile assembly, they are either maintaining or increasing the levels of production outsourcing to suppliers such as ourselves. As they grow outside of their home markets, they are more inclined to turn to external suppliers for content they might have previously supplied in-house. Suppliers such as ourselves can benefit from economies of scale derived from serving various customers, that our OEM customers find more difficult to achieve in our product segment when manufacturing in-house abroad. In addition, specialization has led to advances achieved by suppliers such as ourselves in certain technologies, which OEMs find difficult to match in-house in price and quality, thereby increasing outsourcing in these areas, even in mature economies. Furthermore, while know-how is still being developed by suppliers and the design is still controlled by OEMs, there is an increased importance in the collaboration with Tier 1 suppliers.

*The regional shift of the automotive industry with continuing increase in demand for vehicles in emerging markets:* While vehicle production demands have fluctuated across the global economy in recent years, particularly at the height of the global financial crisis in 2008 and 2009, on a normalized level the demand in emerging economies has generally continued to increase. Industry sources forecast between now and 2020 there will be a higher CAGR of sales in Brazil, Russia, India and China and in other emerging economies than that experienced in more mature economies, such as those of Western Europe. In response to this, OEMs continue to develop their presence in these markets, resulting in an increased need for OEMs to establish supplier networks beyond their home markets, including the migration of component and vehicle design, development and engineering activities to certain of these markets. In certain of these markets, such as China, there is already significant demand for new, premium brand vehicle models. Nevertheless, vehicle demand in these emerging economies is predominantly for less advanced models with lower entry-level price points. This increasing local demand in emerging markets has helped boost the local automotive industry in these countries and has attracted investments in manufacturing from North American, European and APAC-based automobile manufacturers, through stand-alone investments and joint ventures with local partners. The evolution of volume demand in these markets is in tandem with an evolution of regulatory and industry standards modeled after those set earlier by more mature economies. This trend offers automobile suppliers such as ourselves an opportunity to expand our business with our customers in these emerging markets.

*Growth of cooperative agreements:* In order to achieve economies of scale and defray developments costs, competing automobile component manufacturers are increasingly entering into cooperative alliances and arrangements relating to shared purchasing of components, joint engine, powertrain and/or platform development and sharing and other forms of cooperation. This cooperation among competing automobile component manufacturers is expected to continue. For example, we have entered into joint ventures in emerging markets to accelerate our international expansion with partners such as, Ningbo Huaxiang Electronics Co., Ltd in China, Krishna Maruti Limited (belonging to the Krishna Group) in India, NHK Spring (Thailand) Co., Ltd in Thailand, SKT Yedek Parca ve Makina Sanayi ve Ticaret A.S. in Turkey and ZAM Avtotechnika LLC in Russia.

## **Our key strengths**

We believe we have the following competitive strengths:

### ***Leading positions in core markets***

We believe that we are a leader in the design, development, manufacturing and supply of automotive interior components with approximately one out of every four automobiles manufactured in the world containing interior parts manufactured by us. In 2013, we believe we equipped approximately 23% of vehicles worldwide with our overhead systems making us the global market leader in this area and we believe we achieved a leading position across most regions in overhead systems, with a 39% market share in Europe, 46% market share in the Mercosur area and a 30% market share in North America. Additionally, we believe that our lighting product portfolio was a clear market leader in Europe with a 26% market share in overhead front consoles. In Europe we also have a strong market position in doors and interior plastics and niche seating products and we believe we are among the top three producers of interior door components in the Mercosur region. In addition to our strong presence in our established markets, we have a leading position in many emerging economies. For example, we believe we were the leader in the manufacturing of overhead systems in India, with a market share of 58% in 2013.

Additionally, OEMs face substantial switching costs from operational, technical and logistical perspectives in replacing the supplier of a particular component or system during the life cycle of a specific vehicle model. The supplier of a component for a specific car model is often also chosen for the next generations of that model. This is mostly due to the long lead-time and large investment required to set up the production and supply processes, and to the scale operational efficiencies gained through experience with the lean manufacturing of certain products. We believe that such switching costs and our technological capacities strongly protect our leading market position.

We maintain and grow our market positions around the world, due to our established customer relationships, highly advanced technological capabilities, reputation of quality and reliability and our global manufacturing footprint.

### ***Highly diversified business model***

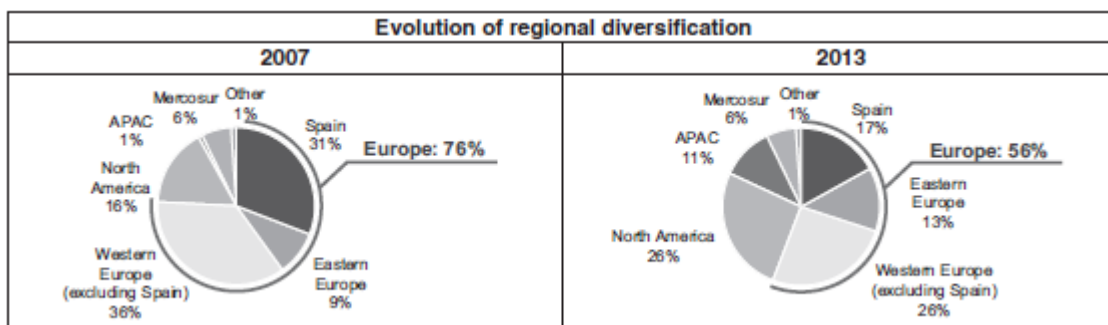
#### ***Regional diversification***

We have a highly diversified geographical footprint with more than 120 manufacturing plants and JIT assembly and sequencing facilities and 25 TCOs in 25 countries worldwide as of December 31, 2013. In the last few years we have focused our expansion outside our traditional markets in Western Europe and North America into Eastern Europe, APAC and the Mercosur region, where we have been able to capture the increasing demand for our products, in part driven by a significant increase in vehicle production. Our increased efforts in geographic diversification have resulted in a decrease in the percentage of total revenues in Europe from 75.7% in 2007 to 56.2% in 2013, with Spain accounting for only 16.6% of our 2013 revenues as compared to 31.2% in 2007. However, despite the recent sovereign debt and financial crisis, Spain has historically been and continues to be a main hub of the automotive industry worldwide and consequently we aim to continue to have a significant footprint in Spain, while increasing our presence in other markets.

We are one of very few truly global players in our product portfolio who have committed substantial investment to, and have a well-established presence in, these growth markets. We are a market leader measured by units of production in many of these markets, which gives us a competitive advantage over other players. Furthermore, our revenues from our APAC operations have increased from €22.9 million in 2007 to €222.7 million in 2013, representing 10.5% of our revenue in 2013.

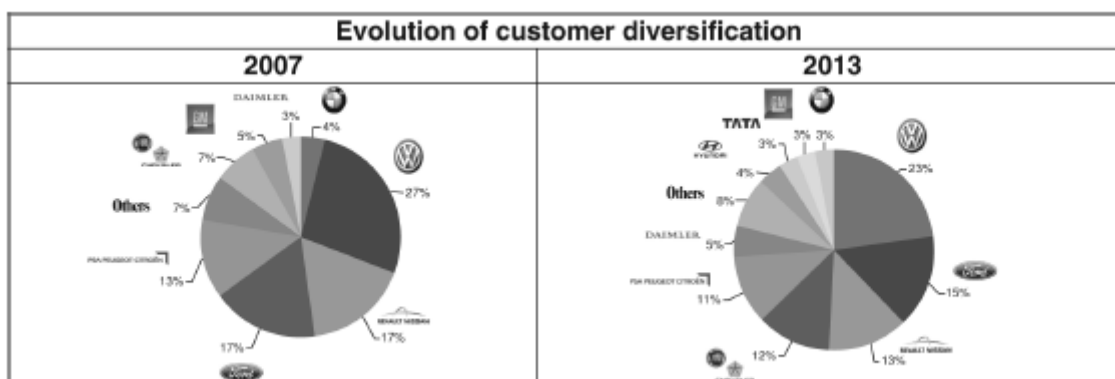
As part of our customer-focused approach to our expansion strategy, we have proactively coordinated our expansion plans into growth markets with those OEMs we supply. When our OEM customer expands into a new market or location, we determine whether it is in our strategic interest to also open a facility in such location. As of December 31, 2013, we had 9 production facilities under construction or development, including 6 in China, one in Thailand, one in India and one in Russia. Our strong geographical diversification allows us to take advantage of global

growth opportunities and has mitigated the impact of regional demand fluctuations on our business during economic downturn.



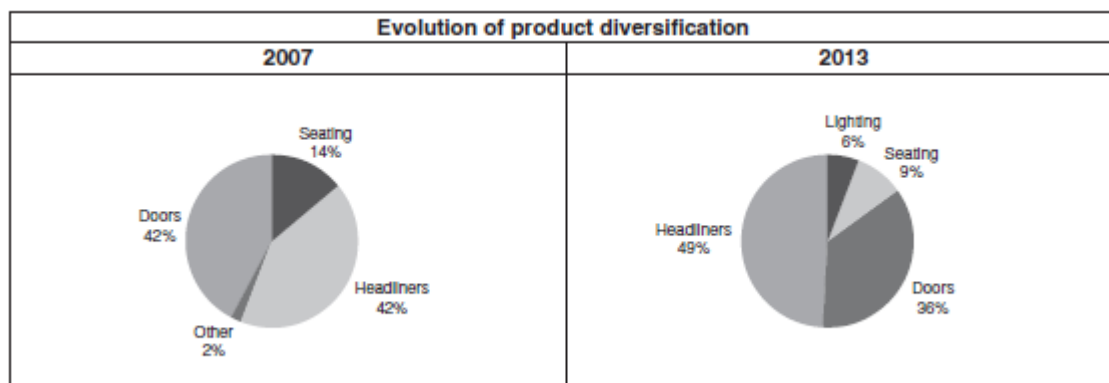
*Customer diversification*

Relative to our competitors, we have a well-diversified customer base which, through a successful development strategy, has improved across models and now includes most of the largest OEMs by production volume in 2013. Our OEM customers include, Volkswagen Group, Ford, Renault-Nissan, Fiat-Chrysler, PSA, Daimler, Hyundai and BMW among others. In the year ended December 31, 2013, 10 of our OEM customers each represented more than 3% of our total revenues. We have pursued a strategy of customer diversification and continue to develop new global relationships some of the world’s largest OEMs. Additionally, we have a diverse set of customers for each of our products and no single OEM is the largest customer in every one of our business segments.



*Product diversification*

Our historic product portfolio has been comprised primarily of products in our headliners, doors and interior plastics and seating segments. In recent years, we have increased our product portfolio with our lighting segment, through the acquisition in 2012 of CML, a leading provider of interior automotive lighting components in Europe, for €74.4 million. We believe that our lighting segment has both a high growth potential and strong profitability and is highly complementary to our existing product portfolio. The diversification of our product portfolio has helped us to strengthen our strategic relationships with OEMs, who are able to turn to us for innovative and market-leading product solutions across the broad spectrum of automotive interior solutions.



### ***Long-standing contractual customer relationships***

We have strategic and long-standing relationships with our OEM customers, which are based on many years of successful collaboration. Our scale and ability to develop differentiated solutions for our OEM customers on a global scale are critical to our success and differentiate us from local and regional suppliers of automotive components.

Our global presence enables us to manufacture, assemble and sequence our products in our plants and JIT facilities, which are located close to OEMs around the world. This allows for JIT delivery systems on a global scale and on a consistent and high quality basis, making us a clear choice for global OEMs.

Our well-developed technological capabilities, global manufacturing footprint and proximity to OEMs, operational scale and track record of financial performance enable us to supply products to support an OEM throughout the full product life cycle. Additionally, we often act as a development partner during the initial stages of product development which allow us to recommend and incorporate our products into potential designs well in advance of any formal orders from our OEM customers. Our ability to support the development process of OEMs and work as an outsourcing partner to them all over the world is a significant differentiator, in particular on new product solutions, and would take large investment and a long time to replicate, thereby making us a preferred partner to the leading OEMs in the industry.

Our ability to maintain our competitive advantages and technological leadership has resulted in strong customer relationships and translates into a consolidated customer base with our top 5 OEM customers representing 75% of sales in 2013. The relationships with key customers are long-standing and the sales from our top 5 OEM customers have grown from €1,340.0 million in 2007 to €1,578.2 million in 2013.

### ***Strong innovation track record***

The automotive industry has a growing focus on innovation, due to continuously increasing customer expectations and the need to meet environmental goals and regulatory requirements. Our commitment to developing innovative and high quality products has defined our approach to our OEM customers. Many of our products are manufactured using state-of-the-art technologies that provide superior safety, comfort and design while focusing on weight reduction.

Over the last few years we have continuously invested in R&D, and in 2013 our total R&D spending amounted to €57.5 million or 2.7% of our revenues. This level of R&D spending allows us to respond to the growing demand and requirements of OEMs for products at the forefront of technical innovation. As of December 31, 2013, we had a dedicated team of 819 employees in engineering functions throughout R&D, product quality and graphic engineering, supporting our product innovation capabilities, as compared to 546 employees in these functions in 2009.

Among our most significant recent innovations are: (i) new edge- wrapping processes, environmentally focused foam technologies, new thermoplastic technology and innovative thermo-plastic materials for our headliners segment; (ii) chemical foaming for visible plastic parts, new compression processes, 3D fabrics and fully integrated door modules for our doors and interior plastics segment; (iii) light-weight seats made with magnesium and high strength steel and thermoplastic composite technologies for our seating segment and (iv) fully integrated illuminated headliners based on new flock fabrics, laser engraving of fabrics and capacitive sensors for our lighting segment. These products and techniques are only some of the innovation that furthers our competitive advantage and allows us to retain and expand our leading market positions.

As a result of our significant focus on innovation, as of December 31, 2013, we have patent applications for over 440 technical processes, including those related to our key innovations such as, Drop&Go seats, S-sentiel, Swan linings, Edge Wrapping, Novaform and WISH; and have registered approximately 40 patents in 2013.

### ***Attractive market fundamentals***

According to LMC Automotive, global automotive production is forecast to grow by a CAGR of 5.4% in the period between 2016 and 2018, based on the number of units produced globally. The interior components market in which we operate is expected to outperform other sectors in the automotive industry due to the increasing interior component content per vehicle. This trend is driven by increasing comfort requirements of consumers and rising technological demands from OEMs related to weight savings and noise and vibration insulation. These demands are driven by emissions reduction requirements and related engine downsizing measures by automotive OEMs with smaller, more technologically complex engines typically causing more noise and vibration.

We are in a strong position to continue to benefit from ongoing consolidation and supplier concentration in our market due to our competitive cost base and resulting strong profitability, global presence, leading technological capabilities and solid financial position. As OEMs continue to globalize production and introduce global platforms and modular toolkits as a basis for a large number of car models, they are more interested in working with global suppliers with strong development capabilities which can support them across their global operations.

### ***Superior profitability and strong financial track record***

Notwithstanding a decline in revenue in 2009 due to the global economic crisis, we have consistently achieved strong revenue growth of 14% CAGR in the period between 2009-2013 and have maintained an EBITDA margin above 10% since 2010. Our strong financial performance is the result of our diversified client, product and geographic base as well as our long-standing customer relationships, operational excellence, leading market positions and internationalization strategy. We believe we are well-positioned to sustain our competitive advantages and maintain revenue growth and profitability in the future, while benefitting from favorable trends in our industry.

In addition, we have proven our ability to manage our business through economic downturns. During the financial crisis of 2008 and 2009, we sold non-core assets, streamlined production by closing a factory in Germany and restructuring facilities in the US, France, Spain and the Czech Republic and cut our fixed costs by approximately 9.4% via indirect labor reduction and total organizational restructuring. Our workforce was reduced by 5.9% globally between 2008 and 2009.

We have been able to generate cash in downturns due to high profitability and centralized working capital management policies. Our investment strategy has been oriented toward value added products and selected complementary acquisition opportunities. We have at all times retained a prudent approach to preserving cash and maintaining a strong liquidity profile. Over the last 4 years we have generated on average €62.3 million of adjusted cash flow available for debt service. See “Summary—Summary Consolidated Financial Information”.

Our financial profile has remained strong at all times and our objective is to maintain a cautious financial strategy. Our prudent approach to financial management is strongly supported by our family shareholders.

### ***Experienced management and committed core shareholder***

Our management team has extensive experience in the automotive industry and the majority of our executive committee has been with the Company for more than 20 years, demonstrating a high degree of continuity and commitment in our leadership. Our high operational performance is deeply rooted in our organizational structure and culture.

The management of our Company has always remained focused on building strategic long-term relationships with key customers, producing an innovative and broad range of products and leading our expansion internationally into key growth markets.

Our management team has a demonstrated track record of achieving resilient financial performance through the economic cycle and maintaining strong EBITDA margins even during the 2008-2009 economic crisis. Our recent successful acquisition of CML in 2012 was driven by our management's identification of the substantial value creation potential of this business.

Our family ownership is crucial to support our vision and strategy. Mr. José Antolín, the representative of our chairman, who is also one of our founders, along with other members of the Antolín family, has been instrumental in driving our profitable growth strategy and remain fully committed to our business and strategy.

## **Our strategies**

Our mission is to be a crucial strategic partner for our OEM customers around the world and across the entire spectrum of our product portfolio. The strategies to achieve our mission are based on innovation, flexibility, customer focused growth and further geographic, product and customer diversification, while maintaining the highest levels of customer satisfaction. We intend to achieve this by pursuing the following strategic actions:

### ***Continue to be an innovation leader through research and development***

Our objective is to be a leading innovator in the automotive interior components industry. High consumer expectations, environmental goals and regulatory changes are three of the main drivers in the automotive market. We are involved in the design of highly innovative cars, as a result of our focus in three main areas:

- *materials and processes*: usage of environmentally-friendly and recyclable/recycled materials and weight reduction to minimize CO2 emissions;
- *industrial flexibility*: innovative manufacturing processes to produce various functions and adapting to meet evolving market demands with minimum investment; and
- *smart interiors*: supporting our customers' brand strategy and enhancing end user experience and perceived quality based on customization without specific investment.

As a result of our significant focus on innovation, we have patent applications for over 440 different technical processes, as of December 31, 2013 and have registered approximately 40 patents in 2013. The number of persons that we employ in engineering functions throughout R&D, product quality and graphic engineering, supporting our product innovation capabilities, has grown from 546 in 2009 to 819 in 2013.

### ***Become a global full-service supplier to OEMs***

We intend to strengthen our position as a Tier 1 supplier for automobile interiors with an extensive production and supply network that can flexibly service our customers on a global basis, providing major OEMs access to our global platform and product portfolio. In addition, we hope to increasingly take on additional responsibilities and activities of OEMs by managing Tier 2 and Tier 3 suppliers, thereby improving the manufacturing and product development efforts of our customers.

Our approach to project and production management is increasingly focused on integral execution by locating our technical and manufacturing facilities close to the decision-making and manufacturing centers of our customers. Additionally, we aim to ensure engineering benchmarking, continuous improvements in operational excellence and standardization of processes in every country in which we operate. We intend to develop new industrial processes able to produce different products with the same investment.

### ***Develop design, engineering and production capacities across low cost countries***

Our objective is to significantly increase our operations in low-cost countries in Eastern Europe, North America (particularly Mexico) as well as in APAC and Mercosur regions. These markets present opportunities to capitalize on growing long-term demand relative to that of more mature economies. We intend to increase our internationalization by both selectively expanding our production capacities in new geographies and also expanding our product portfolio in such low-cost markets in which we already have successful operations.

For example, we plan to invest an aggregate of over €3.2 million in the construction of four production and JIT facilities in China, which we expect to be open between 2014 and mid-2015. Furthermore, we plan to invest €4.0 million to open a new plant in Gujarat, India and € 5.5 million to open a new plant in Sibiu, Romania. Finally, we have invested approximately €6.1 million (equivalent) in a facility in Nizhny Novgorod, Russia for the manufacturing of overhead systems.

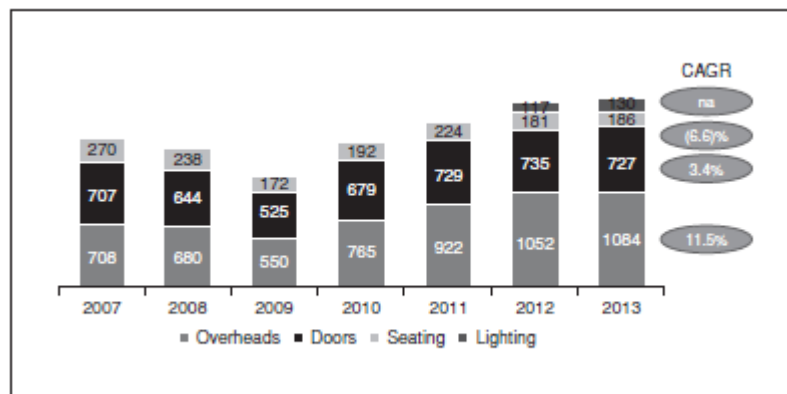


## Expand footprint in the APAC region

We intend to increase our presence in the APAC region consistent with the development trend of the automotive market in the region. We believe that we are well positioned to take advantage of growth opportunities in the APAC region as a result of our existing footprint of high quality production facilities in the region. We intend to capitalize on our current operations and reputation to increase our presence in the region through selective and disciplined investments and partnerships. For example in China, we have two TCOs and we operate 10 sites directly and 8 sites together with local partners through our different joint ventures. We have one TCO and three operating sites in India, which serve customers including Tata Group, Mahindra, Ford, Fiat-Chrysler, Volkswagen Group, Hyundai, Toyota and General Motors. Furthermore, we have a joint venture with the Krishna Group which supplies Maruti-Suzuki and Honda. In South Korea, we have one TCO and we provide automotive parts to Renault-Samsung in a joint venture with Dongwon Tech. In addition, we have had a TCO in Japan since 1998.

## Our Products

Our product portfolio is primarily comprised of overhead systems, doors and interior plastics, seating and lighting. The diversification of our product portfolio has helped us to strengthen our strategic relationships with OEMs, who are able to turn to us for innovative and market leading product solutions across the value chain. The chart below shows the revenue split of each of our business segments in the period between 2007 and 2013.



### Overhead Systems

An overhead system comprises the headliner as well as all the components associated with it. Headliners conceal roof sheet metal, wiring and safety airbags and incorporate interior components, thus improving the perceived quality of the vehicle by the eventual vehicle owner. Our headliner product is a composite material that is affixed to the inside of the metal panel of a vehicle's roof. The headliner is a fundamental aspect of a vehicle's design and functionality and plays an important role in the aesthetics, comfort, safety and acoustics of the vehicle. Ever since our beginnings, our overhead systems have identified us on a global scale as a pioneer in the R&D of such technologies.

Overhead systems can be adapted to different configurations, from the most simple headliners through to the most complex modular integration. Our components include: substrate, sunvisors, consoles, lighting, grab handles, air conditioning vents and solar protection systems. We develop technological solutions to account for key factors such as head impact regulations and the integration of fabric and lighting elements. The extensive offer meets the requirements of all segments available in the market.

The development of sunvisors is a significant element when it comes to evaluating the quality perceived by the end user. The sunvisor product is an interior component located above the windshield, designed to protect the driver from the sun. All sunvisors are designed with a hinge that is adjustable to help shade the eyes of drivers and passengers from the glare of sunlight. Some luxury cars are equipped with doubled-shaded sunvisors, allowing the driver/passenger to turn one of the shades toward the side window and the other forwards to the windshield to improve sunlight protection performance.

We have integrated the management of the overhead system, including headliners and mechanical sun protection systems in the new panoramic roofs and windshields. Our Windshield Integrated System Headliner ("WISH") is our response to the current demand for panoramic windshields, which offer a new sense of space.

## *Manufacturing process*

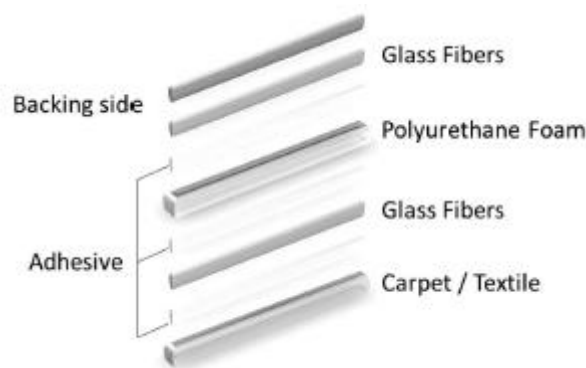
We begin the production process by analyzing our customer's requirements as well as the features and components that will be incorporated into the headliner. Our technical departments determine the ideal material construction and technology to produce the headliner at the most competitive cost and our engineering team then builds the detailed 3D specifications of the product. Once the part has been engineered, we begin the manufacturing process.

We manufacture our headliners using two production techniques: thermosetting technology and thermoplastic technology. Thermosetting technology uses a multi-layered composite structure (combining a core of polyurethane foam and layers of adhesive, glass fiber and an aesthetical cover) which is converted into a rigid product using a heating process, while thermoplastic technology uses a board of a fibrous material which is heated in a specialized oven and then pressed into its final shape using a cooling process.

### ***Thermosetting***

The core material of the headliner is a polyurethane foam. Manufacturing the foam is integrated in every production facility allowing us to customize the properties of the foam in accordance with customer specifications to achieve certain density, mechanical and acoustic requirements. The foam is created in large blocks which are then cut down in size to the required dimension and thickness.

Once the foam is cut into the appropriate dimensions, it is coated with adhesive, a catalyst is sprayed over the foam, then two layers of glass fiber are placed on and underneath the foam. Finally, a backing layer, either fleece or paper, is placed on the bottom side and an aesthetical layer, a textile or carpet, is placed on the upper side in order to create the final "sandwich" structure. The graphic below illustrates the final "sandwich" product.



The formed "sandwich" is then transferred into a heated tool to shape the headliner. After forming the headliner, it is trimmed using a pressurized water stream or with special die-cut tooling.

### ***Thermoplastic***

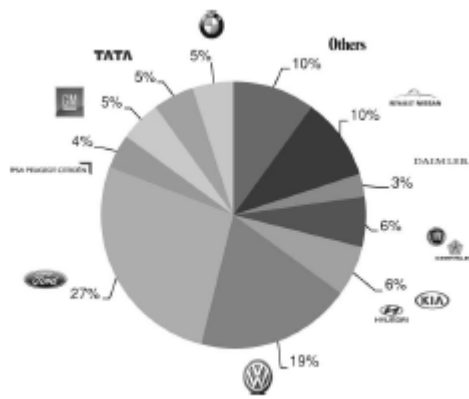
Our thermoplastic technology processes boards of fibrous materials which are blends of polyester or polypropylene fibers with glass fibers by heating the boards in an infra-red oven and then molding the boards in a cold press while, at the same time, feeding the interior textile finish into the mold. Finally, the part is trimmed by water jet. The thermoplastic lines are fully automatic, reducing labor costs and boosting the competitiveness of this technology.

Following customer and market demands, we have developed different technologies to assembly various components, such as sunroof frames, console frames, fixing or locator features on the back of the headliner. These components can be incorporated during the forming or covering steps or in a specific additional tooling.

The production process is spread out across over 60 plants and JIT facilities worldwide.

## *Customers and competitors*

We sell our overhead systems globally and our main clients are most of the top OEMs in the world, including Renault-Nissan, Volkswagen Group, Ford, Fiat-Chrysler, BMW, Daimler, Hyundai, Kia and PSA, amongst others. Our global footprint in design and industrial capacity is a key factor for obtaining and maintaining our relationships with these OEMs. The chart below shows our customer split for our overheads segment in 2013:



The main competitors for our overhead system are Johnson Controls, Howa Tramico, Magna, IAC, Toyota Boshoku and Industrialesud, amongst others.

### ***Door and interior plastics***

Our door and interior plastics segment produces door panels, window regulators and related components and also assembles complete door modules including components such as door latches, harnesses, loud-speakers and sealing. A door panel is the component covering the internal side of a vehicle's door. The door panel hides the door's metal panel and the internal components of the door such as windows regulators, latches and certain wiring and also incorporates electric switches, pull handles and armrests. The door panel brings together numerous different mechanical features and also plays a key feature in the interior design of the vehicle.

A window regulator is the component that moves the window in the door. The main function of the regulator is to move the window through a mechanic actuator engaged by a handle or by an electric motor. We develop and produce window regulators of any morphology as another component of the door system we offer, all of which satisfy the quality, cost, weight and ease of assembly demands of each client's assembly line and are subject to a rigorous validation processes to offer the very highest standards of reliability. Additionally, we have extensive experience in designing, validating and implementing motors in our window regulator systems. These motors have changed significantly in recent years, from being considered a high-end product to becoming a mass-produced standard in most vehicles. Our motors incorporate an electronic anti-pinch system which enables them to be activated automatically and safely, as well as forming part of the vehicle's electronic communications network.

We developed and validated our first plastic window regulator and it is expected to be in production in 2015. It is a significant product improvement, as plastic window regulators are extremely light-weight and also very low cost.

We have pioneered the introduction of lightweight technologies for injected thermoplastic in the European market, as well as in the use of environmentally-friendly processes and materials. Our techniques for injected plastic trim include chemical foaming injection, which achieves weight reduction in comparison to conventional technology. Additionally, we have developed extrusion compression technology, which allows us to use recycled plastic material from end of life vehicles. We have registered this product under the commercial name Novaform with a first application anticipated in 2015. These new products and processes allow our doors and interior plastics segment to continue to grow in our markets.

### ***Manufacturing process***

We begin the production process by analyzing our customer's requirements as well as the features and components that will be incorporated into the door panel. Our technical departments determine the ideal material construction and technology to produce the door panel at the most competitive cost and our engineering team then builds the detailed 3D specifications of the product. Once the part has been engineered, we begin the manufacturing process.

Due to the cutting edge elements of these door panels, the traditional assembly chain is extremely complex. We provide OEMs with a final product which combines technical features with design while at the same time reducing the industrial complexity of the assembly chain.

A door panel is composed of several parts and each of them uses a different technology and production process. The first step of production is generally either injection molding or thermoplastic processing. Injection molding consists of plastic material being melted in order to fill a mold which is then cooled to solidify the panel. Door panels constructed using thermoplastic are produced with a thermoplastic shell, which is heated in an oven or a press machine and a mold.

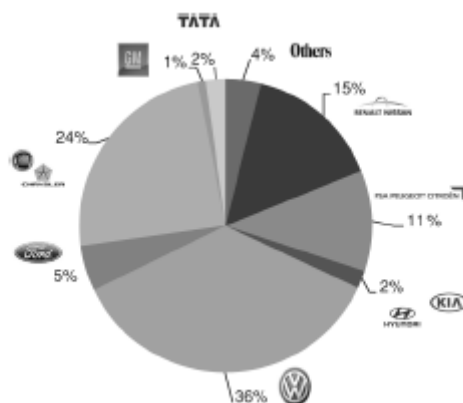
Once the plastic component is finalized, a variety of covering technologies are utilized to cover the part with leather or fabric. The technologies used for the covering process include vacuum technology, edge wrapping and laser cutting which allows designs to be laser cut into the final product. Once all the individual parts are produced, they must be assembled together. The assembly process can be done in one of our production plants or can be done, totally or just partially, in a JIT facility close to the assembly plant of the customer to reduce logistic cost.

Window regulators are composed of several parts and each of them have a different technology and process of production. We use injection molding and stamping to make most of the individual parts which are then assembled using a variety of techniques including robotic and manual assembly lines.

The production process for our doors and interior plastics segment is spread out across over 30 plants and JIT facilities worldwide. Additionally, in recent years we have set up window regulator production lines in other product manufacturing sites. We now produce window regulators in the headliners plant in India and Slovakia and in multiproduct plants in Turkey and Russia.

*Customers and competitors*

We sell our doors and interior plastics products in Europe, North America, the Mercosur region and APAC, particularly in China. Our main clients are many of the top OEMs in the world, including Renault-Nissan, Volkswagen Group, Ford, Fiat-Chrysler, BMW, Daimler, Hyundai, Kia and PSA, amongst others. Our global footprint in design and industrial capacity is a key factor for obtaining and maintaining our relationships with these OEMs. The chart below shows our customer split for our doors and interior plastics segment in 2013:



The main competitors for our doors segment are Visteon, Faurecia, Johnson Controls, IAC and Magna amongst others. We believe we offer lower engineering costs compared to our competitors.

In relation to window regulators, our main competitors are Brose, Hilex, Inteva and Kwangjin amongst others. We are increasing our competitiveness by utilizing our wider manufacturing footprint. In the medium term we believe that our know-how in plastic window regulators and our longer experience in plastic injection will place us in a leading position among our competitors.

**Seating**

We develop and manufacture high added value light seats for MPVs, LCVs and vans. Our seats product portfolio comprises our automatic anchorage seats that we sell under our Drop&Go brand, fold-into-floor seats and seats and benches with integrated 3-point belts. As a result of an intensive program of innovation in the areas of lightweight materials, advanced mechanisms, safety and comfort, these seats, folded and retractable, feature the highest specifications that enhance the flexibility in the distribution of interior space. Furthermore, our integration in clients’ supply chains, using sequencing plants close to their assembly lines, allows us further diversification in this segment. We produce seats using magnesium and high strength steel, allowing us to reduce weight while maintaining design and functionality.

Our automatic anchorage seats (“Drop&Go”) are one example of our innovation in this segment. The seat can be fixed on floor rails by simply dropping it in any position. Simplifying seat anchoring and movement operations to greatly increases flexibility when distributing interior space. Drop&Go is designed with the end user in mind and represents a much higher level of comfort and functionality than alternative seating options.

We offer a unique capability to explore innovative and tailored made technical solutions for non-standard seats, facing complex functionalities and packaging constraints. Customers have identified these capabilities, and contact us in the earliest phases of the project, to start the feasibility analysis of the different interior ideas under study.

### *Manufacturing process*

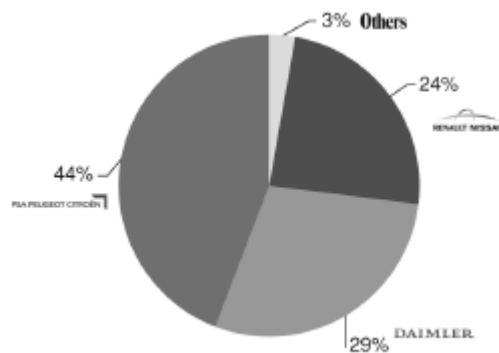
We concentrate our industrial activities in those processes that create the maximum added value to our customer. We begin the production process by analyzing our customer's requirements as well as the features and components that will be incorporated into the seats. Our technical departments determine the ideal material construction and technology to produce the seat at the most competitive cost and our engineering team then builds the detailed 3D specifications of the product. Once the part has been engineered, we begin the manufacturing process.

The first step in the manufacturing process is the cutting of sheet metal into the appropriate internal parts of the seat. This process is called stamping and its main advantage is that the final metal part is obtained without any heat treatment or other manufacturing process. We then use a magnesium injection process to create light-weight magnesium parts for the inside of the seat. The magnesium and metal parts are then welded, riveted and clinched together using a variety of different technologies that give the seat its final structural form. Finally, the seat is covered with the appropriate fabric and leather and painted as per the OEMs design specifications.

The production process is spread out across seven plants and JIT facilities.

### *Customers and competitors*

We sell our niche seating products primarily in Europe with the goal of expanding this business segment across our global footprint. We sell our seats to Daimler, PSA and Renault-Nissan. We believe that the manufacture of light-weight seats for MPVs and LCVs is currently a niche market, offering us an entrance into the profitable seating market. Our focus in this niche set of products gives us an advantage over many of our competitors, who have difficulties in innovating and investing in this range of products. The chart below shows our customer split for our seating segment in 2013:



The main competitors for our seating segment are Faurecia, Johnson Controls and Magna amongst others. Notwithstanding the existing competition in this segment, we believe that we offer a unique capability to explore innovative and tailor-made technical solutions for non-standard seats, with complex functionalities. We believe customers have recognized these capabilities, and contact us for in the early stages of the development of any non-standard seats to determine whether any specific project is feasible.

### *Lighting*

Our new business segment was created in January 2012 following our acquisition of CML, a leading manufacturer in Europe and Asia. As one of the key players in the market, we pay special attention to innovation in this segment, maintaining strong development capabilities, mainly in electronics and optical design. We offer complete interior solutions including, ambient lighting for the luxury and mid-range auto segment as well as floor lighting, overhead lighting and consoles for vehicles in all cost segments. Our lighting products also include sophisticated exterior lighting such as automotive exterior signaling, center high mount stop lights, turn signals and daytime running lights.

Increasingly, we are seeing an increasing innovation in the market for our products. We now see solid-state LED technology replacing the historic incandescent lighting technology as well as specialized electronics becoming increasingly present in even the simpler products. As the state-of-the-art evolves in each of these product ranges to include more functionality and elevated finish, we are evolving our production processes to match.

### *Manufacturing process*

As with our other business segments, we begin the production process by analyzing our customer's requirements with regard to interior automotive lighting. Our production capabilities are vertically integrated, mastering

the complete industrial process from R&D, conception and tooling to material processing, assembly, packaging and delivery.

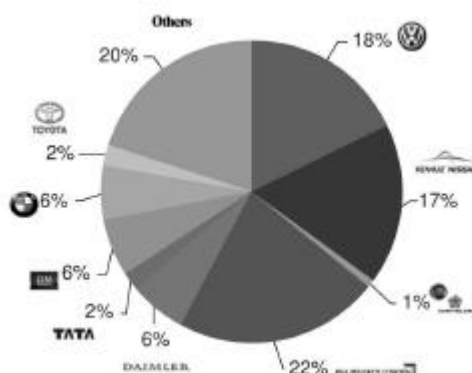
The production processes for our lighting segment varies depending on the type of lighting required by our end customers. The manufacturing processes include plastic injection, aluminum coating, ultrasonic and vibration welding, electronics components processing, including: PIN insertion for press-fit pin replacement of classical connector technology, wire-to-PCB soldering in the form of hot bar soldering, 100% in-line LED measurements, laser marking, wire stripping, tinning and termination equipment. We also have a significant capability in stamping technology that gives us a strong competitive edge in producing parts that essentially combine the functionality of electrical circuits, connectors and part supports. Our toolmakers are renowned for their skills in creating complex tools that produce elegant and cost-effective mass production parts.

Furthermore, we are now equipped with an in-house with SMD assembly process equipment in two sites, with a third site planned to come on-line at the end of 2014. This enables us not only to be competitive with our offers, but also to stay abreast of the rapid evolution of the customer requirements, and complements supply from our traditional subcontractor base.

The production process is spread out across the full range of our sites worldwide, with plants in Mexico, UK, Spain, France, North America, Germany, Czech Republic, Romania, India and China.

*Customers and competitors*

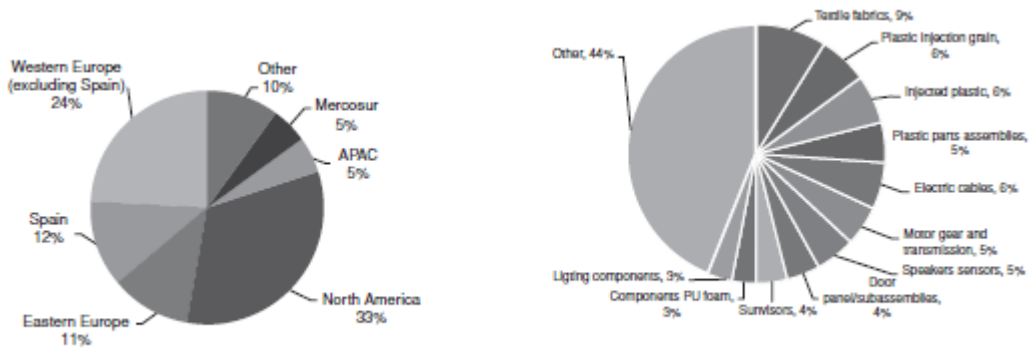
We sell our interior automotive lighting products primarily in Europe, North America, the Mercosur region and APAC, particularly in China. Our main clients are among the top OEMs in the world, including Renault-Nissan, Volkswagen Group, Fiat-Chrysler, BMW, Daimler and PSA, amongst others. Our global footprint in design and industrial capacity is a key factor for obtaining and maintaining our relationships with these OEMs. The chart below shows our customer split for our lighting segment in 2013:



The main competitors for our lighting segment are Hella, Flextronics, Koito, Il Heung, FER-Trucklite, AGM, Daimay, Olsa, Wuhan Champion, CHML, Visteon, amongst others. Our competitive advantages lie in several factors, namely our global reach, innovation, design, our efficient cost structure and our ability to stay ahead of our competitors.

**Suppliers**

We purchase various manufactured components and materials for use in our manufacturing processes. All of these components and materials are available from numerous sources and we currently source materials from over 1,500 suppliers of which approximately 19% make up to 80% of total purchase volumes. We source our key materials from at least two main suppliers of international recognition which enables us to negotiate on more favorable terms and provides us with added price protection. We estimate that over 41% of the value of the materials we source come from suppliers chosen by OEMs, which allows us to benefit from their enhanced negotiation power and to be automatically compensated by the applicable OEM for any increase of material costs. In addition, we estimate that approximately 8% of the value of the materials we source come from suppliers who have price transfer agreements directly with our customers where costs of materials outside of certain ranges are passed onto the OEM and approximately 51% of the value of the materials we source are related to customer contracts which allow us to renegotiate terms with OEMs based on increases in the costs of materials, thus helping us to minimize the impact of material price fluctuations. The graphics below illustrate the concentration of the materials used in our production facilities and the split of our suppliers by geography:

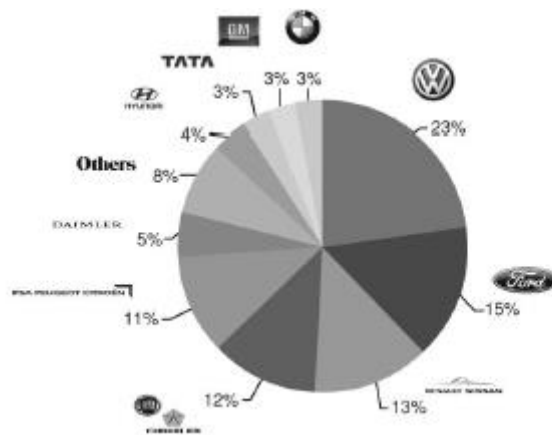


Our main material suppliers in our overheads segment are BASF and Bayer and we mainly source fabrics for our overhead systems from Guilford, Shawmut and Copo Textil. We source the plastic resins for our door panels from Basel, Exxon and Sabic and we source steel from SSAB and Gonvarri for use in our seating segment.

We conduct permanent monitoring and collaboration with our supply chain, at an international level. Our implementation of the warehouse management system, guarantees accurate supply by suppliers. We work to promote medium and long-term relationships to achieve mutual growth.

### Customers and Geography

Relative to our competitors, we have a well-diversified customer base which, through a successful development strategy, has expanded to include the twenty largest OEMs by production volume in 2013. In the financial year ended December 31, 2013, our top five OEM customers accounted for 75.0% of our revenue. The most significant increases have come from Ford and Fiat- Chrysler, which accounted for 15.0% and 11.5% of our total revenue respectively, as a result of the good performance of the North American and APAC markets and the acquisition of CML in 2012. The chart below reflects our customer diversification as of December 31, 2013.



We have developed long-standing business relationships with our automotive customers around the world. We work together with our customers along the full value chain, including development, industrial engineering, tooling and manufacturing. Quality assurance programs matching the highest standards underlie our service offering. In emerging economies in particular, our customers are focusing their own resources on vehicle assembly and seek to outsource to suppliers that are capable of providing an integrated supply service. We believe that our customers perceive us as a supplier that is capable on a global scale of providing (i) high-quality products at competitive prices with standardized high-level quality, (ii) innovative solutions for complex projects and (iii) on-time delivery and quality customer service.

Mandates in the automotive OEM business involve long-term production arrangements based on the lifecycle of the specific model or platform. As a result of our strategic and long term relationships with our OEM customers, and given the prohibitive operational, technical and logistical costs of switching, particularly during the life cycle of a specific vehicle model, we have strong visibility on our mid-term revenues. Furthermore, we believe we can leverage our strong customer relationships to obtain similar awards in the future.



In addition to being diversified, our customer base is weighted towards financially stable OEMs, meaning that, subject to the stage of the automotive industry cycle and prevailing macroeconomic conditions, our revenue streams are relatively secure.

Our geographical diversification strategy is aligned with the ongoing expansion by OEMs into emerging economies and the consolidation of their existing presence in established markets. As OEMs have sought to establish presence in growth markets and to grow outside of their home markets, we have adapted our geographical diversification strategy to focus less on our presence in Western Europe, which is well established, and more on these growing markets.

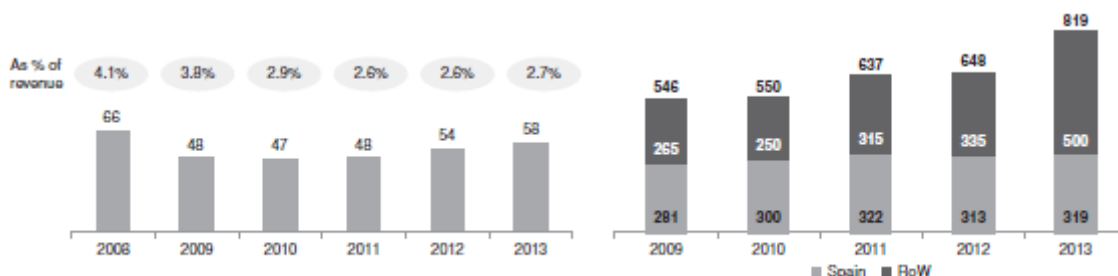
While we continue to pursue a measured strategy of geographical diversification, the basis of our technological expertise continues to be Western Europe.

### Research, Development, Innovation and Intellectual Property

We operate in a highly competitive and globalized industry and must constantly change and adapt to meet our customer’s needs and expectations. We consider innovation and R&D to be key success factors for the differentiation of our products and services from those of our competitors. As of December 31, 2013, we had a dedicated team of 819 employees in engineering functions throughout R&D, product quality and graphic engineering, supporting our product innovation capabilities, as compared to 546 employees in these functions in 2009.

One of the global trends in the automotive industry is the increased focus on innovative and technologically advanced products that seek to address the parallel concerns of improved safety for passengers and road users and the reduction of weight and emissions. Our commitment to developing innovative, high quality products has defined our approach to our customers. Investment in R&D is one of our main drivers. We pursue innovation in three main areas: (i) materials and processes where we are focused on weight reduction to minimize CO2 emissions and on the use of recyclable and recycled materials; (ii) industry flexibility whereby we are adapting to meet evolving market demands with minimum investment and (iii) smart interiors whereby we support our customer’s brand strategy which is key to perceived quality by end clients.

In the year ended December 31, 2013 we invested €57.5 million, or 2.7% of our revenue in R&D. Our innovative products and market leading processes are developed through our targeted R&D platforms across 13 R&D centers throughout Europe, APAC, North America and the Mercosur region. The charts below show our total investment in R&D as a percentage of revenue, as well as the evolution in the number of our employees in engineering functions:



Many of our products are manufactured using state-of-the-art technologies and we have patent applications for over 440 technical processes, as of December 31, 2013 and have registered approximately 40 patents in 2013. Our ambitious R&D policy is currently focused on programs relating to new materials and processes, magnesium, nanotechnology (carbon nanofibers and graphene), innovative fabrics and integrated lighting that enhance the balance between engineering and design. Some examples of our innovation are panoramic windshield sun blinds and new edge wrapping in our overheads segment, lightened seats and Drop&Go technology in our seating segment, chemical foaming and 3D fabrics in our doors segment and, finally, lighted headliners and capacitive sensors in our lighting segment.

We also participated in Project ADAPTA with six other companies, five research centers and three public bodies from different parts of Spain with the aim of creating an intelligent and adaptive system that increases protection for the occupants of vehicles during side collisions. As a result of this project we designed an innovative seat and door concept capable of moving in the event of a side collision, reducing the possibility of serious injuries caused by such types of accidents.

Underlying our innovative products and processes and in-house capabilities is the maintenance of rigorous quality management and testing systems in all of our manufacturing plants and R&D facilities. Through regular internal audits we are able to ensure that our products and processes are monitored to the highest industry standards. We believe

that these competencies and capabilities along the entire value chain give us a competitive advantage over many of the other suppliers.

Although the processes we use in the manufacture of the products we produce are technical in nature, our business does not rely heavily on intellectual property. Among the most important intellectual property that we do own relate to the patented press hardening processes we utilise in our operations, as well as certain brands, including Drop&Go, Novaliner, Novaform, WISH and DTM Door Trim Module, as well as our brand name, Grupo Antolín.

## **Joint Ventures**

Joint ventures constitute a key aspect of our business strategy and we operate in many countries by means of partnerships with local partners. Joint ventures have historically been a strategic way for us to enter new geographies. While in some joint ventures we are not the majority shareholder, we nonetheless often exercise operational control over these entities. Below we present a summary of our most significant joint ventures.

### *Brazil—INTERTRIM, Ltda.*

On December 1, 1995, we formed INTERTRIM, Ltda. with Luiz Rodovil Rossi, a Brazilian lawyer with experience in the Brazilian automotive business community, to produce overhead systems, namely headliners and sunvisors. As of December 31, 2013, we held a majority of the capital stock of the Intertrim, Ltda. while Luiz Rodovil Rossi held the minority capital stock. The company is located in Brazil and produces headliners in Caçapava, Brazil and sunvisors in Taubaté, Brazil. The company also has two logistic sites for sequencing and JIT delivery. The company produces parts for Volkswagen Group, PSA, Renault-Nissan, Toyota, Honda, Ford and Mitsubishi. As of December 31, 2013, the company employed 402 people.

### *Netherlands—International Door Company B.V.*

On May 4, 2000, the Company and Küster Holding GmbH signed a framework agreement for the management of the manufacturing of window regulator mechanisms and related systems. Under this framework agreement, a Dutch vehicle was incorporated (International Door Company, B.V.) which would cover all of the worldwide business of the Company and Küster Holding GmbH for the manufacturing of window regulators and related systems (except in Spain, France, Germany and Portugal, where both companies would continue operating separately). Currently, International Door Company B.V. holds the following stake in these entities (i) 100% of Iramec Autopeças Ltda. (Brasil), (ii) 100% of Mexican Door Company S. de R.L. de C.V. (Mexico), (iii) 50% of International Door System S. de R.L. de C.V. (Mexico), which has no activity since July 2012 and is currently in the process of liquidation, and (iv) 50% of Slovakian Door Company (Slovakia). Iramec Autopeças Ltda. was incorporated on July 24, 1995 and is mainly focused in the manufacturing of window regulator systems. Its main customers are Volkswagen Group, Ford and PSA. Mexican Door Company S. de R.L. de C.V. (Mexico) was incorporated on March 17, 2004 and is mainly focused in the manufacturing of window regulatory systems. Its customers include Grupo Antolín-Illinois, Inc., Volkswagen Group, Ford, DGS and Grupo Antolín-Salttillo S. de R.L. de C.V. Slovakian Door Company, which was incorporated on March 2, 2000, manufactures window regulator mechanisms for Audi, Porsche and Renault/Smart.

### *China—Ningbo Antolín Huaxiang Auto Parts*

In May, 2007, we entered into an agreement with the Chinese company Ningbo Huaxiang Electronic Parts Co., Ltd. to establish the Ningbo Antolín Huaxiang Auto Parts Co., Ltd. (“NBHX”) joint venture to produce automotive door panels and hard trim for the Chinese market. The joint venture is located in Ningbo, in the province of Zhejiang. It produces door panels, plastic hard trim for interiors as well as some other plastic exterior components. Its main customers are local subsidiaries and joint ventures of Volkswagen Group, PSA, Mercedes and Land Rover. As of December 31, 2013, the company employed 340 people. This joint venture enabled us to expand our product portfolio in China by introducing door panels and other plastic parts.

Additionally, in 2013, NBHX opened a subsidiary company in Dong Guan, in the province of Guandong. The new company is called Dong Guan Antolín Huaxiang Auto Parts Ltd. and manufactures hard trim plastic parts for the auto industry. It was opened to support and accompany the development of its main customer, a joint venture of PSA.

### *China—Yangzhou Antolín Huaxiang Auto Parts*

In August 2011, Grupo Antolín and NBHX established a new joint venture named Yangzhou Antolín Huaxiang Auto Parts Co. Ltd. in the province of Jiangsu. The objective of the joint venture is to support the manufacturing and sales of door panels and hard trim for its main customer a Chinese subsidiary of Volkswagen Group. The company is located in Yangzhou and as of December 31, 2013 it employed 150 people. This new company has enabled us to

strengthen our marketing position with Volkswagen Group and will allow us to develop new business opportunities with customers located in the area.

*Russia—Antolín Avtotechnika Nizhny Novgorod*

The Antolín Avtotechnika Nizhny Novgorod is a joint venture producing headliners and window regulators for Russian subsidiaries of strategic customers such as Ford, Volkswagen Group, Renault-Nissan and Skoda. Our joint venture partner is a local headliner supplier named Avtotechnika. As of December 31, 2013, Antolín Avtotechnika Nizhny Novgorod employed approximately 25 people.

*Thailand—NHK Antolín Thailand*

On October 22, 2012, NHK Antolin (Thailand) Co., Ltd. (“NHKA”) was incorporated as a joint venture between NHK Spring (Thailand) Co. Ltd. and the Company, under which each party would own a 50% interest (direct or indirect) in NHKA. NHKA manufactures headliners for the local Thai market and other countries in the APAC region. It is located in Bangpoo Industrial State, Province of Samutprakan, near Bangkok, and produces and delivers headliners for the main car manufacturers in the country including FTM Ford, AAT, Nissan, Honda, General Motors, Isuzu and Mitsubishi. As of December 31, 2013, NHKA employed 136 people. Furthermore, in August 2013, NHKA created NHK Antolín Hemarak, a JIT facility in order to support the components assembly to complete the modules for NHKA, as well as for the in-sequence delivery of the final product to the customer. It is located in the Rayong province, and delivers headliners to Ford, AAT and General Motors. As of December 31, 2013, this entity employed 189 people.

*Turkey—Ototrim Panel Sanayi ve Ticaret, A.S*

On December 15, 1992 we entered into an agreement with SKT Yedek Parca ve Makina Sanayi ve Ticaret A.S., a producer of oil sealants and rubber components for motor vehicles, establishing a joint venture to produce components such as headliners, sunvisors, hard trim, door panels and mechanisms for the main car manufacturers in the country. The joint ventures’ main customers are Ford, Renault-Nissan, Toyota, Fiat-Chrysler, Hyundai and PSA. As of December 31, 2013, Ototrim Panel Sanayi ve Ticaret A.S. employed almost 580 people and is a market leader in the production of headliners and sunvisors in Turkey. The Company grants a license to this joint venture for the manufacturing of headliners, door panels, sunvisors and window regulators and, in consideration, it receives an annual percentage of sales derived from this joint venture.

*USA—Grupo Antolín Primera Automotive Systems LLC*

On December 17, 1998, we entered an operating agreement with Crown Automotive Industries LLC, a Michigan based company, to assemble and deliver automotive overhead systems for certain plants of Ford. The joint venture is Grupo Antolín Primera Automotive Systems LLC and is located in Michigan, USA. As of December 31, 2013, the joint venture employed approximately 222 people.

*China—Gongzhuling Antolin Huaxiang Auto Interior Trim Co. Ltd.*

On September 19, 2009 NBHX officially agreed to buy 94% shares of Gongzhuling Antolin Huaxiang Auto Interior Trim Co. Ltd. from its previous shareholders. The company is located in Changchun, in the province of Jilin and produces headliners and DVDs for the main car manufacturers in the northern part of China. As of December 31, 2013, the company employed 370 people. Through this joint venture we were able to expand our presence in the northeast region of China and increase our market share in China.

On January 20, 2010 Chengdu Antolín Huaxiang Auto Interior Trim Co., Ltd. and in February 2013, Foshan Antolín Huaxiang Auto Interior Trim Co., Ltd were established as subsidiaries of Gongzhuling Antolin Huaxiang Auto Interior Trim Co. Ltd. to produce headliners, DVDs and components for OEMs including subsidiaries of Volkswagen Group. They are located in southwest and southern China in the province of Sichuan. As of December 31, 2013 they employed approximately 100 and 45 people, respectively.

*India—Krishna Grupo Antolín Private Limited*

On February 22, 2004 we entered into an agreement with an Indian company named Krishna Maruti Limited establishing a joint venture to produce automotive headliners and sunvisors within Northern India.

Krishna Maruti Ltd., is a part of the Krishna Group, a corporation supplying seating systems, interior systems as well as fuel and exhaust systems for the main OEMs in India.

The joint venture is called Krishna Grupo Antolín Private Ltd., and is located in Manesar-Gurgaon, New Delhi, India. It produces components for the main car manufacturers in the country such as Maruti-Suzuki, Honda and M&M. As of December 31, 2013, the Company employed 240 people. The Company has a license agreement with the joint venture for the manufacturing of headliners and sunvisors, in consideration for this it receives a percentage of the sales derived from this joint venture.

*Poland—Silesia Plastic Sp z.o.o*

On November 23, 2006 we entered into an agreement with Industrias Alegre Company, a producer of plastic interior parts for Ford in their plant located in Valencia, Spain, establishing a joint venture to produce interior plastic components. The joint venture is located in Strzelin, Poland and its main customers are Ford, PSA, Toyota and Volkswagen Group. As of December 31, 2013, Silesia Plastic Sp z.o.o employed 281 people and supplied components to Czech Republic, Slovakia and mainly to Germany. This joint venture allows us to supply interior plastic components to Eastern Europe complementing our facilities in the Czech Republic.

## Property, Plant and Equipment

Company	Type	Country	Owned/ Leased	Function
Grupo Antolín—Ingeniería, S.A.U/ Grupo Antolín—Irausa, S.A. ....	TCO	Spain	Owned	TCO
Grupo Antolín—Ardasa, S.A.U. ....	Plant	Spain	Owned	Seats
Grupo Antolín—Álava, S.L.U. ....	JIT	Spain	Leased	Seats
Grupo Antolín—Ara, S.L.U. ....	Plant	Spain	Owned	Seats
Grupo Antolín—Aragusa, S.A.U. ....	Plant	Spain	Leased	Plastics
Grupo Antolín—Autotrim, S.A.U. ....	Plant	Spain	Owned	Headliners
Grupo Antolín—Autotrim, S.A.U. ....	JIT	Spain	Leased	Headliners
Grupo Antolín—Autotrim, S.A.U. ....	JIT	Spain	Leased	Headliners
Grupo Antolín—Dapsa, S.A.U. ....	Plant	Spain	Owned	Mechanisms
Grupo Antolín—Eurotrim, S.A.U. ....	Plant	Spain	Owned	Headliners
Grupo Antolín—Eurotrim, S.A.U. ....	JIT	Spain	Leased	Headliners
Grupo Antolín—Glass, S.L.U. ....	JIT	Spain	Leased	JIT
Grupo Antolín—Magnesio, S.L.U. ....	Plant	Spain	Owned	Magnesium injection, seats, mechanisms
Grupo Antolín—Martorell, S.A.U. ....	JIT	Spain	Leased	Headliners and doors
Grupo Antolín—Navarra, S.A.U. ....	Plant	Spain	Leased	Doors
Grupo Antolín—PGA, S.A.U. ....	Plant	Spain	Leased	Metals welding
Grupo Antolín—Plasbur, S.A.U. ....	Plant	Spain	Owned	Plastics
Grupo Antolín—RyA, S.A.U. ....	Plant	Spain	Owned	Plastics
Grupo Antolín—Valplas, S.A.U. <sup>(1)</sup> ....	Plant	Spain	Owned	Plastics
Grupo Antolín—Vigo, S.L.U. ....	Plant	Spain	Owned	Seats
Cidut, S.L. ....	Plant	Spain	Owned	Die-cut and moulding
Grupo Antolín Lusitânia-Componentes Automóvel, S.A. ....	Plant	Portugal	Owned	Mechanisms
Grupo Antolín Lusitânia-Componentes Automóvel, S.A. ....	Plant	Portugal	Owned	Metallic profiles and welding
Grupo Antolín Valença-Componentes Automóvel, S.U.L. ....	JIT	Portugal	Leased	Headliners
Silesia Plastic Sp. z.o.o. ....	Plant	Poland	Owned	Plastics
Grupo Antolín—Saint Petersburg. ....	Plant	Russia	Leased	Headliners, plastics and mechanisms
Antolín Avtotechnika Nizhny Novgorod LLC ....	Plant	Russia	Leased	Headliners and mechanisms
Antolín Avtotechnika Nizhny Novgorod LLC ....	JIT	Russia	Leased	Headliners and mechanisms
Grupo Antolín—Bratislava, s.r.o. ....	Plant/JIT	Slovakia	Leased	Headliners, sunvisors and other
Grupo Antolín—Bratislava, s.r.o. ....	JIT	Slovakia	Leased	Headliners and panels
Slovakian Door Company, s.r.o. ....	Plant	Slovakia	Leased	Window regulators
Grupo Antolín—Logistik Deutschland, GmbH <sup>(2)</sup> ....	JIT	Belgium	Leased	Headliners
Grupo Antolín—France, S.A.S. ....	TCO	France	Leased	TCO
Grupo Antolín—Ingénierie Sièges, S.A.S. ....	TCO	France	Owned	TCO
Grupo Antolín—Cambrai, S.A.S. ....	Plant/JIT	France	Owned	Plastics
Grupo Antolín—IGA, S.A.S. ....	Plant	France	Owned	Headliners
Grupo Antolín—IGA, S.A.S. ....	JIT	France	Leased	Headliners
Grupo Antolín—Loire, S.A.S. ....	Plant	France	Owned	Seats
Grupo Antolín—Jarny, S.A.S. ....	Plant	France	Owned	Seats
Grupo Antolín—Vosges, S.A.S. ....	Plant/TCO	France	Owned	Sunvisors
Grupo Antolín—CML (Besançon) ....	TCO	France	Owned/Leased	TCO/Lighting
Grupo Antolín—Leamington, Ltd. ....	Plant/JIT	UK	Leased	Headliners
Grupo Antolín—Leamington, Ltd. ....	JIT	UK	Leased	Headliners
Grupo Antolín—Leamington Ltd. ....	JIT	UK	Leased	Headliners
Grupo Antolín—Leamington Ltd. ....	JIT	UK	Leased	Headliners
Grupo Antolín—CML (Bury) ....	TCO	UK	Leased	TCO/Lighting
Grupo Antolín—Deutschland GmbH (Weyhausen) ....	TCO	Germany	Leased	TCO/Lighting
Grupo Antolín—Deutschland GmbH (Köln) ....	TCO	Germany	Leased	TCO
Grupo Antolín—Deutschland GmbH (Stuttgart) ....	TCO	Germany	Leased	TCO
Grupo Antolín—Deutschland GmbH (Wolnzach) ....	TCO	Germany	Leased	TCO
Grupo Antolín—Logistik Deutschland GmbH (Emden) ....	JIT	Germany	Leased	Headliners

Grupo Antolín—Logistik Deutschland GmbH (Emden) .....	JIT	Germany	Leased	Doors
Grupo Antolín—Logistik Deutschland GmbH (Regensburg).....	JIT	Germany	Leased	Headliners
Grupo Antolín—Logistik Deutschland GmbH (Saarlouis).....	JIT	Germany	Leased	Headliners and pillars
Grupo Antolín—Logistik Deutschland GmbH (Saarlouis).....	JIT	Germany	Leased	Plastics
Grupo Antolín—Logistik Deutschland GmbH (Sachsen) .....	JIT	Germany	Leased	Headliners, doors and trays
Grupo Antolín—Logistik Deutschland GmbH (Köln) .....	JIT	Germany	Leased	Headliners
Grupo Antolín—Logistik Deutschland GmbH (Wolfsburg-Hattorf) .....	JIT	Germany	Leased	Headliners
Grupo Antolín—CML (Bamberg) .....	Plant/TCO	Germany	Owned	TCO/Lighting
Grupo Antolín—CML (Bad Durkheim)	Plant/TCO	Germany	Leased	TCO/Lighting
Grupo Antolín Bohemia, a.s. ....	Plant/TCO	Czech Republic	Owned	TCO/ Headliners
Grupo Antolín Bohemia, a.s. ....	JIT	Czech Republic	Leased	Headliners
Grupo Antolín Bohemia, a.s. ....	Plant	Czech Republic	Leased	Headliners
Grupo Antolín Ostrava, s.r.o.....	Plant	Czech Republic	Leased	Headliners
Grupo Antolín Turnov, s.r.o. ....	Plant	Czech Republic	Leased	Plastics
Grupo Antolín Turnov, s.r.o. ....	JIT	Czech Republic	Leased	Doors
Grupo Antolín Turnov, s.r.o. ....	JIT	Czech Republic	Leased	Doors
Grupo Antolín Turnov, s.r.o. ....	Plant	Czech Republic	Leased	Headliners
Grupo Antolín—CML (Hranice) .....	Plant	Czech Republic	Owned	Lighting
Antolín—Cie Czech Republic .....	Plant	Czech Republic	Leased	Headliners
Ototrim Panel Sanayi Ve Ticaret s.a. ....	Plant/TCO	Turkey	Owned	Headliners, plastics and trays
Ototrim Panel Sanayi Ve Ticaret s.a. ....	JIT	Turkey	Leased	Headliners
Ototrim Panel Sanayi Ve Ticaret s.a. ....	JIT	Turkey	Leased	Headliners
Ototrim Panel Sanayi Ve Ticaret s.a. ....	JIT	Turkey	Leased	Headliners
Grupo Antolín—CML (Sibiu) <sup>(3)</sup> .....	Plant	Romania	Leased	Lightings
Grupo Antolín—Italia, s.r.l.....	Plant/TCO	Italy	Owned	Plastics
Grupo Antolín—Italia, s.r.l.....	JIT	Italy	Leased	Doors
Iramec Autopeças, S.A. ....	Plant	Brazil	Owned	Mechanisms
Intertrim, Ltda.....	Plant	Brazil	Owned	Headliners
Trimtec Ltda .....	Plant/TCO	Brazil	Owned	Plastics
Intertrim (Bahía) .....	JIT	Brazil	Leased	Headliners
Trimtec (Taubaté) .....	JIT	Brazil	Leased	Plastics
Intertrim (Taubaté) .....	JIT	Brazil	Leased	Headliners
Intertrim (Curitiba) .....	JIT	Brazil	Leased	Headliners
Intertrim (IPA Parasóis).....	Plant	Brazil	Leased	Sunvisors
Irauto, S.A. ....	Plant	Argentina	Owned	Headliners
Oshawa .....	JIT	Canada	Leased	Headliners
Brampton .....	JIT	Canada	Leased	Doors
Grupo Antolín—North America Inc. ....	TCO	US	Leased	TCO
Grupo Antolín—Illinois, Inc.....	JIT	US	Leased	Doors
Grupo Antolín—Kentucky, Inc. ....	Plant	US	Owned	Headliners
Grupo Antolín—Kentucky, Inc. ....	JIT	US	Leased	Headliners
Grupo Antolín—Kentucky, Inc. ....	JIT	US	Leased	Headliners
Grupo Antolín—Michigan, Inc.....	Plant	US	Leased	Headliners
Grupo Antolín—Michigan, Inc. (Warren) .....	JIT	US	Leased	Headliners
Grupo Antolín—Wayne, LLC .....	JIT	US	Leased	Headliners
Grupo Antolín—Missouri, LLC .....	Plant	US	Leased	Headliners, assembly and sequencing
Grupo Antolín—Silao, S.A. de C.V. ....	Plant/TCO	Mexico	Owned	TCO and headliners
Grupo Antolín—Saltillo S.A. de C.V. ....	Plant	Mexico	Leased	Plastics and sunvisors
Grupo Antolín—Silao, S.A. de C.V. (Hermosillo).....	Plant/JIT	Mexico	Leased	Headliners and doors
Mexican Door Company.....	Plant	Mexico	Leased	Mechanisms
Grupo Antolín—Silao, S.A. de C.V. (Puebla) .....	JIT	Mexico	Leased	Headliners
Grupo Antolín—Silao, S.A. de C.V. (Derramadero) .....	JIT	Mexico	Leased	Headliners
Antolín Tanger, S.a.r.l. ....	Plant/TCO	Morocco	Owned	Headliners and plastics
Antolín Tanger, S.a.r.l. ....	Plant	Morocco	Leased	Seats
Grupo Antolín—South Africa, (PTY) Ltd.....	Plant/JIT/ TCO	South Africa	Leased	TCO, plastics and headliners

Grupo Antolín—South Africa, (PTY) Ltd. ....	Plant/JIT	South Africa	Leased	Headliners
Grupo Antolín—South Africa, (PTY) Ltd. ....	Plant	South Africa	Leased	Headliners
Grupo Antolín—Pune Private Ltd. ....	TCO	India	Owned	TCO
Grupo Antolín—Pune Private Ltd. ....	Plant	India	Owned	Headliners, plastics, mechanisms and trays
Grupo Antolín—Pune Private Ltd. (Chennai).....	Plant/JIT	India	Owned	Headliners
Grupo Antolín—Pune Private Ltd. ....	JIT	India	Leased	Headliners
Krishna Grupo Antolín Private, Ltd..... Antolín Kasai TEK Chennai	Plant	India	Owned	Headliners
Private, Ltd. ....	Plant	India	Owned	Plastics
NHK Antolín Thailand Co. Ltd. ....	Plant	Thailand	Leased	Headliners
NHK Antolín Thailand Co. Ltd. ....	JIT	Thailand	Leased	Headliners
Grupo Antolín (Shanghai) .....	TCO	China	Leased	TCO
Antolín Shanghai Autoparts Co. Ltd. (Asa).....	Plant/JIT	China	Leased	Headliners, sunvisors
Guangzhou Antolín Auto-Parts Co. Ltd (Aga) .....	Plant/JIT	China	Leased	Headliners
Grupo Antolín (Shanghai) (Wuhu) .....	JIT	China	Leased	Headliners
Grupo Antolín (Shanghai) (Shenyang) ..	JIT	China	Leased	Headliners
Grupo Antolín (Shanghai) (Wuhan) .....	JIT	China	Leased	Headliners
Chengdu Antolín Huaxiang Auto Interior Trim Co. Ltd.....	Plant	China	Leased	Headliners
Chongqing Antolín Tuopu Overhead System Co. Ltd.....	Plant/JIT	China	Leased	Headliners
Gongzhuling Antolín Huaxiang Auto Interior Trim Co. Ltd.....	Plant	China	Owned	Headliners
Ningbo Antolín Huaxiang Auto Parts Co. Ltd.....	Plant	China	Leased	Plastics
Antolín Shanghai Auto Parts Nanjing Branch (Ana).....	Plant/JIT	China	Leased	Headliners
Yangzhou Antolín Huaxiang Auto Parts Co. Ltd.....	Plant/JIT	China	Owned	Plastics
Antolín Shanghai Wuhan.....	Plant	China	Leased	Headliners
Grupo Antolín—CML Guangzhou .....	Plant/TCO	China	Leased	Lighting
Foshan Gongzhouling Antolín Huaxiang Auto Interior Trim Co. Ltd.....	Plant	China	Leased	Headliners
Dongguan Antolín Huaxiang Auto Parts Co. Ltd.....	Plant	China	Leased	Plastics
Grupo Antolín Pukou.....	JIT	China	Leased	Headliners
Grupo Antolín Yi Zheng.....	JIT	China	Leased	Headliners
Grupo Antolín Korea .....	TCO	South Korea	Leased	TCO
Dongwon Technology Ltd. ....	Plant	South Korea	Owned	Plastics
Grupo Antolín—Japan, Corp.....	TCO	Japan	Leased	TCO

- (1) Production in this plant will commence in 2014.
- (2) This JIT will only remain in place until the end of 2014.
- (3) Production in this plant will cease in June 2014 and transferred to a new plant.

The following table sets forth the total number of our production facilities and our TCO centers, by region:

Region	Production Facilities	TCO
Western Europe .....	48	13
Eastern Europe.....	23	2
North America .....	17	2
Mercosur.....	9	1
APAC .....	31	5
Other.....	7	2
<b>Total.....</b>	<b>135</b>	<b>25</b>

## Environmental

We have a strong commitment to environmental issues and the impact of our operations on the environment, including with respect to climate change. We are also committed to maintaining high standards of health and safety, both environmental and general. The Company has approved a management model, aimed at covering any legal requirements, and which currently applies to each entity in our Group. As of December 31, 2013, we had approximately 80 employees dedicated to environmental issues and approximately 80 employees dedicated to health and safety issues.

As manufacturers of automotive components, the environmental impact generated by us have to be taken into account throughout the life cycle of the vehicle and not only during the manufacturing phase of our parts. For this reason we are committed to adapting and using the best techniques available for our components, as well as including environmental aspects in the design and operation of them. For example, our innovation processes seek weight reduction and make use of biomaterials and natural fibers, our design processes seek new products and production processes centered around efficient use of resources and energy, and we seek out recycling options for the components at the end of their useful life.

Over the past five years, we have had no relevant material environmental issues, actions, claims or liabilities and are currently not aware of any such issues, actions, claims or liabilities, excluding the claim in Brazil against our subsidiary Trimtec. See “—Proceedings”.

We have achieved environmental certification in accordance with the standard ISO 14001 for 54 companies. The chart below shows a breakdown of our ISO 14001 certifications by region:

<b>Region</b>	<b>ISO14001 Certifications</b>
Europe .....	32
North America .....	9
Mercosur .....	4
Africa-APAC .....	8

Our environmental activities focus on two general areas: (i) environmental management system, based on manuals and procedures common to all the centers defining the measures to ensure strict compliance with current legislation, the rational use of resources and energy and minimizing the generation of waste; and (ii) environmentally sensitive design, where we focus our design of our products with a view to minimizing the environmental impact of the vehicle over its useful life.

Our property, plant and equipment include certain investments whose carrying amount at December 31, 2013 totaled approximately €1.2 million with the purpose of reducing the environmental impact of our activities and to protect and enhance the environment. In 2013, we also incurred expenses aimed at protecting and enhancing the environment, totaling approximately €1.7 million.

As of December 31, 2013 we had no other environmental liabilities, provisions or contingencies that could have a significant impact on our equity, financial position or results.

## Health and Safety

In terms of health and safety we are aware of the risks in our business and have a policy that ensures that both our employees and those from other companies working on our premises have a safe and healthy working environment.

In accordance with this policy, we use the same criteria when assessing the performance of any company in terms of health and safety and no difference is established between the companies operating in the countries in which we are present.

Our management plan, based on the OHSAS 18001 model, includes the identification and verification of any applicable regulations, as well as the performance of internal audit controls to verify any applicable preventive measures and the level of compliance.

There is also a system of audits which verifies that any measures in health and safety meet with the criteria established in our policies, thereby assuring reliability and comparability among the companies.



## Proceedings

We are from time to time involved in legal proceedings, claims or investigations that are incidental to the conduct of our business. We vigorously defend ourselves against these claims. In future periods, we could be subject to cash costs or non-cash charges to earnings if any of these matters is resolved on unfavorable terms. However, although the ultimate outcome of any legal matter cannot be predicted with certainty, based on current information, including our assessment of the merits of the particular claims, we do not expect that our pending legal proceedings or claims will have a material adverse impact on our future consolidated financial condition, results of operations or cash flows.

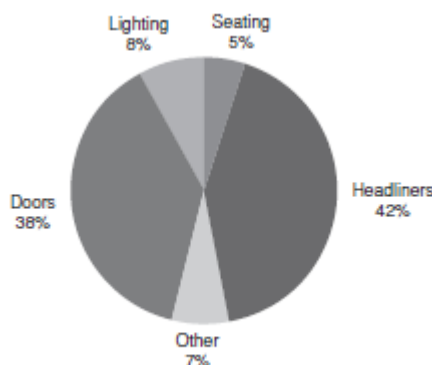
For example, in Trimtec, our subsidiary in Brazil, we are subject, together with 25 other companies, to three environmental claims derived from the environmental damages created by CBB, who provided services of incineration and industrial waste disposal for Trimtec and other companies. CBB did not perform such services and was abandoning waste in the state of Para, which ended up causing severe environmental damage. The first proceeding, initiated by popular action, seeks R\$50.0 million in damages from CBB and each of the companies that had contracted the services of CBB. The second one was initiated by the *Prefeitura Municipal the Ulianópolis*, who is seeking R\$53.2 million in damages. Furthermore, certain employees of CBB have sued the latter, as well as 59 other companies (including Trimtec), requesting damages derived from alleged health issues caused by the management of the waste. The amount sought in this third action was R\$5,015.0 million, but the claim has been retired by the claimants and the judge accepted such retirement. We consider the risk derived from these proceedings to be remote. We expect the aggregate potential liability of Trimtec will not exceed an approximate amount of €1.0 million in damages.

Furthermore, we are subject to several administrative and judicial tax proceedings in Brazil, of which four proceedings are due to the dispute over certain VAT deductions that we had taken under the exemption for certain manufacturers that applied to us under Brazilian tax law. The total amount of outstanding claims (administrative and judicial) is R\$68.1 million (or €21.3 million). On September 19, 2008 the Tax Court of Brazil (*Tribunal de Impostos e Taxas*) upheld an appeal from Trimtec in a similar proceeding. As of the date of this offering memorandum, we estimate that the aggregate potential liability under administrative and judicial proceedings in Brazil amount to approximately €21.3 million.

Furthermore, BMW Brilliance Automotive (“BBA”) has formally requested an amount of RMB63 million from Antolín Shanghai Auto Parts, due to the stoppage of our plant in Shenyang, China derived from a fire in April 2011. No claim has yet been filed before the courts and we anticipate reaching an out-of-court settlement in the short term. We have agreed an out of court agreement with BBA which is in the process of being formalized and executed by the parties. We do not expect to pay any amount in damages under such settlement.

## Employees

As of December 31, 2013, the average number of employees working for us was 13,746 globally, of which 14%, 56%, 8%, and 17% were based in APAC, Europe, the Mercosur region and North America, respectively. The breakdown of our employees by business segment is set out in the graphic below.



Our strategy is to manage relations with our employees primarily on a plant level, with the “plant works council” being the forum for employee representation most favored by our employees. As a general rule, each plant has its own collective agreement. This policy allows us to benefit from a number of advantages:

- collective agreements are adapted to the specific circumstances and needs of each plant (for example different geographic areas within a country may have different average salary or cost of living allowances);
- collective agreements can be adapted to the economic performance and productivity of each plant; and

- workers identify themselves better with their own “plant works council” rather than with a country level one.

In addition to this strategy, we try to build open and trusting relations with union representatives at regional level or country level, in order to allow a bi-directional communication channel to provide them with relevant information, but also to understand their real worries and concerns.

As of December 31, 2013, we were party to 45 collective bargaining agreements, 18 of which are expiring in the next 12 months and four of which are currently under negotiation for their renewal. In 2013, we had a strike in our plant in South Africa, two strikes in our plant in St. Petersburg, Russia and one strike in our plant in Chennai, India. None of the strikes had a material impact in the production levels requested by our customers.

During the global economic crisis, we proactively managed our employee requirements while endeavoring to find constructive measures to manage and retain experienced professionals. Given the global nature of our business and operations, the measures implemented required an in-depth analysis of the legal framework of each jurisdiction in which we operate. Our extensive global footprint has also given us a tool to fight the impact of the global economic crisis as it has allowed for increased geographical mobility and provided us with the ability to temporarily balance our resources across different regions, supporting strategic projects with the most skilled and experienced workers.

Where the opportunities have arisen and it has been possible to do so, we have deployed underutilized staffing resources from one area of our business to other areas experiencing increased staffing requirements, for example between 2007 and 2009, we mobilized 54 workers from various Spanish group entities in order to avoid temporary layoffs. In addition, between 2009 and 2011, we used the transfer of employees between different companies of the Group for the purposes of reducing the negative impact of some reductions in the workforce and the closure of some facilities. Furthermore, in 2013, as part of a restructuring, we offered employees the possibility of voluntary transfers from Grupo Antolín-Dapsa, S.A.U. to Grupo Antolín-Plasbur, S.A.U. and the Company. In addition, our human resources policy includes provisions that, prior to the construction of any new plant, its workers will receive specific training in certain subsidiaries of our Group, like for example in our new factory in Valencia, Spain. As a result, we have been able to leverage the know-how of our experienced professionals to ensure that the new plants are well supervised by a trained workforce, achieving the required quality standards, while also retaining key resources.

Where necessary and where the legal and regulatory labor and employment framework in a jurisdiction allows, we have implemented measures such as temporary reduction of the workforce, early retirement programs (as a way to achieve cost reduction in the short term and to reduce the average age of the staff in the medium to long term) and “Substitute Contracts” which has proven to be an efficient way to manage costs and rejuvenate the workforce, while accommodating the aging population.

## MANAGEMENT

### Board of Directors

The following table sets forth, as of the date of this offering memorandum, the name and title of each member of the Board of Directors of the Company, together with their representatives (in the case of corporate directors), and is followed by a summary of biographical information of each director or representative (in the case of corporate directors), including their respective ages. The address of the Board of Directors is Ctra. Madrid-Irún, Km. 244.8—E09007, Burgos, Spain.

Name	Position
Injat, S.L. (represented by José Antolín) .....	Chairman
Canea, S.L. (represented by Ernesto Antolín)...	Vice-Chairman
José Manuel Temiño.....	Executive Director and Chief Executive Officer
Agrícola Cinegética San Quirce, S.L. (represented by María Helena Antolín) .....	Executive Director and Marketing & Corporate Affairs Officer
Ampaber, S.L. (represented by Ana Berta Antolín) .....	Director

**José Antolín** (77). Representative of Injat, S.L. (Chairman of the Company). José Antolín has served as Chairman of Grupo Antolín since 1995 and was co-founder in the 1950s. He also serves as a member on the board of directors of several of Grupo Antolín’s subsidiary companies. He was awarded the Gold Medal for Merit in Work (*Medalla de Oro al Mérito en el Trabajo*) by the Spanish government in 2010, the Gold Medal from the City of Burgos in 2012, and was appointed doctor honoris causa by the University of Burgos in 2013.

**Ernesto Antolín** (49). Representative of Canea, S.L. (Vice-Chairman of the Company). Ernesto Antolín has served as Vice-Chairman of Grupo Antolín since 1995. He holds a degree in law (*licenciatura en derecho*) from the University of Burgos, and has obtained several post-graduate degrees from Boston University. He has 25 years of international experience within the automotive industry in the areas of strategy, marketing, industry and business diversification, of which 23 years has been with Grupo Antolín. He also serves as the chairman, vice-chairman and member of the board of directors of several of Grupo Antolín’s subsidiary companies.

**José Manuel Temiño** (67). Executive Director of the Company and its Chief Executive Officer since 1985. José Manuel Temiño holds a degree in mining engineering (*ingeniería de minas*) from the Technical School of Superior Mining Engineers of Madrid (*Escuela Técnica de Ingenieros Superiores de Minas*). Mr. Temiño has 35 years of experience with Grupo Antolín. He also serves as a member of the executive committee and the steering committee of Grupo Antolín, as well as on the board of directors of several of Grupo Antolín’s subsidiary companies. Mr. Temiño is also a member of Renault’s Suppliers Council.

**María Helena Antolín** (47). Representative of Agrícola Cinegética San Quirce, S.L. (Executive Director of the Company) since 2009. María Helena Antolín was appointed as Marketing and Corporate Affairs Officer of Grupo Antolín in 2013. She holds a degree in international business and business administration from Eckerd College (Florida) and a Master in Business Administration from Anglia University (United Kingdom) and the Polytechnic University of Valencia. She has over 21 years of international experience with Grupo Antolín in the areas of product quality, industry, human resources and operations. She is a member of the steering committee of Grupo Antolín, member of the board of directors of Iberdrola, S.A., a Spanish utility company, and member of the board of directors of the Commission of Social Corporate Responsibility and the Permanent Commission of the “Management Excellence Club” (*Club Excelencia en Gestión*).

**Ana Berta Antolín** (45). Director of Grupo Antolín since 2011, as representative of Ampaber, S.L. She has worked for several years in Grupo Antolín, as well as in other companies of the automotive sector.

### Senior Management

Our senior management team is led by Mr. José Manuel Temiño. The following table sets forth, as of the date of this offering memorandum, the name and title of each member of the senior management team who does not also serve on the Board of Directors, and is followed by a summary of biographical information of each such member including their respective ages. The address of the members of the senior management team is Ctra. Madrid-Irún, Km. 244.8—E09007, Burgos, Spain.

Name	Position
Jesús Pascual .....	Chief Operations Officer
Miguel Ángel Vicente.....	Chief Commercial Officer
Luis Vega Goicolea .....	Chief Financial Officer

**Jesús Pascual** (50). Chief Operations Officer of Grupo Antolín since 2013. Mr. Pascual holds a degree in industrial engineering from the Polytechnic University of Burgos, as well as a Master in Business Administration from the European Business School in Burgos. He has over 28 years of international experience in the automotive industry, in the areas of operations and industrial development. Within Grupo Antolín he has held the position of Plant Manager in several factories, as well as Territorial Director for the Iberian Peninsula and Head of the Headliners segment from 2005 until 2013. Mr. Pascual is also a member of our executive and steering committees.

**Miguel Ángel Vicente** (59). Chief Commercial Officer of Grupo Antolín since 2013. Mr. Vicente holds a degree in industrial engineering from the ENSAI University in Strasbourg (France), a Master in Business Administration from INSEAD in Fontainebleau (France) as well as a Master's degree in Engines from IFP School in Paris (France). He has 34 years of international experience within the automotive industry, and has worked for companies like Renault, in the areas of research, engineering, quality, manufacturing and purchasing in France, Mexico and Spain. He has been working for Grupo Antolín for the last 21 years, where he first held the position of Industrial Operations Director. Subsequently, he also held the position of Operations Director in Europe-South America and in North America, and Head of the Doors segment from 2009 to 2013. Mr. Vicente is a member of our executive and steering committees.

**Luis Vega** (49). Chief Financial Officer of Grupo Antolín since 2007. He holds a business administration degree from the University of Valladolid. He has 24 years of experience with Grupo Antolín, having held several management positions within the economic and financial division. In addition, Mr. Vega has been in the board of directors of several Spanish companies. Mr. Vega is a member of our executive and steering committees.

**Pablo Ruiz Ferreiro** (56). General Counsel of Grupo Antolín and Vice Secretary of the Board of Directors of the Company. Mr. Ruiz holds a degree in law (*licenciatura en derecho*) from the University of Valladolid. He has more than 22 years of experience within the automotive industry and is responsible of the legal department of Grupo Antolín. Mr. Ruiz is a member of our steering committee.

## Committees

The Board of Directors may form committees from among its members and charge the committees with the performance of specific tasks. The committees' tasks, authorizations and processes are determined by the Board of Directors. Where permissible by law, important powers of the Board of Directors may also be transferred to the committees. As of December 31, 2013, the Board of Directors had established the following committees:

### *Executive Committee*

The executive committee is responsible for all tasks delegated to it by the Board of Directors, and is composed of the Chief Executive Officer, the Chief Operations Officer, the Chief Commercial Officer and the Chief Financial Officer. The executive committee meets on a weekly basis.

### *Steering Committee*

The steering committee is responsible for (i) the presentation of the budget for its approval by the Board of Directors, (ii) approval of projects and innovation plans, (iii) discussion and approval of organizational duties and (iv) human resources, institutional relations and external communication policies. The steering committee is formed, *inter alia*, by the Chief Executive Officer, the Chief Commercial Officer, the Chief Financial Officer and the General Counsel. The steering committee meets every two months.

## SHAREHOLDERS AND CERTAIN TRANSACTIONS

### Shareholders

As of the date of this offering memorandum, our issued share capital, which is fully paid up, consisted of 8,023,241 registered shares with a par value of €4.67 each.

Our shareholders are (i) HoldCo1, a Spanish *sociedad de responsabilidad limitada*, which holds 67.4% of the shares of the Company and (ii) HoldCo2, *sociedad anónima*, which holds 32.6% of the shares of the Company. HoldCo2 is a wholly-owned subsidiary of Sarmental, which in turn is a wholly-owned subsidiary of HoldCo1. HoldCo1 is wholly-owned by the Antolín family through different holding vehicles, including Avot.

Avot is 100% owned by the Antolín family. The Antolín family has two branches, one for each of the two Antolín brothers who founded Grupo Antolín. Each family branch owns 50% of Avot, holding their shares in Avot through separate investment vehicles.

The board of Avot is composed of two members of each branch of the Antolín and the Chief Executive Officer. The Chief Executive Officer is given a deciding vote in case of deadlock between the two branches of the Antolín family. In February 2013, the Antolín family signed a shareholders' agreement regarding its shareholding in Avot. The Antolín family agreed to a 10 year lockup period, in which the sales of shares in Avot are restricted to certain requirements such as business interest and the maintenance of family-based control over the Company. The shareholders' agreement sets economic sanctions and penalties for any breach of the shareholders' agreement.

### Terms and conditions of transactions with related parties

#### *Repurchase of shares from Anira Inversiones, S.L.*

On December 16, 2013, Sarmental agreed to purchase from Anira 1,833,905 shares in the Company, representing approximately 22.9% of the share capital of the Company for a total purchase price of €85.0 million. Anira was a vehicle owned by certain savings banks in Spain. Following this acquisition, the Antolín family beneficially owns 100% of the share capital of the Company. See "Operating Financial Review and Prospects—Liquidity".C

#### *Transactions with associated companies*

We enter into certain transactions in the ordinary course of business with associated companies. In 2013 our significant transactions with associated companies included €25.5 million with Grupo Antolín-Wayne, LLC and €1.3 million with NHKA, all of which related to cross-sales of our products within our Group.

Furthermore, we occasionally enter into transactions with our shareholders. On December 16, 2011, Inversiones Lagoa 2003, S.L. ("Lagoa"), a vehicle of the Antolín family, sold 24 plots of land to Grupo Antolín- PGA, S.A.U., for a total amount of €2.0 million. In May 20, 2011, Lagoa also sold an industrial plant, an office building and a small plot of land in Valdorros, Burgos, to Grupo Antolín-Magnesio, S.L.U., for a total consideration of €7.2 million. Finally, on May 13, 2011, the Company acquired two apartments and certain parking lots from Grupo Asuari Inversor, S.L., another vehicle of the Antolín family, for a total consideration of €0.6 million. All these transactions were subject to independent valuations by reputable firms in Spain.

In addition, the Antolín family owns Compras y Logística Burgalesa, S.L.U. ("Cylbur"), a company which manages non-productive material purchases and which primarily serves certain Spanish subsidiaries of our group. Cylbur had a net turnover of approximately €6.0 million in 2013.

Finally, the Antolín family owns Bodegas Imperiales, S.L. ("Bodejas Imperiales"), a winery in the area of "Ribera del Duero", devoted to the production and sale of wine. Bodegas Imperiales had a net turnover of approximately €1.4 million, a third of which derives from sales to the Company and its subsidiaries.

#### *Transactions with Directors*

In 2013 we received services from Injat, S.L. and Canea, S.L., both companies owned by members of the Antolín family, for which we paid €1.3 million and €0.8 million, respectively. The services include, among others, (i) orientation and assistance in the commercial development of the Company and its brand both in Spain and internationally; (ii) identification of new projects, markets and areas of expansion; (iii) analysis of adequacy of the real estate structure of the Company to its operating needs and identification of investment opportunities; and (iv) strategic planning such as the identification of threats and opportunities within the Company's industry.

## DESCRIPTION OF OTHER INDEBTEDNESS

### Senior Facilities Agreement

*The following section contains a summary of certain key terms of the Senior Facilities Agreement and the Intercreditor Agreement and other financing arrangements. This section is intended to be a summary only and does not purport to be a complete or exhaustive description of the topics summarized. Terms not defined in the following section have the meanings given to them in the Senior Facilities Agreement.*

Grupo Antolín-Irausa, S.A. is a party to a senior term and revolving facilities agreement dated the date of this offering memorandum (the “Senior Facilities Agreement”) entered into between, among others, Grupo Antolín-Irausa, S.A. as the company and original borrower (the “Company”), the original lenders listed therein and Deutsche Bank AG, London Branch as agent (“Agent”) and security agent. See “Annex A: Senior Facilities Agreement”.

#### *Committed facilities*

The Senior Facilities Agreement currently provides for committed facilities of €400 million, split into:

- a five year amortizing euro term loan facility of €200 million (“Facility A”); and
- a five year multi-currency revolving credit facility of € 200 million (the “Revolving Credit Facility”).

#### *Availability and purpose*

Facility A will be available (subject to satisfaction of various customary conditions precedent) from the Closing Date until the date that is 90 days after the date of the Senior Facilities Agreement. The Company is required to apply amounts drawn under Facility A towards: (i) refinancing certain existing indebtedness and replacing certain off balance sheet receivables financing of the Company and its subsidiaries (the “Group”) and payment of associated costs and expenses; (ii) payment of costs and expenses incurred by the Group in relation to entry into the Senior Facilities Agreement and issuance of the notes; and (iii) general corporate purposes of the Group.

The Revolving Credit Facility will be available (subject to satisfaction of various customary conditions precedent) from the date of the Senior Facilities Agreement until the date that falls one month prior to the date that is five years from the Closing Date. The Revolving Credit Facility may be utilized by the Company and its subsidiaries (as approved) that accede to the Senior Facilities Agreement as borrowers. Amounts drawn under the Revolving Credit Facility can be used for general corporate and working capital purposes of the Group. The Revolving Credit Facility may also be utilized by way of letters of credit and the Group has the ability to enter into bilateral ancillary facilities with lenders under the Revolving Credit Facility.

#### *Interest rates and fees*

The interest rate on each loan under the Senior Facilities Agreement for each interest period is the rate per annum which is the aggregate of the applicable (a) margin (as described below) and (b) LIBOR or, in relation to any loan in euro, EURIBOR.

The initial margin for Facility A and the Revolving Credit Facility is 3.25% per annum. There is a margin adjustment mechanism in the Senior Facilities Agreement pursuant to which the margin applicable to Facility A and the Revolving Credit Facility will be adjusted upwards or downwards based on the ratio of Net Financial Indebtedness to Adjusted EBITDA in respect of any relevant testing period, as demonstrated in the compliance certificate required to be delivered with the annual audited and quarterly unaudited financial statements of the Group. There will be no adjustment to the initial margins set out above until a period of at least 12 months has elapsed since the Closing Date. While an event of default is continuing under the Senior Facilities Agreement, the applicable margin will be the highest margin applicable to each Facility.

Pursuant to the Senior Facilities Agreement, the Company is obligated to pay certain fees, including an arrangement fee and a commitment fee in respect of the available but undrawn Revolving Credit Facility commitments.

#### *Guarantees*

Pursuant to the terms of the Senior Facilities Agreement, the Company and certain subsidiaries of the Company (together with the Company, the “SFA Guarantors”) guarantee all amounts due to the lenders and other finance parties under the Senior Facilities Agreement and related finance documents. The guarantees granted by the SFA Guarantors are subject to certain guarantee limitations which are set out in the Senior Facilities Agreement, or in the case of the

Portuguese Guarantors in the Intercreditor Agreement. These guarantee limitations primarily limit the scope of the guarantees granted by the SFA Guarantors to ensure that they comply with the laws of the jurisdictions in which the SFA Guarantors are incorporated.

The Company is required to ensure that each of Grupo Antolín-Álava, S.L.U., Grupo Antolín-Ara, S.L.U., Grupo Antolín-Magnesio, S.L.U., and Grupo Antolín-Vigo, S.L.U. are converted into *sociedad anónima* as soon as reasonably practicable after the date of the Senior Facilities Agreement (and in any event the process to change the corporate form of each such company must commence within two weeks of the Closing Date) and after such conversion, ensure that they accede to the Senior Facilities Agreement as guarantors.

The Company is required to ensure that each of its subsidiaries in which it holds at least 90% of the ordinary shares, and which for the last financial year has (a) earnings before interest, tax, depreciation and amortization (i) calculated on the same basis as EBITDA but on an unconsolidated basis, representing 2.50% or more of the Group's EBITDA; and (ii) (calculated on the same basis as EBITDA but on an unconsolidated basis) greater than €5,000,000; or (b) which has net assets representing 2.50% or more of the Group's net assets (calculated on an unconsolidated basis) (a company meeting these criteria being a "Material Company"), accedes to the Senior Facilities Agreement as an additional guarantor as soon as possible after becoming a Material Company. The obligation to require such a Material Company to accede as a guarantor is subject to certain limitations specified in the Senior Facilities Agreement and does not apply to a Spanish company established as an *Agrupación de Interés Económico* or a *Sociedad de responsabilidad limitada* or any subsidiary incorporated in Argentina, China, Costa Rica, France, India, Indonesia, Morocco, Romania or South Africa.

Any subsidiary of the Company that becomes a guarantor in respect of the notes is also required to accede to the Senior Facilities Agreement as a guarantor.

### *Security*

Holdco 1 is required, within 6 months of the Closing Date, to grant a Spanish law pledge over the issued share capital of the Company held by it (comprising 67.4% of the entire issued share capital of the Company) (the "Holdco 1 Share Pledge").

Holdco 2 is required, within 15 Business Days of the Closing Date, to grant a Spanish law pledge over the issued share capital of the Company held by it (comprising 32.6% of the entire issued share capital of the Company) (the "Holdco 2 Share Pledge").

The Holdco 1 Share Pledge and the Holdco 2 Share Pledge will secure obligations owed under the Senior Facilities Agreement and related finance documents, the ADE Facility (provided that ADE or the lender which has refinanced or replaced it has acceded to the Intercreditor Agreement) and the notes. The security created by the Holdco 1 Share Pledge and the Holdco 2 Share Pledge will rank in the order described in the section titled "Intercreditor Agreement" below.

### *Undertakings*

The Senior Facilities Agreement contains certain negative undertakings that, subject to certain customary and other agreed exceptions, limit the ability of each obligor (and in certain cases, members of the Group) to, among other things:

- incur or allow remaining outstanding financial indebtedness;
- be a creditor in respect of financial indebtedness;
- create or permit to subsist any security over any of its assets;
- sell, lease, transfer or otherwise dispose of its assets;
- issue or allow to remain outstanding any guarantee in respect of any liability or obligation owed to any person;
- declare or pay any dividend or other payment or distribution of any kind on or in respect of any of its shares; and
- make acquisitions of companies, businesses or undertakings.

In addition to the undertakings listed above, the Senior Facilities Agreement contains a number of other customary positive and negative undertakings.

#### *Financial covenants*

The Senior Facilities Agreement contains financial covenants that require the Group to ensure that:

- the ratio of EBITDA to Financial Expenses is not lower 4.00:1.00 on each testing date; and
- the ratio of Net Financial Indebtedness to Adjusted EBITDA is not higher than 3.50:1.00 on each testing date.

The financial covenants will be first tested in respect of the testing period ending on or around June 30, 2014.

#### *Maturity*

Loans drawn under Facility A are required to be repaid in semi-annual instalments, starting from the date that is 12 months after the Closing Date, in accordance with an amortization schedule set out in the Senior Facilities Agreement, with the final repayment instalment due on the date that is five years after the Closing Date. Each loan under the Revolving Credit Facility is required to be repaid on the last day of each interest period, provided however that Revolving Credit Facility loans may be redrawn subject to the terms and conditions set out in the Senior Facilities Agreement. All outstanding loans under the Revolving Credit Facility and any outstanding letters of credit are required to be repaid in full on the date that is five years after the Closing Date.

#### *Prepayments*

Subject to certain conditions, the Company or the other borrowers under the Senior Facilities Agreement may voluntarily cancel any available commitments under, or voluntarily prepay any outstanding utilizations of, the Senior Facilities by giving three business days' prior notice to the Agent. Any Facility A loans that are prepaid may not be reborrowed and the relevant commitments will be cancelled. Any Revolving Credit Facility utilizations that are prepaid may (subject to the terms of the Senior Facilities Agreement) be reborrowed.

Subject to certain exceptions and/or thresholds, mandatory prepayments of amounts outstanding under the Senior Facilities are required to be made upon the disposal of certain categories of assets, recovery of insurance claim proceeds or a flotation (which does not cause a change of control of the Company).

A change of control of the Company will trigger a 30 day consultation period with the lenders under the Senior Facilities Agreement. At the end of such consultation period, each lender who does not wish to continue being a lender under the Senior Facilities Agreement may request prepayment of all amounts owed to it. Any lender who makes such a request must be prepaid within five business days and all of such lender's commitments will be cancelled. The Senior Facilities will be automatically cancelled and be immediately repayable upon a sale of all or substantially all of the assets of the Group to a third party.

"change of control" for these purposes means the Investors (being the Principals and any Related Party) ceasing to directly or indirectly (a) have the power to (i) cast, or control the casting of, at least 50.01% of the votes that may be cast in a general meeting of the Company; (ii) appoint or remove all, or the majority of the directors or equivalent officers of the Company; or (iii) give directions with respect to the operating and financial policies of the Company with which the directors or equivalent officers are obliged to comply; or (b) hold beneficially at least 50.01% of the issued share capital of the Company with voting rights.

#### *Events of default*

The Senior Facilities Agreement contains events of default customary for financings of this nature (with customary and agreed thresholds and carve-outs), the occurrence of any of which will allow the lenders under the Senior Facilities Agreement to cancel available commitments under the Senior Facilities, declare all amounts owed under the Senior Facilities Agreement to be due upon demand and/or demand immediate repayment of all amounts owed under the Senior Facilities Agreement.

#### **Intercreditor Agreement**

On or around the date of issue of the notes, the Company, the Issuer, the Subsidiary Guarantors, the Trustee, the Agent, the Security Agent, the lenders under the Senior Facilities Agreement and certain other parties will enter into the Intercreditor Agreement to establish the relative rights of certain of the Group's creditors including creditors under the



Senior Facilities Agreement, the Indenture, the Bilateral Facility (as defined in the Intercreditor Agreement) and any Additional Senior Financings (as defined in the Intercreditor Agreement). By accepting a note, holders of notes are deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement. See “Annex B: Intercreditor Agreement”.

ADE is not entitled to any rights under the Intercreditor Agreement or to share in any of the Transaction Security until it has acceded to the Intercreditor Agreement.

The Intercreditor Agreement sets out:

- the ranking of the indebtedness under the Senior Facilities Agreement, the notes, the Bilateral Facility and any Additional Senior Financing (together the “Senior Secured Debt” and the creditors to whom the Senior Secured Debt is owed being the “Senior Secured Creditors”);
- the ranking of the security created pursuant to the Transaction Security;
- the procedure for enforcement of the Transaction Security and any guarantees granted in favour of the Senior Secured Creditors and the allocation of proceeds resulting from such enforcement;
- the types of disposals permitted under distressed scenarios and the Security Agent’s authority to release the Transaction Security and all obligations of the group owed to the Senior Secured Creditors in case of a distressed disposal;
- the terms pursuant to which intra-Group debt and certain debt owed to equity investors (“Equity Investor Liabilities”) will be subordinated; and
- turnover provisions.

The following description is a summary of certain provisions contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety and, as such, we urge you to read that document (set out in Annex B) because it, and not the discussion that follows, defines certain rights (and restrictions on entitlement) of the holders of the notes and other Senior Secured Creditors.

#### *Priority of debts*

The Intercreditor Agreement provides that all liabilities owed under the Senior Facilities Agreement, the notes, the Bilateral Facility and the Additional Senior Financing (including in each case, any liabilities owed pursuant to any guarantees given in respect of such debt) will rank *pari passu* and without any preference between them and in priority to any intra-Group debt and Equity Investor Liabilities.

#### *Ranking of security*

The Intercreditor Agreement provides that the Transaction Security shall rank and secure the Senior Secured Debt as follows:

- (a) first, security created pursuant to the Holdco 1 Share Pledge and Holdco 2 Share Pledge which security shall secure indebtedness under the Senior Facilities Agreement, the Bilateral Facility and indebtedness in respect of the notes *pari passu* and without any preference between them; and
- (c) second, security created pursuant to the Holdco 1 Share Pledge and Holdco 2 Share Pledge and any security created pursuant to share pledges granted in favour of lenders of ancillary facilities entered into under the Senior Facilities Agreement after the date of the Holdco 1 Share Pledge and Holdco 2 Share Pledge (each such facility a “Subsequent Ancillary Facility”) in the order of priority in which they are entered into in respect of indebtedness under any Additional Senior Financing and Subsequent Ancillary Facility.

Notwithstanding the order of ranking set out above, the date of execution or order the Transaction Security documents are entered into, or the ranking under applicable law, it is agreed that the Transaction Security shall rank and secure the Senior Secured Debt *pari passu* without preference between the different categories of Senior Secured Debt.

### *Enforcement and application of proceeds*

The Intercreditor Agreement sets forth procedures for enforcement of the Transaction Security. Subject to the Transaction Security having become enforceable, Senior Secured Creditors whose Senior Credit Participations aggregate more than 50% of the total Senior Credit Participations (the “Instructing Group”) are entitled to direct the Security Agent to enforce or refrain from enforcing the Transaction Security, as they see fit. The Security Agent may refrain from enforcing the Transaction Security unless otherwise instructed by the Instructing Group. For these purposes, “Senior Credit Participations” means at any time in relation to a Senior Secured Creditor, the aggregate amount owed to such Senior Secured Creditor.

The proceeds of enforcement of the Transaction Security or any guarantees granted in respect of the Senior Secured Debt and all other amounts paid to the Security Agent under the Intercreditor Agreement shall be applied in the following order:

- first, in payment on a *pari passu* and *pro rata* basis any sums (including fees, costs, expenses and liabilities) owing to (i) the Security Agent or any receiver, delegate, attorney or agent appointed under the Transaction Security documents or the Intercreditor Agreement; (ii) the Agent or any creditor representative in its capacity as such (but not bilateral lenders) in respect of any Additional Senior Financing; and (iii) the Trustee;
- second, on a *pari passu* and *pro rata* basis to the (i) Agent on its own behalf and on behalf of the creditors under the Senior Facilities Agreement; (ii) the Trustee on its own behalf and on behalf of the noteholders; (iii) each creditor in respect of the Bilateral Facility; and (iv) any creditor representative in respect of an Additional Senior Financing on its own behalf and on behalf of the creditors under such Additional Senior Financing, for application towards the discharge of amounts owed under the Senior Facilities Agreement (in accordance with the terms thereof), the notes (in accordance with the Indenture), the Bilateral Facility (on a *pro rata* basis) and any Additional Senior Financing (on a *pro rata* basis);
- third, if none of the debtors is under any further actual or contingent liability under any of the Senior Secured Debt documents, in payment to any person the Security Agent is obliged to pay in priority to any debtor; and
- fourth, in payment or distribution to the relevant debtors.

### *Distressed disposals*

A “Distressed Disposal” means a disposal effected (i) by way of enforcement of the Transaction Security; (ii) at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable; or (iii) by a debtor to a third party (not being a member of the Group) after any of the Senior Secured Debt has been accelerated.

If to the extent permitted by applicable law a Distressed Disposal is being effected or the shares of the Company are being appropriated by the Security Agent, the Security Agent is authorised (without the requirement to obtain any further consent or authorisation from any Senior Secured Creditor or other relevant party): (i) to release the Transaction Security or any other claim over any asset subject to the Distressed Disposal or appropriation; and (ii) if the asset subject to the Distressed Disposal or appropriation is the shares of a Group company, to release such Group Company and/or its subsidiaries from any liabilities under borrowings and/or guarantees under the Senior Secured Debt documents, intra-Group debt documents or documents evidencing Equity Investor Liabilities.

### *Intra-Group debt*

Pursuant to the Intercreditor Agreement, the Company and its subsidiaries party thereto that are creditors in respect of intra-Group debt over a certain threshold have agreed to subordinate intra-Group debt to the Senior Secured Debt.

Neither the Company nor any of its subsidiaries that are creditors in respect of intra-Group debt may accept the benefit of any security, guarantee, indemnity or other assurance against loss in respect of intra-Group debt unless such action is permitted under the Senior Secured Debt documents. Neither the Company nor any other subsidiary may make any payment, prepayment, repayment or otherwise acquire or discharge any intra-Group debt if acceleration action has been taken in respect of any of the Senior Secured Debt unless the Instructing Group consent or such action is undertaken to facilitate repayment or prepayment of the Senior Secured Debt.

## *Equity Investor Liabilities*

Pursuant to the Intercreditor Agreement, the Company and future equity investors party thereto have agreed to subordinate the Equity Investor Liabilities to the Senior Secured Debt. The Company and other debtors may make payments in respect of the Equity Investor Liabilities provided that such payments are permitted under the terms of the Senior Secured Debt documents and the documents evidencing the Equity Investor Liabilities. No equity investor may accept the benefit of any security, guarantee, indemnity or other assurance against loss in respect of Equity Investor Liabilities prior to the first date on which all of the Senior Secured Debt has been discharged.

## *Turnover*

Subject to certain exceptions, if any creditor party to the Intercreditor Agreement (including the Agent, Security Agent, Trustee, Senior Secured Creditors, creditors in respect of intra-Group debt and creditors in respect of Equity Investor Liabilities) receives or recovers a payment (whether by way of direct payment, set-off or otherwise) except as permitted pursuant to the terms of the Intercreditor Agreement, such creditor shall hold such payment in trust for the Security Agent and promptly pay over such amounts to the Security Agent for application in accordance with the provision described above under “Enforcement and application of proceeds”.

## **Existing Debt Facilities**

The following is a brief description of our other interest bearing loans and borrowings that will remain outstanding after giving effect to this offering.

### *ADE Facility*

On October 22, 2012 we entered into a €70.0 million facility agreement with the *Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León* (“ADE”) as lender and the Company and certain of its subsidiaries, as borrowers (the “ADE Facility”). The purpose of the ADE loan is to perform certain investments sponsored by the European Investment Bank in an amount of €145.6 million, out of which ADE will invest the remaining €82.5 million before the end of 2014.

The maturity of the loan is October 28, 2022. No principal will be amortized prior to October 28, 2015. The principal will be amortized through 28 quarterly payments of €2.5 million each, with the first payment to be carried out on January 28, 2016 and the last payment on October 28, 2022. The interest of the loan accrues quarterly at a rate of EURIBOR plus 340bps, which may be revised each year by the parties and which is calculated on the principal outstanding at the date of the interest payment. The borrower undertakes to use the funds under the ADE Facility for the purposes of carrying out certain projects related to the interior trim of vehicles, including doors, headliners and seats, with the objective of reducing its weight and improving their respective safety features. Such project includes investments in R&D and innovation in areas such as new materials, nanofibres, bioplastic and capacity of recycling and integration of electronic systems. The ADE Facility sets forth certain acceleration events including, among others (i) non-utilization of the proceeds within three months for investments in the project, (ii) change of control in the Company; (iii) change in law and illegality; (iv) downgrade of the rating of the *Castilla y León* region below certain levels; (v) non-compliance with certain ratios; and (vi) granting of distributions or loans to shareholders (except in certain scenarios).

The ADE Facility will remain in place on the date of the issuance of the notes. It is expected that ADE will accede to the Intercreditor Agreement shortly after the date of the issuance of the notes at which point ADE will enter into the Intercreditor Agreement and benefit from the Transaction Security. If ADE does not accede to the Intercreditor Agreement on or before June 30, 2014, the Senior Facilities Agreement provides that we shall repay in full and terminate our ADE Facility, which we will do by drawing our revolving credit facility under the Senior Facilities Agreement. See “—Intercreditor Agreement” and “Annex B: Intercreditor Agreement”.

### *Other*

In addition, we have other interest bearing loans and borrowings of € 80.6 million maturing between 2014 and 2026 that will be outstanding after giving pro forma effect to this offering, the entering into of the Senior Facilities Agreement and the application of the proceeds therefrom, as of December 31, 2013. These include eight loans between Grupo Antolín-Ingeniería, S.A.U. and CDTI (*Centro para el Desarrollo Tecnológico Industrial*) for an aggregate amount of €5.8 million, which are interest-free and generally must be repaid in 10 installments, falling due between 2014 and 2019. Additionally, Grupo Antolín-Aragusa, S.A.U. is the borrower of a loan granted by CDTI on September 28, 2011, which has a total aggregate principal amount of €0.7 million.

These loans contain certain restrictive covenants like negative covenants or limitations on guarantees.

A number of the Company's subsidiaries are holders of state subsidies. These subsidies have been granted by resolutions of (i) the Ministry of Economy and Competitiveness; (ii) the Ministry of Industry, Energy and Tourism; and (iii) the Ministry of Education and Science. The legal framework of the subsidies is comprised of state level general plans, designed to encourage and develop the technological investigation and innovation activities in certain fields, such as the automotive industry. These general plans are then executed by the above mentioned Ministries through orders, creating programs and sub-programs that specify and fix the total amounts and conditions by which the subsidies are being granted to the companies through specific resolutions.

These subsidies provide loans (some of which are interest-free) and financial support that have been awarded to the companies of the group on the grounds of certain legal requirements, among others, compliance with the objectives of the subsidy program or special corporate and financial information requirements.

As of December 31, 2013, we have €30.6 million outstanding in interest-free loans with the Ministry of Industry, Tourism and Commerce relating to certain public innovation plans in Spain.

#### *Debt being Repaid*

As part of this offering, we are repaying certain of our loans and borrowings. These include short and long term debt in an aggregate amount of €428.0 million consisting of the following loans: (i) the Bridge Facility for an aggregate principal amount of €400.7 million, including accrued but unpaid interest, based on an interest rate of EURIBOR plus 3.25% per annum; (ii) the Syndicated Facility for an aggregate principal amount of €11.3 million at an interest rate of EURIBOR plus 2.75% per annum; (iii) the Bankia Loan for an aggregate principal amount of €10.0 million at an interest rate of 4.1% per annum; and (iv) the EBRD Facility for an aggregate principal amount of €6.0 million at an interest rate of EURIBOR plus 3.0%.

The prepayment of this indebtedness will result in cancellation expenses of €0.9 million. In order to avoid the incurrence of any break costs under the Bankia Loan, the Bankia Loan will be repaid at its maturity date on May 10, 2014.

#### *Factoring Agreement*

In addition, as part of the offering of the notes and the transactions contemplated thereby, the Factoring Agreement will be cancelled shortly following the date of the issuance of the notes. As of December 31, 2013, we had €163.5 million outstanding under the Factoring Agreement, including accrued and unpaid interest. This amount includes (i) €158.7 million incurred on a non-recourse basis and (ii) an additional €4.8 million incurred under the Factoring Agreement on a recourse basis. As a result of the terms of the Factoring Agreement, as of the date of the offering of the notes, the amounts incurred on a recourse basis will increase as compared to the non-recourse amounts. Under our Factoring Agreement, we transfer our trade receivables to banks that pay us the entire amount of the receivable. Payments from our customers are made into a designated bank account and we pass on the payment to the factor with an additional interest payment. Our Factoring Agreement establishes a total limit of €220.0 million. The finance parties under the Factoring Agreement have recourse against us in the period between January 1 and November 30 of each calendar year. In the period between December 1 and December 31 of each calendar year, the factoring occurs on a non-recourse basis, without any impact on our balance sheet. The receivables balances transferred by us as non-recourse factoring to banks, that have been eliminated in our financial statements amounted to €158.7 million in 2013 compared to €165.9 million in 2012. The expense of transferring receivables balances through non-recourse factoring contracts amounted to €1.1 million in 2013 as compared to €1.2 million in 2012. See "Use of Proceeds".

## DESCRIPTION OF THE NOTES

You can find the definitions of certain terms used in this description under the subheading “Certain Definitions.” In this description, the word “Issuer” refers only to Grupo Antolin Dutch B.V., the word “Company” refers only to Grupo Antolín-Irausa, S.A. and not to any of its subsidiaries, the word “HoldCo1” refers to Grupo Antolín HoldCo, S.L.U. and the word “HoldCo2” refers to Castilfale Gestión, S.A.U.

The Issuer will issue €400.0 million aggregate principal amount of senior secured notes due 2021 (the “Notes”) under an Indenture (the “Indenture”) dated the Issue Date among itself, the Company, the Subsidiary Guarantors (as defined below), Deutsche Trustee Company Limited, as the trustee (in such capacity, the “Trustee”), Deutsche Bank AG, London Branch, as Security Agent, Deutsche Bank AG, London Branch, as paying agent, and Deutsche Bank Luxembourg S.A., as transfer agent and registrar, in a private transaction that is not subject to the registration requirements of the Securities Act. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended. See “Notice to Investors.” The terms of the Notes are subject to the provisions of the Indenture.

The following description is a summary of the material provisions of the Indenture and certain provisions of the Intercreditor Agreement. It does not restate the Indenture or the Intercreditor Agreement in their entirety. We urge you to read the Intercreditor Agreement attached hereto because it, along with the Indenture, and not this description, defines your rights as a holder of the notes. Copies of the Indenture are available upon request as set forth under “Where You Can Find More Information.” Certain defined terms used in this description but not defined below under “—Certain Definitions” have the meanings assigned to them in the Indenture.

The registered holder of a note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Subject to compliance with the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock,” the Issuer may also issue an unlimited amount of additional Notes at later dates under the Indenture (“Additional Notes”). Any Additional Notes that the Issuer issues in the future will be identical in all respects to the Notes that the Issuer is issuing hereby (including with respect to Note Guarantees), except that notes issued in the future will have different issuance prices, currency and issuance dates. All Notes, including any Additional Notes, will be treated as a single class for all purposes under the Indenture, including (without limitation), with respect to waivers, amendments, redemptions and offers to purchase; provided that Additional Notes will not be issued with the same ISIN, Common Code or CUSIP, if any, as existing Notes unless such Additional Notes are fungible with the existing Notes for tax purposes. Unless the context otherwise requires, for all purposes of the Indenture and this “Description of the Notes,” references to the Notes include the Notes offered hereby and any Additional Notes actually issued. The ISIN numbers for the Notes sold pursuant to Rule 144A and the Notes sold pursuant to Regulation S are XS1046537749 and XS1046537665, respectively. The Common Codes for the Notes sold pursuant to Rule 144A and the Notes sold pursuant to Regulation S are 104653774 and 104653766, respectively.

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to trade on the Euro MTF Market of that exchange. The Issuer may also choose to list on another recognized stock exchange.

For purposes of any covenant summarized herein, any reference to an amount in “€” shall mean, in respect of any amount in any currency other than euro, the Euro Equivalent thereof.

### **Brief Description of the Notes, the Funding Loan, the Note Guarantees and the Intercreditor Agreement**

The Company will enter into a loan agreement in order to finance its worldwide activities (the “Funding Loan”) under which it will borrow the proceeds of the Notes and will agree to repay an amount equal to the principal amount of the Notes issued under the Indenture pursuant to a Funding Loan. The Notes are initially guaranteed by the Company and the Subsidiary Guarantors as of the Issue Date and may, in the future, be guaranteed by further of the Company’s Restricted Subsidiaries (each such guarantee, a “Note Guarantee”). A Note Guarantee given by a Subsidiary Guarantor may be released in certain circumstances described herein.

#### ***The Notes and the Funding Loan***

The Notes will:

- be general unsecured senior obligations of the Issuer;
- rank *pari passu* in right of payment with all existing and future unsecured Indebtedness of the Issuer that is not subordinated to the Notes;

- rank senior in right of payment to any and all future obligations of the Issuer that are subordinated to the Notes;
- be structurally subordinated to all Indebtedness, other obligations and claims of holders of preferred stock of the Company's subsidiaries (other than the Issuer) that are not Subsidiary Guarantors;
- be effectively subordinated to all of the Issuer's existing and future obligations that are secured by property or assets of the Issuer, to the extent of the value of the property or assets securing such obligations, unless such property or assets also secure the Notes on an equal and ratable or priority basis; and
- be fully and unconditionally guaranteed by the Guarantors, as described under "—The Note Guarantees."

Upon completion of this offering, the Issuer's only material asset is the obligation of the Company to make payments on the Funding Loan in respect of the Notes.

The Funding Loan will be:

- a general unsecured senior obligation of the Company;
- effectively subordinated to all existing and future secured Indebtedness of the Company to the extent of the value of the assets so secured; and
- effectively subordinated (in an insolvency proceeding) to any non-related third party Indebtedness of the Company except for such Indebtedness that have been set aside as fraudulent by a court.

As of December 31, 2013, after giving pro forma effect to this offering, the entering into of the Senior Facilities Agreement and the application of the proceeds therefrom, we would have had total Indebtedness, including the Notes, of €736.6 million.

The Funding Loan requires the Company to make appropriate payments under the Funding Loan to enable the Issuer to fulfill its obligations under the Indenture. Upon the issuance of any Additional Notes, the proceeds thereof will be loaned to the Company pursuant to an additional loan on substantially the same terms as the Funding Loan.

The Funding Loan will bear interest at a rate at least equal to the interest rate of the Notes, and interest on the Funding Loan will be payable semi-annually in arrears on or before the corresponding interest payment date under the Notes. The maturity date of the Funding Loan will be the same as the maturity date of the Notes.

### **The Note Guarantees**

Each Note Guarantee will:

- be a senior unsecured obligation of the Company and each Subsidiary Guarantor;
- rank *pari passu* in right of payment with all existing and future Indebtedness of that Guarantor that is not subordinated to that Guarantor's Note Guarantee;
- rank senior in right of payment to any future Indebtedness of that Guarantor that is subordinated in right of payment to that Guarantor's Note Guarantee;
- be effectively subordinated to that Guarantor's existing and future obligations that are secured by property or assets of such Guarantor to the extent of the value of the property or assets securing such obligations unless such property or assets also secure the Notes on an equal and ratable or priority basis; and
- be structurally subordinated to all existing and future obligations of any of that Guarantor's subsidiaries (other than, in the case of the Company, the Issuer) that do not guarantee the Notes.

As of the Issue Date, all of the Company's Subsidiaries will be "Restricted Subsidiaries". However, under the circumstances described below under the subheading "—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries", the Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries". The Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture.

Not all of our Subsidiaries will initially guarantee the Notes. In the event of a bankruptcy, liquidation or reorganization of any non-guarantor Subsidiaries, these Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Company. The Company is a holding company dependent upon the cash flow of its operating company subsidiaries in order to satisfy its obligations under its Note Guarantee and the Funding Loan.

The Guarantors consist of the Company, which holds all of our Restricted Subsidiaries, and the Subsidiary Guarantors. The Subsidiary Guarantors will consist of certain of the Company's subsidiaries incorporated in Czech Republic, Germany, Mexico, Portugal, Slovakia, Spain, the United Kingdom and the United States, which will guarantee the Notes from the Issue Date (the "Initial Guarantors") and each of the following companies incorporated in Spain only following its conversion into a Spanish *sociedad anónima*: Grupo Antolín-Alava, S.L.U., Grupo Antolín-Ara, S.L.U., Grupo Antolín-Magnesio, S.L.U. and Grupo Antolín-Vigo, S.L.U. (the "Additional Guarantors"). The Issuer has agreed to implement the conversion of the Additional Guarantors as soon as practicable. The guarantee of the Notes by any Subsidiary Guarantor incorporated in Portugal will not be included in the Indenture but will be granted as part of the Intercreditor Agreement. The Subsidiary Guarantors include both operating companies and various intermediate holding companies. As of and for the year ended December 31, 2013, the Subsidiary Guarantors (including the Additional Guarantors) represented approximately 60.6% of our total consolidated assets, approximately 66.2% of our consolidated EBITDA and approximately 67.1% of our consolidated revenue. As of and for the year ended December 31, 2013, the Additional Guarantors represented approximately 4.3% of our total consolidated assets, 4.6% of our consolidated EBITDA and approximately 5.8% of our consolidated revenue, respectively. As of December 31, 2013, on a pro forma basis after giving effect to this offering, the entering into of the Senior Facilities Agreement and the application of the proceeds therefrom, the Company's subsidiaries (other than the Issuer) that do not guarantee the Notes would have had approximately €22.7 million of Indebtedness outstanding.

In addition, pursuant to the covenant entitled "—Additional Note Guarantees", subject to certain exceptions, any Restricted Subsidiary (i) that after the Issue Date is or becomes a Material Subsidiary (except for Restricted Subsidiaries which are Material Subsidiaries at the Issue Date but not initial Subsidiary Guarantors and Restricted Subsidiaries that are not 90% or more owned by the Company) or (ii) that guarantees certain Indebtedness of other entities, will also be required to become a Guarantor.

The Note Guarantees are joint and several obligations of the Guarantors. The obligations of the Subsidiary Guarantors will be contractually limited under the applicable Note Guarantee to reflect limitations under applicable law with respect to maintenance of share capital, corporate benefit, fraudulent conveyance and other legal restrictions applicable to the Subsidiary Guarantors and their respective shareholders, directors and general partners. In addition, the guarantees of Grupo Antolín Lusitânia-Componentes Automóvel, S.A. and Grupo Antolín Valença-Componentes Automóvel, S.U.L. will be limited to €17.8 million and €4.7 million, respectively. See "Risk Factors—Certain of the Guarantees will be limited to a specified amount and each of the Guarantees are significantly limited by applicable laws and are subject to certain limitations or defenses." For a description of such limitations, see "Risk Factors—Risks related to the notes—The Guarantees are significantly limited by applicable laws and are subject to certain limitations or defenses" and "Risk Factors—Risks related to the notes—The granting of guarantees by Spanish companies is restricted by Spanish law". See also "Risk Factors—Risks related to the notes—Fraudulent conveyance laws may limit your rights as a holder of notes".

### Release of Note Guarantees

The Note Guarantee of a Guarantor will be released:

- (1) in the case of a Note Guarantee by a Subsidiary Guarantor only, in connection with any sale or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Company or any Restricted Subsidiary, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture, and all obligations of the Guarantor with respect to Indebtedness under the Senior Credit Facilities are also released;
- (2) in the case of a Note Guarantee by a Subsidiary Guarantor only, in connection with any sale of all of the Capital Stock of that Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or any Restricted Subsidiary, if the sale complies with the "Asset Sale" provisions of the Indenture, and all obligations of the Guarantor with respect to Indebtedness under the Senior Credit Facilities are also released;
- (3) in the case of a Note Guarantee of a Subsidiary Guarantor only, if the Company designates any Restricted Subsidiary that is a Subsidiary Guarantor as an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

- (4) upon legal defeasance or covenant defeasance or discharge of the Notes as described under the captions “—Defeasance” and “—Satisfaction and Discharge”;
- (5) as described under the caption “—Amendment, Supplement and Waiver”;
- (6) in the case of a Note Guarantee granted pursuant to the covenant entitled “—Additional Note Guarantees”, upon the discharge of the Indebtedness or the release and discharge of the guarantee that gave rise to the obligation to guarantee the Notes; or
- (7) in accordance with an enforcement action pursuant to the Intercreditor Agreement and any Additional Intercreditor Agreement.

See “—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries”.

## **Security**

### ***The Collateral***

Pursuant to the Security Documents, the Notes have been secured by a first priority lien on all of the shares of capital stock of the Company held by HoldCo1 and a first priority lien on the shares of capital stock of the Company held by HoldCo2 (together with any additional property or assets securing the Notes or the Note Guarantees pursuant to the covenant described below under “—Additional Note Guarantees,” the “*Collateral*”). The Intercreditor Agreement shall provide that the pledge of the shares of capital stock of the Company held by HoldCo1 and HoldCo2 shall be granted by HoldCo1 and HoldCo2, respectively, substantially concurrently with the grant of such Collateral to secure the obligations of the borrowers under the Senior Credit Facilities.

The pledge over the shares of capital stock of the Company held by HoldCo2 will be executed within 15 Business Days from the Issue Date. The pledge over the shares of capital stock of the Company held by HoldCo1 will be executed upon conversion of HoldCo1 to a *sociedad anónima*. The Issuer has agreed to take all necessary actions to perfect and make effective the security interest in favor of the Security Agent (for the benefit of the holders of the Notes, among others) in the Collateral pursuant to the Security Documents and to the terms of the Intercreditor Agreement as soon as practicable.

In the event that holders of the Notes do not benefit from the pledge of the shares of capital stock of the Company held by HoldCo1 on or before December 31, 2014, the interest rate of the Notes shall be adjusted. See “—Principal, Maturity and Interest and Payment of Notes—Interest Rate Adjustments.”

Subject to certain conditions, including compliance with the covenant described under “—Certain Covenants—Liens”, the Company is permitted to pledge or cause its Subsidiaries to pledge the Collateral in connection with future incurrence of Indebtedness, including issuances of Additional Notes, permitted under the Indenture on a *pari passu* basis with the then outstanding Notes. The Collateral can also be released from the Liens of the Security Documents under certain circumstances. See “—Release of Security Interests” below.

### ***Administration of Collateral and Enforcement of Liens***

The Collateral will be administered by a Security Agent pursuant to the terms of the Security Documents and the Intercreditor Agreement for the benefit of all holders of the Notes and the finance parties under the Senior Credit Facilities and certain other future secured creditors pursuant to the Intercreditor Agreement. For a description of the Intercreditor Agreement, see “Description of Other Indebtedness—Intercreditor Agreement” and “Annex B: Intercreditor Agreement.”

The ability of holders of the Notes to realize upon the Collateral will be subject to various bankruptcy law limitations in the event of the HoldCo1’s or HoldCo2’s bankruptcy and various limitations on enforcement contained in the Intercreditor Agreement. See “Risk Factors—Risks related to the notes—The enforcement of the Collateral may be restricted by Spanish law,” “Risk Factors—Risks related to the notes—Fraudulent conveyance laws may limit your rights as a holder of notes” and “Risk Factors—Risks related to the notes—Local insolvency laws may not be as favorable to you as the insolvency laws of another jurisdiction with which you may be more familiar.”

The rights of the holders of the Notes with respect to the Collateral must be exercised by the Security Agent. Since the holders of the Notes are not a party to the Security Documents, holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders may only act through the Security Agent. The Security Agent will agree to any release of the security interest created by the Security Documents in accordance with terms of the Indenture and the Intercreditor Agreement without requiring any consent of



the holders of the Notes. Subject to the terms of the Intercreditor Agreement, the holders of the Notes will, in certain circumstances, share in or have the ability to direct the Trustee to direct the Security Agent to commence enforcement action under the Security Documents. However, in enforcing the Liens provided for under the Security Documents, the Security Agent will take direction from the Trustee (subject to the terms of the Intercreditor Agreement). Please see “Description of Other Indebtedness—Intercreditor Agreement”.

Subject to the terms of the Security Documents, until the acceleration of amounts due under the Notes in accordance with the Indenture, HoldCo1 and HoldCo2 will be entitled to exercise any and all voting rights in a manner which does not materially adversely affect the validity or enforceability of the Liens created under the Security Documents or the value of the Collateral and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distribution (whether similar or dissimilar to the foregoing) in respect of the shares that are part of the Collateral.

The value of the Collateral securing the Notes may not be sufficient to satisfy the Issuer’s and the Company’s obligations under the Notes and the Note Guarantees, and the Collateral may be reduced or diluted under certain circumstances, including the issuance of Additional Notes or other future incurrences of Indebtedness and the disposition of assets comprising the Collateral, subject to the terms of the Indenture.

No appraisals of the Collateral have been prepared by or on behalf of the Issuer or the Guarantors in connection with this offering of the Notes. There can be no assurance that the proceeds of any sale of Collateral, in whole or in part, pursuant to the Intercreditor Agreement and the Security Documents following an Event of Default, would be sufficient to satisfy the amounts due on the Notes or the Note Guarantees. By its nature, all of the Collateral is likely to be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all.

The Security Documents will be governed by Spanish law and will be subject to the jurisdiction of the Spanish courts.

### ***Release of Security Interests***

All of the Liens granted under the Security Documents will be automatically and unconditionally released in accordance with the terms and conditions in the Indenture upon Legal Defeasance or Covenant Defeasance as described under “—Legal Defeasance and Covenant Defeasance”, if all obligations under the Indenture are discharged in accordance with the terms of the Indenture or as otherwise permitted in accordance with the Indenture, including but not limited to the covenants under “—Certain Covenants—Impairment of Security Interest”, the Security Documents and the Intercreditor Agreement.

The Liens on the Collateral granted in the Security Documents will be released:

- (1) to the extent that such Collateral is sold or otherwise disposed of pursuant to an enforcement of the security over such Collateral under the applicable Security Document(s) in accordance with the Intercreditor Agreement;
- (2) as described under “—Amendment, Supplement and Waiver”; or
- (3) in a transaction permitted by Section 5.12 of the Intercreditor Agreement.

The Security Agent will take all reasonable action required to effectuate any release of Collateral securing the Notes, in accordance with the provisions of the Indenture and the Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be effected by the Security Agent without the consent of the holders or any action on the part of the Trustee (unless action is required by it to effect such release).

### ***Intercreditor Agreement***

On or before the Issue Date, the Trustee shall enter into an Intercreditor Agreement with, among others, the facility agent under the Senior Credit Facilities, the Company, various subsidiaries of the Company, and the Security Agent, as described under “Description of Other Indebtedness—Intercreditor Agreement” and attached hereto as Annex B. It is expected that creditors of the Designated Existing Indebtedness will accede to the Intercreditor Agreement shortly after the Issue Date at which point creditors of the Designated Existing Indebtedness will enter into the Intercreditor Agreement and benefit from the Collateral. If creditors of the Designated Existing Indebtedness do not accede to the Intercreditor Agreement on or before June 30, 2014, the Senior Credit Agreement provides that we shall repay in full and terminate the Designated Existing Indebtedness, which we will do by drawing our revolving credit

facility under the Senior Credit Agreement. See “Description of Other Indebtedness—Intercreditor Agreement” and “Annex B: Intercreditor Agreement”. The Security Documents and the Collateral will be administered by the Security Agent pursuant to the Intercreditor Agreement for the benefit of the Trustee and the holders of the Notes, the creditors under the Senior Credit Facilities and certain future Indebtedness of the Company and its Subsidiaries permitted to be incurred and secured pursuant to the Indenture and the Intercreditor Agreement. Pursuant to the terms of the Intercreditor Agreement, recoveries received upon enforcement over Collateral will be applied (subject to certain claims of the Trustee, the Security Agent, the Facility Agent under the Senior Credit Facilities and costs and expenses related to the enforcement of the Collateral) *pro rata* in repayment of liabilities in respect of (i) obligations under the Indenture and the Notes, (ii) obligations under the Senior Credit Facilities and (iii) any other Indebtedness of the Company and the Restricted Subsidiaries permitted to be incurred and secured by the Collateral pursuant to the Indenture and the Intercreditor Agreement.

The Trustee and the creditors under the Senior Credit Facilities and the other secured parties under the Intercreditor Agreement have, and by accepting a Note, each holder of a Note will be deemed to have, irrevocably appointed Deutsche Bank AG, London Branch as Security Agent to act as its security agent under the Intercreditor Agreement, the Notes, the Indenture, and the Security Documents (together, the “*Finance Documents*”). The Trustee and the creditors under the Senior Credit Facilities and the other secured parties under the Intercreditor Agreement will have, and by accepting a Note, each holder of a Note will be deemed to have, irrevocably authorized the Security Agent to perform the duties and exercise the rights, powers and discretions that are specifically given to it under the Intercreditor Agreement or other Finance Documents, together with any incidental rights, power and discretions.

### **Principal, Maturity and Interest and Payment of Notes**

The Issuer will issue Notes in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. For so long as the Notes are listed and admitted to trading on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market, the Issuer will publish a notice of any change in these denominations in accordance with the requirements of such rules. The Notes will mature on April 1, 2021.

Interest on the Notes will accrue at the rate of 4.75% per annum and will be payable semi-annually in arrears on April 1 and October 1, commencing on October 1, 2014. The Issuer will make each interest payment to the holders of record on the immediately preceding March 15 and September 15, respectively. The reimbursement price of the Notes at maturity will be 100% of the principal amount then outstanding.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

## ***Interest Rate Adjustments***

If the holders of the Notes do not benefit from a pledge of 100% of the Capital Stock of the Company by December 31, 2014, the interest rate payable on the Notes will be subject to an increase of 0.50% per annum of the aggregate principal amount of Notes held by such holder, which shall apply to each subsequent interest payment date of the Notes to each holder of Notes from January 1, 2015. The Issuer will publish a notice of any increase in the interest rate payable.

The interest rate adjustment shall cease to apply on the date on which holders benefit from the pledge of 100% of the capital stock of the Company. Any such failure to procure the pledge of all or a portion of the Collateral in accordance with this paragraph will not constitute a default or Event of Default under the Indenture.

Upon the interest rate adjustment as described above, the term “interest,” as used with respect to the Notes, will be deemed to include the higher interest as adjusted unless the context otherwise requires.

## **Methods of Receiving Payments on the Notes**

The Issuer will pay all principal, interest, premium, and Additional Amounts, if any, on the Global Notes (as defined below) at the corporate trust office or agency of the Paying Agent (as defined below). All payments on the Global Notes were made by wire transfer of immediately available funds to an account of the holder of the Global Notes in accordance with instructions given by the holder.

Payments of principal of, and premium, if any, on each Note in definitive registered form (“*Definitive Registered Notes*”) will be made by transfer on the due date to an account maintained by the payee pursuant to details provided by the holder or, if requested by the holder, by check, in each case against presentation and surrender (or, in the case of partial payment only, endorsement) of the relevant Definitive Registered Note at the office of any Paying Agent. Payments of interest in respect of each Definitive Registered Note will be made by transfer on the due date to an account maintained by the payee (the holder and account details of which appear on the register of holders at the close of business on the relevant record date) or, if requested by the holder, by check mailed on the relevant due date (or if that is not a Business Day, the immediately succeeding Business Day) to the holder (or to the first named of joint holders) of the Definitive Registered Note appearing on the register of holders at the close of business at the address shown on the register of holders on such record date. Payments in respect of principal of, premium, if any, and interest on Definitive Registered Notes are subject in all cases to any tax or other laws and regulations applicable in the place of payment but without prejudice to the provisions under the headings “—Optional Tax Redemption” and “—Additional Amounts”. The Paying Agent may require payment of a sum sufficient to cover any transfer tax or similar governmental charge in connection with any payment transfer instructions received by the Paying Agent. Definitive Registered Notes, if issued, will only be issued in registered form.

## **Paying Agent and Registrar for the Notes**

The Issuer will maintain one or more paying agents (each, a “*Paying Agent*”) for the Notes in the City of London, United Kingdom. The initial Paying Agent is Deutsche Bank AG, London Branch. The initial Transfer Agent is Deutsche Bank Luxembourg, S.A. The Transfer Agent is responsible for, among other things, facilitating any transfers or exchanges of beneficial interests in different global notes between holders.

In addition, the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the European Council of Economics and Finance Ministers (“*ECOFIN*”) meeting of November 26-27, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

The Issuer also will maintain one or more registrars (each a “*Registrar*”). The initial Registrar will be Deutsche Bank Luxembourg S.A. The Registrar will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time and will make payments on Definitive Registered Notes on behalf of the Issuer.

The Issuer may change the Paying Agent, the Transfer Agent or the Registrar without prior notice to the holders. For so long as the Notes are listed and admitted to trading on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market, the Issuer will publish a notice of any change of Paying Agent, Transfer Agent or Registrar in accordance with the requirements of such rules.

## Form of Notes

The Notes have been issued in the form of global notes in registered form and will be issued in minimum denominations of €100,000 principal amount and integral multiples of €1,000. The Notes are serially numbered. In no event will Definitive Registered Notes in bearer form be issued. See “Book-Entry, Delivery and Form”.

## Additional Amounts

All payments made by the Issuer or any Guarantor (each a “Payor”) on the Notes or under or with respect to any Note Guarantee will be made without withholding or deduction for, or on account of, any present or future taxes, duties, levies, imposts, assessments or similar governmental charges (including penalties, additions to tax, and interest related thereto) (“Taxes”) unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

- (1) The Netherlands, Spain or any political subdivision or governmental authority of any thereof or therein having power to tax;
- (2) any jurisdiction from or through which payment on the Notes or a Note Guarantee is made, or any political subdivision or governmental authority thereof or therein having the power to tax; or
- (3) any other jurisdiction in which any Payor is incorporated or organized or otherwise resident or doing business for tax purposes, or any political subdivision or governmental authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a “Relevant Taxing Jurisdiction”),

will at any time be required from any payments made with respect to the Notes or any Note Guarantee, including payments of principal, redemption price, interest or premium (if any), the Payor will pay (together with such payments) such additional amounts (the “Additional Amounts”) as may be necessary in order that the net amounts received in respect of such payments by each beneficial owner of the Notes or the Note Guarantee, as the case may be, after such withholding or deduction by any applicable withholding agent (including any such deduction or withholding from such Additional Amounts), equal the amounts which would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no such Additional Amounts will be payable with respect to:

- (1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant holder or beneficial owner, if the relevant holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction, (including any Tax imposed as a result of a holder or beneficial owner being a citizen or resident or national or domiciliary of, or carrying on a business or maintaining a permanent establishment in, the Relevant Taxing Jurisdiction (such as, for the avoidance of doubt, any net income Tax imposed under the Personal Income Tax, the Corporate Income Tax or the Non-resident Income Tax by Spain as a result of such holder or beneficial owner being resident or doing business in Spain)), other than a connection resulting from the mere acquisition, ownership or disposition of such Note or enforcement of rights under or in respect of such Note or any Note Guarantee or the receipt of payments under or in respect of such Note or any Note Guarantee;
- (2) any Taxes that would not have been so imposed if the holder or the beneficial owner of a Note had made a declaration of non-residence or any other claim or filing for exemption to which it is entitled (*provided* that (x) such declaration of non-residence or other claim or filing for exemption is required by applicable law, regulation, administrative practice or treaty of the Relevant Taxing Jurisdiction as a precondition to exemption from the requirement to deduct or withhold all or a part of such Taxes and (y) at least 30 days prior to the first payment date with respect to which such declaration of non-residence or other claim or filing for exemption is required under the applicable law of the Relevant Taxing Jurisdiction, the relevant holder at that time has been notified (in accordance with the procedures set forth in “—Selection and Notice”) by the Payor or any other Person through whom payment may be made that a declaration of non-residence or other claim or filing for exemption is required to be made), but, in each case, only to the extent the holder or beneficial owner is legally eligible to make such declaration or other claim or filing;
- (3) any Note presented for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented during such 30-day period);

- (4) any Taxes that are payable otherwise than by withholding in respect of a payment of the principal of, premium, if any, interest or any other amounts under or with respect to the Notes or any Note Guarantee;
- (5) any estate, inheritance, gift, sale, transfer, property or similar Taxes;
- (6) any withholding or deduction imposed in respect of a payment to a holder or beneficial owner and required to be made pursuant to the European Union Directive on the taxation of savings income (the “*Directive*”) which was adopted by the ECOFIN Council of the European Union (the Council of EU finance and economic ministers) on June 3, 2003 or any other Directive implementing the conclusions of the ECOFIN meeting of November 26-27, 2000, or any law implementing or complying with, or introduced in order to conform to, the Directive;
- (7) any Taxes which could have been avoided by the presentation (where presentation is required) of the relevant Note to another Paying Agent in a member state of the European Union; or
- (8) any combination of (1) through (7) above.

In addition, no Additional Amounts shall be paid with respect to any payment to any holder who is a fiduciary or a partnership or other than the beneficial owner of such Notes to the extent that the beneficiary or settlor with respect to such fiduciary, the member of such partnership or the beneficial owner of such Notes would not have been entitled to Additional Amounts had such beneficiary, settlor, member or beneficial owner held such Notes directly, but only if there is no material cost or commercial or legal restriction to transferring the Notes to such beneficiary, settlor, member or beneficial owner.

The applicable withholding agent will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes and will provide such certified copies to the Trustee (or a holder upon request). If certified copies of such tax receipts are not obtainable, the relevant Payor shall provide the Trustee (or a holder upon written request) other evidence of payment reasonably satisfactory to the Trustee (or such holder). The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per € 1,000 or \$1,000, as applicable, principal amount of the Notes. Copies of such documentation will be available for inspection during ordinary business hours at the office of the Trustee by the holders of the Notes upon request and will be made available at the offices of the Paying Agent located in Luxembourg if the Notes are then listed on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market.

At least 30 days prior to each date on which any payment under or with respect to the Notes or any Note Guarantee is due and payable (unless such obligation to pay Additional Amounts arises shortly before or after the 30th day prior to such date, in which case it shall be promptly thereafter), if the Payor will be obligated to pay Additional Amounts with respect to such payment, the Payor will deliver to the Trustee an Officers’ Certificate stating the fact that such Additional Amounts will be payable, the amounts so payable and will set forth such other information necessary to enable the Trustee to pay such Additional Amounts to holders on the payment date. Each such Officer’s Certificate shall be relied upon until receipt of a further Officers’ Certificate addressing such matters.

Wherever in the Indenture, the Notes, any Note Guarantee or this “Description of the Notes” there are mentioned, in any context:

- (1) the payment of principal,
- (2) purchase prices in connection with a purchase of Notes,
- (3) interest, or
- (4) any other amount payable on or with respect to the Notes or any Note Guarantee,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, issue, registration, court or documentary Taxes, or any other excise, property or similar Taxes which arise in any Relevant Taxing Jurisdiction from the execution, issuance, delivery,

registration or enforcement of any Notes, the Indenture, any Note Guarantee or any other document or instrument referred to therein, or any payments under or with respect to the Notes or any Note Guarantee.

The foregoing obligations will survive any termination, defeasance or discharge of the Indenture and will apply *mutatis mutandis* to any successor to a Payor and to any jurisdiction in which such successor is incorporated, organized, doing business or otherwise considered to be a resident for tax purposes, or any jurisdiction from or through which such successor (or its paying agent) makes any payment under or with respect to the Notes or any Note Guarantee and, in each case, any political subdivision or governmental authority thereof or therein having the power to tax.

### Optional Redemption

At any time prior to April 1, 2017, at the option of the Issuer or the Company, the Issuer may, upon giving not less than 30 nor more than 60 days' notice to the holders of the Notes (which notice will be irrevocable), on any one or more occasions redeem up to 40% of the aggregate principal amount of Notes issued under the Indenture at a redemption price of 104.75% of the principal amount thereof plus accrued and unpaid interest, if any, to the redemption date, with the Net Cash Proceeds of one or more Equity Offerings; *provided* that:

- (1) at least 60% of the aggregate principal amount of Notes issued under the Indenture remain outstanding immediately after the occurrence of such redemption (excluding Notes held by the Issuer or the Company and its Subsidiaries); and
- (2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

After April 1, 2017, at the option of the Issuer or the Company, the Issuer may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, on the Notes redeemed, to the applicable redemption date, if redeemed during the twelve month period beginning on \_\_\_\_\_ of the years indicated below:

<u>Year</u>	<u>Percentage</u>
2017 .....	102.375%
2018 .....	101.188%
2019 and thereafter.....	100.000%

In addition, the Issuer may on or prior to April 1, 2017, upon giving not less than 30 nor more than 60 days' notice to the holders of the Notes (which notice will be irrevocable), at its option on one or more occasions redeem all or a portion of the Notes (which includes Additional Notes, if any) at a redemption price equal to the sum of:

- (1) 100% of the principal amount thereof, plus
- (2) accrued and unpaid interest, if any, to the redemption date, plus
- (3) the Applicable Premium at the redemption date, subject to the right of holders of record on the relevant record date to receive interest due on any interest payment date occurring on or prior to the redemption date.

### Mandatory Redemption

Neither the Issuer nor the Company is required to make mandatory redemption or sinking fund payments with respect to the Notes.

### Optional Tax Redemption

The Issuer may redeem the Notes in whole, but not in part, at any time upon giving not less than 30 nor more than 60 days' notice to the holders of the Notes (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) and Additional Amounts, if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if the Issuer determines that, as a result of:

- (1) any change in, or amendment to, the law or treaties (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction (as defined above) which change or amendment is publicly announced and becomes effective after the Issue Date (or, if a Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, after such later date);

- (2) any change in position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including by virtue of a holding, judgment or order by a court of competent jurisdiction or a change in published administrative practice) of a Relevant Taxing Jurisdiction, which change or amendment is publicly announced and becomes effective after the Issue Date (or, if a Relevant Taxing Jurisdiction became a Relevant Taxing Jurisdiction on a date after the Issue Date, after such later date); or
- (3) a determination by the Spanish tax authorities (“*acta de inspección*” in Spanish terminology) after the date hereof that interest payments by the Issuer are subject to Spanish withholding Tax as a result of the Issuer being a resident of Spain or having a permanent establishment in Spain to which the Notes are connected,

the Issuer is, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to it (including, for the avoidance of doubt, the appointment of a new Paying Agent in accordance with the second paragraph under “Paying Agent and Registrar for the Notes” or payment through a Guarantor).

Notice of redemption for taxation reasons will be published in accordance with the procedures described under “—Selection and Notice”. Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay Additional Amounts and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver to the Trustee (a) an Officers’ Certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the Trustee to the effect that the circumstances referred to above exist. The Trustee will accept such Officer’s Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the holders.

The foregoing provisions will apply *mutatis mutandis* to any successor to the Issuer.

## **Repurchase at the Option of Holders**

### ***Change of Control***

If a Change of Control occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (equal to €100,000 or integral multiples of €1,000 in excess thereof) of that holder’s Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, on the Notes repurchased, to the date of purchase. Within 30 days following any Change of Control, the Issuer will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the Change of Control Payment Date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the Indenture and described in such notice. The Issuer and the Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes and the related Note Guarantees as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer and the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

On or prior to the Change of Control Payment Date, the Company will prepay the Funding Loan to the extent necessary to finance the repurchase by the Issuer of the Notes tendered pursuant to the Change of Control Offer.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the relevant Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

- (3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an officers' certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The relevant Paying Agent will promptly mail to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that each new Note will be in a principal amount of €100,000 or, if greater, an integral multiple of €1,000.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require the Issuer to repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer. The Issuer also will not be required to make a Change of Control Offer following a Change of Control if it has theretofore issued a redemption notice in respect of all of the Notes in the manner and in accordance with the provisions described under “—Optional Redemption” and thereafter purchases all of the Notes pursuant to such notice.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain. In addition, it should be noted that recent case law suggests that, in the event that incumbent directors are replaced as a result of a contested election, issuers may nevertheless avoid triggering a change of control under a clause similar to clause (4) of the definition of “Change of Control”, if the outgoing directors were to approve the new directors for the purpose of such change of control clause. As a result, it may be unclear as to whether a Change of Control has occurred and whether a holder of Notes may require the Issuer to make an offer to repurchase the Notes as described above.

Subject to the covenants described below, the Company could enter into certain transactions, including acquisitions, refinancings or other recapitalizations which, though not constituting a Change of Control under the Indenture, could increase the amount of outstanding debt or otherwise affect the Company's capital structure or credit ratings. In addition, we may not be able to finance the payments required for a Change of Control Offer. See “Risk Factors—Risks related to the notes—We may not have the ability to raise the funds necessary to finance a change of control offer”.

### **Selection and Notice**

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption as follows:

- (1) if the Notes are listed on any national securities exchange, in compliance with the requirements, if any, of the principal national securities exchange on which the Notes are listed as certificated to the Trustee by the Issuer; or
- (2) if the Notes are not listed on any national securities exchange, then on a *pro rata* basis or by such method as the Trustee deems fair and appropriate.

No Notes may be redeemed in part such that the remainder of the Note is less than €100,000 in aggregate principal amount. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture. Notices of redemption may not be conditional.

In addition, so long as the Notes are listed and admitted to trading on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market and its rules so require, all notices to holders of the Notes will also be supplied to the Luxembourg Stock Exchange and are expected to be published at [www.bourse.lu](http://www.bourse.lu). If publication as



provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. In the case of Definitive Registered Notes, notices will be mailed to holders of the Notes by first class mail at their respective addresses as they appear on the records of the Registrar. If and so long as the Notes are listed on any other securities exchange, notices will also be given in accordance with any applicable requirements of such securities exchange. Notices given by publication will be deemed given on the first date on which publication is made. Notices given by first class mail, postage paid, will be deemed given five calendar days after mailing whether or not the addressee receives it.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note and will be collectible at the office of the Paying Agent. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption.

## **Prescription**

Claims against the Issuer, the Company or any Guarantor for the payment of principal of, or interest, premium, or Additional Amounts, if any, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of seven years, in the case of principal, or five years, in the case of interest, premium or Additional Amounts, if any, from the applicable original payment date therefor.

## **Certain Covenants**

### ***Restricted Payments***

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than (A) dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or Subordinated Shareholder Debt, (B) dividends or distributions to the Company or any of its Restricted Subsidiaries and (C) *pro rata* dividends or distributions made by a Subsidiary that is not a Wholly Owned Subsidiary to minority stockholders (or owners of any equivalent interest in the case of a Subsidiary that is an entity other than a corporation));
- (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any Parent Company;
- (3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value (x) any Indebtedness that is subordinated in right of payment to the Notes, the Note Guarantees, or the Funding Loan except a payment of interest or principal at the Stated Maturity thereof or (y) any Subordinated Shareholder Debt; or
- (4) make any Restricted Investment (all such payments and other actions set forth in these clauses (1) through (4) being collectively referred to as "*Restricted Payments*"),

unless, at the time of and after giving effect to such Restricted Payment:

- (1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment; and
- (2) the Company would, after giving pro forma effect to such Restricted Payment (including the application thereof) as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least €1.00 of additional Indebtedness (other than Permitted Debt) pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "*—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock*"; and

- (3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (4), (5), (6), and (10) of the next succeeding paragraph), is less than the sum, without duplication, of:
- (a) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the first day of the first full fiscal quarter immediately prior to the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such aggregate Consolidated Net Income for such period is a deficit, less 100% of such deficit), *plus*
  - (b) 100% of the aggregate net cash proceeds and Fair Market Value of property, assets or marketable securities received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock or Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company or from Subordinated Shareholder Debt or Excluded Contributions), *plus*
  - (c) 100% of any dividends or distributions (including payments made in respect of loans or advances) received by the Company or a Restricted Subsidiary of the Company after the Issue Date from an Unrestricted Subsidiary of the Company or a Permitted Joint Venture, to the extent that such dividends or distributions were not otherwise included in Consolidated Net Income of the Company for such period (and *provided* that such dividends or distributions are not included in the calculation of that amount of Permitted Investments permitted under clause (10) of the definition thereof), *plus*
  - (d) to the extent that any Unrestricted Subsidiary of the Company is redesignated as a Restricted Subsidiary after the Issue Date, the Fair Market Value of the Company's Investment in such Subsidiary as of the date of such redesignation, *plus*
  - (e) to the extent that any Restricted Investment that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash or Cash Equivalents (including, without limitation, any sale for cash or other Cash Equivalents of an Equity Interest in an Unrestricted Subsidiary), the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any), *plus*
  - (f) 100% of the cash received by the Company since the Issue Date in connection with the incurrence of any Subordinated Shareholder Debt.

The preceding provisions will not prohibit:

- (1) the payment of any dividend within 60 days after the date of declaration of the dividend, if at the date of declaration the dividend payment would have complied with the provisions of the Indenture;
- (2) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of the Company or any Restricted Subsidiary or of any Equity Interests of the Company or any Parent Company by conversion into (in the case of subordinated Indebtedness) or in exchange for, or out of the Net Cash Proceeds of the substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) or Subordinated Shareholder Debt or from the substantially concurrent contribution of equity capital to the Company; *provided* that the amount of any such Net Cash Proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition will be excluded from clause (3)(b) of the preceding paragraph;
- (3) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of the Company or any Guarantor with the Net Cash Proceeds from an incurrence of Permitted Refinancing Indebtedness in respect of such subordinated Indebtedness;
- (4) Any Restricted Payment made by exchange for, or out of the proceeds of the substantially current sale of, Equity Interests of the Company (other than Disqualified Stock) or a substantially concurrent cash capital contribution received by the Company from its shareholders; *provided, however*, that the Net

Cash Proceeds from such sale or cash capital contribution shall be excluded from clause (3)(b) of the preceding paragraph;

- (5) the repurchase, redemption or other acquisition for value of Equity Interests of any non-Wholly Owned Restricted Subsidiary of the Company if, as a result of such purchase, redemption or other acquisition, the Company increases its percentage ownership, directly or indirectly through its Restricted Subsidiaries, of such non-Wholly Owned Restricted Subsidiary;
- (6) the repurchase, redemption or other acquisition for value of Equity Interests of the Company or its Restricted Subsidiaries representing fractional shares of such Equity Interests in connection with a merger, consolidation, amalgamation or other combination of the Company or any such Restricted Subsidiary;
- (7) following the first Public Offering of the Company's ordinary shares or the ordinary shares of any Parent Company, the payment by the Company of, or loans or advances, dividends or distributions to any Parent Company to pay dividends on the ordinary shares of the Company or any Parent Company, in an amount not to exceed in any fiscal year the greater of (A) an amount equal to 3.0% of the Market Capitalization; *provided* that after giving pro forma effect to the payment of such amount the Leverage Ratio shall be no greater than 3.0 to 1.0 and (B) 6% per annum of the net cash proceeds received by the Company in any Public Offering or contributed in cash to the Company's ordinary shares with the net cash proceeds of any such Public Offerings by any Parent Company;
- (8) loans or advances made to employees, officers or directors (not including the Permitted Holders) in amounts not exceeding €5 million at any time outstanding;
- (9) the declaration and payment of dividends to, or the making of loans to, any Parent Company in amounts required for such Parent Company to pay (i) franchise and similar taxes, and other fees and expenses, required to maintain such Parent Company's corporate existence and (ii) consolidated, combined or similar foreign, federal, state and local income and similar Taxes, to the extent such income Taxes are attributable to the income, revenue, receipts, capital or margin of the Company and the Restricted Subsidiaries and, to the extent of the amount actually received from the Company's Unrestricted Subsidiaries, in amounts required to pay such Taxes to the extent attributable to the income of such Unrestricted Subsidiaries; *provided* that in each case the amount of such payments in any fiscal year does not exceed the amount that the Company, the Restricted Subsidiaries and the Company's Unrestricted Subsidiaries (to the extent described above) would be required to pay in respect of foreign, federal, state and local Taxes for such fiscal year had the Company, the Restricted Subsidiaries and the Company's Unrestricted Subsidiaries (to the extent described above) been a standalone taxpayer (separate from any such Parent Company) for all fiscal years ending after the Issue Date;
- (10) Restricted Payments made with the proceeds of Excluded Contributions;
- (11) Restricted Payments pursuant to clause (f) of the second paragraph under “—Certain Covenants— Transactions with Affiliates”; and
- (12) other Restricted Payments made after the Issue Date in an amount (measured on the date each such Restricted Payment was made and without giving effect to subsequent changes in value) when taken together with all other Restricted Payments made pursuant to this clause (12) not to exceed €40 million (*provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person is subsequently designated a Restricted Subsidiary, such Investment shall thereafter be deemed to have been made pursuant to clause (3) of the definition of “Permitted Investments” and not this clause);

*provided, however*, that after giving effect to any Restricted Payment referred to in clauses (5), (7), (8) or (12) of this paragraph, no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the assets or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The Fair Market Value of any assets or securities that are required to be valued by this covenant will be determined by the responsible financial or accounting officer of the Company. The determination of such responsible financial or accounting officer will be final and conclusive.

### ***Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock***

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, “*incur*”) any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*, that the Company and any Restricted Subsidiary may incur Indebtedness, the Company or any Restricted Subsidiary may incur Acquired Debt and the Company may issue Disqualified Stock and any Restricted Subsidiary may issue shares of preferred stock, if the Fixed Charge Coverage Ratio for the Company’s most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.5 to 1.0, determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four-quarter period; *provided* that a Restricted Subsidiary of the Company that is not a Guarantor or the Issuer may incur Indebtedness or issue Disqualified Stock or preferred stock pursuant to this paragraph solely to the extent that the Non-Guarantor Leverage Ratio for the Company’s most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is incurred or such Disqualified Stock or preferred stock is issued, as the case may be, would have been no greater than 0.75 to 1.00, as determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if such Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence by the Company or its Restricted Subsidiaries of any of the following items of Indebtedness (collectively, “*Permitted Debt*”):

- (1) the incurrence by the Company and any Restricted Subsidiary of additional Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed €500 million;
- (2) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;
- (3) the incurrence (a) by the Issuer of Indebtedness represented by the Notes to be issued hereby (but not including any Additional Notes), (b) by the Company, the Subsidiary Guarantors and any future Guarantors of Indebtedness represented by a Note Guarantee (including Note Guarantees of Additional Notes incurred in compliance with the Indenture), and (c) by the Company of Indebtedness represented by the Funding Loan;
- (4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings, sale and leaseback transactions or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Restricted Subsidiary, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed €50 million at any time outstanding;
- (5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3) or (5) of this paragraph;
- (6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided, however*, that:
  - (a) if the Company or any other Guarantor is the obligor on such Indebtedness and the creditor is not a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations with respect, in any bankruptcy, insolvency or winding up of such obligor, to its Note Guarantee and, in the case of the Company, its obligations under the Funding Loan, as applicable, and
  - (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary of the Company and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary of the Company will be deemed, in each case, to

constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

- (7) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate risk or currency risk (i) with respect to any floating rate or non-euro denominated Indebtedness that is permitted by the terms of the Indenture to be outstanding or (ii) for non-speculative purposes in the ordinary course of business;
- (8) the guarantee by the Company or any of the other Guarantors (subject to compliance with the covenant “—Certain Covenants—Additional Note Guarantees”) of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Note or a Note Guarantee, then the guarantee must be expressly subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness being guaranteed;
- (9) the incurrence by the Company or any Restricted Subsidiary of Indebtedness in connection with one or more standby letters of credit or performance bonds issued by the Company or a Restricted Subsidiary in the ordinary course of business or pursuant to self-insurance obligations and, in each case, not in connection with the borrowing of money or the obtaining of advances or credit;
- (10) the incurrence by the Company or any Restricted Subsidiary of Indebtedness arising from agreements providing for indemnification or adjustment of purchase price or from guarantees or letters of credit securing any Obligations of the Company or any Restricted Subsidiary pursuant to such agreements, incurred in connection with the sale or other disposition of any business, assets or Restricted Subsidiary of the Company, other than guarantees or similar credit support by the Company or any Restricted Subsidiary of Indebtedness incurred by any Person acquiring such business, assets or subsidiary; *provided* that the maximum Indebtedness permitted by this clause (10) in respect of any such sale or other disposition of any business, assets or subsidiary shall not exceed the Net Cash Proceeds from such sale or other disposition;
- (11) the incurrence by the Company or any Restricted Subsidiary of Indebtedness arising from guarantees to suppliers, lessors, licensees, contractors, franchisees or customers and incurred in the ordinary course of business;
- (12) the incurrence by the Company or any Restricted Subsidiary of Indebtedness in respect of any obligations under workers’ compensation laws and similar legislation;
- (13) Indebtedness incurred pursuant to the factoring of Receivables arising in the ordinary course of business pursuant to customary arrangements; *provided*, that either (a) no portion of such Indebtedness has, directly or indirectly, contingent or otherwise, recourse to any property or assets of the Company or any of its Restricted Subsidiaries (other than the Receivables that are the subject of the factoring), or (b) if such Indebtedness has recourse to any property or assets of the Company or any of its Restricted Subsidiaries, only the portion of such Indebtedness that is not recourse to any property or assets of the Company or any of its Restricted Subsidiaries (other than Receivables that are the subject of the factoring) may be considered as “Permitted Debt” under this clause (13);
- (14) the incurrence by the Company or any Restricted Subsidiary of guarantees of Indebtedness of Permitted Joint Ventures in an amount not to exceed €35 million;
- (15) Indebtedness, Disqualified Stock or preferred stock of Persons that are acquired by the Company or any Restricted Subsidiary of the Company or merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or a Restricted Subsidiary of the Company in accordance with the terms of the Indenture; *provided* that such Indebtedness, Disqualified Stock or preferred stock are not incurred or issued in connection with such acquisition, merger, consolidation, amalgamation or other combination, and, after giving effect to such acquisition, merger, consolidation, amalgamation or other combination, either:
  - (a) the Company or such Restricted Subsidiary would be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first sentence, of this covenant; or
  - (b) the Fixed Charge Coverage Ratio of the Company is no less than immediately prior to such acquisition, merger, consolidation, amalgamation or other combination; and

- (16) the incurrence by the Company or any Restricted Subsidiary of additional Indebtedness (including Acquired Debt) in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (16), not to exceed €75 million.

To the extent any Restricted Subsidiary that is not a Guarantor is a joint obligor with respect to any Indebtedness, the entire amount of such Indebtedness shall be considered Indebtedness of a Restricted Subsidiary that is not a Guarantor for purposes of this covenant.

The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; *provided* that, in each such case, that the amount thereof is included in Consolidated Interest Expense of the Company as accrued or paid in accordance with the definition of such term.

The incurrence by an Unrestricted Subsidiary of the Company of Non-Recourse Debt will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; *provided, however*, that if any such Indebtedness ceases to be Non-Recourse Debt of such Unrestricted Subsidiary, such Indebtedness shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of the Company that was not permitted by this covenant.

For purposes of determining compliance with this covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (16) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company will be permitted to classify such item of Indebtedness on the date of its incurrence, or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant.

### ***Liens***

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind upon any of its assets or property (including Capital Stock of Restricted Subsidiaries), whether owned on the Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien is securing any Indebtedness (such Lien, the “*Initial Lien*”), except (a) in the case of any property or asset that does not constitute Collateral, (1) Permitted Liens or (2) Liens on property or assets that are not Permitted Liens if the Notes and the Indenture (or a Note Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with, or senior in right of payment to, in the case of Liens with respect to subordinated Indebtedness, the Indebtedness secured by such Initial Lien for so long as such Indebtedness is so secured, and (b) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

### ***Dividend and Other Payment Restrictions Affecting Subsidiaries***

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Company or any of its Restricted Subsidiaries;
- (2) make loans or advances to the Company or any of its Restricted Subsidiaries; or
- (3) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements governing Existing Indebtedness and Credit Facilities as in effect on the Issue Date and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacement or refinancings are no more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;
- (2) the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, the Security Documents and any notes and guarantees in connection with the subsequent issuance of debt securities in accordance with and on terms no less onerous than the Indenture;

- (3) applicable law or regulation or the terms of any license, authorization, concession or permit to engage in a Permitted Business;
- (4) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;
- (5) customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices;
- (6) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on that property of the nature described in clause (4) of the second paragraph of the covenant entitled “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock”;
- (7) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;
- (8) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are no more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;
- (9) Liens securing Indebtedness otherwise permitted to be incurred under the provisions of the covenant entitled “—Certain Covenants—Liens” that limit the right of the debtor to dispose of the assets subject to such Liens;
- (10) customary provisions in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements;
- (11) provisions that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or other contract entered into in the ordinary course of business;
- (12) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business; and
- (13) any agreement or instrument (A) relating to any Indebtedness or preferred stock of a Restricted Subsidiary of the Company permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under “—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock” (i) if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the holders of the Notes than the encumbrances and restrictions contained in the Senior Credit Facilities as in effect on the Issue Date (as determined in good faith by the Company) or (ii) if the encumbrances and restrictions are not materially more disadvantageous to the holders of the Notes than is customary in comparable financings (as determined in good faith by the Company) and either (x) the Company determines that such encumbrance or restriction will not adversely affect the Company’s ability to make principal and interest payments on the Notes as and when they come due or (y) such encumbrances and restrictions apply only during the continuance of a default in respect of a payment or financial maintenance covenant relating to such Indebtedness, (B) constituting an intercreditor agreement on terms substantially equivalent to the Intercreditor Agreement or (C) relating to any loan or advance by the Company to a Restricted Subsidiary of the Company subsequent to the Issue Date; *provided* that with respect to this clause (13) the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the holders of the Notes than the encumbrances and restrictions contained in the Senior Credit Facilities, the Security Documents and the Intercreditor Agreement (as in effect on the Issue Date).

### ***Merger, Consolidation or Sale of Assets***

The Company may not, directly or indirectly: (1) consolidate or merge with or into another Person; or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:



- (1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition has been made (the “*Surviving Entity*”) is a corporation organized or existing under the laws of (i) Spain, (ii) any other member of the European Union that has adopted the euro as its national currency, (iii) the United Kingdom or (iv) the United States, any state of the United States or the District of Columbia;
- (2) the Surviving Entity (if other than the Company) assumes all the obligations of the Company under its Note Guarantee and the Funding Loan and, in each case, the Indenture, the applicable Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement, pursuant to agreements satisfactory to the Trustee;
- (3) immediately after giving effect to such transaction no Default or Event of Default exists or would exist; and
- (4) the Company or the Surviving Entity, as the case may be, will:
  - (a) on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, either (i) be permitted to incur at least €1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant entitled “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock” or (ii) the Fixed Charge Coverage Ratio of the Company (or, if applicable, the Surviving Entity) would equal or exceed the Fixed Charge Coverage Ratio of the Company immediately prior to giving effect to such transaction; and
  - (b) deliver to the Trustee an Officer’s Certificate and an Opinion of Counsel, in each case, stating that such consolidation, merger or transfer and any supplemental indenture comply with this covenant and the Indenture, and, if the Company is not the surviving entity, that the accession agreement executed in connection therewith is the legally valid and binding obligation of the Successor Entity enforceable (subject to customary exceptions and exclusions) in accordance with their terms.

In addition, the Company may not, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. This “—Merger, Consolidation or Sale of Assets” covenant will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Company and any of the Guarantors. Notwithstanding clause (4)(a) of the foregoing, the Company or any Guarantor may merge with an Affiliate solely for the purpose of reincorporating the Company or such Guarantor in another jurisdiction to realize tax or other benefits.

A Subsidiary Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Subsidiary Guarantor is the surviving Person) another Person, other than the Company or another Subsidiary Guarantor, unless:

- (1) immediately after giving effect to that transaction, no Default or Event of Default exists; and
- (2) either:
  - (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Subsidiary Guarantor under the Indenture and its Note Guarantee pursuant to a supplemental indenture satisfactory to the Trustee and the applicable Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement;
  - (b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture; or
  - (c) in any transaction between (i) the Company or a Subsidiary Guarantor and (ii) a Restricted Subsidiary that is not a Subsidiary Guarantor, the Company or such Subsidiary Guarantor is the surviving Person or the Restricted Subsidiary is the surviving Person and assumes all of the obligations of the Company or such Subsidiary Guarantor under the Indenture and its Note Guarantee pursuant to a supplemental indenture satisfactory to the Trustee.

### ***Transactions with Affiliates***

The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an “*Affiliate Transaction*”) involving aggregate payments or consideration in excess of €4 million, unless:

- (1) the Affiliate Transaction is on terms no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and
- (2) the Company delivers to the Trustee:
  - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of € 25 million, a resolution of the Board of Directors of the Company set forth in an officers’ certificate certifying that such Affiliate Transaction complies with clause (1) above; and
  - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of € 50 million, an opinion that such transaction or series of transactions is fair to the holders from a financial point of view, or is not less favorable than could reasonably be expected to be obtained at the time in an arm’s length transaction with a Person who was not an Affiliate of the Company, which opinion shall be issued by an independent accounting, appraisal or investment banking firm of international or national standing.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

- (a) transactions between or among (i) the Company and/or (ii) its Restricted Subsidiaries;
- (b) transactions with a Person (including any joint venture or equity investee) that is an Affiliate of the Company or a Restricted Subsidiary solely because the Company or a Restricted Subsidiary owns an Equity Interest in such Person;
- (c) payment of reasonable director’s and other fees to, indemnities provided on behalf of, and expenses (including expense reimbursement, employee benefit and pension expenses) relating to, officers, directors, employees or consultants of the Company or its Parent Company or the Company’s Subsidiaries and payments of benefits and salaries to employees of the Company or its Subsidiaries in the ordinary course of business;
- (d) issuances or sales of Equity Interests of the Company (other than Disqualified Stock) or Subordinated Shareholder Debt to Affiliates of the Company;
- (e) Permitted Investments or Restricted Payments that are permitted by the provisions of the Indenture described above under the caption “—Certain Covenants—Restricted Payments” (other than Permitted Investments described in clauses (3), (10), (11)(i), (13) and (15) of the definition of “Permitted Investments”); and
- (f) performance of any agreement of the Company or a Restricted Subsidiary as in effect on the Issue Date and disclosed in the Offering Memorandum under “Shareholders and Certain Transactions” and any amendment after the Issue Date (so long as such amendment is not disadvantageous to the holders of the Notes in any material respect) to any such agreement (except as covered by clause (e) hereof).

### ***Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries***

The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

- (1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or

otherwise) at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Capital Stock issued or sold or otherwise disposed of;

- (2) at least 75% of the consideration (excluding by way of relief from, or by any other Person assuming responsibility for, any liabilities contingent or otherwise) received in the Asset Sale (except to the extent the Asset Sale is a Permitted Asset Swap) by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents.

For purposes of this provision, each of the following will be deemed to be cash:

- (a) any liabilities, as shown on the Company's or such Restricted Subsidiary's most recent balance sheet, of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability;
- (b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash within 180 days of the receipt thereof, to the extent of the cash received in that conversion; and
- (c) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, as determined in good faith by an officer of the Board of Directors of the Company, taken together with all other Designated Non-Cash Consideration received pursuant to this covenant that is at that time outstanding, not to exceed €30 million (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company may apply those Net Cash Proceeds, if any, at its option:

- (1) to repay, repurchase, prepay or redeem (i)(a) Indebtedness of a Restricted Subsidiary that is not a Guarantor (other than Indebtedness owed to the Company or an Affiliate of the Company) or Indebtedness which is secured by a Lien on such asset or (b) Indebtedness of the Company or any other Restricted Subsidiary incurred under Credit Facilities pursuant to clause (1) of the second paragraph of the covenant entitled "—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock" that is secured by a Lien on the Collateral; *provided, however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (i)(a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased, or (ii) to prepay, repay or purchase *Pari Passu* Indebtedness; *provided* that the Company shall redeem, repay or repurchase *Pari Passu* Indebtedness pursuant to this clause (ii) only if the Company makes (at such time or subsequently in compliance with this covenant) an offer to the holders of the Notes to purchase their Notes in accordance with the provision set forth below for an Asset Sale Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such *Pari Passu* Indebtedness;
- (2) to acquire all or substantially all of the assets of, or a majority of the Voting Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;
- (3) to make a capital expenditure;
- (4) to acquire other long-term assets (other than Indebtedness or Capital Stock) that are used or useful in a Permitted Business;
- (5) to enter into a binding commitment to apply the Net Cash Proceeds pursuant to clause (2), (3) or (4) of this paragraph; *provided* that such binding commitment shall be treated as a permitted application of the Net Cash Proceeds from the date of such commitment until the earlier of (x) the date on which such

acquisition or expenditure is consummated and (y) the 180th day following the expiration of the aforementioned 360 day period; or

- (6) any combination of the foregoing.

Pending the final application of any Net Cash Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest the Net Cash Proceeds in any manner that is not prohibited by the Indenture. Notwithstanding the foregoing provisions of this covenant, the Company and the Restricted Subsidiaries will not be required to apply any Net Cash Proceeds in accordance with this covenant except to the extent that the aggregate Net Cash Proceeds from all Asset Sales which is not applied in accordance with this covenant exceeds €10 million.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph will constitute “*Excess Proceeds*.” When the aggregate amount of Excess Proceeds exceeds € 10 million, the Issuer will make an Asset Sale Offer to all holders of Notes, and the Company will make any required offer to purchase *Pari Passu* Indebtedness containing similar asset sale provisions, to purchase the maximum principal amount of Notes and such *Pari Passu* Indebtedness that may be purchased out of the Excess Proceeds and the Company will prepay the Funding Loan to the extent necessary to finance the repurchase of the Notes by the Issuer. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *Pari Passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee will select the Notes and such other *Pari Passu* Indebtedness to be purchased on a *pro rata* basis. Upon completion of each Asset Sale Offer the amount of Excess Proceeds will be reset at zero.

The Issuer and the Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes and the related Note Guarantees pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Issuer and the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached their respective obligations under the Asset Sale provisions of the Indenture by virtue of such compliance.

#### ***Designation of Restricted and Unrestricted Subsidiaries***

The Board of Directors of the Company or, if required by applicable law, the shareholders of the Company may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be an Investment made as of the time of such designation and will either reduce the amount available for Restricted Payments under the first paragraph of the covenant entitled “—Certain Covenants—Restricted Payments” or reduce the amount available for future Investments under one or more clauses of the definition of Permitted Investments, as the Company shall determine. That designation will only be permitted if such Investment would be permitted at that time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Company or, if required by applicable law, the shareholders of the Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

#### ***Additional Note Guarantees***

The Company shall cause any Restricted Subsidiary that after the Issue Date is or becomes a Material Subsidiary (except for any Restricted Subsidiary which was a Material Subsidiary at the Issue Date but was not an initial Subsidiary Guarantor, any Restricted Subsidiary that is already a Guarantor, or any Restricted Subsidiary as to which the Company and its Restricted Subsidiaries do not own, directly or indirectly, greater than 90% of the Capital Stock) to execute and deliver a supplemental indenture providing for the Note Guarantee by such Restricted Subsidiary on the same terms as the Note Guarantees granted by the other Subsidiary Guarantors hereunder.

For so long as the Notes are listed and admitted to trading on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market, the Issuer will publish a notice of such additional guarantees in accordance with the requirements of such rules.

The Company will not permit any of its Restricted Subsidiaries, directly or indirectly, to guarantee the payment of any other Credit Facilities or other Public Debt of the Issuer or any Guarantor unless such incurrence is permitted by the covenant entitled “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock”, and such Restricted Subsidiary (if not already a Subsidiary Guarantor) simultaneously executes and delivers a supplemental indenture and supplemental intercreditor agreement pursuant to which such Restricted Subsidiary

will guarantee payment of the Notes on the same terms and conditions as those set forth in the Indenture, the Intercreditor Agreement and any Additional Intercreditor Agreement and which Note Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Credit Facilities or other Public Debt; *provided* that no such additional Note Guarantee need be provided in respect of Credit Facilities or other Public Debt of the Issuer or any Guarantor (i) that does not exceed €25 million, in the aggregate with all other Credit Facilities or other Public Debt described under this clause (i), (ii) if the guarantee of such Indebtedness is pursuant to a regulatory requirement and such Credit Facilities or other Public Debt is owed to a regulatory body, or (iii) if such Credit Facilities or other Public Debt is guaranteed by such Restricted Subsidiary on the Issue Date and such Restricted Subsidiary is not a Guarantor.

The Company shall not be obligated to cause such Restricted Subsidiary to guarantee the Notes to the extent that (A) such Note Guarantee could reasonably be expected to give rise to or result in: (1) any violation of applicable law that cannot be avoided or otherwise prevented through measures reasonably available to the Company, the Issuer or a Restricted Subsidiary; (2) any liability for the officers, directors or shareholders of such Restricted Subsidiary; (3) any cost, expense, liability or obligation (including any Tax) other than reasonable out of pocket expenses and other than reasonable governmental or regulatory filing fees; and (4) a requirement under applicable law, rule or regulation to obtain or prepare financial statements or financial information of such Person to be included in any required filing with a legal or regulatory authority that the Company is not able to obtain or prepare through measures reasonably available to the Company, (B) such Restricted Subsidiary is incorporated in any jurisdiction located in Argentina, China, Costa Rica, France, India, Indonesia, Morocco, Romania or South Africa or (C) an inconsistency with the Intercreditor Agreement or the Agreed Security Principles.

Notwithstanding the preceding paragraphs of this covenant, any Note Guarantee by a Restricted Subsidiary will provide by its terms that it will be automatically and unconditionally released and discharged when (i) the Indebtedness that gave rise to the obligation to guarantee the Notes is discharged, (ii) in the case of any Note Guarantee granted as contemplated under the third paragraph of this covenant as a result of a Restricted Subsidiary guaranteeing other Credit Facilities or Public Debt, when such other Indebtedness is released and discharged, or (iii) otherwise under the circumstances described above under the caption “—Brief Description of the Notes, the Funding Loan, the Note Guarantees and the Intercreditor Agreement—The Note Guarantees.” The terms, provisions and limitations related to the Note Guarantees will be included in the Indenture.

### ***Impairment of Security Interest***

The Company shall not and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral, except that the Company and its Restricted Subsidiaries may incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with the Indenture, the applicable Security Documents or the Intercreditor Agreement *provided, however*, that (a) nothing in this provision shall restrict the release or replacement of any security interests in compliance with the terms of the Indenture as described under “—Security—Release of Security Interests” and (b) any Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, if contemporaneously with any such action, the Company delivers to the Trustee, either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee, from an independent financial advisor confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, (2) a certificate from the Board of Directors of the relevant Person which confirms the solvency of the Person granting such security interest after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or release and replacement, or (3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee, confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens created under the security so amended, extended, renewed, restated, supplemented, modified or replaced are valid Liens, in each case, not otherwise subject to any limitation, imperfection or new hardening period, in equity or at law, that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement. In the event that the Company complies with the requirements of this covenant, the Trustee and/or the Security Agent (as the case may be) shall (subject to customary protections and indemnifications) consent to any such amendment, extension, renewal, restatement, supplement, modification or replacement without the need for instructions from the holders of the Notes.

### ***The Issuer***

The Issuer will not engage in any business activity or undertake any other activity, except any activity (a) relating to the offering, sale or issuance of the Notes, Indebtedness under Credit Facilities, other Public Debt and Hedging Obligations or the incurrence of Indebtedness by the Issuer represented by the Notes, Indebtedness under Credit Facilities, other Public Debt and Hedging Obligations, (b) undertaken with the purpose of, and directly related to, fulfilling its obligations under the Notes or the Indenture, other Public Debt and Hedging Obligations (including the lending of the proceeds from the Notes, Indebtedness under Credit Facilities or other Public Debt to the Company or another Guarantor pursuant to a Funding Loan or similar loan or loans and granting Liens in respect of such loans to secure Indebtedness), or (c) directly related to the establishment and maintenance of the Issuer’s corporate existence or (d) reasonably related to the foregoing. The Issuer shall not (a) incur any Indebtedness (except to the Company or a Wholly Owned Restricted Subsidiary of the Company) other than the Notes, Indebtedness under Credit Facilities, other Public Debt and Hedging Obligations, or (b) issue any Capital Stock (other than to the Company or a Wholly Owned Restricted Subsidiary of the Company), or (c) undertake any transaction that will require the Issuer to register as an “investment company” or an entity “controlled by an investment company” as defined in the U.S. Investment Company Act of 1940, as amended and the rules and regulations thereunder.

The Issuer and the Company will not, and will not permit any Restricted Subsidiary or any other Person that is an obligor under the Funding Loan, to (i) sell, dispose, encumber, prepay, repay, repurchase, redeem or otherwise acquire, reduce or retire any amounts outstanding under the Funding Loan except in connection with a redemption of outstanding Notes in a manner permitted by the Indenture, or (ii) amend, modify, supplement or waive any rights under the Funding Loan in a manner that would adversely affect the rights of the Issuer or its creditors with respect to the Funding Loan.

### ***Suspension of Certain Covenants when Notes Rated Investment Grade***

If on any date following the Issue Date, (1) the Notes are rated (a) Baa3 or better by Moody’s and (b) BBB– or better by S&P (or, if either Moody’s or S&P ceases to rate the Notes for reasons outside of the control of the Issuer or the Company, the equivalent investment grade credit rating from Fitch or, in the absence of such, any other “nationally recognized statistical rating organization” within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the Exchange Act selected by the Issuer or the Company as a replacement agency so that the Notes are so rated by at least two such credit rating agencies); and (2) no Default or Event of Default shall have occurred and be continuing, then, beginning on that day and subject to the provisions of the following paragraph, the covenants specifically listed under the following

captions in this offering memorandum will be suspended and, in each case, any related default provision of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

- (1) “—Certain Covenants—Restricted Payments”;
- (2) “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock”;
- (3) “—Certain Covenants—Dividend and Other Payment Restrictions Affecting Subsidiaries”;
- (4) clause (4) of the first paragraph of the covenant described under the caption “—Certain Covenants—Merger, Consolidation or Sale of Assets”;
- (5) “—Certain Covenants—Transactions with Affiliates”;
- (6) “—Certain Covenants—”Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries”;  
and
- (7) “—Certain Covenants—Additional Note Guarantees”.

During any period that the foregoing covenants have been suspended, the Company’s Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant described below under the caption “—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries” or the second paragraph of the definition of “Unrestricted Subsidiary”.

Notwithstanding the foregoing, if the rating assigned by any such rating agency should subsequently decline to below Baa3 or BBB-, as applicable, the foregoing covenants will be reinstated as of and from the date of such rating decline. Such covenants will not, however, be of any effect with respect to actions properly taken during the period of suspension. Calculations under the reinstated “Restricted Payments” covenant will be made as if the “Restricted Payments” covenant had been in effect since the Issue Date except that no default will be deemed to have occurred by reason of a Restricted Payment made while that covenant was suspended. On the rating decline date, all Indebtedness incurred during the suspension period will be classified, at the Issuer’s option, as having been incurred pursuant to the first paragraph of the covenant described under the caption “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock” or one or more of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be incurred thereunder as of the rating decline date and after giving effect to Indebtedness incurred prior to the suspension period and outstanding on the rating decline date). To the extent that such Indebtedness would be so permitted to be incurred under the first two paragraphs of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock”, such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified under clause (2) of the second paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock”.

## Reports

The Company will post on its website and furnish to the Trustee and holders the following reports:

- (1) within 120 days after the end of the Company’s fiscal year beginning with the fiscal year ending December 31, 2014, annual reports containing a level of detail that is comparable in all material respects to the offering memorandum relating to the Offering Memorandum and the following information: (a) audited consolidated balance sheets of the Company as of the end of the two most recent fiscal years and audited consolidated income statements and cash flow of the Company for the three most recent fiscal years, including appropriate footnotes to such financial statements, and the report of the independent auditors on the financial statements; (b) pro forma income statement and balance sheet information, together with summary explanatory footnotes, for any acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates if the consolidated revenues, EBITDA or assets of the Person to which such acquisition or disposition relates, represent greater than 20% of the consolidated revenues, EBITDA or assets of the Company and its Subsidiaries on a pro forma basis or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, in each case unless pro forma information has been provided in a previous report pursuant to clause (2) below (*provided* that an acquisition, disposition or recapitalization that has occurred fewer than 30 days prior to the last day of the completed fiscal year as to which such annual report relates shall be reported in the next interim report provided pursuant to this covenant); (c) to the

extent relating to annual periods, an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; (d) a description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) material risk factors and material recent developments (*provided that, in the case of cash flow numbers, these need only be provided as an audited footnote to the financial statements referred to above*);

- (2) within (i) 60 days (or in the case of the fiscal quarter ending March 31, 2014, 90 days) following the end of the first and third fiscal quarters in each fiscal year of the Company and (ii) 75 days following the end of the second quarter in each fiscal year of the Company, all quarterly financial statements containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) pro forma income statement and balance sheet information, together with summary explanatory footnotes, for any acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates if the consolidated revenues, EBITDA or assets of the Person to which such acquisition or disposition relates, represent greater than 20% of the consolidated revenues, EBITDA or assets of the Company and its Subsidiaries on a pro forma basis or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, in each case unless pro forma information has been provided in a previous report pursuant to clause (1) or (2) below (*provided that an acquisition, disposition or recapitalization that has occurred fewer than 30 days prior to the last day of the completed fiscal quarter as to which such quarterly report relates shall be reported in the next interim report provided pursuant to this covenant*); (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; and (d) material recent developments and any material changes to the risk factors disclosed in the most recent annual report; and
- (3) promptly after the occurrence of a material acquisition, disposition, restructuring, senior management or board of directors changes or change in auditors, a report containing a description of such event.

All financial statement and pro forma financial information shall be prepared on a consistent basis for the periods presented and the financial statements required under clause (1) may be presented in the same format as in the Offering Memorandum; *provided, however*, that the reports set forth in clauses (1), (2) and (3) above may, in the event of a change in applicable International Financial Reporting Standards, present earlier periods on a basis that applied to such periods, subject to the provisions of the Indenture. No report need include separate financial statements or financial data for any Guarantors or non-guarantor Subsidiaries of the Company; *provided that the annual report in clause (1) shall include a statement of the aggregate percentage of the consolidated EBITDA of the Company represented by the Subsidiary Guarantors.*

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in the operating and financial review of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

In addition, so long as the Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company will furnish to the holders, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

#### **Additional Intercreditor Agreements**

At the request of the Issuer, in connection with the incurrence by the Company or its Restricted Subsidiaries of any Indebtedness permitted to be secured under the Indenture, the Company, the Issuer, the relevant Restricted Subsidiaries, the Trustee and the Security Agent shall enter into with the holders of such Indebtedness (or their duly authorized representatives) an intercreditor agreement (an "*Additional Intercreditor Agreement*") on substantially the same terms as the Intercreditor Agreement (or terms not materially less favorable to the holders (*provided that the Trustee and the Security Agent shall have received an Officer's Certificate and an Opinion of Counsel to that effect*));



*provided* that such Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or, in the opinion of the Trustee or the Security Agent, adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent, as the case may be, under the Indenture or the Intercreditor Agreement.

At the direction of the Issuer and without the consent of holders, the Trustee and the Security Agent shall from time to time enter into one or more amendments to any Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement; (2) increase the amount or types of Indebtedness covered by any such agreement that may be incurred by the Company or any Restricted Subsidiary that is subject to any such agreement (including with respect to any Intercreditor Agreement or Additional Intercreditor Agreement the addition of provisions relating to new Indebtedness ranking junior in right of payment to the Notes); (3) add Restricted Subsidiaries to the Intercreditor Agreement or an Additional Intercreditor Agreement; (4) secure the Notes (including Additional Notes); (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes or other Indebtedness permitted to be secured by the Indenture; or (6) make any other change to any such agreement that does not adversely affect the holders in any material respect (*provided* that the Trustee and the Security Agent shall have received an Officer's Certificate and an Opinion of Counsel to that effect). The Issuer may only direct the Trustee and the Security Agent to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or the Security Agent, in the opinion of the Trustee or the Security Agent, or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture, any Intercreditor Agreement or Additional Intercreditor Agreement.

Each holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of the Intercreditor Agreement or an Additional Intercreditor Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein).

#### **Events of Default and Remedies**

Each of the following is an Event of Default:

- (1) default for 30 days in the payment when due of interest on, or Additional Amounts with respect to, the Notes;
- (2) default in payment when due at maturity, upon redemption, upon repurchase, upon declaration or otherwise, of the principal of, or premium, if any, on the Notes;
- (3) failure by the Issuer or the Company or any of its Subsidiaries to comply with the provisions described under the caption "~~—Certain Covenants—~~Merger, Consolidation or Sale of Assets";
- (4) failure by the Issuer or the Company or any of its Subsidiaries for 30 days after written notice to comply with the provisions described under the captions "~~—Repurchase at the Option of Holders~~" and "~~—Certain Covenants~~" (in each case, other than a failure to purchase Notes which will constitute an Event of Default under clause (2) above and a failure to comply with the provisions described under the caption "~~—Certain Covenants—~~Merger, Consolidation or Sale of Assets" described in clause (3) above);
- (5) failure by the Issuer or the Company or any of its Subsidiaries for 60 days after written notice to comply with any of the other agreements in the Indenture;
- (6) default under any mortgage, Indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:
  - (a) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a "*Payment Default*"); or
  - (b) results in the acceleration of such Indebtedness prior to its express maturity;

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates €20 million or more;

- (7) failure by the Company or any of its Restricted Subsidiaries to pay final judgments (which are not covered by insurance as to which a claim has been submitted and the insurer has not disclaimed or indicated an intent to disclaim responsibility for the payment thereof) aggregating in excess of €20 million, which judgments are not paid, discharged or stayed for a period of 60 days;
- (8) except as permitted by the Indenture, any Note Guarantee of the Company or any Significant Subsidiary of the Notes shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor shall deny or disaffirm in writing its obligations under its Note Guarantee;
- (9) any security interest under the Security Documents shall, at any time, cease to be in full force and effect (other than in accordance with the relevant Security Documents, the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement) for any reason other than satisfaction in full of all obligations of the Company and its Subsidiaries under the Indenture or the release of any such security interest in accordance with the Security Documents, the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement, or the Indenture or any security interest created pursuant to the Indenture and the Security Documents shall be declared invalid or unenforceable or the Company shall assent in writing that any such security interest is invalid or unenforceable or any pledgor disaffirms in writing its obligations under the Security Documents and any such Default continues for 10 days;
- (10) default under any other Indebtedness that is secured by the Collateral if such default results in the creditors under such Indebtedness commencing an enforcement action of their security rights over the Collateral; and
- (11) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Company, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest, or Additional Amounts.

The holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or Additional Amounts on, or the principal of, the Notes.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default that would give either the Trustee or the holders of at least 25% or more in aggregate principal amount of Notes then outstanding the right to declare the Notes immediately due and payable, the Issuer is required to deliver to the Trustee a statement specifying such Default or Event of Default.

#### **No Personal Liability of Directors, Officers, Employees and Stockholders**

No director, officer, employee, incorporator or stockholder of the Issuer, the Company or any other Guarantor, as such, will have any liability for any obligations of the Issuer, the Company or the other Guarantors under the Notes, the Indenture or the Note Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws of the United States.

## Legal Defeasance and Covenant Defeasance

The Issuer may, at its option or the option of the Company, and at any time, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Company and any other Guarantors discharged with respect to their Note Guarantees (“*Legal Defeasance*”) except for:

- (1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest or premium, and Additional Amounts, if any, on such Notes when such payments are due from the trust referred to below;
- (2) the Issuer’s obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer’s, the Company’s and any other Guarantor’s obligations in connection therewith; and
- (4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option or the option of the Company, and at any time, elect to have the obligations of the Issuer, the Company and any other Guarantors released with respect to certain covenants that are described in the Indenture (“*Covenant Defeasance*”) and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under “— Events of Default and Remedies” will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Issuer must irrevocably deposit or cause to be deposited with the Trustee, in trust, for the benefit of the holders of the Notes, cash in U.S. Dollars, non-callable U.S. government Securities, or a combination of cash in euros, non-callable European Government Obligations, or a combination of cash in euros and non-callable European Government Obligations, in amounts as will be sufficient, in the opinion of an internationally recognized firm of independent public accountants, to pay the principal of, or interest and premium, and Additional Amounts, if any, on the outstanding Notes on the stated maturity or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to maturity or to a particular redemption date;
- (2) in the case of Legal Defeasance, the Issuer has delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that (a) the Issuer has received from, or there has been published by, the United States Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Issuer has delivered to the Trustee an opinion of counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of such Covenant Defeasance and will be subject to United States federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;
- (4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit);
- (5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture) to which the Issuer, the Company or any of its Restricted Subsidiaries is a party or by which the Issuer, the Company or any of its Restricted Subsidiaries is bound;
- (6) the Issuer must deliver to the Trustee an officers’ certificate stating that the deposit was not made or caused to be made by the Issuer with the intent of preferring the holders over the other creditors of the

Issuer or of the Company with the intent of defeating, hindering, delaying or defrauding creditors of the Issuer or the Company or others; and

- (7) the Issuer must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

#### **Amendment, Supplement and Waiver**

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing default or compliance with any provision of the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents may be waived with the consent of the holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes). For so long as the Notes are listed and admitted to trading on the Official List of the Luxembourg Stock Exchange and traded on the Euro MTF Market and the rules of this exchange so require, the Issuer will inform the Luxembourg Stock Exchange and publish a notice of any such amendment, supplement or waiver at [www.bourse.lu](http://www.bourse.lu).

Without the consent of holders of at least 90% of the aggregate principal amount of then outstanding Notes affected (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), an amendment or waiver may not (with respect to any Notes held by a non-consenting holder):

- (1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the captions “—Repurchase at the Option of Holders” and “—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries”);
- (3) reduce the rate of or change the time for payment of interest on any Note;
- (4) waive a Default or Event of Default in the payment of principal of, or interest, premium, or Additional Amounts, if any, on the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);
- (5) make any Note payable in money other than that stated in the Notes;
- (6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, premium, or Additional Amounts, if any, on the Notes;
- (7) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the captions “—Repurchase at the Option of Holders” and “—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries”);
- (8) release the Company or any other Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture;
- (9) release the security interest granted for the benefit of the holders of the Notes in the Collateral other than in accordance with the terms of the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement or as otherwise permitted by the Indenture; or
- (10) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Company and the other Guarantors and the Trustee and the other parties thereto may amend or supplement the Indenture, the Notes or the Note Guarantees, the Intercreditor Agreement, any Additional Intercreditor Agreement or the Security Documents:

- (1) to cure any ambiguity, omission, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of Definitive Registered Notes;
- (3) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets;
- (4) to make such changes as are necessary to provide for the issuance of Additional Notes in compliance with the covenants described herein (including for the issuance of Additional Notes denominated in a currency different from the currency of the initially issued Notes), or to add guarantees in favor of the Notes;
- (5) to mortgage, pledge, hypothecate or grant security interest in favor of the Security Agent to the extent necessary to grant a security interest for the benefit of any Person; *provided* that the granting of such security interest is not prohibited by the Indenture and the covenant described under "—Certain Covenants—Impairment of Security Interest" is complied with;
- (6) to conform the text of the Indenture, the Note Guarantees, the Security Documents or the Notes to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents, the Note Guarantees or the Notes;
- (7) to add additional assets or property as Collateral;
- (8) to evidence and provide the acceptance of the appointment of a successor Trustee or Security Agent under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement;
- (9) as provided under "—Additional Intercreditor Agreements";
- (10) to confirm and evidence the release, termination, discharge or retaking of any guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under the Indenture, the Security Documents, the Intercreditor Agreement or any Additional Intercreditor Agreement; or
- (11) to make any change that would provide any additional rights or benefits to the holders or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect.

### **Satisfaction and Discharge**

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

- (1) either:
  - (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or
  - (b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer, the Company or any other Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in euros, non-callable European Government Obligations, or a combination of cash in euros and non-callable European Government Obligations, in an aggregate amount as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, Additional Amounts, if any, and accrued interest to the date of maturity or redemption;
- (2) no Default or Event of Default has occurred and is continuing on the date of such deposit or will occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer, the Company or any other Guarantor is a party or by which the Issuer, the Company or any other Guarantor is bound;

- (3) the Issuer, the Company or any other Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and
- (4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Issuer must deliver an officers' certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

### **Concerning the Trustee**

If the Trustee becomes a creditor of the Issuer, the Company or any other Guarantor, the Indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign. If the Trustee becomes the owner or pledgee of the Notes it may deal with the Issuer with the same rights it would have if it were not the Trustee, Paying Agent, Registrar or such other agent.

The holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. The Trustee undertakes to perform such duties and only such duties as are specifically set forth in the Indenture, and no implied covenants or obligations can be read into the Indenture against the Trustee. The Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

### **Judgment Currency**

Any payment on account of an amount that is payable in euros, (each a "*Required Currency*") which is made to or for the account of any holder of a Note in lawful currency of any other jurisdiction (the "*Other Currency*") whether as a result of any judgment or order or the enforcement thereof or the realization of any security or the liquidation of any of the Issuer, Company or any other Guarantor shall constitute a discharge of the Issuer's, Company's or such Guarantor's obligation under the Indenture, the Notes or, the Note Guarantees, as the case may be, only to the extent of the amount of the Required Currency which such holder could purchase in the New York foreign exchange markets with the amount of the Other Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first day (other than a Saturday or Sunday) on which banks in New York, are generally open for business following receipt of the payment first referred to above. If the amount of the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such holder, the Issuer, Company or such other Guarantor, as the case may be, shall indemnify and save harmless such holder from and against all loss or damage arising out of or as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture, the Notes or the Note Guarantees, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder of a Note from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

### **Consent to Jurisdiction and Service of Process**

The Indenture will provide that the Issuer and each Guarantor will appoint Grupo Antolín-North America, Inc. as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees brought in any federal or state court located in the City of New York and will submit to such jurisdiction.

### **Additional Information**

Anyone who receives this offering memorandum may obtain a copy of the Indenture without charge at the registered office of the Issuer and at the offices of the Paying Agent, Deutsche Bank AG, London Branch.

### **Governing Law**

The Indenture, the Notes, the Note Guarantees, and the Funding Loan are governed by the laws of the State of New York.

## Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

“*Acquired Debt*” means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

“*Additional Funding Loan*” means each loan on substantially the same terms as the Funding Loan, between the Issuer, as obligee, and the Company, as obligor, in the amount of the gross proceeds received by the Issuer from the issue of Additional Notes.

“*Affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person and, in the case of any natural Person, any Immediate Family Member of such Person. For purposes of this definition, “control,” as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person will be deemed to be control. For purposes of this definition, the terms “controlling,” “controlled by” and “under common control with” shall have correlative meanings.

“*Applicable Premium*” means, with respect to a Note at any redemption date, the greater of (a) 1% of the principal amount of such Note at such time and (b) the excess of (A) the present value at such time of (i) the redemption price of such Note on April 1, 2017 (such redemption price being described in the table appearing in the second paragraph under the caption “—Optional Redemption” exclusive of any accrued interest to such redemption date), plus (ii) any required interest payments due on such Note through and including April 1, 2017 (excluding accrued but unpaid interest to the date of redemption), computed using a discount rate equal to the Bund Rate plus 50 basis points, over (B) the principal amount of such Note.

“*Asset Sale*” means:

- (1) the sale, lease, conveyance or other disposition of any assets, other than sales of inventory in the ordinary course of business; *provided* that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption “—Repurchase at the Option of Holders—Change of Control” and/or the provisions described above under the caption “—Certain Covenants—Merger, Consolidation or Sale of Assets” and not by the provisions of “—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries”; and
- (2) the issuance of Capital Stock in any of the Company’s Restricted Subsidiaries or the sale by the Company or any of its Restricted Subsidiaries of Capital Stock in any of their respective Restricted Subsidiaries.

Notwithstanding the preceding, the following items will not be deemed to be Asset Sales:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than €10 million;
- (2) a transfer of assets between or among the Company and its Restricted Subsidiaries;
- (3) an issuance of Equity Interests by a Restricted Subsidiary of the Company to the Company or to another Restricted Subsidiary of the Company;
- (4) the sale, lease, assignment or sublease of equipment, inventory, accounts receivable or other assets in the ordinary course of business;
- (5) the sale or other disposition of cash or Cash Equivalents;
- (6) a Restricted Payment that is permitted by the covenant described above under the caption “—Certain Covenants—Restricted Payments”;
- (7) a Permitted Investment;
- (8) a disposition of obsolete or worn-out equipment or equipment that is no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries in the ordinary course of business;
- (9) the grant of licenses of intellectual property rights to third parties in the ordinary course of business and the transfer or disposal to third parties of any intangible assets derived from the research and development of products of the Company in the ordinary course of business;
- (10) the disposal or abandonment of intellectual property that is no longer economically practicable to maintain or which is no longer required for the business of the Company and its Restricted Subsidiaries;
- (11) sales or dispositions of Receivables in connection with any factoring transaction arising in the ordinary course of business pursuant to customary arrangements; *provided* that any Indebtedness incurred in relation thereto is permitted to be incurred by clause (13) of the second paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;
- (12) a disposition by way of the granting of a Permitted Lien or foreclosures on assets; and
- (13) the loss, disposal or abandonment of assets in connection with tooling in the ordinary course of business of the Company and its Restricted Subsidiaries.

“*Associate*” means (i) any Person engaged in a Permitted Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture engaged in a Permitted Business entered into by the Company or any Restricted Subsidiary of the Issuer.

“*Beneficial Owner*” has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that



such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms “Beneficially Owns” and “Beneficially Owned” have a corresponding meaning.

“*Board of Directors*” means:

- (1) with respect to a corporation, the board of directors of the corporation;
- (2) with respect to a partnership, the board of directors of the general partner of the partnership; and
- (3) with respect to any other Person, the board or committee of such Person serving a similar function.

“*Bund Rate*” means, with respect to any relevant date, the rate per annum equal to the equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such relevant date, where:

- (1) “*Comparable German Bund Issue*” means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to April 1, 2017, and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Notes and of a maturity most nearly equal to April 1, 2017; *provided, however*, that, if the period from such redemption date to April 1, 2017 is less than one year, a fixed maturity of one year shall be used;
- (2) “*Comparable German Bund Price*” means, with respect to any relevant date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;
- (3) “*Reference German Bund Dealer*” means any dealer of German Bundesanleihe securities appointed by the Company in consultation with the Trustee; and
- (4) “*Reference German Bund Dealer Quotations*” means, with respect to each Reference German Bund Dealer and any relevant date, the average as determined by the Company of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3:30 p.m. Frankfurt, Germany, time on the third Business Day preceding the relevant date.

“*Business Day*” means a day (other than a Saturday or Sunday) on which banks and financial institutions are open in New York, London, Madrid, Burgos and Luxembourg.

“*Capital Lease Obligation*” means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized and reflected as a liability on a balance sheet (excluding the footnotes thereto) in accordance with GAAP.

“*Capital Stock*” means:

- (1) in the case of a corporation, ordinary shares, preferred stock, corporate stock, share capital, acciones, participaciones or other participation in the share capital of such corporation;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

“*Cash Equivalents*” means:

- (1) (a) euros or U.S. dollars or, (b) in respect of any Restricted Subsidiary of the Company, its local currency;
- (2) securities or marketable direct obligations issued by or directly and fully guaranteed or insured by the government of a member of the European Union, the United States, Canada, Switzerland or Japan having maturities of not more than twelve months from the date of acquisition;
- (3) certificates of deposit and eurodollar time deposits with maturities of twelve months or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits, in each case, with any domestic commercial bank having capital and surplus in excess of €500 million;
- (4) repurchase obligations and reverse repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;
- (5) commercial paper having at the time of acquisition thereof at least P-1 by Moody's or at least A-1 by S&P and in each case maturing within twelve months after the date of acquisition;
- (6) Indebtedness or preferred stock issued by Persons with a ranking of "A" or higher from S&P or "A2" or higher from Moody's; and
- (7) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (6) of this definition.

"*Change of Control*" means the occurrence of any of the following:

- (1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to another "person" (as that term is used in Section 13(d)(3) of the Exchange Act) (other than a "person" that is controlled by one or more Permitted Holders);
- (2) the adoption of a plan relating to the liquidation or dissolution of the Issuer or the Company, except as part of a merger, a consolidation, or a sale, assignment, transfer conveyance or other disposition of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries permitted under "—Certain Covenants—Merger, Consolidation or Sale of Assets";
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined in clause (1) above) or any "group" (as that term is used in Section 14(d) of the Exchange Act), other than the Permitted Holders, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured, by voting power rather than number of shares;
- (4) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors; or
- (5) except as the result of a merger with and into the Company, the first day on which the Company (or any successor entity thereof) ceases to own, directly or indirectly, 100% of the outstanding Capital Stock of the Issuer.

"*Consolidated EBITDA*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus (without duplication to the extent reflected in the calculation of Consolidated Net Income):

- (1) provision for taxes or other similar payments based on income or profits, property taxes, annual fees or other duties or taxation on activities of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus
- (2) Consolidated Interest Expense of such Person and its Restricted Subsidiaries, changes in fair value in financial instruments and exchange gains and losses, for such period, to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

- (3) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; minus
- (4) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business; plus
- (5) costs and expenses associated with the offering and sale of the Notes,

in each case, on a consolidated basis and determined in accordance with GAAP.

“*Consolidated Interest Expense*” means, with respect to any Person for any period, the sum, without duplication, of (1) the consolidated interest expense (net of interest income) of such Person and its Restricted Subsidiaries for such period, whether paid or accrued (including, without limitation, amortization of original issue discount, Additional Amounts, non-cash interest payments, the interest component of any deferred payment obligations (which shall be deemed to be equal to the principal of any such payment obligation less the amount of such principal discounted to net present value at an interest rate (equal to the interest rate on one-year EURIBOR at the date of determination) on an annualized basis), the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers’ acceptance financings, and net payments (if any) pursuant to Hedging Obligations), (2) the consolidated interest expense of such Person and its Restricted Subsidiaries that was capitalized during such period (but excluding such interest on Subordinated Shareholder Debt that was capitalized during such period), (3) any interest expense on Indebtedness of another Person that is guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries (whether or not such guarantee or Lien is called upon) and (4) all dividend payments on any series of preferred stock of such Person or any of its Restricted Subsidiaries, in each case, on a consolidated basis and in accordance with GAAP.

“*Consolidated Net Income*” means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that:

- (1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person, or a Restricted Subsidiary of the Person;
- (2) for the purposes of the covenant described under “—Certain Covenants—Limitation on Restricted Payments”, the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation (based, for purposes of Spanish legal reserve requirements, on the reserve status as of the determination thereof at the most recent meeting of stockholders of the applicable Restricted Subsidiary) applicable to that Restricted Subsidiary or its stockholders, unless, in each case, such restriction has (a) been legally waived, or (b) constitutes a restriction described in clauses (1), (2), (9), (10), (11) and (13) of the second paragraph of the covenant “Dividend and Other Payment Restrictions Affecting Subsidiaries”;
- (3) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition will be excluded;
- (4) the cumulative effect of a change in accounting principles shall be excluded;
- (5) any net after tax gain or loss (a) realized in connection with any disposal of assets other than in the ordinary course, disposal of businesses and the disposal of any securities by the Company or any of its Restricted Subsidiaries or the extinguishment or forgiveness of any Indebtedness, or (b) arising from discontinued operations, shall be excluded;
- (6) any goodwill or other intangible asset amortization or impairment charge, shall be excluded;

- (7) any extraordinary, exceptional, unusual or non-recurring gain, loss, change or expense, or charges in reserves in respect of any restructuring, redundancy or severance, shall be excluded; and
- (8) the impact of any capitalized interest (including accreting or pay-in-kind interest) on any Subordinated Shareholder Debt, shall be excluded.

For purposes of clause (2) above, the net income of a Restricted Subsidiary that could have or actually distributed such net income to the relevant Person shall be included in such net income.

“*Consolidated Net Indebtedness*” means, with respect to any Person, (1) the sum of the aggregate outstanding Indebtedness of that Person and its Restricted Subsidiaries as of the relevant date calculation less (2) the sum of (a) the amount of cash and Cash Equivalents plus (b) the aggregate amount of non-interest bearing Indebtedness and loans and grants from public authorities of that Person and its Restricted Subsidiaries, in each case that would be stated on the balance sheet of such Person and its Restricted Subsidiaries as of such date, in each case, on a consolidated basis in accordance with GAAP.

“*Consolidated Net Non-Guarantor Indebtedness*” means (1) the sum of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries as of the relevant date of calculation less (2) the sum of (a) the aggregate outstanding Indebtedness incurred solely by the Issuer and/or a Guarantor as of the relevant date of calculation, plus (b) the amount of cash and Cash Equivalents to the extent held by the Restricted Subsidiaries of the Company who are neither Guarantors nor the Issuer. Consolidated Net Non-Guarantor Indebtedness will be determined on the basis of the balance sheet of the Company and its Restricted Subsidiaries as of such date on a consolidated basis in accordance with GAAP and without regard for any Indebtedness of the Company or a Restricted Subsidiary owed to the Company or a Restricted Subsidiary. For the avoidance of doubt, to the extent any Restricted Subsidiary that is not a Guarantor or the Issuer is a joint obligor with respect to any such Indebtedness, Consolidated Net Indebtedness shall not be reduced by the amount of such Indebtedness pursuant to this definition.

“*Continuing Directors*” means, as of any date of determination, any member of the Board of Directors of the Company who:

- (1) was a member of such Board of Directors on the Issue Date; or
- (2) was nominated for election or elected to such Board of Directors with the approval of either (a) a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election or (b) the Principals and their respective Related Parties for so long as they own more than 50% of the Voting Stock of the Company.

“*Credit Facilities*” means, one or more debt facilities or commercial paper facilities, in each case with banks, other institutional lenders or governmental lending agencies providing for revolving credit loans, bonds, notes, debt securities, term loans, Receivables financing (including through the sale of Receivables to such lenders or to special purpose entities formed to borrow from such lenders against such Receivables) or letters of credit, including the Senior Credit Facilities, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time by such debt facilities or commercial paper facilities and, in each case, including all agreements, indentures, instruments, purchase agreements and documents executed and delivered pursuant to or in connection with the foregoing (including any letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “*Credit Facilities*” shall include any agreement or instrument (i) changing the maturity of any Indebtedness incurred thereunder, (ii) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (iii) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (iv) otherwise altering the terms and conditions thereof.

“*Default*” means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

“*Designated Existing Indebtedness*” means the facility dated October 22, 2012, between *Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León* and the Company, for an amount up to €70.0 million.

“*Designated Non-Cash Consideration*” means the fair market value (as determined in good faith by an officer or the Board of Directors of the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to an Officer’s Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents received in

connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with the covenant described under “—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries”.

“*Disqualified Stock*” means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 365 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Company to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption “—Certain Covenants—Restricted Payments”.

“*Equity Interests*” means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

“*Equity Offering*” means any public or private sale of Equity Interests of the Company or a Parent Company (other than Disqualified Stock) whereby the Company or a Parent Company receives gross proceeds, together with the gross proceeds received by the Company or a Parent Company in any prior public or private sale of such Equity Interest, of not less than € 100 million, other than public offerings with respect to common stock of the Company or a Parent Company registered on Form S-8 but, in the case of any such offering by a Parent Company, only to the extent the net cash proceeds thereof are contributed as Subordinated Shareholder Debt or to the equity (other than through the issuance of Disqualified Stock) of the Company.

“*Euro Equivalent*” means, with respect to any monetary amount in a currency other than the euro, at any time for the determination thereof, the amount of euro obtained by converting such foreign currency involved in such computation into euro at the spot rate for the purchase of euros with the applicable foreign currency as quoted by Reuters at approximately 11:00 a.m. (New York City time) on the date not more than two Business Days prior to such determination. For purposes of determining whether any Indebtedness can be incurred (including Permitted Debt), any Investment can be made or any transaction described in the “—Certain Covenants—Transactions with Affiliates” covenant can be undertaken (a “*Tested Transaction*”), the Euro Equivalent of such Indebtedness, Investment or transaction described in the “—Certain Covenants—Transactions with Affiliates” covenant shall be determined on the date incurred, made or undertaken and, in each case, no subsequent change in the Euro Equivalent shall cause such Tested Transaction to have been incurred, made or undertaken in violation of the Indenture.

“*European Government Obligations*” means direct obligations (or certificates representing an ownership interest in such obligations) of a member state of the European Union (including any agency or instrumentality thereof) for the payment of which the full faith and credit of such government is pledged.

“*Event of Default*” has the meaning set forth under “—Events of Default and Remedies”.

“*Exchange Act*” means the U.S. Exchange Act of 1934, as amended.

“*Excluded Contribution*” means Net Cash Proceeds and/or the Fair Market Value of property other than cash, (a) contributed to the ordinary equity of the Company or any Restricted Subsidiary or (b) received by the Company from the sale (other than to a Restricted Subsidiary of the Company or pursuant to any management equity plan or share option plan or any other management or employee benefit plan or arrangement of the Company or its Restricted Subsidiaries, as the case may be) of Equity Interests (other than Disqualified Stock) of the Company, in each case, designated as Excluded Contributions pursuant to an Officer’s Certificate, executed at or prior to the date such capital contribution is made or the date such Equity Interests are sold, in each case which, for the avoidance of doubt, are excluded from the calculation set forth in clause (3) of the first paragraph under “—Certain Covenants—Restricted Payments”.

“*Existing Indebtedness*” means Indebtedness in existence on the Issue Date, including the Designated Existing Indebtedness but excluding any Indebtedness under the Senior Credit Facilities; *provided* that Indebtedness that is intended to be repaid from the proceeds from the Notes or the Senior Facility Agreement as described in the Offering Memorandum under the heading “Use of Proceeds”, shall constitute Existing Indebtedness only until such Indebtedness is so repaid.

“*Fair Market Value*” means, with respect to any asset or property, the price which could be negotiated in an arm’s length, free market transaction, for cash, between a willing seller and a willing and able buyer, neither of whom is under undue pressure or compulsion to complete the transaction. For purposes of “—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries” and “—Certain Covenants—Restricted Payments”, the Fair Market Value of property or assets other than cash which involves an aggregate amount in excess of €10 million, shall be set forth in a resolution approved by at least a majority of the Board of Directors of the Company set forth in an offeror’s certificate delivered to the Trustee. Except as otherwise provided herein, and for the purposes of “—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries” and “—Certain Covenants—Restricted Payments,” for all other purposes of the Indenture, Fair Market Value will be determined in good faith by the responsible accounting or financial officer of the Company, whose determination will be final and conclusive.

“*Fitch*” means Fitch Ratings.

“*Fixed Charge Coverage Ratio*” means with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Consolidated Interest Expense of such Person for such period. In the event that the specified Person or any of its Subsidiaries incurs, assumes, guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the “*Calculation Date*”), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided, however*, that the pro forma calculation of Consolidated Interest Expense shall not give effect to any Permitted Debt (as defined in “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock”) incurred on the date of determination or to any discharge on the date of determination of any Indebtedness to the extent such discharge results from the proceeds of Permitted Debt.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

- (1) acquisitions that have been made by the specified Person or any of its Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated EBITDA for such reference period shall be calculated on a pro forma basis, but without giving effect to clause (2) of the proviso set forth in the definition of Consolidated Net Income;
- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of or the operations of which are substantially terminated prior to the Calculation Date, shall be excluded; and
- (3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the specified Person or any of its Subsidiaries following the Calculation Date.

For purposes of this definition, whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company and may include pro forma expenses and cost reductions and cost synergies that have occurred or are reasonably expected to occur in the good faith judgment of a responsible financial or accounting officer of the Company. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness). For purposes of this definition, whenever pro forma effect is to be given to any Indebtedness incurred pursuant to a revolving credit facility, the amount outstanding on the date of such calculation will be computed based on (1) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which the facility was outstanding or (2) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation. Interest on Indebtedness that may optionally be determined at an interest rate based on a prime or similar rate, a euro interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen or, if none, then based upon such optional rate chosen as the relevant Person may designate.

“*Funding Loan*” means the loan, dated the Issue Date, between the Issuer, as obligee, and the Company, as obligor, in the amount of the principal amount of the Notes issued pursuant to this offering, as well as any Additional Funding Loan; *provided* that such Funding Loan and Additional Funding Loan, if any, are at all times held by the Issuer.

“*GAAP*” means International Financial Reporting Standards promulgated by the International Accounting Standards Board and as adopted by the European Union or any variation thereof with which the Company or its Restricted Subsidiaries are, or may be, required to comply; *provided* that at any date after the Issue Date the Company may make an irrevocable election to establish that “GAAP” shall mean GAAP as in effect on a date that is on or prior to the date of such election.

“*guarantee*” means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness.

“*Guarantors*” means each of the Company, the Subsidiary Guarantors and any other Restricted Subsidiary that guarantees the Notes from time to time; *provided*, in each case, that a Guarantor shall cease to be a Guarantor upon release of its Note Guarantee in accordance with the terms of the Indenture.

“*Hedging Obligations*” means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and
- (2) other agreements or arrangements designed to protect such Person against fluctuations in interest rates or foreign exchange rates.

“*Immediate Family*” has the meaning specified in Rule 16a-1(e) of the Exchange Act;

“*Indebtedness*” means, with respect to any specified Person, any indebtedness of such Person:

- (A) the principal and premium amount of any indebtedness of such Person, whether or not contingent:
  - (1) in respect of borrowed money;
  - (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or, without duplication, reimbursement agreements in respect thereof, except to the extent such reimbursement obligation relates to a trade payable and such obligation is satisfied within 30 days of incurrence);
  - (3) in respect of banker’s acceptances;
  - (4) representing Capital Lease Obligations;
  - (5) representing the balance deferred and unpaid of the purchase price of any property which deferred purchase price is due more than twelve months after taking delivery and title thereof (but not including, for the purpose of calculating the Fixed Charge Coverage Ratio, any amount deemed to represent interest pursuant to the definition of Consolidated Interest Expense); or
  - (6) representing any Hedging Obligations entered into in connection with currency exchange rate or interest rate hedging (the amount of any such indebtedness to be equal at any time to the net payments that would be payable by such Person at such time under the Hedging Obligation at its scheduled termination date),

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with GAAP.

- (B) In addition, the term “Indebtedness” shall include all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any indebtedness of any other Person (to the extent guaranteed by such Person).
- (C) Notwithstanding the foregoing, in no event shall the following constitute Indebtedness: (i) advances paid by customers in the ordinary course of business for services or products to be provided or delivered in the future, (ii) deferred taxes, (iii) post-closing payment adjustments in connection with the purchase of any business to which a seller may be entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; provided, however, that at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter, (iv) any contingent obligation in respect of workers’ compensation claims, early retirement obligations, obligations in respect of severance or retirement or pension fund contributions, (v) contingent obligations in the ordinary course, (vi) operating leases, (vii) obligations of such Person for the reimbursement of any obligor on any letter of credit, banker’s acceptance, performance bond, advance payment bonds, surety bonds, completion or performance guarantees or similar transactions, to the extent that such letters, bonds, guarantees or similar credit transactions are not drawn upon, (viii) obligations of any other Person except as provided by (B) above, and (ix) Subordinated Shareholder Debt.



The amount of any Indebtedness outstanding as of any date shall be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount; and
- (2) the principal amount of the Indebtedness in the case of any other Indebtedness.

“*Intercreditor Agreement*” means the Intercreditor Agreement dated on or prior to the Issue Date, between, amongst others, the Company, the Issuer, the Subsidiary Guarantors, the Trustee, the Agent, the Security Agent and the lenders under the Senior Credit Facilities, as amended from time to time.

“*Investments*” means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of other extensions of credit, loans (including the maintenance of current accounts, cash accounts, and the extension of guarantees or other obligations), advances (other than advances to suppliers in the ordinary course of business or to customers in the ordinary course of business that are recorded as Receivables) or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet (excluding the footnotes) prepared in accordance with GAAP. If the Company or any Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the last paragraph of the covenant described above under the caption “—Certain Covenants—Restricted Payments”. The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investment held by the acquired Person in such third Person in an amount determined as provided in the last paragraph of the covenant described above under the caption “—Certain Covenants—Restricted Payments”.

“*Issue Date*” means March 21, 2014.

“*Leverage Ratio*” means for any Person as of any date of determination, the ratio of (x) Indebtedness as of such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which consolidated financial statements of that Person are available. In the event that the specified Person or any of its Subsidiaries incurs, assumes, guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Leverage Ratio is made (the “*Leverage Ratio Calculation Date*”), then the Leverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Leverage Ratio:

- (1) acquisitions that have been made by the specified Person or any of its Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Leverage Ratio Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated EBITDA for such reference period shall be calculated on a pro forma basis, but without giving effect to clause (3) of the proviso set forth in the definition of Consolidated Net Income;
- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of or the operations of which are substantially terminated prior to the Leverage Ratio Calculation Date, shall be excluded; and
- (3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the specified Person or any of its Subsidiaries following the Calculation Date.

For purposes of this definition, whenever pro forma effect is to be given to an acquisition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Indebtedness incurred in connection therewith, the pro forma calculations shall be determined in good faith by a responsible financial or accounting officer of the Company and may include pro forma expenses and cost reductions and cost synergies that have occurred or are reasonably expected to occur in the good faith judgment of a responsible financial or accounting officer of the Company. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness). For purposes of this definition, whenever pro forma effect is to be given to any Indebtedness incurred pursuant to a revolving credit facility, the amount outstanding on the date of such calculation will be computed based on (1) the average daily balance of such Indebtedness during such four fiscal quarters or such shorter period for which the facility was outstanding or (2) if such facility was created after the end of such four fiscal quarters, the average daily balance of such Indebtedness during the period from the date of creation of such facility to the date of such calculation. Interest on Indebtedness that may optionally be determined at an interest rate based on a prime or similar rate, a euro interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen or, if none, then based upon such optional rate chosen as the relevant Person may designate.

“*Lien*” means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

“*Material Subsidiary*” means any Restricted Subsidiary (a) whose operating profit less depreciation, amortization and impairment losses calculated on a basis consistent with Consolidated EBITDA and excluding intra-group items is greater than (x) €5 million and (y) 2.5% of the Consolidated EBITDA of the Company and its Subsidiaries or (b) whose Total Assets excluding intra-group items exceed 2.5% of the Total Assets of the Company and its Subsidiaries, in each case, determined by reference to the most recently available audited accounts delivered to the Trustee pursuant to the Indenture. A determination by a responsible accounting or financial officer of the Company that a Restricted Subsidiary is or is not a Material Subsidiary shall in the absence of manifest error be final and conclusive.

“*Market Capitalization*” means an amount equal to (i) the total number of issued and outstanding ordinary shares of the entity conducting the Public Offering on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing price per ordinary share for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

“*Moody’s*” means Moody’s Investors Service, Inc.

“*Net Cash Proceeds*” means (a) the aggregate proceeds in cash or Cash Equivalents received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash in cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP and (b) with respect to any issuance or sale of Capital Stock or Permitted Refinancing Indebtedness, the proceeds of such issuance or sale in the form of cash or Cash Equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Cash Equivalents (except to the extent that such obligations are financed or sold with recourse to the Company or any Restricted Subsidiary), net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultants’ and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“*Net Income*” means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

“*Non-Guarantor Leverage Ratio*” means the Leverage Ratio, but calculated by replacing Indebtedness in clause (x) of such definition with Consolidated Net Non-Guarantor Indebtedness.

“*Non-Recourse Debt*” means Indebtedness:

- (1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;
- (2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Notes) of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity (except for any such right that would arise pursuant to Existing Indebtedness or Credit Facilities including any refinancing in respect thereof permitted by the Indenture); and
- (3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries.

“*Obligations*” means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

“*Offering Memorandum*” means the offering memorandum in relation to the Notes.

“*Officer’s Certificate*” means, with respect to any Person, a certificate signed by one authorized legal or financial officer of such Person.

“*Opinion of Counsel*” means a written opinion from legal counsel reasonably satisfactory to the Trustee. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

“*Parent Company*” means any corporation, association or other business entity that beneficially owns greater than 50% of the Capital Stock of the Company and of which the Company is a Subsidiary.

“*Pari Passu Indebtedness*” means Indebtedness of the Company or any Subsidiary Guarantor or any guarantor if such guarantee ranks equally in the right of payment to the Note Guarantees which, in each case, is secured by Liens on assets of the Company or any Subsidiary Guarantor.

“*Permitted Asset Swap*” means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents between the Company or any of its Restricted Subsidiaries and another Person; *provided* that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with the covenant described under “—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries”.

“*Permitted Business*” means the automobile and other transportation vehicles parts and components manufacturing business and other businesses necessary for and incident to, connected with, ancillary or complementary to, arising out, or developed or operated to permit or facilitate the conduct of the automobile and other transportation vehicles parts and components manufacturing business, that are either (A) directly related to the operation of an automobile and other transportation vehicles parts and components manufacturing business, or (B) unrelated to the operation of an automobile and other transportation vehicles parts and components manufacturing business but not in excess, on a pro forma basis, of 20% of the Fair Market Value of the Total Assets of the Company and its Subsidiaries, taken as a whole.

“*Permitted Collateral Liens*” means (1) Liens on the Collateral (a) arising by operation of law or that are described in one or more of clauses (5), (8), (9), (11), (14), (17) and (27) of the definition of “Permitted Liens” or (b) that are Liens granted to cash management banks securing cash management operations and that, in each case, would not materially interfere with the ability of the Security Agent to enforce the Liens on the Collateral; (2) Liens on the Collateral to secure Indebtedness of the Company or any of its Restricted Subsidiaries that is permitted to be incurred under clauses (1), (8) (to the extent such guarantee is in respect of Indebtedness otherwise permitted to be secured and is specified in this definition of “Permitted Collateral Liens”) and (16) of the second paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”, (3) Liens on the Collateral to secure (a) Hedging Obligations incurred under clause (7) of the second paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock” and (b) the Designated Existing Indebtedness incurred under clause (2) (including any Permitted Refinancing Indebtedness in respect thereof), in each case of the second paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”; (5) Liens on the Collateral securing the Notes on the Issue Date and any Permitted Refinancing Indebtedness in respect thereof and the related Note Guarantees of the Notes or such Permitted Refinancing Indebtedness in respect thereof; (5) Liens on the

Collateral securing Indebtedness incurred under the first paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”; *provided* that in the case of this clause (5), after giving pro forma effect to such incurrence on that date and the application of the proceeds thereof, the Secured Leverage Ratio of the Company and its Restricted Subsidiaries shall be no greater than 3.5 to 1.0.

“*Permitted Holders*” means, collectively, (a) the Principals and any Related Party thereof and (b) any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture.

“*Permitted Investments*” means:

- (1) any Investment in the Company or a Restricted Subsidiary of the Company;
- (2) any Investment in Cash Equivalents;
- (3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:
  - (a) such Person becomes a Restricted Subsidiary of the Company; or
  - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;
- (4) any Investment made as a result of the receipt of non-cash consideration including Replacement Assets from an Asset Sale (or a transaction excepted from the definition of Asset Sale) that was made pursuant to and in compliance with the covenant described above under the caption “—Certain Covenants—Limitation on Sales of Assets and Equity Interests in Restricted Subsidiaries”;
- (5) any acquisition of assets solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company or Subordinated Shareholder Debt;
- (6) Receivables owing to the Company or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; *provided, however,* that such trade terms may include such concessionary terms as the Company or any such Restricted Subsidiary deems reasonable under the circumstances;
- (7) loans and advances to, and guarantees of loans or advances to, employees in the ordinary course of business and on terms consistent with past practice, including without limitation, travel, relocation and other like advances;
- (8) lease, utility and other similar deposits in the ordinary course of business;
- (9) Hedging Obligations, which transactions or obligations are incurred in compliance with “—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock”;
- (10) Investments made after the Issue Date having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (10) that are at the time outstanding not to exceed (i) €50 million plus (ii) an amount equal to 100% of the dividends or distributions (including payments received in respect of loans and advances) received by the Company or a Restricted Subsidiary from a Permitted Joint Venture (which dividends or distributions are not included in the calculation in clauses (3)(a) through (3)(e) of the first paragraph of the covenant described under “—Certain Covenants—Restricted Payments” and dividends and distributions that reduce amounts outstanding under clause (i) hereof); *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person is subsequently designated a Restricted Subsidiary pursuant to the covenant described under “—Certain Covenants—Restricted Payments,” such Investment shall thereafter be deemed to have been made pursuant to clause (3) of the definition of “Permitted Investments” and not this clause;
- (11) (i) guarantees not prohibited by the covenant described under “Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock” and (ii) (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

- (12) any Investment existing on the Issue Date or Investments in Permitted Joint Ventures pursuant to commitments or agreements in existence on the Issue Date and in each case disclosed in the Offering Memorandum;
- (13) any Investments in Permitted Joint Ventures made after the Issue Date, not exceeding, in aggregate, an amount equal to 5.0% of Total Assets of the Company and its Subsidiaries, taken as a whole;
- (14) any Investment in the Notes; and
- (15) Investments in Associates in an aggregate amount when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed an amount equal to 5.0% of Total Assets of the Company and its Subsidiaries, taken as a whole.

“*Permitted Joint Venture*” means (a) any corporation, association or other business entity (other than a partnership) that is not a Restricted Subsidiary and that, in each case, is engaged primarily in a Permitted Business and of which at least 20% of the total equity and total Voting Stock is at the time of determination owned or controlled, directly or indirectly, by the Company or one or more Restricted Subsidiaries or a combination thereof and (b) any partnership, joint venture, limited liability company or similar entity that is not a Restricted Subsidiary and that, in each case, is engaged primarily in a Permitted Business and of which at least 20% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are at the time of determination, owned or controlled, directly or indirectly, by the Company or one or more Restricted Subsidiaries or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise.

“*Permitted Liens*” means:

- (1) Liens on assets of the Company and any Restricted Subsidiary securing Indebtedness and other Obligations under Credit Facilities incurred pursuant to clause (1) of the second paragraph under the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock or Preferred Stock” in a principal amount not exceeding €25 million;
- (2) Liens in favor of the Company or a Restricted Subsidiary (but not, in the case of a Restricted Subsidiary that is not a Guarantor, Liens in favor of such Restricted Subsidiary over the assets of a Guarantor);
- (3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Restricted Subsidiary;
- (4) Liens on property existing at the time of acquisition of the property by the Company or any Restricted Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such acquisition;
- (5) Liens to secure the performance of statutory or regulatory requirements, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;
- (6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of the second paragraph of the covenant entitled “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock” covering only the assets acquired with such Indebtedness;
- (7) Liens securing Permitted Refinancing Indebtedness of secured Indebtedness incurred by the Company or a Restricted Subsidiary permitted to be incurred under the Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured the Indebtedness being refinanced;
- (8) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

- (9) Liens, pledges and deposits incurred in connection with workers' compensation, unemployment insurance and other types of statutory obligations;
- (10) any Lien that is a Permitted Collateral Lien, or a Lien favor of the Notes and the Note Guarantees, including the Liens created pursuant to the Security Documents;
- (11) Liens in favor of customs or revenue authorities to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;
- (12) Liens arising out of put/call agreements with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (13) Liens securing Indebtedness incurred under clause (7) of the second paragraph under the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;
- (14) easements, rights-of-way, municipal and zoning ordinances, utility agreements, reservations, encroachments, restrictions and similar charges, encumbrances, title defects or other irregularities that do not materially interfere with the ordinary course of business of the Company or any of its Restricted Subsidiaries;
- (15) Liens on cash or Cash Equivalents set aside at the time of the incurrence of any Indebtedness, to the extent such cash or Cash Equivalents refund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;
- (16) Liens on assets of Unrestricted Subsidiaries that secure Non-Recourse Debt of Unrestricted Subsidiaries;
- (17) Liens imposed by law, such as carriers', landlords', warehousemen's, suppliers', and mechanics' Liens and other similar Liens, on the property of the Company or any Restricted Subsidiary arising in the ordinary course of business;
- (18) Liens on property of the Company or any Restricted Subsidiary pursuant to conditional sale or title retention agreements;
- (19) Liens on property of the Company or any Restricted Subsidiary arising as a result of immaterial leases of such property to other Persons;
- (20) deposit arrangements entered into in connection with acquisitions or in the ordinary course of business excluding arrangements for borrowed money;
- (21) Liens of the Company or any Restricted Subsidiary of the Company with respect to Obligations that do not exceed 5.0% of the Total Assets of the Company and its Subsidiaries, taken as a whole, at any one time outstanding;
- (22) Liens existing on the Issue Date;
- (23) Liens on the Capital Stock and assets of a Permitted Joint Venture that secure the Indebtedness of such a Permitted Joint Ventures;
- (24) Liens in respect of factoring of Receivables arising in the ordinary course of business pursuant to customary arrangements; *provided* that any Indebtedness incurred in relation thereto is permitted to be incurred by clause (13) of the second paragraph of the covenant described under “—Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock”;
- (25) Liens on any proceeds loan made by the Issuer in connection with any future incurrence of Indebtedness (other than Additional Notes) permitted under the Indenture (without any requirement to secure the Notes with a Lien on such proceeds loan);
- (26) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

- (27) banker's Liens, rights of set off or similar rights and remedies as to deposit accounts, cash pooling arrangements, net balance or balance transfer agreements, Liens arising out of judgments or awards not constituting an Event of Default and notices and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;
- (28) Liens to secure Indebtedness incurred under the first paragraph of the covenant described under "— Certain Covenants—Incurrence of Indebtedness and Issuance of Disqualified Stock and Preferred Stock" by a Restricted Subsidiary of the Company that is not a Guarantor or the Issuer; *provided* that any such Lien shall extend only to the property or assets of such Restricted Subsidiary of the Company that is not a Guarantor or the Issuer; and
- (29) any extension, renewal, refinancing or replacement, in whole or in part, of any Lien described in the foregoing clauses (1) through (28); *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is the security for a Permitted Lien hereunder.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

- (1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest on the Indebtedness and the amount of all expenses and premiums incurred in connection therewith);
- (2) such Permitted Refinancing Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;
- (3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes or any Note Guarantee, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes or the Note Guarantee (as applicable) on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and
- (4) such Indebtedness is incurred either by the Company or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; *provided* that the Company and any Guarantor may incur refinancing Indebtedness in respect of the Company, any Guarantor, or any Restricted Subsidiary.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*Principals*" means Pilar Arribas Casado, Ernesto Antolín Arribas, Ana Berta Antolín Arribas, José Antolín Toledano, Colette Judith Granet Estienne, María Helena Antolin Raybaud, Emma Antolín Granet and José Antolín Granet.

"*Public Debt*" means any bonds, debentures, notes or other indebtedness of a type that could be issued or traded in any market where capital funds (whether debt or equity) are traded, including private placement sources of debt and equity as well as organized markets and exchanges, whether such indebtedness is issued in a public offering or in a private placement to institutional investors or otherwise.

"*Public Offering*" means any Equity Offering; *provided* that such Equity Offering is an offering of ordinary shares of the Company or any Parent Company following which at least 20% of the total issued and outstanding shares of the Company or any Parent Company not owned by a Permitted Holder are listed on an exchange and/or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act, to professional market investors or similar Persons).

“*Receivable*” means a right to receive payment arising from a sale or lease of goods or services by a Person pursuant to an arrangement with another person pursuant to which such other Person is obligated to pay for goods or services under terms that permit the purchase of such goods and services on credit, as determined in accordance with GAAP.

“*Related Party*” means:

- (1) any Immediate Family member of any Principal; or
- (2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist the Principals and/or such other Persons referred to in the immediately preceding clause (1).

“*Replacement Assets*” means, with respect to any Asset Sale by the Company or a Restricted Subsidiary, consideration received in the form of:

- (1) properties and assets (other than cash or any common stock or other security) that will be used in a Permitted Business by the Company or a Restricted Subsidiary; or
- (2) Capital Stock of any Person (i) that will become, be merged into, be liquidated into or otherwise combined or amalgamated with, on or within 90 days of the date of acquisition thereof, a Restricted Subsidiary, if such Person is engaged in a Permitted Business or (ii) that is or that will become a Restricted Subsidiary engaged in a Permitted Business upon the date of acquisition thereof.

“*Restricted Investment*” means an Investment other than a Permitted Investment.

“*Restricted Subsidiary*” of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

“*S&P*” means Standard and Poor’s Rating Group.

“*Secured Leverage Ratio*” means the Leverage Ratio of the Company and its Restricted Subsidiaries, but reducing Indebtedness in clause (x) of such definition by an amount equal to all Indebtedness of such Person and its Restricted Subsidiaries that is not secured by a Lien on the Collateral.

“*Securities Act*” means the U.S. Securities Act of 1933, as amended.

“*Security Agent*” means any Person acting as security agent with respect to the Collateral pursuant to the Indenture, the Security Documents, the Intercreditor Agreement and any Additional Intercreditor Agreement or such successor security agent as may be appointed thereunder.

“*Security Documents*” means each security agreement, pledge agreement, assignment or other document under which a security interest is granted to secure the payment and performance when due of the Issuer and/or the Guarantors under the Notes, the Note Guarantees and the Indenture, as the case may be.

“*Senior Credit Facilities*” means the senior term and revolving facilities agreement dated the date of this offering memorandum entered into between, among others, the Company, as the company and original borrower, various subsidiaries of the Company (including the Issuer) as original guarantors, the original lenders listed therein, Deutsche Bank AG, London Branch as agent and security agent. as the same may be amended, supplemented, waived or otherwise modified from time to time, or refunded, refinanced, restructured, replaced, renewed, repaid, increased or extended from time to time (whether in whole or in part).

“*Significant Subsidiary*” means any Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

“*Similar Business*” means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries on the Issue Date and (b) any businesses, services and activities engaged in by the Company or any of its Subsidiaries that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

“*Stated Maturity*” means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the original documentation governing



such Indebtedness, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Shareholder Debt*” means, collectively, any debt of the Company issued to and held by any direct or indirect Parent Company or one or more shareholders of a Parent Company or any Permitted Holder or Affiliate thereof, that:

- (1) does not mature or require any cash amortization, redemption or other cash repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through the conversion or exchange of any such security or instrument into Capital Stock (other than Disqualified Stock) of the Company or for any indebtedness meeting the requirements of this definition);
- (2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;
- (3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;
- (4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Restricted Subsidiaries and is not guaranteed by any Restricted Subsidiary of the Company;
- (5) does not restrict the payment of amounts due in respect of the Company’s Note Guarantee or compliance by the Company with its obligations under its Note Guarantee and the Indenture;
- (6) does not contain any covenants (financial or otherwise), as applicable, other than a covenant to pay such Subordinated Shareholder Debt; and
- (7) is fully subordinated and junior in right of payment to the Notes pursuant to the Intercreditor Agreement or to subordination, payment blockage and enforcement limitation terms which taken as a whole are no less favorable in any material respect to the holders of the Notes than those contained in the Intercreditor Agreement as in effect on the Issue Date,

*provided, however*, that any event or circumstance that results in such funding ceasing to qualify as Subordinated Shareholder Debt, such funding shall constitute an incurrence of Indebtedness by the Company, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such funding since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt.

“*Subsidiary*” means, with respect to any specified Person:

- (1) any corporation, association or other business entity (a) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); or (b) where that Person or one or more of the Subsidiaries of that Person (or a combination thereof) have the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or (c) where such Person or one or more of the Subsidiaries of that Person (or a combination thereof) has the right to exercise a dominant influence (which must include the right to give directions with respect to operating and financial policies of that corporation, association or other business entity which its directors are obliged to comply with whether or not for its benefit) over such corporation association or other business entity, or by virtue of a control contract which is in writing and is authorized by its articles (or equivalent) and is permitted by its law of incorporation; or (d) which is a member of such Person’s Group and such Person controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in such corporation, association or other business entity or the rights under its constitution to direct the overall policy of such corporation, association or other business entity or alter the terms of its constitution; and
- (2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

“*Subsidiary Guarantors*” means the Initial Guarantors, the Additional Guarantors and any other Restricted Subsidiary that guarantees the Notes from time to time; *provided*, in each case, that a Subsidiary Guarantor shall cease to be a Subsidiary Guarantor upon release of its Note Guarantee in accordance with the terms of the Indenture.

“*Total Assets*” means, as of the date of determination, with respect to any Person, the consolidated total assets of such Person as shown on its most recent available balance sheet prepared in accordance with GAAP.

“*Unrestricted Subsidiary*” means any Subsidiary of the Company (other than the Issuer or its successor) that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a board resolution, but only to the extent that such Subsidiary:

- (1) has no Indebtedness other than Non-Recourse Debt;
- (2) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;
- (3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person’s financial condition or to cause such Person to achieve any specified levels of operating results; and
- (4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the board resolution giving effect to such designation and an officers’ certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption “—Certain Covenants—Restricted Payments”. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock”, the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption “—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock and Disqualified Stock”, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

“*Voting Stock*” of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

“*Weighted Average Life to Maturity*” means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amount of such Indebtedness.

“*Wholly Owned Restricted Subsidiary*” of any specified Person means a Restricted Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors’ qualifying shares) will at the time be owned by such Person or by one or more Wholly Owned Restricted Subsidiaries of such Person and one or more Wholly Owned Restricted Subsidiaries of such Person.

## **BOOK-ENTRY, DELIVERY AND FORM**

### **General**

The notes issued to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in reliance on Rule 144A (the “Rule 144A Global Notes”) will in each case be represented by one or more global notes in registered form without interest coupons attached and the notes issued to non-US persons outside the United States in reliance on Regulation S under the U.S. Securities Act (the “Regulation S Global Notes”) will initially in each case be represented by one or more global notes in registered form without interest coupons attached. The Rule 144A Global Notes together with the Regulation S Global Notes are collectively referred to as the “Global Notes”. The Global Notes have been deposited with a common depository, and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream.

Ownership of interests in the Rule 144A Global Notes (the “Restricted Book-Entry Interests”) and ownership of interests in the Regulation S Global Notes (the “Unrestricted Book-Entry Interests”) and, together with the Restricted Book-Entry Interests, the “Book-Entry Interests”) will be limited to persons that have accounts with Euroclear or Clearstream or persons that hold interests through such participants.

Euroclear or Clearstream will hold interests in the Global Notes on behalf of their participants through customers’ securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, notes will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear or Clearstream and their participants. The laws of some jurisdictions, including some states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the notes are in global form, holders of Book-Entry Interests will not be considered the owners or “holders” of notes for any purpose.

So long as the notes are held in global form, Euroclear or Clearstream, as applicable, will be considered the sole holder(s) of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear or Clearstream and indirect participants must rely on the procedures of the participants through which they own Book-Entry Interests to transfer their interests or to exercise any rights of holders under the Indenture. Neither we nor the Trustee will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

### **Payments on Global Notes**

Payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and Additional Amounts, if any) will be made by us to the common depository or its nominee for Euroclear and Clearstream. The common depository or its nominee will distribute such payments to participants in accordance with their procedures. Payments of all such amounts will be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made by any applicable law or regulation of the Netherlands or otherwise as described under “Description of the Notes—Additional Amounts”, then, to the extent described under “Description of the Notes—Additional Amounts”, such Additional Amounts will be paid as may be necessary in order that the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that payments by participants to owners of Book-Entry Interests held through those participants will be governed by standing customer instructions and customary practices. Under the terms of the Indenture, we and the Trustee will treat the registered holder of the Global Notes (e.g. Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, neither we, the Trustee nor any of our or the Trustee’s agents have or will have any responsibility or liability for:

- (1) any aspect of the records of Euroclear or Clearstream or of any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest;
- (2) Euroclear or Clearstream or any participant or indirect participant; or
- (3) the records of the common depository.

## **Currency of payment for the Global Notes**

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interest in such Notes through Euroclear or Clearstream in Euro.

## **Action by Owners of Book-Entry Interests**

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an Event of Default under the notes, Euroclear and Clearstream reserve the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to its participants.

## **Transfers**

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream rules and will be settled in immediately available funds. If a holder of notes requires physical delivery of Definitive Registered Notes for any reason, including to sell notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of notes must transfer its interest in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes bear a legend to the effect set forth in “Transfer Restrictions”. Book-Entry Interests in the Global Notes are subject to the restrictions on transfers and certification requirements discussed under “Notice to Investors”.

Transfer of Restricted Book-Entry Interests to persons wishing to take delivery of Restricted Book-Entry Interests will at all times be subject to such transfer restrictions.

Restricted Book-Entry Interests may be transferred to a person who takes delivery in the form of any Unrestricted Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 (if available) under the U.S. Securities Act.

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first mentioned Global Note and become a Book-Entry Interest in such other Global Note, and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

## **Definitive Registered Notes**

Under the terms of the Indenture, owners of the Book-Entry Interests will receive Definitive Registered Notes only:

- (1) if Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act and a successor is not appointed by us within 90 days; or
- (2) if Euroclear or Clearstream so requests following an Event of Default under the Indenture.

## **Information concerning Euroclear and Clearstream**

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with Euroclear or Clearstream participants, either directly or indirectly.

## **Trustee's Powers**

In considering the interests of the holders of the notes, while title to the notes is registered in the name of a nominee for a clearing system, the Trustee may have regard to any information provided to it by that clearing system as to the identity (either individually or by category) of its accountholders with entitlements to notes and may consider such interests as if such accountholders were the holders of the notes.

## **Enforcement**

For the purposes of enforcement of the provisions of the Indenture against the Trustee, the persons named in a certificate of the holder of the notes in respect of which a Global Note is issued shall be recognized as the beneficiaries of the trusts set out in the Indenture to the extent of the principal amounts of their interests in notes set out in the certificate of the holder, as if they were themselves the holders of notes in such principal amounts.

## TAXATION

*If you are a prospective investor, you should consult your tax advisor on the possible tax consequences of buying, holding or selling any notes under the laws of your country of citizenship, residence or domicile, including the effect of any local taxes applicable to you. The discussions that follow do not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase, hold or sell notes. In particular, these discussions do not consider any specific facts or circumstances that may apply to you. The discussions that follow for each jurisdiction are based upon the applicable laws and interpretations thereof as in effect as of the date of this offering memorandum. These tax laws and interpretations are subject to change, possibly with retroactive or retrospective effect.*

### **Certain United States Federal Income Tax Consequences to U.S. Holders**

**To ensure compliance with Internal Revenue Service (“IRS”) Circular 230, you are hereby notified that any discussion of tax matters set forth in this offering memorandum was written in connection with the promotion or marketing of the transactions or matters addressed herein and was not intended or written to be used, and cannot be used, by any prospective investor, for the purpose of avoiding tax-related penalties under United States federal tax law. Each prospective investor should seek advice based on its particular circumstances from an independent tax advisor.**

The following is a summary of certain United States federal income tax consequences of the purchase, ownership and disposition of notes as of the date hereof. This summary deals only with notes that are held as capital assets by a U.S. holder (as defined below) who acquires our notes upon original issuance at their “issue price” (the first price at which a substantial amount of notes is sold to investors for cash, not including sales to bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers).

For purposes of this summary, a “U.S. holder” means a beneficial owner of a note that is, for United States federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations (“Treasury Regulations”) to be treated as a United States person.

This summary is based upon provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and Treasury Regulations, rulings and judicial decisions as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. This summary does not address all aspects of United States federal income taxes, does not address any United States federal taxes other than United States federal income taxes (such as estate or gift taxes or the Medicare tax on certain investment income) and does not deal with any foreign, state, local or other tax considerations that may be relevant to U.S. holders in light of their particular circumstances. In addition, it does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws. For example, this summary does not address:

- tax consequences to holders who may be subject to special tax treatment, such as dealers in securities or currencies, traders in securities that elect to use the mark-to-market method of accounting for their securities, financial institutions, regulated investment companies, real estate investment trusts, investors in partnerships or other pass-through entities for United States federal income tax purposes, tax-exempt entities or insurance companies;
- tax consequences to persons holding the notes as part of a hedging, integrated, constructive sale or conversion transaction or a straddle;
- tax consequences to U.S. holders whose “functional currency” is not the U.S. dollar; or
- alternative minimum tax consequences, if any.

If an entity treated as a partnership for United States federal income tax purposes holds our notes, the tax treatment of a partner in such a partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership considering an investment in our notes, you should consult your own tax advisors.

**If you are considering the purchase of notes, you should consult your own tax advisors concerning the particular United States federal tax consequences to you of the purchase, ownership and disposition of the notes, as well as the consequences to you arising under the laws of any other taxing jurisdiction.**

### *Payments of Interest*

Subject to the foreign currency rules discussed below, interest on a note generally will be taxable to you as ordinary income at the time it is paid or accrued in accordance with your regular method of accounting for United States federal income tax purposes. In addition to interest on the notes (without reduction for any foreign tax withheld from the interest payments you receive), you will be required to include in income any additional amounts paid in respect of such tax withheld.

You may be entitled to deduct or credit any tax withheld, subject to certain limitations (including that the election to deduct or credit foreign taxes applies to all of your applicable foreign taxes for a particular tax year). Interest on a note (including any additional amounts), generally will be considered foreign source income and, for purposes of the United States foreign tax credit, generally will be considered passive category income or, in the case of certain U.S. holders, general category income. You generally will be denied a foreign tax credit for foreign taxes imposed with respect to the notes where you do not meet a minimum holding period requirement during which you are not protected from risk of loss. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

If you use the cash basis method of accounting for United States federal income tax purposes, you will be required to include in income (as ordinary income) the United States dollar value of the euro interest payment, determined by translating the euro received at the spot rate in effect on the date such payment is received, regardless of whether the payment is in fact converted into United States dollars. You will not recognize foreign currency exchange gain or loss with respect to the receipt of such interest, but you may have exchange gain or loss attributable to the actual disposition of the euro so received.

If you use the accrual method of accounting for United States federal income tax purposes, you may determine the amount of income recognized with respect to the euro interest payment in accordance with either of two methods. Under the first method, you will be required to include in income (as ordinary income) for each taxable year the United States dollar value of the euro-denominated interest that has accrued during such year, determined by translating such interest into United States dollars at the average spot rate of exchange for the period or periods (or portions thereof) in such taxable year during which such interest accrued. Under the second method, you may elect to translate interest income into United States dollars at the spot rate on (i) the last day of the interest accrual period; (ii) the last day of the taxable year for any portion of any accrual period ending on the last day of such taxable year; or (iii) the date the interest payment is received, if such date is within five business days of the end of the accrual period. This election will apply to all debt obligations you hold from year to year and cannot be changed without the consent of the IRS. You should consult your own tax advisor as to the advisability of making the above election.

Upon receipt of an interest payment on a note (including amounts received upon the sale, exchange, retirement, redemption or other taxable disposition of a note attributable to accrued but unpaid interest), a U.S. holder using the accrual method will recognize foreign currency exchange gain or loss in an amount equal to the difference, if any, between the United States dollar value of such payment (determined by translating the euro received at the spot rate in effect on the date of receipt) and the United States dollar value of the interest previously included in income with respect to such payment, regardless of whether the payment is in fact converted into United States dollars at such time. Any such foreign currency exchange gain or loss generally will be treated, for United States foreign tax credit purposes, as United States source ordinary income or loss, and generally will not be treated as an adjustment to interest income or expense.

### *Sale, Exchange, Retirement, Redemption or Other Taxable Disposition of Notes*

Subject to the foreign currency rules discussed below, upon the sale, exchange, retirement, redemption or other taxable disposition of a note, you generally will recognize gain or loss equal to the difference, if any, between the amount realized upon such sale, exchange, retirement, redemption or other taxable disposition (less any amounts attributable to accrued but unpaid interest, which will be taxable as interest income as described above in “—Payments of Interest”) and your adjusted tax basis in the note.

Your adjusted tax basis in a note will generally be your United States dollar cost for the note. If you purchased your note with euros, your United States dollar cost generally will be the United States dollar value of the euros paid for such note determined at the spot rate at the time of purchase. If your note is sold, exchanged, retired, redeemed or otherwise disposed of in a taxable transaction for euros, then your amount realized generally will be the United States dollar value of the euros received based on the spot rate in effect on the date of such sale, exchange, retirement, redemption or other taxable disposition. However, if you are a cash method taxpayer and the notes are traded on an established securities market, the amount realized generally will be the United States dollar value of such euros received on spot rate on the settlement date of the sale. An accrual method taxpayer may elect the same treatment with respect to the sale of notes traded on an established securities market, provided that the election is applied consistently to all debt instruments held by such U.S. holder. Such election cannot be changed without the consent of the IRS. An accrual method taxpayer that does not make the foregoing election will recognize foreign currency exchange gain or loss (taxable as ordinary income or loss) if there are exchange rate fluctuations between the disposition date and the settlement date.

Subject to the foreign currency rules discussed below, any gain or loss recognized generally will be capital gain or loss and will be long-term capital gain or loss if at the time of the sale, exchange, retirement, redemption or other taxable disposition, you have held the note for more than one year. Capital gains of non-corporate U.S. holders (including individuals) derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss realized by you on the sale, exchange, retirement, redemption or other taxable disposition of a note would generally be treated as United States source gain or loss.

A portion of any gain or loss with respect to the principal amount of a note may be treated as exchange gain or loss. Any exchange gain or loss generally will be treated as ordinary income or loss and generally will be treated as United States source gain or loss for United States foreign tax credit purposes. For these purposes, the principal amount of the note is your purchase price for the note calculated in euros on the date of purchase, and the amount of exchange gain or loss recognized is equal to the difference, if any, between (i) the United States dollar value of the principal amount determined at the spot rate on the date of the sale, exchange, retirement, redemption or other taxable disposition of the note (or, possibly, in the case of a cash basis or electing accrual basis taxpayer, the settlement dates of disposition, if the note is treated as traded on an established securities market for United States federal income tax purposes) and (ii) the United States dollar value of the principal amount determined at the spot rate on the date you purchased the note. The amount of exchange gain or loss (including with respect to any accrued interest) will be limited to the amount of overall gain or loss realized on the disposition of the note.

#### ***Exchange Gain or Loss with Respect to Foreign Currency***

On a sale or other taxable disposition of euros, you generally will recognize gain or loss in an amount equal to the difference, if any, between (i) the amount of United States dollars, or the fair market value in United States dollars of any other property, received by you in such disposition and (ii) your tax basis in the euros. Your tax basis in any euros received as interest on, or on the sale, exchange, retirement, redemption or other taxable disposition of, a note will be the United States dollar value thereof at the spot rate in effect on the date the euros are received (or, as discussed above, in the case of a cash basis or electing accrual basis taxpayer, the settlement date of the sale, exchange, retirement, redemption or other taxable disposition).

Any gain or loss recognized by you on a sale, exchange or other disposition of a euro generally will be ordinary income or loss and generally will be United States source gain or loss for United States foreign tax credit purposes.

#### ***Reportable Transactions***

Treasury Regulations meant to require the reporting of certain tax shelter transactions could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the Treasury Regulations, certain transactions are required to be reported to the IRS, including, in certain circumstances, a sale, exchange, retirement, redemption or other taxable disposition of a foreign currency note or foreign currency received in respect of a foreign currency note to the extent that such sale, exchange, retirement, redemption or other taxable disposition results in a tax loss in excess of a threshold amount. If you are considering the purchase of a note, you should consult your own tax advisors to determine the tax return obligations, if any, with respect to an investment in the notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement) as part of your United States federal income tax return.

#### ***Backup Withholding and Information Reporting***

Generally, information reporting requirements will apply to all payments of interest on and the proceeds from a sale, exchange, retirement, redemption or other disposition of a note paid to you, unless you are an exempt recipient



(such as a corporation). Additionally, if you fail to provide your taxpayer identification number or to certify that you are not subject to backup withholding, you may be subject to backup withholding with respect to the foregoing amounts.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against your United States federal income tax liability, if any, provided the required information is timely furnished to the IRS.

### ***Foreign Financial Asset Reporting***

Certain U.S. holders are required to report information relating to an interest in the notes, subject to certain exceptions (including an exception for notes held in accounts maintained by United States financial institutions), by attaching a complete IRS Form 8938 (Statement of Specified Foreign Financial Assets) to their tax return for each year in which they hold an interest in the notes. You are urged to consult your own tax advisors regarding information reporting requirements relating to your ownership of the notes, including the significant penalties for non-compliance.

### **Taxation in the Kingdom of Spain**

This section does not purport to deal with all aspects of Spanish taxation that relate to investment in the notes or that may be relevant to particular investors in light of their personal investment circumstances. If you are considering buying notes, you should consult your own tax advisor concerning the tax consequences of holding the notes in your particular situation.

This section is based on law and regulations applicable generally in Spain. Special rules may apply in specific areas or regions within Spain. Potential investors should seek specific advice in this regard.

This section is based on Spanish law and regulations in effect as of January 27, 2014, and is subject to any changes that can be enacted after that date.

For the purposes of this section we have assumed that the Issuer is a company resident for tax purposes in The Netherlands and that it does not perform its activity through a permanent establishment in Spain.

### ***Tax treatment of income payments made under the Note Guarantees by the Company or other Spanish Guarantors***

Although no clear precedent exists with regard to the position of the Spanish tax authorities regarding similar transactions, there is a risk that the Spanish tax authorities or courts could consider that income payments made under the Note Guarantees by the Company or other Spanish Guarantors (the "Spanish Guarantors") are Spanish source income on the basis that the Spanish Guarantors have assumed all the obligations of the notes as Guarantors. In the event that income payments made under the Note Guarantees by the Spanish Guarantors were deemed to be Spanish source income, in the case of non-Spanish tax residents without a permanent establishment in Spain, tax at a 21% rate would be applicable on the part of the payments that constitute income for the beneficial owner subject to the exceptions referred to in the paragraph below. Spanish resident beneficial owners, or Spanish permanent establishments of non-resident beneficial owners, shall be subject to taxation in Spain following the general rules governing Spanish personal, corporate and non-resident income taxes.

However, in the case of beneficial owners of the Notes non-resident in Spain, any interest payments and capital gains under the Note Guarantees will not be subject to Spanish withholding tax if they were resident, for tax purposes, in a European Union Member State other than Spain provided that they were not acting through a territory considered as a tax haven pursuant to Royal Decree 1080/1991 of July 5, 1991, a permanent establishment in Spain or a permanent establishment in a state that is not a member of the European Union.

In addition, Spanish withholding tax under the Note Guarantee payments, if any, to non-resident beneficial owners with no Spanish permanent establishment may be reduced or eliminated in accordance with any applicable double taxation treaty to which the Kingdom of Spain is a party and that may be applicable in respect to any interest payment due or that becomes due under the notes.

For these tax benefits to apply to non-residents without a Spanish permanent establishment, a certificate of tax residency issued by the competent tax authority of the country of residency of the beneficial owner of the notes must be submitted to the Spanish Guarantors showing that the holders of the notes are residents of the relevant European Union Member State or treaty state. The certificate must be dated not more than 12 months prior to the date of application. If a tax treaty benefit is applicable, the certificate must expressly state that it is issued within the meaning of the corresponding tax treaty or, if any specific form has been approved in order to apply the treaty, the certificate should be in compliance with such form.

## ***Tax treatment of individuals with tax residence in Spain***

### *Interest on the notes and disposal of the notes*

In the case of individuals with tax residence in Spain (“Spanish resident individuals”), both interest periodically received and income derived from the transfer, redemption or reimbursement of the notes constitute a return on investment obtained from the lending of capital in accordance with the provisions of Section 25 of the Personal Income Tax (“*Impuesto sobre la Renta de las Personas Físicas*” or “PIT”) Law (Law 35/2006, of November 28, 2006), and therefore will form part of the savings income tax base pursuant to the provisions of the PIT Law and will be taxed at 21% rate on the first €6,000, at 25% on the portion of the savings income between €6,000 and €24,000, and at 27% rate on any amount exceeding €24,000.

In the event that such interest or the income derived from the transfer, redemption or reimbursement of the Notes becomes subject to withholding tax in The Netherlands, as Dutch source income, Spanish resident individuals would be entitled to a tax credit for the avoidance of double taxation when determining their tax liability, in accordance with the provisions of the PIT Law or the treaty for the avoidance of double taxation with respect to taxes on income and capital and the prevention of fiscal evasion entered into between Spain and The Netherlands on June 16, 1971, (the “Spain/The Netherlands Tax Treaty”).

### *Spanish withholding tax on the notes*

A withholding at a 21% rate is applicable on interest payments made to Spanish resident individual holders in the event the Notes are deposited before or managed by Spanish-resident entities or persons or by non-resident entities or persons operating in the Spanish territory through a permanent establishment or if the abovementioned persons or entities have been entrusted with the collection of the income derived from the Notes, provided that such income has not been previously subject to withholding tax in Spain. In addition, income obtained upon transfer or redemption of the Notes may also be subject to PIT withholdings. In any event, Spanish resident individual holders may credit the withholding against their final PIT liability for the relevant fiscal year.

### *Other tax considerations*

Spanish resident individual holders shall be subject to Wealth Tax in the tax year 2014, therefore they should take into account the value of the notes which they hold as of December 31, 2014. For tax year 2014, Spanish tax resident individuals are subject to Spanish Net Wealth Tax (Spanish Law 19/1991), which imposes a tax on property and rights in excess of €700,000.00 held on the last day of any calendar year. Spanish tax resident individuals whose net worth is above €700,000.00 and who hold notes on the last day of any calendar year would therefore be subject to Spanish Net Wealth Tax for such year at marginal rates varying between 0.2% and 2.5% on the average market value of the notes during the last quarter of such calendar year.

The transfer of the notes to individuals by inheritance, legacy or donation shall be subject to the general rules of Inheritance and Gift Tax (regional rules). In particular, individuals who are resident in Spain for tax purposes who acquire ownership or other rights over any notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and state rules. The applicable tax rates range between 7.65% and 81.6% for 2014, depending on relevant factors.

Notes held by Spanish resident individuals deposited before or managed by non-resident entities shall be subject to the general obligation to disclose information regarding assets located outside Spain by filing tax form 720 (*Obligación de declaración sobre bienes y derechos situados en el extranjero*).

## ***Entities resident in Spain for tax purposes or permanent establishments in Spain of non-Spanish tax residents***

### *Interest on the notes*

Under Spanish law, interest collected by holders of the notes which are entities resident in Spain for tax purposes or permanent establishments in Spain of non-Spanish tax residents (“Spanish corporate holders”) is subject either to Corporate Income Tax (“*Impuesto sobre Sociedades*” or “CIT”) or to Non-Residents’ Income Tax (“*Impuesto sobre la Renta de no Residentes*” or “NRIT”), as the case may be. In the event that such interest becomes subject to withholding tax in The Netherlands, as Dutch source income, Spanish corporate holders would be entitled to a tax credit for the avoidance of double taxation when determining their tax liability, in accordance with the provisions of the CIT Law (approved by Legislative Royal Decree 4/2004, of March 5, 2004), the NRIT Law (approved by Legislative Royal-Decree, of March 5, 2004) or the Spain/The Netherlands Tax Treaty.

### *Disposal of the notes*

As a general rule, a disposal, whether in the form of a transfer, redemption or reimbursement, of the notes by a Spanish corporate holder may give rise to a taxable income or an allowable loss for the purposes of either CIT or NRIT, as the case may be. Some restrictions, however, may apply based on the nature of the permanent establishment.

If a Spanish corporate holder is subject to tax in The Netherlands in accordance with the Spain/The Netherlands Tax Treaty on the income it obtains upon the disposal of the notes, it will be entitled to a tax credit for the avoidance of double taxation in accordance with the provisions of the CIT Law, the NRIT Law or the Spain/The Netherlands Tax Treaty.

### *Spanish withholding tax on the notes*

In accordance with Section 59.s of the CIT regulations (approved by Royal Decree 1777/2004 of July 30, 2004), no withholding on account of Spanish CIT or NRIT is levied in Spain on any income arising from notes held by a Spanish corporate holder (which, for the sake of clarity, include Spanish tax resident investment funds and Spanish tax resident pension funds) if the notes are traded in an OECD country’s official stock market. However, the financial institution (if resident in Spain or acting through a permanent establishment in Spain) acting as paying agent or intervening in any transfer, redemption or refund of the Notes is required to calculate the taxable income of the Spanish holder arising from the relevant transaction and to report such income to the Spanish holder and to the Spanish tax authorities. In addition, the financial institution must provide the Spanish tax authorities with information regarding the persons participating in the transaction.

If the notes are not traded in an OECD country’s official stock market and the notes are deposited with or managed by a financial institution resident in Spain, or acting through a permanent establishment in Spain, the financial institution, acting as depository or manager of such notes, will be responsible for making the relevant Spanish withholding on account of tax on any payment to a Spanish corporate holder deriving from the notes. The financial institution acting as custodian or manager of the notes will have to comply with the formalities contained in the Spanish Regulations when intervening in the repayment or transfer of the notes.

### *Other tax considerations*

Notes held by Spanish corporate holders deposited before or managed by non-resident entities shall be subject to the general obligation to disclose information regarding assets located outside Spain by filing tax form 720 (*Obligación de declaración sobre bienes y derechos situados en el extranjero*).

## ***Beneficial owners not residents in Spain without a permanent establishment***

If interest or income derived from the transfer, redemption or reimbursement of the notes is obtained by the beneficial owners of the notes which are not resident for tax purposes in Spain and do not obtain the income through a permanent establishment located in Spain (“non-resident holders”), Spanish Non-Resident Income Tax could apply if such income could be considered as Spanish-source income. The Spanish Non-Resident Income Tax legislation establishes that when such income is paid by Spanish tax residents or by permanent establishments in Spain or it is remuneration for capital used within the Spanish territory, it is regarded as Spanish-source income and subject to taxation in Spain. Although there is no clear guidance from tax administrative or judicial authorities regarding this concept, the Spanish tax authorities could consider that, due to the fact that the capital received by the Issuer is used to enter into loans with a company resident for tax purposes in Spain, interest received by the beneficial owners could be deemed as Spanish-source at least for the portion corresponding to the financing of activities in Spain. Therefore, there is a risk that interest under the notes could be taxed at a 21% tax rate for non-resident holders, subject to available relief under a treaty for the avoidance of double taxation with Spain or any exemption foreseen in the Spanish Non-Resident Income Tax

legislation. Usually relief would be available in the two following situations, provided that the corresponding formal requirements are met:

1. if the beneficial owner of the interest is resident for tax purposes in a Member State of the European Union, such income would be exempt from Spanish NRIT.
2. If the beneficial owner of the interest is resident for tax purposes in a country having in force a treaty for the avoidance of double taxation with Spain and is entitled to the benefits of the treaty, interest could be exempt or taxed at the relevant rate foreseen in the treaty, as provided for in the treaty.

## **Netherlands Taxation**

***This summary solely addresses the principal Dutch tax consequences of the acquisition, ownership and disposal of the notes. It does not purport to describe every aspect of taxation that may be relevant to a particular Holder of Notes (as defined below). Any potential investor should consult his tax adviser for more information about the tax consequences of acquiring, owning and disposing of the notes in his particular circumstances.***

Where in this summary English terms and expressions are used to refer to Dutch concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Dutch concepts under Dutch tax law. Where in this summary the terms “the Netherlands” and “Dutch” are used, these refer solely to the European part of the Kingdom of the Netherlands. This summary assumes that the Issuer is organised, and that its business will be conducted, in the manner outlined in this offering memorandum. A change to such organisational structure or to the manner in which the Issuer conducts its business may invalidate the contents of this summary, which will not be updated to reflect any such change.

This summary is based on the tax law of the Netherlands (unpublished case law not included) as it stands at the date of this offering memorandum. The tax law upon which this summary is based, is subject to changes, perhaps with retroactive effect. Any such change may invalidate the contents of this summary, which will not be updated to reflect such change.

This summary assumes that each transaction with respect to the notes is at arm’s length.

Where in this Dutch taxation paragraph reference is made to a “Holder of Notes”, that concept includes, without limitation:

1. an owner of one or more notes who in addition to the title to such notes has an economic interest in such notes;
2. a person who or an entity that holds the entire economic interest in one or more notes;
3. a person who or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Dutch tax purposes, the assets of which comprise one or more notes, within the meaning of 1. or 2. above; or
4. a person who is deemed to hold an interest in notes, as referred to under 1. to 3., pursuant to the attribution rules of article 2.14a, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), with respect to property that has been segregated, for instance in a trust or a foundation.

### *Withholding tax*

All payments under the notes may be made free from withholding or deduction of or for any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority of or in the Netherlands.

### ***Taxes on income and capital gains***

#### *Resident Holders of Notes*

The summary set out in this section “Dutch Taxation—Taxes on income and capital gains—Resident Holders of Notes” applies only to a Holder of Notes who is a “Dutch Individual” or a “Dutch Corporate Entity”.

A Holder of Notes is a “Dutch Individual” if:

- he is an individual; and
- he is resident, or deemed to be resident, in the Netherlands for Dutch income tax purposes, or has elected to be treated as a resident of the Netherlands for Dutch income tax purposes.

A Holder of Notes is a “Dutch Corporate Entity” if:

- it is a corporate entity (*lichaam*), including an association that is taxable as a corporate entity, that is subject to Dutch corporation tax;
- it is resident, or deemed to be resident, in the Netherlands for Dutch corporation tax purposes;
- it is not an entity that, although in principle subject to Dutch corporation tax, is, in whole or in part, specifically exempt from that tax; and
- it is not an investment institution (*beleggingsinstelling*) as defined in the Dutch Corporation Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

If a Holder of Notes is not an individual and if it does not satisfy any one or more of these tests, with the exception of the second test, its Dutch tax position is not discussed in this offering memorandum.

#### *Dutch Individuals deriving profits or deemed to derive profits from an enterprise*

Any benefits derived or deemed to be derived from the notes, including any gain realised on the disposal of the notes, by a Dutch Individual that are attributable to an enterprise from which such Dutch Individual derives profits, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of an enterprise, other than as a shareholder, are generally subject to Dutch income tax at progressive rates.

#### *Dutch Individuals deriving benefits from miscellaneous activities*

Any benefits derived or deemed to be derived from the notes, including any gain realised on the disposal of the notes, by a Dutch Individual that constitute benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) are generally subject to Dutch income tax at progressive rates.

Benefits derived from the notes by a Dutch Individual are taxable as benefits from miscellaneous activities if he, or an individual who is a connected person in relation to him as meant by article 3.91, paragraph 2, letter b, or c, of the Dutch Income Tax Act 2001 (“*Wet inkomstenbelasting 2001*”), has a substantial interest (*aanmerkelijk belang*) in the Issuer.

Generally, a person has a substantial interest in the Issuer if such person—either alone or, in the case of an individual, together with his partner (*partner*), if any, or pursuant to article 2.14a, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*)—owns or is deemed to own, directly or indirectly, either a number of shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer, or rights to acquire, directly or indirectly, shares, whether or not already issued, representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of the Issuer or profit participating certificates (*winstbewijzen*) relating to five per cent. or more of the annual profits of the Issuer or to five per cent. or more of the liquidation proceeds of the Issuer.

A person who is entitled to the benefits from shares or profit participating certificates (for instance a holder of a right of usufruct) is deemed to be a holder of shares or profit participating certificates, as the case may be, and such person’s entitlement to such benefits is considered a share or a profit participating certificate, as the case may be.

Furthermore, a Dutch Individual may, *inter alia*, derive, or be deemed to derive, benefits from the notes that are taxable as benefits from miscellaneous activities in the following circumstances:

- a. if his investment activities go beyond the activities of an active portfolio investor, for instance in the case of use of insider knowledge (*voorkennis*) or comparable forms of special knowledge;
- b. if he makes the notes available or is deemed to make the notes available, legally or as a matter of fact, directly or indirectly, to certain parties as meant by articles 3.91 and 3.92 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) under circumstances described there; or

- c. if he holds the notes, whether directly or indirectly, and any benefits to be derived from such notes are intended, in whole or in part, as remuneration for activities performed by him or by a person who is a connected person in relation to him as meant by article 3.92b, paragraph 5, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*).

#### *Other Dutch Individuals*

If a Holder of Notes is a Dutch Individual whose situation has not been discussed before in this section “Dutch taxation—Taxes on income and capital gains—Resident Holders of Notes”, benefits from his notes are taxed annually as a benefit from savings and investments (*voordeel uit sparen en beleggen*). Such benefit is deemed to be 4 per cent. per annum of his “yield basis” (*rendementsgrondslag*), generally to be determined at the beginning of the calendar year, to the extent that such yield basis exceeds the “exempt net asset amount” (*heffingvrij vermogen*) for the relevant year. The benefit is taxed at a rate of 30 per cent. The fair market value of his notes forms his yield basis. Actual benefits derived from his notes, including any gain realised on the disposal of the notes, are not as such subject to Dutch income tax.

#### *Attribution rule*

Benefits derived or deemed to be derived from certain miscellaneous activities by, and yield basis for benefits from savings and investments of, a child or a foster child who is under eighteen years of age are attributed to the parent who exercises, or to the parents who exercise, authority over the child, irrespective of the country of residence of the child.

#### *Dutch Corporate Entities*

Any benefits derived or deemed to be derived from the notes, including any gain realised on the disposal thereof, that are held by a Dutch Corporate Entity are generally subject to Dutch corporation tax.

#### **Non-resident Holders of Notes**

The summary set out in this section “Dutch Taxation—Taxes on income and capital gains—Non-resident Holders of Notes” applies only to a Holder of Notes who is a Non-Resident Holder of Notes.

A Holder of Notes will be considered a “Non-Resident Holder of Notes” if he is neither resident, nor deemed to be resident, in the Netherlands for the purposes of Dutch income tax or corporation tax, as the case may be, and who, in the case of an individual, has not elected to be treated as a resident of the Netherlands for Dutch income tax purposes.

#### *Individuals*

A Non-Resident Holder of Notes who is an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefits derived or deemed to be derived from the notes, including any payment under the notes and any gain realised on the disposal of the notes, except if

1. he derives profits from an enterprise, whether as an entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net value of such enterprise, other than as a shareholder, such enterprise is either being managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative in the Netherlands, and his notes are attributable to such enterprise; or
2. he derives benefits or is deemed to derive benefits from the notes that are taxable as benefits from miscellaneous activities in the Netherlands (*resultaat uit overige werkzaamheden in Nederland*).

See the section “Dutch Taxation—Taxes on income and capital gains—Resident Holders of Notes—Dutch Individuals deriving benefits from miscellaneous activities” for a description of the circumstances under which the benefits derived from the notes may be taxable as benefits from miscellaneous activities, on the understanding that such benefits will be taxable in the Netherlands only if such activities are performed or deemed to be performed in the Netherlands.

#### *Attribution rule*

Benefits derived or deemed to be derived from certain miscellaneous activities by a child or a foster child who is under eighteen years of age are attributed to the parent who exercises, or to the parents who exercise, authority over the child, irrespective of the country of residence of the child.

## *Entities*

A Non-Resident Holder of Notes other than an individual will not be subject to any Dutch taxes on income or capital gains in respect of any benefits derived or deemed to be derived from the notes, including any payment under the notes and any gain realised on the disposal of the notes, except if

1. such Non-Resident Holder of Notes derives profits from an enterprise directly, or pursuant to a co-entitlement to the net value of such enterprise, other than as a holder of securities, such enterprise either being managed in the Netherlands or carried on, in whole or in part, through a permanent establishment or a permanent representative that is taxable in the Netherlands, and its notes are attributable to such enterprise; or
2. such Non-Resident Holder of Notes has a substantial interest in the Issuer (as described above under Individuals) or a deemed substantial interest in the Issuer, with the predominant objective to avoid the levy of income taxation or dividend withholding tax of another person and this substantial interest is not attributable to an enterprise of such Holder of Notes.

A deemed substantial interest may be present if shares, profit participating certificates or rights to acquire shares in the Issuer are held by such person or deemed to be held by such person following the application of a non-recognition provision.

## *General*

Subject to the above, a Non-Resident Holder of notes will not be subject to income taxation in the Netherlands by reason only of the execution and/or enforcement of the documents relating to the issue of the notes or the performance by the Issuer of its obligations under such documents or under the notes.

## *Gift and inheritance taxes*

If a Holder of Notes disposes of Notes by way of gift, in form or in substance, or if a Holder of Notes who is an individual deceases, no Dutch gift tax or Dutch inheritance tax, as applicable, will be due, unless:

- (i) the donor is, or the deceased was resident or deemed to be resident in the Netherlands for purposes of Dutch gift tax or Dutch inheritance tax, as applicable; or
- (ii) the donor made a gift of the notes, then became a resident or deemed resident of the Netherlands, and deceased as a resident or deemed resident of the Netherlands within 180 days of the date of the gift.

For purposes of the above, a gift of the notes made under a condition precedent (*opschortende voorwaarde*) is deemed to be made at the time the condition precedent is satisfied.

## *Other taxes and duties*

No Dutch registration tax, transfer tax, stamp duty or any other similar documentary tax or duty, other than court fees, is payable in the Netherlands in respect of or in connection with (i) the execution and/or enforcement by legal proceedings (including the enforcement of any foreign judgment in the courts of the Netherlands) of the documents relating to the issue of the notes; (ii) the performance by the Issuer of its obligations under such documents or under the notes; or (iii) the transfer of the notes, except that Dutch real property transfer tax (*overdrachtsbelasting*) may be due by a Holder of Notes if in satisfaction of all or part of any of its rights under the notes, it acquires any asset, or an interest in any asset (*economische eigendom*), that qualifies as real property or as a right over real property situated in the Netherlands, for the purposes of Dutch real property transfer tax (*overdrachtsbelasting*).

## **EU Savings Directive**

Under Directive 2003/48/EC on the taxation of savings income in the form of interest payments Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State. However, currently Luxembourg and Austria are instead required (unless they elect otherwise) to operate a withholding system in relation to such payments (the ending of such withholding system being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries), deducting tax at rates rising over time to 35%.

A number of non-EU countries (including Switzerland, which has adopted a withholding system) and certain dependent or associated territories of certain Member States, have agreed to adopt similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in such Member State to, or collected by such a person for, an individual resident in the relevant territory.



## **CERTAIN ERISA CONSIDERATIONS**

The following is a summary of certain considerations associated with the purchase of the notes by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any other Federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of ERISA or the Code (collectively, “Similar Laws”), and entities whose underlying assets are considered to include “plan assets” of such plans, accounts and arrangements pursuant to the U.S. Department of Labor “plan assets” regulation, 29 CFR Section 2510.3- 101, as amended by Section 3(42) of ERISA (each, a “Plan”).

### **General Fiduciary Matters**

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an “ERISA Plan”) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the notes of a portion of the assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to the fiduciary’s duties to the Plan including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

### **Prohibited Transaction Laws**

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest”, within the meaning of Section 3(14) of ERISA, or “disqualified persons”, within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engaged in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and/or the Code.

The acquisition and/or holding of the notes by a Plan with respect to which the Issuer is a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor has issued Prohibited Transaction Class Exemptions (“PTCEs”) that may apply to the acquisition and holding of the notes. These class exemptions include, without limitation, PTCE 84-14 respecting transactions determined by independent qualified professional asset managers, PTCE 90-1 respecting insurance company pooled separate accounts, PTCE 91-38 respecting bank collective investment funds, PTCE 95-60 respecting life insurance company general accounts and PTCE 96-23 respecting transactions determined by in-house asset managers. There can be no assurance that any class exemption or any other exemption will be available with respect to any particular transaction involving the notes, or that if an exemption is available, it will cover all aspects of any particular transaction.

### **Representation**

Accordingly, by acceptance of a note or any interest therein, each purchaser and holder will be deemed to have represented and warranted that either (i) it is not acquiring or holding the note with the assets of a Plan, or (ii) the acquisition and holding of the note will not result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a similar violation under any applicable Similar Laws.

The foregoing discussion is general in nature and is not intended to be all-inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the notes on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the notes.

## PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated the date of this offering memorandum, we have agreed to sell to the Initial Purchasers, for whom Deutsche Bank AG, London Branch, is acting as representative, on a several and not joint basis, the following respective principal amount of notes:

<b>Initial Purchasers</b>	<b>Principal amount of notes (€)</b>
Deutsche Bank AG, London Branch .....	207,462,000.00
Banco Bilbao Vizcaya Argentaria, S.A. ....	24,897,000.00
Banco de Sabadell, S.A. ....	24,897,000.00
Banco Popular Español, S.A. ....	24,897,000.00
Banco Santander, S.A. ....	24,897,000.00
Bankia, S.A. ....	24,897,000.00
Caixabank S.A. ....	24,897,000.00
Bankinter, S.A. ....	17,428,000.00
BNP Paribas.....	17,428,000.00
Banca March, S.A. ....	4,150,000.00
Banco Espíritu Santo de Inwestimento, S.A. Sucursal en España .....	4,150,000.00
Total.....	400,000,000

The Initial Purchasers may make offers and sales through certain affiliates of the Initial Purchasers. One or more of the Initial Purchasers may sell through affiliates or other appropriately licensed entities for sales of the notes in jurisdictions in which they are not otherwise permitted.

In the purchase agreement, subject to the conditions thereof, the Initial Purchasers have agreed to purchase the notes offered hereby at a discount from the price indicated on the cover page of this offering memorandum and to resell such notes to purchasers as described herein. See “Notice to Investors”. The offering of the notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers’ right to reject any order in whole or in part. After the offering of the notes offered hereby, the issue prices and other selling terms may from time to time be varied by the Initial Purchasers. The purchase agreement provides that the obligation of the Initial Purchasers to pay for and accept delivery of the notes is subject to, among other conditions, the delivery of certain legal opinions by our counsel.

Delivery of the notes was made against payment on the notes on March 21, 2014, which was six business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the notes (this settlement cycle being referred to as “T+6”). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the date of this offering memorandum or the next three business days were required, because the notes initially will settle in T+6, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the notes who wish to make such trades should consult their own advisors.

The purchase agreement provides that the Issuer and the Guarantors, on one hand, and the several Initial Purchasers, on the other hand, will indemnify each other against certain liabilities, including liabilities under the Securities Act, and will contribute to payments the other may be required to make in respect thereof. In order to facilitate the offering of the notes, the Initial Purchasers may engage in transactions that stabilize, maintain or otherwise affect the prices of the notes. Specifically, the Initial Purchasers may overallocate in connection with this offering, creating a short position in the notes for their own accounts. In addition, to cover overallocations or to stabilize the prices of the notes, the Initial Purchasers may bid for, and purchase, notes in the open market. Finally, the Initial Purchasers may reclaim selling concessions allowed to a trustee or dealer for distributing the notes in this offering if the Initial Purchasers repurchase previously distributed notes in transactions to cover short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the notes above independent market levels. The Initial Purchasers are not required to engage in these activities, and may end any of these activities at any time. No assurance can be given that active public markets or other markets will develop for the notes or as to the liquidity of the trading market for the notes.

The Issuer and the Guarantors have agreed that they will not offer, sell, contract to sell or otherwise dispose of any of their debt securities or any debt securities of our subsidiaries similar to the notes during the period beginning on the date of this offering memorandum and ending on the date that is 90 days following the closing date of this offering without the prior written consent of Deutsche Bank AG, London Branch.

The notes and the related Guarantees have not been and will not be registered under the Securities Act. The Initial Purchasers have agreed that they will only offer or sell the notes (1) outside the United States in offshore

transactions in reliance on Regulation S and (2) in the United States to QIBs in reliance on Rule 144A. The terms used above have the meanings given to them by Regulation S and Rule 144A.

In addition, until 40 days after the commencement of the offering of the notes, an offer or sale of such notes within the United States by a dealer that is not participating in the offering of the notes may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

The notes are new securities for which there are currently no markets. An application has been made for the notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Euro MTF. However, the Issuer cannot assure you that the initial prices at which the notes will sell in the market after this offering will not be lower than the initial issue prices or that active trading markets for the notes will develop and continue after completion of this offering. The Initial Purchasers have advised us that they currently intend to make a market for the notes. However, the Initial Purchasers are not obligated to do so, and may discontinue any market making activities with respect to the notes at any time without notice. In addition, market making activities are subject to the limits imposed by the Exchange Act, and may be limited. Accordingly, the issuer cannot assure you as to the liquidity of, or trading markets for, the notes.

Each Initial Purchaser has represented and agreed that this offering memorandum is directed solely at:

- (i) persons who are outside the United Kingdom;
- (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”);
- (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order; and
- (iv) persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any notes may otherwise lawfully be communicated or caused to be communicated,

(all such persons in (i), (ii), (iii) and (iv) above together being referred to as “relevant persons”).

Any investment or investment activity to which this offering memorandum relates will only be available to and will only be engaged with, relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum.

Certain of the Initial Purchasers or their respective affiliates that have a lending relationship with us routinely hedge their credit exposure consistent with their customary risk management policies. Typically, such Initial Purchasers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the notes. Any such short positions could adversely affect future trading prices of the notes. The Initial Purchasers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. In addition, the Initial Purchasers and their affiliates may acquire the notes for their own proprietary account.

The Initial Purchasers may also impose a penalty bid. This occurs when a particular Initial Purchaser repays to the Initial Purchasers a portion of the underwriting discount received by it because the representative has repurchased notes sold by or for the account of such purchaser in stabilizing or short covering transactions.

The Initial Purchasers or their respective affiliates have engaged in, and may in the future engage in, investment banking, financial advisory, consulting, commercial banking and other commercial dealings, including as acting as hedge counterparties with us, our principal shareholders or our affiliates. In addition, the Initial Purchasers or their respective affiliates have lending relationships with us, our principal shareholders or our affiliates including pursuant to bilateral loan facilities, multilateral and/or syndicated loan facilities, guarantee, overdraft or cash management facilities and other forms of credit lines. They have received, and expect to receive, customary fees, commissions and expense reimbursements for these transactions. Each of the Initial Purchasers or their respective affiliates are lenders and/or agents under the Senior Facilities Agreement. In addition, the net proceeds from this offering will be used to repay amounts under certain of our existing debt facilities, including amounts owed to certain of the Initial Purchasers or their

respective affiliates as lenders and/or agents under such facilities. See “Use of Proceeds” and “Description of Other Indebtedness—Debt being Repaid”.

## TRANSFER RESTRICTIONS

The Issuer has not registered the notes under the Securities Act and, therefore, the notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the notes are only to be offered and sold to:

- (1) QIBs in compliance with Rule 144A under the Securities Act; and
- (2) in offers and sales that occur outside the United States to foreign purchasers, that is, purchasers who are not U.S. persons.

The term “foreign purchasers” includes dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners, other than an estate or trust, in offshore transactions meeting the requirements of Rule 903 of Regulation S. We use the terms “offshore transaction,” “U.S. person” and “United States” with the meanings given to them in Regulation S.

If you purchase notes, you will be deemed to have represented and agreed as follows:

- (1) You understand and acknowledge that the notes have not been registered under the Securities Act or any other applicable securities laws and that the notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (4) below.
- (2) You are not our “affiliate” (as defined in Rule 144), you are not acting on our behalf and you are either:
  - (a) a QIB and are aware that any sale of these notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another QIB; or
  - (b) not a “U.S. person” as defined in Regulation S or purchasing for the account or benefit of a U.S. person (other than a distributor) and you are purchasing notes in an offshore transaction in accordance with Regulation S.
- (3) You acknowledge that neither the Issuer, the Initial Purchasers nor any person representing the Issuer or the Initial Purchasers has made any representation to you with respect to the Issuer or the offer or sale of any of the notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the notes. You acknowledge that the Initial Purchasers make no representation or warranty as to the accuracy or completeness of this offering memorandum. You have had access to such financial and other information concerning us and the notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.
- (4) You are purchasing notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the notes, and each subsequent holder of these notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such notes prior to (x) the date which is one year (or such shorter period of time as permitted by Rule 144(k) under the Securities Act or any successor provision thereunder) after the later of the date of the original issue of these notes and the last date on which the Issuer or any of its affiliates were the owner of such notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the “Resale Restriction Termination Date”) only:
  - (a) to us;
  - (b) pursuant to a registration statement which has been declared effective under the Securities Act;

- (c) for so long as the notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a QIB that purchases for its own account or for the account of another QIB to whom you give notice that the transfer is being made in reliance on Rule 144A;
- (d) pursuant to offers and sales to non-U.S. persons occurring outside the United States within the meaning of Regulation S; or
- (e) pursuant to any other available exemption from the registration requirements of the Securities Act,

subject in each of the foregoing cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be within the seller or account's control, and in compliance with any applicable state securities laws.

The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date. You acknowledge that the Issuer, the Trustee and the registrar reserve the right prior to any offer, sale or other transfer of the notes pursuant to clause (d) above prior to the end of the 40-day distribution compliance period within the meaning of Regulation S or pursuant to clause (e) above prior to the Resale Restriction Termination Date of the notes to require the delivery of an opinion of counsel, certifications and other information satisfactory to us, the Trustee and the registrar.

Each purchaser acknowledges that each note will contain a legend substantially in the following form:

“THIS NOTE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) AGREES THAT IT WILL NOT PRIOR TO (X) THE DATE THAT IS, [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS NOTE) OR THE LAST DAY ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WERE THE OWNERS OF THIS NOTE (OR ANY PREDECESSOR OF THIS NOTE) AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAW (THE “RESALE RESTRICTION TERMINATION DATE”), OFFER, SELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE NOTES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE U.S. SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A UNDER THE U.S. SECURITIES ACT, (D) PURSUANT TO OFFERS AND SALES TO NON-U.S. PERSONS THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND; PROVIDED THAT THE ISSUER, THE TRUSTEE AND THE REGISTRAR SHALL HAVE THE RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSE (D) PRIOR TO THE END OF THE 40-DAY DISTRIBUTION COMPLIANCE PERIOD WITHIN THE MEANING OF REGULATION S UNDER THE U.S. SECURITIES ACT OR PURSUANT TO CLAUSE (E) PRIOR TO THE RESALE RESTRICTION TERMINATION DATE TO REQUIRE THAT AN OPINION OF COUNSEL, CERTIFICATIONS AND OTHER INFORMATION SATISFACTORY TO THE ISSUER, THE TRUSTEE AND THE REGISTRAR IS COMPLETED AND DELIVERED BY THE TRANSFEROR. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION,” “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE U.S. SECURITIES ACT”.

If you purchase notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these notes as well as to holders of these notes.

- (1) You acknowledge that the registrar will not be required to accept for registration of transfer any notes acquired by you, except upon presentation of evidence satisfactory to us and the registrar that the restrictions set forth herein have been complied with.
- (2) You acknowledge that:
  - (a) the Issuer, the Initial Purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and
  - (b) if you are acquiring any notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:
    - (i) you have sole investment discretion; and
    - (ii) you have full power to make the foregoing acknowledgements, representations and agreements.
- (3) You agree that you will give to each person to whom you transfer these notes notice of any restrictions on the transfer of the notes.
- (4) If you are a purchaser in a sale that occurs outside the United States within the meaning of Regulation S, you acknowledge that until the expiration of the “distribution compliance period” (as defined below), you shall not make any offer or sale of these notes to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902 under the Securities Act. The “distribution compliance period” means the 40-day period following the issue date for the notes.
- (5) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the Initial Purchasers that would permit a public offering of the notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the notes is subject to the selling restrictions set forth under “Plan of Distribution”.

## LEGAL MATTERS

Certain legal matters in connection with the offering of the notes have been passed upon for the Issuer by Simpson Thacher & Bartlett LLP, as to matters of US federal and New York State law and by J&A Garrigues, S.L.P. as to matters of Spanish law. Certain legal matters in connection with the offering of the notes have been passed upon for the Initial Purchasers by Cahill Gordon & Reindel LLP as to matters of US federal and New York State law and by Clifford Chance, S.L. as to matters of Spanish law.

## INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2013, 2012 and 2011 included in this offering memorandum, have been audited by Deloitte, S.L., independent auditors, as stated in their unqualified reports appearing herein on pages F-1 to F- 320 of this offering memorandum.

## WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and, to the extent provided to the Initial Purchasers by us for such purpose, any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to the offering memorandum acknowledges that:

- (a) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;
- (b) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and
- (c) except as provided pursuant to (a) above, no person has been authorized to give any information or to make any representation concerning the notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

We are not currently subject to the periodic reporting and other information requirements of the Exchange Act.

For so long as any of the notes remain outstanding and are “restricted securities” within the meaning of Rule 144A(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, as amended, nor exempt from the reporting requirements under Rule 12g3-2(b) of the Exchange Act, as amended, make available to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act. Any such request should be directed to the Issuer.



## ENFORCEABILITY OF CIVIL LIABILITIES

### Netherlands

The Issuer is incorporated under Dutch law and has its registered seat in the Netherlands. None of the Issuer's directors reside in the United States and all of the Issuer's assets are located outside of the United States. Civil liabilities based on the securities laws of the United States may not be enforceable in the Netherlands, either in an original action or in an action to enforce a judgment obtained in U.S. courts.

The United States and the Netherlands currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by any court in the United States, whether or not predicated solely upon U.S. securities laws, would not be enforceable in the Netherlands. In order to obtain a judgment which is enforceable in the Netherlands, the claim must be re-litigated before a competent Dutch court. A Dutch court will, under current practice, generally grant the same judgment without re-litigation on the merits (i) if that judgment results from legal proceedings compatible with Dutch notions of due process; (ii) if that judgment does not contravene public policy (*openbare orde*) of the Netherlands; and (iii) if the jurisdiction of the relevant federal or state court in the United States has been based on internationally accepted principles of private international law. Subject to the foregoing and provided that service of process occurs in accordance with applicable treaties, investors may be able to enforce in the Netherlands, judgments in civil and commercial matters obtained from U.S. federal or state courts. However, no assurance can be given that such judgments will be enforceable. In addition, it is doubtful whether a Dutch court would accept jurisdiction and impose civil liability in an original action commenced in the Netherlands and predicated solely upon U.S. federal securities laws.

### Spain

The Company and certain other of the Guarantors are organized under the laws of Spain with limited liability. The controlling shareholders of the Company, and the directors and the executive officers of the Company and the other Spanish Guarantors are non-residents of the United States and a significant portion of the assets of such persons are located outside the United States. As a result, in order to enforce in Spain a judgment entered in another jurisdiction, the service of process on such persons or the Company or the other Spanish Guarantors outside Spain must be made in accordance with the Law of Civil Procedure (*Ley de Enjuiciamiento Civil*). An investor may also experience difficulty in effecting service of process on or enforcing judgments against such persons or the Company or the other Spanish Guarantors based on civil liability provisions of the U.S. Federal and state securities laws or other laws.

We have been advised by our Spanish counsel that the United States and Spain are not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments. In the absence of any such treaty or proof that similar Spanish judgments are not recognized and enforced in the jurisdiction rendering the judgment (in which case the judgment will not be recognized in Spain), such judgment will be recognized and enforced in Spain provided that it meets the following requirements:

- the U.S. foreign judgment is final, translated into Spanish and apostilled;
- the U.S. foreign judgment is not contrary to Spanish public policy;
- there is no pending proceeding between the same parties and in relation to the same issues in Spain;
- there has been no judgment rendered between the same parties and for the same cause of action in Spain or in another country provided that in this latter case the judgment has been recognized in Spain;
- where rendering the U.S. foreign judgment, the courts rendering it must not have infringed an exclusive ground of jurisdiction provided for in Spanish law or have based their jurisdiction on exorbitant grounds;
- the rights of defense of the defendant have been protected where rendering the U.S. foreign judgment, including but not limited to a proper service of process carried out with sufficient time for the defendant to prepare its defense and appear before the courts;
- the legal action has been taken with acknowledgment and appearance of the defendant in the proceeding; and
- the obligation that the petitioner tries to execute is lawful in Spain.

The Issuer and the Guarantors have agreed that any suit, action or proceeding arising out of or based upon the Indenture, the notes or the Guarantees may be instituted in any federal or state court located in New York City, and the

Issuer and the Guarantors have appointed Grupo Antolin-North America, Inc. as their agent for service of process in any such suit, action or proceeding.

## LISTING AND GENERAL INFORMATION

1. Application has been made for the notes to be listed on the Official List of the Luxembourg Stock Exchange and to be traded on the Euro MTF.
2. So long as the notes are listed and admitted to trading on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF and the rules of such exchange shall so require, copies of our Articles of Association, the Issuer's Articles of Association, the Security Documents and the Indenture and the guarantees therein governing the notes is available free of charge at the specified office of the Listing Agent in Luxembourg referred to in paragraph 6 below. So long as the notes are listed and admitted to trading on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF and the rules of such exchange shall so require, copies of all of our annual financial statements and those for all subsequent fiscal years will be available free of charge during normal business hours on any weekday at the offices of such Listing Agent in Luxembourg referred to in paragraph 6 below.
3. We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge, except as otherwise noted, the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of this offering memorandum.
4. Save as disclosed herein, there has been no material adverse change in the consolidated financial position of the Company since December 31, 2013 or the Issuer since February 21, 2014 (being the date of incorporation of the Issuer). Future financial information of the Issuer will be consolidated in the financial information of the Company. The financial year of the Issuer is the calendar year. Under its articles of association dated February 21, 2014 the Issuer is required to produce annual accounts consisting of a balance sheet, a profit and loss account and explanatory notes. The Issuer's accounts are not required to be audited and the Issuer is not required to produce interim accounts.
5. Neither we nor any of our subsidiaries is a party to any litigation that, in our judgment, is material in the context of the issue of the notes, except as disclosed herein.
6. We have appointed Deutsche Bank Luxembourg S.A. as our Transfer Agent in Luxembourg. We reserve the right to vary such appointment and shall publish notice of such change of appointment in a newspaper having general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu). The Transfer Agent in Luxembourg will act as intermediary between the holders of the notes and us and as long as the notes are listed and admitted to trading on the Official List of the Luxembourg Stock Exchange and are traded on the Euro MTF and the rules of such exchange shall so require, we will maintain a transfer agent in Luxembourg. The office of the Transfer Agent in Luxembourg is at 2, Boulevard Konrad Adenauer, L-1115 Luxembourg, Grand Duchy of Luxembourg.
7. The notes have been accepted for clearance through the facilities of Euroclear and Clearstream. The ISIN numbers for the notes sold pursuant to Rule 144A and the notes sold pursuant to Regulation S are XS1046537749 and XS1046537665, respectively. The Common Code for the notes sold pursuant to Rule 144A and the notes sold pursuant to Regulation S are 104653774 and 104653766, respectively.
8. Grupo Antolin Dutch B.V., is a wholly-owned subsidiary of the Company incorporated in the Netherlands on February 21, 2014 under number 60070005 and with its registered office at Muiderstraat 1, 1011 PZ Amsterdam, The Netherlands. The principal object of the Issuer is to finance businesses and companies. The Issuer was incorporated in connection with the issuance of the notes and has had no other business, activities, operations, debt, borrowings or contingent liabilities apart from the notes related to this offering. The Issuer's entire indebtedness consists of the gross proceeds from the issuance of the notes. The board of directors of the Issuer consists of Ernesto Antolin, K.C. Teunisse and R. Sjiberden. The telephone number of the Issuer is +31 (0) 20 579 2100. As of the date of the offering memorandum, the Issuer has an issued share capital consists of €1.00 consisting of one ordinary share, fully paid up. Each issued ordinary share is held by the Company. Each ordinary share carries the right to receive dividends and to receive notice of and vote at any general meeting of our shareholders. The Company is a *sociedad anónima* incorporated on November 5, 1987 and registered in Spain under number A- 09092305. The Company's registered office address is Ctra. Madrid-Irún, Km. 244,8—E09007, Burgos, Spain. As of the date of the issuance of the notes, the Company has no convertible debt securities.
9. The offering and issuance of the notes and the execution of the Indenture has been authorized by a resolution of the issuer's board of directors passed at a meeting of the issuer's board of directors held on March 5, 2014.

10. We have patent applications for over 440 different technical processes, as of December 31, 2013 and have registered approximately 40 patents in 2013. As of the date of the issuance of the notes and as otherwise as disclosed in this offering memorandum, the Company has no definitive material investment plans that are not in the ordinary course of its business.
11. Each of the Subsidiary Guarantors are engaged in the principal activity of supply, production, manufacture and sale of interior automobile components. The table below sets out the registered office address of each Subsidiary Guarantor:

<b>Subsidiary Guarantor</b>	<b>Country</b>	<b>Registered Office</b>
Grupo Antolín Bohemia, a.s.	Czech Republic	U Nísy 108, 463 31 Chrástava (Liberec)
Grupo Antolín Ostrava, s.r.o.	Czech Republic	Na Rovince 917, PSC 720 00 (Ostrava)
Grupo Antolín Turnov, s.r.o.	Czech Republic	Průmyslová 3000 511 01 (Turnov)
CML Innovative Technologies GmbH & Co. KG	Germany	Kirschäckerstr. 9, 96052 Bamberg
Grupo Antolín-Deutschland GmbH	Germany	An der Klanze 4 D-38554, Weyhausen
Grupo Antolín-Logistik Deutschland GmbH	Germany	Schanzenstrasse 27, 51063, Cologne
Grupo Antolín-Silao, S.A. de C.V.	Mexico	Avda. Ingenieros, 51, Parque Industrial Silao (Silao)
Grupo Antolín-Salttillo S. de R.L. de C.V.	Mexico	Jesús Valdez Sánchez Km. 8.52, Parque Industrial de Arteaga, Coahuila, C.P. 25350
Grupo Antolín-Lusitânia Componentes Automóvel, S.A.	Portugal	Zona Industrial Polo 2 – Freguesia de Campos 4920-247 – Vila Nova de Cerveira
Grupo Antolín Valença-Componentes Automóvel, S.U.L.	Portugal	Lote 3.2, Alto da Forca e Bragadelas, freguesia de Gandra, concelho de Valença
Grupo Antolín-Bratislava, s.r.o.	Slovakia	Opletalova 73, 841 07 Bratislava- Devínska Nová Ves
Grupo Antolín-Aragusa, S.A.U.	Spain	Monte de la Abadesa Parque Empresarial, (Burgos)
Grupo Antolín-Ardasa, S.A.U.	Spain	C/ López Bravo s/n Pol. Industrial de Villalonquéjar (Burgos).
Grupo Antolín-Autotrim, S.A.U.	Spain	Carretera Madrid-Irún km. 244,8 (Burgos)
Grupo Antolín-Dapsa, S.A.U.	Spain	C/ Alcalde Martín Cobos s/n (Pol. Ind. Gamonal Villimar, Burgos).
Grupo Antolín-Eurotrim, S.A.U.	Spain	Carretera Madrid-Irún, km. 244,8 (Burgos)
Grupo Antolín-Glass, S.A.U.	Spain	Carretera Madrid-Irún, km. 244,8 (Burgos)
Grupo Antolín-Ingeniería, S.A.U.	Spain	Carretera Madrid-Irún, km. 244,8 (Burgos)
Grupo Antolín-Martorell, S.A.U.	Spain	Carretera Madrid-Irún, km. 244,8 (Burgos)
Grupo Antolín-Navarra, S.A.U.	Spain	Polígono Industrial Arazuri Orcoyen Calle D (Parcela 3.1.) 31170 Arazuri. (Navarra)
Grupo Antolín-PGA, S.A.U.	Spain	Polígono Industrial De “As Gandaras”, Parcela R (Mitad Norte), 36400, Porriño (Pontevedra)
Grupo Antolín-Plasbur, S.A.U.	Spain	C/ Condado de Treviño nº 21, Polígono Industrial de Villalonquéjar. (Burgos)
Grupo Antolín-RYA, S.A.U.	Spain	Carretera Madrid-Irún, km. 244,8 (Burgos)
Grupo Antolín-Leamington, Ltd.	United Kingdom	Tachbrook Park Drive. Leamington Spa, Warwick, Warwickshire, CV346RH
Grupo Antolín-U.K. Ltd.	United Kingdom	Tachbrook Park Drive, Leamington Spa, Warwick, Warwickshire, CV346RH
Grupo Antolín-North América, Inc.	United States	1700 Atlantic Blvd., Auburn Hills, MI-48307 Michigan
Grupo Antolín-Kentucky, Inc.	United States	1700 Atlantic Blvd., Auburn Hills, MI-48307 Michigan
Grupo Antolín-Illinois, Inc.	United States	1700 Atlantic Blvd., Auburn Hills, MI-48307 Michigan
Grupo Antolín-Michigan, Inc.	United States	1700 Atlantic Blvd., Auburn Hills, MI-48307 Michigan

## INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>Audited Consolidated Financial Statements of the Company for the year ended December 31, 2013:</b>	
Independent auditor's report on Grupo Antolin-Irausa, S.A. and Subsidiaries.....	F-2
Consolidated statement of financial position as at December 31, 2013.....	F-3
Consolidated income statement for the year ended December 31, 2013 .....	F-5
Consolidated statement of comprehensive income for the year ended December 31, 2013 .....	F-6
Consolidated statement of changes in equity for the year ended December 31, 2013.....	F-7
Consolidated statement of cash flows for the year ended December 31, 2013.....	F-8
Notes to the consolidated financial statements for the year ended December 31, 2013. ....	F-9
<b>Audited Consolidated Financial Statements of the Company for the year ended December 31, 2012:</b>	
Independent auditor's report on Grupo Antolin-Irausa, S.A. and Subsidiaries.....	F-114
Consolidated statement of financial position as at December 31, 2012.....	F-115
Consolidated income statement for the year ended December 31, 2012 .....	F-117
Consolidated statement of comprehensive income for the year ended December 31, 2012 .....	F-118
Consolidated statement of changes in equity for the year ended December 31, 2012.....	F-119
Consolidated statement of cash flows for the year ended December 31, 2012.....	F-120
Notes to the consolidated financial statements for the year ended December 31, 2012. ....	F-121
<b>Audited Consolidated Financial Statements of the Company for the year ended December 31, 2011:</b>	
Independent auditor's report on Grupo Antolin-Irausa, S.A. and Subsidiaries.....	F-220
Consolidated balance sheet as at December 31, 2011.....	F-221
Consolidated income statement for the year ended December 31, 2011 .....	F-223
Consolidated statement of comprehensive income for the year ended December 31, 2011 .....	F-224
Consolidated statement of changes in equity for the year ended December 31, 2011.....	F-225
Consolidated statement of cash flows for the year ended December 31, 2011.....	F-226
Notes to the consolidated financial statements for the year ended December 31, 2011 .....	F-227
<b>Opening Balance Sheet of the Issuer as at February 21, 2014 .....</b>	<b>F-240</b>

*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.*

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of  
Grupo Antolin-Irausa, S.A.:

1. We have audited the consolidated financial statements of GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES ("the Group"), which comprise the consolidated balance sheet at 31 December 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. The directors of Grupo Antolin-Irausa, S.A. ("the Parent") are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group (identified in Note 2 to the accompanying consolidated financial statements). Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.
2. In our opinion, the accompanying consolidated financial statements for 2013 present fairly, in all material respects, the consolidated equity and consolidated financial position of Grupo Antolin-Irausa, S.A. and Subsidiaries at 31 December 2013, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.
3. The accompanying consolidated directors' report for 2013 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2013. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the consolidated companies.

DELOITTE S.L.  
Registered in ROAC under no. S0692

Rodrigo Cabrejas

28 February 2014

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 27).  
In the event of a discrepancy, the Spanish-language version prevails.*

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2013 AND  
2012 (NOTES 1 TO 6)**

(Thousands of Euros)

	<u>31-12-13</u>	<u>31-12-12</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS:</b>		
<b>Intangible assets (Note 7)—</b> .....	<b>199,440</b>	<b>194,628</b>
Goodwill .....	52,766	52,766
Other intangible assets .....	146,674	141,862
<b>Property, plant and equipment (Note 8)</b> .....	<b>428,565</b>	<b>448,494</b>
<b>Investment property</b> .....	<b>4,756</b>	<b>4,814</b>
<b>Investments in companies accounted for using the equity method (Note 1)</b> .....	<b>15,566</b>	<b>14,464</b>
<b>Non-current financial assets (Note 9)</b> .....	<b>5,727</b>	<b>27,192</b>
<b>Deferred tax assets (Note 20)</b> .....	<b>82,706</b>	<b>88,867</b>
<b>Total non-current assets</b> .....	<b><u>736,760</u></b>	<b><u>778,459</u></b>
<b>CURRENT ASSETS:</b> .....		
<b>Non-current assets held for sale</b> .....	—	1,390
<b>Inventories (Note 10)</b> .....	<b>262,766</b>	<b>242,855</b>
<b>Trade and other receivables—</b> .....	<b>237,410</b>	<b>241,049</b>
Trade receivables .....	178,027	178,594
Associates (Note 22) .....	2,317	4,009
Other receivables (Note 11) .....	65,136	65,376
Provisions .....	(8,070)	(6,930)
<b>Other current financial assets (Note 9)</b> .....	<b>3,832</b>	<b>6,690</b>
<b>Cash and bank balances (Note 12)</b> .....	<b>170,502</b>	<b>210,439</b>
<b>Total current assets</b> .....	<b><u>674,510</u></b>	<b><u>702,423</u></b>
<b>TOTAL ASSETS</b> .....	<b><u>1,411,270</u></b>	<b><u>1,480,882</u></b>

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of financial position at 31 December 2013.

	31-12-13	31-12-12
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY (Notes 13 and 14):</b>		
<b>CAPITAL AND RESERVES—</b> .....	<b>248,825</b>	<b>331,884</b>
Share capital.....	37,469	37,469
Share premium .....	72,578	72,578
<b>Reserves—</b> .....	<b>201,107</b>	<b>180,214</b>
Other reserves of the Parent.....	(992)	(8,254)
Reserves of fully and proportionally consolidated companies.....	188,456	177,570
Reserves of companies accounted for using the equity method.....	13,643	10,898
<b>Profit attributable to the Parent</b> .....	<b>55,876</b>	<b>41,623</b>
<b>Interim dividend</b> .....	<b>(118,205)</b>	<b>—</b>
<b>REMEASUREMENTS—</b> .....	<b>(56,858)</b>	<b>(27,953)</b>
Available-for-sale financial assets .....	—	7,337
Hedging instruments .....	(654)	(8,929)
Exchange differences .....	(55,300)	(25,274)
Other.....	(904)	(1,087)
Equity attributable to the Parent.....	191,967	303,931
<b>NON-CONTROLLING INTERESTS</b> .....	<b>46,501</b>	<b>43,720</b>
<b>Total equity</b> .....	<b>238,468</b>	<b>347,651</b>
<b>NON-CURRENT LIABILITIES:</b>		
Grants (Note 15).....	6,937	8,315
Non-current provisions (Note 16).....	23,302	19,212
<b>Non current financial liabilities—</b> .....	<b>532,652</b>	<b>439,355</b>
Bank borrowings and debentures or other marketable securities (Note 17).....	487,481	386,642
Derivatives (Note 18).....	5,658	12,756
Other financial liabilities (Note 19).....	39,513	39,957
<b>Deferred tax liabilities (Note 20)</b> .....	<b>25,021</b>	<b>30,085</b>
<b>Total non-current liabilities</b> .....	<b>587,912</b>	<b>496,967</b>
<b>CURRENT LIABILITIES:</b>		
<b>Current provisions</b> .....	<b>2,098</b>	<b>1,664</b>
<b>Current financial liabilities—</b> .....	<b>55,315</b>	<b>121,183</b>
Bank borrowings and debentures or other .....		
marketable securities (Note 17) .....	54,226	120,078
Other financial liabilities (Note 19).....	1,089	1,105
<b>Trade and other payables—</b> .....	<b>492,178</b>	<b>474,844</b>
Trade, sundry and other payables .....	421,652	400,776
Current tax liabilities (Note 20).....	16,215	14,733
Other taxes and Social Security contributions (Note 20).....	54,311	59,335
<b>Other current liabilities</b> .....	<b>35,299</b>	<b>38,573</b>
<b>Total current liabilities</b> .....	<b>584,890</b>	<b>636,264</b>
<b>TOTAL EQUITY AND LIABILITIES</b> .....	<b>1,411,270</b>	<b>1,480,882</b>

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of financial position at 31 December 2013.



Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**CONSOLIDATED INCOME STATEMENT**

**FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012 (NOTES 1 TO 6)**

**(Thousands of Euros)**

	<u>2013</u>	<u>2012</u>
<b>CONTINUING OPERATIONS:</b>		
Revenue (Note 21).....	2,128,152	2,086,988
Changes in inventories of finished goods and work in progress .....	3,371	8,336
Capital grants and other grants taken to income (Note 15).....	1,321	2,222
Other operating income (Note 21) .....	64,710	63,192
<b>Total operating income</b> .....	<b>2,197,554</b>	<b>2,160,738</b>
Supplies (Note 21).....	(1,325,287)	(1,286,911)
Staff costs (Note 21).....	(398,548)	(386,670)
Depreciation and amortisation expense .....	(102,189)	(108,470)
Change in trade provisions .....	(166)	(1,056)
Other operating expenses.....	(286,526)	(298,048)
Less- Own work capitalised.....	51,212	36,247
<b>Total operating expenses</b> .....	<b>(2,061,504)</b>	<b>(2,044,908)</b>
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b> .....	<b>136,050</b>	<b>115,830</b>
Finance income.....	5,076	6,755
Finance costs .....	(36,279)	(38,963)
Net fair value gain/(loss) on financial instruments (Notes 9 and 13).....	(4,724)	(4,120)
Exchange differences.....	(3,532)	5,836
Impairment and gains/(losses) on disposal of financial instruments (Note 9).....	13,250	561
<b>NET FINANCE INCOME</b> .....	<b>(26,209)</b>	<b>(29,931)</b>
Net impairment loss on non-current assets (Notes 3-b, 7 and 8).....	(7,092)	(9,975)
Gain/(loss) on disposal of non-current assets (Notes 7 and 8).....	(726)	(1,730)
Profit of companies accounted for using the equity method (Note 1).....	1,497	2,737
<b>PROFIT BEFORE TAX</b> .....	<b>103,520</b>	<b>76,931</b>
Corporate income tax (Note 20) .....	(36,959)	(27,627)
<b>NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b> .....	<b>66,561</b>	<b>49,304</b>
Profit for the year from discontinued operations, net of taxes .....	—	—
<b>CONSOLIDATED PROFIT FOR THE YEAR</b> .....	<b>66,561</b>	<b>49,304</b>
<b>Profit attributable to non-controlling interests (Note 13)</b> .....	<b>(10,685)</b>	<b>(7,681)</b>
<b>Profit attributable to the Parent</b> .....	<b>55,876</b>	<b>41,623</b>
<b>Earnings per share (Note 14) (Euros)-</b>		
From continuing operations:		
Basic.....	6,96	5,19
Diluted.....	6,96	5,19

The accompanying Notes 1 to 27 are an integral part of the consolidated income statement for the year ended 31 December 2013.

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.*

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE YEARS ENDED 2013 AND 2012 (NOTES 1 TO 6)**

**(Thousands of Euros)**

	<u>2013</u>	<u>2012</u>
<b>CONSOLIDATED PROFIT FOR THE YEAR (I)</b>	<b>66,561</b>	<b>49,304</b>
<b>Items that may be reclassified subsequently to the consolidated income statement—</b>		
—From measurement of financial instruments (Note 13).....	2,767	(3,562)
—From cash flow hedges (Notes 13 and 18).....	487	(5,515)
—From exchange differences (Note 13).....	(35,161)	(6,551)
—From actuarial gains and losses (Notes 13 and 16).....	183	(1,087)
—Tax effect (Note 13).....	(976)	2,723
<b>TOTAL ITEMS RECOGNISED DIRECTLY IN CONSOLIDATED EQUITY (II)</b> .....	<b>(32,700)</b>	<b>(13,992)</b>
<b>Items reclassified to the consolidated income statement—</b>		
—From measurement of financial instruments (Note 13).....	(13,250)	4,120
—From cash flow hedges (Notes 13 and 18).....	11,335	4,826
—Tax effect (Note 13).....	575	(2,684)
<b>TOTAL ITEMS RECLASSIFIED TO THE CONSOLIDATED INCOME STATEMENT FOR THE YEAR (III)</b> .....	<b>(1,340)</b>	<b>6,262</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR (I+II+III)</b> .....	<b>32,521</b>	<b>41,574</b>
<b>Total comprehensive income attributable to the Parent</b> .....	<b>26,971</b>	<b>33,140</b>
<b>Total comprehensive income attributable to non-controlling interests</b> .....	<b>5,550</b>	<b>8,434</b>

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2013.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting requirements (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.

## GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN THE YEARS ENDED 31 DECEMBER 2013

	Thousands of Euros									
	Reserves									
	Share Capital	Share Premium	Other Reserves of the Parent		Reserves of Fully and Proportionally Consolidated Companies	Reserves of Companies Accounted for Using the Equity Method	Profit Attributable to the Parent	Interim Dividend	Financial Assets Classified as Available for Sale	Hedging Instruments
Restricted			Other Reserves							
<b>Balance at 31 December 2011</b> .....	<b>37,469</b>	<b>72,578</b>	<b>7,535</b>	<b>(9,830)</b>	<b>154,678</b>	<b>7,769</b>	<b>40,062</b>	—	<b>6,947</b>	—
Adjustments for changes in accounting policy 2011 .....	—	—	—	—	—	—	—	—	—	—
Adjustments to correct errors 2011 .....	—	—	—	—	—	—	—	—	—	—
<b>Adjusted balance at 1 January 2012</b> .....	<b>37,469</b>	<b>72,578</b>	<b>7,535</b>	<b>(9,830)</b>	<b>154,678</b>	<b>7,769</b>	<b>40,062</b>	—	<b>6,947</b>	—
Consolidated recognised income and expense .....	—	—	—	—	—	—	41,623	—	—	390
Allocation of profit for the year ended 31 December 2011:										
—To Reserves .....	—	—	100	—	23,841	3,137	(27,078)	—	—	—
—To Dividend.....	—	—	—	—	—	—	(12,984)	—	—	—
Distribution of dividends charged to reserves .....	—	—	—	(7,016)	—	—	—	—	—	—
Capital contributions by non-controlling interests and dividends, net (Note 13) .....	—	—	—	—	—	—	—	—	—	—
Other changes .....	—	—	—	957	(949)	(8)	—	—	—	—
<b>Balance at 31 December 2012</b> .....	<b>37,469</b>	<b>72,578</b>	<b>7,635</b>	<b>(15,889)</b>	<b>177,570</b>	<b>10,898</b>	<b>41,623</b>	—	<b>7,337</b>	—
Adjustments for changes in accounting policy 2012 .....	—	—	—	—	—	—	—	—	—	—
Adjustments to correct errors 2012 .....	—	—	—	—	—	—	—	—	—	—
<b>Adjusted balance at 1 January 2013</b> .....	<b>37,469</b>	<b>72,578</b>	<b>7,635</b>	<b>(15,889)</b>	<b>177,570</b>	<b>10,898</b>	<b>41,623</b>	—	<b>7,337</b>	—
Consolidated recognised income and expense .....	—	—	—	—	—	—	55,876	—	—	(7,337)
Allocation of profit for the year ended 31 December 2012:										
—To Reserves .....	—	—	—	7,383	10,703	2,737	(20,823)	—	—	—
—To Dividend.....	—	—	—	—	—	—	(20,800)	—	—	—
Distribution of interim dividends out of 2013 profit .....	—	—	—	—	—	—	—	(118,205)	—	—
Capital contributions by non-controlling interests and dividends, net (Note 13) .....	—	—	—	—	—	—	—	—	—	—
Other changes .....	—	—	—	(121)	183	8	—	—	—	—
<b>Balance at 31 December 2013</b> .....	<b>37,469</b>	<b>72,578</b>	<b>7,635</b>	<b>(8,627)</b>	<b>188,456</b>	<b>13,643</b>	<b>55,876</b>	<b>(118,205)</b>	—	—

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2013.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEARS ENDED 31 DECEMBER 2013 AND 2012 (NOTES 1 TO 6)**

**(Thousands of Euros)**

	<b>2013</b>	<b>2012</b>
<b>1. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Consolidated profit for the year before taxes .....	<b>103,520</b>	<b>76,931</b>
<b>Adjustments for:</b>		
Depreciation and amortisation expenses .....	102,189	108,259
Allocation to/(reversal of) current provisions .....	616	5,016
Allocation to/(reversal of) non-current provisions .....	9,728	4,116
Capital grants and other grants taken to income (Note 15) .....	(1,321)	(2,222)
Finance income and expense .....	21,485	29,931
Net impairment loss on non-current assets .....	7,092	10,728
Gain/(loss) on disposal of non-current assets (Notes 7 and 8) .....	726	1,730
Net fair value gain/(loss) on financial instruments .....	4,724	4,120
Profit of companies accounted for using the equity method (Note 1) .....	(1,497)	(2,737)
<b>Operating profit before movements in working capital .....</b>	<b>247,262</b>	<b>235,872</b>
(Increase)/decrease in trade and other receivables .....	3,639	40,659
(Increase)/decrease in inventories .....	(19,911)	(31,907)
(Increase)/decrease in other current assets .....	—	—
Increase/(decrease) in trade and other payables .....	15,378	(4,661)
Increase/(decrease) in other current liabilities .....	(3,274)	11,266
Capital grants received/(repaid), net .....	—	65
Payments of provisions .....	(4,592)	(7,126)
Unrealised exchange differences and other items .....	(8,772)	(11,399)
<b>Cash generated from operations .....</b>	<b>229,730</b>	<b>232,769</b>
<b>Corporate income tax paid .....</b>	<b>(33,680)</b>	<b>(25,886)</b>
<b>Net cash generated by/(used in) operating activities .....</b>	<b>196,050</b>	<b>206,883</b>
<b>2. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividends received Note 1 .....	<b>474</b>	<b>2,034</b>
<b>Proceeds from Note 1 of:</b>		
Property, plant and equipment .....	3,761	1,791
Non-current financial assets (Note 9) .....	22,011	3,631
Current financial assets .....	2,858	6,695
Non-current assets held for sale .....	1,500	—
<b>Payments for investments in:</b>		
Group and associated companies (Note 5) .....	(3,288)	(70,403)
Property, plant and equipment .....	(76,803)	(82,620)
Intangible assets .....	(43,571)	(38,336)
Investment property .....	—	(43)
Non-current financial assets .....	(956)	(3,624)
<b>Net cash generated by/(used in) investing activities .....</b>	<b>(94,014)</b>	<b>(180,875)</b>
<b>3. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
<b>Proceeds from/(payments for) equity instruments:</b>		
Returns to non-controlling interests (Note 13) .....	(2,769)	(4,794)
<b>Proceeds from/(payments for) financial liabilities:</b>		
Repayment of syndicated loan (Note 17) .....	(249,689)	(31,176)
Proceeds from syndicated bridge loan (Note 17) .....	400,000	—
Proceeds from other bank borrowings, net .....	(115,324)	90,779
Proceeds from/(repayment of) other financial liabilities, net .....	(460)	(12,385)
<b>Other cash flows from financing activities:</b>		
Finance income and expense paid, net .....	(34,726)	(27,938)
<b>Dividends paid and payments on other equity instruments (Note 13) .....</b>	<b>(139,005)</b>	<b>(20,000)</b>
<b>Net cash generated by/(used in) financing activities .....</b>	<b>(141,973)</b>	<b>(5,514)</b>
<b>NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS .....</b>	<b>(39,937)</b>	<b>20,494</b>
<b>CASH OR CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR .....</b>	<b>210,439</b>	<b>189,945</b>
<b>CASH OR CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 12) .....</b>	<b>170,502</b>	<b>210,439</b>

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2013.

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.*

## **GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

### **NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2013**

##### **(1) DESCRIPTION OF THE GROUP**

###### **Parent and Group activities—**

Grupo Antolin-Irausa, S.A. (*hereinafter referred to as “the Parent”*) was set up on 5 November 1987, as “Grupo Antolin, S.A.”. Subsequently, on 1 November 1993, it adopted its current name “Grupo Antolin-Irausa, S.A.”. Its registered office is in Burgos, Carretera Madrid-Irún, km. 244.8.

###### *Corporate purpose of the Parent—*

The corporate purpose of Grupo Antolin-Irausa, S.A. is to manufacture, sell, process, import and export products relating to the car industry and similar products, as well as to acquire holdings or controlling interests in other companies engaging in business activities relating to said industry.

###### *Activities of the Group—*

Grupo Antolin-Irausa, S.A. (*hereinafter “the Group” or “Grupo Antolin”*) heads an international group made up of companies that engage basically in manufacturing and selling automobile components.

###### *Ownership of the Group—*

At 31 December 2013 all the share capital of the Parent was held directly or indirectly by Avot Inversiones, S.L., a company whose registered offices are in Burgos and whose owners are members of the Antolin family (see Note 13).

###### **Subsidiary companies—**

“Subsidiary companies” are defined as companies which the Group is able to effectively control. This ability is shown, in general but not exclusively, when the Parent directly or indirectly holds 50% or more of the voting power of the investee companies or, even when this percentage is lower or zero, there are other situations or agreements that mean that the Group has control. In accordance with IAS 27, control is “*the power to govern the financial and operating policies of a company so as to obtain benefits from its activities*”.

Set out below is the most significant financial information at 31 December 2013 about the subsidiary companies which have been included in the consolidated annual financial statements for 2013 as “fully consolidated companies”:

**Companies in which Grupo Antolin-Irausa, S.A. has a direct shareholding—**

Company	Registered Office	Activity	Percentage Held	Thousands of
				Euros Cost of the Holding
Grupo Antolin-Álava, S.L.U.	Vitoria	Automobile components	100.00	70
Grupo Antolin-Ara, S.L.U.	Burgos	Automobile components	100.00	13,565
Grupo Antolin-Aragusa, S.A.U.	Burgos	Automobile components	100.00	12,127
Grupo Antolin-Ardasa, S.A.U.	Burgos	Automobile components	100.00	10,495
Grupo Antolin-Autotrim, S.A.U.	Burgos (Plant: Almussafes)	Automobile components	100.00	1,328
Grupo Antolin-Dapsa, S.A.U.	Burgos	Automobile components	100.00	3,039
Grupo Antolin-Eurotrim, S.A.U.	Burgos	Automobile components	100.00	10,197
Grupo Antolin-Gestión de Inversiones, S.L.U.	Burgos	Holding company	100.00	60
Grupo Antolin-Glass, S.A.U.	Burgos	Provision of services	100.00	10,328
Grupo Antolin-Ingeniería, S.A.U.	Burgos	Technical studies	100.00	2,238
Grupo Antolin-Magnesio, S.L.U.	Burgos	Automobile components	100.00	10,209
Grupo Antolin-Martorell, S.A.U.	Burgos (Plant: Martorell)	Automobile components	100.00	9,224
Grupo Antolin-Navarra, S.A.U.	Pamplona	Automobile components	100.00	3,316
Grupo Antolin-RyA, S.A.U.	Burgos (Plant: Valladolid)	Automobile components	100.00	5,704
Grupo Antolin-Plasbur, S.A.U.	Burgos	Automobile components	100.00	1,862
Grupo Antolin-PGA, S.A.U.	Porriño (Pontevedra)	Automobile components	100.00	2,225
Grupo Antolin-Vigo, S.L.U.	Burgos	Automobile components	100.00	6,003
Grupo Antolin-Valplas, S.A.U.	Burgos (Plant: Sollana-Valencia)	Automobile components	100.00	60
ASH Reciclado de Techos, S.L.	Burgos	Recycling industrial waste	96.43	2,748
Cidut, S.L.	Burgos	Automobile components	50.00 <sup>(a)</sup>	370
Keyland Sistemas de Gestión, S.L.	Burgos	Provision of services	50.00 <sup>(a)</sup>	100
Grupo Antolin-Lusitânia, S.A.	Vila Nova (Portugal)	Automobile components	100.00	2,658
Grupo Antolin-Valença Componentes Automóvel, S.L.	Valença do Minho (Portugal)	Automobile components	100.00	1,400
Grupo Antolin-France, S.A.S.	Saint-Etienne (France)	Holding company and Technical services and sales	92.56 <sup>(b)</sup>	196,974
Alba Speziallampen Holding, GmbH	Bamberg (Germany)	Holding company	100.00 <sup>(c)</sup>	74,409
Grupo Antolin-Autoform, GmbH & Co. KG.	Saal Donau (Germany)	Automobile components	74.32 <sup>(b)</sup>	29,624
Grupo Antolin-Deutschland, GmbH	Weyhausen (Germany)	Technical services and sales	100.00	1,292
Grupo Antolin-Logistik Deutschland, GmbH	Cologne (Germany)	Automobile components	100.00	6,279
Grupo Antolin-Italia, S.r.L.	Milan (Italy)	Automobile components	100.00	2,510
Grupo Antolin-Amsterdam, B.V.	Amsterdam (Netherlands)	Holding company	100.00	2,427
Grupo Antolin-Holland, B.V.	Amsterdam (Netherlands)	Holding company	100.00	75,569
Broomco (3051), Ltd.	Bury St Edmunds (United Kingdom)	Holding company	100.00 <sup>(c)</sup>	—
Grupo Antolin-UK, Ltd.	Essex (United Kingdom)	Technical services and sales	100.00	766
Antolin-CIE Czech Republic, s.r.o.	Hranická (Czech Republic)	Automobile components	70.00	676
Grupo Antolin-Bohemia, a.s.	Chrastava (Czech Republic)	Automobile components	100.00	36,235
Grupo Antolin-Ostrava, s.r.o.	Hranická (Czech Republic)	Automobile components	100.00	3,400
Grupo Antolin-Turnov, s.r.o.	Turnov (Czech Republic)	Automobile components	100.00	6,415
Grupo Antolin-Bratislava, s.r.o.	Bratislava (Slovakia)	Automobile components	100.00	704
Silesia Plastic, Sp. zo.o.	Wroclaw (Poland)	Automobile components	50.00 <sup>(a)</sup>	5,310
Antolin Avtotechnika Nizhny Nóvgorod, Ltd.	Nizhny Nóvgorod (Russia)	Automobile components	75.00	1,422
Grupo Antolin-Saint Petersburg	Saint Petersburg (Russia)	Automobile components	100.00	30,835
Antolin Tánger, S.A.R.L.	Tangiers (Morocco)	Automobile components	100.00	14,100
Grupo Antolin-South Africa, Ltd.	Port Elizabeth (South Africa)	Automobile components	100.00	12,445
Gestión Industrial de Sonora, S.A. de C.V.	Hermosillo (Mexico)	Provision of services	99.99	151
Grupo Antolin-Salttilo, S. de R.L. de C.V.	Salttilo (Mexico)	Automobile components	99.99	10,832
Grupo Antolin-Silao, S.A. de C.V.	Silao (Mexico)	Automobile components	70.82 <sup>(b)</sup>	31,501
Intertrim, Ltda.	Caçapava (Brazil)	Automobile components	85.28	9,511
Trimtec, Ltda.	Caçapava (Brazil)	Automobile components	100.00	98,358
Grupo Antolin-Japan, Co.	Tokyo (Japan)	Technical services and sales	100.00	587
Antolin Shanghai Auto-Parts Co., Ltd.	Shanghai (China)	Automobile components	100.00	4,000
Chongqing Antolin Tuopu Overhead System Co., Ltd.	Chongqing (China)	Automobile components	61.00	1,084
Ningbo Antolin Huaxiang Auto Parts Co., Ltd.	Ningbo (China)	Automobile components	50.00 <sup>(a)</sup>	3,700
Guangzhou Antolin Auto-Parts Co., Ltd.	Guangzhou (China)	Automobile components	100.00	1,500
Yangzhou Antolin Huaxiang Auto-Parts Co., Ltd.	Yangzhou (China)	Automobile components	50.00 <sup>(a)</sup>	3,200
Grupo Antolin-Korea, L.L.C.	Amwon-si (South Korea)	Automobile components	100.00	350
Grupo Antolin-Pune PVT, Ltd.	Pune (India)	Automobile components	99.99 <sup>(b)</sup>	17,053
Krishna Grupo Antolin Private, Ltd.	Chandigarh (India)	Automobile components	50.00 <sup>(a)</sup>	503
				<b>793,048</b>

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**(1) DESCRIPTION OF THE GROUP**

*Companies in which the Group has a shareholding via other consolidated companies—*

Company	Registered Office	Activity	Percentage Held	Thousands of Euros Cost of the Holding
<b>Company in which the Group has a shareholding via Grupo Antolin-Glass, S.A.U.—</b>				
Grupo Antolin-Autoform, GmbH & Co. KG.	Saal Donau (Germany)	Automobile components	25.68 <sup>(b)</sup>	10,179
<b>Company in which the Group has a shareholding via Grupo Antolin-Ingenieria, S.A.U.—</b>				
Grupo Antolin-Pune PVT, Ltd.	Pune (India)	Automobile components	0.01 <sup>(b)</sup>	—
<b>Companies in which the Group has a shareholding via Grupo Antolin-Holland, B.V.—</b>				
Grupo Antolin-France, S.A.S.	Saint-Etienne (France)	Holding company	7.44 <sup>(b)</sup>	15,802
Grupo Antolin-Silao, S.A. de C.V.	Silao (Mexico)	Automobile components	29.18 <sup>(b)</sup>	14,237
Grupo Antolin-Leamington, Ltd.	Kent (United Kingdom)	Automobile components	100.00	50,906
<b>Company in which the Group has a shareholding via Grupo Antolin-Amsterdam, B.V.—</b>				
Ototrim Panel Sanayi ve Ticaret, A.S.	Bursa (Turkey)	Automobile components	50.00 <sup>(a)</sup>	2,413
Irauto, S.A.	Buenos Aires (Argentina)	Automobile components	50.00 <sup>(a)</sup>	2,065
<b>Companies in which the Group has a shareholding via Grupo Antolin-Gestión de Inversiones, S.L.U.—</b>				
Grupo Antolin-North America, Inc.	Detroit (United States)	Technical services and sales	100.00	232,000
<b>Companies in which the Group has a shareholding via Grupo Antolin-North America, Inc.—</b>				
Grupo Antolin-Kentucky, Inc.	Kentucky (United States)	Automobile components	100.00	20,033
Grupo Antolin-Michigan, Inc.	Marlette (United States)	Automobile components	100.00	12,495
Grupo Antolin-Illinois, Inc.	Troy (United States)	Automobile components	100.00	2,649
Grupo Antolin-Missouri, LLC	Clayton (United States)	Automobile components	100.00	1
<b>Companies in which the Group has a shareholding via Grupo Antolin-France, S.A.S.—</b>				
Grupo Antolin-IGA, S.A.S.	Henin Beaumont (France)	Automobile components	100.00	57,953
Grupo Antolin-Vosges, S.A.S.	Rupt-Sur-Moselle (France)	Automobile components	100.00	53,196
Grupo Antolin-Ingenierie Sièges, S.A.S.	Roche La Moliere (France)	Technical studies	100.00	1,821
Grupo Antolin-Loire, S.A.S.	Roche La Moliere (France)	Automobile components	100.00	40,100
Grupo Antolin-Cambrai, S.A.S.	Paris (France)	Automobile components	100.00	33,000
Grupo Antolin-Jarny, S.A.S.	Jarny (France)	Automobile components	100.00	12,400
CML Innovative Technologies, S.A.S.	Besançon (France)	Automobile components	100.00 <sup>(c)</sup>	65,000
<b>Companies in which the Group has a shareholding via Keyland Sistemas de Gestión, S.L.—</b>				
Keyland USA, Inc.	Auburnhill (United States)	Provision of services	100.00	4
Keyland México, S. de R.L. de C.V.	Mexico D.C. (Mexico)	Provision of services	100.00	—
<b>Companies in which the Group has a shareholding via International Door Company, B.V. (in which the Group has a 50% holding)—</b>				
Iramec Autopeças, Ltda.	Caçapava (Brazil)	Automobile components	100.00	1,300
Mexican Door Company, S.R.L. de C.V.	Mexico D.C. (Mexico)	Automobile components	100.00	7,866
<b>Company in which the Group has a shareholding via Broomco (3051), Ltd.—</b>				
CML Innovative Technologies, Ltd.	Bury St Edmunds (United Kingdom)	Lighting products	100.00 <sup>(c)</sup>	7,982
<b>Company in which the Group has a shareholding via Alba Speziallampen Holding, GmbH—</b>				
CML Innovative Technologies, s.r.o.	Hranice (Czech Republic)	Automobile components	100.00 <sup>(c)</sup>	116
CML Technologies, GmbH & Co. KG.	Bad Durkheim (Germany)	Lighting products	100.00 <sup>(c)</sup>	9,711
CML Innovative Technologies, GmbH & Co. KG.	Bamberg (Germany)	Automobile components	100.00 <sup>(c)</sup>	30,660
<b>Companies in which the Group has a shareholding via CML Innovative Technologies, S.A.S.—</b>				
CML Innovative Technologies, S.R.L.	Sibiu (Romania)	Automobile components	100.00 <sup>(c)</sup>	306
Guangzhou Socop Lamps Co, Ltd.	Guangzhou (China)	Automobile components	100.00 <sup>(c)</sup>	1,310
				<b>685,505</b>

- (a) These companies, in which the Group has a 50% holding, have been included in the consolidated financial statements for 2013 as “*fully consolidated companies*”, because in practice the Group has effective control over them.
- (b) As indicated in the tables above, the Group has direct or indirect shareholdings in the share capital of these subsidiary companies, bringing the total holding in their capital up to 100%.
- (c) Companies comprising the subgroup “CML Innovative Technologies”, acquired by the Group in January 2012.

The following companies in which the Group has a majority shareholding were incorporated during 2013: Grupo Antolin-Gestión de Inversiones, S.L.U., Grupo Antolin-Valplas, S.A.U., Antolin-CIE Czech Republic, s.r.o., Antolin Avtotechnika Nizhny Nóvgorod; Ltd. and Grupo Antolin- Missouri, LLC.

During 2013 Grupo Antolin-H.F.R., S.A.S. absorbed its wholly-owned subsidiary Grupo Antolin-France, S.A.S., taking the name of the latter company.

#### **Financial year of the subsidiary companies—**

The financial year of all the subsidiary companies, like that of the Parent, is the same as the calendar year. The date of its individual financial statements used in consolidation is, therefore, 31 December 2013. The figures in the tables above correspond to the financial position at 31 December 2013. The financial position of the subsidiaries is stated in their individual financial statements.

#### **Audit of the individual annual financial statements of the subsidiary companies—**

The individual annual financial statements for 2013 of most of the subsidiary companies are audited by Deloitte or by other auditors. Set out below are the subsidiary companies whose annual financial statements are examined by auditors other than Deloitte:

<b>Company</b>	<b>Audited by</b>
Mexican Door Company, S.R.L. de C.V. ....	KPMG
Gestión Industrial de Sonora, S.A. de C.V. ....	KPMG
Grupo Antolin-Kentucky, Inc. ....	Urbach Hacker Young International, LLP
Grupo Antolin-Michigan, Inc. ....	Urbach Hacker Young International, LLP
Grupo Antolin-Illinois, Inc. ....	Urbach Hacker Young International, LLP
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	BDO China Li Xin Da Hua
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	Zhejiang Pan-China CPA, Ltd.
Yangzhou Antolin Huaxiang Auto Parts Co., Ltd. ....	Zhejiang Pan-China CPA, Ltd.
Guangzhou Antolin Auto-Parts Co., Ltd. ....	GuangZhou HuaDu CPA, Ltd.
Guangzhou Socop Lamps Co, Ltd. ....	Mazars
CML Innovative Technologies, s.r.o. ....	Chebska Auditorska spol. s.r.o.
CML Innovative Technologies, S.R.L. ....	T&T Audit, S.R.L.
Irauto, S.A. ....	Alberto A. Gonzales
Keyland Mexico, S. de R.L. de C.V. ....	Consultores y Auditores PSG, S.C.

#### **Holdings in joint ventures—**

“*Joint ventures*” are defined as contractual agreements whereby two or more companies or other entities (“*partners*”) carry out operations or hold assets in such a way that any strategic decision of a financial or operational nature that affects them requires the unanimous consent of all the partners, without said operations or assets being integrated into financial structures that are separate from the financial structures of the partners. “*Joint ventures*” are, moreover, deemed to be ventures that are not subsidiary but which are jointly controlled by two or more unrelated companies.

The only subsidiary company that is deemed to be a “*joint venture*” and has been consolidated *proportionally* is International Door Company, B.V., a holding company registered in Amsterdam (Netherlands), in which the Parent has a 50% holding (*this holding cost 2,158 thousand euros*). The other 50% is held by Küster Holding, GmbH.

The financial year of this company is also the same as the calendar year. The date of its individual financial statements used in consolidation is, therefore, 31 December 2013.

The figures for assets and liabilities, and the net turnover and the result for 2013 contributed by this “*joint venture*” are not significant compared to the corresponding figures for consolidated totals of the Group.

#### **Associates—**

“*Associates*” are defined as companies where the Group has powers to exercise a significant influence, albeit neither control nor joint control. Usually, this is because it holds, directly or indirectly, 20% or more of the voting power in the investee company.

The Group’s holdings in Associates (*accounted for in 2013 using the equity method*), and the corresponding carrying amounts recognised under “*Investments in companies accounted for using the equity method*” in the accompanying consolidated financial statements for the year ended 31 December 2013 and 2012, are as follows:



Company	Registered Office	Activity	Percentage of Group's Holding	Thousands of Euros	
				Carrying Amount at 31/12/12	Carrying Amount at 31/12/13
<b>Companies in which Group Antolin-Irausa, S.A. has a direct shareholdinga</b>					
Dongwon Technology Co., Ltd.....	Kyoung-Nam (South Korea)	Automobile components	30.00	5,333 <sup>(a)</sup>	2,836
Antolin Kasai Tek Chennai PVT, Ltd. .	Chennai (India)	Automobile components	50.00	2,685	3,115
NHK Antolin (Thailand) Co., Ltd.....	Samutprakarn (Thailand)	Automobile components	50.00	595 <sup>(b)</sup>	1,631 <sup>(b)</sup>
Antolin Kasai International Kabushiki Kaisya.....	Kanagawa (Japan)	Technical services and sales	50.00	—	54 <sup>(d)</sup>
<b>Company in which it has a shareholding via Ningbo Antolin Huaxiang Auto Parts Co., Ltd.—</b>					
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd. ....	Gongzhuling (China)	Automobile components	47.00 <sup>(c)</sup>	3,604	4,518
Dongguan Antolin Huaxiang Auto Parts Co., Ltd. ....	Dongguan (China)	Automobile components	50.00	—	— <sup>(d)</sup>
<b>Company in which the Group has a shareholding via Grupo Antolin-Kentucky, Inc.—</b>					
Grupo Antolin-Wayne, LLC.....	Wayne (United States)	Automobile components	49.00	1,575	3,359
<b>Companies in which the Group has a shareholding via International Door Company, B.V.—</b>					
Slovakian Door Company, s.r.o.....	Bratislava (Slovakia)	Automobile components	25.00	44	(220)
International Door Systems, S.R.L. de C.V. ....	Hermosillo (Mexico)	Automobile components <i>(currently inactive and being dissolved)</i>	25.00	628	273
				<b>14,464</b>	<b>15,566</b>

- (a) This amount at 31 December 2012 included goodwill totalling 2,344 thousand euros. Based on the current business plan of this Associate, an impairment loss has been recognised in 2013 for the full amount of this goodwill (see Note 3-b).
- (b) At 31 December 2012, the carrying amount of this investment was recognised net of uncalled capital pending payment totalling 2,005 thousand euros at that date. This amount was paid in during the first quarter of 2013.
- (c) This company, in turn, has a 100% shareholding in the capital of Chengdu Antolin Huaxiang Auto Interior Trim Co., Ltd. and Foshan Antolin Huaxiang Auto Interior Trim Co., Ltd. *(giving the Group an effective indirect holding in these companies of 47%)*. The carrying amount of the investment in Gongzhuling Huaxiang Auto Interior Trim Co., Ltd. at 31 December 2012 and 2013 included goodwill totalling 474 thousand euros.
- (d) Companies incorporated in 2013.

## GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2013

##### (1) DESCRIPTION OF THE GROUP

Movements in 2013 recorded under “Investments in companies accounted for using the equity method” in the consolidated statement of financial position were as follows:

	Thousands of Euros
<b>Balances at 31 December 2012</b> .....	<b>14,464</b>
Additions on the incorporation of companies and contributions effected .....	3,288
Profit of companies accounted for using the equity method .....	1,497
Impairment to goodwill .....	(2,344)
Dividends, exchange differences and other .....	(1,339)
<b>Balances at 31 December 2013</b> .....	<b>15,566</b>

During 2013 and 2012 the Group received dividends from International Door Systems, S.R.L. de C.V. totalling 474 thousand euros and 2,034 thousand euros, respectively, which were recognised as a reduction in the carrying amount of the investment.

##### *Financial year and audit of the individual annual financial statements of Associates included in the scope of consolidation—*

The financial year of Associates is also the same as the calendar year. The date of the individual annual financial statements used in consolidation is, therefore, 31 December 2013. These financial statements are being examined by the following auditors:

Company	Audited by
Grupo Antolin-Wayne, LLC.....	Urbach Hacker Young International, LLP
Slovakian Door Company, s.r.o.....	Auditea, s.r.o.
Dongwon Technology Co., Ltd. ....	PriceWaterhouseCoopers
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd. ....	Zhejiang Pan-China CPA, Ltd.

##### (2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION PRINCIPLES

###### a) *True and fair view—*

In accordance with Final Provision Eleven of Law 62/2003 on Tax, Administrative and Social Order Measures, of 30 December, companies with holdings are required to draw up consolidated annual financial statements and directors' reports. At year end none of the companies in the Group have issued shares that are listed on an official market of any member State of the European Union. They may therefore opt to present their consolidated annual financial statements for the years beginning from 1 January 2005 in accordance with Spanish accounting standards or in accordance with the International Financial Reporting Standards adopted by the European Union. Accordingly, Grupo Antolin-Irausa, S.A. decided to apply voluntarily, for the first time in the financial year 2007, said International Financial Reporting Standards adopted by the European Union for drawing up its consolidated annual financial statements.

The consolidated annual financial statements for 2013, which were prepared from the individual accounting records of the Parent and of the companies included in consolidation (*listed in Note 1*), are presented in accordance with the International Financial Reporting Standards adopted by the European Union (*hereinafter referred to as “IFRS-EU”*) and, accordingly, give a true and fair view of the Group's consolidated net worth, consolidated financial position at 31 December 2013, and results of operations, changes in consolidated equity and cash flows that have taken place during the year then ended.

These consolidated annual financial statements for 2013 have been prepared by the Directors of the Parent and will be submitted to the Annual General Meeting of Shareholders of the Parent for approval. They are expected to be approved unchanged.

The Group's consolidated financial statements for 2012 were approved by the General Meeting of Shareholders of the Parent held on 8 May 2013.

**b) Adopting new standards and interpretations issued—**

Grupo Antolin’s consolidated annual financial statements for the years ended on 31 December 2013 and 2012 have been drawn up in accordance with International Financial Reporting Standards, in accordance with the terms of Regulation (EC) No. 1606/2002 of the European Parliament and the Council dated 19 July 2002, taking into account all mandatory accounting principles, standards and measurement bases with a material impact and the alternatives permitted under the standards in this respect.

**Standards and interpretations in force in 2013—**

In 2013, the following new accounting standards have come into force and have been taken into account when drawing up the consolidated annual financial statements for 2013:

<u>Amendments:</u>		<u>Mandatory Application for Financial Years Beginning on or After:</u>
<i>Approved for use in the European Union</i>		
Amendment to IAS 1 .....	Presentation of items of other comprehensive income	1 July 2012
Amendment to IAS 12 .....	Income tax—deferred tax on investment property	1 January 2013
Amendment to IAS 19 .....	Employee benefits	1 January 2013
IFRS 13.....	Fair value measurement	1 January 2013
Amendment to IFRS 7 .....	Disclosures: Offsetting financial assets and financial liabilities	1 January 2013
IFRS Annual Improvements 2009-2011 Cycle.....	Minor amendments to a collection of standards	1 January 2013
Interpretation of IFRIC 20 .....	Stripping costs in the production phase of a surface mine	1 January 2013

- Amendment to IAS 1 “Presentation of Financial Statements”. This amendment changed the presentation of the statement of other comprehensive income so that items that may be reclassified subsequently to the consolidated income statement are stated separately.
- Amendment to IAS 12 “Income tax—deferred tax on investment property”. The amendment provides an exception to the general principles of IAS 12 in respect of investment property measured using the fair value model in accordance with IAS 40 “Property Investment”.
- Amendment to IAS 19 “Employee benefits” (issued in June 2011). The amendments mainly affect defined-benefit plans as one of the core changes is the elimination of the “corridor method”.
- IFRS 13 “Fair value measurement”. IFRS 13 defines fair value, provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement. Application is required prospectively as of the beginning of the annual reporting period in which the IFRS is initially applied. Comparative information need not be disclosed for periods before initial application (*the Group has not therefore disclosed comparative information for 2012*).
- Amendment to IFRS 7. The amendment adds a specific section setting out the disclosure requirements for financial assets and liabilities which are offset and also for instruments subject to an enforceable netting agreement or similar arrangement (IAS 32).
- IFRS Annual Improvements 2009-2011 Cycle. A number of minor amendments to the following standards were introduced: IAS 1 (*clarification of requirements for comparative information*), IAS 16 (*classification of servicing equipment*), IAS 32 (*tax effect of distributions to holders of equity instruments*) and IAS 34 (*interim financial reporting and segment information*).
- Interpretation of IFRIC 20. This interpretation deals with the accounting treatment of stripping costs in the production phase of a surface mine.

Adopting these standards, changes and interpretations had no material impact on the figures reported or on the presentation and analyses of the Group’s consolidated annual financial statements for 2013 (*except in regard to the presentation of the statement of comprehensive income*). The most significant impact is on the measurement of the Group’s derivative financial instruments, and the effect was not material (see Note 18).

## Standards and interpretations issued not in force—

As at the date these consolidated annual financial statements for 2013 were drawn up, the most significant standards, changes and interpretations that had been published by the IASB that had not yet come into force, either because their effective date is later than the date of the consolidated annual financial statements, or because they have not yet been endorsed by the European Union, are as follows:

<u>Standards, changes and interpretations:</u>	<u>Mandatory Application for Financial Years Beginning on or After:</u>
<i>Approved for use in the European Union</i>	
IFRS 10.....	Consolidated financial statements 1 January 2014 <sup>(*)</sup>
IFRS 11.....	Joint arrangements 1 January 2014 <sup>(*)</sup>
IFRS 12.....	Disclosure of interests in other entities 1 January 2014 <sup>(*)</sup>
IAS 27 (Revised).....	Separate financial statements 1 January 2014 <sup>(*)</sup>
IAS 28 (Revised).....	Investments in associates and joint ventures 1 January 2014 <sup>(*)</sup>
Amendment to IAS 32.....	Financial instruments: Presentation and offsetting financial assets and financial liabilities 1 January 2014
Transitional guidance:	Clarifying transitional guidance on the application of these standards 1 January 2014 <sup>(*)</sup>
Amendments to IFRS 10, 11 and 12.....	
Investment entities: Amendments to IFRS 10, IFRS 12 and IAS 27.....	Consolidation exemption for parent companies that meet the definition of an investment entity 1 January 2014
<i>Not approved for use in the European Union<sup>(*)</sup></i>	
IFRS 9.....	Financial instruments: Recognition and measurement (**)
Amendments to IAS 36.....	Recoverable amount disclosures for non-financial assets 1 January 2014
Amendments to IAS 39 issued in November 2013.....	Novation of derivatives and continuation of hedge accounting 1 January 2014
Amendment to IAS 19.....	Defined benefit plans: employee contributions 1 July 2014
IFRS Annual Improvements 2010-2012 and 2011-2013 Cycles.....	Minor amendments to a collection of standards 1 July 2014
IFRIC 21.....	Levies 1 January 2014

(\*) The Accounting Regulatory Committee of the EU deferred the effective dates for IFRS 10, 11 and 12 and new IAS 27 and 28 to the financial years beginning on or after 1 January 2014. The IASB's original effective date was 1 January 2013.

(\*\*) In November 2013 the IASB removed the mandatory effective date for IFRS 9. A new date will be set when the project is complete. The new date is unlikely to be before 1 January 2017.

None of the aforementioned standards has been applied prior to the mandatory effective date in 2013.

The Group has assessed the potential impacts of applying these standards in the future and consider that some of them may be significant for presenting and analysing certain items on the Group's consolidated financial statements, although they will not affect the profit and loss or the net equity attributable to the Parent.

Specifically, the Group has assessed the potential effect the application of IFRS 10, 11 and 12 would have on its annual financial statements, estimating that it would result in a slight decrease in total assets (*approximately 5%*) and in operating profit and EBITDA (*approximately 6% and 5%, respectively*), while net turnover would decrease by approximately 2%. There would be no effect on the profit and loss or the net equity attributable to the Parent.

### c) **Functional currency—**

The consolidated annual financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates. Foreign operations are recorded in accordance with the policies described in Notes 2-f and 3-L.

### d) **Comparative information—**

In accordance with the requirements of IAS 1, the information set out in these Notes to the financial statements relating to 2012 is presented, for the purposes of comparison, with the figures for 2013. The figures for 2012 that are presented in the consolidated annual financial statements for 2013 do not vary from the figures set out in the consolidated annual financial statements for 2012, which were approved by the General Meeting of Shareholders of the Parent held on 8 May 2013, except in regard to the presentation of the statement of other comprehensive income, which has been adapted in accordance with the Amendment to IAS 1 which came into force from 1 January 2013.

There have been no major changes in the accounting policies that affect 2013 and 2012. Neither have any corrections of errors relating to prior years been made, nor have any major changes been made in the accounting estimates that affect said years or that are likely to affect future years.

**e) *Responsibility for the information provided and estimates made***

The information set out in these consolidated annual financial statements for 2013 is the responsibility of the Directors of the Parent.

In preparing the annual financial statements for 2013 estimates made by senior management (*subsequently ratified by the Parent's Directors*) have been used on occasion to measure certain assets, liabilities, revenues, expenses and commitments that are recorded therein. These estimates basically refer to:

- The assessment of possible impairment losses on certain assets.
- The measurement of goodwill.
- The useful life of property, plant and equipment, intangible fixed assets and investment property.
- The classification of leases as operating or financial leases.
- The market value of certain financial instruments.
- The fair value of certain unlisted assets.
- The amount of the provisions.
- The application of deferred tax assets.
- The capacity to exercise effective control in some consolidated companies.

Although these estimates were made based on the best information available at 31 December 2013 for the events being analysed, future events may make it necessary to revise these estimates (*upward or downward*) in coming years. Any such changes would be applied prospectively, and the effects of the change in estimate would be taken to the consolidated income statement in the years affected, as provided for in IAS 8.

**f) *Consolidation principles—***

*Subsidiary companies—*

The individual annual financial statements of the *subsidiary companies* have been *fully consolidated* with those of the Parent and, therefore:

1. All major balances and transactions between the fully consolidated companies and material gains or losses on internal operations not carried out with third parties have been eliminated on consolidation.
2. In the consolidation process adjustments and reclassifications have been made so as to bring the accounting principles and policies used by the subsidiary companies into line with those used by the Parent.
3. When a subsidiary is acquired, its assets, liabilities and contingent liabilities are recorded at their fair values at the acquisition date. Any excess of the acquisition price over the fair values of the identifiable net assets acquired is recognised in “Intangible assets—Goodwill”. Negative differences are taken directly to income on the acquisition date.
4. The share of profit or loss and net changes in subsidiaries' equity attributable to non-controlling interests is calculated based on the voting rights existing at that time, excluding any potential exercisable or convertible rights. Any loss attributable to the non-controlling interests over and above the carrying amount of said non-controlling interests is charged to the holdings of the Parent, except when the non-controlling interests are under a binding obligation to cover part or all of the losses and provided that they are able to make the necessary additional investment.

5. The equity and results of the subsidiary companies attributable to non-controlling interests are presented in consolidated net equity, under “Non-controlling interests”, in the consolidated statement of financial position, and under “Profit attributable to non-controlling interests” in the consolidated income statement, respectively.
6. Changes in the net worth of the consolidated subsidiary companies since they were acquired that cannot be attributed to changes in the percentage held are recorded under “Equity—Reserves—Reserves of fully and proportionally consolidated companies” in the consolidated statement of financial position.
7. The results generated by subsidiary companies acquired during the year are included in the consolidated income statement only from the date of acquisition to the year end. Similarly, the results of subsidiary companies disposed of during the year are included in the consolidated income statement only as from the beginning of the year to the date of disposal.
8. Acquisitions from non-controlling shareholders of their holdings in subsidiary companies in which the Group already had effective control of the companies and which, therefore, lead only to an increase in the Group’s percentage holding in these companies, are treated, for the purposes of consolidation, as operations with equity instruments. The balance recorded under “Non-controlling interests” is therefore reduced and consolidated reserves are restated for the difference between the value of the consideration paid by the Group and the amount by which the balance recognised under “Non- controlling interests” has been changed. No “Goodwill” whatsoever is recorded for this operation.

The annual financial statements of the subsidiary companies used in the consolidation process refer to the same reporting date and cover the same period as those of the Parent.

#### *Joint ventures—*

The annual financial statements of investee companies classified as “*joint ventures*” are consolidated into those of the Group using the *proportionate method*, i.e. recognising the assets, rights and obligations and the income and expenses of these companies in proportion to the Group’s holding in these companies.

#### *Associates—*

“*Associates*” are stated in the consolidated annual financial statements using the *equity method*, i.e. the investment is recorded originally at cost and the carrying amount is later increased or reduced so as to recognise the Group’s share in the profit and loss of the year recorded by the investee company, after the date of acquisition. The Group thus recognises in its consolidated income statement for the year its proportional share in the profit and loss of the associate. Dividends received from Associates reduce the carrying amount of the investment. It may also be necessary to make adjustments to record any changes that may occur in the proportional holding in the Associate as a result of any changes in net equity that it may not have taken to income in the year. Gains and losses on transactions with associates are eliminated in proportion to the Group’s investment in them.

#### *Translation of annual financial statements of foreign companies included in the scope of consolidation—*

The statements of financial positions and income statements of the foreign companies included in the scope of consolidation denominated in currencies other than the euro were translated to euros using the *closing rate method*. All the assets, rights and obligations of these companies were translated to euros at the year-end exchange rates. Their share capital and reserves were translated at their historical exchange rates. To counteract seasonal effects, the income statement items of these companies were translated to euros at the average exchange rates for the year, based on the volume of transactions performed in each period.

The exchange differences arising from the application of these methods are taken to equity under “Remeasurements—Exchange differences” in the consolidated statement of financial position, net of the portion of these differences corresponding to non-controlling interests, which is taken to equity under “Non-controlling interests” in the consolidated statement of financial position. Such translation differences are recognised as income or as expense in the year in which the investment is made or divested.

g) *Changes in the scope of consolidation—*

2013

In 2013 there were no material changes in the scope of consolidation. The only additions to the Group's scope of consolidation in the year, which had no material effects on these consolidated annual financial statements, were as follows:

- The companies Dongguan Antolin Huaxing Auto Parts Co., Ltd. and Antolin Kasai International Kabushiki Kaisya were incorporated during the year. The Group subscribed 50% of their share capital for 187 and 38 thousand euros, respectively. At 31 December 2013 these companies remained virtually inactive.
- The company Antolin-CIE Czech Republic, s.r.o. was incorporated. The Group subscribed 70% of its share capital for 676 thousand euros.
- The company Antolin Avtotechnika Nizhny Nóvgorod, Ltd. was incorporated. The Group subscribed 75% of its share capital for 1,422 thousand euros.
- The companies Grupo Antolin-Gestión de Inversiones, S.L.U., a holding company, and Grupo Antolin-Valplas, S.A.U., were incorporated during the year. The Group subscribed 100% of their share capital for 60 thousand euros in the case of both companies. Grupo Antolin-Missouri, LLC was incorporated in the United States. The Group subscribed 100% of its share capital for an amount equivalent to 1 thousand euros.

In 2013 no companies left the scope of consolidation and there were no changes to the percentages held by the Group in consolidated subsidiary companies or Associates from 31 December 2012. During 2013, however, Grupo Antolin-H.F.R., S.A.S. absorbed its wholly-owned subsidiary Grupo Antolin-France, S.A.S., taking the name of the latter company.

2012

The main changes to the Group's scope of consolidation in 2012 were as follows:

- In early January 2012 Grupo Antolin acquired the group "CML Innovative Technologies" for a total cost of 74,409 thousand euros. The CML group specialises in manufacturing lighting systems for motor vehicles. Its headquarters are in Besançon (France) and it has two R&D centres and seven production units located in various countries (*Germany, France, Czech Republic, United Kingdom, Romania and China*). This group has an annual turnover of more than 100 million euros and employs more than 1,000 people. Specifically, the Group acquired 100% of the share capital of two holding companies (*Alba Speziallampen Holding, GmbH and Broomco (3051), Ltd.*), which in turn held all the share capital of seven industrial and commercial companies, which have been fully consolidated in the annual financial statements for 2013 and 2012 (see Note 1), and other inactive companies, which are not material and have therefore not been consolidated.
- The companies Antolin Kasai Tek Chennai PVT, Ltd. and NHK Antolin (Thailand) Co., Ltd., were incorporated during the year. The Group subscribed 50% of their share capital for 2,927 and 2,673 thousand euros, respectively. In the case of NHK Antolin (Thailand) Co., at 31 December 2012 the Group had only paid in 25% of its holding, the outstanding amount being paid in during 2013. At 31 December 2012 and 2013 these companies remained virtually inactive.
- The company Irauto, S.A., in which the Group had a 50% holding which was recognised under "Non-current financial assets" in the consolidated statement of financial position at 31 December 2011 with a carrying amount of zero, was incorporated into the scope of consolidation as a result of a number of agreements. The investment is now fully consolidated as the Group gained control of said company during 2012.
- During 2012 the Group subscribed to a capital increase by ASH Reciclado de Techos, S.L., paying in the amount of 1,000 thousand euros. As a result of this capital increase, the Group's holding in this company increased from 94.77% to 96.43%.

During 2012 the subsidiaries Grupo Antolin-IPV, S.A.U., whose business was the rental of a building, and Antolin-Sudamérica, Ltda., which was virtually inactive, were absorbed by Grupo Antolin-Irausa, S.A. and Trimtec, Ltda., respectively. Prior to these operations, the Group held 100% of the share capital of both companies.

In 2012 no companies left the scope of consolidation.



## GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2013

#### (2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION PRINCIPLES

##### *h) Definition of the Group for the purposes of preparing consolidated annual financial statements—*

Although Grupo Antolin-Irausa, S.A. is directly and indirectly controlled by Avot Inversiones, S.L. (see Notes 1 and 13), these consolidated annual financial statements correspond to the group of subsidiary companies headed by Grupo Antolin-Irausa, S.A. All companies belonging to this Group have been included in these consolidated financial statements for the year ended 31 December 2013, being understood to refer to all the companies making up a single decision-making unit, in accordance with Article 42 of the Commercial Code. No company has been excluded.

Avot Inversiones, S.L. is a holding company whose principal assets are equity investments in Grupo Antolin-Irausa, S.A. and in Sarmental Gestión, S.L.U. (*a holding company whose main activity is to hold shares in Grupo Antolin-Irausa, S.A.*). Consequently, the other companies in the Parent Group headed by Avot Inversiones, S.L. contributed little or no assets, turnover or profit to the consolidated financial statements of said Group for the year ended 31 December 2013.

With regard to Grupo Asuari Inversor, S.L, a group of companies associated with Grupo Antolin, the Directors and legal advisers of the Parent consider that the companies do not form a decision-making unit nor are they managed on a unified basis as their activities are distinct and independent and the commercial and financial relationships between them are not significant, there being no common activity.

#### (3) ACCOUNTING PRINCIPLES, POLICIES AND MEASUREMENT CRITERIA

In preparing the consolidated financial statements for 2013 the following accounting principles and policies and measurement criteria were applied:

##### *a) Going-concern principle—*

In 2008 and 2009, the motor industry was hit hard by the world economic and financial crisis, and sales of motor vehicles plummeted for a number of reasons, including a severe shortage of credit and growing unemployment. Sales recovered in part in 2010 to 2013. Grupo Antolin also implemented measures to improve short- and medium-term returns, enabling it to report profits and to generate significant financial resources in the course of its operations. Although the global economic and financial situation will continue to affect the Group's performance in 2014, with the major car manufacturers forecasting production levels in line with those of 2013, growth is forecast in some regions (*specifically the Asia- Pacific and Mercosur regions and Russia*). According to the latest estimates, therefore, the output of the worldwide automobile industry will grow by around 5% between 2014 and 2018.

The Parent's Directors consider that the Group's technological know-how and its global presence in terms of products, customers and markets will enable it to strengthen its market position. Meanwhile, government support for the industry around the world, together with the coordinated financial and economic measures being taken by the major economies, will greatly help the industry to weather the current situation.

The consolidated annual financial statements for 2013 have accordingly been prepared on a going- concern basis.

##### *b) Goodwill and negative goodwill on first consolidation—*

Business combinations are accounted for using the acquisition method, which requires the identifiable assets acquired and liabilities assumed (*including any contingent liabilities*) to be measured at their fair values at the acquisition date, provided said fair value can be reliably measured. The assets and liabilities recognised by the Group will be those received and assumed, respectively, as a result of the operation, irrespective of whether these assets and liabilities were previously not recognised in the annual financial statements of the investee because they did not meet the criteria for recognition in said financial statements.

Any positive difference between the acquisition cost of the Group's holdings in the capital of the subsidiary companies and the fair values of the identifiable net assets acquired is recognised as "Goodwill". Negative differences are taken directly to income on the acquisition date.

"Goodwill" is only recorded when it has been acquired for consideration and represents, therefore, advance payments made by the acquiring entity for the future economic benefits deriving from the assets of the acquired entity that are not individually and separately identifiable and recognisable.

In accordance with IFRS 3, goodwill is not amortised but is reviewed for impairment (*i.e. a reduction in the recoverable amount of the "Goodwill" to below its carrying amount*) at the end of each reporting period and any impairment is charged to "Net impairment losses on non-current assets" in the consolidated income statement. Impairment losses relating to "Goodwill" cannot subsequently be reversed.

The recoverable value of goodwill is measured as the higher of fair value less costs to sell and value in use, understood as the present value of expected future cash flows from the investment. The Group's Directors apply the following methodology to test goodwill, other intangible assets and property, plant and equipment for impairment (see Notes 7 and 8):

- The recoverable amount is calculated for each cash generating unit, although wherever possible individual, item-by-item impairment calculations are performed on property, plant and equipment.
- The Group's Directors regularly prepare a business plan for each cash generating unit, broken down by market and activity, covering a period of at least five years. An annual budget is also prepared each year for the following financial year. The main components of said plan and budget are:
  - Results forecasts.
  - Investment and working capital forecasts.
- Other variables influencing the calculation of recoverable value are:
  - The discount rate to be applied, *i.e.* the weighted average cost of capital. The main factors affecting this are the cost of the liabilities and specific risks related to the assets.
  - The growth rate applied to cash flows to extrapolate them beyond the period covered by budgets and forecasts, up to five financial years.

Forecasts are prepared on the basis of past experience and the best available estimates in line with externally obtained information.

The business plans thus prepared are reviewed and approved by the Parent's Board of Directors.

If an impairment loss must be recognised for a cash generating unit to which all or part of the goodwill has been assigned, first the carrying amount of the goodwill corresponding to the cash generating unit will be reduced. If the impairment is greater than the amount of goodwill carried, the remaining assets of the cash generating unit will be reduced, in proportion to their carrying amount, up to the higher of their fair value less costs to sell, value in use, and zero.

At the end of the 2013 reporting period the Group had recognised no impairment to the goodwill of the consolidated subsidiary companies, although it did recognise an impairment to the goodwill of the company Dongwon Technology Co., Ltd., which is accounted for using the equity method (see Note 1).

No impairment to goodwill was recognised in 2012.

"Goodwill" recognised in the consolidated statement of financial position at 31 December 2012 corresponds basically to the consolidated subsidiary companies comprising the subgroup "CML Innovative Technologies" acquired during 2012 and other non-material goodwill recognised in previous financial years (see Notes 2-g, 5 and 7).

**c) Other intangible assets—**

Intangible assets are defined as identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed in-house by the consolidated companies. Only intangible assets

whose cost can reasonably be objectively estimated and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are stated initially at acquisition or production cost and subsequently at cost less any accumulated amortisation and impairment losses.

#### *Development expenses—*

The costs incurred in each development project are capitalised when the following conditions are met:

- The development cost of the asset can be assessed reliably.
- The costs are specifically itemised for each project and correspond to an identifiable asset.
- The Group can prove that the project is technically viable.
- The project is likely to generate profits in the future.

Development expenses incurred using the Group's own resources are recorded (*by type*) in the consolidated income statement, while development expenses for projects which meet the above conditions are debited to "Development Expenses" in the consolidated statement of financial position and credited to "Own work capitalised" in the consolidated income statement.

Capitalised development expenses are in practically all cases amortised on a straight-line basis over the estimated useful lives of the projects as from the date the related projects are completed.

Development expenses relate mainly to the costs incurred in this connection by the consolidated subsidiary Grupo Antolin-Ingeniería, S.A.U. Research expenses are taken directly to income in the financial year in which they are incurred.

#### *Software and other intangible assets—*

Other intangible assets with a finite useful life are amortised accordingly, using criteria similar to those used for property, plant and equipment. Specifically, "Computer software" is written off over a period of 5 years as from when it starts to be used.

When accounting for the business combination completed during 2012 (see Note 5), "Customer relations" in the automobile industry was identified as an intangible asset, on the basis that one of the Group's aims in carrying out said operation was to develop new services and products in this sector. This intangible asset has been measured at its fair value determined using the multi-period excess earnings (MPEE) method, based on calculating the operating cash flows generated for the acquired company by the asset, net of any expenses charged for the assets involved in generating said cash flows. These cash flows are discounted using the weighted average cost of capital (*between 8.3% and 12.9% according to country*) plus a spread of 2% to reflect the intangible nature of the asset. The remaining useful life of this asset was estimated to be seven years, over which period it will be amortised.

The annual amortisation expense for intangible assets with finite useful lives is charged to "Depreciation and amortisation expense" in the consolidated income statement.

#### *Impairment losses—*

The consolidated companies recognise any impairment loss on the carrying amount of these assets with a charge to "Net impairment losses on non-current assets" in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years are similar to those used for property, plant and equipment for own use.

#### **d) *Property, plant and equipment—***

Property, plant and equipment include the assets that the Group has for its current or future use in producing or supplying goods and services or for administrative purposes and which are expected to be used for more than one financial year. Property, plant and equipment are stated on the consolidated statement of financial position at their acquisition or production cost, adjusted or revalued, whenever applicable, in accordance with applicable legal provisions, or at their "fair value" as determined by independent experts on the date of transition to "IFRS-EU" (1 January 2006), which amount is recorded as an attributed cost, less accumulated depreciation and any impairment losses.

The cost of extensions, modernisations or improvements that increase the productivity, capacity or efficiency or prolong the useful life of an asset are capitalised as an increase in the cost of said asset.

Borrowing costs directly attributable to building or developing property, plant and equipment, that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready to become operational. In cases where financing has been received specifically for building said assets, the amount of the interest and other financial expense capitalised reflects the actual costs incurred during the period, less income earned from temporarily reinvesting the financing that has not yet been invested in the qualifying assets. Where the financing received is of a general nature, the amount of interest capitalised is calculated using a rate based on the weighted average of the interest costs applicable to the average unrepaid financing in the year excluding financing for specific purposes. However, the capitalisation of interest is suspended during the periods when the construction work is at a standstill, provided that such periods are not particularly long. In 2013 and 2012, the Group has not capitalised any financial expense as an increase in the carrying amount of “Property, plant and equipment”.

Upkeep and maintenance expenses for property, plant and equipment for own use are expensed in the year they are incurred.

The Group transfers PP&E under construction to PP&E used in operations when the assets in question become operational, from which time depreciation is charged.

Property, plant and equipment used in operations are depreciated on a straight-line basis, based on the acquisition or production cost of the assets or their restated value, less their residual value. The land on which buildings and other constructions are located is deemed to have an indefinite lifespan and is therefore not subject to depreciation. Annual depreciation charges on property, plant and equipment are charged to “Depreciation and amortisation expense” in the consolidated income statement over the average estimated useful life of the assets, as indicated below:

Type of Asset	Years of Estimated Useful Life
<b>Buildings and other structures</b> .....	25 to 50
<b>Plant and machinery—</b>	
Machinery.....	5 to 12.5
Plant.....	6 to 25
<b>Other plant, tools and furniture—</b>	
Tools, dies and moulds .....	2 to 5
Office furniture and equipment.....	5 to 10
<b>Other property, plant and equipment—</b>	
Vehicles .....	5 to 10
Computer hardware .....	4 to 5

Reviews are made at regular intervals of the estimated useful life of property, plant and equipment for own use in order to identify any significant changes therein. If any such changes are identified, the relevant adjustment is made to the depreciation charged to the consolidated income statements in future years based on the new useful lives.

At the end of each reporting period, the consolidated companies test for any internal or external signs that the recoverable amount of their property, plant and equipment is less than the carrying amount. If so, the carrying amount is reduced to the recoverable value and the future charges for depreciation in proportion are adjusted in proportion to their adjusted carrying amount and their new remaining useful life if it was also necessary to re-estimate this. Any such reduction in the carrying amount of property, plant and equipment for own use is charged to “Net impairment losses on non-current assets” in the consolidated income statement.

Similarly, whenever there are signs that the value of an impaired tangible asset has recovered, the consolidated companies reverse impairment losses recognised in prior years, crediting “Net impairment losses on non-current assets” in the consolidated income statement and adjusting future depreciation charges accordingly. The increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss previously been recognised for the asset.

**e) Investment property—**

Investment property comprises land, buildings or other constructions held to earn rents or for capital appreciation upon disposal due to future increases in their respective market prices. At 31 December 2013, this included a plant (*land and buildings*) in Almussafes (Valencia), to be operated under a lease.

The same methods of valuation, depreciation, and for estimating their respective useful lives and for recording any impairment losses are used as for property, plant and equipment for own use.

**f) Accounting for leasing operations—**

Leases are classified as “finance leases” whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as “operating leases”.

*Finance leases—*

During 2012 and 2013, the Group has not signed any lease agreement as a lessor which might be classified as a finance lease.

In finance lease transactions where the Group acts as lessee, the cost of the leased assets is recognised in the consolidated statement of financial position according to the nature of the leased assets and, simultaneously, a liability for the same amount is also recognised. That amount will be the lower of the fair value of the leased assets and the present value at the start of the lease of the minimum payments agreed, including the purchase option if there are no reasonable doubts as to its exercise. This calculation will not include contingent payments, the cost of services and the taxes payable by the lessor. The total financial cost of the contract is taken to the consolidated income statement in the years it accrues, applying the “*effective interest rate method*” (as defined in paragraph j) below). Contingent rentals are recognised as expenses in the year incurred.

Assets recorded for operations of this type are depreciated following a similar policy to that applied to property, plant and equipment as a whole, in accordance with the nature of the asset.

*Operating leases—*

In operating leases, the lessor retains ownership of the asset leased and substantially all the risks and benefits of ownership of the asset.

Whenever the Group acts as lessor, the cost of acquiring the assets leased is stated in “Investment property”. Depreciation is charged on these assets in accordance with the policies adopted for similar PP&E items for own use, and the revenues from the lease contracts are released to the consolidated income statement on a straight-line basis.

Whenever the Group acts as lessee, the lease expenses, including any incentives that may be granted by the lessor, are charged to the consolidated income statement on a straight-line basis.

**g) Non-current assets held for sale—**

Assets which are most likely to be sold, in their present condition, within one year from the end of the reporting period are recorded under this heading in the consolidated statement of financial position. The carrying amount of these assets is, therefore, expected to be recovered via their selling price rather than from their ongoing use. Assets classified as “Non-current assets held for sale” are stated at the lower of their carrying amount when they are classified as such and their fair value net of their estimated cost to sell. Amortisable intangible assets and depreciable PP&E are not amortised or depreciated while classified as held for sale.

At 31 December 2012, the Group had classified a building in Hildesheim (Germany), where the company Grupo Antolin-Autoform, GmbH & Co. KG’s production facilities were located, under “Non-current assets held for sale”. During 2010, production at these facilities was discontinued as it was moved to other plants. At that date, the aforementioned facilities were recognised at their estimated market value based on valuations carried out and offers received. The Group disposed of this asset during 2013. No significant gain was generated by this transaction.

**h) Inventories—**

The Group values its inventories as follows:

- *Raw materials and other supplies, packaging and containers, replacement parts, sundry materials, add-on parts and stocks for resale* are valued at the lower of cost applying the weighted average price method, and net realisable value.
- *Finished goods, semi-finished goods and work-in-process* are stated at the lower of real average production cost (*raw and other materials used, labour and direct and indirect manufacturing expenses*) and net realisable value.

- *Tools for new projects*, which are developed and manufactured by the Group to be sold later on to its customers, are stated at the lower of either the costs incurred to manufacture them, as and when they are incurred, and their estimated realisable value.

Net realisable value corresponds to the estimated selling price less the estimated costs of completing the products and the costs to be incurred in marketing, selling and distribution.

Obsolete, defective or slow-moving inventories have been reduced to their realisable value. The Group recognises the appropriate valuation adjustments as an expense when the net realisable value of inventory is lower than its acquisition or production cost.

**i) Trade receivables and customer advances—**

Trade receivables do not accrue interest and are carried at their nominal amount. However, a provision is set up for impairment losses on trade receivables when there is objective evidence that the amounts receivable cannot be collected.

Customer advances received prior to recognising the sale of the corresponding assets (*specifically tools for projects*), are recorded in current liabilities under “Trade and other payables” in the consolidated statement of financial position (see Note 3-r).

**j) Financial instruments—**

*Definitions—*

A “*financial instrument*” is a contract representing a financial asset for one entity and, simultaneously, a financial liability or equity instrument for another.

An “*equity instrument*” is any contract that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A “*financial derivative*” is a financial instrument the value of which changes in response to changes in an observable market variable (*such as an interest rate, exchange rate, the price of a financial instrument or a market index*), where the initial investment is very low compared to other financial instruments with similar responses to changes in market conditions and which is, as a general rule, settled on a future date.

The operations referred to below are not treated for accounting purposes as financial instruments:

- Shareholdings in Associates.
- Rights and obligations arising from employee benefits schemes.
- Rights and obligations originating in insurance contracts.
- Contracts and obligations relating to employee remuneration based on equity instruments.

*Recording financial instruments for the first time—*

Financial instruments are recorded for the first time in the consolidated statement of financial position when the Group becomes party to the contract that originates them, in accordance with the terms thereof. Specifically, debt instruments are recorded as from the date the effective legal right to receive or the effective legal obligation to pay arise respectively. Financial derivatives are, as a general rule, recorded on the date they are contracted.

Operations to sell and buy financial assets in the form of conventional contracts, defined as contracts where the reciprocal obligations of the parties must be fulfilled by a deadline set under the regulations or conventions of the market, and may not be settled as differences, are recorded as from the date the benefits, risks, rights and duties of ownership pass to the acquiring party. Depending on the type of financial asset bought or sold, this may be the contract date or the settlement or delivery date.

*Derecognition of financial instruments—*

A financial asset is derecognised in the following circumstances:

- The contractual rights regarding the cash flows it generates have expired; or
- the financial asset is transferred and the risks and benefits of the financial asset are substantially transferred, or, even when they are not transferred or substantially withheld, control over the financial asset is transferred.

The Group assigns without recourse a portion of its receivables to various financial institutions. As this involves transferring part of the risks and benefits of the assets and control thereof, the Group directly reduces its trade receivables by the amount of the receivables assigned to the financial institutions and does not, therefore, recognise any financial liability in this connection. The outstanding receivables assigned without recourse to financial institutions at 31 December 2013 and 2012 totalled approximately 158,684 and 165,943 euros, respectively.

Financial liabilities are derecognised from the consolidated statement of financial position when the obligations that have generated them have been discharged.

*Fair value of financial instruments—*

The “*fair value*” of a financial instrument on a particular date is defined as the amount at which it could have been exchanged at that date between knowledgeable parties in arm’s length transactions. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep market (“*quoted price*” or “*market price*”).

When there is no market price for a specific financial instrument, fair value is estimated on the basis of recent arm’s length transactions in similar instruments and, if there are none, using measurement models that have been sufficiently verified by the international financial community, bearing in mind the specific nature of the instrument to be valued and, in particular, the different types of risk associated with it.

## GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2013

#### (3) ACCOUNTING PRINCIPLES, POLICIES AND MEASUREMENT CRITERIA

Specifically, the fair value of the financial derivatives traded on organised, transparent, deep markets included in trading portfolios is deemed to be their daily listed price and if, for exceptional reasons, their listed price cannot be determined on a particular date, the methods used to state them are similar to those used for stating derivatives contracted OTC.

The fair value of OTC derivatives or derivatives traded in shallow markets or markets where there is little transparency, is deemed to be the sum of the future cash flows originating in the instrument, discounted as at the valuation date ("*present value*" or "*theoretical closing*"), using methods recognised by financial markets ("*net present value*", "*options pricing systems*", etc.).

For financial reporting purposes, measurements of fair value are classified under three levels according to the extent to which the inputs applied are observable and according to how significant said inputs are for the entire measurement:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 inputs are quoted prices in active markets for similar assets or liabilities (*not included within Level 1*), quoted prices for identical or similar assets or liabilities in markets that are not active, and techniques based on measurement models for which all the significant inputs that are derived from or corroborated by observable market data.
- Level 3 inputs are generally unobservable and reflect estimates based on market assumptions to determine the price of the asset or liability. Unobservable data used in measurement models are a significant part of the fair value of the assets and liabilities.

#### *Amortised cost of financial instruments—*

"*Amortised cost*" is deemed to be the cost of acquiring a financial asset or liability, adjusted up or down, depending on the case, for repayments of principal and interest payments and, adjusted up or down, depending on the case, for the part taken to the consolidated income statement, using the "*effective interest rate*" method, of the difference between the initial amount and the repayment value of said financial instrument. The amortised cost of financial instruments also includes any impairment adjustments recognised.

The "*effective interest rate*" is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. For fixed-rate financial instruments, the effective interest rate coincides with the rate of interest established in the contract at the time of acquisition, adjusted as necessary for any commissions or fees which should be included in the calculation of this effective interest rate. For floating interest rate financial instruments, the effective interest rate is estimated in a similar fashion as for fixed interest rate operations, and is recalculated on every contractual interest rate adjustment date of the operation, taking into account the changes in the effective future cash flows of the instruments.

#### *Classification and valuation of financial assets and liabilities—*

Financial liabilities are classified in the consolidated statement of financial position into the following categories:

#### *Financial assets—*

- *Financial assets held for trading*: assets acquired with the intention of selling them in the short term, or which form part of a portfolio of identified and jointly managed financial instruments for which there is evidence that action has recently been taken to make short-term profits, and derivatives that have not been designated as hedges.



- *Investments held to maturity*: assets yielding income of a determinable amount and maturing on a fixed date, where the Company states its intent and ability to maintain these assets under its control until their maturity. This category does not include loans or receivables from third parties.
- *Loans and receivables generated by the Group*: financial assets originated by the Group in exchange for providing cash flow, assets or services directly to a debtor. They are stated at “amortised cost”.
- *Available-for-sale financial assets*: securities acquired that are not held for trading purposes and are not classified as held- to-maturity investments, and equity instruments held by the Group in companies that are not subsidiary or associate companies or joint ventures.

Held-for-trading and available-for-sale financial assets are stated at fair value at subsequent statement dates. Gains and losses arising from changes in fair value of traded securities are taken to income in the year. In the case of available-for-sale investments, gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of or it is determined that it has become impaired, at which time any cumulative gains or losses previously recognised in equity are taken to income in the year.

Held-to-maturity investments, loans and accounts receivable generated by the Group are stated at amortised cost, and accrued interest income is taken to the consolidated income statement using the “effective interest rate”. Amortised cost is understood to be the initial cost minus principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the amount on maturity, minus any reduction for impairment or default.

#### *Financial liabilities—*

Financial liabilities are classified in accordance with the content of the contractual arrangements. The main financial liabilities held by the consolidated companies are held-to-maturity financial liabilities that are stated at amortised cost.

*Bank loans and overdrafts*: interest bearing liabilities that are stated at the amount received net of direct issue costs. Financial expenses, including premiums payable on settlement or redemption and direct issue costs, are recognised in the consolidated income statement on an accrual basis using the effective interest method and any portion of such expenses that is not settled in the period in which they arise is added to the carrying amount of the instrument.

*Trade payables*, which accrue no interest, are recorded at their nominal value.

#### *Equity—*

Equity instruments are classified in accordance with the content of the contractual arrangements. The amounts received for equity instruments issued by the Parent are recognised in consolidated equity, net of the direct issue costs.

#### **k) *Financial derivatives and accounting for hedges—***

The Parent’s bank borrowings expose the Group to interest-rate risk (see Note 17). To hedge against this exposure, the Group uses derivatives, essentially “Interest Rate Swaps” (IRS). The Group does not use derivative financial instruments for speculative purposes.

The Group classifies such financial instruments, provided they meet the requirements laid down by IAS 39 in this regard, as hedges in a cash flow hedge relationship. Under IAS 39, to qualify as an accounting hedge, a financial derivative must be used to hedge against one of the three types of risk listed below:

1. “*Fair-value hedges*”: exposure to changes in fair value of a recognised asset or liability due to changes in price, interest rate and/or foreign exchange rate affecting the position or balance to be covered.
2. “*Cash-flow hedges*”: exposure to variability in estimated cash flows generated from financial assets, liabilities and commitments or from highly probable forecast transactions.
3. “*Hedging of net investments in foreign operations*”.

In addition, hedges must effectively eliminate the risk inherent in the hedged item or position during the entire term planned for the hedge, and it must be formally documented that the financial derivative was arranged specifically to be used as a hedge for certain balances or transactions.

Under IAS 39, all financial instruments must be recognised as an asset or a liability on the statement of financial position, at their fair value, and any changes in this value must be taken to profit and loss for the year, except in those cases where, having opted for “hedge accounting”, the effective portion of the hedging relationship must be recorded under net equity (“*cash-flow hedges*” and “*hedges of net investment in foreign subsidiaries*”).

Hedge accounting, when applied, is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting. Any cumulative gain or loss on the hedging instrument that has been recognised in equity shall remain in equity until the forecast transaction occurs. When the hedged transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in equity shall be reclassified from equity to the consolidated income statement. Certain instruments were formerly classified as hedging operations by the Group as they were specifically linked to a syndicated loan which was repaid on 12 December 2013 (see Notes 17 and 18). The cumulative gains recognised in equity on these hedging instruments were therefore taken to the consolidated income statement in 2013. The derivatives associated with the syndicated loan were reclassified in December 2013 as hedges of the Group’s normal financing flows.

As at 31 December 2013 and 2012, the Group treated said derivatives as cash flow hedges and therefore subject to “hedge accounting”, recognising changes in the fair value of the effective portion of the hedge in consolidated net equity (see Notes 13 and 18).

**l) Balances and transactions denominated in foreign currencies—**

The Group uses the euro as its working currency. Consequently, operations in non-euro currencies are considered to be denominated in foreign currency and are recorded at the exchange rates prevailing on the dates of the operations. Gains or losses on transactions denominated in foreign currencies are taken to the consolidated income statement as and when they occur.

At the year end, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rate prevailing at the end of the reporting period. Any resulting gains or losses are recognised directly in the consolidated income statement.

**m) Provisions and contingencies—**

Provisions are current obligations of the Group, arising as a result of past events, the nature of which is clearly specified as at the date of the consolidated annual financial statements, but whose amount and/or reversal date are uncertain and the reversal of which will probably result in an outflow of resources embodying economic benefits.

Contingent liabilities are possible obligations of the Group, arising as a result of past events, which depend on whether or not one or more events beyond the Group’s control occur in the future. They include the Group’s current obligations whose settlement will probably not require an outflow of resources embodying economic benefits, or where a sufficiently reliable estimate of the amount of the obligation cannot be made.

Provisions are recognised in the consolidated statement of financial position wherever it is more likely than not that an outflow of resources will be required to settle the obligation. Contingent liabilities are not recognised in the consolidated statement of financial position, but rather, whenever applicable, are disclosed in the Notes to the financial statements.

Provisions are measured using the best information available of the expenditures required to settle the obligation and are reviewed and adjusted at the end of each reporting period to reflect the current best estimate. They are used to meet the specific obligations for which they were originally recognised and are fully or partially reversed when those obligations cease to exist or are reduced.

The provisions deemed necessary in accordance with these criteria, and the reversals thereof, are recorded as a charge or credit, respectively, in the consolidated income statement.

**n) Termination benefits—**

Under current employment legislation, the Group companies are obliged to pay termination benefits to employees whose contract is terminated under certain conditions.

Where the amount of the benefits can be reasonably estimated, such benefits are recognised as an expense in the year in which the decision is made, provided the parties involved have been formally notified and there is, therefore, a valid expectation on the part of those involved that the consolidated companies will make the dismissals. The

accompanying consolidated statement of financial position at 31 December 2013 includes a number of provisions under this heading, albeit for amounts that are not material.

**o) Pension commitments—**

Some Grupo Antolin companies forming part of the “CML Innovative Technologies” subgroup, acquired in January 2012 (see Note 5), have assumed commitments to pay contributions to the retirement pensions of some of their current and former employees (*retirement plans based on years of service, age and salary*). These commitments affect, primarily, companies of this subgroup located in Germany and the United Kingdom.

A significant portion of these commitments has been outsourced and is covered by insurance policies or pension plans with insurance companies. The Group pays fixed contributions into a fund and is obliged to make additional contributions if the fund does not have sufficient assets to pay all the employees the benefits to which it is committed.

The Group records the present value of these defined benefit commitments as liabilities in the consolidated statement of financial position under “Non- current provisions”, net of the fair value of the assets that meet the requirements to be treated as “assets earmarked for the plan”. The aforementioned insurance policies (*or pension plans*) are treated as earmarked assets as they are not owned by the Group but by an unassociated third party, they may only be used to pay or finance employee benefits and may not be returned to the Group unless the assets held within the plan are sufficient to meet all obligations.

Changes in the provision recognised for these commitments in the consolidated statement of financial position corresponding to the cost of the service in the financial year, to interest or changes in the cost for past services provided, are taken to the income statement in the financial year in which they are incurred. “Actuarial gains and losses” (*as a result of differences between previous actuarial assumptions and real outcomes or of changes to the actuarial assumptions used*) are taken directly to equity as “Remeasurements”.

**p) Corporate income tax—**

Grupo Antolin-Irausa, S.A. and all of its consolidated Spanish subsidiaries domiciled in Spanish “common territory” in which it has holdings of 75% or more file consolidated corporation tax returns.

The income tax expense is calculated as the tax payable with respect to the taxable profit for the year, after considering any changes in the assets and liabilities recognised arising from temporary differences and from tax credit and tax loss carryforwards (see Note 20).

The Group considers that a timing difference exists when there is a difference between the carrying amount of an asset or liability and its tax base. The tax base for assets and liabilities is treated as the amount attributed to it for tax purposes. A taxable timing difference is understood to be a difference that will generate a future obligation for the Group to pay taxes to the related tax authorities. A deductible timing difference is one that will generate a right for the Group to a refund or to make a lower payment to the related tax authorities in the future.

Tax credits and deductions and tax loss carryforwards are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the conditions for doing so established in tax regulations are met, provided that the Group considers it probable that they will be used in future periods.

Current tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities within twelve months from the date they are recognised. Deferred tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities in future years.

Deferred tax liabilities are recognised for all taxable temporary differences. In this regard, a deferred tax liability is recognised for the taxable timing differences resulting from investments in subsidiary companies and associate companies, and from holdings in joint ventures, except when the Group can control the reversal of the timing differences and they are not expected to be reversed in the foreseeable future.

The consolidated companies only recognise deferred tax assets arising from deductible temporary differences and from tax credit and tax loss carryforwards to the extent that it is probable that they will have sufficient future taxable profits against which these assets can be utilised.

Deferred tax assets and liabilities are not recognised if they arise from the initial recognition of an asset or liability (*other than in a business combination*) that at the time of recognition affects neither accounting profit nor taxable profit.

The deferred tax assets and liabilities recognised are reassessed each year in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

**q) Recognition of income and expense—**

Income and expenses are taken to the consolidated income statement on an accruals basis.

Revenue is measured at the fair value of the consideration received and represents the amounts received or receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other recoverable sales-related taxes. Where it is doubtful as to whether the revenues will be collected, recognition is deferred until they are effectively collected.

- *Revenues on sales of assets* are recognised when all the risks and rewards of ownership of the asset are substantially transferred to the buyer.
- *Ordinary revenue from the provision of services* is recognised in line with the stage of completion of the transaction as at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.
  - *Revenues on the sale of project tools.* The Group records the income arising from the sale of these tools under the “Other operating income—Revenues on the sale of project tools” in the consolidated statement of income, once the aforementioned tools have been technically approved by the customer and title thereto has been transferred, or when mass production of the products manufactured with these tools is well under way and, therefore, it is considered that the aforementioned technical approval has been given and no difficulties are expected in the transfer of title. Moreover, any final losses expected to be sustained on tools are recognised in full when such a loss becomes apparent, and the related provisions are recognised under this heading in the consolidated income statement.

Amounts billed in advance by the Group until title to these tools has been transferred are recorded as a liability under “Trade and other payables” in the consolidated statement of financial position.

- *Rental income* is recorded on an accrual basis, with incentive benefits and the up-front costs of the lease agreements released on a straight-line basis.
- *Capital grants* are recognised in the consolidated statement of financial position as deferred income when the Group has met the relevant qualifying conditions and there are, therefore, no reasonable doubts about their being collected. These capital grants are taken to the consolidated income statement under “Capital grants and other grants taken to income” on a straight-line basis over the useful lives of the assets.

Government grants to cover or finance expenses incurred by the Group are recognised once all the conditions attaching to them have been fulfilled and will be taken to income when the financed expenses are incurred.

- *Interest income and expense* is recognised on an accruals basis using the “effective interest rate method”.
- *Dividends* received from other companies are recognised as income in the income statement when the consolidated companies’ right to receive them arises.

An expense is recognised in the consolidated income statement when there is a decrease in the future economic benefits related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that the recognition of an expense takes place simultaneously with the recognition of the increase in the liability or the depletion of the asset.

An expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

An expense is also recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

r) *Classification of assets and liabilities as current—*

In the consolidated statement of financial position, assets and liabilities that are expected to be recovered, consumed or settled in twelve months or less, as from the end of the reporting period, are classified as current, except for project tools, which are recorded as “Inventories” under “Current assets” in the consolidated statement of financial position, as they are expected to be realised in the normal course of the Group’s business (*as part of its normal operating cycle*), and the liabilities connected with said inventories (*customer advances*) which are recognised under “Current liabilities” in the consolidated statement of financial position, regardless of when they fall due. When the Group does not have an unconditional right by the year end to defer settlement of a liability for at least twelve months as from the end of the reporting period, the liability is recorded as current.

s) *Set-off of balances—*

Balances receivable and payable are only set off against each other, and therefore stated as a net figure in the consolidated statement of financial position, when they arise from transactions that provide, either contractually or in accordance with prevailing legislation, for the possibility of set-off and the intention is to settle the balance for the net amount, or to realise the asset and pay the liability at the same time.

t) *Discontinued operations—*

A discontinued operation is a line of business that it has been decided to abandon and/or sell and whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes. Revenues and expenses from discontinued operations are disclosed separately in the consolidated income statement.

No line of business or business segment was discontinued in 2013 or 2012.

u) *Consolidated cash-flow statement—*

The consolidated statement of cash flows is prepared using the indirect method using the following terms with the meanings given below:

- *Cash flows:* inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments subject to low risk of changes in value.
- *Operating activities:* the typical activities of companies in the motor parts industry and other activities that cannot be classified as investing or financing activities.
- *Investment activities:* the acquisition, sale or disposal by other means of non-current assets and other assets not classified as cash and cash equivalents.
- *Financing activities:* activities that result in changes in the size and composition of equity and liabilities that are not part of operating activities.

For the purposes of preparing the consolidated cash flow statement, cash and cash equivalents include cash and demand deposits at banks and highly liquid current investments which are easily convertible into determinate cash amounts and are subject to insignificant risk as regards changes in value.

#### (4) ALLOCATION OF THE PARENT’S PROFIT

The profit of the Parent for 2013, as formulated by its Directors, will be allocated as presented below, together with the allocation of profit for the year ended 31 December 2012 which was approved by the General Meeting of Shareholders:

	<u>Thousands of Euros</u>	
	<u>2013</u>	<u>2012</u>
<b>Distributable profit:</b>		
Profit for the year.....	<b>196,371</b>	<b>28,183</b>
<b>Distribution to:</b>		
Voluntary reserves.....	78,166	7,383
Dividends.....	<u>118,205</u>	<u>20,800</u>
	<b><u>196,371</u></b>	<b><u>28,183</u></b>

**Interim dividend paid in the year—**

The profit for the year ended 31 December 2013 allocated to dividends was fully distributed during 2013. On 16 December 2013, the General Meeting of Shareholders of the Parent agreed to distribute an interim dividend of 118,205 thousand euros against the profit for the year ended 31 December 2013, recognised under “Interim dividend” in the accompanying consolidated statement of financial position and charged to “Capital and Reserves “(see Note 13).

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**(4) ALLOCATION OF THE PARENT'S PROFIT**

The statutory provisional financial statement prepared by the Parent's Board of Directors, in accordance with article 277 of the revised text of the Spanish Corporate Enterprise Act, disclosing that the Group has sufficient liquidity to allow the distribution of said interim dividend against the profits for the year ended 31 December 2013, is reproduced below:

<b>Liquidity Statement for the Distribution of an Interim Dividend 16 December 2013</b>	<b>Thousands of Euros</b>
Liquid assets at the distribution agreement date .....	159,234
Less—Interim dividend to be distributed.....	(118,205)
<b>Remaining liquid assets after distribution .....</b>	<b>41,029</b>
Plus—Forecast increases in liquid assets in the next 12 months.....	—
Less—Forecast decreases in liquid assets in the next 12 months.....	(2,168)
<b>Forecast liquid assets in 12 months .....</b>	<b>38,861</b>

Furthermore, in order to distribute this interim dividend, the Parent's Board of Directors ensured that it met the requirement that the amount distributed may not exceed the profits generated to that date, after deducting the estimated amount of the Income Tax payable on said profit for the year ended 31 December 2013.

**(5) BUSINESS COMBINATIONS**

No business combinations were effected during 2013.

In January 2012, as detailed in Note 2-g, the Parent acquired all the share capital of the companies Alba Speziallampen Holding, GmbH and Broomco (3051), Ltd., parent companies of the group "CML Innovative Technologies" for a total cost of 74,409 thousand euros. This operation formed part of the Group's planned expansion process in line with the guidelines established in its Strategic Plan.

Later, in February 2012, the consolidated subsidiary company Grupo Antolin-Italia, S.r.l. acquired from the Italian company CRS its plastics injection and vehicle interior coverings manufacturing business for a total of 2,516 thousand euros. The production plant acquired is located in Pinerolo (Turin).

The assets and liabilities recognised on the acquisition date (*1 January 2012 in the case of the CML Innovative Technologies group and 1 February 2012 in the case of the business acquired from CRS*) were stated at fair value as follows:

	<b>Thousands of Euros</b>	
	<b>CML Group</b>	<b>CRS Business</b>
<b>ASSETS—</b>		
Non-current assets:		
Intangible assets .....	10,951	827
Property, plant and equipment.....	27,795	4,837
Non-current financial assets .....	3,272	12
Current assets:		
Inventories.....	17,901	899
Trade and other receivables.....	18,222	—
Prepayments and accrued income.....	2,507	—
Cash and cash equivalents.....	6,522	—
<b>Total assets .....</b>	<b>87,170</b>	<b>6,575</b>
<b>LIABILITIES—</b>		
Non-current liabilities:		
Non-current provisions.....	(7,452)	(410)
Bank borrowings .....	(2,049)	(2,787)
Other non-current payables .....	(19,378)	—
Deferred tax liabilities.....	(5,457)	—
Current liabilities:		
Bank borrowings .....	(1,823)	—

Trade and other payables, and others .....	(27,418)	(862)
<b>Total liabilities</b> .....	<b>(63,577)</b>	<b>(4,059)</b>
<b>Net</b> .....	<b>23,593</b>	<b>2,516</b>

The amounts recognised for these business combinations do not differ significantly from the carrying amount immediately prior to the operation determined in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) except in respect of the measurement of certain intangible assets (*the amount of 10,608 thousand euros and 690 thousand euros was recognised under “Customer relations” for the “CML Innovative Technologies” group and the CRS business, respectively*) and PP&E items (*the fair value of which was deemed to be 7,499 thousand euros higher than the carrying amount in the financial statements of the CML Innovative Technologies” group*) and the corresponding deferred tax liability.

The contingent liabilities of the CRS business were recognised while those of the “CML Innovative Technologies” group were guaranteed by the sellers and part of the purchase price (2,673 thousand euros at 31 December 2013) is held in escrow to guarantee said liabilities. This escrow account is in the seller’s name but is restricted for a determined period of time.

As a result of the recognition of the aforementioned assets and liabilities, goodwill amounting to 50,816 thousand euros was recognised in respect of the “CML Innovative Technologies” group under “Intangible assets-Goodwill” in the consolidated statement of financial position at 31 December 2013 and 2012. The amount of goodwill arising on these operations was calculated as follows:

Description	Thousands of Euros	
	CML Group	CRS Business
Cost of the business combination .....	74,409	2,516
Less fair value of the assets acquired.....	(23,593)	(2,516)
<b>Goodwill</b> .....	<b>50,816</b>	<b>—</b>

The incorporation of the Argentine company Irauto, S.A. resulted in an increase in net assets of 4.5 million euros (*of which 0.5 million euros are non-current*) and in net liabilities of 3.3 million euros (*practically all current liabilities*) while the amount recognised under non-controlling interests increased by 0.6 million euros (see Note 13).

The breakdown of income and expenses and profit attributable to business combinations in the period from their acquisition date or incorporation in the scope of consolidation to 31 December 2012 (*i.e. from 1 January to 31 December 2012 for the “CML Innovative Technologies” group and Irauto, S.A. and from 1 February to 31 December 2012 for the CRS business*) is as follows:

Description	Thousands of Euros		
	CML Group	CRS Business	Irauto, S.A.
Net turnover.....	117,028	5,665	14,200
Other operating income .....	1,052	931	304
Supplies .....	(52,185)	(2,691)	(6,564)
Staff costs .....	(40,624)	(2,027)	(4,809)
Depreciation and amortisation expenses.....	(8,856)	(221)	(178)
Other operating expenses.....	(13,789)	(2,024)	(2,427)
Work performed by the group and capitalised.....	2,319	—	—
<b>Operating profit/(loss)</b> .....	<b>4,945</b>	<b>(367)</b>	<b>526</b>
Financial income and expense .....	(433)	(268)	(196)
Other results.....	8	(533)	—
<b>Profit/(loss) before tax</b> .....	<b>4,520</b>	<b>(1,168)</b>	<b>330</b>
Corporate income tax.....	(2,003)	(50)	(152)
<b>Profit/(loss) for the year</b> .....	<b>2,517</b>	<b>(1,218)</b>	<b>178</b>
<b>Profit for the year attributable to non-controlling interests</b> .....	<b>—</b>	<b>—</b>	<b>89</b>
<b>Profit/(loss) attributable to the Parent</b> .....	<b>2,517</b>	<b>(1,218)</b>	<b>89</b>

The losses generated by the CRS business in 2012 were due to delays in the start of mass production for certain projects which are expected to begin generating positive results in the coming years.

## (6) INFORMATION BY SEGMENT

IFRS 8 “Segment reporting” applies to the consolidated financial statements of a group with a parent:



- (i) whose debt or equity instruments are traded in a public market (including domestic and foreign markets and non-organised, local or regional markets) or
- (ii) that files, or is in the process of filing, its consolidated financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments in a public market.

Although at 31 December 2013 the Group held no securities that are listed on organised markets, it is currently in the process of issuing bonds on the capital markets (see Note 26). Set out below, therefore, is certain financial information arranged by segments, as this information may help in understanding and interpreting these consolidated annual financial statements. The information by segments used by Group Management for management purposes is structured on the basis of the Group's different business units, and also by geographical segments. Group companies are classified into business segments according their main activity, although they may carry out occasional or secondary activities relating to another segment.

Based on the nature of the products, the Group's main units or business segments are "Seats" (or "Seating"), "Doors (or "Panels and interior plastics")" and "Headliners" (or "Overhead systems"), and from January 2012, "Lighting". There is also a "Corporate Unit" (included under "Other") which centrally manages certain assets and the funding received by the Group from third parties, and other minor activities.

### Basis and methodology for segment reporting—

The business segment reports below are based on monthly reports prepared by Group Management, which are generated using the same computer application as is used to obtain all the Group's accounting data.

The revenues reported for each segment are those which are directly attributable to the Group companies included in that segment for management purposes, and therefore also include secondary revenues recognised by said companies in respect of sales for the provision of services to other segments. The income of each segment does not include interest or dividend income or the gains on sales of investments or of non-current assets

The expenses of each segment are calculated as being the expenses arising out of the operating activities of the segment that may be directly attributed to the Group companies included in that segment for management purposes, and include the overheads of the Corporate Unit that have been passed on to it and invoiced to each segment. The expenses of each segment do not include interest expense, impairments or losses on sales of investments or of non-current assets.

Assets and liabilities in the segments are those that are directly connected with the operations of the Group's companies in each segment, although virtually all the financial debt of the Group has been centralised in the Corporate Unit.

2013

#### By business segment

Description	Thousands of Euros					Total
	Seats	Doors	Headliners	Lighting	Other <sup>(a)</sup>	
Net turnover .....	185,576	727,055	1,084,459	130,348	714	2,128,152
Other operating (expenses) / income, net .....	(166,025)	(632,404)	(980,612)	(109,556)	(1,316)	(1,889,913)
<b>EBITDA .....</b>	<b>19,551</b>	<b>94,651</b>	<b>103,847</b>	<b>20,792</b>	<b>(602)</b>	<b>238,239</b>
Depreciation and amortisation .....	(10,935)	(42,696)	(35,103)	(5,784)	(7,671)	(102,189)
<b>Operating income / (loss) (EBIT) .....</b>	<b>8,616</b>	<b>51,955</b>	<b>68,744</b>	<b>15,008</b>	<b>(8,273)</b>	<b>1 36,050</b>
Net finance income .....						(26,209)
Other profit and loss .....						(6,321)
Corporate income tax .....						(36,959)
<b>Consolidated profit .....</b>						<b>66,561</b>
<b>Other information:</b>						
Investments in intangible assets in 2013 .....	7,801	18,015	8,731	7,672	1,301	43,520
Capital expenditures on property, plant and equipment in 2013 .....	6,114	23,953	29,505	15,792	1,439	76,803

<b>Assets attributable to the segment at 31 December 2013.....</b>	<b>104,028</b>	<b>465,872</b>	<b>442,291</b>	<b>122,026</b>	<b>283,053</b>	<b>1,411,270</b>
<b>Liabilities attributable to the segment at 31 December 2013.....</b>	<b>57,563</b>	<b>266,484</b>	<b>237,212</b>	<b>61,534</b>	<b>550,009</b>	<b>1,172,802</b>

(a) The operating income (EBIT) presented in this column corresponds principally to the amortisation of gains assigned to intangible assets and property plant and equipment in the business combination of the CML Innovative Technologies subgroup. The goodwill arising on this operation also forms part of the assets presented in this column.

#### By geographical segment

Description	Thousands of Euros					
	Asia/Pacific	Europe	Mercosur	NAFTA	Other	Total
Net turnover.....	222,721	1,196,326	129,090	562,336	17,679	2,128,152
Other operating (expenses) / income, net.....	(185,086)	(1,063,258)	(132,779)	(493,329)	(15,461)	(1,889,913)
Depreciation and amortisation ...	(9,003)	(75,146)	(3,943)	(12,394)	(1,703)	(102,189)
<b>Operating income / (loss) (EBIT) .....</b>	<b>28,632</b>	<b>57,922</b>	<b>(7,632)</b>	<b>56,613</b>	<b>515</b>	<b>136,050</b>
<b>EBITDA.....</b>	<b>37,635</b>	<b>133,068</b>	<b>(3,688)</b>	<b>69,006</b>	<b>2,218</b>	<b>238,239</b>
<b>Assets attributable to the segment at 31 December 2013.....</b>	<b>180,419</b>	<b>975,122</b>	<b>50,128</b>	<b>180,796</b>	<b>24,805</b>	<b>1,411,270</b>

2012

#### By business segment

Description	Thousands of Euros					
	Seats	Doors	Headliners	Lighting	Other <sup>(a)</sup>	Total
Net turnover.....	181,310	735,110	1,052,317	117,028	1,223	2,086,988
Other operating (expenses) / income, net.....	(158,894)	(648,908)	(959,367)	(101,035)	5,516	(1,862,688)
<b>EBITDA.....</b>	<b>22,416</b>	<b>86,202</b>	<b>92,950</b>	<b>15,993</b>	<b>6,739</b>	<b>224,300</b>
Depreciation and amortisation.....	(13,367)	(45,203)	(37,131)	(4,435)	(8,334)	(108,470)
<b>Operating income / (loss) (EBIT) .....</b>	<b>9,049</b>	<b>40,999</b>	<b>55,819</b>	<b>11,558</b>	<b>(1,595)</b>	<b>115,830</b>
Net finance income.....						(29,931)
Other profit and loss.....						(8,968)
Corporate income tax.....						(27,627)
<b>Consolidated profit .....</b>						<b>49,304</b>
<b>Other information:</b>						
Investments in intangible assets in 2012.....	3,347	17,672	9,719	16,965	4,168	51,871
Capital expenditures on property, plant and equipment in 2012.....	3,068	47,319	27,480	62,462	2,079	142,808
<b>Assets attributable to the segment at 31 December 2012.....</b>	<b>94,169</b>	<b>468,227</b>	<b>448,395</b>	<b>86,153</b>	<b>383,938</b>	<b>1,480,882</b>
<b>Liabilities attributable to the segment at 31 December 2012.....</b>	<b>(52,237)</b>	<b>(284,251)</b>	<b>(228,586)</b>	<b>(57,449)</b>	<b>(510,708)</b>	<b>(1,133,231)</b>

(a) The operating income (EBIT) presented in this column corresponds principally to the amortisation of gains assigned to intangible assets and property plant and equipment in the business combination of the CML Innovative Technologies subgroup. The goodwill arising on this operation also forms part of the assets presented in this column.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**(6) INFORMATION BY SEGMENT**

By geographical segment

Description	Thousands of Euros					Total
	Asia/Pacific	Europe	Mercosur	NAFTA	Other	
Net turnover .....	177,947	1,238,994	139,310	511,770	18,967	2,086,988
Other operating (expenses) / income, net .....	(152,651)	(1,102,264)	(141,972)	(447,862)	(17,939)	(1,862,688)
Depreciation and amortisation ...	(8,641)	(78,991)	(3,315)	(15,821)	(1,702)	(108,470)
<b>Operating income / (loss) (EBIT) .....</b>	<b>16,655</b>	<b>57,739</b>	<b>(5,977)</b>	<b>48,087</b>	<b>(674)</b>	<b>115,830</b>
<b>EBITDA .....</b>	<b>25,296</b>	<b>136,730</b>	<b>(2,662)</b>	<b>63,908</b>	<b>1,028</b>	<b>224,300</b>
<b>Assets attributable to the segment at 31 December 2012 .....</b>	<b>157,389</b>	<b>1,045,590</b>	<b>67,274</b>	<b>187,277</b>	<b>23,352</b>	<b>1,480,882</b>

**(7) PROPERTY, PLANT AND EQUIPMENT**

**Goodwill—**

The movements in “Goodwill” in 2012 and 2013 are as follows:

	Thousands of Euros
<b>Balance at 31 December 2011 .....</b>	<b>1,950</b>
Goodwill generated by the CML Innovative Technologies group .....	50,816
<b>Balances at 31 December 2012 .....</b>	<b>52,766</b>
Additions .....	—
Impairment .....	—
<b>Balances at 31 December 2013 .....</b>	<b>52,766</b>

The balances under this item in the consolidated statement of financial position at 31 December 2013 and 2012 correspond to goodwill pertaining to the group “CML Innovative Technologies” acquired by the Group in January 2012 (50,816 thousand euros) (see note 5) and to goodwill recognised by the consolidated subsidiary companies for non-material amounts.

This goodwill has been assigned to three cash generating units: Germany and the Czech Republic (15,959 thousand euros), the United Kingdom (3,407 thousand euros) and the French subsidiary and its subsidiaries in other countries (31,450 thousand euros).

At the end of each reporting period, the Group makes an estimate of whether there has been any impairment that reduces the recoverable value of goodwill to less than its carrying amount and makes any adjustments necessary. The policies applied by the Group to test for impairment to goodwill are described in Note 3-b.

The Group carried out the following review at 31 December 2013 and found that the recoverable amount of goodwill is higher than its carrying amount (*corresponding almost entirely to consolidated subsidiaries which currently generate profits*). To determine the recoverable amount, the Parent’s Directors reviewed and updated the assumptions relating to the future activities and forecast results of the corresponding consolidated subsidiaries and their impact on cash flows, taking into consideration the performance of the main variables in 2013 and any variances from the estimates made at the start of the year.

The recoverable amount of the cash generating units associated with the goodwill recognised was revised taking their value in use based on best estimates of cash flows for the next five years (*reviewed and updated by the Group’s Directors*) with a terminal value estimated assuming a growth rate in perpetuity. The sales of the “CML Innovative Technologies” group are forecast to grow strongly, especially in 2014 and 2015, when production will commence in respect of new contracts with Mercedes, BMW, VW, Renault and PSA in Europe and with the last three in China.

EBITDA will also grow in line with revenues (*starting from the 21 million euros obtained in 2013*). The discount rate before tax used for the purposes of this impairment test varies from country to country from 8.27% to 12.89%, approximately. The terminal value is calculated assuming sustainable average cash flows and a forecast growth rate of zero.

The Group's Directors have also performed a sensitivity analysis estimating that even if the expected sales growth is not achieved (*and current levels are maintained*) and/or the discount rates increase there is no expected risk of impairment, except in the case of the goodwill assigned to the companies of the CML subgroup in the United Kingdom, where the impairment would not be material.

#### Other intangible assets—

The movements under this heading and the related accumulated amortisation and provisions for impairments in 2013 and 2012 were as follows:

	Thousands of Euros			
	Development Expenses	Computer Software	Other Intangible Assets	Total
<b>Cost:</b>				
<b>Balances at 31 December 2011</b> .....	<b>386,285</b>	<b>36,269</b>	<b>1,897</b>	<b>424,451</b>
Investments incorporated in the scope of consolidation (Note 5) .....	—	2,100	11,435	13,535
Additions .....	35,377	2,946	13	38,336
Retirements or disposals .....	(17,709)	(120)	—	(17,829)
Translation differences and other items .....	1,966	309	—	2,275
<b>Balances at 31 December 2012</b> .....	<b>405,919</b>	<b>41,504</b>	<b>13,345</b>	<b>460,768</b>
Additions .....	40,441	2,970	160	43,571
Retirements or disposals .....	(10,515)	(995)	(677)	(12,187)
Translation differences and other items .....	(7,441)	50	(342)	(7,733)
<b>Balances at 31 December 2013</b> .....	<b>428,404</b>	<b>43,529</b>	<b>12,486</b>	<b>484,419</b>
<b>Accumulated amortisation:</b>				
<b>Balances at 31 December 2011</b> .....	<b>(237,969)</b>	<b>(32,074)</b>	<b>(1,897)</b>	<b>(271,940)</b>
Amortisation .....	(36,284)	(1,853)	(3,274)	(41,411)
Retirements or disposals .....	17,682	101	—	17,783
Transfers from "Impairment of intangible assets" .....	(2,153)	—	—	(2,153)
Translation differences and other items .....	4,910	(193)	(574)	4,143
<b>Balances at 31 December 2012</b> .....	<b>(253,814)</b>	<b>(35,776)</b>	<b>(5,745)</b>	<b>(295,335)</b>
Amortisation .....	(31,199)	(2,300)	(2,630)	(36,129)
Retirements or disposals .....	8,195	853	535	9,583
Transfers from "Impairment of intangible assets" .....	(882)	—	—	(882)
Translation differences and other items .....	6,283	208	181	6,672
<b>Balances at 31 December 2013</b> .....	<b>(271,417)</b>	<b>(37,015)</b>	<b>(7,659)</b>	<b>(316,091)</b>
<b>Impairment:</b>				
<b>Balances at 31 December 2011</b> .....	<b>(18,229)</b>	—	—	<b>(18,229)</b>
Impairments taken to income and reversals thereof, net .....	(7,542)	—	—	(7,542)
Transfers to "Accumulated amortisation on intangible assets" .....	2,153	—	—	2,153
Translation differences and other items .....	47	—	—	47
<b>Balances at 31 December 2012</b> .....	<b>(23,571)</b>	—	—	<b>(23,571)</b>
Impairments taken to income and reversals thereof, net .....	(1,732)	—	—	(1,732)
Retirements or disposals .....	1,890	—	—	1,890
Transfers to "Accumulated amortisation on intangible assets" .....	882	—	—	882
Translation differences and other items .....	877	—	—	877
<b>Balances at 31 December 2013</b> .....	<b>(21,654)</b>	—	—	<b>(21,654)</b>
<b>Net intangible assets at 31 December 2012</b> .....	<b>128,534</b>	<b>5,728</b>	<b>7,600</b>	<b>141,862</b>
<b>Net intangible assets at 31 December 2013</b> .....	<b>135,333</b>	<b>6,514</b>	<b>4,827</b>	<b>146,674</b>

#### Development expenses—

Capitalised development expenses at 31 December 2013 correspond to a range of projects relating to automobile headliners, trays, panels, seats and mechanisms. A portion of the capitalised development expenses (*approximately 89 million euros*) corresponds to projects in progress at 31 December 2013 (*approximately 63 million euros at 31 December 2012*), and, accordingly, the related expenses will not start to be amortised until the projects have been completed. The Directors of the Parent forecast that during 2014 and 2015 most of the development projects under way at 31 December 2013 will be completed, at which time the corresponding products will go into mass production.

The main additions to development expenses in 2013 correspond to the following projects: "Asiento Mercedes VS20", "Asiento Citroën B78", "Pilar Renault Edison", "Techo Ford V363NA", "Pilar Ford C390", "Pilar Volvo Y283-Y352", "Pilar Golf Plus W379" and "Panel Skoda A7". Mass production for some of these projects began in 2013.

Development costs derecognised in 2013 correspond principally to the development of certain projects which were almost fully amortised. The Group recognised a net loss of 714 thousand euros as a result of these operations which

was taken to income under “Gain/(loss) on disposal of non-current assets” in the accompanying consolidated income statement (*losses of 608 thousand euros were taken to income in 2012 following the derecognition of development costs which were not technically or economically viable*).

*Impairment losses—*

At the end of every reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. Should any such signs of impairment exist, the recoverable amount of these assets is quantified in order to determine any impairment loss suffered.

Accordingly, at 31 December 2013, the Group had recorded provisions for impairment totalling 21,654 thousand euros (*23,571 thousand euros at 31 December 2012*), corresponding to a decrease in the value of the capitalised development expenses of certain seat, panelling and headlining projects which are currently loss-making, and for which the recoverable value is lower than their carrying amount. Approximately 1.7 million euros of this amount was recognised under “Net impairment losses on non-current assets” in the accompanying consolidated income statement for 2013 (*approximately 7.9 million euros in 2012*). Meanwhile, practically no provisions for impairments were reversed with a credit to this heading in the consolidated income statement for 2013 (*reversal, approximately, of 0.4 million euros in 2012*).

*Other intangible assets—*

At 31 December 2013 this item corresponded almost entirely to customer relations recognised in the business combinations of the CML Innovative Technologies group and the business acquired from the Italian company CRS (see Note 5), which will be amortised over 7 and 5 years, respectively.

*Fully amortised assets—*

The Group’s intangible assets include certain assets which had been fully amortised at 31 December 2013 and 2012. The total cost and related accumulated amortisation of these assets amounted to approximately 164 and 149 million euros, respectively.

## (8) PROPERTY, PLANT AND EQUIPMENT

The movements in 2013 and 2012 in property, plant and equipment and in the related accumulated depreciation and provisions for impairments were as follows:

	Thousands of Euros			
	Land and Buildings	Technical Plant, Machinery and Other PP&E	PP&E under Construction and Prepayments	Total
<b>Cost:</b>				
<b>Balances at 31 December 2011</b> .....	<b>209,663</b>	<b>694,805</b>	<b>25,681</b>	<b>930,149</b>
Additions .....	7,550	50,201	24,869	82,620
Investments incorporated in the scope of consolidation (Note 5) .....	13,404	42,463	3,921	59,788
Retirements or disposals .....	(1,084)	(11,149)	(830)	(13,063)
Transfers between accounts .....	4,486	12,296	(16,782)	—
Translation differences and other items .....	1,201	(5,224)	(506)	(4,529)
<b>Balances at 31 December 2012</b> .....	<b>235,220</b>	<b>783,392</b>	<b>36,353</b>	<b>1,054,965</b>
Additions .....	13,183	45,538	18,082	76,803
Retirements or disposals .....	(100)	(19,644)	(815)	(20,559)
Transfers between accounts .....	(1,555)	26,043	(24,488)	—
Translation differences and other items .....	(3,170)	(19,564)	(2,979)	(25,713)
<b>Balances at 31 December 2013</b> .....	<b>243,578</b>	<b>815,765</b>	<b>26,153</b>	<b>1,085,496</b>
<b>Accumulated depreciation:</b>				
<b>Balances at 31 December 2011</b> .....	<b>(50,763)</b>	<b>(463,376)</b>	—	<b>(514,139)</b>
Depreciation .....	(6,698)	(60,091)	—	(66,789)
Retirements or disposals .....	728	8,860	—	9,588
Transfers from “Impairment of property, plant and equipment” .....	—	(1,897)	—	(1,897)
Translation differences and other items .....	(430)	3,621	—	3,191
<b>Balances at 31 December 2012</b> .....	<b>(59,117)</b>	<b>(537,659)</b>	—	<b>(596,776)</b>
Depreciation .....	(6,596)	(59,406)	—	(66,002)
Retirements or disposals .....	66	16,572	—	16,638
Transfers from “Impairment of property, plant and equipment” .....	—	(1,274)	—	(1,274)
Translation differences and other items .....	(2,310)	3,110	—	800
<b>Balances at 31 December 2013</b> .....	<b>(69,957)</b>	<b>(578,657)</b>	—	<b>(646,614)</b>
<b>Impairment:</b>				
<b>Balances at 31 December 2011</b> .....	—	<b>(10,071)</b>	—	<b>(10,071)</b>
Taken to income .....	—	(2,305)	—	(2,305)
Transfers to “Accumulated depreciation on property, plant and equipment” .....	—	1,897	—	1,897
Exchange differences .....	—	784	—	784
<b>Balances at 31 December 2012</b> .....	—	<b>(9,695)</b>	—	<b>(9,695)</b>
Taken to income .....	(3,016)	—	—	(3,016)
Retirements or disposals .....	—	38	—	38
Transfers to “Accumulated depreciation on property, plant and equipment” .....	—	1,274	—	1,274
Exchange differences .....	137	945	—	1,082
<b>Balances at 31 December 2013</b> .....	<b>(2,879)</b>	<b>(7,438)</b>	—	<b>(10,317)</b>
<b>Net property, plant and equipment at 31 December 2012</b> .....	<b>176,103</b>	<b>236,038</b>	<b>36,353</b>	<b>448,494</b>
<b>Net property, plant and equipment at 31 December 2013</b> .....	<b>172,742</b>	<b>229,670</b>	<b>26,153</b>	<b>428,565</b>

### Additions and retirements in 2013 and 2012—

The main additions to the Group’s property plant and equipment in 2013 correspond to new plants in Sibiu (Romania), Nizhny Nóvgorod (Russia) and Sollana-Valencia (Spain), and to investments in expanding production facilities, some of which were still in progress at 31 December 2013. Significant investments include those by CML Innovative Technologies, S.A.S. (France), CML Innovative Technologies, GmbH & Co. HG (Germany), Grupo Antolin-Turnov, s.r.o. and Grupo Antolin-Bohemia, s.r.o. (Czech Republic), Ningbo Antolin Huaxiang Auto Parts, Co., Ltd. (China), Grupo Antolin- Kentucky, Inc. (United States) and Grupo Antolin-Ara, S.L.U. (Spain).

In 2012, apart from the assets recognised as a result of the acquisition of the CML Innovative Technologies group and the business of the Italian company CRS (see Note 5), and the incorporation in the scope of consolidation of the Argentine company Irauto, S.A., the main additions corresponded to investments to complete the construction of the production plant belonging to Grupo Antolin-Saint Petersburg (Russia), and work to extend the production facilities of other consolidated subsidiaries. These include investments made by the companies located in the United States, by CML Innovative Technologies, SAS. (France), by Grupo Antolin-Turnov, s.r.o. (Czech Republic), by Ototrim Panel Sanayi ve Ticaret, A.S. (Turkey), by Trimtec, Ltda. (Brazil) and by Yangzhou Antolin Huaxiang Auto-Parts Co., Ltd. (China).

The most significant retirements in 2013 correspond to those recognised by Grupo Antolin-Cambrai, S.A.S. (France) and Grupo Antolin-Autotrim, S.A.U. (Spain) in respect of machinery and other items which were fully depreciated and which were not in productive use. No material gains were generated.

The most significant assets derecognised in 2012 corresponded to the retirement of machinery and other items by Antolin Shanghai Auto- Parts Co., Ltd. and Ningbo Antolin Huaxiang Auto Parts Co., Ltd. and other PP&E items. No material gains were generated.

#### Land—

The cost of “Land and constructions” at 31 December 2013 and 2012 includes 55,657 thousand euros and 53,480 thousand euros, respectively, corresponding to the carrying amount of the land at those dates.

The Group’s land holdings in the Iberian Peninsula were stated at their fair value at the transition date to IFRS-EU (1 January 2006) in accordance with the stipulations of IFRS 1. The highest value attributed to said assets at that date was 26,892 thousand euros and was determined on the basis of valuations performed by independent experts based on market prices or estimated discounted future cash flows.

#### Investment budget for 2014—

The Group’s Directors plan to invest 97,321 thousand euros in property, plant and equipment in 2014, broken down as follows:

<b>Business Segment</b>	<b>Thousands of Euros</b>
Doors .....	32,198
Headliners.....	37,300
Seats.....	8,180
Lighting .....	16,663
Other.....	2,980
	<b>97,321</b>

Planned investments correspond to many of the Group’s plants, the most relevant of which (*higher than 3 million euros*) relate to the new factories belonging to Grupo Antolin-Valplas, S.A.U. (*in Valencia, Spain*) and Grupo Antolin-Missouri, LLC (*United States*), both in connection with the “Headliner” and “Door” projects for Ford, the new factory belonging to Antolin Avtotechnika Nizhny Nóvgorod, Ltd. (*in Russia*) in connection with a “Door” project, and the new plant of CML Innovative Technologies, S.R.L. (*in Romania*), related to the “Lighting” function. Investments are also planned to extend plants or develop new projects by Grupo Antolin-RyA, S.A.U. (*in Spain*), Grupo Antolin-Turnov, s.r.o. (*in Czech Republic*), CML Innovative Technologies, S.A.S. (*in France*), Grupo Antolin-Leamington, Ltd. (*in United Kingdom*), Grupo Antolin-Cambrai, S.A.S. (*in France*) and Ningbo Antolin Huaxiang Auto Parts Co., Ltd. (*in China*).

#### Assets located outside Spain—

The cost of the Group’s property, plant and equipment located outside Spain and the corresponding accumulated depreciation and provisions for impairment at 31 December 2013 and 2012 are as follows:

<b>Type of Asset</b>	<b>Thousands of Euros</b>		
	<b>Cost</b>	<b>Accumulated Depreciation and Impairment</b>	<b>Net</b>
<b>As at 31 December 2012—</b>			
Land and buildings .....	143,964	(41,425)	102,539
Technical plant, machinery and other PP&E .....	517,821	(326,776)	191,045
Advances and fixed assets in progress .....	36,355	—	36,355
	<b>698,140</b>	<b>(368,201)</b>	<b>329,939</b>
<b>As at 31 December 2013—</b>			
Land and buildings .....	145,444	(49,624)	95,820
Technical plant, machinery and other PP&E .....	540,353	(355,598)	184,755
Advances and fixed assets in progress .....	25,926	—	25,926
	<b>711,723</b>	<b>(405,222)</b>	<b>306,501</b>

#### Finance leases (*leasing*)—

Shown below is a breakdown of the leased assets recognised by the Company at 31 December 2013 and 2012 as lessee under finance leases (*valued in accordance with the criterion described in Note 3-f*) with details of their key features and the corresponding finance leases signed (see Note 17):

At 31 December 2013

Thousands of Euros (excluding VAT and interest)						
Description of Asset	Contract Term (Months)	Months Elapsed to 31/12/13	Original Cost	Lease Instalments Paid in Prior Years	Lease Instalments Paid in 2013	Lease Payments Outstanding (Including Purchase Option)
Buildings and facilities <sup>(a)</sup>	180	144	10,430	6,079	639	2,341
Buildings and facilities <sup>(b)</sup>	144	120	17,180	11,963	2,027	3,190
Machinery <sup>(b)</sup>	72	44	1,810	743	303	764
Machinery <sup>(c)</sup>	72	62	2,179	1,360	420	398
Machinery <sup>(d)</sup>	33	24	692	307	150	235
Construction <sup>(d)</sup>	93	24	2,592	154	212	1,840
Machinery <sup>(c)</sup>	50	3	291	—	—	291
			<b>35,174</b>	<b>20,606</b>	<b>3,751</b>	<b>9,059</b>

At 31 December 2012

Thousands of Euros (excluding VAT and interest)						
Description of Asset	Contract Term (Months)	Months Elapsed to 31/12/12	Original Cost	Lease Instalments Paid in Prior Years	Lease Instalments Paid in 2012	Lease Payments Outstanding (Including Purchase Option)
Buildings and facilities <sup>(a)</sup>	180	132	10,430	5,440	639	2,980
Buildings and facilities <sup>(b)</sup>	144	108	17,180	10,462	1,501	5,217
Machinery <sup>(b)</sup>	72	32	1,810	468	275	1,067
Machinery <sup>(c)</sup>	72	50	2,179	1,052	308	819
Machinery <sup>(e)</sup>	60	59	177	137	38	2
Machinery <sup>(e)</sup>	60	57	557	411	120	26
Machinery <sup>(e)</sup>	60	57	141	110	30	1
Machinery <sup>(e)</sup>	60	53	739	493	157	89
Machinery <sup>(e)</sup>	60	53	279	187	59	33
Machinery <sup>(e)</sup>	60	50	322	198	67	57
Machinery <sup>(e)</sup>	60	50	317	196	66	55
Machinery <sup>(d)</sup>	33	12	692	—	307	385
Construction <sup>(d)</sup>	93	12	2,592	—	154	2,053
			<b>37,415</b>	<b>19,154</b>	<b>3,721</b>	<b>12,784</b>

- (a) These items relate to investments made in the production plant of the consolidated subsidiary Grupo Antolin-Cambrai, S.A.S. The Group received from Communauté d'Agglomération de Cambrai (France) a capital grant to partially fund these structures and facilities, which was used to reduce its borrowings. In 2009, the purchase option in the contracts relating to the machinery was taken up.
- (b) Buildings and facilities correspond to investments made in 2003 and 2004 in the construction of the production plant belonging to consolidated subsidiary Grupo Antolin-Turnov, s.r.o., and an extension built in 2008. Machinery corresponds to investments made by the same company in 2010.
- (c) These assets correspond to investments by the consolidated subsidiary companies Silesia Plastic, Sp. zo.o. and Intertrim, Ltda.
- (d) These assets correspond to certain items of machinery and buildings incorporated by the Group at their carrying amount as a result of the acquisition by Grupo Antolin-Italia, S.r.l., of the business of the Italian CRS group in February 2012. These items were used under finance leases to which the Group was subrogated.
- (e) These assets corresponded to machinery used since 2008 under a finance lease by consolidated subsidiary CML Innovative Technologies, S.A.S., which was incorporated into the Group in 2012. These contracts terminated in 2013 and the corresponding purchase options were exercised.

#### Operating leases—

The consolidated companies lease buildings which house a part of their warehouses, production facilities and offices. The related contracts signed with the owners of these buildings provide that the rental periods will expire over the coming years, although they provide for the possibility of successive, tacit extensions.

The Group depreciates the property, plant and equipment installed in these buildings based on the shorter of the useful life of the assets or the estimated life of the project, as the Directors of the Parent do not foresee any difficulties in extending the terms of the corresponding lease contracts indefinitely.



The rental cost of said buildings for 2013 totalled 19 million euros, approximately (21 million euros, approximately, in 2012), recorded under “Other operating expenses” on the accompanying consolidated income statement.

The lease instalments payable to the lessors under the operating leases signed by the Group with third parties at 31 December 2013 and 2012 are as follows:

<b>Period</b>	<b>Thousands of Euros</b>	
	<b>31/12/13</b>	<b>31/12/12</b>
Not later than one year.....	18,083	18,427
One to five years.....	48,187	52,900
More than five years .....	7,522	8,718
	<b>73,792</b>	<b>80,045</b>

#### **Impairment losses—**

At the end of each reporting period, the Group tests for any internal or external signs that the recoverable amount of their property, plant and equipment is less than the carrying amount. If so, the carrying amount is reduced to the recoverable value and the future charges for depreciation in proportion are adjusted in proportion to their adjusted carrying amount and their new remaining useful life if it was also necessary to re-estimate this. Any such reduction in the carrying amount of property, plant and equipment for own use is charged to “Net impairment losses on non-current assets” in the consolidated income statement.

Similarly, whenever there are signs that the value of an impaired asset has recovered, the consolidated companies reverse impairment losses recognised in prior years. The increased carrying amount may not exceed the carrying amount that would have been determined had no impairment loss previously been recognised for the asset.

At 31 December 2013 the Group’s consolidated companies tested for signs of any impairment to the recoverable amount of its property, plant and equipment, and quantified the recoverable amount where such signs were detected. Where the asset does not itself generate cash inflows that are independent of those from other assets, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

An asset’s recoverable amount is the higher of its fair value (*less sale costs*) and its value in use. In calculating value in use at 31 December 2013, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. These future cash flows are derived from the forecasts made by the Group for each cash generating unit for a period of five years (*using assumptions concerning changes in sale prices, costs and volumes based on experience and future expectations in accordance with the currently approved strategic plan and the budget for the coming year*), with a residual value calculated using a growth rate of zero.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**(8) PROPERTY, PLANT AND EQUIPMENT**

Based on this analysis, at 31 December 2013 the Group recognised impairment losses to property, plant and equipment totalling 10,317 thousand euros (*of which 3,016 thousand euros were recognised in 2013 and the remaining amount in prior years*). These losses corresponded mainly to assets at plants owned by Grupo Antolin-Bohemia, a.s. (*in Chrastava*) and Trimtec, Ltda., which are presently generating losses and whose recoverable amount is less than their carrying amount (*at 31 December 2012 the Group had recognised impairment losses of 9,695 thousand euros, corresponding mainly to property, plant and equipment belonging to the consolidated subsidiary Trimtec, Ltda.*).

**Fully depreciated property, plant and equipment—**

The Group's property, plant and equipment include certain assets which had been fully depreciated at 31 December 2013 and 2012. The total cost and related accumulated depreciation of these assets amounted to approximately 309 and 290 million euros respectively.

**Insurance policy—**

The Group takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed. The Parent's directors consider that the policies taken out are adequate in view of the various locations of its property, plant and equipment.

**(9) NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS**

The balances on these headings in the consolidated statement of financial position at 31 December 2013 and 2012 are broken down below by type:

	Thousands of Euros			
	31/12/13		31/12/12	
	Non-Current	Current	Non-Current	Current
Available-for-sale financial assets .....	—	—	19,234	—
Non-current investment securities .....	2,577	—	2,180	—
Other financial assets .....	4,528	3,832	7,256	6,690
<b>Total, gross</b> .....	<b>7,105</b>	<b>3,832</b>	<b>28,670</b>	<b>6,690</b>
Less- Impairment .....	(1,378)	—	(1,478)	—
<b>Net total</b> .....	<b>5,727</b>	<b>3,832</b>	<b>27,192</b>	<b>6,690</b>

**Available-for-sale financial assets—**

Set out below is the movement in "Available-for-sale financial assets" in 2013 and 2012:

Holding in the Share Capital of:	Thousands of Euros						
	Balances at 31/12/11	Change in Fair Value (Note 13)	Balances at 31/12/12	Change in Fair Value (Note 13)	Taken to Income under "Financial Assets"	Disposals	Balances at 31/12/13
CIE Automotive, S.A.....	14,111	(1,007)	13,104	1,082	(11,565)	(2,621)	—
Banca Cívica, S.A./Caixabank, S.A.....	8,445	(2,341)	6,104	1,711	(1,711)	(6,104)	—
Bankia, S.A.....	240	(214)	26	(26)	26	(26)	—
	<b>22,796</b>	<b>(3,562)</b>	<b>19,234</b>	<b>2,767</b>	<b>(13,250)</b>	<b>(8,751)</b>	<b>—</b>

The balances on this heading at 31 December 2012 corresponded to non-controlling interests held by Grupo Antolin in the share capital of a number of listed companies. These assets are classified as level 1 in the hierarchy of fair value measurement (*as their fair value is based on listed prices which are observable in the market*). No "Available-for-sale financial assets" were acquired in 2013, and the Group disposed of shares in CIE Automotive, S.A., Caixabank, S.A. and Bankia, S.A. for a total of 22,001 thousand euros. The Group recognised a net loss of

13,250 thousand euros as a result of these operations which was taken to income under “Impairment and gains/(losses) on disposal of financial instruments” in the accompanying consolidated income statement for the year ended 31 December 2013.

During 2013 the Group received dividends from these investee companies totalling 548 thousand euros, recognised under “Finance income” in the consolidated income statement.

*Holding in CIE Automotive, S.A.—*

CIE Automotive, S.A. is a listed company with registered offices in Bilbao operating two main lines of business: automobiles and biofuels.

At 31 December 2012 the Group held 2,519,826 shares in CIE Automotive, S.A., representing 2.21% of its share capital, carried at its fair value of 13,104 thousand euros in the consolidated statement of financial position at that date. This fair value was determined using the listed price of the shares at that date (5.2 euros/share). The change in the fair value of this investment between the acquisition date and 31 December 2012 was credited to equity under “Remeasurements—Available-for-sale financial assets” in the consolidated statement of financial position (see Note 13). At 31 December 2012 the accumulated change in the fair value of these financial instruments was 10,483 thousand euros (increase added to the acquisition cost of 2,621 thousand euros).

During 2013 the Group sold its entire holding in CIE Automotive, S.A. for 14,186 thousand euros, generating a gain of 11,565 thousand euros which was recognised under “Impairment and gains/(losses) on disposal of financial instruments” in the consolidated income statement for the year ended 31 December 2013.

*Shareholding in Caixabank, S.A.—*

Caixabank, S.A. is a listed company with registered address in Barcelona. Its activities include all types of banking activity, operations and services. The aforementioned shares represent 0.06% of the share capital of Caixabank, S.A.

At 31 December 2012 the Group held 2,314,814 shares in Caixabank, S.A. The aforementioned shares represent 0.06% of the share capital of Caixabank, S.A. and the investment has been classified under “Available- for-sale financial assets”.

At 31 December 2012 said investment was carried at its fair value of 6,104 thousand euros based on the listed price of shares in Caixabank, S.A. at that date (2.637 euros/share). An impairment loss on this investment of 3,896 thousand euros was detected in 2012, which was recognised under “Net fair value gain/(loss) on financial instruments” in the consolidated income statement for the year ended 31 December 2012.

During 2013 the Group sold its entire holding in Caixabank, S.A. for 7,815 thousand euros, generating a gain of 1,711 thousand euros which was recognised under “Impairment and gains/(losses) on disposal of financial instruments” in the consolidated income statement for the year ended 31 December 2013.

**Non-current investment securities—**

The balances under this heading at 31 December 2013 and 2012 correspond to a number of shareholdings in unlisted companies. In 2013 additions to this heading totalling 251 thousand euros, reductions totalling 10 thousand euros together with increases in fair value due to exchange differences of 156 thousand euros were recognised.

Movements in 2012 included additions of 30 thousand euros, a reduction in fair value due to exchange differences of 8 thousand euros and the derecognition of the shareholding in Irauto, S.A. (the cost of which, 2,065 thousand euros, was fully impaired) which in 2012 was fully consolidated, the Group having acquired control of said company (see Notes 1, 2-g, and 5).

**Other financial assets—**

The breakdown by type of these financial assets at 31 December 2013 and 2012 is as follows:

	Thousands of Euros			
	31/12/13		31/12/12	
	Non-Current	Current	Non-Current	Current
Other loans <sup>(a)</sup> .....	2,738	3,502	5,585	6,343
Guarantee deposits and deposits given .....	1,790	330	1,671	347

(a) The amounts recognised under this heading at 31 December 2013 included a short-term loans granted by the Group to associates totalling 3,459 thousand euros (see Note 22).

The balances reported under this heading were lower than at the end of the 2012 reporting period due, mainly, to the concession of a short-term loan to the Associate Gongzhuling Huaxing Auto Interior Trim Co., Ltd for 2,324 thousand euros, and the early repayment in 2013 of certain loans to the Company by its former shareholders (*some of which are also directors of said company*—see Note 22).

## (10) INVENTORIES

The Group’s inventories at 31 December 2013 and 2012 were as follows:

Description	Thousands of Euros	
	31/12/13	31/12/12
Raw materials and supplies.....	88,885	91,405
Other supplies.....	1,297	1,593
Merchandise .....	8,538	9,114
Work-in-process and semifinished goods .....	16,441	14,898
Project tools .....	109,178	87,496
Finished products.....	33,991	32,316
By products, waste and recovered materials .....	83	126
Advances to suppliers.....	12,431	13,290
Impairment provisions .....	(8,078)	(7,383)
	<u>262,766</u>	<u>242,855</u>

### Project tools—

The balances of this item at 31 December 2013 and 2012 correspond to the costs incurred by the Group on the project tools being manufactured at said dates. As at 31 December 2013 and 2012, the Group had billed approximately 61 and 60 million euros respectively as advances, recorded as current liabilities under “Trade and other payables” caption in the accompanying consolidated statement of financial position.

The Directors of the Parent consider that the income in respect of the sale of practically all the project tools being manufactured at 31 December 2013 will be realised in 2014 with significant profits.

### Insurance policy—

The Group takes out insurance policies to cover the possible risks to which practically all its inventories are exposed. In the opinion of the Parent’s Directors, the cover provided by the policies taken out at 31 December 2013 is sufficient.

## (11) OTHER RECEIVABLES

The composition of other receivables in the consolidated statement of financial position at 31 December 2013 and 2012 is as follows:

Description	Thousands of Euros	
	31/12/13	31/12/12
<b>Sundry receivables, staff and prepaid expenses .....</b>	<u>15,571</u>	<u>12,951</u>
<b>Taxes and Social Security—</b>		
Taxes refundable (Note 20) .....	43,660	47,630
Receivable from public authorities for grants awarded.....	5,151	4,220
Other receivables from public authorities .....	754	575
	<u>49,565</u>	<u>52,425</u>
	<u>65,136</u>	<u>65,376</u>

## (12) CASH AND BANK BALANCES

Cash and cash equivalents in the consolidated statement of financial position include the cash and current bank accounts of the Group and short-term bank deposits (*totalling 93,905 thousand euros at 31 December 2013 and*

152,371 thousand euros at 31 December 2012), generally maturing in January of the following year and accruing interest at an annual rate of around 1%. The carrying amounts of these assets are the same as their fair value.

### (13) EQUITY

#### Share capital—

The share capital of the Parent at 31 December 2013 and 2012 comprised 8,023,241 registered shares (3,114,603 “class A” shares, 3,074,733 “class B” shares and 1,833,905 “class C” shares), fully subscribed and paid in, each with a par value of 4.67 euros.

The Shareholder Structure of the Parent as at Said Date, Was as Follows:	Percentage Held	
	31/12/13	31/12/12
Avot Inversiones, S.L. ....	67.38	—
Sarmental Gestión, S.L.U. ....	32.62	—
Canea, S.L. ....	—	38.82
Injat, S.L. ....	—	28.56
Agrícola Cinegética San Quirce, S.L. ....	—	9.76
Anira Inversiones, S.L. ....	—	22.86
	<b>100.00</b>	<b>100.00</b>

All the Grupo Antolin-Irausa, S.A. shares carry the same voting and dividend rights, although they are distinguished by their transfer regime.

On 19 July 2013, Canea, S.L. and Injat, S.L., former shareholders of the Parent, subscribed to a capital increase, paid in shares they held in Avot Inversiones, S.L. Likewise, Agrícola Cinegética San Quirce, S.L. subscribed to a capital increase in Sarmental Gestión, S.L.U., paid in shares in Grupo Antolin-Irausa, S.A.

In December 2013, Sarmental Gestión, S.L.U. acquired the shares held by Anira Inversiones, S.L. in Grupo Antolin-Irausa, S.A. (*Avot Inversiones, S.L. and the Parent having previously renounced their respective preferential rights to acquire said shares*), comprising 1,833,905 class “C” shares, representing 22.86% of the share capital of said company.

Following this share transfer, on 16 December 2013 the “shareholders’ agreement” in force since 2004 between Anira Inversiones, S.L., an investment group comprised of certain financial institutions, and the rest of the shareholders of the Parent, was cancelled. This agreement established the rules governing relations between both parties as shareholders in Grupo Antolin-Irausa, S.A. and those governing the management and internal organisation of Grupo Antolin-Irausa, S.A. and the other companies composing Grupo Antolin.

Avot Inversiones, S.L. has undertaken to establish a lien on its shareholding in the Parent (*51% of the total share capital*) in the event that the maturity date of the Syndicated Bridging Loan conceded by various financial institutions to the Group is extended to 2015 (see Note 17).

#### Additional paid-in capital—

The revised text of the Spanish Corporate Enterprise Act expressly allows the use of the additional paid-in capital balance to increase share capital and establishes no specific restrictions as to its use.

#### Other reserves of the Parent—

This heading in the accompanying consolidated statement of financial position at 31 December 2013 and 2012 includes the following reserves:

##### *Legal reserve—*

The revised text of the Spanish Corporate Enterprise Act stipulates that 10% of the net profits of the year must be appropriated to the Legal reserve until it attains at least 20% of share capital. At both 31 December 2013 and 2012, the legal reserve amounted to 7,494 thousand euros.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Except for the aforesaid purpose, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

#### *Other reserves—*

The balance under this heading at 31 December 2013 includes losses carried forward from previous financial years (41,241 thousand euros) and other unrestricted reserves of the Parent.

#### **Distribution of dividends—**

##### *Restrictions on the distribution of dividends—*

The terms of the Syndicated Bridging Loan signed on 12 December 2013 (see Note 17) establish that in addition to the part of the interim dividend distributed in December 2013 against said loan, in the amount of 85 million euros, the Parent may not distribute dividends in 2013 and 2014 for an amount greater than 33,205 thousand euros, and in 2015 it may only distribute a dividend against profits for the preceding financial year of up to 6,000 thousand euros.

On 16 December 2013 the Parent agreed to distribute an interim dividend of 118,205 thousand euros against the profits for the year ended 31 December 2013. At the end of said reporting period the Parent had therefore reached the limit for the distribution of dividends for 2013 and 2014 established in the terms of the aforementioned Syndicated Bridging Loan.

The terms of a loan conceded to the Group by the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE) on 22 October 2012 (see Note 17) allow the distribution of dividends by the Parent subject to the following conditions:

- Until such time as 50% of the principal of this loan is repaid, the amount of the dividend may not exceed 50% of the profit attributable to the Parent in the previous year. After more than 50% of the principal of said loan has been repaid, up to 75% of the profits attributable to the Parent for the previous year may be distributed (*excluding any positive difference between the capital gains and capital losses arising from sales of assets, net of any tax effect*).

Under both contracts the distribution of a dividend is only allowed if it does not imply any non-compliance with the Syndicated Bridging Loan agreement or the loan agreement and, in particular, with the obligations concerning compliance with financial ratios.

##### *Dividends distributed 2013 and 2012—*

On 8 May 2013 the Ordinary General Meeting of Shareholders of the Parent agreed the distribution of a dividend against profits for 2012 of 20,800 thousand euros (2.5927 euros per share). On 16 December 2013 the General Meeting of Shareholders of the Parent agreed the distribution of a dividend against profits for 2013 of 118,205 thousand euros (14.7328 euros per share). Both dividends were paid to the shareholders of the Parent prior to 31 December 2013.

On 30 June 2012, the Ordinary General Meeting of Shareholders of the Parent agreed the distribution of a dividend against reserves of 7,016 thousand euros and a further dividend of 12,984 thousand euros against profits for 2011 (a total payout of 2.4927 euros per share). These dividends, totalling 20,000 thousand euros, were paid to shareholders prior to 31 December 2012.

The amount of the dividend distributed in June 2013 and 2012 did not exceed 50% of the profit attributable to the Parent as disclosed in the annual financial statements of Grupo Antolin-Irausa, S.A. and subsidiaries in the previous financial years (2012 and 2011). The interim dividend distributed on 16 December 2013 was approved by the financial institutions which conceded the Syndicated Bridging Loan and by the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE) (see Note 17).

No other dividends were distributed in 2013 and 2012.

#### **Capital management—**

The Group's capital management focuses on achieving a financial structure that optimises the cost of capital to ensure a sound financial position. This policy enables value creation for shareholders to be compatible with access to financial markets at a competitive cost to cover the needs for refinancing debt and financing the investment plan not covered by the funds generated by the business.

In this regard, in line with standard practice in the business world and in the industry in which it operates, the Group uses the following ratios to analyse its situation:

- *Financial leverage (Net borrowing/net equity attributable to the Parent):* The Group's ratio at 31 December 2012 was 0.99. As at the end of 2013, it was 1.94.
- *Debt-to-income (Net borrowing/EBITDA):* The Group's ratio at 31 December 2012 was 1.34. As at the end of 2013, it was 1.56.

As stated in Note 17, the Group has been granted a loan by a group of financial institutions and a Syndicated Bridging Loan by the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE), which require that certain specific financial ratios be fulfilled.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**(13) EQUITY**

**Contribution of the consolidated companies to the Group's reserves and exchange differences—**

Set out below is a breakdown by company, of the balances recorded under “Reserves of fully and proportionally consolidated companies”, “Reserves of companies accounted for using the equity method” and “Exchange differences” in the accompanying consolidated statement of financial position at 31 December 2013 and 2012:

Company	Thousands of Euros			
	Reserves in Consolidated Companies		Exchange Differences	
	31/12/13	31/12/12	31/12/13	31/12/12
<b>Fully consolidated companies—</b>				
Grupo Antolin-Irausa, S.A.	190,543	226,029 <sup>(a)</sup>	(11,681)	(10,935)
Grupo Antolin-Ara, S.L.U.	14,426	12,519	—	—
Grupo Antolin-Dapsa, S.A.U.	3,285	4,292	—	—
Grupo Antolin-Aragusa, S.A.U.	4,779	4,846	—	—
Grupo Antolin-Eurotrim, S.A.U.	5,991	6,844	—	—
Grupo Antolin-RyA, S.A.U.	15,792	13,197	—	—
Grupo Antolin-Autotrim, S.A.U.	32,593	33,164	—	—
Grupo Antolin-Ardasa, S.A.U.	14,694	14,179	—	—
Grupo Antolin-Martorell, S.A.U. <sup>(b)</sup>	(5,954)	(5,397)	—	—
Grupo Antolin-Plasbur, S.A.U.	30,160	27,540	—	—
Grupo Antolin-Lusitânia, S.A.	12,925	12,519	—	—
Grupo Antolin-Ingeniería, S.A.U.	19,171	20,957	(425)	(425)
Grupo Antolin-Amsterdam, B.V.	3,166	3,029	—	—
Grupo Antolin-Deutschland, GmbH	1,800	1,623	—	—
Grupo Antolin-Holland, B.V.	5,398	5,443	—	—
Grupo Antolin-Autoform, GmbH & Co. KG	(39,243)	(38,782)	(141)	(141)
Grupo Antolin-Bohemia, a.s. <sup>(b)</sup>	(13,395)	(5,209)	(3,588)	(210)
Grupo Antolin-North America, Inc.	2,995	2,318	(3,558)	(3,027)
Grupo Antolin-IGA, S.A.S. <sup>(b)</sup>	(57,825)	(56,536)	—	—
Grupo Antolin-France, S.A.S. (formerly Grupo Antolin-H.F.R., S.A.S.) <sup>(b)</sup>	(40,446)	(42,021)	—	—
Grupo Antolin-Turnov, s.r.o.	40,517	30,847	(545)	2,467
Grupo Antolin-Kentucky, Inc.	26,474	22,149	(4,008)	(2,540)
Ototrim Panel Sanayi ve Ticaret, A.S.	21,773	18,732	(6,668)	(3,881)
Grupo Antolin-Silao, S.A. de C.V. <sup>(b)</sup>	(20,647)	(24,510)	(9,404)	(7,786)
Trimtec, Ltda. <sup>(b)</sup>	(92,018)	(81,088)	(3,093)	(281)
Iramec Autopeças, Ltda.	9,103	8,212	465	939
Intertrim, Ltda.	5,909	6,909	(1,589)	415
Grupo Antolin-South Africa, Ltd.	(4,688)	(4,141)	(845)	562
Grupo Antolin-Pune PTV, Ltd. <sup>(b)</sup>	(3,239)	(4,147)	(4,838)	(3,193)
Grupo Antolin-Leamington, Ltd. <sup>(b)</sup>	(29,188)	(40,223)	980	1,470
Grupo Antolin-Logistik Deutschland, GmbH	19,879	16,133	—	—
Grupo Antolin-Vosges, S.A.S. <sup>(b)</sup>	(39,126)	(41,363)	—	—
Grupo Antolin-Glass, S.A.U.	1,163	1,102	—	—
Grupo Antolin-Navarra, S.A.U.	16,178	15,674	—	—
Grupo Antolin-Ingenierie Sièges, S.A.S.	1,547	1,154	—	—
Grupo Antolin-Loire, S.A.S. <sup>(b)</sup>	(34,552)	(35,983)	—	—
Grupo Antolin-Saint Petersburg	(19,463)	(6,038)	(1,088)	—
Antolin Tanger, S.A.R.L. <sup>(b)</sup>	(11,154)	(10,017)	32	49
Grupo Antolin-Magnesio, S.L.U. <sup>(b)</sup>	(2,880)	(2,805)	—	—
Grupo Antolin-Cambrai, S.A.S. <sup>(b)</sup>	(22,446)	(18,803)	—	—
Grupo Antolin-Ostrava, s.r.o.	8,686	4,859	(1,616)	(425)
Grupo Antolin-Bratislava, s.r.o.	5,204	5,895	713	713
Grupo Antolin-Álava, S.L.U.	2,427	1,895	—	—
Grupo Antolin-PGA, S.A.U.	15,232	12,750	—	—
Grupo Antolin-Michigan, Inc.	15,043	3,937	(3,768)	(2,682)
Grupo Antolin-Illinois, Inc.	38,528	28,866	(2,321)	(1,511)
Grupo Antolin-Vigo, S.L.U.	13,487	12,578	—	—
Mexican Door Company, S.R.L. de C.V.	1,787	291	(1,459)	(1,134)
Antolin Shanghai Autoparts Co., Ltd.	9,900	7,445	2,053	2,412



Chongqing Antolin Tuopu Overhead System Co., Ltd.....	6,039	5,599	450	516
Grupo Antolin-Salttillo, S. de R.L. de C.V. <sup>(b)</sup> .....	(3,650)	(3,528)	8	696
Grupo Antolin-Jarny, S.A.S. <sup>(b)</sup> .....	(6,017)	(7,536)	—	—
Other companies.....	15,646	9,903	1,873	2,887
	<b>186,309</b>	<b>175,302</b>	<b>(54,061)</b>	<b>(25,045)</b>
<b>Proportionally consolidated companies—</b>				
International Door Company, B.V.....	<b>2,147</b>	<b>2,268</b>	<b>(140)</b>	<b>(114)</b>
<b>Companies accounted for using the equity method—</b>				
Grupo Antolin-Wayne, LLC.....	2,048	962	(137)	(4)
International Door Systems, S.R.L. de C.V.....	6,736	5,710	(288)	(262)
Slovakian Door Company, s.r.o.....	1,607	1,855	—	—
Gongzhuling Huaxiang Auto Interior Trim Co, Ltd.....	1,543	911	218	298
Dongwon Technology Co., Ltd.....	1,544	1,460	14	92
Antolin Kasai Tek Chennai PVT, Ltd.....	(74)	—	(659)	(168)
NHK Antolin (Thailand) Co., Ltd.....	—	—	(234)	(71)
Dongguan Antolin Huaxiang Auto Parts Co., Ltd.....	—	—	(3)	—
Antolin Kasai International Kabushiki Kaisya.....	—	—	(10)	—
	<b>13,643</b>	<b>10,898</b>	<b>(1,099)</b>	<b>(115)</b>
<b>Total.....</b>	<b>202,099</b>	<b>188,468</b>	<b>(55,300)</b>	<b>(25,274)</b>

(a) These figures are for the reserves of consolidated companies attributable to the Parent as a result of consolidation.

(b) In recent financial years the Group has implemented an efficiency programme and measures to improve the performance of these consolidated subsidiaries with the medium-term goal of reversing the recurring losses currently being reported by most of them. In general this is being achieved.

### Contribution of the consolidated companies to profit and loss for 2013 and 2012 attributable to the Parent—

The contribution of each of the consolidated companies to the 2013 and 2012 profit and loss attributable to the Parent is as follows:

Company	Thousands of Euros					
	2013			2012		
	Consolidated Profit/(loss) for 2013	Profit Attributable to non-controlling Interests	Profit Attributable to the Parent	Consolidated Profit/(loss) for 2012	Profit Attributable to non-controlling Interests	Profit Attributable to the Parent
<b>Fully consolidated companies—</b>						
Grupo Antolin-Irausa, S.A.....	(32,234)	—	(32,234)	(6,993)	—	(6,993)
Grupo Antolin-Ara, S.L.U.....	1,680	—	1,680	1,855	—	1,855
Grupo Antolin-Dapsa, S.A.U.....	(808)	—	(808)	(955)	—	(955)
Grupo Antolin-Aragusa, S.A.U.....	942	—	942	(67)	—	(67)
Grupo Antolin-Álava, S.L.U.....	(266)	—	(266)	532	—	532
Grupo Antolin-Eurotrim, S.A.U.....	33	—	33	(853)	—	(853)
Grupo Antolin-RyA, S.A.U.....	1,669	—	1,669	2,595	—	2,595
Grupo Antolin-Autotrim, S.A.U.....	2,433	—	2,433	(572)	—	(572)
Grupo Antolin-Ardasa, S.A.U.....	1,306	—	1,306	515	—	515
Grupo Antolin-Martorell, S.A.U.....	(198)	—	(198)	(557)	—	(557)
Grupo Antolin-Plasbur, S.A.U.....	3,199	—	3,199	2,619	—	2,619
Grupo Antolin-Magnesio, S.L.U.....	1,205	—	1,205	(75)	—	(75)
Grupo Antolin-Lusitânia, S.A.....	1,509	—	1,509	406	—	406
Grupo Antolin-Ingeniería, S.A.U.....	1,190	—	1,190	(2,269)	—	(2,269)
Grupo						
Antolin-Autoform, GmbH & Co. KG <sup>(a)</sup> .....	(148)	—	(148)	(461)	—	(461)
Grupo Antolin-Bohemia, a.s. <sup>(b)</sup> .....	(4,826)	—	(4,826)	(8,185)	—	(8,185)
Grupo Antolin-Vigo, S.L.U.....	1,326	—	1,326	909	—	909
Grupo Antolin-IGA, S.A.S.....	255	—	255	(1,289)	—	(1,289)
Grupo Antolin-France, S.A.S.....	(2,302)	—	(2,302)	(142)	—	(142)
Grupo Antolin-Turnov, s.r.o.....	6,506	—	6,506	9,671	—	9,671
Ototrim Panel Sanayi ve Ticaret, A.S.....	3,997	(1,999)	1,998	6,090	(3,045)	3,045
Grupo Antolin-Silao, S.A. de C.V.....	13,121	—	13,121	3,863	—	3,863
Trimtec, Ltda. <sup>(b)</sup> .....	(5,332)	—	(5,332)	(10,930)	—	(10,930)
Iramec Autopeças, Ltda.....	1,170	(585)	585	1,781	(891)	890
Intertrim, Ltda.....	(4,258)	627	(3,631)	(1,170)	172	(998)
Grupo Antolin-Pune Private PVT, Ltd.....	266	—	266	913	—	913
Grupo Antolin-Leamington, Ltd.....	8,960	—	8,960	11,035	—	11,035
Grupo Antolin-Logistik						
Deutschland, GmbH.....	1,404	—	1,404	3,746	—	3,746
Grupo Antolin-Vosges, S.A.S.....	1,635	—	1,635	2,236	—	2,236
Grupo Antolin-Navarra, S.A.U.....	430	—	430	505	—	505
Grupo Antolin-Glass, S.A.U.....	32	—	32	61	—	61
Grupo Antolin-Loire, S.A.S.....	343	—	343	1,431	—	1,431
Antolin Shanghai						
Autoparts Co. Ltd.....	4,959	—	4,959	2,452	—	2,452
Mexican Door Company, S.A. de C.V.....	3,553	(1,777)	1,776	2,990	(1,495)	1,495

Antolin Tanger, S.A.R.L.....	(679)	—	(679)	(1,137)	—	(1,137)
Silesia Plastic, Sp. zo.o.....	2,508	(1,254)	1,254	2,937	(1,469)	1,468
Chongqing Antolin Tuopu Overhead System Co., Ltd.....	2,644	(1,031)	1,613	721	(281)	440
Grupo Antolin-Bratislava, s.r.o.....	323	—	323	(690)	—	(690)
Grupo Antolin-Cambrai, S.A.S. <sup>(b)</sup> ..	(1,103)	—	(1,103)	(3,643)	—	(3,643)
Grupo Antolin-PGA, S.A.U.....	2,639	—	2,639	2,482	—	2,482
Grupo Antolin-Illinois, Inc.....	10,671	—	10,671	9,662	—	9,662
Grupo Antolin-Michigan, Inc.....	9,406	—	9,406	11,105	—	11,105
Grupo Antolin-Saltillo, S. de R.L. de C.V.....	1,090	—	1,090	(122)	—	(122)
Grupo Antolin-Jarny, S.A.S.....	1,305	—	1,305	1,519	—	1,519
ASH Reciclado de Techos, S.L.....	(139)	5	(134)	(150)	5	(145)
Guangzhou Antolin Auto-Parts Co., Ltd.....	1,815	—	1,815	2,106	—	2,106
Ningbo Antolin Huaxiang Auto Parts Co., Ltd.....	6,796	(3,398)	3,398	849	(424)	425
Alba Speziallampen Holding, GmbH.....	1,799	—	1,799	(1,456)	—	(1,456)
Grupo Antolin-Kentucky, Inc.....	7,624	—	7,624	4,325	—	4,325
Krishna Grupo Antolin PVT, Ltd....	905	(452)	453	1,127	(564)	563
Grupo Antolin-Ostrava, s.r.o.....	3,863	—	3,863	3,827	—	3,827
CML Innovative Technologies, GmbH & Co. KG.....	2,208	—	2,208	1,186	—	1,186
CML Technologies, GmbH & Co. KG.....	847	—	847	987	—	987
CML Innovative Technologies, S.A.S.....	3,608	—	3,608	1,795	—	1,795
Guangzhou Socop Lamps Co., Ltd. Yangzhou Antolin Huaxiang Auto Parts Co., Ltd.....	1,597	—	1,597	1,046	—	1,046
Grupo Antolin-Saint Petersburg <sup>(b)</sup> ..	(8,612)	(812)	(8,612)	(758)	379	(379)
Other companies.....	(405)	(9)	(414)	705	(68)	637
<b>Proportionally consolidated companies—</b>						
International Door Company, B.V.	(23)	—	(23)	(121)	—	(121)
<b>Companies accounted for using the equity method—</b>						
Grupo Antolin Wayne, LLC.....	1,819	—	1,819	1,086	—	1,086
International Door Systems S.R.L. de C.V.....	131	—	131	1,026	—	1,026
Slovakian Door Company, s.r.o.....	(264)	—	(264)	(248)	—	(248)
Dongwon Technology Co., Ltd.....	(69)	—	(69)	86	—	86
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd.....	983	—	983	861	—	861
Antolin Kasai Tek Chennai PVT, Ltd.....	(177)	—	(177)	(74)	—	(74)
Antolin Kasai International Kabushiki Kaisya.....	26	—	26	—	—	—
Dongguan Antolin Huaxiang Auto Parts Co., Ltd.....	(184)	—	(184)	—	—	—
NHK Antolin (Thailand) Co., Ltd. .	(767)	—	(767)	—	—	—
	<b>66,561</b>	<b>(10,685)</b>	<b>55,876</b>	<b>49,304</b>	<b>(7,681)</b>	<b>41,623</b>

(a) During 2010, the company Grupo Antolin-Autoform, GmbH & Co. KG ceased trading and is currently inactive.

(b) In recent financial years the Group has implemented an efficiency programme and measures to improve the performance of these consolidated subsidiaries with the medium-term goal of reversing the recurring losses currently being reported. This is being achieved in most cases, such as those of Trimtec Ltda., Grupo Antolin-Bohemia, a.s. and Grupo Antolin Cambrai, S.A.S. Others are currently just starting up operations or are expanding their facilities.

## Adjustments for changes in value—

The balances on this heading at 31 December 2013 and 2012 in the accompanying consolidated statement of financial position include net changes in the fair value of:

- Financial assets classified as available for sale (see Note 9).
- Financial derivatives designated as hedges in a cash flow hedge relationship (see Note 18).
- Actuarial gains and losses (see Note 16).
- Exchange differences.

Set out below is the movement in these items during 2013 and 2012:

Description	Thousands of Euros						
	Balance at 31/12/11	Amounts Transferred to Income	Change in Fair Value, Net	Balance at 31/12/12	Change in Fair Value, Net	Amounts Transferred to Income	Balance at 31/12/13
Available-for-sale financial assets .....	9,925	4,120	(3,562)	10,483	2,767	(13,250)	—
Less- tax effect (Note 20) ..	(2,978)	(1,236)	1,068	(3,146)	(830)	3,976	—
	<b>6,947</b>	<b>2,884</b>	<b>(2,494)</b>	<b>7,337</b>	<b>1,937</b>	<b>(9,274)</b>	<b>—</b>
Cash flow hedges .....	(12,067)	4,826	(5,515)	(12,756)	487	11,335	(934)
Less- tax effect (Note 20) ..	3,620	(1,448)	1,655	3,827	(146)	(3,401)	280
	<b>(8,447)</b>	<b>3,378</b>	<b>(3,860)</b>	<b>(8,929)</b>	<b>341</b>	<b>7,934</b>	<b>(654)</b>
Actuarial gains and losses..	—	—	<b>(1,087)</b>	<b>(1,087)</b>	<b>183</b>	—	<b>(904)</b>

Exchange Differences	Thousands of Euros				
	Balance at 31/12/11	Net Change	Balance at 31/12/12	Net Change	Balance at 31/12/13
Net exchange differences in fully or proportionally consolidated companies.....	(26,848)	(6,464)	(33,312)	(34,177)	(67,489)
Less- Exchange differences attributable to non-controlling interests.....	8,906	(753)	8,153	5,135	13,288
	(17,942)	(7,217)	(25,159)	(29,042)	(54,201)
Net exchange differences in companies consolidated using the equity method .....	(28)	(87)	(115)	(984)	(1,099)
	<b>(17,970)</b>	<b>(7,304)</b>	<b>(25,274)</b>	<b>(30,026)</b>	<b>(55,300)</b>

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**(13) EQUITY**

**Non-controlling interests—**

The balance of this heading in the consolidated statement of financial position relates to the equity held by non-controlling interests in the fully consolidated companies. The balance of “Profit attributable to non-controlling interests” in the consolidated income statement relates to the non-controlling shareholders’ share of profit and loss for the year.

The movements in this heading in the consolidated statement of financial position in 2013 and 2012 are as follows:

2013

Company	Thousands of Euros					
	Opening Balance	Additions and Retirements	Dividends and Other Items	Profit / (loss) for 2013 Attributable to non-controlling Interests	Exchange Differences	Closing Balance
Ototrim Panel Sanayi ve Ticaret, A.S. ....	13,641	—	(1,692)	1,999	(2,786)	11,162
Iramec Autopeças, Ltda. ....	2,552	—	(440)	585	(474)	2,223
Intertrim, Ltda. ....	902	—	—	(627)	(346)	(71)
Mexican Door Company, S.R.L. de C.V. ....	4,443	—	—	1,777	(326)	5,894
Silesia Plastic, Sp. zo.o ....	8,101	—	(1,008)	1,254	(174)	8,173
Krishna Grupo Antolin Private, Ltd. ....	2,694	—	(104)	452	(458)	2,584
Chongqing Antolin Tuopu Overhead System Co., Ltd. ...	1,108	—	(381)	1,031	(42)	1,716
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	6,244	—	143	3,398	(278)	9,507
Keyland Sistemas de Gestión, S.L. ....	165	—	—	(72)	—	93
ASH Reciclado de Techos, S.L..	62	—	—	(5)	—	57
Yangzhou Antolin Huaxiang Auto Parts Co., Ltd. ....	2,855	—	—	812	(62)	3,605
Cidut, S.L. ....	340	—	(42)	348	—	646
Keyland USA, Inc. ....	29	—	—	(18)	(1)	10
Keyland Méjico, S. de R.L. de C.V. ....	8	—	—	2	—	10
Irauto, S.A. ....	576	—	(9)	93	(172)	488
Antolin-CIE Czech Republic, s.r.o. ....	—	290	—	(125)	(10)	155
Antolin-Avtotechnika Nizhny Nóvgorod, Ltd. ....	—	474	—	(219)	(6)	249
	<b>43,720</b>	<b>764</b>	<b>(3,533)</b>	<b>10,685</b>	<b>(5,135)</b>	<b>46,501</b>

2012

Company	Thousands of Euros					
	Opening Balance	Additions and Retirements	Dividends and Other Items	Profit / (loss) for 2013 Attributable to non-controlling Interests	Exchange Differences	Closing Balance
Ototrim Panel Sanayi ve Ticaret, A.S. ....	13,476	—	(3,592)	3,045	712	13,641
Iramec Autopeças, Ltda. ....	3,290	—	(1,370)	890	(258)	2,552
Intertrim, Ltda. ....	1,236	—	—	(172)	(162)	902

Mexican Door Company, S.R.L. de C.V. ....	2,832	—	—	1,495	116	4,443
Silesia Plastic, Sp. zo.o .....	6,514	—	(492)	1,469	610	8,101
Krishna Grupo Antolin Private, Ltd. ....	2,282	—	—	564	(152)	2,694
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	1,758	—	(941)	281	10	1,108
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	5,875	—	—	424	(55)	6,244
Keyland Sistemas de Gestión, S.L. ....	352	—	—	(187)	—	165
ASH Reciclado de Techos, S.L. ....	47	20	—	(5)	—	62
Yangzhou Antolin Huaxiang Auto Parts Co., Ltd. ....	1,628	1,600	—	(379)	6	2,855
Cidut, S.L. ....	215	—	(19)	144	—	340
Keyland USA, Inc. ....	14	—	—	15	—	29
Keyland Méjico, S. de R.L. de C.V. ....	—	—	—	8	—	8
Irauto, S.A. ....	—	561	—	89	(74)	576
	<b>39,519</b>	<b>2,181</b>	<b>(6,414)</b>	<b>7,681</b>	<b>753</b>	<b>43,720</b>

Set out below is an itemised analysis, by consolidated subsidiary, of the balance of this heading at 31 December 2013:

Company	Thousands of Euros				
	Share Capital	Reserves and Prior year Losses, Net	Profit/(loss) for 2013	Exchange Differences	Total
Ototrim Panel Sanayi ve Ticaret, A.S. ....	2,413	16,929	1,999	(10,179)	11,162
Iramec Autopeças, Ltda. ....	4,810	(1,645)	585	(1,527)	2,223
Intertrim, Ltda. ....	1,678	(652)	(627)	(470)	(71)
Mexican Door Company, S.R.L. de C.V. ....	3,933	1,089	1,777	(905)	5,894
Silesia Plastic, Sp. zo.o .....	5,324	1,902	1,254	(307)	8,173
Krishna Grupo Antolin Private, Ltd. ....	503	2,512	452	(883)	2,584
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	693	(300)	1,031	292	1,716
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	3,700	1,555	3,398	854	9,507
Keyland Sistemas de Gestión, S.L. ....	100	65	(72)	—	93
ASH Reciclado de Techos, S.L. ....	112	(50)	(5)	—	57
Yangzhou Antolin Huaxiang Auto-Parts Co., Ltd.	3,200	(510)	812	103	3,605
Cidut, S.L. ....	202	96	348	—	646
Keyland USA, Inc. ....	4	25	(18)	(1)	10
Keyland Méjico, S. de R.L. de C.V. ....	—	8	2	—	10
Irauto, S.A. ....	211	433	93	(249)	488
Antolin-CIE Czech Republic, s.r.o. ....	290	—	(125)	(10)	155
Antolin-Avtotehnika Nizhny Nóvgorod, Ltd. ....	474	—	(219)	(6)	249
	<b>27,647</b>	<b>21,457</b>	<b>10,685</b>	<b>(13,288)</b>	<b>46,501</b>

Set out below are the non-controlling interests with holdings of more than 5% in the share capital of any subsidiary company:

Subsidiary Company	Non-controlling Interest	Percentage Held
Ototrim Panel Sanayi ve Ticaret, A.S. ....	SKT Yedek Parça ve Makina Sanayi ve Ticaret, A.S.	50.00
Iramec Autopeças, Ltda. ....	Küster Holding, GmbH <sup>(a)</sup>	50.00
Intertrim, Ltda. ....	Luiz Rodovil Rossi	14.72
Mexican Door Company, S.R.L. de C.V. ....	Küster Holding, GmbH <sup>(a)</sup>	50.00
Silesia Plastic, Sp. zo.o .....	Industrias Alegre, S.A.	50.00
Krishna Grupo Antolin Private, Ltd. ....	Krishna Maruti Limited	50.00
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	Ningbo Tuopu Vibration Control System Co., Ltd.	39.00
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	Ningbo Huaxiang Auto Parts Co., Ltd.	50.00
Keyland Sistemas de Gestión, S.L. ....	Matchmind, S.L.	50.00
ASH Reciclado de Techos, S.L. ....	Juan A. Saldise	3.57

Yangzhou Antolin Huaxiang Auto Parts Co., Ltd.....	Ningbo Huaxiang Auto Parts Co., Ltd.	50.00
Cidut, S.L.....	Roberto Bocanegra Varona	50.00
Keyland USA, Inc.....	Matchmind, S.L. <sup>(b)</sup>	50.00
Keyland Méjico, S. de R.L. de C.V. ....	Matchmind, S.L. <sup>(b)</sup>	50.00
Irauto, S.A. ....	Verónica Beatriz D'Amato	50.00
Antolin-CIE Czech Republic, s.r.o. ....	CIE Bériz, S.L.	30.00
Antolin-Avtotehnika Nizhny Nóvgorod, Ltd. ....	ZAM Avtotehnika, LLC	25.00

(a) Holding held indirectly via International Door Company, B.V.

(b) Holding held indirectly via Keyland Sistemas de Gestión, S.L.

## (14) EARNINGS PER SHARE

### Basic earnings per share—

Basic earnings per share are calculated by dividing the net profit attributed to the holders of equity instruments in the Parent by the weighted average number of shares outstanding during that year, excluding the average number of treasury shares held during the year.

Set out below is an analysis of basic earnings per share:

Description	2013	2012
Income for the year attributed to holders of net equity instruments in the Parent ( <i>thousand euros</i> ).....	55,876	41,623
Weighted average number of shares outstanding in the year ( <i>thousand shares</i> ).....	8,023	8,023
<b>Earnings per share (euros).....</b>	<b>6.96</b>	<b>5.19</b>

The weighted average number of shares outstanding at 31 December 2013 and 2012 was 8,023,241.

### Diluted earnings per share—

Diluted earnings per share are calculated in much the same way as basic earnings per share, but the weighted average number of shares outstanding is adjusted to take into account the potential diluting effect of the share options, warrants and convertible debt current at the year end.

As at 31 December 2013 and 2012, diluted earnings per share was the same as basic earnings per share as the Group had no diluting instruments.

## (15) GRANTS

The movements in this heading in the consolidated statement of financial position in 2012 and 2013 are as follows:

	Thousands of Euros
<b>Balance at 31 December 2011</b> .....	<b>5,978</b>
Grant awarded in Romania during 2012 .....	4,494
Other additions .....	65
Income recognised in the year .....	(2,222)
<b>Balance at 31 December 2012</b> .....	<b>8,315</b>
Income recognised in the year .....	(1,321)
Other items .....	(57)
<b>Balance at 31 December 2013</b> .....	<b>6,937</b>

During 2012 the Romanian consolidated subsidiary CML Innovative Technologies, S.R.L. was awarded a grant of 4,494 thousand euros to finance investments in a new plant (*land, buildings and equipment*). 2,267 thousand euros of this grant were received in 2013 and the amount pending collection at 31 December 2013 (2,227 thousand euros) was recognised under “Other receivables” in the consolidated statement of financial position at that date (see Note 11).

The remaining non-refundable grants were awarded by Spanish, French and German public bodies, to finance certain investments made by the Group in a number of production plants.

In order for these grants to qualify as non-refundable, the companies receiving them must fulfil a number of general and specific conditions, such as making the approved investments, creating and maintaining a given number of jobs and evidencing a certain level of capital and reserves at the end of a specified period. The Parent's Directors consider that all the general and specific conditions established in the respective Individual Grant Resolutions relating to the capital grants made to the consolidated companies have been and/or will be met.

Capital grants received by the Group at 31 December 2013 will be taken to income as follows:

<b>Released to Income</b>	<b>Thousands of Euros</b>
In one year .....	1,126
One to five years .....	2,530
After five years .....	3,281
	<b>6,937</b>

## (16) NON-CURRENT PROVISIONS

The movements in this heading in the consolidated statement of financial position in 2013 and 2012 are as follows:

<b>Description</b>	<b>Thousands of Euros</b>		
	<b>Provisions for Pension Commitments</b>	<b>Other Provisions</b>	<b>Total</b>
<b>Balance at 31 December 2011</b> .....	—	<b>13,435</b>	<b>13,435</b>
Investments incorporated in the scope of consolidation .....	7,452	410	7,862
(Note 5)			
Taken to income for the year .....	495	7,274	7,769
Reversals credited to income for the year .....	—	(3,683)	(3,683)
Provisions applied.....	—	(6,271)	(6,271)
Contributions to the pension plan contracted with an insurance entity and payments to beneficiaries .....	(838)	—	(838)
Remeasurements recognised ( <i>for actuarial gains and losses</i> ) .....	1,087	—	1,087
Translation differences and other items .....	318	(467)	(149)
<b>Balance at 31 December 2012</b> .....	<b>8,514</b>	<b>10,698</b>	<b>19,212</b>
Taken to income for the year .....	357	11,366	11,723
Reversals credited to income for the year .....	—	(1,995)	(1,995)
Provisions applied.....	—	(3,739)	(3,739)
Contributions to the pension plan contracted with an insurance entity and payments to beneficiaries .....	(836)	—	(836)
Remeasurements recognised ( <i>for actuarial gains and losses</i> ) .....	(183)	—	(183)
Translation differences and other items .....	(86)	(794)	(880)
<b>Balance at 31 December 2013</b> .....	<b>7,766</b>	<b>15,536</b>	<b>23,302</b>

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**(16) NON-CURRENT PROVISIONS**

**Provisions for pension commitments—**

The balance on this heading at 31 December 2013 corresponds to a provision to meet long-term commitments to staff (*pension commitments to certain current and former employees*) in the British, French and German companies of the “CML Innovative Technologies” group acquired by Grupo Antolin in January 2012 (see Note 5). Some of these companies have outsourced their pensions liabilities with an insurance company.

The amounts recognised in the consolidated statement of financial position at 31 December 2013 and 2012 were determined as follows:

	Thousands of Euros	
	31/12/13	31/12/12
Present value of the obligations at the end of the reporting period .....	20,669	20,926
Fair value of the assets assigned to the plan at the end of the reporting period.....	(12,903)	(12,412)
<b>Liability in the consolidated statement of financial position at the end of the reporting period .....</b>	<b>7,766</b>	<b>8,514</b>

These amounts have been calculated using appropriate actuarial studies. The technical assumptions applied by the consolidated subsidiaries (*interest rates, mortality tables, accumulated annual CPI, etc.*) are in line with the socio-economic situation of each country. The discounted interest rates used at 31 December 2013 range from 3.5% to 4.4%.

**Other provisions—**

The balance of this heading on the accompanying consolidated statement of financial position at 31 December 2013 essentially comprises provisions set up to meet commitments entered into with the personnel of some of the consolidated companies (*4.9 million euros*), some claims by suppliers and customers (*7.8 million euros*), and certain liabilities in respect of court proceedings and claims that have been brought against the consolidated subsidiaries during the normal course of their business and which are pending resolution at 31 December 2013 (*2.8 million euros*). The appeals in progress include an environmental appeal and an appeal in respect of judicial proceedings concerning VAT on certain operations in Brazil, together with a claim for damages by a customer in China. Neither the legal advisers of the Group nor the Directors of the Parent expect any of these proceedings and claims pending resolution at 31 December 2013 to produce a material impact on the consolidated annual financial statements for the years in which said proceedings are concluded.

**(17) BANK LOANS, DEBENTURES AND OTHER MARKETABLE SECURITIES**

As at the end of 2013 and 2012, the Group had been granted the following financing by various financial institutions:

Description	Thousands of Euros					
	31/12/13			31/12/12		
	Current Liabilities	Non- Current Liabilities	Total	Current Liabilities	Non- Current Liabilities	Total
Payables under finance leases.....	3,461	5,598	9,059	3,719	9,065	12,784
Syndicated Bridging Loan .....	—	400,000	400,000	—	—	—
Syndicated credit facility .....	—	—	—	39,216	210,473	249,689
Loan for “RDI & CONVERGENCE” project .....	—	70,000	70,000	—	70,000	70,000
Syndicated loan.....	11,200	—	11,200	2,800	11,200	14,000
Other loans.....	19,992	11,595	31,587	8,838	16,247	25,085
Credit lines.....	11,126	2,395	13,521	59,193	71,499	130,692
Invoice discount lines .....	4,469	—	4,469	2,608	—	2,608
Interest payable.....	3,978	—	3,978	3,704	—	3,704
Less—financial remeasurement.....	—	(2,107)	(2,107)	—	(1,842)	(1,842)



54,226      487,481      541,707      120,078      386,642      506,720

The schedule of maturities of this financial debt at 31 December 2013 and 2012, excluding the reduction for financial remeasurement, is as set out below:

	Thousands of Euros	
	Debt at 31/12/13	Debt at 31/12/12
<b>Maturing in the Year</b>		
2013 .....	—	120,078
2014 .....	54,226	167,160
2015 .....	408,260	122,823
2016 .....	17,396	22,351
2017 .....	12,686	24,885
2018 .....	10,419	10,425
2019 and later .....	40,827	40,840
	<b>543,814</b>	<b>508,562</b>

#### Payables under finance leases—

The lease payments outstanding at 31 December 2013, including the purchase options, fall due as follows (see Note 8):

Thousands of Euros						
Maturing in:						
2014	2015	2016	2017	2018	2019 and Later	Total
3,461	2,885	1,065	748	260	640	9,059

This financing accrues interest at a variable market rate.

#### Syndicated Bridging Loan—

On 12 December 2013, the Parent signed a financing contract (*Syndicated Bridging Loan*) with a group of financial institutions for the amount of 400 million euros, used to repay certain loans conceded to the Group by various Spanish and international financial institutions (*totalling 315 million euros*) and to distribute a dividend (*85 million euros*) (see Note 13).

The loans which the Group repaid early on 12 December 2013 using funds obtained from the Syndicated Bridging Loan were the following:

- The original Syndicated Loan (*signed 9 March 2005 and subject to “non-extinguishing modifying novation agreements” signed on 29 July 2009 and 16 December 2011*). The outstanding principal on this loan at 12 December 2013 was 210,473 thousand euros. The outstanding principal on this loan at 12 December 2012 was 249,689 thousand euros, repayable from 2013 to 2017. This amount was fully repaid in 2013 (*31,176 was repaid in 2012*).
- Part of the drawable amount on certain bilateral credit lines for an amount up to 104,527 thousand euros.

The principal of the Syndicated Bridging Loan pending repayment at 31 December 2013 totalled 400,000 thousand euros, maturing on 12 December 2014. The Group may exercise its option to extend the maturity date on up to two occasions for an additional six months. The Group is currently engaged in a process of obtaining long-term refinancing for this entire amount via bank borrowings (*in the form of a syndicated loan or a revolving credit facility*) and the issue of long-term bonds. This process is expected to be complete by the end of 2014. In the event that this process is not completed in this period, the Parent’s Directors plan to exercise the option to extend the maturity date of the Syndicated Bridging Loan to 2015. As the Group had, prior to the end of the 2013 reporting period, an unconditional right to defer repayment of this liability for a period of over twelve months from 31 December 2013, the amount pending repayment has been classified as a “Non-current liability” in the consolidated statement of financial position at that date.

Should the Parent opt to exercise the option to extend the maturity date of the loan, its shareholders have undertaken to establish a lien on 51% of its share capital.

#### *Early repayment—*

Notwithstanding the above schedule, the Parent may, at any moment during the life of the loan, opt to repay all or part of the outstanding amount without penalty, as long as said repayment is made on certain accrual dates and for certain amounts. Furthermore, under the Syndicated Bridging Loan agreement, the following events will trigger full or partial early repayment:

- A change in the controlling ownership of the Group which is not authorised by the lenders.
- If the Parent or any Group company sells assets (*including productive assets, subsidiaries and businesses*) for a specified total amount over the life of the loan, the proceeds of which are not reinvested in operational assets, an early repayment must be made on the loan for an amount equal to the proceeds of the sale. However, the early repayment of the loan will not be obligatory if the majority of the financing institutions have previously authorised the disposal of said assets.
- If the Parent or guarantors receive an indemnity from their insurers as a result of an insured accident, an early repayment must be made on the loan of any amount not used to replace or repair the damaged assets.
- If any of the consolidated subsidiary companies that are acting as guarantor are sold, and the proceeds of the sale are not reinvested within 12 months of said operation (*in accordance with the terms set out in the syndicated loan contract*), said amount must be used to make an early repayment of the syndicated loan.

#### *Interest—*

The syndicated loan bears annual interest benchmarked to the Euribor, plus a variable market spread, initially set at 3.25% and subject to regular increases up to a maximum of 6%.

#### *Loan guarantees—*

This loan is backed by a joint and several guarantee, which is unconditional and irrevocable, from almost all of the companies composing Grupo Antolin, and liens established on the shares of the subsidiary company Grupo Antolin-France, S.A.S. (*formerly, “Grupo Antolin-HFR, S.A.S.”*). In addition, and as stated above, Avot Inversiones, S.L., majority shareholder in the Parent (see Note 13), has undertaken to establish a lien on 51% of the Parent’s share capital in the event that the maturity date of the Syndicated Bridging Loan conceded by various financial institutions to the Group is extended to 2015.

#### *Early repayment—*

The Syndicated Bridging Loan agreement includes clauses specifying that the following events will trigger the full early repayment of the loan:

- Failure to repay principal or interest on the Syndicated Bridging Loan on the respective due dates, or failure by the Parent or guarantors to meet any financial or non-financial obligation to third parties, although only if the sum concerned is higher than a determined amount.
- The insolvency of the Parent and guarantors, or the occurrence of a significant adverse event.
- The appearance of any contingent liability of over 12 million euros that was not stated in the financial statements of the borrower or guarantors.
- The execution of embargoes, mortgage foreclosures, confiscations or the expropriation of the Parent’s or guarantors assets for an amount equal to or greater than 30 million euros, or failure to comply with a legal sentence or order resulting in an obligation to pay an amount greater than the aforementioned sum.
- Failure by the Group to achieve the financial ratios established in the terms of the Syndicated Bridging Loan.
- Failure to meet the commitment given that, during the life of the loan, the Parent and guarantors will jointly contribute over 75% of the Group’s EBITDA, turnover and total assets.
- A change in the controlling ownership of the Group or the guarantors.

#### *Other obligations and commitments—*

The terms of the Syndicated Bridging Loan establish a number of obligations for the Parent and guarantors which they must meet during the life of the loan, including:

- Obligations to disclose certain financial information and details of certain significant events which may occur.
- Obligations in respect of its businesses and assets, its financial position and credit rating. These obligations include:
  - The obligation to not sell assets, subsidiaries or businesses for certain individual, joint or cumulative amounts, unless these are carried out within the normal course of business, under market conditions and paid in cash, the proceeds are reinvested or used to make an early repayment of the Syndicated Bridging Loan.
  - The Group may not concede any loan, credit, personal or mortgage guarantee, letter of guarantee or surety to any third party other than the Parent or guarantors for greater than a determined amount, except for in certain circumstances set out in the terms.
  - The Group may not obtain additional financing or debt unless the financial ratios required under the terms of the contract continue to be achieved, or the financing is in the form of a subordinated loan, or it is used to fully repay the Syndicated Bridging Loan.
  - The Group must obtain a corporate credit rating within six months.
- Obligations in respect of corporate operations and agreements, and the distribution of dividends (see Note 13).

As at 31 December 2013, the “financial ratios and covenants” set for 2013 had been met and the Parent’s Directors considered that all the clauses and obligations set out in the Syndicated Bridging Loan agreement in respect of the syndicated loan have been fulfilled and no event which could trigger full or partial early repayment has occurred. They also consider that all conditions will be met in the next 12 months.

#### **Long-term loan granted by the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castillay León (ADE) for the “RDI & CONVERGENCE” project—**

On 22 October 2012 the Parent and the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE) (*a company wholly owned by the Regional Government of Castilla y León*) signed an agreement under which the public body granted a long term loan of 70 million euros to finance a project entitled “RDI & CONVERGENCE”. This funding will be invested in research, development and innovation activities to develop lightweight materials for the construction of motor vehicles and in property plant and equipment to improve productivity, flexibility and energy efficiency and to reduce costs in converging regions in Spain, Portugal and the Czech Republic and in Turkey. The total planned investment in the project is 145,570 thousand euros and will be implemented by various Group companies in 2011 to 2014.

The funding for this loan was granted to the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE) by the European Investment Bank (EIB) via a loan agreement between the two entities for the same amount signed on 20 August 2012 with the stated purpose of passing the funding on to Grupo Antolin for this project. On 13 September 2012 the Group signed an agreement in this respect with the European Investment Bank (“RDI & CONVERGENCE Project Agreement”).

The loan accrues annual interest benchmarked to the 6-month Euribor plus a market supplement, to be reviewed annually with the agreement of all parties, and is backed by a joint and several guarantee from almost all of the companies composing Grupo Antolin acting as guarantors.

The principal is to be repaid in 28 quarterly instalments of 2,500 thousand euros, the first of which falls due on 28 January 2016 and the last on 28 October 2022. The outstanding principal of this syndicated loan totalled 70 million euros at 31 December 2013 and 2012. The repayment schedule is set out below:

Thousands of Euros						
Maturing in:						
2014	2015	2016	2017	2018	2019 and Later	Total
—	—	10,000	10,000	10,000	40,000	<b>70,000</b>

Notwithstanding the above schedule, the Parent may opt to make an early repayment of all or part of the outstanding amount at any moment during the loan period. Furthermore, under the loan agreement, the following events will trigger full or partial early repayment:

- If any of the consolidated subsidiary companies that are acting as guarantor are sold, and the proceeds of the sale are not reinvested in other assets, or another Group company of a similar nature does not replace it as guarantor, within 12 months of said operation (*in accordance with the terms set out in the syndicated loan contract*), said amount must be used to make an early repayment of the syndicated loan.
- Failure to repay the principal or pay the interest on the loan as and when they fall due will trigger full repayment of the outstanding amount.
- If the Group fails to meet the technical terms and conditions of the project, or does not make the planned investments, early repayment of the uninvested part of the loan will be required. An early repayment will also be required should the cost of the project decrease by a certain amount.
- Failure to comply with the obligations established in the loan agreement relating to the disclosure of information, the business and the activity of the Group, its financial position, the lender's preferential creditor status, corporate operations and other corporate agreements will also trigger early repayment.
- Any impairment to the Group's solvency or that of the guarantors, a substantial reduction in the group's capital and reserves, or any decision resulting in a merger, demerger, dissolution or liquidation will give the lender the right to request an immediate partial or full repayment of the loan. The same will occur if the Parent grants any loan or makes a distribution to shareholders against capital and reserves, except in certain circumstances.
- Failure of the Group to meet the financial ratios set in the loan agreement or to remedy said failure within three months.

In December 2013, the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE) informed the Group that it would temporarily suspend part of the last two of these conditions during 2013 and 2014 (*specifically the conditions limiting the distribution of dividends and compliance with certain financial ratios*). The remaining terms of the loan are unaffected.

In the light of this information, at 31 December 2013 the Parent's Directors considered that all the clauses and obligations set out in the loan agreement have been fulfilled and no event which could trigger full or partial early repayment has occurred. They also consider that all conditions will be met in the next 12 months.

#### **Syndicated loan—**

On 8 October 2010, the Parent arranged a syndicated loan of 14 million euros with four Spanish financial institutions, in order to finance the Group's investment plan. This loan, which accrues interest at a variable annual rate (*Euribor plus 2.75%*), was guaranteed by the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE).

Under the agreement in respect of the loan granted by the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE) to fund the "RDI & CONVERGENCE" project, repayments totalling 2,800 thousand euros fall due in 2013 and 11,200 thousand euros fall due in 2014. After repayment of the amount due in 2013, the balance pending payment on this loan at 31 December 2013 was 11,200 thousand euros.

## Other loans—

Other loans granted to the Group at 31 December 2013 are as follows:

Nature of Loan	Thousands of Euros						Total
	Maturing in:						
	2014	2015	2016	2017	2018	2019 and Later	
Euro loans.....	15,954	4,650	3,936	1,938	159	187	26,824
Foreign currency loans .....	4,038	725	—	—	—	—	4,763
	<b>19,992</b>	<b>5,375</b>	<b>3,936</b>	<b>1,938</b>	<b>159</b>	<b>187</b>	<b>31,587</b>

These loans accrue interest at a variable market rate.

## Guarantees—

A loan was granted to the Group specifically to finance the acquisition of the land, buildings and plant of one of its factories, located in Poland, the outstanding balance of which was, as at 31 December 2013, 1.4 million euros (2.6 million euros at 31 December 2012). These properties have been mortgaged as security for repayment of the loan. Two further loans were granted to the Group to finance the acquisition of the land, buildings and plant of one of its factories, located in Spain, the combined outstanding balance of which was, as at 31 December 2013, 4.1 million euros (5.5 million at 31 December 2012). These properties have been mortgaged as security for repayment of the loans.

## Credit lines—

The following credit lines had been granted to the Group as at 31 December 2013:

Nature of Loan	Thousands of Euros		
	Balance Drawn at 31/12/13		
	Current	Non-current	Total
Euro credit lines.....	4,964	—	4,964
Foreign currency credit lines .....	6,162	2,395	8,557
	<b>11,126</b>	<b>2,395</b>	<b>13,521</b>

As at 31 December 2013, the combined limit of the credit lines in local currency and in foreign currency granted to the Group, all of which fall due in the short term, totalled 17,234 thousand euros (of which 14,839 thousand euros correspond to lines falling due in 2014 and 2,395 thousand euros to lines falling due in 2016). In addition, under the terms of a framework agreement signed with a financial institution for granting banking operations, the Group had been granted overdraft facilities of 17,000 thousand euros (at 31 December 2012 the combined amount of this financing had a limit of 134,289 thousand euros). As a result, as at 31 December 2013 the undrawn amount available to the Group from credit lines and overdraft facilities totalled 20,712 thousand euros in all (20,957 thousand euros at 31 December 2012).

These credit lines and overdraft facilities accrue interest at variable market rates.

## Syndicated factoring agreement—

Grupo Antolin has signed a syndicated factoring contract with recourse with eleven financial institutions. The agreement, signed in late 2010, establishes a total limit of 220 million euros at 31 December 2013. Notwithstanding the above, the parties expressly agreed that Grupo Antolin, in the period running from 1 through 31 December every year, will not be obliged to assign under said contract any receivables that may be factored without recourse by means of bilateral agreements with said financial institutions. Similarly, during this period, Grupo Antolin may factor without recourse those receivables assigned under said contract, provided it reaches bilateral agreements in this regard with said financial institutions.

The outstanding receivables assigned without recourse to financial institutions at 31 December 2013 and 2012 totalled approximately 158,684 and 165,943 euros, respectively. As part of the risks and benefits of the assets and control over the assets is transferred in such operations, the Group directly reduces its trade receivables by the amount of the receivable assigned to the financial institutions, without recording, therefore, any financial liability in this connection (see Note 3-j).

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**(18) DERIVATIVE FINANCIAL INSTRUMENTS**

The Group contracts financial derivatives over the counter (OTC), with Spanish and international financial institutions with high credit ratings. The purpose of these contracts is to offset the impact of a rise in variable interest rates (Euribor) on a significant part of the impact on the Group's financing flows (see Note 17).

The value of these derivative financial instruments at 31 December 2013 and 2012 was as follows:

<b>Balances in the Consolidated Statement of Financial Position</b>	<b>Thousands of Euros</b>		
	Assets	Non-current Liabilities	Current Liabilities
At 31 December 2012.....	—	12,756	—
At 31 December 2013.....	—	5,658	—

The financial derivatives contracted by the Group at 31 December 2013 and 2012 and their fair values at said dates are:

<b>Derivative</b>	<b>Notional Value of the Hedged Loan (in Thousand Euros)</b>		<b>Hedge Contract Start Date</b>	<b>Hedge Contract Expiry Date</b>	<b>Value in Thousands of Euros</b>	
	At 31/12/13	At 31/12/12			At 31/12/13	At 31/12/12
Interest Rate Swap (IRS) <sup>(a)</sup> .....	25,834	33,598	01/09/09	29/07/17	(1,549)	(2,968)
Interest Rate Swap (IRS) <sup>(a)</sup> .....	93,268	121,301	01/09/09	29/07/15	(3,317)	(8,097)
Interest Rate Swap (IRS) <sup>(a)</sup> .....	51,800	51,800	09/09/09	09/03/14	142	(1,691)
Interest Rate Swap (IRS) <sup>(b)</sup> .....	70,000	—	28/01/13	28/10/22	(934)	—
	<b>240,902</b>	<b>206,699</b>			<b>(5,658)</b>	<b>(12,756)</b>

(a) The Group used Interest Rate Swaps to hedge a significant portion of the syndicated loan granted to it. On 12 December 2013 this syndicated loan was repaid. The associated hedging operations were therefore discontinued as the original underlying liability no longer existed, and the cumulative adjustments recognised in equity were taken to the consolidated income statement for the year ended 31 December 2013.

As its financing may be restructured in the future, and in order to match the expenses associated with these derivatives to the variable payments on its financial debt, the Group has opted to associate them with the generic flows generated by its bank borrowings rather than directly with specific debt instrument. The cumulative gains recognised in equity following reclassification of the hedging instrument may, therefore, only be taken to income when the associated variable interest payments accrue or are no longer generated.

The interest rates are swapped so that the Group receives a variable interest rate (*Euribor*) from the financial institution, in return for paying a flat rate of interest on the same notional. The variable interest received on the derivative offsets interest payments on the hedged operation. Ultimately, thus, the Group pays a fixed rate of interest on the hedged flows. The swaps have a scaled fixed rate, i.e., a different fixed rate for each settlement period, or else provide for fixed instalments.

(b) This swap specifically hedge the interest rate risk associated with a loan granted by the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE). This swap continue to be classified as hedging instrument.

The changes in the fair value of the derivatives hedging instruments recognised in 2013 and 2012 are as follows:

	<b>Thousands of Euros</b>
<b>Balance at 31 December 2011</b> .....	<b>(12,067)</b>
Transaction expenses on derivative financial instruments .....	4,826
Change in fair value (Note 13).....	(5,515)
<b>Balance at 31 December 2012</b> .....	<b>(12,756)</b>
Transaction expenses on derivative financial instruments .....	6,611
Change in fair value (Note 13).....	487
<b>Balance at 31 December 2013</b> .....	<b>(5,658)</b>

The amount recognised at 31 December 2013 in equity under “Remeasurements” in the accompanying consolidated statement of financial position (see Note 13), as the effective portion of the cash flow hedging relationship totalled 934 thousand euros (*12,756 thousand euros as at 31 December 2012*), excluding the corresponding tax effect. The Group has designated the relevant hedging relationships as at 31 December 2013 and they are effective within the 80-125% range allowed by IAS 39, according to the methodology for measuring effectiveness used by the Group.

In 2013 the group deducted from “Remeasurements-Hedging instruments” the following amounts in respect of these derivative hedging instruments:

- 6,611 thousand euros corresponding to the interest accrued on the hedging derivatives in 2013, offset against “Finance costs” in the consolidated income statement for the year ended 31 December 2013 as and when the interest on the financial liabilities is recognised in accordance with the designated hedging relationships (*4,826 thousand euros in 2012*).
- 4,724 thousand euros corresponding to changes in the cumulative amounts recognised in equity for those hedging relationships which were discontinued in December 2012, charged to “Net fair value gain/(loss) on financial instruments” in the consolidated income statement for the year ended 31 December 2013.

Set out below is the forecast movement in the hedged notional amount for coming years:

<b>Derivative</b>	<b>Thousands of Euros</b>								
	<b>Notional Amount Outstanding at 31 December:</b>								
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Interest Rate Swap (IRS) .....	23,671	15,448	9,508	—	—	—	—	—	—
Interest Rate Swap (IRS) .....	85,460	—	—	—	—	—	—	—	—
Interest Rate Swap (IRS) .....	70,000	70,000	60,000	50,000	40,000	30,000	20,000	10,000	—
	<b>179,131</b>	<b>85,448</b>	<b>69,508</b>	<b>50,000</b>	<b>40,000</b>	<b>30,000</b>	<b>20,000</b>	<b>10,000</b>	—

*Change in fair value of derivative financial instruments—*

These derivative financial instruments are classified as level 2 in the hierarchy of fair value measurement as their fair value is based on valuation techniques using observable market data. Furthermore, the unobservable market data, such as credit risk, is not a significant input for the instrument as a whole.

The valuation method used for these derivative financial instruments covers both the valuation of the interest rate derived the valuation of credit risk.

The Group determines the fair value of interest rate swaps by discounting cash flows on the basis of the implicit interest rate curves calculated to reflect market conditions at the measurement date.

The effect of credit risk on the valuation of the interest rate derivatives will depend on the future settlement of the instrument. If the instrument is to be settled in the Group’s favour, the counterparty’s credit spread will be used to quantify the probability of non-payment at maturity, while if the settlement is expected to be negative for the Group, its own credit risk spread will be applied to the final settlement. To value the risk, the Group has applied CVA (*Credit Value Adjustment*) and DVA (*Debt Value Adjustment*) calculations to determine its own and the counterparty’s exposure to each other and the probability of default. The CVA is deducted from and the DVA is added to the risk-free value of the derivatives.

The inputs used to value interest rate derivatives are the euro interest rate curves for the periods corresponding to each flow or review of operations, discounting all flows at the valuation date.

The valuation of credit risk takes into account the listed price of euro deposits, futures and swaps, the listed price of the share capital and the CDS (*credit default swap*) spread of each counterparty, and an estimate of the Group's own spread. The impact of credit risk on the valuation of the derivatives at 31 December 2013 was not significant (*a lower negative value of the derivatives*).

*Sensitivity analysis of interest rate derivatives—*

The changes in fair value of the derivatives contracted by the Group depend on movements in the long-term euro interest-rate curve. The exposure of the fair value of the interest rate derivatives at 31 December 2013 to changes of +/- 50 basis points in the long-term interest rate curve would produce an impact of around +/- 2 million euros on capital and reserves, based on the effective portion of those hedging instruments subject to hedge accounting, to the extent that market conditions can change. The sensitivity analysis shows that the value of interest rate derivatives increases when the interest curve shifts upward as they are interest rate swaps on which the Group pays interest at a fixed rate, protecting it against such increases.

The Group has also carried out a sensitivity analysis on the total amount of its financial debt at variable interest rates outstanding as at 31 December 2013 (see Note 24).

**(19) OTHER FINANCIAL LIABILITIES**

“Other current financial liabilities” and “Other non-current financial liabilities” in the consolidated statement of financial position at 31 December 2013 and 2012 were as follows:

Description	Thousands of Euros					
	At 31/12/13			At 31/12/12		
	Current Liabilities	Non-Current Liabilities	Total	Current Liabilities	Non-Current Liabilities	Total
Loans granted by Spanish public bodies .....	1,089	41,272	42,361	1,105	40,403	41,508
Other financial liabilities .....	—	4,043	4,043	—	6,284	6,284
Less- Financial remeasurement.....	—	(5,802)	(5,802)	—	(6,730)	(6,730)
	<b>1,089</b>	<b>39,513</b>	<b>40,602</b>	<b>1,105</b>	<b>39,957</b>	<b>40,062</b>

**Loans granted by Spanish public bodies—**

Most of the balances under this heading at 31 December 2013 and 2012 corresponded to loans granted to Grupo Antolin by certain Spanish public bodies to finance research and development projects and improve competitiveness. In 2009, 2010, 2011 and 2012, the Ministry for Industry, Tourism and Trade, through the Plan for Competitiveness of the Motor Industry, granted long-term interest-free loans to Grupo Antolin for 20,150, 5,627, 4,003 and 5,079 thousand euros, respectively. Generally, these loans must be repaid in 10 regular annual instalments falling due between 2015 and 2026.

The nominal amount of these and other loans granted by Spanish public bodies outstanding at 31 December 2013 and 2012 will be repaid in accordance with the following maturity schedule:

	Thousands of Euros							Total
	Maturing in:							
	2013	2014	2015	2016	2017	2018	2019 and Later	
31/12/12.....	1,105	950	3,841	4,154	4,294	4,230	22,934	<b>41,508</b>
31/12/13.....	—	1,089	3,809	4,460	4,820	4,820	23,363	<b>42,361</b>

**(20) TAX MATTERS AND TAX RECEIVABLES AND PAYABLES**

**Balances with the tax authorities and Social Security administration—**



Grupo Antolin's balances with the Tax and Social Security authorities at 31 December 2013 and 2012 were as follows:

	Thousands of Euros			
	31/12/13		31/12/12	
	Current	Non-current	Current	Non-current
<b>TAX ASSETS:</b>				
Deferred tax assets .....	—	82,706	—	88,867
<b>Tax receivables (Note 11)—</b>				
VAT and other receivables .....	43,660	—	47,630	—
<b>TOTAL TAX ASSETS</b> .....	<b>43,660</b>	<b>82,706</b>	<b>47,630</b>	<b>88,867</b>
<b>TAX LIABILITIES:</b>				
Deferred tax liabilities .....	—	25,021	—	30,085
<b>Tax payables—</b>				
Current tax liabilities .....	16,215	—	14,733	—
Other taxes .....	40,639	—	48,988	—
Social security contributions payable .....	13,672	—	10,347	—
<b>TOTAL TAX LIABILITIES</b> .....	<b>70,526</b>	<b>25,021</b>	<b>74,068</b>	<b>30,085</b>

### Corporation Tax—

As indicated in Note 3-p, Grupo Antolin-Irausa, S.A. Grupo Antolin-Irausa, S.A. and all of its consolidated Spanish subsidiaries domiciled in Spanish "common territory" in which it has holdings of 75% or more file consolidated corporation tax returns.

The consolidated companies taxed included in this tax group are as follows:

#### Company

Grupo Antolin-Irausa, S.A.  
 Grupo Antolin-Ara, S.L.U.  
 Grupo Antolin-Dapsa, S.A.U.  
 Grupo Antolin-Aragusa, S.A.U.  
 Grupo Antolin-Eurotrim, S.A.U.  
 Grupo Antolin-RyA, S.A.U.  
 Grupo Antolin-Autotrim, S.A.U.  
 Grupo Antolin-Ardasa, S.A.U.  
 Grupo Antolin-Martorell, S.A.U.  
 Grupo Antolin-Plasbur, S.A.U.  
 Grupo Antolin-Ingeniería, S.A.U.  
 Grupo Antolin-Glass, S.A.U.  
 Grupo Antolin-Navarra, S.A.U.  
 Grupo Antolin-Vigo, S.L.U.  
 Grupo Antolin-Magnesio, S.L.U.  
 Grupo Antolin-PGA, S.A.U.  
 ASH Reciclado de Techos, S.L.  
 Grupo Antolin Gestión de Inversiones, S.L.U.  
 Grupo Antolin-Valplas, S.A.U.

The corporate income tax charge is calculated for each consolidated subsidiary based on accounting profit, determined in accordance with generally accepted accounting principles, which need not coincide with taxable income, this latter being the tax base.

The reconciliation of consolidated accounting income to the expected tax base for corporate income tax purposes for 2013 and 2012 is as follows:

Description	Thousands of Euros	
	2013	2012
<b>Consolidated income for the year before taxes</b> .....	<b>103,520</b>	<b>76,931</b>
<b>Permanent differences—</b>		
Losses incurred by certain foreign consolidated companies for which no tax asset has been recorded .....	34,932	44,756
Individual companies and adjustments in consolidation:		
Increases .....	27,722	12,639
Decreases <sup>(a)</sup> .....	(1,266)	(33,695)
Share in profit and loss of companies consolidated using the equity method .....	(1,497)	(2,737)
<b>Timing differences—</b>		
Increases:		

Individual companies <sup>(b)</sup> .....	23,412	11,669
Consolidation adjustments .....	6,023	7,641
Decreases:		
Individual companies <sup>(b)</sup> .....	(13,808)	(7,515)
Consolidation adjustments .....	(2,500)	(74)
<b>Application of tax loss carryforwards—</b>		
For which a tax credit had been recorded .....	(12,603)	—
For which no tax credit had been recorded .....	(10,645)	(16,458)
<b>Consolidated taxable income</b> .....	<b>153,290</b>	<b>93,157</b>

(a) Decreases in 2012 corresponded mainly to provisions made by the Parent for impairments to its holdings in the share capital of consolidated subsidiaries that do not form part of the consolidated tax group, since these provisions are generally considered as tax deductible expenses.

(b) The most significant increases correspond to allocations made to certain provisions and other expenses incurred which the Group considers are not tax-deductible (*timing differences*). The most significant decreases correspond to the reversal of certain provisions that were not considered to be tax deductible when originally allocated (*timing differences*).

### Corporate income tax expense—

The balances on the “Corporate income tax” heading in the consolidated income statement for 2013 and 2012 have been determined as follows:

Description	Thousands of Euros	
	2013	2012
Profit before tax on continuing operations .....	103,520	76,931
Permanent differences .....	59,891	20,963
Application of prior year tax losses for which no tax credit had been recognised .....	(10,645)	(16,458)
	<b>152,766</b>	<b>81,436</b>
<b>Estimated tax charge (at 30%)</b> .....	<b>45,830</b>	<b>24,431</b>
Tax deductions applied for which no tax credit had been capitalised .....	(10,152)	(1,392)
Other items <sup>(a)</sup> .....	(174)	2,327
<b>Corporate income tax expense</b> .....	<b>35,504</b>	<b>25,366</b>
Other adjustments <sup>(b)</sup> .....	1,455	2,261
<b>Balance of “Corporate income tax” in the consolidated income statement</b> .....	<b>36,959</b>	<b>27,627</b>

(a) Corresponding principally to the net effect of the different tax rates used in other countries and an amount of 1,443 thousand euros (1,612 thousand euros in 2012) for taxes paid in other countries on dividends, interest and other amounts paid to the Parent and other Spanish consolidated subsidiary companies for which said companies have made no deductions.

(b) These adjustments include, basically, the adjustments made at 31 December 2013 and 2012 of certain deferred tax assets and liabilities recognised in prior years, as a result of the changes introduced in those years to current tax legislation of certain countries (*basically, Spain and Mexico*).

### Tax loss carryforwards—

Although as at 31 December 2013 some of the consolidated companies were carrying significant tax loss carryforwards (*around 600 million euros in total*), the accompanying consolidated statement of financial position at that date only includes a tax asset of 52,153 thousand euros relating to the tax effect of offsetting the following tax loss carryforwards, which can reasonably be expected to be applied (*specifically, they correspond to a tax loss generated in in 2008-2012 by the Spanish tax consolidated group and certain tax loss carryforwards generated in previous financial years by the consolidated subsidiary Grupo Antolin-Leamington, Ltd.*).

Tax losses generated in a given year can be carried forward for offset against the taxable income of the immediately following years, as established in the tax legislation of the countries in which the consolidated companies are located.

The Group has recognised a large part of the tax effect of the losses generated by the consolidated subsidiary companies that are not in the Spanish consolidated tax Group (*for which the Group capitalised no tax credit*) through provisions made by the Parent for impairments to the value of its shareholdings in said consolidated subsidiaries which are treated as tax-deductible expenses up to 2012, inclusive.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**(20) TAX MATTERS AND TAX RECEIVABLES AND PAYABLES**

**Foreign subsidiaries—**

At 31 December 2013 there were no proposed dividend distributions by foreign consolidated subsidiary companies and associates which were pending execution. There is therefore no impact on the Corporate income tax payable by the Group.

**Deferred tax assets and liabilities—**

The movements in 2013 and 2012 under “Deferred tax assets” and “Deferred tax liabilities” in the accompanying consolidated statement of financial position were as follows:

Description	Thousands of Euros	
	Assets	Liabilities
<b>Balances at 31 December 2011</b> .....	<b>81,483</b>	<b>25,894</b>
Balances from incorporations into the scope of consolidation.....	—	5,543
Change in the fair value of available for sale financial assets (Note 13).....	—	168
Capitalisation of tax loss carryforwards and correction of rights for unused deductions.....	4,844	—
Market valuation of derivative financial derivatives (Note 13).....	207	—
Changes for timing differences.....	2,132	(1,227)
Changes in other items, reclassifications and translation differences.....	201	(293)
<b>Balances at 31 December 2012</b> .....	<b>88,867</b>	<b>30,085</b>
Change in the fair value of available for sale financial assets (Note 13).....	—	(3,146)
Use of tax loss carryforwards and correction of rights for unused deductions.....	(3,431)	—
Market valuation of derivative financial derivatives (Note 13).....	(3,547)	—
Changes for timing differences.....	4,175	721
Changes in other items, reclassifications and translation differences.....	(3,358)	(2,639)
<b>Balances at 31 December 2013</b> .....	<b>82,706</b>	<b>25,021</b>

The aforementioned deferred tax assets have recognised in the consolidated statement of financial position because the Parent’s Directors are reasonably sure that they will be recovered, based on recent forecasts of the future tax bases of the consolidated subsidiaries. The key figures set out in the Group’s Business Plan for 2013-2017, prepared by its Directors and approved by the Parent’s Board of Directors in March 2013 and updated in November 2013 are as follows:

	Million Euros			
	2014	2015	2016	2017
Consolidated income.....	2,155	2,312	2,407	2,477
Consolidated EBITDA.....	237	275	290	301
Consolidated EBIT.....	133	160	166	170

The deferred tax assets recognised in the consolidated statement of financial position at 31 December 2013 and 2012 were generated as follows:

Deferred tax assets originating in:	Thousands of Euros	
	31/12/13	31/12/12
Tax loss carryforwards and unused deductions and refunds.....	61,446	66,745
Elimination of internal gain / (loss) in the consolidation process on development expenses invoiced by G.A. Ingeniería, S.A.U.....	3,570	3,283
Depreciation and amortization charges non-deductible in the period.....	2,138	—
Finance costs non-deductible in the period.....	838	—
Timing differences as a result of certain provisions, other expenses that are not deductible in the period and other items.....	14,433	15,012
Market valuation of derivative financial derivatives (Note 13).....	281	3,827
	<b>82,706</b>	<b>88,867</b>

The deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2013 and 2012 were generated as follows:

	Thousands of Euros	
	31/12/13	31/12/12
<b>Deferred tax liabilities originating in:</b>		
Fair value of available for sale financial assets (Note 13).....	—	3,146
Revaluation of certain plots of land under property, plant and equipment and investment property on first application of the “IFRS- EU” (Note 8).....	8,703	8,703
Unrealised capital gains assigned to assets in the consolidation process .....	5,806	6,889
Accelerated depreciation and amortisation of property, plant and equipment and intangible assets.....	10,512	11,347
	<b>25,021</b>	<b>30,085</b>

#### Tax credits—

The corporate income tax legislation in force provides for various tax incentives. The tax credits earned in one year in excess of the applicable legal limits may be deducted from the corporate income tax payable in subsequent years, up to the limits and within the periods established in this connection by the related tax regulations. The Group has availed itself of the tax benefits provided for by this legislation and deducted 10,152 and 1,392 thousand euros, respectively, from the consolidated corporate income tax charge for 2013 and 2012, for which no prior tax credit had been recorded by the Group.

As at 31 December 2013 and 2012, after the aforementioned tax credits had been applied, the Spanish Group companies had the following unused tax credits:

Description	Thousands of Euros	
	31/12/13	31/12/12
Deductions to eliminate international and intercompany double taxation .....	3,414	8,383
Other deductions <sup>(a)</sup> .....	65,894	65,175
	<b>69,308</b>	<b>73,558</b>

(a) These correspond mainly to deductions for R&D activities from 2000 to 2013, and can be applied for 18 years from the year in which they were generated.

“Deferred tax assets” in the accompanying consolidated statement of financial position at 31 December 2013 includes a tax credit totalling 9,293 thousand euros (*9,293 thousand euros at 31 December 2012*), for unused deductions at that date, generated by the companies in the Spanish consolidated tax Group, which are reasonably expected to be used on the basis of recent estimates made by the Parent’s Directors about the future performance of the consolidated tax Group.

#### Tax inspections and appeals in Spain—

In recent years the tax authorities have carried out inspections of the Spanish consolidated tax Group headed by the Parent in respect of a significant portion of the taxes for the years 2002 to 2008. These inspections gave rise to a number of rulings which the Group in general accepted and which did not produce any material impact.

However, in 2009 and 2012 the Parent issued notices of disagreement to assessments against the Spanish consolidated tax Group in respect of corporate income tax for 2004 and 2005 (*assessment received in 2009*) and for 2006 and 2007 (*assessment received in 2012*) as a result of deductions to eliminate international double taxation applied by the Parent. The following appeals have been presented by the Group:

- The first assessment, which amounted to 1.6 million euros and was paid by the Parent in 2010, was appealed in the Regional Economic and Administrative Court of Castile and Leon, which issued its ruling in February 2011, and the Group’s claim was partially upheld. The Group lodged an appeal against this ruling with the National High Court. In December 2013 the Court ruled against the appeal. This ruling does not give rise to any additional liability.
- The second assessment was appealed by the Group in the Regional Economic and Administrative Court of Castile and Leon and, currently, no decision has been handed down on the appeal filed. At 31 December 2012 the Group made a provision of 258 thousand euros to meet any liability that may arise as a result of these proceedings. In 2013 the Group paid this amount and the aforementioned provision was used for its purpose.

## Years open to tax inspection—

Under current legislation, tax settlements cannot be considered to be final until the tax returns filed have been inspected by the tax authorities or until the statute-of-limitations period has expired (*generally four or five years in the countries in which the Group's companies are located*).

In July 2013 the Tax Authority opened inspections of the Spanish consolidated tax group headed by the Parent in respect of the following taxes and fiscal years:

<b>Tax</b>	<b>Period</b>
Corporation Tax—.....	2008 to 2010
Value added tax .....	06/2009 to 12/2010
Personal income tax withholdings and receipts on account .....	06/2009 to 12/2010
Capital gains tax withholdings and receipts on account.....	06/2009 to 12/2010
Withholdings in respect of income tax for non-residents.....	06/2009 to 12/2010

At the date these consolidated annual financial statements were prepared these inspections were still in progress.

As a general rule, at 31 December 2013, the remaining consolidated companies had the last four years open to inspection by the tax authorities for the main taxes applicable to them.

The Parent's Directors believe that the settlements of those taxes have been done properly, so, even if differences were to arise in the interpretation of the regulations governing the tax treatment of its operations, such liabilities as could arise as a result of the current inspection or inspections of the aforementioned years would not have a material effect on the accompanying financial statements for 2013.

## (21) REVENUES AND EXPENSES

### Net turnover—

The breakdown of the Group's net turnover by geographical market for 2013 and 2012 is as follows:

<b>Product or Function</b>	<b>Thousands of Euros</b>	
	<b>2013</b>	<b>2012</b>
Seats.....	186,776	181,563
Doors .....	775,669	802,311
Headliners.....	1,035,361	986,089
Lighting .....	130,346	117,025
	<b>2,128,152</b>	<b>2,086,988</b>

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

**(21) REVENUES AND EXPENSES**

<b>Geographical Market</b>	<b>Thousands of Euros</b>	
	<b>2013</b>	<b>2012</b>
Spain.....	291,989	298,048
Germany.....	239,832	262,675
France.....	248,539	251,598
USA.....	355,183	294,965
Brazil.....	118,121	124,929
United Kingdom.....	107,757	116,871
Mexico.....	129,898	130,237
Czech republic.....	87,546	104,837
Other countries.....	549,287	502,828
	<b><u>2,128,152</u></b>	<b><u>2,086,988</u></b>

The breakdown of the Group's ordinary revenues by customer is as follows:

<b>Car Manufacturer</b>	<b>Percentage</b>	
	<b>2013</b>	<b>2012</b>
Volkswagen Group.....	23	26
Renault-Nissan Group.....	14	14
Ford Group.....	15	13
Chrysler-Fiat Group.....	12	11
P.S.A.-Citroën Group.....	11	10
Other manufacturers.....	25	26
	<b><u>100</u></b>	<b><u>100</u></b>

**Other operating income—**

The balances of this heading in the consolidated income statement for 2013 and 2012 break down as follows:

<b>Description</b>	<b>Thousands of Euros</b>	
	<b>2013</b>	<b>2012</b>
Revenues on the sale of project tools.....	14,712	16,316
Income from miscellaneous services.....	30,654	25,307
Operating grants.....	3,315	3,486
Income from leases of investment property.....	1,165	1,131
Revenues from the assignment of industrial property.....	26	3,019
Other revenue.....	14,838	13,933
	<b><u>64,710</u></b>	<b><u>63,192</u></b>

**Supplies—**

The balances of this heading in the consolidated income statement for 2013 and 2012 break down as follows:

<b>Description</b>	<b>Thousands of Euros</b>	
	<b>2013</b>	<b>2012</b>
Purchases of goods for resale and of raw materials.....	1,267,097	1,256,240
Purchases of other supplies.....	10,379	11,021
Purchases of prototypes.....	9,672	2,634
Transportation of purchases.....	24,309	22,401
Work performed by third parties.....	11,763	10,031
Less—bulk discounts and returns.....	(909)	(986)
Change in inventories of goods for resale, raw materials and other supplies.....	2,976	(14,430)
	<b><u>1,325,287</u></b>	<b><u>1,286,911</u></b>

## Personnel expenses—

The balances of this heading in the consolidated income statement for 2013 and 2012 break down as follows:

Description	Thousands of Euros	
	2013	2012
Wages, salaries and similar expenses .....	293,738	284,009
Termination benefits .....	1,995	1,387
Employer's social security contributions .....	86,540	84,846
Other welfare expenses .....	16,275	16,428
	<b>398,548</b>	<b>386,670</b>

## Average number of employees—

Set out below is the average number of employees working for the Group in 2013 and 2012:

	Average Number of Employees	
	2013	2012
Direct labour .....	7,649	7,493
Indirect labour .....	4,041	4,056
General employees .....	2,056	1,997
	<b>13,746</b>	<b>13,546</b>

The average number of employees at Associates in 2013 and 2012 was 1,087 and 828, respectively.

The average number of employees in the Group in 2013 and 2012 with disabilities of 33% or more was 128 and 148, respectively, distributed as follows by function:

	Average Number of Employees	
	2013	2012
Direct labour .....	81	102
Indirect labour .....	32	32
General employees .....	15	14
	<b>128</b>	<b>148</b>

## Functional analysis by gender—

Set out below is a functional breakdown of the work force of the group by gender as at 31 December 2013 and 2012:

	Number of Employees					
	At 31/12/13			At 31/12/12		
	Men	Women	Total	Men	Women	Total
Direct labour .....	4,365	3,182	7,547	4,430	3,083	7,513
Indirect labour .....	3,254	802	4,056	3,347	782	4,129
General employees .....	1,367	691	2,058	1,281	684	1,965
	<b>8,986</b>	<b>4,675</b>	<b>13,661</b>	<b>9,058</b>	<b>4,549</b>	<b>13,607</b>

The number of employees of Associates as at 31 December 2013 was 1,073 (618 men and 455 women), and at 31 December 2012 there were 795 employees (438 men and 357 women).

At 31 December 2013 the Parent's Board of Directors comprised one member who is a private individual (*one man*), and four members who are legal entities, represented by two men and two women, while at 31 December 2012 it had one member who was a private individual (*one man*), and four members who were legal entities, represented by four men and two women. Furthermore, as at 31 December 2013 and 2012 the Group Senior Management comprised 9 and 8 individuals, respectively, all of whom were men.

## (22) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

### Balances and transactions with Associates—

The Group's balances with Associates at 31 December 2013 and 2012 are as follows:

Company	Thousands of Euros					
	31/12/13			31/12/12		
	Non-current Loans (Note 9)	Trade Receivables	Trade Suppliers	Non-current Loans (Note 9)	Trade Receivables	Trade Suppliers
Grupo						
Antolin-Wayne, LLC .....	—	1,544	—	—	3,881	—
International Door Systems, S.R.L. de C.V. ...	1,043	7	11	—	17	1
Slovakian Door Company, s.r.o.....	—	75	—	1,002	6	—
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd.....	—	—	633	2,269	105	341
NHK Antolin (Thailand) Co., Ltd.....	—	79	—	—	—	—
Antolin Kasai Internacional Kabushiki Kaisya.....	—	—	—	—	—	—
Dongguan Antolin Huaxiang Auto Parts Co., Ltd.....	2,416	612	—	—	—	—
Antolin Kasai Tek Chennai PVT, Ltd.....	—	—	61	—	—	—
	<u>3,459</u>	<u>2,317</u>	<u>705</u>	<u>3,271</u>	<u>4,009</u>	<u>342</u>

The Group's transactions with Associates (*sales and services provided*) during 2013 and 2012 are as follows:

Company	Thousands of Euros	
	2013	2012
Grupo Antolin-Wayne, LLC.....	25,457	28,285
Slovakian Door Company, s.r.o.....	298	53
International Door Systems, S.R.L. de C.V. ....	54	1,732
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd. ....	335	1,186
Dongwon Technology Co., Ltd. ....	82	31
NHK Antolin (Thailand) Co., Ltd.....	1,262	—
	<u>27,488</u>	<u>31,287</u>

The transactions detailed above were carried out in the normal course of business and under market conditions.

### Balances and operations with shareholders and Directors of the Parent—

The balances of the Group with shareholders and Directors of the Parent at 31 December 2013 and 2012 are as follows:

Shareholders and/or Directors	Thousands of Euros	
	31/12/13	31/12/12
<b>Non-current financial assets—other loans (Note 9):</b>		
Agrícola Cinegética San Quirce, S.L. ....	—	1,080
Injat, S.L. ....	—	1,354
<b>Accrued interest receivable:</b>		
Agrícola Cinegética San Quirce, S.L. ....	—	253
Injat, S.L. ....	—	256

At 31 December 2012 the Group held shares in Caixabank, S.A., an entity related to shareholder and Director Anira Inversiones, S.A. (see Notes 9 and 12).



The Group's transactions with shareholders and Directors of the Parent during 2013 and 2012 are as follows:

<b>Shareholders and/or Directors and Description</b>	<b>Thousands of Euros</b>	
	<b>2013</b>	<b>2012</b>
<b>Finance income:</b>		
Injat, S.L. ....	30	46
Agrícola Cinegética San Quirce, S.L. ....	24	37
Sarmental Gestión, S.L.U. ....	56	—
<b>Services received:</b>		
Canea, S.L. ....	750	750
Injat, S.L. ....	1,283	1,283
<b>Directors' Remuneration and salaries</b> .....	4,084	3,392

**Balances and transactions with related parties—**

During 2013 and 2012 the Group made purchases from Cylbur, S.L., a company owned by Grupo Asuari Inversor (see Note 2-h) in the amounts of 5,613 and 6,091 thousand euros, respectively. These transactions were carried out in the normal course of business and under market conditions. As a consequence of these transactions, at 31 December 2013 and 2012 the Group had payables with this related company totalling 1,221 and 1,240 thousand euros, respectively.

## GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2013

#### (23) INFORMATION ABOUT THE DIRECTORS OF THE PARENT AND KEY STAFF OF THE GROUP

##### Parent Directors' remuneration and other benefits—

In 2013 the members of the Board of Directors of the Parent received 501 thousand euros in remuneration for their work as administrators of the Parent (*749 thousand euros in 2012*). Some of the members of the Parent's Board of Directors are also employees and, as such, earned wages and salaries and other benefits totalling 3,583 thousand euros in 2013 (*2,643 thousand euros in 2012*).

In addition, several Parent directors provided certain services to the Parent in 2013, for a total amount of 2,033 thousand euros (*2,033 euros in 2012*).

The sum of these amounts represents the total remuneration earned by the directors of the Parent in 2013 in all connections.

The Group does not have any pension or life insurance commitments to any of the Parent's Directors.

At 31 December 2013 the Parent had not conceded any loan or advance to any of its Directors (*at 31 December 2012, it had granted loans to two of its Directors, totalling 2,943 thousand euros*).

##### Remuneration and other benefits paid to Senior Management of the Group—

The remuneration accruing to the Group's senior managers (*members of the Management Committee who are not Directors of the Company*) during 2013 totalled 2,334 thousand euros (*3,781 thousand euros in 2012*).

The Group has not entered into any pension commitments, nor has it granted any advances, loans or guarantees to any member of the Group's senior management, although it has established "Multiyear Remuneration Plan" for the members of the Group Senior Management, subject to achievement of certain strategic objectives, that if appropriate, could be paid in 2015 or 2017 and for which at 31 December 2013 the group has recognized a provision.

##### "Conflicts of interest", and equity holdings by Parent directors and/or parties related to said Directors in companies with similar activities and performance of similar activities on their own account or for the account of others—

None of the members of the Board of Directors of the Parent nor any party related to said Board members has any direct or indirect conflict of interest with the Group. Likewise, in accordance with section 229 of the revised text of the Spanish Corporate Enterprise Act, enacted by Royal Legislative Decree 1/2010, dated 2 July, it is reported that in 2013, the members of the Board of Directors of the Parent and/or parties related to said Board members held no equity interests in the share capital of companies engaging in an activity which is identical, similar or complementary to the activity that constitutes the corporate purpose of the Parent, or held positions or discharged functions therein except those duties and functions which some of them perform in other Group companies. Specifically, the members of the Board José Antolin Toledano, Ernesto Antolin Arribas and José Manuel Temiño Estefanía are Directors and/or hold positions or offices (*either on their own account or on behalf of and representing Grupo Antolin-Irausa, S.A.*) in virtually all the companies in Grupo Antolin that have been fully or proportionally consolidated (see Note 1).

The direct or indirect equity interests in the share capital of companies engaging in an activity which is identical, similar or complementary to the activity that constitutes the corporate purpose of the Parent held currently or in 2013 by persons or entities related to the Directors, and the posts and functions they exercise therein, are as follows:

Name	Investee	Activity	Holding	Functions
<b>Companies related to Hiscan Patrimonio, S.A.U. (director of Grupo Antolin- Irausa, S.A. prior to December 2013):</b>				
Caixa Capital TIC, S.C.R. de Régimen Simplificado, S.A. .....	Technical & Racing Composites, S.L.	Automobile components	23.57%	Member of the Board
Anira Inversiones, S.L. .....	Grupo Antolin-Irausa, S.A.	Automobile components	13.71%	Member of the Board

Furthermore, the Directors of the Parent and/or the parties related to said Directors have not and do not engage in any activities, on their own account or on behalf of any other party that are identical, similar or complementary to the activity that constitutes the corporate purpose of the Parent, other than those performed in Grupo Antolin.

## (24) RISK MANAGEMENT POLICY

### Financial risk factors—

The Group's activities are exposed to a number of financial risks: market risk (*fair value risk and price risk*), credit risk, liquidity risk and interest-rate risk on cash flows. The Group's global risk management programme is focused on the uncertainty of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Grupo Antolin uses financial derivatives to hedge against certain risks.

Risk management is controlled by the Group's Financial Department in accordance with policies approved by the Board of Directors of the Parent. This Department identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Parent's Board of Directors determines policies for the global management of risk, and for specific risk areas such as currency risk, interest rate risk, liquidity risk, risk derived from the use of derivative and non-derivative financial instruments and the investment of cash surpluses.

#### i) Market risk—

The Group is exposed to the risk of changes in market value of the investments held as "available for sale" which are classified under "Non-current financial assets" in the consolidated statement of financial position, although this risk has reduced significantly following the disposal of key investments in 2013.

The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in the production processes, is mitigated by the fact that Grupo Antolin operates with its main suppliers under long-term agreements which afford stability in prices. On the other hand, Grupo Antolin negotiates with its customers to pass on increases in the prices of certain raw materials.

The terms of agreements with customers have resulted in lower prices, which could reduce the Group's margins. Grupo Antolin nevertheless develops improvement programmes and tools to offset these decreases with increases in productivity. Grupo Antolin also negotiates with its suppliers to help it absorb these price reductions.

#### ii) Credit risk—

Grupo Antolin's customer portfolio is diversified across the major vehicle manufacturing groups, as a result of which there is no particular concentration of credit risk. In the past, motor vehicle manufacturers were deemed not to have a major credit risk. The Group therefore considers that the credit ratings of its debtors are sound and its receivables in the first months of 2014 will be collectable as normal. The Group has policies for other customers to ensure that it sells to customers who have suitable credit histories.

At 31 December 2013 the trade receivables past due for which provision had not been made were not material.

The credit risk on cash and cash equivalents, financial derivatives and deposits with banks and financial institutions is deemed to be immaterial, as these operations are only entered into with financial institutions with high credit ratings. Grupo Antolin has policies for limiting the amount of the risk with any financial institution.

iii) **Liquidity risk—**

Grupo Antolin manages liquidity risk prudently, based on maintaining sufficient cash and negotiable securities, the availability of funding by means of sufficient committed credit facilities and the capacity to liquidate positions in the market. Furthermore, the centralised cash system the Group has set up allows it to manage financial resources with greater efficiency. Given the dynamic nature of the underlying businesses, the Group's Financial Department aims to keep financing flexible, by contracting credit lines or factoring lines without recourse (*assigning receivables to third parties*).

Group Management monitors cash requirements, and developments in its borrowings. The key figures in Grupo Antolin's cash budget for 2014 are as follows:

Description	Thousands of Euros
EBITDA .....	237,095
Net finance income .....	(45,993)
Other items ( <i>basically, payment of corporate income tax</i> ) .....	(27,982)
<b>Cash-flow from ordinary operations</b> .....	<b>163,120</b>
CAPEX .....	(137,826)
Financial investments .....	—
Project tools and changes in working capital .....	(4,000)
<b>Free cash flow of the business</b> .....	<b>21,294</b>
Repayments of financial debt <sup>(a)</sup> .....	(31,806)
Dividend payments .....	—
<b>Decrease in cash or cash equivalents in 2014</b> .....	<b>(10,152)</b>
<b>Cash or cash equivalents at 31 December 2013</b> .....	<b>170,502</b>
<b>Forecast cash or cash equivalents at 31 December 2014</b> .....	<b>160,350</b>

(a) Not considering the refinancing that is planned for 2014 (see Note 26).

iv) **Interest rate risk for cash flows and fair value risk—**

Given that the Group does not carry major amounts of interest-earning assets, its operating revenues and cash flows are fairly independent of the variations in market interest rates.

The Group's interest rate risk stems from its non-current borrowings. The Group's variable rate borrowings expose it to interest-rate risks for cash flows. The Group's fixed rate borrowings expose it to fair value interest rate risks. At the end of the 2013 reporting period, taking into account financial derivatives contracted, approximately 44.5% of borrowings were at fixed interest rates.

The Group mainly manages the interest rate risk on cash flows using variable to fixed interest rate swaps (*with the aim of covering approximately 50% of its non-current financial debts*). These interest rate swaps have the financial effect of converting variable interest rate borrowings into fixed interest rate borrowings. The Group generally borrows long term at variable interest rates and swaps them for fixed interest rates that are normally lower than those that the Group would have obtained had it borrowed directly at fixed rates. Under the terms of the interest rate swaps, the Group undertakes to exchange with other parties, at set intervals (*normally every six months*), the difference between the fixed interest and the variable interest calculated based on the notionals contracted.

The Group has carried out a sensitivity analysis for the amounts of the variable interest rate debt as at 31 December 2013, taking into account the contractual terms of the funding in force as at said date, and concluded that a 0.50% change in interest rates would lead to an increase of approximately 2.8 million euros in interest expense. This sensitivity analysis did not take into account the debt hedged by the interest rate swaps contracted (*for a notional of 240 million euros*).

The Group considers that there are no significant differences between the carrying amount and the fair value of financial assets and liabilities.

v) **Foreign-exchange risk—**

The international expansion of the Group and its ever-growing volume of business outside the euro zone expose it to exchange rate risks in currencies such as the Czech crown, the Brazilian real, the US dollar or the Mexican peso, which could have an impact on its results. To reduce its exposure to this risk, the Group avails itself of a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major

movements in currencies. Grupo Antolin has not entered into any foreign-currency hedge rate agreements or forward contracts.

The Group has carried out a sensitivity analysis of the key figures in its 2014 budget income statement, and has concluded that a 5% rise in the euro against currencies such as the Czech crown, the Brazilian real, the US dollar and the Mexican peso, would reduce net turnover by approximately 44 million euros (2%, approximately), and budgeted consolidated profit and loss for 2014 (before tax) would fall by approximately 3.1 million euros.

## (25) OTHER INFORMATION

### Guarantees given to third parties and other contingent liabilities—

As at 31 December 2013 and 2012, the Parent had provided guarantees to various financial institutions for other related non-Group companies for minor amounts (0.4 million euros) to facilitate the granting of financing to these companies. Various financial institutions have also provided guarantees to public bodies on the Group's behalf to guarantee compliance with the general and particular terms of certain capital and operating grants made to the Group (see Note 15), and the repayment of a number of loans granted by public bodies to fund research and development projects (see Note 19).

The Group has also provided a guarantee for a credit line granted by a financial institution to an Associate (for a limit of 10 million US dollars). However, at 31 December 2013 the aforementioned credit line had not been drawn down.

The Controlling Company's directors consider that any liabilities which might arise from the guarantees provided and for which provision was not made at 31 December 2013 would not be material.

### Fees paid to the auditors—

The fees for audit and other services provided during 2013 and 2012 by the Group's main auditor, or by companies related to it through common control, ownership interests or management, together with fees for services provided by other auditors to companies included in the scope of consolidation, or by companies related to them through common control, ownership interests or management, are as follows:

Description	Thousands of Euros			
	2013		2012	
	Services Provided by the Main Auditor	Services Provided by Other Audit Firms	Services Provided by the Main Auditor	Services Provided by Other Audit Firms
Audit services .....	1,265	364	1,229	365
Other verification services .....	570	116	874	24
<b>Total audit and related services .....</b>	<b>1,835</b>	<b>480</b>	<b>2,103</b>	<b>389</b>
<b>Other services .....</b>	<b>955</b>	<b>373</b>	<b>588</b>	<b>470</b>
<b>Total professional services .....</b>	<b>2,790</b>	<b>853</b>	<b>2,691</b>	<b>859</b>

### Disclosure on deferred payments to suppliers. Third additional disposition, "Duty of disclosure", of Law 15/2010 of 5 July—

In accordance with Law 15/2010, of 5 July, modifying Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions, applied in the Resolution issued on 29 December 2010 by the Institute of Accounting and Account Auditing (ICAC), taking into account the Second Transitional Provision of said Resolution, the payments made in 2013 and 2012 by the Spanish consolidated subsidiaries to trade suppliers and service providers in Spain are presented below, distinguishing between those paid within the maximum legal period and those not, together with the weighted average number of days past due and the payments to said trade suppliers and service providers outstanding at 31 December 2013 and 2012 which at those dates exceeded the legal time limit:

	2013		2012	
	Amount (Thousands of Euros)	% of the Total	Amount (Thousands of Euros)	% of the Total
<b>Payments made in the year:</b>				
Paid within the legal maximum period <sup>(*)</sup> .....	187,840	75.00	226,423	67.88
Remainder of payments made .....	70,651	25.00	77,184	32.12
<b>Total payments in the year .....</b>	<b>258,491</b>	<b>100.00</b>	<b>303,607</b>	<b>100.00</b>
Weighted average number of days past due .....	12	—	8	—
Overdue payments exceeding the maximum legal limit as at the year end <sup>(*)</sup> .....	5,054	5.52	2,002	17.75

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(\*) The legal limit has been determined in each case in accordance with that applying to the specific type of goods or service received by the Spanish consolidated companies, in accordance with Law 3/2004 of 29 December, establishing measures to combat late payment in commercial transactions.

In accordance with the aforementioned regulations, only information relating to suppliers located in Spain has been included.

### **Environmental information—**

Grupo Antolin's environmental activities focus on two general areas:

- *Environmental Management System.* Based on manuals and procedures common to all the centres defining the measures to ensure strict compliance with current legislation, the rational use of resources and energy and minimising the generation of waste.
- *Environment-Sensitive Design.* Through its research and development centres, the Group designs its products with a view to minimising the environmental impact of the vehicle over its useful life.

The Group's property, plant and equipment include certain investments whose carrying amount at 31 December 2013 and 2012 totalled approximately 1,159 and 1,388 thousand euros respectively, whose purpose is to reduce the environmental impact of the Group's activity and to protect and enhance the environment. In 2013 and 2012 the Group also incurred in certain expenses aimed at protecting and enhancing the environment, totalling approximately 1,694 and 1,592 thousand euros respectively.

Grupo Antolin has no other environmental liabilities, provisions or contingencies that could have a significant impact on its equity, financial position or results (see Note 16).

In particular, given the nature of its activity, the facilities of the Spanish consolidated companies were not included in the national plan for the allocation of greenhouse gas emission allowances and, therefore, they have been allotted no greenhouse effect gas emission rights. No greenhouse effect gas emission rights have therefore been recognised in the consolidated statement of financial position at 31 December 2013. Nor has any movement occurred under this heading in 2013. Furthermore, in 2013, the Group has incurred no expenses nor has it recorded any provision in connection with this item. The Group has not entered into any futures contract relating to emission rights, nor has it received any grants associated with such rights, nor are there any contingencies arising from greenhouse effect gas emission rights.

### **(26) EVENTS AFTER THE REPORTING PERIOD**

The Group is currently engaged in a process of issuing long-term bonds on the capital markets for an estimated total of 400 million euros, to be complemented by the signing of a syndicated loan of 200 million euros and a revolving credit facility of up to 200 million euros. The purpose of this refinancing is to repay the Syndicated Bridging Loan and the syndicated factoring contract conceded to the Group at 31 December 2013 (see Note 17), to ensure the Group's financial stability, and to finance its growth and international development. The Parent's Directors expect that this process will be completed in the first six months of 2014.

There have been no other major events since the end of 2013.

### **(27) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH**

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2). Certain accounting practices applied by the Company (Group) that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

## GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

### CONSOLIDATED DIRECTORS' REPORT FOR 2013

#### Performance of the businesses in 2013—

The keenly awaited economic recovery in Europe is still not apparent, with GDP shrinking by 0.2% in 2013. Global GDP, however, rose by 3%, driven by the emerging economies (+5.1%) and, to a lesser extent, the United States (+1.6%). Against this general economic backdrop, the Group has managed to increase its total turnover by 2%, despite the decline of its businesses in Europe (down 3.4%) and the negative impact of other currencies' weakness against the euro. The Group's increasing sales figures are thanks to the strong performance of the car industry in the NAFTA and Asia Pacific regions, where our turnover has grown by 10% and 25%, respectively.

According to the latest estimates for the automobile industry, worldwide production in 2013 was around 83.7 million units, an increase of 2.7% in the year.

The industry's growth was uneven again in 2013, with production volumes falling by 1% in Europe, while other regions saw growth, in particular in the NAFTA and Asia Pacific regions, where output was up by 5% and 4%, respectively.

In terms of *countries*, the United States and China saw the strongest growth, with volumes up by 7.6% and 12.5%, respectively.

The Group's consolidated turnover grew by 2% in the year, while EBITDA and EBIT were up 238 and 136 million euros, respectively, a new record in absolute terms.

The Group's highest growth figures by *region* were in the Asia Pacific area (up +25%) and the NAFTA region (up +10%), with the strongest growth in the United States and China.

Turnover in Europe, meanwhile, shrank by 3.4%, mainly due to declining revenues in the "Doors" business (down 9%) and, to a lesser extent, in the "Headliners" business (down 3%) and to the finalisation of certain projects whose replacements will not come into operation until 2014. The "Lighting" business, however, grew by 10% as new projects came on stream.

By *function*, the main fastest growing businesses were "Lighting" (+11.4%) and "Headliners" (+3%), this latter driven by the subsidiaries located in the United States and China. The worst performing business was "Doors" which declined by 1.1% due to its greater exposure to Europe. Turnover in the "Seats" business grew by 2.4% following the start of production of the new "Citroën B78" project at the Grupo Antolin- Vigo, S.L.U. plant.

In terms of *customers*, the most significant growth was in sales to Ford, Daimler, PSA, and Chrysler-Fiat which grew by 19.4%, 13.6%, 13.3% and 11.7%, respectively. Higher sales to Ford, Daimler and Chrysler-Fiat were mainly thanks to the strong performance of the American market, while the additional sales to PSA were mainly as a result of the new "Citroën B78" seats project. Sales to the VW Group, on the other hand, fell by 8.4%, as a result of declining volumes in Europe for most projects, especially orders to Grupo Antolin for the Seat and Skoda brands.

The Group has continued to successfully implement its international expansion and diversification strategy based on three approaches: Regions, Customers and Products. Thanks to this strategy, the Group has focused on the NAFTA countries and Asia Pacific region, it has reduced its exposure to the VW Group and has increased the weighting of the "Lighting" business in its product portfolio. 81.6% of our staff are employed outside Spain, while foreign sales accounted for 86.3% of Group turnover.

In terms of results, the Group has consolidated its operating margins, reporting EBITDA of around 11.2% and EBIT of 6.4%, its highest reported figure for EBIT in the last ten years.

#### Significant events in 2013—

Key events in 2013 include:

- In December 2013 the Antolin family acquired the 22.86% of the share capital held by three financial institutions (*via Anira Inversiones, S.L.*), making it the Group's sole shareholder.

- In December 2013 the Group was conceded a Syndicated Bridging Loan for 400 million euros.
- At the end of 2013, the company “Grupo Antolin-Missouri, LLC” was incorporated in the United States to manufacture headliners for Ford.
- A joint venture, “Antolin Avtotechnika Nizhny Nóvgorod Ltd.”, was set up in Russia in 2013 to manufacture headliner trimmings. The Group holds 75% of the share capital and local partner “ZAM Avtotechnika, LLC” holds the remaining 25%.
- At the end of 2013, the company “Grupo Antolin-Valplas, S.A.U.” was incorporated in Valencia (Spain) to manufacture and supply plastic parts for Ford’s new models.
- A joint venture, “Antolin CIE-Czech Republic, s.r.o.”, was set up with multinational CIE Automotive to manufacture seat components in the Czech Republic. The Group has a 70% investment in this company.
- The company “Ningbo Antolin Huaxiang Auto Parts Co., Ltd.”, in which the Group has a 50% investment, incorporated a new company in China, “Dongguan Antolin Huaxiang Auto Parts Co., Ltd.” to manufacture door panels. The Group therefore has a 50% investment in this company.
- A technical services and sales company, “Antolin Kasai International Kabushiki Kaisya”, was incorporated in Japan. The Group has a 50% holding and the Japanese multinational “Kasai Kogyo” holds the remaining 50% of the share capital.

#### **Research and development activities—**

The main features of research and development work in 2013 were as follows:

- Investment in cutting-edge technology has once again enabled us to incorporate the most advanced support for design work and ensure the analysis and validation of our products and processes.
- We continue to see industrial design and innovation as a distinguishing feature that customers appreciate in the advanced stages of projects and one which allows our manufacturing processes to be more flexible.

#### **Environmental and human resources issues—**

In other areas (*including environmental and human resources matters*) we would draw attention to the following measures taken by Grupo Antolin in 2013:

- In 2013, Grupo Antolin increased its commitment to the environment through its policies for “Environmental Management” and “Design for the Environment”, leading to technological solutions which favour sustainability, prioritising innovative approaches that reduce weight, facilitate recycling and make use of natural materials, features widely demanded by the market.
- In order to reduce CO2 emissions and minimise the use of energy from fossil fuels, Grupo Antolin is developing numerous products based on two environmental concepts: Light & Green. The Group works with makers on projects to reduce CO2 emissions and develop technologically sustainable products.
- In 2012, Grupo Antolin maintained and strengthened the commitment it made in 2003 to the United Nations Global Compact and its principles of good governance based on respect for human rights, protecting the environment and ensuring decent working conditions.

#### **Main risks deriving from activities—**

The main risks which could affect the future development of our business and the corresponding measures put in place by Group to offset them, are as follows:

- Derivatives are used to eliminate or reduce exposure to interest rate fluctuations in certain financial operations given the impact an increase in interest rates could have on the Group’s results.
- The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in the production processes, is mitigated by the fact that Grupo Antolin deals with its



main suppliers under long-term agreements which help keep prices stable. On the other hand, Grupo Antolin negotiates with its customers to pass on increases in the prices of certain raw materials.

- The terms of agreements with customers have resulted in lower prices, which could reduce the Group's margins. The Group develops improvement programmes and tools to offset such impacts with higher productivity. Grupo Antolin also negotiates with its suppliers to help it absorb these price reductions.
- The international expansion of the Group and its ever-growing volume of business outside the euro zone expose it to exchange rate risks in currencies such as the Brazilian real, the US dollar or the Mexican peso, which could have an impact on its results. To reduce its exposure to this risk, the Group uses a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies.

### **Outlook for the Group—**

The US Federal Reserve is more than likely to tighten its monetary policy. The potential impact of this measure on emerging economies and their currencies adds to the uncertainty facing world economies over the next few months. Nevertheless, global GDP is forecast to increase in 2014 by 3.6%, with growth of over 1% in Europe and over 2.5% in the United States.

Global car production volumes are expected to increase by 5% to over 87 million units.

The Group expects its turnover to increase by around 3% in 2014, principally driven by the strong performance of the Asian market, recovering volumes and new projects entering the production phase in Europe, and recovering margins in the Mercosur region.

Record operating results are expected for 2014 and the Group expects to close the year with attributable operating profit of around 2.6% of sales.

Grupo Antolin continues to expand into high-growth markets, such as Asia and the Latin American region, and to seek inorganic growth opportunities that enable it to strengthen and consolidated its current strong competitive position.

The Group continues to implement new measures to improve and streamline spending and to ensure investments are more efficient so it can remain confident of its ability to maintain margins at slightly above those achieved in the preceding financial year.

### **Events after the reporting period—**

The Group is currently engaged in a process of issuing long-term bonds on the capital markets for an estimated total of 400 million euros, to be complemented by the signing of a syndicated loan of 200 million euros and a revolving credit facility of up to 200 million euros. The purpose of this refinancing is to repay the Syndicated Bridging Loan conceded to the Group at 31 December 2013, to ensure the Group's financial stability, and to finance its growth and international development. The Parent's Directors expect that this process will be completed in the first six months of 2014.

There have been no other major events since the end of 2013.

### **Shares in the Parent—**

The Group companies held no shares in the Parent at 31 December 2013, and no operations were performed with such shares during 2013.

*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.*

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of  
Grupo Antolin-Irausa, S.A.:

1. We have audited the consolidated financial statements of GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES (*"the Group"*), which comprise the consolidated balance sheet at 31 December 2012 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. The directors of Grupo Antolin-Irausa, S.A. (*"the Parent"*) are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group (*indicated in Note 2 to the accompanying consolidated financial statements*). Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.
2. In our opinion, the accompanying consolidated financial statements for 2012 present fairly, in all material respects, the consolidated equity and consolidated financial position of Grupo Antolin-Irausa, S.A. and Subsidiaries at 31 December 2012, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.
3. The accompanying consolidated directors' report for 2012 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2012. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the accounting records of the consolidated companies.

DELOITTE, S.L.  
Registered in ROAC under no. S0692

Rodrigo Cabezas

30 April 2013

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 27).  
In the event of a discrepancy, the Spanish-language version prevails.*

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012 AND  
2011 (NOTES 1 TO 6)**

(Thousands of Euros)

	<u>31-12-12</u>	<u>31-12-11</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS:</b>		
Intangible assets (Note 7)— .....	194,628	136,232
Goodwill .....	52,766	1,950
Other intangible assets .....	141,862	134,282
Property, plant and equipment (Note 8).....	448,494	405,939
Investment property .....	4,814	4,830
Investments in companies accounted for using the equity method (Note 1).....	14,464	11,018
Non-current financial assets (Note 9) .....	27,192	31,097
Deferred tax assets (Note 20).....	88,867	81,483
Total non-current assets.....	<u>778,459</u>	<u>670,599</u>
<b>CURRENT ASSETS:</b>		
Non-current assets held for sale.....	1,390	1,640
Inventories (Note 10).....	242,855	193,507
Trade and other receivables— .....	241,049	261,042
Trade receivables .....	178,594	191,349
Associates (Note 22).....	4,009	6,180
Other receivables (Note 11).....	65,376	68,428
Provisions .....	(6,930)	(4,915)
Other current financial assets (Note 9) .....	6,690	9,341
Cash and bank balances (Note 12).....	210,439	189,945
Total current assets.....	<u>702,423</u>	<u>655,475</u>
<b>TOTAL ASSETS</b> .....	<u><u>1,480,882</u></u>	<u><u>1,326,074</u></u>

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of financial position at 31 December 2012.

	<u>31-12-12</u>	<u>31-12-11</u>
<b>EQUITY AND LIABILITIES</b>		
EQUITY (Notes 13 and 14):		
<i>CAPITAL AND RESERVES</i> — .....	331,884	310,261
Share capital .....	37,469	37,469
Share premium.....	72,578	72,578
Reserves— .....	180,214	160,152
Other reserves of the Parent.....	(8,254)	(2,295)
Reserves of fully and proportionally consolidated companies.....	177,570	154,678
Reserves of companies accounted for using the equity method.....	10,898	7,769
Profit attributable to the Parent .....	41,623	40,062
<i>REMEASUREMENTS</i> — .....	(27,953)	(19,470)
Available-for-sale financial assets .....	7,337	6,947
Hedging instruments.....	(8,929)	(8,447)
Exchange differences.....	(25,274)	(17,970)
Other.....	(1,087)	—
Equity attributable to the Parent.....	303,931	290,791
NON-CONTROLLING INTERESTS .....	43,720	39,519
Total equity .....	<u>347,651</u>	<u>330,310</u>
NON-CURRENT LIABILITIES:		
Grants (Note 15).....	8,315	5,978
Non-current provisions (Note 16).....	19,212	13,435
Non current financial liabilities— .....	439,355	387,114
Bank borrowings and debentures or other marketable securities (Note 17).....	386,642	341,236
Derivatives (Note 18) .....	12,756	12,067
Other financial liabilities (Note 19).....	39,957	33,811
Deferred tax liabilities (Note 20) .....	30,085	25,894
Total non-current liabilities .....	<u>496,967</u>	<u>432,421</u>
CURRENT LIABILITIES:		
Current provisions .....	1,664	1,280
Current financial liabilities— .....	121,183	96,539
Bank borrowings and debentures or other marketable securities (Note 17).....	120,078	96,539
Other financial liabilities (Note 19).....	1,105	—
Trade and other payables— .....	474,844	438,696
Trade, sundry and other payables .....	400,776	377,100
Current tax liabilities (Note 20).....	14,733	4,737
Other taxes and Social Security contributions (Note 20).....	59,335	56,859
Other current liabilities .....	38,573	26,828
Total current liabilities.....	<u>636,264</u>	<u>563,343</u>
<b>TOTAL EQUITY AND LIABILITIES</b> .....	<u><b>1,480,882</b></u>	<u><b>1,326,074</b></u>

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of financial position at 31 December 2012.

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.*

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**CONSOLIDATED INCOME STATEMENT**

**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011 (NOTES 1 TO 6)**

**(Thousands of Euros)**

	<u>2012</u>	<u>2011</u>
<b>CONTINUING OPERATIONS:</b>		
Revenue (Note 21).....	2,086,988	1,876,029
Changes in inventories of finished goods and work in progress .....	8,336	3,225
Capital grants and other grants taken to income (Note 15).....	2,222	2,257
Other operating income (Note 21) .....	63,192	79,283
<i>Total operating income</i> .....	<u>2,160,738</u>	<u>1,960,794</u>
Supplies (Note 21).....	(1,286,911)	(1,176,974)
Staff costs (Note 21).....	(386,670)	(319,435)
Depreciation and amortisation expense .....	(108,470)	(99,759)
Change in trade provisions .....	(1,056)	(1,072)
Other operating expenses.....	(298,048)	(285,362)
Less- Own work capitalised.....	36,247	31,735
<i>Total operating expenses</i> .....	<u>(2,044,908)</u>	<u>(1,850,867)</u>
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b> .....	<u>115,830</u>	<u>109,927</u>
Finance income.....	6,755	9,393
Finance costs .....	(38,963)	(36,774)
Net fair value gain/(loss) on financial instruments (Notes 9 and 13).....	(4,120)	—
Exchange differences.....	5,836	1,188
Impairment and gains/(losses) on disposal of financial instruments .....	561	—
<b>NET FINANCE INCOME</b> .....	<u>(29,931)</u>	<u>(26,193)</u>
Net impairment loss on non-current assets (Notes 3-b, 7 and 8).....	(9,975)	(8,036)
Gain/(loss) on disposal of non-current assets (Notes 7 and 8).....	(1,730)	(2,870)
Profit of companies accounted for using the equity method (Note 1).....	2,737	3,137
<b>PROFIT BEFORE TAX</b> .....	<u>76,931</u>	<u>75,965</u>
Corporate income tax (Note 20) .....	(27,627)	(25,620)
<b>NET PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b> .....	<u>49,304</u>	<u>50,345</u>
Profit for the year from discontinued operations, net of taxes .....	—	—
<b>CONSOLIDATED PROFIT FOR THE YEAR</b> .....	<u>49,304</u>	<u>50,345</u>
Attributable to non-controlling interests (Note 13).....	(7,681)	(10,283)
Attributable to shareholders of the Parent.....	<u>41,623</u>	<u>40,062</u>
Earnings per share (Note 14) (Euros)—		
From continuing operations:		
Basic.....	5.19	4.99
Diluted.....	5.19	4.99

The accompanying Notes 1 to 27 are an integral part of the consolidated income statement for the year ended 31 December 2012.

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.*

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE**

**FOR THE YEARS ENDED 2012 AND 2011 (NOTES 1 TO 6)**

**(Thousands of Euros)**

	<u>2012</u>	<u>2011</u>
CONSOLIDATED PROFIT FOR THE YEAR (I).....	49,304	50,345
Income and expenses recognised directly in equity-		
—From measurement of financial instruments (Note 13) .....	(3,562)	476
—From cash flow hedges (Notes 13 and 18) .....	(5,515)	(2,787)
—From exchange differences (Note 13) .....	(6,551)	(11,667)
—From actuarial gains and losses (Notes 13 and 16).....	(1,087)	—
—Tax effect (Note 13) .....	2,723	693
TOTAL INCOME AND EXPENSE RECOGNISED DIRECTLY IN CONSOLIDATED EQUITY (II) .....	<u>(13,992)</u>	<u>(13,285)</u>
Transfers to the consolidated income statement-		
—From measurement of financial instruments (Note 13) .....	4,120	—
—From cash flow hedges (Notes 13 and 18) .....	4,826	2,578
—Tax effect (Note 13) .....	(2,684)	(773)
TOTAL TRANSFERS TO THE CONSOLIDATED INCOME STATEMENT (III).....	<u>6,262</u>	<u>1,805</u>
TOTAL CONSOLIDATED RECOGNISED INCOME AND EXPENSES (I+II+III) .....	<u>41,574</u>	<u>38,865</u>
Total income and expense attributable to the Parent.....	33,140	31,493
Total income and expense attributable to non-controlling interests.....	8,434	7,372

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of recognised income and expense for the year ended 31 December 2012.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting standards (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN THE YEARS ENDED 31 DECEMBER 2012**

	Thousands of Euros								
	Reserves				Reserves of Fully and Proportionally Consolidated Companies	Reserves of Companies Accounted for Using the Equity Method	Profit Attributable to the Parent	Financial Assets Classified as Available for Sale	Hedging Instruments
	Other Reserves of the Parent								
	Share Capital	Share Premium	Restricted	Other Reserves					
Balance at 31 December 2010.....	37,469	72,578	6,635	(8,722)	147,637	5,269	18,255	6,614	(8,722)
Adjustments for changes in accounting policy 2010 .....	—	—	—	—	—	—	—	—	—
Adjustments to correct errors 2010 .....	—	—	—	—	—	—	—	—	—
Adjusted balance at 1 January 2011 .....	<u>37,469</u>	<u>72,578</u>	<u>6,635</u>	<u>(8,722)</u>	<u>147,637</u>	<u>5,269</u>	<u>18,255</u>	<u>6,614</u>	<u>(8,722)</u>
Consolidated recognised income and expense .....	—	—	—	—	—	—	40,062	333	—
Allocation of profit for the year ended 31 December 2010:									
— To Reserves.....	—	—	900	8,099	6,799	2,457	(18,255)	—	—
Distribution of dividends charged to reserves .....	—	—	—	(9,000)	—	—	—	—	—
Capital contributions by minority interests and dividends, net (Note 13).....	—	—	—	—	—	—	—	—	—
Other transactions with shareholders (Notes 1 and 13).....	—	—	—	—	102	—	—	—	—
Other changes .....	—	—	—	(207)	140	43	—	—	—
Balance at 31 December 2011.....	<u>37,469</u>	<u>72,578</u>	<u>7,535</u>	<u>(9,830)</u>	<u>154,678</u>	<u>7,769</u>	<u>40,062</u>	<u>6,947</u>	<u>(8,722)</u>
Adjustments for changes in accounting policy 2011 .....	—	—	—	—	—	—	—	—	—
Adjustments to correct errors 2011 .....	—	—	—	—	—	—	—	—	—
Adjusted balance at 1 January 2012 .....	<u>37,469</u>	<u>72,578</u>	<u>7,535</u>	<u>(9,830)</u>	<u>154,678</u>	<u>7,769</u>	<u>40,062</u>	<u>6,947</u>	<u>(8,722)</u>
Consolidated recognised income and expense .....	—	—	—	—	—	—	41,623	390	—
Allocation of profit for the year ended 31 December 2011:									
— To Reserves.....	—	—	100	—	23,841	3,137	(27,078)	—	—
— To Dividend .....	—	—	—	—	—	—	(12,984)	—	—
Distribution of dividends charged to reserves .....	—	—	—	(7,016)	—	—	—	—	—
Capital contributions by minority interests and dividends, net (Note 13).....	—	—	—	—	—	—	—	—	—
Other changes .....	—	—	—	957	(949)	(8)	—	—	—
Balance at 31 December 2012.....	<u>37,469</u>	<u>72,578</u>	<u>7,635</u>	<u>(15,889)</u>	<u>177,570</u>	<u>10,898</u>	<u>41,623</u>	<u>7,337</u>	<u>(8,722)</u>

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2012.

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.*

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

**FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011 (NOTES 1 TO 6)**

**(Thousands of Euros)**

	<b>2012</b>	<b>2011</b>
<b>1. CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Consolidated profit for the year before taxes .....	76,931	75,965
Adjustments for:		
Depreciation and amortisation expenses .....	108,259	99,759
Allocation to/(reversal of) current provisions .....	5,016	(1,380)
Allocation to/(reversal of) non-current provisions .....	4,116	(1,147)
Capital grants and other grants taken to income (Note 15) .....	(2,222)	(2,257)
Finance income and expense .....	29,931	26,193
Net impairment loss on non-current assets .....	10,728	8,523
Gain/(loss) on disposal of non-current assets (Notes 7 and 8) .....	1,730	2,870
Net fair value gain/(loss) on financial instruments .....	4,120	—
Profit of companies accounted for using the equity method (Note 1) .....	(2,737)	(3,137)
Operating profit before movements in working capital .....	235,872	205,389
(Increase)/decrease in trade and other receivables .....	40,659	(41,521)
(Increase)/decrease in inventories .....	(31,907)	(15,766)
(Increase)/decrease in other current assets .....	—	(7,317)
Increase/(decrease) in trade and other payables .....	(4,661)	25,733
Increase/(decrease) in other current liabilities .....	11,266	2,634
Capital grants received/(repaid), net .....	65	54
Payments of provisions .....	(7,126)	(2,326)
Unrealised exchange differences and other items .....	(11,399)	(2,818)
Cash generated from operations .....	232,769	164,062
Corporate income tax paid .....	(25,886)	(21,276)
Net cash generated by/(used in) operating activities .....	<u>206,883</u>	<u>142,786</u>
<b>2. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Dividends received .....	2,034	—
Proceeds from disposal of:		
Property, plant and equipment .....	1,791	1,981
Non-current financial assets (Note 9) .....	3,631	1,676
Current financial assets .....	6,695	—
Payments for investments in:		
Group and associated companies (Note 5) .....	(70,403)	(116)
Property, plant and equipment .....	(82,620)	(83,821)
Intangible assets .....	(38,336)	(33,237)
Investment property .....	(43)	—
Non-current financial assets .....	(3,624)	(11,935)
Net cash generated by/(used in) investing activities .....	<u>(180,875)</u>	<u>(125,452)</u>
<b>3. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from/(payments for) equity instruments:		
Returns to minority interests (Note 13) .....	(4,794)	(2,368)
Proceeds from/(payments for) financial liabilities:		
Repayment of syndicated loan (Note 17) .....	(31,176)	(18,115)
Proceeds from other bank borrowings, net .....	90,779	17,644
Proceeds from/(repayment of) other financial liabilities, net .....	(12,385)	4,600
Other cash flows from financing activities:		
Finance income and expense paid, net .....	(27,938)	(27,484)
Dividends paid and payments on other equity instruments (Note 13) .....	(20,000)	(9,000)
Net cash generated by/(used in) financing activities .....	<u>(5,514)</u>	<u>(34,723)</u>
<b>NET INCREASE/(DECREASE) IN CASH OR CASH EQUIVALENTS .....</b>	<b><u>20,494</u></b>	<b><u>(17,389)</u></b>
<b>CASH OR CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR .....</b>	<b>189,945</b>	<b>207,334</b>
<b>CASH OR CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 12) .....</b>	<b>210,439</b>	<b>189,945</b>

The accompanying Notes 1 to 27 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2012.



*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 27). In the event of a discrepancy, the Spanish-language version prevails.*

## GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2012

#### (1) DESCRIPTION OF THE GROUP

##### Parent and Group activities—

Grupo Antolin-Irausa, S.A. (*hereinafter referred to as “the Parent”*) was set up on 5 November 1987, as “*Grupo Antolin, S.A.*”. Subsequently, on 1 November 1993, it adopted its current name “*Grupo Antolin-Irausa, S.A.*”. Its registered office is in Burgos, Carretera Madrid-Irún, km. 244.8.

##### Corporate purpose of the Parent—

The corporate purpose of Grupo Antolin-Irausa, S.A. is to manufacture, sell, process, import and export products relating to the car industry and similar products, as well as to acquire holdings or controlling interests in other companies engaging in business activities relating to said industry.

##### Activities of the Group—

Grupo Antolin-Irausa, S.A. (*hereinafter “the Group” or “Grupo Antolin”*) heads an international Group made up of companies that engage basically in manufacturing and selling automobile components.

##### Subsidiary companies—

“Subsidiary companies” are defined as companies which the Group is able to effectively control. This ability is shown, in general but not exclusively, when the Parent directly or indirectly holds 50% or more of the voting power of the investee companies or, even when this percentage is lower or zero, there are other situations or agreements that mean that the Group has control. In accordance with IAS 27, control is “*the power to govern the financial and operating policies of a company so as to obtain benefits from its activities*”.

Set out below is the most significant financial information at 31 December 2012 about the subsidiary companies which have been included in the consolidated annual financial statements for 2012 as “*fully consolidated companies*”:

##### Companies in which Grupo Antolin-Irausa, S.A. has a direct shareholding—

Company	Registered Office	Activity	Percentage Held	Thousands of Euros Cost of the Holding
Grupo Antolin-Ara, S.L.U. ....	Burgos	Automobile components	100.00	13,565
Grupo Antolin-Dapsa, S.A.U. ....	Burgos	Automobile components	100.00	3,039
Grupo Antolin-Aragusa, S.A.U. ....	Burgos	Automobile components	100.00	12,127
Grupo Antolin-Eurotrim, S.A.U. ....	Burgos	Automobile components	100.00	10,197
Grupo Antolin-RyA, S.A.U. ....	Burgos (Plant: Valladolid)	Automobile components	100.00	5,704
Grupo Antolin-Autotrim, S.A.U. ....	Burgos (Plant: Almussafes)	Automobile components	100.00	1,328
Grupo Antolin-Ardasa, S.A.U. ....	Burgos	Automobile components	100.00	10,495
Grupo Antolin-Martorell, S.A.U. ....	Burgos (Plant: Martorell)	Automobile components	100.00	9,224
Grupo Antolin-Plasbur, S.A.U. ....	Burgos	Automobile components	100.00	1,862
Grupo Antolin-Lusitânia, S.A. ....	Vila Nova (Portugal)	Automobile components	100.00	2,658
Grupo Antolin-Ingeniería, S.A.U. ....	Burgos	Technical studies	100.00	2,238
Grupo Antolin-Amsterdam, B.V. ....	Amsterdam (Netherlands)	Holding company	100.00	2,427
Grupo Antolin-Deutschland, GmbH .	Weyhausen (Germany)	Technical services and sales	100.00	1,292
Grupo Antolin-Holland, B.V. ....	Amsterdam (Netherlands)	Holding company	100.00	75,519
Grupo Antolin-UK, Ltd. ....	Essex (United Kingdom)	Technical services and sales	100.00	766
Grupo Antolin-Autoform, GmbH & Co. KG .....	Saal Donau (Germany)	Automobile components	74.32 <sup>(b)</sup>	29,624
Grupo Antolin-Bohemia, a.s. ....	Chrastava (Czech Republic)	Automobile components	100.00	33,421
Grupo Antolin-North America, Inc. ...	Detroit (United States)	Technical services and sales	100.00	34,150
Grupo Antolin-H.F.R., S.A.S. ....	Saint-Etienne (France)	Holding company	92.56 <sup>(b)</sup>	196,974
Grupo Antolin-Silao, S.A. de C.V. ....	Silao (Mexico)	Automobile components	70.82 <sup>(b)</sup>	31,501
Trimtec, Ltda. ....	Caçapava (Brazil)	Automobile components	100.00	98,358
Intertrim, Ltda. ....	Caçapava (Brazil)	Automobile components	85.28	9,511

Grupo Antolin-South Africa, Ltd. ....	Port Elizabeth (South Africa)	Automobile components	100.00	11,220
Grupo Antolin-Logistik Deutschland, GmbH .....	Cologne (Germany)	Automobile components	100.00	6,279
Grupo Antolin-Japan, Co. ....	Tokyo (Japan)	Technical services and sales	100.00	587
Grupo Antolin-Navarra, S.A.U. ....	Pamplona	Automobile components	100.00	3,316
Grupo Antolin-Glass, S.A.U. ....	Burgos	Provision of services	100.00	10,328
Grupo Antolin-Pune PVT, Ltd. ....	Pune (India)	Automobile components	99.99 <sup>(b)</sup>	17,072
Grupo Antolin-Bratislava, s.r.o. ....	Bratislava (Slovakia)	Automobile components	100.00	704
Grupo Antolin-Turnov, s.r.o. ....	Turnov (Czech Republic)	Automobile components	100.00	6,415
Grupo Antolin-Álava, S.L.U. ....	Vitoria	Automobile components	100.00	70
Grupo Antolin-PGA, S.A.U. ....	Porriño (Pontevedra)	Automobile components	100.00	2,225
Grupo Antolin-Vigo, S.L.U. ....	Vigo (Pontevedra)	Automobile components	100.00	6,003
Antolin Shanghai Auto-Parts Co., Ltd. ....	Shanghai (China)	Automobile components	100.00	4,000
Grupo Antolin-Magnesio, S.L.U. ....	Burgos	Automobile components	100.00	10,209
ASH Reciclado de Techos, S.L. ....	Burgos	Recycling industrial waste	96.43	2,748
Grupo Antolin-Valença Componentes Automóvil, S.L. ....	Valença do Minho (Portugal)	Automobile components	100.00	1,400
Silesia Plastic, Sp. zo.o .....	Wroclaw (Poland)	Automobile components	50.00 <sup>(a)</sup>	5,310
Antolin Tánger, S.A.R.L. ....	Tangiers (Morocco)	Automobile components	100.00	14,100
Krishna Grupo Antolin Private, Ltd. .	Chandigarh (India)	Automobile components	50.00 <sup>(a)</sup>	503
Gestión Industrial de Sonora, S.A. de C.V. ....	Hermosillo (Mexico)	Provision of services	99.99	151
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	Chongqing (China)	Automobile components	61.00	1,084
Grupo Antolin-Korea, L.L.C. ....	Suwon-si (Republic of Korea)	Automobile components	100.00	350
Grupo Antolin-Saint Petersburg .....	Saint Petersburg (Russia)	Automobile components	100.00	26,535
Grupo Antolin-Salttillo, S. de R.L. de C.V. ....	Salttillo (Mexico)	Automobile components	99.99	10,832
Grupo Antolin-Ostrava, s.r.o. ....	Turnov (Czech Republic)	Automobile components	100.00	3,400
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	Ningbo (China)	Automobile components	50.00 <sup>(a)</sup>	3,700
Keyland Sistemas de Gestión, S.L. ...	Burgos	Provision of services	50.00 <sup>(a)</sup>	100
Guangzhou Antolin Auto-Parts Co., Ltd. ....	Guangzhou (China)	Automobile components	100.00	1,500
Grupo Antolin-Italia, S.r.l. ....	Milan (Italy)	Automobile components	100.00	2,510
Yangzhou Antolin Huaxiang Auto-Parts Co., Ltd. ....	Yangzhou (China)	Automobile components	50.00 <sup>(a)</sup>	3,200
Cidut, S.L. ....	Burgos	Automobile components	50.00 <sup>(a)</sup>	370
Broomco (3051), Ltd. ....	Bury St Edmunds (United Kingdom)	Holding company	100.00 <sup>(c)</sup>	—
Alba Speziallampen Holding, GmbH	Bamberg (Germany)	Holding company	100.00 <sup>(c)</sup>	74,409
				<b>816,610</b>

*Companies in which the Group has a shareholding via other consolidated companies—*

<b>Company</b>	<b>Registered Office</b>	<b>Activity</b>	<b>Percentage Held</b>	<b>Thousands of Euros Cost of the Holding</b>
<b>Company in which the Group has a shareholding via Grupo Antolin-Glass, S.A.U.—</b>				
Grupo Antolin- Autoform, GmbH & Co. KG .....	Saal Donau (Germany)	Automobile components	25.68 <sup>(b)</sup>	10,179
<b>Company in which the Group has a shareholding via Grupo Antolin-Ingenieria, S.A.U.—</b>				
Grupo Antolin-Pune PVT, Ltd. ....	Pune (India)	Automobile components	0.01 <sup>(b)</sup>	—
<b>Companies in which the Group has a shareholding via Grupo Antolin-Holland, B.V.—</b>				
Grupo Antolin-H.F.R., S.A.S. ....	Saint-Etienne (France)	Holding company	7.44 <sup>(b)</sup>	15,802
Grupo Antolin-Silao, S.A. de C.V. ....	Silao (Mexico)	Automobile components	29.18 <sup>(b)</sup>	14,237
Grupo Antolin-Leamington, Ltd. ....	Kent (United Kingdom)	Automobile components	100.00	50,906
<b>Company in which the Group has a shareholding via Grupo Antolin-Amsterdam, B.V.—</b>				
Ototrim Panel Sanayi ve Ticaret, A.S. ....	Bursa (Turkey)	Automobile components	50.00 <sup>(a)</sup>	2,413
Irauto, S.A. ....	Buenos Aires (Argentina)	Automobile components	50.00 <sup>(a)(d)</sup>	2,065
<b>Companies in which the Group has a shareholding via Grupo Antolin-North America, Inc.—</b>				
Grupo Antolin-Kentucky, Inc. ....	Kentucky (United States)	Automobile components	100.00	20,033
Grupo Antolin-Michigan, Inc. ....	Marlette (United States)	Automobile components	100.00	12,495
Grupo Antolin-Illinois, Inc. ....	Troy (United States)	Automobile components	100.00	2,649
<b>Companies in which the Group has a shareholding via Grupo Antolin-HFR, S.A.S.—</b>				
Grupo Antolin-France, S.A.S. ....	Paris (France)	Technical services and sales	100.00	808
Grupo Antolin-IGA, S.A.S. ....	Henin Beaumont (France)	Automobile components	100.00	57,953
Grupo Antolin-Vosges, S.A.S. ....	Rupt-Sur-Moselle (France)	Automobile components	100.00	53,196
Grupo Antolin-Ingenierie Sieges, S.A.S. ....	Roche La Moliere (France)	Technical studies	100.00	1,821
Grupo Antolin-Loire, S.A.S. ....	Roche La Moliere (France)	Automobile components	100.00	40,100
Grupo Antolin-Cambrai, S.A.S. ....	Paris (France)	Automobile components	100.00	33,000
Grupo Antolin-Jarny, S.A.S. ....	Jarny (France)	Automobile components	100.00	12,400

CML Innovative Technologies, S.A.S. ....	Besançon (France)	Automobile components	100.00 <sup>(c)</sup>	65,000
<b>Company in which the Group has a shareholding via Keyland Sistemas de Gestión, S.L.—</b>				
Keyland USA, Inc. ....	Auburnhill (United States)	Provision of services	100.00	4
Keyland México, S. de R.L. de C.V. .	Mexico D.C. (Mexico)	Provision of services	100.00	—
<b>Companies in which the Group has a shareholding via International Door Company, B.V. (in which the Group has a 50% holding)—</b>				
Iramec Autopeças, Ltda. ....	Caçapava (Brazil)	Automobile components	100.00	1,300
Mexican Door Company, S.R.L. de C.V. ....	Mexico D.C. (Mexico)	Automobile components	100.00	7,866
<b>Company in which the Group has a shareholding via Broomco (3051), Ltd.-</b>				
CML Innovative Technologies, Ltd. .	Bury St Edmunds (United Kingdom)	Lighting products	100.00 <sup>(c)</sup>	7,982
<b>Companies in which the Group has a shareholding via Alba Speziallampen Holding, GmbH—</b>				
CML Innovative Technologies, s.r.o.	Hranice (Czech Republic)	Automobile components	100.00 <sup>(c)</sup>	116
CML Technologies, GmbH & Co. KG .....	Bad Durkheim (Germany)	Lighting products	100.00 <sup>(c)</sup>	9,711
CML Innovative Technologies, GmbH & Co. KG .	Bamberg (Germany)	Automobile components	100.00 <sup>(c)</sup>	30,660
<b>Companies in which the Group has a shareholding via CML Innovative Technologies, S.A.S.—</b>				
CML Innovative Technologies, S.R.L. ....	Sibiu (Romania)	Automobile components	100.00 <sup>(c)</sup>	306
Guangzhou Socop Lamps Co, Ltd. ....	Guangzhou (China)	Automobile components	100.00 <sup>(c)</sup>	1,310
				454,312

- (a) These companies, in which the Group has a 50% holding, have been included in the consolidated financial statements for 2012 as “fully consolidated companies”, because in practice the Group has effective control over them.
- (b) As indicated in the tables above, the Group has direct or indirect shareholdings in the share capital of these subsidiary companies, bringing the total holding in their capital up to 100%.
- (c) Companies comprising the subgroup “CML Innovative Technologies”.
- (d) At 31 December 2011 the Group held 50% of the share capital of Irauto, S.A., but did not have effective control of or significant influence over said company. This investment was therefore recognised under “Non- current financial assets” in the consolidated statement of financial position at that date (*valued at zero*). The Group gained control of said company during 2012 as a result of a number of agreements. The investment therefore now falls within the scope of consolidation and is fully consolidated.

## GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2012

#### (1) DESCRIPTION OF THE GROUP

Furthermore, in addition to the abovementioned incorporation of Irauto, S.A., in 2012 the following companies have come into the scope of consolidation (see Note 2-g):

- In January 2012 the Parent acquired all the share capital of the companies Alba Speziallampen Holding, GmbH and Broomco (3051), Ltd., parent companies of the group “CML Technologies”, for a total cost of 74,409 thousand euros.
- Later, in February 2012, the consolidated subsidiary company Grupo Antolin-Italia, S.r.l. acquired from the Italian company CRS its plastics injection and vehicle interior coverings manufacturing business for a total of 2,516 thousand euros.

In 2012 no company left the consolidated group, although the consolidated subsidiaries Grupo Antolin-IPV, S.A.U. and Antolin- Sudamérica, Ltda. were absorbed by Grupo Antolin-Irausa, S.A. and Trimtec, Ltda., respectively.

#### *Financial year of the subsidiary companies—*

The financial year of all the subsidiary companies, like that of the Parent, is the same as the calendar year. The date of its individual financial statements used in consolidation is, therefore, 31 December 2012. The figures in the tables above correspond to the financial position at 31 December 2012. The financial position of the subsidiaries is stated in their individual financial statements.

#### *Audit of the individual annual financial statements of the subsidiary companies—*

The individual annual financial statements for 2012 of most of the subsidiary companies are audited by Deloitte or by other auditors. Set out below are the subsidiary companies whose annual financial statements are examined by auditors other than Deloitte:

<b>Company</b>	<b>Audited by</b>
Mexican Door Company, S.R.L. de C.V. ....	KPMG
Gestión Industrial de Sonora, S.A. de C.V. ....	KPMG
Grupo Antolin-Kentucky, Inc. ....	Urbach Hacker Young International, LLP
Grupo Antolin-Michigan, Inc. ....	Urbach Hacker Young International, LLP
Grupo Antolin-Illinois, Inc. ....	Urbach Hacker Young International, LLP
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	BDO China Li Xin Da Hua
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	Pan-China Certified Public Accountants, Ltd.
Guangzhou Antolin Auto-Parts Co., Ltd. ....	GuangZHou HuaDu CPA, Ltd.
Yangzhou Antolin Huaxiang Auto Parts Co., Ltd. ....	Pan-China Certified Public Accountants, Ltd.
Keyland Mexico, S. de R.L. de C.V. ....	Consultoría Integral y de Negocios SC
Guangzhou Socop Lamps Co, Ltd. ....	Mazars
CML Innovative Technologies, s.r.o. ....	Chebska Auditorska spol. s r.o.
CML Innovative Technologies, S.R.L. ....	T&T Audit, S.R.L.
Irauto, S.A. ....	Estudio Isorna & Asociados—Asesores de Empresas

#### **Holdings in joint ventures—**

“*Joint ventures*” are defined as contractual agreements whereby two or more companies or other entities (“*partners*”) carry out operations or hold assets in such a way that any strategic decision of a financial or operational nature that affects them requires the unanimous consent of all the partners, without said operations or assets being integrated into financial structures that are separate from the financial structures of the partners. “*Joint ventures*” are, moreover, deemed to be ventures that are not subsidiary but which are jointly controlled by two or more unrelated companies.

The only subsidiary company that is deemed to be a “*joint venture*” and has been consolidated *proportionally* is International Door Company, B.V., a holding company registered in Amsterdam (Netherlands), in which the Parent has a 50% holding (*this holding cost 2,158 thousand euros*). The other 50% is held by Küster Holding, GmbH.

The financial year of this company is also the same as the calendar year. The date of its individual financial statements used in consolidation is, therefore, 31 December 2012.

The figures for assets and liabilities, and the net turnover and the result for 2012 contributed by this “joint venture” are not significant compared to the corresponding figures for consolidated totals of the Group.

#### Associate companies—

“Associate companies” are defined as companies where the Group has powers to exercise a significant influence, albeit neither control nor joint control. Usually, this is because it holds, directly or indirectly, 20% or more of the voting power in the investee company.

The Group’s holdings in associated companies (*accounted for in 2012 using the equity method*), and the corresponding carrying amounts recognised under “Investments in companies accounted for using the equity method” in the accompanying consolidated financial statements for the year ended 31 December 2011 and 2012, are as follows:

Company	Registered Office	Activity	Percentage of Group's Holding	Thousands of Euros	
				Carrying Amount at 31/12/11	Carrying Amount at 31/12/12
<b>Companies in which Grupo Antolin-Irausa, S.A. has a direct shareholding—</b>					
Dongwon Technology Co., Ltd. ....	Kyoung-Nam (Republic of Korea)	Automobile components	30.00	5,280(a)	5,333(a)
Antolin Kasai Tek Chennai PVT, Ltd. ....	Chennai (India)	Automobile components	50.00	—	2,685
NHK Antolin (Thailand) Co., Ltd. ....	Samutprakarn (Thailand)	Automobile components	50.00	—	595(b)
<b>Company in which it has a shareholding via Ningbo Antolin Huaxiang Auto Parts Co., Ltd.—</b>					
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd. ....	Gongzhuling (China)	Automobile components	47.00(c)	2,770	3,604
<b>Company in which the Group has a shareholding via Grupo Antolin-Kentucky, Inc.—</b>					
Grupo Antolin-Wayne, LLC. ....	Wayne (United States)	Automobile components	49.00	299	1,575
<b>Companies in which the Group has a shareholding via International Door Company, B.V.—</b>					
Slovakian Door Company, s.r.o. ....	Bratislava (Slovakia)	Automobile components	25.00	297	44
International Door Systems, S.R.L. de C.V. ....	Hermosillo (Mexico)	Automobile components	25.00	2,372	628
				<b>11,018</b>	<b>14,464</b>

(a) This amount at 31 December 2012 and 2011 included goodwill totalling 2,344 thousand euros. This goodwill was reduced as a result of an adjustment made in 2011 to the purchase price of this holding. In 2011, the Group recognised an impairment to goodwill totalling 328 thousand euros (see Note 3-b).

(b) The carrying amount of this investment is recognised net of uncalled capital pending payment totalling 2,005 thousand euros at 31 December 2012.

(c) This company, in turn, has a 100% shareholding in the capital of Chengdu Antolin Huaxiang Auto Interior Trim Co., Ltd. (*giving the Group an effective indirect holding in this company of 47%*). The carrying amount of the investment at 31 December 2012 and 2011 included goodwill totalling 474 thousand euros.

Movements in 2012 recorded under “Investments in companies accounted for using the equity method” in the consolidated statement of financial position were as follows:

	Thousands of Euros
<b>Balances at 31 December 2011</b> .....	11,018
Additions on the inclusion of companies and contributions effected.....	3,593
Profit of companies accounted for using the equity method.....	2,737
Dividends, exchange differences and other .....	(2,884)
<b>Balances at 31 December 2012</b> .....	<b>14,464</b>

During 2012 the Group received dividends from International Door Systems, S.R.L. de C.V. totalling 2,034 thousand euros, which were recognised as a reduction in the carrying amount of the investment.

*Financial year and audit of the individual annual financial statements of the associated companies included in the scope of consolidation—*

The financial year of the associated companies is also the same as the calendar year. The date of the individual annual financial statements used in consolidation is, therefore, 31 December 2012. These financial statements are being examined by the following auditors:

<u>Company</u>	<u>Audited by</u>
Grupo Antolin-Wayne, LLC .....	Urbach Hacker Young International, LLP
Slovakian Door Company, s.r.o. ....	Rödl & Partner Audit s.r.o.
International Door Systems, S.R.L. de C.V. ....	KPMG
Dongwon Technology Co., Ltd. ....	PriceWaterhouseCoopers
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd. ....	Pan-China Certified Public Accountants, Ltd.

## **(2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION PRINCIPLES**

### **a) True and fair view—**

In accordance with Final Provision Eleven of Law 62/2003 on Tax, Administrative and Social Order Measures, of 30 December, companies with holdings are required to draw up consolidated annual financial statements and directors' reports. At year end none of the companies in the Group have issued shares that are listed on an official market of any member State of the European Union. They may therefore opt to present their consolidated annual financial statements for the years beginning from 1 January 2005 in accordance with Spanish accounting standards or in accordance with the International Financial Reporting Standards adopted by the European Union. Accordingly, Grupo Antolin-Irausa, S.A. decided to apply voluntarily, for the first time in the financial year 2007, said International Financial Reporting Standards adopted by the European Union for drawing up its consolidated annual financial statements.

The consolidated annual financial statements for 2012, which were prepared from the individual accounting records of the Parent and of the companies included in consolidation (*listed in Note 1*), are presented in accordance with the International Financial Reporting Standards adopted by the European Union (*hereinafter referred to as "IFRS-EU"*) and, accordingly, give a true and fair view of the Group's consolidated net worth, consolidated financial position at 31 December 2012, and results of operations, changes in consolidated equity and cash flows that have taken place during the year then ended.

These consolidated annual financial statements for 2012 have been prepared by the Directors of the Parent and will be submitted to the Annual General Meeting of Shareholders of the Parent for approval. They are expected to be approved unchanged.

The Group's consolidated financial statements for 2011 were approved by the General Meeting of Shareholders of the Parent held on 30 June 2012.

### **b) Adopting new standards and interpretations issued—**

Grupo Antolin's consolidated annual financial statements for the years ended on 31 December 2012 and 2011 have been drawn up in accordance with International Financial Reporting Standards, in accordance with the terms of Regulation (EC) No. 1606/2002 of the European Parliament and the Council dated 19 July 2002, taking into account all mandatory accounting principles, standards and measurement bases with a material impact and the alternatives permitted under the standards in this respect.

### **Standards and interpretations in force in 2011—**

In 2011, the following new accounting standards came into force and were taken into account when drawing up the consolidated annual financial statements for 2011:

#### **Standards and amendments to standards:**

Amendment to IAS 32 .....	Financial instruments: Presentation—Classification of rights issues
Revision of IAS 24 .....	Related party disclosures
Improvements to IFRS .....	Amendments to a number of standards
Amendment to IFRIC 14 .....	Prepayments of a minimum funding requirement

#### **Interpretations:**

IFRIC 19 .....	Extinguishing financial liabilities with equity instruments
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Adopting these standards, changes and interpretations had no material impact on the figures reported or on the presentation and analyses of the Group's consolidated annual financial statements for 2011.

## Standards and interpretations in force in 2012—

In 2012, the following new accounting standards have come into force and have been taken into account when drawing up the consolidated annual financial statements for 2012:

<b>Amendments:</b>		<b>Mandatory Application for Financial Years Beginning on or After:</b>
<i>Approved for use in the European Union</i>		
Amendment to IFRS 7 .....	Enhanced disclosure requirements for transfers of financial assets	1 July 2011
Amendment to IAS 12 .....	The calculation of deferred tax for investment property measured using the fair value model in IAS 40	1 January 2012

Adopting these standards, changes and interpretations had no material impact on the figures reported or on the presentation and analyses of the Group's consolidated annual financial statements for 2012.

## Standards and interpretations issued not in force—

At the date these consolidated annual financial statements for 2012 were drawn up, the most significant standards, changes and interpretations that had been published by the IASB that had not yet come into force, either because their effective date is later than the date of the consolidated annual financial statements, or because they have not yet been endorsed by the European Union, are as follows:

<b>Standards, changes and interpretations:</b>		<b>Mandatory Application for Financial Years Beginning on or After:</b>
<i>Approved for use in the European Union</i>		
Amendment to IAS 1 .....	Presentation of items of other comprehensive income	1 July 2012
Amendment to IAS 19 .....	Employee benefits	1 January 2013
<i>Not approved for use in the European Union (*)</i>		
IFRS 9 .....	Financial instruments: Recognition and measurement	1 January 2015
IFRS 10 .....	Consolidated financial statements	1 January 2013(*)
IFRS 11 .....	Joint arrangements	1 January 2013(*)
IFRS 12 .....	Disclosure of interests in other entities	1 January 2013(*)
IFRS 13 .....	Fair value measurement	1 January 2013
IAS 27 (Revised).....	Separate financial statements	1 January 2013(*)
IAS 28 (Revised).....	Investments in associates and joint ventures	1 January 2013(*)
Amendment to IAS 32 .....	Financial instruments: Presentation and offsetting financial assets and financial liabilities	1 January 2014
Amendment to IFRS 7 .....	Disclosures: Offsetting financial assets and financial liabilities	1 January 2013
IFRS Annual Improvements 2009 - 2011 Cycle.....	Minor amendments to a collection of standards	1 January 2013
Transitional guidance:	Clarifying transitional guidance on the application of these standards	1 January 2013
Investment entities: Amendments to IFRS 10, IFRS 12 and IAS 27 .....	Consolidation exemption for parent companies that meet the definition of an investment entity	1 January 2014
Interpretation of IFRIC 20.....	Stripping costs in the production phase of a surface mine	1 January 2013

(\*) On 1 June 2012 the Accounting Regulatory Committee of the EU approved the deferral of the effective dates for IFRS 10, 11 and 12 and new IAS 27 and 28 to the financial years beginning on or after 1 January 2014. Early application of these standards will be permitted once they have been approved for use in the EU.

The Directors of the Parent have assessed the potential impacts of applying these standards in the future and consider that some of them may be significant for presenting and analysing certain items on the Group's consolidated financial statements, although they will not affect the profit and loss attributable to the Parent or the net equity attributable to its shareholders.

Specifically, the Group has assessed the potential effect the application of IFRS 10, 11 and 12 would have on its annual financial statements, estimating that it would result in a slight decrease in total assets (*approximately 4%*) and in operating profit and EBITDA (*approximately 6% and 4%, respectively*), with virtually no impact on net turnover. There would be no effect on the profit and loss attributable to the Parent or the net equity attributable to its shareholders.

**c) Functional currency—**

The consolidated annual financial statements are presented in thousands of euros as this is the currency of the main economic area in which the Group operates. Foreign operations are recorded in accordance with the policies described in Notes 2-f and 3-l.

**d) Comparative information—**

In accordance with the requirements of IAS 1, the information set out in these Notes to the financial statements relating to 2011 is presented, for the purposes of comparison, with the figures for 2012. The figures for 2011 that are presented in the consolidated annual financial statements for 2012 do not vary from the figures set out in the consolidated annual financial statements for 2011, which were approved by the General Meeting of Shareholders of the Company held on 30 June 2012.

There have been no major changes in the accounting policies that affect 2012 and 2011. Neither have any corrections of errors relating to prior years been made, nor have any major changes been made in the accounting estimates that affect said years or that are likely to affect future years.

**e) Responsibility for the information provided and estimates made—**

The information set out in these consolidated annual financial statements for 2012 is the responsibility of the Directors of the Parent.

In preparing the annual financial statements for 2012 estimates made by senior management (*subsequently ratified by the Parent's Directors*) have been used on occasion to measure certain assets, liabilities, revenues, expenses and commitments that are recorded therein. These estimates basically refer to:

- The assessment of possible impairment losses on certain assets.
- The useful life of property, plant and equipment, intangible fixed assets and investment property.
- The classification of the leases as operating or financial leases.
- The market value of certain financial instruments.
- The fair value of certain unlisted assets.
- The measurement of goodwill.
- The amount of the provisions.
- The application of deferred tax assets.

Although these estimates were made based on the best information available at 31 December 2012 for the events being analysed, future events may make it necessary to revise these estimates (*upward or downward*) in coming years. Any such changes would be applied prospectively, and the effects of the change in estimate would be taken to the consolidated income statement in the years affected, as provided for in IAS 8.

**f) Consolidation principles—**

*Subsidiary companies—*

The individual annual financial statements of the “*subsidiary companies*” have been “*fully consolidated*” with those of the Parent and, therefore:

1. All major balances and transactions between the fully consolidated companies and material gains or losses on internal operations not carried out with third parties have been eliminated on consolidation.
2. In the consolidation process adjustments and reclassifications have been made so as to bring the accounting principles and policies used by the subsidiary companies into line with those used by the Parent.



3. When a subsidiary is acquired, its assets, liabilities and contingent liabilities are recorded at their fair values at the acquisition date. Any excess of the acquisition price over the fair values of the identifiable net assets acquired is recognised in “Intangible assets-Goodwill”. Negative differences are taken directly to income on the acquisition date.
4. The share of profit or loss and net changes in subsidiaries’ equity attributable to non-controlling interests is calculated based on the voting rights existing at that time, excluding any potential exercisable or convertible rights. Any loss attributable to the non-controlling interests over and above the carrying amount of said non-controlling interests is charged to the holdings of the Parent, except when the non-controlling interests are under a binding obligation to cover part or all of the losses and provided that they are able to make the necessary additional investment.
5. The equity and results of the subsidiary companies attributable to non-controlling interests are presented in consolidated net equity, under “Non-controlling interests”, in the consolidated statement of financial position, and under “Profit attributable to non-controlling interests” in the consolidated income statement, respectively.
6. Changes in the net worth of the consolidated subsidiary companies since they were acquired that cannot be attributed to changes in the percentage held are recorded under “Equity-Reserves-Reserves of fully and proportionally consolidated companies” in the consolidated statement of financial position.
7. The results generated by subsidiary companies acquired during the year are included in the consolidated income statement only from the date of acquisition to the year end. Similarly, the results of subsidiary companies disposed of during the year are included in the consolidated income statement only as from the beginning of the year to the date of disposal.
8. Acquisitions from non-controlling shareholders of their holdings in subsidiary companies in which the Group already had effective control of the companies and which, therefore, lead only to an increase in the Group’s percentage holding in these companies, are treated, for the purposes of consolidation, as operations with equity instruments. The balance recorded under “Non-controlling interests” is therefore reduced and consolidated reserves are restated for the difference between the value of the consideration paid by the Group and the amount by which the balance recognised under “Non- controlling interests” has been changed. No “Goodwill” whatsoever is recorded for this operation.

The annual financial statements of the subsidiary companies used in the consolidation process refer to the same reporting date and cover the same period as those of the Parent.

*Joint ventures—*

The annual financial statements of investee companies classified as “*joint ventures*” are consolidated into those of the Group using the “*proportionate method*”, i.e. recognising the assets, rights and obligations and the income and expenses of these companies in proportion to the Group’s holding in these companies.

*Associate companies—*

“*Associates*” are stated in the consolidated annual financial statements using the *equity method*, i.e. the investment is recorded originally at cost and the carrying amount is later increased or reduced so as to recognise the Group’s share in the profit and loss of the year recorded by the investee company, after the date of acquisition. The Group thus recognises in its consolidated income statement for the year its proportional share in the profit and loss of the associate. Dividends received from the associated companies reduce the carrying amount of the investment. It may also be necessary to make adjustments to record any changes that may occur in the proportional holding in the associated company as a result of any changes in net equity that it may not have taken to income in the year. Gains and losses on transactions with associates are eliminated in proportion to the Group’s investment in them.

## GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2012

#### (2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION PRINCIPLES

##### *Translation of annual financial statements of foreign companies included in the scope of consolidation—*

The statements of financial positions and income statements of the foreign companies included in the scope of consolidation denominated in currencies other than the euro were translated to euros using the “closing rate method”. All the assets, rights and obligations of these companies were translated to euros at the year-end exchange rates. Their share capital and reserves were translated at their historical exchange rates. To counteract seasonal effects, the income statement items of these companies were translated to euros at the average exchange rates for the year, based on the volume of transactions performed in each period.

The exchange differences arising from the application of these methods are taken to equity under “Remeasurements-Exchange differences” in the consolidated statement of financial position, net of the portion of these differences corresponding to non-controlling interests, which is taken to equity under “Non-controlling interests” in the consolidated statement of financial position. Such translation differences are recognised as income or as expense in the year in which the investment is made or divested.

##### *g) Changes in the scope of consolidation—*

2012

The main changes to the Group’s scope of consolidation in 2012 were as follows:

- In January 2012 Grupo Antolin acquired the group “CML Innovative Technologies” for a total cost of 74,409 thousand euros. The CML group specialises in manufacturing lighting systems for motor vehicles. Its headquarters are in Besançon (France) and it has two R&D centres and seven production units located in various countries (*Germany, France, Czech Republic, United Kingdom, Romania and China*). This group has an annual turnover of more than 100 million euros and employs more than 1,000 people (see Note 5). Specifically, the Group acquired 100% of the share capital of two holding companies (*Alba Speziallampen Holding, GmbH and Broomco (3051), Ltd.*), which in turn held all the share capital of seven industrial and commercial companies, which have been fully consolidated in the annual financial statements for 2012 (see Note 1), and other inactive companies, which are not material and have therefore not been consolidated. In 2012 the consolidated subsidiary Alba Speziallampen Holding, GmbH sold 100% of the share capital in CML Innovative Technologies, S.A.S. to another consolidated subsidiary, Grupo Antolin-HFR, S.A.S.
- The companies Antolin Kasai Tek Chennai PVT, Ltd. and NHK Antolin (Thailand) Co., Ltd., were incorporated during the year. The Group subscribed 50% of their share capital for 2,927 and 2,673 thousand euros, respectively. In the case of NHK Antolin (Thailand) Co., at 31 December 2012 the Group had only paid in 25% of its holding. At 31 December 2012 these companies remained virtually inactive.
- The company Irauto, S.A., in which the Group had a 50% holding which was recognised under “Non-current financial assets” in the consolidated statement of financial position at 31 December 2011 with a carrying amount of zero, has been incorporated into the scope of consolidation as a result of a number of agreements. The investment is now fully consolidated as the Group gained control of said company during 2012.
- During 2012 the Group subscribed to a capital increase by ASH Reciclado de Techos, S.L., paying in the amount of 1,000 thousand euros. As a result of this capital increase, the Group’s holding in this company increased from 94.77% to 96.43%.

During 2012 the subsidiaries Grupo Antolin-IPV, S.A.U., whose business was the rental of a building, and Antolin-Sudamérica, Ltda., which was virtually inactive, were absorbed by Grupo Antolin-Irausa, S.A. and Trimtec, Ltda., respectively. Prior to these operations, the Group held 100% of the share capital of both companies.

In 2012 no companies left the scope of consolidation.

In 2011 there were no material changes in the scope of consolidation. Specifically, the changes that took place in the Group are set out below:

- A holding was acquired in the share capital of Cidut, S.L. and, subsequently, the Group took part in an increase in its share capital, and now holds 50% of this company's capital. In these operations, the Group paid in a total of 370 thousand euros.
- The companies Grupo Antolin-Italia, S.r.l. and Yangzhou Antolin Huaxiang Auto-Parts Co., Ltd. were incorporated. The Group subscribed to 100% and 50% of their share capital, respectively, for 10 and 1,600 thousand euros, respectively. Also, the company Keyland USA, Inc. was incorporated. Keyland Sistemas de Gestión, S.L. (*a company in which the Group has a holding of 50%*) has subscribed to 100% of the share capital of this company, for an amount of 7 thousand euros.
- A further holding of 17.65% in the share capital of the subsidiary company ASH Reciclado de Techos, S.L., in which the Group previously had a holding of 77.12%, was acquired from non-controlling interests for 90 thousand euros. As a result of this operation, the Group held 94.77% of the share capital of this company.
- The Group sold its entire holding in the associate company GAIT- Interiores para Transporte, S.L. (*representing 24.04% of its share capital*), which was carried in the consolidated statement of financial position at 31 December 2010 at 237 thousand euros.

Furthermore, in 2011, the consolidated subsidiary companies Grupo Antolin- Linara, S.A.U. and Gestiones y Transportes de Burgos, S.A.U. (GESTRABUR), which were practically dormant, were absorbed by the Parent, which, prior to this operation, held 100% of the share capital of both companies.

***h) Definition of the Group for the purposes of preparing consolidated annual financial statements—***

The consolidated annual financial statements for 2012 include all those companies pertaining to the Group, being understood to refer to all the companies making up a single decision-making unit, in accordance with Article 42 of the Commercial Code. No company has been excluded.

Specifically with regard to Grupo Asuari Inversor, S.L., a group of companies associated with Grupo Antolin, the Directors and legal advisors of the Parent consider that the companies do not form a decision-making unit nor are they managed on a unified basis. The Directors of the Parent therefore take the view that at 31 December 2012 Grupo Antolin-Irausa, S.A. is not required to prepare consolidated annual financial statements of scope broader than that presented herein.

**(3) ACCOUNTING PRINCIPLES, POLICIES AND MEASUREMENT CRITERIA**

In preparing the consolidated financial statements for 2012 the following accounting principles and policies and measurement criteria were applied:

***a) Going-concern principle—***

In 2008 and 2009, the motor industry was hit hard by the world economic and financial crisis, and sales of motor vehicles plummeted for a number of reasons, including a severe shortage of credit and growing unemployment. Sales recovered in part in 2010, 2011 and 2012. Grupo Antolin also implemented measures to improve short- and medium-term returns, enabling it to report profits and to generate significant financial resources in the course of its operations. Although the global economic and financial situation will continue to affect the Group's performance in 2013, with the major car manufacturers forecasting production levels in line with those of 2012, growth is forecast in some regions (*specifically the Asia-Pacific and Mercosur regions*).

The Parent's Directors consider that the Group's technological know-how and its global presence in terms of products, customers and markets will enable it to strengthen its market position. Meanwhile, government support for the industry around the world, together with the coordinated financial and economic measures being taken by the major economies, will greatly help the industry to weather the current situation.

The consolidated annual financial statements for 2012 have accordingly been prepared on a going-concern basis.

**b) Goodwill and negative goodwill on first consolidation—**

Business combinations are accounted for using the acquisition method, which requires the identifiable assets acquired and liabilities assumed (*including any contingent liabilities*) to be measured at their fair values at the acquisition date, provided said fair value can be reliably measured. The assets and liabilities recognised by the Group will be those received and assumed, respectively, as a result of the operation, irrespective of whether these assets and liabilities were previously not recognised in the annual financial statements of the investee because they did not meet the criteria for recognition in said financial statements.

Any positive difference between the acquisition cost of the Group's holdings in the capital of the subsidiary companies and the fair values of the identifiable net assets acquired is recognised as "Goodwill". Negative differences are taken directly to income on the acquisition date.

"Goodwill" is only recorded when it has been acquired for consideration and represents, therefore, advance payments made by the acquiring entity for the future economic benefits deriving from the assets of the acquired entity that are not individually and separately identifiable and recognisable.

In accordance with IFRS 3, goodwill is not amortised but is reviewed for impairment (*i.e. a reduction in the recoverable amount of the "Goodwill" to below its carrying amount*) at the end of each reporting period and any impairment is charged to "Net impairment losses on non-current assets" in the consolidated income statement. Impairment losses relating to "Goodwill" cannot subsequently be reversed.

The recoverable value of goodwill is measured as the higher of fair value less costs to sell and value in use, understood as the present value of expected future cash flows from the investment. The Group's Directors apply the following methodology to test goodwill, other intangible assets and property, plant and equipment for impairment (see Notes 7 and 8):

- The recoverable amount is calculated for each cash generating unit, although wherever possible individual, item-by-item impairment calculations are performed on property, plant and equipment.
- The Group's Directors prepare a business plan for each cash generating unit, broken down by market and activity, covering a period of at least five years. The main components of said plan are:
  - Results forecasts.
  - Investment and working capital forecasts.
- Other variables influencing the calculation of recoverable value are:
  - The discount rate to be applied, i.e. the weighted average cost of capital. The main factors affecting this are the cost of the liabilities and specific risks related to the assets.
  - The growth rate applied to cash flows to extrapolate them beyond the period covered by budgets and forecasts, up to five financial years.

Forecasts are prepared on the basis of past experience and the best available estimates in line with externally obtained information.

The business plans thus prepared are reviewed and approved by the Parent's Board of Directors.

If an impairment loss must be recognised for a cash generating unit to which all or part of the goodwill has been assigned, first the carrying amount of the goodwill corresponding to the cash generating unit will be reduced. If the impairment is greater than the amount of goodwill carried, the remaining assets of the cash generating unit will be reduced, in proportion to their carrying amount, up to the higher of their fair value less costs to sell, value in use, and zero.

No impairment to goodwill was recognised in 2012. An impairment amounting to 1,852 thousand euros was recognised in 2011 in respect of one consolidated subsidiary and charged to "Net impairment losses on non-current assets" in the accompanying consolidated income statement for 2011.

"Goodwill" recognised in the consolidated statement of financial position at 31 December 2012 corresponds basically to the consolidated subsidiary companies comprising the subgroup "CML Innovative Technologies" acquired during 2012 (see Notes 2-g and 5) and other non-material goodwill recognised in previous financial years (see Note 7).

c) *Other intangible assets—*

Intangible assets are defined as identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed in-house by the consolidated companies. Only intangible assets whose cost can reasonably be objectively estimated and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are stated initially at acquisition or production cost and subsequently at cost less any accumulated amortisation and impairment losses.

*Development expenses—*

The costs incurred in each development project are capitalised when the following conditions are met:

- The development cost of the asset can be assessed reliably.
- The costs are specifically itemised for each project and correspond to an identifiable asset.
- The Group can prove that the project is technically viable.
- The project is likely to generate profits in the future.

Development expenses incurred using the Group's own resources are recorded (*by type*) in the consolidated income statement, while development expenses for projects which meet the above conditions are debited to "Development Expenses" in the consolidated statement of financial position and credited to "Own work capitalised" in the consolidated income statement.

Capitalised development expenses are in practically all cases amortised on a straight-line basis over the estimated useful lives of the projects as from the date the related projects are completed.

Development expenses relate mainly to the costs incurred in this connection by the consolidated subsidiary Grupo Antolin-Ingeniería, S.A.U. Research expenses are taken directly to income in the financial year in which they are incurred.

*Software and other intangible assets—*

Other intangible assets with a finite useful life are amortised accordingly, using criteria similar to those used for property, plant and equipment. Specifically, "computer software" is written off over a period of 5 years as from when it starts to be used.

When accounting for the business combination completed during 2012 (see Note 5), "Customer relations" in the automobile industry was identified as an intangible asset, on the basis that one of the Group's aims in carrying out said operation was to develop new services and products in this sector. This intangible asset has been measured at its fair value determined using the multi-period excess earnings (MPEE) method, based on calculating the operating cash flows generated for the acquired company by the asset, net of any expenses charged for the assets involved in generating said cash flows. These cash flows are discounted using the weighted average cost of capital (*between 8.3% and 12.9% according to country*) plus a spread of 2% to reflect the intangible nature of the asset. The remaining useful life of this asset is estimated to be seven years, over which period it will be amortised.

The annual amortisation expense for intangible assets with finite useful lives is charged to "Depreciation and amortisation expense" in the consolidated income statement.

*Impairment losses—*

The consolidated companies recognise any impairment loss on the carrying amount of these assets with a charge to "Net impairment losses on non-current assets" in the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years are similar to those used for property, plant and equipment for own use.

**d) Property, plant and equipment—**

Property, plant and equipment include the assets that the Group has for its current or future use in producing or supplying goods and services or for administrative purposes and which are expected to be used for more than one financial year. Property, plant and equipment are stated on the consolidated statement of financial position at their acquisition or production cost, adjusted or revalued, whenever applicable, in accordance with applicable legal provisions, or at their “fair value” as determined by independent experts on the date of transition to “IFRS-EU” (1 January 2006), which amount is recorded as an attributed cost, less accumulated depreciation and any impairment losses.

The cost of extensions, modernizations or improvements that increase the productivity, capacity or efficiency or prolong the useful life of an asset are capitalised as an increase in the cost of said asset.

Borrowing costs directly attributable to building or developing property, plant and equipment, that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready to become operational. In cases where financing has been received specifically for building said assets, the amount of the interest and other financial expense capitalised reflects the actual costs incurred during the period, less income earned from temporarily reinvesting the financing that has not yet been invested in the qualifying assets. Where the financing received is of a general nature, the amount of interest capitalised is calculated using a rate based on the weighted average of the interest costs applicable to the average unrepaid financing in the year excluding financing for specific purposes. However, the capitalisation of interest is suspended during the periods when the construction work is at a standstill, provided that such periods are not particularly long. In 2012 and 2011, the Group has not capitalised any financial expense as an increase in the carrying amount of “Property, plant and equipment”.

Upkeep and maintenance expenses for property, plant and equipment for own use are expensed in the year they are incurred.

The Group transfers property, plant and equipment under construction to property, plant and equipment used in operations when the assets in question become operational, from which time depreciation is charged.

Property, plant and equipment used in operations are depreciated on a straight-line basis, based on the acquisition or production cost of the assets or their restated value, less their residual value. The land on which buildings and other constructions are located is deemed to have an indefinite lifespan and is therefore not subject to depreciation. Annual depreciation charges on property, plant and equipment are charged to “Depreciation and amortisation expense” in the consolidated income statement over the average estimated useful life of the assets, as indicated below:

<b>Type of Asset</b>	<b>Years of Estimated Useful Life</b>
<b>Buildings and other structures</b> .....	25 to 50
<b>Plant and machinery—</b>	
Machinery .....	5 to 12.5
Plant .....	6 to 25
<b>Other plant, tools and furniture—</b>	
Tools, dies and moulds .....	2 to 5
Office furniture and equipment .....	5 to 10
<b>Other property, plant and equipment—</b>	
Vehicles .....	5 to 10
Computer hardware .....	4 to 5

Reviews are made at regular intervals of the estimated useful lives of property, plant and equipment for own use in order to identify any significant changes therein. If any such changes are identified, the relevant adjustment is made to the depreciation charged to the consolidated income statements in future years based on the new useful lives.

At the end of each reporting period, the consolidated companies test for any internal or external signs that the recoverable amount of their property, plant and equipment is less than the carrying amount. If so, the carrying amount is reduced to the recoverable value and the future charges for depreciation in proportion are adjusted in proportion to their adjusted carrying amount and their new remaining useful life if it was also necessary to re-estimate this. Any such reduction in the carrying amount of property, plant and equipment for own use is charged to “Net impairment losses on non-current assets” in the consolidated income statement.

Similarly, whenever there are signs that the value of an impaired tangible asset has recovered, the consolidated companies reverse impairment losses recognised in prior years, crediting “Net impairment losses on non-current assets” in the consolidated income statement and adjusting future depreciation charges accordingly. The increased carrying

amount may not exceed the carrying amount that would have been determined had no impairment loss previously been recognised for the asset.

*e) Investment property—*

Investment property comprises land, buildings or other constructions held to earn rents or for capital appreciation upon disposal due to future increases in their respective market prices. At 31 December 2012, this included a factory (*land and buildings*) in Almussafes (Valencia), to be operated under a lease.

The same methods of valuation, depreciation, and for estimating their respective useful lives and for recording any impairment losses are used as for property, plant and equipment for own use.

*f) Accounting for leasing operations—*

Leases are classified as “finance leases” whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as “operating leases”.

*Finance leases—*

During 2011 and 2012, the Group has not signed any lease agreement as a lessor which might be classified as a finance lease.

In finance lease transactions where the Group acts as lessee, the cost of the leased assets is recognised in the consolidated statement of financial position according to the nature of the leased assets and, simultaneously, a liability for the same amount is also recognised. That amount will be the lower of the fair value of the leased assets and the present value at the start of the lease of the minimum payments agreed, including the purchase option if there are no reasonable doubts as to its exercise. This calculation will not include contingent payments, the cost of services and the taxes payable by the lessor. The total financial cost of the contract is taken to the consolidated income statement in the years it accrues, applying the “*effective interest rate method*” (*as defined in paragraph j) below*). Contingent rentals are recognised as expenses in the year incurred.

Assets recorded for operations of this type are depreciated following a similar policy to that applied to property, plant and equipment as a whole, in accordance with the nature of the asset.

*Operating leases—*

In operating leases, the lessor retains ownership of the asset leased and substantially all the risks and benefits of ownership of the asset.

Whenever the Group acts as lessor, the cost of acquiring the assets leased is stated in “Investment property”. Depreciation is charged on these assets in accordance with the policies adopted for similar property, plant and equipment items for own use, and the revenues from the lease contracts are released to the consolidated income statement on a straight-line basis.

## GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2012

#### (3) ACCOUNTING PRINCIPLES, POLICIES AND MEASUREMENT CRITERIA

Whenever the Group acts as lessee, the lease expenses, including any incentives that may be granted by the lessor, are charged to the consolidated income statement on a straight-line basis.

##### *g) Non-current assets held for sale—*

Assets which are most likely to be sold, in their present condition, within one year from the end of the reporting period are recorded under this heading in the consolidated statement of financial position. The carrying amount of these assets is, therefore, expected to be recovered via their selling price rather than from their ongoing use. Assets classified as “Non-current assets held for sale” are stated at the lower of their carrying amount when they are classified as such and their fair value net of their estimated cost to sell. Amortisable intangible assets and depreciable property, plant and equipment are not depreciated or amortised while classified as held for sale.

In 2011, the Group classified a building in Hildesheim (Germany), where the company Grupo Antolin-Autoform, GmbH & Co. KG’s production facilities were located, under “Non-current assets held for sale”. During 2010, production at these facilities was discontinued as it was moved to other plants. Based on the assessments made and the offers received, the fair value of this building at 31 December 2012 is at least equal to its carrying amount. It is expected to be sold over the next twelve months.

##### *h) Inventories—*

The Group values its inventories as follows:

- *Raw materials and other supplies, packaging and containers, replacement parts, sundry materials, add-on parts and stocks for resale* are valued at the lower of cost applying the weighted average price method, and net realisable value.
- *Finished goods, semi-finished goods and work- in-process* are stated at the lower of real average production cost (*raw and other materials used, labour and direct and indirect manufacturing expenses*) and net realisable value.
- *Tools for new projects*, which are developed and manufactured by the Group to be sold later on to its customers, are stated at the lower of either the costs incurred to manufacture them, as and when they are incurred, and their estimated realisable value.

Net realisable value corresponds to the estimated selling price less the estimated costs of completing the products and the costs to be incurred in marketing, selling and distribution.

Obsolete, defective or slow-moving inventories have been reduced to their realisable value. In addition, if the net realisable value of the inventories is lower than acquisition or production cost, the appropriate write-downs are recognised as an expense in the consolidated income statement for the year.

##### *i) Trade receivables and customer advances—*

Trade receivables do not accrue interest and are carried at their nominal amount. However, a provision is set up for impairment losses on trade receivables when there is objective evidence that the amounts receivable cannot be collected.

Customer advances received prior to recognising the sale of the corresponding assets (*specifically tools for projects*), are recorded in current liabilities under “Trade and other payables” in the consolidated statement of financial position (see Note 3-r).



**j) Financial instruments—**

*Definitions—*

A “*financial instrument*” is a contract representing a financial asset for one entity and, simultaneously, a financial liability or equity instrument for another.

An “*equity instrument*” is any contract that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A “*financial derivative*” is a financial instrument the value of which changes in response to changes in an observable market variable (*such as an interest rate, exchange rate, the price of a financial instrument or a market index*), where the initial investment is very low compared to other financial instruments with similar responses to changes in market conditions and which is, as a general rule, settled on a future date.

The operations referred to below are not treated for accounting purposes as financial instruments:

- Shareholdings in associated companies.
- Rights and obligations arising from employee benefits schemes.
- Rights and obligations originating in insurance contracts.
- Contracts and obligations relating to employee remuneration based on equity instruments.

*Recording financial instruments for the first time—*

Financial instruments are recorded for the first time in the consolidated statement of financial position when the Group becomes party to the contract that originates them, in accordance with the terms thereof. Specifically, debt instruments are recorded as from the date the effective legal right to receive or the effective legal obligation to pay arise, respectively. Financial derivatives are, as a general rule, recorded on the date they are contracted.

Operations to sell and buy financial assets in the form of conventional contracts, defined as contracts where the reciprocal obligations of the parties must be fulfilled by a deadline set under the regulations or conventions of the market, and may not be settled as differences, are recorded as from the date the benefits, risks, rights and duties of ownership pass to the acquiring party. Depending on the type of financial asset bought or sold, this may be the contract date or the settlement or delivery date.

*Derecognition of financial instruments—*

A financial asset is derecognised in the following circumstances:

- The contractual rights regarding the cash flows it generates have expired; or
- the financial asset is transferred and the risks and benefits of the financial asset are substantially transferred, or, even when they are not transferred or substantially withheld, control over the financial asset is transferred.

The Group assigns without recourse a portion of its receivables to various financial institutions. As this involves transferring part of the risks and benefits of the assets and control thereof, the Group directly reduces its trade receivables by the amount of the receivables assigned to the financial institutions and does not, therefore, recognise any financial liability in this connection. The outstanding receivables assigned without recourse to financial institutions at 31 December 2012 and 2011 totalled approximately 166 and 145 million euros, respectively.

Financial liabilities are derecognised from the consolidated statement of financial position when the obligations that have generated them have been discharged.

*Fair value of financial instruments—*

The “*fair value*” of a financial instrument on a particular date is defined as the amount at which it could have been exchanged at that date between knowledgeable parties in arm’s length transactions. The most objective and

common reference for the fair value of a financial instrument is the price that would be paid for it on an organised, transparent and deep market (*“quoted price” or “market price”*).

When there is no market price for a specific financial instrument, fair value is estimated on the basis of recent arm’s length transactions in similar instruments and, if there are none, using measurement models that have been sufficiently verified by the international financial community, bearing in mind the specific nature of the instrument to be valued and, in particular, the different types of risk associated with it.

Specifically, the fair value of the financial derivatives traded on organised, transparent, deep markets included in trading portfolios is deemed to be their daily listed price and if, for exceptional reasons, their listed price cannot be determined on a particular date, the methods used to state them are similar to those used for stating derivatives contracted OTC.

The fair value of OTC derivatives or derivatives traded in shallow markets or markets where there is little transparency, is deemed to be the sum of the future cash flows originating in the instrument, discounted at the valuation date (*“present value” or “theoretical closing”*), using methods recognised by financial markets (*“net present value”, “options pricing systems”, etc.*).

#### *Amortised cost of financial instruments—*

*“Amortised cost”* is deemed to be the cost of acquiring a financial asset or liability, adjusted up or down, depending on the case, for repayments of principal and interest payments and, adjusted up or down, depending on the case, for the part taken to the consolidated income statement, using the *“effective interest rate”* method, of the difference between the initial amount and the repayment value of said financial instrument. The amortised cost of financial instruments also includes any impairment adjustments recognised.

The *“effective interest rate”* is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. For fixed-rate financial instruments, the effective interest rate coincides with the rate of interest established in the contract at the time of acquisition, adjusted as necessary for any commissions or fees which should be included in the calculation of this effective interest rate. For floating interest rate financial instruments, the effective interest rate is estimated in a similar fashion as for fixed interest rate operations, and is recalculated on every contractual interest rate adjustment date of the operation, taking into account the changes in the effective future cash flows of the instruments.

#### *Classification and valuation of financial assets and liabilities—*

Financial liabilities are classified in the consolidated statement of financial position into the following categories:

##### *Financial assets—*

- *Financial assets held for trading:* assets acquired with the intention of selling them in the short term, or which form part of a portfolio of identified and jointly managed financial instruments for which there is evidence that action has recently been taken to make short-term profits, and derivatives that have not been designated as hedges.
- *Investments held to maturity:* assets yielding income of a determinable amount and maturing on a fixed date, where the Company states its intent and ability to maintain these assets under its control until their maturity. This category does not include loans or receivables from third parties.
- *Loans and receivables generated by the Group:* financial assets originated by the Group in exchange for providing cash flow, assets or services directly to a debtor. They are stated at *“amortised cost”*.
- *Available-for-sale financial assets:* securities acquired that are not held for trading purposes and are not classified as held-to-maturity investments, and equity instruments held by the Group in companies that are not subsidiary or associate companies or joint ventures.

Held-for-trading and available-for-sale financial assets are stated at fair value at subsequent statement dates. Gains and losses arising from changes in fair value of traded securities are taken to income in the year. In the case of available-for-sale investments, gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of or it is determined that it has become impaired, at which time any cumulative gains or losses previously recognised in equity are taken to income in the year.

Held-to-maturity investments, loans and accounts receivable generated by the Group are stated at amortised cost, and accrued interest income is taken to the consolidated income statement using the “effective interest rate”. Amortised cost is understood to be the initial cost minus principal repayments, plus or minus the cumulative amortisation of any difference between the initial amount and the amount on maturity, minus any reduction for impairment or default.

*Financial liabilities—*

Financial liabilities are classified in accordance with the content of the contractual arrangements. The main financial liabilities held by the consolidated companies are held-to-maturity financial liabilities that are stated at amortised cost.

*Bank loans and overdrafts:* interest bearing liabilities that are stated at the amount received net of direct issue costs. Financial expenses, including premiums payable on settlement or redemption and direct issue costs, are recognised in the consolidated income statement on an accrual basis using the effective interest method and any portion of such expenses that is not settled in the period in which they arise is added to the carrying amount of the instrument.

*Trade payables,* which accrue no interest, are recorded at their nominal value.

*Equity—*

Equity instruments are classified in accordance with the content of the contractual arrangements. The amounts received for equity instruments issued by the Parent are recognised in consolidated equity, net of the direct issue costs.

**k) *Financial derivatives and accounting for hedges—***

The Parent’s bank borrowings expose the Group to interest-rate risk (see Note 17). To hedge against this exposure, the Group uses derivatives, essentially “Interest Rate Swaps” (IRS). The Group does not use derivative financial instruments for speculative purposes.

The Group classifies such financial instruments, provided they meet the requirements laid down by IAS 39 in this regard, as hedges in a cash flow hedge relationship. Under IAS 39, to qualify as an accounting hedge, a financial derivative must be used to hedge against one of the three types of risk listed below:

1. *“Fair-value hedges”:* exposure to changes in fair value of a recognised asset or liability due to changes in price, interest rate and/or foreign exchange rate affecting the position or balance to be covered.
2. *“Cash-flow hedges”:* exposure to variability in estimated cash flows generated from financial assets, liabilities and commitments or from highly probable forecast transactions.
3. *“Hedging of net investments in foreign operations”.*

In addition, hedges must effectively eliminate the risk inherent in the hedged item or position during the entire term planned for the hedge, and it must be formally documented that the financial derivative was arranged specifically to be used as a hedge for certain balances or transactions.

Under IAS 39, all financial instruments must be recognised as an asset or a liability on the statement of financial position, at their fair value, and any changes in this value must be taken to profit and loss for the year, except in those cases where, having opted for “hedge accounting”, the effective portion of the hedging relationship must be recorded under net equity (*“cash-flow hedges” and “hedges of net investment in foreign subsidiaries”*).

Hedge accounting, when applied, is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting. Any cumulative gain or loss on the hedging instrument that has been recognised in equity shall remain in equity until the forecast transaction occurs. When the hedged transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in equity shall be reclassified from equity to consolidated profit or loss.

At 31 December 2012, the Group treated its contracted financial derivatives as cash flow hedges and therefore subject to “hedge accounting”, recognising changes in the fair value of the effective portion of the hedge in consolidated net equity (see Notes 13 and 18).

**l) Balances and transactions denominated in foreign currencies—**

The Group uses the euro as its working currency. Consequently, operations in non-euro currencies are considered to be denominated in foreign currency and are recorded at the exchange rates prevailing on the dates of the operations. Gains or losses on transactions denominated in foreign currencies are taken to the consolidated income statement as and when they occur.

At the year end, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rate prevailing at the end of the reporting period. Any resulting gains or losses are recognised directly in the consolidated income statement.

**m) Provisions and contingencies—**

Provisions are current obligations of the Group, arising as a result of past events, the nature of which is clearly specified at the date of the consolidated annual financial statements, but whose amount and/or reversal date are uncertain and the reversal of which will probably result in an outflow of resources embodying economic benefits.

Contingent liabilities are possible obligations of the Group, arising as a result of past events, which depend on whether or not one or more events beyond the Group's control occur in the future. They include the Group's current obligations whose settlement will probably not require an outflow of resources embodying economic benefits, or where a sufficiently reliable estimate of the amount of the obligation cannot be made.

Provisions are recognised in the consolidated statement of financial position wherever it is more likely than not that an outflow of resources will be required to settle the obligation. Contingent liabilities are not recognised in the consolidated statement of financial position, but rather, whenever applicable, are disclosed in the Notes to the financial statements.

Provisions are measured using the best information available of the expenditures required to settle the obligation and are reviewed and adjusted at the end of each reporting period to reflect the current best estimate. They are used to meet the specific obligations for which they were originally recognised and are fully or partially reversed when those obligations cease to exist or are reduced.

The provisions deemed necessary in accordance with these criteria, and the reversals thereof, are recorded as a charge or credit, respectively, in the consolidated income statement.

**n) Termination benefits—**

Under current employment legislation, the Group companies are obliged to pay termination benefits to employees whose contract is terminated under certain conditions.

Where the amount of the benefits can be reasonably estimated, such benefits are recognised as an expense in the year in which the decision is made, provided the parties involved have been formally notified and there is, therefore, a valid expectation on the part of those involved that the consolidated companies will make the dismissals. The accompanying consolidated statement of financial position at 31 December 2012 includes a number of provisions under this heading, albeit for amounts that are not material.

**o) Pension commitments—**

Some Grupo Antolin companies forming part of the "CML Innovative Technologies" subgroup, acquired in January 2012 (see Note 5), have assumed commitments to pay contributions to the retirement pensions of some of their current and former employees (*retirement plans based on years of service, age and salary*). These commitments affect, primarily, companies of this subgroup located in Germany and the United Kingdom.

A significant portion of these commitments has been outsourced and is covered by insurance policies or pension plans with insurance companies. The Group pays fixed contributions into a fund and is obliged to make additional contributions if the fund does not have sufficient assets to pay all the employees the benefits to which it is committed.

The Group records the present value of these defined benefit commitments as liabilities in the consolidated statement of financial position under "Non-current provisions", net of the fair value of the assets that meet the requirements to be treated as "assets earmarked for the plan". The aforementioned insurance policies (*or pension plans*) are treated as earmarked assets as they are not owned by the Group but by an unassociated third party, they may only be used to pay or finance employee benefits and may not be returned to the Group unless the assets held within the plan are sufficient to meet all obligations.

Changes in the provision recognised for these commitments in the consolidated statement of financial position corresponding to the cost of the service in the financial year, to interest or changes in the cost for past services provided, are taken to the income statement in the financial year in which they are incurred. “Actuarial gains and losses” (*as a result of differences between previous actuarial assumptions and real outcomes or of changes to the actuarial assumptions used*) are taken directly to equity as “Remeasurements”.

*p) Corporate income tax—*

Grupo Antolin-Irausa, S.A. and all of its consolidated Spanish subsidiaries domiciled in Spanish “common territory” in which it has holdings of 75% or more file consolidated corporation tax returns.

The income tax expense is calculated as the tax payable with respect to the taxable profit for the year, after considering any changes in the assets and liabilities recognised arising from temporary differences and from tax credit and tax loss carryforwards (see Note 20).

The Group considers that a timing difference exists when there is a difference between the carrying amount of an asset or liability and its tax base. The tax base for assets and liabilities is treated as the amount attributed to it for tax purposes. A taxable timing difference is understood to be a difference that will generate a future obligation for the Group to pay taxes to the related tax authorities. A deductible timing difference is one that will generate a right for the Group to a refund or to make a lower payment to the related tax authorities in the future.

Tax credits and deductions and tax loss carryforwards are amounts that, after performance of the activity or obtainment of the profit or loss giving entitlement to them, are not used for tax purposes in the related tax return until the conditions for doing so established in tax regulations are met, provided that the Group considers it probable that they will be used in future periods.

Current tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities within twelve months from the date they are recognised. Deferred tax assets and liabilities are the taxes that are expected to be recoverable from or payable to the related tax authorities in future years.

Deferred tax liabilities are recognised for all taxable temporary differences. In this regard, a deferred tax liability is recognised for the taxable timing differences resulting from investments in subsidiary companies and associate companies, and from holdings in joint ventures, except when the Group can control the reversal of the timing differences and they are not expected to be reversed in the foreseeable future.

The consolidated companies only recognise deferred tax assets arising from deductible temporary differences and from tax credit and tax loss carryforwards to the extent that it is probable that they will have sufficient future taxable profits against which these assets can be utilised.

Deferred tax assets and liabilities are not recognised if they arise from the initial recognition of an asset or liability (*other than in a business combination*) that at the time of recognition affects neither accounting profit nor taxable profit.

The deferred tax assets and liabilities recognised are reassessed each year in order to ascertain whether they still exist, and the appropriate adjustments are made on the basis of the findings of the analyses performed.

## GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2012

#### (3) ACCOUNTING PRINCIPLES, POLICIES AND MEASUREMENT CRITERIA

##### q) *Recognition of income and expense—*

Income and expenses are taken to the consolidated income statement on an accruals basis.

Revenue is measured at the fair value of the consideration received and represents the amounts received or receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other recoverable sales-related taxes. Where it is doubtful as to whether the revenues will be collected, recognition is deferred until they are effectively collected.

- *Revenues on sales of assets* are recognised when all the risks and rewards of ownership of the asset are substantially transferred to the buyer.
- *Ordinary revenue from the provision of services* is recognised in line with the stage of completion of the transaction at the end of the reporting period, provided the outcome of the transaction can be estimated reliably.
- *Revenues on the sale of project tools.* The Group records the income arising from the sale of these tools under the “Other operating income-Revenues on the sale of project tools” in the consolidated statement of income, once the aforementioned tools have been technically approved by the customer and title thereto has been transferred, or when mass production of the products manufactured with these tools is well under way and, therefore, it is considered that the aforementioned technical approval has been given and no difficulties are expected in the transfer of title. Moreover, any final losses expected to be sustained on tools are recognised in full when such a loss becomes apparent, and the related provisions are recognised under this heading in the consolidated income statement.

Amounts billed in advance by the Group until title to these tools has been transferred are recorded as a liability under “Trade and other payables” in the consolidated statement of financial position.

- *Rental income* is recorded on an accrual basis, with incentive benefits and the up-front costs of the lease agreements released on a straight-line basis.
- *Official grants related to Property, plant and equipment* are recognised in the consolidated statement of financial position as deferred income when the Group has met the relevant qualifying conditions and there are, therefore, no reasonable doubts about their being collected. These capital grants are taken to the consolidated income statement under “Capital grants and other grants taken to income” on a straight-line basis over the useful lives of the assets.

Grants to cover or finance expenses incurred by the Group are recognised once all the conditions attaching to them have been fulfilled and will be taken to income when the financed expenses are incurred.

- *Interest income and expense* is recognised on an accruals basis using the “*effective interest rate method*”.
- *Dividends* received from other companies are recognised as income in the income statement when the consolidated companies’ right to receive them arises.

An expense is recognised in the consolidated income statement when there is a decrease in the future economic benefits related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that the recognition of an expense takes place simultaneously with the recognition of the increase in the liability or the depletion of the asset.

An expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

An expense is also recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

r) *Classification of assets and liabilities as current—*

In the consolidated statement of financial position, assets and liabilities that are expected to be recovered, consumed or settled in twelve months or less, as from the end of the reporting period, are classified as current, except for project tools, which are recorded as “Inventories”, under “Current assets” in the consolidated statement of financial position, as they are expected to be realised in the normal course of the Group’s business (*in the normal operating cycle*), and the liabilities connected with said inventories (*customer advances*) which are recognised under “Current liabilities” in the consolidated statement of financial position, regardless of when they fall due. When the Group does not have an unconditional right by the year end to defer settlement of a liability for at least twelve months as from the end of the reporting period, the liability is recorded as current.

s) *Set-off of balances—*

Balances receivable and payable are only set off against each other, and therefore stated as a net figure in the consolidated statement of financial position, when they arise from transactions that provide, either contractually or in accordance with prevailing legislation, for the possibility of set-off and the intention is to settle the balance for the net amount, or to realise the asset and pay the liability at the same time.

t) *Discontinued operations—*

A discontinued operation is a line of business that it has been decided to abandon and/or sell and whose assets, liabilities and net profit or loss can be distinguished physically, operationally and for financial reporting purposes. Revenues and expenses from discontinued operations are disclosed separately in the consolidated income statement.

No line of business or business segment was discontinued in 2012 or 2011.

u) *Consolidated cash-flow statement—*

The consolidated statement of cash flows is prepared using the indirect method using the following terms with the meanings given below:

- *Cash flows:* inflows and outflows of cash and cash equivalents, the latter being short-term, highly liquid investments subject to low risk of changes in value.
- *Operating activities:* the typical activities of companies in the motor parts industry and other activities that cannot be classified as investing or financing activities.
- *Investment activities:* the acquisition, sale or disposal by other means of non-current assets and other assets not classified as cash and cash equivalents.
- *Financing activities:* activities that result in changes in the size and composition of equity and liabilities that are not part of operating activities.

For the purposes of preparing the consolidated cash flow statement cash and cash equivalents include cash and demand deposits at banks and highly liquid current investments which are easily convertible into determinate cash amounts and are subject to insignificant risk as regards changes in value.

**(4) ALLOCATION OF THE PARENT’S PROFIT**

The profit of the Parent for 2012, as formulated by its Directors, will be allocated as presented below, together with the allocation of profit for the year ended 31 December 2011 which was approved by the General Meeting of Shareholders:

	<u>Thousands of Euros</u>	
	<u>2012</u>	<u>2011</u>
Distributable profit:		
Profit for the year.....	<b>28,183</b>	<b>13,084</b>
Distribution to:		
Legal reserve .....	—	100
Voluntary reserves .....	28,183	—
Dividends.....	—	12,984
	<b><u>28,183</u></b>	<b><u>13,084</u></b>

## (5) BUSINESS COMBINATIONS

As indicated in Note 2-g, in January 2012 the Parent acquired all the share capital of the companies Alba Speziallampen Holding, GmbH and Broomco (3051), Ltd., parent companies of the group “CML Technologies” for a total cost of 74,409 thousand euros. This operation formed part of the Group’s planned expansion process in line with the guidelines established in its Strategic Plan.

Later, in February 2012, the consolidated subsidiary company Grupo Antolin- Italia, S.r.l. acquired from the Italian company CRS its plastics injection and vehicle interior coverings manufacturing business for a total of 2,516 thousand euros. The production plant acquired is located in Pinerolo (Turin).

The assets and liabilities recognised on the acquisition date (*1 January 2012 in the case of the CML Innovative Technologies group and 1 February 2012 in the case of the business acquired from CRS*) were stated at fair value as follows:

	<b>Thousands of Euros</b>	
	<b>CML Group</b>	<b>CRS Business</b>
<b>ASSETS—</b>		
Non-current Assets:		
Intangible assets .....	10,951	827
Property, plant and equipment .....	27,795	4,837
Non-current financial assets .....	3,272	12
Current Assets:		
Inventories .....	17,901	899
Trade and other receivables .....	18,222	—
Prepayments and accrued income .....	2,507	—
Cash and cash equivalents .....	6,522	—
<b>Total assets .....</b>	<b>87,170</b>	<b>6,575</b>
<b>LIABILITIES—</b>		
Non-current liabilities:		
Non-current provisions .....	(7,452)	(410)
Bank borrowings .....	(2,049)	(2,787)
Other non-current payables .....	(19,378)	—
Deferred tax liabilities .....	(5,457)	—
Current liabilities:		
Bank borrowings .....	(1,823)	—
Trade and other payables, and others .....	(27,418)	(862)
<b>Total liabilities .....</b>	<b>(63,577)</b>	<b>(4,059)</b>
<b>Net .....</b>	<b>23,593</b>	<b>2,516</b>

The amounts recognised for these business combinations do not differ significantly from the carrying amount immediately prior to the operation determined in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU) except in respect of the measurement of certain intangible assets (*the amount of 10,608 thousand euros and 690 thousand euros was recognised under “Customer relations” for the “CML Innovative Technologies” group and the CRS business, respectively*) and property, plant and equipment items (*the fair value of which was deemed to be 7,499 thousand euros higher than the carrying amount in the financial statements of the CML Innovative Technologies” group*) and the corresponding deferred tax liability.

The contingent liabilities of the CRS business were recognised while those of the “CML Innovative Technologies” group were guaranteed by the sellers and part of the purchase price (*7,288 thousand euros at 31 December 2012*) is held in escrow to guarantee said liabilities. This escrow account is in the seller’s name but is restricted for a determined period of time.

As a result of the recognition of the aforementioned assets and liabilities, goodwill amounting to 50,816 thousand euros was recognised in respect of the “CML Innovative Technologies” group under “Intangible assets-Goodwill” in the consolidated statement of financial position at 31 December 2012. The amount of goodwill arising on these operations was calculated as follows:

<b>Description</b>	<b>Thousands of Euros</b>	
	<b>CML Group</b>	<b>CRS Business</b>
Cost of the business combination .....	74,409	2,516
Less—Fair value of the assets acquired .....	(23,593)	(2,516)
<b>Goodwill .....</b>	<b>50,816</b>	<b>—</b>



The inclusion of the Argentine company Irauto, S.A. in the scope of consolidation has resulted in an increase in net assets of 4.5 million euros (*of which 0.5 million euros are non-current*) and in net liabilities of 3.3 million euros (*practically all current liabilities*) while the amount recognised under non-controlling interests increased by 0.6 million euros (see Note 13).

The breakdown of income and expenses and profit attributable to business combinations in the period from their acquisition date or inclusion in the scope of consolidation to 31 December 2012 (*i.e. from 1 January 2012 to 31 December 2012 for the “CML Innovative Technologies” group and Irauto, S.A, and from 1 February to 31 December 2012 for the CRS business*) is as follows:

Description	Thousands of Euros		
	CML Group	CRS Business	Irauto, S.A.
Net turnover .....	117,028	5,665	14,200
Other operating income .....	1,052	931	304
Supplies .....	(52,185)	(2,691)	(6,564)
Staff costs .....	(40,624)	(2,027)	(4,809)
Depreciation and amortisation expenses .....	(8,856)	(221)	(178)
Other operating expenses .....	(13,789)	(2,024)	(2,427)
Work performed by the group and capitalised .....	2,319	—	—
<b>Operating profit/(loss) .....</b>	<b>4,945</b>	<b>(367)</b>	<b>526</b>
Financial income and expense .....	(433)	(268)	(196)
Other results .....	8	(533)	—
<b>Profit/(loss) before tax .....</b>	<b>4,520</b>	<b>(1,168)</b>	<b>330</b>
Corporate income tax .....	(2,003)	(50)	(152)
<b>Profit/(loss) for the year .....</b>	<b>2,517</b>	<b>(1,218)</b>	<b>178</b>
<b>Profit for the year attributable to non-controlling interests .....</b>	<b>—</b>	<b>—</b>	<b>89</b>
<b>Profit/(loss) attributable to the Parent .....</b>	<b>2,517</b>	<b>(1,218)</b>	<b>89</b>

The losses generated by the CRS business in 2012 were due to delays in the start of mass production for certain projects which are expected to begin generating positive results in the coming years.

## (6) INFORMATION BY SEGMENT

IAS 14 “Segment reporting”, points 3 to 5, provides that:

3. *This Standard must be applied by enterprises whose debt or equity securities are publicly traded and those in the process of issuing such securities in public securities markets.*
4. *The reporting of financial information by segments is also advised for enterprises that draw up financial statements in accordance with IAS but are not listed.*
5. *If an enterprise that is not publicly traded chooses to report segment information and claims that its financial statements conform to IAS, then it must follow IAS 14 in full.*

Although the Directors of the Parent consider that IAS 14 does not apply to the Group, as it hold no securities that are listed on organised markets, set out below is certain financial information arranged by segments, as this information may help in understanding and interpreting these consolidated annual financial statements. The information by segments used by Group Management for management purposes is structured on the basis of the Group’s different business units, and also by geographical segments.

Based on the nature of the products, the Group’s main units or segments are “Seats”, “Doors (*or Panels*)” and “Headliners”, and from January 2012, “Lighting”. There is also a “Corporate Unit” (*included under “Other”*) which centrally manages certain assets and the funding received by the Group from third parties, and other minor activities.

### **Basis and methodology for segment reporting—**

The segment reports below are based on monthly reports prepared by Group Management, which are generated using the same computer application as is used to obtain all the Group’s accounting data.

The ordinary income of each segment corresponds to the income that may be attributed directly to the segment, and does not include interest or dividend income or the gains on sales of investments or of non-current assets.

The expenses of each segment are calculated as being the expenses arising out of the operating activities of the segment that may be directly attributed to it, and include the overheads of the Corporate Unit that have been passed on to it and invoiced to each segment. The expenses of each segment do not include interest expense, impairments or losses on sales of investments or of non-current assets.

Assets and liabilities in the segments are those that are directly connected with their operations, although virtually all the financial debt of the Group has been centralised in the Corporate Unit.

2012

By business segment

Description	Thousands of Euros					Total
	Seats	Doors	Headliners	Lighting	Other <sup>(a)</sup>	
Net turnover.....	181,310	735,110	1,052,317	117,028	1,223	2,086,988
Other operating (expenses) / income, net.....	(158,894)	(648,908)	(959,367)	(101,035)	5,516	(1,862,688)
<b>EBITDA.....</b>	<b>22,416</b>	<b>86,202</b>	<b>92,950</b>	<b>15,993</b>	<b>6,739</b>	<b>224,300</b>
Depreciation and amortisation.....	(13,367)	(45,203)	(37,131)	(4,435)	(8,334)	(108,470)
<b>Operating profit/(loss) (EBIT).....</b>	<b>9,049</b>	<b>40,999</b>	<b>55,819</b>	<b>11,558</b>	<b>(1,595)</b>	<b>115,830</b>
Net finance income.....						(29,931)
Other profit and loss.....						(8,968)
Corporate income tax.....						(27,627)
<b>Consolidated profit.....</b>						<b>49,304</b>
<b>Other information:</b>						
Investments in intangible assets in 2012.....	3,347	17,672	9,719	16,965	4,168	51,871
Capital expenditures on property, plant and equipment in 2012.....	3,068	47,319	27,480	62,462	2,079	142,808
<b>Assets attributable to the segment at 31 December 2012.....</b>	<b>94,169</b>	<b>468,227</b>	<b>448,395</b>	<b>86,153</b>	<b>383,938</b>	<b>1,480,882</b>
<b>Liabilities attributable to the segment at 31 December 2012.....</b>	<b>(52,237)</b>	<b>(284,251)</b>	<b>(228,586)</b>	<b>(57,449)</b>	<b>(510,708)</b>	<b>(1,133,231)</b>

(a) The operating income (EBIT) presented in this column corresponds principally to the amortisation of gains assigned to intangible assets and property plant and equipment in the business combination of the CML Innovative Technologies subgroup. The goodwill arising on this operation also forms part of the assets presented in this column.

By geographical segment

Description	Thousands of Euros					Total
	Asia/Pacific	Europe	Mercosur	NAFTA	Other	
Net turnover.....	177,947	1,238,994	139,310	511,770	18,967	2,086,988
Other operating (expenses) / income, net.....	(152,651)	(1,102,264)	(141,972)	(447,862)	(17,939)	(1,862,688)
Depreciation and amortisation ...	(8,641)	(78,991)	(3,315)	(15,821)	(1,702)	(108,470)
<b>Operating profit/(loss) (EBIT)</b>	<b>16,655</b>	<b>57,739</b>	<b>(5,977)</b>	<b>48,087</b>	<b>(674)</b>	<b>115,830</b>
<b>EBITDA.....</b>	<b>25,296</b>	<b>136,730</b>	<b>(2,662)</b>	<b>63,908</b>	<b>1,028</b>	<b>224,300</b>
<b>Assets attributable to the segment at 31 December 2012.....</b>	<b>157,389</b>	<b>1,045,590</b>	<b>67,274</b>	<b>187,277</b>	<b>23,352</b>	<b>1,480,882</b>

GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

(6) INFORMATION BY SEGMENT

2011

By business segment

Description	Thousands of Euros				Total
	Seats	Doors	Headliners	Other	
Net turnover.....	223,740	728,727	922,529	1,033	1,876,029
Other operating (expenses) / income, net.....	(195,363)	(630,452)	(841,816)	1,288	(1,666,343)
<b>EBITDA.....</b>	<b>28,377</b>	<b>98,275</b>	<b>80,713</b>	<b>2,321</b>	<b>209,686</b>
Depreciation and amortisation.....	(13,084)	(46,828)	(35,570)	(4,277)	(99,759)
<b>Operating profit/(loss) (EBIT).....</b>	<b>15,293</b>	<b>51,447</b>	<b>45,143</b>	<b>(1,956)</b>	<b>109,927</b>
Net finance income.....					(26,193)
Other profit and loss.....					(7,769)
<b>Corporate income tax.....</b>					<b>(25,620)</b>
<b>Consolidated profit.....</b>					<b>50,345</b>
<b>Other information:</b>					
Investments in intangible assets in 2011.....	3,163	13,698	14,577	1,799	33,237
Capital expenditures on property, plant and equipment in 2011.....	9,518	28,329	41,416	5,683	84,946
<b>Assets attributable to the segment at 31 December 2011.....</b>	<b>108,558</b>	<b>443,199</b>	<b>467,216</b>	<b>307,101</b>	<b>1,326,074</b>
<b>Liabilities attributable to the segment at 31 December 2011.....</b>	<b>(68,151)</b>	<b>(251,880)</b>	<b>(217,242)</b>	<b>(458,491)</b>	<b>(995,764)</b>

By geographical segment

Description	Thousands of Euros					Total
	Asia/Pacific	Europe	Mercosur	NAFTA	Other	
Net turnover.....	120,385	1,228,516	131,293	376,097	19,738	1,876,029
Other operating (expenses) / income, net.....	(100,341)	(1,083,754)	(136,947)	(326,127)	(19,174)	(1,666,343)
Depreciation and amortisation.....	(4,629)	(74,475)	(3,388)	(15,769)	(1,498)	(99,759)
<b>Operating profit/(loss) (EBIT).....</b>	<b>15,415</b>	<b>70,287</b>	<b>(9,042)</b>	<b>34,201</b>	<b>(934)</b>	<b>109,927</b>
<b>EBITDA.....</b>	<b>20,044</b>	<b>144,762</b>	<b>(5,654)</b>	<b>49,970</b>	<b>564</b>	<b>209,686</b>
<b>Assets attributable to the segment at 31 December 2011.....</b>	<b>120,294</b>	<b>932,545</b>	<b>57,098</b>	<b>190,874</b>	<b>25,263</b>	<b>1,326,074</b>

(7) INTANGIBLE ASSETS

Goodwill—

The movements in “Goodwill” in 2011 and 2012 are as follows:

	Thousands of Euros
<b>Balance at 31 December 2010.....</b>	<b>3,512</b>
Additions.....	290
Impairment.....	(1,852)
<b>Balances at 31 December 2011.....</b>	<b>1,950</b>
Goodwill generated by the CML Innovative Technologies group.....	50,816
<b>Balances at 31 December 2012.....</b>	<b>52,766</b>

The balance under this heading at 31 December 2011 corresponded to a number of consolidated subsidiaries and the amounts recognised were not material. The movement in 2012 corresponds entirely to goodwill (50,816 thousand

euros) of the CML Innovative Technologies group acquired by the Group in January 2012 (see Note 5). This goodwill has been assigned to three cash generating units: Germany and the Czech Republic (15,959 thousand euros), the United Kingdom (3,407 thousand euros) and the French subsidiary and its subsidiaries in other countries (31,450 thousand euros).

At the end of each reporting period, the Group makes an estimate of whether there has been any impairment that reduces the recoverable value of goodwill to less than its carrying amount and makes any adjustments necessary. The policies applied by the Group to test for impairment to goodwill are described in Note 3-b.

The Group carried out the following review at 31 December 2012 and found that the recoverable amount of goodwill is higher than its carrying amount (*corresponding almost entirely to consolidated subsidiaries which currently generate profits*). To determine the recoverable amount, the Parent's Directors reviewed and updated the assumptions relating to the future activities and forecast results of the corresponding consolidated subsidiaries and their impact on cash flows, taking into consideration the performance of the main variables in 2012 and any variances from the estimates made at the start of the year.

The recoverable amount of the cash generating units associated with the goodwill recognised was revised taking their value in use based on best estimates of cash flows for the next five years (*reviewed and updated by the Group's Directors*) with a terminal value estimated assuming a growth rate in perpetuity. The discount rate before tax used for the purposes of this impairment test varies from country to country from 8.27% to 12.89%, approximately. The terminal value is calculated assuming sustainable average cash flows and a forecast growth rate of zero.

The Group's Directors have also performed a sensitivity analysis estimating that even if the discount rates increase there is no expected risk of impairment, except in the case of the goodwill assigned to the companies of the CML subgroup in the United Kingdom, where the impairment would not be material.

At 31 December 2011 the Group carried out a review and found that the recoverable amount of goodwill was higher than its carrying amount, except for that of Grupo Antolin-South Africa, Ltd., for which an impairment of 1,852 thousand euros was recognised under "Net impairment losses on non-current assets" in the accompanying consolidated income statement for 2011.

#### Other intangible assets—

The movements under this heading and the related accumulated amortisation and provisions for impairments in 2011 and 2012 were as follows:

	Thousands of Euros			
	Development Expenses	Computer Software	Other Intangible Assets	Total
<b>Cost:</b>				
<b>Balances at 31 December 2010</b> .....	<b>364,560</b>	<b>34,582</b>	<b>2,573</b>	<b>401,715</b>
Additions.....	31,292	1,945	—	33,237
Transfers of property, plant and equipment.....	2,129	8	—	2,137
Retirements or disposals .....	(8,438)	(105)	(386)	(8,929)
Translation differences and other items.....	(3,258)	(161)	(290)	(3,709)
<b>Balances at 31 December 2011</b> .....	<b>386,285</b>	<b>36,269</b>	<b>1,897</b>	<b>424,451</b>
Investments incorporated in the scope of consolidation (Note 5).....	—	2,100	11,435	13,535
Additions.....	35,377	2,946	13	38,336
Retirements or disposals .....	(17,709)	(120)	—	(17,829)
Translation differences and other items.....	1,966	309	—	2,275
<b>Balances at 31 December 2012</b> .....	<b>405,919</b>	<b>41,504</b>	<b>13,345</b>	<b>460,768</b>
<b>Accumulated amortisation:</b>				
<b>Balances at 31 December 2010</b> .....	<b>(207,683)</b>	<b>(30,345)</b>	<b>(2,573)</b>	<b>(240,601)</b>
Amortisation .....	(37,898)	(1,948)	—	(39,846)
Retirements or disposals .....	4,699	88	386	5,173
Translation differences and other items.....	2,913	131	290	3,334
<b>Balances at 31 December 2011</b> .....	<b>(237,969)</b>	<b>(32,074)</b>	<b>(1,897)</b>	<b>(271,940)</b>
Investments incorporated in the scope of consolidation (Note 5).....	—	(1,757)	—	(1,757)
Amortisation .....	(36,284)	(1,853)	(3,274)	(41,411)
Retirements or disposals .....	17,682	101	—	17,783
Transfers from "Impairment of intangible assets".....	(2,153)	—	—	(2,153)
Translation differences and other items.....	4,910	(193)	(574)	4,143
<b>Balances at 31 December 2012</b> .....	<b>(253,814)</b>	<b>(35,776)</b>	<b>(5,745)</b>	<b>(295,335)</b>
<b>Impairment:</b>				
<b>Balances at 31 December 2010</b> .....	<b>(18,154)</b>	—	—	<b>(18,154)</b>
Impairments taken to income and reversals thereof, net.....	(1,980)	—	—	(1,980)

Retirements or disposals .....	1,824	—	—	1,824
Translation differences and other items.....	81	—	—	81
<b>Balances at 31 December 2011</b> .....	<b>(18,229)</b>	<b>—</b>	<b>—</b>	<b>(18,229)</b>
Impairments taken to income and reversals thereof, net.....	(7,542)	—	—	(7,542)
Transfers to “Accumulated amortisation on intangible assets”.....	2,153	—	—	2,153
Translation differences and other items.....	47	—	—	47
<b>Balances at 31 December 2012</b> .....	<b>(23,571)</b>	<b>—</b>	<b>—</b>	<b>(23,571)</b>
<b>Net intangible assets at 31 December 2011</b> .....	<b>130,087</b>	<b>4,195</b>	<b>—</b>	<b>134,282</b>
<b>Net intangible assets at 31 December 2012</b> .....	<b>128,534</b>	<b>5,728</b>	<b>7,600</b>	<b>141,862</b>

#### *Development expenses—*

Capitalised development expenses at 31 December 2012 correspond to a range of projects relating to automobile headliners, trays, panels, seats and mechanisms. A portion of the capitalised development expenses (*approximately 63 million euros*) corresponds to projects in progress at 31 December 2012 (*approximately 31 million euros at 31 December 2011*), and, accordingly, the related expenses will not start to be amortised until the projects have been completed. The Directors of the Parent forecast that during 2013 and 2014 most of the development projects under way at 31 December 2012 will be completed, at which time the corresponding products will go into mass production.

The main additions to development expense in 2012 relate to the projects “Pilar Renault Edison”, “Techo Ford V363NA” and “Pilar Ford C390” while the main projects which went into production were “Techo Ford C346” and “Techo Honda CRV México”.

Development costs derecognised in 2012 correspond principally to the development of certain projects which were almost fully amortised. The Group recognised a net loss of 608 thousand euros as a result of these operations which was taken to income under “Gain/(loss) on disposal of non-current assets” in the accompanying consolidated income statement (*losses of 1,749 thousand euros were taken to income in 2011 following the derecognition of development costs which were not technically or economically viable*).

#### *Impairment losses—*

At the end of every reporting period, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. Should any such signs of impairment exist, the recoverable amount of these assets is quantified in order to determine any impairment loss suffered.

Accordingly, at 31 December 2012, the Group had recorded provisions for impairment totalling 23,571 thousand euros, corresponding to a decrease in the value of the capitalised development expenses of certain seat, panelling and headliner projects which are currently loss-making, and for which the recoverable value is lower than their carrying amount. Approximately 7.9 million euros of this amount was recognised under “Net impairment losses on non-current assets” in the accompanying consolidated income statement for 2012 (*approximately 3.7 million euros in 2011*). Meanwhile, provisions for impairments totalling 0.4 million euros, approximately, recognised under this heading in prior years have been reversed in 2012, as a result of the effects of certain improvements in sale prices or reductions in costs (*1.7 million euros, approximately, in 2011*).

#### *Other intangible assets—*

At 31 December 2012 this item corresponded almost entirely to customer relations recognised in the business combinations of the CML Innovative Technologies group and the business acquired from the Italian company CRS (see Note 5), which will be amortised over 7 and 5 years, respectively.

#### *Fully amortised assets—*

The Group’s intangible assets include certain assets which had been fully amortised at 31 December 2012 and 2011. The total cost and related accumulated amortisation of these assets amounted to approximately 149 and 133 million euros, respectively.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**(8) PROPERTY, PLANT AND EQUIPMENT**

The movements in 2011 and 2012 in property, plant and equipment and in the related accumulated depreciation and provisions for impairments were as follows:

	Thousands of Euros			
	Land and Buildings	Technical Plant, Machinery and Other Property, Plant and Equipment	Property, Plant and Equipment under Construction and Prepayments	Total
<b>Cost:</b>				
<b>Balances at 31 December 2010.....</b>	<b>198,100</b>	<b>660,902</b>	<b>27,742</b>	<b>886,744</b>
Additions .....	21,470	41,424	20,927	83,821
Investments incorporated in the scope of consolidation .....	—	1,125	—	1,125
Retirements or disposals .....	(2,218)	(16,366)	(385)	(18,969)
Transfers between accounts .....	(51)	19,572	(19,521)	—
Transfers to “Intangible assets” .....	—	—	(2,137)	(2,137)
Transfer to “Non-current assets held for sale” .....	(3,946)	—	—	(3,946)
Translation differences and other items .....	(3,692)	(11,852)	(945)	(16,489)
<b>Balances at 31 December 2011.....</b>	<b>209,663</b>	<b>694,805</b>	<b>25,681</b>	<b>930,149</b>
Additions .....	7,550	50,201	24,869	82,620
Investments incorporated in the scope of consolidation (Note 5)	13,404	42,463	3,921	59,788
Retirements or disposals .....	(1,084)	(11,149)	(830)	(13,063)
Transfers between accounts .....	4,486	12,296	(16,782)	—
Translation differences and other items .....	1,201	(5,224)	(506)	(4,529)
<b>Balances at 31 December 2012.....</b>	<b>235,220</b>	<b>783,392</b>	<b>36,353</b>	<b>1,054,965</b>
<b>Accumulated amortisation:</b>				
<b>Balances at 31 December 2010.....</b>	<b>(48,410)</b>	<b>(428,197)</b>	<b>—</b>	<b>(476,607)</b>
Amortisation .....	(5,611)	(54,139)	—	(59,750)
Investments incorporated in the scope of consolidation .....	—	(627)	—	(627)
Retirements or disposals .....	1,148	13,676	—	14,824
Transfers between accounts .....	497	(497)	—	—
Transfers to “Non-current assets held for sale” .....	922	—	—	922
Translation differences and other items .....	691	6,408	—	7,099
<b>Balances at 31 December 2011.....</b>	<b>(50,763)</b>	<b>(463,376)</b>	<b>—</b>	<b>(514,139)</b>
Amortisation .....	(6,698)	(60,091)	—	(66,789)
Investments incorporated in the scope of consolidation (Note 5)	(1,954)	(24,776)	—	(26,730)
Retirements or disposals .....	728	8,860	—	9,588
Transfers from “Impairment of property, plant and equipment” ..	—	(1,897)	—	(1,897)
Translation differences and other items .....	(430)	3,621	—	3,191
<b>Balances at 31 December 2012.....</b>	<b>(59,117)</b>	<b>(537,659)</b>	<b>—</b>	<b>(596,776)</b>
<b>Impairment:</b>				
<b>Balances at 31 December 2010.....</b>	<b>—</b>	<b>(9,038)</b>	<b>—</b>	<b>(9,038)</b>
Taken to income .....	(630)	(3,733)	—	(4,363)
Retirements or disposals .....	—	1,463	—	1,463
Transfers between accounts .....	(754)	754	—	—
Transfers to “Non-current assets held for sale” .....	1,384	—	—	1,384
Exchange differences .....	—	483	—	483
<b>Balances at 31 December 2011.....</b>	<b>—</b>	<b>(10,071)</b>	<b>—</b>	<b>(10,071)</b>
Taken to income .....	—	(2,305)	—	(2,305)
Transfers to “Accumulated amortisation on property, plant and equipment” .....	—	1,897	—	1,897
Exchange differences .....	—	784	—	784
<b>Balances at 31 December 2012.....</b>	<b>—</b>	<b>(9,695)</b>	<b>—</b>	<b>(9,695)</b>
<b>Net property, plant and equipment at 31 December 2011.....</b>	<b>158,900</b>	<b>221,358</b>	<b>25,681</b>	<b>405,939</b>
<b>Net property, plant and equipment at 31 December 2012.....</b>	<b>176,103</b>	<b>236,038</b>	<b>36,353</b>	<b>448,494</b>

## Additions and retirements in 2012 and 2011—

Apart from the assets recognised as a result of the acquisition of the CML Innovative Technologies group and the business of the Italian company CRS (see Note 5), and the inclusion in the scope of consolidation of the Argentine company Irauto, S.A., the main additions to the Group's property, plant and equipment in 2012 correspond to investments to complete the construction of the production plant belonging to Grupo Antolin-Saint Petersburg (Russia), and work to extend the production facilities of other consolidated subsidiaries. These include investments made by the companies located in the United States, by CML Innovative Technologies, SAS. (France), by Grupo Antolin-Turnov, s.r.o. (Czech Republic), by Ototrim Panel Sanayi ve Ticaret, A.S. (Turkey), by Trimtec, Ltda. (Brazil) and by Yangzhou Antolin Huaxiang Auto- Parts Co., Ltd. (China).

A significant part of the additions recognised in 2011 corresponded to the following investments:

- Acquisition of the land and buildings of the factory that Grupo Antolin- Magnesio, S.L.U. has in Valdorros (Burgos) and which were rented, and the acquisition of other buildings in Spain. The acquisition price of these buildings totalled 10.3 million euros.
- Investments in the factory in Chrastava (Czech Republic), owned by Grupo Antolin-Bohemia, a.s., to replace the plant and machinery that were retired in 2010 as a result of damage caused by a flood that affected the factory that year.
- Capital expenditures made in building and equipping the production plant of Grupo Antolin-Saint Petersburg, and in the expansion of the production plant of consolidated subsidiary companies (*basically, the plants in Liberec and Ostrava, in the Czech Republic*).

The most significant assets derecognised in 2012 correspond to the retirement of machinery and other items by Antolin Shanghai Auto-Parts Co., Ltd. and Ningbo Antolin Huaxiang Auto Parts Co., Ltd. and other property, plant and equipment items. No material gains were generated.

Part of the retirements recorded in 2011 corresponded to assets that were derecognised as a result of a fire in March 2011 at the factory owned by Grupo Antolin-IGA, S.A.S. in Hénin-Beaumont (France). As a result of the financial losses caused by this accident, the Group recognised 9,159 thousand euros in income as an indemnity receivable from the insurance company for the damage suffered (*to property and to stock*) and to cover the additional costs that the consolidated subsidiary company had to incur to meet its commitments to deliver products to its customers. This indemnity was taken to "Other operating income" in the accompanying consolidated income statement for 2011 (see Note 21), and at 31 December 2012 had been collected in full by the Group.

## Land—

The cost of "Land and constructions" at 31 December 2012 and 2011 includes 53,480 thousand euros and 56,505 thousand euros, respectively, corresponding to the carrying amount of the land at those dates.

The Group's land holdings in the Iberian Peninsula were stated at their fair value at the transition date to IFRS-EU (1 January 2006) in accordance with the stipulations of IFRS 1. The highest value attributed to said assets at that date was 26,892 thousand euros and was determined on the basis of valuations performed by independent experts based on market prices or estimated discounted future cash flows.

## Investment budget for 2013—

The Group's Directors plan to invest 95,406 thousand euros in property, plant and equipment in 2013, broken down as follows:

<b>Business Segment</b>	<b>Thousands of Euros</b>
Door Function .....	28,341
Headliner Function .....	45,443
Seat Function .....	6,831
Lighting Function .....	14,791
	<b>95,406</b>

These investments correspond to numerous plants, the most important of which are the investments of over 4 million euros relating to the factory belonging to NHK Antolin (Thailand) Co., Ltd. (*Thailand*), and the extensions of the plants of Grupo Antolin-Turnov, s.r.o. (*Czech Republic*), CML Innovative Technologies, S.A.S. (*France*), Ototrim Panel Sanayi ve Ticaret, A.S. (*Turkey*) and Grupo Antolin- Kentucky, Inc. (*United States*).

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**(8) PROPERTY, PLANT AND EQUIPMENT**

**Assets located outside Spain—**

The cost of the Group's property, plant and equipment located outside Spain and the corresponding accumulated depreciation and provisions for impairment at 31 December 2012 and 2011 are as follows:

Type of Asset	Thousands of Euros		
	Cost	Accumulated Depreciation and Impairment	Net
<b>At 31 December 2011—</b>			
Land and buildings .....	119,127	(34,645)	84,482
Technical plant, machinery and other property, plant and equipment .....	441,332	(275,653)	165,679
Advances and fixed assets in progress .....	24,458	—	24,458
	<b>584,917</b>	<b>(310,298)</b>	<b>274,619</b>
<b>At 31 December 2012—</b>			
Land and buildings .....	143,964	(41,425)	102,539
Technical plant, machinery and other property, plant and equipment .....	517,821	(326,776)	191,045
Advances and fixed assets in progress .....	36,355	—	36,355
	<b>698,140</b>	<b>(368,201)</b>	<b>329,939</b>

**Finance leases (*leasing*)—**

Shown below is a breakdown of the leased assets recognised by the Company at 31 December 2012 as lessee under finance leases (valued in accordance with the criterion described in Note 3-f) with details of their key features and the corresponding finance leases signed (see Note 17):

Description of Asset	Contract Term (Months)	Months Elapsed to 31/12/12	Thousands of Euros (excluding VAT and interest)			
			Original Cost	Lease Instalments Paid in Prior Years	Lease Instalments Paid in 2012	Lease Payments Outstanding, Including Purchase Option
Buildings and facilities <sup>(a)</sup> .....	180	132	10,430	5,440	639	2,980
Buildings and facilities <sup>(b)</sup> .....	144	108	17,180	10,462	1,501	5,217
Machinery <sup>(b)</sup> .....	72	32	1,810	468	275	1,067
Machinery <sup>(c)</sup> .....	72	50	2,179	1,052	308	819
Machinery <sup>(d)</sup> .....	60	59	177	137	38	2
Machinery <sup>(d)</sup> .....	60	57	557	411	120	26
Machinery <sup>(d)</sup> .....	60	57	141	110	30	1
Machinery <sup>(d)</sup> .....	60	53	739	493	157	89
Machinery <sup>(d)</sup> .....	60	53	279	187	59	33
Machinery <sup>(d)</sup> .....	60	50	322	198	67	57
Machinery <sup>(d)</sup> .....	60	50	317	196	66	55
Machinery <sup>(e)</sup> .....	33	12	692	—	307	385
Buildings <sup>(e)</sup> .....	93	12	2,592	—	154	2,053
			<b>37,415</b>	<b>19,154</b>	<b>3,721</b>	<b>12,784</b>

Shown below is a breakdown of the leased assets recognised by the Company at 31 December 2011 as lessee under finance leases (valued in accordance with the criterion described in Note 3-f) with details of their key features and the corresponding finance leases signed:



Thousands of Euros (excluding VAT and interest)						
Description of Asset	Contract Term (Months)	Months Elapsed to 31/12/11	Original Cost	Lease Instalments Paid in Prior Years	Lease Instalments Paid in 2011	Lease Payments Outstanding, Including Purchase Option
Buildings and facilities <sup>(a)</sup> .....	180	120	10,430	4,801	639	3,618
Buildings and facilities <sup>(b)</sup> .....	144	96	16,027	8,593	1,487	5,947
Machinery <sup>(c)</sup> .....	65	54	594	409	152	33
Machinery <sup>(c)</sup> .....	89	79	364	290	49	25
Machinery <sup>(c)</sup> .....	60	58	1,579	1,161	332	86
Machinery <sup>(c)</sup> .....	72	38	2,155	697	355	1,103
Machinery <sup>(b)</sup> .....	72	20	1,827	178	291	1,358
			<b>32,976</b>	<b>16,129</b>	<b>3,305</b>	<b>12,170</b>

- (a) These items relate to investments made in the production plant of the consolidated subsidiary Grupo Antolin-Cambrai, S.A.S. The Group received from Communauté d'Agglomération de Cambrai (France) a capital grant to partially fund these structures and facilities, which was used to reduce its borrowings. In 2009, the purchase option in the contracts relating to the machinery was taken up.
- (b) Buildings and facilities correspond to investments made in 2003 and 2004 in the construction of the production plant belonging to consolidated subsidiary Grupo Antolin-Turnov, s.r.o., and an extension built in 2008. Machinery corresponds to investments made by the same company in 2010.
- (c) At 31 December 2011 these assets related to the capital expenditures made by the consolidated subsidiary companies Grupo Antolin-South Africa, Ltd. and Silesia Plastic, Sp. zo.o. Contracts related to investments by Grupo Antolin-South Africa, Ltd. terminated in 2012 and the corresponding purchase options were exercised.
- (d) These assets correspond to machinery used since 2008 under a finance lease by consolidated subsidiary CML Innovative Technologies, S.A.S., which was incorporated into the Group in 2012.
- (e) These assets correspond to certain items of machinery and buildings incorporated by the Group at their carrying amount as a result of the acquisition by Grupo Antolin-Italia, S.r.l., of the business of the Italian CRS group in February 2012. These items were used under finance leases to which the Group was subrogated.

### Operating leases—

The consolidated companies lease buildings which house a part of their warehouses, production facilities and offices. The related contracts signed with the owners of these buildings provide that the rental periods will expire over the coming years, although they provide for the possibility of successive, tacit extensions.

The Group depreciates the property, plant and equipment installed in these buildings based on the shorter of the useful life of the assets or the estimated life of the project, as the Directors of the Parent do not foresee any difficulties in extending the terms of the corresponding lease contracts indefinitely.

The rental cost of said buildings for 2012 totalled 21 million euros, approximately (*19 million euros, approximately, in 2011*), recorded under “Other operating expenses” on the accompanying consolidated income statement.

The lease instalments payable to the lessors under the operating leases signed by the Group with third parties at 31 December 2012 are as follows:

Period	Thousands of Euros
Not later than one year .....	18,427
One to five years .....	52,900
More than five years .....	8,718
	<b>80,045</b>

### Impairment losses—

At the end of every reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered any impairment loss. Should any such signs of impairment exist, the recoverable amount of these assets is quantified in order to determine any impairment loss suffered.

Accordingly, at 31 December 2012, the Group had recorded provisions for impairment totalling 9,695 thousand euros, corresponding to a decrease in the value of property, plant and equipment installed in the factory belonging to Trimtec, Ltda., which is currently loss-making, and for which the recoverable value is lower than their carrying amount. 2,305 thousand euros of this amount was recognised under “Net impairment losses on non-current assets” in the accompanying consolidated income statement for 2012 (4,363 thousand euros in 2011).

#### Fully depreciated property, plant and equipment—

The Group’s property, plant and equipment include certain assets which had been fully depreciated at 31 December 2012 and 2011. The total cost and related accumulated depreciation of these assets amounted to approximately 290 and 247 million euros, respectively.

#### Insurance policy—

The Group takes out insurance policies to cover the possible risks to which its property, plant and equipment are exposed. The Parent’s directors consider that the policies taken out are adequate in view of the various locations of its property, plant and equipment.

### (9) NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS

The balances on these headings in the consolidated statement of financial position at 31 December 2012 and 2011 are broken down below by type:

	Thousands of Euros			
	31/12/12		31/12/11	
	Non-Current	Current	Non-Current	Current
Available-for-sale financial assets .....	19,234	—	22,796	—
Non-current investment securities .....	2,180	—	4,223	—
Other financial assets .....	7,256	6,690	6,179	9,341
<b>Total, gross .....</b>	<b>28,670</b>	<b>6,690</b>	<b>33,198</b>	<b>9,341</b>
Less-Impairment .....	(1,478)	—	(2,101)	—
<b>Net total .....</b>	<b>27,192</b>	<b>6,690</b>	<b>31,097</b>	<b>9,341</b>

#### Available-for-sale financial assets—

Set out below is the movement in “Available-for-sale financial assets” in 2012 and 2011:

	Thousands of Euros					
	Balances at 31/12/10	Additions for Acquisitions	Change in Fair Value (Note 13)	Balances at 31/12/11	Change in Fair Value (Note 13)	Balances at 31/12/12
<b>Holding in the Share capital of:</b>						
CIE Automotive, S.A.....	12,070	—	2,041	14,111	(1,007)	13,104
Banca Cívica, S.A./Caixabank, S.A.....	—	10,000	(1,555)	8,445	(2,341)	6,104
Bankia, S.A.....	—	250	(10)	240	(214)	26
	<b>12,070</b>	<b>10,250</b>	<b>476</b>	<b>22,796</b>	<b>(3,562)</b>	<b>19,234</b>

The balances on this heading at 31 December 2012 and 2011 correspond to non-controlling interests held by Grupo Antolin in the share capital of a number of listed companies, most notably CIE Automotive, S.A. and Caixabank, S.A. (*Banca Cívica at 31 December 2011*). No acquisitions or disposals were recognised under “Available-for-sale financial assets” in 2012 although a reduction in the fair value of the assets totalling 3,562 thousand euros was recognised (see Note 13).

#### Holding in CIE Automotive, S.A.—

CIE Automotive, S.A. is a listed company with registered offices in Bilbao operating two main lines of business: automobiles and biofuels.

In 2012, the Group has not carried out any operations with the shares of CIE Automotive, S.A. which it held at 31 December 2011 (*specifically, 2,519,826 shares in this company, representing 2.21% of its share capital*). The only movement in 2012 corresponds to a reduction in the fair value stated, which stood at 13,104 thousand euros at 31 December 2012.

At 31 December 2012 and at 31 December 2011, the fair value of this holding was calculated using its listed value on said dates (*5.2 euros/share and 5.6 euros/share, respectively*). The change in the fair value of this investment between the aforementioned dates (*1,007 thousand euros*) was taken to equity under “Remeasurements- Available-for-sale financial assets” in the consolidated statement of financial position (see Note 13). At 31 December 2012 the accumulated change in the fair value of these financial instruments was 10,483 thousand euros (*increase added to the acquisition cost of 2,622 thousand euros*).

*Holding in Caixabank, S.A. (formerly, “Banca Cívica, S.A.”)—*

Banca Cívica, S.A. is a listed company with registered address in Seville. Its activities include all types of banking activity, operations and services. On 18 April 2012 the merger of this entity (*absorbed company*) with Caixabank, S.A. (*absorbing company*) was approved and subsequently ratified by the Meeting of Shareholders of both companies on 26 June 2012. It was implemented by means of a share exchange on 3 August 2012 (*5 shares of Caixabank, S.A. for 8 shares of Banca Cívica, S.A.*). At 31 December 2011 Grupo Antolin held 3,703,703 Banca Cívica shares representing 0.7% of its share capital, which were acquired in July 2011 for 10,000 thousand euros. As a consequence of the share swap, on 3 August 2012, Grupo Antolin became the owner of 2,314,814 shares in Caixabank, S.A. (*which were trading at 2.673 euros per share at that date*). Caixabank, S.A. is a listed company with registered address in Barcelona. Its activities include all types of banking activity, operations and services. The aforementioned shares represent 0.06% of the share capital of Caixabank, S.A. and the investment has been classified under “Available-for-sale financial assets”.

During 2012 Grupo Antolin carried out no operations with the shares of Banca Cívica, S.A. or with those of Caixabank, S.A. which it received in the share swap.

The only movement recognised in 2012 corresponds to a reduction (*of 2,341 thousand euros*) in the fair value stated. Evidence of impairment was detected in 2012 (*a fall of over 40% in the share price or a prolonged decline in said price with no evidence of recovery*). The accumulated reduction in the fair value of the investment to 31 December 2012, totalling 3,896 thousand euros, was recognised under “Change in fair value of financial instruments” in the accompanying consolidated income statement for 2012. At 31 December 2012 the fair value of this investment was based on the price of Caixabank, S.A. shares at that date (*2.637 euros per share*) while at 31 December 2011 it was based on the price of Banca Cívica shares at that date (*2.28 euros per share*).

#### **Non-current investment securities—**

The balances under this heading at 31 December 2012 and 2011 correspond to a number of shareholdings in unlisted companies. Movements in 2012 included additions of 30 thousand euros, a reduction in fair value due to exchange differences of 8 thousand euros and the derecognition of the shareholding in Irauto, S.A. (*the cost of which, 2,065 thousand euros, was fully impaired*) which in 2012 was fully consolidated, the Group having acquired control of said company (see Notes 1, 2, and 5).

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**(9) NON-CURRENT FINANCIAL ASSETS AND OTHER CURRENT FINANCIAL ASSETS**

**Other financial assets—**

The breakdown by type of these financial assets at 31 December 2012 and 2011 is as follows:

	Thousands of Euros			
	31/12/12		31/12/11	
	Non-Current	Current	Non-Current	Current
Other loans <sup>(a)</sup> .....	5,585	6,343	4,636	2,922
Guarantee deposits and deposits given .....	1,671	347	1,543	6,419
	<b>7,256</b>	<b>6,690</b>	<b>6,179</b>	<b>9,341</b>

(a) The balances of this item at 31 December 2012 basically refer to current accounts maturing in 2013 and long-term loans held at that date by the Parent with some of its shareholders (*some of whom are also directors in the Parent—see Note 22*), with some of the associates companies (see Note 22) and with GAIT-Interiores para Transporte, S.L.

At 31 December 2012 this balance also included a receivable in respect of a capital grant conceded to the Group (*3,070 thousand euros of which are classified as current and 1,424 thousand euros as non-current*) (see Note 15).

**(10) INVENTORIES**

The Group's inventories at 31 December 2012 and 2011 were as follows:

Description	Thousands of Euros	
	31/12/12	31/12/11
Raw materials and supplies.....	91,405	80,579
Other supplies.....	1,593	1,438
Merchandise .....	9,114	6,517
Work-in-process and semifinished goods.....	14,898	12,278
Project tools.....	87,496	57,335
Finished products.....	32,316	26,969
Byproducts, waste and recovered materials.....	126	872
Advances to suppliers.....	13,290	12,285
Impairment provisions.....	(7,383)	(4,766)
	<b>242,855</b>	<b>193,507</b>

**Project tools—**

The balances of this item at 31 December 2012 and 2011 correspond to the costs incurred by the Group on the project tools being manufactured at said dates. At 31 December 2012 and 2011 the Group had billed approximately 60 and 37 million, respectively, as advances recorded as current liabilities under "Trade and other payables" caption in the accompanying consolidated statement of financial position.

The Directors of the Parent consider that the income in respect of substantially all the project tools being manufactured at 31 December 2012 will be realised in 2013 with significant profits.

**Insurance policy—**

The Group takes out insurance policies to cover the possible risks to which practically all its inventories are exposed. In the opinion of the Parent's Directors, the cover provided by the policies taken out at 31 December 2012 is sufficient.

**(11) OTHER RECEIVABLES**

The composition of other receivables in the consolidated statement of financial position at 31 December 2012 and 2011 is as follows:

Description	Thousands of Euros	
	31/12/12	31/12/11
<b>Sundry receivables, staff and prepaid expenses .....</b>	<b>12,951</b>	<b>23,659</b>
<b>Taxes and Social Security—</b>		
Taxes refundable (Note 20) .....	47,630	39,125
Receivable from public authorities for grants awarded ( <i>basically, for operating grants</i> ).....	4,220	5,424
Other receivables from public authorities .....	575	220
	<b>52,425</b>	<b>44,769</b>
	<b>65,376</b>	<b>68,428</b>

## (12) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the consolidated statement of financial position include the cash and current bank accounts of the Group and short-term bank deposits (*totalling 152,371 thousand euros at 31 December 2012 and 89,631 thousand euros at 31 December 2011*) generally maturing in January of the following year and accruing interest at an annual rate of around 2.5%. The carrying amounts of these assets are the same as their fair value.

A significant portion of the term bank deposits had been pledged at 31 December 2012 as security for the repayment of the syndicated loan granted to the Group by a group of financial institutions (see Note 17).

## (13) TOTAL EQUITY

### Share capital—

The share capital of the Parent at 31 December 2012 and 2011 comprised 8,023,241 registered shares (*3,114,603 “class A” shares, 3,074,733 “class B” shares and 1,833,905 “class C” shares*), fully subscribed and paid in, each with a par value of 4.67 euros. The shareholder structure of the Parent at said date, was as follows:

Shareholder	Percentage Held
Canea, S.L. ....	38.82
Injat, S.L. ....	28.56
Agrícola Cinegética San Quirce, S.L. ....	9.76
Anira Inversiones, S.L. ....	22.86
	<b>100.00</b>

All the Grupo Antolin-Irausa, S.A. shares carry the same voting and dividend rights, although they are distinguished by their transfer regime.

On the other hand, Anira Inversiones, S.L., an investment group comprised of certain financial institutions, and the rest of the shareholders of the Parent have entered into a “shareholders’ agreement”, which establishes the rules governing relations between both parties as shareholders in Grupo Antolin- Irausa, S.A. together with the rules governing the management and internal organisation of Grupo Antolin-Irausa, S.A. and the other companies composing Grupo Antolin.

### Additional paid-in capital—

The revised text of the Spanish Corporate Enterprise Act expressly allows the use of the additional paid-in capital balance to increase share capital and establishes no specific restrictions as to its use.

### Other reserves of the Parent—

This heading in the accompanying consolidated statement of financial position at 31 December 2012 and 2011 includes the following reserves:

#### Legal reserve—

The revised text of the Spanish Corporate Enterprise Act stipulates that 10% of the net profits of the year must be appropriated to the Legal reserve until it attains at least 20% of share capital. At 31 December 2012 and 2011, the legal reserve amounted to 7,494 and 7,394 thousand euros, respectively.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Except for the aforesaid purpose, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, provided that sufficient other reserves are not available for this purpose.

#### *Other reserves—*

The balance of this item at 31 December 2012 includes prior years' losses (*EUR 41,241 thousand*) and other unrestricted reserves of the Parent.

#### **Distribution of dividends—**

##### *Restrictions on the distribution of dividends—*

The “non-extinguishing modifying novation agreement” signed on 16 December 2011 in respect of the syndicated loan signed by the Group with certain financial institutions and a loan conceded to the Group by the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE) on 22 October 2012 (see Note 17) allow the distribution of dividends by the Parent subject to the following conditions:

- Until such time as 50% of the principal of these loans is repaid, the amount of the dividend may not exceed 50% of the profits attributable to the Parent in the previous year. After more than 50% of the principal of said loans has been repaid, up to 75% of the profits attributable to the Parent for the previous year may be distributed (*excluding any positive difference between the capital gains and capital losses arising from sales of assets, net of any tax effect*).
- The distribution of a dividend does not imply any non-compliance with the syndicated loan agreement and, in particular, with the obligations concerning compliance with financial ratios.

##### *Dividends distributed 2012 and 2011—*

On 30 June 2012 the Ordinary General Meeting of Shareholders of the Parent agreed the distribution of a dividend against reserves of 7,016 thousand euros and a further dividend of 12,984 thousand euros against profits for 2011 (*a total payout of 2.4927 euros per share*). These dividends, totalling 20,000 thousand euros, were paid to shareholders prior to 31 December 2012.

On 22 December 2011 the Extrordinary General Meeting of Shareholders of the Parent agreed the distribution of a dividend against reserves of 9,000 thousand euros (*1.1217 euros per share*). This dividend was paid to the shareholders of the Parent prior to 31 December 2011.

In both cases the amount of the dividend distributed did not exceed 50% of the profit attributable to the Parent as disclosed in the annual financial statements of Grupo Antolin-Irausa, S.A. and subsidiaries in the previous financial years (*2011 and 2010*).

No other dividends were distributed in 2012 and 2011.

#### **Capital management—**

The Group's capital management focuses on achieving a financial structure that optimises the cost of capital to ensure a sound financial position. This policy enables value creation for shareholders to be compatible with access to financial markets at a competitive cost to cover the needs for refinancing debt and financing the investment plan not covered by the funds generated by the business.

In this regard, in line with standard practice in the business world and in the industry in which it operates, the Group uses the following ratios to analyse its situation:

- *Financial leverage (Net borrowing/net equity attributable to the Parent)*: The Group's ratio at 31 December 2011 was 0.87. At the end of 2012, it was 0.99.
- *Debt-to-income (Net borrowing/EBITDA)*: The Group's ratio at 31 December 2011 was 1.21. At the end of 2012, it was 1.34.

As stated in Note 17, the Group has been granted a syndicated loan by a group of financial institutions, which requires that certain specific financial ratios be fulfilled.

## Contribution of the consolidated companies to the Group's reserves and exchange differences—

Set out below is a breakdown by company, of the balances recorded under “Reserves of fully and proportionally consolidated companies”, “Reserves of companies accounted for using the equity method” and “Exchange differences” in the accompanying consolidated statement of financial position at 31 December 2012 and 2011:

Company	Thousands of Euros			
	Reserves of Consolidated Companies		Exchange Differences	
	31/12/12	31/12/11	31/12/12	31/12/11
<b>Fully consolidated companies—</b>				
Grupo Antolin-Irausa, S.A. ....	226,029 <sup>(a)</sup>	246,461 <sup>(a)</sup>	(10,935)	(10,869)
Grupo Antolin-Ara, S.L.U. ....	12,519	12,436	—	—
Grupo Antolin-Dapsa, S.A.U. ....	4,292	4,523	—	—
Grupo Antolin-Aragusa, S.A.U. ....	4,846	3,736	—	—
Grupo Antolin-Eurotrim, S.A.U. ....	6,844	5,864	—	—
Grupo Antolin-RyA, S.A.U. ....	13,197	9,885	—	—
Grupo Antolin-Autotrim, S.A.U. ....	33,164	32,544	—	—
Grupo Antolin-Ardasa, S.A.U. ....	14,179	13,961	—	—
Grupo Antolin-Martorell, S.A.U. <sup>(b)</sup> ....	(5,397)	(6,835)	—	—
Grupo Antolin-Plasbur, S.A.U. ....	27,540	24,552	—	—
Grupo Antolin-Lusitânia, S.A. ....	12,519	10,304	—	—
Grupo Antolin-Ingeniería, S.A.U. ....	20,957	21,393	(425)	(425)
Grupo Antolin-Amsterdam, B.V. ....	3,029	3,083	—	—
Grupo Antolin-Deutschland, GmbH ....	1,623	1,551	—	—
Grupo Antolin-Holland, B.V. ....	5,443	5,472	—	—
Grupo Antolin-IPV, S.A.U. ....	—	4,599	—	—
Grupo Antolin-Autoform, GmbH & Co. KG ....	(38,782)	(37,319)	(141)	(141)
Grupo Antolin-Bohemia, a.s. ....	(5,209)	2,471	(210)	2,512
Grupo Antolin-North America, Inc. ....	2,318	1,073	(3,027)	(2,782)
Grupo Antolin-IGA, S.A.S. <sup>(b)</sup> ....	(56,536)	(53,091)	—	—
Grupo Antolin-H.F.R., S.A.S. <sup>(b)</sup> ....	(42,021)	(41,460)	—	—
Grupo Antolin-Turnov, s.r.o. ....	30,847	22,591	2,467	3,495
Grupo Antolin-Kentucky, Inc. ....	22,149	20,480	(2,540)	(1,148)
Ototrim Panel Sanayi ve Ticaret, A.S. ....	18,732	14,256	(3,881)	(4,593)
Grupo Antolin-Silao, S.A. de C.V. <sup>(b)</sup> ....	(24,510)	(29,158)	(7,786)	(8,835)
Trimtec, Ltda. <sup>(b)</sup> ....	(81,088)	(63,010)	(281)	705
Iramec Autopeças, Ltda. ....	8,212	6,801	939	1,197
Intertrim, Ltda. ....	6,909	7,280	415	1,347
Grupo Antolin-South Africa, Ltd. ....	(4,141)	(2,034)	562	596
Grupo Antolin-Pune PTV, Ltd. <sup>(b)</sup> ....	(4,147)	(4,608)	(3,193)	(2,650)
Grupo Antolin-Leamington, Ltd. <sup>(b)</sup> ....	(40,223)	(46,170)	1,470	1,259
Grupo Antolin-Logistik Deutschland, GmbH ....	16,133	10,961	—	—
Grupo Antolin-Vosges, S.A.S. <sup>(b)</sup> ....	(41,363)	(42,673)	—	—
Grupo Antolin-Glass, S.A.U. ....	1,102	939	—	—
Grupo Antolin-Navarra, S.A.U. ....	15,674	14,119	—	—
Grupo Antolin-Ingenierie Sieges, S.A.S. ....	1,154	585	—	—
Grupo Antolin-Loire, S.A.S. <sup>(b)</sup> ....	(35,983)	(38,432)	—	—
Grupo Antolin-France, S.A.S. ....	1,354	1,043	—	—
Antolin Tanger, S.A.R.L. <sup>(b)</sup> ....	(10,017)	(10,066)	49	47
Grupo Antolin-Magnesio, S.L.U. <sup>(b)</sup> ....	(2,805)	(4,624)	—	—
Grupo Antolin-Cambrai, S.A.S. <sup>(b)</sup> ....	(18,803)	(12,337)	—	—
Grupo Antolin-Bratislava, s.r.o. ....	5,895	4,556	713	713
Grupo Antolin-Álava, S.L.U. ....	1,895	(354)	—	—
Grupo Antolin-PGA, S.A.U. ....	12,750	9,578	—	—
Grupo Antolin-Michigan, Inc. ....	3,937	(2,399)	(2,682)	(2,033)
Grupo Antolin-Illinois, Inc. ....	28,866	21,450	(1,511)	(612)
Grupo Antolin-Vigo, S.L.U. ....	12,578	10,876	—	—
Mexican Door Company, S.R.L. de C.V. ....	291	(650)	(1,134)	(1,250)
Antolin Shanghai Autoparts Co., Ltd. ....	7,445	4,046	2,412	2,549
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	5,599	4,208	516	504
Grupo Antolin-Salttillo, S. de R.L. de C.V. <sup>(b)</sup> ....	(3,528)	(5,577)	696	203
Grupo Antolin-Jarny, S.A.S. <sup>(b)</sup> ....	(7,536)	(8,361)	—	—
Other companies ....	7,370	3,968	2,462	2,443
	<b>175,302</b>	<b>152,487</b>	<b>(25,045)</b>	<b>(17,768)</b>
<b>Proportionally consolidated companies—</b>				
International Door Company, B.V. ....	2,268	2,191	(114)	(174)
<b>Companies consolidated using the equity method—</b>				
Grupo Antolin-Wayne, LLC ....	962	240	(4)	45

International Door Systems, S.R.L. de C.V. ....	5,710	3,865	(262)	(322)
Slovakian Door Company, s.r.o. ....	1,855	2,144	—	—
Gongzhuling Huaxiang Auto Interior Trim Co, Ltd. ....	911	613	298	326
Dongwon Technology Co., Ltd. ....	1,460	907	92	(77)
Antolin Kasai Tek Chennai PVT, Ltd. ....	—	—	(168)	—
NHK Antolin (Thailand) Co., Ltd. ....	—	—	(71)	—
	<b>10,898</b>	<b>7,769</b>	<b>(115)</b>	<b>(28)</b>
Total .....	<b>188,468</b>	<b>162,447</b>	<b>(25,274)</b>	<b>(17,970)</b>

(a) These figures are for the reserves of consolidated companies attributable to the Parent as a result of consolidation.

(b) In recent financial years the Group has implemented an efficiency programme and measures to improve the performance of these consolidated subsidiaries with the medium-term goal of reversing the recurring losses currently being reported by most of them. In general this is being achieved.



**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**(13) TOTAL EQUITY**

**Contribution of the consolidated companies to profit and loss for 2012 and 2011 attributable to the Parent—**

The contribution of each of the consolidated companies to the 2012 and 2011 profit and loss attributable to the Parent is as follows:

Company	Thousands of Euros					
	2012			2011		
	Consolidated Profit/(loss) for 2012	Profit for the Year Attributable to Non-controlling Interests	Profit Attributable to the Parent	Consolidated Profit/(loss) for 2011	Profit for the Year Attributable to Non-controlling Interests	Profit Attributable to the Parent
<b>Fully consolidated companies—</b>						
Grupo Antolin-Irausa, S.A. ....	(6,993)	—	(6,993)	(11,777)	—	(11,777)
Grupo Antolin-Ara, S.L.U. ....	1,855	—	1,855	82	—	82
Grupo Antolin-Dapsa, S.A.U. ....	(955)	—	(955)	(231)	—	(231)
Grupo Antolin-Aragusa, S.A.U. ....	(67)	—	(67)	1,110	—	1,110
Grupo Antolin-Eurotrim, S.A.U. ....	(853)	—	(853)	980	—	980
Grupo Antolin-RyA, S.A.U. ....	2,595	—	2,595	3,312	—	3,312
Grupo Antolin-Autotrim, S.A.U. ....	(572)	—	(572)	621	—	621
Grupo Antolin-Ardasa, S.A.U. ....	515	—	515	218	—	218
Grupo Antolin-Martorell, S.A.U. ....	(557)	—	(557)	1,437	—	1,437
Grupo Antolin-Plasbur, S.A.U. ....	2,619	—	2,619	2,989	—	2,989
Grupo Antolin-Magnesio, S.L.U. ....	(75)	—	(75)	1,819	—	1,819
Grupo Antolin-Lusitânia, S.A. ....	406	—	406	2,216	—	2,216
Grupo Antolin-Ingeniería, S.A.U. ....	(2,269)	—	(2,269)	(435)	—	(435)
Grupo Antolin-IPV, S.A.U. ....	—	—	—	772	—	772
Grupo						
Antolin-Autoform, GmbH & Co KG <sup>(a)</sup> .....	(461)	—	(461)	(1,463)	—	(1,463)
Grupo Antolin-Bohemia, a.s. <sup>(b)</sup> .....	(8,185)	—	(8,185)	(7,680)	—	(7,680)
Grupo Antolin-Vigo, S.L.U. ....	909	—	909	1,702	—	1,702
Grupo Antolin-IGA, S.A.S. ....	(1,289)	—	(1,289)	(3,446)	—	(3,446)
Grupo Antolin-H.F.R., S.A.S. ....	(142)	—	(142)	(561)	—	(561)
Grupo Antolin-Turnov, s.r.o. ....	9,671	—	9,671	8,263	—	8,263
Ototrim Panel Sanayi ve Ticaret, A.S. ....	6,090	(3,045)	3,045	8,960	(4,480)	4,480
Grupo Antolin-Silao, S.A. de C.V. ....	3,863	—	3,863	4,648	—	4,648
Trimtec, Ltda. <sup>(b)</sup> .....	(10,930)	—	(10,930)	(17,989)	—	(17,989)
Iramec Autopeças, Ltda. ....	1,781	(891)	891	2,822	(1,411)	1,411
Intertrim, Ltda. ....	(1,170)	172	(998)	(434)	64	(370)
Grupo Antolin-Pune Private PVT, Ltd. ....	913	—	913	461	—	461
Grupo Antolin-Leamington, Ltd. ....	11,035	—	11,035	5,946	—	5,946
Grupo Antolin-Logistik Deutschland, GmbH .....	3,746	—	3,746	5,173	—	5,173
Grupo Antolin-Vosges, S.A.S. ....	2,236	—	2,236	1,310	—	1,310
Grupo Antolin-Navarra, S.A.U. ....	505	—	505	1,554	—	1,554
Grupo Antolin-Glass, S.A.U. ....	61	—	61	163	—	163
Grupo Antolin-Loire, S.A.S. ....	1,431	—	1,431	2,449	—	2,449
Antolin Shanghai Autoparts Co. Ltd. ....	2,452	—	2,452	3,399	—	3,399
Mexican Door Company, S.A. de C.V. ....	2,990	(1,495)	1,495	1,884	(942)	942
Antolin Tänger, S.A.R.L. ....	(1,137)	—	(1,137)	49	—	49
Silesia Plastic, Sp. zo.o ....	2,937	(1,469)	1,468	1,783	(891)	892
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	721	(281)	440	2,274	(887)	1,387
Grupo Antolin-Bratislava, s.r.o. ....	(690)	—	(690)	1,338	—	1,338
Grupo Antolin-Cambrai, S.A.S. <sup>(b)</sup> .....	(3,643)	—	(3,643)	(6,465)	—	(6,465)
Grupo Antolin-PGA, S.A.U. ....	2,482	—	2,482	3,171	—	3,171
Grupo Antolin-Illinois, Inc. ....	9,662	—	9,662	7,416	—	7,416
Grupo Antolin-Michigan, Inc. ....	11,105	—	11,105	6,336	—	6,336
Grupo Antolin-Saltillo, S. de R.L. de C.V. ....	(122)	—	(122)	2,049	—	2,049
Grupo Antolin-Jarmy, S.A.S. ....	1,519	—	1,519	825	—	825
ASH Reciclado de Techos, S.L. ....	(150)	5	(145)	(200)	10	(190)
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	849	(424)	425	2,428	(1,213)	1,215
Grupo Antolin-Kentucky, Inc. ....	4,325	—	4,325	1,669	—	1,669
Krishna Grupo Antolin PVT, Ltd. ....	1,127	(564)	563	860	(430)	430
Grupo Antolin-Ostrava, s.r.o. ....	3,827	—	3,827	2,005	—	2,005
CML Innovative Technologies, GmbH & Co. KG .....	1,186	—	1,186	—	—	—
CML Technologies, GmbH & Co. KG .....	987	—	987	—	—	—

CML Innovative Technologies, S.A.S.....	1,795	—	1,795	—	—	—
Guangzhou Socop Lamps Co., Ltd..	1,046	—	1,046	—	—	—
Grupo Antolin-Saint Petersburg <sup>(b)</sup> ...	(13,422)	—	(13,422)	(3,221)	—	—
Other companies .....	1,129	310	1,439	(4,540)	(103)	1,216
<b>Company consolidated proportionally—</b>						
International Door Company, B.V. .	(121)	—	(121)	77	—	77
<b>Companies accounted for using the equity method—</b>						
Grupo Antolin Wayne, LLC .....	1,086	—	1,086	722	—	722
International Door System S.R.L. de C.V.....	1,026	—	1,026	1,845	—	1,845
Slovakian Door Company, s.r.o. ....	(248)	—	(248)	(283)	—	(283)
Dongwon Technology Co., Ltd.....	86	—	86	556	—	556
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd.....	861	—	861	297	—	297
Antolin Kasai Tek Chennai PVT, Ltd. ....	(74)	—	(74)	—	—	—
	<b>49,304</b>	<b>(7,681)</b>	<b>41,623</b>	<b>50,345</b>	<b>(10,283)</b>	<b>40,062</b>

(a) During 2010, the company Grupo Antolin- Autoform, GmbH & Co. KG ceased trading and is currently inactive.

(b) In recent financial years the Group has implemented an efficiency programme and measures to improve the performance of these consolidated subsidiaries with the medium-term goal of reversing the recurring losses currently being reported. This is being achieved in most cases, such as those of Trimtec, Ltda. and Grupo Antolin Cambrai, S.A.S. Others are currently just starting up operations or are expanding their facilities.

### Adjustments for changes in value—

In addition to the exchange differences detailed in the table above, the balances on this heading at 31 December 2012 and 2011 in the accompanying consolidated statement of financial position include net changes in the fair value of:

- Financial assets classified as available for sale (see Note 9).
- Financial derivatives designated as hedges in a cash flow hedge relationship (see Note 18).
- Actuarial gains and losses (see Note 16).

Set out below is the movement in these items during 2011 and 2012:

Description	Thousands of Euros						
	Balance at 31/12/10	Amounts Transferred to Income	Change in Fair Value, Net	Balance at 31/12/11	Amounts Transferred to Income	Change in Fair value, Net	Balance at 31/12/12
Available-for-sale financial assets .....	9,449	—	476	9,925	4,120	(3,562)	10,483
Less—tax effect (Note 20)....	(2,835)	—	(143)	(2,978)	(1,236)	1,068	(3,146)
	<b>6,614</b>	<b>—</b>	<b>333</b>	<b>6,947</b>	<b>2,884</b>	<b>(2,494)</b>	<b>7,337</b>
Cash flow hedges.....	(11,858)	2,578	(2,787)	(12,067)	4,826	(5,515)	12,756
Less—tax effect (Note 20)....	3,557	(773)	836	3,620	(1,448)	1,655	3,827
	<b>(8,301)</b>	<b>1,805</b>	<b>(1,951)</b>	<b>(8,447)</b>	<b>3,378</b>	<b>(3,860)</b>	<b>(8,929)</b>
<b>Actuarials gains and losses..</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(1,087)</b>	<b>(1,087)</b>

### Non-controlling interests—

The balance of this heading in the consolidated statement of financial position relates to the equity held by non-controlling interests in the fully consolidated companies. The balance of “Income attributable to non-controlling interests” in the consolidated statement of income relates to the non-controlling shareholders’ share of profit and loss for the year.

The movements in this heading in the consolidated statement of financial position in 2012 and 2011 are as follows:

2012

Company	Thousands of euros					
	Opening Balance	Additions and Retirements	Dividends and Other Items	Profit/(loss) for 2012 Attributable to Non-controlling Interests	Exchange Differences	Closing Balance
Ototrim Panel Sanayi ve Ticaret, A.S. ....	13,476	—	(3,592)	3,045	712	13,641
Iramec Autopeças, Ltda. ....	3,290	—	(1,370)	890	(258)	2,552
Intertrim, Ltda. ....	1,236	—	—	(172)	(162)	902
Mexican Door Company, S.R.L. de C.V. ....	2,832	—	—	1,495	116	4,443
Silesia Plastic, Sp. zo.o ....	6,514	—	(492)	1,469	610	8,101
Krishna Grupo Antolin Private, Ltd. ....	2,282	—	—	564	(152)	2,694
Chongqing Antolin Tuopu Overhead System Co., Ltd. .	1,758	—	(941)	281	10	1,108
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	5,875	—	—	424	(55)	6,244
Keyland Sistemas de Gestión, S.L. ....	352	—	—	(187)	—	165
ASH Reciclado de Techos, S.L. ....	47	20	—	(5)	—	62
Yangzhou Antolin Huaxiang Auto Parts Co., Ltd. ....	1,628	1,600	—	(379)	6	2,855
Cidut, S.L. ....	215	—	(19)	144	—	340
Keyland USA, Inc. ....	14	—	—	15	—	29
Keyland Méjico, S. de R.L. de C.V. ....	—	—	—	8	—	8
Irauto, S.A. ....	—	561	—	89	(74)	576
	<b>39,519</b>	<b>2,181</b>	<b>(6,414)</b>	<b>7,681</b>	<b>753</b>	<b>43,720</b>

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**(13) TOTAL EQUITY**

2011

Company	Thousands of euros					
	Opening Balance	Additions and Retirements	Dividends and Other Items	Profit/(loss) for 2011 Attributable to Non-controlling Interests	Exchange Differences	Closing Balance
Ototrim Panel Sanayi ve Ticaret, A.S. ....	12,480	—	(1,347)	4,480	(2,137)	13,476
Iramec Autopeças, Ltda. ....	3,651	—	(1,533)	1,411	(239)	3,290
Intertrim, Ltda. ....	1,505	—	(60)	(64)	(145)	1,236
Mexican Door Company, S.R.L. de C.V. ....	2,125	—	—	942	(235)	2,832
Silesia Plastic, Sp. zo.o ....	6,666	—	(308)	891	(735)	6,514
Krishna Grupo Antolin Private, Ltd..	2,152	—	—	430	(300)	2,282
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	1,296	461	(1,072)	887	186	1,758
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	4,129	—	—	1,213	533	5,875
Keyland Sistemas de Gestión, S.L. ....	262	—	—	90	—	352
ASH Reciclado de Techos, S.L. ....	249	(192) <sup>(a)</sup>	—	(10)	—	47
Yangzhou Antolin Huaxiang Auto Parts Co., Ltd. ....	—	1,600	—	(132)	160	1,628
Cidut, S.L. ....	—	79	—	136	—	215
Keyland USA, Inc. ....	—	4	—	9	1	14
	<b>34,515</b>	<b>1,952</b>	<b>(4,320)</b>	<b>10,283</b>	<b>(2,911)</b>	<b>39,519</b>

(a) This amount corresponds to the 17.65% holding that the Group acquired from non-controlling shareholders in 2011 for 90 thousand euros. The difference between the two figures was recognised as a credit to “Reserves in fully or proportionally consolidated companies” in the consolidated statement of financial position at 31 December 2011.

Set out below is an itemised analysis, by consolidated subsidiary, of the balance of this heading at 31 December 2012:

Company	Thousands of Euros				
	Share Capital	Reserves and Prior year Losses, Net	Profit/(loss) for 2012	Exchange Differences	Total
Ototrim Panel Sanayi ve Ticaret, A.S. ....	2,413	15,576	3,045	(7,393)	13,641
Iramec Autopeças, Ltda. ....	4,810	(2,095)	890	(1,053)	2,552
Intertrim, Ltda. ....	1,678	(480)	(172)	(124)	902
Mexican Door Company, S.R.L. de C.V. ....	3,933	(406)	1,495	(579)	4,443
Silesia Plastic, Sp. zo.o ....	5,324	1,444	1,469	(136)	8,101
Krishna Grupo Antolin Private, Ltd. ....	503	2,052	564	(425)	2,694
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	693	(200)	281	334	1,108
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	3,700	988	424	1,132	6,244
Keyland Sistemas de Gestión, S.L. ....	100	252	(187)	—	165
ASH Reciclado de Techos, S.L. ....	112	(45)	(5)	—	62
Yangzhou Antolin Huaxiang Auto-Parts Co., Ltd. ....	3,200	(132)	(379)	166	2,855
Cidut, S.L. ....	202	(6)	144	—	340
Keyland USA, Inc. ....	4	11	15	(1)	29
Keyland Méjico, S. de R.L. de C.V. ....	—	—	8	—	8
Irauto, S.A. ....	211	350	89	(74)	576
	<b>26,883</b>	<b>17,309</b>	<b>7,681</b>	<b>(8,153)</b>	<b>43,720</b>

Set out below are the non-controlling interests with holdings of more than 5% in the share capital of any subsidiary company:

Subsidiary Company	Non-controlling Interest	Percentage Held
Ototrim Panel Sanayi ve Ticaret, A.S. ....	SKT Yedek Parça ve Makina Sanayi ve Ticaret, A.S.	50.00
Iramec Autopeças, Ltda. ....	Küster Holding, GmbH <sup>(a)</sup>	50.00
Intertrim, Ltda. ....	Luiz Rodovil Rossi	14.72
Mexican Door Company, S.R.L. de C.V. ....	Küster Holding, GmbH <sup>(a)</sup>	50.00
Silesia Plastic, Sp. zo.o ....	Industrias Alegre, S.A.	50.00
Krishna Grupo Antolin Private, Ltd..	Krishna Maruti Limited	50.00
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	Ningbo Tuopu Vibration Control System Co., Ltd.	39.00
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	Ningbo Huaxiang Auto Parts Co., Ltd.	50.00
Keyland Sistemas de Gestión, S.L. ...	Matchmind, S.L.	50.00
ASH Reciclado de Techos, S.L. ....	Juan A. Saldise	3.57
Yangzhou Antolin Huaxiang Auto Parts Co., Ltd. ....	Ningbo Huaxiang Auto Parts Co., Ltd.	50.00
Cidut, S.L. ....	Roberto Bocanegra Varona	50.00
Keyland USA, Inc. ....	Matchmind, S.L. <sup>(b)</sup>	50.00
Keyland México, S. de R.L. de C.V.	Matchmind, S.L. <sup>(b)</sup>	50.00
Irauto, S.A. ....	Verónica Beatriz D'Amato	50.00

(a) Holding held indirectly via International Door Company, B.V.

(b) Holding held indirectly via Keyland Sistemas de Gestión, S.L.

#### (14) EARNINGS PER SHARE

##### Basic earnings per share—

Basic earnings per share are calculated by dividing the net profit attributed to the holders of equity instruments in the Parent by the weighted average number of shares outstanding during that year, excluding the average number of treasury shares held during the year.

Set out below is an analysis of basic earnings per share:

Description	2012	2011
Income for the year attributed to holders of net equity instruments in the Parent ( <i>thousand euros</i> ) .....	41,623	40,062
Weighted average number of shares outstanding in the year ( <i>thousand shares</i> ) .....	8,023	8,023
<b>Earnings per share (euros) .....</b>	<b>5.19</b>	<b>4.99</b>

The weighted average number of shares outstanding at 31 December 2012 and 2011 was 8,023,241.

##### Diluted earnings per share—

Diluted earnings per share are calculated in much the same way as basic earnings per share, but the weighted average number of shares outstanding is adjusted to take into account the potential diluting effect of the share options, warrants and convertible debt current at the year end.

At 31 December 2012 and 2011, diluted earnings per share was the same as basic earnings per share as the Group had no diluting instruments.

#### (15) GRANTS

The movements in this heading in the consolidated statement of financial position in 2011 and 2012 are as follows:

	Thousands of Euros
Balance at 31 December 2010 .....	8,159
Additions .....	70
Income recognised in the year .....	(2,257)
Changes in the scope of consolidation .....	6

<b>Balance at 31 December 2011</b> .....	<b>5,978</b>
Grant awarded in Romania during 2012 .....	4,494
Other additions .....	65
Income recognised in the year .....	(2,222)
<b>Balance at 31 December 2012</b> .....	<b>8,315</b>

During 2012 the Romanian consolidated subsidiary CML Innovative Technologies, S.R.L. was awarded a grant of 4,494 thousand euros to finance investments in a new plant (*land, buildings and equipment*). The grant had not been received at 31 December 2012 and a receivable was recognised under “Non- current financial assets” (*1,424 thousand euros*) and “Other current financial assets” (*3,070 thousand euros*) in the accompanying consolidated statement of financial position at 31 December 2012 (see Note 9).

The remaining non-refundable grants were awarded by Spanish, French and German public bodies, to finance certain investments made by the Group in a number of production plants.

In order for these grants to qualify as non-refundable, the companies receiving them must fulfil a number of general and specific conditions, such as making the approved investments, creating and maintaining a given number of jobs and evidencing a certain level of equity at the end of a specified period. The Parent’s Directors consider that all the general and specific conditions established in the respective Individual Grant Resolutions relating to the capital grants made to the consolidated companies have been and/or will be met.

Capital grants received by the Group at 31 December 2012 will be taken to income as follows:

<u>Released to income</u>	<u>Thousands of Euros</u>
In one year .....	1,771
One to five years .....	3,933
After five years .....	2,611
	<b>8,315</b>

## (16) NON-CURRENT PROVISIONS

The movements in this heading in the consolidated statement of financial position in 2011 and 2012 are as follows:

<u>Description</u>	<u>Thousands of Euros</u>		
	<u>Provisions for Pension Commitments</u>	<u>Other Provisions</u>	<u>Total</u>
<b>Balance at 31 December 2010</b> .....	—	<b>17,695</b>	<b>17,695</b>
Taken to income for the year .....	—	6,638	6,638
Reversals credited to income for the year .....	—	(7,785)	(7,785)
Provisions applied.....	—	(2,326)	(2,326)
Exchange differences.....	—	(787)	(787)
<b>Balance at 31 December 2011</b> .....	—	<b>13,435</b>	<b>13,435</b>
Investments incorporated in the scope of consolidation .....	7,452	410	7,862
Taken to income for the year .....	495	7,274	7,769
Reversals credited to income for the year .....	—	(3,683)	(3,683)
Provisions applied.....	—	(6,271)	(6,271)
Contributions to the pension plan contracted with an insurance entity and payments to beneficiaries .....	(838)	—	(838)
Remeasurements recognised ( <i>for actuarial gains and losses</i> ) .....	1,087	—	1,087
Translation differences and other items .....	318	(467)	(149)
<b>Balance at 31 December 2012</b> .....	<b>8,514</b>	<b>10,698</b>	<b>19,212</b>

### **Provisions for pension commitments—**

The balance on this heading at 31 December 2012 corresponds to a provision to meet long-term commitments to staff (*pension commitments to certain current and former employees*) in the British, French and German companies of the “CML Innovative Technologies” group acquired by Grupo Antolin in January 2012 (*7.5 million euros*) (see Note 5). Some of these companies have outsourced their pensions liabilities with an insurance company.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**(16) NON-CURRENT PROVISIONS**

The amount recognised in the consolidated statement of financial position at 31 December 2012 has been determined as follows:

	<b>Thousands of Euros</b>
Present value of the obligations at the end of the reporting period .....	20,926
Fair value of the assets assigned to the plan at the end of the reporting period.....	(12,412)
<b>Liability in the consolidated statement of financial position at 31 December 2012.....</b>	<b>8,514</b>

These amounts have been calculated using appropriate actuarial studies. The technical assumptions applied by the consolidated subsidiaries (*interest rates, mortality tables, accumulated annual CPI, etc.*) are in line with the socio-economic situation of each country. The discounted interest rates used range from 3% to 4.1%.

**Other provisions—**

The balance of this heading on the accompanying consolidated statement of financial position at 31 December 2012 essentially comprises provisions set up to meet commitments entered into with the personnel of some of the consolidated companies (*4 million euros*), some claims by suppliers and customers (*5.4 million euros*), and certain liabilities in respect of court proceedings and claims that have been brought against the consolidated subsidiaries during the normal course of their business and which are pending resolution at 31 December 2012 (*1.3 million euros*). Neither the legal advisors of the Group nor the Directors of the Parent expect any of these proceedings and claims pending resolution at 31 December 2012 to produce a material impact on the consolidated annual financial statements for the years in which said proceedings are concluded.

**(17) BANK LOANS, DEBENTURES AND OTHER MARKETABLE SECURITIES**

At the end of 2012 and 2011, the Group had been granted the following financing by various financial institutions:

<b>Description</b>	<b>Thousands of Euros</b>					
	<b>31/12/12</b>			<b>31/12/11</b>		
	<b>Current Liabilities</b>	<b>Non-Current Liabilities</b>	<b>Total</b>	<b>Current Liabilities</b>	<b>Non-Current Liabilities</b>	<b>Total</b>
Payables under finance leases....	3,719	9,065	12,784	2,915	9,255	12,170
Syndicated credit facility .....	39,216	210,473	249,689	31,176	249,689	280,865
Loan for “RDI & CONVERGENCE” project ...	—	70,000	70,000	—	—	—
Syndicated loan.....	2,800	11,200	14,000	—	14,000	14,000
Other loans.....	8,838	16,247	25,085	12,799	32,183	44,982
Credit lines.....	59,193	71,499	130,692	37,277	38,929	76,206
Invoice discount lines .....	2,608	—	2,608	9,683	—	9,683
Interest payable.....	3,704	—	3,704	2,689	—	2,689
Less—Financial remeasurement	—	(1,842)	(1,842)	—	(2,820)	(2,820)
	<b>120,078</b>	<b>386,642</b>	<b>506,720</b>	<b>96,539</b>	<b>341,236</b>	<b>437,775</b>

The schedule of maturities of this financial debt at 31 December 2012 and 2011, excluding the reduction for financial remeasurement, is as set out below:

<b>Maturing in the Year</b>	<b>Thousands of Euros</b>	
	<b>Debt at 31/12/12</b>	<b>Debt at 31/12/11</b>
2012.....	—	96,539
2013.....	120,078	106,176
2014.....	167,160	84,557
2015.....	122,823	123,028
2016.....	22,351	17,201
2017 and later .....	76,150	13,094
	<b>508,562</b>	<b>440,595</b>

## Payables under finance leases—

The lease payments outstanding at 31 December 2012, including the purchase options, fall due as follows (see Note 8):

Thousands of Euros					
Maturing in:					
2013	2014	2015	2016	2017 and Later	Total
3,719.....	3,540	2,957	992	1,576	12,784

This financing accrues interest at a variable market rate.

## Syndicated loan—

On 9 March 2005, the Parent arranged a syndicated loan for a maximum amount of 320 million euros, with leading Spanish and international financial institutions, in order to finance the Group's investment plan and restructure its bank debt. On 29 July 2009 and on 16 December 2011, a "Contract to Modify the Syndicated Loan without Extinguish it" was signed in respect for the syndicated loan. The most significant changes included in these novation agreements were as follows:

- In the first modification of the agreement, the amount of the syndicated loan was extended by a further tranche of 50 million euros, and the principal outstanding on the loan at the novation date was 299 million euros. Furthermore, the schedule for repaying the principal of the loan was modified and an 18-month grace period granted, as a result of which the first repayment of the principal did not fall due until January 2011. The final repayments of the various tranches of the syndicated loan were extended until 2015 and 2017.
- In the modification of the agreement signed on 16 December 2011, restrictions on the acquisition and disposal of assets by the Group were relaxed (*in the latter case, changes have been introduced in the reinvestment periods*), and on the sale and replacement of Group companies acting as guarantors and on the distribution of dividends (see Note 13).
- Furthermore, in both modifications of the agreements, the levels required for annual compliance with financial ratios were changed, and brought into line with the Group's Business Plan, and the spread applying to the calculation of the annual interest accruing on the syndicated loan was increased.

After the first non-extinguishing modifying novation agreement in respect of the syndicated loans, the total of the loan was divided into 4 tranches, the first one for 126,730 thousand euros, the second for 42,250 thousand euros, the third for 80,000 thousand euros and the fourth for 50,000 thousand euros. Each tranche has an established repayment schedule, with final maturity dates set for 29 July 2015, for the first, third and fourth tranches, and 29 July 2017, for the second tranche.

The principal yet to be repaid on the syndicated loan at 31 December 2012 totalled 249,689 thousand euros. In 2012, 31,176 thousand euros were repaid (*18,115 thousand euros at 31 December 2011*). The schedule of repayments is as set out below:

Thousands of Euros					
Maturing in:					
2013	2014	2015	2016	2017 and Later	Total
39,216.....	74,922	114,954	7,922	12,675	249,689

Notwithstanding the above schedule, the Parent may, at any moment during the life of the loan, opt to repay all or part of the outstanding amount, as long as said repayment is made on certain accrual dates and for certain amounts. Furthermore, under the loan agreement, the following events will trigger full or partial early repayment:

- If the Parent or any of the companies in the Group acting as guarantor make any substantial sales of fixed assets, exceeding a set annual amount (*separately or combined*) or a set accumulated amount during the life of the loan, and said assets are not replaced by other assets of similar characteristics or of the same or better quality, an early repayment must be made on the loan for an amount equal to the part of the total proceeds of the sale that has not been used to replace assets. However, the early repayment of the loan will not be obligatory if the majority of the financing institutions have previously authorised the disposal of said assets.



- If any of the consolidated subsidiary companies that are acting as guarantor are sold, and the proceeds of the sale are not reinvested within 12 months of said operation (*in accordance with the terms set out in the syndicated loan contract*), said amount must be used to make an early repayment of the syndicated loan.

The syndicated loan bears annual interest benchmarked to the Euribor, plus a variable market spread, which is revised each year to reflect compliance with certain “financial ratios and covenants”.

This loan is backed by a joint and several guarantee from almost all of the companies composing Grupo Antolin, and liens established on certain receivables and term deposits. At 31 December 2012, liens on fixed-term deposits amounted to 146,365 thousand euros (*154,899 thousand euros at 31 December 2011*).

The clauses of the first of the non-extinguishing modifying novation agreement in respect of the syndicated loan specify that the following events will trigger the full early repayment of the loan:

- Failure to repay the principal or pay the interest on the loan as and when they fall due.
- Any decision resulting in a merger, demerger, dissolution or liquidation without the prior consent of a majority of the financial institutions, or any decision to reduce the share capital and reserves of the Parent or the Group companies that are securing this credit, except in certain specified circumstances.
- The appearance of any contingent liability of over 12 million euros that was not stated in the financial statements of the borrower or guarantors.
- Failure of the Group to meet the financial ratios set in the syndicated loan agreement or to remedy said failure within three months.
- A change of control in the Group or in certain shareholders of the Parent (*Canea, S.L., Injat, S.L. and Agrícola Cinegética San Quirce, S.L.*). For these purposes, no change in control shall be deemed to have taken place if any of the consolidated subsidiary companies that are acting as guarantors is sold, provided said sale meets certain requirements laid down in the syndicated loan agreement, including the obligation to use the proceeds of the sale to reinvest in other assets with similar characteristics to those sold within twelve months of the operation, or to have acquired assets of the same or better quality in the six months prior to the operation. If, after the 12-month term after the sale of the consolidated subsidiary company or companies has expired, the corresponding reinvestment has not been made, the proceeds of the sale must be used to make an early repayment of the syndicated loan.

Furthermore, the non-extinguishing modifying novation agreements in respect of the syndicated loan specifies a series of obligations for the Parent relating to the disclosure of information, the business and the activity of the Group, corporate operations and other corporate agreements.

At 31 December 2012, the “financial ratios and covenants” set for 2012 had been met and the Parent’s Directors considered that all the clauses and obligations set out in the non-extinguishing modifying novation agreement in respect of the syndicated loan have been fulfilled and no event which could trigger full or partial early repayment has occurred. They also consider that all conditions will be met in the next 12 months.

#### **Long-term loan granted by the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE) for the “RDI & CONVERGENCE” project—**

On 22 October 2012 the Parent and the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE) (*a company wholly owned by the Regional Government of Castilla y León*) signed an agreement under which the public body granted a long term loan of 70 million euros to finance a project entitled “RDI & CONVERGENCE”. This funding will be invested in research, development and innovation activities to develop lightweight materials for the construction of motor vehicles and in property plant and equipment to improve productivity, flexibility and energy efficiency and to reduce costs in converging regions in Spain, Portugal and the Czech Republic and in Turkey. The total planned investment in the project is 145,570 thousand euros and will be implemented by various Group companies in 2011 to 2014.

The funding for this loan was granted to the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE) by the European Investment Bank (EIB) via a loan agreement between the two entities for the same amount signed on 20 August 2012 with the stated purpose of passing the funding on to Grupo Antolin for this project. On 13 September 2012 the Group signed an agreement in this respect with the European Investment Bank (“*RDI & CONVERGENCE Project Agreement*”).

The loan accrues annual interest benchmarked to the 6-month Euribor plus a market supplement, to be reviewed annually with the agreement of all parties, and is backed by a joint and several guarantee from almost all of the companies composing Grupo Antolin acting as guarantors.

The principal is to be repaid in 28 quarterly instalments of 2,500 thousand euros, the first of which falls due on 28 January 2016 and the last on 28 October 2022. Set out below is the schedule of repayment of the principal of this syndicated loan for 70 million euros:

Thousands of Euros						
Maturing in:						
2013	2014	2015	2016	2017	2018 and Later	Total
—	—	—	10,000	10,000	50,000	<b>70,000</b>

Notwithstanding the above schedule, the Parent may opt to make an early repayment of all or part of the outstanding amount at any moment during the loan period. Furthermore, under the loan agreement, the following events will trigger full or partial early repayment:

- If any of the consolidated subsidiary companies that are acting as guarantor are sold, the proceeds of the sale must be reinvested in other assets, or another Group Company with similar characteristics must replace it as a guarantor within 12 months of said operation (*in accordance with the terms set out in the loan contract*). Otherwise, said amount must be used to make an early repayment of the loan.
- Failure to repay the principal or pay the interest on the loan as and when they fall due will trigger full repayment of the outstanding amount.
- If the Group fails to meet the technical terms and conditions of the project, or does not make the planned investments, early repayment of the uninvested part of the loan will be required. An early repayment will also be required should the cost of the project decrease by a certain amount.
- Failure to comply with the obligations established in the loan agreement relating to the disclosure of information, the business and the activity of the Group, its financial position, the lender's preferential creditor status, corporate operations and other corporate agreements will also trigger early repayment.
- Any impairment to the Group's solvency or that of the guarantors, a substantial reduction in the group's capital and reserves, or any decision resulting in a merger, demerger, dissolution or liquidation will give the lender the right to request an immediate partial or full repayment of the loan. The same will occur if the Parent grants any loan or makes a distribution to shareholders against capital and reserves, except in certain circumstances.
- Failure of the Group to meet the financial ratios set in the loan agreement or to remedy said failure within three months.

At 31 December 2012, the "financial ratios and covenants" set had been met and the Parent's Directors considered that all the clauses and obligations set out in the loan agreement have been fulfilled and no event which could trigger full or partial early repayment has occurred. They also consider that all conditions will be met in the next 12 months.

#### **Syndicated loan—**

On 8 October 2010, the Parent arranged a syndicated loan of 14 million euros with four Spanish financial institutions, in order to finance the Group's investment plan. This loan, which accrues interest at a variable annual rate (*Euribor plus a spread of 2.75%*), was guaranteed by the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE).

Under the agreement in respect of the loan granted by the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (ADE) to fund the "RDI & CONVERGENCE" project, repayments totalling 2,800 thousand euros fall due in 2013 and 11,200 thousand euros fall due in 2014.

#### **Other loans—**

Other loans granted to the Group at 31 December 2012 are as follows:

Nature of Loan	Thousands of Euros					Total
	Maturing in:					
	2013	2014	2015	2016	2017 and Later	
Euro loans.....	4,307	5,468	4,155	3,437	1,899	19,266
Foreign currency loans .....	4,531	530	758	—	—	5,819
	<b>8,838</b>	<b>5,998</b>	<b>4,913</b>	<b>3,437</b>	<b>1,899</b>	<b>25,085</b>

These loans accrue interest at a variable market rate.

#### Guarantees—

A loan was granted to the Group specifically to finance the acquisition of the land, buildings and plant of one of its factories, located in Poland, the outstanding balance of which was, at 31 December 2012, 2.6 million euros (3.7 million euros at 31 December 2011). These properties have been mortgaged as security for repayment of the loan. Two further loans were granted to the Group to finance the acquisition of the land, buildings and plant of one of its factories, located in Spain, the combined outstanding balance of which was, at 31 December 2012, 5.5 million euros (5.9 million at 31 December 2011). These properties have been mortgaged as security for repayment of the loans.

#### Credit lines—

The following credit lines had been granted to the Group at 31 December 2012:

Nature of Loan	Thousands of Euros		
	Balance drawn at 31/12/12		
	Current	Non-current	Total
Euro credit lines.....	48,261	71,499	119,760
Foreign currency credit lines .....	10,932	—	10,932
	<b>59,193</b>	<b>71,499</b>	<b>130,692</b>

At 31 December 2012, the combined limit of the credit lines in local currency and in foreign currency granted to the Group, all of which fall due in the short term, totalled 134,289 thousand euros (61,289 thousand euros of which correspond to lines falling due in 2013). In addition, under the terms of a framework agreement signed with a financial institution for granting banking operations, the Group had been granted overdraft facilities of 17,000 thousand euros (at 31 December 2011 the combined amount of this financing had a limit of 82,646 thousand euros). As a result, at 31 December 2012 the undrawn amount available to the Group from credit lines and overdraft facilities totalled 20,597 thousand euros in all.

These credit lines and overdraft facilities accrue interest at variable market rates.

At the date these consolidated financial statements for 2012 were being prepared, negotiations were at a very advanced stage with the corresponding financial institutions for the credit lines expiring in 2013 to be extended for a further year. Bearing in mind the favourable expectations in this regard, the Directors of the Parent foresee no difficulty renewing the short-term credit lines in force at 31 December 2012 when they expire.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**(17) BANK LOANS, DEBENTURES AND OTHER MARKETABLE SECURITIES**

**Syndicated factoring agreement—**

The Grupo Antolin has signed a syndicated factoring contract with recourse with eleven financial institutions. The agreement, signed in late 2010, establishes a total limit of 210 million euros. On 22 June 2012 a modifying agreement was signed whose clauses included an extension of this limit to 230 million euros. Notwithstanding the above, the parties expressly agreed that Grupo Antolin, in the period running from 1 through 31 December every year, will not be obliged to assign under said contract any receivables that may be *factored without recourse* by means of bilateral agreements with said financial institutions. Similarly, during this period, Grupo Antolin may *factor without recourse* those receivables assigned under said contract, provided it reaches bilateral agreements in this regard with said financial institutions.

The outstanding receivables assigned without recourse to financial institutions at 31 December 2012 and 2011 totalled approximately 166 and 145 million euros, respectively. As part of the risks and benefits of the assets and control over the assets is transferred in such operations, the Group directly reduces its trade receivables by the amount of the receivable assigned to the financial institutions, without recording, therefore, any financial liability in this connection (see Note 3-j).

**(18) DERIVATIVE FINANCIAL INSTRUMENTS**

The Group contracts financial derivatives over the counter (OTC), with Spanish and international financial institutions with high credit ratings. The purpose of these contracts is to offset a significant part of the impact on the syndicated loan that has been granted to the Group (see Note 17) of a rise in variable interest rates (Euribor).

The Group determines the fair value of interest rate swaps by discounting cash flows on the basis of the implicit interest rate curves calculated to reflect market conditions at the measurement date. The financial derivatives contracted by the Group at 31 December 2012 and 2011 and their fair values at said dates are:

Derivative	Notional Value of the Hedged Portion of the Syndicated Loan (in Thousands of Euros)		Hedge Contract Start Date	Hedge Contract Expiry Date	Value in Thousands of Euros	
	At 31/12/12	At 31/12/11			At 31/12/12	At 31/12/11
Interest Rate Swap (IRS) .....	—	10,020	09/03/06	10/09/12	—	(78)
Interest Rate Swap (IRS) .....	—	16,283	09/03/06	09/09/12	—	(125)
Interest Rate Swap (IRS) .....	—	13,777	09/03/06	09/09/12	—	(103)
Interest Rate Swap (IRS) .....	—	16,283	09/03/06	09/09/12	—	(122)
Interest Rate Swap (IRS) .....	33,598	31,406	01/09/09	29/07/17	(2,968)	(2,554)
Interest Rate Swap (IRS) .....	121,301	113,384	01/09/09	29/07/15	(8,097)	(7,657)
Interest Rate Swap (IRS) .....	51,800	19,846	09/09/09	09/03/14	(1,691)	(1,428)
	<b>206,699</b>	<b>220,999</b>			<b>(12,756)</b>	<b>(12,067)</b>

The Group uses Interest Rate Swaps to hedge a significant portion of the syndicated loan granted to it. The interest rates are swapped so that the Group receives a variable interest rate (*6-month Euribor*) from the financial institution, in return for paying a flat rate of interest on the same notional. The variable interest received on the derivative offsets interest payments on the hedged operation. Ultimately, thus, the Group pays a fixed rate of interest on the hedged liability.

The swaps have been designated as “hedging instruments” and have a scaled fixed rate, i.e., a different fixed rate for each settlement period, or else provide for fixed instalments.

The amount recognised at 31 December 2012 in equity under “Remeasurements” in the accompanying consolidated statement of financial position at that date (see Note 13), as the effective portion of the cash flow hedging relationship totalled 12,756 thousand euros (*12,067 thousand euros at 31 December 2011*), excluding the corresponding

tax effect. The Group has designated the relevant hedging relationships at 31 December 2012 and they are effective within the 80-125% range allowed by IAS 39, according to the methodology for measuring effectiveness used by the Group. In 2012, with regard to these financial derivatives, the Group has deducted 4,826 thousand euros from “Remeasurements-hedging operations” (*corresponding to interest accrued on the hedging derivatives in 2012*). This amount was taken to the consolidated income statement for 2012 when the interest on the hedged financial liabilities was recognised in accordance with the designated hedging relationships.

Set out below is the forecast movement in the hedged notional amount for coming years:

Derivative	Thousands of Euros				
	Notional Amount Outstanding at 31 December:				
	2013	2014	2015	2016	2017
Interest Rate Swap (IRS) .....	25,834	23,671	15,448	9,506	—
Interest Rate Swap (IRS) .....	93,267	85,460	—	—	—
Interest Rate Swap (IRS) .....	51,800	—	—	—	—
	<b>170,901</b>	<b>109,131</b>	<b>15,448</b>	<b>9,506</b>	<b>—</b>

#### Sensitivity analysis of interest rate derivatives—

The changes in fair value of the derivatives contracted by the Group depend on movements in the long-term euro interest-rate curve. The exposure of the fair value of the interest rate derivatives at 31 December 2012 to changes of +/- 50 base points on the long-term interest rate curve is as set out below:

Sensitivity “Hedge Derivatives According to IAS 39”	Thousands of Euros
+0.5% ( <i>in net equity</i> ) .....	1,966
-0.5% ( <i>in net equity</i> ) .....	(1,943)

The sensitivity analysis shows that the value of interest rate derivatives designated as “accounting hedges” increases when the interest curve shifts upward as they are interest rate swaps on which the Group pays interest at a fixed rate, protecting it against such increases. The sensitivity of the derivatives at 31 December 2012 will affect net equity, for the effective portion, to the extent that market conditions can change.

The Group has also carried out a sensitivity analysis on the total amount of its financial debt at variable interest rates outstanding at 31 December 2012 (see Note 24).

#### (19) OTHER FINANCIAL LIABILITIES

“Other current financial liabilities” and “Other non-current financial liabilities” in the consolidated statement of financial position at 31 December 2012 were as follows:

Description	Thousands of Euros		
	Current Liabilities	Non-Current Liabilities	Total
Loans granted by Spanish public bodies .....	1,105	40,403	41,508
Other financial liabilities .....	—	6,284	6,284
Less—Financial remeasurement .....	—	(6,730)	(6,730)
	<b>1,105</b>	<b>39,957</b>	<b>41,062</b>

#### Loans granted by Spanish public bodies—

Most of the balances under this heading at 31 December 2012 and 2011 corresponded to loans granted to Grupo Antolin by certain Spanish public bodies to finance research and development projects and improve competitiveness. In 2009, 2010, 2011 and 2012, the Ministry for Industry, Tourism and Trade, through the Plan for Competitiveness of the Motor Industry, granted long-term interest-free loans to Grupo Antolin for 20,150, 5,627, 4,003 and 5,079 thousand euros, respectively. Generally, these loans must be repaid in 10 regular annual instalments falling due between 2015 and 2026.

The nominal amount of these and other loans granted by Spanish public bodies outstanding at 31 December 2012 will be repaid in accordance with the following maturity schedule:

Thousands of Euros						
Maturing in:						
2013	2014	2015	2016	2017	2018 and Later	Total
1,105	950	3,841	4,154	4,294	27,164	41,508

## (20) TAX MATTERS AND TAX RECEIVABLES AND PAYABLES

### Balances with the tax authorities and Social Security Administration—

Grupo Antolin's balances with the Tax and Social Security authorities at 31 December 2012 and 2011 were as follows:

	Thousands of Euros			
	31/12/12		31/12/11	
	Current	Non- Current	Current	Non- Current
<b>TAX ASSETS:</b>				
Deferred tax assets .....	—	88,867	—	81,483
Tax receivables (Note 11)—				
VAT and other receivables .....	47,630	—	39,125	—
<b>TOTAL TAX ASSETS</b> .....	<b>47,630</b>	<b>88,867</b>	<b>39,125</b>	<b>81,483</b>
<b>TAX LIABILITIES:</b>				
Deferred tax liabilities .....	—	30,085	—	25,894
Tax payables—				
Current tax liabilities .....	14,733	—	4,737	—
Other taxes .....	48,988	—	46,650	—
Social security contributions payable .....	10,347	—	10,209	—
<b>TOTAL TAX LIABILITIES</b> .....	<b>74,068</b>	<b>30,085</b>	<b>61,596</b>	<b>25,894</b>

### Corporation Tax—

As indicated in Note 3-p, Grupo Antolin-Irausa, S.A. and all of its consolidated Spanish subsidiaries domiciled in Spanish "common territory" in which it has holdings of 75% or more file consolidated corporation tax returns.

The consolidated companies taxed included in this tax group are as follows:

#### Company

Grupo Antolin-Irausa, S.A.  
 Grupo Antolin-Ara, S.L.U.  
 Grupo Antolin-Dapsa, S.A.U.  
 Grupo Antolin-Aragusa, S.A.U.  
 Grupo Antolin-Eurotrim, S.A.U.  
 Grupo Antolin-RyA, S.A.U.  
 Grupo Antolin-Autotrim, S.A.U.  
 Grupo Antolin-Ardasa, S.A.U.  
 Grupo Antolin-Martorell, S.A.U.  
 Grupo Antolin-Plasbur, S.A.U.  
 Grupo Antolin-Ingeniería, S.A.U.  
 Grupo Antolin-Glass, S.A.U.  
 Grupo Antolin-Navarra, S.A.U.  
 Grupo Antolin-Vigo, S.L.U.  
 Grupo Antolin-Magnesio, S.L.U.  
 Grupo Antolin-PGA, S.A.U.  
 ASH Reciclado de Techos, S.L.

The corporate income tax charge is calculated for each consolidated subsidiary based on accounting profit, determined in accordance with generally accepted accounting principles, which need not coincide with taxable income, this latter being the tax base.

The reconciliation of consolidated accounting income to the expected tax base for corporate income tax purposes for 2012 and 2011 is as follows:

Description	Thousands of Euros	
	2012	2011
<b>Consolidated income for the year before taxes</b> .....	<b>76,931</b>	<b>75,965</b>
<b>Permanent differences-</b>		
Losses incurred by certain foreign consolidated companies for which no tax asset has been recorded .....	44,756	42,965
Individual companies and adjustments in consolidation:		
Increases .....	12,639	11,494
Decreases <sup>(a)</sup> .....	(33,695)	(39,802)
Share in profit and loss of companies consolidated using the equity method .....	(2,737)	(3,137)
<b>Timing differences—</b>		
Increases:		
Individual companies <sup>(b)</sup> .....	11,669	20,370
Consolidation adjustments .....	7,641	618
Decreases:		
Individual companies <sup>(b)</sup> .....	(7,515)	(14,170)
Consolidation adjustments .....	(74)	—
<b>Application of tax loss carryforwards—</b>		
For which a tax credit had been recorded .....	—	(350)
For which no tax credit had been recorded .....	(16,458)	(11,686)
<b>Consolidated taxable income</b> .....	<b>93,157</b>	<b>82,267</b>

(a) Decreases mainly correspond to provisions made by the Parent for impairments to its holdings in the share capital of consolidates subsidiaries that do not form part of the consolidated tax group, since these provisions are generally considered as tax deductible expenses.

(b) The most significant increases correspond to allocations made to certain provisions and other expenses incurred which the Group considers are not tax-deductible (*timing differences*). The most significant decreases correspond to the reversal of certain provisions that were not considered to be tax deductible when originally allocated (*timing differences*).

#### Corporate income tax expense—

The balances on the “Corporate income tax” heading in the consolidated income statement for 2012 and 2011 have been determined as follows:

Description	Thousands of Euros	
	2012	2011
Profit before tax on continuing operations.....	76,931	75,965
Permanent differences .....	20,963	11,520
Application of prior year tax losses for which no tax credit had been recognised .....	(16,458)	(11,686)
	<b>81,436</b>	<b>75,799</b>
<b>Estimated tax charge (at 30%)</b> .....	<b>24,431</b>	<b>22,740</b>
Tax deductions applied for which no tax credit had been capitalised .....	(1,392)	(2,001)
Other items <sup>(a)</sup> .....	2,327	881
<b>Corporate income tax expense</b> .....	<b>25,366</b>	<b>21,620</b>
Other adjustments <sup>(b)</sup> .....	2,261	4,000
<b>Balance of “Corporate income tax” in the consolidated income statement</b> .....	<b>27,627</b>	<b>25,620</b>

(a) Corresponding principally to the net effect of the different tax rates used in other countries and an amount of 1,612 thousand euros (1,996 thousand euros in 2011) for taxes paid in other countries on dividends, interest and other amounts paid to the Parent and other Spanish consolidated subsidiary companies for which said companies have made no deductions.

(b) These adjustments include corrections following the reassessment at 31 December 2012 and 2011 of certain capitalised tax credits by the Spanish consolidated tax Group in respect of deductions pending application and the capitalisation in 2012 of certain tax loss carryforwards.

#### Tax loss carryforwards—

Although at 31 December 2012 some of the consolidated companies were carrying significant tax loss carryforwards (around 596 million euros in total), the accompanying consolidated statement of financial position at that date only includes a tax asset of 57,452 thousand euros relating to the tax effect of offsetting the following tax loss carryforwards, which can reasonably be expected to be applied (*specifically, they correspond to a tax loss generated in in 2008-2012 by the Spanish tax consolidated group and certain tax loss carryforwards generated in previous financial years by the consolidated subsidiary Grupo Antolin-Leamington, Ltd.*).

Tax losses generated in a given year can be carried forward for offset against the taxable income of the immediately following years, as established in the tax legislation of the countries in which the consolidated companies are located.

The Group has recognised a large part of the tax effect of the losses generated by the consolidated subsidiary companies that are not in the Spanish consolidated tax Group (*for which the Group capitalised no tax credit*) through provisions made by the Parent for impairments to the value of its shareholdings in said consolidated subsidiaries which are treated as tax- deductible expenses.



**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**(20) TAX MATTERS AND TAX RECEIVABLES AND PAYABLES**

**Deferred tax assets and liabilities—**

The movements in 2012 and 2011 under “Deferred tax assets” and “Deferred tax liabilities” in the accompanying consolidated statement of financial position were as follows:

Description	Thousands of Euros	
	Assets	Liabilities
<b>Balances at 31 December 2010</b> .....	<b>77,898</b>	<b>22,645</b>
Change in the fair value of available for sale financial assets (Note 13) .....	—	143
Capitalisation of tax loss carryforwards and correction of rights for unused deductions .....	756	—
Market valuation of derivative financial derivatives (Note 13) .....	63	—
Changes for timing differences <sup>(a)</sup> .....	2,485	826
Transfers from other liability items .....	—	2,280
Changes in other items, reclassifications and translation differences .....	281	—
<b>Balances at 31 December 2011</b> .....	<b>81,483</b>	<b>25,894</b>
Balances from incorporations into the scope of consolidation .....	—	5,543
Change in the fair value of available for sale financial assets (Note 13) .....	—	168
Capitalisation of tax loss carryforwards and correction of rights for unused deductions .....	4,844	—
Market valuation of derivative financial derivatives (Note 13) .....	207	—
Changes for timing differences .....	2,132	(1,227)
Changes in other items, reclassifications and translation differences .....	201	(293)
<b>Balances at 31 December 2012</b> .....	<b>88,867</b>	<b>30,085</b>

(a) Changes in deferred tax assets correspond mainly to the tax effect of provisions (*which are not tax-deductible*) and reversals thereof by the Parent for the negative equity of consolidated subsidiaries which do not belong to the consolidated tax Group, together with other provisions and non-deductible expenses recognised in the year, and the effect of certain consolidation adjustments.

The aforementioned deferred tax assets have been recognised in the consolidated statement of financial position because the Parent’s Directors are reasonably sure that they will be recovered, based on recent forecasts of the future tax bases of the consolidated subsidiaries. The key figures in Grupo Antolin’s Business Plan for 2013-2017, prepared by Group Management and pending approval, are as follows:

	Million Euros				
	2013	2014	2015	2016	2017
Consolidated income .....	2,169	2,282	2,405	2,554	2,663
Consolidated EBITDA.....	235	272	300	318	333
Consolidated EBIT .....	124	154	173	181	190

The deferred tax assets recognised in the consolidated statement of financial position at 31 December 2012 and 2011 were generated as follows:

Deferred Tax Assets Originating in:	Thousands of Euros	
	31/12/12	31/12/11
Tax loss carryforwards and unused deductions and refunds .....	66,745	61,901
Elimination of internal gain / (loss) in the consolidation process on development expenses invoiced by G.A. Ingeniería, S.A.U. ....	3,283	3,076
Timing differences as a result of certain provisions, expenses that are not deductible in the period and other items <sup>(a)</sup> .....	15,012	12,886
Market valuation of derivative financial derivatives (Note 13) .....	3,827	3,620
	<b>88,867</b>	<b>81,483</b>

(a) A significant part of this balance corresponds to the tax effect of provisions (*which are not tax-deductible*) and reversals thereof by the Parent for the negative equity of consolidated subsidiaries which do not belong to the consolidated tax Group.

The deferred tax liabilities recognised in the consolidated statement of financial position at 31 December 2012 and 2011 were generated as follows:

<b>Deferred Tax Liabilities Originating in:</b>	<b>Thousands of Euros</b>	
	<b>31/12/2012</b>	<b>31/12/2011</b>
Fair value of available for sale financial assets (Note 13).....	3,146	2,978
Revaluation of certain plots of land under property, plant and equipment (Note 8) and investment property on first application of the “IFRS-EU” .....	8,703	8,703
Unrealised capital gains assigned to assets in the consolidation process .....	6,889	2,772
Accelerated depreciation and amortisation of property, plant and equipment and intangible assets.....	11,347	11,441
	<b>30,085</b>	<b>25,894</b>

### **Tax credits—**

The corporate income tax legislation in force provides for various tax incentives. The tax credits earned in one year in excess of the applicable legal limits may be deducted from the corporate income tax payable in subsequent years, up to the limits and within the periods established in this connection by the related tax regulations. The Group has availed itself of the tax benefits provided for by this legislation and deducted 1,392 and 2,001 thousand euros, respectively, from the consolidated corporate income tax charge for 2012 and 2011, for which no prior tax credit had been recorded by the Group.

At 31 December 2012 and 2011, after the aforementioned tax credits had been applied, the Spanish Group companies had the following unused tax credits:

<b>Description</b>	<b>Thousands of Euros</b>	
	<b>31/12/12</b>	<b>31/12/11</b>
International and intercompany double taxation tax credits.....	8,383	6,737
Other deductions <sup>(a)</sup> .....	65,175	61,353
	<b>73,558</b>	<b>68,090</b>

(a) These correspond mainly to deductions for R&D activities from 2000 to 2012, and can be applied for 18 years from the year in which they were generated.

“Deferred tax assets” in the accompanying consolidated statement of financial position at 31 December 2012 includes a tax credit totalling 9,293 thousand euros (*12,847 thousand euros at 31 December 2011*), for unused deductions at that date, generated by the companies in the Spanish consolidated tax Group, which are reasonably expected to be used on the basis of recent estimates made by the Parent’s Directors about the future performance of the consolidated tax Group.

### **Tax inspections and appeals in Spain—**

In recent years the tax authorities have carried out inspections of the Spanish consolidated tax Group headed by the Parent in respect of a significant portion of the taxes for the years 2002 to 2008. These inspections gave rise to a number of rulings which the Group in general accepted and which did not produce any material impact.

However, in 2009 and 2012 the Parent issued notices of disagreement to assessments against the Spanish consolidated tax Group in respect of corporate income tax for 2004 and 2005 (*assessment received in 2009*) and for 2006 and 2007 (*assessment received in 2012*) as a result of deductions to eliminate international double taxation applied by the Parent. The following appeals have been presented by the Group:

- The first assessment, which amounted to 1.6 million euros and was paid by the Parent in 2010, was appealed in the Regional Economic and Administrative Court of Castile and Leon, which issued its ruling in February 2011, and the Group’s claim was partially upheld. The Group lodged an appeal against this ruling with the National High Court. This appeal is currently pending resolution.
- The second assessment was also appealed in the Regional Economic and Administrative Court of Castile and Leon and is pending resolution. At 31 December 2012 the Group made a provision of 258 thousand euros to meet any liability that may arise as a result of these proceedings, charged to the accompanying consolidated income statement for 2012.

### **Years open to tax inspection—**

Under current legislation, tax settlements cannot be considered to be final until the tax returns filed have been inspected by the tax authorities or until the four-year statute-of-limitations period has expired.

As a general rule, at 31 December 2012, the consolidated companies had the last four years open to inspection by the tax authorities for the main taxes applicable to them and those companies incorporated prior to 2008 also had 2008 open to inspection for corporate income tax.

The Parent's Directors believe that the settlements of those taxes have been done properly, so, even if differences were to arise in the interpretation of the regulations governing the tax treatment of its operations, such liabilities as could arise as a result of inspections of the aforementioned years would not have a material effect on the accompanying financial statements for 2012.

## (21) REVENUES AND EXPENSES

### Net turnover—

The breakdown of the Group's net turnover by geographical market for 2012 and 2011 is as follows:

<b>Product or Function</b>	<b>Thousands of Euros</b>	
	<b>2012</b>	<b>2011</b>
Seats.....	181,563	223,981
Doors.....	802,311	793,019
Headliners.....	986,089	859,029
Lighting.....	117,025	—
	<b><u>2,086,988</u></b>	<b><u>1,876,029</u></b>

<b>Geographical Market</b>	<b>Thousands of Euros</b>	
	<b>2012</b>	<b>2011</b>
Spain.....	298,048	366,775
Germany.....	262,675	286,724
France.....	251,598	189,008
USA.....	294,965	201,882
Brazil.....	124,929	128,431
United Kingdom.....	116,871	99,477
Mexico.....	130,237	108,966
Czech Republic.....	104,837	101,948
Other countries.....	502,828	392,818
	<b><u>2,086,988</u></b>	<b><u>1,876,029</u></b>

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**

**(21) REVENUES AND EXPENSES**

The breakdown of the Group's ordinary revenues by customer is as follows:

<u>Car Manufacturer</u>	<u>Percentage</u>	
	<u>2012</u>	<u>2011</u>
Volkswagen Group .....	26	27
Renault-Nissan Group .....	14	14
Ford Group .....	13	13
P.S.A.-Citroën Group .....	10	13
Other manufacturers .....	37	33
	<b>100</b>	<b>100</b>

**Other operating income—**

The balances of this heading in the consolidated income statement for 2012 and 2011 break down as follows:

<u>Description</u>	<u>Thousands of Euros</u>	
	<u>2012</u>	<u>2011</u>
Revenues on the sale of project tools .....	16,316	14,648
Income from miscellaneous services .....	25,307	31,605
Operating grants .....	3,486	6,922
Income from leases of investment property .....	1,131	1,199
Revenues from the assignment of industrial property .....	3,019	684
Insurance receipts for the fire at the factory of Grupo Antolin-IGA, S.A.S. (Note 8) .....	—	9,159
Other revenue .....	13,933	15,066
	<b>63,192</b>	<b>79,283</b>

**Procurements—**

The balances of this heading in the consolidated income statement for 2012 and 2011 break down as follows:

<u>Description</u>	<u>Thousands of Euros</u>	
	<u>2012</u>	<u>2011</u>
Purchases of goods for resale .....	188,949	166,620
Purchases of raw materials .....	1,067,291	971,005
Purchases of other supplies .....	11,021	10,392
Purchases of prototypes .....	2,634	2,978
Transportation of purchases .....	22,401	18,337
Work performed by third parties .....	10,031	11,145
Less—Bulk discounts and returns .....	(986)	(633)
Change in inventories of goods for resale, raw materials and other supplies .....	(14,430)	(2,870)
	<b>1,286,911</b>	<b>1,176,974</b>

**Personnel expenses—**

The balances of this heading in the consolidated income statement for 2012 and 2011 break down as follows:

<u>Description</u>	<u>Thousands of Euros</u>	
	<u>2012</u>	<u>2011</u>
Wages, salaries and similar expenses .....	284,009	236,243
Termination benefits .....	1,387	1,974
Employer's social security contributions .....	84,846	66,555
Other welfare expenses .....	16,428	14,663
	<b>386,670</b>	<b>319,435</b>

## Average number of employees—

Set out below is the average number of employees working for the Group in 2012 and 2011:

	Average Number of Employees	
	2012	2011
Direct labour .....	7,493	6,875
Indirect labour .....	4,056	3,560
General employees .....	1,997	1,477
	<b>13,546</b>	<b>11,912</b>

The average number of employees at the associated companies in 2012 and 2011 was 828 and 737, respectively.

The average number of employees in the Group in 2012 and 2011 with disabilities of 33% or more was 148 and 115, respectively, distributed as follows by function:

	Average Number of Employees	
	2012	2011
Direct labour .....	102	81
Indirect labour .....	32	20
General employees .....	14	14
	<b>148</b>	<b>115</b>

## Functional analysis by gender—

Set out below is a functional breakdown of the work force of the group by gender at 31 December 2012 and 2011:

	Number of Employees					
	At 31/12/12			At 31/12/11		
	Men	Women	Total	Men	Women	Total
Direct labour .....	4,430	3,083	7,513	4,333	2,812	7,145
Indirect labour .....	3,347	782	4,129	2,978	629	3,607
General employees .....	1,281	684	1,965	911	519	1,430
	<b>9,058</b>	<b>4,549</b>	<b>13,607</b>	<b>8,222</b>	<b>3,960</b>	<b>12,182</b>

The number of employees of the associated companies at 31 December 2012 was 795 (438 men and 357 women), and at 31 December 2011 there were 807 employees (469 men and 338 women).

At 31 December 2012 the Board of Directors of the Parent has 1 member who is a private individual (one man), and 6 members who are legal entities, represented by four men and two women.

## (22) BALANCES AND TRANSACTIONS WITH RELATED PARTIES

### Balances and transactions with associated companies—

The Group's balances with associated companies at 31 December 2012 and 2011 are as follows:

Company	Thousands of Euros				
	31/12/12			31/12/11	
	Non-Current Loans (Note 9)	Trade Receivables	Trade Suppliers	Non-Current Loans	Trade Receivables
Grupo Antolin-Wayne, LLC .....	—	3,881	—	—	5,856
International Door Systems, S.R.L. de C.V. ...	—	17	1	5	183
Slovakian Door Company, s.r.o .....	1,002	6	—	—	22
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd .....	2,269	105	341	2,731	119
	<b>3,271</b>	<b>4,009</b>	<b>342</b>	<b>2,736</b>	<b>6,180</b>

The Group's transactions with associated companies (*sales and services provided*) during 2012 and 2011 are as follows:

Company	Thousands of Euros	
	2012	2011
Grupo Antolin-Wayne, LLC.....	28,285	22,829
Slovakian Door Company, s.r.o.....	53	86
International Door Systems, S.R.L. de C.V.....	1,732	1,836
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd.....	1,186	169
Dongwon Technology Co., Ltd.....	31	—

#### Balances and operations with shareholders and Directors of the Parent—

The balances of the Group with shareholders and Directors of the Parent at 31 December 2012 and 2011 are as follows:

Shareholders and/or Directors	Thousands of Euros	
	31/12/12	31/12/11
<b>Non-current financial assets—Other loans (Note 9):</b>		
Agrícola Cinegética San Quirce, S.L.....	1,080	1,080
Injat, S.L.....	1,354	1,354
<b>Accrued interest receivable:</b>		
Agrícola Cinegética San Quirce, S.L.....	253	216
Injat, S.L.....	256	210
<b>Cash and cash equivalents:</b>		
Caja de Ahorros Municipal de Burgos <sup>(a)</sup> .....	—	8,106
<b>Bank borrowings:</b>		
Caja de Ahorros Municipal de Burgos <sup>(a)</sup> .....	—	(30,733)

(a) This entity ceased to be Director of the Parent in 2012.

At 31 December 2012 the Group held shares in Caixabank, S.A., an entity related to shareholder and Director Anira Inversiones, S.A. (see Note 9).

The Group's transactions with shareholders and Directors of the Parent during 2012 and 2011 are as follows:

Shareholders and/or Directors and Description	Thousands of Euros	
	2012	2011
<b>Finance costs:</b>		
Caja de Ahorros Municipal de Burgos <sup>(a)</sup> .....	—	632
<b>Finance income:</b>		
Injat, S.L.....	46	67
Agrícola Cinegética San Quirce, S.L.....	37	54
Caja de Ahorros Municipal de Burgos <sup>(a)</sup> .....	—	288
<b>Services received:</b>		
Canea, S.L.....	750	448
Injat, S.L.....	1,283	1,027
<b>Directors' Remuneration and salaries</b> .....	3,392	5,173

(a) This entity ceased to be Director of the Parent in 2012.

Canea, S.L., Injat, S.L. and Agrícola Cinegética San Quirce, S.L. are shareholders and, at the same time, members of the Board of Directors of the Parent.

## GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED 31 DECEMBER 2012

#### (23) INFORMATION ABOUT THE DIRECTORS OF THE PARENT AND KEY STAFF OF THE GROUP

##### Parent Directors' remuneration and other benefits—

In 2012 the members of the Board of Directors of the Parent received 749 thousand euros in remuneration for their work as administrators of the Parent (*750 thousand euros in 2011*). Some of the members of the Parent's Board of Directors are also employees and, as such, earned wages and salaries and other benefits totalling 2,643 thousand euros in 2012 (*4,423 thousand euros in 2011*).

In addition, several Parent directors provided certain services to the Parent in 2012, for a total amount of 2,033 thousand euros (*1,475 thousand euros in 2011*). Commission and interest accrued on a loan made to the Group in 2011 from one of the Parent's Directors, a financial institution, totalled 632 thousand euros. This entity ceased to be a member of the Board of Directors during 2012.

The sum of these amounts represents the total remuneration earned by the directors of the Parent in 2012 in all connections.

The Group does not have any pension or life insurance commitments to any of the Parent's Directors.

At 31 December 2012, the Parent had granted loans to two of its Directors, totalling 2,942 thousand euros (*2,859 thousand euros at 31 December 2011*). Until 2012 one of the Parent's Directors was a financial institution with which the Group had open current accounts and a current financial investment whose balance at 31 December 2011 was approximately 8,106 thousand euros.

##### Remuneration and other benefits paid to key staff of the Group—

The remuneration accruing to key staff at the Group (*members of the Management Committee who are not Directors of the Company*) during 2012 totalled 3,781 thousand euros (*3,033 thousand euros in 2011*).

The Group has not entered into any pension commitments, nor has it granted any advances, loans or guarantees to any key member of the Group's staff.

##### “Conflicts of interest”, and equity holdings by Parent directors and/or parties related to said Directors in companies with similar activities and performance of similar activities on their own account or for the account of others—

None of the members of the Board of Directors of the Parent, nor any party related to said Board members, has any direct or indirect conflict of interest with the Group. Likewise, in accordance with section 229 of the revised text of the Spanish Corporate Enterprise Act, enacted by Royal Legislative Decree 1/2010, dated 2 July, it is reported that in 2012, the members of the Board of Directors of the Parent and/or parties related to said Board members held no equity interests in the share capital of companies engaging in an activity which is identical, similar or complementary to the activity that constitutes the corporate purpose of the Parent, or held positions or discharged functions therein except those duties and functions which some of them perform in other Antolin Group companies. Specifically, the members of the Board Mr. José Antolin Toledano, Mr. Ernesto Antolin Arribas and Mr. José Manuel Temiño Estefanía are Directors and/or hold positions or offices (*either on their own account or on behalf of and representing Grupo Antolin-Irausa, S.A.*) in virtually all the companies in Grupo Antolin that have been fully or proportionally consolidated (see Note 1).

The direct or indirect equity interests in the share capital of companies engaging in an activity which is identical, similar or complementary to the activity that constitutes the corporate purpose of the Parent held by members of the Board of Directors of the Parent and/or parties related to said Board members, and the posts and functions they exercise therein, are as follows:

Name	Investee	Activity	Holding	Functions
Company related to Anira Inversiones, S.L.:				

Compañía Andaluza de Rentas e Inversiones, S.A. ....	CIE Automotive, S.A.	Automobile components	3.33%	Member of the Board
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Name	Investee	Activity	Holding	Functions
<b>Companies related to Hiscan Patrimonio, S.A.U.:</b>				
Compañía Andaluza de Rentas e Inversiones, S.A. ....	CIE Automotive, S.A.	Automobile components	3.33%	Member of the Board
Caixa Capital TIC, S.C.R. de Régimen Simplificado, S.A.	Technical & Racing Composites, S.L.	Automobile components	23.57%	Member of the Board

Furthermore, the Directors of the Parent and/or the parties related to said Directors have not and do not engage in any activities, on their own account or on behalf of any other party that are identical, similar or complementary to the activity that constitutes the corporate purpose of the Parent, other than those performed in Grupo Antolin.

## (24) RISK MANAGEMENT POLICY

### Financial risk factors—

The Group’s activities are exposed to a number of financial risks: market risk (*fair value risk and price risk*), credit risk, liquidity risk and interest-rate risk on cash flows. The Group’s global risk management programme is focused on the uncertainty of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. Grupo Antolin uses financial derivatives to hedge against certain risks.

Risk management is controlled by the Group’s Financial Department in accordance with policies approved by the Board of Directors of the Parent. This Department identifies, evaluates and hedges financial risks in close cooperation with the Group’s operating units. The Parent’s Board of Directors determines policies for the global management of risk, and for specific risk areas such as currency risk, interest rate risk, liquidity risk, risk derived from the use of derivative and non-derivative financial instruments and the investment of cash surpluses.

#### i) Market risk—

The Group is exposed to the risk of changes in market value of the investments held as “available for sale” which are classified under “Non-current financial assets” in the consolidated statement of financial position.

The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in the production processes, is mitigated by the fact that Grupo Antolin operates with its main suppliers under long-term agreements which afford stability in prices. On the other hand, Grupo Antolin negotiates with its customers to pass on increases in the prices of certain raw materials.

The terms of agreements with customers have resulted in lower prices, which could reduce the Group’s margins. Grupo Antolin nevertheless develops improvement programs and tools to offset these decreases with increases in productivity. Grupo Antolin also negotiates with its suppliers to help it absorb these price reductions.

#### ii) Credit risk—

Grupo Antolin’s customer portfolio is diversified across the major vehicle manufacturing groups, as a result of which there is no particular concentration of credit risk. In the past, motor vehicle manufacturers were deemed not to have a major credit risk. The Group therefore considers that, in spite of the difficulties facing the motor vehicle sector, the credit ratings of its debtors are sound and its receivables in the first months of 2013 will be collectable as normal. The Group has policies for other customers to ensure that it sells to customers who have suitable credit histories.

The credit risk on cash and cash equivalents, financial derivatives and deposits with banks and financial institutions is deemed to be immaterial, as these operations are only entered into with financial institutions with high credit ratings. Grupo Antolin has policies for limiting the amount of the risk with any financial institution.

#### iii) Liquidity risk—

Grupo Antolin manages liquidity risk prudently, based on maintaining sufficient cash and negotiable securities, the availability of funding by means of sufficient committed credit facilities and the capacity to liquidate positions in the market. Furthermore, the centralised cash system the Group has set up allows it to manage financial resources with greater efficiency. Given the dynamic nature of the underlying businesses, the Group’s Financial Department aims to keep financing flexible, by contracting credit lines or factoring lines without recourse (*assigning receivables to third parties*).



Group Management monitors cash requirements, and developments in its borrowings. The key figures in Grupo Antolin's cash budget for 2013 are as follows:

<u>Description</u>	<u>Thousands of Euros</u>
EBITDA .....	234,602
Net finance income .....	(31,904)
Other items ( <i>basically, payment of corporate income tax</i> ) .....	(30,097)
<b>Cash-flow from ordinary operations</b> .....	<b>172,601</b>
CAPEX .....	(135,124)
Financial investments .....	(2,000)
Tools and changes in working capital .....	(30,446)
<b>Free cash flow of the business</b> .....	<b>5,031</b>
Repayments of financial debt <sup>(a)</sup> .....	(51,462)
Dividend payments .....	(20,000)
<b>Decrease in cash and cash equivalents in 2013</b> .....	<b>(66,431)</b>
<b>Balance of cash and cash equivalents at 31 December 2012</b> .....	<b>210,439</b>
<b>Foreseen balance of cash and cash equivalents at 31 December 2013</b> .....	<b>144,008</b>

(a) Assumes credit lines that expire in the short term will be renewed (see Note 17).

iv) **Interest rate risk for cash flows and fair value risk—**

Given that the Group does not carry major amounts of interest-earning assets, its operating revenues and cash flows are fairly independent of the variations in market interest rates.

The Group's interest rate risk stems from its non-current borrowings. The Group's variable rate borrowings expose it to interest-rate risks for cash flows. The Group's fixed rate borrowings expose it to fair value interest rate risks. At the end of the 2012 reporting period, taking into account financial derivatives contracted, approximately 41% of borrowings were at fixed interest rates.

The Group mainly manages the interest rate risk on cash flows using variable to fixed interest rate swaps. These interest rate swaps have the financial effect of converting variable interest rate borrowings into fixed interest rate borrowings. The Group generally borrows long term at variable interest rates and swaps them for fixed interest rates that are normally lower than those that the Group would have obtained had it borrowed directly at fixed rates. Under the terms of the interest rate swaps, the Group undertakes to exchange with other parties, at set intervals (*normally every six months*), the difference between the fixed interest and the variable interest calculated based on the notionals contracted.

The Group has carried out a sensitivity analysis for the amounts of the variable interest rate debt at 31 December 2012, taking into account the contractual terms of the funding in force at said date, and concluded that a 0.50% change in interest rates would lead to an increase of approximately 1,500 thousand euros in interest expense. This sensitivity analysis did not take into account the debt hedged by the interest rate swaps contracted (*for a notional of 207 million euros*).

The Group considers that there are no significant differences between the carrying amount and the fair value of financial assets and liabilities.

v) **Foreign-exchange risk—**

The international expansion of the Group and its ever-growing volume of business outside the euro zone expose it to exchange rate risks in currencies such as the Czech crown, the Brazilian real, the US dollar or the Mexican peso, which could have an impact on its results. To reduce its exposure to this risk, the Grupo avails itself of a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies. Grupo Antolin has not entered into any foreign-currency hedge rate agreements or forward contracts.

The Group has carried out a sensitivity analysis of the key figures in its 2013 budget income statement, and has concluded that a 5% rise in the euro against currencies such as the Czech crown, the Brazilian real, the US dollar and the Mexican peso, would reduce net turnover by approximately 44 million euros (*1.6% approximately*), and budgeted consolidated profit and loss for 2013 (*before tax*) would fall by approximately 3 million euros.

## (25) OTHER INFORMATION

### Guarantees given to third parties and other contingent liabilities—

At 31 December 2012 and 2011, the Parent had provided guarantees to various financial institutions for associated companies and other related non-Group companies for minor amounts to facilitate the granting of financing to these companies. Various financial institutions have also provided guarantees to public bodies on the Group's behalf to guarantee compliance with the general and particular terms of certain capital and operating grants made to the Group (see Note 15), and the repayment of a number of loans granted by public bodies to fund research and development projects (see Note 19).

The Group has also provided a guarantee for a credit line granted by a financial institution to an associated company, the outstanding balance of which at 31 December 2012 was approximately 624 thousand euros.

The Controlling Company's directors consider that any liabilities which might arise from the guarantees provided and for which provision was not made at 31 December 2012 would not be material.

### Fees paid to the auditors-

The fees for audit and other services provided during 2012 and 2011 by the Group's main auditor, or by companies related to it through common control, ownership interests or management, together with fees for services provided by other auditors to companies included in the scope of consolidation, or by companies related to them through common control, ownership interests or management, are as follows:

Description	Thousands of Euros			
	2012		2011	
	Services Provided by the Main Auditor	Services Provided by Other Audit Firms	Services Provided by the Main Auditor	Services Provided by Other Audit Firms
Audit services .....	1,229	365	1,080	303
Other verification services .....	874	24	1,503	—
<b>Total audit and related services</b> .....	<b>2,103</b>	<b>389</b>	<b>2,583</b>	<b>303</b>
<b>Other services</b> .....	<b>588</b>	<b>470</b>	<b>562</b>	<b>79</b>
<b>Total professional services</b> .....	<b>2,691</b>	<b>859</b>	<b>3,145</b>	<b>382</b>

### Disclosure on deferred payments to suppliers. Third additional disposition, "Duty of disclosure", of Law 15/2010 of 5 July—

In accordance with Law 15/2010, of 5 July, modifying Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions, applied in the Resolution issued on 29 December 2010 by the Institute of Accounting and Account Auditing (ICAC), taking into account the Second Transitional Provision of said Resolution, the payments made in 2012 and 2011 by the Spanish consolidated subsidiaries to trade suppliers and service providers in Spain are presented below, distinguishing between those paid within the maximum legal period and those not, together with the weighted average number of days past due and the payments to said trade suppliers and service providers outstanding at 31 December 2012 and 2011 which at those dates exceeded the legal time limit:

	2012		2011	
	Amount (Thousands of Euros)	% of the Total	Amount (Thousands of Euros)	% of the Total
<b>Payments made in the year:</b>				
Paid within the legal maximum period <sup>(*)</sup> .....	226,423	75.00	210,617	67.88
Remainder of payments made .....	77,184	25.00	99,684	32.12
<b>Total payments in the year</b> .....	<b>303,607</b>	<b>100.00</b>	<b>310,301</b>	<b>100.00</b>
Weighted average number of days past due .....	8	—	14	—
Overdue payments exceeding the maximum legal limit at year-end <sup>(*)</sup> .....	2,002	5.52	9,549	17.75

(\*) The legal limit has been determined in each case in accordance with that applying to the specific type of goods or service received by the Spanish consolidated companies, in accordance with Law 3/2004 of 29 December, establishing measures to combat late payment in commercial transactions.

In accordance with the aforementioned regulations, only information relating to suppliers located in Spain has been included.

#### **Environmental information—**

Grupo Antolin's environmental activities focus on two general areas:

- Environmental Management System. Based on manuals and procedures common to all the centres defining the measures to ensure strict compliance with current legislation, the rational use of resources and energy and minimising the generation of waste.
- Environment-Sensitive Design. Through its research and development centres, the Group designs its products with a view to minimising the environmental impact of the vehicle over its useful life.

The Group's property, plant and equipment include certain investments whose carrying amount at 31 December 2012 and 2011 totalled approximately 1,388 and 1,663 thousand euros, respectively, whose purpose is to reduce the environmental impact of the Group's activity and to protect and enhance the environment. In 2012 and 2011 the Group also incurred in certain expenses aimed at protecting and enhancing the environment, totalling approximately 1,592 and 893 thousand euros, respectively.

Grupo Antolin has no other environmental liabilities, provisions or contingencies that could have a significant impact on its equity, financial position or results.

In particular, given the nature of its activity, the facilities of the Spanish consolidated companies were not included in the national plan for the allocation of greenhouse gas emission allowances and, therefore, they have been allotted no greenhouse effect gas emission rights. No greenhouse effect gas emission rights have therefore been recognised in the consolidated statement of financial position at 31 December 2012. Nor has any movement occurred under this heading in 2012. Furthermore, in 2012, the Group has incurred no expenses nor has it recorded any provision in connection with this item. The Group has not entered into any futures contract relating to emission rights, nor has it received any grants associated with such rights, nor are there any contingencies arising from greenhouse effect gas emission rights.

#### **(26) EVENTS AFTER THE REPORTING PERIOD**

There have been no other major events since the end of 2012.

#### **(27) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH**

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

## **GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

### **CONSOLIDATED DIRECTORS' REPORT FOR 2012**

#### **Performance of the businesses in 2012—**

The key issue in 2012 was the fragility of Europe's economies, with GDP shrinking by 0.4% in the year. The mounting sovereign debt problems of some member countries have at times threatened the very existence of the euro zone as we now know it. Nevertheless, world GDP has grown by 2.6% thanks to average growth rates of over 5% in emerging economies and, to a lesser extent, growth in the United States of 2.1% (*four decimal points higher than in 2011*).

Initial forecasts at the start of 2012 estimated that car production would grow by around 7.5% to around 83 million units. This estimate fell during the year to around 5.6% and 81.3 million units.

Volume growth was not even in all countries and regions, with growth of around 20% in the United States and 6% in China, while volumes in Western Europe fell by 9.8%.

Grupo Antolin's sales grew faster than the market (+11%) and the Group has reported double digit growth for three consecutive years while turnover has broken through the 2,000 million euro barrier. This record turnover figure is thanks to the strong performance of the Group's operations in the NAFTA and Asia Pacific regions and to the contribution of the "Lighting" business unit.

The Group also reported record figures for EBITDA and EBIT of 224 million euros and 116 million euros, respectively.

Excluding the "Lighting" business unit acquired in 2012, turnover grew by 5% and EBITDA and EBIT would have been 208 million euros and 104 million euros, respectively.

The Group's highest growth figures by *region* were in the Asia Pacific area (*up 48%*) and the NAFTA region (*up 36%*), with the strongest growth in the United States and China.

Turnover in Europe, on the other hand, barely grew at all. Excluding the sales attributable to CML "Lighting", turnover would have shrunk by 8%.

The NAFTA and Asia Pacific regions' contribution to total turnover grew by 4 and 2 percentage points, respectively, while Europe's contribution fell by almost 6 percentage points and that of the Mercosur region remained unchanged.

By *function*, the main fastest growing business was "Headliners" (*up 15% on 2011*), driven by the subsidiaries located in the United States and China. The turnover of the "Seats" business, however, fell by 19% as a result of low production volumes in Europe. The "Doors" business grew moderately by 1%, with falling demand in Europe offset by higher demand in China and the United States.

The rise in turnover has not been consistent for all *customers*. The greatest increases were in sales to Chrysler, Ford and Renault-Nissan, up by 29%, 14% and 8%, respectively, as a result of the strong performance of the American and Asian markets, together with the inclusion of the CML subgroup in the case of sales to Renault-Nissan. Sales to the PSA Group, on the other hand, fell by 14%, as a result of declining volumes in Europe for most projects, especially the "Citroën Picasso" B58 Seat project.

Two major indicators once again highlight the success of our international expansion and diversification strategy. In 2012 80.6% of our staff were employed outside Spain, and foreign sales accounted for 86% of Group turnover.

In terms of results, the Group has consolidated its operating margins, reporting EBITDA of around 11% and EBIT of 5.5%.

#### **Significant events in 2012—**

Key events in 2012 include:

- On 10 January 2012, the Group acquired 100% of the CML Innovative Technologies group, a supplier that specialises in manufacturing lighting systems for motor vehicles.
- In February 2012 Grupo Antolin-Italia, S.r.l., incorporated in 2011, acquired from the Italian company CRS its plastics injection and vehicle interior coverings manufacturing business.
- Grupo Antolin set up a 50/50 joint venture with Japanese multinational Kasai Kogyo in India, to supply door panels and plastic components to Renault- Nissan.
- In October 2012, Grupo Antolin and the Thai subsidiary of multinational NHK Spring (Thailand) Co. Ltd., signed an agreement to set up a joint venture to manufacture headliner trimmings in Thailand.

#### **Research and development activities—**

The main features of research and development work in 2012 were as follows:

- Investment in cutting-edge technology has once again enabled us to incorporate the most advanced support for design work and ensure the analysis and validation of our products and processes.
- We continue to see industrial design and innovation as a distinguishing feature that customers appreciate in the advanced stages of projects.

#### **Environmental and human resources issues—**

In other areas (*including environmental and human resources matters*) we would draw attention to the following measures taken by Grupo Antolin in 2012:

- In 2012, Grupo Antolin increased its commitment to the environment through its policies for “Environmental Management” and “Design for the Environment”, leading to technological solutions which favour sustainability, prioritising innovative approaches that reduce weight, facilitate recycling and make use of natural materials, features widely demanded by the market.
- In order to reduce CO2 emissions and minimise the use of energy from fossil fuels, Grupo Antolin is developing numerous products based on two environmental concepts: *Light & Green*. The Group works with makers on projects to reduce CO2 emissions and develop technologically sustainable products.
- In 2012, Grupo Antolin maintained and strengthened the commitment it made in 2003 to the United Nations Global Compact, earning, for the second consecutive year, the Organisation’s “Advanced Level” rating (*the highest of those it awards*).

#### **Main risks deriving from activities—**

In line with international agreements to improve transparency and corporate governance, in 2012 Grupo Antolin implemented a corporate risk management system and carried out a study of its internal control over financial reporting (“ICFR”) system.

The main risks which could affect the future development of our business and the corresponding measures put in place by Group to offset them, are as follows:

- Derivatives are used to eliminate or reduce exposure to interest rate fluctuations in certain financial operations given the impact an increase in interest rates could have on the Group’s results.
- The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in the production processes, is mitigated by the fact that Grupo Antolin deals with its main suppliers under long-term agreements which help keep prices stable. On the other hand, Grupo Antolin negotiates with its customers to pass on increases in the prices of certain raw materials.
- The terms of agreements with customers have resulted in lower prices, which could reduce the Group’s margins. The Group develops improve programmes and tools to offset such impacts with higher productivity. Grupo Antolin also negotiates with its suppliers to help it absorb these price reductions.

- The international expansion of the Group and its ever-growing volume of business outside the euro zone expose it to exchange rate risks in currencies such as the Brazilian real, the US dollar or the Mexican peso, which could have an impact on its results. To reduce its exposure to this risk, the Group uses a variety of mechanisms, such as using local suppliers and negotiating with customers and suppliers to hedge against major movements in currencies.

### **Outlook for the Group—**

Worldwide GDP will grow slightly, by 2.9% in 2013, according to the latest forecasts from the main global economic organisations. There are still uncertainties remaining however, including the so-called “fiscal cliff” in the United States and whether certain euro zone countries will meet their deficit targets, that could significantly reduce this growth.

According to the latest forecasts for the automobile industry worldwide production in 2013 will be around 82.9 million units, an increase of 2% on 2012.

The Group expects its turnover to increase by around 4% in 2013, principally driven by the strong performance of the Mercosur and Asia Pacific regions with growth rates of over 10%, offsetting a 2% decline in turnover in Europe.

The “Lighting” business unit is expected to perform particularly well in 2013 with growth of over 13%, thanks to new orders in Europe and China.

Record operating results are expected for 2013 and the Group expects to close the year with attributable operating profit of slightly over 2% of sales.

The Group’s financial soundness in 2013 is reflected in debt and financial leverage ratios at 31 December 2012 which are among the strongest in the industry and elsewhere.

Furthermore, Grupo Antolin continues to expand into high-growth markets, such as Asia and the Mercosur region, and to seek inorganic growth opportunities that enable it to strengthen and consolidated its current strong competitive position.

The Group continues to implement new measures to improve and streamline spending and to ensure investments are more efficient so it can remain confident of its ability to maintain and improve operating margins.

### **Events after the reporting period—**

No significant events occurred after the end of the 2012 reporting period.

### **Parent shares—**

The Group companies held no shares in the Parent at 31 December 2012, and no operations were performed with such shares during 2012.

*Translation of a report originally issued in Spanish based on our work performed in accordance with the audit regulations in force in Spain and of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.*

## AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of  
Grupo Antolin-Irausa, S.A.:

1. We have audited the consolidated financial statements of GRUPO ANTOLIN-IRAUSA, S.A. and SUBSIDIARIES ("the Group"), which comprise the consolidated balance sheet at 31 December 2011 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements for the year then ended. The directors of Grupo Antolin-Irausa, S.A. ("the Parent") are responsible for the preparation of the Group's consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group (indicated in Note 2 to the accompanying consolidated financial statements). Our responsibility is to express an opinion on the consolidated financial statements taken as a whole based on our audit work performed in accordance with the audit regulations in force in Spain, which require examination, by means of selective tests, of the evidence supporting the consolidated financial statements and evaluation of whether their presentation, the accounting principles and policies applied and the estimates made comply with the applicable regulatory financial reporting framework.
2. In our opinion, the accompanying consolidated financial statements for 2011 present fairly, in all material respects, the consolidated equity and consolidated financial position of Grupo Antolin-Irausa, S.A. and Subsidiaries at 31 December 2011, and the consolidated results of their operations and their consolidated cash flows for the year then ended, in conformity with International Financial Reporting Standards as adopted by the European Union and the other provisions of the regulatory financial reporting framework applicable to the Group.
3. The accompanying consolidated directors' report for 2011 contains the explanations which the Parent's directors consider appropriate about the Group's situation, the evolution of its business and other matters, but is not an integral part of the consolidated financial statements. We have checked that the accounting information in the consolidated directors' report is consistent with that contained in the consolidated financial statements for 2011. Our work as auditors was confined to checking the consolidated directors' report with the aforementioned scope, and did not include a review of any information other than that drawn from the consolidated companies' accounting records.

DELOITTE, S.L.  
Registered in RØAC under nº: S0692



Bernardo Rescalvo

30 April 2012

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.*

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS AS AT 31 DECEMBER 2011 AND 2010 (NOTES 1 TO 5)**

**(Thousand Euros)**

	<u>31-12-11</u>	<u>31-12-10</u>
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS:</b>		
Intangible assets (Note 6)— .....	136,232	146,472
Goodwill .....	1,950	3,512
Other intangible assets .....	134,282	142,960
Tangible fixed assets (Note 7) .....	405,939	401,099
Investment property .....	4,830	4,888
Investments in companies accounted for using the equity method (Note 1) .....	11,018	11,916
Non-current financial assets (Note 8) .....	31,097	17,157
Deferred tax assets (Note 19).....	81,483	77,898
Total non-current assets .....	<u>670,599</u>	<u>659,430</u>
<b>CURRENT ASSETS:</b>		
Non-current assets held for sale .....	1,640	—
Inventories (Note 9).....	193,507	175,886
Trade and other receivables— .....	261,042	219,396
Trade debtors for sales and services provided .....	191,349	168,833
Associated companies (Note 21) .....	6,180	3,871
Other accounts receivable (Note 10).....	68,428	51,292
Allowances .....	(4,915)	(4,600)
Other current financial assets (Note 8) .....	9,341	1,912
Cash and cash equivalents (Note 11) .....	189,945	207,334
Total current assets .....	<u>655,475</u>	<u>604,528</u>
<b>TOTAL ASSETS</b> .....	<u><u>1,326,074</u></u>	<u><u>1,263,958</u></u>

The accompanying Notes 1 to 26 are an integral part of the consolidated balance sheet as at 31 December 2011.



	<u>31-12-11</u>	<u>31-12-10</u>
<b>EQUITY AND LIABILITIES</b>		
EQUITY (Notes 12 and 13):		
<i>SHAREHOLDERS' EQUITY</i> —	310,261	279,121
Share capital .....	37,469	37,469
Share premium.....	72,578	72,578
Reserves—	160,152	150,819
Other Reserves of the Parent Company .....	(2,295)	(2,087)
Reserves in fully and proportionally consolidated companies.....	154,678	147,637
Reserves in companies accounted for using the equity method.....	7,769	5,269
Profit attributed to the Parent Company .....	40,062	18,255
<i>VALUATION ADJUSTMENTS</i> —	(19,470)	(10,901)
Available-for-sale financial assets .....	6,947	6,614
Hedging operations .....	(8,447)	(8,301)
Translation differences .....	(17,970)	(9,214)
NET EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT COMPANY .....	290,791	268,220
MINORITY INTERESTS .....	39,519	34,515
Total equity.....	<u>330,310</u>	<u>302,735</u>
NON-CURRENT LIABILITIES:		
Capital grants (Note 14).....	5,978	8,159
Non-current provisions (Note 15).....	13,435	17,695
Non-current financial liabilities—	353,303	339,078
Bank loans and obligations or other traded securities (Note 16) .....	341,236	327,220
Derivatives (Note 17) .....	12,067	11,858
Deferred tax liabilities (Note 19).....	25,894	22,645
Other financial liabilities (Note 18).....	33,811	29,119
Total non-current liabilities.....	<u>432,421</u>	<u>416,696</u>
CURRENT LIABILITIES:		
Current provisions .....	1,280	300
Bank loans and obligations or other traded securities (Note 16) .....	96,539	111,351
Trade and other payables—	438,696	408,682
Trade creditors, sundry creditors and other payables.....	377,100	364,533
Current tax liabilities (Note 19) .....	4,737	1,038
Other taxes and Social Security contributions (Note 19).....	56,859	43,111
Other current liabilities .....	26,828	24,194
Total current liabilities.....	<u>563,343</u>	<u>544,527</u>
TOTAL LIABILITIES AND EQUITY .....	<u>1,326,074</u>	<u>1,263,958</u>

The accompanying Notes 1 to 26 are an integral part of the consolidated balance sheet as at 31 December 2011.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 26).  
In the event of a discrepancy, the Spanish-language version prevails.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**CONSOLIDATED INCOME STATEMENTS**

**FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010 (NOTES 1 TO 5)**

**(Thousand Euros)**

	<b>Year 2011</b>	<b>Year 2010</b>
<b>ONGOING BUSINESS:</b>		
Net sales (Note 20) .....	1,876,029	1,637,324
Changes in inventories of finished goods and work in progress .....	3,225	1,036
Capital grants released to income for the year (Note 14) .....	2,257	2,241
Other operating income (Note 20) .....	79,283	50,013
<b>Total operating income</b> .....	<b>1,960,794</b>	<b>1,690,614</b>
Cost of materials used and other external expenses (Note 20) .....	(1,176,974)	(998,317)
Staff costs (Note 20) .....	(319,435)	(291,510)
Fixed asset depreciation .....	(99,759)	(98,842)
Change in trade provisions .....	(1,072)	114
Other operating expenses .....	(285,362)	(241,810)
Less—Capitalised expenses of Group work on fixed assets .....	31,735	24,791
<b>Total operating expenses</b> .....	<b>(1,850,867)</b>	<b>(1,605,574)</b>
<b>OPERATING PROFITS ON ONGOING BUSINESS</b> .....	<b>109,927</b>	<b>85,040</b>
Financial income .....	9,393	4,532
Financial costs .....	(36,774)	(31,593)
Gains (losses) on exchange, net .....	1,188	506
<b>FINANCIAL INCOME AND EXPENSE</b> .....	<b>(26,193)</b>	<b>(26,555)</b>
Profit/(loss) on the loss of control of consolidated holdings (Note 2-g) .....	—	(8,488)
Amounts recognised in profit or loss relating to available-for-sale financial assets (Note 8) .....	—	10,301
Net losses due to impairment of non-current assets (Notes 3-b, 6 and 7) .....	(8,036)	(12,697)
Profit/(loss) on disposals of non-current assets (Notes 1, 6 and 7) .....	(2,870)	(2,228)
Profit of companies accounted for using the equity method (Note 1) .....	3,137	2,458
<b>PROFIT BEFORE TAX</b> .....	<b>75,965</b>	<b>47,831</b>
Corporation tax (Note 19) .....	(25,620)	(19,851)
<b>CONSOLIDATED PROFIT FOR THE YEAR</b> .....	<b>50,345</b>	<b>27,980</b>
<b>Profit attributed to minority interests (Note 12)</b> .....	<b>(10,283)</b>	<b>(9,725)</b>
<b>Profit attributed to shareholders of the Parent Company</b> .....	<b>40,062</b>	<b>18,255</b>
<b>Earnings per share (Note 13) (Euros per share)—</b>		
From ongoing operations:		
Basic .....	4.99	2.47
Diluted .....	4.99	2.47

The accompanying Notes 1 to 26 are an integral part of the consolidated income statement for the year ended 31 December 2011.

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.*

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

**FOR 2011 AND 2010 (NOTES 1 TO 5)**

**(Thousand Euros)**

	<b>Year 2011</b>	<b>Year 2010</b>
<b>CONSOLIDATED PROFIT AND LOSS (I)</b> .....	50,345	27,980
<b>Income and expenses recognised directly in equity—</b>		
—For available-for-sale financial assets (Note 12) .....	476	(468)
—For cash flow hedges (Notes 12 and 17) .....	(2,787)	(8,446)
—For translation differences (Note 12) .....	(11,667)	21,635
—Tax effect (Note 12) .....	693	2,674
<b>TOTAL INCOME AND EXPENSES RECOGNISED IN EQUITY (II)</b> .....	(13,285)	15,395
<b>Transfers to the income statement—</b>		
—For available-for-sale financial assets (Note 12) .....	—	(10,301)
—For cash flow hedges (Notes 12 and 17) .....	2,578	5,065
—Tax effect (Note 12) .....	(773)	1,571
<b>TOTAL TRANSFERS TO THE INCOME STATEMENT (III)</b> .....	1,805	(3,665)
<b>TOTAL RECOGNISED INCOME AND EXPENSES(I+II+III)</b> .....	38,865	39,710
<b>Total Income and Expense attributed to the Parent Company</b> .....	31,493	27,515
<b>Total Income and Expense attributed to minority interests</b> .....	7,372	12,195

The accompanying Notes 1 to 26 are an integral part of the consolidated statement of comprehensive income for the year ended 31 December 2011.

Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the reporting framework applicable to the Group (see Notes 2 and 26). In the event of a discrepancy, the Spanish-la

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY IN 2011 AND 2010 (NOTE**

	Thousand Euros							Val	
	Reserves				Reserves in Fully and Proportionally Consolidated Companies	Reserves in Companies Accounted for Using Equity Method	Profit Attributed to the Parent Company		Available-for-Sale Financial Assets
	Share Capital	Share Premium	Other Reserves of the Parent Company						
	Not Available for Distribution	Available for Distribution	Reserves in Fully and Proportionally Consolidated Companies	Reserves in Companies Accounted for Using Equity Method	Profit Attributed to the Parent Company	Available-for-Sale Financial Assets			
Closing balance 2009 .....	32,469	72,578	6,635	10,745	157,950	4,694	(25,276)	14	
Adjustments for changes in criteria 2009 .....	—	—	—	—	—	—	—	—	
Error adjustments 2009 .....	—	—	—	—	—	—	—	—	
Adjusted opening balance 2010 ...	32,469	72,578	6,635	10,745	157,950	4,694	(25,276)	14	
Recognised income and expense ..	—	—	—	—	—	—	18,255	(7,	
Application of the loss for 2009:									
To Reserves .....	—	—	—	(19,187)	(6,649)	560	25,276	—	
Capital increase .....	5,000	—	—	(37)	—	—	—	—	
Contributions made by outside shareholders, dividends and other items, net .....	—	—	—	(243)	(3,664)	15	—	—	
Closing balance 2010 .....	37,469	72,578	6,635	(8,722)	147,637	5,269	18,255	6	
Adjustments for changes in criteria 2010 .....	—	—	—	—	—	—	—	—	
Error adjustments 2010 .....	—	—	—	—	—	—	—	—	
Adjusted opening balance 2011 ...	37,469	72,578	6,635	(8,722)	147,637	5,269	18,255	6	
Recognised income and expense ..	—	—	—	—	—	—	40,062	—	
Distribution of 2010 profit:									
To Reserves .....	—	—	900	8,099	6,799	2,457	(18,255)	—	
Distribution of dividends .....	—	—	—	(9,000)	—	—	—	—	
Contributions by outside shareholders and dividends, net (Note 12) .....	—	—	—	—	—	—	—	—	
Other operations with shareholders and owners (Notes 1 and 12) .....	—	—	—	—	102	—	—	—	
Other movements .....	—	—	—	(207)	140	43	—	—	
Closing balance 2011 .....	37,469	72,578	7,535	(9,830)	154,678	7,769	40,062	6	

The accompanying Notes 1 to 26 are an integral part of the consolidated statement of changes in equity for the year ended 31 December 2011.

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.*

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED 31 DECEMBER 2011 AND 2010 (NOTES 1 TO 5)**

**(Thousand Euros)**

	<u>Year 2011</u>	<u>Year 2010</u>
<b>1. CASH FLOWS FROM ORDINARY ACTIVITIES:</b>		
Consolidated profit for the year (before taxes) .....	75,965	47,831
Adjustments for:		
Depreciation and amortisation .....	99,759	98,842
Appropriation to (Reversal of) current provisions .....	(1,380)	(2,003)
Appropriation to (Reversal of) non-current provisions .....	(1,147)	3,057
Capital grants released to income during the year .....	(2,257)	(2,241)
Financial income and expense .....	26,193	26,556
Losses on impairment of non-current assets .....	8,523	12,123
Profit/(loss) on disposals of non-current assets .....	2,870	989
Profit of companies consolidated using the equity method .....	<u>(3,137)</u>	<u>(2,548)</u>
Operating profit before changes in working capital .....	205,389	182,606
(Increase) decrease in trade debtors and other accounts receivable .....	(41,521)	2,330
(Increase) decrease in inventories .....	(15,766)	(3,454)
Increase (Decrease) in other current assets .....	(7,317)	—
Increase (decrease) in trade and other accounts payable .....	25,733	4,169
Increase (decrease) in other current liabilities .....	2,634	(1,001)
Capital grants received (repaid), net .....	54	165
Payments of provisions .....	(2,326)	(6,977)
Unrealised translation differences and other items .....	<u>(2,818)</u>	<u>4,493</u>
Net cash from operations .....	164,062	182,331
Corporation tax paid .....	<u>(21,276)</u>	<u>(8,912)</u>
Total net cash flows from ordinary activities .....	<u>142,786</u>	<u>173,419</u>
<b>2. CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Divestments in:		
Tangible fixed assets .....	1,981	3,180
Intangible assets .....	—	842
Non-current financial assets (Note 8) .....	1,676	14,225
Capital expenditure in:		
Group and associated companies .....	(116)	(2,586)
Tangible fixed assets .....	(83,821)	(55,109)
Intangible assets .....	(33,237)	(30,142)
Non-current financial assets .....	<u>(11,935)</u>	<u>—</u>
Total net cash flows from investing activities .....	<u>(125,452)</u>	<u>(69,590)</u>
<b>3. CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Capital increase .....	—	4,963
Contributions by (returns to) minority shareholders (Note 12) .....	(2,368)	(3,819)
Draw-downs (repayments) of syndicated loan, net (Note 16) .....	(18,115)	—
Other bank loans and credit lines obtained (repaid), net .....	17,644	10,204
Other financial liabilities obtained (repaid), net .....	4,600	3,161
Financial income and expense paid, net .....	(27,484)	(26,295)
Dividends paid (Note 12) .....	<u>(9,000)</u>	<u>—</u>
Total net cash flows from financing activities .....	<u>(34,723)</u>	<u>(11,786)</u>
<b>NET INCREASE (DECREASE) IN CASH OR CASH EQUIVALENTS .....</b>	<u>(17,389)</u>	<u>92,043</u>
<b>CASH OR CASH EQUIVALENTS AT BEGINNING OF THE YEAR .....</b>	207,334	115,291
<b>CASH OR CASH EQUIVALENTS AT YEAR END (NOTE 11) .....</b>	189,945	207,334

The accompanying Notes 1 to 26 are an integral part of the consolidated statement of cash flows for the year ended 31 December 2011.

*Translation of consolidated financial statements originally issued in Spanish and prepared in accordance with the regulatory financial reporting framework applicable to the Group (see Notes 2 and 26). In the event of a discrepancy, the Spanish-language version prevails.*

## **GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **FOR THE YEAR ENDED 31 DECEMBER 2011**

##### **(1) DESCRIPTION OF THE GROUP**

###### **Parent Company and Group activities—**

Grupo Antolin-Irausa, S.A. (*hereinafter referred to as “the Parent Company”*) was set up on 5 November 1987, as “*Grupo Antolin, S.A.*”. Subsequently, on 1 November 1993, it adopted its current name “*Grupo Antolin-Irausa, S.A.*”. Its registered office is in Burgos, Carretera Madrid-Irún, km. 244.8.

###### *Corporate object of the Parent Company—*

The corporate purpose of Grupo Antolin-Irausa, S.A. is to manufacture, sale, process, import and export products relating to the car industry and similar products, as well as to acquire holdings or controlling interests in other companies engaging in business activities relating to said industry.

###### *Activities of the Group—*

Grupo Antolin-Irausa, S.A. heads an international Group made up of companies that engage basically in manufacturing and selling automobile components.

###### **Subsidiary companies—**

“*Subsidiary companies*” are defined as companies which the Group is able to effectively control. This ability is shown, in general but not exclusively, when the Parent directly or indirectly holds 50% or more of the voting power of the investee companies or, even when this percentage is lower or zero, when, if there are other situations or agreements that mean that the Group has control. In accordance with IAS 27, control is “*the power to govern the financial and operating policies of a company so as to obtain benefits from its activities*”.

Set out below is the most significant financial information about the subsidiary companies as at 31 December 2011, which have been included in the consolidated financial statements for 2011 as “*fully consolidated companies*”:

Companies in which Grupo Antolin-Irausa, S.A. has a direct ownership interest—

Company	Registered Office	Activity	Percentage of Ownership	Thousand Euros
				Cost of Ownership Interest
Grupo Antolin-Ara, S.L.U. ....	Burgos	Automobile components	100.00	13,565
Grupo Antolin-Dapsa, S.A.U. ....	Burgos	Automobile components	100.00	3,039
Grupo Antolin-Aragusa, S.A.U. ....	Burgos	Automobile components	100.00	12,127
Grupo Antolin-Eurotrim, S.A.U. ....	Burgos	Automobile components	100.00	10,197
Grupo Antolin-RyA, S.A.U. ....	Burgos (Plant: Valladolid)	Automobile components	100.00	5,704
Grupo Antolin-Glass, S.A.U. ....	Burgos	Holding company	100.00	10,328
Grupo Antolin-Autotrim, S.A.U. ....	Burgos (Plant: Almussafes)	Automobile components	100.00	1,328
Grupo Antolin-Ardasa, S.A.U. ....	Burgos	Automobile components	100.00	10,495
Grupo Antolin-Martorell, S.A.U. ....	Burgos (Plant: Martorell)	Automobile components	100.00	9,224
Grupo Antolin-Plasbur, S.A.U. ....	Burgos	Automobile components	100.00	1,862
Grupo Antolin-Ingeniería, S.A.U. ....	Burgos	Technical studies	100.00	2,238
Grupo Antolin-IPV, S.A.U. ....	Burgos	Lease of property	100.00	1,503
	Properties: Almussafes			
Grupo Antolin-Navarra, S.A.U. ....	Pamplona	Automobile components	100.00	3,316
Grupo Antolin-Álava, S.L.U. ....	Vitoria	Automobile components	100.00	70
Grupo Antolin-Lusitânia, S.A. ....	Vila Nova (Portugal)	Automobile components	100.00	1,383
Grupo Antolin-UK, Ltd. ....	Essex (United Kingdom)	Technical services and sales	100.00	766
Grupo Antolin-Turnov, s.r.o. ....	Turnov (Czech Republic)	Automobile components	100.00	6,415
Grupo Antolin-H.F.R., S.A.S. ....	Saint-Etienne (France)	Holding company	92.56(b)	196,974
Grupo Antolin-North America, Inc. ....	Detroit (United States)	Technical services and sales	100.00	34,150
Grupo Antolin-Autoform, GmbH & Co. KG ....	Saal Donau (Germany)	Automobile components	74.32(b)	29,624
Grupo Antolin-Bohemia, a.s. ....	Chrastava (Czech Republic)	Automobile components	100.00	22,681
Grupo Antolin-Deutschland, GmbH ...	Weyhausen (Germany)	Technical services and sales	100.00	1,292
Grupo Antolin-Silao, S.A. de C.V. ....	Silao (Mexico)	Automobile components	70.82(b)	31,501
Grupo Antolin-Holland, B.V. ....	Amsterdam (Netherlands)	Holding company	100.00	75,520
Grupo Antolin-Amsterdam, B.V. ....	Amsterdam (Netherlands)	Holding company	100.00	2,427
Trimtec, Ltda. ....	Caçapava (Brazil)	Automobile components	100.00	68,333
Intertrim, Ltda. ....	Caçapava (Brazil)	Automobile components	85.28	9,511
Grupo Antolin-South Africa, Ltd. ....	Port Elizabeth (South Africa)	Automobile components	100.00	7,522
Grupo Antolin-Pune PVT, Ltd. ....	Pune (India)	Automobile components	99.99(b)	17,072
Antolin-Sudamérica, Ltda. ....	Sao Paulo (Brazil)	Technical services and sales	100.00	38
Grupo Antolin-Logistik Deutschland, GmbH ....	Cologne (Germany)	Automobile components	100.00	6,279
Grupo Antolin-Japan, Co. ....	Tokyo (Japan)	Technical services and sales	100.00	474
Grupo Antolin-Bratislava, s.r.o. ....	Bratislava (Slovakia)	Automobile components	100.00	704
Grupo Antolin-PGA, S.A.U. ....	Porrñio (Pontevedra)	Automobile components	100.00	2,225
Grupo Antolin-Vigo, S.L.U. ....	Vigo (Pontevedra)	Automobile components	100.00	6,003
Antolin Shanghai Autoparts Co., Ltd. ....	Shanghai (China)	Automobile components	100.00	4,000
Krishna Grupo Antolin Private, Ltd. ...	Chandigarh (India)	Automobile components	50.00(a)	503
Gestión Industrial de Sonora, S.A. de C.V. ....	Hermosillo (Mexico)	Provision of services	99.99	151
Antolin Tánger, S.A.R.L. ....	Tangiers (Morocco)	Automobile components	100.00	12,600
Grupo Antolin-Magnesio, S.L.U. ....	Burgos	Automobile components	100.00	10,209
ASH Reciclado de Techos, S.L. ....	Burgos	Recycling industrial waste	94.77(c)	1,748
Grupo Antolin-Valença Componentes Automóvil, S.L. ....	Valença do Minho (Portugal)	Automobile components	100.00	1,400
Silesia Plastic, Sp. zo.o ....	Wroclaw (Poland)	Automobile components	50.00(a)	5,310
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	Chongqing (China)	Automobile components	61.00	1,084
Grupo Antolin-Korea, L.L.C. ....	Suwon-si (Republic of Korea)	Automobile components	100.00	350
Grupo Antolin-Saint Petersburg ....	Saint Petersburg (Russia)	Technical services and sales	100.00	9,535
Grupo Antolin-Salttillo, S. de R.L. de C.V. ....	Salttillo (Mexico)	Automobile components	99.99	10,832
Grupo Antolin-Ostrava, s.r.o. ....	Turnov (Czech Republic)	Automobile components	100.00	3,400
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	Ningbo (China)	Automobile components	50.00(a)	3,700
Keyland Sistemas de Gestión, S.L. ....	Burgos	Provision of services	50.00(a)	100
Guangzhou Antolin Auto-Parts Co., Ltd. ....	Guangzhou (China)	Automobile components	100.00	1,500
Yangzhou Antolin Huaxiang Auto-Parts Co., Ltd. ....	Yangzhou (China)	Automobile components	50.00(a)	1,600
Cidut, S.L. ....	Burgos	Automobile components	50.00(a)	370
Grupo Antolin-Italia, S.r.l. ....	Milan (Italy)	Automobile components	100.00	10
				<b>674,292</b>

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(1) DESCRIPTION OF THE GROUP**

*Companies in which the Group has an ownership interest via other consolidated companies—*

Company	Registered Office	Activity	Percentage Ownership Interest	Thousand Euros Cost of Ownership Interest
<b>Company in which the Group has an ownership interest via Grupo Antolin-Glass, S.A.U.—</b>				
Grupo				
Antolin-Autoform, GmbH & Co. KG .....	Saal Donau (Germany)	Automobile components	25.68(b)	10,179
<b>Company in which the Group has an ownership interest via Grupo Antolin-Glass, S.A.U.—</b>				
Grupo Antolin-Pune PVT, Ltd. ...	Pune (India)	Automobile components	0.01(b)	—
<b>Companies in which the Group has an ownership interest through Grupo Antolin-Holland, B.V.—</b>				
Grupo Antolin-H.F.R., S.A.S. ....	Saint-Etienne (France)	Holding company	7.44(b)	15,802
Grupo Antolin-Silao, S.A. de C.V. ....	Silao (Mexico)	Automobile components	29.18(b)	14,237
Grupo Antolin-Leamington, Ltd.	Kent (United Kingdom)	Automobile components	100.00	50,906
<b>Company in which the Group has an ownership interest via Grupo Antolin-Amsterdam, B.V.—</b>				
Ototrim Panel Sanayi ve Ticaret, A.S. ....	Bursa (Turkey)	Automobile components	50.00(a)	2,413
<b>Companies in which the Group has an ownership interest through Grupo Antolin-North America, Inc.—</b>				
Grupo Antolin-Kentucky, Inc. ...	Kentucky (United States)	Automobile components	100.00	20,033
Grupo Antolin-Michigan, Inc. ....	Marlette (United States)	Automobile components	100.00	12,495
Grupo Antolin-Illinois, Inc. ....	Troy (United States)	Automobile components	100.00	2,649
<b>Companies in which the Group has an ownership interest via Grupo Antolin-HFR, S.A.S.—</b>				
Grupo Antolin-France, S.A.S. ....	Paris (France)	Technical services and sales	100.00	808
Grupo Antolin-IGA, S.A.S. ....	Henin Beaumont (France)	Automobile components	100.00	51,453
Grupo Antolin-Vosges, S.A.S. ....	Rupt-Sur-Moselle (France)	Automobile components	100.00	53,196
Grupo Antolin-Ingenierie Sieges, S.A.S. ....	Roche La Moliere (France)	Technical studies	100.00	1,821
Grupo Antolin-Loire, S.A.S. ....	Roche La Moliere (France)	Automobile components	100.00	40,100
Grupo Antolin-Cambrai, S.A.S. ....	Paris (France)	Automobile components	100.00	23,000
Grupo Antolin-Jarny, S.A.S. ....	Jarny (France)	Automobile components	100.00	11,900
<b>Company in which the Group has an ownership interest via Keyland Sistemas de Gestión, S.L.—</b>				
Keyland USA, Inc. ....	Auburnhill (USA)	Provision of services	100.00	7
<b>Companies in which the Group has an ownership interest via International Door Company, B.V. (in which the Group has a 50% stake)—</b>				
Iramec Autopeças, Ltda. ....	Caçapava (Brazil)	Automobile components	100.00	1,300
Mexican Door Company, S.R.L. de C.V. ....	Mexico D.C. (Mexico)	Automobile components	100.00	7,866
				<b>320,165</b>

(a) These companies, in which the Group has a 50% holding, have been included in the consolidated financial statements for 2011 as “fully consolidated companies”, because in practice the Group has effective control over them.

(b) As indicated in the tables above, the Group has direct or indirect ownership interests in the share capital of these subsidiary companies, bringing the total holding in their capital up to 100%.



- (c) A holding of 77.12% in the share capital of this company was acquired by the Group in 2010, for 1,658 thousand euros, and the remaining holding of 17.65% has been acquired in the first half of 2011, for 90 thousand euros (see Note 12).

Furthermore, in 2011 the following companies have come into the scope of consolidation (see Note 2-g):

- The Group acquired a holding in the share capital of Cidut, S.L. and, later, took part in an increase in its share capital, and now has a holding of 50% in the capital of this company. In these operations the Group has disbursed a total of 370 thousand euros.
- The companies Grupo Antolin-Italia, S.r.l. and Yangzhou Antolin Huaxiang Auto-Parts Co., Ltd. have been set up. The Group has subscribed 100% and 50% of their share capital, respectively, for 10 and 1,600 thousand euros, respectively.
- The company Keyland USA, Inc. has been set up. Keyland Sistemas de Gestión, S.L. (*a company in which the Group has a holding of 50%*) has subscribed to 100% of the share capital of this company, for an amount of 7 thousand euros.

In 2011 no company left the consolidated group, although the consolidated subsidiary companies Grupo Antolin-Linara, S.A.U. and Gestiones y Transportes de Burgos, S.A.U. have been absorbed by the Parent Company.

*Financial year of the subsidiary companies—*

The financial year of all the subsidiary companies, like that of the Parent Company, is the same as the calendar year. The date of the individual financial statements used in consolidation is, therefore, 31 December 2011. The information set out in the tables above are for 31 December 2011 and the equity position of the subsidiary companies is disclosed in their respective individual financial statements.

*Audit of the individual financial statements of the subsidiary companies—*

The individual financial statements for 2011 of most of the subsidiary companies are being audited by Deloitte or by other auditors. Set out below are the subsidiary companies whose financial statements are being examined by auditors other than Deloitte:

<b>Company</b>	<b>Audited by</b>
Mexican Door Company, S.R.L. de C.V. ....	KPMG
Gestión Industrial de Sonora, S.A. de C.V. ....	KPMG
Grupo Antolin-Kentucky, Inc. ....	Urbach Hacker Young International, LLP
Grupo Antolin-Michigan, Inc. ....	Urbach Hacker Young International, LLP
Grupo Antolin-Illinois, Inc. ....	Urbach Hacker Young International, LLP
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	Chongqing Boma CPA Ltd.
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	Zhejiang Pan-China Certified Public Accountants, Ltd.
Guangzhou Antolin Auto-Parts Co., Ltd. ....	Huatian Certified Public Accountants, Ltd.

**Holdings in joint ventures—**

“*Joint ventures*” are defined as contractual agreements whereby two or more companies or other entities (“*partners*”) carry out operations or hold assets in such a way that any strategic decision of a financial or operational nature that affects them requires the unanimous consent of all the partners, without said operations or assets being integrated into financial structures that are separate from the financial structures of the partners. “*Joint ventures*” are, moreover, deemed to be ventures that are not subsidiary but which are jointly controlled by two or more unrelated companies.

The only subsidiary company that is deemed to be a “*joint venture*” and has been consolidated “*proportionally*” is International Door Company, B.V., a holding company registered in Amsterdam (Netherlands), in which the Parent Company has a 50% holding (*this holding cost 2,158 thousand euros*). The other 50% is held by Küster Holding, GmbH.

The financial year of this company is also the same as the calendar year. The date of its individual financial statements used in consolidation is, therefore, 31 December 2011.

The figures for assets and liabilities, and the net turnover and the result for 2011 contributed by this “*joint venture*” are not significant compared to the corresponding figures for consolidated totals of the Group.

## Associated companies—

“Associated companies” are defined as companies where the Group has powers to exercise a significant influence, albeit neither control nor joint control. Usually, this is because it holds -directly or indirectly- 20% or more of the voting power in the investee company.

Set out below are the holdings of the Group in associated companies (*which have been included in the consolidated financial statements for 2011 using the “equity method”*), and the values at which they have been stated in the caption “Investments in companies accounted for using the equity method” on the accompanying consolidated balance sheets as at 31 December 2011 and 2010:

Company	Registered Office	Activity	Group Investment	Thousand Euros	
				Value of the Holding as at 31/12/10	Value of the Holding as at 31/12/11
<b>Companies in which Grupo Antolin-Irausa, S.A. has a direct ownership interest</b>					
Dongwon Technology Co., Ltd.....	Kyung-Nam (Republic of Korea)	Automobile components	30.00	5,260(a)	5,280(a)
GAIT-Interiores para Transporte, S.L.....	Burgos	Automobile components	24.04	237	—(b)
<b>Company in which it has an ownership interest via Ningbo Antolin Huaxiang Auto Parts Co., Ltd.—</b>					
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd.....	Gongzhuling (China)	Automobile components	47.00(c)	2,295	2,770
<b>Company in which the Group has an ownership interest via Grupo Antolin-Kentucky, Inc.—</b>					
Grupo Antolin-Wayne, LLC.....	Wayne (USA)	Automobile components	49.00	(352)	299
<b>Companies in which the Group has an ownership interest via International Door Company, B.V.—</b>					
Slovakian Door Company, s.r.o....	Bratislava (Slovakia)	Automobile components	25.00	580	297
International Door Systems, S.R.L. de C.V.....	Hermosillo (Mexico)	Automobile components	25.00	2,410	2,372
				<b>10,430</b>	<b>11,018</b>

- (a) Part of this figure as at 31 December 2011 consists of goodwill totalling 2,344 thousand euros (*2,672 thousand euros as at 31 December 2010*). This goodwill has been reduced as a result of an adjustment made in 2011 to the purchase price of this holding. In 2011 and 2010, the Group recorded value impairments in goodwill totalling 328 and 1,500 thousand euros, respectively (see Note 3-b).
- (b) In 2011 the Group has sold its holding in the share capital of GAIT-Interiores para Transporte, S.L. (*accounting for 24.04% of its share capital*). As a result of this operation, the Group has recorded a loss of 237 thousand euros, which has been charged to the caption “Profit/(loss) on disposals of non-current assets” on the accompanying consolidated income statement for 2011.
- (c) This company, in turn, has a 100% ownership interest in the capital of Chengdu Antolin Huaxiang Auto Interior Trim Co., Ltd. (*as a result, the effective indirect holding of the Group in this company is 47%*).

The variations in 2011 in the caption “Investments in companies accounted for using the equity method” on the consolidated balance sheet were as follows:

	Thousand Euros		
	Holdings	Loans	Total
<b>Balances as at 31 December 2010</b> .....	<b>10,430</b>	<b>1,486</b>	<b>11,916</b>
Retirements due to sales of shareholdings .....	(237)	—	(237)
Transfer to “Non-current financial assets” .....	—	(1,486)	(1,486)
Profit of companies accounted for using the equity method .....	3,137	—	3,137
Dividends, translation and other differences .....	(2,312)	—	(2,312)
<b>Balances as at 31 December 2011</b> .....	<b>11,018</b>	<b>—</b>	<b>11,018</b>

The credit that was part of this caption on the accompanying balance sheet as at 31 December 2010 recorded a debit balance of (*1,486 thousand euros*) which, as at said date, was recorded in a current account held by the Parent Company and the associated company GAIT-Interiores para Transporte, S.L., which accrued annual interest at a variable market rate is set to mature in the long term. As this company is no longer classified as an “associated company”, the balance of this financial account as at 31 December 2011 is stated as part of the caption “Non-current financial assets” on the accompanying consolidated balance sheet as at said date (see Note 8).

*Financial year and audit of the individual financial statements of the associated companies consolidated—*

The financial year of the associated companies is also the same as the calendar year. The date of the individual financial statements used in consolidation is, therefore, 31 December 2011. These financial statements are being examined by the following auditors:

<b>Company</b>	<b>Audited by</b>
Grupo Antolin-Wayne, LLC.....	Urbach Hacker Young International, LLP
Slovakian Door Company, s.r.o. ....	Auditea, s.r.o.
International Door Systems, S.R.L. de C.V. ....	KPMG
Dongwon Technology Co., Ltd. ....	PriceWaterhouseCoopers
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd. ....	Zhejiang Pan-China Certified Public Accountants, Ltd.

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**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(2) BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION PRINCIPLES**

*a) True and fair view—*

In accordance with Final Provision Eleven of the Tax, Administrative and Social Order Measures Act, Law 62/2003, dated 30 December, companies with holdings who are required to draw up consolidated financial statements and directors' reports, whereas at the year-end none of the companies in the Group have issued shares that are listed on an official market of any member State of the European Union, may opt to present their consolidated financial statements for the years beginning as from 1 January 2005 in accordance with Spanish accounting rules or in accordance with the Internal Financial Reporting Standards that have previously been adopted by the European Union. Accordingly, Grupo Antolin-Irausa, S.A. decided to apply voluntarily, for the first time in the financial year 2007, said International Financial Reporting Standards adopted by the European Union for drawing up its consolidated financial statements.

The consolidated financial statements for 2011, which were prepared from the individual accounting records of the Parent Company and of the companies included in consolidation (listed in Note 1), are presented in accordance with the International Financial Reporting Standards adopted by the European Union (*hereinafter referred to as "IFRS-EU"*) and, accordingly, give a true and fair view of the Group's consolidated net worth, consolidated financial position as at 31 December 2011, and results of operations, changes in consolidated equity and cash flows that have taken place during the year then ended.

These consolidated financial statements for 2011 have been prepared by the Directors of the Parent Company and will be submitted to the Annual General Meeting of Shareholders of the Parent Company for approval. They are expected to be approved unchanged.

The consolidated financial statements of the Group for 2010 were approved by the General Meeting of Shareholders of the Parent Company held on 30 June 2011.

*b) Adopting new standards and interpretations issued—*

The consolidated financial statements of the Grupo Antolin for the years ended 31 December 2011 and 2010 have been drawn up in accordance with International Financial Reporting Standards, in accordance with the terms of Regulation (EC) No. 1606/2002 of the European Parliament and the Council dated 19 July 2002, taking into account all the accounting principles and standards and accounting policies that are compulsory which have a significant effect, and the alternative allowed under the rules in this regard.

***Standards and interpretations in force in 2010—***

In 2010 the following standards and interpretations came into force:

**Standards and changes in standards:**

Revision of IFRS 3	Business combinations
Change in IAS 27	Consolidated and individual financial statements
Change in IAS 39	Items qualifying as hedged items
Change in IFRS 2	Transactions with share-based payments that are settled in cash of the Group
Enhancements in IFRS	Changes in a set of rules
Enhancements in IFRS	Changes in a set of rules

**Interpretations:**

IFRIC 12	Service Concession Arrangements
IFRIC 15	Agreements for the construction of real estate
IFRIC 16	Hedge of a net investment in a foreign operation
IFRIC 17	Distribution of non-cash assets to owners
IFRIC 18	Transfers of shares to trade debtors

Adopting these standards, changes and interpretations has had no material impact on the consolidated financial statements of the Group for 2010.

### **Standards and interpretations in force in 2011—**

In 2011, the following new accounting standards have come into force which have been taken into account when drawing up the consolidated financial statements for 2011:

#### **Standards and changes in standards:**

Change in IAS 32	Financial instruments: Presentation—Classification of share rights
Revision of IAS 24	Information to be reported about related parties
Enhancements to IFRS	Changes in a set of rules
Change in IFRIC 14	Compulsory minimum advance payments

#### **Interpretations:**

IFRIC 19	Cancelling financial liabilities using equity instruments
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Adopting these standards, changes and interpretations has had no material impact on the figures reported or on the presentation and analyses of the consolidated financial statements of the Group for 2011.

### **Standards and interpretations issued not in force—**

As at the date these consolidated financial statements for 2011 were drawn up, the most significant standards, changes and interpretations that had been published by the IASB that had not yet come into force, either because their effective date is later than the date of the consolidated financial statements, or because they have not yet been endorsed by the European Union, are as follows:

<u>Standards, changes and interpretations:</u>		<u>Compulsory Application Financial Years Beginning as from:</u>
<i>Approved for use in the European Union</i>		
Change in IFRS 7	Financial instruments: Analyses—Transfers of financial assets	Years beginning as from 1 July 2011
<i>Not approved for use in the European Union(*)</i>		
IFRS 9	Financial instruments: Classification and valuation	Years beginning as from 1 January 2015
Change in IAS 12	Corporation tax—Deferred taxes relating to property assets	Years beginning as from 1 January 2013
IFRS 10	Consolidated financial statements	Years beginning as from 1 January 2013
IFRS 11	Joint agreements	Years beginning as from 1 January 2013
IFRS 12	Analyses of holdings in other companies	Years beginning as from 1 January 2013
IFRS 13	Measuring fair value	Years beginning as from 1 January 2013
IAS 27 (Revised)	Individual financial statements	Years beginning as from 1 January 2013
IAS 28 (Revised)	Investments in associates and interests in joint ventures	Years beginning as from 1 January 2013
Change in IAS 1	Presentation of the “Other overall result”	Years beginning as from 1 January 2012
Change in IAS 19	Employee compensation	Years beginning as from 1 January 2013
Change in IFRS 9 and IFRS 7	Effective date and transitional analyses	N/A
Change in IAS 32	Offsetting financial assets against financial liabilities	Years beginning as from 1 January 2014
Change in IFRS 7	Offsetting financial assets against financial liabilities	Years beginning as from 1 January 2013

(\*) Standards, changes and interpretations not adopted by the European Union as at the date these consolidated financial statements were drawn up.

The Directors of the Parent Company are assessing the potential impacts of applying these standards in the future and think that those impacts arising as a result of some of them might be significant for presenting and analysing certain items on the Group’s consolidated financial statements, although they will not affect the profit and loss attributable to the Parent Company or the net equity attributable to the shareholders of the Parent Company.

#### **c) Working currency—**

These consolidated financial statements are presented in thousand euros as the euro is the currency of the main economic area in which the Group operates. Operations abroad are recorded in accordance with the policies described in Notes 2-f and 3-l.

**d) Comparative information—**

In accordance with the requirements of IAS 1, the information set out in these Notes to the Financial Statements relating to 2010 is presented, for the sake of comparison, with the figures for 2011. The figures for 2010 that are presented in the consolidated financial statements for 2011 are not different from the figures set out in the consolidated financial statements for 2010, which were approved by the General Meeting of Shareholders of the Company held on 30 June 2011.

There have been no major changes in the accounting policies that affect 2011 and 2010. Neither have any corrections of errors relating to prior years been made, nor have any major changes been made in the accounting estimates that affect said years of that are likely to affect future years.

**e) Responsibility for the information and estimates made—**

The information set out in these consolidated financial statements for 2011 is the responsibility of the Directors of the Parent Company.

When drawing up the consolidated financial statements for 2011 estimates have occasionally in some cases been made by the senior management of the Group (*later ratified by the Directors of the Parent Company*) in order to quantify certain of the assets, liabilities, income, expenses and commitments reported herein. These estimates basically refer to:

- The evaluation of possible impairment losses on certain assets.
- The useful life of tangible, intangible fixed assets and investment property.
- The classification of leases as either operating or financial leases.
- The market value of certain financial instruments.
- The fair value of certain unlisted assets.
- The valuation of goodwill.
- The amount of the provisions.

Even though these estimates were made based on the best information available as at 31 December 2011 for the events being analysed, events might occur in the future which require that they be changed (*adjusted up or down*) in the coming years. In such an event, this would be done prospectively, and the effects of the change in estimate would be taken to the consolidated income statements in the years affected, as provided for in IAS 8.

**f) Consolidation principles—**

*Subsidiary companies—*

The individual financial statements of the “*subsidiary companies*” have been *fully consolidated* with those of the Parent Company and, therefore:

1. All the major balances and transactions between the fully consolidated companies and the significant results of internal operations not carried out with third parties have been eliminated during the consolidation process.
2. In the consolidation process the adjustments and reclassifications have been made so as to bring the accounting principles and policies used by the subsidiary companies into line with those used by the Parent Company.
3. When a subsidiary is acquired, its assets, liabilities and contingent liabilities are recorded at their fair values as at the date of acquisition. Any excess of the acquisition price over the fair values of the identifiable net assets acquired is recognised as “Intangible assets—Goodwill”. Any losses on exchange are charged directly to profit and loss on the date of acquisition.
4. The share of minority shareholders or minority private company shareholders in the profits and losses and in the changes in the equity of the subsidiary companies are calculated based on the voting rights

existing at that time, without taking into account whether any potential voting rights might be exercised or converted. Any loss attributable to the minority interests over and above the book value of said minority interests is charged to the holdings of the Parent Company, except when the minority interests are under a binding obligation to cover part or all of the losses and provided that they are able to make the necessary additional investment.

5. The value of the share of minority shareholders or minority private company shareholders in the equities and results of the subsidiary companies are presented under consolidated equity, in the caption “Minority Interests”, on the consolidated balance sheet, and in the caption “Profit and loss attributed to minority interests” on the consolidated income statement, respectively.
6. Changes in the net worth of the consolidated subsidiary companies since they were acquired that cannot be attributed to changes in the percentage holdings are recorded under the caption “Shareholders’ equity-Reserves-Reserves in fully and proportionally consolidated companies” on the consolidated balance sheet.
7. The results of subsidiary companies acquired during the year are included in the consolidated income statement only from the date of acquisition to the year end. Similarly, the results of subsidiary companies disposed of during the year are included in the consolidated income statement only as from the beginning of the year to the date of disposal.
8. Acquisitions from minority shareholders of their holdings in subsidiary companies in which the Group already had effective control of the companies and, therefore, lead only to an increase in the Group’s percentage holding in these companies, are deemed, from a consolidated standpoint, as being operations with equity securities, as a result of which the balance of the caption “Minority Interests” is reduced and consolidated reserves are restated for the difference between the value of the consideration paid by the Group and the amount by which the balance of the caption “Minority Interests” has been changed. No “Goodwill” whatsoever is recorded for this operation.

The financial statements of the subsidiary companies used in the consolidation process refer to the same date of presentation and the same period as the financial statements of the Parent Company.

#### *Joint ventures—*

The financial statements of investee companies classified as “*joint ventures*” are consolidated with the accounts of the Group *proportionally*. This involves including the assets, rights and obligations and the expenses of these companies in proportion to the Group’s holding in these companies.

#### *Associated companies—*

In the consolidated financial statements, the “*associated companies*” are stated using the *equity method*, i.e. the investment is recorded originally at cost and the figure recorded in books is later increased or reduced so as to recognise the Group’s share in the profit and loss of the year recorded by the investee company, after the date of acquisition. Consequently, the Group recognises, in its consolidated profit and loss for the year, its proportional share in the profit and loss of the associated companies. The dividends received from the associated companies reduce the figure recorded in books for the investment. It may also be necessary to make adjustments to record any changes that may occur in the proportional holding in the associated company, as a result of any changes in net equity that it may not have recorded in its profit and loss for the year. For transactions with an associated company, the related profit and loss is eliminated to the extent of the Group’s interest in the associated company.

#### *Translation of financial statements of foreign companies included in the scope of consolidation—*

The items in the balance sheets and income statements of the foreign companies included in the scope of consolidation denominated in currencies other than the euro were translated to euros at “*year-end exchange rates*”. All the assets, rights and obligations of these companies were translated to euros at the year-end exchange rates. Their share capital and reserves were translated at their historical exchange rates. In order to write out the effect of seasonality, the income statement items of these companies were translated to euros at the average exchange rates for the year, based on the volume of transactions performed in each period.

The exchange differences arising from application of these methods are included under the caption “Valuation Adjustments-Translation differences” under “Equity” on the consolidated balance sheet, net of the portion of these differences corresponding to minority interests, which is recorded under the “Minority Interests” caption and is thus



included under “Equity” on the consolidated balance sheet. Such translation differences are recognised as income or as expense in the year in which the investment is made or divested.

**g) Changes in the scope of consolidation—**

2011

In 2011 there were no material changes in the scope of consolidation. Specifically, the changes that have taken place in the Group are set out below:

- A holding has been acquired in the share capital of Cidut, S.L. and, subsequently, the Group has taken part in an increase in its share capital, and now holds 50% of this company’s capital. In these operations, the Group has disbursed 370 thousand euros in all.
- The companies Grupo Antolin-Italia, S.r.l. and Yangzhou Antolin Huaxiang Auto-Parts Co., Ltd. have been set up. The Group has subscribed 100% and 50% of their share capital, respectively, for 10 and 1,600 thousand euros, respectively. Furthermore, the company Keyland USA, Inc. has been set up. Keyland Sistemas de Gestión, S.L. (a company in which the Group has a holding of 50%) has subscribed to 100% of the share capital of this company, for an amount of 7 thousand euros.
- A further holding of 17.65% in the share capital of the subsidiary company ASH Reciclado de Techos, S.L., in which the Group previously had a holding of 77.12%, has been acquired from outside shareholders for 90 thousand euros. As a result of this operation, the Group now holds 94.77% of the share capital of this company (see Notes 1 and 12).
- The Group has sold its entire holding in the associated company GAIT-Interiores para Transporte, S.L. (accounting for 24.04% of its share capital), which was stated on the consolidated balance sheet as at 31 December 2010 at 237 thousand euros (see Note 1).

Furthermore, in 2011, the consolidated subsidiary companies Grupo Antolin- Linara, S.A.U. and Gestionesy Transportes de Burgos, S.A.U. (GESTRABUR), which were practically dormant, were absorbed by the Parent Company, which, prior to this operation, held 100% of the share capital of both companies.

2010

The most significant change that took place in the scope of consolidation in 2010 related to the sale of the 100% holding the Group had in the share capital of the subsidiary company Grupo Antolin-Transport, S.A.S., which gave rise to a loss of 7,910 thousand euros, as set out in the following analysis.:

	<b>Thousand Euros</b>
Assets and liabilities sold:	
Intangible assets.....	2,445
Tangible fixed assets.....	2,503
Current assets.....	12,341
Less—Non-current liabilities.....	(725)
Less—Current liabilities.....	(8,654)
	<u>7,910</u>
Selling price.....	—
<b>Loss on the operation.....</b>	<b><u>7,910</u></b>

The Group also sold off part of its holding in the share capital of the subsidiary company GAIT-Interiores para Transporte, S.L., and the Group’s holding in this company went down from 71.47% to 24.04%, as a result of which this company was classified as an “associated company”.

As a result of these two operations, the Group recorded losses of 7,910 thousand euros and 578 thousand euros, respectively, which have been recorded in the caption “Profit/(loss) on the loss of control of consolidated holdings” on the accompanying consolidated income statement for 2010.

Furthermore, in in 2010 the following changes took place in the scope of consolidation. They did not have a material effect on the consolidated financial statements:

- The Group acquired a 77.12% holding in the share capital of ASH Reciclado de Techos, S.L., for 1,658 thousand euros.
- The subsidiary company Grupo Antolin-Palencia, S.L.U. was absorbed by the Parent Company which, prior to this operation, had a 100% holding in its share capital.

***h) Definition of the corporate group in relation to the obligation to draw up consolidated financial statements—***

The consolidated financial statements for 2011 include all those companies pertaining to the Group, group being understood to refer to all the companies making up a single decision-making unit, in accordance with Article 42 of the Commercial Code. No company has been excluded.

Specifically with regard to Grupo Asuari Inversor, S.L, a group of companies related to Grupo Antolin, the interpretation of the Directors and legal advisors of the Parent Company is that there is no unity when taking decisions. Nor do they come under any single management. The Directors of the Parent Company therefore take the view that as at 31 December 2011 Grupo Antolin- Irausa, S.A. is not under the obligation to draw up consolidated financial statements of scope broader than that of these consolidated financial statements.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(3) MAIN ACCOUNTING POLICIES AND VALUATION METHODS USED**

When preparing the consolidated financial statements for 2011, the following accounting principles and standards and valuation rules have been applied:

**a) *Going-concern basis*—**

In 2008 and 2009, the motor industry was hit hard by the world economic and financial crisis and sales of motor vehicles have plummeted among other reasons because of the very strong restrictions on credit and the increase in unemployment. In 2011 and 2010 the trend of previous years has been reversed in part. This, combined with the measures taken by the Grupo Antolin to improve its performance over the short and medium term, has made it possible to record profits and generate significant financial resources in the course of its operations. Even though the development of the Grupo Antolin in 2012 is going to depend a great deal on trends in the world economic and financial situation, the forecasts of major car manufacturers are for maintenance of production compared to 2011, although the forecast for some countries is for growth (*specifically, in China, Brazil, India and Russia*).

Moreover, the Directors of the Parent Company consider that the Group's command of technology and its global presence as regards products, customers and markets, will enable it to strengthen its market position and, on the other hand, they consider that the backing being given by institutions to the motor industry around the world, and the coordinated economic and financial action being taken by the major economies will greatly help the industry to weather the current situation.

The consolidated financial statements for 2011 have accordingly been prepared on a going-concern basis.

**b) *Goodwill and negative difference on first consolidation*—**

Any excess of the acquisition cost of the Group's holdings in the capital of the subsidiary companies over the fair values of the identifiable net assets acquired is recognized as "Goodwill". Any losses on exchange are charged directly to profit and loss on the date of acquisition.

"Goodwill" is only recognised when it has been acquired for consideration and represents, therefore, a payment made by the acquiring company in anticipation of future economic benefits from assets of the acquired company that are not capable of being individually and separately recognised.

At the end of each reporting period goodwill is reviewed for impairment (*i.e. a reduction in the recoverable amount of the "Goodwill" to below its carrying amount*) and any impairment is written down with a charge to "Net losses due to impairment of non-current assets" on the consolidated income statement, since, as stipulated in IFRS 3, Goodwill is not written down. Impairment losses relating to "Goodwill" cannot be reversed later on.

At the end of 2011, the Group has recorded an impairment in the value of certain goodwill in subsidiary companies totalling 1,852 thousand euros. This value impairment has been recorded as a charge in the caption "Net losses due to impairment of non-current assets" on the accompanying consolidated income statement. The Goodwill recorded on the accompanying consolidated balance sheets as at 31 December 2010 and 2011 are for several consolidated subsidiary companies, none of which is significant (see Note 6). In 2011, new goodwill totalling 290 thousand euros, relating to Cidut, S.L., has been added.

**c) *Other intangible assets*—**

Intangible assets are defined as the identifiable non-monetary assets without physical substance which arise as a result of a legal transaction or which are developed in-house by the consolidated companies. Only intangible assets whose cost can be estimated reasonably objectively and from which the consolidated companies consider it probable that future economic benefits will be generated are recognised.

Intangible assets are initially recognised at acquisition cost or production cost and later they are stated at cost less, whenever appropriate, their related accumulated amortisation and any impairment losses they may have undergone.

#### *Development expenses—*

The costs incurred in each development project are capitalised when the following conditions are met:

- The development cost of the asset can be assessed reliably.
- The costs are specifically itemised for each project and correspond to an asset that can be identified.
- The Group can prove that the project is technically viable.
- The project has a good chance of generating profits in the future.

Development expenses incurred using the Group's own resources are recorded in the consolidated income statement (*according to their different nature*), whilst the development expenses for projects which fulfil the conditions listed above are charged to the "Development Expenses" account of the consolidated balance sheet with a credit to the "Capitalised Expenses of Group Work on Fixed Assets" caption of the consolidated income statement.

Capitalised development expenses are in practically all cases amortised on a straight-line basis over the estimated useful lives of the projects as from the date the related projects are completed.

Development expenses relate mainly to the costs incurred in this connection by the consolidated subsidiary Grupo Antolin-Ingeniería, S.A.U. On the other hand, research expenses are charged directly to profit and loss for the year in which they are incurred.

#### *Computer software—*

All the other intangible assets with a defined useful life are amortised accordingly, using criteria similar to those used for tangible fixed assets. Specifically, "computer software" is written off over a period of 5 years as from when it starts to be used.

The annual amortisation charge for intangible assets with defined useful lives is recorded in the caption "Fixed asset depreciation" on the consolidated income statement.

#### *Impairment losses—*

The consolidated companies recognise any impairment loss on the carrying amount of these assets with a charge to "Net losses due to impairment of non-current assets" on the consolidated income statement. The criteria used to recognise the impairment losses on these assets and, where applicable, the recovery of impairment losses recognised in prior years are similar to those used for tangible fixed assets for own use.

#### **d) *Tangible fixed assets—***

Tangible fixed assets include the assets that the Group has for its current or future use in producing or supplying goods and services or for administrative purposes and which are expected to be used for more than one financial year. Tangible fixed assets are stated on the consolidated balance sheet at their acquisition or production cost, adjusted or revalued, whenever applicable, in accordance with applicable legal provisions, or at their "fair value" as set in assessments carried out by independent experts on the date of transition to the "IFRS-EU" (1 January 2006), which amount is recorded as an attributed cost, less its related accumulated depreciation and any impairment losses that may have been suffered by each asset.

The costs of expansion, modernisation or improvements leading to increased productivity, capacity or efficiency or to a lengthening of the useful lives of the assets are capitalised.

Borrowing costs directly attributable to building or developing tangible fixed assets, that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are ready to become operational. In cases where the funding has been received specifically for building said assets, the amount of the interest and other financial expense capitalised records the actual costs incurred during the period, less the income earned from investing the specific loans that have not been invested in the qualifying assets, on a current-asset basis. In those cases where the funding is of a general nature, the amount of interest capitalised is calculated by using the rate of capitalisation corresponding to the weighted average of the interest costs applying the average funding other than the specific funding that has been outstanding in the year. However, the capitalisation of interest is suspended during the periods when the construction work is at a standstill, provided that such periods are not particularly

long. In 2011 and 2010, the Group has not capitalised any financial expense as an increased value of “Tangible fixed assets”.

Upkeep and maintenance expenses for tangible fixed assets for own use are expensed in the year they are incurred.

The Group transfers construction in progress to operating tangible fixed asset accounts when the assets in question become operational, from which time depreciation starts to be taken.

Tangible fixed assets used in operations are depreciated on a straight- line basis, based on the acquisition or production cost of the assets or their restated value, less their residual value. The land on which buildings and other constructions are located is deemed to have an indefinite lifespan and is therefore not subject to depreciation. Annual depreciation charges on tangible fixed assets are charged to the caption “Fixed asset depreciation” on the consolidated income statement over the years of the average estimated useful life of the different assets, as indicated below:

<b>Type of Asset</b>	<b>Estimated Useful Life in Years</b>
<b>Buildings and other structures</b> .....	25 to 50
<b>Plant and machinery—</b>	
Machinery .....	5 to 12.5
Installations .....	6 to 25
<b>Other fixtures, tools and furniture—</b>	
Tools, dies and moulds .....	2 to 5
Office furniture and equipment .....	5 to 10
<b>Other tangible fixed assets—</b>	
Transport equipment .....	5 to 10
Computer hardware .....	4 to 5

Reviews are made at regular intervals of the estimated useful lives of tangible fixed assets for own use in order to identify any significant changes therein. If any such changes are identified, the relevant adjustment is made to the depreciation charged to the consolidated income statements in future years based on the new useful lives.

Every time the financial statements are closed, the consolidated companies carry out an analysis to find out whether there are any internal or external signs that the net value of their tangible fixed assets exceeds the corresponding recoverable amount. Whenever this is so, the book value of the assets in question is adjusted down to their recoverable value and the future charges for depreciation in proportion are adjusted in proportion to their adjusted book value and their new remaining useful life, whenever it might need to be reestimated. This reduction in the book value of tangible assets for own use is made, whenever needed, as a charge to the caption “Net losses due to impairment of non-current assets” on the consolidated income statement.

In much the same way, whenever there are signs that the value of an impaired tangible asset has been recovered, the consolidated companies record the reversal of the loss for impairment recorded in the financial statements in prior years, by crediting the caption “Net losses due to impairment of non- current assets” on the consolidated income statement and adjust the future charges for depreciation accordingly. The reversal of the loss for impairment may not under any circumstances lead to any increase in its book value over and above the value it would have had had not losses for impairment been recognised in prior years.

**e) Investment property—**

Records the net values of the land, buildings and other constructions that are held either to be leased out or in order to make a capital gain on their sale as a result of the increases in their respective market prices in the future. In particular, as at 31 December 2011, this caption of the consolidated balance sheet includes a factory (*land and buildings*) in Almussafes (Valencia), to be operated under a lease, and some plots of land in Guarromán (Jaén), which are being held with a view to making capital gains on their sale.

The same methods of valuation, depreciation, and for estimating their respective useful lives and for recording any impairment losses are used as for tangible fixed assets for own use.

**f) Recording leasing operations in the financial statements—**

Leases are classified as “finance leases” whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as “operating leases”.

#### *Finance leases—*

During 2010 and 2011, the Group has not signed any lease agreement as a lessor, which might be classified as a finance lease.

In the finance lease operations where the Group is the lessee, the cost of the assets leased is presented on the consolidated balance sheet (*according to the nature of the assets that are the object of the contract*) and, at the same time, as a liability for the same amount. Said figure shall be the lower of the fair value of the leased assets and the present value at the beginning of the lease of the minimum amounts agreed, including the purchase option, when there are no reasonable doubts that they will be exercised. The calculation does not include instalments that are contingent, the cost of the services or the taxes that may be passed on by the lessor. The total financial charge of the contract is taken to consolidated profit and loss in the years it accrues, using the “*effective interest rate method*” (as defined in paragraph j) *herebelow*). Instalments that are contingent are charged to expense in the year they are incurred.

The assets recorded for this type of operation are written down using similar criteria to those used for its own tangible fixed assets, bearing in mind the nature of the asset.

#### *Operating leases—*

In operating leases, the lessor has ownership of the asset leased and substantially all the risks and benefits of ownership of the asset.

Whenever the Group acts as lessor, the cost of acquiring the assets leased is stated in the caption “Investment property”. Depreciation is charged on these assets in accordance with the policies adopted for similar tangible fixed assets it uses itself, and the revenues from the lease contracts are leased to the consolidated income statement on a straight-line basis.

Whenever the Group acts as lessee, the lease expenses including any incentives that may be granted by the lessor are charged to consolidated profit and loss on a straight-line basis.

#### **g) *Non-current assets held for sale—***

This caption on the consolidated balance sheet records those assets which are most likely to be sold, under the conditions in which they are currently to be found, within one year as from the date of the consolidated financial statements. The book value of these assets is, therefore, expected to be recovered at the price received on their sale, rather than from their ongoing use. Assets classified as Non-current assets held for sale are stated at the lower of their book value when they are deemed as such and their fair value net of the estimated costs of selling said assets. For as long as they remain classified as Non-current assets held for sale, tangible fixed assets and intangible assets that by their nature are depreciable or amortisable are not depreciated or amortised.

In 2011, the Group has classified a building in Elsendorf (Germany), where the company Grupo Antolin-Autoform, GmbH & Co. KG’s production facilities were located, as “Non-current assets held for sale”. During 2010, production at these facilities was discontinued as it was moved to other plants. Based on the assessments made and the offers received, the fair value of this building is at least equal to its book value. It is planned to be sold over the next twelve months.

#### **h) *Inventories—***

The Group values its inventories as follows:

- *Raw materials and other supplies, packaging and containers, replacement parts, sundry materials, embodiment units and stocks for resale* are valued at the lower of cost, using, essentially, the weighted average price method, or net realisable value.
- Finished goods, semi-finished goods *and work- in-process* are stated at the lower of actual average production cost (*raw and other materials used, labour and direct and indirect manufacturing expenses*) and net realisable value.
- Tools for new projects, which are developed and manufactured by the Group to be sold later on to its customers, are stated at the lower of either the costs incurred to manufacture them, as and when they are incurred, and their estimated realisable value.

Net realisable value records the estimated selling price less the estimated costs of completing the products and less costs to be incurred in marketing, selling and distribution.

The Group assesses the net realisable value of the inventories at the end of each period and recognises the appropriate impairment loss if the inventories are overstated. When the conditions that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down for impairment is reversed.

Obsolete, defective or slow-moving inventories have been reduced to realizable value.

**i) Trade debtors and advance payments by trade debtors—**

No interest accrues on trade creditor accounts and they are recorded at their nominal value. However, a provision is set up for impairment losses on trade debtor accounts when there is objective evidence that the amounts receivable cannot be collected.

The amounts paid by trade debtors in advance, received prior to recognising the sale of the corresponding assets (*specifically the tools for projects*), is recorded in the caption “Trade and other payables” under current liabilities on the consolidated balance sheet at the year (see Note 3-q).

**j) Financial instruments—**

*Definitions—*

A “*financial instrument*” is a contract representing a financial asset for one entity and, simultaneously, a financial liability or equity instrument for another.

An “*equity instrument*” is any contract that evidences a residual interest in the assets of the issuing entity after deducting all of its liabilities.

A “*financial derivative*” is a financial instrument the value of which changes in response to changes in an observable market variable (*such as an interest rate, exchange rate, the price of a financial instrument or a market index*), where the initial investment is very low compared to other financial instruments with similar responses to changes in market conditions and which is, as a general rule, settled on a future date.

The operations referred to below are not treated for accounting purposes as financial instruments:

- The shareholdings in associated companies.
- The rights and obligations arising from employee benefits schemes.
- The rights and obligations originating in insurance contracts.
- The contracts and obligations relating to employee remuneration based on equity instruments.

*Recording financial instruments for the first time—*

Financial instruments are recorded for the first time on the consolidated balance sheet when the Group becomes party to the contract that originates them, in accordance with the terms thereof. Specifically, debt instruments are recorded as from the date the effective legal right to receive or the effective legal obligation to pay appears respectively. Financial derivatives are, for their part, as a general rule, recorded on the date they are contracted.

Operations to sell and buy financial assets in the form of conventional contracts, defined as contracts where the reciprocal obligations of the parties must be fulfilled by a deadline set under the regulations or conventions of the market, and may not be settled as differences, are recorded as from the date the benefits, risks, rights and duties inherent to all owners be they of the acquiring party which, depending on the type of financial asset bought or sold, may be the date of the contract or the date of settlement or delivery.

*Writing off the financial instruments—*

A financial asset is written off the consolidated balance sheet whenever any of the following situations arise:

- The contractual rights regarding the cash flows it generates have expired; or
- the financial asset is transferred and the risks and benefits of the financial asset are substantially transferred, or, even when they are not transferred or substantially withheld, control over the financial asset is transferred.

The Group assigns a portion of its accounts receivable without recourse to various financial institutions. As in this assignment part of the risks and benefits of the assets and control over the assets is transferred, the Group directly reduces its trade receivables by the amount of the accounts receivable assigned to the financial institutions, without recording, therefore, any financial liability in this connection. The unmatured accounts receivable assigned without recourse to financial institutions as at 31 December 2011 and 2010 totalled approximately 145 and 161 million euros, respectively.

For its part, a financial liability is taken off the consolidated balance sheet when the obligations that have generated the liability have been extinguished.

#### *Fair value of the financial instruments—*

The “*fair value*” of a financial instrument on a particular date is defined as the amount at which it could be bought or sold on that date between two properly informed parties, acting on an arms’-length basis. The most objective and common reference for the fair value of a financial instrument is the price that would be paid for it on an organized, transparent and deep market (“*quoted price*” or “*market price*”).

When there is no market price for a specific financial instrument, the method used to estimate its fair value is to take the price set in recent transactions for similar instruments and, if there are none, in valuation models that have been sufficiently verified by the international financial community, bearing in mind the specific particularities of the instrument to be valued and, in particular, the different types of risk associated with the financial instrument.

Specifically, the fair value of the financial derivatives traded on organised, transparent deep markets included on traded portfolios is deemed to be their daily listed price and if, for exceptional reasons, their listed price cannot be set on a particular date, the methods used to state them are similar to those used for stating derivatives contracted OTC.

The fair value of OTC derivatives or derivatives traded in shallow markets or markets where there is little transparency, is deemed to be the sum of the future cash flows originating in the instrument, discounted as at the valuation date (“*present value*” or “*theoretical closing*”), using methods recognised by financial markets in the valuation process (“*net present value*”, “*options pricing systems*”, etc.).

#### *Written-down cost of the financial instruments—*

Furthermore, the “*written-down cost*” is deemed to be the cost of acquiring a financial asset or liability, adjusted up or down, depending on the case, for repayments or principal and interest payments and, adjusted up or down, depending on the case, for the part taken to the consolidated income statement, using the “*effective interest rate*” method, by the difference between the initial amount and the repayment value of said financial instrument. For financial instruments, the written-down cost also includes any adjustments to their value as a result of any impairment in their value.

The “*effective interest rate*” is the discount rate that matches the initial value of a financial instrument to all its estimated cash flows of all kinds through its residual life. For fixed-interest financial instruments, the effective interest rate is the same as the contractual interest set when it was acquired adjusted, whenever applicable, for any fees and transaction costs that should be included in the calculation of this effective interest rate. For floating interest rate financial instruments, the effective interest rate is estimated in a similar fashion as for fixed interest rate operations, and is recalculated on every contractual interest rate adjustment date of the operation, taking into account the changes in the effective future cash flows of the instruments.

#### *Classification and valuation of financial assets and liabilities—*

Financial liabilities are classified on the consolidated balance sheet into the following categories:

##### *Financial assets—*

- *Financial assets held for trading*: these are assets that have been acquired on a current-asset basis or are part of a portfolio of financial instruments identified and managed jointly for which there is evidence that



action has recently been taken to make short-term profits and derivatives that have not been designated as hedges.

- *Financial assets held at maturity:* these are assets for which the cash flows are for amounts that have been or can be determined and which have specified maturity dates, which the Group declares it intends to hold until they mature, because, basically, it has the financial capacity to do so. This category does not include loans or accounts receivable from third parties.
- *Loans and accounts receivable generated to the Group:* record financial assets originated by the Group in exchange for providing cash flow, assets or services directly to a debtor. They are stated at “amortised cost”.
- *Available-for-sale financial assets:* these include securities acquired that are not held for trading purposes, are not classified as held-to-maturity investments and the equity instruments issued by the Group for companies that are not subsidiary or associated companies or joint ventures.

Held-for-trading and available-for-sale financial assets are stated at fair value as at subsequent statement dates. Gains and losses arising from changes in fair value of traded securities are taken to profit or loss for the year. In the case of available-for-sale investments, gains and losses from changes in fair value are recognised directly in equity until the asset is disposed of or it is determined that it has become impaired, at which time any cumulative gains or losses previously recognised in equity are taken to net profit or loss for the year.

Held-to-maturity investments, loans and accounts receivable generated by the Group are stated at amortised cost, and accrued interest income is taken to the consolidated income statement on the basis of the “effective interest rate”. Amortised cost is understood to be the initial cost minus principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount, minus any reduction for impairment or uncollectibility.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(3) MAIN ACCOUNTING POLICIES AND VALUATION METHODS USED**

*Financial liabilities—*

Financial liabilities are classified in accordance with the content of the contractual arrangements. The main financial assets held by the consolidated companies are held-to-maturity financial liabilities that are stated at amortised cost.

*Interest-earning bank loans and overdrafts* are recorded at the amount received, net of the direct costs of issue. Financial expenses, including premiums payable on settlement or redemption and direct issue costs, are recognised in the consolidated income statement on an accrual basis using the effective interest method and any portion of such expenses that is not settled in the period in which they arise is added to the carrying amount of the instrument.

*Trade creditor accounts*, which accrue no interest, are recorded at their nominal value.

*Net Worth—*

Equity instruments are classified in accordance with the content of the contractual arrangements. The amounts received for equity instruments issued by the Parent Company are recognised in consolidated equity, net of the direct issue costs.

**k) *Financial derivatives and accounting for hedges—***

The Parent Company's bank borrowings expose the Group to interest-rate risk (see Note 16). To hedge against this exposure, the Group uses derivatives, essentially "Interest Rate Swap" (IRS), in order to hedge against interest rate risks. The Group does not use derivative financial instruments for speculative purposes.

The Group has opted to refer to such financial instruments, whenever they meet the requirements laid down by IAS 39 in this regard, as hedges in Cash-Flow Hedging Relations. Under IAS 39, to qualify as an accounting hedge in the Group, a financial derivative must be used to hedge against one of the three types of risk listed below:

1. For changes in the value of assets and liabilities due to changes in price, interest rate and/or foreign exchange rate affecting the position of balance to be covered (*"fair-value hedges"*).
2. For changes in estimated cash flow originating in the financial assets and liabilities, commitments and transactions forecast as highly probable that a company plans to perform (*"cash-flow hedges"*).
3. The net investment in a business abroad (*"hedging of net investments of foreign operations"*).

Furthermore, it must efficiently eliminate the risk inherent in the item or position covered during the term planned for the cover and it must have properly documented the fact that the financial derivative was contracted specifically to be used as a hedge for certain defined balances or transactions and the way in which this efficient cover was planned to be achieved and measured.

Under IAS 39, all financial instruments must be recognised as an asset or a liability on the balance sheet, at their fair value, and any changes in this value must be taken to profit and loss for the year, except in those cases where, having opted for "hedging accounting", the effective part of the hedging relationship must be recorded under net equity (*"cash-flow hedges"* and *"hedges of net investment in foreign subsidiaries"*).

Hedges, whenever considered as such, stop being recorded in the accounts when the hedging instrument expires, or is sold, terminated or exercised, or no longer qualifies to be recorded as a hedge in the accounts. Any accumulated profit and loss corresponding to the hedging instrument that has been recorded in net equity is kept in net equity until the planned operation takes place. When the operation that is being hedged is not expected to take place, the accumulated net gains or losses recognised in net equity are taken to the consolidated income statement for the year.

As at 31 December 2011, the Group had designated the financial derivatives contracted as “accounting hedges”, and had recorded any changes in their fair value, for the efficient part of the hedge, under consolidated equity, as they are cash-flow hedges (see Notes 12 and 17).

**l) Balances and transactions denominated in foreign currencies—**

The Group uses the euro as its working currency. Therefore, transactions in currencies other than the euro are deemed to be foreign currency transactions and are recorded by applying the exchange rates prevailing at the date of the transaction. Gains or losses on transactions denominated in foreign currency are taken to the consolidated income statement as and when they occur.

At the year end, monetary assets and liabilities denominated in foreign currencies are translated to euros at the rate prevailing on the consolidated balance sheet date. Any resulting gains or losses are recognised directly in the consolidated income statement.

**m) Provisions and contingencies—**

Provisions are current obligations of the Group, stemming from past events, the nature of which is clearly specified as at the date of the consolidated financial statements, but for which the amount or timing of cancellation cannot be determined, when the Group expects to have to dispose of resources that bring in financial earnings when they expire in order to cancel them.

Furthermore, the contingent liabilities are possible obligations of the Group, arising as a result of past events, which depend on whether or not one or more events beyond the Group’s control occur in the future. They include the Group’s current obligations which are not likely to be cancelled which give rise to a decrease in resources that bring in financial earnings or the amount of which cannot be quantified sufficiently reliably.

The consolidated Balance sheet records all significant provisions where it is deemed that it is more likely to have to fulfil the obligation than otherwise. Contingent liabilities are not recognised in the consolidated balance sheet, but rather, whenever applicable, are disclosed in the Notes to the Financial Statements.

Provisions, which are quantified on the basis of the best information available on the consequences of the event giving rise to them and are reviewed and reestimated at the end of each year, are used to cater for the specific obligations for which they were originally recognised. Provisions are fully or partially reversed when such obligations cease to exist or are reduced.

Provisions are deemed necessary depending on the criteria described above and reversals of provisions are recorded as a charge or credit, respectively, on the consolidated income statement.

**n) Severance payments—**

In accordance with current labour law, the consolidated companies must pay severance to employees whose employment is terminated under certain conditions.

Severance payments that can be reasonably quantified are charged as an expense in the year the decision is taken to make them, provided the parties involved have been formally notified and there is, therefore, a valid expectation on the part of those involved that the consolidated companies will make the dismissals. The accompanying consolidated balance sheet as at 31 December 2011 includes a number of provisions under this heading, albeit for amounts that are not material.

**o) Corporation tax—**

Grupo Antolin-Irausa, S.A. and all of its consolidated Spanish subsidiaries domiciled in common territory in which it has holdings of 75% or more file consolidated corporation tax returns.

The income tax expense for the year is calculated as the tax payable based on taxable income for the year, taking into consideration any changes, whenever applicable, in tax assets and liabilities as a result of timing differences, tax credits and deductions and tax loss carryforwards (see Note 19).

The Group considers that a temporary difference exists when there is a difference between the carrying amount of an asset or liability and the related tax base. The tax base for assets and liabilities is treated as the amount assigned to the same for tax purposes. A taxable temporary difference is understood to be a difference that will generate a future obligation for the Group to pay taxes to the pertinent Authority. A deductible temporary difference is considered to be a

difference that will generate a future claim for the recovery of taxes paid or a reduction in the amount payable to the pertinent Authority.

Tax credits and deductions, as well as tax loss carryforwards represent amounts that are not applied in the relevant tax return, although the activity or result generating the claim has been carried out or obtained, until the requirements established in prevailing tax legislation are complied with. These amounts are recorded when the Group considers application in future years to be likely.

Current tax assets and liabilities include all taxes that are expected to be recovered from or paid to the Tax Authorities within a period not exceeding 12 months from the balance sheet date. Deferred tax assets or liabilities, meanwhile, represent amounts that are respectively expected to be recovered from or paid to the Tax Authorities in future years.

Deferred tax liabilities are recorded in respect of all temporary differences. In this regard, a deferred tax liability is recognised for the taxable timing differences resulting from investments in subsidiary companies and associated companies, and from holdings in joint ventures, except when the Group can control the reversal of the timing differences and they are not expected to be reversed in the foreseeable future.

For their part, the consolidated companies only record deferred tax assets arising on deductible timing differences, credits for deductions, rebates or, whenever applicable, tax losses, in the event that the consolidated companies are going to recording sufficient taxable income in the future to be able to make them effective.

No deferred tax asset or liability is recorded when an asset or liability that does not result from a business combination is initially recorded and when no impact arises in accounting or taxable income at the time that it is recorded.

The deferred tax assets and liabilities recorded are reviewed every time financial statements are closed, in order to check that they remain in force and to make whatever corrections may be appropriate on the basis of the results of the analyses carried out.

**p) *Recognising income and expense—***

Income and expenses are taken to consolidated income statement on an accruals basis.

Revenue is measured at the fair value of the consideration received and represents the amounts received or receivable for the goods and services provided in the normal course of business, net of discounts, VAT and other recoverable sales-related taxes. In the event that there are major doubts as to whether the revenues are going to be collected, recognition is deferred until they are effectively collected.

- *Revenues on sales of assets* are recorded when all the risks and benefits inherent to ownership of the asset are substantially transferred to the buyer.
- *Ordinary revenue associated with providing services* is also recognised in line with the stage of completion of the transaction as at the consolidated balance sheet date, provided the outcome of the transaction can be estimated reliably.
- *Revenues on the sale of project tools.* The Group records the income arising from the sale of these tools under the “Other Operating Income-Revenues on the sale of project tools” caption in the consolidated statement of income, once the aforementioned tools have obtained technical accreditation from the customer and title thereto has been transferred or mass production of the products manufactured with these tools is well under way and, therefore, it is considered that they have passed the aforementioned technical accreditation and no difficulties are expected in the transfer of title. Moreover, any final losses expected to be sustained on tools are recognized in full when such a loss arises, and the related provisions are recorded with a charge to this caption on the consolidated income statement.

The amounts billed in advance by the Group until title to these tools has been transferred are recorded under the “Trade and other payables” caption under liabilities on the consolidated balance sheet.

- *Rental income* is recorded on an accrual basis. Incentive benefits and the up-front costs of the lease agreements are spread out in time on a straight-line basis.
- *Official grants relating to tangible fixed assets* are recognised on the consolidated balance sheet as deferred income when the Group has met the relevant qualifying conditions and there are, therefore, no reasonable doubts about their being collected. These capital grants are credited to the caption “Capital grants released

to income in the year” on the consolidated income statement, on a straight-line basis, over the useful life of the assets for which the grant has been made.

Government grants to cover or finance expenses incurred by the Group are recognised as income once all the conditions attaching to them have been fulfilled over the periods during which the subsidised expenses are incurred.

- *Interest income and expense* is, as a general rule, recorded in the financial statements based on their accrual period, using the “effective interest rate method”.
- *Dividend income* from other companies is taken to income when the right of the consolidated companies to receive it vests.

An expense is recognised in the consolidated income statement when there is a decrease in the future economic benefits related to a reduction of an asset, or an increase in a liability, which can be measured reliably. This means that an expense is recognised at the same time as the increase in the liability or the reduction in the asset is recorded.

An expense is recognised immediately when a disbursement does not give rise to future economic benefits or when the requirements for recognition as an asset are not met.

Also, an expense is recognised when a liability is incurred and no asset is recognised, as in the case of a liability relating to a guarantee.

**q) Classification of assets and liabilities as current—**

On the consolidated balance sheet, assets and liabilities that are expected to be recovered, consumed or settled in twelve months or less, as from the consolidated balance sheet date, are classified as current, except for project tools, which are recorded as “Inventories”, and are part of “Current Assets” on the consolidated balance sheet, as they are expected to be realised in the normal course of the Group’s business, and the liabilities connected with said inventories (*customer advances*) which are presented as part of “Current liabilities” on the consolidated balance sheet, regardless of when they fall due. In the event that the Group does not have an unconditional right by the year end to defer settlement of a liability for at least twelve months as from the consolidated balance sheet date, the liability is recorded as current.

**r) Set-off of balances—**

Only balances receivable and payable are set off against each other, and therefore stated as a net figure on the consolidated balance sheet, when they arise from transactions that provide, either contractually or in accordance with prevailing legislation, for the possibility of set-off and the intention is to settle the balance for the net amount, or to realise the asset and pay the liability at the same time.

**s) Consolidated statement of cash-flows—**

The following terms with the following definitions are used in the consolidated statement of cash flows, prepared using the indirect method:

- *Cash flows*: the incomings and outgoings of cash and cash equivalents. Cash equivalents are defined as high-liquidity current-asset investments with little risk of change in value.
- *Operating activities*: the normal activities of companies in the motor industry, and any other activities that cannot be classified as either capital expenditure or financing.
- *Investment activities*: activities that relate to the acquisition, sale or disposal by other means of non-current assets and other capital expenditures not included in cash and cash equivalents.
- *Financing activities*: activities that give rise to changes in the size and structure of equity and liabilities that are not part of the operating activities.

#### (4) DISTRIBUTION OF INCOME OF THE PARENT COMPANY

Set out below are the proposed distribution of the profits of the Parent Company for 2011 drawn up by its Directors, and the distribution of the profit recorded by the Parent Company in 2010, approved by the General Meeting of Shareholders:

	<b>Thousand Euros</b>	
	<b>2011</b>	<b>2010</b>
Basis of Application:		
Income for the year .....	<b>13,084</b>	<b>8,999</b>
Distribution to:		
To Legal reserve .....	100	900
Voluntary reserves .....	12,984	—
To Accumulated losses .....	—	8,099
	<b>13,084</b>	<b>8,999</b>

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(5) INFORMATION BY SEGMENT**

IAS 14 “Segment reporting”, points 3 to 5, provides that:

3. *This Standard must be applied by enterprises whose debt or equity securities are publicly traded and those in the process of issuing such securities in public securities markets.*
4. *The reporting of financial information by segments is also advised for enterprises that draw up financial statements in accordance with IAS but are not listed.*
5. *If an enterprise that is not publicly traded chooses to report segment information and claims that its financial statements conform to IAS, then it must follow IAS 14 in full.*

Even though the Directors of the Parent Company consider that IAS 14 does not apply to the Group, as it hold no securities that are listed on organised markets, set out below is certain financial information arranged by segments, as they think that this information may help in understanding and interpreting these consolidated financial statements. The information by segments used by Group Management for management purposes is structured on the basis of the Group’s different business units, and also by geographical segments.

The main units or segments of the Grupo Antolin are “Seats”, “Panels” and “Roofs” and they have been defined bearing in mind the nature of the products. Furthermore, there is a “Corporate Unit” (*included under “Other”*) which provides overall management for certain assets and for the funding received by the Group from third parties, and other minor activities.

**Basis and methodology for segment reporting—**

The segment reporting below is based on monthly reports prepared by Group Management, which are generated using the same computer application as is used to obtain all the Group’s accounting data.

The ordinary income of each segment records the income that may be attributed directly to the segment, and does not include interest or dividend income or the gains on sales of investments or of non-current assets.

The expenses of each segment are calculated as being the expenses arising out of the operating activities of the segment that may be directly attributed to it, and include the overheads of the Corporate Unit that have been passed on to it and invoiced to each segment. The expenses of each segment do not include interest expense, or value impairments or losses on sales of investments or of non-current assets.

Assets and liabilities in the segments are those that are directly connected with their operations, although virtually all the financial debt of the Group has been centralised in the Corporate Unit.

2011

By business segment

Items	Million Euros				
	Seats	Panels	Roofs	Other	Total
Net turnover .....	224	729	922	1	1,876
(Expense) Other operating expenses, net .....	(196)	(631)	(841)	2	(1,666)
<b>EBITDA</b> .....	<b>28</b>	<b>98</b>	<b>81</b>	<b>3</b>	<b>210</b>
Depreciation and amortization .....	(13)	(47)	(36)	(4)	(100)
<b>Operating income (EBIT)</b> .....	<b>15</b>	<b>51</b>	<b>45</b>	<b>(1)</b>	<b>110</b>
Financial income and expense .....					(26)
Other profit and loss .....					(8)
Corporation tax .....					(26)
<b>Consolidated profit</b> .....					<b>50</b>
<b>Other information:</b>					

Investments in intangible assets in 2011 .....	2	12	13	4	31
Capital expenditures on tangible fixed assets in 2011 .....	9	29	42	6	86
<b>Assets in the segment as at 31 December 2011 .....</b>	<b>109</b>	<b>443</b>	<b>467</b>	<b>307</b>	<b>1,326</b>
<b>Liabilities in the segment as at 31 December 2011 .....</b>	<b>(68)</b>	<b>(252)</b>	<b>(217)</b>	<b>(459)</b>	<b>(996)</b>

By geographical segment

Items	Million Euros					Total
	Asia/Pacific	Europe	Mercosur	NAFTA	Other	
Net turnover .....	120	1,229	131	376	20	1,876
(Expense) Other operating expenses, net .....	(101)	(1,083)	(137)	(326)	(19)	(1,666)
Depreciation and amortization .....	(5)	(74)	(3)	(16)	(2)	(100)
<b>Operating income (EBIT) .....</b>	<b>14</b>	<b>72</b>	<b>(9)</b>	<b>34</b>	<b>(1)</b>	<b>110</b>
<b>EBITDA .....</b>	<b>20</b>	<b>145</b>	<b>(6)</b>	<b>50</b>	<b>1</b>	<b>210</b>
<b>Assets in the segment as at 31 December 2011 .....</b>	<b>120</b>	<b>933</b>	<b>57</b>	<b>191</b>	<b>25</b>	<b>1,326</b>

2010

By business segment

Items	Million Euros				Total
	Seats	Panels	Roofs	Other	
Net turnover .....	192	679	765	1	1,637
(Expense) Other operating expenses, net .....	(164)	(601)	(687)	(1)	(1,453)
<b>EBITDA .....</b>	<b>28</b>	<b>78</b>	<b>78</b>	<b>—</b>	<b>184</b>
Depreciation and amortization .....	(14)	(45)	(36)	(4)	(99)
<b>Operating income (EBIT) .....</b>	<b>14</b>	<b>33</b>	<b>42</b>	<b>(4)</b>	<b>85</b>
Financial income and expense .....					(27)
Other profit and loss .....					(10)
Corporation tax .....					(20)
<b>Consolidated profit .....</b>					<b>28</b>
<b>Other information:</b>					
Investments in intangible assets in 2010 .....	1	13	13	3	30
Capital expenditures on tangible fixed assets in 2010 .....	2	30	20	3	55
<b>Assets in the segment as at 31 December 2010 .....</b>	<b>122</b>	<b>432</b>	<b>407</b>	<b>303</b>	<b>1,264</b>
<b>Liabilities in the segment as at 31 December 2010 .....</b>	<b>(56)</b>	<b>(316)</b>	<b>(67)</b>	<b>(522)</b>	<b>(961)</b>

By geographical segment

Items	Million Euros					Total
	Asia/Pacific	Europe	Mercosur	NAFTA	Other	
Net turnover .....	82	1,105	135	297	18	1,637
Expense / Other operating expenses, net .....	(66)	(967)	(149)	(255)	(16)	(1,453)
Depreciation and amortization .....	(5)	(72)	(4)	(17)	(1)	(99)
<b>Operating income (EBIT) .....</b>	<b>11</b>	<b>66</b>	<b>(18)</b>	<b>25</b>	<b>1</b>	<b>85</b>
<b>EBITDA .....</b>	<b>16</b>	<b>138</b>	<b>(14)</b>	<b>42</b>	<b>2</b>	<b>184</b>
<b>Assets in the segment as at 31 December 2010 .....</b>	<b>83</b>	<b>952</b>	<b>58</b>	<b>145</b>	<b>26</b>	<b>1,264</b>



**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(6) INTANGIBLE ASSETS**

**Goodwill—**

The balance of the item “Goodwill” on the accompanying consolidated balance sheet as at 31 December 2011 records various consolidated subsidiary companies, although no goodwill is significant.

Every year end, the Group makes an estimate of whether there has been any impairment that reduces the recoverable value of each of the goodwills to a level below the net cost recorded and, should this be the case, it proceeds to make the necessary adjustments. In this regard, as at 31 December 2011, the Group has carried out the corresponding analyses, and has checked that the recoverable value of the goodwill was higher than the net cost at which they are recorded, except in the case of the goodwill of Grupo Antolin-South Africa, Ltd. (*which in 2010 recorded a profit of 526 thousand euros, when in 2011 has recorded a loss, as there was a variance with regard to the figures budgeted*), for which a value impairment of 1,852 thousand euros has been recorded, charged to the caption “Net losses due to impairment of non-current assets” on the accompanying consolidated income statement for 2011.

The amount that can be recovered from the cash-generating unit associated with the goodwill of Grupo Antolin-South Africa, Ltd. has been evaluated with reference to its useful value, which has been calculated based on forecasts of cash flow (*revised and updated by Group Management*), which represent the best estimates, covering a period of 5 years and a residual value estimated as a perpetual annuity. The discount rate before tax used for the purposes of this impairment test is set at approximately 18%. For the estimate of the residual value a sustainable average flow and a forecast rate of growth of zero have been considered. Based on the results obtained, the decision has been taken to record the value impairment mentioned above.

**Other intangible assets—**

The changes in 2010 and 2011 in the different accounts in this caption and in the related accumulated depreciation and provisions for impairments were as follows:

	Thousand Euros			
	Development Expenses	Computer Software	Other Intangible Assets	Total
<b>Cost:</b>				
<b>Balances as at 31 December 2009</b> .....	<b>342,354</b>	<b>32,932</b>	<b>3,233</b>	<b>378,519</b>
Additions.....	28,300	1,842	—	30,142
Retirements or disposals .....	(17,320)	(625)	(800)	(18,745)
Translation differences and other items.....	11,226	433	140	11,799
<b>Balances as at 31 December 2010</b> .....	<b>364,560</b>	<b>34,582</b>	<b>2,573</b>	<b>401,715</b>
Additions.....	31,292	1,945	—	33,237
Transfers of tangible fixed assets .....	2,129	8	—	2,137
Retirements or disposals .....	(8,438)	(105)	(386)	(8,929)
Translation differences and other items.....	(3,258)	(161)	(290)	(3,709)
<b>Balances as at 31 December 2011</b> .....	<b>386,285</b>	<b>36,269</b>	<b>1,897</b>	<b>424,451</b>
<b>Accumulated depreciation:</b>				
<b>Balances as at 31 December 2009</b> .....	<b>(179,379)</b>	<b>(28,545)</b>	<b>(2,753)</b>	<b>(210,677)</b>
Depreciation charge .....	(35,462)	(1,927)	—	(37,389)
Retirements or disposals .....	13,000	498	320	13,818
Translation differences and other items.....	(5,842)	(371)	(140)	(6,353)
<b>Balances as at 31 December 2010</b> .....	<b>(207,683)</b>	<b>(30,345)</b>	<b>(2,573)</b>	<b>(240,601)</b>
Depreciation charge .....	(37,898)	(1,948)	—	(39,846)
Retirements or disposals .....	4,699	88	386	5,173
Translation differences and other items.....	2,913	131	290	3,334
<b>Balances as at 31 December 2011</b> .....	<b>(237,969)</b>	<b>(32,074)</b>	<b>(1,897)</b>	<b>(271,940)</b>
<b>Impairment:</b>				
<b>Balances as at 31 December 2009</b> .....	<b>(13,681)</b>	—	—	<b>(13,681)</b>
Period charges ( <i>and reversals</i> ), net .....	(4,563)	—	—	(4,563)
Retirements or disposals .....	375	—	—	375
Translation differences and other items.....	(285)	—	—	(285)
<b>Balances as at 31 December 2010</b> .....	<b>(18,154)</b>	—	—	<b>(18,154)</b>
Period charges ( <i>and reversals</i> ), net .....	(1,980)	—	—	(1,980)
Retirements or disposals .....	1,824	—	—	1,824
Translation differences and other items.....	81	—	—	81
<b>Balances as at 31 December 2011</b> .....	<b>(18,229)</b>	—	—	<b>(18,229)</b>
<b>Net intangible assets as at 31 December 2010</b> .....	<b>138,723</b>	<b>4,237</b>	—	<b>142,960</b>
<b>Net intangible assets as at 31 December 2011</b> .....	<b>130,087</b>	<b>4,195</b>	—	<b>134,282</b>

*Development expenses—*

The capitalised development expenses as at 31 December 2011 relate to numerous projects relating to automobile roofs, trays, panels, seats and mechanisms. A portion of the capitalised development expenses (*approximately 31 million euros*) relate to projects in progress as at 31 December 2011 (*20 million euros, approximately, as at 31 December 2010*), and, accordingly, the related expenses will not start to be amortised until the projects have been completed.

The Directors of the Parent Company forecast that during 2012 and 2013 most of the development projects under way as at 31 December 2011 shall be completed (at which time the corresponding products shall begin to be mass produced).

The main additions to development expense in 2011 relate to the projects “Asiento B78”, “Plataforma DHM” and “Techo Ford C344N NA” and, also, the main projects that have started operating in that year have been “Panel VW Passat B7”, “Pilar Ford C346” and “Techo Ford C346 USA”.

Part of the retirements made in development expenses during 2011 relate to certain projects for the customers KIA and SEAT, because in the end the production of these projects has not been adjudicated to the Group, as well as the retirement of other development expenses that had been virtually amortised. As a result of these retirements, the Group has recorded a loss of 1,749 thousand euros, charged to the caption “Profit/(loss) on disposals of non-current assets” on the accompanying consolidated income statement (*981 thousand euros in 2010*).

*Impairment losses—*

At the end of every year, the Group reviews the carrying amounts of its intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. Should any such signs of impairment exist, any recoverable amount of these assets is quantified in order to determine any impairment loss suffered by these assets.

Accordingly, as at 31 December 2011, the Group had recorded provisions for impairment totalling 18,229 thousand euros, which records the decline in value of the capitalised development expenses of certain seat, panelling and roofing projects which are currently loss-making, and for which the recoverable value is lower than their value as recorded in books. Approximately 3.7 million euros of this figure were recorded in 2011, charged to “Net losses due to impairment of non-current assets” on the accompanying consolidated income statement (*approximately 5.5 million euros in 2010*). Furthermore, provisions for impairments set up in prior years totalling 1.7 million euros, approximately, have been reversed as a credit to this caption on the consolidated income statement for 2011, as a result of the effects of certain improvements in sale prices or reductions in costs (*0.9 million euros, approximately, in 2010*).

*Fully depreciated assets—*

The Group’s intangible assets include certain assets which had been fully depreciated as at 31 December 2011 and 2010. The total cost and related accumulated depreciation of these assets amounted to approximately 133 and 117 million euros respectively.

**(7) TANGIBLE FIXED ASSETS**

The changes in 2010 and 2011 in tangible fixed asset accounts and in the related accumulated depreciation and provisions for impairments were as follows:

	Thousand Euros			
	Land and Buildings	Technical Plant, Machinery and Other Fixed Assets	Fixed Assets Under Construction and Advances	Total
<b>Cost:</b>				
<b>Balances as at 31 December 2009.....</b>	<b>196,525</b>	<b>622,453</b>	<b>16,195</b>	<b>835,173</b>
Additions .....	1,164	32,959	20,986	55,109
Retirements or disposals .....	(3,117)	(25,100)	(1,092)	(29,309)
Transfers between accounts .....	(340)	9,237	(8,897)	—
Translation differences and other items.....	3,868	21,353	550	25,771
<b>Balances as at 31 December 2010.....</b>	<b>198,100</b>	<b>660,902</b>	<b>27,742</b>	<b>886,744</b>
Additions .....	21,470	41,424	20,927	83,821
Inclusions in the scope of consolidation.....	—	1,125	—	1,125
Retirements or disposals .....	(2,218)	(16,366)	(385)	(18,969)
Transfers between accounts .....	(51)	19,572	(19,521)	—
Transfers to “Intangible assets”.....	—	—	(2,137)	(2,137)
Transfer to “Non-current assets held for sale”.....	(3,946)	—	—	(3,946)

Translation differences and other items.....	(3,692)	(11,852)	(945)	(16,489)
<b>Balances as at 31 December 2011.....</b>	<b>209,663</b>	<b>694,805</b>	<b>25,681</b>	<b>930,149</b>
<b>Accumulated depreciation:</b>				
<b>Balances as at 31 December 2009.....</b>	<b>(41,723)</b>	<b>(380,478)</b>	—	<b>(422,201)</b>
Depreciation charge.....	(6,681)	(54,737)	—	(61,418)
Retirements or disposals.....	836	17,920	—	18,756
Translation differences and other items.....	(842)	(10,902)	—	(11,744)
<b>Balances as at 31 December 2010.....</b>	<b>(48,410)</b>	<b>(428,197)</b>	—	<b>(476,607)</b>
Depreciation charge.....	(5,611)	(54,139)	—	(59,750)
Inclusions in the scope of consolidation.....	—	(627)	—	(627)
Retirements or disposals.....	1,148	13,676	—	14,824
Transfers between accounts.....	497	(497)	—	—
Transfers to “Non-current assets held for sale”.....	922	—	—	922
Translation differences and other items.....	691	6,408	—	7,099
<b>Balances as at 31 December 2011.....</b>	<b>(50,763)</b>	<b>(463,376)</b>	—	<b>(514,139)</b>
<b>Impairment:</b>				
<b>Balances as at 31 December 2009.....</b>	—	<b>(3,795)</b>	—	<b>(3,795)</b>
Period charges.....	—	(5,323)	—	(5,323)
Reversals credited to income statement.....	—	250	—	250
Translation differences.....	—	(170)	—	(170)
<b>Balances as at 31 December 2010.....</b>	—	<b>(9,038)</b>	—	<b>(9,038)</b>
Period charges.....	(630)	(3,733)	—	(4,363)
Retirements or disposals.....	—	1,463	—	1,463
Transfers between accounts.....	(754)	754	—	—
Transfers to “Non-current assets held for sale”.....	1,384	—	—	1,384
Translation differences.....	—	483	—	483
<b>Balances as at 31 December 2011.....</b>	—	<b>(10,071)</b>	—	<b>(10,071)</b>
<b>Net tangible fixed assets as at 31 December 2010.....</b>	<b>149,690</b>	<b>223,667</b>	<b>27,742</b>	<b>401,099</b>
<b>Net tangible fixed assets as at 31 December 2011.....</b>	<b>158,900</b>	<b>221,358</b>	<b>25,681</b>	<b>405,939</b>

#### Additions and retirements in 2011 and 2010—

A significant part of the additions that took place in 2011 are for the following capital expenditures:

- Acquisition of the land and buildings of the factory that Grupo Antolin-Magnesio, S.L.U. has in Valdorros (Burgos) and which were being operated as rented property, and the acquisition of other buildings in Spain. The acquisition price of these buildings totalled 10.3 million euros.
- Investments in the factory in Chrastava (Czech Republic), owned by Grupo Antolin-Bohemia, a.s., to replace the plant and machinery that were retired in 2010 as a result of the damage caused by a flood that affected that factory that year.
- Capital expenditures made in building and equipping the production plant of Grupo Antolin-Saint Petersburg, and in the expansion of the production plant of consolidated subsidiary companies (*basically, the plants in Liberec and Ostrava, in the Czech Republic*).

The main additions that were made in 2010 relate to the investments made in building and equipping the new production plant of Grupo Antolin-Saint Petersburg, and expanding the production facilities of some of the consolidated subsidiary companies (*Trimtec, Ltda., Grupo Antolin-Jarny, S.A.S., Ningbo Antolin Huaxiang Auto Parts Co., Ltd., Grupo Antolin-Bohemia, a.s. and Grupo Antolin-Turnov, s.r.o.*).

Part of the retirements recorded in 2011 relate to the assets that were written off as a result of a fire in March 2011 at the factory owned by Grupo Antolin-IGA, S.A.S. in Hénin-Beaumont (France). As a result of the financial losses caused by this accident, the Group has recorded 9,159 thousand euros in income as an indemnity receivable from the insurance company for the damages suffered (*to property and to stock*), and for the additional costs that consolidated subsidiary company has had to incur to meet its commitments to deliver products to its customers. This indemnity has been recorded as a credit in the caption “Other operating income” on the accompanying consolidated income statement for 2011 (see Note 20), and as at 31 December 2011, it had been collected in part by the Group. The remainder is expected to be collected during 2012.

Among the retirements recorded in 2010 are the assets that have been written off as a result of Grupo Antolin-Transport, S.A.S. leaving the scope of consolidation.

#### Land—

The cost of “Land and constructions” as at 31 December 2011 and 2010 includes 56,505 thousand euros and 51,652 thousand euros, respectively, for the values at which the land was recorded as at said dates.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(7) TANGIBLE FIXED ASSETS**

The land owned by the Group on the Iberian Peninsula was stated at its fair value on the “IFRS-EU” transition date (1 January 2006), in accordance with IFRS 1. The largest figure attributed to these plots of land as at that date was 26,892 thousand euros. It was calculated on the basis of assessments made by independent experts, based on market evidence or on discounted estimated future cash flows.

**Estimate for audit for 2012—**

Group Management plans for 2012 are for capital expenditures in tangible fixed assets totalling 82,812 thousand euros, as analysed below:

<b>Business Segment</b>	<b>Thousand Euros</b>
Door Function.....	44,774
Roof Function.....	21,112
Seat Function.....	5,826
Lighting Function.....	11,100
	<b>82,812</b>

The planned capital expenditures are for a large number of the Group’s plants. The most significant relate to those that exceed 4 million euros and correspond to the plant of Grupo Antolin-Saint Petersburg (*Russia*) and the plants of Silesia Plastic, Sp. zo.o. (*Poland*), Grupo Antolin- Turnov, s.r.o. (*Czech Republic*) and Yangzhou Antolin Huaxiang Auto-Parts Co., Ltd. (*China*).

**Assets located outside Spain—**

Set out below is an analysis of the cost values and the related accumulated depreciation and provisions for impairment losses as at 31 December 2011 and 2010 of the Group’s tangible fixed assets located outside Spain:

<b>Type of Asset</b>	<b>Thousand Euros</b>		
	<b>Cost</b>	<b>Accumulated Depreciation and Impairment Losses</b>	<b>Net</b>
<b>As at 31 December 2010—</b>			
Land and structures.....	117,616	(32,387)	85,229
Technical plant, machinery and other tangible fixed assets.....	413,849	(255,380)	158,469
Advances and fixed assets under construction.....	27,370	—	27,370
	<b>558,835</b>	<b>(287,767)</b>	<b>271,068</b>
<b>As at 31 December 2011—</b>			
Land and structures.....	119,127	(34,645)	84,482
Technical plant, machinery and other tangible fixed assets.....	441,332	(275,653)	165,679
Advances and fixed assets under construction.....	24,458	—	24,458
	<b>584,917</b>	<b>(310,298)</b>	<b>274,619</b>

**Finance leases (leasing)—**

As at 31 December 2011, the Group, in its capacity as financial lessee, recorded the following leased assets (stated in accordance with the policy described in Note 3-f). Set out below are the most significant characteristics of these assets, as well as of the corresponding financial leases signed (see Note 16):

<b>Description of Asset</b>	<b>Contract Term (Months)</b>	<b>Months Elapsed through 31/12/11</b>	<b>Thousand Euros (Figures not including VAT or Interest)</b>			
			<b>Original Cost</b>	<b>Lease Instalments Paid in Prior Years</b>	<b>Lease Instalments Paid in 2011</b>	<b>Lease Payments Outstanding, Including Purchase Option</b>
Structures and facilities <sup>(a)</sup> .....	180	120	10,430	4,801	639	3,618
Structures and facilities <sup>(b)</sup> .....	144	96	16,027	8,593	1,487	5,947

Machinery <sup>(c)</sup> .....	65	54	594	409	152	33
Machinery <sup>(c)</sup> .....	89	79	364	290	49	25
Machinery <sup>(c)</sup> .....	60	58	1,579	1,161	332	86
Machinery <sup>(c)</sup> .....	72	38	2,155	697	355	1,103
Machinery <sup>(b)</sup> .....	72	20	1,827	178	291	1,358
			<b>32,976</b>	<b>16,129</b>	<b>3,305</b>	<b>12,170</b>

As at 31 December 2010, the Group was using basically the same assets under finance leases as at the end of 2011 (see Note 16):

Description of Asset	Contract Term (Months)	Months Elapsed through 31/12/10	Thousand Euros (Figures not including VAT or Interest)			
			Original Cost	Lease Instalments Paid in Prior Years	Lease Instalments Paid in 2010	Lease Payments Outstanding, Including Purchase Option
Structures and facilities <sup>(a)</sup> .....	180	108	10,430	4,162	639	4,257
Structures and facilities <sup>(b)</sup> .....	144	84	16,242	7,063	1,530	7,649
Machinery <sup>(c)</sup> .....	65	42	613	317	93	203
Machinery <sup>(c)</sup> .....	89	67	353	260	30	63
Machinery <sup>(c)</sup> .....	60	46	1,578	956	205	417
Machinery <sup>(c)</sup> .....	72	26	2,285	308	390	1,587
Machinery <sup>(b)</sup> .....	72	8	1,813	—	178	1,635
Other .....	Sundry	—	278	245	33	—
			<b>33,592</b>	<b>13,311</b>	<b>3,098</b>	<b>15,811</b>

- (a) These items relate to investments made in 2002 and 2003 in the production plant of the consolidated subsidiary Grupo Antolin-Cambrai, S.A.S. The Group received from Communauté d'Agglomération de Cambrai (France) a capital grant to partially fund these structures and facilities, which was used to reduce its borrowings. In 2009, the purchase option in the contracts relating to the machinery was taken up.
- (b) These constructions and plant refer to investments made in 2003 and 2004 in the construction of the production plant of the consolidated subsidiary Grupo Antolin-Turnov, S.R.O., and in an extension started in 2008. Machinery relates to the capital expenditures made by this consolidated subsidiary company in 2010.
- (c) These assets relate to the capital expenditures made by the consolidated subsidiary companies Grupo Antolin-South Africa, Ltd. and Silesia Plastic, Sp. zo.o.

### Operating leases—

The consolidated companies have been leasing the buildings which house a part of their warehouses, production facilities and offices. The related contracts signed with the owners of these buildings provide that the rental periods will expire over the coming years, although they provide for the possibility of successive, tacit extensions.

The Group has been depreciating its tangible fixed assets earmarked for these buildings based on the useful life of the assets (or based on the estimated life of the project, if shorter), as the Directors of the Parent Company do not foresee any difficulties about extending the terms of the corresponding lease contracts indefinitely.

The rental cost of said buildings for 2011 totalled 19 million euros, approximately (*17 million euros, approximately, in 2010*). This figure has been recorded in the caption "Other operating expenses" on the accompanying consolidated income statement.

Set out below are the figures and due dates for the lease instalments payable to the lessors in the future under the operating leases signed by the Group with third parties as at 31 December 2011:

Period	Thousand Euros
Not later than one year .....	20,772
Later than one year and not later than five years .....	70,288
More than five years .....	16,216
	<b>107,276</b>

### Impairment losses—

At the end of every year, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered any impairment loss. Should any such signs of impairment exist, any recoverable amount of these assets is quantified in order to determine any impairment loss suffered by these assets.

Accordingly, as at 31 December 2011, the Group had recorded provisions for impairment totalling 10,071 thousand euros, which records the decline in value of tangible fixed assets used, basically in the factory of Trimtec, Ltda, which is currently loss-making, and for which the recoverable value is lower than their value as recorded in books. Approximately 4,363 thousand euros of this figure were recorded in 2011, charged to “Net losses due to impairment of non-current assets” on the accompanying consolidated income statement (5,323 thousand euros in 2010).

#### Fully depreciated tangible fixed assets—

The Group’s tangible fixed assets include certain assets which had been fully depreciated as at 31 December 2011 and 2010. The total cost and related accumulated depreciation of these assets amounted to approximately 247 and 223 million euros respectively.

#### Insurance policy—

The Group takes out insurance policies to cover the possible risks to which its tangible fixed assets are exposed. The Parent Company’s directors consider that the policies taken out are adequate in view of the various locations of its tangible fixed assets.

### (8) CURRENT AND NON-CURRENT FINANCIAL ASSETS

Set out below is an analysis of the balances of these captions on the accompanying consolidated balance sheets as at 31 December 2011 and 2010, taking the nature of the operations into account:

	Thousand Euros			
	31/12/11		31/12/10	
	Non Current	Current	Non Current	Current
Available-for-sale financial assets .....	22,796	—	12,070	—
Long-term investment securities .....	4,223	—	4,222	—
Other investments .....	6,179	9,341	2,966	1,912
<b>Total, gross .....</b>	<b>33,198</b>	<b>9,341</b>	<b>19,258</b>	<b>1,912</b>
Less- Impairment in value .....	(2,101)	—	(2,101)	—
<b>Net total .....</b>	<b>31,097</b>	<b>9,341</b>	<b>17,157</b>	<b>1,912</b>

#### Available-for-sale financial assets—

Set out below is the movement in the caption “Available-for-sale financial assets” in 2011 and 2010:

Holding in the Share Capital of:	Thousand Euros							
	Balances as at 31/12/09	Disposals	Share Swap in Merger Operation	Change in Fair Value (Note 12)	Balances as at 31/12/10	Additions for Acquisitions	Change in Fair Value (Note 12)	Balances as at 31/12/11
Instituto Sectorial de Promoción y Gestión de Empresas, S.A. (INSSEC) .....	26,587	(15,644)	(10,943)	—	—	—	—	—
CIE Automotive, S.A.....	—	—	10,943	1,127	12,070	—	2,041	14,111
Banca Cívica, S.A.....	—	—	—	—	—	10,000	(1,555)	8,445
Bankia, S.A.....	—	—	—	—	—	250	(10)	240
	<b>26,587</b>	<b>(15,644)</b>	<b>—</b>	<b>1,127</b>	<b>12,070</b>	<b>10,250</b>	<b>476</b>	<b>22,796</b>

*Holding in Instituto Sectorial de Promoción y Gestión de Empresas, S.A. (INSSEC) and in CIE Automotive, S.A.—*

As at 31 December 2009, the Grupo Antolin has an ownership interest in the share capital of Instituto Sectorial de Promoción y Gestión de Empresas, S.A. (INSSEC), registered address in Bilbao, which engaged in promoting and managing businesses and in taking holdings in the share capital of companies or groups of companies. The groups of companies in which this company had holdings carried on their activities in sectors such as the automobile industry (specifically, it had a direct and indirect holding of 64.752% in the share capital of CIE Automotive, S.A.), the installation and design of refractory for industrial ovens, computer services, telecommunications, engineering, biotechnology, bioenergy and the environment. This holding was included in the category “Available-for-sale financial assets”.

In 2010, the following operations were carried out in connection with this holding:

- The Group sold, for 13,074 thousand euros, part of the shares it held in Instituto Sectorial de Promoción y Gestión de Empresas, S.A. (INSSEC), which was recorded on the accompanying consolidated balance sheet as at 31 December 2009 at its fair value, amounting to 14,558 thousand euros.
- Part of Instituto de Promoción y Gestión de Empresas, S.A. (INSSEC) was spun off to set up a new company, and the Group accordingly received certain shares in the new company. In December 2010, the Group sold these shares for 975 thousand euros (*these shares were recorded at a fair value of 1,086 thousand euros*).

As a result of these two sale operations carried out in 2010, the part of the change in the fair value that related to the shares sold off, which was recorded in the caption “Valuation Adjustments” was written off, and became part of consolidated equity, with a credit to the caption “Amounts recognised in profit or loss relating to available-for-sale financial assets” on the accompanying consolidated income statement for 2010, for 10,301 thousand euros, while the remaining, 1,595 thousand euros, has been written off crediting the fair value at which the shares sold off had been stated (see Note 12).

- Later on, now in 2010, a merger was carried out whereby Instituto Sectorial de Promoción y Gestión de Empresas, S.A. (INSSEC) was absorbed by CIE Automotiva, S.A., and the Group, after the corporate merger operation had been entered in the Mercantile Register, in return for its holding in INSSEC, received 2,519,826 shares in CIE Automotiva, S.A., representing 2.21% of its share capital.

CIE Automotiva, S.A. has its corporate domicile in Bilbao. It is a listed company. The activity of the group it heads focuses on two lines of business: motor industry and bio fuel industry.

Later, during 2010, the Group carried out no operations with the shares of CIE Automotiva, S.A. which were allotted to it (*which were also designated as “Available-for-sale financial assets”*). As at 2010 December 31 they were stated at their listed value. The fair value of the holding in the capital of CIE Automotiva, S.A. as at 31 December 2010 increased compared to the fair value of the part of the holding in the capital of Instituto Sectorial de Promoción y Gestión de Empresas, S.A. (INSSEC) at the end of 2009 which had been swapped in the aforementioned merger operation. This change in the year-on-year fair value has been stated as a credit to the caption “Valuation Adjustments”, and is part of “Equity” on the consolidated balance sheet (see Note 12).

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(8) CURRENT AND NON-CURRENT FINANCIAL ASSETS**

In 2011, the Group has not carried out any operations with the shares of CIE Automotiva, S.A. which it held as at 31 December 2010 (*specifically, 2,519,826 shares in this company, representing 2.21% of its share capital*). The only movement in this holding in 2011 is for the change that has taken place in its fair value (*increase in value of 2,041 thousand euros*), which has been recorded as a credit to the caption “Valuation Adjustments”, which is part of consolidated equity (see Note 12). At 31 December 2011 and at 31 December 2010, the fair value of this holding has been calculated by considering its listed value on said dates (*5.6 euros/share and 4.79 euros/share, respectively*).

The accumulated change in the fair value of these financial instruments as at 31 December 2011 amounted to 11,489 thousand euros (*their acquisition cost totals 2,622 thousand euros*).

*Holding in Banca Cívica, S.A.—*

Banca Cívica, S.A. is domiciled in Seville. It is a listed company. Its activity consists Civic engaging in all kinds of activities, operations and services in the banking business.

In July 2011, the Group acquired 3,703,703 shares in this company, representing 0.7% of its share capital, for an acquisition cost of 10,000 thousand euros. This holding has been designated as “Available- for-sale financial assets”.

Over the period between when it was acquired and the end of 2011, the Group has carried out no operation with the shares of Banca Cívica, S.A. The only movement in this holding in 2011 is for the change recorded in its fair value (*reduction totalling 1,555 thousand euros*), which has been recorded as a charge to the caption “Valuation Adjustments”, which is part of consolidated equity (see Note 12). At 31 December 2011, the fair value of this holding has been calculated by considering its listed value on said date (*2.28 euros/share*)

**Other financial assets—**

Set out below is an analysis of these financial assets, according to their nature, as at 31 December 2011 and 2010:

	Thousand Euros			
	31/12/11		31/12/10	
	Non Current	Current	Non Current	Current
Other loans <sup>(a)</sup> .....	4,636	2,922	1,314	1,912
Guarantee deposits and deposits given .....	1,543	6,419	1,651	—
	<b>6,179</b>	<b>9,341</b>	<b>2,965</b>	<b>1,912</b>

(a) The balances of this item as at 31 December 2011 basically refer to current accounts maturing in 2012 and the long-term loans held at that date by the Parent Company with some of its shareholders (*some of which are also directors in the Parent Company—see Note 21*) and with GAIT-Interiores para Transporte, S.L. (see Note 1).

**(9) INVENTORIES**

Set out below is an analysis of the Group’s inventories as at 31 December 2011 and 2010:

Description	Thousand Euros	
	31/12/11	31/12/10
Raw materials and supplies.....	80,579	81,154
Other procurements .....	1,438	1,394
Merchandise .....	6,517	3,116
Work-in-process and semi-finished goods.....	12,278	10,990
Project tools .....	57,335	54,197
Finished goods.....	26,969	22,659
By-products, waste products and materials recovered .....	872	84
Advances to suppliers.....	12,285	8,753
Impairment provisions .....	(4,766)	(6,461)
	<b>193,507</b>	<b>175,886</b>



## Project tools—

The balances of this item as at 31 December 2011 and 2010 record the costs incurred by the Group on the project tools being manufactured as at said dates. As at 31 December 2011 and 2010, the Group had billed approximately 37 and 35 million respectively as advances, recorded under the “Trade and other payables” caption under current liabilities on the accompanying consolidated balance sheets.

The Directors of the Parent Company provide that during 2012 the tools of projects at the manufacturing stage as at 31 December 2011 will be liquidated, with major profits.

## Insurance policy—

The Group takes out insurance policies to cover the possible risks to which practically all its inventories are exposed. In the opinion of the Directors of the Parent Company, the cover provided by the policies taken out as at 31 December 2011 is sufficient.

## (10) OTHER ACCOUNT RECEIVABLE

Set out below is an analysis of the balances of this caption on the consolidated balance sheets as at 31 December 2011 and 2010:

Description	Thousand Euros	
	31/12/11	31/12/10
<b>Sundry debtors, staff and prepaid expenses .....</b>	<b>23,659</b>	<b>15,988</b>
<b>Taxes and Social Security—</b>		
Taxes refundable (Note 19) .....	39,125	29,108
Receivable from public authorities for grants given ( <i>basically, for operating grants</i> ) .....	5,424	3,633
Other receivables from public authorities .....	220	2,563
	<b>44,769</b>	<b>35,304</b>
	<b>68,428</b>	<b>51,292</b>

## (11) CASH AND BANKS AND OTHER CASH EQUIVALENTS

This caption on the consolidated balance sheet includes the cash and current bank accounts of the Group (*cash and banks*) and the short-term bank deposits (*totalling 89,631 thousand euros as at 31 December 2011 and 121,961 thousand euros as at 31 December 2010*) maturing essentially in January of the following year, accruing interest at an annual rate of around 2%. The carrying amounts of these assets are the same as their fair value.

## (12) EQUITY

### Share capital—

The share capital of the Parent Company as at 31 December 2009 was represented by 6,952,576 fully subscribed and paid registered shares (*2,698,971 “class A” shares, 2,664,454 “class B” shares and 1,589,151 “class C” shares*) each having a par value of 4.67 euros.

On 28 July 2010, an Extraordinary General Meeting of Shareholders of the Parent Company approved an increase in its share capital of 5,000 thousand euros, involving an issue of 1,070,665 new registered shares (*415,632 “class A” shares, 410,279 “class B” shares and 244,754 “class C” shares*), that were fully subscribed and paid in by the shareholders of the Parent Company during 2010. This capital increase was executed in a public deed on 28 July 2010 and entered in the Mercantile Register of Burgos on 27 August 2010.

The expenses incurred by the Parent Company in making this capital increase totalled 53 thousand euros. This amount was, as mentioned in Note 3-j, recorded, net of the corresponding tax effect (*which amounted to 16 thousand euros*), charged to the caption “Shareholders’ Equity-Other reserves of the Parent Company” on the accompanying consolidated balance sheet as at 31 December 2010.

After said operation, the share capital of the Parent Company as at 31 December 2011 was represented by 8,023,241 registered shares (*3,114,603 “class A” shares, 3,074,733 “class B” shares and 1,833,905 “class C” shares*), fully subscribed and paid in, each having a par value of 4.67 euros. The shareholder structure of the Parent Company as at said date, was as follows:

<b>Shareholder</b>	<b>Percentage of Ownership</b>
Canea, S.L. ....	38.82
Injat, S.L. ....	28.56
Agrícola Cinegética San Quirce, S.L. ....	9.76
Anira Inversiones, S.L. ....	22.86
	<b>1000.00</b>

All the Grupo Antolin-Irausa, S.A. shares carry the same voting and dividend rights, although they are distinguished by their transfer regime.

On the other hand, Anira Inversiones, S.L., an investment group made up of certain financial institutions, and the rest of the shareholders of the Parent Company have entered into a “shareholders’ agreement”, which sets forth the rules to govern relations between both parties as Grupo Antolin-Irausa, S.A. shareholders and the rules governing management and internal organization of Grupo Antolin-Irausa, S.A. and the other companies composing Grupo Antolin.

#### **Additional paid-in capital—**

The current Companies Act expressly allows the use of the additional paid-in capital balance to increase capital stock and establishes no specific restrictions as to its use.

#### **Other reserves of the Parent Company—**

This caption on the accompanying consolidated balance sheets as at 31 December 2011 and 2010 includes, inter alia, the following reserves:

##### *Legal reserve—*

The current Spanish Companies Act stipulates that 10% of the net profits of the year must be appropriated to the Legal reserve until it attains at least 20% of share capital. As at 31 December 2011 and 2010, the legal reserve amounted to 7,394 and 6,494 thousand euros, respectively.

The legal reserve can be used to increase capital provided that the remaining reserve balance does not fall below 10% of the increased share capital amount. Except as mentioned above, until the legal reserve exceeds 20% of share capital, it can only be used to offset losses, whenever no sufficient other reserves are available for this purpose.

##### *Other reserves—*

Virtually all the other reserves of the Parent Company are freely available for distribution.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(12) EQUITY**

**Distribution of dividends—**

*Restrictions on the distribution of dividends—*

The syndicated loan signed by the Group with certain financial institutions (see Note 16) stipulated that the Parent Company could not distribute dividends. However, in the “Contract to Modify the Syndicated Loan without Extinguishing it” for this syndicated loan, dated 16 December 2011, has provided that dividends may be distributed, albeit subject to strict compliance with the following requirements:

- Until such time as 50% of the principal of the loan has not been repaid, the amount of the dividend may not exceed 50% of the profits attributable to the Parent Company for the previous year. After more than 50% of the principal of the loan has been repaid, up to 75% of the profits attributable to the Parent Company for the previous year may be distributed (*in any case, not including the positive difference between the capital gains and capital losses arising from sales of assets, net of any tax effect, in the figure for the attributable profits for the previous year*).
- The distribution of the dividend does not imply any non-compliance with the syndicated loan agreement and, in particular, of the obligations concerning compliance with financial ratios.

*Distribution of dividends in 2011—*

On 22 December 2011, an Extraordinary General Shareholders’ Meeting of the Parent Company voted to distribute a dividend, charged to reserves, of 9,000 thousand euros (*which does not exceed 50% of the profits attributable to the Parent Company as recorded in the consolidated financial statements of Grupo Antolin-Irausa, S.A. and subsidiary companies for 2010*). This dividend has been paid to the shareholders of the Parent Company by 31 December 2011.

**Capital management—**

The Group’s capital management focuses on achieving a financial structure that optimises the cost of capital obtaining a sound financial position. This policy allows for value creation for shareholders to be compatible with access to financial markets at a competitive cost to cover the needs for refinancing debt and financing the investment plan not covered by the funds generated by the business.

In this regard, in line with standard practice in the business world and in the industry where it operates, the Group uses the following ratios for analysing its situation:

- *Financial leverage (Net Borrowing/Net Equity attributable to the shareholders of the Parent Company):* The ratio of the Group as at 31 December 2010 was 0.89. As at the end of 2011, it was 0.87.
- *Borrowing (Net Borrowing/EBITDA):* The ratio of the Group as at 31 December 2010 was 1.31. As at the end of 2011, it was 1.21.

As stated in Note 16, the Group has been granted a syndicated loan by a group of financial institutions, which requires that certain specific financial ratios be fulfilled.

**Contribution of the consolidated companies to the Group’s reserves and translation differences—**

Set out below is an analysis, by company, of the balances of the “Reserves in fully or proportionally consolidated companies”, “Reserves in companies accounted for using the equity method” and “Translation differences” captions on the accompanying consolidated balance sheets as at 31 December 2011 and 2010:

Company	Thousand Euros			
	Reserves in Consolidated Companies		Translation Differences	
	31/12/11	31/12/10	31/12/11	31/12/10
<b>Fully consolidated companies—</b>				
Grupo Antolin-Irausa, S.A.	246,461 <sup>(a)</sup>	258,357 <sup>(a)</sup>	(10,869)	(5,335)
Grupo Antolin-Ara, S.L.U.	12,436	10,752	—	—
Grupo Antolin-Dapsa, S.A.U.	4,523	5,010	—	—
Grupo Antolin-Aragusa, S.A.U.	3,736	2,783	—	—
Grupo Antolin-Eurotrim, S.A.U.	5,864	5,036	—	—
Grupo Antolin-RyA, S.A.U.	9,885	6,982	—	—
Grupo Antolin-Autotrim, S.A.U.	32,544	29,999	—	—
Grupo Antolin-Ardasa, S.A.U.	13,961	10,492	—	—
Grupo Antolin-Linara, S.A.U.	—	(3,207)	—	—
Grupo Antolin-Martorell, S.A.U. <sup>(b)</sup>	(6,835)	(6,187)	—	—
Grupo Antolin-Plasbur, S.A.U.	24,552	19,482	—	—
Grupo Antolin-Lusitânia, S.A.	10,304	7,693	—	—
Grupo Antolin-Ingenieria, S.A.U.	21,393	22,126	(425)	(425)
Grupo Antolin-Amsterdam, B.V.	3,083	3,133	—	—
Grupo Antolin-Deutschland, GmbH	1,551	1,475	—	—
Grupo Antolin-Holland, B.V.	5,472	5,503	—	—
Grupo Antolin-IPV, S.A.U.	4,599	3,955	—	—
Grupo Antolin-Autoform, GmbH & Co. KG	(37,319)	(35,832)	(141)	(141)
Grupo Antolin-Bohemia, a.s.	2,471	5,702	2,512	1,378
Grupo Antolin-North America, Inc.	1,073	778	(2,782)	(3,206)
Grupo Antolin-IGA, S.A.S. <sup>(b)</sup>	(53,091)	(49,988)	—	—
Grupo Antolin-H.F.R., S.A.S. <sup>(b)</sup>	(41,460)	(33,422)	—	—
Grupo Antolin-Turnov, s.r.o.	22,591	18,083	3,495	3,027
Grupo Antolin-Kentucky, Inc.	20,480	19,006	(1,148)	(3,071)
Ototrim Panel Sanayi ve Ticaret, A.S.	14,256	10,792	(4,593)	(2,455)
Grupo Antolin-Silao, S.A. de C.V. <sup>(b)</sup>	(29,158)	(33,349)	(8,835)	(7,249)
Trimtec Ltda. <sup>(b)</sup>	(63,010)	(26,967)	705	1,243
Iramec Autopeças, Ltda.	6,801	5,022	1,197	1,435
Intertrim Ltda.	7,280	5,870	1,347	2,191
Grupo Antolin-South Africa, Ltd.	(2,034)	(2,234)	596	1,667
Grupo Antolin-Pune PTV, Ltd. <sup>(b)</sup>	(4,608)	(6,113)	(2,650)	(692)
Grupo Antolin-Leamington, Ltd. <sup>(b)</sup>	(46,170)	(48,625)	1,259	1,960
Grupo Antolin-Logistik Deutschland, GmbH	10,961	6,684	—	—
Grupo Antolin-Vosges, S.A.S. <sup>(b)</sup>	(42,673)	(42,765)	—	—
Grupo Antolin-Glass, S.A.U.	939	866	—	—
Grupo Antolin-Navarra, S.A.U.	14,119	13,599	—	—
Grupo Antolin-Ingenierie Sieges, S.A.S.	585	125	—	—
Grupo Antolin-Loire, S.A.S. <sup>(b)</sup>	(38,432)	(37,447)	—	—
Grupo Antolin-France, S.A.S.	1,043	858	—	—
Antolin Tanger, S.A.R.L. <sup>(b)</sup>	(10,066)	(8,642)	47	26
Grupo Antolin-Magnesio, S.L.U. <sup>(b)</sup>	(4,624)	(6,163)	—	—
Grupo Antolin-Cambrai, S.A.S. <sup>(b)</sup>	(12,337)	(12,021)	—	—
Grupo Antolin-Bratislava, s.r.o.	4,556	2,733	713	712
Grupo Antolin-Álava, S.L.U.	(354)	(1,320)	—	—
Grupo Antolin-PGA, S.A.U.	9,578	6,121	—	—
Grupo Antolin-Michigan, Inc.	(2,399)	(4,249)	(2,033)	(2,570)
Grupo Antolin-Illinois, Inc.	21,450	15,411	(612)	(1,793)
Grupo Antolin-Vigo, S.L.U.	10,876	8,715	—	—
Mexican Door Company, S.R.L. de C.V.	(650)	(1,182)	(1,250)	(1,015)
Antolin Shanghai Autoparts Co., Ltd.	4,046	2,474	2,549	1,417
Chongqing Antolin Tuopu Overhead System Co., Ltd.	4,208	2,929	504	212
Grupo Antolin-Salttillo, S. de R.L. de C.V. <sup>(b)</sup>	(5,577)	(6,457)	203	1,138
Grupo Antolin-Jarny, S.A.S. <sup>(b)</sup>	(8,361)	(5,845)	—	—
Other companies	3,968	(976)	2,443	2,407
	<u>152,487</u>	<u>145,555</u>	<u>(17,768)</u>	<u>(9,139)</u>
<b>Proportionally consolidated companies—</b>				
International Door Company, B.V.	2,191	2,082	(174)	3
<b>Companies accounted for using the equity method—</b>				
Grupo Antolin-Wayne, LLC	240	55	45	10
International Door Systems, S.R.L. de C.V.	3,865	2,539	(322)	(146)
Slovakian Door Company, s.r.o.	2,144	2,077	—	—
Gongzhuling Huaxiang Auto Interior Trim Co, Ltd.	613	254	326	147
Dongwon Technology Co., Ltd.	907	344	(77)	(89)

	<u>7,769</u>	<u>5,269</u>	<u>(28)</u>	<u>(78)</u>
Total.....	<u>162,447</u>	<u>152,906</u>	<u>(17,970)</u>	<u>(9,214)</u>

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- (a) These figures are for the reserves at consolidated companies attributable to the Parent Company as a result of consolidation.
- (b) In 2008 and 2009 the Group set up an optimising programme and enhancement initiatives in these consolidated companies, with a view to turning them around in the medium term from their loss-making trend. In most cases, this is being achieved.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(12) EQUITY**

**Contribution of the consolidated companies to profit and loss for 2011 and 2010 attributable to the Parent Company—**

Set out below is an analysis of the contribution of each of the consolidated companies to the 2011 and 2010 profit and loss attributable to the Parent Company:

Companies	Thousand Euros					
	2011			2010		
	Consolidated Profit/(Loss) for 2011	Profit for the Year Attributed to Minority Interests	Profit Attributed to the Parent Company	Consolidated Profit/(Loss) for 2010	Profit for the Year Attributed to Minority Interests	Profit Attributed to the Parent Company
<b>Fully consolidated—</b>						
Grupo Antolin-Irausa, S.A. ....	(11,777)	—	(11,777)	332	—	332
Grupo Antolin-Ara, S.L.U. ....	82	—	82	1,685	—	1,685
Grupo Antolin-Dapsa, S.A.U. ....	(231)	—	(231)	(487)	—	(487)
Grupo Antolin-Aragusa, S.A.U. ....	1,110	—	1,110	953	—	953
Grupo Antolin-Eurotrim, S.A.U. ....	980	—	980	828	—	828
Grupo Antolin-RyA, S.A.U. ....	3,312	—	3,312	2,903	—	2,903
Grupo Antolin-Autotrim, S.A.U. ....	621	—	621	2,544	—	2,544
Grupo Antolin-Ardasa, S.A.U. ....	218	—	218	3,469	—	3,469
Grupo Antolin-Martorell, S.A.U. ....	1,437	—	1,437	(648)	—	(648)
Grupo Antolin-Plasbur, S.A.U. ....	2,989	—	2,989	5,070	—	5,070
Grupo Antolin-Magnesio, S.L.U. ....	1,819	—	1,819	1,539	—	1,539
Grupo Antolin-Lusitânia, S.A. ....	2,216	—	2,216	2,611	—	2,611
Grupo Antolin-Ingeniería, S.A.U. ....	(435)	—	(435)	(733)	—	(733)
Grupo Antolin-IPV, S.A.U. ....	772	—	772	645	—	645
Grupo Antolin-Autoform, GmbH & Co. KG <sup>(a)</sup> .....	(1,463)	—	(1,463)	(1,487)	—	(1,487)
Grupo Antolin-Bohemia, a.s. <sup>(a)</sup> ..	(7,680)	—	(7,680)	(3,232)	—	(3,232)
Grupo Antolin-Vigo, S.L.U. ....	1,702	—	1,702	2,161	—	2,161
Grupo Antolin-IGA, S.A.S. <sup>(a)</sup> .....	(3,446)	—	(3,446)	(3,103)	—	(3,103)
Grupo Antolin-H.F.R., S.A.S. ....	(561)	—	(561)	(8,038)	—	(8,038)
Grupo Antolin-Turnov, s.r.o. ....	8,263	—	8,263	4,508	—	4,508
Ototrim Panel Sanayi ve Ticaret, A.S. ....	8,960	(4,480)	4,480	6,925	(3,463)	3,462
Grupo Antolin-Silao, S.A. de C.V. ....	4,648	—	4,648	4,195	—	4,195
Trimtec Ltda. <sup>(b)</sup> .....	(17,989)	—	(17,989)	(36,042)	—	(36,042)
Iramec Autopeças, Ltda. ....	2,822	(1,411)	1,411	3,558	(1,779)	1,779
Intertrim Ltda. ....	(434)	64	(370)	1,653	(243)	1,410
Grupo Antolin-Pune Private PVT, Ltd. ....	461	—	461	1,504	—	1,504
Grupo Antolin-Leamington, Ltd. ....	5,946	—	5,946	2,455	—	2,455
Grupo Antolin-Logistik Deutschland, GmbH .....	5,173	—	5,173	4,277	—	4,277
Grupo Antolin-Vosges, S.A.S. ....	1,310	—	1,310	91	—	91
Grupo Antolin-Navarra, S.A.U. ....	1,554	—	1,554	520	—	520
Grupo Antolin-Glass, S.A.U. ....	163	—	163	72	—	72
Grupo Antolin-Loire, S.A.S. ....	2,449	—	2,449	(986)	—	(986)
Antolin Shanghai Autoparts Co. Ltd. ....	3,399	—	3,399	1,572	—	1,572
Mexican Door Company, S.A. de C.V. ....	1,884	(942)	942	1,064	(532)	532
Antolin Tänger, S.A.R.L. ....	49	—	49	(1,424)	—	(1,424)
Silesia Plastic, Sp. zo.o .....	1,783	(891)	892	3,152	(1,577)	1,575
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	2,274	(887)	1,387	2,096	(817)	1,279
Grupo Antolin-Bratislava, s.r.o. ....	1,338	—	1,338	1,823	—	1,823
Grupo Antolin-Cambrai, S.A.S. <sup>(b)</sup> ....	(6,465)	—	(6,465)	(316)	—	(316)
Grupo Antolin-PGA, S.A.U. ....	3,171	—	3,171	3,457	—	3,457
Grupo Antolin-Illinois, Inc. ....	7,416	—	7,416	6,039	—	6,039
Grupo Antolin-Michigan, Inc. ....	6,336	—	6,336	1,850	—	1,850
Grupo Antolin-Salttillo, S. de R.L. de C.V. ....	2,049	—	2,049	880	—	880
Grupo Antolin-Jarny, S.A.S. ....	825	—	825	(2,517)	—	(2,517)
ASH Reciclado de Techos, S.L. ....	(200)	10	(190)	(509)	117	(392)
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	2,428	(1,213)	1,215	826	(413)	413
Grupo Antolin-Kentucky, Inc. ....	1,669	—	1,669	1,474	—	1,474

Krishna Grupo Antolin PVT, Ltd. ....	860	(430)	430	1,775	(888)	887
Grupo Antolin-Ostrava, s.r.o.....	2,005	—	2,005	2,505	—	2,505
Other companies .....	1,319	(103)	1,216	2,097	(130)	1,967
<b>Consolidated proportionally....</b>	<b>77</b>	<b>—</b>	<b>77</b>	<b>(63)</b>	<b>—</b>	<b>(63)</b>
<b>Accounted for using the equity method—</b>						
Grupo Antolin Wayne, LLC .....	722	—	722	183	—	183
International Door System S.R.L. de C.V.....	1,845	—	1,845	1,326	—	1,326
Slovakian Door Company, s.r.o.	(283)	—	(283)	66	—	66
Dongwon Technology Co., Ltd..	556	—	556	579	—	579
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd.....	297	—	297	359	—	359
GAIT-Interiores para Transporte, S.L.....	—	—	—	(56)	—	(56)
	<b>50,345</b>	<b>(10,283)</b>	<b>40,062</b>	<b>27,980</b>	<b>(9,725)</b>	<b>18,255</b>

- (a) In 2010, Grupo Antolin-Autoform, GmbH & Co. KG discontinued operations and is now dormant. Furthermore, the losses recorded in 2011 by Grupo Antolin-IGA, S.A.S. Inversions Grupo Antolin-Bohemia, a.s. essentially record exceptional losses caused by a fire in 2011 and a flood in 2010, respectively.
- (b) In 2009 and 2008 the Group set up an optimising programme and enhancement initiatives in these consolidated companies, with a view to turning them around in the medium term from their recurring loss-making trend. It has already recorded profits in some of them in 2010 and 2011, but is still under way in other companies such as Trimtec Ltda. and Grupo Antolin- Cambrai, S.A.S.

### Valuation Adjustments—

In addition to the translation differences, an analysis of which is set out in a table earlier on, the balances of this caption on the accompanying consolidated balance sheets as at 31 December 2011 and 2010 records the net amount of changes in the fair value of:

- the financial assets classified as available-for-sale (see Note 8),
- the financial derivatives designated as hedge instruments for hedging cash flows (see Note 17).

Set out below is the movement in these items during 2010 and 2011:

Description	Thousand Euros						
	Balance as at 31 December 2009	Amounts Transferred to the Income Statement	Change in Fair Value, Net <sup>(a)</sup>	Balance as at 31 December 2010	Amounts Transferred to the Income Statement	Change in Fair Value, Net	Balance as at 31 December 2011
Available-for-sale financial assets .....	20,218	(10,301)	(468)	9,449	—	476	9,925
Less-Tax effect (Note 19).....	(6,066)	3,091	140	(2,835)	—	(143)	(2,978)
	<b>14,152</b>	<b>(7,210)</b>	<b>(328)</b>	<b>6,614</b>	<b>—</b>	<b>333</b>	<b>6,947</b>
Cash flow cover .....	(8,477)	5,065	(8,446)	(11,858)	2,578	(2,787)	(12,067)
Less-Tax effect (Note 19).....	2,543	(1,520)	2,534	3,557	(773)	836	3,620
	<b>(5,934)</b>	<b>3,545</b>	<b>(5,912)</b>	<b>(8,301)</b>	<b>1,805</b>	<b>(1,951)</b>	<b>(8,447)</b>

- (a) In the case of the change in the fair value of the available-for-sale financial assets, the figure for 2010 included the negative difference between the sale price of the shares sold and the fair value at which they were recorded as at 31 December 2009, 1,595 thousand euros, and the positive difference in the fair value recorded as at 31 December 2010 for all the other available-for-sale financial assets, amounting to 1,127 thousand euros (see Note 8).

### Minority interests—

The balance of this caption in the consolidated balance sheet relates to the equity of the minority interests in the fully consolidated companies. Also, the balance of the caption “Profit Attributed to Minority Interests” caption in the consolidated statement of income relates to the equity of minority shareholders in the income for the year.

Set out below are the movements in this caption in the consolidated balance sheet in 2011 and 2010:

2011

Thousand Euros

<b>Company</b>	<b>Opening Balance</b>	<b>Additions or Disposals</b>	<b>Dividends and Other Items</b>	<b>Profit/(Loss) for 2011 Attributed to Minority Interests</b>	<b>Translation Differences</b>	<b>Closing Balance</b>
Ototrim Panel Sanayi ve Ticaret, A.S. ....	12,480	—	(1,347)	4,480	(2,137)	13,476
Iramec Autopeças, Ltda. ....	3,651	—	(1,533)	1,411	(239)	3,290
Intertrim Ltda. ....	1,505	—	(60)	(64)	(145)	1,236
Mexican Door Company, S.R.L. de C.V. ....	2,125	—	—	942	(235)	2,832
Silesia Plastic, Sp. zo.o ....	6,666	—	(308)	891	(735)	6,514
Krishna Grupo Antolin Private, Ltd.. Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	2,152	—	—	430	(300)	2,282
1,296	461	(1,072)	887	186	1,758	
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	4,129	—	—	1,213	533	5,875
Keyland Sistemas de Gestión, S.L. ....	262	—	—	90	—	352
ASH Reciclado de Techos, S.L. ....	249	(192) <sup>(a)</sup>	—	(10)	—	47
Yangzhou Antolin Huaxiang Auto Parts Co., Ltd. ....	—	1,600	—	(132)	160	1,628
Cidut, S.L. ....	—	79	—	136	—	215
Keyland USA, Inc. ....	—	4	—	9	1	14
	<b>34,515</b>	<b>1,952</b>	<b>(4,320)</b>	<b>10,283</b>	<b>(2,911)</b>	<b>39,519</b>

- (a) This figure records to 17.65% holding that the Group has acquired from minority shareholders in 2011, for which the Group has paid 90 thousand euros. The difference between the two figures has been recorded as a credit in the caption “Reserves in fully or proportionally consolidated companies” on the consolidated balance sheet.



**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(12) EQUITY**

2010

Thousand Euros						
Company	Opening Balance	Additions or Disposals	Dividends and Other Items	Profit/(Loss) for 2010 Attributed to Minority Interests	Translation Differences	Closing Balance
Ototrim Panel Sanayi ve Ticaret, A.S. ....	9,300	—	(1,077)	3,463	794	12,480
Iramec Autopeças, Ltda. ....	3,961	—	(2,586)	1,779	497	3,651
Intertrim Ltda. ....	1,221	—	(126)	243	167	1,505
Mexican Door Company, S.R.L. de C.V. ....	1,394	—	—	532	199	2,125
GAIT-Interiores para Transporte, S.L. ....	348	(348)	—	—	—	—
Silesia Plastic, Sp. zo.o ....	4,928	—	—	1,577	161	6,666
Krishna Grupo Antolin Private, Ltd..	696	502	—	888	66	2,152
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	893	—	(550)	817	136	1,296
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	3,266	—	—	413	450	4,129
Keyland Sistemas de Gestión, S.L. ....	132	—	—	130	—	262
ASH Reciclado de Techos, S.L. ....	—	366	—	(117)	—	249
	<b>26,139</b>	<b>520</b>	<b>(4,339)</b>	<b>9,725</b>	<b>2,470</b>	<b>34,515</b>

Set out below is an itemised analysis, by consolidated subsidiary, of the balance of this caption as at 31 December 2011:

Thousand Euros					
Company	Share Capital	Reserves and Accumulated Losses, Net	Profit/(loss) for 2011	Translation Differences	Total
Ototrim Panel Sanayi ve Ticaret, A.S. ....	2,413	14,687	4,480	(8,104)	13,476
Iramec Autopeças, Ltda. ....	4,810	(2,136)	1,411	(795)	3,290
Intertrim Ltda. ....	1,678	(415)	(64)	37	1,236
Mexican Door Company, S.R.L. de C.V. ....	3,933	(1,348)	942	(695)	2,832
Silesia Plastic, Sp. zo.o ....	5,324	1,043	891	(744)	6,514
Krishna Grupo Antolin Private, Ltd. ....	503	1,622	430	(273)	2,282
Chongqing Antolin Tuopu Overhead System Co., Ltd. ....	693	(148)	887	326	1,758
Ningbo Antolin Huaxiang Auto Parts Co., Ltd. ....	3,700	(225)	1,213	1,187	5,875
Keyland Sistemas de Gestión, S.L. ....	100	162	90	—	352
ASH Reciclado de Techos, S.L. ....	112	(55)	(10)	—	47
Yangzhou Antolin Huaxiang Auto-Parts Co., Ltd. ..	1,600	—	(132)	160	1,628
Cidut, S.L. ....	202	(123)	136	—	215
Keyland USA, Inc. ....	4	—	9	1	14
	<b>25,072</b>	<b>13,064</b>	<b>10,283</b>	<b>(8,900)</b>	<b>39,519</b>

Set out below are the outside shareholders with holdings of more than 5% in the share capital any subsidiary company:

Subsidiary Company	Outside Shareholder	Percentage of Ownership
Ototrim Panel Sanayi ve Ticaret, A.S. ....	SKT Yedek Parça ve Makina Sanayi ve Ticaret, A.S.	50.00
Iramec Autopeças, Ltda. ....	Küster Holding, GmbH <sup>(a)</sup>	50.00
Intertrim Ltda. ....	Luiz Rodovil Rossi	14.72
Mexican Door Company, S.R.L. de C.V. ....	Küster Holding, GmbH <sup>(a)</sup>	50.00

Silesia Plastic, Sp. zo.o .....	Industrias Alegre, S.L.	50.00
Krishna Grupo Antolin Private, Ltd.....	Krishna Maruti Limited	50.00
Chongqing Antolin Tuopu Overhead System Co., Ltd.....	Ningbo Tuopu Vibration Control System Co., Ltd.	39.00
Ningbo Antolin Huaxiang Auto Parts Co., Ltd.....	Ningbo Huaxiang Auto Parts Co., Ltd.	50.00
Keyland Sistemas de Gestión, S.L.....	Matchmind, S.L.	50.00
ASH Reciclado de Techos, S.L.....	Juan A. Saldise	5.23
Yangzhou Antolin Huaxiang Auto Parts Co., Ltd.....	Ningbo Huaxiang Auto Parts Co., Ltd.	50.00
Cidut, S.L.....	Roberto Bocanegra Varona	50.00
Keyland USA, Inc.....	Matchmind, S.L. <sup>(b)</sup>	50.00

(a) Holding held indirectly via International Door Company, B.V.

(b) Holding held indirectly via Keyland Sistemas de Gestión, S.L.

### (13) EARNINGS PER SHARE

#### Basic earnings per share—

Basic earnings per share is calculated by dividing the net profit attributed to the holders of equity instruments in the Parent Company by the weighted average number of shares outstanding during that year, not including the average number of own shares held during the year.

Set out below is an analysis of basic earnings per share:

Description	2011	2010
Income for the year attributed to holders of net equity instruments in the Parent Company ( <i>thousand euros</i> ).....	40,062	18,255
Weighted average number of shares outstanding in the year ( <i>thousand shares</i> ).....	8,023	7,399
<b>Earnings per share (euros)</b> .....	<b>4.99</b>	<b>2.47</b>

The weighted average number of shares outstanding as at 31 December 2011 and 2010 was 8,023,241.

#### Diluted earnings per share—

Diluted earnings per share are calculated in much the same way as basic earnings per share, but the weighted average number of shares outstanding is adjusted to take into account the potential diluting effect of the share options, warrants and convertible debt current at the year end.

As at 31 December 2011 and 2010, diluted earnings per share was the same as basic earnings (loss) per share as the Group had no diluting instruments.

### (14) CAPITAL GRANTS

The movement in 2010 and 2011 in this caption of the accompanying consolidated balance sheet is set out below:

	Thousand Euros
<b>Balance as at 31 December 2009</b> .....	<b>10,096</b>
Additions .....	233
Income recorded in the year.....	(2,241)
Adjustments .....	(68)
Changes in the scope of consolidation.....	139
<b>Balance as at 31 December 2010</b> .....	<b>8,159</b>
Additions .....	70
Income recorded in the year.....	(2,257)
Changes in the scope of consolidation.....	6
<b>Balance as at 31 December 2011</b> .....	<b>5,978</b>

Virtually all these non-refundable grants have been granted by various different Spanish, French and German public bodies, to finance various different investments made by the Group in specific production plants.

In order for these grants to qualify as non-refundable, the companies receiving them must fulfil a number of general and specific conditions, such as making the approved investments, creating and maintaining a given number of jobs and evidencing a certain level of equity at the end of a specified period. The Parent Company's Directors consider that all the general and specific conditions established in the respective Individual Grant Resolutions relating to the capital grants made to the consolidated companies have been and/or will be met.

The period set for releasing capital grants received by the Group to income as at 31 December 2011 is as follows:

<b>Period when Released to Income</b>	<b>Thousand Euros</b>
In one year .....	2,215
Later than one year and not later than five years .....	3,215
Later than five years .....	548
	<b><u>5,978</u></b>

#### (15) NON-CURRENT PROVISIONS

The movement in 2010 and 2011 in this caption of the accompanying consolidated balance sheet is set out below:

<b>Description</b>	<b>Thousand Euros</b>
<b>Balance as at 31 December 2009</b> .....	<b>20,961</b>
Appropriations charged to income for the year .....	6,384
Reversals credited to income for the year .....	(2,427)
Provisions applied.....	(7,982)
Translation differences .....	759
<b>Balance as at 31 December 2010</b> .....	<b><u>17,695</u></b>
Appropriations charged to income for the year .....	6,638
Reversals credited to income for the year .....	(7,785)
Provisions applied.....	(2,326)
Translation differences .....	(787)
<b>Balance as at 31 December 2011</b> .....	<b><u>13,435</u></b>

The balance of this caption on the accompanying consolidated balance sheet as at 31 December 2011 essentially records the provisions set up to meet commitments entered into with the personnel of some of the consolidated companies (3 million euros), some claims by trade creditors and trade debtors (6.3 million euros), and certain liabilities. In this connection, as at 31 December 2011, different court proceedings and claims that have been brought against the consolidated companies deriving from the normal course of its business were under way. Neither the legal advisors of the Group nor the Directors of the Parent Company expect any of these proceedings and claims to be concluded with any major effect on the consolidated financial statements of the years when these proceedings and claims finish.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(16) BANK LOANS AND OBLIGATIONS OR OTHER TRADABLE SECURITIES**

As at the end of 2011 and 2010, the Group had been granted the following financing by various financial institutions:

Description	Thousand Euros					
	31/12/11			31/12/10		
	Current Liabilities	Non-Current Liabilities	Total	Current Liabilities	Non-Current Liabilities	Total
Creditors for finance lease .....	2,915	9,255	12,170	3,181	12,630	15,811
Syndicated credit facility .....	31,176	249,689	280,865	18,115	280,865	298,980
Syndicated loan.....	—	14,000	14,000	—	14,000	14,000
Other loans.....	12,799	32,183	44,982	63,693	23,606	87,299
Credit lines.....	37,277	38,929	76,206	15,749	—	15,749
Invoice discount lines .....	9,683	—	9,683	7,616	—	7,616
Interest debt .....	2,689	—	2,689	2,997	—	2,997
Less-Financial update .....	—	(2,820)	(2,820)	—	(3,881)	(3,881)
	<b>96,539</b>	<b>341,236</b>	<b>437,775</b>	<b>111,351</b>	<b>327,220</b>	<b>438,571</b>

The schedule of maturities of this financial debt as at 31 December 2011 and 2010, before taking into account the financial update as a lower amount of the debt, is as set out below:

Due Date in the Year	Thousand Euros	
	Debt as at 31/12/11	Debt as at 31/12/10
2011 .....	—	111,351
2012 .....	96,539	38,348
2013 .....	106,176	61,821
2014 .....	84,557	82,547
2015 and later .....	153,323	148,385
	<b>440,595</b>	<b>442,452</b>

**Lease payments payable—**

The lease payments outstanding as at 31 December 2011, including the purchase options, fall due as follows (see Note 7):

Thousand Euros					
Maturing in:					
2012	2013	2014	2015	2016 and later	Total
<b>2,915</b>	<b>2,806</b>	<b>2,798</b>	<b>2,473</b>	<b>1,178</b>	<b>12,170</b>

This financing bears floating annual interest at market rates.

**Syndicated credit facility—**

On 9 March 2005, the Parent Company arranged a syndicated credit facility for a maximum amount of 320 million euros, with leading Spanish and international financial institutions, in order to finance the Group's investment plan and restructure its bank debt. On 29 July 2009 and on 16 December 2011, a "Contract to Modify the Syndicated Loan without Extinguishing it" was signed for the syndicated loan. The most significant changes included in these novation agreements were as follows:

- In the first modification of the agreement, the amount of the syndicated loan was extended by a further tranche of 50 million euros, and the principal outstanding on the loan as at the novation date was 299 million euros. Furthermore, the schedule for repaying the principal of the loan was modified and an 18-month grace period has been provided for, as a result of which the first repayment of the principal did

not fall due until January 2011. The final repayments of the various different tranches of the syndicated loan were extended until 2015 and 2017.

- In the modification of the agreement signed on 16 December 2011, the restrictions on the acquisition and disposal of assets by the Group have been loosened (*in the latter case, changes have been introduced in the reinvestment periods*), and on the sale and replacement of companies of the Group who act as sureties and on the distribution of dividends (see Note 12).
- Furthermore, in both modifications of the agreements, the levels required for annual compliance with financial ratios were changed, and brought into line with the Group's Business Plan, and the spread applying to the calculation of the annual interest accruing on the syndicated loan was increased.

After the first contract to modify the syndicated loans without extinguishing it, the total of the loan has been divided into 4 tranches, the first one for 126,730 thousand euros, the second for 42,250 thousand euros, the third for 80,000 thousand euros and the fourth for 50,000 thousand euros. Each tranche has an established repayment schedule, with final maturity dates set for 29 July 2015, for the first, third and fourth tranches, and 29 July 2017, for the second tranche.

The principal yet to be repaid on the syndicated credit facility as at 31 December 2011 totalled 280,865 thousand euros. In 2011, 18,115 thousand euros were repaid (*nothing was repaid in 2010*). The schedule of repayments is as set out below:

Thousand euros					
Maturing in:					
2012	2013	2014	2015	2016 and Later	Total
31,176	39,215	74,923	114,954	20,597	280,865

The repayments set notwithstanding, the Parent Company may, at any moment in time during the life of the funding, cancel and/or pay early voluntarily all or part of the loan, as long as said repayment is made on certain accrual dates and for certain amounts. Furthermore, the syndicated loan agreement provides for the following compulsory early repayment events for all or part of the loan:

- In the event that either the Parent Company or any of the companies in the Group that are acting as surety make any substantial sales of fixed assets, for a set annual amount (*separately or combined*) or for a set accumulated amount during the term of the funding, and said assets are not replaced by other assets of similar characteristics or of the same or better quality, an early repayment must be made on the loan for an amount equal to the part of the total proceeds of the sale that has not been used for replacing assets. However, the early repayment of the loan shall not be compulsory if previously the majority of the financing institutions were to have authorised the disposal of said assets.
- In the event that the any of the consolidated subsidiary companies that are acting as surety were to be sold, and the proceeds of the sale were not reinvested within 12 months of said operation (*in accordance with the terms set out in the syndicated loan contract*), said amount must be used to make an early repayment of the syndicated loan.

The syndicated credit facility bears annual interest tied to Euribor, plus a market spread which varies, which is revised every year depending on compliance with certain "financial ratios and covenants".

This loan is backed by a joint and several guarantees from almost all of the companies composing Grupo Antolin, and security interests in certain creditor's rights and term deposits have also been pledged. At 31 December 2011, pledged Group credit rights (*trade receivables and fixed-term deposits*) amounted to 154,899 thousand euros (*165,017 thousand euros as at 31 December 2010*).

The clauses of the first non-terminating, modifying renewal of the syndicated credit facility agreement include the following early termination events:

- Failure to repay the principal or pay the interest on the credit facility as and when they fall due.
- Taking any decision aimed at merging, splitting up, dissolving or liquidating, without the prior consent of a majority of the financial institutions, or taking any decision to reduce the share capital and reserves of the Parent Company and of the Group companies that are securing this credit, except in certain specific cases.

- The appearance of any contingent liability of the borrower or the guarantors that is not stated in their financial statements, whenever the amount involved is equal to or more than 12 million euros.
- Failure of the Group to comply with the financial ratios set in the syndicated credit facility agreement, whenever the situation is not remedied within three months as from the date such failure occurs.
- A change in the control in the Group or in certain shareholders of the Parent Company (*Canea, S.L., Injat, S.L. y Agrícola Cinegética San Quirce, S.L.*). For these purposes, no change in control shall be deemed to have taken place in the event of any of the consolidated subsidiary companies that are acting as surety in the syndicated loan contract are sold, as long as said sale is made in accordance with certain requirements laid down in said contract, which include inter alia, the obligation to use the proceeds of the sale to reinvest in other assets with similar characteristics to those sold within twelve months after the operation, or assets of the same or better quality have been acquired during the six months prior to the operation. In the event that, after the 12-month term after the sale of the consolidated subsidiary company or companies has expired, the corresponding reinvestment has not been made, the proceeds of the sale must be used to make an early repayment of the syndicated loan.

Furthermore, in the non-terminating novation agreements that modify the syndicated credit facility, a series of obligations have been laid down for the Parent Company relating to the supply of information, the business and the activity of the Group, corporate operations and other corporate agreements.

As at 31 December 2011, the “financial ratios and covenants” set for 2011 had been fulfilled and, moreover, the Administrators of the Parent Company deem that all the clauses and obligations set out in the novation agreements that modify the syndicated credit facility have been fulfilled and no early termination event or partial or total redemption event has occurred and that they will also be fulfilled over the next 12 months.

#### Syndicated loan—

On 8 October 2010, the Parent Company arranged a syndicated loan of 14 million euros with four Spanish financial institutions, in order to finance the Group’s investment plan. This loan, which accrues interest at a variable annual rate (*equal to Euribor plus a spread of 2.75%*), has been guaranteed by ADE Financiación, S.A. (*a company wholly owned by the Regional Government of Castilla y León*).

Set out below is the schedule of repayment of the principal of this syndicated loan outstanding as at 31 December 2011.

Thousand Euros				
Maturing in:				
2013	2014	2015	2016 and later	Total
2,800	2,800	2,800	5,600	14,000

#### Other loans—

Set out below is an analysis of other loans granted to the Group as at 31 December 2011:

	Thousand Euros					
	Maturing in:					
Type of financing	2012	2013	2014	2015	2016 and later	Total
Euro loans.....	12,258	18,036	3,495	2,029	2,926	38,744
Foreign currency loans .....	541	4,383	541	773	—	6,238
	<b>12,799</b>	<b>22,419</b>	<b>4,036</b>	<b>2,802</b>	<b>2,926</b>	<b>44,982</b>

These loans bear floating annual interest at market rates.

#### Guarantees—

A loan that was granted to the Group specifically to finance the acquisition of the land, buildings and plant of one of its factories, located in Poland, the outstanding balance of which was, as at 31 December 2011, 3.7 million euros (*4.9 million euros as at 31 December 2010*). These properties have been mortgaged as security for repayment of the loan. Furthermore, two loans that were granted to the Group to finance the acquisition of the land, buildings and plant of one of

its factories, located in Spain, the combined outstanding balance of which was, as at 31 December 2011, 5.9 million euros. These properties have been mortgaged as security for repayment of the loans.

#### Credit lines—

Type of financing	Thousand Euros		
	Balance Drawn Down as at 31/12/11		
	Short Term	Long Term	Total
Euro credit lines.....	34,976	38,929	73,905
Foreign currency credit lines .....	2,301	—	2,301
	<b>37,277</b>	<b>38,929</b>	<b>76,206</b>

As at 31 December 2011, the combined limit of the credit lines in local currency and in foreign currency granted to the Group, all of which fall due in the short term, totalled 82,646 thousand euros (*40,000 thousand euros of which are for lines falling due in 2013*) and, in addition, under the terms of a framework agreement signed with a financial institution for granting banking operations, the Group had been granted overdraft facilities of 17,000 thousand euros (*as at 31 December 2010 the combined amount of this financing had a limit of 55,187 thousand euros*). As a result, as at 31 December 2011, the undrawn amount available to the Group from credit lines and overdraft facilities totalled 23,440 thousand euros in all.

These credit lines and overdraft facilities bear floating interest at market rates.

As at the date the consolidated financial statements for 2011 were drawn up, negotiations were at a very advanced stage with the corresponding financial institutions for the credit lines expiring in 2012 to be extended for a further year. Bearing in mind the favorable expectations in this regard, the Directors of the Parent Company expect no difficulties to arise for the short-term credit lines in force as at 31 December 2011 to be renewed when they expire.

#### Syndicated factoring agreement—

The Grupo Antolin has signed a syndicated factoring contract with recourse with eleven financial institutions. It was signed in late 2010, and sets a total limit of 210 million euros. The above notwithstanding, the parties expressly agreed that the Grupo Antolin, in the period running from 1 through 31 December every year, shall not be required to assign under said contract any credits that may be *factorised without recourse* by means of bilateral agreements with said financial institutions. In the same way, and during the same period, the Grupo Antolin shall be empowered to *factorise without recourse* those credits assigned under said contract, provided it were to enter into bilateral agreements in this regard with said financial institutions.

The unmatured accounts receivable assigned without recourse to financial institutions as at 31 December 2011 and 2010 totalled approximately 145 and 161 million euros, respectively. As in this assignment part of the risks and benefits of the assets and control over the assets is transferred, the Group directly reduces its trade receivables by the amount of the accounts receivable assigned to the financial institutions, without recording, therefore, any financial liability in this connection (see Note 3-j).

### (17) FINANCIAL DERIVATIVES

The Group contracts financial derivatives OTC, with Spanish and international financial institutions with high credit ratings. The aim of these contracts is to reduce significantly the impact on the syndicated credit facility that has been granted to the Group (see Note 16) of a rise in variable interest rates (EURIBOR).

To set the fair value of *the interest-rate swaps (IRS)*, the Group discounts cash flows based on the implicit flows determined by the curve of interest rates for the euro, according to market conditions on the date of valuation. Set out below is an analysis of financial derivatives contracted by the Group on the consolidated balance sheet as at 31 December 2011 and 2010 and their fair values as at said dates and:

As at 31 December 2011

Derivative	Notional of the Part of the Syndicated Credit Facility Being Hedged, in Thousand Euros, as at 31/12/11	Date of Inception of Hedge	Date of Expiry of Hedge	Value in Thousand Euros as at 31/12/11
Interest Rate Swap (IRS) .....	10,020	09/03/2006	10/09/2012	(78)

Interest Rate Swap (IRS) .....	16,283	09/03/2006	09/09/2012	(125)
Interest Rate Swap (IRS) .....	13,777	09/03/2006	09/09/2012	(103)
Interest Rate Swap (IRS) .....	16,283	09/03/2006	09/09/2012	(122)
Interest Rate Swap (IRS) .....	31,406	01/09/2009	29/07/2017	(2,554)
Interest Rate Swap (IRS) .....	113,384	01/09/2009	29/07/2015	(7,657)
Interest Rate Swap (IRS) .....	19,846	09/09/2009	09/03/2014	(1,428)
	<b>220,999</b>			<b>(12,067)</b>

*As at 31 December 2010*

<b>Derivative</b>	<b>Notional of the Part of the Syndicated Credit Facility being Hedged, in Thousand Euros, as at 31/12/10</b>	<b>Date of Inception of Hedge</b>	<b>Date of Expiry of Hedge</b>	<b>Value in Thousand Euros as at 31/12/10</b>
Interest Rate Swap (IRS) .....	11,686	09/03/2006	10/09/2012	(581)
Interest Rate Swap (IRS) .....	18,990	09/03/2006	09/09/2012	(944)
Interest Rate Swap (IRS) .....	16,068	09/03/2006	09/09/2012	(781)
Interest Rate Swap (IRS) .....	18,990	09/03/2006	09/09/2012	(923)
Interest Rate Swap (IRS) .....	22,909	01/09/2009	29/07/2017	(1,803)
Interest Rate Swap (IRS) .....	99,920	01/09/2009	29/07/2015	(5,765)
Interest Rate Swap (IRS) .....	30,301	09/09/2009	09/03/2014	(1,061)
	<b>218,864</b>			<b>(11,858)</b>



**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(17) FINANCIAL DERIVATIVES**

The Group hedges against the interest-rate exposure for a large part of the syndicated loan that has been granted to it, using Interest Rate Swaps (“IRS”). In IRS, the interest rates are swapped so that the Group receives a variable interest rate (6-month Euribor) from the financial institution, in return for paying a flat rate of interest on the same notional. The variable interest rate received for the derivative offsets the payment of interest on the operation being hedged. The final outcome is that it pays a fixed rate of interest on the financing that has been hedged.

The IRS have been designated as “hedging instruments” and have a scaled fixed rate, in other words, a different fixed rate for each settlement period, or else provide for fixed instalments.

The amount that as at 31 December 2011 has been recognised in the caption “Valuation Adjustments”, which is part of “Equity” on the accompanying consolidated balance sheet (see Note 12), as an effective part of the Cash-Flow Hedging Relationships of the IRS totals 12,067 thousand euros (11,858 thousand euros as at 31 December 2010), before considering the corresponding tax effect. The Group has designated the relevant Hedging Relationships as at 31 December 2011 and they are effective within the range between 80% and 125% allowed by IAS 39, according to the methodology for measuring cash used by the Group. In 2011, with regard to these financial derivatives, the Group subtracted from “Valuation Adjustments-Hedging transactions” an amount of 2,578 thousand euros (relating to the amount of interest accrued on the hedging derivatives during 2011), which has been charged to the accompanying consolidated income statement for 2011, as and when the interest on the financial liabilities that were being hedged under the designated Hedging Relationships were recorded.

Set out below is the forecast movement in the notional being hedged over the coming years:

Derivative	Thousand Euros				
	Notional Outstanding as at 31 December				
	2012	2013	2014	2015	2016
Interest Rate Swap (IRS) .....	—	—	—	—	—
Interest Rate Swap (IRS) .....	—	—	—	—	—
Interest Rate Swap (IRS) .....	—	—	—	—	—
Interest Rate Swap (IRS) .....	—	—	—	—	—
Interest Rate Swap (IRS) .....	33,599	25,834	23,671	15,448	9,506
Interest Rate Swap (IRS) .....	121,300	93,267	85,460	—	—
Interest Rate Swap (IRS) .....	51,800	51,800	—	—	—
	<b>206,699</b>	<b>170,901</b>	<b>109,131</b>	<b>15,448</b>	<b>9,506</b>

**Sensitivity analysis of the interest rate derivatives—**

The changes in fair value of the derivatives contracted by the Group depend on the change in the long-term euro interest-rate curve. The exposure of the fair value of the interest rate derivatives as at 31 December 2011 to changes of +/- 50 base points on the long-term interest rate curve is as set out below:

Sensitivity Derivates “hedge according to IAS 39”	Thousand Euros
+0.5% (in Net Equity) .....	2,909
-0.5% (in Net Equity) .....	(2,973)

The sensitivity analysis shows that the interest rate derivatives designated as “accounting hedge” record increases in positive value with regard to increases in the rate curve, because they are IRS where the interest rate paid by the Group is fixed and, therefore, the Group has hedged against rises in interest rates. The sensitivity of the derivatives as at 31 December 2011 will affect net equity, for the effective part, to the extent that market conditions can change.

Furthermore, the Group has carried out a sensitivity analysis for the global figures for its variable-interest financial debt outstanding as at 31 December 2011 (see Note 23).

## (18) OTHER FINANCIAL LIABILITIES

The balance of this item on the accompanying consolidated balance sheets as at 31 December 2011 and 2010 relates mainly to various loans granted to Grupo Antolin by certain Spanish public bodies to finance research and development projects and for improving competitiveness. Along these lines, in 2009, 2010 and 2011, the Ministry for Industry, Tourism and Trade, through the Plan for Competitiveness of the Motor Industry, granted long-term interest-free loans to Grupo Antolin for 20,150, 5,627 y 4,003 thousand euros, respectively. Generally, these loans must be repaid in 10 constant annual instalments, which are set to fall due between 2015 and 2026.

The nominals of these loans and of other loans granted by Spanish public bodies yet to be paid as at 31 December 2011, which expire in the long term, shall be repaid in accordance with the following estimated schedule of payments:

Thousand Euros					
Maturing in the Year					
2013	2014	2015	2016	2017 and later	Total
925	724	2,426	2,614	25,479	32,168

## (19) TAX AND SOCIAL SECURITY AND TAX SITUATION

### Balances of Taxes and Social Security contributions—

Set out below is an analysis of the debit and credit balances of Grupo Antolin with the Tax and Social Security authorities as at 31 December 2011 and 2010:

	Thousand Euros			
	31/12/11		31/12/10	
	Current	Non-Current	Current	Non-Current
<b>TAX ASSETS:</b>				
Deferred tax assets .....	—	81,483	—	77,898
<b>Taxes refundable (Note 10)—</b>				
VAT and other receivables .....	39,125	—	29,108	—
<b>TOTAL TAX ASSETS .....</b>	<b>39,125</b>	<b>81,483</b>	<b>29,108</b>	<b>77,898</b>
<b>TAX LIABILITIES:</b>				
Deferred tax liabilities .....	—	25,894	—	22,645
<b>Taxes and Social Security contributions—</b>				
Current tax liabilities .....	4,737	—	1,038	—
Other taxes .....	46,650	—	34,119	—
Social security taxes payable .....	10,209	—	8,992	—
<b>TOTAL TAX LIABILITIES .....</b>	<b>61,596</b>	<b>25,894</b>	<b>44,149</b>	<b>22,645</b>

### Corporation Tax—

As indicated in Note 3-o, Grupo Antolin-Irausa, S.A. and virtually all of the Spanish consolidated subsidiaries 75% or more owned by it domiciled in the common territory file consolidated corporation tax returns.

The consolidated companies taxed under this tax regime are as follows:

#### Company

Grupo Antolin-Irausa, S.A.  
Grupo Antolin-Ara, S.L.U.  
Grupo Antolin-Dapsa, S.A.U.  
Grupo Antolin-Aragusa, S.A.U.  
Grupo Antolin-Eurotrim, S.A.U.  
Grupo Antolin-RyA, S.A.U.  
Grupo Antolin-Autotrim, S.A.U.  
Grupo Antolin-Ardasa, S.A.U.  
Grupo Antolin-Martorell, S.A.U.  
Grupo Antolin-Plasbur, S.A.U.  
Grupo Antolin-Ingeniería, S.A.U.  
Grupo Antolin-IPV, S.A.U.  
Grupo Antolin-Glass, S.A.U.  
Grupo Antolin-Navarra, S.A.U.  
Grupo Antolin-Vigo, S.L.U.

For each of the consolidated companies, Corporation Tax is calculated on the basis of book income calculated in accordance with generally accepted accounting principles, which does not necessarily coincide with the figure for taxable income.

Set out below is the reconciliation of reported consolidated results for 2011 and 2010 and the respective consolidated Corporation Tax bases of assessment forecast:

Description	Thousand Euros	
	2011	2010
<b>Consolidated income for the year before taxes</b> .....	<b>75,965</b>	<b>47,831</b>
<b>Permanent differences—</b>		
Losses incurred by certain foreign consolidated companies for which no tax asset has been recorded .....	42,965	56,753
Individual companies and adjustments in consolidation:		
Increases .....	11,494	18,975
Decreases <sup>(a)</sup> .....	(39,802)	(40,672)
Share in profit and loss of companies accounted for using the equity method .....	(3,137)	(2,458)
<b>Timing differences—</b>		
Increases:		
Individual companies <sup>(b)</sup> .....	20,370	16,950
Adjustments in consolidation .....	618	451
Decreases:		
Individual companies <sup>(b)</sup> .....	(14,170)	(11,092)
<b>Tax loss carryforwards offset—</b>		
For which a tax credit had been recorded .....	(350)	(5,431)
For which no tax credit had been recorded .....	(11,686)	(19,686)
<b>Consolidated taxable income</b> .....	<b>82,267</b>	<b>61,621</b>

(a) They relate basically to the period provisions made by the Parent Company to the allowances for decline in value of interests in the share capital of consolidated subsidiaries outside the consolidated tax group, since these provisions are generally considered as tax deductible expenses.

(b) The most significant interests record the appropriations made to certain provisions and other expenses incurred which the Group has deemed to be non-tax-deductible (*timing differences*). The decreases basically record the reversal of certain provisions that, when they were appropriated, in prior years, had been considered disallowable for tax purposes (*timing differences*).

### Corporation tax expense—

Set out below are the balances of the caption “Corporation tax” in the consolidated income statements for 2011 and 2010:

Description	Thousand Euros	
	2011	2010
Profit on ongoing activities before taxation .....	75,965	47,831
Permanent differences .....	11,520	32,598
Offset of prior year tax losses for which it had recorded no tax credit whatsoever .....	(11,686)	(19,686)
	<b>75,799</b>	<b>60,743</b>
<b>Estimated gross tax (at 30%)</b> .....	<b>22,740</b>	<b>18,223</b>
Tax deductions used, for which no tax credit had been capitalised .....	(2,001)	(2,330)
Other items <sup>(a)</sup> .....	881	1,033
<b>Corporation tax expense</b> .....	<b>21,620</b>	<b>16,926</b>
Expenses relating to assessments of tax inspectors and other adjustments <sup>(b)</sup> .....	4,000	2,925
<b>Balance of the caption “Corporation tax” on the consolidated income statement</b> .....	<b>25,620</b>	<b>19,851</b>

(a) They relate, essentially, to the net effect of the different tax rates used in other countries and 1,996 thousand euros (*1,651 thousand euros in 2010*) for taxes paid in other countries on dividends, interest and other amounts paid to the Parent Company and other Spanish consolidated subsidiary companies for which said companies have made no deductions.

(b) Part of these amounts include the corrections made as a result of reconsidering, as at 31 December 2011 and 2010, certain tax credits capitalised by the Spanish consolidated tax group as regards deductions pending application.

## **Tax loss carryforwards—**

Although as at 31 December 2011 some of the consolidated companies had very significant tax loss carryforwards (*around 535 million euros*), the accompanying consolidated balance sheet as at that date only includes a tax asset of 49,055 thousand euros relating to the tax effect of the offset of the following tax loss carryforwards, for which there are reasonable expectations that they will be offset (*specifically, they record a tax loss generated in 2011, 2010 and 2009 by the Spanish tax consolidated group*).

The tax loss incurred in a given year can be carried forward for offset against the taxable income of the immediately following years, as established in the tax legislation of the countries in which the consolidated companies are located.

A large part of the tax effect of the losses generated by the consolidated subsidiary companies that are not in the Spanish consolidated group for tax purposes, which have given rise to the tax loss carryforwards for which the Group has capitalised no tax credit has been recognised by the Group because, when calculating the Corporation Tax of the Parent Company, the charges to the provisions for decline in value set up for said consolidated subsidiary companies have been regarded as tax deductible.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(19) TAX AND SOCIAL SECURITY AND TAX SITUATION**

**Deferred tax assets and liabilities—**

The movement in 2010 and 2011 in the captions “Deferred tax assets” and “Deferred tax liabilities” on the accompanying consolidated balance sheet is set out below:

Description	Thousand Euros	
	Assets	Liabilities
<b>Balances as at 31 December 2009</b> .....	83,432	25,807
Change in the fair value of the available-for-sale financial assets (Note 12) .....	—	(3,231)
Application of tax credits for tax losses, net of the correction of rights for unused deductions .....	(8,335)	—
Market valuation of financial derivatives (Note 12) .....	1,014	—
Change due to appropriations/reversals to/from certain provisions, net <sup>(a)</sup> .....	805	—
Changes in other items, reclassifications and translation differences .....	982	69
<b>Balances as at 31 December 2010</b> .....	<b>77,898</b>	<b>22,645</b>
Change in the fair value of the available-for-sale financial assets (Note 12) .....	—	143
Capitalisation of tax credits for tax losses, net of the correction of rights for unused deductions .....	756	—
Market valuation of financial derivatives (Note 12) .....	63	—
Change due to appropriations/reversals to/from certain provisions, net <sup>(a)</sup> .....	2,485	826
Transfers from other liability items .....	—	2,280
Changes in other items, reclassifications and translation differences .....	281	—
<b>Balances as at 31 December 2011</b> .....	<b>81,483</b>	<b>25,894</b>

(a) Records the tax effect of the appropriations (*which are not regarded as tax-deductible*) or the reversals of the provisions set up by the Parent Company for the amount of negative equity at the end of 2008 for consolidated subsidiary companies that do not belong to the group consolidated for tax purposes, which have negative equity.

The aforementioned deferred tax assets have been recorded on the consolidated balance sheet because the Directors of the Parent Company are reasonably sure that they will be recovered, based on recent estimates made of the outlook expected for the bases of assessment in the consolidated companies. Accordingly, Grupo Antolin’s Business Plan for 2012-2016, which is now at the study and conclusion stage, provides, among its main figures, for the following:

	Million Euros				
	2012	2013	2014	2015	2016
Consolidated income .....	2,019	2,046	2,212	2,311	2,415
Consolidated EBITDA .....	218	236	253	260	277
Consolidated EBIT .....	108	127	147	147	165

Set out below are the sources of the deferred tax assets recorded on the consolidated balance sheets as at 31 December 2011 and 2010:

Deferred Tax Assets originating in:	Thousand Euros	
	31/12/11	31/12/10
Tax loss carryforwards and rights for unused deductions and rebates .....	61,901	61,145
Elimination of internal profit and loss in the consolidation process on development expenses invoiced by G.A. Ingeniería, S.A.U. ....	3,076	2,891
Timing differences as a result of setting up certain provisions and for expenses that are not deductible in the period <sup>(a)</sup> .....	12,886	10,103
Market valuation of financial derivatives (Note 12) .....	3,620	3,557
Other items .....	—	202
	<b>81,483</b>	<b>77,898</b>

(a) A large part of this item records the tax effect of the appropriations (*which have not been regarded as tax-deductible*) to the provisions set up by the Parent Company for the amount of negative equity at the end of 2008 for consolidated subsidiary companies that do not belong to the group consolidated for tax purposes, which have negative equity.

Set out below are the sources of the deferred tax liabilities recorded on the accompanying consolidated balance sheets as at 31 December 2011 and 2010:

<b>Deferred Tax Liabilities Originating in</b>	<b>Thousand Euros</b>	
	<b>31/12/11</b>	<b>31/12/10</b>
Valuation of the available-for-sale financial assets at their fair value (Note 12) .....	2,978	2,835
Revaluation of certain plots of land under tangible fixed assets (Note 7) and investment property on first application of the “IFRS-EU” .....	8,703	8,703
Tacit capital gains assigned to assets in the consolidation process .....	2,772	2,772
Accelerated depreciation and amortisation of tangible and intangible fixed assets .....	11,441	5,566
Other items .....	—	2,769
	<b>25,894</b>	<b>22,645</b>

### **Tax credits—**

The corporation tax legislation in force provides for various tax incentives. The tax credits earned in one year in excess of the applicable legal limits may be deducted from the Corporation Tax payable in subsequent years, up to the limits and within the periods established in this connection by the related tax regulations. The Group availed itself of the tax benefits provided for by this legislation and deducted 2,001 and 2,330 thousand euros, respectively, from the consolidated Corporation Tax charge for 2011 and 2010, for which no prior tax credit had been recorded by the Group.

As at 31 December 2011 and 2010, after the above-mentioned tax credits had been taken the Spanish Group companies had the following unused tax credits, which are also analysed below:

<b>Description</b>	<b>Thousand Euros</b>	
	<b>2011</b>	<b>2010</b>
Deductions which are not subject to time limits .....	6,737	6,687
Other deductions <sup>(a)</sup> .....	61,353	64,086
	<b>68,090</b>	<b>70,773</b>

(a) They record, basically, deductions for R&D activities were generated from 2000 through 2010, can be applied for 15 years from the year in which they arose.

The caption “Deferred tax assets” on the accompanying consolidated balance sheet as at 31 December 2011 includes a tax credit totalling 12,847 thousand euros, for unused deductions as at said date, generated by the companies in the Spanish group consolidated for tax purposes, which are reasonably expected to be used on the basis of recent estimates made by the Administrators of the Parent Company about the future performance of the tax consolidated group.

### **Inspectors’ assessments appealed against in Spain—**

In 2009, the Parent Company signed but did not accept an assessment drawn up for the Tax Group with regard to Corporation Tax for 2004 and 2005, as a result of certain deductions for international double taxation made by the Parent Company. The Group appealed against this assessment, which amounted to 1.6 million euros and was paid by the Parent Company in 2010, in the Regional Economic and Administrative Court of Castille and Leon, which issued its ruling in February 2011, and the Group’s claim was partially upheld. The Group has lodged an appeal against this ruling with the National High Court. This appeal is currently pending resolution.

### **Years open to tax inspection—**

In accordance with current law, taxes may not be deemed finally settled until the returns filed have been inspected by the tax authorities, or the four-year period after which such inspections become statute-barred has elapsed.

In June 2011, the Tax Authorities started an inspection and investigation in the Spanish consolidated group headed by the Parent Company, for the following taxes and periods:

<b>Tax</b>	<b>Period</b>
Corporation Tax .....	2006 and 2007
VAT .....	07/2007 a 12/2008
Withholding/Payment on account of earned income/professional fees .....	07/2007 a 12/2008
Withholdings / Payment on account of investment and property income .....	07/2007 a 12/2008
Tax withholdings on non-residents .....	07/2007 a 12/2008

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(19) TAX AND SOCIAL SECURITY AND TAX SITUATION**

As at the date the consolidated financial statements for 2011 were drawn up, this inspection was still under way.

As a general rule, as at 31 December 2011, all the other the consolidated companies were open to inspection by the tax authorities for the last four years for the main taxes to which they are subject and, furthermore, the companies that have not been inspected and which were set up prior to 2007 are open to inspection for Corporation Tax for 2007.

The Directors of the Parent Company think that the assessments of the different taxes have been made properly and that therefore, even in the event that differences were to arise in the interpretation of current law for way the operations have been treated for tax purposes, were any liabilities to arise as a result of the inspection under way or any checks that might be made by the tax authorities with regard to any other years open to inspection, they would not have a material effect on the consolidated financial statements for 2011.

**(20) INCOME AND EXPENSE**

**Net sales—**

Set out below is an analysis, by geographical market, of the Group's net turnover for 2011 and 2010:

<b>Product or Function</b>	<b>Thousand Euros</b>	
	<b>2011</b>	<b>2010</b>
Seats.....	223,981	193,115
Doors.....	793,019	676,393
Roofs.....	859,029	767,816
	<b>1,876,029</b>	<b>1,637,324</b>

<b>Geographical Market</b>	<b>Thousand Euros</b>	
	<b>2011</b>	<b>2010</b>
Spain.....	366,775	358,108
Germany.....	286,724	235,276
France.....	189,008	188,027
USA.....	201,882	160,795
Brazil.....	128,431	131,448
United Kingdom.....	99,477	95,142
Mexico.....	108,966	106,985
Czech republic.....	101,948	83,225
Other countries.....	392,818	278,318
	<b>1,876,029</b>	<b>1,637,324</b>

Set out below is an analysis in percentage terms for the ordinary income of the Group by car manufacturer:

<b>Car Manufacturer</b>	<b>Percentage</b>	
	<b>2011</b>	<b>2010</b>
Volkswagen Group.....	27	26
Renault-Nissan Group.....	14	14
Ford Group.....	13	14
P.S.A.-Citroën Group.....	13	16
Other manufacturers.....	33	30
	<b>100</b>	<b>100</b>

### Other operating income—

Set out below is an analysis of the balances of this caption on the consolidated income statements for 2011 and 2010:

Description	Thousand Euros	
	2011	2010
Revenues on the sale of project tools.....	14,648	16,632
Income from misc. services.....	31,605	16,509
Operating grants.....	6,922	7,401
Income from leases of investment property.....	1,199	1,076
Revenues from the assignment of patents, trademarks and know-how.....	684	372
Indemnity of the insurance company for the fire at the factory of Grupo Antolin-IGA, S.A.S. (Note 7).....	9,159	—
Other income.....	15,066	8,023
	<b>79,283</b>	<b>50,013</b>

### Cost of Materials Used and Other External Expenses—

Set out below is an analysis of the balances of this caption on the consolidated income statements for 2011 and 2010:

Description	Thousand Euros	
	2011	2010
Purchases of goods for resale.....	166,620	143,355
Purchases of raw materials.....	971,005	809,020
Purchases of other supplies.....	10,392	11,182
Purchases of prototypes.....	2,978	1,825
Transportation of purchases.....	18,337	15,079
Work performed by other companies.....	11,145	8,805
Less-Purchase volume discounts and returns.....	(633)	(1,534)
Change in inventories of goods for resale, raw materials and other supplies.....	(2,870)	10,585
	<b>1,176,974</b>	<b>998,317</b>

### Personnel expenses—

Set out below is an analysis of the balances of this caption on the consolidated income statements for 2011 and 2010:

Description	Thousand Euros	
	2011	2010
Wages, salaries and similar expenses.....	236,243	216,999
Termination costs.....	1,974	973
Employer social security costs.....	66,555	62,077
Other employee welfare expenses.....	14,663	11,461
	<b>319,435</b>	<b>291,510</b>

### Average number of employees—

Set out below is the average number of employees working for the Group in 2011 and 2010:

	Average Number of Employees	
	2011	2010
Direct labour.....	6,875	6,531
Indirect labour.....	3,560	3,256
General employees.....	1,477	1,357
	<b>11,912</b>	<b>11,144</b>

In addition, the average number of employees at the associated companies in 2011 and 2010 was 737 and 644, respectively.

And the average number of employees in the Group in 2011 with disabilities of 33% or more was 115, distributed as follows by function:



	<b>Average Number of Employees</b>
Direct labour .....	81
Indirect labour .....	20
General employees .....	14
	<b><u>115</u></b>

**Functional analysis by gender—**

Set out below is a functional analysis of the work force of the group by gender as at 31 December 2011:

	<b>Number of Employees</b>		
	<b>Men</b>	<b>Women</b>	<b>Total</b>
Direct labour .....	4,333	2,812	7,145
Indirect labour .....	2,978	629	3,607
General employees .....	911	519	1,430
	<b><u>8,222</u></b>	<b><u>3,960</u></b>	<b><u>12,182</u></b>

As at 31 December 2010, the Group had 11,462 employees, 7,881 of whom were men and 3,581 women.

Furthermore, the number of employees of the associated companies as at 31 December 2011 was 807 (*469 men and 338 women*), whereas as at 31 December 2010 there were 678 employees (*420 men and 258 women*).

Furthermore, *as at 31 December 2011 the Board of Directors of the Parent Company has 1 member who is a private individual (one man), and 6 members who are legal entities, represented by four men and two women.*

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(21) BALANCES AND RELATED PARTY TRANSACTIONS**

**Balances and transactions with associated companies—**

Set out below is an analysis of the Group's balances with its associated companies as at 31 December 2011 and 2010:

Company	Thousand Euros				
	31/12/11		31/12/10		
	Short-Term Loans	Trade Debtors	Long-Term Loans	Short-Term Loans	Trade Debtors
Grupo Antolin-Wayne, LLC.....	—	5,856	—	—	3,633
International Door Systems, S.R.L. de C.V. ....	5	183	—	—	148
Slovakian Door Company, s.r.o.....	—	22	—	—	3
GAIT-Interiores para Transporte, S.L. (Note 1) .....	—	—	1,486	—	35
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd. ....	2,731	119	—	1,762	52
	<b>2,736</b>	<b>6,180</b>	<b>1,486</b>	<b>1,762</b>	<b>3,871</b>

Set out below is an analysis of the transactions by the Group (*sales and services provided*) with associated companies during 2011 and 2010:

Company	Thousand Euros	
	2011	2010
Grupo Antolin-Wayne, LLC.....	21,965	10,750
Slovakian Door Company, s.r.o.....	86	142
International Door Systems, S.R.L. de C.V. ....	436	450
Gongzhuling Huaxiang Auto Interior Trim Co., Ltd. ....	169	52

**Balances and operations with shareholders and Directors of the Parent Company—**

The balances of the Group with shareholders and Administrators of the Parent Company as at 31 December 2011 and 2010 are as set out below:

Shareholders and/or Directors	Thousand Euros	
	31/12/11	31/12/10
<b>Non-current financial assets financial-Other loans (Note 8):</b>		
Agrícola Cinegética San Quirce, S.L. ....	1,080	1,080
Injat, S.L. ....	1,354	1,354
<b>Accrued interest receivable:</b>		
Agrícola Cinegética San Quirce, S.L. ....	216	173
Injat, S.L. ....	210	156
<b>Cash and cash equivalents:</b>		
Caja de Ahorros Municipal de Burgos.....	8,106	574
<b>Bank borrowings and other financial liabilities:</b>		
Caja de Ahorros Municipal de Burgos.....	(30,733)	(15,876)

Furthermore, as at 31 December 2011, the Group holds shares in a company related to the Caja de Ahorros Municipal de Burgos (see Note 8).

Set out below are the operations carried out by the Group with shareholders and Directors of the Parent Company during 2011 and 2010:

Shareholders and/or Directors and Description	Thousand Euros	
	2011	2010
<b>Financial costs:</b>		
Caja de Ahorros Municipal de Burgos.....	632	89
<b>Financial income:</b>		
Injat, S.L. ....	67	59

Agrícola Cinegética San Quirce, S.L. ....	54	47
Caja de Ahorros Municipal de Burgos.....	288	—
<b>Services received:</b>		
Canea, S.L. ....	448	439
Injat, S.L. ....	1,027	1,004
<b>Remuneration and salaries of the Directors</b> .....	5,173	2,131

Canea, S.L., Injat, S.L. and Agrícola Cinegética San Quirce, S.L. are shareholders and, at the same time, members of the Board of Directors of the Parent Company.

## **(22) INFORMATION ABOUT THE DIRECTORS OF THE PARENT COMPANY AND KEY STAFF OF THE GROUP**

### **Parent Company Directors' compensation and other benefits—**

The members of the Board of Directors of the Parent Company have, during 2011, received an amount of 750 thousand euros in remuneration for their work as administrators of the Parent Company (*1,399 i 2010*). Furthermore, as some of the members of the Parent Company's Board of Directors are also Parent Company employees and, as such, earned wages and salaries totalling 4,423 thousand euros in 2011 (*732 thousand euros in 2010*).

In addition, several Parent Company directors provided certain services to the Parent Company in 2011, totalling 1,475 thousand euros (*1,443 thousand euros in 2010*). Furthermore, the charges and interest accrued during 2011 on the funding provided to the Group by one of the Directors of the Parent Company, which is a financial institution, totalled 632 thousand euros (*the financial expense accrued on the funding received from Directors in 2010 totalled 89 thousand euros*).

The sum of these amounts represents the total compensation earned by the directors of the Parent Company in 2011 in all connections.

The Group does not have any pension or life insurance commitments to any of the Parent Company's directors.

As at 31 December 2011, the Parent Company had granted loans to two of its Directors, totalling 2,859 thousand euros (*2,763 thousand euros as at 31 December 2010*). In addition, one of the Parent Company's Directors is a financial institution and the Group had demand deposits open at this institution, with a combined balance of 8,106 thousand euros at that date (*574 thousand euros as at 31 December 2010*).

### **Remuneration and other benefits paid to key staff of the Group—**

The remuneration accruing to key staff at the Group (*the members of the Management Committee who are not Directors of the Company*) during 2011 totalled 3,033 thousand euros (*2,132 thousand euros in 2010*).

The Group has not entered into any pension commitments, nor has it granted any advances, credit or guarantees to any member of Key Staff of the Group.

### **Description situations where there are “conflicts in interest”, and of equity interests of Parent Company directors in companies engaging in a similar activity and similar activities carried out by the Directors for their own account or as salaried employees and/or parties with whom they are related—**

None of the members of the Board of Directors of the Parent Company nor any party related to said Board members has any direct or indirect conflict of interest with the Group. Likewise, in accordance with the terms of Section 229 of the Companies Act, enacted by Royal Legislative Decree 1/2010, dated 2 July, it is reported that in 2011, the members of the Board of Directors of the Parent Company and/or the parties related to said Board members have held no equity interests in the capital stock of companies engaging in an activity which is identical, similar or complementary to the activity that constitutes the corporate purpose of the Parent Company, or held positions or carried on any activities therein except those duties and functions which some of them carry on in other Antolin Group companies. Specifically, the members of the Board José Antolín Toledano, Ernesto Antolín Arribas and José Manuel Temiño Estefanía are Directors and/or hold positions or offices (*either for their own account or on behalf of and representing Grupo Antolin-Irausa, S.A.*) in virtually all the companies in Grupo Antolin that have been fully or proportionally consolidated (see Note 1).

Furthermore, the Directors of the Parent Company and/or the parties related to said Directors have not and do not engage in any activities, for their own account or on behalf of any other party that are identical, similar or

complementary to the activity that constitutes the corporate purpose of the Parent Company, other than those carried on in Grupo Antolin.

During 2011, only Ernesto Antolín Arribas has held the position of vice-president in the Board of Directors of the Argentine company Irauto, S.A. (*automobile components*).

## **(23) RISK POLICY AND MANAGEMENT**

### **Financial risk factors—**

The activities of Grupo Antolin are exposed to a number of financial risks: market risk (*fair value risk and price risk*), credit risk, liquidity risk and interest-rate risk on cash flows. The management programme for Grupo Antolin's overall risk focuses on the uncertainty of the financial markets and aims to minimise the potential adverse effects on the Group's financial return. Grupo Antolin uses financial derivatives to hedge against certain risks.

Risk management is controlled by the Group's Financial Department in accordance with policies approved by the Board of Directors of the Parent Company. This Department identifies, evaluates and hedges against financial risks working closely with the Group's operational units. The Board of Directors of the Parent Company provides policies for managing the overall risk, and for specific matters such as foreign exchange risk, interest rate risk, liquidity risk, using derivatives and non-derivatives and investing cash surplus.

#### **i) Market risk—**

The Group is exposed to the risk of changes in market value of the investments held as "available-for-sale" which are classified under the caption "Non-current financial assets" on the consolidated balance sheet.

The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in the production processes, is mitigated by the fact that Grupo Antolin operates with its main suppliers under long-term agreements which afford stability in prices. On the other hand, Grupo Antolin negotiates with its customers the passing on of the increase in the prices of certain raw materials.

Under the terms of agreements entered into with customers, the prices charged are reduced, and this could reduce the Group's margins. Grupo Antolin nevertheless develops improvement programs and tools to offset these decreases with increases in productivity. Grupo Antolin also negotiates contributions by suppliers in this connection.

#### **ii) Credit risk—**

The portfolio of customers of Grupo Antolin is distributed, basically, among the large vehicle manufacturing groups, as a result of which there is no particular concentration of credit risk. In the past, motor vehicle manufacturers were deemed not to have a major credit risk. Accordingly, in spite of the difficult situation the motor industry is going through, the Group still thinks the balances receivable have good credit, and it has continued to collect its accounts receivable without incident during early 2012. The Group has policies for other customers to ensure that its sales are made to customers who have suitable credit histories.

The credit risk on cash and cash equivalents, financial derivatives and deposits with banks and financial institutions is deemed to be minor, as these operations are only entered into with financial institutions with high credit ratings. Grupo Antolin has policies for limiting the amount of the risk with any financial institution.

#### **iii) Liquidity risk—**

Grupo Antolin uses prudent management for the liquidity risk, based on keeping sufficient cash reserves and traded securities, the availability of funding in the form a credit facilities entered into for a sufficient amount and sufficient capacity for settling market positions. Furthermore, the centralised cash system the Group has set up allows it to manage financial resources with greater efficiency. Given the dynamic nature of the underlying businesses, the Group's Financial Department aims to keep financing flexible, by contracting credit lines or factoring lines without recourse (*whereby it assigns its accounts receivable to third parties*).

Group Management monitors cash requirements, and developments in its borrowings. The most significant figures on the cash budget of Grupo Antolin for 2012 are as set out below:

<b>Description</b>	<b>Thousand Euros</b>
EBITDA .....	218,014
Financial income and expense .....	(32,587)
Other items ( <i>basically, payment of Corporation Tax</i> ) .....	(19,771)
<b>Cash-flow from ordinary operations</b> .....	<b>165,656</b>
CAPEX .....	(118,032)
Investments (Note 25) .....	(93,900)
Change in current assets—Reduction <sup>(a)</sup> .....	107,571
<b>Free cash flow of the business</b> .....	<b>61,295</b>
Repayments of the financial debt <sup>(b)</sup> .....	(38,450)
<b>Change in cash (increase)</b> .....	<b>22,845</b>

(a) Includes the effect of the change in inventories of project tools and investments.

(b) The renewal of the credit lines that expire in the short term is being considered (see Note 16).

*iv) Interest rate risk for cash flows and fair value risk—*

As Grupo Antolin has no major remunerated assets, revenues and cash flows from the operating activities are, for the most part, independent of changes in market interest rates.

The Group's interest rate risk stems from its long-term borrowings. The Group's floating-rate borrowings expose it to interest-rate risks for cash flows. The Group's fixed-rate borrowings expose it to fair value interest-rate risks. As at the year end of 2011, bearing in mind the financial derivatives contracted, approximately 50% of borrowings were fixed-rate.

The Group mainly manages the interest rate risk on cash flows using floating to fixed interest rate swaps. These interest rate swaps have the financial effect of converting variable interest rate borrowings into fixed interest rate borrowings. The Group generally borrows long term at variable interest rates and swaps them for fixed interest rates that are normally lower than those that the Group would have got had it borrowed directly at fixed rates. Under the terms of the interest rate swaps, the Group undertakes to exchange with other parties, at set intervals (*normally every six months*), the difference between the fixed interest and the variable interest calculated based on the notionals contracted.

The Group has carried out a sensitivity analysis for the amounts of the variable interest rate debt as at 31 December 2011, taking into account the contractual terms of the funding in force as at said date, and has concluded that a 0.50% change in interest rates would lead to an increase of approximately 1,084 thousand euros in interest expense. When calculating this sensitivity, the debt hedged by the interest rate swaps contracted (*for a notional of 221 million euros*) has not been taken into account.

**GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2011**

**(23) RISK POLICY AND MANAGEMENT**

The Group considers that there are no significant differences between the book value and the fair value of financial assets and liabilities.

v) *Foreign-exchange risk*—

The high level of internationalisation and the ever-growing volume of business outside the Euro zone, exposes the Antolin Group to exchange rate risks in currencies such as the Czech crown, the Brazilian real, the US dollar or the Mexican peso, which could have an impact on its results. To reduce its exposure to this risk, the Grupo avails itself of a variety of mechanisms, such as the localisation of suppliers, negotiating with customers and suppliers to hedge against major movements in currencies. Grupo Antolin has not entered into any foreign-currency hedge rate agreements or forward contracts.

The Group has carried out a sensitivity analysis for the major figures on its income statement budgeted for 2012, and has concluded that a 5% rise in the euro against currencies such as the Czech crown, the Brazilian real, the US dollar and the Mexican peso, would reduce net turnover by an 37 million euros, approximately (1.8%, approximately, for the budgeted figure), and consolidated profit and loss budgeted for 2012 (before tax) would fall by 1 million euros, approximately.

**(24) OTHER DISCLOSURES**

**Guarantees given to third parties and other contingent liabilities**—

As at 31 December 2011 and 2010, the Parent Company had provided guarantees to various financial institutions for associated companies and other related non-Group companies for minor amounts to facilitate the granting of financing to these companies. Furthermore, the Group has set up a number of guarantees with public bodies, granted by various different financial institutions, to guarantee compliance with the general and particular terms of certain capital and operating grants made of Group (see Note 14), and for repayment of a number of loans granted by public bodies to fund research and development projects (see Note 18).

The Parent Company's directors consider that any unforeseen liabilities as at 31 December 2011, which might arise from the guarantees provided would in no case be material.

**Fees paid to the auditors**—

In 2011, the fees for audit services and other services provided by the Group's main auditor, or by any company related to the main auditor, as a result of control, common ownership or management, and the fees for services invoiced by other auditors of financial statements of the companies included in the consolidation, or by any company linked to them as a result of control, common ownership or management, were as follows:

<b>Description</b>	<b>Thousand Euros</b>	
	<b>Services Provided by the Main Auditor</b>	<b>Services Provided by Other Audit Firms</b>
Audit services .....	1,080	303
Other auditing services .....	1,503	—
<b>Total audit and related services</b> .....	<b>2,583</b>	<b>303</b>
<b>Other services</b> .....	<b>562</b>	<b>79</b>
<b>Total professional services</b> .....	<b>3,145</b>	<b>382</b>

The fees for statutory financial statement audit services provided to the consolidated companies in 2010 amounted to approximately 1,374 thousand euros. Furthermore, in 2010, the main auditor and other companies related to the main auditor as a result of control, common ownership or management billed the Group 742 thousand euros, essentially for other audit-related services it provided (including *inter alia* the preparation of special review reports evidencing compliance with certain terms laid down in individual grant resolutions).

**Information about deferrals of payments made to suppliers. Additional provision three. “Reporting duty” under Law 15/2010, dated 5 July—**

In accordance with the terms of Law 15/2010, dated 5 July, which amended the Measures to Fight against Arrears in Trading Operations Act, Law 3/2004, dated 29 December, which was developed by the Resolution dated 29 December 2010 of the Institute of Accounting and Auditing, and bearing in mind the terms of Transitional Provision Two of said Resolution, set out below is the information about the payments made during 2011 by the sub-group of Spanish consolidated companies to trade creditors and for services located in Spain, making a distinction between the payments made by the legal deadline from all the other payments, as well as the weighted average period exceeded for payments (*in days*) and deferred payments to trade creditors and services pending payment as at 31 December 2011, which as at said date had been deferred for periods longer than the legal payment period:

	<b>Amount (Thousand Euros)</b>	<b>% of the Total</b>
<b>Payments made in 2011</b>		
Made by the maximum legal deadline <sup>(*)</sup> .....	210,617	67.88
Remainder of payments made.....	99,684	32.12
<b>Total payments in the year</b> .....	<b>310,301</b>	<b>100.00</b>
Weighted Average period exceeded (WAPE) for payments ( <i>days</i> ).....	14	—
Deferrals exceeding the maximum legal limit as at the year end <sup>(*)</sup> .....	9,549	17.75

(\*) The legal deadline has been calculated in accordance with that applying on the basis of the nature of the goods or service received by the sub-group of Spanish consolidated companies, in accordance with the terms of the Measures to Fight against Arrears in Trading Operations Act, Law 3/2004, dated 29 December.

Set out below, furthermore, is the information about deferred payments to trade creditors and for services yet to be paid for as at 31 December 2010, which as at said date accumulated deferrals that exceeded the legal payment deadline:

	<b>Amount (Thousand euros)</b>	<b>% of Total Trade Debt</b>
Deferrals exceeding the maximum legal limit as at the year end .....	18,342	25,00

In accordance with the rules referred to hereabove, only the information relating to suppliers located in Spain has been included.

**Environmental information—**

Grupo Antolin’s environmental activities focus on two general areas:

- *Environmental Management System.* Based on manuals and procedures common to all the centres defining the lines of action for strict compliance with current legislation, the rational use of resources and energy and the minimization of waste generation.
- *Environment-Sensitive Design.* Through its research and development centres, the Group designs its products with a view to minimising the environmental impact of the vehicle over its useful life.

The Group’s tangible fixed assets include certain investments whose net book value as at 31 December 2011 and 2010 totalled approximately 1,663 and 2,278 thousand euros respectively, which are aimed at minimising the impact of the Group’s activity on the environment and protecting and enhancing the environment. In 2011 and 2010 the Group also incurred in certain expenses aimed at protecting and enhancing the environment, totalling approximately 893 and 1,194 thousand euros respectively.

Grupo Antolin has no other environmental liability, provisions or contingencies that might be material with respect to its net worth, financial position or results of operations.

In particular, given the nature of its activity, the facilities of the Spanish consolidated companies were not included in the National Plan for Allotting Greenhouse Effect Gas Emission Rights and, therefore, they have been allotted no greenhouse effect gas emission rights. Consequently, in the accompanying consolidated balance sheet as at 31 December 2011, no item has been recorded concerning greenhouse effect gas emission rights. Nor has any movement occurred under this heading in 2011. Furthermore, in 2011, the Group has incurred no expenses nor has it recorded any provision in connection with this item. Moreover, neither has the Group entered into any futures contract relating to

emission rights, nor has it received any grants associated with such rights, nor are there any contingencies arising from greenhouse effect gas emission rights.

## **(25) POST-BALANCE-SHEET EVENTS**

In January 2012, the Grupo Antolin acquired the group CML Innovative Technologies, for a total of 74.3 million euros and it has also granted a loan to one of the companies acquired, for 16.8 million euros. The CML specialises in manufacturing lighting systems for motor vehicles. Its headquarters are in Besançon (France) and it has two R&D centres and seven production units located in various different countries (*Germany, France, Czech Republic, United Kingdom, Romania and China*). This group has an annual turnover of more than 110 million euros and employs more than 1,000 people.

Later, in February 2012, the consolidated subsidiary company Grupo Antolin- Italia, S.r.l. acquire to business of the Italian company, relating to plastics injection and the manufacture of vehicle interior coverings. The acquisition price of this business totalled 2.5 million euros. The production plant acquired is located in Pinerolo (Turin). It employs 47 people and plans to invoice between 8 and 10 million euros in 2012.

There have been no other major post-balance-sheet events since the end of 2011.

## **(26) EXPLANATION ADDED FOR TRANSLATION TO ENGLISH**

These financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group (see Note 2). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.



*Translation of a report originally issued in Spanish. In the event of a discrepancy, the Spanish-language version prevails.*

## **GRUPO ANTOLIN-IRAUSA, S.A. AND SUBSIDIARIES CONSOLIDATED DIRECTORS' REPORT FOR 2011**

### **Development of business 2011—**

In spite of the very high level of instability generated in Europe by the situation brought about by the debt difficulties of the peripheral countries and growing doubts about the strength of the economy in the United States, the Grupo Antolin's turnover and trends in the main captions of its operating account have been developing most positively.

The latest estimates for vehicle production for 2011 gave a forecast for growth of around 3.5%, giving a figure of nearly 77 million units. This growth was not the same in every country and region. Increases of more than 10% have been recorded in the United States, and in various emerging countries such as India and Russia.

Compared with 2010, the Group's consolidated sales figure is up by more than 14.5% and EBITDA and EBIT have reached record levels in terms of absolute value, at more than 210 and 110 million euros, respectively.

By territory, the largest growth rates of the Group were recorded in the Asia-Pacific region (+39%) and in the NAFTA area (+28.68%). The countries with the strongest growth were China (+57.1%) and the United States (+43.9%). The growth in the United States can be explained by good performance in demand, together with the starting up of new projects, in particular in our customer Chrysler. The growth in China can be explained by the development of operations and a greater exposure of the Group in the region.

From the standpoint of functions, the largest increases compared to 2010 have been recorded in the Door function (+17%) and the Seat function (+16%), while the Roof function has recorded a noticeable, albeit smaller growth, of nearly 12%.

The significant growth in the Door function is due to the Group's growth in certain markets such as China and the United States, while on the other hand, the growth in the Seat function is due to a strong increase in demand for one of the models manufactured in Spain for Daimler and the fact that during the entire year levels of mass production have been attained at the Grupo Antolin- Jarny, S.A.S. factory located in France.

The rise in sales to "Trade Debtors" has not been reflected at the same rate for all customers. Thus, the largest increases were recorded at VW Group, Daimler and Chrysler-Fiat, with increases exceeding 20%. The increase of more than 40% at Daimler and Chrysler has meant that the weight their sales has increase by one or two percent, respectively, in the Group's sales as a whole.

Our internationalisation and diversification strategy has once again shown itself in two major indicators. On the one hand, the proportion of personnel providing services in companies Group outside Spain, compared to the total number of Group employees in 2011 was 78.2%, and, on the other hand, the proportion of sales made to customers outside Spain was around 80.4%.

At the level of results, the Group has consolidated its sales margins, and has recorded EBITDA above 11% and EBIT for nearly 6%.

### **Significant events in 2011—**

The following more significant events taking place during 2011 are particularly worthy of mention:

- In the first half of 2011, the Group sold its entire holding in GAIT-Interiores para el Transporte, S.L. As at 31 December 2010 it had a holding of 24.04% of its share capital.
- The Group has increased the percentage of its holding in the company ASH Reciclado de Techos, S.L., up to 94.77% of its share capital.
- In July 2011, it acquired 50% of Cidut, S.L., a company that makes industrial molds, located in Burgos.
- In September 2011, a joint venture, Yangzhou Antolin Huaxiang Auto- Parts Co., Ltd., was set up in China with a local partner, Ningbo Huaxiang. The Grupo Antolin has a 50% holding in the share capital of this company.

- On 16 December 2011, the syndicated loan currently in force was modified without being extinguished. In this modification the limits on the financial ratios the Group must comply with over the coming years have been loosened, as have some of the financial clauses that restricted movements of the Group to engage in its aim to expand and grow inorganically.

#### **Research and development activities—**

Furthermore, the main aspects of research and development that need to be mentioned for 2011 are as follows:

- For yet another year, investment in high-tech has enabled the very latest in design, analysis and validation support to be used for our products and processes.
- Innovation and industrial design continue to be regarded as a differentiating value which, in advanced stages, should be passed on to customers.
- In June 2011, the Grupo Antolin signed an agreement with Alicante University and with the Fundación Parque Científico de Alicante, to set up a laboratory for researching into Graphene and Nanotechnology, called “Laboratorio Mixto de Investigación GRAnPH-LAb”.

#### **Environmental and personnel action—**

In other areas (*which include the environment and personnel*), the following action taken by Grupo Antolin during 2011 is worthy of mention:

- In 2011, Grupo Antolin has continued to step up its environmental commitment through “Environmental Management” and “Design for the Environment”. As a result of this commitment, technological solutions have arisen that support sustainability and give priority to innovative technologies that entail savings in weight, recycling and the use of natural materials, aspects that are in much demand in the market.
- In order to reduce CO2 emissions and minimise fossil fuel energy consumption, Grupo Antolin is developing a large number of products based on two premises: *Light & Green*. The Group is therefore making a commitment with regard to the environment, by working with manufacturers towards cutting down CO2 emissions and generating technologically sustainable products.
- During 2011, Grupo Antolin has maintained and built up the commitments entered into in 2003 with the GLOBAL COMPACT institution, deriving from its principles of “good corporate governance”, based on respect for human rights, protection of the environment, and the provision of decent working conditions.

#### **Main risks deriving from activities—**

The main risks which could affect the future development of our business and the corresponding measures put in place by the Antolin Group for their mitigation, are as follows:

- In view of the impact which an increase in interest rates could have on Group results, derivatives are used to eliminate or reduce exposure to interest rate fluctuations in certain financial operations.
- The risk deriving from a possible increase in the prices of raw materials, including the purchase of components used in our production processes, is mitigated by the fact that Grupo Antolin operates with its main suppliers under long-term agreements which afford stability in prices. On the other hand, Grupo Antolin negotiates with its customers the passing on of the increase in the prices of certain raw materials.
- Under the terms of agreements entered into with our customers, the prices they are charged are reduced, and this could reduce our margins. Grupo Antolin nevertheless develops improvement programs and tools to offset these decreases with increases in productivity. Grupo Antolin also negotiates contributions by suppliers in this connection.
- Our high level of internationalization and the ever-growing volume of business outside the Euro zone, exposes us to exchange rate risks in currencies such as the Brazilian real, the US dollar or the Mexican peso, which could have an impact on the Group’s results. To reduce its exposure to this risk, Grupo Antolin uses a variety of mechanisms, such as the localization of suppliers, and negotiation with customers and suppliers to cover significant movements in currencies.

## **Outlook for the Group—**

The increased uncertainty and volatility of the financial markets in the fourth quarter of 2011, bodes for a year in 2012 in which the stage of recovery of the economy worldwide raises a large number of doubts.

The latest reports of the major world economic bodies show that there are more and more signs and evidence to show that the economy will fall back in Europe over the short and medium term, and that there will apparently be a slowdown in the world economy.

The material deterioration of prospects for growth has been a decisively negative factor for the financial markets, in particular the stock markets around the world which have all recorded major drops. This makes for a certain risk of negative feedback in the economy, because of wealth effects and the negative impact on confidence, and also adds a further element to the fragility of the current economic situation.

As far as the motor industry is concerned, the latest estimates for growth in production volumes worldwide is around 6%. Worthy of mention is the good performance in China, Brazil, India and Russia, where the forecasts are on average higher than 10%.

Moreover, our forecasts for turnover for 2012 envisage an increase of approximately 8%, stemming to a great extent from the good performance of emerging markets, and from the acquisition of the CML Group in January 2012.

This acquisition will help us to consolidate our position as world leader in the Roof function, and will enable us to attain a privileged position in a market with great prospects, the lighting market, by integrating CML's advanced technology in our wide ranging portfolio of products.

In this way, during 2012, we expect to consolidate and keep up the margins attained in 2011 in the main captions of the operating account and, by the end of next year, to record an attributed result of around 2% of sales.

Our decision to implement new actions to improve and rationalise and increase the efficiency of expenses and the performance of investments means that we can have confidence that we will achieve this aim.

Furthermore, Grupo Antolin is continuing to expand into high-growth markets, such as Asia and Latin America, and in the analysis of inorganic growth opportunities that enable it to strengthen and consolidated its present advantageous and distinctive competitive position.

## **Post-balance-sheet events—**

In January 2012, the Group acquired 100% of CML Innovative Technologies, a supplier that specialises in manufacturing lighting systems for motor vehicles.

CML is a group based in Besançon (France), which has two R&D centres and seven production units located in Germany, France, the Czech Republic, the United Kingdom, Romania and China. It has recorded sales of more than 110 million euros in 2011 and employs over 1,000 people.

And, in February 2011, the Grupo Antolin has acquired the business of the Italian firm CRS, which specialises in manufacturing interior coverings for motor vehicles. The production plant acquired is located in Pinerolo (*Turin*). It employs 47 people and plans to invoice between 8 and 10 million euros in 2012. Our presence in Italy will build up our position as a global supplier, strengthening the collaboration with our customer Fiat- Chrysler.

No major post balance sheet events have taken place after 2011.

## **Parent Company shares—**

The Group companies held no shares in the Parent Company as at 31 December 2011, and no operations were performed with such shares during 2011.

**GRUPO ANTOLIN DUTCH B.V.**  
**OPENING BALANCE SHEET AS AT FEBRUARY 21, 2014**

(Unaudited)

Euro  
*(Unaudited)*

**ASSETS**

**Fixed assets**

Financial assets

Shares in affiliated undertakings

**Current assets**

Cash at bank and in hand

1.00

1.00

**LIABILITIES**

**Capital and reserves**

Subscribed capital

1.00

Result for the financial period

—

1.00

*Non subordinated debts*

Tax and social security

—

Tax

Trade creditors

becoming due and payable after less than one year

—

1.00

**ANNEX A: SENIOR FACILITIES AGREEMENT**

DATED 2014

GRUPO ANTOLÍN-IRAUSA, S.A.

ARRANGED BY

DEUTSCHE BANK AG, LONDON BRANCH  
BANCO BILBAO VIZCAYA ARGENTARIA, S.A.  
BANCO DE SABADELL, S.A.  
BANCO POPULAR ESPAÑOL, S.A.  
BANCO SANTANDER, S.A.  
BANKIA, S.A.  
BANKINTER, S.A.  
BNP PARIBAS S.A. SUCURSAL EN ESPAÑA  
CAIXABANK, S.A.

AND

DEUTSCHE BANK AG, LONDON BRANCH

AS MANDATED LEAD ARRANGERS

AND

BANCA MARCH, S.A.

AND

BANCO ESPIRITO SANTO, S.A. SUCURSAL EN ESPAÑA  
AS ARRANGERS

WITH

DEUTSCHE BANK AG, LONDON BRANCH  
ACTING AS AGENT

AND

DEUTSCHE BANK AG, LONDON BRANCH  
ACTING AS SECURITY AGENT

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SENIOR FACILITIES AGREEMENT

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## CONTENTS

Clause	Page
1. Definitions and Interpretation .....	A-2
2. The Facilities .....	A-42
3. Purpose .....	A-45
4. Conditions of Utilisation .....	A-45
5. Utilisation—Loans .....	A-47
6. Utilisation—Letters of Credit .....	A-48
7. Letters of Credit .....	A-52
8. Optional Currencies .....	A-57
9. Ancillary Facilities .....	A-57
10. Repayment .....	A-62
11. Illegality, Voluntary Prepayment and Cancellation .....	A-64
12. Mandatory Prepayment and Cancellation .....	A-66
13. Restrictions .....	A-70
14. Interest .....	A-72
15. Interest Periods .....	A-73
16. Changes to the Calculation of Interest .....	A-74
17. Fees .....	A-75
18. Tax Gross-Up and Indemnities .....	A-77
19. Increased Costs .....	A-82
20. Other Indemnities .....	A-84
21. Mitigation by the Lenders .....	A-85
22. Costs and Expenses .....	A-86
23. Guarantee and Indemnity .....	A-87
24. Representations .....	A-97
25. Information Undertakings .....	A-103
26. Financial Covenants .....	A-106
27. General Undertakings .....	A-108
28. Events of Default .....	A-117
29. Changes to the Lenders .....	A-124
30. Debt Purchase Transactions .....	A-129
31. Changes to the Obligors .....	A-133
32. Role of the Agent, the Arranger, the Issuing Bank and Others .....	A-137
33. Conduct of Business by the Finance Parties .....	A-147
34. Sharing among the Finance Parties .....	A-147
35. Payment Mechanics .....	A-150
36. Set-Off .....	A-154
37. Notices .....	A-154
38. Calculations and Certificates .....	A-157
39. Partial Invalidity .....	A-157
40. Remedies and Waivers .....	A-157
41. Amendments and Waivers .....	A-158
42. Confidentiality .....	A-166
43. Confidentiality of Funding Rates and Reference Bank Quotations .....	A-169
44. Disclosure of Lender Details by Agent .....	A-171
45. Counterparts .....	A-172
46. Executive Proceedings .....	A-172
47. USA Patriot Act .....	A-173
48. Governing Law .....	A-174
49. Enforcement .....	A-174
50. Waiver of Jury Trial .....	A-174

**THIS AGREEMENT** is dated 2014 and made

**BETWEEN:**

- (1) **GRUPO ANTOLÍN-IRAUSA, S.A.** (tax identification number A-09092305) (the “**Company**”);
- (2) **THE SUBSIDIARIES** of the Company listed in Part I of Schedule 1 (*The Original Parties*) as original borrowers (together with the Company, the “**Original Borrowers**”);
- (3) **THE COMPANY** in its capacity as original guarantor (the “**Original Guarantor**”);
- (4) **BANCO BILBAO VIZCAYA ARGENTARIA, S.A., BANCO DE SABADELL, S.A., BANCO POPULAR ESPAÑOL, S.A., BANCO SANTANDER, S.A., BANKIA, S.A., BANKINTER, S.A., BNP PARIBAS S.A. SUCURSAL EN ESPAÑA, CAIXABANK, S.A. and DEUTSCHE BANK AG, LONDON BRANCH** as mandated lead arrangers; and  
**BANCA MARCH, S.A. and BANCO ESPIRITO SANTO, S.A. SUCURSAL EN ESPAÑA** as arrangers,  
  
(whether acting individually or together the “**Arranger**”);
- (5) **THE FINANCIAL INSTITUTIONS** listed in Part II of Schedule 1 (*The Original Parties*) as lenders (the “**Original Lenders**”);
- (6) **DEUTSCHE BANK AG, LONDON BRANCH** as agent of the other Finance Parties (the “**Agent**”); and
- (7) **DEUTSCHE BANK AG. LONDON BRANCH** as security agent for the Secured Parties (the “**Security Agent**”).



IT IS AGREED as follows:

## SECTION 1 INTERPRETATION

### 1. DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions

In this Agreement:

“**Acceptable Bank**” means:

- (a) a bank or financial institution which has a rating for its long- term unsecured and non-credit-enhanced debt obligations of BB or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or Ba2 or higher by Moody’s Investors Service Limited or a comparable rating from an internationally recognised credit rating agency;
- (b) any other bank or financial institution approved by the Agent; or
- (c) any of the Original Lenders.

“**Accession Deed**” means a document substantially in the form set out in Schedule 6 (*Form of Accession Deed*).

“**Accounting Reference Date**” means 31 December.

“**ADE**” means Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León (the Agency for Business Innovation, Financing and Internationalisation of Castilla and Leon), a company wholly owned by the Regional Government of Castilla and León.

“**ADE Facility**” means the facility made available under the ADE Facility Agreement.

“**ADE Facility Agreement**” means the EUR 70,000,000 loan agreement dated 22 October 2012 entered into between the Company as borrower and ADE as lender.

“**Additional Borrower**” means a company which becomes an Additional Borrower in accordance with Clause 31 (*Changes to the Obligors*).

“**Additional Guarantor**” means a company which becomes an Additional Guarantor in accordance with Clause 31 (*Changes to the Obligors*).

“**Additional Obligor**” means an Additional Borrower or an Additional Guarantor.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“**Agent’s Spot Rate of Exchange**” means the Agent’s spot rate of exchange for the purchase of the relevant currency with the Base Currency in the London foreign exchange market at or about 11:00 a.m. on a particular day.

“**Agreed Security Principles**” means the principles set out in Schedule 12 (*Agreed Security Principles*).

“**Ancillary Commencement Date**” means, in relation to an Ancillary Facility, the date on which that Ancillary Facility is first made available, which date shall be a Business Day within the Availability Period for the Revolving Facility.

“**Ancillary Commitment**” means, in relation to an Ancillary Lender and an Ancillary Facility, the maximum Base Currency Amount which that Ancillary Lender has agreed (whether or not subject to satisfaction of conditions precedent) to make available from time to time under an Ancillary Facility and which has been authorised as such under Clause 9 (*Ancillary Facilities*), to the extent that amount is not cancelled or reduced under this Agreement or the Ancillary Documents relating to that Ancillary Facility.

“**Ancillary Document**” means each document relating to or evidencing the terms of an Ancillary Facility.

“**Ancillary Facility**” means any ancillary facility made available by an Ancillary Lender in accordance with Clause 9 (*Ancillary Facilities*).

“**Ancillary Lender**” means each Lender (or Affiliate of a Lender) which makes available an Ancillary Facility in accordance with Clause 9 (*Ancillary Facilities*).

“**Ancillary Outstandings**” means, at any time, in relation to an Ancillary Lender and an Ancillary Facility then in force the aggregate of the equivalents (as calculated by that Ancillary Lender) in the Base Currency of the following amounts outstanding under that Ancillary Facility:

- (a) the principal amount under each overdraft facility and on-demand short term loan facility (net of any Available Credit Balance);
- (b) the face amount of each guarantee, bond and letter of credit under that Ancillary Facility (net of any cash cover held by that Ancillary Lender); and
- (c) the amount fairly representing the aggregate exposure (excluding interest and similar charges) of that Ancillary Lender under each other type of accommodation provided under that Ancillary Facility,

in each case as determined by such Ancillary Lender, acting reasonably in accordance with its normal banking practice and in accordance with the relevant Ancillary Document.

“**Annual Financial Statements**” has the meaning given to that term in Clause 25 (*Information Undertakings*).

“**Anti-Corruption Laws**” means all laws, rules, and regulations of any jurisdiction applicable to the Company and other members of the Group concerning or relating to bribery or corruption.

“**Assignment Agreement**” means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee **provided that** if that other form does not contain the undertaking set out in the form set out in Schedule 5 (*Form of Assignment Agreement*) it shall not be a Creditor Accession Undertaking as defined in, and for the purposes of, the Intercreditor Agreement.

“**Auditors**” means one of Deloitte & Touche, PricewaterhouseCoopers, Ernst & Young or KPMG or any other firm approved in advance by the Majority Lenders (such approval not to be unreasonably withheld or delayed).

“**Authorisation**” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“**Availability Period**” means, subject to Clause 4.5 (*Closing Date*):

- (a) in relation to Facility A, the period from and including the Closing Date to and including the date falling 90 days thereafter; and
- (b) in relation to the Revolving Facility, the period from and including the Closing Date to and including the date falling one month prior to the Termination Date.

“**Available Commitment**” means, in relation to a Facility, a Lender’s Commitment under that Facility minus (subject as set out below):

- (a) the Base Currency Amount of its participation in any outstanding Utilisations under that Facility and, in the case of the Revolving Facility only, the Base Currency Amount of the aggregate of its (and its Affiliate’s) Ancillary Commitments; and
- (b) in relation to any proposed Utilisation, the Base Currency Amount of its participation in any other Utilisations that are due to be made under that Facility on or before the proposed Utilisation Date and, in the case of the Revolving Facility only, the Base Currency Amount of its (and its Affiliate’s) Ancillary Commitment in relation to any new Ancillary Facility that is due to be made available on or before the proposed Utilisation Date.

For the purposes of calculating a Lender’s Available Commitment in relation to any proposed Utilisation under the Revolving Facility only, the following amounts shall not be deducted from that Lender’s Revolving Facility Commitment:

- (i) that Lender's participation in any Revolving Facility Utilisations that are due to be repaid or prepaid on or before the proposed Utilisation Date; and
- (ii) that Lender's (and its Affiliate's) Ancillary Commitments to the extent that they are due to be reduced or cancelled on or before the proposed Utilisation Date.

“**Available Credit Balance**” means, in relation to an Ancillary Facility, credit balances on any account of any Borrower of that Ancillary Facility with the Ancillary Lender making available that Ancillary Facility to the extent that those credit balances are freely available to be set off by that Ancillary Lender against liabilities owed to it by that Borrower under that Ancillary Facility.

“**Available Facility**” means, in relation to a Facility, the aggregate for the time being of each Lender's Available Commitment in respect of that Facility.

“**Base Currency**” means euro.

“**Base Currency Amount**” means:

- (a) in relation to a Utilisation, the amount specified in the Utilisation Request delivered by a Borrower for that Utilisation (or, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent's Spot Rate of Exchange on the date which is three Business Days before the Utilisation Date or, if later, on the date the Agent receives the Utilisation Request in accordance with the terms of this Agreement) and, in the case of a Letter of Credit, as adjusted under Clause 6.8 (*Revaluation of Letters of Credit*) at six-monthly intervals; and
- (b) in relation to an Ancillary Commitment, the amount specified as such in the notice delivered to the Agent by the Company pursuant to Clause 9.2 (*Availability*) (or, if the amount specified is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent's Spot Rate of Exchange on the date which is three Business Days before the Ancillary Commencement Date for that Ancillary Facility or, if later, the date the Agent receives the notice of the Ancillary Commitment in accordance with the terms of this Agreement),

as adjusted to reflect any repayment, prepayment, consolidation or division of a Utilisation, or (as the case may be) cancellation or reduction of an Ancillary Facility.

“**Borrower**” means an Original Borrower or an Additional Borrower unless it has ceased to be a Borrower in accordance with Clause 31 (*Changes to the Obligors*) and, in respect of an Ancillary Facility only, any Affiliate of a Borrower that becomes a borrower of that Ancillary Facility with the approval of the relevant Lender pursuant to Clause 9.8 (*Affiliates of Borrowers*).

“**Break Costs**” means the amount (if any) by which:

- (a) the interest (excluding the Margin) which a Lender should have received for the period from the date of receipt of all or any part of its participation in a Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

- (b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Madrid and Amsterdam and:

- (a) (in relation to any date for payment or purchase of a currency other than euro) the principal financial centre of the country of that currency; or
- (b) (in relation to any date for payment or purchase of euro) any TARGET Day.

“**Cash**” means, at any time, cash in hand or at bank and (in the latter case) credited to an account in the name of a member of the Group with an Acceptable Bank or in an amount not exceeding EUR 50,000,000 credited to an account in the name of a member of the Group at any bank outside the European Union, and in each case to which a member of the Group is alone (or together with other members of the Group) beneficially entitled and for so long as:

- (a) that cash is repayable on demand or within 90 days of demand;
- (b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of any member of the Group other than Permitted Financial Indebtedness or on the satisfaction of any other condition;
- (c) there is no Security over that cash except for Transaction Security or any Permitted Security; and
- (d) the cash is freely and (except as mentioned in paragraph (a) above) immediately available to be applied in repayment or prepayment of the Facilities within 90 days.

“**Cash Equivalent Investments**” means at any time:

- (a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank;
- (b) any investment in marketable debt obligations issued or guaranteed by the government of the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State in any such case having a rating for its short term unsecured and non-credit enhanced debt obligations of A-1 or higher by Standard & Poor’s Rating Services or F1 or higher by Fitch Rating Ltd or P-1 or higher by Moody’s Investor Services Limited or a comparable rating from an internationally recognised credit rating agency or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security;
- (c) commercial paper not convertible or exchangeable to any other security:
  - (i) for which a recognised trading market exists;
  - (ii) issued by an issuer incorporated in the United States of America, the United Kingdom, any member state of the European Economic Area or any Participating Member State;
  - (iii) which matures within one year after the relevant date of calculation; and
  - (iv) which has a credit rating of either A-1 or higher by Standard & Poor’s Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody’s Investors Service Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long-term unsecured and non-credit enhanced debt obligations, an equivalent rating;
- (d) sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an Acceptable Bank (or their dematerialised equivalent);
- (e) any investment in money market funds which (i) have a credit rating of either A-1 or higher by Standard & Poor’s Rating Services or F1 or higher by Fitch Ratings Ltd or P-1 or higher by Moody’s Investors Service Limited, (ii) which invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above and (iii) can be turned into cash on not more than 30 days’ notice; or
- (f) any other debt security approved by the Majority Lenders,

in each case, to which any member of the Group is alone (or together with other members of the Group) beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security (other than Security arising under the Transaction Security Documents or other Permitted Security).

“**Change of Control**” means the Investors cease directly or indirectly to:

- (a) have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

- (i) cast, or control the casting of, 50.01 per cent. or more of the maximum number of votes that might be cast at a general meeting of the Company; or
  - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the Company; or
  - (iii) give directions with respect to the operating and financial policies of the Company with which the directors or other equivalent officers of the Company are obliged to comply; or
- (b) hold beneficially 50.01 per cent. or more of the issued share capital of the Company with voting rights.

“**Charged Property**” means the assets of the Holdcos and the Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

“**Closing Date**” means the date of first Utilisation.

“**Code**” means the US Internal Revenue Code of 1986 (or any successor legislation thereto) as amended from time to time, and the regulations promulgated and rulings issued thereunder, all as the same may be in effect at such date.

“**Commitment**” means a Facility A Commitment or Revolving Facility Commitment.

“**Compliance Certificate**” means a certificate substantially in the form set out in Schedule 8 (*Form of Compliance Certificate*).

“**Confidential Information**” means all information relating to the Company, any Holdco, any Obligor, the Group, the Finance Documents, the Transaction Documents or a Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or a Facility from either:

- (a) any member of the Group, or any of its advisers;
- (b) any Holdco; or
- (c) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers or any Holdco,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

- (i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 42 (*Confidentiality*); or
- (ii) is identified in writing at the time of delivery as non- confidential by any member of the Group or any of its advisers; or
- (iii) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

“**Confidentiality Undertaking**” means a confidentiality undertaking substantially in a recommended form of the LMA as at the date of this Agreement or in any other form agreed between the Company and the Agent.

“**Corporate Bridge Loan**” means the EUR 400,000,000 facility made available to the Company pursuant to a facility agreement dated 12 December 2013 entered into between, amongst others, the Company as borrower, certain Subsidiaries of the Company as guarantors, and Banco Bilbao Vizcaya Argentaria, S.A. as agent (as amended and/or restated from time to time).

“**CTA**” means the Corporation Tax Act 2009.

“**Czech Guarantor**” means a Guarantor incorporated in the Czech Republic.

“**Czech Limitation Amount**” has the meaning given to that term in paragraph (b)(i) of Clause 23.11 (*Guarantee Limitations*).

“**Debt Purchase Transaction**” means, in relation to a person, a transaction where such person:

- (a) purchases by way of assignment or transfer;
- (b) enters into any sub-participation in respect of; or
- (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of,

any Commitment or amount outstanding under this Agreement.

“**Default**” means an Event of Default or any event or circumstance specified in Clause 28 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default **provided that** any such event or circumstance which requires the satisfaction of a condition as to materiality before it becomes an Event of Default shall not be a Default unless that condition is satisfied.

“**Defaulting Lender**” means any Lender:

- (a) which has failed to make its participation in a Loan available or has notified the Agent or the Company (which has notified the Agent) that it will not make its participation in a Loan available by the Utilisation Date of that Loan in accordance with Clause 5.4 (*Lenders' participation*) or which has failed to provide cash collateral (or has notified the Issuing Bank or the Company (which has notified the Agent) that it will not provide cash collateral) in accordance with Clause 7.4 (*Cash collateral by Non- Acceptable L/C Lender and Borrower's option to provide cash cover*);
- (b) which has otherwise rescinded or repudiated a Finance Document; or
- (c) which is an Issuing Bank which has failed to issue a Letter of Credit (or has notified the Agent or the Company (which has notified the Agent) that it will not issue a Letter of Credit) in accordance with Clause 6.5 (*Issue of Letters of Credit*) or which has failed to pay a claim (or has notified the Agent or the Company (which has notified the Agent) that it will not pay a claim) in accordance with (and as defined in) Clause 7.2 (*Claims under a Letter of Credit*); or
- (d) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) and (c) above:

- (i) its failure to pay, or to issue a Letter of Credit, is caused by:
  - (A) administrative or technical error; or
  - (B) a Disruption Event; and
  - (C) payment is made within three Business Days of its due date; or

- (ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

“**Deferred Consideration**” has the meaning given to that term in paragraph (f) of the definition of “Permitted Acquisition”.

“**Delegate**” means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

“**Designated Gross Amount**” means the amount notified by the Company to the Agent upon the establishment of a Multi-account Overdraft as being the maximum amount of Gross Outstandings that will, at any time, be outstanding under that Multi-account Overdraft.

“**Designated Net Amount**” means the amount notified by the Company to the Agent upon the establishment of a Multi-account Overdraft as being the maximum amount of Net Outstandings that will, at any time, be outstanding under that Multi-account Overdraft.

“**Designated Person**” means any Person listed on a Sanctions List.

“**Disposal**” has the meaning given to that term in Clause 12.2 (*Disposal and Insurance Proceeds*).

“**Disruption Event**” means either or both of:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facilities (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or
- (b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:
  - (i) from performing its payment obligations under the Finance Documents; or
  - (ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“**EBITDA**” has the meaning given to such term in Clause 26.1 (*Financial definitions*).

“**Employee Plan**” means an employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV or Section 302 of ERISA, or Section 412 of the Code, and in respect of which an Obligor or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“**English Obligor**” means any Obligor incorporated under the laws of England and Wales.

“**Environment**” means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

- (a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);
- (b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including, without limitation, land under water).

“**Environmental Claim**” means any claim or proceeding by any governmental or supra-national entity in respect of any Environmental Law.

“**Environmental Law**” means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or
- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

“**Environmental Permits**” means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

“**Equity Contribution**” means:

- (a) any subscription by a Holdco for shares issued by the Company and any capital contributions made by a Holdco; and/or
- (b) any loans, notes, bonds or like instruments issued by the Company to a Holdco or made by a Holdco to the Company which are subordinated to the Facilities pursuant to the Intercreditor Agreement (with no right to prepayment or acceleration or cash return payable whilst any amount remains outstanding under the Facilities, unless otherwise permitted by the Intercreditor Agreement) or otherwise on terms satisfactory to the Agent, acting on the instructions of the Majority Lenders.

“**ERISA**” means, at any date, the United States Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

“**ERISA Affiliate**” means any trade or business (whether or not incorporated) that, together with any Obligor, is treated as a single employer under Section 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended.

“**EURIBOR**” means, in relation to any Loan in euro:

- (a) the applicable Screen Rate;
- (b) (if no Screen Rate is available for the Interest Period of that Loan) the Interpolated Screen Rate for that Loan; or
- (c) if:
  - (i) no Screen Rate is available for the Interest Period of that Loan; and
  - (ii) it is not possible to calculate an Interpolated Screen Rate for that Loan,

the Reference Bank Rate,

as of, in the case of paragraphs (a) and (c) above, the Specified Time on the Quotation Day for euro and for a period equal in length to the Interest Period of that Loan and, if that rate is less than zero, EURIBOR will be deemed to be zero.

“**Event of Default**” means any event or circumstance specified as such in Clause 28 (*Events of Default*).

“**Excluded Jurisdiction**” means France, India, China, Morocco, Romania, South Africa, Argentina, Indonesia and Costa Rica.

“**Expiry Date**” means, for a Letter of Credit, the last day of its Term.

“**Facility**” means Facility A or the Revolving Facility.

“**Facility A**” means the term loan facility made available under this Agreement as described in paragraph (a)(i) of Clause 2.1 (*The Facilities*).

“**Facility A Commitment**” means:



- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading “Facility A Commitment” in Part II of Schedule 1 (*The Original Parties*) and the amount of any other Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*); and
- (b) in relation to any other Lender, the amount in the Base Currency of any Facility A Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*),

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Facility A Loan**” means a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan.

“**Facility Office**” means:

- (a) in respect of a Lender or the Issuing Bank, the office or offices notified by that Lender or the Issuing Bank to the Agent in writing on or before the date it becomes a Lender or the Issuing Bank (or, following that date, by not less than five Business Days’ written notice) as the office or offices through which it will perform its obligations under this Agreement; or
- (b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

“**FATCA**” means:

- (a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or
- (c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

“**FATCA Application Date**” means:

- (a) in relation to a “withholdable payment” described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014;
- (b) in relation to a “withholdable payment” described in section 1473(1)(A)(ii) of the Code (which relates to “gross proceeds” from the disposition of property of a type that can produce interest from sources within the US), 1 January 2017; or
- (c) in relation to a “passthru payment” described in section 1471(d)(7) of the Code not falling within paragraphs (a) or (b) above, 1 January 2017,

or, in each case, such other date from which such payment may become subject to a deduction or withholding required by FATCA as a result of any change in FATCA after the date of this Agreement.

“**FATCA Deduction**” means a deduction or withholding from a payment under a Finance Document required by FATCA.

“**FATCA Exempt Party**” means a Party that is entitled to receive payments free from any FATCA Deduction.

“**Fee Letter**” means:

- (a) any letter or letters dated on or about the date of this Agreement between the Arranger and the Company (or the Agent and the Company or the Security Agent and the Company) setting out any of the fees referred to in Clause 17 (*Fees*); and

- (b) any agreement setting out fees payable to a Finance Party referred to in paragraph (f) of Clause 2.2 (*Increase*), Clause 17.5 (*Fees payable in respect of Letters of Credit*) or Clause 17.6 (*Interest, commission and fees on Ancillary Facilities*) of this Agreement or under any other Finance Document.

“**Finance Document**” means this Agreement, any Accession Deed, any Ancillary Document, any Compliance Certificate, any Fee Letter, the Intercreditor Agreement, any Resignation Letter, any Selection Notice, any Transaction Security Document, any Utilisation Request and any other document designated as a “Finance Document” by the Agent and the Company.

“**Finance Lease**” means any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease.

“**Finance Party**” means the Agent, the Arranger, the Security Agent, a Lender, the Issuing Bank, or any Ancillary Lender.

“**Financial Indebtedness**” means any indebtedness for or in respect of:

- (a) moneys borrowed and debit balances at banks or other financial institutions;
- (b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);
- (c) any note purchase facility or the issue of bonds (other than any performance or advance payment bond), notes, commercial paper, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of Finance Leases;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) shall be taken into account);
- (g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution **provided that** the underlying obligation in respect of which such instrument is issued would be treated as Financial Indebtedness;
- (h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the final Termination Date;
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question and the terms of the agreement permit liabilities to be outstanding for six months or more or (ii) the agreement is in respect of the supply of assets or services and payment is due from the relevant member of the Group more than six months after the date of supply to it or is due to the relevant member of the Group more than six months before the date of supply by it (where, for the avoidance of doubt, this paragraph shall not apply to any scheduled payments or instalments agreed in relation to the supply of assets or services entered into in the ordinary course of trading of any member of the Group);
- (j) any amount raised under any other transaction classified as a borrowing under GAAP; and
- (k) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (j) above,

excluding any indebtedness or liability in respect of pension, post-employment or employment incentive scheme liabilities.

“**Financial Quarter**” means the period commencing on the day after one Quarter Date and ending on the next Quarter Date.

“**Financial Year**” means the annual accounting period of the Group ending on or about 31 December in each year.

“**Flotation**” has the meaning given to that term in Clause 12.1 (*Exit*).

“**Funding Rate**” means any rate notified by a Lender to the Agent pursuant to paragraph (a)(ii) of Clause 16.2 (*Market Disruption*).

“**Funds Flow Statement**” means a funds flow statement in agreed form.

“**GAAP**” means International Financial Reporting Standards promulgated by the International Accounting Standards Board and as adopted by the European Union or any variation thereof with which the Company or its Subsidiaries are, or may be, required to comply; **provided that** at any date after the Closing Date the Company may make an irrevocable election (by written notice to the Agent) to establish that “**GAAP**” shall mean GAAP as in effect on a date that is on or prior to the date of such election.

“**German Obligor**” means any Obligor which is incorporated or established under the laws of the Federal Republic of Germany.

“**Gross Outstandings**” means, in relation to a Multi-account Overdraft, the Ancillary Outstandings of that Multi-account Overdraft but calculated on the basis that the words “(net of any Available Credit Balance)” in paragraph (a) of the definition of “Ancillary Outstandings” were deleted.

“**Group**” means the Company and each of its Subsidiaries for the time being.

“**Group Structure Chart**” means the group structure chart in the agreed form.

“**Guarantor**” means an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with Clause 31 (*Changes to the Obligors*).

“**Holdco 1**” means Grupo Antolín Holdco, S.L., incorporated and existing under the laws of Spain and which will be converted into a Spanish *sociedad anónima* after the date of this Agreement.

“**Holdco 2**” means Castilfalé Gestión, S.A., a private company (*sociedad anónima*) incorporated and existing under the laws of Spain.

“**Holdco 1 Share Pledge**” means a Spanish law governed share pledge granted by Holdco 1 over the issued share capital of the Company held by it (comprising 67.4 per cent. of the entire issued share capital of the Company) substantially in the form set out in schedule 5 (*Form of Senior Security Documents*) to the Intercreditor Agreement and raised to the status of a Spanish Public Document in accordance with Clause 46.1 (*Notarial document*).

“**Holdco 2 Share Pledge**” means a Spanish law governed share pledge granted by Holdco 2 over the issued share capital of the Company held by it (comprising 32.6 per cent. of the entire issued share capital of the Company) substantially in the form set out in schedule 5 (*Form of Senior Security Documents*) to the Intercreditor Agreement and raised to the status of a Spanish Public Document in accordance with Clause 46.1 (*Notarial document*).

“**Holdcos**” means Holdco 1 and Holdco 2.

**“Holding Company”** means, in relation to a person, any other person in respect of which it is a Subsidiary.

**“Immediate Family”** has the meaning given to it in Rule 16a-1(e) of the U.S. Exchange Act of 1934, as amended.

**“Impaired Agent”** means the Agent at any time when:

- (a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;
- (b) the Agent otherwise rescinds or repudiates a Finance Document;
- (c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a), (b) or (c) of the definition of “Defaulting Lender”; or
- (d) an Insolvency Event has occurred and is continuing with respect to the Agent,

unless, in the case of paragraph (a) above:

- (i) its failure to pay is caused by:
  - (A) administrative or technical error; or
  - (B) a Disruption Event; and
  - (C) payment is made within three Business Days of its due date; or
- (ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

**“Increase Confirmation”** means a confirmation substantially in the form set out in Schedule 13 (*Form of Increase Confirmation*).

**“Increase Lender”** has the meaning given to that term in Clause 2.2 (*Increase*).

**“Insolvency Event”** in relation to a Finance Party means that the Finance Party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
  - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or
  - (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;

- (f) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (g) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which is to be made, or is made, by a person or entity described in paragraph (d) above);
- (h) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (i) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (h) above; or
- (j) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

**“Intellectual Property”** means:

- (a) any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, moral rights, inventions, confidential information, knowhow and other intellectual property rights and interests (which may on or after the date of this Agreement subsist), whether registered or unregistered; and
- (b) the benefit of all applications and rights to use such assets of each member of the Group (which may on or after the date of this Agreement subsist).

**“Intercreditor Agreement”** means the intercreditor agreement dated on or prior to the first Utilisation Date and made between, among others, the Company, the Debtors (as defined in the Intercreditor Agreement), Deutsche Trustee Company Limited as senior secured notes trustee, Deutsche Bank AG, London Branch as senior agent, Deutsche Bank AG, London Branch as the security agent, the Lenders, the Arranger, the Ancillary Lenders, the Intra-Group Lenders (as defined in the Intercreditor Agreement) and Holdco 2.

**“Interest Period”** means, in relation to a Loan, each period determined in accordance with Clause 15 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 14.3 (*Default interest*).

**“Interpolated Screen Rate”** means, in relation to LIBOR or EURIBOR for any Loan, the rate which results from interpolating on a linear basis between:

- (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Loan; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan, each as of the Specified Time on the Quotation Day for the currency of that Loan.

**“Investors”** means the Principals and any Related Party thereof.

**“Issuing Bank”** means any Lender which has become an Issuing Bank pursuant to Clause 6.9 (*Appointment of additional Issuing Banks*) (and if there is more than one such Party, such Parties shall be referred to, whether acting individually or together, as the **“Issuing Bank”**) **provided that**, in respect of a Letter of Credit issued or to be issued pursuant to the terms of this Agreement, the **“Issuing Bank”** shall be the Issuing Bank which has issued or agreed to issue that Letter of Credit.

**“ITA”** means the Income Tax Act 2007.

**“Joint Venture”** means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

**“L/C Proportion”** means in relation to a Lender in respect of any Letter of Credit, the proportion (expressed as a percentage) borne by that Lender’s Available Commitment to the relevant Available Facility immediately prior to the issue of that Letter of Credit, adjusted to reflect any assignment or transfer under this Agreement to or by that Lender.

**“Legal Opinion”** means any legal opinion delivered to the Agent under Clause 4.1 (*Initial conditions precedent*) or Clause 31 (*Changes to the Obligors*).

**“Legal Reservations”** means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under applicable limitation laws, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of any stamp duty may be void and defences of set-off or counterclaim;
- (c) the principle that default interest may be held to be unenforceable on the grounds that it is a penalty;
- (d) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and
- (e) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

**“Lender”** means:

- (a) any Original Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with Clause 2.2 (*Increase*) or Clause 29 (*Changes to the Lenders*),

which in each case has not ceased to be a Lender in accordance with the terms of this Agreement.

**“Letter of Credit”** means:

- (a) a letter of credit, substantially in the form set out in Schedule 10 (*Form of Letter of Credit*) or in any other form requested by the Company and agreed by the Agent with the prior consent of the Majority Lenders and the Issuing Bank; or
- (b) any guarantee, indemnity or other instrument in a form requested by a Borrower (or the Company on its behalf) and agreed by the Agent with the prior consent of the Majority Lenders and the Issuing Bank.

**“LIBOR”** means, in relation to any Loan:

- (a) the applicable Screen Rate;
- (b) (if no Screen Rate is available for the Interest Period of that Loan) the Interpolated Screen Rate for that Loan; or
- (c) if:
  - (i) no Screen Rate is available for the currency of that Loan; or
  - (ii) no Screen Rate is available for the Interest Period of that Loan and it is not possible to calculate an Interpolated Screen Rate for that Loan,

the Reference Bank Rate,

as of, in the case of paragraphs (a) and (c) above, the Specified Time on the Quotation Day for the currency of that Loan and for a period equal in length to the Interest Period of that Loan and, if any such rate is below zero, LIBOR will be deemed to be zero.

“**LMA**” means the Loan Market Association.

“**Loan**” means a Facility A Loan or a Revolving Facility Loan.

“**Majority Lenders**” means:

- (a) for the purposes of paragraph (a) of Clause 41.2 (*Required consents*) in the context of a waiver solely in relation to a proposed Utilisation of the Revolving Facility (other than a Utilisation on the Closing Date) of the condition in Clause 4.2 (*Further conditions precedent*), a Lender or Lenders whose Revolving Facility Commitments aggregate more than 66<sup>2</sup>/<sub>3</sub> per cent. of the Total Revolving Facility Commitments; and
- (b) (in any other case), a Lender or Lenders whose Commitments aggregate more than 66<sup>2</sup>/<sub>3</sub> per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66<sup>2</sup>/<sub>3</sub> per cent. of the Total Commitments immediately prior to that reduction).

“**Margin**” means:

- (a) in relation to any Facility A Loan 3.25 per cent. per annum;
- (b) in relation to any Revolving Facility Loan 3.25 per cent. per annum;
- (c) in relation to any Unpaid Sum relating or referable to a Facility, the rate per annum specified above for that Facility; and
- (d) in relation to any other Unpaid Sum, the highest rate specified above,

but if:

- (e) no Event of Default has occurred which is continuing;
- (f) a period of at least 12 Months has expired since the Closing Date; and
- (g) Adjusted Leverage in respect of the most recently completed Relevant Period is within a range set out below,

then the Margin for each Loan under Facility A and the Revolving Facility will be the percentage per annum set out below in the column for that Facility opposite that range:

Adjusted Leverage	Facility A Margin % p.a.	Revolving Facility Margin % p.a.
Greater than 3.00:1 .....	3.50	3.50
Equal to or less than 3.00:1 but greater than 2.50:1 .....	3.25	3.25
Equal to or less than 2.50:1 but greater than 2.00:1 .....	3.00	3.00
Equal to or less than 2.00:1 .....	2.75	2.75

However:

- (i) any increase or decrease in the Margin for a Loan shall take effect on the date (the “**reset date**”) which is 5 Business Days following receipt by the Agent of the Compliance Certificate for that Relevant Period pursuant to Clause 25.2 (*Provision and contents of Compliance Certificate*);
- (ii) if, following receipt by the Agent of the Compliance Certificate related to the relevant Annual Financial Statements, that Compliance Certificate does not confirm the basis for a reduced or increased Margin, then paragraph (b) of Clause 14.2 (*Payment of interest*) shall apply and the Margin for that Loan shall be the percentage per annum determined using the table above and the revised ratio of Adjusted Leverage calculated using the figures in that Compliance Certificate;
- (iii) while an Event of Default is continuing, the Margin for each Loan under Facility A and the Revolving Facility shall be the highest percentage per annum set out above for a Loan under that Facility **provided that** the Margin will revert to the rate that would otherwise be determined in accordance with the table above upon an Event of Default being remedied or waived; and

- (iv) for the purpose of determining the Margin, Adjusted Leverage and Relevant Period shall be determined in accordance with Clause 26.1 (*Financial definitions*).



**“Margin Stock”** means margin stock or “margin security” within the meaning of Regulations T, U and X.

**“Material Adverse Effect”** means a material adverse effect on:

- (a) the business, assets or financial condition of the Group taken as a whole; or
- (b) the ability of the Obligors (taken as a whole) to perform their payment obligations under the Finance Documents; or
- (c) the validity or enforceability of any Security granted or purporting to be granted pursuant to any of the Finance Documents **provided that** if such circumstances are capable of remedy such circumstances are not remedied within 10 Business Days of the earlier of (i) the Agent giving notice to the Company and (ii) the Company becoming aware of such circumstances.

**“Material Company”** means, at any time, any member of the Group in which the Company holds directly or indirectly 90 per cent. or more of the issued ordinary share capital and which for the last Financial Year:

- (a) has earnings before interest, tax, depreciation and amortisation:
  - (i) (calculated on the same basis as EBITDA but on an unconsolidated basis) representing 2.50 per cent. or more of EBITDA; and
  - (ii) (calculated on the same basis as EBITDA but on an unconsolidated basis) exceeding EUR 5,000,000; or
- (b) has net assets representing 2.50 per cent. or more of the net assets of the Group, calculated on an unconsolidated basis,

being, as at the date of this Agreement, the members of the Group listed in Schedule 11 (*Material Companies*).

After the date of this Agreement compliance with the conditions set out above shall be determined by reference to the most recent Compliance Certificate supplied by the Company with its audited consolidated annual financial statements and/or the latest audited financial statements of that Subsidiary and the latest audited consolidated financial statements of the Group.

However, if a Subsidiary has been acquired since the date as at which the latest audited consolidated financial statements of the Group were prepared, the financial statements shall be deemed to be adjusted in order to take into account the acquisition of that Subsidiary.

A report by the Auditors of the Company that a Subsidiary is or is not a Material Company shall, in the absence of manifest error, be conclusive and binding on all Parties.

**“Merger”** has the meaning given to that term in Clause 27.6 (*Merger*).

**“Mexican Guarantor”** means a Guarantor incorporated in Mexico.

**“Mexican Obligor”** means an Obligor incorporated in Mexico.

**“Mexico”** means the United Mexican States.

**“Month”** means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month.

The above rules will only apply to the last Month of any period.

**“Multi-account Overdraft”** means an Ancillary Facility which is an overdraft facility comprising more than one account.

**“Multiemployer Plan”** means a “multiemployer plan” (as defined in Section (3)(37) of ERISA) that is subject to Title IV of ERISA that is contributed to for any employees of an Obligor or any ERISA Affiliate.

**“Net Financial Indebtedness”** has the meaning given to that term in Clause 26.1 (*Financial definitions*).

**“Net Outstandings”** means, in relation to a Multi-account Overdraft, the Ancillary Outstandings of that Multi-account Overdraft.

**“Net Proceeds”** means the cash consideration received by any member of the Group on any Flotation or by any member of the Group for any Disposal or insurance claim after deducting:

- (a) fees, costs and expenses incurred by or on behalf of any member of the Group with respect to that Flotation, or by any member of the Group with respect to that Disposal or claim, in each case to persons who are not members of the Group;
- (b) any Tax incurred and required to be paid by any member of the Group or any Holding Company of any member of the Group with respect to that Flotation, or by any member of the Group in connection with that Disposal or claim as reasonably determined by such member of the Group on the basis of existing rates and taking into account any available credit, deduction or allowance;
- (c) any related redundancy, restructuring or relocation costs reasonably incurred in connection therewith as certified by the chief financial officer of the relevant member of the Group to the Agent;
- (d) in respect of any Disposal, any amount required to discharge any Financial Indebtedness owing to any entity which is not a member of the Group or an Affiliate of a member of the Group which benefits from security or a prior claim on the asset subject to such Disposal in each case on completion of such Disposal; and
- (e) in respect of any Disposal, any amount retained in respect of any reasonably likely warranty or indemnity claims in connection with the Disposal (**provided that** on expiry of the period for any such claim any amount not subject to a claim shall constitute Disposal Proceeds).

**“New Lender”** has the meaning given to that term in Clause 29 (*Changes to the Lenders*).

**“Non-Acceptable L/C Lender”** means a Lender under the Revolving Facility which:

- (a) is not an Acceptable Bank within the meaning of paragraph (a) or (c) of the definition of “Acceptable Bank” (other than a Lender which each Issuing Bank has agreed is acceptable to it notwithstanding that fact);
- (b) is a Defaulting Lender; or
- (c) has failed to make (or has notified the Agent that it will not make) a payment to be made by it under Clause 7.3 (*Indemnities*) or Clause 32.11 (*Lenders’ indemnity to the Agent*) or any other payment to be made by it under the Finance Documents to or for the account of any other Finance Party in its capacity as Lender by the due date for payment unless the failure to pay falls within the description of any of those items set out at paragraphs (i) and (ii) of the definition of “Defaulting Lender”.

**“Non-Consenting Lender”** has the meaning given to that term in Clause 41.8 (*Replacement of Lender*).

**“Notifiable Debt Purchase Transaction”** has the meaning given to that term in paragraph (b) of Clause 30.2 (*Disenfranchisement on Debt Purchase Transactions entered into by Investors*).

**“OFAC”** means the Office of Foreign Assets Control of the U.S. Department of Treasury.

**“Obligor”** means a Borrower or a Guarantor.

**“Obligors’ Agent”** means the Company, appointed to act on behalf of each Obligor in relation to the Finance Documents pursuant to Clause 2.4 (*Obligors’ Agent*).

**“Optional Currency”** means a currency (other than the Base Currency) which complies with the conditions set out in Clause 4.3 (*Conditions relating to Optional Currencies*).

**“Original Financial Statements”** means:

- (a) in relation to the Company, its audited financial statements for its Financial Year ended 31 December 2013; and
- (b) in relation to any other Obligor, its audited financial statements delivered to the Agent as required by Clause 31 (*Changes to the Obligors*).

**“Original Jurisdiction”** means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is incorporated as at the date of this Agreement or, in the case of an Additional Obligor, as at the date on which that Additional Obligor becomes Party as a Borrower or a Guarantor (as the case may be).

**“Original Obligor”** means an Original Borrower or an Original Guarantor.

**“Participating Member State”** means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

**“Party”** means a party to this Agreement.

**“Perfection Requirements”** means the making or procuring of registrations, filings, endorsements, notarisations, stampings and/or notifications of the Finance Documents (and/or security created thereunder) necessary for the validity and enforceability thereof.

**“Permitted Acquisition”** means:

- (a) an acquisition by a member of the Group of an asset sold, leased, transferred or otherwise disposed of by another member of the Group in circumstances constituting a Permitted Disposal or a Merger permitted under Clause 27.6 (*Merger*);
- (b) an acquisition of shares or securities in another member of the Group or the capitalisation of an inter-company loan or the redemption, purchase or cancellation of its own shares by a member of the Group (other than the Company save to the extent that any such action by the Company would constitute a Permitted Distribution);
- (c) an acquisition of securities which are Cash Equivalent Investments;
- (d) the incorporation of a company or establishment of a partnership in each case with limited liability which on incorporation or establishment becomes a member of the Group;
- (e) an acquisition which constitutes a Permitted Joint Venture;
- (f) an acquisition for cash consideration (which may be left outstanding as deferred consideration (**“Deferred Consideration”**)) of (A) issued shares or limited partnership interests or equivalent ownership interest constituting a controlling interest (or where a member of the Group already has a controlling interest, the acquisition of some or all of the remaining shares or limited partnership interests or equivalent ownership interest) in a limited liability company, limited partnership or other corporate entity with limited liability or (B) (if the acquisition is made by a limited liability company whose sole purpose is to make the acquisition) a business or undertaking carried on as a going concern, but only if:
  - (i) no Event of Default is continuing on the date on which the relevant member of the Group legally commits to make the acquisition or would occur as a result of the acquisition;
  - (ii) the acquired company, business or undertaking is engaged in a business substantially the same as or complementary to that carried on by the Group;
  - (iii) in the case of any acquisition in respect of which the consideration (including associated costs and expenses) and any Financial Indebtedness or other assumed actual or contingent liability in each case remaining in the acquired company or business at the date of acquisition (the **“Purchase Price”**) exceeds EUR 25,000,000 (or its equivalent), or if the aggregate Purchase

Price for all such acquisitions in any Financial Year exceeds EUR 50,000,000 (or its equivalent), the Company delivers to the Agent not later than 30 days after the closing date for the acquisition a certificate signed by two directors of the Company:

- (A) to which is attached a copy of the latest audited accounts (or if not available, management accounts) of the target company or business; and
- (B) giving projections showing in reasonable detail that the Company will remain in compliance with its obligations under Clause 26 (*Financial Covenants*) for the Relevant Periods ending on the next four Quarter Dates consolidating the financial statements of the target company (consolidated if it has Subsidiaries) or business with the financial statements of the Group for such period on a *pro forma* basis and as if the consideration for the proposed acquisition had been paid at the start of the Relevant Period and taking into account any anticipated synergies and cost savings; and
- (iv) the Company notifies the Agent of such proposed acquisition at least 10 days before the anticipated closing date for the acquisition;
- (g) an acquisition of a minority interest of less than 20% in the issued share capital of any limited liability company or partnership with limited liability **provided that** the Purchase Price in respect of all such minority interests does not exceed EUR 15,000,000 (or its equivalent) in any Financial Year;
- (h) an acquisition which constitutes a Permitted Associate; and
- (i) a repayment, prepayment, purchase, redemption, defeasance or discharge (or other retirement for value) or other acquisition of any principal amount of the Senior Secured Notes (a “**Notes Purchase Transaction**”) **provided that** the aggregate amount of all Notes Purchase Transactions permitted pursuant to this paragraph (i) does not exceed EUR 80,000,000 at any time after the date of this Agreement.

“**Permitted Associate**” means any investment in any Joint Venture or in any limited liability company in either case engaged in a business substantially the same as or complementary to that carried on by the Group where:

- (a) between 20 per cent. and 50 per cent. of the total equity or ownership interest in the Joint Venture or limited liability company (as applicable) is, or will as a result of the investment or transaction, be owned by the Company or any other Obligor or Material Company or a combination thereof; and
- (b) the aggregate amount of all amounts subscribed for in shares or invested in all such Joint Ventures and limited liability companies does not at any time exceed 5.0 per cent. of the consolidated gross assets of the Group calculated on a consolidated basis.

“**Permitted Disposal**” means any sale, lease, licence, transfer or other disposal which, except in the case of paragraph (c), is on arm’s length terms:

- (a) of trading stock made by any member of the Group in the ordinary course of trading of the disposing entity;
- (b) of cash not otherwise prohibited by the terms of this agreement;
- (c) of any asset by a member of the Group (the “**Disposing Company**”) to another member of the Group (the “**Acquiring Company**”), but if:
  - (i) the Disposing Company is an Obligor, the Acquiring Company must also be an Obligor;
  - (ii) the Disposing Company had given Security over the asset, the Acquiring Company must give equivalent Security over that asset; and
  - (iii) the Disposing Company is a Guarantor, the Acquiring Company must be a Guarantor;
- (d) the disposal of assets by an Obligor to a member of the Group which is not an Obligor in an aggregate amount for all such disposals not exceeding EUR 20,000,000 (or its equivalent) in any Financial Year;

- (e) of assets (other than shares or businesses) in exchange for other assets comparable or superior as to type, value and quality;
- (f) of obsolete or redundant land, vehicles, plant and equipment for cash;
- (g) of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments;
- (h) constituted by a licence of intellectual property rights permitted by Clause 27.20 (*Intellectual Property*) or a lease or licence of real estate to the extent not then required for the business of the Group;
- (i) arising as a result of any Permitted Security;
- (j) of assets for cash (**provided that** up to 25% may be by way of deferred consideration) to a person or persons who is/are not a member of the Group:
  - (i) where the aggregate amount of the proceeds of all such disposals since the date of this Agreement are equal to or less than five per cent. of the total consolidated assets of the Group; or
  - (ii) to the extent that the aggregate amount of the proceed of all such disposals since the date of this Agreement are greater than five percent. of the total consolidated assets of the Group as determined by reference to the latest financial statement of the Company most recently delivered pursuant to Clause 25.1 (*Financial statements*) prior to the date of such disposal, such amounts are applied (or, in the case of the Senior Secured Notes, offered to be applied) in prepayment, purchase or redemption pro rata of the Facilities, the Senior Secured Notes and (where ADE has acceded to the Intercreditor Agreement) the ADE Facility, with any amount applied in prepayment of the Facilities being so applied in accordance with Clause 12.2 (*Disposal and Insurance Proceeds*);
- (k) which is already committed to on the date of the Agreement and disclosed to the Lenders;
- (l) in connection with the expropriation by or on behalf of any governmental, regulatory or other authority of any assets of any member of the Group, **provided that** such expropriation does not result in an Event of Default under 28.14 (*Expropriation*);
- (m) of receivables factored, sold or discounted either on a non-recourse basis or (to the extent it constitutes Permitted Financial Indebtedness) on a recourse basis;
- (n) constituted by the capitalisation of any intra-Group loans;
- (o) of any assets which are the subject of a sale and leaseback arrangement where the resulting lease is a Finance Lease constituting Permitted Financial Indebtedness;
- (p) to a Joint Venture, to the extent permitted by Clause 27.9 (*Joint Venture*);
- (q) of any interest in a Treasury Transaction permitted pursuant to Clause 27.21 (*Treasury Transaction*);
- (r) of shares as part of a Flotation which does not trigger a Change of Control;
- (s) of assets by an Obligor to a member of the Group which is not an Obligor for cash consideration at market value, as determined by the Company acting in good faith, and in any event for no less than book value;
- (t) of raw materials and parts by one member of the Group to another member of the Group in the ordinary course of trading;
- (u) being a transfer or disposal to third parties of any intangible assets derived from the research and development of products by members of the Group in the ordinary course of their day to day business;
- (v) (including abandonment) of assets in connection with tooling in the ordinary course of the day to day business of members of the Group; and

- (w) of capitalised development costs from the member of the Group which has undertaken the development work to the member of the Group which will manufacture or further develop the relevant product.

“**Permitted Distribution**” means the payment of a dividend or other distribution by the Company to or the purchase or redemption of any share capital by the Company from the Holdcos **provided that**:

- (a) the payment is made when no Event of Default is continuing or would occur immediately after the making of the payment; and
- (b) prior to the occurrence of a Flotation:
- (i) where Adjusted Leverage as shown in the Compliance Certificate most recently delivered pursuant to Clause 25.2 (*Provision and Contents of Compliance Certificate*) (but adjusted on a *pro forma* basis to take into account the proposed payment) is less than 3.50:1 but greater than 2.50:1, the aggregate amount of all such payments in any Financial Year shall not exceed 25 per cent. of the consolidated net profits of the Group in the previous Financial Year (as determined by reference to the Annual Financial Statements of the Company most recently delivered pursuant to Clause 25.1 (*Financial Statements*)); and
- (ii) where Adjusted Leverage as shown in the Compliance Certificate most recently delivered pursuant to Clause 25.2 (*Provision and Contents of Compliance Certificate*) (but adjusted on a *pro forma* basis to take into account the proposed payment) is equal to or lower than 2:50:1, the aggregate amount of all such payments in any Financial Year shall not exceed 50 per cent. of the consolidated net profits of the Group in the previous Financial Year as determined by reference to the latest Annual Financial Statements of the Company most recently delivered pursuant to Clause 25.1 (*Financial statements*); or
- (c) after a Flotation, Adjusted Leverage as shown in the Compliance Certificate most recently delivered to Clause 25.2 (*Provision and contents of Compliance Certificate*) (but adjusted on a *pro forma* basis to take into account the proposed payment) is equal to or lower than 3:00:1,

and **provided always that** during the period from 1 January 2014 to 31 December 2014 (both inclusive) no dividends or other distributions are paid by the Company and during the period from 1 January 2015 to 31 December 2015 (both inclusive) the aggregate amount of dividends and distributions paid by the Company does not exceed EUR 6,000,000.

If no dividends or distributions are paid in any Financial Year (or an amount less than the maximum permitted for that Financial Year is paid) and such unpaid amount would otherwise have been permitted to be paid (the “**Underpayment Amount**”), the amount permitted to be paid as dividends or distributions in the following financial year (the “**Subsequent Year**”) shall be increased by the Underpayment Amount **provided that** dividends and distributions may only be paid in the Subsequent Year if no Event of Default is outstanding at the time of payment.

“**Permitted Financial Indebtedness**” means Financial Indebtedness:

- (a) to the extent covered by a Letter of Credit or other letter of credit, guarantee or indemnity issued under an Ancillary Facility;
- (b) arising under a foreign exchange transaction for spot or forward delivery entered into in connection with protection against fluctuation in currency rates where that foreign exchange exposure arises in the ordinary course of trade or in respect of Utilisations made or other borrowings incurred in Optional Currencies, but not a foreign exchange transaction for investment or speculative purposes;
- (c) arising under a Permitted Loan or a Permitted Guarantee or as permitted by Clause 27.21 (*Treasury Transactions*);
- (d) to the extent discharged on or prior to the Closing Date;
- (e) arising under the Senior Secured Notes;
- (f) arising under the ADE Facility **provided that** such Financial Indebtedness shall not be permitted from (and including) 30 June 2014 unless, prior to such date, ADE has acceded to the Intercreditor Agreement as a Bilateral Facility Lender (as defined therein);
- (g) in respect of any Deferred Consideration which does not constitute Net Financial Indebtedness;
- (h) arising under any shareholder loan which is an Equity Contribution;
- (i) arising under facility or credit arrangements in existence on the Closing Date in an aggregate principal amount not exceeding EUR 65,000,000 (or its equivalent) at any time;
- (j) arising under non-interest bearing loans from Spanish public authorities; and
- (k) not permitted by the preceding paragraphs or as a Permitted Transaction **provided that** taking into account the incurrence of such Financial Indebtedness on a *pro forma* basis Adjusted Leverage as shown in the Compliance Certificate most recently delivered pursuant to Clause 25.2 (*Provision and Contents of Compliance Certificate*) (or, prior to the delivery of any such Compliance Certificate, as calculated by reference to the Original Financial Statements of the Company) is less than 3:50:1.

“**Permitted Gross Outstandings**” means, in relation to a Multi-account Overdraft, any amount, not exceeding its Designated Gross Amount, which is the amount of the Gross Outstandings of that Multi-account Overdraft.

“**Permitted Guarantee**” means:

- (a) the endorsement of negotiable instruments in the ordinary course of trade;
- (b) any guarantee (not being in respect of Financial Indebtedness) by a member of the Group entered into in the ordinary course of trade;
- (c) any guarantee permitted under Clause 27.16 (*Financial Indebtedness*);
- (d) any guarantee given in respect of the netting or set-off arrangements permitted pursuant to paragraph (b) of the definition of “Permitted Security”;
- (e) any guarantee or indemnity given in the ordinary course of the documentation of an acquisition or disposal transaction which is a Permitted Acquisition or a Permitted Disposal which guarantee or indemnity is in a customary form and subject to customary limitations;

- (f) any guarantee granted by a member of the Group to any third party creditor in respect of Financial Indebtedness owed by another member of the Group to such creditor **provided that** to the extent required by Clause 27.22 (*Guarantors*) an equivalent guarantee is granted in favour of the Finance Parties;
- (g) any guarantee in respect of Financial Indebtedness which is discharged on or prior to the Closing Date;
- (h) guarantees under the Finance Documents or in respect of Permitted Financial Indebtedness **provided that** the aggregate outstanding liability under all guarantees by Obligors in respect of the Financial Indebtedness of members of the Group which are not Obligors does not exceed the higher of EUR 80,000,000 and 0.325 times Adjusted EBITDA;
- (i) guarantees in respect of Financial Indebtedness of Permitted Joint Ventures **provided that** the aggregate outstanding liability under all such guarantees does not exceed EUR 35,000,000 at any time;
- (j) customary indemnities given under engagement, underwriting or mandate letters or purchase agreements;
- (k) any other guarantee **provided that** the aggregate outstanding liability under all such guarantees does not exceed EUR 20,000,000 at any time; or
- (l) any guarantee or indemnity arising by operation of law as a result of any tax group or fiscal unity.

“**Permitted Holdco Transaction**” means:

- (a) the liquidation or dissolution of Holdco 2 (**provided that** the shares in the Company held by Holdco 2 are transferred to Holdco 1 prior to such liquidation or dissolution); or
- (b) a merger or consolidation of Holdco 2 with Holdco 1 (**provided that** Holdco 1 is the surviving entity of any such merger or consolidation),

and further provided that the Transaction Security granted over the shares held by Holdco 2 in the Company pursuant to the Transaction Security Documents remains effective and the obligations under the Transaction Security Documents relating to such shares are legal, valid, binding and enforceable against Holdco 1 following such transfer, merger or consolidation as ratified by Holdco 1 on such transaction, merger or consolidation.

“**Permitted Joint Venture**” means any investment in a Joint Venture where:

- (a) the Joint Venture is engaged in a business substantially the same as or complementary to that carried on by the Group;
- (b) at least 20% of the total equity or ownership interest in the Joint Venture is at the time of determination, or will as a result of the investment or transaction be, owned by the Company or any other member of the Group; and
- (c) the aggregate of all amounts subscribed for in shares or invested in all such Joint Ventures by any member of the Group does not at any time exceed five (5) per cent. of the consolidated gross assets of the Group calculated on a consolidated basis at that time.

“**Permitted Loan**” means:

- (a) any trade credit extended by any member of the Group to its customers on normal commercial terms and in the ordinary course of its trading activities;
- (b) a loan made by a member of the Group to another member of the Group in accordance with prudent business practice;
- (c) a loan made by a member of the Group to an employee or director of any member of the Group if the amount of that loan when aggregated with the amount of all loans to employees and directors by members of the Group does not exceed EUR 10,000,000 (or its equivalent) at any time;



- (d) credit balances on any bank account or any loan arising as a result of the operation of customary cash pooling, net balance or balance transfer arrangements in the ordinary course of treasury management operations of the Group;
- (e) any loan made by a member of the Group constituting deferred consideration in connection with any Permitted Disposal and not exceeding the higher of EUR 2,500,000 or 25 per cent. of the consideration for such Permitted Disposal;
- (f) loans or credit granted by any person acquired by a member of the Group after the first Utilisation Date where such loans or credit are outstanding on the date of acquisition, have not been created in anticipation of such acquisition and have not been increased in anticipation of or since such acquisition;
- (g) any loan made to a Joint Venture that is permitted under Clause 27.8 (*Joint Venture*);
- (h) any loan between members of the Group in existence on the date of this Agreement;
- (i) any loan forming part of the funds flow on the Closing Date and referred to in the Funds Flow Statement delivered to the Agent pursuant to Clause 4.1 (*Initial conditions precedent*); and
- (j) any other loan not referred to in paragraphs (a) to (i) above in an aggregate principal amount at any time outstanding not exceeding EUR 20,000,000,

so long as in the case of paragraph (b) above to the extent required by the Intercreditor Agreement, the creditor and the debtor of such Financial Indebtedness are or become party to the Intercreditor Agreement as an Intra-Group Lender and a Debtor (as defined, in each case, in the Intercreditor Agreement) respectively.

“**Permitted Security**” means:

- (a) any lien arising by operation of law and in the ordinary course of trading and not as a result of any default or omission by any member of the Group;
- (b) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of members of the Group (including a Multi-account Overdraft) but only so long as (i) such arrangement does not permit credit balances of Obligors to be netted or set off against debit balances of members of the Group which are not Obligors (except to the extent any resulting Financial Indebtedness would be Permitted Financial Indebtedness) and (ii) such arrangement does not give rise to other Security over the assets of Obligors in support of liabilities of members of the Group which are not Obligors; and any lien arising under the general terms and conditions of banks or Sparkassen (*Allgemeine Geschäftsbedingungen der Banken oder Sparkassen*) with whom any member of the Group maintains a banking relationship in the ordinary course of business;
- (c) any payment or close out netting or set-off arrangement pursuant to any Treasury Transaction or foreign exchange transaction entered into by a member of the Group which constitutes Permitted Financial Indebtedness, excluding any Security or Quasi-Security under a credit support arrangement;
- (d) any Security or Quasi-Security over or affecting any asset acquired by a member of the Group after the Closing Date if:
  - (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that asset by a member of the Group;
  - (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group; and
  - (iii) the Security or Quasi-Security is removed or discharged within three months of the date of acquisition of such asset;
- (e) any Security or Quasi-Security over or affecting any asset of any company which becomes a member of the Group after the Closing Date, where the Security or Quasi-Security is created prior to the date on which that company becomes a member of the Group if:

- (i) the Security or Quasi-Security was not created in contemplation of the acquisition of that company;
  - (ii) the principal amount secured has not increased in contemplation of or since the acquisition of that company; and
  - (iii) the Security or Quasi-Security is removed or discharged within three months of that company becoming a member of the Group;
- (f) any Security or Quasi-Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and not arising as a result of any default or omission by any member of the Group;
  - (g) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal;
  - (h) any Security given over assets of the Group which are not subject to the Transaction Security the aggregate value of which when added to the aggregate value of all other assets over which Security has been granted pursuant to this paragraph (h), tested as at the date such new Security is granted, does not exceed five per cent. of the consolidated gross assets of the Group;
  - (i) any Security granted over the Charged Property in respect of the ADE Facility (or any refinancing or replacement thereof) (provided that ADE or the lender which has refinanced or replaced it has acceded to the Intercreditor Agreement) and the Senior Secured Notes;
  - (j) any Security granted over the shares (or any related assets) of any member of the Group securing Financial Indebtedness which is repaid or prepaid in full on or prior to the Closing Date;
  - (k) any Security arising as a result of the deposit of cash with the Senior Secured Noteholder Trustee pursuant to any legal or covenant defeasance of the Senior Secured Notes; or
  - (l) any Security granted over the Charged Property in respect of any Financial Indebtedness incurred by a member of the Group and designated as Additional Senior Financing (as defined in the Intercreditor Agreement) in accordance with the Intercreditor Agreement, if on the date such Financial Indebtedness is incurred (or designated as such) or, if later, the date the relevant Security is granted, the aggregate amount of Net Financial Indebtedness (including under the Senior Secured Notes) adjusted on a *pro forma* basis as if such Financial Indebtedness and any refinancing or acquisition to be made with the proceeds thereof had already been incurred or made is less than 3.50 times Adjusted EBITDA for the previous twelve months.

**“Permitted Transaction”** means:

- (a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising, under the Finance Documents;
- (b) the solvent liquidation, merger or reorganisation of any member of the Group which is not the Company so long as:
  - (i) any payments or assets distributed as a result of such liquidation, merger or reorganisation are distributed to other members of the Group;
  - (ii) in the case of a merger or reorganisation of a Borrower, such Borrower is the surviving entity of such merger or reorganisation or, where such Borrower is not the surviving entity, the surviving entity assumes all borrowing liabilities of such Borrower under this Agreement; and
  - (iii) in the case of a merger or reorganisation of a Guarantor, such Guarantor is the surviving entity of such merger or reorganisation or, where such Guarantor is not the surviving entity or is subject to a solvent liquidation, the assets of such Guarantor are distributed to another Guarantor guaranteeing at all times an amount no less than that guaranteed by the original Guarantor,

**provided that** upwards mergers of wholly-owned Subsidiaries of the Company into the Company shall be permitted if (A) the Company is the surviving entity of such merger and (B) the Transaction

Security granted pursuant to the Spanish Law Share Pledges remains legal, valid, binding, enforceable and effective following such merger;

- (c) transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading on arm's length terms; or
- (d) the conversion of each of the companies referred to in paragraph (b) of Clause 31.4 (*Additional Guarantors*) into *Sociedad Anónima*.

**“Portuguese Guarantor”** means a Guarantor incorporated in Portugal.

**“Principals”** means Pilar Arribas Casado, Ernesto Antolín Arribas, Ana Berta Antolín Arribas, José Antolín Toledano, Colete Judith Garnet Estienne, María Helena Antolín Raybaud, Emma Antolín Garnet and José Antolín Garnet.

**“Qualifying Lender”** has the meaning given to that term in Clause 18 (*Tax gross up and indemnities*).

**“Quarter Date”** means 31 March, 30 June, 30 September and 31 December.

**“Quasi-Security”** has the meaning given to that term in Clause 27.11 (*Negative pledge*).

**“Quotation Day”** means, in relation to any period for which an interest rate is to be determined:

- (a) (if the currency is sterling) the first day of that period;
- (b) (if the currency is euro) two TARGET Days before the first day of that period; or
- (c) (for any other currency) two Business Days before the first day of that period,

unless market practice differs in the Relevant Interbank Market for a currency, in which case the Quotation Day for that currency will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

**“Receiver”** means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

**“Reference Bank Quotation”** means any quotation supplied to the Agent by a Reference Bank.

**“Reference Bank Rate”** means:

- (a) the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Reference Banks:
  - (i) in relation to LIBOR:
    - (A) as the rate at which the relevant Reference Bank could borrow funds in the London interbank market in the relevant currency and for the relevant period were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period; or
    - (B) if different, as the rate (if any and applied to the relevant Reference Bank and the relevant currency and period) which contributors to the applicable Screen Rate are asked to submit to the relevant administrator; or
  - (ii) in relation to EURIBOR:
    - (A) as the rate at which the relevant Reference Bank believes one prime bank is quoting to another prime bank for interbank term deposits in euro within the Participating Member States for the relevant period; or

- (B) if different, as the rate (if any and applied to the relevant Reference Bank and the relevant period) which contributors to the applicable Screen Rate are asked to submit to the relevant administrator.

“**Reference Banks**” means, in relation to LIBOR, the principal London offices of Deutsche Bank AG, London Branch, Barclays Bank PLC, Crédit Agricole Corporate and Investment Bank and HSBC Bank plc and, in relation to EURIBOR, the principal office in London of Deutsche Bank AG, London Branch, Barclays Bank PLC, Crédit Agricole Corporate and Investment Bank and HSBC Bank plc or such other banks as may be appointed by the Agent in consultation with the Company.

“**Regulation**” has the meaning given to that term in Clause 24.24 (*Centre of main interests and establishments*).

“**Regulations T, U and X**” means, respectively, Regulations T, U and X of the Board of Governors of the Federal Reserve System of the United States (or any successor).

“**Related Fund**” in relation to a fund (the “**first fund**”), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

“**Related Party**” means:

- (a) any Immediate Family member of any Principal; or
- (b) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or persons beneficially holding an 80 per cent. or more controlling interest of which consist of the Principals and/or such other persons referred to in sub-paragraph (a) above.

“**Relevant Interbank Market**” means in relation to euro, the European interbank market and, in relation to any other currency, the London interbank market.

“**Relevant Jurisdiction**” means, in relation to an Obligor:

- (a) its Original Jurisdiction;
- (b) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated; and
- (c) the jurisdiction whose laws govern the perfection of any of the Transaction Security Documents entered into by it.

“**Relevant Period**” has the meaning given to that term in Clause 26.1 (*Financial definitions*).

“**Renewal Request**” means a written notice delivered to the Agent in accordance with Clause 6.6 (*Renewal of a Letter of Credit*).

“**Repayment Date**” means each of the dates specified in paragraph (a) of Clause 10.1 (*Repayment of Facility A Loans*) as Repayment Dates.

“**Repayment Instalment**” means each instalment for repayment of the Facility A Loans referred to in Clause 10.1 (*Repayment of Facility A Loans*).

“**Repeating Representations**” means each of the representations set out in Clause 24.2 (*Status*) to Clause 24.7 (*Governing law and enforcement*), paragraph (a) of Clause 24.9 (*No Default*), 24.17 (*Sanctions and Anti-Corruption law*), Clause 24.24 (*Centre of main interests and establishments*) to Clause 24.27 (*Investment Companies*).

“**Representative**” means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

“**Resignation Letter**” means a letter substantially in the form set out in Schedule 7 (*Form of Resignation Letter*).

“**Revolving Facility**” means the revolving credit facility made available under this Agreement as described in paragraph (a)(ii) of Clause 2.1 (*The Facilities*).

“**Revolving Facility Commitment**” means:

- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading “Revolving Facility Commitment” in Part II of Schedule 1 (*The Original Parties*) and the amount of any other Revolving Facility Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*); and
- (b) in relation to any other Lender, the amount in the Base Currency of any Revolving Facility Commitment transferred to it under this Agreement or assumed by it in accordance with Clause 2.2 (*Increase*),

to the extent not cancelled, reduced or transferred by it under this Agreement.

“**Revolving Facility Loan**” means a loan made or to be made under the Revolving Facility or the principal amount outstanding for the time being of that loan.

“**Revolving Facility Utilisation**” means a Revolving Facility Loan or a Letter of Credit.

“**Rollover Loan**” means one or more Revolving Facility Loans:

- (a) made or to be made on the same day that:
  - (i) a maturing Revolving Facility Loan is due to be repaid; or
  - (ii) a demand by the Issuing Bank or Agent pursuant to a drawing in respect of a Letter of Credit is due to be met;
- (b) the aggregate amount of which is equal to or less than the amount of the maturing Revolving Facility Loan or the relevant claim in respect of that Letter of Credit;
- (c) in the same currency as the maturing Revolving Facility Loan (unless it arose as a result of the operation of Clause 8.2 (*Unavailability of a currency*)) or the relevant claim in respect of that Letter of Credit; and
- (d) made or to be made to the same Borrower for the purpose of:
  - (i) refinancing that maturing Revolving Facility Loan; or
  - (ii) satisfying the relevant claim in respect of that Letter of Credit.

“**Sanctioned Country**” means a country or territory which is at any time subject to Sanctions.

“**Sanctions**” means:

- (a) economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (i) the US government and administered by OFAC, (ii) the United Nations Security Council, (iii) the European Union or (iv) Her Majesty’s Treasury of the United Kingdom; and
- (b) economic or financial sanctions imposed, administered or enforced from time to time by the US State Department, the US Department of Commerce or the US Department of the Treasury.

“**Sanctions List**” means, at any time, any of the published lists of specifically designated nationals or designated persons or entities (or equivalent) held by the US government and administered by OFAC, the US State Department, the US Department of Commerce or the US Department of the Treasury or the United Nations Security Council or any similar list maintained by the European Union, any other EU Member State or any other U.S. government entity.

“**Screen Rate**” means:

- (a) in relation to LIBOR, the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate); and
- (b) in relation to EURIBOR, the euro interbank offered rate administered by the Banking Federation of the European Union (or any other person which takes over the administration of that rate) for the relevant period displayed on page EURIBOR01 of the Reuters screen (or any replacement Reuters page which displays that rate),

or, in each case, on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Company.

“**SEC**” means the United States Securities and Exchange Commission or any successor thereto.

“**Secured Parties**” means each Finance Party from time to time party to this Agreement, any Receiver or Delegate, the Senior Secured Noteholder Trustee, the Senior Secured Noteholders, ADE (provided that it has acceded to the Intercreditor Agreement) and any Additional Senior Financing Creditors (as such term is defined in the Intercreditor Agreement).

“**Security**” means a mortgage, land charge (*Grundschild*), charge, pledge, lien, assignment or transfer for security purposes, extended retention of title arrangement (*verlängerter Eigentumsvorbehalt*), or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Selection Notice**” means a notice substantially in the form set out in Part III of Schedule 3 (*Requests and Notices*) given in accordance with Clause 15 (*Interest Periods*) in relation to Facility A.

“**Senior Secured Note Documents**” means the Senior Secured Notes and Senior Secured Note Instrument in agreed form and any other documents entered into pursuant to any of them.

“**Senior Secured Noteholder**” means the registered holders from time to time of the Senior Secured Notes, as determined in accordance with the relevant Senior Secured Notes Documents.

“**Senior Secured Noteholder Trustee**” means the noteholder trustee for and on behalf of the Senior Secured Noteholders.

“**Senior Secured Note Instrument**” means the indenture or other instrument pursuant to which the Senior Secured Notes are, or are to be, constituted, including any supplemental or conditional indenture under which any additional senior secured notes of Grupo Antolin Dutch B.V. are issued.

“**Senior Secured Notes**” means the senior secured notes due 2021 of Grupo Antolin Dutch B.V. and any additional senior secured notes issued under any indenture or instrument supplemental to or amending the Senior Secured Note Instrument.

“**Slovak Commercial Code**” means Act of the Slovak Republic No. 513/1991 Coll., the Commercial Code, as amended.

“**Slovak Guarantor**” means a Guarantor incorporated in the Slovak Republic.

“**Slovak Insolvency Act**” means Act of the Slovak Republic No. 7/2005 Coll., on Bankruptcy and Restructuring, as amended.

“**Slovak Limitation Amount**” has the meaning given to that term in paragraph (d)(i) of Clause 23.11 (*Guarantee Limitations*).

“**Spanish Guarantor**” means a Guarantor incorporated in Spain.

“**Spanish Obligor**” means an Obligor incorporated in Spain.

“**Spanish Law Share Pledge**” means:

- (a) each of the Holdco 1 Share Pledge and the Holdco 2 Share Pledge; and
- (b) any ratification of the Holdco 2 Share Pledge by Holdco 1 upon a Permitted Holdco Transaction.

“**Spanish Public Document**” means a Spanish law documento público, being either an *escritura pública* or a *póliza o efecto intervenido por notario español*.

“**Specified Time**” means a time determined in accordance with Schedule 9 (*Timetables*).

“**Subsidiary**” means, with respect to any specified person (a “**Person**”):

- (a) any company, corporation, association or other business entity:
  - (i) of which more than 50 per cent. of the total voting power of the share capital shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); or
  - (ii) where that Person or one or more of the Subsidiaries of that Person (or a combination thereof) have the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or
  - (iii) where such Person or one or more of the Subsidiaries of that Person (or a combination thereof) has the right to exercise a dominant influence (which must include the right to give directions with respect to operating and financial policies of that corporation, association or other business entity which its directors are obliged to comply with whether or not for its benefit) over such corporation, association or other business entity, or by virtue of a control contract which is in writing and is authorised by its articles (or equivalent) and is permitted by its law of incorporation; or
  - (iv) which is a member of such Person’s group and Person controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in such corporation, association or other business entity or the rights under its constitution to direct the overall policy of such company, corporation, association or other business entity or alter the terms of its constitution; and
- (b) any partnership:
  - (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person; or
  - (ii) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

“**Super Majority Lenders**” means a Lender or Lenders whose Commitments aggregate more than 85 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 85 per cent. of the Total Commitments immediately prior to that reduction).

“**TARGET2**” means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

“**TARGET Day**” means any day on which TARGET2 is open for the settlement of payments in euro.

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Term**” means each period determined under this Agreement for which the Issuing Bank is under a liability under a Letter of Credit.

“**Termination Date**” means:

- (a) in relation to Facility A the date which is 60 months after the Closing Date; and
- (b) in relation to the Revolving Facility the date which is 60 months after the Closing Date.

“**Total Commitments**” means the aggregate of the Total Facility A Commitments and the Total Revolving Facility Commitments being EUR 400,000,000 at the date of this Agreement.

“**Total Facility A Commitments**” means the aggregate of the Facility A Commitments, being EUR 200,000,000 at the date of this Agreement.

“**Total Revolving Facility Commitments**” means the aggregate of the Revolving Facility Commitments, being EUR 200,000,000 at the date of this Agreement.

“**Transaction Documents**” means the Finance Documents, the Senior Secured Note Documents and (provided that ADE has acceded to the Intercreditor Agreement) the ADE Facility Agreement.

“**Transaction Security**” means the Security created or expressed to be created in favour of the Security Agent and/or the Secured Parties (or any of them) pursuant to the Transaction Security Documents.

“**Transaction Security Documents**” means the Spanish Law Share Pledge together with any other document entered into by any Obligor creating or expressed to create any Security over all or any part of its assets in respect of the obligations of any of the Obligors under any of the Finance Documents, the Senior Secured Note Documents, the ADE Facility Agreement (provided that ADE has acceded to the Intercreditor Agreement) or any Additional Senior Financing (as defined in the Intercreditor Agreement).

“**Transfer Certificate**” means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Company.

“**Transfer Date**” means, in relation to an assignment or a transfer, the later of:

- (a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and
- (b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

“**Treasury Transactions**” means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

“**Unpaid Sum**” means any sum due and payable but unpaid by an Obligor under the Finance Documents.

“**U.S.**” and “**United States**” means the United States of America, its territories, possessions and other areas subject to the jurisdiction of the United States of America.

“**U.S. Borrower**” means an Additional Borrower whose jurisdiction of organisation is a state of the United States or the District of Columbia.

“**U.S. Guarantor**” means a Guarantor whose jurisdiction of organisation is a state of the United States or the District of Columbia.



**“U.S. Obligor”** means any U.S. Borrower or U.S. Guarantor.

“**U.S. Tax**” means any federal, state, local income, gross receipts, license, premium, windfall profits, customs duties, capital stock, franchise, profits, withholding, social security (or similar), real property, personal property, sales, use, registration, value added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, imposed by the United States, or any state, municipality or other governmental unit therein, including any interest, penalty or addition thereto, whether disputed or not.

“**Utilisation**” means a Loan or a Letter of Credit.

“**Utilisation Date**” means the date of a Utilisation, being the date on which the relevant Loan is to be made or the relevant Letter of Credit is to be issued.

“**Utilisation Request**” means a notice substantially in the relevant form set out in Part I or, as the case may be, Part II of Schedule 3 (*Requests and Notices*).

“**VAT**” means:

- (a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere. 1.2

**Construction**

- (a) Unless a contrary indication appears a reference in this Agreement to:
  - (i) the “**Agent**”, the “**Arranger**”, any “**Finance Party**”, any “**Issuing Bank**”, any “**Lender**”, any “**Obligor**”, any “**Party**”, any “**Secured Party**”, the “**Security Agent**” or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Finance Documents;
  - (ii) a document in “**agreed form**” is a document which is previously agreed in writing by or on behalf of the Company and the Agent;
  - (iii) “**assets**” includes present and future properties, revenues and rights of every description;
  - (iv) “**director**” includes any statutory legal representative(s) (*organschaftlicher Vertreter*) of a person pursuant to the laws of its jurisdiction of incorporation, including but not limited to, in relation to a person incorporated or established in Germany, a managing director (*Geschäftsführer*) or member of the board of directors (*Vorstand*);
  - (v) a “**Finance Document**” or a “**Transaction Document**” or any other agreement or instrument is a reference to that Finance Document or Transaction Document or other agreement or instrument as amended, novated, supplemented, extended or restated from time to time and includes any increase in, addition to, extension of or other change to any facility or indebtedness made under any such agreement or instrument;
  - (vi) a “**group of Lenders**” includes where relevant all the Lenders;
  - (vii) “**guarantee**” means (other than in Clause 23 (*Guarantee and Indemnity*)) any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;
  - (viii) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
  - (ix) the “**Interest Period**” of a Letter of Credit shall be construed as a reference to the Term of that Letter of Credit;

- (x) a **Lender’s “participation”** in relation to a Letter of Credit, shall be construed as a reference to the relevant amount that is or may be payable by a Lender in relation to that Letter of Credit;
  - (xi) a **“person”** includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
  - (xii) a **“regulation”** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;
  - (xiii) a Utilisation made or to be made to a Borrower includes a Letter of Credit issued on its behalf;
  - (xiv) a provision of law is a reference to that provision as amended or reenacted;
  - (xv) a time of day is a reference to London time; and
  - (xvi) the singular includes the plural (and vice versa).
- (b) Section, Clause and Schedule headings are for ease of reference only.
- (c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.
- (d) A Borrower providing **“cash cover”** for a Letter of Credit or an Ancillary Facility means a Borrower paying an amount in the currency of the Letter of Credit (or, as the case may be, Ancillary Facility) to an interest-bearing account in the name of the Borrower and the following conditions being met:
- (i) the account is with the Issuing Bank or Ancillary Lender for which that cash cover is to be provided;
  - (ii) subject to paragraph (b) of Clause 7.6 (*Regulation and consequences of cash cover provided by Borrower*), until no amount is or may be outstanding under that Letter of Credit or Ancillary Facility, withdrawals from the account may only be made to pay the relevant Finance Party amounts due and payable to it under this Agreement in respect of that Letter of Credit or Ancillary Facility; and

- (iii) the Borrower has executed a security document over that account, in form and substance satisfactory to the Finance Party with which that account is held, creating a first ranking security interest over that account.
- (e) A Default (other than an Event of Default) is “**continuing**” if it has not been remedied or waived and an Event of Default is “**continuing**” if it has not been remedied or waived.
- (f) A Borrower “**repaying**” or “**prepaying**” a Letter of Credit or Ancillary Outstandings means:
  - (i) that Borrower providing cash cover for that Letter of Credit or in respect of the Ancillary Outstandings;
  - (ii) the maximum amount payable under the Letter of Credit or Ancillary Facility being reduced or cancelled in accordance with its terms; or
  - (iii) the Issuing Bank or Ancillary Lender being satisfied that it has no further liability under that Letter of Credit or Ancillary Facility,

and the amount by which a Letter of Credit is, or Ancillary Outstandings are, repaid or prepaid under paragraphs (i) and (ii) above is the amount of the relevant cash cover, reduction or cancellation.
- (g) An amount borrowed includes any amount utilised by way of Letter of Credit or under an Ancillary Facility.
- (h) A Lender funding its participation in a Utilisation includes a Lender participating in a Letter of Credit.
- (i) Amounts outstanding under this Agreement include amounts outstanding under or in respect of any Letter of Credit.
- (j) An outstanding amount of a Letter of Credit at any time is the maximum amount that is or may be payable by the relevant Borrower in respect of that Letter of Credit at that time. **1.3 Currency Symbols and Definitions**

“\$” and “**dollars**” denote the lawful currency of the United States of America, “£” and “**sterling**” denote the lawful currency of the United Kingdom and “€”, “**EUR**” and “**euro**” denote the single currency of the Participating Member States. **1.4 Personal liability**

No personal liability shall attach to any director, officer, employee or other individual signing a certificate or other document on behalf of the Company or other member of the Group which proves to be incorrect in any way, unless that individual acted fraudulently in giving that certificate or other document in which case any liability will be determined in accordance with applicable law. Notwithstanding paragraph (a) of Clause 1.5 (*Third party rights*), any such director, officer, employee or other individual may claim and enforce the benefit of this Clause. **1.5 Third party rights**

- (a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the “**Third Parties Act**”) to enforce or enjoy the benefit of any term of any Finance Document.
- (b) Subject to paragraph (a) of Clause 41.5 (*Other exceptions*) but otherwise notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary any Finance Document at any time.

**SECTION 2**  
**THE FACILITIES**

**2. THE FACILITIES**

**2.1 The Facilities**

- (a) Subject to the terms of this Agreement, the Lenders make available:
  - (i) a Base Currency term loan facility in an aggregate amount equal to the Total Facility A Commitments; and
  - (ii) a multicurrency revolving credit facility in an aggregate amount the Base Currency Amount of which is equal to the Total Revolving Facility Commitments.
- (b) Facility A will be available to the Company.
- (c) The Revolving Facility will be available to all the Borrowers.
- (d) Subject to the terms of this Agreement and the Ancillary Documents, an Ancillary Lender may make all or part of its Revolving Facility Commitment available to any Borrower (or Affiliate of a Borrower) as an Ancillary Facility.

**2.2 Increase**

- (a) The Company may by giving prior notice to the Agent by no later than the date falling 30 days after the effective date of a cancellation of:
  - (i) the Available Commitments of a Defaulting Lender in accordance with Clause 11.7 (*Right of cancellation in relation to a Defaulting Lender*); or
  - (ii) the Commitments of a Lender in accordance with:
    - (A) Clause 11.1 (*Illegality*); or
    - (B) paragraph (a) of Clause 11.6 (*Right of cancellation and repayment in relation to a single Lender or Issuing Bank*),

request that the Commitments relating to any Facility be increased (and the Commitments relating to that Facility shall be so increased) in an aggregate amount in the Base Currency of up to the amount of the Available Commitments or Commitments relating to that Facility so cancelled as follows:

- (iii) the increased Commitments will be assumed by one or more Lenders or other banks, financial institutions, trusts, funds or other entities (each an “**Increase Lender**”) selected by the Company (each of which shall not be a member of the Group) and each of which confirms in writing (whether in the relevant Increase Confirmation or otherwise) its willingness to assume and does assume all the obligations of a Lender corresponding to that part of the increased Commitments which it is to assume, as if it had been an Original Lender;
- (iv) each of the Obligor and any Increase Lender shall assume obligations towards one another and/or acquire rights against one another as the Obligor and the Increase Lender would have assumed and/or acquired had the Increase Lender been an Original Lender;

- (v) each Increase Lender shall become a Party as a “Lender” and any Increase Lender and each of the other Finance Parties shall assume obligations towards one another and acquire rights against one another as that Increase Lender and those Finance Parties would have assumed and/or acquired had the Increase Lender been an Original Lender;
  - (vi) the Commitments of the other Lenders shall continue in full force and effect; and
  - (vii) any increase in the Commitments relating to a Facility shall take effect on the date specified by the Company in the notice referred to above or any later date on which the conditions set out in paragraph (b) below are satisfied.
- (b) An increase in the Commitments relating to a Facility will only be effective on:
- (i) the execution by the Agent of an Increase Confirmation from the relevant Increase Lender;
  - (ii) in relation to an Increase Lender which is not a Lender immediately prior to the relevant increase:
    - (A) the Increase Lender entering into the documentation required for it to accede as a party to the Intercreditor Agreement; and
    - (B) the Agent being satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assumption of the increased Commitments by that Increase Lender. The Agent shall promptly notify the Company, the Increase Lender and the Issuing Bank upon being so satisfied; and
  - (iii) in the case of an increase in the Total Revolving Facility Commitments, the Issuing Bank consenting to that increase.
- (c) Each Increase Lender, by executing the Increase Confirmation, confirms (for the avoidance of doubt) that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the increase becomes effective.
- (d) The Company shall within 5 Business Days of demand pay the Agent and the Security Agent the amount of all costs and expenses (including legal fees) reasonably incurred by either of them and, in the case of the Security Agent, by any Receiver or Delegate in connection with any increase in Commitments under this Clause 2.2.
- (e) The Increase Lender shall, on the date upon which the increase takes effect, pay to the Agent (for its own account) a fee in an amount equal to the fee which would be payable under Clause 29.3 (*Assignment or transfer fee*) if the increase was a transfer pursuant to Clause 29.5 (*Procedure for transfer*) and if the Increase Lender was a New Lender.
- (f) The Company may pay to the Increase Lender a fee in the amount and at the times agreed between the Company and the Increase Lender in a Fee Letter.
- (g) Clause 29.4 (*Limitation of responsibility of Existing Lenders*) shall apply *mutatis mutandis* in this Clause 2.2 in relation to an Increase Lender as if references in that Clause to:
- (i) an “**Existing Lender**” were references to all the Lenders immediately prior to the relevant increase;
  - (ii) the “**New Lender**” were references to that “**Increase Lender**”; and
  - (iii) a “**re-transfer**” and “**re-assignment**” were references to respectively a “**transfer**” and “**assignment**”.

### 2.3 Finance Parties’ rights and obligations

- (a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any

other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

- (b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.
- (c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

#### 2.4 **Obligors' Agent**

- (a) Each Obligor (other than the Company) by its execution of this Agreement or an Accession Deed irrevocably appoints the Company (acting through one or more authorised signatories) to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:
  - (i) the Company on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including, in the case of a Borrower, Utilisation Requests), to execute on its behalf any Accession Deed, to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Obligor notwithstanding that they may affect the Obligor, without further reference to or the consent of that Obligor; and
  - (ii) each Finance Party to give any notice, demand or other communication to that Obligor pursuant to the Finance Documents to the Company,

and in each case the Obligor shall be bound as though the Obligor itself had given the notices and instructions (including, without limitation, any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication. For this purpose each Obligor incorporated in Germany releases the Company to the fullest extent possible from the restrictions of Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*).

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Obligors' Agent or given to the Obligors' Agent under any Finance Document on behalf of another Obligor or in connection with any Finance Document (whether or not known to any other Obligor and whether occurring before or after such other Obligor became an Obligor under any Finance Document) shall be binding for all purposes on that Obligor as if that Obligor had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Obligors' Agent and any other Obligor, those of the Obligors' Agent shall prevail.

### 3. **PURPOSE**

#### 3.1 **Purpose**

- (a) Each Borrower shall apply all amounts borrowed by it under Facility A towards:
- (i) refinancing certain Financial Indebtedness and replacing certain off balance sheet receivables financing of the Group and payment of any associated costs and expenses;
  - (ii) the payment of costs and expenses incurred by the Company or any other member of the Group in connection with entry into the Finance Documents and issue of the Senior Secured Notes; and
  - (iii) the general corporate purposes of the Group,
- as described in the Funds Flow Statement.
- (b) Each Borrower shall apply all amounts borrowed by it under the Revolving Facility towards the general corporate and working capital purposes of the Group.

#### 3.2 **Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

### 4. **CONDITIONS OF UTILISATION**

#### 4.1 **Initial conditions precedent**

- (a) The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) in relation to any Utilisation if on or before the Utilisation Date for that Utilisation, the Agent has received all of the documents and other evidence listed in Part I of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) in form and substance satisfactory to the Agent. The Agent shall notify the Company and the Lenders promptly upon being so satisfied.
- (b) Other than to the extent that the Majority Lenders notify the Agent in writing that any document or other evidence listed in Part I of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) is not in form and substance satisfactory to them before the Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

#### 4.2 **Further conditions precedent**

Subject to Clause 4.1 (*Initial conditions precedent*), the Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) in relation to a Utilisation if on the date of the Utilisation Request and on the proposed Utilisation Date:

- (a) in the case of a Rollover Loan, no notice has been given pursuant to Clause 28.18 (*Acceleration and/or Other Remedies*), paragraphs (b), (d) or (f) or having placed any amount on demand pursuant to paragraphs (c), (e) or (g), demand is made under any of these paragraphs and in the case of any other Utilisation, no Event of Default is continuing or would result from the proposed Utilisation; and
- (b) in relation to any Utilisation on the Closing Date, all the representations and warranties in Clause 24 (*Representations*) or, in relation to any other Utilisation, the Repeating Representations to be made by each Obligor on the relevant date are true in all material respects.

#### 4.3 **Conditions relating to Optional Currencies**

- (a) A currency will constitute an Optional Currency in relation to a Revolving Facility Utilisation if it is dollars or sterling or:



- (i) it is readily available in the amount required and freely convertible into the Base Currency in the Relevant Interbank Market on the Quotation Day and the Utilisation Date for that Utilisation; and
  - (ii) it has been approved by the Agent (acting on the instructions of all the Lenders under the Revolving Facility) on or prior to receipt by the Agent of the relevant Utilisation Request for that Utilisation.
- (b) If the Agent has received a written request from the Company for a currency to be approved under paragraph (a)(ii) above, the Agent will confirm to the Company by the Specified Time:
  - (i) whether or not the Lenders under the Revolving Facility have granted their approval; and
  - (ii) if approval has been granted, the minimum amount for any subsequent Utilisation in that currency.

#### 4.4 **Maximum number of Utilisations**

- (a) A Borrower (or the Company) may not deliver a Utilisation Request if as a result of the proposed Utilisation:
  - (i) more than four Facility A Loans would be outstanding; or
  - (ii) sixteen or more Revolving Facility Loans would be outstanding.
- (b) Any Loan made by a single Lender under Clause 8.2 (*Unavailability of a currency*) shall not be taken into account in this Clause 4.4.
- (c) A Borrower (or the Company) may not request that a Letter of Credit be issued under the Revolving Facility if, as a result of the proposed Utilisation, 21 or more Letters of Credit would be outstanding.

#### 4.5 **Closing Date**

The Closing Date must occur no later than the date falling 45 days after the date of this Agreement.

## SECTION 3 UTILISATION

### 5. UTILISATION—LOANS

#### 5.1 Delivery of a Utilisation Request

A Borrower (or the Company on its behalf) may utilise a Facility by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time (or such later time as the Agent may agree).

#### 5.2 Completion of a Utilisation Request for Loans

- (a) Each Utilisation Request for a Loan is irrevocable and will not be regarded as having been duly completed unless:
  - (i) it identifies the Facility to be utilised;
  - (ii) the proposed Utilisation Date is a Business Day within the Availability Period applicable to that Facility and, in respect of the first Utilisation under this Agreement, complies with Clause 4.5 (*Closing Date*);
  - (iii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*); and
  - (iv) the proposed Interest Period complies with Clause 15 (*Interest Periods*).
- (b) Multiple Utilisations may be requested in a Utilisation Request where the proposed Utilisation Date is the Closing Date. Only one Utilisation may be requested in each subsequent Utilisation Request.

#### 5.3 Currency and amount

- (a) The currency specified in a Utilisation Request must be:
  - (i) in relation to Facility A, the Base Currency; and
  - (ii) in relation to the Revolving Facility, the Base Currency or an Optional Currency.
- (b) The amount of the proposed Utilisation for the Revolving Facility must be:
  - (i) if the currency selected is the Base Currency, a minimum of EUR 5,000,000 or, if less, the Available Facility;
  - (ii) if the currency selected is dollars, a minimum of \$5,000,000 or, if less, the Available Facility;
  - (iii) if the currency selected is sterling, a minimum of £5,000,000 or, if less, the Available Facility; or
  - (iv) if the currency selected is an Optional Currency other than dollars or sterling the minimum amount specified by the Agent pursuant to paragraph (b)(ii) of Clause 4.3 (*Conditions relating to Optional Currencies*) or, if less, the Available Facility.

#### 5.4 Lenders' participation

- (a) If the conditions set out in this Agreement have been met, and subject to Clause 10.2 (*Repayment of Revolving Facility Loans*), each Lender shall make its participation in each Loan available by the Utilisation Date through its Facility Office.
- (b) Other than as set out in paragraph (c) below, the amount of each Lender's participation in each Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Loan.

- (c) If a Revolving Facility Utilisation is made to repay Ancillary Outstandings, each Lender's participation in that Utilisation will be in an amount (as determined by the Agent) which will result as nearly as possible in the aggregate amount of its participation in the Revolving Facility Utilisations then outstanding bearing the same proportion to the aggregate amount of the Revolving Facility Utilisations then outstanding as its Revolving Facility Commitment bears to the Total Revolving Facility Commitments.
- (d) The Agent shall determine the Base Currency Amount of each Revolving Facility Loan which is to be made in an Optional Currency and notify each Lender of the amount, currency and the Base Currency Amount of each Loan, the amount of its participation in that Loan and, if different, the amount of that participation to be made available in accordance with Clause 35.1 (*Payments to the Agent*) by the Specified Time.

#### 5.5 Limitations on Utilisations

The Revolving Facility shall not be utilised unless Facility A has been or is on the same Utilisation Date being utilised.

#### 5.6 Cancellation of Commitment

- (a) The Facility A Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for Facility A.
- (b) The Revolving Facility Commitments which, at that time, are unutilised shall be immediately cancelled at the end of the Availability Period for the Revolving Facility.

### 6. UTILISATION—LETTERS OF CREDIT

#### 6.1 The Revolving Facility

- (a) The Revolving Facility may be utilised by way of Letters of Credit.
- (b) Other than Clause 5.5 (*Limitations on Utilisations*), Clause 5 (*Utilisation—Loans*) does not apply to utilisations by way of Letters of Credit.

#### 6.2 Delivery of a Utilisation Request for Letters of Credit

A Borrower (or the Company on its behalf) may request a Letter of Credit to be issued by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time (or such later time as the Agent may agree).

#### 6.3 Completion of a Utilisation Request for Letters of Credit

Each Utilisation Request for a Letter of Credit is irrevocable and will not be regarded as having been duly completed unless:

- (a) it specifies that it is for a Letter of Credit;
- (b) it identifies the Borrower of the Letter of Credit;
- (c) it identifies the Issuing Bank which has agreed to issue the Letter of Credit;
- (d) the proposed Utilisation Date is a Business Day within the Availability Period applicable to the Revolving Facility;
- (e) the currency and amount of the Letter of Credit comply with Clause 6.4 (*Currency and amount*);
- (f) the form of Letter of Credit is attached;
- (g) the Term of the Letter of Credit ends on or prior to the Termination Date applicable to the Revolving Facility;
- (h) the delivery instructions for the Letter of Credit are specified; and

- (i) the beneficiary of the Letter of Credit is not an entity or located in a jurisdiction where the Issuing Bank or any Lender under the Revolving Facility would breach applicable law or regulation if it issued such Letter of Credit or indemnified the Issuing Bank in respect of such Letter of Credit respectively.

#### 6.4 Currency and amount

- (a) The currency specified in a Utilisation Request must be the Base Currency or an Optional Currency.
- (b) Subject to paragraph (c) of Clause 5.5 (*Limitations on Utilisations*), the amount of the proposed Letter of Credit must be an amount whose Base Currency Amount is not more than the Available Facility and which is:
  - (i) if the currency selected is the Base Currency, a minimum of EUR 5,000,000 or, if less, the Available Facility;
  - (ii) if the currency selected is dollars, a minimum of \$5,000,000 or, if less, the Available Facility;
  - (iii) if the currency selected is sterling, a minimum of £5,000,000 or, if less, the Available Facility; or
  - (iv) if the currency selected is an Optional Currency other than dollars or sterling, the minimum amount specified by the Agent pursuant to paragraph (b)(ii) of Clause 4.3 (*Conditions relating to Optional Currencies*) or, if less, the Available Facility.

#### 6.5 Issue of Letters of Credit

- (a) If the conditions set out in this Agreement have been met, the Issuing Bank shall issue the Letter of Credit on the Utilisation Date.
- (b) Subject to Clause 4.1 (*Initial conditions precedent*), the Issuing Bank will only be obliged to comply with paragraph (a) above if on the date of the Utilisation Request or Renewal Request and on the proposed Utilisation Date:
  - (i) in the case of a Letter of Credit to be renewed in accordance with Clause 6.6 (*Renewal of a Letter of Credit*) no notice has been given pursuant to Clause 28.18 (*Acceleration and/or Other Remedies*) paragraphs (b), (d) or (f) or, having placed any amount on demand pursuant to paragraphs (c), (e) or (g), demand is made under any of those paragraphs and, in the case of any other Utilisation, no Event of Default is continuing or would result from the proposed Utilisation;
  - (ii) in relation to any Utilisation on the Closing Date, all the representations and warranties in Clause 24 (*Representations*) or, in relation to any other Utilisation, the Repeating Representations to be made by each Obligor on such date are true in all material respects; and
  - (iii) each Obligor is in compliance with its obligations under Clause 27.4 (*Sanctions and Anti-Corruption Law*).
- (c) The amount of each Lender's participation in each Letter of Credit will be equal to the proportion borne by its Available Commitment to the Available Facility (in each case in relation to the Revolving Facility) immediately prior to the issue of the Letter of Credit.
- (d) The Agent shall determine the Base Currency Amount of each Letter of Credit which is to be issued in an Optional Currency and shall notify the Issuing Bank and each Lender of the details of the requested Letter of Credit and its participation in that Letter of Credit by the Specified Time.
- (e) The Issuing Bank has no duty to enquire of any person whether or not any of the conditions set out in paragraph (b) above have been met. The Issuing Bank may assume that those conditions have been met unless it is expressly notified to the contrary by the Agent. The Issuing Bank will have no liability to any person for issuing a Letter of Credit based on such assumption.
- (f) The Issuing Bank is solely responsible for the form of the Letter of Credit that it issues. The Agent has no duty to monitor the form of that document.

- (g) Subject to paragraph (i) of Clause 32.7 (*Rights and discretions*), each of the Issuing Bank and the Agent shall provide the other with any information reasonably requested by the other that relates to a Letter of Credit and its issue.
- (h) The Issuing Bank may issue a Letter of Credit in the form of a SWIFT message or other form of communication customary in the relevant market but has no obligation to do so.
- (i) The Company shall supply to the Agent promptly on request such information as the Issuing Bank or any Lender under the Revolving Facility may reasonably require in order to determine compliance with paragraph (i) of Clause 6.3 (*Completion of Utilisation Request to Letters of Credit*).

#### 6.6 **Renewal of a Letter of Credit**

- (a) A Borrower (or the Company on its behalf) may request that any Letter of Credit issued on behalf of that Borrower be renewed by delivery to the Agent of a Renewal Request in substantially similar form to a Utilisation Request for a Letter of Credit by the Specified Time.
- (b) The Finance Parties shall treat any Renewal Request in the same way as a Utilisation Request for a Letter of Credit except that the conditions set out in paragraph (f) of Clause 6.3 (*Completion of a Utilisation Request for Letters of Credit*) shall not apply.
- (c) The terms of each renewed Letter of Credit shall be the same as those of the relevant Letter of Credit immediately prior to its renewal, except that:
  - (i) its amount may be less than the amount of the Letter of Credit immediately prior to its renewal; and
  - (ii) its Term shall start on the date which was the Expiry Date of the Letter of Credit immediately prior to its renewal, and shall end on the proposed Expiry Date specified in the Renewal Request.
- (d) Subject to paragraph (e) below, if the conditions set out in this Agreement have been met, the Issuing Bank shall amend and re-issue any Letter of Credit pursuant to a Renewal Request.
- (e) Where a new Letter of Credit is to be issued to replace by way of renewal an existing Letter of Credit, the Issuing Bank is not required to issue that new Letter of Credit until the Letter of Credit being replaced has been returned to the Issuing Bank or the Issuing Bank (acting reasonably) is satisfied either that it will be returned to it or otherwise that no liability can arise under it.

#### 6.7 **Reduction of a Letter of Credit**

- (a) If, on the proposed Utilisation Date of a Letter of Credit, any Lender under the Revolving Facility is a Non-Acceptable L/C Lender and:
  - (i) that Lender has failed to provide cash collateral to the Issuing Bank in accordance with Clause 7.4 (*Cash collateral by Non- Acceptable L/C Lender and Borrower's option to provide cash cover*); and
  - (ii) the Borrower of that proposed Letter of Credit has not exercised its right to provide cash cover to the Issuing Bank in accordance with paragraph (g) of Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*),

the Issuing Bank may reduce the amount of that Letter of Credit by an amount equal to the amount of the participation of that Non- Acceptable L/C Lender in respect of that Letter of Credit and that Non-Acceptable L/C Lender shall be deemed not to have any participation (or obligation to indemnify the Issuing Bank) in respect of that Letter of Credit for the purposes of the Finance Documents.

- (b) The Issuing Bank shall notify the Agent and the Company of each reduction made pursuant to this Clause 6.7.
- (c) This Clause 6.7 shall not affect the participation of each other Lender in that Letter of Credit.

## 6.8 Revaluation of Letters of Credit

- (a) If any Letters of Credit are denominated in an Optional Currency, the Agent shall at six monthly intervals after the date of issue of the relevant Letter of Credit recalculate the Base Currency Amount of each Letter of Credit by notionally converting into the Base Currency the outstanding amount of that Letter of Credit on the basis of the Agent's Spot Rate of Exchange on the date of calculation.
- (b) The Company shall, if requested by the Agent within five Business Days of any calculation under paragraph (a) above, ensure that within three Business Days of any such request sufficient Revolving Facility Utilisations are prepaid to prevent the Base Currency Amount of the Revolving Facility Utilisations exceeding the Total Revolving Facility Commitments (after deducting the total Ancillary Commitments) following any adjustment to a Base Currency Amount under paragraph (a) above.

## 6.9 Appointment of additional Issuing Banks

Any Lender which has agreed to the Company's request to be an Issuing Bank pursuant to the terms of this Agreement shall become an Issuing Bank for the purposes of this Agreement upon notifying the Agent and the Company that it has so agreed to be an Issuing Bank and on making that notification that Lender shall become bound by the terms of this Agreement as an Issuing Bank.

## 7. LETTERS OF CREDIT

### 7.1 Immediately payable

If a Letter of Credit or any amount outstanding under a Letter of Credit is expressed to be immediately payable, the Borrower that requested (or on behalf of which the Company requested) the issue of that Letter of Credit shall repay or prepay that amount within four Business Days of demand.

### 7.2 Claims under a Letter of Credit

- (a) Each Borrower irrevocably and unconditionally authorises the Issuing Bank to pay any claim made or purported to be made under a Letter of Credit requested by it (or requested by the Company on its behalf) and which appears on its face to be in order (in this Clause 7, a "claim").
- (b) Each Borrower shall immediately on demand or, if such payment is being funded by a Revolving Facility Loan, shall within four Business Days of demand pay to the Agent for the Issuing Bank (or the Issuing Bank shall apply in payment any cash cover provided by such Borrower to the Issuing Bank in) an amount equal to the amount of any claim.
- (c) Each Borrower acknowledges that the Issuing Bank:
  - (i) is not obliged to carry out any investigation or seek any confirmation from any other person before paying a claim; and
  - (ii) deals in documents only and will not be concerned with the legality of a claim or any underlying transaction or any available set-off, counterclaim or other defence of any person.
- (d) The obligations of a Borrower under this Clause 7 will not be affected by:
  - (i) the sufficiency, accuracy or genuineness of any claim or any other document; or
  - (ii) any incapacity of, or limitation on the powers of, any person signing a claim or other document.

### 7.3 Indemnities

- (a) Each Borrower shall within five Business Days of demand indemnify the Issuing Bank against any cost, loss or liability incurred by the Issuing Bank (otherwise than by reason of the Issuing Bank's gross negligence or wilful misconduct or material breach of its obligations under the Finance Documents) in acting as the Issuing Bank under any Letter of Credit requested by (or on behalf of) that Borrower.

- (b) Each Lender shall (according to its L/C Proportion) immediately on demand indemnify the Issuing Bank against any cost, loss or liability incurred by the Issuing Bank (otherwise than by reason of the Issuing Bank's gross negligence or wilful misconduct or material breach of its obligations under the Finance Documents) in acting as the Issuing Bank under any Letter of Credit (unless the Issuing Bank has been reimbursed by an Obligor pursuant to a Finance Document).
- (c) The Borrower which requested (or on behalf of which the Company requested) a Letter of Credit shall within five Business Days of demand reimburse any Lender for any payment it makes to the Issuing Bank under this Clause 7.3 in respect of that Letter of Credit.
- (d) The obligations of each Lender or Borrower under this Clause are continuing obligations and will extend to the ultimate balance of sums payable by that Lender or Borrower in respect of any Letter of Credit, regardless of any intermediate payment or discharge in whole or in part.
- (e) If a Borrower has provided cash cover in respect of a Lender's participation in a Letter of Credit, the Issuing Bank shall seek reimbursement from that cash cover before making a demand of that Lender under paragraph (b) above. Any recovery made by an Issuing Bank pursuant to that cash cover will reduce that Lender's liability under paragraph (b) above.
- (f) The obligations of any Lender or Borrower under this Clause will not be affected by any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause (without limitation and whether or not known to it or any other person) including:
  - (i) any time, waiver or consent granted to, or composition with, any Obligor, any beneficiary under a Letter of Credit or any other person;
  - (ii) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor or any member of the Group;
  - (iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor, any beneficiary under a Letter of Credit or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
  - (iv) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor, any beneficiary under a Letter of Credit or any other person;
  - (v) any amendment (however fundamental) or replacement of a Finance Document, any Letter of Credit or any other document or security;
  - (vi) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document, any Letter of Credit or any other document or security; or
  - (vii) any insolvency or similar proceedings.

#### 7.4 **Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover**

- (a) If, at any time, a Lender under the Revolving Facility is a Non-Acceptable L/C Lender, the Issuing Bank may, by notice to that Lender, request that Lender to pay and that Lender shall pay, on or prior to the date falling five Business Days after the request by the Issuing Bank, an amount equal to that Lender's L/C Proportion of:
  - (i) the outstanding amount of a Letter of Credit; or
  - (ii) in the case of a proposed Letter of Credit, the amount of that proposed Letter of Credit,
 and in the currency of that Letter of Credit to an interest-bearing account held in the name of that Lender with the Issuing Bank.
- (b) The Non-Acceptable L/C Lender to whom a request has been made in accordance with paragraph (a) above shall enter into a security document or other form of collateral arrangement over the account, in

form and substance satisfactory to the Issuing Bank, as collateral for any amounts due and payable under this Agreement by that Lender to the Issuing Bank in respect of that Letter of Credit.

- (c) Subject to paragraph (f) below, withdrawals from such an account may only be made to pay the Issuing Bank amounts due and payable to it under this Agreement by the Non-Acceptable L/C Lender in respect of that Letter of Credit until no amount is or may be outstanding under that Letter of Credit.
- (d) Each Lender under the Revolving Facility shall notify the Agent and the Company:
  - (i) on the date of this Agreement or on any later date on which it becomes such a Lender in accordance with Clause 2.2 (*Increase*) or Clause 29 (*Changes to the Lenders*) whether it is a Non-Acceptable L/C Lender; and
  - (ii) as soon as practicable upon becoming aware of the same, that it has become a Non-Acceptable L/C Lender,

and an indication in Schedule 1 (*The Original Parties*), in a Transfer Certificate, in an Assignment Agreement or in an Increase Confirmation to that effect will constitute a notice under paragraph (i) above to the Agent and, upon delivery in accordance with Clause 29.7 (*Copy of Transfer Certificate, Assignment Agreement or Increase Confirmation to Company*), to the Company.

- (e) Any notice received by the Agent pursuant to paragraph (d) above shall constitute notice to the Issuing Bank of that Lender's status and the Agent shall, upon receiving each such notice, promptly notify the Issuing Bank of that Lender's status as specified in that notice.
- (f) Notwithstanding paragraph (c) above, a Lender which has provided cash collateral in accordance with this Clause 7.4 may, by notice to the Issuing Bank request that an amount equal to the amount provided by it as collateral in respect of the relevant Letter of Credit (together with any accrued interest) be returned to it:
  - (i) to the extent that such cash collateral has not been applied in satisfaction of any amount due and payable under this Agreement by that Lender to the Issuing Bank in respect of the relevant Letter of Credit;
  - (ii) if:
    - (A) it ceases to be a Non-Acceptable L/C Lender;
    - (B) its obligations in respect of the relevant Letter of Credit are transferred to a New Lender in accordance with the terms of this Agreement; or
    - (C) an Increase Lender has agreed to undertake that Lender's obligations in respect of the relevant Letter of Credit in accordance with the terms of this Agreement; and
  - (iii) if no amount is due and payable by that Lender in respect of a Letter of Credit,

and the Issuing Bank shall pay that amount to the Lender within five Business Days of that Lender's request (and shall cooperate with the Lender in order to procure that the relevant security or collateral arrangement is released and discharged).

- (g) To the extent that a Non-Acceptable L/C Lender fails to provide cash collateral (or notifies the Issuing Bank that it will not provide cash collateral) in accordance with this Clause 7.4 in respect of a proposed Letter of Credit, the Issuing Bank shall promptly notify the Company (with a copy to the Agent) and the Borrower of that proposed Letter of Credit may, at any time before the proposed Utilisation Date of that Letter of Credit and without prejudice to the Non-Acceptable L/C Lender's obligations under this Clause 7.4, provide cash cover to an account with the Issuing Bank in an amount equal to that Lender's L/C Proportion of the amount of that proposed Letter of Credit.

## 7.5 Requirement for cash cover from Borrower

If:



- (a) a Non-Acceptable L/C Lender fails to provide cash collateral (or notifies the Issuing Bank that it will not provide cash collateral) in accordance with Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*) in respect of a Letter of Credit that has been issued;
- (b) the Issuing Bank notifies the Company (with a copy to the Agent) that it requires the Borrower of the relevant Letter of Credit to provide cash cover to an account with the Issuing Bank in an amount equal to that Lender's L/C Proportion of the outstanding amount of that Letter of Credit and in the currency of that Letter of Credit; and
- (c) that Borrower has not already provided such cash cover which is continuing to stand as collateral,

then that Borrower shall provide such cash cover within five Business Days of the notice referred to in paragraph (b) above.

#### 7.6 Regulation and consequences of cash cover provided by Borrower

- (a) Any cash cover provided by a Borrower pursuant to Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*) or Clause 7.5 (*Requirement for cash cover from Borrower*) may be funded out of a Revolving Facility Loan.
- (b) Notwithstanding paragraph (d) of Clause 1.2 (*Construction*), the relevant Borrower may request that an amount equal to the cash cover (together with any accrued interest) provided by it pursuant to Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*) or Clause 7.5 (*Requirement for cash cover from Borrower*) be returned to it:
  - (i) to the extent that such cash cover has not been applied in satisfaction of any amount due and payable under this Agreement by that Borrower to the Issuing Bank in respect of a Letter of Credit;
  - (ii) if:
    - (A) the relevant Lender ceases to be a Non Acceptable L/C Lender;
    - (B) the relevant Lender's obligations in respect of the relevant Letter of Credit are transferred to a New Lender in accordance with the terms of this Agreement; or
    - (C) an Increase Lender has agreed to undertake the relevant Lender's obligations in respect of the relevant Letter of Credit in accordance with the terms of this Agreement; and
  - (iii) if no amount is due and payable by the relevant Lender in respect of the relevant Letter of Credit,

and the Issuing Bank shall pay that amount to that Borrower within five Business Days of that Borrower's request.

- (c) To the extent that a Borrower has provided cash cover pursuant to Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*) or Clause 7.5 (*Requirement for cash cover from Borrower*), the relevant Lender's L/C Proportion in respect of that Letter of Credit will remain (but that Lender's obligations in relation to that Letter of Credit may be satisfied in accordance with paragraph (d)(ii) of Clause 1.2 (*Construction*)). However, the relevant Borrower's obligation to pay any Letter of Credit fee in relation to the relevant Letter of Credit to the Agent (for the account of that Lender) in accordance with paragraph (b) of Clause 17.5 (*Fees payable in respect of Letters of Credit*) will be reduced proportionately as from the date on which it provides that cash cover (and for so long as the relevant amount of cash cover continues to stand as collateral).
- (d) The relevant Issuing Bank shall promptly notify the Agent of the extent to which a Borrower provides cash cover pursuant to Clause 7.4 (*Cash collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*) or Clause 7.5 (*Requirement for cash cover from Borrower*) and of any change in the amount of cash cover so provided.

## 7.7 **Rights of contribution**

No Obligor will be entitled to any right of contribution or indemnity from any Finance Party in respect of any payment it may make under this Clause 7.

## 8. **OPTIONAL CURRENCIES**

### 8.1 **Selection of currency**

A Borrower (or the Company on its behalf) shall select the currency of a Revolving Facility Utilisation in a Utilisation Request.

### 8.2 **Unavailability of a currency**

If before the Specified Time on any Quotation Day:

- (a) a Lender notifies the Agent that the Optional Currency requested is not readily available to it in the amount required; or
- (b) a Lender notifies the Agent that compliance with its obligation to participate in a Loan in the proposed Optional Currency would contravene a law or regulation applicable to it,

the Agent will give notice to the relevant Borrower or the Company to that effect by the Specified Time on that day. In this event, any Lender that gives notice pursuant to this Clause 8.2 will be required to participate in the Loan in the Base Currency (in an amount equal to that Lender's proportion of the Base Currency Amount, or in respect of a Rollover Loan, an amount equal to that Lender's proportion of the Base Currency Amount of the Rollover Loan that is due to be made) and its participation will be treated as a separate Loan denominated in the Base Currency during that Interest Period.

### 8.3 **Agent's calculations**

Each Lender's participation in a Loan will be determined in accordance with paragraph (b) of Clause 5.4 (*Lenders' participation*).

## 9. **ANCILLARY FACILITIES**

### 9.1 **Type of Facility**

An Ancillary Facility may be by way of:

- (a) an overdraft facility;
- (b) a guarantee, bonding, documentary or stand-by letter of credit facility;
- (c) a short term loan facility;
- (d) a derivatives facility;
- (e) a foreign exchange facility; or
- (f) any other facility or accommodation required in connection with the business of the Group and which is agreed by the Company with an Ancillary Lender.

## 9.2 Availability

- (a) If the Company and a Lender agree and except as otherwise provided in this Agreement, the Lender may provide all or part of its Revolving Facility Commitment as an Ancillary Facility.
- (b) An Ancillary Facility shall not be made available unless, not later than five Business Days (or such later date as the Agent may agree) prior to the Ancillary Commencement Date for an Ancillary Facility, the Agent has received from the Company:
  - (i) a notice in writing of the establishment of an Ancillary Facility and specifying:
    - (A) the proposed Borrower(s) (or Affiliates of a Borrower) which may use the Ancillary Facility;
    - (B) the proposed Ancillary Commencement Date and expiry date of the Ancillary Facility;
    - (C) the proposed type of Ancillary Facility to be provided;
    - (D) the proposed Ancillary Lender;
    - (E) the proposed Ancillary Commitment, the maximum amount of the Ancillary Facility and, in the case of a Multi-account Overdraft, its Designated Gross Amount and its Designated Net Amount; and
    - (F) the proposed currency of the Ancillary Facility (if not denominated in the Base Currency); and
  - (ii) any other information which the Agent may reasonably request in connection with the Ancillary Facility.
- (c) The Agent shall promptly notify the Ancillary Lender and the other Lenders of the establishment of an Ancillary Facility.
- (d) Subject to compliance with paragraph (b) above:
  - (i) the Lender concerned will become an Ancillary Lender; and
  - (ii) the Ancillary Facility will be available,with effect from the date agreed by the Company and the Ancillary Lender.

## 9.3 Terms of Ancillary Facilities

- (a) Except as provided below, the terms of any Ancillary Facility will be those agreed by the Ancillary Lender and the Company.
- (b) Those terms:
  - (i) must be based upon normal commercial terms at that time (except as varied by this Agreement);
  - (ii) may allow only Borrowers (or Affiliates of Borrowers nominated pursuant to Clause 9.8 (*Affiliates of Borrowers*)) to use the Ancillary Facility;
  - (iii) may not allow the Ancillary Outstandings to exceed the Ancillary Commitment;
  - (iv) may not allow a Lender's Ancillary Commitment to exceed that Lender's Available Commitment relating to the Revolving Facility (before taking into account the effect of the Ancillary Facility on that Available Commitment); and

- (v) must require that the Ancillary Commitment is reduced to zero, and that all Ancillary Outstandings are repaid not later than the Termination Date applicable to the Revolving Facility (or such earlier date as the Revolving Facility Commitment of the relevant Ancillary Lender (or its Affiliate) is reduced to zero).
- (c) If there is any inconsistency between any term of an Ancillary Facility and any term of this Agreement, this Agreement shall prevail except for:
  - (i) Clause 38.3 (*Day count convention*) which shall not prevail for the purposes of calculating fees, interest or commission relating to an Ancillary Facility;
  - (ii) an Ancillary Facility comprising more than one account where the terms of the Ancillary Documents shall prevail to the extent required to permit the netting of balances on those accounts; and
  - (iii) where the relevant term of this Agreement would be contrary to, or inconsistent with, the law governing the relevant Ancillary Document, in which case that term of this Agreement shall not prevail.
- (d) Interest, commission and fees on Ancillary Facilities are dealt with in Clause 17.6 (*Interest, commission and fees on Ancillary Facilities*).

#### 9.4 Repayment of Ancillary Facility

- (a) An Ancillary Facility shall cease to be available on the Termination Date applicable to the Revolving Facility or such earlier date on which its expiry date occurs or on which it is cancelled in accordance with the terms of this Agreement.
- (b) If an Ancillary Facility expires in accordance with its terms the Ancillary Commitment of the Ancillary Lender shall be reduced to zero.
- (c) No Ancillary Lender may demand repayment or prepayment of any Ancillary Outstandings prior to the scheduled expiry date of the relevant Ancillary Facility or cause any Ancillary Outstandings to fall due by transferring its Commitments to a New Lender unless:
  - (i) required to reduce the Gross Outstandings of a Multi account Overdraft to or towards an amount equal to its Net Outstandings;
  - (ii) the Total Revolving Facility Commitments have been cancelled in full, or all outstanding Utilisations under the Revolving Facility have become due and payable in accordance with the terms of this Agreement;
  - (iii) it becomes unlawful in any applicable jurisdiction for the Ancillary Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in its Ancillary Facility (or it becomes unlawful for any Affiliate of the Ancillary Lender which has become an Ancillary Lender to do so); or
  - (iv) any such Ancillary Outstandings can be repaid in full by way of Revolving Facility Utilisation and not less than five Business Days' notice is given to the borrower of such Ancillary Facility before the Ancillary Outstandings become due.
- (d) If a Revolving Facility Utilisation is made to repay Ancillary Outstandings in full, the relevant Ancillary Commitment shall be reduced to zero.

#### 9.5 Limitation on Ancillary Outstandings

Each Borrower shall procure that:

- (a) the Ancillary Outstandings under any Ancillary Facility shall not exceed the Ancillary Commitment applicable to that Ancillary Facility; and
- (b) in relation to a Multi-account Overdraft:

- (i) the Ancillary Outstandings shall not exceed the Designated Net Amount applicable to that Multi-account Overdraft; and
- (ii) the Gross Outstandings shall not exceed the Designated Gross Amount applicable to that Multi-account Overdraft.

## 9.6 Information

Each Borrower and each Ancillary Lender shall, promptly upon request by the Agent, supply the Agent with any information relating to the operation of an Ancillary Facility (including the Ancillary Outstandings) as the Agent may reasonably request from time to time. Each Borrower consents to all such information being released to the Agent and the other Finance Parties.

## 9.7 Affiliates of Lenders as Ancillary Lenders

- (a) Subject to the terms of this Agreement, an Affiliate of a Lender may become an Ancillary Lender. In such case, the Lender and its Affiliate shall be treated as a single Lender whose Revolving Facility Commitment is the amount set out opposite the relevant Lender's name in Part II of Schedule 1 (*The Original Parties*) and/or the amount of any Revolving Facility Commitment transferred to or assumed by that Lender under this Agreement, to the extent (in each case) not cancelled, reduced or transferred by it under this Agreement.
- (b) The Company shall specify any relevant Affiliate of a Lender in any notice delivered by the Company to the Agent pursuant to paragraph (b)(i) of Clause 9.2 (*Availability*).
- (c) An Affiliate of a Lender which becomes an Ancillary Lender shall accede to the Intercreditor Agreement as an Ancillary Lender and any person which so accedes to the Intercreditor Agreement shall, at the same time, become a Party as an Ancillary Lender in accordance with clause 22.11 (*Creditor/Agent Accession Undertaking*) of the Intercreditor Agreement.
- (d) If a Lender assigns all of its rights and benefits or transfers all of its rights and obligations to a New Lender, its Affiliate shall cease to have any obligations under this Agreement or any Ancillary Document.
- (e) Where this Agreement or any other Finance Document imposes an obligation on an Ancillary Lender and the relevant Ancillary Lender is an Affiliate of a Lender which is not a party to that document, the relevant Lender shall ensure that the obligation is performed by its Affiliate.

## 9.8 Affiliates of Borrowers

- (a) Subject to the terms of this Agreement, an Affiliate of a Borrower may with the approval of the relevant Lender become a borrower with respect to an Ancillary Facility.
- (b) The Company shall specify any relevant Affiliate of a Borrower in any notice delivered by the Company to the Agent pursuant to paragraph (b)(i) of Clause 9.2 (*Availability*).
- (c) If a Borrower ceases to be a Borrower under this Agreement in accordance with Clause 31.3 (*Resignation of a Borrower*), its Affiliate shall cease to have any rights under this Agreement or any Ancillary Document.
- (d) Where this Agreement or any other Finance Document imposes an obligation on a Borrower under an Ancillary Facility and the relevant Borrower is an Affiliate of a Borrower which is not a party to that document, the relevant Borrower shall ensure that the obligation is performed by its Affiliate.
- (e) Any reference in this Agreement or any other Finance Document to a Borrower being under no obligations (whether actual or contingent) as a Borrower under such Finance Document shall be construed to include a reference to any Affiliate of a Borrower which is itself a borrower with respect to an Ancillary Facility being under no obligations under any Finance Document or Ancillary Document.

**9.9 Revolving Facility Commitment amounts**

Notwithstanding any other term of this Agreement, each Lender shall ensure that at all times its Revolving Facility Commitment is not less than:

- (a) its Ancillary Commitment; or
- (b) the Ancillary Commitment of its Affiliate.

**9.10 Amendments and Waivers—Ancillary Facilities**

No amendment or waiver of a term of any Ancillary Facility shall require the consent of any Finance Party other than the relevant Ancillary Lender unless such amendment or waiver itself relates to or gives rise to a matter which would require an amendment of or under this Agreement (including, for the avoidance of doubt, under this Clause 9). In such a case, Clause 41 (*Amendments and Waivers*) will apply.

**SECTION 4**  
**REPAYMENT, PREPAYMENT AND CANCELLATION**

10. **REPAYMENT**

10.1 **Repayment of Facility A Loans**

- (a) The Company shall repay the aggregate Facility A Loans in instalments by repaying on each Repayment Date an amount which reduces the Base Currency Amount of the outstanding aggregate Facility A Loans to the percentage of the Total Facility A Commitments as at the date of this Agreement, as set out in the table below:

<u>Repayment Date</u>	<u>Percentage of Total Facility A Commitments as at the date of this Agreement left outstanding</u>
On the first anniversary of the Closing Date.....	97.75 per cent.
On the date falling six months after the first anniversary of the Closing Date.....	95.50 per cent.
On the second anniversary of the Closing Date.....	91.25 per cent.
On the date falling six months after the second anniversary of the Closing Date.....	87.00 per cent.
On the third anniversary of the Closing Date .....	79.75 per cent.
On the date falling six months after the third anniversary of the Closing Date.....	72.50 per cent.
On the fourth anniversary of the Closing Date .....	58.50 per cent.
On the date falling six months after the fourth anniversary of the Closing Date.....	44.50 per cent.
On the Termination Date .....	Zero

- (b) If, in relation to a Repayment Date, the aggregate amount of the Facility A Loans exceeds the Repayment Instalment to be repaid on that Repayment Date, the Company may, if it gives the Agent not less than five Business Days' prior notice, select which of those Facility A Loans will be wholly or partially repaid so that the Facility A Repayment Instalment is repaid on the relevant Repayment Date in full. The Company may not make a selection if as a result more than one Facility A Loan will be partially repaid.
- (c) If the Company fails to deliver a notice to the Agent in accordance with paragraph (b) above, the Agent shall select the Facility A Loans to be wholly or partially repaid.
- (d) The Borrowers may not reborrow any part of Facility A which is repaid.

10.2 **Repayment of Revolving Facility Loans**

- (a) Each Borrower which has drawn a Revolving Facility Loan shall repay that Loan on the last day of its Interest Period.
- (b) Without prejudice to each Borrower's obligation under paragraph (a) above, if
- (i) one or more Revolving Facility Loans are to be made available to a Borrower:
- (A) on the same day that a maturing Revolving Facility Loan is due to be repaid by that Borrower;
- (B) in the same currency as the maturing Revolving Facility Loan (unless it arose as a result of the operation of Clause 8.2 (*Unavailability of a currency*)); and
- (C) in whole or in part for the purpose of refinancing the maturing Revolving Facility Loan; and
- (ii) the proportion borne by each Lender's participation in the maturing Revolving Facility Loan to the amount of that maturing Revolving Facility Loan is the same as the proportion borne by that Lender's participation in the new Revolving Facility Loans to the aggregate amount of those new Revolving Facility Loans,

the aggregate amount of the new Revolving Facility Loans shall, unless the relevant Borrower or the Company notifies the Agent to the contrary in the relevant Utilisation Request, be treated as if applied in or towards repayment of the maturing Revolving Facility Loan so that:

- (A) if the amount of the maturing Revolving Facility Loan exceeds the aggregate amount of the new Revolving Facility Loans:
  - (1) the relevant Borrower will only be required to make a payment under Clause 35.1 (*Payments to the Agent*) in an amount in the relevant currency equal to that excess; and
  - (2) each Lender's participation in the new Revolving Facility Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Revolving Facility Loan and that Lender will not be required to make a payment under Clause 35.1 (*Payments to the Agent*) in respect of its participation in the new Revolving Facility Loans; and
- (B) if the amount of the maturing Revolving Facility Loan is equal to or less than the aggregate amount of the new Revolving Facility Loans:
  - (1) the relevant Borrower will not be required to make a payment under Clause 35.1 (*Payments to the Agent*); and
  - (2) each Lender will be required to make a payment under Clause 35.1 (*Payments to the Agent*) in respect of its participation in the new Revolving Facility Loans only to the extent that its participation in the new Revolving Facility Loans exceeds that Lender's participation in the maturing Revolving Facility Loan and the remainder of that Lender's participation in the new Revolving Facility Loans shall be treated as having been made available and applied by the Borrower in or towards repayment of that Lender's participation in the maturing Revolving Facility Loan.

### 10.3 Effect of cancellation and prepayment on scheduled repayments and reductions

- (a) If the Company cancels the whole or any part of any Available Commitment in accordance with Clause 11.6 (*Right of cancellation and repayment in relation to a single Lender or Issuing Bank*) or Clause 11.7 (*Right of cancellation in relation to a Defaulting Lender*) or if the Available Commitment of any Lender is cancelled under Clause 11.1 (*Illegality*) then (other than, in any relevant case, to the extent that any part of the relevant Available Commitment(s) so cancelled is subsequently increased pursuant to Clause 2.2 (*Increase*)) in the case of the Facility A Commitments, the amount of the Repayment Instalment for each Repayment Date falling after that cancellation will reduce *pro rata* by the amount cancelled.
- (b) If the Company cancels the whole or any part of any Available Commitment in accordance with Clause 11.3 (*Voluntary cancellation*) or if the whole or part of any Commitment is cancelled pursuant to Clause 5.6 (*Cancellation of Commitment*) then in the case of the Facility A Commitments, the amount of the Repayment Instalment for each Repayment Date falling after that cancellation will reduce *pro rata* by the amount cancelled.
- (c) If any Facility A Loan is repaid or prepaid in accordance with Clause 11.6 (*Right of cancellation and repayment in relation to a single Lender or Issuing Bank*) or Clause 11.1 (*Illegality*), then other than to the extent that any part of the relevant Commitment is subsequently increased pursuant to Clause 2.2 (*Increase*), the amount of the Repayment Instalments for each Repayment Date falling after that repayment or prepayment will reduce *pro rata* by the amount of the Facility A Loan repaid or prepaid.
- (d) If any Facility A Loan is prepaid in accordance with Clause 11.4 (*Voluntary prepayment of Facility A Loans*), then the amount of the Repayment Instalment for each Repayment Date falling after that prepayment shall reduce in such order as the Company may elect by the amount of the Facility A Loan prepaid.



- (e) If any Facility A Loan is prepaid in accordance with Clause 12.2 (*Disposal and Insurance Proceeds*) the amount of the Repayment Instalment for each Repayment Date falling after that prepayment will reduce in chronological order by the amount of the Facility A Loan prepaid.

## 11. **ILLEGALITY, VOLUNTARY PREPAYMENT AND CANCELLATION**

### 11.1 **Illegality**

If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund, issue or maintain its participation in any Utilisation or it becomes unlawful for any Affiliate of a Lender which is an Ancillary Lender to do so:

- (a) that Lender shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Company, each Available Commitment of that Lender will be immediately cancelled; and
- (c) to the extent that the Lender's participation has not been transferred pursuant to Clause 41.8 (*Replacement of Lender*), each Borrower shall repay that Lender's participation in the Utilisations made to that Borrower on the last day of the Interest Period for each Utilisation occurring after the Agent has notified the Company or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender's corresponding Commitment(s) shall be cancelled in the amount of the participations repaid.

### 11.2 **Illegality in relation to Issuing Bank**

If it becomes unlawful for an Issuing Bank to issue or leave outstanding any Letter of Credit or it becomes unlawful for any Affiliate of an Issuing Bank for that Issuing Bank to do so then:

- (a) that Issuing Bank shall promptly notify the Agent upon becoming aware of that event;
- (b) upon the Agent notifying the Company, the Issuing Bank shall not be obliged to issue any Letter of Credit;
- (c) the Company shall procure that the relevant Borrower shall use its best endeavours to procure the release of each Letter of Credit issued by that Issuing Bank and outstanding at such time; and
- (d) unless any other Lender is or has become an Issuing Bank pursuant to the terms of this Agreement, the Revolving Facility shall cease to be available for the issue of Letters of Credit.

### 11.3 **Voluntary cancellation**

- (a) The Company may, if it gives the Agent not less than three Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of EUR 5,000,000) of an Available Facility. Any cancellation under this paragraph (a) shall reduce the Commitments of the Lenders rateably under that Facility.
- (b) If, prior to first Utilisation of the Facilities, the aggregate principal amount of the Senior Secured Notes issued or to be issued on the Closing Date exceeds EUR 400,000,000, the Company may, if it gives the Agent one Business Day's prior notice, cancel Facility A Commitments up to a maximum aggregate amount of EUR 100,000,000. Any such cancellation under this paragraph (b) shall reduce the Facility A Commitments of the Lenders rateably.

### 11.4 **Voluntary prepayment of Facility A Loans**

- (a) A Borrower to which a Facility A Loan has been made may, if it or the Company gives the Agent not less than three Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of that Facility A Loan (but, if in part, being an amount that reduces the Base Currency Amount of that Facility A Loan by a minimum amount of EUR 5,000,000).
- (b) A Facility A Loan may only be prepaid after the last day of the Availability Period for Facility A (or, if earlier, the day on which the applicable Available Facility is zero).

## 11.5 Voluntary prepayment of Revolving Facility Utilisations

A Borrower to which a Revolving Facility Utilisation has been made may, if it or the Company gives the Agent not less than three Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of a Revolving Facility Utilisation (but if in part, being an amount that reduces the Base Currency Amount of the Revolving Facility Utilisation by a minimum amount of EUR 5,000,000).

## 11.6 Right of cancellation and repayment in relation to a single Lender or Issuing Bank

- (a) If:
- (i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (c) of Clause 18.2 (*Tax gross-up*);
  - (ii) any Lender or Issuing Bank claims indemnification from the Company or an Obligor under Clause 18.3 (*Tax indemnity*) or Clause 19.1 (*Increased costs*); or
  - (iii) any Lender invokes Clause 16.2 (*Market Disruption*),
- the Company may, whilst the circumstance giving rise to the requirement for that increase, indemnification or invocation continues, give the Agent notice:
- (A) (if such circumstances relate to a Lender) of cancellation of the Commitment(s) of that Lender and its intention to procure the repayment of that Lender's participation in the Utilisations; or
  - (B) (if such circumstances relate to the Issuing Bank) of repayment of any outstanding Letter of Credit issued by it and cancellation of its appointment as an Issuing Bank under this Agreement in relation to any Letters of Credit to be issued in the future.
- (b) On receipt of a notice referred to in paragraph (a) above in relation to a Lender, the Commitment(s) of that Lender shall immediately be reduced to zero.
- (c) On the last day of each Interest Period which ends after the Company has given notice under paragraph (a) above in relation to a Lender (or, if earlier, the date specified by the Company in that notice), each Borrower to which a Utilisation is outstanding shall repay that Lender's participation in that Utilisation together with all interest and other amounts accrued to that Lender under the Finance Documents.

## 11.7 Right of cancellation in relation to a Defaulting Lender

- (a) If any Lender becomes a Defaulting Lender, the Company may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent three Business Days' notice of cancellation of each Available Commitment of that Lender.
- (b) On the notice referred to in paragraph (a) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.
- (c) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Lenders.

## 12. MANDATORY PREPAYMENT AND CANCELLATION

### 12.1 Exit

- (a) For the purpose of this Clause 12.1:

**"Flotation"** means an initial listing of the share capital (or any part thereof) of any member of the Group on the Madrid Stock Exchange or any other recognised market for holding securities in any jurisdiction or any sale or issuance of the shares of any member of the Group by way of rights issue, public placement or other public offering.

**“Flotation Proceeds”** means the Net Proceeds of a Flotation received by any member of the Group.

- (b) Upon the occurrence of a Change of Control:
- (i) the Company shall promptly notify the Agent upon becoming aware of that event;
  - (ii) the Company shall consult with the Lenders for a period of 30 days from the date of receipt of the notice referred to in (i) above (the **“Consultation Period”**);

- (iii) on the last day of the Consultation Period, each Lender shall be entitled to request (by notice to the Agent) that the Company repays (or procures the repayment of) that Lender's participation in all outstanding Utilisations, and that all Commitments of that Lender are cancelled;
  - (iv) the Agent shall promptly notify the Company of all notices received pursuant to paragraph (iii) above and, five Business Days after such notification, the Company shall repay each such Lender's participation in all Utilisations together with all interest and other amounts accrued under the Finance Documents owing to such Lender and all Commitments of that Lender shall be cancelled.
- (c) Upon the occurrence of the sale of all or substantially all of the assets of the Group to a third party whether in a single transaction or a series of related transactions, the Facilities will be cancelled and all outstanding Utilisations and Ancillary Outstandings, together with accrued interest, and all other amounts accrued under the Finance Documents, shall become immediately due and payable.
- (d) Upon the occurrence of a Flotation which does not result in a Change of Control:
- (i) the Company shall promptly notify the Agent; and
  - (ii) the Company shall procure that up to 50 per cent. of the Flotation Proceeds are applied in accordance with Clause 12.3 (*Application of mandatory prepayments and cancellations*) until such point (the "**Leverage Point**") as the ratio of Net Financial Indebtedness calculated immediately after such application to Adjusted EBITDA for the period of 12 months ending on the Quarter Date immediately preceding the date on which such Flotation occurred does not exceed 3.0:1. Any Flotation Proceeds after such application may be retained by the member of the Group which received such proceeds and shall be available for the general corporate purposes of the Group.

## 12.2 Disposal and Insurance Proceeds

- (a) For the purposes of this Clause 12.2 and Clause 12.3 (*Application of mandatory prepayments and cancellations*):

**"Disposal"** means a sale, lease, licence, transfer, loan or other disposal by a member of the Group of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions) to a person which is not a member of the Group.

**"Disposal Proceeds"** means the Net Proceeds received by any member of the Group (including any amount received in repayment of intercompany debt) for any Disposal made by any member of the Group except for Excluded Disposal Proceeds.

**"Excluded Disposal Proceeds"** means:

- (i) the proceeds of any Disposal under paragraphs (a), (b), (c), (d), (e), (g), (m), (n), (r), (s), (t), (u), (v) or (w) of the definition of Permitted Disposal;
- (ii) the proceeds of any Disposal which are (or are contracted to be) reinvested in assets to be used in the business of the Group within 365 days of receipt of such proceeds;
- (iii) the proceeds of any Disposal where the proceeds from that Disposal or series of related Disposals are less than or equal to EUR 3,000,000 (or its currency equivalent);
- (iv) the proceeds of any Disposal to the extent that they are equal to or less than five per cent. of the total consolidated gross assets of the Group as determined by reference to the latest consolidated financial statements of the Company delivered pursuant to Clause 25.1 (*Financial statements*) in aggregate since the date of this Agreement;
- (v) the proceeds of any Disposal of any company or asset of any company where such company was acquired within 12 months of the date of such Disposal; or

- (vi) any Disposal Proceeds referred to in paragraph (j)(ii) of the definition of Permitted Disposal to the extent applied in prepayment, purchase or redemption of Senior Secured Notes or (where ADE has acceded to the Intercreditor Agreement) the ADE Facility.

**“Excluded Insurance Proceeds”** means any proceeds of an insurance claim which the Company notifies the Agent are, or are to be, applied:

- (i) to meet a third party claim;
- (ii) to cover operating losses in respect of which the relevant insurance claim was made; or
- (iii) in the replacement, reinstatement and/or repair of the assets or otherwise in amelioration of the loss in respect of which the relevant insurance claim was made,

in each case as soon as possible but in any event within 365 days after receipt.

**“Insurance Proceeds”** means the Net Proceeds of any insurance claim under any insurance maintained by any member of the Group except for Excluded Insurance Proceeds but only to the extent the Net Proceeds of all insurance claims by the Group exceed EUR 20,000,000 in aggregate since the date of this Agreement.

- (b) The Company shall ensure that the Borrowers prepay Utilisations, and cancel Available Commitments, in amounts equal to the following amounts at the times and in the order of application contemplated by Clause 12.3 (*Application of mandatory prepayments and cancellations*):
  - (i) the amount of Disposal Proceeds; and
  - (ii) the amount of Insurance Proceeds.
- (c) Prepayment will not be required under this Clause 12.2 if:
  - (i) it is (and only for so long as it remains) illegal for a member of the Group to make such prepayment (or it is illegal for a member of the Group who received proceeds to distribute or lend the proceeds to another member of the Group for the purposes of such prepayment);
  - (ii) it will be (or there is a significant risk that it will be) a breach of the fiduciary or statutory duty of an officer of the relevant member of the Group to make a prepayment or a distribution to another member of the Group for the purposes of a prepayment; or
  - (iii) it gives rise to a material cost for a member of the Group making a prepayment or distribution to another member of the Group for the purposes of a prepayment (which in aggregate exceeds 5 per cent. of the relevant Net Proceeds).
- (d) The Company shall use its, and shall procure that each member of the Group will use its, reasonable endeavours to avoid or minimise illegality, breach of duty or cost referred to in paragraph (c) above and make such moneys available in a manner which is legally permissible and/or minimising or without incurring the costs of such prepayment, as appropriate. To the extent any of those restrictions are removed, any relevant proceeds will be applied in prepayment of the Facilities at the end of the next Interest Period.

### 12.3 **Application of mandatory prepayments and cancellations**

- (a) Any Flotation Proceeds required to be applied in prepayment of Net Financial Indebtedness pursuant to paragraph (d) of Clause 12.1 (*Exit*) shall be applied in permanent prepayment or redemption and cancellation of such Senior Secured Debt (under and as such term is defined in the Intercreditor Agreement) as the Company may elect.
- (b) A prepayment of Utilisations or cancellation of Available Commitments to the extent elected to be made by the Company pursuant to paragraph (a) above or made pursuant to Clause 12.2 (*Disposal and Insurance Proceeds*) shall be applied in the following order:
  - (i) first, in prepayment of Facility A Loans as contemplated in paragraphs (b) to (e) inclusive below;

- (ii) secondly, in cancellation of Available Commitments under the Revolving Facility (and the Available Commitment of the Lenders under the Revolving Facility will be cancelled rateably);
- (iii) thirdly, in prepayment of Revolving Facility Utilisations such that:
  - (A) outstanding Revolving Facility Loans shall be prepaid on a *pro rata* basis; and
  - (B) outstanding Revolving Facility Loans shall be prepaid before outstanding Letters of Credit (which shall then be prepaid on a *pro rata* basis)),
 and cancellation, in each case, of the corresponding Revolving Facility Commitments; and
- (iv) then, in:
  - (A) repayment of the Ancillary Outstandings (and cancellation of corresponding Ancillary Commitments); and
  - (B) cancellation of Ancillary Commitments,
    - (on a *pro rata* basis) and cancellation, in each case, of the corresponding Revolving Facility Commitments.
- (c) Unless the Company makes an election under paragraph (e) below, the Borrowers shall prepay Loans promptly upon receipt of such Flotation Proceeds, Disposal Proceeds or Insurance Proceeds.
- (d) A prepayment of Utilisations elected to be made pursuant to paragraph (a) above or made pursuant to Clause 12.2 (*Disposal and Insurance Proceeds*) shall prepay Facility A as follows:
  - (i) in prepayment of the Facility A Loans *pro rata*; and
  - (ii) in reducing the relevant Repayment Instalment for each Repayment Date falling after the date of prepayment in chronological order.
- (e) Subject to paragraph (f) below, the Company may, by giving the Agent not less than three Business Days' (or such shorter period as the Majority Lenders may agree) prior written notice, elect that any prepayment under Clause 12.2 (*Disposal and Insurance Proceeds*) be applied in prepayment of a Loan on the last day of the Interest Period relating to that Loan. If the Company makes that election then a proportion of the Loan equal to the amount of the relevant prepayment will be due and payable on the last day of its Interest Period.
- (f) If the Company has made an election under paragraph (e) above but an Event of Default has occurred and is continuing, that election shall no longer apply and a proportion of the Loan in respect of which the election was made equal to the amount of the relevant prepayment shall be immediately due and payable (unless the Majority Lenders otherwise agree in writing).

## 13. RESTRICTIONS

### 13.1 Notices of Cancellation or Prepayment

Any notice of cancellation, prepayment, authorisation or other election given by any Party under Clause 11 (*Illegality, Voluntary Prepayment and Cancellation*) or paragraphs (a) or (e) of Clause 12.3 (*Application of mandatory prepayments and cancellations*) shall (subject to the terms of those Clauses) be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

### 13.2 Interest and other amounts

Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

**13.3 No reborrowing of Facility A**

No Borrower may reborrow any part of Facility A which is prepaid.

**13.4 Reborrowing of Revolving Facility**

Unless a contrary indication appears in this Agreement, any part of the Revolving Facility which is prepaid or repaid may be reborrowed in accordance with the terms of this Agreement.

**13.5 Prepayment in accordance with Agreement**

No Borrower shall repay or prepay all or any part of the Utilisations or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

**13.6 No reinstatement of Commitments**

Subject to Clause 2.2 (*Increase*), no amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

**13.7 Agent's receipt of Notices**

If the Agent receives a notice under Clause 11 (*Illegality, Voluntary Prepayment and Cancellation*) or an election under paragraphs (a) or (e) of Clause 12.3 (*Application of mandatory prepayments and cancellations*), it shall promptly forward a copy of that notice or election to either the Company or the affected Lender, as appropriate.

**13.8 Effect of repayment and prepayment on Commitments**

If all or part of any Lender's participation in a Utilisation under a Facility is repaid or prepaid and is not available for redrawing (other than by operation of Clause 4.2 (*Further conditions precedent*)), an amount of that Lender's Commitment (equal to the Base Currency Amount of the amount of the participation which is repaid or prepaid) in respect of that Facility will be deemed to be cancelled on the date of repayment or prepayment.

**13.9 Application of prepayments**

Any prepayment of a Utilisation (other than a prepayment pursuant to Clause 11.1 (*Illegality*), Clause 11.6 (*Right of cancellation and repayment in relation to a single Lender or Issuing Bank*) and paragraph (b) of Clause 12.1 (*Exit*)) shall be applied *pro rata* to each Lender's participation in that Utilisation.

**SECTION 5  
COSTS OF UTILISATION**

**14. INTEREST**

**14.1 Calculation of interest**

The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

- (a) Margin; and
- (b) LIBOR or, in relation to any Loan in euro, EURIBOR.

**14.2 Payment of interest**

- (a) The Borrower to which a Loan has been made shall pay accrued interest on that Loan on the last day of each Interest Period (and, if the Interest Period is longer than six Months, on the dates falling at six Monthly intervals after the first day of the Interest Period).
- (b) If the Compliance Certificate received by the Agent which relates to the relevant Annual Financial Statements shows:
  - (i) that a higher Margin should have applied during a certain period, then the Company shall (or shall ensure the relevant Borrower shall) promptly pay to the Agent any amounts necessary to put the Agent and the Lenders in the position they would have been in had the appropriate rate of the Margin applied during such period; or
  - (ii) that a lower Margin should have applied during a certain period, then the amount of interest due on the next interest payment date shall be reduced by the amount necessary to put the Borrowers in the position they would have been in had the appropriate rate of Margin applied during such period,

**provided that** any such increase or reduction shall only apply to the extent that any Lender which received the underpayment or overpayment of interest remains a Lender at the date of such adjustment.

**14.3 Default interest**

- (a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is one per cent. per annum higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 14.3 shall be immediately payable by the Obligor on demand by the Agent.
- (b) If any overdue amount consists of all or part of a Loan which became due on a day which was not the last day of an Interest Period relating to that Loan:
  - (i) the first Interest Period for that overdue amount shall have a duration equal to the unexpired portion of the current Interest Period relating to that Loan; and
  - (ii) the rate of interest applying to the overdue amount during that first Interest Period shall be one per cent. per annum higher than the rate which would have applied if the overdue amount had not become due.
- (c) Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.



#### 14.4 **Notification of rates of interest**

The Agent shall promptly notify the Lenders and the relevant Borrower (or the Company) of the determination of a rate of interest under this Agreement.

### 15. **INTEREST PERIODS**

#### 15.1 **Selection of Interest Periods and Terms**

- (a) A Borrower (or the Company on behalf of a Borrower) may select an Interest Period for a Loan in the Utilisation Request for that Loan or (if the Loan is a Facility A Loan and has already been borrowed) in a Selection Notice.
- (b) Each Selection Notice for a Facility A Loan is irrevocable and must be delivered to the Agent by the Borrower (or the Company on behalf of the Borrower) to which that Facility A Loan was made not later than the Specified Time.
- (c) If a Borrower (or the Company) fails to deliver a Selection Notice to the Agent in accordance with paragraph (b) above, the relevant Interest Period will, subject to Clause 15.2 (*Changes to Interest Periods*), be one Month.
- (d) Subject to this Clause 15, a Borrower (or the Company) may select an Interest Period of one, two, three or six Months or any other period agreed between the relevant Borrower (or the Company) and the Agent (acting on the instructions of all the Lenders having a participation in the relevant Loan). In addition the Company may select an Interest Period in relation to Facility A of a period of less than one Month, if necessary to ensure that there are Facility A Loans (with an aggregate Base Currency Amount equal to or greater than the Repayment Instalment) which have an Interest Period ending on a Repayment Date for the Company to make the Repayment Instalment due on that date.
- (e) An Interest Period for a Loan shall not extend beyond the Termination Date applicable to its Facility.
- (f) Each Interest Period for a Facility A Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period.
- (g) A Revolving Facility Loan has one Interest Period only.

#### 15.2 **Changes to Interest Periods**

Prior to determining the interest rate for a Facility A Loan, the Agent may shorten an Interest Period for any Facility A Loan to ensure there are sufficient Facility A Loans (with an aggregate Base Currency Amount equal to or greater than the relevant Repayment Instalment) which have an Interest Period ending on a Repayment Date for the Company to make the relevant Repayment Instalment due on that date. If the Agent makes any such change, it shall promptly notify the Company and the Lenders.

#### 15.3 **Non-Business Days**

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

### 16. **CHANGES TO THE CALCULATION OF INTEREST**

#### 16.1 **Absence of quotations**

Subject to Clause 16.2 (*Market disruption*) if LIBOR or, if applicable, EURIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR or EURIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

## 16.2 Market disruption

- (a) If a Market Disruption Event occurs in relation to a Loan for any Interest Period, then the rate of interest on each Lender's share of that Loan for the Interest Period shall be the percentage rate per annum which is the sum of:
- (i) the Margin; and
  - (ii) the rate notified to the Agent by that Lender as soon as practicable and in any event by close of business on the date falling five Business Days after the Quotation Day (or, if earlier, on the date falling five Business Days prior to the date on which interest is due to be paid in respect of that Interest Period), to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in that Loan from whatever source it may reasonably select.
- (b) If:
- (i) the percentage rate per annum notified by a Lender pursuant to paragraph (a)(ii) above is less than LIBOR or, in relation to any Loan in euro, EURIBOR; or
  - (ii) a Lender has not notified the Agent of a percentage rate per annum pursuant to paragraph (a)(ii) above,
- the cost to that Lender of funding its participation in that Loan for that Interest Period shall be deemed, for the purposes of paragraph (a) above, to be LIBOR or, in relation to a loan in euro, EURIBOR.
- (c) If a Market Disruption Event occurs the Agent shall, as soon as is practicable, notify the Company.
- (d) In this Agreement:

“**Market Disruption Event**” means:

- (i) at or about noon on the Quotation Day for the relevant Interest Period LIBOR or, if applicable, EURIBOR is to be determined by reference to the Reference Banks and none or only one of the Reference Banks supplies a rate to the Agent to determine LIBOR or, if applicable, EURIBOR for the relevant currency and Interest Period; or
- (ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in a Loan exceed 50 per cent. of that Loan) that the cost to it of funding its participation in that Loan from whatever source it may reasonably select would be in excess of LIBOR or, if applicable, EURIBOR.

## 16.3 Alternative basis of interest or funding

- (a) If a Market Disruption Event occurs and the Agent or the Company so requires, the Agent and the Company shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.
- (b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Company, be binding on all Parties.

## 16.4 Break Costs

- (a) Each Borrower shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of a Loan or Unpaid Sum being paid by that Borrower on a day other than the last day of an Interest Period for that Loan or Unpaid Sum.
- (b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

17. **FEES**

17.1 **Commitment fee**

- (a) The Company shall pay to the Agent (for the account of each Lender) a fee in the Base Currency computed at the rate of 35 per cent. of the applicable Margin in respect of a Revolving Facility Loan on that Lender's Available Commitment under the Revolving Facility from and including the Closing Date to and including the last day of the Availability Period applicable to the Revolving Facility.
- (b) The accrued commitment fee is payable on the last day of each successive period of three Months which ends during the relevant Availability Period, on the last day of the relevant Availability Period and (after the Closing Date) on the cancelled amount of the relevant Lender's Commitment at the time the cancellation is effective.
- (c) No commitment fee is payable to the Agent (for the account of a Lender) on any Available Commitment of that Lender for any day on which that Lender is a Defaulting Lender.

17.2 **Arrangement fee**

The Company shall pay to the Lenders party to this Agreement on the Closing Date an arrangement fee in the amount and at the times agreed in a Fee Letter.

17.3 **Agency fee**

The Company shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in a Fee Letter.

17.4 **Security Agent fee**

The Company shall pay to the Security Agent (for its own account) a security agent fee in the amount and at the times agreed in a Fee Letter.

17.5 **Fees payable in respect of Letters of Credit**

- (a) Each Borrower shall pay to the Issuing Bank a fronting fee at the rate of 0.125 per cent. per annum on the outstanding amount which is counter- indemnified by the other Lenders of each Letter of Credit requested by it for the period from the issue of that Letter of Credit until its Expiry Date.
- (b) Each Borrower shall pay to the Agent (for the account of each Lender) a Letter of Credit fee in the Base Currency (computed at the rate equal to the Margin applicable to a Revolving Facility Loan) on the outstanding amount of each Letter of Credit requested by it for the period from the issue of that Letter of Credit until its Expiry Date. Subject to paragraph (c) of Clause 7.6 (*Regulation and consequences of cash cover provided by Borrower*), this fee shall be distributed according to each Lender's L/C Proportion of that Letter of Credit.
- (c) The accrued fronting fee and Letter of Credit fee on a Letter of Credit shall be payable on the last day of each successive period of three Months (or such shorter period as shall end on the Expiry Date for that Letter of Credit) starting on the date of issue of that Letter of Credit.
- (d) If the Company or a Borrower provides cash cover in respect of any Letter of Credit:
  - (i) the fronting fee payable to the Issuing Bank and (subject to paragraph (c) of Clause 7.6 (*Regulation and consequences of cash cover provided by Borrower*)), the Letter of Credit fee payable for the account of each Lender shall cease to be payable in respect of the portion cash covered; and
  - (ii) the Company shall be entitled to withdraw interest on the cash cover.
- (e) The Company shall pay to the Issuing Bank (for its own account) an issuance/administration fee in the amount and at the times specified in a Fee Letter, if any.

## 17.6 **Interest, commission and fees on Ancillary Facilities**

The rate and time of payment of interest, commission, fees and any other remuneration in respect of each Ancillary Facility shall be determined by agreement between the relevant Ancillary Lender and the Borrower of that Ancillary Facility based upon normal market rates and terms.

**SECTION 6**  
**ADDITIONAL PAYMENT OBLIGATIONS**

**18. TAX GROSS-UP AND INDEMNITIES**

**18.1 Definitions**

In this Agreement:

“**EU Lender**” means a Lender which is resident for tax purposes in a member state of the European Union (other than Spain) or a permanent establishment of such European Union resident located in another member state of the European Union (other than Spain), **provided that** (i) such Lender is not a resident of, or is not acting through, a territory considered as a tax haven pursuant to Spanish tax law and regulations and (ii) such Lender does not act through a permanent establishment in Spain or in a jurisdiction that is not a member state of the European Union with which that Lender’s participation in the Loan is effectively connected, and in each case, the Lender is beneficially entitled to the interest on the Loan.

“**Protected Party**” means a Finance Party which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

“**Qualifying Lender**” means with respect to a Spanish Obligor, a Lender which is beneficially entitled to the interest payable to that Lender in respect of an advance under a Finance Document and is:

- (a) a Spanish credit entity or financial credit establishment registered with the Bank of Spain to which the provisions set out in the first paragraph of section (c) of Article 59 of the Spanish Corporate Income Tax regulations (approved by Royal Decree 1777/2004 of 30 July 2004) apply; or
- (b) a Spanish permanent establishment of a non-Spanish financial institution to which the provisions set out in the second paragraph of Article 8.1 of the Spanish Non-resident Income Tax regulations (approved by Royal Decree 1776/2004 of 30 July 2004) apply, and **provided that** the income derived from the interest paid by the Spanish Obligor is effectively connected to such Spanish permanent establishment; or
- (c) an EU Lender; or
- (d) a Treaty Lender.

“**Tax Credit**” means a credit against, relief or remission for, or repayment of, any Tax.

“**Tax Deduction**” means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

“**Tax Payment**” means either the increase in a payment made by an Obligor to a Finance Party under Clause 18.2 (*Tax gross-up*) or a payment under Clause 18.3 (*Tax indemnity*).

“**Treaty Lender**” means a Lender which:

- (a) is treated as a resident of a Treaty State for the purposes of the Treaty; and
- (b) does not carry on a business in Spain through a permanent establishment with which that Lender’s participation in the Loan is effectively connected.

“**Treaty State**” means a jurisdiction having a double taxation agreement (a “**Treaty**”) with Spain that is in force and which provisions are applicable which makes provision for full exemption from tax imposed by Spain on interest **provided that** such provisions granting full exemption from tax imposed by Spain on interest are applicable to the Lender.

Unless a contrary indication appears, in this Clause 18 a reference to “**determines**” or “**determined**” means a determination made in the absolute discretion of the person making the determination.

## 18.2 Tax gross-up

- (a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) The Company shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender or Issuing Bank shall notify the Agent on becoming so aware in respect of a payment payable to that Lender or Issuing Bank. If the Agent receives such notification from a Lender or Issuing Bank it shall notify the Company and that Obligor.
- (c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (d) A payment shall not be increased under paragraph (c) above by reason of a Tax Deduction on account of Tax imposed by Spain, if on the date on which the payment falls due:
  - (i) the payment could have been made to the relevant Lender without a Tax Deduction if the Lender had been a Qualifying Lender, but on that date that Lender is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or
  - (ii) the relevant Lender is an EU Lender and it has not complied with its obligations under paragraph (g) below; or
  - (iii) the relevant Lender is a Treaty Lender and it has not complied with its obligations under paragraph (g) below.
- (e) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (f) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.
- (g) A Lender which is either an EU Lender or a Treaty Lender shall, as soon as reasonably practicable after the date on which it becomes a Party to this Agreement, but before the earlier of any payment becoming due and any payment being made, deliver to the Borrower a valid certificate of tax residence duly issued by the competent tax authority of its country of residence evidencing such Lender as resident for tax purposes in that country or, as the case may be, the equivalent document, evidencing that such Lender is resident for tax purposes in the relevant Treaty State, within the meaning of such Treaty. Each such Lender shall be required to deliver a new certificate of tax residence upon expiry of the existing certificate in accordance with applicable Spanish tax law and regulations. Furthermore, if the Treaty provisions have been supplemented with any additional documentary or procedural formalities required to benefit from the provisions of the Treaty or the exemption, the Lender shall comply with such procedural and documentary requirements at the reasonable request of the Company.

## 18.3 Tax indemnity

- (a) The Company shall (within three Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document or the transactions occurring under such Finance Document.
- (b) Paragraph (a) above shall not apply:
  - (i) with respect to any Tax assessed on a Finance Party:

- (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
- (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

- (ii) to the extent a loss, liability or cost:
  - (A) is compensated for by an increased payment under Clause 18.2 (*Tax gross-up*);
  - (B) would have been compensated for by an increased payment under Clause 18.2 (*Tax gross-up*) but was not so compensated solely because one of the exclusions in paragraph (d) of Clause 18.2 (*Tax gross-up*) applied;
  - (C) relates to a FATCA Deduction required to be made by a Party; or
  - (D) is suffered or incurred as a result of the Finance Party's failure to comply with Clause 18.5 (*Lender Status Confirmation*).

- (c) A Protected Party making, or intending to make a claim under paragraph (a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Company.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 18.3, notify the Agent.

#### 18.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and
- (b) that Finance Party has obtained and utilised that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

#### 18.5 Lender Status Confirmation

Each Lender which becomes a Party to this Agreement after the date of this Agreement shall indicate, in the Transfer Certificate, Assignment Agreement or Increase Confirmation which it executes on becoming a Party, and for the benefit of the Agent and without liability to any Obligor, which of the following categories it falls in:

- (a) not a Qualifying Lender;
- (b) a Qualifying Lender (other than an EU Lender or a Treaty Lender); or
- (c) an EU Lender or a Treaty Lender.

If a New Lender or an Increase Lender fails to indicate its status in accordance with this Clause 18.5 then such New Lender or Increase Lender shall be treated for the purposes of this Agreement (including by each Obligor) as if it is not a Qualifying Lender until such time as it notifies the Agent which categories apply (and the Agent, upon receipt of such notification, shall inform the Company). For the avoidance of doubt, a Transfer Certificate, Assignment Agreement or Increase Confirmation shall not be invalidated by any failure of a Lender to comply with this Clause 18.5.

## 18.6 Stamp taxes

The Company shall pay and, within three Business Days of demand, indemnify each Finance Party against any cost, loss or liability each Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of, or in order to register or enforce, any Finance Document or the transactions occurring under any of them but excluding all stamp duty, registration, excise and other similar Taxes payable in connection with the assignment or transfer of any Security created under the Finance Documents or with any transfer or assignment of any of its rights or obligations under the Finance Documents.

## 18.7 VAT

- (a) All amounts expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to that Party).
- (b) If VAT is or becomes chargeable on any supply made by any Finance Party (the “**Supplier**”) to any other Finance Party (the “**Recipient**”) under a Finance Document, and any Party other than the Recipient (the “**Relevant Party**”) is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration);
  - (i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this paragraph (i) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and
  - (ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.
- (c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- (d) Any reference in this Clause 18.7 to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term “representative member” shall (i) have the same meaning as in the Value Added Tax Act 37/1992, of December 28 with regard to Spain or (ii) where applicable, with regard to another jurisdiction refer to an equivalent provision under the relevant laws of such jurisdiction to that referred to in (i)).
- (e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party’s VAT registration and such other information as is reasonably requested in connection with such Finance Party’s VAT reporting requirements in relation to such supply.

## 18.8 FATCA Information

- (a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:
  - (i) confirm to that other Party whether it is:



- (A) a FATCA Exempt Party; or
  - (B) not a FATCA Exempt Party; and
- (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA (including its applicable “passthru payment percentage” or other information required under the US Treasury Regulations or other official guidance including intergovernmental agreements) as that other Party reasonably requests for the purposes of that other Party’s compliance with FATCA.

- (b) If a Party confirms to another Party pursuant to paragraph (a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- (c) Paragraph (a) above shall not oblige any Finance Party to do anything which would or might in its reasonable opinion constitute a breach of:
  - (i) any law or regulation;
  - (ii) any fiduciary duty; or
  - (iii) any duty of confidentiality.
- (d) If a Party fails to confirm its status or to supply forms, documentation or other information requested in accordance with paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then:
  - (i) if that Party failed to confirm whether it is (and/or remains) a FATCA Exempt Party then such Party shall be treated for the purposes of the Finance Documents as if it is not a FATCA Exempt Party; and
  - (ii) if that Party failed to confirm its applicable “passthru payment percentage” then such Party shall be treated for the purposes of the Finance Documents (and payments made thereunder) as if its applicable “passthru payment percentage” is 100%,

until (in each case) such time as the Party in question provides the requested confirmation, forms, documentation or other information.

#### 18.9 **FATCA Deduction**

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction) notify the Party to whom it is making the payment and, in addition, shall notify the Company, the Agent and the other Finance Parties.

#### 19. **INCREASED COSTS**

##### 19.1 **Increased costs**

- (a) Subject to Clause 19.3 (*Exceptions*) the Company shall, within three Business Days of a demand by the Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:
  - (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation after the date of this Agreement;
  - (ii) compliance with any law or regulation made after the date of this Agreement; or
  - (iii) the implementation or application of, or compliance with, Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV.

(b) In this Agreement:

(i) “**Increased Costs**” means:

- (A) a reduction in the rate of return from a Facility or on a Finance Party’s (or its Affiliate’s) overall capital;
- (B) an additional or increased cost; or
- (C) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or an Ancillary Commitment or funding or performing its obligations under any Finance Document or Letter of Credit;

(ii) “**Basel III**” means:

- (A) the agreements on capital requirements, a leverage ratio and liquidity standards contained in “Basel III: A global regulatory framework for more resilient banks and banking systems”, “Basel III: International framework for liquidity risk measurement, standards and monitoring” and “Guidance for national authorities operating the countercyclical capital buffer” published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated; and
- (B) the rules for global systemically important banks contained in “Global systemically important banks: assessment methodology and the additional loss absorbency requirement—Rules text” published by the Basel Committee on Banking Supervision in November 2011 as amended, supplemented or restated; and
- (C) any further guidance or standards published by the Basel Committee on Banking Supervision relating to “Basel III”; and

(iii) “**CRD IV**” means:

- (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms; and
- (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

## 19.2 Increased cost claims

- (a) A Finance Party intending to make a claim pursuant to Clause 19.1 (*Increased costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Company.
- (b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

## 19.3 Exceptions

- (a) Clause 19.1 (*Increased costs*) does not apply to the extent any Increased Cost is:
  - (i) attributable to a Tax Deduction required by law to be made by an Obligor;
  - (ii) attributable to a FATCA Deduction required to be made by a Party;

- (iii) compensated for by Clause 18.3 (*Tax indemnity*) (or would have been compensated for under Clause 18.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 18.3 (*Tax indemnity*) applied);
  - (iv) attributable to the negligence or the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or
  - (v) attributable to the implementation or application of or compliance with the “International Convergence of Capital Measurement and Capital Standards, a Revised Framework” published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment arising out of Basel III or CRD IV) (“**Basel II**”) or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).
- (b) In this Clause 19.3 reference to a “**Tax Deduction**” has the same meaning given to the term in Clause 18.1 (*Definitions*).

## 20. OTHER INDEMNITIES

### 20.1 Currency indemnity

- (a) If any sum due from an Obligor under the Finance Documents (a “**Sum**”), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the “**First Currency**”) in which that Sum is payable into another currency (the “**Second Currency**”) for the purpose of:
- (i) making or filing a claim or proof against that Obligor; or
  - (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within three Business Days of demand, indemnify each Secured Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

- (b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

### 20.2 Other indemnities

The Company shall (or shall procure that an Obligor will), within three Business Days of demand, indemnify each Secured Party against any cost, loss or liability incurred by it as a result of:

- (a) the occurrence of any Event of Default;
- (b) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 34 (*Sharing among the Finance Parties*);
- (c) funding, or making arrangements to fund, its participation in a Utilisation requested by a Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone);
- (d) issuing or making arrangements to issue a Letter of Credit requested by the Company or a Borrower in a Utilisation Request but not issued by reason of the operation of any one or more of the provisions of this Agreement; or
- (e) a Utilisation (or part of a Utilisation) not being prepaid in accordance with a notice of prepayment given by a Borrower or the Company.

### 20.3 Indemnity to the Agent

The Company shall (or shall procure that an Obligor will) within 5 Business Days of demand, indemnify the Agent against:

- (a) any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:
  - (i) investigating any event which it reasonably believes is a Default;
  - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or
  - (iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement; and
- (b) any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (otherwise than by reason of the Agent's gross negligence or wilful misconduct or deliberate breach of the terms of this Agreement) (or, in the case of any cost, loss or liability pursuant to Clause 35.11 (*Disruption to Payment Systems etc.*) notwithstanding the Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) in acting as Agent under the Finance Documents.

## 21. MITIGATION BY THE LENDERS

### 21.1 Mitigation

- (a) Each Finance Party shall, in consultation with the Company, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 11.1 (*Illegality*) (or, in respect of the Issuing Bank, Clause 11.2 (*Illegality in relation to Issuing Bank*)), Clause 18 (*Tax gross-up and indemnities*) or Clause 19 (*Increased Costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.
- (b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

### 21.2 Limitation of liability

- (a) The Company shall promptly indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 21.1 (*Mitigation*).
- (b) A Finance Party is not obliged to take any steps under Clause 21.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

## 22. COSTS AND EXPENSES

### 22.1 Transaction expenses

The Company shall within thirty days of demand pay the Agent, the Arranger, the Issuing Bank and the Security Agent the amount of all costs and expenses (including legal fees) (subject to any agreed caps) reasonably incurred by any of them (and, in the case of the Security Agent, by any Receiver or Delegate) in connection with the negotiation, preparation, printing, execution, syndication (if any but only to the extent incurred prior to the Closing Date) and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement and the Transaction Security; and
- (b) any other Finance Documents executed after the date of this Agreement.

### 22.2 Amendment costs

If:

- (a) an Obligor requests an amendment, waiver or consent; or
- (b) an amendment is required pursuant to Clause 35.10 (*Change of currency*),

the Company shall, within thirty Business Days of demand, reimburse each of the Agent and the Security Agent for the amount of all costs and expenses (including legal fees) (subject to any agreed caps) reasonably incurred by the Agent and the Security Agent (and, in the case of the Security Agent, by any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

### **22.3 Enforcement and preservation costs**

The Company shall, within five Business Days of demand, pay to the Agent and each other Secured Party the amount of all costs and expenses (including legal fees) incurred by it in connection with the enforcement of or the preservation of any rights under any Finance Document and the Transaction Security and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Transaction Security or enforcing these rights (other than any arising by reason of the Security Agent's gross negligence or wilful default).

## **SECTION 7 GUARANTEE**

### **23. GUARANTEE AND INDEMNITY**

#### **23.1 Guarantee and indemnity**

Each Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;
- (b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by a Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 23 if the amount claimed had been recoverable on the basis of a guarantee,

subject in each case to any limitations referred to in Clause 23.11 (*Guarantee Limitations*) or in any Accession Deed by which such Guarantor becomes a Party.

#### **23.2 Continuing Guarantee**

This guarantee and indemnity is independent and separate from the obligations of any Obligor (and, consequently, the guarantee granted by any Spanish Guarantor under this Agreement will in no event be construed or configured as a Spanish "*fianza*" for the purposes of article 1,822 seq of the Spanish Civil Code) and is a continuing guarantee which will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

#### **23.3 Reinstatement**

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Guarantor under this Clause 23 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

#### **23.4 Waiver of defences**

The obligations of each Guarantor under this Clause 23 will not be affected by an act, omission, matter or thing which, but for this Clause 23, would reduce, release or prejudice any of its obligations under this Clause 23 (without limitation and whether or not known to it or any Finance Party) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or nonobservance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Finance Document or other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings.

### 23.5 **Guarantor Intent**

Without prejudice to the generality of Clause 23.4 (*Waiver of defences*), each Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental and of whatsoever nature and whether or not more onerous) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

### 23.6 **Immediate recourse**

Each Guarantor waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Guarantor under this Clause 23. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

### 23.7 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from any Guarantor or on account of any Guarantor's liability under this Clause 23.

### 23.8 **Deferral of Guarantors' rights**

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 23:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Guarantor has given a guarantee, undertaking or indemnity under Clause 23.1 (*Guarantee and indemnity*);
- (e) to exercise any right of set-off against any Obligor; and/or



- (f) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If a Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 35 (*Payment mechanics*).

### 23.9 Release of Guarantors' right of contribution

If any Guarantor (a "**Retiring Guarantor**") ceases to be a Guarantor in accordance with the terms of the Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor:

- (a) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and
- (b) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under any Finance Document or of any other security taken pursuant to, or in connection with, any Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

### 23.10 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Finance Party.

### 23.11 Guarantee Limitations

- (a) *Spain*

The obligations of any Spanish Guarantor under this Clause 23 (*Guarantee and Indemnity*) or under any Transaction Security Document governed by Spanish law shall not include and shall not extend to any obligations or amounts that would render such obligations in contravention of Section 150 of the Spanish Capital Companies Act (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*). In particular, no Spanish Guarantor may, in any case, secure any payment, prepayment, repayment or reimbursement obligations derived from any Finance Document used or that may be used for the purposes of payment of acquisition debt (in the sense of Section 150 of the Spanish Companies Act), payment of any costs or transaction expenses related to or paying the purchase price for such acquisition.

- (b) *Czech Republic*

- (i) The obligations and liabilities of a Czech Guarantor under the guarantee and/or indemnity pursuant to this Clause 23 shall be limited to an amount equal to the Czech Limitation Amount, being:

$$\frac{G}{O} \times A$$

where:

- (A) "A" means the net book value of all assets of the relevant Czech Guarantor recorded in its latest audited annual unconsolidated financial statements available to the Agent or, if they are more up-to-date and supplied to the Agent within 15 Business Days of its request and if the Agent, acting in its sole discretion, has no reason to doubt the accuracy thereof, its latest audited interim unconsolidated financial statements available to the Agent;

(B) “G” means the amount of all obligations that would have been guaranteed by the relevant Czech Guarantor under this Agreement had the Czech Limitation Amount not been applied, **provided that** where such amount is expressed in a currency other than Czech crowns, such amount shall be expressed in its equivalent in Czech crowns on the date falling one Business Day prior to the date on which the relevant Finance Party dispatched a demand for performance under this Clause 23 vis- à-vis the relevant Czech Guarantor; and

(C) “O” means all liabilities of the relevant Czech Guarantor recorded in its latest audited annual unconsolidated financial statements available to the Agent or, if they are more up-to-date and supplied to the Agent within 15 Business Days of its request and if the Agent, acting in its sole discretion, has no reason to doubt the accuracy thereof, its latest audited interim unconsolidated financial statements. The term “liabilities” shall have the meaning attached to it under the accounting standards applicable to the relevant Czech Guarantor but, notwithstanding the foregoing, shall at all times:

(1) exclude equity (in Czech *vlastní kapitál*); and

(2) include the amount calculated as “G” based on the definition set out above.

(ii) For the avoidance of doubt, for the purpose of the calculation of the “O” amount under paragraph (i) above, any identical obligations of the relevant Czech Guarantor mentioned therein will only be included in the “O” amount once. The term “net book value” used for the purpose of the calculation of the Czech Limitation Amount means the book value reduced by corrections and provisions (in Czech *opravné položky a oprávký (korekce)*) as set out in decree no. 500/2002 Coll., as amended (the “**Decree**”), implementing Act No. 563/1991 Coll., Czech Act on Accountancy, as amended or in any other legislation which may supersede the Decree in the future.

(iii) The agreement contained in paragraph (i) above shall be conditional on no declaration of insolvency (in Czech *rozhodnutí o úpadku*) having been passed in relation to the relevant Czech Guarantor or any of its assets in insolvency proceedings conducted in the Czech Republic or other similar steps having been taken in similar proceedings conducted in another jurisdiction involving *pro rata* payment of general creditors’ claims (a “**Declaration of Insolvency**”). Upon a Declaration of Insolvency the agreement contained in paragraph (i) above shall cease to apply.

(c) *Portugal*

No Portuguese Guarantor shall give any guarantee or indemnity or incur any liability under this Clause 23.

(d) *Slovak Republic*

(i) The obligations and liabilities of any Slovak Guarantor under the guarantee and/or indemnity pursuant to this Clause 23 shall be limited to an amount equal to the Slovak Limitation Amount, being:  $\times A$

$$\frac{G}{O} \times A$$

where:

(A) “A” means the net book value of all assets of the relevant Slovak Guarantor recorded in its latest audited annual unconsolidated financial statements available to the Agent or, if they are more up-to-date and supplied to the Agent within 15 Business Days of its request and if the Agent, acting in its sole discretion, has no reason to doubt the accuracy thereof, its latest audited interim unconsolidated financial statements available to the Agent;

(B) “G” means the amount of all obligations that would have been guaranteed by the relevant Slovak Guarantor under this Agreement had the Slovak Limitation Amount not been applied, **provided that** where such amount is expressed in a currency other

than Euro, such amount shall be expressed in its equivalent in Euros on the date falling one Business Day prior to the date on which the relevant Finance Party dispatched a demand for performance under this Clause 23 vis-à-vis the relevant Slovak Guarantor; and

- (C) “O” means all liabilities of the relevant Slovak Guarantor recorded in its latest audited annual unconsolidated financial statements available to the Agent or, if they are more up-to-date and supplied to the Agent within 15 Business Days of its request and if the Agent, acting in its sole discretion, has no reason to doubt the accuracy thereof, its latest audited interim unconsolidated financial statements. The term “liabilities” shall have the meaning attached to it under the accounting standards applicable to the relevant Slovak Guarantor but, notwithstanding the foregoing, shall at all times:
- (1) exclude equity capital (*vlastné imanie*); and
  - (2) exclude any subordinated liabilities under Section 408a of the Slovak Commercial Code (and other liabilities, including intra-Group liabilities, which should be satisfied in the same order of priority as subordinated liabilities under the Slovak Insolvency Act); and
  - (3) exclude any conditional liabilities; and
  - (4) include the amount calculated as “G” based on the definition set out above.
- (ii) For the avoidance of doubt, for the purpose of the calculation of the “O” amount under paragraph (i) above, any identical obligations of the relevant Slovak Guarantor mentioned therein will only be included in the “O” amount once. The term “net book value” used for the purpose of the calculation of the Slovak Limitation Amount means the book value reduced by corrections and provisions (in Slovak *opravné položky a oprávky (korekcie)*) as set out in decree of the Ministry of Finance of the Slovak Republic dated 16 December 2002 no. 4/2003 Coll., as amended (the “Decree”), implementing the Slovak Act No. 431/2002 Coll., on Accountancy, as amended or in any other legislation which may supersede the Decree in the future.
- (iii) The agreement contained in paragraph (i) above shall be conditional on no declaration of bankruptcy (in Slovak *vyhlásenie konkurzu*) or restructuring (in Slovak *povolenie reštrukturalizácie*) having been passed in relation to the relevant Slovak Guarantor or any of its assets in bankruptcy or restructuring proceedings conducted in the Slovak Republic or other similar steps having been taken in similar proceedings conducted in another jurisdiction involving pro rata payment of general creditors’ claims (“**Declaration of Bankruptcy or Restructuring**”). Upon a Declaration of Bankruptcy or Restructuring (other than at the instigation of the Agent or other Finance Party) the agreement contained in paragraph (i) above shall cease to apply.

(e) *Germany*

(i) In this paragraph (e):

“**German Guarantor**” means a Guarantor incorporated or established in Germany in the legal form of a limited liability company (*GmbH*) or a limited partnership with a limited liability company as general partner (*GmbH & Co. KG*).

“**Guarantee**” means the guarantee and indemnity given pursuant to this Clause 23 (*Guarantee and indemnity*).

“**Net Assets**” means an amount equal to the sum of the amounts of the German Guarantor’s (or, in the case of a GmbH & Co. KG, its general partner’s) assets (consisting of all assets which correspond to the items set forth in section 266 paragraph 2 A, B, C, D and E of the German Commercial Code (*Handelsgesetzbuch—“HGB”*)) less the aggregate amount of such German Guarantor’s (or, in the case of a GmbH & Co. KG, its general partner’s) liabilities (consisting of all liabilities and liability reserves which correspond to the items set forth in section 266 paragraph 3 B, C, D and E HGB), save that:

- (A) any obligations (*Verbindlichkeiten*) of the German Guarantor (and, in the case of a GmbH & Co. KG, of its general partner):
- (1) owing to any member of the Group or any other affiliated company which are subordinated by law or by contract to any Financial Indebtedness outstanding under this Agreement (including, for the avoidance of doubt, obligations that would in an insolvency be subordinated pursuant to section 39 paragraph 1 no. 5 or section 39 paragraph 2 of the German Insolvency Code (*Insolvenzordnung*)) and including obligations under guarantees for obligations which are so subordinated; or
  - (2) incurred in violation of any of the provisions of the Finance Documents shall be disregarded; and
- (B) the assets of the German Guarantor (and, in the case of a GmbH & Co. KG, its general partner) shall be assessed at their liquidation value (*Liquidationswert*) instead of their book value (*Buchwert*) if, at the time demand under the Guarantee is made, a negative prognosis as to whether the business can carry on as a going concern (*negative Fortführungsprognose*) must be made.

The Net Assets shall be determined in accordance with the generally accepted accounting principles applicable from time to time in Germany (*Grundsätze ordnungsmäßiger Buchführung*) and be based on the same principles that were applied by the German Guarantor (or, in the case of a GmbH & Co. KG, its general partner) in the preparation of its most recent annual balance sheet (*Jahresbilanz*).

“**Protected Capital**” means in relation to a German Guarantor the aggregate amount of:

- (A) its (or, where the German Guarantor is a GmbH & Co. KG, its general partner’s) share capital (*Stammkapital*) as registered in the commercial register (*Handelsregister*) **provided that** any increase registered after the date of this Agreement shall not be taken into account unless (i) such increase has been effected with the prior written consent of the Agent (even if such increase is permitted under this Agreement or any other Finance Document) and (ii) only to the extent it is fully paid up; and
- (B) its (or when applicable where the German Guarantor is a GmbH & Co. KG, its general partner’s) amount of profits (*Gewinne*) which are not available for distribution to its shareholder(s) in accordance with section 268 paragraph 8 HGB.

“**Up-stream and/or Cross-stream Guarantee**” means any Guarantee if and to the extent such Guarantee secures the obligations of an Obligor which is a shareholder of the German Guarantor (and/or, in the case of a GmbH & Co. KG, of its general partner) or an affiliated

company (*verbundenes Unternehmen*) of such shareholder within the meaning of section 16, 17 or 18 of the German Stock Corporation Act (*Aktiengesetz*) (other than the German Guarantor and its Subsidiaries and, in the case of a GmbH & Co. KG, the general partner and its Subsidiaries), **provided that** it shall not constitute an Up-stream or Cross-stream Guarantee if and to the extent the Guarantee guarantees amounts outstanding under any Finance Document in relation to any financial accommodation made available under such Finance Document to any Borrower and on-lent or otherwise passed on to, or issued for the benefit of, the relevant German Guarantor or any of its Subsidiaries (and, where the German Guarantor is a GmbH & Co. KG, to, or for the benefit of, its general partner or any of its Subsidiaries) and outstanding from time to time.

- (ii) This paragraph (e) applies if and to the extent the Guarantee is given by a German Guarantor and is an Up-stream and/or Cross- stream Guarantee.
- (iii) Each Finance Party agrees that the enforcement of the Guarantee given by a German Guarantor shall be limited if:
  - (A) (and to the extent that) the Guarantee constitutes an Upstream- and/or Cross-Stream Guarantee; and
  - (B) payment under the Guarantee would otherwise;
    - (1) have the effect of reducing the German Guarantor's (or, where the German Guarantor is a GmbH & Co. KG, its general partner's) Net Assets to an amount that is lower than the amount of its (or, where the German Guarantor is a GmbH & Co. KG, its general partner's) Protected Capital or, if the amount of the Net Assets is already lower than the amount of its (or, where the German Guarantor is a GmbH & Co. KG, its general partner's) Protected Capital, cause the Net Assets to be further reduced; and
    - (2) thereby give rise to a violation of the capital maintenance requirement as set out in section 30 paragraph 1 of the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*); and
  - (C) the relevant German Guarantor has complied with its obligation to deliver the Management Determination and the Auditor's Determination, in each case together with an up-to-date balance sheet, in accordance with the requirements set out in subparagraphs (iv) and (v) below.
- (iv) Within five Business Days after a Finance Party has made a demand under the Guarantee, the German Guarantor shall provide a certificate signed by its managing director(s) (*Geschäftsführer*) confirming in writing if and to what extent the Guarantee is an Up-stream and/or Cross-stream Guarantee and an enforcement of the Guarantee would have the effects referred to in sub-paragraph (iii)(B) above (the "**Management Determination**"). Such confirmation shall comprise an up-to-date balance sheet of the German Guarantor (and, in the case of a GmbH & Co. KG, its general partner) and a detailed calculation, based on the provisions of this Agreement, of the amount of the Net Assets and Protected Capital of the German Guarantor (or in the case of a GmbH & Co. KG or its general partner). The relevant German Guarantor shall fulfil its obligations under the Guarantee within three Business Days of providing the Management Determination (and each Finance Party shall be entitled to enforce the Guarantee) in an amount which pursuant to the Management Determination would not cause the effects set out in sub- paragraph (iii)(B) above (irrespective of whether or not the Agent agrees with the Management Determination).
- (v) If the Agent (acting on the instructions of the Majority Lenders) disagrees with the Management Determination, it may within twenty (20) Business Days of its receipt request the German Guarantor to deliver, at its own cost and expense, within twenty (20) Business Days of such request an up-to-date balance sheet of the German Guarantor (and, in the case of a GmbH & Co. KG, of its general partner), drawn-up by an Auditor appointed by the German Guarantor in consultation with the Agent, together with a detailed calculation, based on the provisions of this Agreement, of the amount of the Net Assets and Protected Capital of the German Guarantor (or, in the case of a GmbH & Co. KG, its general partner) the "**Auditor's Determination**"). The German Guarantor shall fulfil its obligations under the Guarantee

within three Business Days of providing the Auditor's Determination (and each Finance Party shall be entitled to enforce the Guarantee) in an amount which pursuant to the Auditor's Determination would not cause the effects set out in sub-paragraph (iii)(B) above.

(vi) No reduction of the amount enforceable pursuant to this paragraph (e) will prejudice the right of the Finance Parties to continue to enforce the Guarantee (subject always to the operation of the limitations set out above at the time of such enforcement) until full satisfaction of the claims guaranteed.

(vii) Each German Guarantor shall (and, in the case of a German Guarantor in the form of a GmbH & Co. KG, shall procure that its general partner will) do everything commercially justifiable and legally permitted to avoid the enforcement of the Guarantee becoming limited pursuant to the terms of this paragraph (e) and shall in particular, within three months after a written request of the Agent realise at least at market value any of its (and, in the case of a GmbH & Co. KG, any of its general partner's) assets that is not necessary for its business (*nicht betriebsnotwendig*) (or, in the case of a GmbH & Co. KG, that of its general partner) and is shown in its (or, in the case of a GmbH & Co. KG, its general partner's) balance sheet with a book value that is in the reasonable opinion of the Agent significantly lower than the market value.

(f) *Mexico*

In any action or proceeding involving any bankruptcy, insolvency, reorganisation or other Mexican law affecting the rights of creditors generally, including the Mexican Insolvency Law (*Ley de Concursos Mercantiles*), if the obligations of the Mexican Guarantor under this Clause 23 would otherwise be held or determined to be void, invalid or unenforceable, or subordinated to the claims of any other creditors, on account of the amount of its liability under this Clause 23, then, notwithstanding any other provision hereof to the contrary, the amount of such liability may be automatically limited and reduced to the highest amount that is valid and enforceable and not subordinated to the claims of other creditors as determined in such action or proceeding.

(g) *USA*

Any term or provision of this Clause 23 or any other term in this Agreement or any Finance Document notwithstanding, the maximum liability of each U.S. Guarantor under this Agreement and under the other Finance Documents shall in no event exceed the amount that can be guaranteed by such U.S. Guarantor under applicable U.S. federal and state laws relating to fraudulent conveyance, fraudulent transfers or the insolvency of debtors or similar laws.

**SECTION 8**  
**REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT**

**24. REPRESENTATIONS**

**24.1 General**

Each Obligor makes the representations and warranties set out in this Clause 24 to each Finance Party (save for the representations and warranties in Clause 24.19 (*Ranking*) to 24.21 (*Shares*) which shall be made by the Company only).

*Status, authorisations and governing law*

**24.2 Status**

- (a) It is a limited liability corporation, limited liability company or partnership with limited liability, duly incorporated or, in the case of a partnership, established and validly existing under the law of its Original Jurisdiction.
- (b) It and each of its Subsidiaries which is a Material Company has the power to own its assets and carry on its business in all material respects as it is being conducted.

**24.3 Binding obligations**

Subject to the Legal Reservations:

- (a) and, in the case of this Agreement or any other Finance Document, any notarisation in Spain necessary for its validity or enforceability, the obligations expressed to be assumed by it in each Finance Document to which it is a party are legal, valid, binding and enforceable obligations; and
- (b) (without limiting the generality of paragraph (a) above), each Transaction Security Document to which it is a party creates the security interests which that Transaction Security Document purports to create and those security interests are valid and effective subject to any Perfection Requirements.

**24.4 Non-conflict with other obligations**

The entry into and performance by it of, and the transactions contemplated by, the Finance Documents to which it is a party and, if applicable, the granting of the Transaction Security by it do not conflict with:

- (a) any law or regulation applicable to it;
- (b) its or any Material Company's constitutional documents; or
- (c) any agreement or instrument binding upon it or any Material Company or any of its or any Material Company's assets or constitute a default or termination event (however described) under any such agreement or instrument, in any such case to an extent or in a manner which has or could reasonably be expected to have a Material Adverse Effect (which for the purposes of this paragraph (c) only shall include a material adverse effect on the validity or enforceability of or the rights and remedies of any Finance Party under any of the Finance Documents).

**24.5 Power and authority**

It has the power to enter into, perform and deliver, and has taken (or will take prior to entering into such document), all necessary action to authorise its entry into, performance and delivery of, the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents.

**24.6 Validity and admissibility in evidence**

- (a) Subject to the Legal Reservations (and, in the case of the Transaction Security Documents, to any Perfection Requirements) all Authorisations required:

- (i) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Finance Documents to which it is a party; and
- (ii) to make the Finance Documents to which it is a party admissible in evidence in its Original Jurisdiction,

have been obtained or effected and are in full force and effect.

- (b) All Authorisations necessary for the conduct of its business, trade and ordinary activities are in full force and effect and it has not received any notification of nor is it aware of their suspension or withdrawal where, in any such case, failure to have any such Authorisation in full force and effect has or could reasonably be expected to have a Material Adverse Effect.

#### 24.7 **Governing law and enforcement**

Subject to the Legal Reservations:

- (a) the choice of governing law of the Finance Documents will be recognised and enforced in its Original Jurisdiction; and
- (b) any judgment obtained in relation to a Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in its Original Jurisdiction, subject to compliance with applicable procedural requirements.

#### *No default or tax liability*

#### 24.8 **No filing or stamp taxes**

Under the laws of its Original Jurisdiction it is not necessary that any Finance Document to which it is a party be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents to which it is a party or the transactions contemplated by those Finance Documents excluding any filing, recording, or enrolling or any stamp, registration, notarial or similar Taxes or fees referred to in any Legal Opinion.

#### 24.9 **No default**

- (a) No Event of Default and, on the date of this Agreement and the Closing Date, no Default is continuing or is reasonably likely to result from the making of any Utilisation.
- (b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on it or any Material Company or to which its (or any Material Company's) assets are subject and which has or is reasonably likely to have a Material Adverse Effect.

#### 24.10 **Taxation**

- (a) It is not (and none of its Subsidiaries is) materially overdue in the filing of any Tax returns where late filing has or could reasonably be expected to have a Material Adverse Effect and it is not (and none of its Subsidiaries is) overdue in the payment of any amount in respect of Tax (whether or not shown on any Tax return) the non-payment of which would have a Material Adverse Effect.
- (b) No claims or investigations are being, or are reasonably likely to be, made or conducted against it (or any of its Subsidiaries) with respect to Taxes such that a liability of, or claim against, any member of the Group which would have a Material Adverse Effect is reasonably likely to arise.
- (c) Each Borrower is resident for Tax purposes only in its Original Jurisdiction.



## ***Provision of information—general***

### **24.11 No misleading information**

Save as disclosed in writing to the Agent or the Arranger prior to the date of this Agreement all written factual information relating to the Group, its assets or its business provided by any member of the Group (including its advisers) to the Agent or the Arranger in connection with the Finance Documents was true, complete and accurate in all material respects as at the date it was provided and at the date provided was not misleading in any material respect.

### **24.12 Original Financial Statements**

- (a) Its Original Financial Statements were prepared in accordance with the Accounting Principles consistently applied.
- (b) The Company's audited Original Financial Statements give a true and fair view in all material respects of its consolidated financial condition and results of operations during the relevant financial year.
- (c) There has been no material adverse change in the consolidated business or financial condition of the Group since the date of the Company's Original Financial Statements.
- (d) The Company's most recent financial statements delivered pursuant to Clause 25.1 (*Financial statements*):
  - (i) have been prepared in accordance with (or in the case of quarterly accounts on a basis consistent with) GAAP; and
  - (ii) give a true and fair view in all material respects of its consolidated financial condition as at the end of, and consolidated results of operations for, the period to which they relate.

### **24.13 Accounting reference date**

The Accounting Reference Date of the Company is 31 December.

## ***No proceedings or breach of laws***

### **24.14 No proceedings pending or threatened**

No litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency which are reasonably likely to be adversely determined and, if so if adversely determined, are reasonably likely to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it or any Material Company and no corporate action, legal proceedings, or other step described in Clause 28.7 (*Insolvency proceedings*) or creditors' process described in Clause 28.8 (*Creditors' Process*), has to the knowledge of the Company or any Obligor been taken or is currently threatened against any Obligor or any Material Company.

### **24.15 No breach of laws**

- (a) It has not breached any law or regulation which breach has or could reasonably be expected to have a Material Adverse Effect.
- (b) No labour disputes are current or, to the best of the Company's or any Obligor's knowledge and belief (having made due and careful enquiry), threatened against any member of the Group which have or could reasonably be expected to have a Material Adverse Effect.

### **24.16 Environmental laws**

- (a) No member of the Group is in breach of any Environmental Law where such breach has or could reasonably be expected to have a Material Adverse Effect.
- (b) To the best of the Company's or any Obligor's knowledge and belief, no Environmental Claim has been commenced or threatened against any member of the Group which is reasonably likely to be

adversely determined and if so adversely determined would have or could reasonably be likely to have a Material Adverse Effect.

### ***Security and ownership of assets***

#### **24.17 Sanctions and Anti-corruption law**

- (a) So far as the Company or any Obligor is aware, each member of the Group and its respective directors and officers have conducted the business of such member of the Group in compliance in all material respects with applicable Anti-Corruption Laws and have instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.
- (b) No member of the Group or any of their respective directors, officers or representatives acting on their behalf in connection with the Finance Documents:
  - (i) is a Designated Person;
  - (ii) is a Person that is owned or controlled by a Designated Person;
  - (iii) is located, organised or resident in a Sanctioned Country; or
  - (iv) has directly engaged in, or is now directly engaged in, any dealings or transactions (1) with any Designated Person, (2) in any Sanctioned Country, or (3) otherwise in violation of Sanctions.

#### **24.18 Security and Financial Indebtedness**

- (a) No Security or Quasi-Security exists over all or any of the present or future assets of any member of the Group other than as permitted by this Agreement.
- (b) No member of the Group has any Financial Indebtedness outstanding other than as permitted by this Agreement.

#### **24.19 Ranking**

Subject as set out in the Intercreditor Agreement and to the Legal Reservations, the Transaction Security has or will have the ranking in priority which it is expressed to have in the Transaction Security Documents and it is not subject to any prior ranking or *pari passu* ranking Security.

#### **24.20 Legal and beneficial ownership**

- (a) Holdco 1 is, as at the date it enters into the Holdco 1 Share Pledge, the sole legal and beneficial owner of the assets over which it purports to grant Security.
- (b) Holdco 2 is, as at the date it enters into the Holdco 2 Share Pledge, the sole legal and beneficial owner of the assets over which it purports to grant Security.
- (c) Any Obligor which grants Transaction Security is the sole legal and beneficial owner of the respective assets over which it purports to grant Security.

#### **24.21 Shares**

- (a) Subject to any amendment to the constitutional documents of the Company as may be required by the Holdco 2 Share Pledge:
  - (i) the shares of any member of the Group which are subject to the Transaction Security are fully paid and not subject to any option to purchase or similar rights; and
  - (ii) the constitutional documents of companies whose shares are subject to the Transaction Security do not restrict or inhibit any transfer of those shares on creation or enforcement of the Transaction Security.

- (b) There are no agreements in force which provide for the issue or allotment of, or grant any person (other than the pledgor) the right to call for the issue or allotment of, any share or loan capital of any member of the Group whose shares are subject to the Transaction Security (including any option or right of pre-emption or conversion).

#### 24.22 Intellectual Property

It:

- (a) is the sole legal and beneficial owner of or has licensed to it on normal commercial terms all the Intellectual Property which is required by it in order to carry on its business as it is being conducted;
- (b) does not, in carrying on its businesses, infringe any Intellectual Property of any third party in any respect; and
- (c) has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it,

where in any such case failure to own or have licensed to it, infringement or failure to take required formal or procedural actions, has or could be reasonably likely to have a Material Adverse Effect.

#### *Provision of information—Group*

#### 24.23 Group Structure Chart

The Group Structure Chart delivered to the Agent pursuant to Part I of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) is true, complete and accurate in all material respects and shows the following information:

- (a) each member of the Group, including current name and (in the case of each Obligor) its company registration number (where available) or otherwise its tax identification number, its Original Jurisdiction (in the case of an Obligor), its jurisdiction of incorporation (in the case of a member of the Group which is not an Obligor) and/or its jurisdiction of establishment, and if Transaction Security is being granted over the shares of that member of the Group, a list of shareholders; and
- (b) all minority interests in any member of the Group over whose shares Transaction Security is being granted.

#### 24.24 Centre of main interests and establishments

For the purposes of The Council of the European Union Regulation No. 1346/2000 on Insolvency Proceedings (the “**Regulation**”), in the case of each Obligor incorporated in the European Union its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in its Original Jurisdiction.

#### 24.25 ERISA and Multiemployer Plans

No Obligor or ERISA Affiliate has established, maintains, contributes to or has liability, contingent or otherwise, with respect to any employee benefit plan (as defined in Section 3(3) of ERISA) that is subject to Title IV of ERISA.

#### 24.26 Federal Reserve Regulations

None of the proceeds of the Loans or other extensions of credit under this Agreement will violate the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System of the United States (or any successor) as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

#### 24.27 Investment Companies

No Obligor is an “investment company” or a company controlled by an “investment company”, within the meaning of the U.S. Investment Company Act of 1940, as amended (the “**1940 Act**”).

24.28 **Times when representations made**

- (a) All the representations and warranties in this Clause 24 are made by each Original Obligor on the date of this Agreement.

- (b) All the representations and warranties in this Clause 24 are deemed to be made by each Obligor on the Closing Date.
- (c) The Repeating Representations are deemed to be made by each Obligor on the date of each Utilisation Request, on each Utilisation Date and on the first day of each Interest Period.
- (d) The representations and warranties in paragraph (d) of Clause 24.12 (*Original Financial Statements*), shall be made once only on the date of delivery to the Agent of the relevant accounts or financial statements.
- (e) The representations and warranties at paragraphs (a) and (b) of Clause 24.20 (*Legal and beneficial ownership*) shall be given only on the date the relevant Spanish Law Share Pledge is entered into.
- (f) All the representations and warranties in this Clause 24 except Clause 24.11 (*No misleading information*), Clause 24.19 (*Ranking*) to Clause 24.21 (*Shares*) and Clause 24.23 (*Group Structure Chart*), are deemed to be made by each Additional Obligor by reference to itself (and where relevant) its subsidiaries only on the day on which it becomes an Additional Obligor.
- (g) Each representation or warranty deemed to be made after the date of this Agreement shall be deemed to be made by reference to the facts and circumstances existing at the date the representation or warranty is deemed to be made.

## 25. INFORMATION UNDERTAKINGS

The undertakings in this Clause 25 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

In this Clause 25:

“**Annual Financial Statements**” means the audited consolidated financial statements of the Company for a Financial Year delivered pursuant to paragraph (a) of Clause 25.1 (*Financial statements*).

“**First and Third Financial Quarter**” means each Financial Quarter ending on or about 31 March and 30 September in any Financial Year.

“**Quarterly Financial Statements**” means the unaudited consolidated financial statements of the Company delivered pursuant to paragraph (b) of Clause 25.1 (*Financial statements*).

“**Second Financial Quarter**” means the Financial Quarter ending on or about 30 June in each Financial Year.

### 25.1 Financial statements

The Company shall supply to the Agent in sufficient copies for all the Lenders:

- (a) as soon as they are available, but in any event within 120 days after the end of each of its Financial Years (or 150 days in respect of the Financial Year ending 31 December 2014):
  - (i) its consolidated financial statements for that Financial Year; and
  - (ii) to the extent required to be prepared separately by law, the financial statements (consolidated if appropriate) of each Borrower for that Financial Year, and to the extent that any Lender which is required to obtain such financial statements pursuant to applicable regulation so requests, the audited unconsolidated financial statements of each Obligor; and
- (b) as soon as they are available, but in any event:
  - (i) within 60 days after the end of each First and Third Financial Quarter; and
  - (ii) within 75 days after the end of each Second Financial Quarter,

its consolidated financial statements for that Financial Quarter, **provided that** in the case of the first Financial Quarter ending after the Closing Date, the relevant period shall be 90 days.

## 25.2 **Provision and contents of Compliance Certificate**

- (a) The Company shall supply a Compliance Certificate to the Agent with each set of its audited consolidated Annual Financial Statements and, commencing with the Quarterly Financial Statements for the Financial Quarter ending 30 June 2014, with each set of its consolidated Quarterly Financial Statements.
- (b) Each Compliance Certificate shall set out (in reasonable detail) computations as to compliance with Clause 26 (*Financial Covenants*) and the Margin computations set out in the definition “Margin” as at the date as at which those financial statements were drawn up, as well as listing, in the case of a Compliance Certificate delivered with the Annual Financial Statements, each member of the Group which is a Material Company.
- (c) Each Compliance Certificate shall be signed by two directors of the Company and, if required to be delivered with the Annual Financial Statements, shall be reported on by the Company’s Auditors in their customary form **provided that** it is then the practice of the Company’s auditors to provide such report and **provided further that** the Agent has entered into any hold harmless letters required by the Auditors.

## 25.3 **Requirements as to financial statements**

- (a) The Company shall procure that each set of Annual Financial Statements and Quarterly Financial Statements includes a balance sheet, profit and loss account and cashflow statement. In addition the Company shall procure that:
  - (i) each set of Annual Financial Statements shall be audited by the Auditors; and
  - (ii) each set of Annual Financial Statements shall include the notes to the financial statements, a statement of changes in equity and a statement of cashflows and shall be accompanied by a report about the Company made by the Company’s management and reviewed by its auditors.
- (b) Each set of Annual Financial Statements or Quarterly Financial Statements delivered pursuant to Clause 25.1 (*Financial statements*):
  - (i) shall be certified by a director of the Company as giving a true and fair view in all material respects of its financial condition and operations as at the date as at which those financial statements were drawn up; and
  - (ii) shall be prepared in accordance with GAAP.

## 25.4 **Year-end**

The Company shall not change its Accounting Reference Date.

## 25.5 **Information: miscellaneous**

The Company shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

- (a) at the same time as they are dispatched, copies of all documents required by law to be dispatched by the Company or any other Obligor to its creditors generally (or any class of them);
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending against any member of the Group and which could reasonably be expected, if adversely determined, to have a Material Adverse Effect;
- (c) promptly, such information as the Security Agent may reasonably require about the Charged Property and compliance of the Obligors with the terms of any Transaction Security Documents;
- (d) promptly on request, such further information regarding the financial condition, assets and operations of the Group, the Company or any other Obligor as any Finance Party through the Agent may reasonably request;

- (e) promptly upon becoming aware of them, the details of any claim made to an insurance company under an insurance policy taken out by any Obligor which exceeds EUR 5,000,000 (or its equivalent in any other currency); and
- (f) promptly such further information relating to the business, assets or financial condition of the Group as any Lender through the Agent notifies the Company is required by applicable banking supervisory laws and regulations.

#### 25.6 Notification of default

Each Obligor shall notify the Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

#### 25.7 “Know your customer” checks

- (a) If:
  - (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;
  - (ii) any change in the status of an Obligor or the composition of the shareholders of an Obligor after the date of this Agreement; or
  - (iii) a proposed assignment or transfer by a Lender of any of its rights and/or obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the case of the event described in paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

- (b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.
- (c) Except for any member of the Group listed in paragraph 5(a) of Part II of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) or required to accede to this Agreement in accordance with paragraph (b) of Clause 31.4 (*Additional Guarantors*), the Company shall, by not less than ten Business Days’ prior written notice to the Agent, notify the Agent (which shall promptly notify the Lenders) of its intention to request that one of its Subsidiaries becomes an Additional Obligor pursuant to Clause 31 (*Changes to the Obligors*).
- (d) Following the giving of any notice pursuant to paragraph (c) above, if the accession of such Additional Obligor obliges the Agent or any Lender to comply with “know your customer” or similar identification procedures in circumstances where the necessary information is not already available to it, the Company shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or on behalf of any prospective new Lender) in order for the Agent or such Lender or any prospective new Lender to carry out and be satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations pursuant to the accession of such Subsidiary to this Agreement as an Additional Obligor.

## 26. FINANCIAL COVENANTS

### 26.1 Financial definitions

In this Agreement:

“**Adjusted EBITDA**” means, in relation to any Relevant Period, EBITDA for that Relevant Period adjusted by:

- (a) including the Operating Results (calculated on the same basis as EBITDA) of a member of the Group acquired during the Relevant Period (or attributable to a business or assets acquired during the Relevant Period) prior to its becoming a member of the Group or (as the case may be) prior to the acquisition of the business or assets; and
- (b) excluding the Operating Results (calculated on the same basis as EBITDA) attributable to any member of the Group (or to any business or assets) disposed of during the Relevant Period **provided that** the consideration for such disposal has been received by the member of the Group making such disposal.

“**Balance Sheet**” means the balance sheet appearing in the Annual Financial Statements.

“**EBITDA**” means the Group’s Operating Results plus consolidated depreciation and amortisation and any impairment costs of the Group.

“**Financial Expenses**” means the aggregate amount to be paid as interest for Financial Indebtedness contracted by the Group, as well as any commissions, expenses or taxes paid in respect of the Facilities and other loans or credit or endorsements (but excluding in any such case any upfront non-recurring fees, commissions or expenses paid or to be paid in respect of the Facilities or the Senior Secured Notes), less the income derived from the assets included in the definition of Net Financial Indebtedness.

“**Indebtedness With Costs**” means long term and short term interest bearing indebtedness including indebtedness owed to financial institutions, indebtedness incurred by way of issuance of securities, promissory notes, bonds, bonds convertible to stock or similar instruments and indebtedness in respect of credits, discounts or invoices accepted or financial leasing operations.

“**Net Financial Indebtedness**” means the sum of (a) Indebtedness with Costs, (b) Off-Balance Sheet Operations, (c) any Deferred Consideration, in relation to any Permitted Acquisition that exceeds 25% of the consideration payable in respect of such Permitted Acquisition and which pursuant to the acquisition agreement relating to the Permitted Acquisition is permitted to be left outstanding for more than 12 months, and (d) guarantees issued to third parties (excluding those that are intra-Group as well as those issued during the ordinary course of day to day business), *minus* (i) the amount classified in the Balance Sheet under the heading “Other Current Financial Assets” in accordance with GAAP and (ii) Cash and Cash Equivalent Investments.

“**Off-Balance Sheet Operations**” means any operation that is not reflected directly as indebtedness in the Balance Sheet of the corresponding Annual Financial Statements but that implies for any member of the Group present and/or future commitments that condition the income and/or may imply payments (including, for the avoidance of doubt, the amount of receivables factored on a non-recourse basis).

“**Operating Results**” has the meaning given to such term in GAAP.

“**Relevant Period**” means each period of 12 months ending on a Quarter Date.

### 26.2 Financial condition

The Company shall ensure that in respect of each Relevant Period:

- (a) **Interest Cover:** the ratio of EBITDA to Financial Expenses shall not be less than 4.00:1; and
- (b) **Adjusted Leverage:** the ratio of Net Financial Indebtedness as at the end of such Relevant Period to Adjusted EBITDA in respect of such Relevant Period shall not exceed 3.50:1.



### 26.3 Calculation

- (a) The first Relevant Period in respect of which the covenants in Clause 26.2 (*Financial Condition*) will be tested is the Relevant Period ending on 30 June 2014.
- (b) The covenants contained in Clause 26 (*Financial Covenants*) will be tested by reference to the Annual Financial Statements and Quarterly Financial Statements for the Relevant Period and each Compliance Certificate delivered pursuant to Clause 25.2 (*Provision and contents of Compliance Certificate*).
- (c) The definitions referred to in Clause 26.1 (*Financial definitions*) shall, unless otherwise specified, be interpreted in accordance with GAAP. No item shall be included or excluded more than once in any calculation of the financial covenants under Clause 26.2 (*Financial condition*).
- (d) In calculating Adjusted Leverage in respect of any Relevant Period, the exchange rate(s) used in calculating Net Financial Indebtedness shall be the same as the average exchange rate(s) used in calculating Adjusted EBITDA.

### 27. GENERAL UNDERTAKINGS

The undertakings in this Clause 27 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

#### *Authorisations and compliance with laws*

#### 27.1 Authorisations

Each Obligor shall promptly:

- (a) obtain, comply with and do all that is necessary to maintain in full force and effect; and
- (b) if requested by the Agent, supply certified copies to the Agent of,

any Authorisation required under any law or regulation of its Original Jurisdiction to:

- (i) enable it to perform its obligations under the Finance Documents;
- (ii) ensure, subject to the Legal Reservations, the legality, validity, enforceability or admissibility in evidence of any Finance Document; and
- (iii) carry on its business where failure to do so has or could reasonably be expected to have a Material Adverse Effect.

#### 27.2 Compliance with laws

Each Obligor shall (and the Company shall ensure that each member of the Group will) comply in all respects with all laws to which it is subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect.

#### 27.3 Environmental compliance

Each Obligor shall (and the Company shall ensure that each member of the Group will):

- (a) comply with all Environmental Law; and
- (b) obtain, maintain and ensure compliance with all requisite Environmental Permits;

where failure to do so has or could reasonably be expected to have a Material Adverse Effect.

#### 27.4 Sanctions and Anti-corruption law

- (a) No Obligor shall (and the Company shall ensure that no other member of the Group will) directly or indirectly use the proceeds of the Facilities:

- (i) for any purpose which would breach the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions where the Group operates or in which any member of the Group is incorporated;
  - (ii) to fund, finance or facilitate any activities, business or transaction of or with any Designated Person or in any Sanctioned Country, or otherwise in violation of Sanctions, as such Sanctions Lists or Sanctions are in effect from time to time; or
  - (iii) in any other manner that will result in the violation of any applicable Sanctions by the Lenders.
- (b) No Obligor shall (and the Company shall ensure that no other member of the Group will) use funds or assets obtained from transactions with or otherwise relating to (i) Designated Persons, or (ii) any Sanctioned Country, to pay or repay any amount under any Finance Document.
- (c) Each Obligor shall (and the Company shall ensure that each other member of the Group will):
- (i) conduct its business in compliance with Anti- Corruption Laws;
  - (ii) maintain policies and procedures designed to promote and achieve compliance with Anti-Corruption Laws; and
  - (iii) have appropriate controls and safeguards in place designed to prevent any proceeds of the Facilities from being used contrary to the representations and undertakings set forth herein.

#### 27.5 **Taxation**

- (a) Each Obligor shall (and the Company shall ensure that each member of the Group will) duly and punctually pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties where failure to do so would or would be reasonably likely to have a Material Adverse Effect.
- (b) No Borrower may change its residence for Tax purposes.

#### *Restrictions on business focus*

#### 27.6 **Merger**

No Obligor shall (and the Company shall ensure that no other member of the Group will) enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction (a “**Merger**”) other than:

- (a) a Permitted Transaction; or
- (b) a Merger which is carried out between members of the Group and where (if it involves one or more Obligors) an Obligor is the surviving entity and is able to fulfil and continue to be bound by its obligations under the Finance Documents after the completion of such Merger, **provided always that** the Transaction Security is not adversely affected or reduced in any way.

### 27.7 **Change of business**

The Company shall procure that no substantial change is made to the general nature of the business of the Group taken as a whole from that carried on by the Group at the date of this Agreement.

### 27.8 **Acquisitions**

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Company shall ensure that no other member of the Group will):
  - (i) acquire a company or any shares or securities or a business or undertaking (or, in each case, any ownership interest in any of them); or
  - (ii) incorporate a company.
- (b) Paragraph (a) above does not apply to an acquisition of a company, of shares, securities or a business or undertaking (or, in each case, any ownership interest in any of them) or the incorporation of a company which is:
  - (i) a Permitted Acquisition; or
  - (ii) a Permitted Transaction.

### ***Restrictions on dealing with assets and Security***

### 27.9 **Joint Venture**

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Company shall ensure that no other member of the Group will):
  - (i) enter into or invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or
  - (ii) transfer any assets or lend to or guarantee or give an indemnity for or give Security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).
- (b) Paragraph (a) above does not apply to any acquisition of (or agreement to acquire) any interest in a Joint Venture or loan made to or guarantee given in respect of the obligations of a Joint Venture if such transaction is a Permitted Acquisition, a Permitted Disposal, a Permitted Loan or a Permitted Joint Venture.

### 27.10 **Pari passu ranking**

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

### 27.11 **Negative pledge**

In this Clause 27.11, “**Quasi-Security**” means an arrangement or transaction described in paragraph (b) below.

Except as permitted under paragraph (c) below:

- (a) No Obligor shall (and the Company shall ensure that no other member of the Group will) create or permit to subsist any Security over any of its assets.
- (b) No Obligor shall (and the Company shall ensure that no other member of the Group will):
  - (i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Group;

- (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
  - (iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or
  - (iv) enter into any other preferential arrangement having a similar effect,
- in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.
- (c) Paragraphs (a) and (b) above do not apply to any Security or (as the case may be) Quasi-Security, which is:
    - (i) Permitted Security; or
    - (ii) a Permitted Transaction.

**27.12 Arm's length basis**

- (a) Except as permitted by paragraph (b) below, no Obligor shall (and the Company shall ensure that no other member of the Group will) enter into any transaction with any person except on arm's length terms and for full market value or on terms which are more favourable to a member of the Group.
- (b) The following transactions shall not be a breach of this Clause 27.12:
  - (i) a Permitted Distribution;
  - (ii) any Equity Contribution made in compliance with the terms of the Finance Documents;
  - (iii) any payment of any interest of or any repayment of any shareholder loan permitted under the Intercreditor Agreement;
  - (iv) fees, costs and expenses payable under the Finance Documents in the amounts set out in the Finance Documents delivered to the Agent under Clause 4.1 (*Initial conditions precedent*) or agreed by the Agent;
  - (v) any Permitted Transaction;
  - (vi) any Liabilities Acquisition which is permitted by, and as defined in, the Intercreditor Agreement;
  - (vii) any other transaction that the relevant member of the Group reasonably determines to be commercially appropriate and beneficial to it notwithstanding that it is not on arm's length terms and for fair market value.

***Restrictions on movement of cash—cash out***

**27.13 Loans or credit**

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Company shall ensure that no other member of the Group will) be a creditor in respect of any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to:
  - (i) a Permitted Loan; or
  - (ii) a Permitted Transaction.

27.14 **No Guarantees or indemnities**

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Company shall ensure that no other member of the Group will) incur or allow to remain outstanding any guarantee in respect of any obligation of any person.
- (b) Paragraph (a) does not apply to a guarantee which is:
  - (i) a Permitted Guarantee; or
  - (ii) a Permitted Transaction.

27.15 **Dividends and share redemption**

- (a) Except as permitted under paragraph (b) below, the Company shall not:
  - (i) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
  - (ii) repay or distribute any dividend or share premium reserve; or
  - (iii) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so.
- (b) Paragraph (a) above does not apply to:
  - (i) a Permitted Distribution; or
  - (ii) a Permitted Transaction (other than one referred to in paragraph (c) of the definition of that term).
- (c) Notwithstanding paragraph (b) above, the Company shall not distribute any dividend on account.

***Restrictions on movement of cash—cash in***

27.16 **Financial Indebtedness**

- (a) Except as permitted under paragraph (b) below, no Obligor shall (and the Company shall ensure that no other member of the Group will) incur or allow to remain outstanding any Financial Indebtedness.
- (b) Paragraph (a) above does not apply to Financial Indebtedness which is:
  - (i) Permitted Financial Indebtedness; or
  - (ii) a Permitted Transaction.
- (c) Notwithstanding paragraph (b) above no member of the Group which is not an Obligor may incur any Financial Indebtedness (excluding any intra-Group indebtedness) if the aggregate principal amount of all Financial Indebtedness (net of any cash held by any members of the Group which are not Obligors) so incurred is in excess of 0.75 times Adjusted EBITDA at the time the relevant Financial Indebtedness is incurred (**provided that** if any such member of the Group subsequently becomes an Obligor any such Financial Indebtedness shall be ignored for the purpose of this calculation).
- (d) In the event that ADE is not a party to the Intercreditor Agreement as a Bilateral Facility Lender (as defined therein) at the date thereof:
  - (i) the Company shall use its reasonable endeavours to procure that ADE accedes to the Intercreditor Agreement as a Bilateral Facility Lender (as defined therein) as soon as reasonably practicable after the date of the Intercreditor Agreement, and in any event prior to 30 June 2014; and

- (ii) if ADE has not so acceded by such date, the Company shall cancel all commitments under the ADE Facility, and repay all amounts outstanding thereunder, on or before 30 June 2014.

### **Miscellaneous**

#### **27.17 Insurance**

- (a) Each Obligor shall (and the Company shall ensure that each other member of the Group will) maintain insurances on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business.
- (b) All insurances must be with reputable independent insurance companies or underwriters.

#### **27.18 Pensions**

The Company shall ensure that all pension schemes operated by or maintained for the benefit of members of the Group and/or any of their employees are fully funded based on applicable law and regulation where failure to do so has or could reasonably be expected to have a Material Adverse Effect.

#### **27.19 Access**

If an Event of Default under any of Clauses 28.1 (*Non-payment*), 28.2 (*Financial Covenants*), 28.6 (*Insolvency*), 28.7 (*Insolvency Proceedings*), 28.8 (*Creditor's Process*) or 28.13 (*Audit Qualification*) is continuing or the Agent reasonably suspects an Event of Default under any such Clause is continuing, each Obligor shall, and the Company shall ensure that each member of the Group will permit the Agent and/or the Security Agent and/or accountants or other professional advisers and contractors of the Agent or Security Agent free access at all reasonable times and on reasonable notice at the risk and cost of the Obligor or Company to (a) the premises, assets, books, accounts and records of each member of the Group and (b) meet and discuss matters with senior management.

#### **27.20 Intellectual Property**

Each Obligor shall (and the Company shall procure that each other member of the Group will):

- (a) preserve and maintain the subsistence and validity of the Intellectual Property necessary for the business of the relevant Group member;
- (b) use reasonable endeavours to prevent any infringement in any material respect of the Intellectual Property;
- (c) make registrations and pay all registration fees and taxes necessary to maintain the Intellectual Property in full force and effect and record its interest in that Intellectual Property;
- (d) not use or permit the Intellectual Property to be used in a way or take any step or omit to take any step in respect of that Intellectual Property which may materially and adversely affect the existence or value of the Intellectual Property or imperil the right of any member of the Group to use such property; and
- (e) not discontinue the use of the Intellectual Property,

where failure to do so, in the case of paragraphs (a), (b) and (c) above, or, in the case of paragraphs (d) and (e) above, such use, permission to use, omission or discontinuation, is reasonably likely to have a Material Adverse Effect.

#### **27.21 Treasury Transactions**

No Obligor shall (and the Company will procure that no other member of the Group will) enter into any Treasury Transaction, other than:

- (a) interest rate hedging in respect of Financial Indebtedness of the Group and not for speculative purposes;
- (b) spot and forward delivery foreign exchange contracts entered into in the ordinary course of business and not for speculative purposes; and

- (c) any Treasury Transaction entered into for the hedging of actual or projected exposures arising in the ordinary course of trading activities of a member of the Group and not for speculative purposes.

#### 27.22 Guarantors

If any other member of the Group (not being incorporated or established in an Excluded Jurisdiction), which is not an Obligor grants a guarantee in respect of Financial Indebtedness in favour of any other third party creditor for an amount of EUR 25,000,000 or more, the Company shall, subject to the Agreed Security Principles, procure that such member of the Group will accede as an Additional Guarantor under this Agreement on the same or a preferential basis. The Company shall notify the Agent of any decision by any member of the Group (not being incorporated or established in an Excluded Jurisdiction), which is not an Obligor to grant a guarantee in respect of Financial Indebtedness in favour of any third party creditor for an amount of EUR 25,000,000 (or its equivalent) or more and shall procure that such member of the Group does not grant such guarantee until it accedes as an Additional Guarantor under this Agreement on the same or a preferential basis (unless such member of the Group is not required to accede as an Additional Guarantor pursuant to the Agreed Security Principles).

#### 27.23 Compliance with ERISA

No Obligor or ERISA Affiliate will establish, become party to, contribute to, or incur any liability, contingent or otherwise, under any employee benefit plan of the type referred to in Clause 24.25 (*ERISA and Multiemployer Plans*).

#### 27.24 Further assurance

- (a) Subject to the Agreed Security Principles, each Obligor shall (and the Company shall procure that each other member of the Group will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):
  - (i) to perfect the Security created or intended to be created under or evidenced by the Transaction Security Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security) or for the exercise of any rights, powers and remedies of the Security Agent or the Finance Parties provided by or pursuant to the Finance Documents or by law; and/or
  - (ii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Transaction Security.
- (b) Subject to the Agreed Security Principles, each Obligor shall (and the Company shall procure that each other member of the Group will) take all such action as is available to it (including making all filings and registrations) as may be necessary and as are reasonably requested by the Security Agent for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Finance Parties by or pursuant to the Finance Documents.

#### 27.25 Spanish Public Document

Each Obligor undertakes, at the request of the Security Agent, to grant as many public or private documents as are required in order for any Finance Document and/or any amendments to any of them to be raised to the status of Spanish Public Document.

#### 27.26 Conditions subsequent

- (a) The Company shall procure that each member of the Group identified in paragraph 6(a) of Part I of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) accedes as an Additional Guarantor on or prior to the Closing Date.
- (b) The Company shall, within 15 Business Days of the Closing Date, deliver each of the documents in paragraph 2 of Part III of Schedule 2 (*Conditions Precedent and Conditions Subsequent*).
- (c) The Company shall, within six Months of the Closing Date, deliver each of the documents in paragraph 1 of Part III of Schedule 2 (*Conditions Precedent and Conditions Subsequent*).

## 27.27 Limitation of General Undertakings

Notwithstanding the introductory provision to this Clause 27 (but without prejudice to the performance of any of the obligations under this Clause 27 by any Obligor whose Original Jurisdiction is not Germany), the undertakings set out in Clauses 27.6 (*Merger*), 27.7 (*Change of business*) and 27.15 (*Dividends and share redemption*) (such undertakings, the “**Relevant Undertakings**”) are not and shall not be given by any German Obligor. However:

- (a) each German Obligor shall give to the Agent not less than 20 Business Days’ prior written notice if it or any of its Subsidiaries proposes to take or permit any action or circumstance which, if all the Relevant Undertakings had been given by that German Obligor on the Closing Date and had thereafter remained in force, would constitute a breach of any of the Relevant Undertakings by a German Obligor. On receipt of any such notice, the Agent shall without undue delay send a copy to each Lender;
- (b) the Agent shall be entitled, within 10 Business Days of receipt of a notice under sub paragraph (a) above, to request that the relevant German Obligor supply to the Agent in sufficient copies for the Lenders, such further relevant information as the Agent (acting reasonably) may consider necessary for the purposes of this Clause 27.27 and such German Obligor shall supply such further information promptly and in any event within 10 Business Days of the date of request therefor;
- (c) if any Lender considers that the relevant action or circumstance (taken alone or together with other actions or circumstances, whether or not permitted hereunder), may have a Material Adverse Effect or materially and adversely affects its interests as a Lender under the Finance Documents, it may so notify the Agent in writing;
- (d) if, by not later than the date 10 Business Days after receipt by the Agent of a notice pursuant to sub paragraph (a) above (or, if later and additional information has been requested pursuant to sub paragraph (b) above, by not later than the date 10 Business Days after receipt by the Agent of such additional information if received within the prescribed time or the date 10 Business Days after the request therefor if not), the Agent has received notices pursuant to sub paragraph (c) above from Lenders which constitute Majority Lenders, the Agent shall promptly notify the Company and the Lenders; and
- (e) if the Agent gives notice to the Borrower pursuant to sub paragraph (d) above or the relevant action is undertaken by any German Obligor or any of its subsidiaries or circumstance is permitted before the date two Business Days after the latest time for the receipt by the Agent of notices pursuant to sub paragraph (d) above, the undertaking of the relevant action or permitting of the relevant circumstances shall immediately constitute an Event of Default **provided that**, for the avoidance of doubt, no failure of any German Obligor to duly perform or comply with any obligation under a Relevant Undertaking shall of itself constitute an Event of Default.



## 28. EVENTS OF DEFAULT

Each of the events or circumstances set out in this Clause 28 is an Event of Default (save for Clause 28.18 (*Acceleration and/or Other Remedies*)).

### 28.1 Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

- (a) its failure to pay is caused by:
  - (i) administrative or technical error; or
  - (ii) a Disruption Event; and
- (b) payment is made within three Business Days of its due date.

### 28.2 Financial covenants

- (a) Subject to paragraph (b) below, any requirement of Clause 26 (*Financial covenants*) is not satisfied.
- (b) No Event of Default will occur under paragraph (a) above with respect to the financial covenants in Clause 26 (*Financial Covenants*) if prior to, or within 20 Business Days after, the date that the Compliance Certificate for the Relevant Period in which such failure to comply was first evidenced is due to be delivered in accordance with Clause 25.2 (*Provision and Contents of Compliance Certificate*), the Company receives the proceeds of an Equity Contribution from a Holdco (or Holdcos) in an amount at least sufficient to ensure that the financial covenants in Clause 26 (*Financial Covenants*) would be complied with if tested again as at the last day of the same Relevant Period on the basis that the full amount of any Equity Contribution so provided in accordance with this paragraph (b) shall be included for the Relevant Period as if provided immediately prior to the last date of such Relevant Period (the “**First Relevant Period**”) by giving effect to the following adjustments (the “**Adjustments**”):
  - (i) Net Financial Indebtedness will be reduced by the amount of the Equity Contribution; and
  - (ii) Financial Expenses will be reduced as if the Facility A Loans had been repaid *pro rata* by the Equity Contribution for the duration of that Relevant Period,

and provided in relation to any such Equity Contribution so provided in accordance with this paragraph (b):

- (A) the Company shall not be entitled to exercise any rights it may have to prevent or cure breaches of financial covenants in more than two consecutive Relevant Periods and on more than three occasions over the life of the Facilities;
- (B) any Equity Contribution so provided and any adjustments made shall not apply when calculating the applicable Margin for any relevant period;
- (C) the Company shall procure that an amount equal to not less than 50 per cent. of the amount of any Equity Contribution (but excluding for this purpose any amount that exceeds the minimum amount required to ensure that the financial covenants in Clause 26 (*Financial Covenants*) would be complied with if tested again as at the last day of the same Relevant Period) so provided is immediately applied in mandatory prepayment of Facility A;
- (D) any Equity Contribution so provided in respect of any Relevant Period shall be deemed to have been provided immediately prior to the last date of such Relevant Period and shall be included in all relevant covenant calculations until such date it was deemed provided falls outside the subsequent Relevant Period, **provided that** (1) for each such Relevant Period other than the First Relevant Period Net Financial Indebtedness will be calculated on the basis of the actual Net Financial Indebtedness at the end of such Relevant Period and (2) with respect to each of Net Financial

Indebtedness and Financial Expenses, without double counting the *pro forma* benefit applied as a result of the Adjustments and the actual or adjusted amount reflected in Net Financial Indebtedness and Financial Expenses as a result of any such Equity Contribution that remains or is deemed to be on the balance sheet;

- (E) any Equity Contribution so provided shall not count towards any other threshold permission or usage under or in respect of the Finance Documents;
  - (F) in relation to any Equity Contribution so provided prior to the date of delivery of the relevant Compliance Certificate for the Relevant Period, the Compliance Certificate for that Relevant Period shall set out the revised financial covenants for the Relevant Period by giving effect to the Adjustments set out above and confirming that such Equity Contribution has been provided;
  - (G) any Equity Contribution made to effect a cure of the financial covenants may exceed the amount required to rectify or cure the breach;
  - (H) in relation to any such Equity Contribution so provided following the date of delivery of the relevant Compliance Certificate for the Relevant Period, immediately following the proceeds of that Equity Contribution being provided to it, the Company provides a revised Compliance Certificate to the Agent setting out the revised financial covenants for the Relevant Period by giving effect to the Adjustments; and
  - (I) if, after giving effect to the Adjustments, the requirements of the relevant financial covenants in Clause 26 (*Financial Covenants*) are met, then the requirements thereof shall be deemed to have been satisfied at the relevant original date of determination as though there has been no failure to comply with such requirements and any Default or Event of Default occasioned thereby shall be deemed to have been remedied for the purposes of the Finance Documents.
- (c) If a financial covenant set out in Clause 26 (*Financial Covenants*) has been breached, but is complied with when tested for the next Relevant Period (the “**Second Period**”), then the prior breach of such financial covenant or any Event of Default arising therefrom shall no longer be outstanding or continuing for the purposes of the Finance Documents unless the Agent or the Security Agent has taken any action referred to in Clause 28.18 (*Acceleration and/or Other Remedies*) before delivery of the Compliance Certificate in respect of the Second Period.

### 28.3 Other obligations

- (a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 28.1 (*Non- payment*) and Clause 28.2 (*Financial covenants*)).
- (b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 20 Business Days of the earlier of (i) the Agent giving notice to the Company and (ii) the Company or an Obligor becoming aware of the failure to comply.

### 28.4 Misrepresentation

- (a) Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.
- (b) No Event of Default under paragraph (a) above will occur if the circumstances giving rise to the misrepresentation are capable of remedy, and are remedied within 20 Business Days of the earlier of (i) the Agent giving notice to the Company and (ii) the Company or Obligor becoming aware of the misrepresentation.

### 28.5 Cross default

- (a) Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.

- (b) Any Financial Indebtedness of any member of the Group is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).
- (d) No Event of Default will occur under this Clause 28.5 if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (c) above is less than EUR 20,000,000 (or its equivalent in any other currency or currencies).

## 28.6 Insolvency

- (a) An Obligor or Material Company or Holdco:
  - (i) is unable or admits inability to pay its debts as they fall due (including without limitation within the meaning of article 2 of the Spanish Law 22/2003 dated 9 July on Insolvency);
  - (ii) suspends making payments on any of its debts; or
  - (iii) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (excluding any Finance Party in its capacity as such) with a view to rescheduling any of its indebtedness,

and in particular:

  - (A) any Obligor or Material Company incorporated in Germany is unable to pay its debts as they fall due (*zahlungsunfähig*) within the meaning of section 17 of the German Insolvency Code (*Insolvenzordnung*) or threatens to become unable to pay its debts (*drohend zahlungsunfähig*) within the meaning of section 18 of the German Insolvency Code (*Insolvenzverordnung*); or
  - (B) any Obligor or Material Company incorporated in Mexico (1) is insolvent pursuant to Article 2166 of the Mexican Federal Civil Code (*Código Civil Federal*) or its correlative provisions of the Civil Codes of each State of Mexico and the Federal District of Mexico (or any successor provision), or (2) is generally in default of its payment obligations pursuant to Articles 9 and 10 of the Mexican Insolvency Law (*Ley de Concursos Mercantiles*).
- (b) An Obligor or a Material Company incorporated in Germany is over indebted within the meaning of section 19 of the German Insolvency Code (*Insolvenzordnung*).
- (c) A moratorium is declared in respect of any indebtedness of any Obligor or Material Company or Holdco. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.
- (d) No Event of Default will occur under this Clause 28.6 in relation to a Material Company unless such Material Company (itself or together with any other Material Company so affected) has earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) or gross assets equal to or greater than five per cent. of the EBITDA or gross assets of the Group respectively. For the avoidance of doubt the provisions of this paragraph (d) shall not override any Event of Default in respect of an Obligor pursuant to paragraphs (a), (b) or (c) above.

## 28.7 Insolvency proceedings

- (a) Any corporate action, legal proceedings or other formal procedure or step is taken in relation to:
  - (i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement, insolvency or *concurso mercantil* proceeding or otherwise) of any Obligor or Material Company or Holdco;

- (ii) the filing by any third party for a petition of necessary insolvency (*concurso necesario*) in relation to any Obligor or Material Company or Holdco;
  - (iii) the opening of insolvency proceedings or pre- insolvency proceedings in accordance with article 5 bis of the Spanish Law 22/2003 dated 9 July on Insolvency in relation to any Obligor or Material Company or Holdco;
  - (iv) a composition, compromise, assignment or arrangement with any creditor of any Obligor or Material Company or Holdco; or
  - (v) the appointment of a liquidator, receiver, administrative receiver, administrator, *visitador*, *conciliador*, *síndico*, compulsory manager or other similar officer in respect of any Obligor or Material Company or Holdco or any of its assets; or any analogous procedure or step is taken in respect of any Obligor or Material Company or Holdco in any jurisdiction (including, without limitation, the making of an application for the opening of insolvency proceedings for the reasons set out in section 17 to 19 of the German Insolvency Code (*Insolvenzordnung*) (*Antrag auf Eröffnung eines Insolvenzverfahrens*)).
- (b) Paragraph (a) shall not apply to any step or procedure contemplated by paragraph (b) of the definition of “Permitted Transaction”.
- (c) No Event of Default will occur under this Clause 28.7 in relation to a Material Company unless such Material Company (itself or together with any other Material Company so affected) has earnings before interest, tax, depreciation and amortisation (calculated on the same basis as EBITDA) or gross assets equal to or greater than five per cent. of the EBITDA or gross assets respectively of the Group. For the avoidance of doubt the provisions of this paragraph (c) shall not override any Event of Default in respect of an Obligor pursuant to paragraphs (a) or (b) above.

#### 28.8 Creditors’ process

Any expropriation, attachment, sequestration, distress or execution or any analogous process in any jurisdiction affects any asset or assets of an Obligor or Material Company or Holdco having an aggregate value of EUR 20,000,000 and is not discharged or stayed within 28 days.

#### 28.9 Unlawfulness and invalidity

- (a) It is or becomes unlawful for an Obligor or any other member of the Group or any Holdco to perform any of its obligations under the Finance Documents in circumstances or to an extent which is materially prejudicial to the interests of the Finance Parties under the Finance Documents or (other than as a result of any release given in accordance with the Finance Documents) any Transaction Security created or expressed to be created or evidenced by the Transaction Security Documents ceases to be effective or any subordination created under the Intercreditor Agreement is or becomes unlawful.
- (b) Any obligation or obligations of any Obligor under any Finance Documents or any other member of the Group or Holdco under the Intercreditor Agreement or the Spanish Law Share Pledge are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lenders under the Finance Documents.
- (c) Any Finance Document ceases to be in full force and effect or any Transaction Security or any subordination created under the Intercreditor Agreement ceases to be legal, valid, binding, enforceable or effective or is alleged by an Obligor or other member of the Group or any Holdco to be ineffective.

#### 28.10 Intercreditor Agreement and Spanish Law Share Pledge

- (a) Any Obligor or member of the Group or any Holdco that is a party to the Intercreditor Agreement fails to comply with the provisions of, or does not perform its obligations under, the Intercreditor Agreement or the Spanish Law Share Pledge; or
- (b) a representation or warranty given by that party in the Intercreditor Agreement or the Spanish Law Share Pledge is incorrect in any material respect, and, if the non-compliance or circumstances giving rise to the misrepresentation are capable of remedy, it is not remedied within 20 Business Days of the

earlier of the Agent giving notice to that party or that party becoming aware of the non-compliance or misrepresentation.

#### 28.11 Cessation of business

Any Obligor or Material Company suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business except as a result of a Permitted Disposal or a Permitted Transaction and such suspension or cessation or threat has or could reasonably be expected to have a Material Adverse Effect.

#### 28.12 Change of ownership

After the Closing Date:

- (a) the Company ceases to own directly or indirectly, the percentage of the shares in any Obligor which it owned, directly or indirectly, on the Closing Date (except as a result of a disposal which is a Permitted Disposal or a Permitted Transaction);
- (b) Holdco 1 ceases to own, directly or indirectly, the percentage of shares in the Company which it owned, directly or indirectly, on the date on which the Holdco 1 Share Pledge was granted (save to the extent such percentage increases to 100 per cent. as a result of a Permitted Holdco Transaction); and
- (c) Holdco 2 ceases to own, directly or indirectly, the percentage of shares in the Company which it owned, directly or indirectly, on the date on which the Holdco 2 Share Pledge was granted (except pursuant to a Permitted Holdco Transaction).

#### 28.13 Audit qualification

The Auditors of the Group qualify the audited annual consolidated financial statements of the Company in any material respect, including if the opinion expressed in the auditor's report is qualified as an "unfavourable opinion", as a "disclaimer opinion" or as "opinion denied" according to GAAP.

#### 28.14 Expropriation

The authority or ability of any member of the Group to conduct its business is limited to an extent which has or is reasonably likely to have a Material Adverse Effect or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Group or any of its assets, and such seizure, expropriation, nationalisation, intervention, restriction or other action has or is reasonably likely to have a Material Adverse Effect.

#### 28.15 Repudiation and rescission of agreements

- (a) An Obligor or, where party to the Spanish Law Share Pledge, Holdco, rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document to which it is a party or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document or any Transaction Security.
- (b) Any member of the Group or any direct or indirect shareholder of a member of the Group rescinds or purports to rescind or repudiates or purports to repudiate the Intercreditor Agreement in whole or in part where to do so has or is, in the reasonable opinion of the Majority Lenders, likely to have a material adverse effect on the interests of the Lenders under the Finance Documents.

#### 28.16 Litigation

Any litigation, arbitration, administrative, governmental, regulatory or other investigations, proceedings or disputes are commenced or threatened in relation to the Finance Documents or the transactions contemplated in the Finance Documents or against any member of the Group or its assets and which in any case is reasonably likely to be adversely determined to it and which if so adversely determined would have a Material Adverse Effect.

#### 28.17 Material adverse change

Any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect.

28.18 **Acceleration and/or Other Remedies**

On and at any time after the occurrence of an Event of Default which is continuing the Agent shall if so directed by the Majority Lenders, by notice to the Company:

- (a) cancel the Total Commitments and/or Ancillary Commitments at which time they shall immediately be cancelled;
- (b) declare that all or part of the Utilisations, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable;
- (c) declare that all or part of the Utilisations be payable on demand, at which time they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders;
- (d) declare that cash cover in respect of each Letter of Credit is immediately due and payable at which time it shall become immediately due and payable;
- (e) declare that cash cover in respect of each Letter of Credit is payable on demand at which time it shall immediately become due and payable on demand by the Agent on the instructions of the Majority Lenders;
- (f) declare all or any part of the amounts (or cash cover in relation to those amounts) outstanding under the Ancillary Facilities to be immediately due and payable at which time they shall become immediately due and payable;
- (g) declare that all or any part of the amounts (or cash cover in relation to those amounts) outstanding under the Ancillary Facilities be payable on demand, at which time they shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders; and/or
- (h) after making demand for payment of any amount outstanding under the Finance Documents, exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

**SECTION 9  
CHANGES TO PARTIES**

**29. CHANGES TO THE LENDERS**

**29.1 Assignments and transfers by the Lenders**

Subject to this Clause 29 and to Clause 30 (*Debt Purchase Transactions*), a Lender (the “**Existing Lender**”) may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

under any Finance Document to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets or other entity approved by the Company (the “**New Lender**”).

**29.2 Conditions of assignment or transfer**

- (a) An Existing Lender must consult with the Company for not less than five Business Days before it may make an assignment or transfer in accordance with Clause 29.1 (*Assignments and transfers by the Lenders*) unless the assignment or transfer is:
  - (i) to another Lender or an Affiliate of a Lender;
  - (ii) if the Existing Lender is a fund, to a fund which is a Related Fund of the Existing Lender; or
  - (iii) made at a time when an Event of Default is continuing.
- (b) No assignment or transfer may be made to a Defaulting Lender without the prior consent of the Company.
- (c) The consent of the Issuing Bank is required for any assignment or transfer by an Existing Lender of any of its rights and/or obligations under the Revolving Facility.
- (d) The consent of the Company is required for any assignment or transfer by an Existing Lender of any of its rights and/or obligations under Facility A (if made on or prior to the Closing Date) or under the Revolving Facility unless the assignment or transfer is:
  - (i) to a New Lender (other than another Lender or an Affiliate of a Lender) which is a bank and which has a rating for its long-term unsecured and non-credit-enhanced debt obligations of BB or higher by Standard & Poor’s Rating Services or Fitch Ratings Ltd or Ba2 or higher by Moody’s Investors Service Limited or a comparable rating from an internationally recognised credit rating agency; or
  - (ii) made at a time when an Event of Default is continuing.
- (e) An assignment or transfer of part of a Lender’s participation must be:
  - (i) in the case of Facility A or the Revolving Facility a minimum amount of EUR 2,000,000 (or if less, its remaining Commitments under the relevant Facility); and
  - (ii) in an amount such that the Base Currency Amount of that Lender’s remaining participation (when aggregated with its Affiliates’ and Related Funds’ participation) in respect of Commitments or Utilisations made under Facility A and the Revolving Facility is in a minimum amount of EUR 5,000,000.
- (f) The consent of the Company to an assignment or transfer must not be unreasonably withheld or delayed. The Company will be deemed to have given its consent ten Business Days after the Existing Lender has requested it unless consent is expressly refused by the Company within that time.

- (g) (Other than in the case of an assignment permitted by paragraph (b) of Clause 30.1 (*Permitted Debt Purchase Transactions*)) an assignment will only be effective on:
  - (i) receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties and the other Secured Parties as it would have been under if it was an Original Lender;
  - (ii) the New Lender entering into the documentation required for it to accede as a party to the Intercreditor Agreement; and
  - (iii) the performance by the Agent of all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.
- (h) A transfer will only be effective if the New Lender enters into the documentation required for it to accede as a party to the Intercreditor Agreement and if the procedure set out in Clause 29.5 (*Procedure for transfer*) is complied with.
- (i) The Group shall not be required to bear any costs or fees or taxes incurred in relation to any transfer or assignment by an Existing Lender under any Finance Documents, including any costs or fees or taxes required to be incurred to ensure that a New Lender benefits from the Transaction Security.
- (j) If:
  - (i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and
  - (ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 19 (*Increased Costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under that Clause to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.
- (k) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

### 29.3 Assignment or transfer fee

Unless the Agent otherwise agrees, the New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of EUR 3,000.

### 29.4 Limitation of responsibility of Existing Lenders

- (a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:
  - (i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents, the Transaction Security or any other documents;
  - (ii) the financial condition of any Obligor;
  - (iii) the performance and observance by any Obligor or any other member of the Group of its obligations under the Finance Documents or any other documents; or



- (iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

- (b) Each New Lender confirms to the Existing Lender, the other Finance Parties and the Secured Parties that it:
  - (i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Finance Document or the Transaction Security; and
  - (ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.
- (c) Nothing in any Finance Document obliges an Existing Lender to:
  - (i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 29; or
  - (ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

#### 29.5 Procedure for transfer

- (a) Subject to the conditions set out in Clause 29.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate and provide a copy to the Borrowers.
- (b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.
- (c) Subject to Clause 29.9 (*Pro rata interest settlement*), on the Transfer Date:
  - (i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security each of the Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the “**Discharged Rights and Obligations**”);
  - (ii) each of the Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor or other member of the Group and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;
  - (iii) the Agent, the Arranger, the Security Agent, the New Lender, the other Lenders, the Issuing Bank and any relevant Ancillary Lender shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights, and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent, the Arranger, the Security Agent, the Issuing Bank and any relevant Ancillary Lender and the

Existing Lender shall each be released from further obligations to each other under the Finance Documents; and

- (iv) the New Lender shall become a Party as a “Lender”.

#### 29.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 29.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.
- (b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.
- (c) Subject to Clause 29.9 (*Pro rata interest settlement*), on the Transfer Date:
  - (i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;
  - (ii) the Existing Lender will be released from the obligations (the “**Relevant Obligations**”) expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and
  - (iii) the New Lender shall become a Party as a “Lender” and will be bound by obligations equivalent to the Relevant Obligations.
- (d) Lenders may utilise procedures other than those set out in this Clause 29.6 to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 29.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 29.2 (*Conditions of assignment or transfer*).

#### 29.7 Copy of Transfer Certificate, Assignment Agreement or Increase Confirmation to Company

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, an Assignment Agreement or an Increase Confirmation send to the Company a copy of that Transfer Certificate, Assignment Agreement or Increase Confirmation.

#### 29.8 Security over Lenders’ rights

In addition to the other rights provided to Lenders under this Clause 29, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

- (a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and
- (b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

- (i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or other Security for the Lender as a party to any of the Finance Documents; or
- (ii) require any payments to be made by an Obligor or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

#### 29.9 Pro rata interest settlement

- (a) If the Agent has notified the Lenders that it is able to distribute interest payments on a “*pro rata* basis” to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 29.5 (*Procedure for transfer*) or any assignment pursuant to Clause 29.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):
  - (i) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date (“**Accrued Amounts**”) and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and
  - (ii) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts so that, for the avoidance of doubt:
    - (A) when the Accrued Amounts become payable, those Accrued Amounts will be payable for the account of the Existing Lender; and
    - (B) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 29.9, have been payable to it on that date, but after deduction of the Accrued Amounts.
- (b) In this Clause 29.9 references to “Interest Period” shall be construed to include a reference to any other period for accrual of fees.

#### 29.10 Preservation of security

Subject to the terms of this Agreement and for the purposes of article 1,528 of the Spanish Civil Code, each Party agrees that upon transfer by way of novation (*venta o cesión*), the obligations of each Obligor and the Transaction Security shall be preserved for the benefit of the Existing Lender (where applicable), the Security Agent and the New Lender.

### 30. DEBT PURCHASE TRANSACTIONS

#### 30.1 Permitted Debt Purchase Transactions

- (a) The Company shall not, and shall procure that each other member of the Group shall not (i) enter into any Debt Purchase Transaction other than in accordance with the other provisions of this Clause 30.1 or (ii) beneficially own all or any part of the share capital of a company that is a Lender or a party to a Debt Purchase Transaction of the type referred to in paragraphs (b) or (c) of the definition of “Debt Purchase Transaction”.
- (b) A Borrower may purchase by way of assignment, pursuant to Clause 29 (*Changes to the Lenders*), a participation in any Facility A Loan in respect of which it is the borrower and any related Facility A Commitment where:
  - (i) such purchase is made for a consideration of less than par;
  - (ii) such purchase is made using one of the processes set out at paragraphs (c) and (d) below;
  - (iii) such purchase is made at a time when no Default is continuing; and

- (iv) such purchase is funded using:
  - (A) the proceeds of any Equity Contribution;
  - (B) any Flotation Proceeds not required to be applied in prepayment under paragraph (d)(ii) of Clause 12.1 (*Exit*), **provided that** such amount has not been applied for any other purpose; or
  - (C) any Disposal Proceeds not required to be applicable in prepayment under paragraph (b) of Clause 12.2 (*Disposal and Insurance Proceeds*) **provided that** such amount has not been applied for any other purpose; or
  - (D) any amount which could have been paid as Permitted Distribution pursuant to paragraph (b) of the definition of that term but has not been and is not committed to be so paid.
  
- (c)
  - (i) A Debt Purchase Transaction referred to in paragraph (b) above may be entered into pursuant to a solicitation process (a “**Solicitation Process**”) which is carried out as follows.
  - (ii) Prior to 11.00 am on a given Business Day (the “**Solicitation Day**”) the Company or a financial institution acting on its behalf (the “**Purchase Agent**”) will approach at the same time each Lender which participates in Facility A to enable them to offer to sell to the Company in its capacity as Borrower under Facility A an amount of their participation in Facility A. Any Lender wishing to make such an offer shall, by 11.00 am on the second Business Day following such Solicitation Day, communicate to the Purchase Agent details of the amount of its participations in Facility A which it is offering to sell and the price at which it is offering to sell such participations. Any such offer shall be irrevocable until 11.00 am on the third Business Day following such Solicitation Day and shall be capable of acceptance by the Company on or before such time by communicating its acceptance in writing to the Purchase Agent or, if it is the Purchase Agent, the relevant Lenders. The Purchase Agent (if someone other than the Company) will communicate to the relevant Lenders which offers have been accepted by 12 noon on the third Business Day following such Solicitation Day. In any event by 11.00 am on the fourth Business Day following such Solicitation Date, the Company shall notify the Agent of the amounts of the participations in Facility A purchased through the relevant Solicitation Process and the average price paid for the purchase of participations in Facility A. The Agent shall disclose such information to any Lender that requests such disclosure.
  - (iii) Any purchase of participations in Facility A pursuant to a Solicitation Process shall be completed and settled on or before the fifth Business Day after the relevant Solicitation Day.
  - (iv) In accepting any offers made pursuant to a Solicitation Process the Company shall be free to select which offers and in which amounts it accepts but on the basis that it accepts offers in inverse order of the price offered (with the offer or offers at the lowest price being accepted first) and that if it receives two or more offers at the same price it shall only accept such offers on a *pro rata* basis.
  
- (d)
  - (i) A Debt Purchase Transaction referred to in paragraph (b) above may also be entered into pursuant to an open order process (an “**Open Order Process**”) which is carried out as follows.
  - (ii) The Company may by itself or through another Purchase Agent place an open order (an “**Open Order**”) to purchase participations in Facility A up to a set aggregate amount at a set price by notifying at the same time all the Lenders participating in Facility A of the same. Any Lender wishing to sell pursuant to an Open Order will, by 11.00 am on any Business Day following the date on which the Open Order is placed but no earlier than the first Business Day, and no later than the fifth Business Day, following the date on which the Open Order is placed, communicate to the Purchase Agent details of the amount of its participations in Facility A which it is offering to sell. Any such offer to sell shall be irrevocable until 11.00 am on the Business Day following the date of such offer from the Lender and shall be capable of

acceptance by the Company on or before such time by it communicating such acceptance in writing to the relevant Lender.

- (iii) Any purchase of participations in Facility A pursuant to an Open Order Process shall be completed and settled by the Company on or before the fourth Business Day after the date of the relevant offer by a Lender to sell under the relevant Open Order.
  - (iv) If the Purchase Agent receives on the same Business Day two or more offers at the set price such that the maximum amount of Facility A to which an Open Order relates would be exceeded, the Company shall only accept such offers on a *pro rata* basis.
  - (v) The Company shall, by 11.00 am on the sixth Business Day following the date on which an Open Order is placed, notify the Agent of the amounts of the participations in Facility A purchased through such Open Order Process. The Agent shall disclose such information to any Lender that requests the same.
- (e) For the avoidance of doubt, there is no limit on the number of occasions a Solicitation Process or an Open Order Process may be implemented.
- (f) In relation to any Debt Purchase Transaction entered into pursuant to this Clause 30.1, notwithstanding any other term of this Agreement or the other Finance Documents:
- (i) on completion of the relevant assignment pursuant to Clause 29 (*Changes to the Lenders*), the portions of the Facility A Loans to which it relates shall be extinguished and any related Repayment Instalments will be reduced pro-rata accordingly;

- (ii) such Debt Purchase Transaction and the related extinguishment referred to in paragraph (i) above shall not constitute a prepayment of Facility A;
- (iii) the Company, being the Borrower which is the assignee, shall be deemed to be an entity which fulfils the requirements of Clause 29.1 (*Assignments and transfers by the Lenders*) to be a New Lender;
- (iv) Clause 34 (*Sharing among the Finance Parties*) shall not be applicable to the consideration paid under such Debt Purchase Transaction; and
- (v) for the avoidance of doubt, any extinguishment of any part of the Facility A Loans shall not affect any amendment or waiver which prior to such extinguishment had been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement.

30.2 **Disenfranchisement on Debt Purchase Transactions entered into by Investors or their Affiliates**

- (a) For so long as an Investor or its Affiliates:
  - (i) beneficially owns a Commitment; or
  - (ii) has entered into a sub-participation agreement relating to a Commitment or other agreement or arrangement having a substantially similar economic effect and such agreement or arrangement has not been terminated,

in ascertaining:

- (A) the Majority Lenders or the Super Majority Lenders; or
- (B) whether:
  - (1) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments; or
  - (2) the agreement of any specified group of Lenders,

has been obtained to approve any request for a consent, waiver, amendment or other vote under the Finance Documents such Commitment shall be deemed to be zero and such Investor or Affiliate or the person with whom it has entered into such sub-participation, other agreement or arrangement shall be deemed not to be a Lender for the purposes of paragraphs (A) and (B) above (unless in the case of a person not being an Investor or Affiliate it is a Lender by virtue otherwise than by beneficially owning the relevant Commitment).

- (b) Each Lender shall, unless such Debt Purchase Transaction is an assignment or transfer, promptly notify the Agent in writing if it knowingly enters into a Debt Purchase Transaction with an Investor or an Affiliate of an Investor (a “**Notifiable Debt Purchase Transaction**”), such notification to be substantially in the form set out in Part I of Schedule 14 (*Forms of Notifiable Debt Purchase Transaction Notice*).
- (c) A Lender shall promptly notify the Agent if a Notifiable Debt Purchase Transaction to which it is a party:
  - (i) is terminated; or
  - (ii) ceases to be with an Investor or an Affiliate of an Investor,

such notification to be substantially in the form set out in Part II of Schedule 14 (*Forms of Notifiable Debt Purchase Transaction Notice*).

- (d) Each Investor that is a Lender agrees that:

- (i) in relation to any meeting or conference call to which all the Lenders are invited to attend or participate, it shall not and will procure that its Affiliate shall not attend or participate in the same if so requested by the Agent or, unless the Agent otherwise agrees, be entitled to receive the agenda or any minutes of the same; and
- (ii) in its capacity as Lender, unless the Agent otherwise agrees, it shall not and will procure that its Affiliate shall not be entitled to receive any report or other document prepared at the request of, or on the instructions of, the Agent or one or more of the Lenders.

## 31. CHANGES TO THE OBLIGORS

### 31.1 Assignment and transfers by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

### 31.2 Additional Borrowers

- (a) Subject to compliance with the provisions of paragraphs (c) and (d) of Clause 25.7 (“*Know your customer*” checks), the Company may request that any of its wholly owned Subsidiaries becomes a Borrower. That Subsidiary shall become a Borrower if:
  - (i) it is incorporated in the same jurisdiction as an existing Borrower or otherwise if all the Lenders under the relevant Facility approve the addition of that Subsidiary;
  - (ii) the Company and that Subsidiary deliver to the Agent a duly completed and executed Accession Deed;
  - (iii) the Subsidiary is (or becomes) a Guarantor at the same time as or prior to becoming a Borrower;
  - (iv) the Company confirms that no Default is continuing or would occur as a result of that Subsidiary becoming an Additional Borrower; and
  - (v) the Agent has received all of the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) in relation to that Additional Borrower, each in form and substance satisfactory to the Agent (acting reasonably).
- (b) The Agent shall notify the Company and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it) all the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent and Conditions Subsequent*).
- (c) Other than to the extent that the Majority Lenders notify the Agent in writing that any document or other evidence listed in Part II of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) is not in form and substance satisfactory to them before the Agent gives the notification described in paragraph (b) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.
- (d) This Clause 31.2 shall not apply to any Affiliate of a Borrower that becomes a borrower of an Ancillary Facility with the approval of the relevant Ancillary Lender pursuant to Clause 9.8 (*Affiliates of Borrowers*).

### 31.3 Resignation of a Borrower

- (a) In this Clause 31.3, Clause 31.5 (*Resignation of a Guarantor*) and Clause 31.7 (*Resignation and release of Security on disposal*), “**Third Party Disposal**” means the disposal of an Obligor to a person which is not a member of the Group where that disposal is a Permitted Disposal or made with the approval of the Majority Lenders (and the Company has confirmed this is the case).
- (b) With the prior consent of all the Lenders, if a Borrower is the subject of a Third Party Disposal, the Company may request that such Borrower (other than the Company) ceases to be a Borrower by delivering to the Agent a Resignation Letter.

- (c) The Agent shall accept a Resignation Letter and notify the Company and the other Finance Parties of its acceptance if:
  - (i) the Company has confirmed that no Default is continuing or would result from the acceptance of the Resignation Letter;
  - (ii) the Borrower is under no actual or contingent obligations as a Borrower under any Finance Documents;
  - (iii) where the Borrower is also a Guarantor (unless its resignation has been accepted in accordance with Clause 31.5 (*Resignation of a Guarantor*)), its obligations in its capacity as Guarantor continue to be legal, valid, binding and enforceable and in full force and effect (subject to the Legal Reservations) and the amount guaranteed by it as a Guarantor is not decreased (and the Company has confirmed this is the case); and
  - (iv) the Company has confirmed that it shall ensure that any relevant Disposal Proceeds will to the extent required be applied in accordance with Clause 12.2 (*Disposal and Insurance Proceeds*).
- (d) Upon notification by the Agent to the Company of its acceptance of the resignation of a Borrower, that member of the Group shall cease to be a Borrower and shall have no further rights or obligations under the Finance Documents as a Borrower except in the case of a Third Party Disposal that the resignation shall not take effect (and the Borrower will continue to have rights and obligations under the Finance Documents) until the date on which the Third Party Disposal takes effect.
- (e) The Agent may, at the cost and expense of the Company, require a legal opinion from counsel to the Agent confirming the matters set out in paragraph (c)(iii) above and the Agent shall be under no obligation to accept a Resignation Letter until it has obtained such opinion in form and substance satisfactory to it (acting reasonably).

#### 31.4 Additional Guarantors

- (a) Subject to compliance with the provisions of paragraphs (c) and (d) of Clause 25.7 (*"Know your customer" checks*), the Company may request that any of its Subsidiaries become a Guarantor.
- (b) The Company shall ensure that each of Grupo Antolín Álava, S.L., Grupo Antolín Ara, S.L., Grupo Antolín Magnesio, S.L., and Grupo Antolín Vigo, S.L. shall as soon as reasonably practicable after the date of this Agreement change its corporate form to a *Sociedad Anónima* and, as soon as reasonably practicable after such change of corporate form, become an Additional Guarantor. The Company shall ensure that the process to change the corporate form of each such company is commenced within two weeks of the Closing Date.
- (c) The Company shall procure that any other member of the Group which is a Material Company (other than any Spanish entity established as an *Agrupación de Interés Económico* or *Sociedad Limitada* or *Sociedad de responsabilidad limitada* and any member of the Group incorporated in an Excluded Jurisdiction) shall, as soon as possible after becoming a Material Company, subject to the Agreed Security Principles, become an Additional Guarantor.
- (d) A member of the Group shall become an Additional Guarantor if:
  - (i) the Company and the proposed Additional Guarantor deliver to the Agent a duly completed and executed Accession Deed; and
  - (ii) the Agent has received all of the documents and other evidence listed in Part II of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) in relation to that Additional Guarantor, each in form and substance satisfactory to the Agent (acting reasonably).
- (e) The Agent shall notify the Company and the Lenders promptly upon being satisfied that it has received (in form and substance satisfactory to it (acting reasonably)) all the documents and other evidence listed in Part II of Schedule 2 (*Conditions precedent and Conditions Subsequent*).
- (f) Other than to the extent that the Majority Lenders notify the Agent in writing that any document or other evidence listed in Part II of Schedule 2 (*Conditions Precedent and Conditions Subsequent*) is not in form and substance satisfactory to them before the Agent gives the notification described in



paragraph (e) above, the Lenders authorise (but do not require) the Agent to give that notification. The Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

### 31.5 Resignation of a Guarantor

- (a) The Company may request that a Guarantor (other than the Company) ceases to be a Guarantor by delivering to the Agent a Resignation Letter if:
  - (i) that Guarantor is being disposed of by way of a Third Party Disposal (as defined in Clause 31.3 (*Resignation of a Borrower*)) and the Company has confirmed this is the case;
  - (ii) such Guarantor is being liquidated, merged or reconstructed as part of a Permitted Transaction under paragraph (b) of that definition and such Guarantor is not the surviving entity; or
  - (iii) the Super Majority Lenders have consented to the resignation of that Guarantor.
- (b) Subject to paragraph (a) of clause 17.12 (*Resignation of a Debtor*) of the Intercreditor Agreement, the Agent shall accept a Resignation Letter and notify the Company and the Lenders of its acceptance if:
  - (i) the Company has confirmed that no Default is continuing or would result from the acceptance of the Resignation Letter;
  - (ii) no payment is due from the Guarantor under Clause 23.1 (*Guarantee and indemnity*);
  - (iii) where the Guarantor is also a Borrower, it is under no actual or contingent obligations as a Borrower and has resigned and ceased to be a Borrower under Clause 31.3 (*Resignation of a Borrower*); and
  - (iv) the Company has confirmed that it shall ensure that the Disposal Proceeds will to the extent required be applied in accordance with Clause 12.2 (*Disposal and Insurance Proceeds*).
- (c) In the case of a Third Party Disposal, the resignation of that Guarantor shall not be effective until the date of the relevant Third Party Disposal at which time that company shall cease to be a Guarantor and shall have no further rights or obligations under the Finance Documents as a Guarantor.

### 31.6 Repetition of Representations

Delivery of an Accession Deed constitutes confirmation by the relevant Subsidiary that the representations and warranties referred to in paragraph (e) of Clause 24.25 (*Times when representations made*) are true and correct in relation to it as at the date of delivery as if made by reference to the facts and circumstances then existing.

### 31.7 Resignation and release of Security on disposal

If a Borrower or Guarantor (other than the Company) is or is proposed to be the subject of a Third Party Disposal then:

- (a) where that Borrower or Guarantor created Transaction Security over any of its assets or business in favour of the Security Agent and/or any other Secured Party, or Transaction Security in favour of the Security Agent and/or any other Secured Party was created over the shares (or equivalent) of that Borrower or Guarantor, the Security Agent may, at the cost and request of the Company, release for and on its own behalf and for and on behalf of the other Secured Parties those assets, business or shares (or equivalent) and issue certificates of non-crystallisation; and
- (b) any resignation of that Borrower or Guarantor and related release of Transaction Security referred to in paragraph (a) above shall become effective only on the making of that disposal.

**SECTION 10**  
**THE FINANCE PARTIES**

**32. ROLE OF THE AGENT, THE ARRANGER, THE ISSUING BANK AND OTHERS**

**32.1 Appointment of the Agent**

- (a) Each of the Arranger, the Lenders and the Issuing Bank appoints the Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Arranger, the Lenders and the Issuing Bank authorises the Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Agent under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions.
- (c) Each of the Arrangers, the Lenders and the Issuing Bank hereby relieves the Agent from the restrictions pursuant to section 181 Civil Code (*Bürgerliches Gesetzbuch*) and similar restrictions applicable to it pursuant to any other applicable law, in each case to the extent legally possible to such Finance Party. A Finance Party which is barred by its constitutional documents or by-laws from granting such exemption shall notify the Agent accordingly.

**32.2 Instructions**

- (a) The Agent shall:
  - (i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Agent in accordance with any instructions given to it by:
    - (A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision;
    - (B) the Super Majority Lenders if the relevant Finance Document stipulates the matter is a Super Majority Lender decision; and
    - (C) in all other cases, the Majority Lenders; and
  - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above.
- (b) The Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Lender or group of Lenders, from that Lender or group of Lenders) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Agent may refrain from acting unless and until it receives those instructions or that clarification.
- (c) Save in the case of decisions stipulated to be a matter for any other Lender or group of Lenders under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties save for the Security Agent.
- (d) The Agent may refrain from acting in accordance with any instructions of any Lender or group of Lenders until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability which it may incur in complying with those instructions.
- (e) In the absence of instructions, the Agent may act (or refrain from acting) as it considers to be in the best interest of the Lenders.
- (f) The Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (f) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of

rights under the Transaction Security Documents or enforcement of the Transaction Security or Transaction Security Documents.

### 32.3 Duties of the Agent

- (a) The Agent's duties under the Finance Documents are solely mechanical and administrative in nature.
- (b) Subject to paragraph (c) below, the Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent for that Party by any other Party.
- (c) Without prejudice to Clause 29.7 (*Copy of Transfer Certificate, Assignment Agreement or Increase Confirmation to Company*) and paragraph (e) of Clause 7.4 (*Cash Collateral by Non-Acceptable L/C Lender and Borrower's option to provide cash cover*), paragraph (b) above shall not apply to any Transfer Certificate, any Assignment Agreement or any Increase Confirmation.
- (d) Except where a Finance Document specifically provides otherwise, the Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (e) If the Agent receives notice from a Party referring to this Agreement, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.
- (f) If the Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Agent, the Arranger or the Security Agent) under this Agreement it shall promptly notify the other Finance Parties.
- (g) The Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

### 32.4 Role of the Arranger

Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

### 32.5 No fiduciary duties

- (a) Nothing in any Finance Document constitutes the Agent, the Arranger or the Issuing Bank as a trustee or fiduciary of any other person.
- (b) None of the Agent, the Arranger, the Issuing Bank or any Ancillary Lender shall be bound to account to any Lender for any sum or the profit element of any sum received by it for its own account.

### 32.6 Business with the Group

The Agent, the Arranger, the Issuing Bank and each Ancillary Lender may accept deposits from, lend money to and generally engage in any kind of banking or other business with any member of the Group.

### 32.7 Rights and discretions

- (a) The Agent and the Issuing Bank may:
  - (i) rely on any representation, communication, notice or document (including, without limitation, any notice given by a Lender pursuant to paragraph (b) or (c) of Clause 30.2 (*Disenfranchisement on Debt Purchase Transactions entered into by Investors*)) believed by it to be genuine, correct and appropriately authorised;
  - (ii) assume that:
    - (A) any instructions received by it from the Majority Lenders any Lenders or any group of Lenders are duly given in accordance with the terms of the Finance Documents; and

- (B) unless it has received notice of revocation, that those instructions have not been revoked; and
- (iii) rely on a certificate from any person:
  - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
  - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.
- (b) The Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Lenders) that:
  - (i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 28.1 (*Non-payment*));
  - (ii) any right, power, authority or discretion vested in any Party or any group of Lenders has not been exercised;
  - (iii) any notice or request made by the Company (other than a Utilisation Request or Selection Notice) is made on behalf of and with the consent and knowledge of all the Obligors; and
  - (iv) no Notifiable Debt Purchase Transaction:
    - (A) has been entered into;
    - (B) has been terminated; or
    - (C) has ceased to be with an Investor.
- (c) The Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Agent (and so separate from any lawyers instructed by the Lenders) if the Agent in its reasonable opinion deems this to be desirable.
- (e) The Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.
- (f) The Agent may act in relation to the Finance Documents through its officers, employees and agents and the Agent shall not:
  - (i) be liable for any error of judgment made by any such person; or
  - (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part, of any such person,

unless such error or such loss was directly caused by the Agent's gross negligence or wilful misconduct.
- (g) Unless a Finance Document expressly provides otherwise the Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.
- (h) Without prejudice to the generality of paragraph (g) above, the Agent:

- (i) may disclose; and
- (ii) on the written request of the Company or the Majority Lenders shall, as soon as reasonably practicable, disclose,

the identity of a Defaulting Lender to the Company and to the other Finance Parties.

- (i) Notwithstanding any other provision of any Finance Document to the contrary, none of the Agent, the Arranger or the Issuing Bank is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.
- (j) The Agent is not obliged to disclose to any Finance Party any details of the rate notified to the Agent by any Lender or the identity of any such Lender for the purpose of paragraph (a)(ii) of Clause 16.2 (*Market disruption*).
- (k) Notwithstanding any provision of any Finance Document to the contrary, the Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

### 32.8 **Responsibility for documentation**

None of the Agent, the Arranger, the Issuing Bank or any Ancillary Lender is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Agent, the Arranger, the Issuing Bank, an Ancillary Lender, an Obligor or any other person in or in connection with any Finance Document or the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security; or
- (c) for any determination as to whether any information provided or to be provided to any Finance Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

### 32.9 **No duty to monitor**

The Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or
- (c) whether any other event specified in any Finance Document has occurred.

### 32.10 **Exclusion of liability**

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent, the Issuing Bank or any Ancillary Lender), none of the Agent, the Issuing Bank nor any Ancillary Lender will be liable (including, without limitation, for negligence or any other category of liability whatsoever) for:
  - (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document or the Transaction Security, unless directly caused by its gross negligence or wilful misconduct;
  - (ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document, the Transaction Security or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document or the Transaction Security; or
  - (iii) without prejudice to the generality of paragraphs (i) and (ii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:
    - (A) any act, event or circumstance not reasonably within its control; or
    - (B) the general risks of investment in, or the holding of assets in, any jurisdiction, including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.
- (b) No Party (other than the Agent, the Issuing Bank or an Ancillary Lender (as applicable)) may take any proceedings against any officer, employee or agent of the Agent, the Issuing Bank or any Ancillary

Lender, in respect of any claim it might have against the Agent, the Issuing Bank or an Ancillary Lender or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document and any officer, employee or agent of the Agent, the Issuing Bank or any Ancillary Lender may rely on this Clause subject to Clause 1.4 (*Third party rights*) and the provisions of the Third Parties Act.

- (c) The Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent if the Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Agent or the Arranger to carry out:
  - (i) any “know your customer” or other checks in relation to any person; or
  - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Lender,

on behalf of any Lender and each Lender confirms to the Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Arranger.

- (e) Without prejudice to any provision of any Finance Document excluding or limiting the Agent’s liability, any liability of the Agent arising under or in connection with any Finance Document or the Transaction Security shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent at any time which increase the amount of that loss. In no event shall the Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Agent has been advised of the possibility of such loss or damages.

### 32.11 Lenders’ indemnity to the Agent

- (a) Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent (otherwise than by reason of the Agent’s gross negligence or wilful misconduct or deliberate breach of the terms of this Agreement) (or, in the case of any cost, loss or liability pursuant to Clause 35.11 (*Disruption to Payment Systems etc.*) notwithstanding the Agent’s negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) in acting as Agent under the Finance Documents (unless the Agent has been reimbursed by an Obligor pursuant to a Finance Document).
- (b) Subject to paragraph (c) below, the Company shall within 5 Business Days of demand reimburse any Lender for any payment that Lender makes to the Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Agent to an Obligor.

### 32.12 Resignation of the Agent

- (a) The Agent may resign and appoint one of its Affiliates acting through an office in the United Kingdom as successor by giving not less than ten Business Days’ notice to the Lenders and the Company.
- (b) Alternatively the Agent may resign by giving 30 days notice to the Lenders and the Company, in which case the Majority Lenders (after consultation with the Company) may appoint a successor Agent.
- (c) If the Majority Lenders have not appointed a successor Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Agent (after consultation with the Company) may appoint a successor Agent (acting through an office in the United Kingdom).

- (d) If the Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Agent is entitled to appoint a successor Agent under paragraph (c) above, the Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Agent to become a party to this Agreement as Agent) agree with the proposed successor Agent amendments to this Clause 32.12 and any other term of this Agreement dealing with the rights or obligations of the Agent consistent with the current market practice for the appointment and protection of corporate trustees together with any reasonable amendments to the agency fee payable under this Agreement which are consistent with the successor Agent's normal fee rates and those amendments will bind the Parties **provided that** no such amendment will require any additional or larger payment to be made by any member of the Group or otherwise increase the liability of any member of the Group without the prior written consent of the Company.
- (e) The retiring Agent shall at its own cost make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (f) The Agent's resignation notice shall only take effect upon the appointment of a successor.
- (g) Upon the appointment of a successor, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (e) above) but shall remain entitled to the benefit of Clause 20.3 (*Indemnity to the Agent*) and this Clause 32 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.
- (h) The Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:
  - (i) the Agent fails to respond to a request under Clause 18.8 (*FATCA Information*) and the Company or a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;
  - (ii) the information supplied by the Agent pursuant to Clause 18.8 (*FATCA Information*) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or
  - (iii) the Agent notifies the Company and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date,

and (in each case) the Company or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and the Company or that Lender, by notice to the Agent, requires it to resign.

### 32.13 Replacement of the Agent

- (a) After consultation with the Company, the Majority Lenders may, by giving 30 days' notice to the Agent (or, at any time the Agent is an Impaired Agent, by giving any shorter notice determined by the Majority Lenders) replace the Agent by appointing a successor Agent (acting through an office in the United Kingdom).
- (b) The retiring Agent shall (at its own cost if it is an Impaired Agent and otherwise at the expense of the Lenders) make available to the successor Agent such documents and records and provide such assistance as the successor Agent may reasonably request for the purposes of performing its functions as Agent under the Finance Documents.
- (c) The appointment of the successor Agent shall take effect on the date specified in the notice from the Majority Lenders to the retiring Agent. As from this date, the retiring Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (b) above) but shall remain entitled to the benefit of Clause 20.3 (*Indemnity to the Agent*)



and this Clause 32 (and any agency fees for the account of the retiring Agent shall cease to accrue from (and shall be payable on) that date).

- (d) Any successor Agent and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

#### 32.14 Confidentiality

- (a) In acting as agent for the Finance Parties, the Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.
- (b) If information is received by another division or department of the Agent, it may be treated as confidential to that division or department and the Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Arranger is obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty.

#### 32.15 Relationship with the Lenders

- (a) Subject to Clause 29.9 (*Pro rata interest settlement*), the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:
  - (i) entitled to or liable for any payment due under any Finance Document on that day; and
  - (ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

- (b) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 37.6 (*Electronic communication*)) electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address, department and officer by that Lender for the purposes of Clause 37.2 (*Addresses*) and paragraph (a) (ii) of Clause 37.6 (*Electronic communication*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

#### 32.16 Credit appraisal by the Lenders, Issuing Bank and Ancillary Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender, Issuing Bank and Ancillary Lender confirms to the Agent, the Arranger, the Issuing Bank and each Ancillary Lender that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

- (a) the financial condition, status and nature of each member of the Group;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Transaction Security and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;
- (c) whether that Lender, Issuing Bank or Ancillary Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Transaction Security or the transactions contemplated by the Finance Documents or any

other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Transaction Security;

- (d) the adequacy, accuracy or completeness of any information provided by the Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and
- (e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

#### 32.17 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

#### 32.18 Reliance and engagement letters

Each Finance Party and Secured Party confirms that each of the Arranger and the Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Arranger or Agent) the terms of any reliance letter or engagement letters relating to any reports or letters provided by accountants in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

#### 32.19 Role of Reference Banks

- (a) No Reference Bank is under any obligation to provide a quotation or any other information to the Agent.
- (b) No Reference Bank will be liable for any action taken by it in its capacity as a Reference Bank under or in connection with any Finance Document, or for any Reference Bank Quotation, unless directly caused by its gross negligence or wilful misconduct.
- (c) No Party (other than the relevant Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank in respect of any claim it might have against that Reference Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, or to any Reference Bank Quotation, and any officer, employee or agent of each Reference Bank may rely on this Clause subject to Clause 1.5 (*Third Party Rights*) and the provisions of the Third Parties Act.

#### 32.20 Third party Reference Banks

Any Reference Bank may rely on Clause 32.19 (*Role of Reference Banks*), Clause 43 (*Confidentiality of Funding Rates and Reference Bank Quotations*) and paragraph (b) of Clause 34.5 (*Exceptions*) subject to Clause 1.5 (*Third Party Rights*) and the provisions of the Third Parties Act.

### 33. CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

- (a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;
- (b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or
- (c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

## 34. SHARING AMONG THE FINANCE PARTIES

### 34.1 Payments to Finance Parties

- (a) Subject to paragraph (b) below, if a Finance Party (a “**Recovering Finance Party**”) receives or recovers any amount from an Obligor other than in accordance with Clause 35 (*Payment mechanics*) (a “**Recovered Amount**”) and applies that amount to a payment due under the Finance Documents then:
- (i) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Agent;
  - (ii) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 35 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and
  - (iii) the Recovering Finance Party shall, within three Business Days of demand by the Agent, pay to the Agent an amount (the “**Sharing Payment**”) equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 35.6 (*Partial payments*).
- (b) Paragraph (a) above shall not apply to any amount received or recovered by an Issuing Bank or an Ancillary Lender in respect of any cash cover provided for the benefit of that Issuing Bank or that Ancillary Lender.
- (c) This Clause 34 shall not apply to the extent that the Recovering Finance Party has received an amount in excess of the amount it would have received in accordance with Clause 35 (*Payment mechanics*) as a result of the application to any other Finance Party of any legal provision establishing mandatory subordination of such other Finance Party’s credit in a Borrower’s insolvency proceedings.
- (d) Without prejudice to paragraph (c) above, this Clause 34 shall apply to the extent that a Recovering Finance Party has received an amount in excess of the amount it would have received in accordance with Clause 35 (*Payment mechanics*) pursuant to article 91.7 of the Spanish Insolvency Law 22/2003 of 9 July (*Ley 22/2003, de 9 de julio, Concursal*), unless the Recovering Finance Party prior to commencement of insolvency proceedings against a Borrower has requested the Agent to start such proceedings jointly on behalf of the Lenders which have granted the relevant powers of attorney and such request has not been approved by the Majority Lenders within five Business Days of such request.

### 34.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the “**Sharing Finance Parties**”) in accordance with Clause 35.6 (*Partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

### 34.3 Recovering Finance Party’s rights

On a distribution by the Agent under Clause 34.2 (*Redistribution of payments*), of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

### 34.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

- (a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the “**Redistributed Amount**”); and

- (b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

#### 34.5 **Exceptions**

- (a) This Clause 34 shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.
- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
  - (i) it notified the other Finance Party of the legal or arbitration proceedings; and
  - (ii) the other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

#### 34.6 **Ancillary Lenders**

- (a) This Clause 34 shall not apply to any receipt or recovery by a Lender in its capacity as an Ancillary Lender at any time prior to service of notice under Clause 28.18 (*Acceleration and/or Other Remedies*).
- (b) Following service of notice under Clause 28.18 (*Acceleration and/or Other Remedies*), this Clause 34 shall apply to all receipts or recoveries by Ancillary Lenders except to the extent that the receipt or recovery represents a reduction of the Permitted Gross Outstandings of a Multi-account Overdraft to or towards an amount equal to its Designated Net Amount.

## SECTION 11 ADMINISTRATION

### 35. PAYMENT MECHANICS

#### 35.1 Payments to the Agent

- (a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, excluding a payment under the terms of an Ancillary Document, that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.
- (b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, London, as specified by the Agent) and with such bank as the Agent, in each case, specifies.

#### 35.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 35.3 (*Distributions to an Obligor*) and Clause 35.4 (*Clawback and pre-funding*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London, as specified by that Party).

#### 35.3 Distributions to an Obligor

The Agent may (with the consent of the Obligor or in accordance with Clause 36 (*Set-Off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

#### 35.4 Clawback and pre-funding

- (a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.
- (b) Unless paragraph (c) below applies, if the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.
- (c) If the Agent is willing to make available amounts for the account of a Borrower before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to a Borrower:
  - (i) the Agent shall notify the Company of that Lender's identity and the Borrower to whom that sum was made available shall on demand refund it to the Agent; and
  - (ii) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Borrower to whom that sum was made available, shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender (and if the Borrower pays such amount, the relevant Lender will on demand pay to the Borrower such amount).

### 35.5 Impaired Agent

- (a) If, at any time, the Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 35.1 (*Payments to the Agent*) may instead either:
- (i) pay that amount direct to the required recipient(s); or
  - (ii) if in its absolute discretion it considers that it is not reasonably practicable to pay that amount direct to the required recipient(s), pay that amount or the relevant part of that amount to an interest-bearing account held with an Acceptable Bank within the meaning of paragraph (a) of the definition of “Acceptable Bank” and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment (the “**Paying Party**”) and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents (the “**Recipient Party**” or “**Recipient Parties**”).

In each case such payments must be made on the due date for payment under the Finance Documents.

- (b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the Recipient Party or the Recipient Parties *pro rata* to their respective entitlements.
- (c) A Party which has made a payment in accordance with this Clause 35.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.
- (d) Promptly upon the appointment of a successor Agent in accordance with Clause 32.13 (*Replacement of the Agent*), each Paying Party shall (other than to the extent that that Party has given an instruction pursuant to paragraph (e) below) give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution to the relevant Recipient Party or Recipient Parties in accordance with Clause 35.2 (*Distributions by the Agent*).
- (e) A Paying Party shall, promptly upon request by a Recipient Party and to the extent:
- (i) that it has not given an instruction pursuant to paragraph (d) above; and
  - (ii) that it has been provided with the necessary information by that Recipient Party,
- give all requisite instructions to the bank with whom the trust account is held to transfer the relevant amount (together with any accrued interest) to that Recipient Party.

### 35.6 Partial payments

- (a) If the Agent receives a payment for application against amounts due in respect of any Finance Documents that is insufficient to discharge all the amounts then due and payable by an Obligor under those Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under those Finance Documents in the following order:
- (i) **first**, in or towards payment *pro rata* of any unpaid amount owing to the Agent, the Arranger, the Issuing Bank (other than any amount under Clause 7.2 (*Claims under a Letter of Credit*) or, to the extent relating to the reimbursement of a claim (as defined in Clause 7.2 (*Claims under a Letter of Credit*)), Clause 7.3 (*Indemnities*)), or the Security Agent under those Finance Documents;
  - (ii) **secondly**, in or towards payment *pro rata* of any accrued interest, fee or commission due but unpaid under those Finance Documents;
  - (iii) **thirdly**, in or towards payment *pro rata* of any principal due but unpaid under those Finance Documents and any amount due but unpaid under Clause 7.2 (*Claims under a Letter of Credit*) and Clause 7.3 (*Indemnities*); and

- (iv) **fourthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.
- (b) The Agent shall, if so directed by the Majority Lenders, vary the order set out in paragraphs (a)(ii) to (iv) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by an Obligor.

### 35.7 **Set-off by Obligors**

Without prejudice to Clause 10.2 (*Repayment of Revolving Facility Loans*) all payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

### 35.8 **Business Days**

- (a) Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).
- (b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

### 35.9 **Currency of account**

- (a) Subject to paragraphs (b) to (e) below, the Base Currency is the currency of account and payment for any sum due from an Obligor under any Finance Document.
- (b) A repayment of a Utilisation or Unpaid Sum or a part of a Utilisation or Unpaid Sum shall be made in the currency in which that Utilisation or Unpaid Sum is denominated, pursuant to this Agreement, on its due date.
- (c) Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated, pursuant to this Agreement, when that interest accrued.
- (d) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.
- (e) Any amount expressed to be payable in a currency other than the Base Currency shall be paid in that other currency.

### 35.10 **Change of currency**

- (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
  - (i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Company); and
  - (ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).
- (b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Company) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

### 35.11 **Disruption to Payment Systems etc.**

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Company that a Disruption Event has occurred:

- (a) the Agent may, and shall if requested to do so by the Company, consult with the Company with a view to agreeing with the Company such changes to the operation or administration of the Facilities as the Agent may deem necessary in the circumstances;
- (b) the Agent shall not be obliged to consult with the Company in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;
- (c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;
- (d) any such changes agreed upon by the Agent and the Company shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 41 (*Amendments and Waivers*);
- (e) the Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 35.11; and
- (f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

### 36. **SET-OFF**

- (a) Without prejudice to its rights at law, a Finance Party may at any time after the occurrence of an Event of Default which is continuing set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.
- (b) Any credit balances taken into account by an Ancillary Lender when operating a net limit in respect of any overdraft under an Ancillary Facility shall on enforcement of the Finance Documents be applied first in reduction of the overdraft provided under that Ancillary Facility in accordance with its terms.

### 37. **NOTICES**

#### 37.1 **Communications in writing**

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

#### 37.2 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

- (a) in the case of the Company, that identified with its name below;
- (b) in the case of each Lender, the Issuing Bank, each Ancillary Lender or any other Obligor, that notified in writing to the Agent on or prior to the date on which it becomes a Party; and
- (c) in the case of the Agent or the Security Agent, that identified with its name below,



or any substitute address, fax number or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five Business Days' notice.

### 37.3 **Delivery**

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
  - (i) if by way of fax, when received in legible form; or
  - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,and, if a particular department or officer is specified as part of its address details provided under Clause 37.2 (*Addresses*), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent or Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or Security Agent's signature below (or any substitute department or officer as the Agent or Security Agent shall specify for this purpose).
- (c) All notices from or to an Obligor shall be sent through the Agent.
- (d) Any communication or document made or delivered to the Company in accordance with this Clause 37.3 will be deemed to have been made or delivered to each of the Obligors.
- (e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

### 37.4 **Notification of address and fax number**

Promptly upon receipt of notification of an address or fax number or change of address or fax number pursuant to Clause 37.2 (*Addresses*) or changing its own address or fax number, the Agent shall notify the other Parties.

### 37.5 **Communication when Agent is Impaired Agent**

If the Agent is an Impaired Agent the Parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant Parties directly. This provision shall not operate after a replacement Agent has been appointed.

### 37.6 **Electronic communication**

Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means:

- (a) to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication and if those two Parties:
  - (i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
  - (ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.

- (b) Any electronic communication made between those two Parties will be effective only when actually received in readable form and in the case of any electronic communication made by a Party to the Agent or the Security Agent only if it is addressed in such a manner as the Agent or Security Agent shall specify for this purpose.
- (c) Any electronic communication which becomes effective, in accordance with paragraph (b) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

### 37.7 Use of websites

- (a) The Company may satisfy its obligation under this Agreement to deliver any information in relation to those Lenders (the “**Website Lenders**”) who accept this method of communication by posting this information onto an electronic website designated by the Company and the Agent (the “**Designated Website**”) if:
  - (i) the Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;
  - (ii) both the Company and the Agent are aware of the address of and any relevant password specifications for the Designated Website; and
  - (iii) the information is in a format previously agreed between the Company and the Agent.

If any Lender (a “**Paper Form Lender**”) does not agree to the delivery of information electronically then the Agent shall notify the Company accordingly and the Company shall, at its own cost, supply the information to the Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event the Company shall, at its own cost, supply the Agent with at least one copy in paper form of any information required to be provided by it.

- (b) The Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Company and the Agent.
- (c) The Company shall promptly upon becoming aware of its occurrence notify the Agent if:
  - (i) the Designated Website cannot be accessed due to technical failure;
  - (ii) the password specifications for the Designated Website change;
  - (iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;
  - (iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or
  - (v) the Company becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If the Company notifies the Agent under paragraph (c)(i) or paragraph (c)(v) above, all information to be provided by the Company under this Agreement after the date of that notice shall be supplied in paper form unless and until the Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

- (d) Any Website Lender may request, through the Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Company shall at its own cost comply with any such request within ten Business Days.

### 37.8 English language

- (a) Any notice given under or in connection with any Finance Document must be in English.
- (b) All other documents provided under or in connection with any Finance Document must be:

- (i) in English; or
- (ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

## 38. CALCULATIONS AND CERTIFICATES

### 38.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

### 38.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, *prima facie* evidence of the matters to which it relates.

### 38.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

## 39. PARTIAL INVALIDITY

If, at any time, any provision of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

## 40. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Finance Party or Secured Party, any right or remedy under a Finance Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any Finance Document. No election to affirm any Finance Document on the part of any Finance Party or Secured Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

## 41. AMENDMENTS AND WAIVERS

### 41.1 Intercreditor Agreement

This Clause 41 is subject to the terms of the Intercreditor Agreement.

### 41.2 Required consents

- (a) Subject to Clause 41.3 (*All Lender matters*) and Clause 41.5 (*Other exceptions*), any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Company and any such amendment or waiver will be binding on all Parties.
- (b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 41.
- (c) Without prejudice to the generality of paragraphs (c), (d) and (e) of Clause 32.7 (*Rights and discretions*), the Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.
- (d) Each Obligor agrees to any such amendment or waiver permitted by this Clause 41 which is agreed to by the Company. This includes any amendment or waiver which would, but for this paragraph (d), require the consent of all of the Guarantors.

### 41.3 All Lender matters

Subject to Clause 41.6 (*Structural Adjustment*), an amendment or waiver of, or in relation to, any term of any Finance Document that has the effect of changing or which relates to:

- (a) the definition of “Majority Lenders” or “Super Majority Lenders” in Clause 1.1 (*Definitions*);
- (b) an extension to the date of payment of any amount under the Finance Documents (other than in relation to Clause 12 (*Mandatory prepayment and cancellation*));
- (c) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable (other than in relation to Clause 12.2 (*Disposal and Insurance Proceeds*));
- (d) a change in currency of payment of any amount under the Finance Documents;
- (e) an increase in any Commitment or the Total Commitments, an extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments of the Lenders rateably under the relevant Facility;
- (f) a change to the Borrowers or Guarantors other than in accordance with Clause 31 (*Changes to the Obligors*);
- (g) any provision which expressly requires the consent of all the Lenders;
- (h) Clause 2.3 (*Finance Parties’ rights and obligations*), Clause 13.9 (*Application of prepayments*), Clause 29 (*Changes to the Lender*), this Clause 41, Clause 48 (*Governing law*) or Clause 49.1 (*Jurisdictions of English courts*);
- (i) clause 8 (*Redistribution*), clause 13 (*Application of Proceeds*) or clause 23 (*Consents, amendments and override*) of the Intercreditor Agreement;
- (j) paragraphs (d)(iii), (e) and (f) of clause 15.2 (*Instructions*) of the Intercreditor Agreement; or
- (k) the order of priority or subordination under the Intercreditor Agreement,

shall not be made, or given, without the prior consent of all the Lenders.

### 41.4 Super Majority Matters

An amendment, waiver or (in the case of a Transaction Security Document) a consent of, or in relation to, any term of a Finance Document that has the effect of changing or which relates to:

- (a) (other than as expressly permitted by the provisions of any Finance Document) the nature or scope of:
  - (i) the guarantee and indemnity granted under Clause 23 (*Guarantee and Indemnity*);
  - (ii) the Charged Property; or
  - (iii) the manner in which the proceeds of enforcement of the Transaction Security are distributed, (except in the case of paragraph (ii) and paragraph (iii) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is a Permitted Disposal or otherwise expressly permitted under this Agreement or any other Finance Document);
- (b) the release of any guarantee and indemnity granted under Clause 23 (*Guarantee and Indemnity*) or of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is a Permitted Disposal or otherwise expressly permitted under this Agreement or any other Finance Document; or
- (c) any amendment to the order of priority or subordination under the Intercreditor Agreement,

shall not be made, or given, without the prior consent of the Super Majority Lenders.

#### 41.5 Other exceptions

- (a) An amendment or waiver which relates to the rights or obligations of the Agent, the Arranger, the Issuing Bank, the Security Agent, any Ancillary Lender or Reference Bank (each in their capacity as such) may not be effected without the consent of the Agent, the Arranger, the Issuing Bank, the Security Agent, that Ancillary Lender, or as the case may be, that Reference Bank.
- (b) Any amendment or waiver (other than an amendment or waiver to which Clause 41.6 (*Structural Adjustment*) applies or would, but for this paragraph (c), apply) which:
  - (i) relates only to the rights or obligations applicable to a particular Utilisation, Facility or class of Lender; and
  - (ii) does not materially and adversely affect the rights or interests of Lenders in respect of any other Utilisation or Facility or another class of Lender,

may be made in accordance with this Clause 41 but as if references in this Clause 41 to the specified proportion of Lenders (including, for the avoidance of doubt, all the Lenders) whose consent would, but for this paragraph (c), be required for that amendment or waiver were to that proportion of the Lenders participating in that particular Utilisation or Facility or forming part of that particular class.

#### 41.6 Structural Adjustment

- (a) In this Agreement:
  - (i) “**Adjustment**” means:
    - (A) the introduction of a New Tranche into the Finance Documents;
    - (B) an increase in any Existing Tranche; or
    - (C) an extension of the Availability Period applicable to the Revolving Facility.
  - (ii) “**Consequential Amendment**” means, in relation to a Major Structural Adjustment, a Minor Structural Adjustment or a Payables Reduction, any amendment, waiver or consent of, or in relation to, any Finance Document consequential on, or required to implement or reflect, that Major Structural Adjustment, Minor Structural Adjustment or Payables Reduction.
  - (iii) “**Existing Tranche**” means any Commitment in respect of, and any Loan made under, an existing Facility.
  - (iv) “**Facilities Amount**” means at any time, the then aggregate (without double counting) of the amount in the Base Currency (as determined by the Agent by reference to the Agent’s Spot Rate of Exchange) of:
    - (A) the amounts borrowed and not repaid or prepaid; and
    - (B) the committed financial accommodation available (or potentially available),  
under the Finance Documents.
  - (v) “**Facilities Increase**” means, in relation to an Adjustment, the extent to which the Facilities Amount immediately after that Adjustment would (as a result of that Adjustment and after taking account of any repayment of any Utilisation, or any cancellation of any Commitment, to be effected at the same time as, or immediately following that Adjustment) exceed the Facilities Amount immediately before that Adjustment.
  - (vi) “**Major Structural Adjustment**” means an amendment, waiver or consent that is not a Minor Structural Adjustment and that results in, or is intended to result in:

- (A) an Adjustment where the indebtedness in respect of any New Tranche introduced into the Finance Documents ranks *pari passu* with the indebtedness in respect of the Facilities;
  - (B) the introduction of a New Tranche into the Finance Documents where the indebtedness in respect of that New Tranche ranks junior to the indebtedness in respect of the Facilities;
  - (C) the transfer of an Existing Tranche (or any participation in an Existing Tranche) into any New Tranche described in paragraph (A) or paragraph (B) above; or
  - (D) a change in currency of any Existing Tranche or of any amount payable under any Finance Document.
- (vii) “**Minor Structural Adjustment**” means an amendment, waiver or consent that results in, or is intended to result in:
- (A) an Adjustment which would not result in a Facilities Increase or a change in currency of an Existing Tranche or of any amount payable under any Finance Document and where the indebtedness in respect of any New Tranche introduced pursuant to that Adjustment ranks *pari passu* with, or junior to, the indebtedness in respect of the Facilities; or
  - (B) the transfer of an Existing Tranche (or any participation in an Existing Tranche) into any New Tranche introduced pursuant to paragraph (A) above where each Lender which has an Existing Tranche (or a participation in that Existing Tranche) has the opportunity (but not the obligation) to transfer that Existing Tranche (or that participation) into that New Tranche.
- (viii) “**New Tranche**” means any additional tranche, loan, facility or commitment.
- (ix) “**Payables Reduction**” means an amendment, waiver or consent that results in, or is intended to result in:
- (A) an extension to the date of payment of any amount under the Finance Documents; or
  - (B) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable.
- (b) If any amendment, waiver or consent is a Major Structural Adjustment, Minor Structural Adjustment or Payables Reduction (or, in each case, a Consequential Amendment relating to it) and would otherwise require the prior consent of all the Lenders pursuant to Clause 41.3 (*All Lender matters*), that amendment, waiver or consent may be made with the consent of the Company and:
- (i) in the case of a Major Structural Adjustment (or a Consequential Amendment relating to it):
    - (A) each Lender that assumes a New Tranche or an increased Existing Tranche, whose Existing Tranche (or participation) is being transferred, whose Commitment is subject to an extended Availability Period or that has an Existing Tranche (or participation), or is owed any amount, which is subject, in each case, to a change in currency; and
    - (B) the Majority Lenders;

- (ii) in the case of a Minor Structural Adjustment (or a Consequential Amendment relating to it):
  - (A) each Lender that assumes a New Tranche or an increased Existing Tranche, whose Existing Tranche (or participation) is being transferred or whose Commitment is subject to an extended Availability Period; and
  - (B) the Majority Lenders; or
- (iii) in the case of a Payables Reduction (or a Consequential Amendment relating to it):
  - (A) each Lender to whom any amount is owing in respect of which the date of payment is being extended or which is being reduced or whose Margin, fee or commission is being reduced; and
  - (B) the Majority Lenders.

#### 41.7 Excluded Commitments

If:

- (a) any Defaulting Lender fails to respond to a request for a consent, waiver or amendment of or in relation to any term of any Finance Document or any other vote of Lenders under the terms of this Agreement within 15 Business Days of that request being made; or
- (b) any Lender which is not a Defaulting Lender fails to respond to such a request or such a vote within 15 Business Days of that request being made,

(unless, in either case, the Company and the Agent agree to a longer time period in relation to any request):

- (i) its Commitment(s) shall not be included for the purpose of calculating the Total Commitments under the relevant Facility/ies when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments has been obtained to approve that request; and
- (ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

#### 41.8 Replacement of Lender

- (a) If:
  - (i) any Lender becomes a Non-Consenting Lender (as defined in paragraph (d) below); or
  - (ii) an Obligor becomes obliged to repay any amount in accordance with Clause 11.1 (*Illegality*) or to pay additional amounts pursuant to Clause 19.1 (*Increased costs*), Clause 18.2 (*Tax gross-up*) or Clause 18.3 (*Tax Indemnity*) to any Lender,

then the Company may, on five Business Days' prior written notice to the Agent and such Lender, replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall promptly on request by the Company) transfer pursuant to Clause 29 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Company, which is acceptable (in the case of any transfer of a Revolving Facility Commitment) to the Issuing Bank and which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 29 (*Changes to the Lenders*) for a purchase price in cash payable at the time of transfer in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Utilisations and all accrued interest and/or Letter of Credit fees (to the extent that the Agent has not given a notification under Clause 29.9 (*Pro rata interest settlement*)), Break Costs and other amounts payable in relation thereto under the Finance Documents.

- (b) The replacement of a Lender pursuant to this Clause 41.8 shall be subject to the following conditions:

- (i) the Company shall have no right to replace the Agent or Security Agent;
  - (ii) neither the Agent nor the Lender shall have any obligation to the Company to find a Replacement Lender;
  - (iii) in the event of a replacement of a Non-Consenting Lender such replacement must take place no later than 90 days after the date on which that Lender is deemed a Non-Consenting Lender;
  - (iv) in no event shall the Lender replaced under Clause 41.8 be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Finance Documents; and
  - (v) the Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (a) above once it is satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to that transfer.
- (c) A Lender shall perform the checks described in paragraph (b)(v) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (a) above and shall notify the Agent and the Company when it is satisfied that it has complied with those checks.
- (d) In the event that:
- (i) the Company or the Agent (at the request of the Company) has requested the Lenders to give a consent in relation to, or to agree to a waiver or amendment of, any provisions of the Finance Documents;
  - (ii) the consent, waiver or amendment in question requires the approval of all the Lenders or the Super Majority Lenders; and
  - (iii) Lenders whose Commitments aggregate either:
    - (A) in the case of a consent, waiver or amendment requiring the approval of all the Lenders, more than 75 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 75 per cent. of the Total Commitments prior to that reduction); or
    - (B) in the case of a consent, waiver or amendment requiring the approval of the Super Majority Lenders, more than  $66\frac{2}{3}$  per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than  $66\frac{2}{3}$  per cent. of the Total Commitments prior to that reduction),
- have consented or agreed to such waiver or amendment,
- then any Lender who does not and continues not to consent or agree to such waiver or amendment shall be deemed a “**Non-Consenting Lender**”.

#### 41.9 **Disenfranchisement of Defaulting Lenders**

- (a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining:
- (i) the Majority Lenders or the Super Majority Lenders; or
  - (ii) whether:
    - (A) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments under the relevant Facility/ies; or
    - (B) the agreement of any specified group of Lenders,
- has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents,



that Defaulting Lender's Commitments under the relevant Facility/ies will be reduced by the amount of its Available Commitments under the relevant Facility/ies and, to the extent that that reduction results in that Defaulting Lender's Total Commitments being zero, that Defaulting Lender shall be deemed not to be a Lender for the purposes of paragraphs (i) and (ii) above.

(b) For the purposes of this Clause 41.9, the Agent may assume that the following Lenders are Defaulting Lenders:

- (i) any Lender which has notified the Agent that it has become a Defaulting Lender;
- (ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of "Defaulting Lender" has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

#### 41.10 Replacement of a Defaulting Lender

(a) The Company may, at any time a Lender has become and continues to be a Defaulting Lender, by giving five Business Days' prior written notice to the Agent and such Lender:

- (i) replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 29 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement;
- (ii) require such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 29 (*Changes to the Lenders*) all (and not part only) of the undrawn Revolving Facility Commitment of the Lender; or
- (iii) require such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 29 (*Changes to the Lenders*) all (and not part only) of its rights and obligations in respect of the Revolving Facility,

to a Lender or other bank, financial institution, trust, fund or other entity (a "**Replacement Lender**") selected by the Company, which is acceptable (in the case of any transfer of a Revolving Facility Commitment) to the Issuing Bank and which confirms its willingness to assume and does assume all the obligations or all the relevant obligations of the transferring Lender in accordance with Clause 29 (*Changes to the Lenders*) for a purchase price in cash payable at the time of transfer which is either:

- (i) in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Utilisations and all accrued interest and/or Letter of Credit fees (to the extent that the Agent has not given a notification under Clause 29.9 (*Pro rata interest settlement*)), Break Costs and other amounts payable in relation thereto under the Finance Documents; or
- (ii) in an amount agreed between that Defaulting Lender, the Replacement Lender and the Company and which does not exceed the amount described in paragraph (i) above.

(b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause 41.10 shall be subject to the following conditions:

- (i) the Company shall have no right to replace the Agent or Security Agent;
- (ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Company to find a Replacement Lender;
- (iii) the transfer must take place no later than 60 days after the notice referred to in paragraph (a) above;
- (iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents; and

- (v) the Defaulting Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (a) above once it is satisfied that it has complied with all necessary “know your customer” or other similar checks under all applicable laws and regulations in relation to that transfer to the Replacement Lender.
- (c) The Defaulting Lender shall perform the checks described in paragraph (b)(v) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (a) above and shall notify the Agent and the Company when it is satisfied that it has complied with those checks.

## 42. CONFIDENTIALITY

### 42.1 Confidential Information

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 42.2 (*Disclosure of Confidential Information*) and Clause 42.3 (*Disclosure to numbering service providers*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

### 42.2 Disclosure of Confidential Information

Any Finance Party may disclose:

- (a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;
- (b) to any person:
  - (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Agent or Security Agent and, in each case, to any of that person’s Affiliates, Related Funds, Representatives and professional advisers;
  - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub- participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligor and to any of that person’s Affiliates, Related Funds, Representatives and professional advisers;
  - (iii) appointed by any Finance Party or by a person to whom paragraph (b)(i) or (ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (c) of Clause 32.15 (*Relationship with the Lenders*));
  - (iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph (b)(i) or (b)(ii) above;
  - (v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;
  - (vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;
  - (vii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 29.8 (*Security over Lenders’ rights*);
  - (viii) who is a Party; or

(ix) with the consent of the Company;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

- (A) in relation to paragraphs (b)(i), (b)(ii) and b(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;
  - (B) in relation to paragraph (b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price- sensitive information;
  - (C) in relation to paragraphs (b)(v), (b)(vi) and (b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;
- (c) to any person appointed by that Finance Party or by a person to whom paragraph (b)(i) or (b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Company and the relevant Finance Party; and
- (d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price- sensitive information.

#### 42.3 Disclosure to numbering service providers

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facilities and/or one or more Obligors the following information:
- (i) names of Obligors;
  - (ii) country of domicile of Obligors;
  - (iii) place of incorporation of Obligors;
  - (iv) date of this Agreement;
  - (v) Clause 48 (*Governing law*);
  - (vi) the names of the Agent and the Arranger;
  - (vii) date of each amendment and restatement of this Agreement;
  - (viii) amounts of, and names of, the Facilities (and any tranches);
  - (ix) amount of Total Commitments;
  - (x) currencies of the Facilities;

- (xi) type of Facilities;
- (xii) ranking of Facilities;
- (xiii) Termination Date for Facilities;
- (xiv) changes to any of the information previously supplied pursuant to paragraphs (i) to (xiii) above; and
- (xv) such other information agreed between such Finance Party and the Company,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

- (b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facilities and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.
- (c) The Company represents on the date of this Agreement only that none of the information set out in paragraphs (i) to (xv) of paragraph (a) above is unpublished price sensitive information. The Company shall notify the Agent if it or any member of the Group becomes aware at any time after the date of this Agreement that any of the information set out in paragraph (i) to (xv) of paragraph (a) above has become unpublished price sensitive information.
- (d) The Agent shall notify the Company and the other Finance Parties of:
  - (i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facilities and/or one or more Obligors; and
  - (ii) the number or, as the case may be, numbers assigned to this Agreement, the Facilities and/or one or more Obligors by such numbering service provider.

#### 42.4 **Entire agreement**

This Clause 42 constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

#### 42.5 **Inside information**

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

#### 42.6 **Notification of disclosure**

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Company:

- (a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph (b)(v) of Clause 42.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
- (b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 42.

#### 42.7 **Continuing obligations**

The obligations in this Clause 42 are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of twelve months from the earlier of:

- (a) the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and
- (b) the date on which such Finance Party otherwise ceases to be a Finance Party.

### 43. **CONFIDENTIALITY OF FUNDING RATES AND REFERENCE BANK QUOTATIONS**

#### 43.1 **Confidentiality and disclosure**

- (a) The Agent and each Obligor agree to keep each Funding Rate (and, in the case of the Agent, each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b), (c) and (d) below.
- (b) The Agent may disclose:
  - (i) any Funding Rate (but not, for the avoidance of doubt, any Reference Bank Quotation) to the relevant Borrower pursuant to Clause 14.4 (*Notification of rates of interest*); and
  - (ii) any Funding Rate or any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers (appropriately adapted for that purpose) or such other form of confidentiality undertaking agreed between the Agent and the relevant Lender or Reference Bank, as the case may be.
- (c) The Agent may disclose any Funding Rate or any Reference Bank Quotation, and each Obligor may disclose any Funding Rate, to:
  - (i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives if any person to whom that Funding Rate or Reference

Bank Quotation is to be given pursuant to this paragraph (i) is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;

- (ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;
  - (iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances; and
  - (iv) any person with the consent of the relevant Lender or Reference Bank, as the case may be.
- (d) The Agent's obligations in this Clause 43 relating to Reference Bank Quotations are without prejudice to its obligations to make notifications under Clause 14.4 (*Notification of rates of interest*) **provided that** (other than pursuant to paragraph (b)(ii) above) the Agent shall not include the details of any individual Reference Bank Quotation as part of any such notification.

#### 43.2 **Other obligations**

- (a) The Agent and each Obligor acknowledge that each Funding Rate (and, in the case of the Agent, each Reference Bank Quotation) is or may be price-sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Agent and each Obligor undertake not to use any Funding Rate or, in the case of the Agent, any Reference Bank Quotation for any unlawful purpose.
- (b) The Agent and each Obligor agree (to the extent permitted by law and regulation) to inform the relevant Lender or Reference Bank, as the case may be:
  - (i) of the circumstances of any disclosure made pursuant to paragraph (c)(ii) of Clause 43.1 (*Confidentiality and disclosure*) above except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and
  - (ii) upon becoming aware that any information has been disclosed in breach of this Clause 43.

#### 44. **DISCLOSURE OF LENDER DETAILS BY AGENT**

##### 44.1 **Supply of Lender details to Company**

The Agent shall provide to the Company within five Business Days of a request by the Company (but no more frequently than once per calendar month), a list (which may be in electronic form) setting out the names of the Lenders as at that Business Day, their respective Commitments, the address and fax number (and the department or officer, if any, for whose attention any communication is to be made) of each Lender for any communication to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt of information by electronic mail or other electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means and the account details of each Lender for any payment to be distributed by the Agent to that Lender under the Finance Documents.

#### 44.2 **Supply of Lender details at Company's direction**

- (a) The Agent shall, at the request of the Company, disclose the identity of the Lenders and the details of the Lenders' Commitments to any:
  - (i) other Party or any other person if that disclosure is made to facilitate, in each case, a refinancing of the Financial Indebtedness arising under the Finance Documents or a material waiver or amendment of any term of any Finance Document; and
  - (ii) member of the Group.
- (b) Subject to paragraph (c) below, the Company (a) above shall keep such information confidential and shall not disclose it to anyone and shall ensure that all such information is protected with security measures and a degree of care that would apply to the recipient's own confidential information.
- (c) The recipient may disclose such information to any of its officers, directors, employees, professional advisers, auditors and partners as it shall consider appropriate if any such person is informed in writing of its confidential nature, except that there shall be no such requirement to so inform if that person is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by duties of confidentiality in relation to the information.

#### 44.3 **Supply of Lender details to other Lenders**

- (a) If a Lender (a "**Disclosing Lender**") indicates to the Agent that the Agent may do so, the Agent shall disclose that Lender's name and Commitment to any other Lender that is, or becomes, a Disclosing Lender.
- (b) The Agent shall, if so directed by the Requisite Lenders, request each Lender to indicate to it whether it is a Disclosing Lender. 44.4 **Lender enquiry**

If any Lender believes that any entity is, or may be, a Lender and:

- (a) that entity ceases to have an Investment Grade Rating; or
- (b) an Insolvency Event occurs in relation to that entity,

the Agent shall, at the request of that Lender, indicate to that Lender the extent to which that entity has a Commitment.

#### 44.5 **Lender details definitions**

In this Clause 43:

"**Investment Grade Rating**" means, in relation to an entity, a rating for its long-term unsecured and non-credit-enhanced debt obligations of BBB- or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or Baa3 or higher by Moody's Investors Service Limited or a comparable rating from an internationally recognised credit rating agency.

"**Requisite Lenders**" means a Lender or Lenders whose Commitments aggregate 15 per cent. (or more) of the Total Commitments (or if the Total Commitments have been reduced to zero, aggregated 15 per cent. (or more) of the Total Commitments immediately prior to that reduction).

#### 45. **COUNTERPARTS**

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

## 46. EXECUTIVE PROCEEDINGS

### 46.1 Notarial document

This Agreement, the Intercreditor Agreement, each Spanish Law Share Pledge, each Accession Deed in respect of any Spanish Obligor as well as any amendments hereto or thereto, will be formalised in a Spanish Public Document at the cost of the Company, and in relation to:

- (a) this Agreement and any amendments in respect thereof entered into on or prior to the Closing Date, the Intercreditor Agreement, each Accession Deed in respect of a Spanish Obligor which has acceded to this Agreement on or prior to the Closing Date, by no later than the date falling 15 Business Days after the Closing Date; and
- (b) in the case of each Spanish Law Share Pledge, on the date it is granted,

so that it may have the status of a notarial document for all purposes contemplated in Article 517 of the Spanish Civil Procedural Law (Law 1/2000 of 7<sup>th</sup> January) (*Ley de Enjuiciamiento Civil*) (the “**Civil Procedure Law**”).

### 46.2 Determination of Debt

For the purpose of the provisions of Article 572 et seq. of the Spanish Civil Procedural Law, it is expressly agreed by the Parties that the determination of the due amounts to be claimed through executive proceedings shall be calculated by the Agent (or the relevant Lender, as the case may be) following its accounting provisions and that any amounts so calculated shall be deemed true, net, due and payable.

### 46.3 Authority to obtain notarised copies

The Obligors expressly authorise the Agent and each Lender, as appropriate, to request and obtain certificates evidencing the entry of this Agreement in the Register of Transactions of the Notary authorising the same, and to obtain the approval certificate referred to in number 5 of Article 517, of the Civil Procedural Law. The cost of such certificate will be for the account of the Spanish Obligors.

## 47. USA PATRIOT ACT

Each Lender hereby notifies each Obligor that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “**Patriot Act**”), such Lender is required to obtain, verify and record information that identifies such Obligor, which information includes the name and address of such Obligor and other information that will allow such Lender to identify such Obligor in accordance with the Patriot Act.



**SECTION 12**  
**GOVERNING LAW AND ENFORCEMENT**

48. **GOVERNING LAW**

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

49. **ENFORCEMENT**

49.1 **Jurisdiction of English courts**

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or the consequences of its nullity) or any non-contractual obligations arising out of or in connection with this Agreement (a “**Dispute**”).
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 49.1 is for the benefit of the Finance Parties and Secured Parties only. As a result, no Finance Party or Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties and Secured Parties may take concurrent proceedings in any number of jurisdictions.

49.2 **Service of process**

Each Obligor agrees that the documents which start any proceedings before the English courts in relation to any Finance Document, and any other documents required to be served in connection with those proceedings, may be served on it by being delivered to Grupo Antolín Leamington Limited at its registered office or place of business in England and Wales, or to such other address in England and Wales as each such Obligor may specify by notice in writing to the Agent. Nothing in this paragraph shall affect the right of any Finance Party to serve process in any other manner permitted by law. This Clause applies to proceedings in England and proceedings elsewhere but not to proceedings in Spain.

50. **WAIVER OF JURY TRIAL**

**EACH OF THE PARTIES TO THIS AGREEMENT AGREES TO WAIVE IRREVOCABLY ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM BASED UPON OR ARISING OUT OF THIS AGREEMENT OR ANY OF THE DOCUMENTS REFERRED TO IN THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN THIS AGREEMENT.** This waiver is intended to apply to all Disputes. Each Party acknowledges that (a) this waiver is a material inducement to enter into this Agreement, (b) it has already relied on this waiver in entering into this Agreement and (c) it will continue to rely on this waiver in future dealings. Each Party represents that it has reviewed this waiver with its legal advisers and that it knowingly and voluntarily waives its jury trial rights after consultation with its legal advisers. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement.

**ANNEX B: INTERCREDITOR AGREEMENT**

DATED MARCH 2014

DEUTSCHE BANK AG, LONDON BRANCH  
AS SENIOR FACILITY AGENT

DEUTSCHE TRUSTEE COMPANY LIMITED  
AS SENIOR SECURED NOTES TRUSTEE

GRUPO ANTOLÍN-IRAUSA, S.A.  
AS COMPANY

DEUTSCHE BANK AG, LONDON BRANCH  
ACTING AS SECURITY AGENT

AND

OTHERS

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INTERCREDITOR AGREEMENT

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## CONTENTS

<u>Clause</u>		<u>Page</u>
1.	Definitions and Interpretation.....	B-2
2.	Ranking and Priority .....	B-22
3.	Senior Liabilities .....	B-23
4.	Intra-Group Lenders and Intra-Group Liabilities .....	B-25
5.	Equity Investor Liabilities .....	B-27
6.	Effect of Insolvency Event .....	B-31
7.	Turnover of Receipts .....	B-32
8.	Redistribution .....	B-34
9.	Enforcement of Transaction Security .....	B-35
10.	Distressed Disposals and Appropriation.....	B-38
11.	Non-Cash Recoveries .....	B-42
12.	Further Assurance—Disposals and Releases.....	B-43
13.	Application of Proceeds .....	B-44
14.	New Money and Refinancing .....	B-47
15.	Guarantee and Indemnity—Portuguese Guarantors .....	B-51
16.	The Security Agent.....	B-55
17.	Senior Secured Notes Trustee .....	B-66
18.	Changes to the Parties .....	B-70
19.	Costs and Expenses .....	B-76
20.	Other Indemnities .....	B-77
21.	Information .....	B-79
22.	Notices.....	B-79
23.	Preservation.....	B-82
24.	Consents, Amendments and Override .....	B-83
25.	Counterparts .....	B-86
26.	Governing Law .....	B-86
27.	Enforcement .....	B-86

**THIS AGREEMENT** is dated March 2014 and made

**BETWEEN:**

- (1) **THE FINANCIAL INSTITUTION** named on the signing pages as Senior Facility Agent;
- (2) **THE FINANCIAL INSTITUTIONS** named on the signing pages as Senior Facility Lenders;
- (3) **THE FINANCIAL INSTITUTIONS** named on the signing pages as Senior Facility Arrangers;
- (4) **GRUPO ANTOLÍN-IRAUSA, S.A.** (the “**Company**”);
- (5) **GRUPO ANTOLÍN DUTCH B.V.** a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) incorporated and existing under the law of the Netherlands under registration number 000029301246 (the “**Senior Secured Notes Issuer**”);
- (6) **THE ENTITIES** named on the signing pages as Intra-Group Lenders;
- (7) **THE SUBSIDIARIES OF THE COMPANY** named on the signing pages as Debtors (together with the Company, the “**Original Debtors**”);
- (8) **CASTILFALÉ GESTIÓN, S.A.**, a private company (*sociedad anónima*) incorporated and existing under the laws of Spain (“**Holdco 2**”);
- (9) **DEUTSCHE BANK AG, LONDON BRANCH** as security agent and trustee for the Secured Parties (the “**Security Agent**”); and
- (10) **DEUTSCHE TRUSTEE COMPANY LIMITED** as trustee for and on behalf of the Senior Secured Noteholders (the “**Senior Secured Notes Trustee**”).

## SECTION 1 INTERPRETATION

**IT IS AGREED** as follows:

### 1. DEFINITIONS AND INTERPRETATION

#### 1.1 Definitions

In this Agreement:

“**Acceleration Event**” means a Senior Facility Acceleration Event, a Senior Secured Notes Acceleration Event, a Bilateral Facility Acceleration Event or an Additional Senior Financing Acceleration Event.

“**Additional Senior Financing**” means any indebtedness incurred by any Group Company which is notified to the Security Agent by the Company as indebtedness to be treated as “Additional Senior Financing” for the purposes of this Agreement in accordance with Clause 14.1 (*Additional Senior Financing*) and in respect of which a Further Secured Notice has been served on the Security Agent by the Company **provided that**:

- (a) incurrence of such indebtedness (and such indebtedness sharing in the Transaction Security) is not prohibited by the terms of any of the Senior Finance Documents; and
- (b) either:
  - (i) each of the providers of such indebtedness and the agent, trustee or other relevant representative under that Additional Senior Financing has become a Party as an Additional Senior Financing Creditor by executing and delivering to the Security Agent a Creditor/Creditor Representative Accession Undertaking and a notarial power of attorney as the case may be; or
  - (ii) where such indebtedness is by way of the issue of bonds or notes or it would otherwise not be conventional for each of the providers of such indebtedness to become a Party, the agent, trustee or other relevant representative under that Additional Senior Financing has become a Party as a Creditor Representative on behalf of the providers of such indebtedness by executing and delivering to the Security Agent a Creditor/Creditor Representative Accession Undertaking; and
- (c) each of the borrowers and the guarantors in respect of such Additional Senior Financing is to the extent legally possible a guarantor of the other Senior Liabilities.

“**Additional Senior Financing Acceleration Event**” means in relation to any Additional Senior Financing, following the occurrence of any Additional Senior Financing Event of Default:

- (a) the Creditor Representative in respect of that Additional Senior Financing (acting on the instructions of the requisite majority of Additional Senior Financing Creditors under and otherwise in accordance with the Additional Senior Financing Agreement) giving a notice declaring all or part of the indebtedness outstanding under that Additional Senior Financing to be immediately due and payable; or
- (b) all or part of such indebtedness becoming immediately due and payable as a consequence of such Additional Senior Financing Event of Default.

“**Additional Senior Financing Agreement**” means in relation to any Additional Senior Financing, the facility agreement, indenture, trust deed, supplemental deed or other equivalent document by which that Additional Senior Financing is made available or issued.

“**Additional Senior Financing Commitment**” means, in relation to any Additional Senior Financing that is a facility, the “Commitment” or equivalent of such term under the relevant Additional Senior Financing Agreement.

“**Additional Senior Financing Creditor**” means, in relation to any Additional Senior Financing, each of the lenders, holders or other creditors in respect of that Additional Senior Financing (including any applicable Creditor Representative and, if relevant, arrangers of such Additional Senior Financing).

“**Additional Senior Financing Discharge Date**” means the first date on which all Additional Senior Financing Liabilities have been fully and finally discharged and no Additional Senior Financing Creditor is under any further obligation to provide financial accommodation to any of the Debtors under the relevant Additional Senior Financing Documents.

“**Additional Senior Financing Documents**” means in relation to any Additional Senior Financing, the Additional Senior Financing Agreement, any fee letter entered into under or in connection with the Additional Senior Financing Agreement and any other document or instrument relating to that Additional Senior Financing and designated as such by the Company and the Creditor Representative under that Additional Senior Financing.

“**Additional Senior Financing Event of Default**” means, in relation to any Additional Senior Financing, an event of default (however described) under the Additional Senior Financing Agreement which entitles the Additional Senior Financing Creditors to give (or to instruct the relevant Creditor Representative to give) a notice of acceleration or that otherwise triggers similar consequences in respect of such Additional Senior Financing to those in clause 28.18 (*Acceleration and/or other remedies*) of the Senior Facility Agreement and/or the acceleration provisions of the Senior Secured Notes Indenture.

“**Additional Senior Financing Liabilities**” means Liabilities owed by the Company or any Debtors to any Additional Senior Financing Creditor under or in connection with any Additional Senior Financing Documents.

“**Additional Senior Financing Security Documents**” means the Spanish law governed share pledges granted or to be granted by the Holdcos in favour of the Security Agent for the benefit of the:

- (a) Additional Senior Financing Creditors in respect of any Additional Senior Financing; and
- (b) the Ancillary Lender in respect of any Ancillary Facility entered into after the Senior Security Documents,

over the Secured Shares which shall, save as provided in this Agreement, in priority immediately succeed after all prior ranking Transaction Security over the Secured Shares.

“**ADE**” means the Agencia de Innovación, Financiación e Internacionalización Empresarial de Castilla y León, a company wholly owned by the Regional Government of Castilla and León.

“**ADE Facility**” means the facility made available under the ADE Facility Agreement.

“**ADE Facility Agreement**” means the EUR 70,000,000 loan agreement dated 22 October 2012 entered into between the Company as borrower and ADE as lender.

“**Affiliate**” means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

“**Ancillary Document**” means each document relating to or evidencing the terms of an Ancillary Facility.

“**Ancillary Facility**” means any ancillary facility made available in accordance with the Senior Facility Agreement.

“**Ancillary Lender**” means each Senior Facility Lender (or Affiliate of a Senior Facility Lender) which makes available an Ancillary Facility.

“**Appropriation**” means the appropriation (or similar process) of the Secured Shares by the Security Agent (or any Receiver or Delegate) which is effected (to the extent permitted under the relevant Security Document and applicable law) by enforcement of the Transaction Security.

“**Available Commitment**” has the meaning given to that term in the Senior Facility Agreement.

“**Bilateral Facility**” means the ADE Facility.

“**Bilateral Facility Acceleration Event**” means, in relation to the ADE Facility, a Bilateral Lender exercising any of its rights to demand repayment of any outstanding indebtedness under clauses SEVENTH (*Séptima*) and EIGHTH (*Octava*) of the ADE Facility Agreement.

**“Bilateral Facility Agreement”** means the ADE Facility Agreement.

**“Bilateral Facility Borrower”** means the Company.

**“Bilateral Facility Commitment”** means the “Commitment” or equivalent of such term under the Bilateral Facility Agreement.

**“Bilateral Facility Discharge Date”** means the first date on which all Bilateral Facility Liabilities owing under the Bilateral Facility have been fully and finally discharged and the relevant Bilateral Facility Lender is under no further obligation to provide financial accommodation to the Bilateral Facility Borrower under the Bilateral Facility Agreement.

**“Bilateral Facility Lender”** means any person which becomes a Party as a Bilateral Facility Lender in accordance with the terms of Clause 18 (*Changes to the Parties*).

**“Bilateral Facility Liabilities”** means the Liabilities owed by the Debtors to any Bilateral Facility Lender under or in connection with the Bilateral Facility Agreement.

**“Borrowing Liabilities”** means, in relation to a Group Company the liabilities and obligations (not being Guarantee Liabilities) it may have as a principal debtor to a Creditor or a Debtor in respect of Financial Indebtedness arising under the Debt Documents (whether incurred solely or jointly and including, without limitation, liabilities and obligations as a borrower under the Senior Facility Finance Documents, any Additional Senior Financing Documents, the Bilateral Facility Agreement and as an issuer under the Senior Secured Notes Documents).

**“Business Day”** means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Madrid and Amsterdam.

**“Cash Proceeds”** means:

- (a) proceeds of the Security Property which are in the form of cash; and
- (b) any cash which is generated by holding, managing, exploiting, collecting, realising or disposing of any proceeds of the Security Property which are in the form of Non-Cash Consideration.

**“Charged Property”** means all of the assets which from time to time are, or are expressed to be, the subject of the Transaction Security.

**“Commitment”** means a Senior Facility Commitment, a Bilateral Facility Commitment or an Additional Senior Financing Commitment.

**“Common Assurance”** means any guarantee, indemnity or other assurance against loss in respect of any of the Liabilities, the benefit of which (however conferred) is, to the extent legally possible, given to all the Secured Parties in respect of their Liabilities (including where the Secured Parties have to the extent legally possible separate but equivalent guarantees, indemnities or assurances against loss in respect of their relevant Liabilities).

**“Common Currency”** means euros.

**“Common Currency Amount”** means, in relation to an amount, that amount converted (to the extent not already denominated in the Common Currency) into the Common Currency at the Security Agent’s Spot Rate of Exchange on the Business Day prior to the relevant calculation.

**“Competitive Sales Process”** means:

- (a) any auction or other competitive sales process conducted with the advice of a Financial Adviser appointed by, or approved by, the Security Agent pursuant to Clause 10.5 (*Appointment of Financial Adviser*); and
- (b) any enforcement of the Transaction Security carried out by way of auction or other competitive sales process pursuant to requirements of applicable law.

**“Consent”** means any consent, approval, release or waiver or agreement to any amendment.

**“Consultation Period”** has the meaning given to that term in paragraph (a) of Clause 9.8 (*Consultation Period*).



**“Creditor/Creditor Representative Accession Undertaking”** means:

- (a) an undertaking substantially in the form set out in Schedule 3 (*Form of Creditor/Creditor Representative Accession Undertaking*);
- (b) a Transfer Certificate or an Assignment Agreement (each as defined in the Senior Facility Agreement);
- (c) an Increase Confirmation (as defined in the relevant Senior Facility Agreement); or
- (d) in the case of an acceding Debtor which is expressed to accede as an Intra-Group Lender in the relevant Debtor Accession Deed, that Debtor Accession Deed.

**“Creditor Representative”** means:

- (a) in relation to the Senior Facility Lenders, the Senior Facility Agent;
- (b) in relation to the Senior Secured Noteholders, the Senior Secured Notes Trustee; and
- (c) in relation to any Additional Senior Financing Creditors, the agent, trustee or other relevant representative under that Additional Senior Financing or where such Additional Senior Financing is a bilateral facility, the lender that makes such Additional Senior Financing available.

“**Creditors**” means the Senior Facility Creditors, the Additional Senior Financing Creditors, the Senior Secured Noteholders, the Senior Secured Notes Trustee, the Bilateral Facility Lenders, the Intra-Group Lenders, the Equity Investors and the Equity Investor Affiliates.

“**Debt Disposal**” means any disposal of any Liabilities or Debtors’ Intra-Group Receivables pursuant to paragraph (d) or (e) of Clause 10.1 (*Facilitation of Distressed Disposals and Appropriation*).

“**Debt Document**” means each of this Agreement, the Senior Facility Finance Documents, the Senior Secured Notes Documents, any Additional Senior Financing Documents, the Bilateral Facility Agreement, the Security Documents, any Equity Investor Document and any agreement evidencing the terms of any Intra-Group Liabilities and any other document designated as such by the Security Agent and the Company.

“**Debtor**” means each Original Debtor and any person which becomes a Party as a Debtor in accordance with the terms of Clause 18 (*Changes to the Parties*).

“**Debtor Accession Deed**” means:

- (a) a deed substantially in the form set out in Schedule 1 (*Form of Debtor Accession Deed*); or
- (b) (only in the case of a Group Company which is acceding as a borrower or guarantor under the Senior Facility Agreement) an accession document in the form required by the Senior Facility Agreement (**provided that** it contains an accession to this Agreement which is substantially in the form set out in Schedule 1 (*Form of Debtor Accession Deed*)).

“**Debtor Resignation Request**” means a notice substantially in the form set out in Schedule 2 (*Form of Debtor Resignation Request*).

“**Debtors’ Intra-Group Receivables**” means, in relation to a Group Company, any liabilities and obligations owed to any Debtor (whether actual or contingent and whether incurred solely or jointly) by that Group Company.

“**Default**” means an Event of Default or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Debt Documents or any combination of any of the foregoing) be an Event of Default, **provided that** any such event or circumstance which requires the satisfaction of a condition as to materiality before it becomes an Event of Default shall not be a Default unless that condition is satisfied.

“**Defaulting Lender**” has the meaning given to that term in the Senior Facility Agreement.

“**Delegate**” means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

“**Designated Gross Amount**” means, in relation to a Multi-account Overdraft, that Multi-account Overdraft’s “Designated Gross Amount” under and as defined in the Senior Facility Agreement.

“**Designated Net Amount**” means, in relation to a Multi-account Overdraft, that Multi-account Overdraft’s “Designated Net Amount” under and as defined in the Senior Facility Agreement.

“**Distress Event**” means any of:

- (a) an Acceleration Event; or
- (b) the enforcement of any Transaction Security.

“**Distressed Disposal**” means a disposal of an asset which is:

- (a) being effected at the request of the Instructing Group in circumstances where the Transaction Security has become enforceable;
- (b) being effected by enforcement of the Transaction Security (including, without limitation, the disposal of any Property of the Company where the Secured Shares have been subject to an Appropriation); or
- (c) being effected, after the occurrence of a Distress Event, by a Holdco (in the case of a disposal of Secured Shares) or a Debtor to a person or persons which is, or are, not a Group Company.

“**Enforcement Action**” means:

- (a) in relation to any Liabilities:
  - (i) the acceleration of any Liabilities of any Group Company or the making of any declaration that any such Liabilities are prematurely due and payable (other than as a result of it becoming unlawful for a Senior Creditor to perform its obligations under, or of any voluntary or mandatory prepayment arising under, the Debt Documents);
  - (ii) the making of any declaration that any Liabilities of any Group Company are payable on demand;
  - (iii) the giving of notice to any Group Company of a failure to repay principal at the final maturity date of the relevant Liability.
  - (iv) the making of a demand in relation to a Liability of any Group Company that is payable on demand (other than a demand made by an Intra-Group Lender in relation to any Intra-Group Liabilities which are on-demand Liabilities to the extent that (A) the demand is made in the ordinary course of dealings between the relevant Debtor and IntraGroup Lender and (B) any resulting Payment would be permitted under this Agreement);
  - (v) the making of any demand against any Group Company in relation to any Guarantee Liabilities of that Group Company;
  - (vi) the exercise of any right to require any Group Company to acquire any Liability (including exercising any put or call option against any Group Company for the redemption or purchase of any Liability but excluding any such right which arises as a result of clause 30 (*Debt Purchase Transactions*) of the Senior Facility Agreement or any equivalent provision of any Debt Document and excluding the exercise by any holder of any Liability of the right to require any Group Company to repurchase such Liability as a result of any mandatory offer following an asset sale or change of control);
  - (vii) the exercise of any right of set-off, account combination or payment netting against any Group Company in respect of any Liabilities other than the exercise of any right of set-off in relation to mercantile current accounts agreements (*contratos de cuenta corriente*) amongst Group Companies in ordinary course of trading;
  - (viii) the suing for, commencing or joining of any legal or arbitration proceedings against any Group Company to recover any Liabilities;
- (b) the taking of any steps to enforce or require the enforcement of any Transaction Security;
- (c) the entering into of any composition, compromise, assignment or similar arrangement with any Group Company which owes any Liabilities, or any Group Company or any Holdco which has given any Security, guarantee or indemnity or other assurance against loss in respect of the Liabilities (other than any action permitted under Clause 18 (*Changes to the Parties*)); or
- (d) the petitioning, applying or voting for, or the taking of any steps (including the appointment of any liquidator, receiver, administrator, compulsory manager or similar officer) in relation to, the winding up (which shall include a declaration of bankruptcy), dissolution, administration or reorganisation of any Group Company which owes any Liabilities, or any Group Company or any Holdco which has given any Security, guarantee, indemnity or other assurance against loss in respect of any of the Liabilities, or any of such Group Company’s or Holdco’s assets or any suspension of payments or moratorium of any indebtedness of any such Group Company or Holdco, or any analogous procedure or step in any jurisdiction, except in any such case any solvent liquidation, winding up, dissolution or reorganisation of any Group Company which is not a borrower of any Liabilities owed to a Senior Creditor under the Debt Documents but in the case of a guarantor of any Liabilities owed to a Senior Creditor under the Debt Documents only to the extent not prohibited under the Senior Finance Documents (and any petitioning, applying or voting for or the taking of any steps in relation hereto by any Group Company),

except that the following shall not constitute Enforcement Action:

- (i) the taking of any action falling within paragraph (a)(viii) or (d) above which is necessary (but only to the extent necessary) to preserve the validity, existence or priority of claims in respect of Liabilities, including the registration of such claims before any court or governmental authority and the bringing, supporting or joining of proceedings to prevent any loss of the right to bring, support or join proceedings by reason of applicable limitation periods; and
- (ii) a Senior Creditor bringing legal proceedings against any person solely for the purpose of:
  - (A) obtaining injunctive relief (or any analogous remedy outside England and Wales) to restrain any actual or putative breach of any Debt Document to which it is party;
  - (B) obtaining specific performance (other than specific performance of an obligation to make a payment) with no claim for damages; or
  - (C) requesting judicial interpretation of any provision of any Debt Document to which it is party with no claim for damages.

**“Equity Investor”** means:

- (a) with effect from the date of this Agreement, Holdco 2; and
- (b) with effect from the date of the accession of Holdco 1 to this Agreement in accordance with the terms of Clause 18 (*Changes to the Parties*), Holdco 1 and Holdco 2.

**“Equity Investor Affiliate”** means any person which becomes a Party as an Equity Investor Affiliate in accordance with the terms of Clause 18 (*Changes to the Parties*).

**“Equity Investor Documents”** means any agreement pursuant to which Financial Indebtedness is made available to a Group Company by an Equity Investor or an Equity Investor Affiliate.

**“Equity Investor Liabilities”** means all money and liabilities now or in the future due or owing to any Equity Investor or any Equity Investor Affiliate by any Group Company under or in connection with any Equity Investor Document in any currency, whether actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety, together with all accrued interest, all related costs, charges and expenses.

**“Event of Default”** means any event or circumstance specified as such in any of the Senior Facility Agreement, the Senior Secured Notes Indenture, the Bilateral Facility Agreement or any Additional Senior Financing Agreement, as the context requires.

**“Fairness Opinion”** means, in respect of a Distressed Disposal or a Liabilities Sale, an opinion that the proceeds received or recovered in connection with that Distressed Disposal or Liabilities Sale are fair from a financial point of view taking into account all relevant circumstances, including, without limitation, the method of enforcement or disposal.

**“Financial Adviser”** means any:

- (a) independent internationally recognised investment bank;
- (b) independent internationally recognised accountancy firm; or
- (c) other independent internationally recognised professional services firm which is regularly engaged in providing valuations of businesses or financial assets or, where applicable, advising on competitive sales processes,

which in each case confirms to the Company and the Security Agent that it does not have a conflict of interest.

**“Financial Indebtedness”** has the meaning given to that term in the Senior Facility Agreement.

**“Further Secured Notice”** has the meaning given to that term in Clause 14.1 (*Incurrence of additional indebtedness*).

**“Group”** means the Company and each of its Subsidiaries.

**“Group Company”** means any member of the Group.

**“Guarantee Liabilities”** means, in relation to a Group Company, the liabilities and obligations under the Debt Documents (present or future, actual or contingent and whether incurred solely or jointly) it may have to a Creditor or Debtor as or as a result of its being a guarantor or surety (including, without limitation, liabilities and obligations arising by way of guarantee, indemnity, contribution or subrogation and in particular any guarantee or indemnity arising under or in respect of the Senior Finance Documents).

**“Guarantor”** means each Debtor which is a party to any Senior Finance Documents in the capacity of a guarantor (in the case of the Senior Facility Agreement and the Senior Secured Notes Indenture, being a “Guarantor” as defined therein).

**“Holdco”** means Holdco 1 or Holdco 2.

**“Holdco 1”** means Grupo Antolín Holdco, S.L., incorporated and existing under the laws of Spain, and which will be converted into a Spanish *sociedad anónima* after the date of this Agreement.

**“Holding Company”** means, in relation to a person, any other person in respect of which it is a Subsidiary.

**“Insolvency Event”** means, in relation to any Group Company or any Holdco:

- (a) any resolution is passed or order made for the winding up, dissolution, administration or reorganisation of that Group Company or that Holdco or a moratorium is declared in relation to any indebtedness of that Group Company or that Holdco or an administrator is appointed to that Group Company or that Holdco;
- (b) any composition, compromise, assignment or arrangement is made with any of its creditors;
- (c) the appointment of any liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of that Group Company or that Holdco or any of its assets; or
- (d) any analogous procedure or step is taken in any jurisdiction,

other than any solvent liquidation, winding up, dissolution or reorganisation (or analogous procedure or step) of any Group Company which does not constitute an Event of Default.

**“Instructing Group”** means, at any time, those Senior Creditors whose Senior Credit Participations at that time aggregate more than 50 per cent. of the total Senior Credit Participations at that time, as calculated in accordance with paragraph (g) of Clause 1.2 (*Construction*).

**“Intercreditor Amendment”** means any amendment or waiver which is subject to Clause 24 (*Consents, Amendments and Override*).

**“Intra-Group Lenders”** means each Group Company which has made a loan available to, granted credit to or made any other Financial Indebtedness available to a Debtor and which is named on the signing pages as an Intra-Group Lender or becomes a Party as an Intra-Group Lender in accordance with the terms of Clause 18 (*Changes to the Parties*).

**“Intra-Group Liabilities”** means the Liabilities owed by any Debtor to any of the Intra-Group Lenders.

**“Legal Reservations”** means:

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;
- (b) the time barring of claims under applicable limitation laws, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of any stamp duty may be void and defences of set-off or counterclaim;
- (c) the principle that default interest may be held to be unenforceable on the grounds that it is a penalty;

- (d) similar principles, rights and defences under the laws of any jurisdiction in which an Intra-Group Lender, Equity Investor or Equity Investor Affiliate (as the case may be) is incorporated; and
- (e) any other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinion delivered to any Senior Finance Party.

“**Letter of Credit**” means any “Letter of Credit” under and as defined in the Senior Facility Agreement.

“**Liabilities**” means all present and future liabilities and obligations at any time of any Group Company under the Debt Documents, both actual and contingent and whether incurred solely or jointly or as principal or surety or in any other capacity together with any of the following matters relating to or arising in respect of those liabilities and obligations:

- (a) any refinancing, novation, deferral or extension;
- (b) any claim for breach of representation, warranty or undertaking or on an event of default or under any indemnity given under or in connection with any document or agreement evidencing or constituting any other liability or obligation falling within this definition;
- (c) any claim for damages or restitution; and
- (d) any claim as a result of any recovery by any Debtor of a Payment on the grounds of preference or otherwise,

and any amounts which would be included in any of the above but for any discharge, non-provability, unenforceability or non-allowance of those amounts in any insolvency or other proceedings.

“**Liabilities Acquisition**” means, in relation to a person and to any Liabilities, a transaction where that person:

- (a) purchases by way of assignment or transfer;
- (b) enters into any sub-participation in respect of; or
- (c) enters into any other agreement or arrangement having an economic effect substantially similar to a sub-participation in respect of,

the rights in respect of those Liabilities.

“**Liabilities Sale**” means a Debt Disposal pursuant to paragraph (e) of Clause 10.1 (*Facilitation of Distressed Disposals and Appropriation*).

“**Majority Senior Creditors**” means, at any time, those Senior Creditors whose Senior Credit Participations at that time aggregate more than 50 per cent. of the total Senior Credit Participations at that time calculated in accordance with paragraph (g) of Clause 1.2 (*Construction*).

“**Material Adverse Effect**” means a material adverse effect on:

- (a) the business, assets or financial condition of the Group or the relevant Equity Investor or Equity Investor Affiliate;
- (b) the ability of the relevant Intra-Group Lender, Equity Investor or Equity Investor Affiliate to perform its obligations under this Agreement; or
- (c) the validity or enforceability of this Agreement against the relevant Intra-Group Lender, Equity Investor or Equity Investor Affiliate or the rights or remedies of any Senior Creditor against the relevant Intra-Group Lender, Equity Investor or Equity Investor Affiliate under any of the Senior Finance Documents.

“**Multi-account Overdraft**” means an Ancillary Facility which is an overdraft facility comprising more than one account.

“**Multi-account Overdraft Liabilities**” means the Liabilities arising under any Multi-account Overdraft.

“**Non-Cash Consideration**” means consideration in a form other than cash.

“**Non-Cash Recoveries**” means:

- (a) any proceeds of a Distressed Disposal or a Debt Disposal; or
- (b) any amount distributed to the Security Agent pursuant to Clause 7.2 (*Turnover by the Creditors*);

which are, or is, in the form of Non-Cash Consideration.

“**Obligor**” means each Debtor which is a Guarantor, a Portuguese Guarantor, a borrower or an issuer under the Senior Finance Documents.

“**Other Liabilities**” means, in relation to a Group Company, any trading and other liabilities and obligations (not being Borrowing Liabilities or Guarantee Liabilities) it may have to an Intra-Group Lender, Equity Investor, Equity Investor Affiliate or Debtor.

“**Party**” means a party to this Agreement.

“**Payment**” means, in respect of any Liabilities (or any other liabilities or obligations), a payment, prepayment, repayment, repurchase, redemption, defeasance or discharge of those Liabilities (or other liabilities or obligations).

“**Permitted Enforcement Action**” means:

- (a) the cancellation of any commitments by a Senior Creditor following the occurrence of an Event of Default and/or the giving of any notice by a Senior Creditor to any Group Company of a failure to pay any amount due and payable at final maturity date and/or acceleration of any Liabilities owed to that Senior Creditor by a Debtor or any declaration by that Senior Creditor that any such Liabilities are prematurely due and payable or payable on demand; and
- (b) the suing for, commencing or joining any legal or arbitration proceedings by a Senior Creditor against any Debtor to recover any Liabilities owed to that Senior Creditor,

in each case in accordance with the terms of the relevant Debt Document.

“**Permitted Gross Outstandings**” means, in relation to a Multi- account Overdraft, any amount, not exceeding its Designated Gross Amount, which is the aggregate amount of the gross debit balance of overdrafts comprised in that Multi-account Overdraft.

“**Permitted Holdco Transaction**” means:

- (a) the liquidation or dissolution of Holdco 2 (**provided that** the Secured Shares held by Holdco 2 are transferred to Holdco 1 prior to such liquidation or dissolution); or
- (b) a merger or consolidation of Holdco 2 with Holdco 1 (**provided that** Holdco 1 is the surviving entity of any such merger or consolidation),

and further provided that the Transaction Security granted over the Secured Shares by Holdco 2 pursuant to the Transaction Security Documents remains effective and the obligations under the Transaction Security Documents relating to such Secured Shares are legal, valid, binding and enforceable against Holdco 1 following such transfer, merger or consolidation as ratified by Holdco 1 on such transaction, merger or consolidation.

“**Portuguese Guarantor**” means any Group Company incorporated in Portugal which:

- (a) is or becomes a party to any Senior Finance Document in the capacity of a Guarantor (notwithstanding that its Guarantee Liabilities are incurred pursuant to this Agreement and not in such Senior Finance Document); and
- (b) becomes a Party as a Portuguese Guarantor for the purpose of Clause 15 (*Guarantee and Indemnity—Portuguese Guarantors*) and as a Debtor in accordance with the terms of Clause 18 (*Changes to Parties*).

**“Property”** of a member of the Group or of a Debtor means:

- (a) any asset of that member of the Group or of that Debtor;
- (b) any Subsidiary of that member of the Group or of that Debtor; and
- (c) any asset of any such Subsidiary.

**“Receiver”** means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

**“Recoveries”** has the meaning given to that term in Clause 13.1 (*Order of application*).

**“Relevant Ancillary Lender”** means, in respect of any SFA Cash Cover, the Ancillary Lender (if any) for which that SFA Cash Cover is provided.

**“Relevant Issuing Bank”** means, in respect of any SFA Cash Cover, the Senior Issuing Bank (if any) for which that SFA Cash Cover is provided.

**“Relevant Liabilities”** means:

- (a) in the case of a Creditor:
  - (i) the Liabilities owed to Creditors ranking (in accordance with the terms of this Agreement) *pari passu* with or in priority to that Creditor (as the case may be); and
  - (ii) all present and future liabilities and obligations, actual and contingent, of the Debtors to the Security Agent; and
- (b) in the case of a Debtor, the Liabilities owed to the Creditors together with all present and future liabilities and obligations, actual and contingent, of the Debtors to the Security Agent.

**“Secured Obligations”** means all the Liabilities and all other present and future liabilities and obligations at any time due, owing or incurred by any Group Company and by each Debtor to any Secured Party under the Debt Documents, both actual and contingent and whether incurred solely or jointly and as principal or surety or in any other capacity.



“**Secured Parties**” means the Security Agent, any Receiver or Delegate and each of the Senior Creditors from time to time but, in the case of each Senior Facility Arranger, Senior Facility Agent, Creditor Representative, Senior Facility Lender, Bilateral Facility Lender, Additional Senior Financing Creditor, Senior Secured Noteholder (to the extent not represented by a Creditor Representative) and Senior Secured Noteholder Trustee, only if it is a Party or has acceded to this Agreement, in the appropriate capacity, pursuant to Clause 18.11 (*Creditor/Creditor Representative Accession Undertaking*).

“**Secured Shares**” means the entire issued share capital in the Company held by the Holdcos.

“**Security**” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Security Agent’s Spot Rate of Exchange**” means, in respect of the conversion of one currency (the “**First Currency**”) into another currency (the “**Second Currency**”) the Security Agent’s spot rate of exchange for the purchase of the Second Currency with the First Currency in the London foreign exchange market at or about 11:00 am (London time) on a particular day, which shall be notified by the Security Agent in accordance with paragraph (e) of Clause 16.3 (*Duties of the Security Agent*).

“**Security Documents**” means:

- (a) each of the Transaction Security Documents;
- (b) any other document entered into at any time by any of the Debtors creating any Security in favour of any of the Secured Parties as security for any of the Secured Obligations; and
- (c) any Security granted under any covenant for further assurance in any of the documents referred to in paragraphs (a) and (b) above.

“**Security Property**” means:

- (a) the Transaction Security expressed to be granted in favour of the Security Agent as agent or trustee for any of the Secured Parties for the benefit of those Secured Parties and all proceeds of that Transaction Security;
- (b) all obligations expressed to be undertaken by a Debtor to pay amounts in respect of the Liabilities to the Security Agent as agent or trustee for (or otherwise for the benefit of) the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by a Debtor or by a Holdco in favour of the Security Agent as agent or as trustee for (or otherwise for the benefit of) the Secured Parties under this Agreement or the Transaction Security Documents;
- (c) the Security Agent’s interest in any trust fund created pursuant to Clause 5.3 (*Turnover of Equity Investor Liabilities*) or Clause 7 (*Turnover of Receipts*); and
- (d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Debt Documents to hold as trustee on trust for (or otherwise for the benefit of) the Secured Parties.

“**Senior Credit Participation**” means:

- (a) in relation to a Senior Facility Lender, the aggregate of its Senior Facility Commitments or (for the purposes of calculating the Instructing Group) its aggregate Senior Facility Liabilities;
- (b) in relation to a Senior Secured Noteholder, the aggregate amount of Senior Secured Notes Liabilities owed to that Senior Secured Noteholder;
- (c) in relation to an Additional Senior Financing Creditor, if applicable its aggregate Additional Senior Financing Commitments, and in all other cases and for the purposes of calculating the Instructing Group, the aggregate amount of Additional Senior Financing Liabilities owed to that Additional Senior Financing Creditor; and
- (d) in relation to a Bilateral Facility Lender its aggregate Bilateral Facility Commitments or (for the purposes of calculating the Instructing Group) its aggregate Bilateral Facility Liabilities.

“**Senior Creditors**” means each of the Security Agent, the Senior Facility Creditors, the Senior Secured Notes Trustee, the Senior Secured Noteholders, the Additional Senior Financing Creditors and the Bilateral Facility Lenders.

“**Senior Discharge Date**” means the first date on which all of the Senior Facility Liabilities, the Additional Senior Financing Liabilities (if any), the Senior Secured Notes Liabilities and the Bilateral Facility Liabilities have been fully and finally discharged in accordance with the terms of the relevant Senior Finance Documents whether or not as a result of an enforcement, and the Senior Creditors are under no further obligation to provide financial accommodation to any of the Debtors under the Senior Finance Documents.

“**Senior Facility**” means each facility made available under the Senior Facility Agreement.

“**Senior Facility Acceleration Event**” means the Senior Facility Agent exercising any of its rights under paragraphs (b), (d) or (f) or, having placed any amount on demand pursuant to paragraphs (c), (e) or (g), demand is made under any of those paragraphs in each case of clause 28.18 (*Acceleration*) of the Senior Facility Agreement.

“**Senior Facility Agent**” means the Agent under and as defined in the Senior Facility Agreement.

“**Senior Facility Agreement**” means the EUR 400,000,000 facilities agreement entered into or to be entered into between, among others, the Original Debtor and the Senior Facility Creditors on or about the date of this Agreement.

“**Senior Facility Arranger**” means any Arranger under and as defined in the Senior Facility Agreement.

“**Senior Facility Commitment**” has the meaning given to the term “Commitment” in the Senior Facility Agreement.

“**Senior Facility Creditors**” means each of the Security Agent, the Senior Facility Agent, the Senior Facility Arrangers and the Senior Facility Lenders.

“**Senior Facility Discharge Date**” means the first date on which:

- (a) all Senior Facility Liabilities have been fully and finally discharged whether or not as a result of an enforcement; and
- (b) the Senior Facility Creditors are under no further obligation to provide financial accommodation to any of the Debtors under the Senior Facility Finance Documents.

“**Senior Facility Finance Documents**” means any “Finance Document” under and as defined in the Senior Facility Agreement.

“**Senior Facility Lender**” means any “Lender”, “Issuing Bank” and “Ancillary Lender” under and as defined in the Senior Facility Agreement.

“**Senior Facility Lender Cash Collateral**” means any cash collateral provided by a Senior Facility Lender to a Senior Issuing Bank pursuant to clause 7.4 (*Cash Collateral by Non-Acceptable L/C Lender and Borrower’s option to provide cash cover*) of the Senior Facility Agreement.

“**Senior Facility Liabilities**” means the Liabilities owed by the Debtors to the Senior Facility Creditors under the Senior Facility Finance Documents.

“**Senior Finance Documents**” means each of the Senior Facility Finance Documents, the Additional Senior Financing Documents, the Bilateral Facility Agreement and the Senior Secured Notes Documents.

“**Senior Issuing Bank**” means any “Issuing Bank” under and as defined in the Senior Facility Agreement.

“**Senior Liabilities**” means the Senior Facility Liabilities, the Senior Secured Notes Liabilities, the Senior Secured Notes Trustee Amounts, the Additional Senior Financing Liabilities and the Bilateral Facility Liabilities.

“**Senior Secured Noteholders**” means any holder from time to time of the Senior Secured Notes.

“**Senior Secured Notes**” means the senior secured notes due 2020 issued or to be issued by the Senior Secured Notes Issuer pursuant to the Senior Secured Notes Indenture.

“**Senior Secured Notes Acceleration Event**” means the Senior Secured Notes Trustee (or a Senior Secured Noteholder) exercising any rights to accelerate amounts outstanding under the Senior Secured Notes or any acceleration provision being automatically invoked pursuant to the Senior Secured Notes Indenture (in each case by reason of an event of default howsoever described).

“**Senior Secured Notes Creditors**” means the Senior Secured Noteholders and the Senior Secured Noteholder Trustee.

“**Senior Secured Notes Discharge Date**” means the first date on which all the Senior Secured Notes Liabilities have been fully and finally discharged (including by way of legal defeasance permitted in accordance with the Senior Secured Notes Documents) whether or not as a result of an enforcement, and no Senior Secured Noteholder is under any further obligation to provide financial accommodation to any Debtors under the Senior Secured Notes Documents.

“**Senior Secured Notes Documents**” means the documentation required to implement the issuance of the Senior Secured Notes, including without limitation the Senior Secured Notes, this Agreement, the Senior Secured Notes Indenture and the relevant Transaction Security Documents.

“**Senior Secured Notes Indenture**” means the indenture governing the Senior Secured Notes to be entered into between, among others, the Senior Secured Note Trustee, the Senior Secured Notes Issuer and the Security Agent.

“**Senior Secured Notes Liabilities**” means the Liabilities owed by the Debtors to the Senior Secured Noteholders under or in connection with the Senior Secured Notes and/or the Senior Secured Notes Documents provided, however, the definition of “**Senior Secured Notes Liabilities**” shall not include the Senior Secured Notes Trustee Amounts.

“**Senior Secured Notes Trustee Amounts**” means all amounts payable to the Senior Secured Notes Trustee in relation to the Senior Secured Notes pursuant to the Senior Secured Notes Indenture and guarantees of amounts payable thereunder in respect of its fees, costs, expenses and amounts payable to it personally by way of indemnity.

“**Senior Security Documents**” means the first priority Spanish law governed share pledges granted or to be granted by the Holdcos in favour of the Security Agent for the benefit of the Senior Facility Creditors, the Senior Secured Noteholders and the Bilateral Facility Lenders over the Secured Shares substantially in the form set out in Schedule 5 (*Form of Senior Security Documents*).

“**SFA Cash Cover**” means “cash cover” under and as defined in the Senior Facility Agreement.

“**Spanish Insolvency Law**” means Law 22/2003, of 9 July, on insolvency.

“**Spanish Public Document**” means a Spanish law documento público, being either an *escritura pública* or a *pòliza o efecto intervenido por notario español*.

“**Subsidiary**” means, with respect to any specified person (a “**Person**”):

- (a) any company, corporation, association or other business entity:
  - (i) of which more than 50 per cent. of the total voting power of the share capital shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); or
  - (ii) where that Person or one or more of the Subsidiaries of that Person (or a combination thereof) have the right to appoint or remove a majority of its board of directors or equivalent administration, management or supervisory body; or
  - (iii) where such Person or one or more of the Subsidiaries of that Person (or a combination thereof) has the right to exercise a dominant influence (which must include the right to give directions with respect to operating and financial policies of that corporation, association or other business entity which its directors are obliged to comply with whether or not for its benefit) over such corporation, association or other business entity, or by virtue of a control contract which is in writing and is authorised by its articles (or equivalent) and is permitted by its law of incorporation; or

- (iv) which is a member of such Person's group and such Person controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in such corporation, association or other business entity or the rights under its constitution to direct the overall policy of such company, corporation, association or other business entity or alter the terms of its constitution; and
- (b) any partnership:
  - (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person; or
  - (ii) the only general partners of which are that Person or one or more Subsidiaries of that Person (or any combination thereof).

“**Tax**” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

“**Transaction Security**” means the Security created or evidenced or expressed to be created or evidenced under or pursuant to the Security Documents.

“**Transaction Security Documents**” means:

- (a) the Senior Security Documents; and
- (b) any Additional Senior Financing Security Documents.

“**VAT**” means:

- (a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

## 1.2 Construction

- (a) Unless a contrary indication appears, a reference in this Agreement to:
  - (i) any “**Additional Senior Financing Creditor**”, “**Ancillary Lender**”, “**Bilateral Facility Lender**”, “**Creditor**”, “**Debtor**”, “**Equity Investor**”, “**Equity Investor Affiliate**”, “**Holdco**”, “**Intra- Group Lender**”, “**Senior Issuing Bank**”, “**Party**”, “**Security Agent**”, “**Senior Creditor**”, “**Senior Facility Agent**”, “**Senior Facility Arranger**”, “**Senior Facility Creditor**”, “**Senior Facility Lender**”, “**Senior Secured Noteholder**” or “**Senior Secured Notes Trustee**” shall be construed to be a reference to it in its capacity as such and not in any other capacity;
  - (ii) any “**Additional Senior Financing Creditor**”, “**Ancillary Lender**”, “**Bilateral Facility Lender**”, “**Creditor**”, “**Debtor**”, “**Equity Investor**”, “**Equity Investor Affiliate**”, “**Holdco**”, “**Intra- Group Lender**”, “**Senior Issuing Bank**”, “**Party**”, “**Security Agent**”, “**Senior Creditor**”, “**Senior Facility Agent**”, “**Senior Facility Arranger**”, “**Senior Facility Creditor**”, “**Senior Facility Lender**”, “**Senior Secured Noteholder**”, “**Senior Secured Notes Trustee**”, or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Debt Documents and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with this Agreement;
  - (iii) an “**amount**” includes an amount of cash and an amount of Non-Cash Consideration;
  - (iv) “**assets**” includes present and future properties, revenues and rights of every description;
  - (v) a “**Debt Document**” or any other agreement or instrument is (other than a reference to a “**Debt Document**” or any other agreement or instrument in “**original form**” and a reference to

that Debt Document, or other agreement or instrument, as amended, novated, supplemented, extended or restated and includes any increase in any facility or indebtedness, addition to, extension of or other change to any facility or indebtedness provided thereunder, to the extent not prohibited under the Debt Documents;

- (vi) a “**distribution**” of or out of the assets of a Group Company, includes a distribution of cash and a distribution of Non-Cash Consideration;
  - (vii) “**enforcing**” (or any derivation) the Transaction Security includes the appointment of an administrator (or any analogous officer in any jurisdiction) of a Debtor by the Security Agent;
  - (viii) “**euro**” denotes the single currency of any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union;
  - (ix) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
  - (x) the “**original form**” of a “**Debt Document**” or any other agreement or instrument is a reference to that Debt Document, agreement or instrument as originally entered into;
  - (xi) a “**person**” includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);
  - (xii) “**proceeds**” of a Distressed Disposal or of a Debt Disposal includes proceeds in cash and in Non-Cash Consideration;
  - (xiii) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation; and
  - (xiv) a provision of law is a reference to that provision as amended or re-enacted.
- (b) Section, Clause and Schedule headings are for ease of reference only.
- (c) A Default (including an Event of Default) is “**continuing**” if it has not been remedied or waived.
- (d) In the case of conflict between the terms of this Agreement and the terms of the Debt Documents, the terms of this Agreement will prevail.
- (e) Where any consent is required under this Agreement from:
- (i) a Senior Facility Lender or a Senior Facility Creditor where such consent is required after the Senior Facility Discharge Date;
  - (ii) a Senior Secured Noteholder or the Senior Secured Notes Trustee where such consent is required after the Senior Secured Notes Discharge Date (or prior to any Senior Secured Notes having been issued);
  - (iii) an Additional Senior Financing Creditor where such consent is required after the relevant Additional Senior Financing Discharge Date (or prior to the relevant Additional Senior Financing Agreement having been entered into); or
  - (iv) a Bilateral Lender where such consent is required after the relevant Bilateral Facility Discharge Date,

such consent requirement will not apply. On and from the Senior Facility Discharge Date, the Senior Facility Agent will cease to be a Creditor Representative in that capacity for the purposes of this Agreement. On and from any Additional Senior Financing Discharge Date, the relevant representative of the Additional Senior Financing Creditors under such Additional Senior Financing will cease to be a Creditor Representative in that capacity for the purposes of this Agreement. On and from the Senior

Secured Notes Discharge Date, the Senior Secured Notes Trustee will cease to be a Creditor Representative in that capacity for the purpose of this Agreement.

- (f) References to the Senior Secured Notes Trustee acting on behalf of the Senior Secured Noteholders means such Senior Secured Notes Trustee acting on behalf of the Senior Secured Noteholders which it represents or, if applicable, with the consent of the requisite number of Senior Secured Noteholders required under and in accordance with the Senior Secured Notes Indenture. The Senior Secured Notes Trustee will be entitled to seek instructions from the Senior Secured Noteholders which it represents to the extent required by the applicable Senior Secured Notes Indenture as to any action to be taken by it under this Agreement.
- (g) For the purposes of a calculation relating to the definition of Majority Senior Creditors or Instructing Group: (i)
- (A) the Senior Facility Lenders may only provide one vote (acting by the Senior Facility Agent on instructions of the requisite proportion of Senior Facility Lenders required under the Senior Facility Agreement) in an amount equal to their total Senior Credit Participations;
  - (B) the Additional Senior Financing Creditors under each Additional Senior Financing Agreement may only provide one vote (acting by the relevant Creditor Representative on instructions of the requisite proportion of Additional Senior Financing Creditors required under that Additional Senior Financing Agreement) in an amount equal to their total Senior Credit Participations under that Additional Senior Financing Agreement;
  - (C) the Senior Secured Noteholders under the Senior Secured Notes Indenture may only provide one vote (acting by the Senior Secured Notes Trustee on instructions of the requisite proportion of Senior Secured Noteholders required under the Senior Secured Notes Indenture) in an amount equal to their total Senior Credit Participations under the Senior Secured Notes Indenture;
  - (D) each Bilateral Lender may vote individually and provide one vote in respect of its Senior Credit Participations arising from the Bilateral Facility Agreement; and
- (ii) Senior Credit Participations under a Senior Finance Document which are denominated in a currency other than euro will be notionally converted into euro at the Security Agent's Spot Rate of Exchange on the date of that Senior Finance Document.
- (h) If any Additional Senior Financing is incurred by way of an issue of notes, bonds or debt securities, if and to the extent required by the Company, the Creditor Representative in respect of such Additional Senior Financing shall be treated, and benefit from the same rights and protective provisions, *mutatis mutandis*, as the Senior Secured Notes Trustee, including in respect of amounts owing to such Creditor Representative ranking and having the priority in respect of proceeds of enforcement as the Senior Secured Notes Trustee Amounts. If the Company requires this provision to apply to any Additional Senior Financing it shall notify the Security Agent accordingly.

### 1.3 **Third party rights**

- (a) Unless expressly provided to the contrary in this Agreement, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the "**Third Parties Rights Act**") to enforce or to enjoy the benefit of any term of this Agreement.
- (b) Notwithstanding any term of this Agreement, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.
- (c) Any Receiver, Delegate or any other person described in paragraph (b) of Clause 16.10 (*Exclusion of liability*) may, subject to this Clause 1.3 and the Third Parties Rights Act, rely on any Clause of this Agreement which expressly confers rights on it.

### 1.4 **Dutch terms**

In this Agreement, where it relates to a company incorporated under the laws of the Netherlands, a reference to:

- (a) “**the Netherlands**” refers to the part of the Kingdom of the Netherlands located in Europe (and all derivative terms, including “**Dutch**”, shall be construed accordingly);
- (b) unless a contrary indication appears, a “**director**” means a managing director (*bestuurder*) and “**board of directors**” means its managing board (*bestuur*);
- (c) a “**reorganisation**” includes an *omzetting*;
- (d) a “**winding-up**”, “**administration**” or “**dissolution**” includes a Dutch entity being declared bankrupt (*failliet verklaard*) or dissolved (*ontbonden*);
- (e) a “moratorium” includes *surseance van betaling* and “**a moratorium is declared**” or “**occurs**” includes *surseance verleend*;
- (f) a “**trustee**” includes a *curator*; and
- (g) an “**administrator**” includes a *bewindvoerder*.

## SECTION 2 RANKING AND CREDITORS

### 2. RANKING AND PRIORITY

#### 2.1 Senior Creditor Liabilities

- (a) Each of the Parties agrees that the Liabilities owed by the Debtors to the Senior Creditors, the Intra-Group Lenders, the Equity Investors and the Equity Investor Affiliates shall rank in right and priority of payment in the following order and are postponed and subordinated to any prior ranking Liabilities as follows:
  - (i) **first**, the Senior Liabilities *pari passu* and without any preference between them; and
  - (ii) **second**, the Intra-Group Liabilities and the Equity Investor Liabilities.
- (b) Each Party agrees that the Intra-Group Liabilities and the Equity Investor Liabilities are postponed and subordinated to the Liabilities owed by the Debtors to the Senior Creditors.
- (c) This Agreement does not purport to rank any of the Intra-Group Liabilities or the Equity Investor Liabilities as between themselves.

#### 2.2 Transaction Security

- (a) Subject to paragraph (b) below, each of the Parties agrees that the Transaction Security shall rank and secure the following Liabilities (but only to the extent that such Transaction Security is expressed to secure those Liabilities) in the following order:
  - (i) **first**, pursuant to the Senior Security Documents, the Senior Facility Liabilities, the Senior Secured Notes Liabilities and the Bilateral Facility Liabilities *pari passu* and without any preference between them; and
  - (ii) **thereafter**, pursuant to any Additional Senior Financing Security Documents in the order of priority in which they are entered into in respect of the relevant Additional Senior Financing Liabilities.
- (b) Each of the Parties agrees that notwithstanding paragraph (a) above, the date of execution or order in which the relevant Transaction Security Documents are entered into, or the ranking of such Transaction Security Documents under applicable law, it is agreed by each of them that the Transaction Security shall rank and secure the Senior Liabilities *pari passu* without any preference between them.

#### 2.3 Refinancing Debt

The Creditors acknowledge that the Debtors (or any of them) may wish to incur additional Borrowing Liabilities or refinance Borrowing Liabilities and/or incur Liabilities in respect of any such financing or refinancing of Borrowing Liabilities, which in any such case are intended to rank *pari passu* with any existing Liabilities and/or to share in Security over the Secured Shares as contemplated by this Agreement. The Creditors confirm that if and to the extent such a financing or refinancing, such ranking and such Security is not prohibited by any of the terms of the Debt Documents (excluding for this purpose any such documents for any facility or indebtedness which is being completely refinanced) at such time, they will (at the cost of the Debtors) co-operate with the Debtors with a view to enabling such financing or refinancing and such sharing in the Security to take place in a timely manner. In particular, but without limitation, each Bilateral Lender will and each other Senior Creditor hereby authorises and directs its Creditor Representative to, execute any amendment to this Agreement and any amendment, extension or confirmation in relation to the Security Documents required to reflect such arrangements to the extent such financing, refinancing and/or sharing is not prohibited by the Debt Documents.



### 3. SENIOR LIABILITIES

#### 3.1 Payments of Senior Liabilities

The Debtors may make Payments in respect of the Senior Liabilities at any time in accordance with the terms of the relevant Senior Finance Documents **provided that**, following the occurrence of a Distress Event, no Debtor may make (and no Senior Creditor may receive) Payments of the Senior Facility Liabilities, Additional Senior Financing Liabilities, Senior Secured Notes Liabilities or Bilateral Facility Liabilities except for Recoveries distributed in accordance with Clause 13 (*Application of Proceeds*).

#### 3.2 Amendments and Waivers

- (a) Subject to paragraph (b) below the relevant Senior Creditors and the Debtors may amend or waive the terms of the Senior Finance Documents in accordance with their terms (and subject to any consent required under them) at any time.
- (b) The terms of the Senior Finance Documents may not be amended or waived if such amendment or waiver would conflict with the provisions of this Agreement.

#### 3.3 Designation of Senior Finance Documents

If the terms of a document effect a change which would, if that change was effected by way of amendment to, or waiver of, the terms of a Senior Finance Document, require the consent of the Majority Senior Creditors under Clause 3.2 (*Amendments and Waivers*), that document shall not constitute a Senior Finance Document for the purposes of this Agreement without the prior consent of the Majority Senior Creditors.

#### 3.4 Security and guarantees: Senior Creditors

A Senior Creditor may take, accept or receive the benefit of:

- (a) any Security from any Group Company in respect of the Senior Liabilities in addition to the Security over the Secured Shares if:
  - (i) at the same time it is also offered to the Security Agent as agent or trustee for the other Secured Parties and to the other Secured Parties in respect of their Liabilities and ranks in the same order of priority as that contemplated in Clause 2.2 (*Transaction Security*), **provided that** all amounts received or recovered by such Senior Creditor with respect to such Security are immediately paid to the Security Agent and held and applied in accordance with Clause 13 (*Application of Proceeds*); or
  - (ii) such Security represents the defeasance or other repayment or prepayment of Liabilities or cash collateralisation of a Letter of Credit or Ancillary Facility under and as defined in the Senior Facility Agreement in each case by the deposit or payment of cash with or to the relevant Senior Creditor or its Creditor Representative in accordance or consistent with the terms of the relevant Debt Documents **provided that** (i) no Event of Default is continuing and (ii) such Security is not prohibited by any other Debt Document; and
- (b) any guarantee, indemnity or other assurance against loss from any Group Company in respect of the Senior Facility Liabilities, Additional Senior Financing Liabilities, Senior Secured Notes Liabilities or Bilateral Facility Liabilities in addition to those in the original form of the Senior Facility Agreement, the Senior Secured Notes Indenture and each Bilateral Facility Agreement or any Common Assurance, if and to the extent legally possible, at the same time it is also offered to the other Secured Parties in respect of their Liabilities and ranks in the same order of priority as that contemplated in Clause 2 (*Ranking and Priority*).

#### 3.5 Security: Ancillary Lenders and Senior Issuing Banks

Notwithstanding Clause 3.4 (*Security and guarantees: Senior Creditors*) above, an Ancillary Lender or Senior Issuing Bank may take, accept or receive from any Group Company:

- (a) indemnities and assurances against loss contained in the Ancillary Documents no greater in extent than any guarantee, indemnity or other assurance against loss contained in the original form of Senior Facility Agreement, this Agreement or any Common Assurance;

- (b) any SFA Cash Cover permitted under the Senior Facility Agreement relating to any Ancillary Facility or for any Letter of Credit issued by that Senior Issuing Bank; or
- (c) any Security, guarantee, indemnity or other assurance against loss giving effect to, or arising as a result of the effect of, any netting or set-off arrangement relating to the Ancillary Facilities for the purpose of netting debit and credit balances arising under the Ancillary Facilities.

**3.6 Restriction on Enforcement: Senior Facility Creditors, Additional Senior Financing Creditors, Senior Secured Notes Creditors and Bilateral Facility Lenders**

- (a) No Senior Facility Creditor, Additional Senior Financing Creditor, Senior Secured Notes Creditor or Bilateral Facility Lender may take any Enforcement Action (other than a Permitted Enforcement Action) without the prior written consent of the Majority Senior Creditors other than in accordance with Clause 9 (*Enforcement of Transaction Security*).
- (b) Notwithstanding paragraph (a) above, each Ancillary Lender and Senior Issuing Bank may take Enforcement Action which would be available to it but for paragraph (a) above if:
  - (i) at the same time as, or prior to, that action, Enforcement Action has been taken in respect of the Senior Facility Liabilities (excluding the Liabilities owing to Ancillary Lenders and the Senior Issuing Banks), in which case the Ancillary Lenders and the Senior Issuing Banks may take the same Enforcement Action as has been taken in respect of those Senior Facility Liabilities;
  - (ii) that action is contemplated by the Senior Facility Agreement or Clause 3.5 (*Security: Ancillary Lenders and Senior Issuing Banks*); or
  - (iii) that Enforcement Action is taken solely in respect of SFA Cash Cover which has been provided in accordance with the Senior Facility Agreement.
- (c) Paragraph (a) above shall not restrict any right of an Ancillary Lender:
  - (i) to demand repayment or prepayment of any of the Liabilities owed to it prior to the expiry date of the relevant Ancillary Facility; or
  - (ii) to net or set-off in relation to a Multi-account Overdraft,

in accordance with the terms of the Senior Facility Agreement and to the extent that the demand is required to reduce, or the netting or set-off represents a reduction from, the Permitted Gross Outstandings of that Multi- account Overdraft to or towards an amount equal to its Designated Net Amount.
- (d) Notwithstanding paragraphs (a), (b) and (c) above or anything to the contrary herein, after the occurrence of an Insolvency Event in relation to a Debtor, each Senior Creditor may, to the extent it is able to do so under the relevant Senior Finance Documents and applicable law, take Enforcement Action under paragraph (a) and (d) of that definition in respect of that Debtor and/or claim in the winding up, dissolution, administration, reorganisation or similar insolvency event of that Debtor for Senior Liabilities owing to it (but, for the avoidance of doubt, may not direct the Security Agent to enforce the Transaction Security in any manner).

**4. INTRA-GROUP LENDERS AND INTRA-GROUP LIABILITIES**

**4.1 Restriction on Payment: Intra-Group Liabilities**

Prior to the Senior Discharge Date, the Debtors shall not make any Payments of the Intra-Group Liabilities at any time unless:

- (a) that Payment is permitted under Clause 4.2 (*Permitted Payments: Intra-Group Liabilities*); or
- (b) the taking or receipt of that Payment is permitted under paragraph (c) of Clause 4.7 (*Permitted Enforcement: Intra-Group Lenders*).

#### 4.2 **Permitted Payments: Intra-Group Liabilities**

- (a) Subject to paragraph (b) below, the Debtors may make Payments in respect of the Intra-Group Liabilities (whether of principal, interest or otherwise) from time to time.
- (b) Payments in respect of the Intra-Group Liabilities may not be made pursuant to paragraph (a) above if, at the time of the Payment, an Acceleration Event has occurred unless:
  - (i) prior to the Senior Discharge Date the Instructing Group consent to that Payment being made; or
  - (ii) that Payment is made to facilitate Payment of the Senior Liabilities.
- (c) Nothing in this Agreement shall prevent the capitalisation, write-off, waiver, release or transfer in whole or part of any Intra-Group Liabilities unless an Acceleration Event has occurred.

#### 4.3 **Payment obligations continue**

No Debtor shall be released from the liability to make any Payment (including of default interest, which shall continue to accrue) under any Debt Document by the operation of Clauses 4.1 (*Restriction on Payment: Intra- Group Liabilities*) and 4.2 (*Permitted Payments: Intra-Group Liabilities*) even if its obligation to make that Payment is restricted at any time by the terms of any of those Clauses.

#### 4.4 **Acquisition of Intra-Group Liabilities**

- (a) Subject to paragraph (b) below, each Debtor may, and may permit any other Group Company to:
  - (i) enter into any Liabilities Acquisition; or
  - (ii) beneficially own all or any part of the share capital of a company that is party to a Liabilities Acquisition,in respect of any Intra-Group Liabilities at any time.
- (b) Subject to paragraph (c) below, no action described in paragraph (a) above may take place in respect of any Intra-Group Liabilities if at the time of that action, an Acceleration Event has occurred.
- (c) The restrictions in paragraph (b) above shall not apply if:
  - (i) prior to the Senior Discharge Date the Instructing Group consent to that action; or
  - (ii) that action is taken to facilitate Payment of the Senior Liabilities.

#### 4.5 **Security: Intra-Group Lenders**

Prior to the Senior Discharge Date, the Intra-Group Lenders may not take, accept or receive the benefit of any Security, guarantee, indemnity or other assurance against loss in respect of the Intra-Group Liabilities unless:

- (a) that Security, guarantee, indemnity or other assurance against loss is not prohibited by any of the Senior Finance Documents; or
- (b) the prior consent of the Instructing Group is obtained.

#### 4.6 **Restriction on enforcement: Intra-Group Lenders**

Subject to Clause 4.7 (*Permitted Enforcement: Intra-Group Lenders*), none of the Intra-Group Lenders shall be entitled to take any Enforcement Action in respect of any of the Intra-Group Liabilities at any time prior to the Senior Discharge Date.

#### 4.7 **Permitted Enforcement: Intra-Group Lenders**

After the occurrence of an Insolvency Event in relation to any Debtor, each IntraGroup Lender may (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Intra-Group Lender in accordance with Clause 6.5 (*Filing of claims*)), exercise any right it may otherwise have against that Debtor to:

- (a) accelerate any of that Debtor's Intra-Group Liabilities or declare them prematurely due and payable or payable on demand;
- (b) make a demand under any guarantee, indemnity or other assurance against loss given by that Debtor in respect of any Intra-Group Liabilities;
- (c) exercise any right of set-off or take or receive any Payment in respect of any Intra-Group Liabilities of that Debtor; or
- (d) claim and prove in the liquidation of that Debtor for the Intra-Group Liabilities owing to it.

#### 4.8 **Representations: Intra-Group Lenders**

Each Intra-Group Lender represents and warrants to the Senior Creditors that:

- (a) it is a corporation or partnership, duly incorporated or formed and validly existing under the laws of its jurisdiction of incorporation or formation;
- (b) subject to the Legal Reservations, the obligations expressed to be assumed by it in this Agreement are legal, valid, binding and enforceable obligations; and
- (c) the entry into and performance by it of this Agreement does not conflict with:
  - (i) any law or regulation applicable to it;
  - (ii) its constitutional documents; or
  - (iii) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument in any case to an extent or in a manner which has a Material Adverse Effect.

### 5. **EQUITY INVESTOR LIABILITIES**

#### 5.1 **Payments of Equity Investor Liabilities**

The Debtors may make Payments in respect of the Equity Investor Liabilities at any time provided such Payments are not prohibited under the terms of any of the Debt Documents.

#### 5.2 **Restrictions on Equity Investor and Equity Investor Affiliate Enforcement Action**

Subject to Clause 5.10 (*Permitted Enforcement: Investors*), on or prior to the Senior Discharge Date no Equity Investor or Equity Investor Affiliate may take Enforcement Action in relation to any Equity Investor Liabilities without the prior consent of the Instructing Group.

#### 5.3 **Turnover of Equity Investor Liabilities**

If at any time on or before the Senior Discharge Date:

- (a) any Equity Investor or Equity Investor Affiliate receives or recovers a payment or distribution of any kind whatsoever (including by way of set-off or combination of accounts) in respect or on account of any of the Equity Investor Liabilities which is not permitted by Clause 5.1 (*Payments of Equity Investor Liabilities*);
- (b) any Equity Investor or Equity Investor Affiliate receives or recovers proceeds pursuant to any Enforcement Action; or
- (c) any Group Company makes any payment or distribution of any kind whatsoever in respect or on account of the purchase or other acquisition of any of the Equity Investor Liabilities where the payment would not be permitted under Clause 5.1 (*Payments of Equity Investor Liabilities*),

the recipient or beneficiary of that payment, distribution, set-off or combination will promptly pay all amounts and distributions received to the Security Agent for application under Clause 13 (*Application of Proceeds*) and, pending that payment, will hold those amounts and distributions on trust for the Security Agent.

#### 5.4 **No Reduction or Discharge**

As between the Debtors, the Equity Investors and the Equity Investor Affiliates, the Equity Investor Liabilities will be deemed not to have been reduced or discharged to the extent of any payment or distribution to the Security Agent under Clause 5.3 (*Turnover of Equity Investor Liabilities*) and no Group Company shall be released from any liability to make any payment or distribution of any kind whatsoever (including of default interest, which shall continue to accrue) with respect to or on account of any Equity Investor Liabilities by the operation of Clause 5.1 (*Payments of Equity Investor Liabilities*) even if its obligation to make that payment or distribution is restricted at any time by the terms of Clause 5.1 (*Payments of Equity Investor Liabilities*).

## 5.5 Indemnity

Subject to Clause 10 (*Distressed Disposals and Appropriation*), immediately after the Senior Discharge Date, each Debtor will (to the extent permitted by law) fully indemnify each Equity Investor and each Equity Investor Affiliate upon demand for the amount of any payment or distribution to the Security Agent under Clause 5.3 (*Turnover of Equity Investor Liabilities*).

## 5.6 No Subrogation of Equity Investors or Equity Investor Affiliates

Without the prior consent of the Instructing Group, on or prior to the Senior Discharge Date neither any Equity Investor nor any Equity Investor Affiliate may in any circumstances exercise any subrogation rights relating to the rights of the Senior Creditors in respect of the Senior Liabilities or any Security or guarantee arising under the Senior Finance Documents.

## 5.7 Amendments to Equity Investor Documents

On or prior to the Senior Discharge Date, no Debtor, Equity Investor or Equity Investor Affiliate will amend any term of any Equity Investor Document in a manner or to an extent which would result in:

- (a) any principal, interest, distribution or other amount payable under any Equity Investor Document being payable on a date earlier or more frequently than, or in an amount greater than, provided in the relevant Equity Investor Documents at the date of this Agreement or any relevant Equity Investor Documents which may be executed after the date of this Agreement except to the extent such payment is not prohibited by any Senior Finance Document; or
- (b) any Debtor being subject to obligations which would conflict with any provisions of this Agreement; or
- (c) the ranking or subordination provided for in this Agreement being affected in any way that is adverse to the interests of the Senior Creditors,

in each case without the prior consent of the Instructing Group.

Nothing in this Agreement will prevent the roll-up or capitalisation or payment by way of the issue of shares of any Equity Investor Liabilities or the forgiveness, waiver or write-off of any Equity Investor Liabilities.

## 5.8 No acquisition of Equity Investor Liabilities

On or prior to the Senior Discharge Date, the Debtors shall not, and shall procure that no other Group Company will:

- (a) enter into any Liabilities Acquisition; or
- (b) beneficially own all or any part of the share capital of a company that is party to a Liabilities Acquisition,

in respect of any of the Equity Investor Liabilities, unless the prior consent of the Instructing Group is obtained. 5.9

### **Security: Equity Investors and Equity Investor Affiliates**

No Equity Investor nor any Equity Investor Affiliate may take, accept or receive the benefit of any Security, guarantee, indemnity or other assurance against loss from any Group Company in respect of any of the Equity Investor Liabilities prior to the Senior Discharge Date.

## 5.10 Permitted Enforcement: Equity Investors and Equity Investor Affiliates

After the occurrence of an Insolvency Event in relation to a Debtor, each Equity Investor and Equity Investor Affiliate may (unless otherwise directed by the Security Agent or unless the Security Agent has taken, or has given notice that it intends to take, action on behalf of that Equity Investor or Equity Investor Affiliate in accordance with Clause 6.5 (*Filing of claims*)) exercise any right it may otherwise have in respect of that Debtor to:

- (a) accelerate any of the Equity Investor Liabilities owed by such Debtor or declare them prematurely due and payable or payable on demand;

- (b) make a demand under any guarantee, indemnity or other assurance against loss given by that Debtor in respect of any Equity Investor Liabilities;
- (c) exercise any right of set-off or take or receive any Payment in respect of any Equity Investor Liabilities of that Debtor; or
- (d) claim and prove in the liquidation of that Debtor for the Equity Investor Liabilities owing to it.

**5.11 Representations: Equity Investors and Equity Investor Affiliates**

Each Equity Investor and each Equity Investor Affiliate represents and warrants to the Senior Creditors that:

- (a) it is a corporation, duly incorporated or formed and validly existing under the laws of its jurisdiction of incorporation or formation;
- (b) the obligations expressed to be assumed by it in this Agreement (and, in the case of each Holdco, the Transaction Security Documents to which it is a party) are, subject to any general principles of law limiting its obligations which are applicable to creditors generally and those referred to in paragraphs (a) to (e) of the definition of Legal Reservations, legal, valid, binding and enforceable obligations; and
- (c) the entry into and performance by it of this Agreement (and, in the case of each Holdco, the Transaction Security Documents to which it is a party) does not conflict with:
  - (i) any law or regulation applicable to it;
  - (ii) its constitutional documents; or
  - (iii) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument in any case to an extent or in a manner which has a Material Adverse Effect.

**5.12 Undertaking: Holdcos**

- (a) Subject to paragraph (b) below, prior to the Senior Discharge Date:
  - (i) no Holdco shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntarily or involuntarily, to sell, lease, transfer or otherwise dispose of all or any Secured Shares owned by it;
  - (ii) no Holdco shall create or permit to subsist any security interest over any of the Secured Shares or otherwise deal with any of the Secured Shares, save as may be permitted under the Debt Documents; and
  - (iii) no Holdco shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction except on a solvent basis and where (A) the relevant Holdco is the surviving entity and (B) the Transaction Security granted pursuant to the Senior Security Documents remains effective and the relevant Transaction Security Documents remains legal, valid, binding and enforceable following such amalgamation, demerger, merger, consolidation or corporate reconstruction.
- (b) Nothing in this Agreement or any of the other Debt Documents shall restrict or prevent a Permitted Holdco Transaction.

**SECTION 3**  
**INSOLVENCY, TURNOVER AND ENFORCEMENT**

**6. EFFECT OF INSOLVENCY EVENT**

**6.1 SFA Cash Cover**

This Clause 6 is subject to Clause 13.3 (*Treatment of SFA Cash Cover and Senior Facility Lender Cash Collateral*).

**6.2 Distributions**

- (a) After the occurrence of an Insolvency Event in relation to any Group Company or any Holdco, any Party entitled to receive a distribution out of the assets of that Group Company or, as the case may be, out of the Secured Shares owned by that Holdco, in respect of Liabilities owed to that Party shall, to the extent it is able to do so, direct the person responsible for the distribution of the assets of that Group Company or such assets of that Holdco to make that distribution to the Security Agent (or to such other person as the Security Agent shall direct) until the Liabilities owing to the Secured Parties have been paid in full.
- (b) The Security Agent (or any other person directed by the Security Agent) shall apply distributions made to it under paragraph (a) above in accordance with Clause 13 (*Application of Proceeds*).

**6.3 Set-Off**

- (a) Subject to paragraph (b) below, to the extent that any Group Company's Liabilities are discharged by way of set-off (mandatory or otherwise) after the occurrence of an Insolvency Event in relation to that Group Company, any Creditor which benefited from that set-off shall pay an amount equal to the amount of the Liabilities owed to it which are discharged by that set-off to the Security Agent for application in accordance with Clause 13 (*Application of Proceeds*).
- (b) Paragraph (a) above shall not apply to any such discharge of the Multi-account Overdraft Liabilities to the extent that the relevant discharge represents a reduction of the Permitted Gross Outstandings of a Multi-account Overdraft to or towards its Designated Net Amount.

**6.4 Non-cash distributions**

If the Security Agent or any other Secured Party receives a distribution in the form of Non-Cash Consideration in respect of any of the Liabilities (other than any distribution of Non-Cash Recoveries), the Liabilities will not be reduced by that distribution until and except to the extent that the realisation proceeds are actually applied towards the Liabilities.

**6.5 Filing of claims**

Without prejudice to any Ancillary Lender's right of netting or set-off relating to a Multi-account Overdraft (to the extent that the netting or set-off represents a reduction of the Permitted Gross Outstandings of that Multi-account Overdraft to or towards an amount equal to its Designated Net Amount) after the occurrence of an Insolvency Event in relation to any Group Company or any Holdco, each Creditor irrevocably authorises the Security Agent, on its behalf, to:

- (a) take any Enforcement Action (in accordance with the terms of this Agreement) against that Group Company or that Holdco;
- (b) demand, sue, prove and give receipt for any or all of that Group Company's Liabilities;
- (c) collect and receive all distributions on, or on account of, any or all of that Group Company's Liabilities; and
- (d) file claims, take proceedings and do all other things the Security Agent considers reasonably necessary to recover that Group Company's Liabilities,

**provided that** any of these actions are permitted by applicable laws.



## 6.6 Further assurance—Insolvency Event

Each Creditor will:

- (a) do all things that the Security Agent reasonably requests in order to give effect to this Clause 6; and
- (b) if the Security Agent is not entitled to take any of the actions contemplated by this Clause 6 or if the Security Agent requests that a Creditor take that action, undertake that action itself in accordance with the instructions of the Security Agent or grant a power of attorney to the Security Agent (on such terms as the Security Agent may reasonably require) to enable the Security Agent to take such action.

## 6.7 Security Agent instructions

For the purposes of Clause 6.2 (*Distributions*), Clause 6.5 (*Filing of claims*) and Clause 6.6 (*Further assurance—Insolvency Event*) the Security Agent shall act:

- (a) on the instructions of the Majority Senior Creditors; or
- (b) in the absence of any such instructions, as the Security Agent sees fit.

## 7. TURNOVER OF RECEIPTS

### 7.1 SFA Cash Cover

This Clause 7 is subject to Clause 13.3 (*Treatment of SFA Cash Cover and Senior Facility Lender Cash Collateral*).

### 7.2 Turnover by the Creditors

Subject to Clause 7.3 (*Exclusions*) and to Clause 7.4 (*Permitted assurance and receipts*), if at any time prior to the Senior Discharge Date, any Creditor receives or recovers:

- (a) any Payment or distribution of, or on account of or in relation to, any of the Liabilities which is not either:
  - (i) permitted under this Agreement; or
  - (ii) made in accordance with Clause 13 (*Application of Proceeds*);
- (b) other than where paragraph (a) of Clause 6.3 (*Set-Off*) applies, any amount by way of set-off in respect of any of the Liabilities owed to it which does not give effect to a Payment permitted under this Agreement;
- (c) notwithstanding paragraphs (a) and (b) above, and other than where paragraph (a) of Clause 6.3 (*Set-Off*) applies, any amount:
  - (i) on account of, or in relation to, any of the Liabilities:
    - (A) after the occurrence of a Distress Event; or
    - (B) as a result of any other litigation or proceedings against a Group Company or a Holdco (other than after the occurrence of an Insolvency Event in respect of that Group Company or that Holdco); or
  - (ii) by way of set-off in respect of any of the Liabilities owed to it after the occurrence of a Distress Event,  
  
other than, in each case, any amount received or recovered in accordance with Clause 13 (*Application of Proceeds*);
- (d) the proceeds of any enforcement of any Transaction Security except in accordance with Clause 13 (*Application of Proceeds*); or

- (e) other than where paragraph (a) of Clause 6.3 (*Set-Off*) applies, any distribution or Payment of, or on account of or in relation to, any of the Liabilities owed by any Group Company which is not in accordance with Clause 13 (*Application of Proceeds*) and which is made as a result of, or after, the occurrence of an Insolvency Event in respect of that Group Company or any Holdco,

that Creditor will:

- (i) in relation to receipts and recoveries not received or recovered by way of set-off:
  - (A) hold an amount of that receipt or recovery equal to the Relevant Liabilities (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay or distribute that amount to the Security Agent for application in accordance with the terms of this Agreement; and
  - (B) promptly pay or distribute an amount equal to the amount (if any) by which the receipt or recovery exceeds the Relevant Liabilities to the Security Agent for application in accordance with the terms of this Agreement; and
- (ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the Security Agent for application in accordance with the terms of this Agreement.

### 7.3 Exclusions

Clause 7.2 (*Turnover by the Creditors*) shall not apply to any receipt or recovery by an Ancillary Lender by way of that Ancillary Lender's right of netting or set-off relating to a Multi-account Overdraft (to the extent that that netting or set-off represents a reduction of the Permitted Gross Outstandings of that Multi-account Overdraft to or towards an amount equal to its Designated Net Amount).

### 7.4 Permitted assurance and receipts

Nothing in this Agreement shall restrict the ability of any Senior Creditor to:

- (a) arrange with any person which is not a Group Company any assurance against loss in respect of, or reduction of its credit exposure to, a Debtor (including assurance by way of credit based derivative or sub-participation); or
- (b) make any assignment or transfer permitted by Clause 18 (*Changes to the Parties*), which is permitted by the Senior Finance Documents to which such Senior Creditor is a party,

and that Senior Creditor shall not be obliged to account to any other Party for any sum received by it as a result of that action.

### 7.5 Amounts received by Debtors

If any of the Debtors receives or recovers any amount which, under the terms of any of the Debt Documents, should have been paid to the Security Agent, that Debtor will:

- (a) hold an amount of that receipt or recovery equal to the Relevant Liabilities (or if less, the amount received or recovered) on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of this Agreement; and
- (b) promptly pay an amount equal to the amount (if any) by which the receipt or recovery exceeds the Relevant Liabilities to the Security Agent for application in accordance with the terms of this Agreement.

### 7.6 Saving provision

If, for any reason, any of the trusts expressed to be created in this Clause 7 should fail or be unenforceable, the affected Creditor or Debtor will promptly pay or distribute an amount equal to that receipt or recovery to the Security Agent to be held on trust for the benefit of the Senior Creditors by the Security Agent for application in accordance with the terms of this Agreement.

## 7.7 Turnover of Non-Cash Consideration

For the purposes of this Clause 7, if any Creditor receives or recovers any amount or distribution in the form of Non-Cash Consideration which is subject to Clause 7.2 (*Turnover by the Creditors*) the cash value of that Non-Cash Consideration shall be determined in accordance with Clause 11.2 (*Cash value of Non-Cash Recoveries*).

## 8. REDISTRIBUTION

### 8.1 Recovering Creditor's rights

- (a) Any amount paid or distributed by a Creditor (a "**Recovering Creditor**") to the Security Agent under Clause 5.3 (*Turnover of Equity Investor Liabilities*), Clause 6 (*Effect of Insolvency Event*) or Clause 7 (*Turnover of Receipts*) shall be treated as having been paid or distributed by the relevant Debtor and distributed to the Security Agent and Senior Creditors (each a "**Sharing Creditor**") in accordance with the terms of this Agreement.
- (b) If permitted by applicable law, on a distribution by the Security Agent under paragraph (a) above of a Payment or distribution received by a Recovering Creditor from a Debtor, as between the relevant Debtor and the Recovering Creditor an amount equal to the amount received or recovered by the Recovering Creditor and paid or distributed to the Security Agent (the "**Shared Amount**") will be treated as not having been paid or distributed by that Debtor to the Recovering Creditor.

### 8.2 Reversal of redistribution

- (a) If any part of the Shared Amount received or recovered by a Recovering Creditor becomes repayable or returnable to a Debtor and is repaid or returned by that Recovering Creditor to that Debtor, then:
  - (i) each Sharing Creditor shall, upon request of the Security Agent, pay or distribute to the Security Agent for the account of that Recovering Creditor an amount equal to the appropriate part of its share of the Shared Amount (together with an amount as is necessary to reimburse that Recovering Creditor for its proportion of any interest on the Shared Amount which that Recovering Creditor is required to pay) (the "**Redistributed Amount**"); and
  - (ii) as between the relevant Debtor and each relevant Sharing Creditor, an amount equal to the relevant Redistributed Amount will be treated as not having been paid or distributed by that Debtor.
- (b) The Security Agent shall not be obliged to pay or distribute any Redistributed Amount to a Recovering Creditor under paragraph (a)(i) above until it has been able to establish to its satisfaction that it has actually received that Redistributed Amount from the relevant Sharing Creditor.

### 8.3 Deferral of subrogation

- (a) Neither any Creditor nor any Debtor will exercise any rights which it may have by reason of the performance by it of its obligations under the Debt Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights under the Debt Documents of any Creditor which ranks ahead of it in accordance with the priorities set out in Clause 2 (*Ranking and Priority*) until such time as all of the Liabilities owing to each prior ranking Creditor (or, in the case of any Debtor, owing to each Creditor) have been irrevocably discharged in full.
- (b) No Intra-Group Lender, Equity Investor or Equity Investor Affiliate will exercise any rights which it may have to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights under the Transaction Security until the Senior Discharge Date has occurred.

## 9. ENFORCEMENT OF TRANSACTION SECURITY

### 9.1 SFA Cash Cover

This Clause 9 is subject to Clause 13.3 (*Treatment of SFA Cash Cover and Senior Facility Lender Cash Collateral*).

## 9.2 Enforcement Instructions

- (a) The Security Agent may refrain from enforcing the Transaction Security unless instructed otherwise by the Instructing Group.
- (b) Subject to the Transaction Security having become enforceable in accordance with its terms, the Instructing Group may give or refrain from giving instructions to the Security Agent to enforce or refrain from enforcing the Transaction Security as they see fit.
- (c) The Security Agent is entitled to rely on and comply with instructions given in accordance with this Clause 9.2 (*Enforcement Instructions*).

## 9.3 Manner of enforcement

If the Transaction Security is being enforced pursuant to Clause 9.2 (*Enforcement Instructions*), the Security Agent shall enforce the Transaction Security in such manner (including, without limitation, the selection of any administrator (or any analogous officer in any jurisdiction) of any Debtor or any Holdco to be appointed by the Security Agent) as the Instructing Group shall instruct or, in the absence of any such instructions, as the Security Agent considers in its discretion to be appropriate.

## 9.4 Exercise of voting rights

- (a) Each Creditor will cast its vote in any proposal put to the vote by or under the supervision of any judicial or supervisory authority in respect of any insolvency, pre-insolvency or rehabilitation or similar proceedings relating to any Group Company or any Holdco as instructed by the Security Agent.
- (b) The Security Agent shall give instructions for the purposes of paragraph (a) above in accordance with any instructions given to it by the Instructing Group.
- (c) Nothing in this Clause 9.4 entitles any Party to require any Creditor to vote to waive, reduce, discharge or extend the date for payment of any of the Liabilities owed to it.

## 9.5 Waiver of rights

To the extent permitted under applicable law and subject to Clause 9.2 (*Enforcement Instructions*), Clause 9.3 (*Manner of enforcement*), Clause 10.4 (*Fair value*) and Clause 13 (*Application of Proceeds*), each of the Secured Parties, the Debtors and the Holdcos waives all rights they may otherwise have to require that the Transaction Security be enforced in any particular order or manner or at any particular time or that any amount received or recovered from any person, or by virtue of the enforcement of any of the Transaction Security or of any other security interest, which is capable of being applied in or towards discharge of any of the Secured Obligations is so applied.

## 9.6 Duties owed

- (a) Each of the Secured Parties, the Debtors and the Holdcos acknowledges that, in the event that the Security Agent enforces or is instructed to enforce the Transaction Security prior to the Senior Discharge Date, the duties of the Security Agent and of any Receiver or Delegate owed to the Senior Creditors in respect of the method, type and timing of that enforcement or of the exploitation, management or realisation of any of that Transaction Security, shall, subject to Clause 10.4 (*Fair value*), be no different to or greater than the duty that is owed by the Security Agent, Receiver or Delegate to the Debtors or the Holdcos under general law.
- (b) None of the Debtors, Intra-Group Lenders, Equity Investors or Equity Investor Affiliates shall have any right to be consulted in relation to any enforcement action by the Secured Parties or the Security Agent in relation to the Senior Finance Documents.

## 9.7 Enforcement through Security Agent only

- (a) The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Security Documents (other than the Senior Facility Agreement) except through the Security Agent.
- (b) If requested by the Security Agent, each Secured Party will grant a power of attorney to the Security Agent (on such terms as the Security Agent may reasonably require) to enable the Security Agent to

take any action contemplated by this Clause 9 under applicable law (and, with respect to any enforcement of Transaction Security governed by Spanish law or any claim against a Debtor incorporated in Spain, such power of attorney shall be notarised and apostilled).

#### 9.8 Consultation Period

- (a) Subject to paragraph (b) below, before giving any instructions to the Security Agent to enforce the Transaction Security or to take any other Enforcement Action, the Creditor Representatives and the Bilateral Facility Lenders shall consult with each other and the Security Agent in good faith about the instructions to be given by the Instructing Group for a period of not less than 15 Business Days (or such shorter period as each Creditor Representative, each Bilateral Facility Lender and the Security Agent shall agree) (the “**Consultation Period**”), and only following the expiry of the Consultation Period shall the Instructing Group be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action.
- (b) No Creditor Representative nor any Bilateral Facility Lender shall be obliged to consult in accordance with paragraph (a) above and the Instructing Group shall be entitled to give any instructions to the Security Agent to enforce the Transaction Security or take any other Enforcement Action prior to the end of a Consultation Period if:
  - (i) the Transaction Security has become enforceable as a result of an Insolvency Event; or
  - (ii) the Instructing Group or any Creditor Representative or Bilateral Facility Lender determines in good faith (and notifies each Creditor Representative, Bilateral Facility Lender and the Security Agent) that to enter into such consultations and thereby delay the commencement of enforcement of the Transaction Security could reasonably be expected to have a material adverse effect on:
    - (A) the Security Agent’s ability to enforce any of the Transaction Security; or
    - (B) the realisation proceeds of any enforcement of the Transaction Security.

**SECTION 4**  
**DISTRESSED DISPOSALS AND CLAIMS**

**10. DISTRESSED DISPOSALS AND APPROPRIATION**

**10.1 Facilitation of Distressed Disposals and Appropriation**

If and to the extent permitted by applicable law a Distressed Disposal or an Appropriation is being effected the Security Agent is irrevocably authorised (at the cost of the Company and without any consent, sanction, authority or further confirmation from any Holdco, Creditor, other Secured Party or Debtor):

- (a) ***release of Transaction Security/non-crystallisation certificates***: to release the Transaction Security or any other claim over the asset subject to the Distressed Disposal or Appropriation and execute and deliver or enter into any release of that Transaction Security or claim or any consent to dealing that may, in the discretion of the Security Agent, be considered necessary or desirable;
- (b) ***release of liabilities and Transaction Security on a share sale/Appropriation (Debtor)***: if the asset subject to the Distressed Disposal or Appropriation consists of shares in the capital of a Debtor, to release:
  - (i) that Debtor and any Subsidiary of that Debtor from all or any part of:
    - (A) its Borrowing Liabilities;
    - (B) its Guarantee Liabilities; and
    - (C) its Other Liabilities;
  - (ii) any Transaction Security granted by that Debtor or any Subsidiary of that Debtor over any of its assets; and
  - (iii) any other claim of an Intra-Group Lender, Equity Investor, Equity Investor Affiliate or another Debtor over that Debtor's assets or over the assets of any Subsidiary of that Debtor, on behalf of the relevant Creditors and Debtors;
- (c) ***release of liabilities and Transaction Security on a share sale/Appropriation (Holding Company)***: if the asset subject to the Distressed Disposal or Appropriation consists of shares in the capital of any Holding Company of a Debtor, to release:
  - (i) that Holding Company and any Subsidiary of that Holding Company from all or any part of:
    - (A) its Borrowing Liabilities;
    - (B) its Guarantee Liabilities; and
    - (C) its Other Liabilities;
  - (ii) any Transaction Security granted by any Subsidiary of that Holding Company over any of its assets; and
  - (iii) any other claim of an Intra-Group Lender, Equity Investor, Equity Investor Affiliate or another Debtor over the assets of any Subsidiary of that Holding Company, on behalf of the relevant Creditors and Debtors;
- (d) ***facilitative disposal of liabilities on a share sale/Appropriation***: if the asset subject to the Distressed Disposal or Appropriation consists of shares in the capital of a Debtor or the Holding Company of a Debtor and the Security Agent decides to dispose of all or any part of:

- (i) the Liabilities (other than Liabilities due to any Creditor Representative (but excluding for this purpose an Additional Senior Financing Creditor that is a bilateral lender) or any Senior Facility Arranger); or
- (ii) the Debtors' Intra-Group Receivables,

owed by that Debtor or Holding Company or any Subsidiary of that Debtor or Holding Company (on the basis that any transferee of those Liabilities or Debtors' Intra-Group Receivables (the "**Transferee**") will not be treated as a Senior Creditor or a Secured Party for the purposes of this Agreement), to execute and deliver or enter into any agreement to dispose of all or part of those Liabilities or Debtors' Intra-Group Receivables on behalf of the relevant Creditors and Debtors **provided that** notwithstanding any other provision of any Debt Document the Transferee shall not be treated as a Senior Creditor or a Secured Party for the purposes of this Agreement;

- (e) ***sale of liabilities on a share sale/Appropriation***: if the asset subject to the Distressed Disposal or Appropriation consists of shares in the capital of a Debtor or the Holding Company of a Debtor and the Security Agent decides to dispose of all or any part of:

- (i) the Liabilities (other than Liabilities due to any Creditor Representative (but excluding for this purpose an Additional Senior Financing Creditor that is a bilateral lender) or any Senior Facility Arranger); or
- (ii) the Debtors' Intra-Group Receivables,

owed by that Debtor or Holding Company or any Subsidiary of that Debtor or Holding Company on the basis that any transferee of those Liabilities or Debtors' Intra-Group Receivables will be treated as a Senior Creditor or a Secured Party for the purposes of this Agreement, to execute and deliver or enter into any agreement to dispose of:

- (A) all (and not part only) of the Liabilities owed to the Senior Creditors (other than Liabilities due to any Creditor Representative (but excluding for this purpose an Additional Senior Financing Creditor that is a bilateral lender) or any Senior Facility Arranger); and
- (B) all or part of any other Liabilities (other than Liabilities due to any Creditor Representative (but excluding for this purpose an Additional Senior Financing Creditor that is a bilateral lender or any Senior Facility Arranger) and the Debtors' Intra-Group Receivables,

on behalf of, in each case, the relevant Creditors and Debtors;

- (f) ***transfer of obligations in respect of liabilities on a share sale/Appropriation***: if the asset subject to the Distressed Disposal or Appropriation consists of shares in the capital of a Debtor or the Holding Company of a Debtor (the "**Disposed Entity**") and the Security Agent decides to transfer to another Debtor (the "**Receiving Entity**") all or any part of the Disposed Entity's obligations or any obligations of any Subsidiary of that Disposed Entity in respect of:

- (i) the Intra-Group Liabilities; or
- (ii) the Debtors' Intra-Group Receivables,

to execute and deliver or enter into any agreement to:

- (A) agree to the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtors' Intra-Group Receivables on behalf of the relevant Intra-Group Lenders and Debtors to which those obligations are owed and on behalf of the Debtors which owe those obligations; and
- (B) to accept the transfer of all or part of the obligations in respect of those Intra-Group Liabilities or Debtors' Intra-Group Receivables on behalf of the Receiving Entity or Receiving Entities to which the obligations in respect of those Intra-Group Liabilities or Debtors' Intra-Group Receivables are to be transferred.

## 10.2 Form of consideration for Distressed Disposals and Debt Disposals

Subject to Clause 11.4 (*Security Agent protection*), a Distressed Disposal or a Debt Disposal may be made in whole or in part for consideration in the form of cash or, if not for cash, for Non-Cash Consideration which is acceptable to the Security Agent.

## 10.3 Proceeds of Distressed Disposals and Debt Disposals

The net proceeds of each Distressed Disposal and each Debt Disposal shall be paid, or distributed, to the Security Agent for application in accordance with Clause 13 (*Application of Proceeds*) and, to the extent that:

- (a) any Liabilities Sale has occurred; or
- (b) any Appropriation has occurred,

as if that Liabilities Sale, or any reduction in the Secured Obligations resulting from that Appropriation, had not occurred. This Clause 10.3 shall apply even if, on a Distressed Disposal or Appropriation of the Secured Shares, all Senior Liabilities are released, disposed of or transferred in accordance with Clause 10.1 (*Facilitation of Distressed Disposals and Appropriation*), so that such net proceeds shall nevertheless be paid, or distributed, to the Security Agent for application in accordance with Clause 13 (*Application of Proceeds*) by reference to sums owing and Senior Liabilities immediately prior to such release, disposal or transfer.

## 10.4 Fair value

- (a) In the case of:

- (i) a Distressed Disposal; or
- (ii) a Liabilities Sale,

effected by, or at the request of, the Security Agent, the Security Agent shall take reasonable care to obtain a fair market price having regard to the prevailing market conditions (though the Security Agent shall have no obligation to postpone (or request the postponement of) any Distressed Disposal or Liabilities Sale in order to achieve a higher price).

- (b) The requirement in paragraph (a) above shall be satisfied (and as between the Creditors, the Holdcos and the Debtors shall be conclusively presumed to be satisfied) and the Security Agent will be taken to have discharged all its obligations in this respect under this Agreement, the other Debt Documents and generally at law if:
  - (i) that Distressed Disposal or Liabilities Sale is made pursuant to any process or proceedings approved or supervised by or on behalf of any court of law or notary;
  - (ii) that Distressed Disposal or Liabilities Sale is made by, at the direction of or under the control of, a liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer (or any analogous officer in any jurisdiction) appointed in respect of a Group Company or a Holdco or the assets of a Group Company or a Holdco;
  - (iii) that Distressed Disposal or Liabilities Sale is made pursuant to a Competitive Sales Process; or
  - (iv) a Financial Adviser appointed by the Security Agent pursuant to Clause 10.5 (*Appointment of Financial Adviser*) has delivered a Fairness Opinion to the Security Agent in respect of that Distressed Disposal or Liabilities Sale.

## 10.5 Appointment of Financial Adviser

- (a) Without prejudice to Clause 16.7 (*Rights and discretions*), the Security Agent may engage, or approve the engagement of, (in each case on such terms as it may consider appropriate (including, without limitation, restrictions on that Financial Adviser's liability and the extent to which any advice, valuation or opinion may be relied on or disclosed)), pay for and rely on the services of a Financial Adviser to provide advice, a valuation or an opinion in connection with:



- (i) a Distressed Disposal or a Debt Disposal;
  - (ii) the application or distribution of any proceeds of a Distressed Disposal or a Debt Disposal; or
  - (iii) any amount of Non-Cash Consideration which is subject to Clause 7.2 (*Turnover by the Creditors*).
- (b) For the purposes of paragraph (a) above, the Security Agent shall act:
- (i) on the instructions of the Senior Majority Creditors if the Financial Adviser is providing a valuation for the purposes of Clause 11.2 (*Cash value of Non-Cash Recoveries*); or
  - (ii) otherwise in accordance with Clause 10.6 (*Security Agent's actions*).

#### 10.6 Security Agent's actions

For the purposes of Clause 10.1 (*Facilitation of Distressed Disposals and Appropriation*), Clause 10.2 (*Form of consideration for Distressed Disposals and Debt Disposals*) and Clause 10.4 (*Fair value*) the Security Agent shall act:

- (a) in the case of an Appropriation or if the relevant Distressed Disposal is being effected by way of enforcement of the Transaction Security, in accordance with Clause 9.3 (*Manner of enforcement*); and
- (b) in any other case:
  - (i) on the instructions of the Majority Senior Creditors; or
  - (ii) in the absence of any such instructions, as the Security Agent sees fit.

### 11. NON-CASH RECOVERIES

#### 11.1 Security Agent and Non-Cash Recoveries

To the extent the Security Agent receives or recovers any Non-Cash Recoveries, it may (acting on the instructions of the Majority Senior Creditors) but without prejudice to its ability to exercise discretion under Clause 13.2 (*Prospective Liabilities*):

- (a) distribute those Non-Cash Recoveries pursuant to Clause 13 (*Application of Proceeds*) as if they were Cash Proceeds;
- (b) hold, manage, exploit, collect, realise and dispose of those Non-Cash Recoveries; and
- (c) hold, manage, exploit, collect, realise and distribute any resulting Cash Proceeds.

#### 11.2 Cash value of Non-Cash Recoveries

- (a) The cash value of any Non-Cash Recoveries shall be determined by reference to a valuation obtained by the Security Agent from a Financial Adviser appointed by the Security Agent pursuant to Clause 10.5 (*Appointment of Financial Adviser*) taking into account any notional conversion made pursuant to Clause 13.5 (*Currency conversion*).
- (b) If any Non-Cash Recoveries are distributed pursuant to Clause 13 (*Application of Proceeds*), the extent to which such distribution is treated as discharging the Liabilities shall be determined by reference to the cash value of those Non-Cash Recoveries determined pursuant to paragraph (a) above.

#### 11.3 Creditor Representatives and Non-Cash Recoveries

- (a) Subject to paragraph (b) below, if, pursuant to Clause 13.1 (*Order of application*), any Creditor Representative or Bilateral Facility Lender receives Non-Cash Recoveries for application towards the discharge of any Liabilities, that Creditor Representative or Bilateral Facility Lender shall apply those Non-Cash Recoveries in accordance with the relevant Debt Document as if they were Cash Proceeds.
- (b) Any such Creditor Representative or Bilateral Facility Lender may:

- (i) use any reasonably suitable method of distribution, as it may determine in its discretion, to distribute those Non-Cash Recoveries in the order of priority that would apply under the relevant Debt Document if those Non-Cash Recoveries were Cash Proceeds;
- (ii) hold any Non-Cash Recoveries through another person; and
- (iii) hold any amount of Non-Cash Recoveries for so long as that Creditor Representative or Bilateral Facility Lender shall think fit for later application pursuant to paragraph (a) above.

#### 11.4 **Security Agent protection**

- (a) No Distressed Disposal or Debt Disposal may be made in whole or part for Non-Cash Consideration if the Security Agent has reasonable grounds for believing that its receiving, distributing, holding, managing, exploiting, collecting, realising or disposing of that Non-Cash Consideration would have an adverse effect on it.
- (b) If Non-Cash Consideration is distributed to the Security Agent pursuant to Clause 7.2 (*Turnover by the Creditors*) the Security Agent may, at any time after notifying the Creditors entitled to that Non-Cash Consideration and notwithstanding any instruction from a Creditor or group of Creditors pursuant to the terms of any Debt Document, immediately realise and dispose of that Non-Cash Consideration for cash consideration (and distribute any Cash Proceeds of that Non-Cash Consideration to the relevant Creditors in accordance with Clause 13 (*Application of Proceeds*)) if the Security Agent has reasonable grounds for believing that holding, managing, exploiting or collecting that Non-Cash Consideration would have an adverse effect on it.

#### 12. **FURTHER ASSURANCE—DISPOSALS AND RELEASES**

Each Creditor, Holdco and Debtor will:

- (a) do all things that the Security Agent requests in order to give effect to Clause 10 (*Distressed Disposals and Appropriation*) (which shall include, without limitation, the execution of any assignments, transfers, releases or other documents that the Security Agent may consider to be necessary to give effect to the releases or disposals contemplated by that Clause); and
- (b) if the Security Agent is not entitled to take any of the actions contemplated by that Clause or if the Security Agent requests that any Creditor or Debtor take any such action, take that action itself in accordance with the instructions of the Security Agent,

**provided that** the proceeds of those disposals are applied in accordance with Clause 10 (*Distressed Disposals and Appropriation*).

## SECTION 5 PROCEEDS

### 13. APPLICATION OF PROCEEDS

#### 13.1 Order of application

Subject to Clause 13.2 (*Prospective liabilities*) and Clause 13.3 (*Treatment of SFA Cash Cover and Senior Facility Lender Cash Collateral*), all amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Debt Document or in connection with the realisation or enforcement of all or any part of the Transaction Security (for the purposes of this Clause 13, the “**Recoveries**”) shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this Clause 13), in the following order of priority:

- (a) **first**, on a *pro rata* basis and *pari passu*, in discharging:
  - (i) any sums (including but not limited to any fees, remuneration, costs, charges, liabilities and expenses (and including any Taxes and VAT required to be paid)) owing to the Security Agent, any Receiver or any Delegate; and
  - (ii) any sums (including but not limited to any fees, remuneration, costs, charges, liabilities and expenses (and including any Taxes and VAT required to be paid)) owing to any Senior Secured Notes Trustee; and
  - (iii) any sums (including but not limited to any fees, remuneration, costs, charges, liabilities and expenses (and including any Taxes and VAT required to be paid)) owing to the Senior Facility Agent or to any Creditor Representative (in its capacity as such) in respect of any Additional Senior Financing (but excluding for this purpose any bilateral lender under any Additional Senior Financing);
- (b) **second**, on a *pro rata* and *pari passu* basis to:
  - (i) the Senior Facility Agent on its own behalf and on behalf of the other Senior Facility Creditors;
  - (ii) the Senior Secured Notes Trustee on its own behalf and on behalf of the Senior Secured Noteholders;
  - (iii) each Bilateral Facility Lender; and
  - (iv) any Creditor Representative in respect of an Additional Senior Financing on its own behalf and on behalf of any relevant Additional Senior Financing Creditors,

for application towards the discharge of:

- (A) the Senior Facility Liabilities (in accordance with the terms of the Senior Facility Finance Documents);
- (B) the Senior Secured Notes Liabilities (in accordance with the terms of the Senior Secured Notes Documents);
- (C) the Bilateral Facility Liabilities (on a *pro rata* basis) between the Bilateral Facility Liabilities of each Bilateral Facility Lender; and
- (D) the Additional Senior Financing Liabilities (on a *pro rata* basis) between the Additional Senior Financing Liabilities under the Additional Senior Financing Documents,

on a *pro rata* basis between paragraphs (A) to (D) inclusive above;

- (c) **third**, if none of the Debtors is under any further actual or contingent liability under any Senior Finance Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any Debtor; and
- (d) **fourth**, in payment or distribution to the relevant Debtors.

In the event that, as a result of any insolvency proceeding commenced in respect of any Debtor pursuant to article 92.5 of the Spanish Insolvency Law (or any equivalent in respect of a Debtor incorporated in a jurisdiction other than Spain) the credit rights of any Senior Creditor are declared to be subordinated, the Senior Creditors agree that, as between them, the Senior Creditors so subordinated shall not be entitled to receive from any other Senior Creditors any amounts it would otherwise have been entitled to receive under this Agreement pursuant to this Clause 13 (*Application of Proceeds*).

### 13.2 **Prospective liabilities**

To the extent permitted by applicable law, following a Distress Event the Security Agent may, in its discretion:

- (a) hold any amount (but in aggregate not exceeding the Expected Amount (as defined below)) of the Recoveries which is in the form of cash, and any cash which is generated by holding, managing, exploiting, collecting, realising or disposing of any Non-Cash Consideration, in one or more interest bearing suspense or impersonal accounts in the name of the Security Agent with such financial institution (including itself) as the Security Agent shall think fit (the interest being credited to the relevant account); and
- (b) hold, manage, exploit, collect and realise any amount of the Recoveries which is in the form of Non-Cash Consideration,

in each case for so long as the Security Agent shall think fit for later application under Clause 13.1 (*Order of application*) in respect of:

- (i) any sum to the Security Agent, any Receiver or any Delegate; and
- (ii) any part of the Liabilities,

that the Security Agent reasonably considers, in each case, might become due or owing at any time in the future (the “**Expected Amount**”).

### 13.3 **Treatment of SFA Cash Cover and Senior Facility Lender Cash Collateral**

- (a) Nothing in this Agreement shall prevent any Senior Issuing Bank or Ancillary Lender taking any Enforcement Action in respect of any SFA Cash Cover which has been provided for it in accordance with the Senior Facility Agreement.
- (b) To the extent that any SFA Cash Cover is not held with the Relevant Issuing Bank or Relevant Ancillary Lender, all amounts from time to time received or recovered in connection with the realisation or enforcement of that SFA Cash Cover shall be paid to the Security Agent and shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law, in the following order of priority:
  - (i) to the Relevant Issuing Bank or Relevant Ancillary Lender towards the discharge of the Senior Facility Liabilities for which that SFA Cash Cover was provided; and
  - (ii) the balance, if any, in accordance with Clause 13.1 (*Order of application*).
- (c) To the extent that any SFA Cash Cover is held with the Relevant Issuing Bank or Relevant Ancillary Lender, nothing in this Agreement shall prevent that Relevant Issuing Bank or Relevant Ancillary Lender receiving and retaining any amount in respect of that SFA Cash Cover.
- (d) Nothing in this Agreement shall prevent any Senior Issuing Bank receiving and retaining any amount in respect of any Senior Facility Lender Cash Collateral provided for it in accordance with the Senior Facility Agreement.

#### 13.4 Investment of Cash Proceeds

To the extent permitted by applicable law, prior to the application of the proceeds of the Security Property in accordance with Clause 13.1 (*Order of application*) the Security Agent may, in its discretion, hold all or part of any Cash Proceeds (but not exceeding the amount of the Liabilities due or to become due) in one or more interest bearing suspense or impersonal accounts in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the application from time to time of those monies in the Security Agent's discretion in accordance with the provisions of this Clause 13.

#### 13.5 Currency conversion

- (a) For the purpose of, or pending the discharge of, any of the Secured Obligations the Security Agent may:
  - (i) convert any moneys received or recovered by the Security Agent (including, without limitation, any Cash Proceeds) from one currency to another, at the Security Agent's Spot Rate of Exchange; and
  - (ii) notionally convert the valuation provided in any opinion or valuation from one currency to another, at the Security Agent's Spot Rate of Exchange.
- (b) The obligations of any Debtor to pay in the due currency shall only be satisfied:
  - (i) in the case of paragraph (a)(i) above, to the extent of the amount of the due currency purchased after deducting the costs of conversion; and
  - (ii) in the case of paragraph (a)(ii) above, to the extent of the amount of the due currency which results from the notional conversion referred to in that paragraph.

#### 13.6 Permitted Deductions

The Security Agent shall be entitled, in its discretion, (a) to set aside by way of reserve amounts required to meet and (b) to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any law or regulation to make from any distribution or payment made by it under this Agreement, and to pay all Taxes which may be assessed against it in respect of any of the Charged Property, or as a consequence of performing its duties or exercising its rights, powers, authorities and discretions, or by virtue of its capacity as Security Agent under any of the Debt Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

#### 13.7 Good Discharge

- (a) Any distribution or payment to be made in respect of the Secured Obligations by the Security Agent:
  - (i) may be made to the relevant Creditor Representative on behalf of its Senior Creditors (if applicable); and
  - (ii) may be made to the Relevant Issuing Bank or Relevant Ancillary Lender in accordance with paragraph (b)(i) of Clause 13.3 (*Treatment of SFA Cash Cover and Senior Facility Lender Cash Collateral*); and
  - (iii) shall be made directly to the Bilateral Facility Lenders.
- (b) Any distribution or payment made as described in paragraph (a) above shall be a good discharge, to the extent of that payment or distribution, by the Security Agent:
  - (i) in the case of a payment made in cash, to the extent of that payment; and
  - (ii) in the case of a distribution of Non-Cash Recoveries, as determined by Clause 11.2 (*Cash value of Non-Cash Recoveries*).

- (c) The Security Agent is under no obligation to make the payments to the Creditor Representatives under paragraph (a) above in the same currency as that in which the Liabilities owing to the relevant Senior Creditor are denominated pursuant to the relevant Debt Document.

### 13.8 Calculation of Amounts

For the purpose of calculating any person's share of any amount payable to or by it, the Security Agent shall be entitled to:

- (a) notionally convert the Liabilities owed to any person into a common base currency (decided in its discretion by the Security Agent), that notional conversion to be made at the spot rate at which the Security Agent is able to purchase the notional base currency with the actual currency of the Liabilities owed to that person at the time at which that calculation is to be made; and
- (b) assume that all amounts received or recovered as a result of the enforcement or realisation of the Security Property are applied in discharge of the Liabilities in accordance with the terms of the Debt Documents under which those Liabilities have arisen.

## 14. NEW MONEY AND REFINANCING

### 14.1 Incurrence of additional indebtedness

- (a) It is hereby agreed that any Additional Senior Financing Liabilities may benefit from the Transaction Security **provided that** on the date on which such Additional Senior Financing Liabilities are to be incurred (or designated as such) or, if later, the date the relevant Security is granted, the aggregate principal amount of indebtedness secured by the Transaction Security is not prohibited under any Senior Financing Document.
- (b) Without prejudice to paragraph (a) above if:
  - (i) the Company or any Debtor is to incur any Additional Senior Financing Liabilities; or
  - (ii) the Company wishes to designate any indebtedness incurred by it or any Group Company as an Additional Senior Financing,

the Company shall serve on the Security Agent a duly completed notice (a "**Further Secured Notice**") substantially in the form set out in Schedule 4 (*Form of Further Secured Notice*) (or any other form agreed between the Company and the Security Agent, each acting reasonably). The Security Agent shall send a copy of such notice to each Creditor Representative, and each Bilateral Facility Lender. Upon delivery of a Further Secured Notice to the Security Agent in the required form the Holdcos and the Security Agent shall enter into Additional Senior Financing Security Documents in favour of the Security Agent for and on behalf of or in favour of the relevant Additional Senior Financing Creditors.

### 14.2 Additional Senior Liabilities

- (a) If:
  - (i) any Senior Facility Lenders increase, add, supplement, amend, novate, extend or restate a facility under the Senior Facility Agreement or make further advances to the extent permitted under the Senior Facility Agreement ("**Additional Senior Facility Liabilities**"), such Additional Senior Facility Liabilities will be deemed to be made under the terms of the Senior Facility Agreement and (to the extent permitted by applicable law) secured by the Senior Security Documents; or
  - (ii) any additional Senior Secured Notes are issued ("**Additional Senior Secured Notes Liabilities**"), such additional Senior Secured Notes will (to the extent permitted by applicable law) be secured by the Senior Security Documents.
- (b) To the extent Additional Senior Facility Liabilities or Additional Senior Secured Notes Liabilities (together "**Additional Senior Liabilities**") incurred as contemplated in paragraph (a) above cannot be secured *pari passu* with the then existing Senior Facility Liabilities and Senior Secured Notes Liabilities under the Senior Security Documents, such Additional Senior Liabilities may (to the extent permitted by applicable law), and shall in the case of any Additional Senior Secured Notes Liabilities,

be secured pursuant to the execution of additional Transaction Security Documents granting Security over the Secured Shares on a lesser ranking basis, but will nevertheless continue, for the purpose of this Agreement, to be considered as having being secured *pari passu* with the then existing Senior Facility Liabilities and Senior Secured Notes Liabilities.

- (c) If any Bilateral Facility Lender increases, adds, supplements, amends, novates, extends or restates a facility under the Bilateral Facility Agreement or makes further advances to the extent permitted under the Bilateral Facility Agreement (“**Further Bilateral Liabilities**”), such Further Bilateral Liabilities will be deemed to be made under the terms of the Bilateral Facility Agreement and (to the extent permitted by applicable law) secured by the Senior Security Documents.
- (d) To the extent Further Bilateral Liabilities incurred as contemplated in paragraph (a) above cannot be secured *pari passu* with the then existing Bilateral Facility Liabilities under the Senior Security Documents, such Further Bilateral Liabilities may (to the extent permitted by applicable law) be secured pursuant to the execution of additional Transaction Security Documents granting Security over the Secured Shares on a lesser ranking basis, but will nevertheless continue, for the purpose of this Agreement, to be considered as having being secured *pari passu* with the then existing Bilateral Facility Liabilities.
- (e) For the avoidance of doubt, any Additional Senior Liabilities incurred as contemplated in paragraph (a) above and any Further Bilateral Liabilities incurred as contemplated in paragraph (c) above shall not be deemed to create any separate class of Creditors for the purposes of this Agreement and the Creditors of such Additional Senior Liabilities or Further Bilateral Liabilities shall be treated for voting and all other purposes under this Agreement as Senior Creditors.
- (f) Nothing in this Agreement shall restrict the Senior Creditors and the providers of Additional Senior Liabilities or Further Bilateral Liabilities from agreeing the ranking of their respective claims among themselves **provided that** unless otherwise agreed such Additional Senior Liabilities and Further Bilateral Liabilities shall rank *pari passu* with the other Senior Liabilities.

#### 14.3 Refinancing of the Senior Liabilities

- (a) Any of the Senior Facility Liabilities, the Senior Secured Notes Liabilities, the Bilateral Facility Liabilities and the Additional Senior Financing Liabilities may be refinanced or replaced (a “**Senior Refinancing**”) in whole or (if expressly permitted or not prohibited under the Senior Finance Documents) in part and any *pari passu* ranking indebtedness incurred by Debtors in respect of such Senior Refinancing will be subject to, and have the benefit of, this Agreement.
- (b) No Senior Refinancing shall benefit from any Security other than Transaction Security or from any guarantee, indemnity or other assurance against loss from any member of the Group other than, to the extent legally possible, any Common Assurance.
- (c) The trustee or agent of a Senior Refinancing (if not already a Party) shall execute and deliver a Creditor/Creditor Representative Accession Undertaking before or concurrently with that Senior Refinancing being implemented.
- (d) The Parties acknowledge that the terms and conditions (including increased pricing and amount of principal) applicable to any such Senior Refinancing may be different to those applicable to the Senior Liabilities being refinanced, but, unless otherwise consented to by the relevant Senior Creditors, shall be required not to breach the terms of the other Senior Finance Documents.
- (e) Nothing in this Agreement shall restrict the Senior Creditors and the creditors in respect of any Senior Refinancing after consultation with the Company from agreeing the ranking of their respective claims among themselves **provided that** unless otherwise agreed the claims of the creditors against the Debtors in respect of any Senior Refinancing shall rank *pari passu* with the claims of the other Senior Creditors against the Debtors.
- (f) Each Senior Creditor, each Holdco and the Company undertakes at the prior written request of the Security Agent (such request to be made by the Security Agent promptly upon receiving notice from the Company of any relevant Senior Refinancing and its compliance with the terms of this Clause 14.3) to promptly give such instructions to the Security Agent as may be reasonably necessary and promptly enter into any Intercreditor Amendment and to enter into further Security over the Secured Shares to provide substantially the same rights and remedies to the providers of such Senior Refinancing as those

provided to the Senior Creditors in this Agreement, in each case, at the cost of the Company. A Creditor Representative, Bilateral Facility Lender or the Security Agent will only be required to execute any Intercreditor Amendment if it has received such legal opinions (as to capacity and authority of the Debtors and the legal, valid, binding and enforceable nature of the Intercreditor Amendment as against the Debtors and non-conflict) as the Creditor Representative, Bilateral Facility Lender or Security Agent may reasonably request and in a form satisfactory to them (acting reasonably) in connection with the execution of such Intercreditor Amendment and shall be under no obligation to execute such Intercreditor Amendment if it would impose personal liabilities or obligations in addition to those contemplated by this Agreement on, or adversely affect the rights, duties or immunities of, that Creditor Representative, Bilateral Facility Lender or Security Agent beyond what is contemplated by this Agreement.

- (g) In the event of a Senior Refinancing, references in this Agreement to provisions and clauses of the Senior Facility Agreement, any Additional Senior Financing Agreement, any Bilateral Facility Agreement or the Senior Secured Notes Indenture (as the case may be) shall be construed as or in the case of a refinancing in part supplemented by references to equivalent provisions and clauses of the corresponding new facility or facilities agreement, indenture, trust deed, supplemental deed or other equivalent document documenting such Senior Refinancing.



**SECTION 6  
GUARANTEE**

**15. GUARANTEE AND INDEMNITY—PORTUGUESE GUARANTORS**

**15.1 Guarantee and indemnity**

Each Portuguese Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Senior Creditor punctual performance by each other Obligor of all that Obligor's obligations under the Senior Finance Documents;
- (b) undertakes with each Senior Creditor that whenever another Obligor does not pay any amount when due under or in connection with any Senior Finance Document, that Portuguese Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
- (c) agrees with each Senior Creditor that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Senior Creditor immediately on demand against any cost, loss or liability it incurs as a result of an Obligor not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Senior Finance Document on the date when it would have been due. The amount payable by a Portuguese Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 15 if the amount claimed had been recoverable on the basis of a guarantee,

subject in each case to any limitations referred to in Clause 15.11 (*Guarantee Limitations*) or in any Debtor Accession Deed by which such Portuguese Guarantor becomes a Party.

**15.2 Continuing Guarantee**

This guarantee and indemnity is independent and separate from the obligations of any Obligor and is a continuing guarantee which will extend to the ultimate balance of sums payable by any Obligor under the Senior Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

**15.3 Reinstatement**

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Senior Creditor in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Portuguese Guarantor under this Clause 15 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

**15.4 Waiver of defences**

The obligations of each Portuguese Guarantor under this Clause 15 will not be affected by an act, omission, matter or thing which, but for this Clause 15, would reduce, release or prejudice any of its obligations under this Clause 15 (without limitation and whether or not known to it or any Senior Creditor) including:

- (a) any time, waiver or consent granted to, or composition with, any Obligor or other person;
- (b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or nonobservance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
- (e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of a Senior Finance Document or any other document or security

including, without limitation, any change in the purpose of, any extension of or increase in any facility or the addition of any new facility under any Senior Finance Document or other document or security;

- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Senior Finance Document or any other document or security; or
- (g) any insolvency or similar proceedings.

#### 15.5 **Guarantor Intent**

Without prejudice to the generality of Clause 15.4 (*Waiver of defences*), each Portuguese Guarantor expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental and of whatsoever nature and whether or not more onerous) variation, increase, extension or addition of or to any of the Senior Finance Documents and/or any facility or amount made available under any of the Senior Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

#### 15.6 **Immediate recourse**

Each Portuguese Guarantor waives any right it may have of first requiring any Senior Creditor (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from that Portuguese Guarantor under this Clause 15. This waiver applies irrespective of any law or any provision of a Senior Finance Document to the contrary.

#### 15.7 **Appropriations**

Until all amounts which may be or become payable by the Obligors under or in connection with the Senior Finance Documents have been irrevocably paid in full, each Senior Creditor (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Senior Creditor (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from any Portuguese Guarantor or on account of any Portuguese Guarantor's liability under this Clause 15.

#### 15.8 **Deferral of Portuguese Guarantors' rights**

Until all amounts which may be or become payable by the Obligors under or in connection with the Senior Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, no Portuguese Guarantor will exercise any rights which it may have by reason of performance by it of its obligations under the Senior Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 15:

- (a) to be indemnified by an Obligor;
- (b) to claim any contribution from any other guarantor of any Obligor's obligations under the Senior Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Senior Creditors under the Senior Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Senior Finance Documents by any Senior Creditor;
- (d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Portuguese Guarantor has given a guarantee, undertaking or indemnity under Clause 15.1 (*Guarantee and indemnity*);
- (e) to exercise any right of set-off against any Obligor; and/or
- (f) to claim or prove as a creditor of any Obligor in competition with any Senior Creditor.

If a Portuguese Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Senior Creditors by the Obligors under or in connection with the Senior Finance Documents to be repaid in full on trust for the Senior Creditors and shall promptly pay or transfer the same to the Security Agent or as the Security Agent may direct for application in accordance with Clause 13 (*Application of Proceeds*).

#### 15.9 Release of Portuguese Guarantors' right of contribution

If any Portuguese Guarantor (a "**Retiring Guarantor**") ceases to be a Guarantor in accordance with the terms of the Senior Finance Documents for the purpose of any sale or other disposal of that Retiring Guarantor then on the date such Retiring Guarantor ceases to be a Guarantor:

- (a) that Retiring Guarantor is released by each other Guarantor from any liability (whether past, present or future and whether actual or contingent) to make a contribution to any other Guarantor arising by reason of the performance by any other Guarantor of its obligations under the Finance Documents; and
- (b) each other Guarantor waives any rights it may have by reason of the performance of its obligations under the Senior Finance Documents to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Senior Creditors under any Senior Finance Document or of any other security taken pursuant to, or in connection with, any Senior Finance Document where such rights or security are granted by or in relation to the assets of the Retiring Guarantor.

#### 15.10 Additional security

This guarantee is in addition to and is not in any way prejudiced by any other guarantee or security now or subsequently held by any Senior Creditor.

#### 15.11 Guarantee Limitations

- (a) The obligations assumed by each Portuguese Guarantor hereunder shall not include and shall not extend to:
  - (i) any amount used to fund the acquisition of or subscription of any shares or participations ("**Shares**") in such Portuguese Guarantor or the acquisition of or subscription of any Shares in its parent company (or, if applicable, in any other company which may indirectly control such Portuguese Guarantor) to the extent that by assuming such obligations such Portuguese Guarantor would be deemed to be providing financial assistance to the acquisition of own Shares under article 322 of the Portuguese Companies Code (*Código das Sociedades Comerciais*—"*CSC*"); and
  - (ii) any amount owed by an Obligor which is not in a control or group relationship (*relação de domínio ou de grupo*) (as defined under Portuguese law) with a Portuguese Guarantor and the guaranteeing of which would not be in the "own interest" (*interesse próprio*) of such Portuguese Guarantor under and for the purposes of article 6, paragraph 3 of the CSC; in this respect, it has been considered by a resolution of the general meeting and by a resolution of the Board of Directors of each of the Portuguese Guarantors which has acceded to this Agreement (in the relevant meetings held on or about the date of such accession) that each such Portuguese Guarantor has a "justified own interest" (*justificado interesse próprio*) in assuming its obligations under this Clause 15.
- (b) Without prejudice to the provisions of this Clause 15, for the avoidance of doubt and notwithstanding the application of English law pursuant to Clause 26 (*Governing law*), each Portuguese Guarantor hereby irrevocably and unconditionally acknowledges and agrees that the obligations assumed by it under this Clause 15 are not accessory (*accessórias*) in nature to the obligations of the Obligors under the Senior Finance Documents and, as such, shall not be assimilated to the Portuguese law guarantee "*fiança*";
- (c) The joint and several guarantee given by Grupo Antolín Lusitânia Componentes Automóvel, S.A. and Grupo Antolín Valença—Componentes Automóvel, Sociedade Unipessoal, Lda under this Clause 15 shall be limited such that the maximum amount guaranteed by each of them will be:
  - (i) in the case of Grupo Antolín Lusitânia—Componentes Automóvel, S.A., EUR 17,800,000; and

- (ii) in the case of Grupo Antolín Valença—Componentes Automóvel, Sociedade Unipessoal, Lda, EUR 4,700,000.

**SECTION 7**  
**THE PARTIES**

**16. THE SECURITY AGENT**

**16.1 Security Agent as trustee**

- (a) Each Secured Party appoints the Security Agent to act as its agent and to the extent permitted by applicable law, trustee under and in connection with the Debt Documents.
- (b) The Security Agent declares that it holds the Security Property on trust for or for the benefit of the Secured Parties on the terms contained in this Agreement.
- (c) Each of the Senior Creditors authorises the Security Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Security Agent under or in connection with the Debt Documents together with any other incidental rights, powers, authorities and discretions.

**16.2 Instructions**

- (a) The Security Agent shall:
  - (i) subject to paragraphs (d) and (e) below, exercise or refrain from exercising any right, power, authority or discretion vested in it as Security Agent in accordance with any instructions given to it by the Instructing Group; and
  - (ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (i) above (or, if this Agreement stipulates the matter is a decision for any other Senior Creditor or group of Senior Creditors, in accordance with instructions given to it by that Senior Creditor or group of Senior Creditors).
- (b) The Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Instructing Group (or, if this Agreement stipulates the matter is a decision for any other Senior Creditor or group of Senior Creditors, from that Senior Creditor or group of Senior Creditors) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Security Agent may refrain from acting unless and until it receives those instructions or that clarification.
- (c) Save in the case of decisions stipulated to be a matter for any other Senior Creditor or group of Senior Creditors under this Agreement and unless a contrary intention appears in this Agreement, any instructions given to the Security Agent by the Instructing Group shall override any conflicting instructions given by any other Parties and will be binding on all Secured Parties.
- (d) Paragraph (a) above shall not apply:
  - (i) where a contrary indication appears in this Agreement;
  - (ii) where this Agreement requires the Security Agent to act in a specified manner or to take a specified action;
  - (iii) in respect of any provision which protects the Security Agent's own position in its personal capacity as opposed to its role of Security Agent for the Secured Parties including, without limitation, Clause 16.5 (*No duty to account*) to Clause 16.10 (*Exclusion of liability*), Clause 16.13 (*Confidentiality*) to Clause 16.20 (*Custodians and nominees*) and Clause 16.23 (*Acceptance of title*) to Clause 16.24 (*Disapplication of Trustee Acts*); and
  - (iv) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of:
    - (A) Clause 13.1 (*Order of application*);
    - (B) Clause 13.2 (*Prospective liabilities*);

- (C) Clause 13.3 (*Treatment of SFA Cash Cover and Senior Facility Lender Cash Collateral*); and
  - (D) Clause 13.6 (*Permitted Deductions*).
- (e) If giving effect to instructions given by the Instructing Group would (in the Security Agent's opinion) have an effect equivalent to an Intercreditor Amendment, the Security Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Security Agent) whose consent would have been required in respect of that Intercreditor Amendment.
  - (f) In exercising any discretion to exercise a right, power or authority under the Debt Documents where either:
    - (i) it has not received any instructions as to the exercise of that discretion; or
    - (ii) the exercise of that discretion is subject to paragraph (d)(iv) above,
 the Security Agent shall do so having regard to the interests of all the Secured Parties.
  - (g) The Security Agent may refrain from acting in accordance with any instructions of any Senior Creditor or group of Senior Creditors until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Debt Documents and which may include payment in advance) for any cost, loss or liability (together with any applicable VAT) which it may incur in complying with those instructions.
  - (h) Without prejudice to the provisions of Clause 9 (*Enforcement of Transaction Security*) and the remainder of this Clause 16.2, in the absence of instructions, the Security Agent may act (or refrain from acting) as it considers in its discretion to be appropriate.

### 16.3 Duties of the Security Agent

- (a) The Security Agent's duties under the Debt Documents are solely mechanical and administrative in nature.
- (b) The Security Agent shall promptly:
  - (i) forward to each Creditor Representative and each Bilateral Facility Lender a copy of any document received by the Security Agent from any Debtor or any Holdco under any Debt Document; and
  - (ii) forward to a Party the original or a copy of any document which is delivered to the Security Agent for that Party by any other Party.
- (c) Except where a Debt Document specifically provides otherwise, the Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (d) Without prejudice to Clause 21.3 (*Notification of prescribed events*), if the Security Agent receives notice from a Party referring to any Debt Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the Senior Creditors.
- (e) To the extent that a Party (other than the Security Agent) is required to calculate a Common Currency Amount, the Security Agent shall upon a request by that Party, promptly notify that Party of the relevant Security Agent's Spot Rate of Exchange.
- (f) The Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Debt Documents to which it is expressed to be a party (and no others shall be implied).

### 16.4 No fiduciary duties to Debtors, Equity Investors or Equity Investor Affiliates

Nothing in this Agreement constitutes the Security Agent as an agent, trustee or fiduciary of any Debtor, Equity Investor or Equity Investor Affiliate.

## 16.5 No duty to account

The Security Agent shall not be bound to account to any other Secured Party for any sum or the profit element of any sum received by it for its own account.

## 16.6 Business with the Group

The Security Agent may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Group Company or any Holdco.

## 16.7 Rights and discretions

- (a) The Security Agent may:
- (i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;
  - (ii) assume that:
    - (A) any instructions received by it from the Instructing Group, the Majority Senior Creditors, any Senior Creditors or any group of Senior Creditors are duly given in accordance with the terms of the Debt Documents;
    - (B) unless it has received notice of revocation, that those instructions have not been revoked; and
    - (C) if it receives any instructions to act in relation to the Transaction Security, that all applicable conditions under the Debt Documents for so acting have been satisfied; and
  - (iii) rely on a certificate from any person:
    - (A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or
    - (B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,as sufficient evidence that that is the case and, in the case of paragraph (iii)(A) above, may assume the truth and accuracy of that certificate.
- (b) The Security Agent may assume (unless it has received notice to the contrary in its capacity as Security Agent for the Secured Parties) that:
- (i) no Default has occurred;
  - (ii) any right, power, authority or discretion vested in any Party, any Creditor or any group of Senior Creditors has not been exercised; and
  - (iii) any notice made by the Company is made on behalf of and with the consent and knowledge of all the Debtors and the Holdcos.
- (c) The Security Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.
- (d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Security Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Security Agent (and so separate from any lawyers instructed by any Senior Creditor) if the Security Agent in its reasonable opinion deems this to be desirable.
- (e) The Security Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Security Agent or by any

other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

- (f) The Security Agent, any Receiver and any Delegate may act in relation to the Debt Documents and the Security Property through its officers, employees and agents and shall not:
- (i) be liable for any error of judgment made by any such person; or
  - (ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,
- unless such error or such loss was directly caused by the Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct.
- (g) Unless this Agreement expressly specifies otherwise, the Security Agent may disclose to any other Party any information it reasonably believes it has received as Security Agent under this Agreement.
- (h) Notwithstanding any other provision of any Debt Document to the contrary, the Security Agent is not obliged to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of any fiduciary duty or duty of confidentiality.
- (i) Notwithstanding any provision of any Debt Document to the contrary, the Security Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

#### 16.8 **Responsibility for documentation**

None of the Security Agent, any Receiver nor any Delegate is responsible or liable for:

- (a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Security Agent, a Debtor, a Holdco or any other person in or in connection with any Debt Document or the transactions contemplated in the Debt Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Debt Document;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Debt Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Debt Document or the Security Property; or
- (c) any determination as to whether any information provided or to be provided to any Secured Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

#### 16.9 **No duty to monitor**

The Security Agent shall not be bound to enquire:

- (a) whether or not any Default has occurred;
- (b) as to the performance, default or any breach by any Party of its obligations under any Debt Document; or
- (c) whether any other event specified in any Debt Document has occurred.

#### 16.10 **Exclusion of liability**

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Debt Document excluding or limiting the liability of the Security Agent, any Receiver or Delegate), none of the Security Agent, any Receiver nor any Delegate will be liable for:



- (i) any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Debt Document or the Security Property unless directly caused by its gross negligence or wilful misconduct;
  - (ii) exercising or not exercising any right, power, authority or discretion given to it by or in connection with any Debt Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Debt Document or the Security Property;
  - (iii) any shortfall which arises on the enforcement or realisation of the Security Property; or
  - (iv) without prejudice to the generality of paragraphs (i) to (iii) above, any damages, costs, losses, any diminution in value or any liability whatsoever arising as a result of:
    - (A) any act, event or circumstance not reasonably within its control; or
    - (B) the general risks of investment in, or the holding of assets in, any jurisdiction, including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets; breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.
- (b) No Party (other than the Security Agent, that Receiver or that Delegate (as applicable)) may take any proceedings against any officer, employee or agent of the Security Agent, a Receiver or a Delegate in respect of any claim it might have against the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Debt Document or any Security Property and any officer, employee or agent of the Security Agent, a Receiver or a Delegate may rely on this Clause subject to Clause 1.3 (*Third party rights*) and the provisions of the Third Parties Rights Act.
- (c) Nothing in this Agreement shall oblige the Security Agent to carry out:
- (i) any “know your customer” or other checks in relation to any person; or
  - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Senior Creditor,

on behalf of any Senior Creditor and each Senior Creditor confirms to the Security Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Security Agent.

- (d) Without prejudice to any provision of any Debt Document excluding or limiting the liability of the Security Agent, any Receiver or Delegate, any liability of the Security Agent, any Receiver or Delegate arising under or in connection with any Debt Document or the Security Property shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Security Agent, Receiver or Delegate (as the case may be) or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Security Agent, Receiver or Delegate (as the case may be) at any time which increase the amount of that loss. In no event shall the Security Agent, any Receiver or Delegate be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Security Agent, Receiver or Delegate (as the case may be) has been advised of the possibility of such loss or damages.

#### 16.11 Senior Creditors' indemnity to the Security Agent

- (a) Subject to Clause 17.14 (*Security Agent and Senior Secured Notes Trustee*), each Senior Creditor (other than a Creditor Representative) shall (in the proportion that the Liabilities due to it bear to the aggregate of the Liabilities due to all the Senior Creditors for the time being (or, if the Liabilities due to the Senior Creditors are zero, immediately prior to their being reduced to zero)), indemnify the Security Agent and every Receiver and every Delegate, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct or wilful default) in acting as Security Agent, Receiver or Delegate under, or exercising any authority conferred under, the Debt Documents (unless the relevant Security Agent, Receiver or Delegate has been reimbursed by a Debtor pursuant to a Debt Document).
- (b) Subject to paragraph (c) below, the Company shall immediately on demand reimburse any Senior Creditor for any payment that Senior Creditor makes to the Security Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Senior Creditor claims reimbursement relates to a liability of the Security Agent to a Debtor.

#### 16.12 Resignation of the Security Agent

- (a) The Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the Senior Creditors and the Company.
- (b) Alternatively the Security Agent may resign by giving 30 days' notice to the Senior Creditors and the Company, in which case the Instructing Group (after consultation with the Company) may appoint a successor Security Agent.
- (c) If the Instructing Group have not appointed a successor Security Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Security Agent (after consultation with each Creditor Representative and each Bilateral Facility Lender and the Company) may appoint a successor Security Agent.
- (d) The retiring Security Agent shall, at its own cost, make available to the successor Security Agent such documents and records and enter into and deliver such documents and effect such registrations and provide such assistance as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Debt Documents and transferring its role as Security Agent and its interest in the Transaction Security to that successor including by delegating in a notarial document, where necessary, the powers of attorney that had been granted in a Spanish Public Document to it by a Holdco, the Company or a Debtor as Security Agent in accordance with Clause 16.20 (*Delegation by the Security Agent*).
- (e) The Security Agent's resignation notice shall only take effect upon:
  - (i) the appointment of a successor; and
  - (ii) the transfer of all the Security Property to that successor.
- (f) Upon the appointment of a successor, the retiring Security Agent shall be discharged from any further obligation in respect of the Debt Documents (other than its obligations under paragraph (d) above) but shall remain entitled to the benefit of this Clause 16 and Clause 20.1 (*Indemnity to the Security Agent*) (and any Security Agent fees for the account of the retiring Security Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if that successor had been an original Party.
- (g) The Instructing Group may (after consultation with the Company), by notice to the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Security Agent shall resign in accordance with paragraph (b) above.

### 16.13 Confidentiality

- (a) In acting as agent or trustee for the Secured Parties, the Security Agent shall be regarded as acting through its agency or trustee division which shall be treated as a separate entity from any of its other divisions or departments.
- (b) If information is received by another division or department of the Security Agent, it may be treated as confidential to that division or department and the Security Agent shall not be deemed to have notice of it.
- (c) Notwithstanding any other provision of any Debt Document to the contrary, the Security Agent is not obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of any fiduciary duty.

### 16.14 Information from the Creditors

Each Creditor shall supply the Security Agent with any information that the Security Agent may reasonably specify as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent.

### 16.15 Credit appraisal by the Secured Parties

Without affecting the responsibility of any Debtor or any Holdco for information supplied by it or on its behalf in connection with any Debt Document, each Secured Party confirms to the Security Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Debt Document including but not limited to:

- (a) the financial condition, status and nature of each Holdco and each Group Company;
- (b) the legality, validity, effectiveness, adequacy or enforceability of any Debt Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Debt Document or the Security Property;
- (c) whether that Secured Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Debt Document, the Security Property, the transactions contemplated by the Debt Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Debt Document or the Security Property;
- (d) the adequacy, accuracy or completeness of any information provided by the Security Agent, any Party or by any other person under or in connection with any Debt Document, the transactions contemplated by any Debt Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Debt Document; and
- (e) the right or title of any person in or to, or the value or sufficiency of any part of the Charged Property, the priority of any of the Transaction Security or the existence of any Security affecting the Charged Property.

### 16.16 Reliance and engagement letters

The Security Agent may obtain and rely on any certificate or report from the Company's auditor and may enter into any reliance letter or engagement letter relating to that certificate or report on such terms as it may consider appropriate (including, without limitation, restrictions on the auditor's liability and the extent to which that certificate or report may be relied on or disclosed).

### 16.17 No responsibility to perfect Transaction Security

The Security Agent shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Holdco or any Debtor to any of the Charged Property;

- (b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Debt Document or the Transaction Security;
- (c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any law or regulation or to give notice to any person of the execution of any Debt Document or of the Transaction Security;
- (d) take, or to require any Holdco or any Debtor to take, any step to perfect its title to any of the Charged Property or to render the Transaction Security effective or to secure the creation of any ancillary Security under any law or regulation; or
- (e) require any further assurance in relation to any Security Document or any guarantee, indemnity or other assurance against financial loss under any Debt Document.

16.18 **No obligation to accept Security**

- (a) The Security Agent shall not be required to accept any Security or its perfection if it is of a type or in a jurisdiction which the Security Agent determines does not meet or comply with its internal regulations or policies or with any law or regulation, or which might impose liabilities on the Security Agent (such Security being the “**Flagged Security**”).
- (b) The Company shall ensure that the Flagged Security is granted to a security agent (which shall be a reputable institution that customarily performs security agency roles in financing transactions) nominated by it and approved by the Senior Creditors (the “**Additional Security Agent**”). The Additional Security Agent shall be appointed on the same terms, and have the same rights, protections, duties and obligations, as the Security Agent, and references to the Security Agent shall include the Additional Security Agent. In the event that the Additional Security Agent enforces, and receives proceeds of enforcement of, any Transaction Security held by it, it shall forthwith pay such proceeds over to the Security Agent for application in accordance with Clause 13.1 (*Order of Application*).

#### 16.19 Insurance by Security Agent

- (a) The Security Agent shall not be obliged:
  - (i) to insure any of the Charged Property;
  - (ii) to require any other person to maintain any insurance; or
  - (iii) to verify any obligation to arrange or maintain insurance contained in any Debt Document,and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.
- (b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Instructing Group requests it to do so in writing and the Security Agent fails to do so within fourteen days after receipt of that request.

#### 16.20 Custodians and nominees

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset to which this Agreement refers or relates as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to this Agreement and the rights and obligations arising from it and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

#### 16.21 Delegation by the Security Agent

- (a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.
- (b) That delegation may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.
- (c) No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of, any such delegate or sub-delegate.

#### 16.22 Additional Security Agents

- (a) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate agent or as a co-agent jointly with it:
  - (i) if it considers that appointment to be in the interests of the Secured Parties;
  - (ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or
  - (iii) for obtaining or enforcing any judgment in any jurisdiction,and the Security Agent shall give prior notice to the Company and the Senior Creditors of that appointment.
- (b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Debt Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.

- (c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

#### 16.23 Acceptance of title

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Holdco or any Debtor may have to any of the Charged Property and shall not be liable for, or bound to require any Holdco or any Debtor to remedy, any defect in its right or title.

#### 16.24 Release without recourse

- (a) If the Security Agent, with the approval of each Creditor Representative and each Bilateral Facility Lender, determines that:
  - (i) all of the Secured Obligations and all other obligations secured by the Security Documents have been fully and finally discharged; and
  - (ii) no Secured Party is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Debtor pursuant to the Debt Documents,then:
  - (A) the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Security Documents and any guarantee, indemnity or other assurance against financial loss under any Debt Document; and
  - (B) any Security Agent which has resigned pursuant to Clause 16.12 (*Resignation of the Security Agent*) shall release, without recourse or warranty, all of its rights under each Security Document and any guarantee, indemnity or other assurance against financial loss under any Debt Document.
- (b) The Security Agent shall (and is irrevocably authorised by each Creditor and each Debtor to) promptly on request by the Company release and discharge (without recourse or warranty) the Security constituted or evidenced by the Transaction Security Documents:
  - (i) securing the Liabilities under the Senior Security Documents on the later to occur of (A) the Senior Facility Discharge Date, (B) either the Senior Secured Notes Discharge Date or covenant defeasance which has defeased the requirement to maintain the Transaction Security for the Senior Secured Notes and (C) the Bilateral Facility Discharge Date; and
  - (ii) securing the Liabilities under any Additional Senior Financing Security Document:
    - (A) in respect of an Ancillary Facility, on the Senior Facility Discharge Date; and
    - (B) in respect of an Additional Senior Financing, on the occurrence of the last Additional Senior Financing Discharge Date in respect of the Additional Senior Financings secured by such Transaction Security Document.

#### 16.25 Powers supplemental to Trustee Acts

To the extent that any trusts are created under this Agreement, the rights, powers, authorities and discretions given to the Security Agent under or in connection with the Debt Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

#### 16.26 Disapplication of Trustee Acts

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts (if any) constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act

2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

#### 16.27 **Intra-Group Lenders, Holdcos and Debtors: Power of Attorney**

Each Intra-Group Lender, Holdco and Debtor by way of security for its obligations under this Agreement irrevocably appoints the Security Agent to be its attorney to do anything which that Intra-Group Lender or Debtor has authorised the Security Agent or any other Party to do on its behalf under this Agreement or is itself required to do under this Agreement but has failed to do within 5 Business Days of being notified in writing by the Security Agent of its failure to do such act (and the Security Agent may delegate that power on such terms as it sees fit).

#### 16.28 **Officers' Certificate**

Upon any request or application by a Group Company or a Holdco to the Security Agent to take or refrain from taking any action under this Agreement, the Company shall if requested by the Security Agent furnish to the Security Agent an officer's certificate in form and substance reasonably satisfactory to the Security Agent stating that, in the opinion of the signers (but without personal liability), all conditions precedent, if any, provided for in this Agreement and the relevant Debt Documents relating to the proposed action have been complied with.

### 17. **SENIOR SECURED NOTES TRUSTEE**

#### 17.1 **Liability**

- (a) Each party to this Agreement acknowledges that any Senior Secured Notes Trustee which becomes a Party to this Agreement as the Senior Secured Notes Trustee pursuant to Clause 18.11 (*Creditor/Creditor Representative Accession Undertaking*) does so on the basis that the exercise of any of the rights and/or discretions of the Senior Secured Notes Trustee hereunder will be subject to the same protections and immunities (*mutatis mutandis*) as are conferred upon the Senior Secured Notes Trustee in the Senior Secured Notes Documents.
- (b) It is expressly understood and agreed by each Party that this Agreement is executed and delivered by the Senior Secured Notes Trustee not individually or personally but solely in its capacity as trustee in the exercise of the powers and authority conferred and vested in it under the Senior Secured Notes Documents for and on behalf of the Senior Secured Noteholders, and it shall have no liability for acting for itself or in any capacity other than as trustee and nothing in this Agreement shall impose on it any obligation to pay any amount out of its personal assets. Prior to taking any action under this Agreement the Senior Secured Notes Trustee may, among other things, request and rely upon an opinion of counsel or opinion of another qualified expert, at the expense of the Company.
- (c) Notwithstanding any other provision of this Agreement, the Senior Secured Notes Trustee's obligations hereunder (if any) to make any payment or repayment (however described) of any amount or to hold any amount on trust shall be only to make payment or repayment (however described) of such amount to or hold any such amount on trust to the extent that (i) it has actual knowledge that such obligation has arisen and (ii) it has received and has not distributed to the relevant recipient any such amount.
- (d) It is further understood by each Party that in no case shall the Senior Secured Notes Trustee be (i) responsible or accountable in damages or otherwise to any other Party for any loss, damage or claim incurred by reason of any act or omission performed or omitted by the Senior Secured Notes Trustee in good faith in accordance with this Agreement or any of the Debt Documents in a manner the Senior Secured Notes Trustee reasonably believed to be within the scope of the authority conferred on it by this Agreement or any of the Debt Documents or by law, or (ii) liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of any other Party, all such liability, if any, being expressly waived by the Parties and any person claiming by, through or under such Party; **provided that**, in the case of paragraphs (i) and (ii) above, the Senior Secured Notes Trustee (or any successor Senior Secured Notes Trustee) shall be liable under this Agreement for its own gross negligence or wilful misconduct. Notwithstanding any other provisions of this Agreement or any other Senior Secured Notes Document to which the Senior Secured Notes Trustee is a party, in no event shall the Senior Secured Notes Trustee be liable for special, indirect, punitive or consequential loss or damages of any kind whatsoever (including but not limited to loss of business, goodwill, opportunity or profits) whether or not foreseeable even if the Senior Secured Notes Trustee has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise.

- (e) It is also acknowledged that the Senior Secured Notes Trustee shall not have any responsibility for the actions of any individual Senior Secured Noteholder.

## 17.2 No Fiduciary Duty

The Senior Secured Notes Trustee shall not be deemed to owe any fiduciary duty to any Senior Creditor (each a “**Third Party**” and collectively, the “**Third Parties**”) (save in respect of such persons for whom it acts as trustee pursuant to the Senior Secured Notes Documents) and shall not be liable to any Third Party if it shall in good faith mistakenly pay over or distribute to any Third Party or to any other person cash, property or securities to which any other Third Party shall be entitled by virtue of this Agreement or otherwise save to the extent that the same results from its gross negligence or wilful misconduct. With respect to any Third Party, the Senior Secured Notes Trustee undertakes to perform or to observe only such of its covenants or obligations as are specifically set forth in the Debt Documents and this Agreement and no implied agreement, covenants or obligations with respect to the other Third Parties shall be read into this Agreement against the Senior Secured Notes Trustee.



### 17.3 **No Action**

The Senior Secured Notes Trustee shall not have any obligation to take any action under this Agreement unless it is indemnified and/or secured to its satisfaction (whether by way of payment in advance or otherwise) in accordance with the terms of the Senior Secured Notes Documents **provided that** this shall not affect any obligation arising under this Agreement to turnover monies received by it. In no event shall the permissive right of the Senior Secured Notes Trustee to take the actions permitted by this Agreement be construed as an obligation or duty to do so.

### 17.4 **Other Parties Not Affected**

This Clause 17 is intended to afford protection to the Senior Secured Notes Trustee only. No provision of this Clause 17 shall alter or change the rights and obligations as between the other Parties in respect of each other.

### 17.5 **Notices**

- (a) The Senior Secured Notes Trustee shall at all times be entitled to and may rely on any notice, consent or certificate given or granted by the Security Agent or any other Creditor Representative pursuant to the terms of this Agreement without being under any obligation to enquire, verify or otherwise determine whether any such notice, consent or certificate has been given or granted by that Security Agent or any other Creditor Representative, and shall not be, in any circumstances, held liable for so relying.
- (b) In acting under and in accordance with this Agreement and without prejudice to its obligations under this Agreement, the Senior Secured Notes Trustee is entitled to seek instructions from the Senior Secured Noteholders, at any time, and where it so acts on the instructions of the requisite percentage of the Senior Secured Noteholders, the Senior Secured Notes Trustee shall not incur any liability to any person for so acting, other than in accordance with the Senior Secured Notes Documents.

### 17.6 **Trustee Liabilities and payments**

Subject to Clause 13 (*Application of Proceeds*), no provision of this Agreement shall alter or otherwise affect the rights and obligations of any Debtor to make payments in respect of the Senior Secured Notes Trustee Amounts owed to the Senior Secured Notes Trustee as and when the same are due and payable and demand, receipt and retention by the Senior Secured Notes Trustee of the same or taking of any step or action by the Senior Secured Notes Trustee in respect of its rights under the Senior Secured Notes Documents to the same.

### 17.7 **Provisions survive Termination**

The provisions of this Clause 17 shall survive the termination of this Agreement.

### 17.8 **Resignation**

The Senior Secured Notes Trustee may resign or be removed in accordance with the terms of the Senior Secured Notes Documents **provided that** a replacement Senior Secured Notes Trustee agrees with the Parties to become the replacement Senior Secured Notes Trustee under this Agreement by the execution of a Creditor/Creditor Representative Accession Undertaking.

### 17.9 **Reliance and Information**

- (a) The Senior Secured Notes Trustee may rely and shall be fully protected in acting or refraining from acting upon any notice or other document reasonably believed by it to be genuine and correct and to have been signed by, or with the authority of, the proper person. Each Creditor confirms that it has not relied exclusively on any information provided to it by the Senior Secured Notes Trustee. The Senior Secured Notes Trustee is not obliged to check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (b) In addition, the Senior Secured Notes Trustee is entitled to assume that:
  - (i) any payment or other distribution made in respect of the Liabilities or Senior Secured Notes Liabilities, respectively, has been made in accordance with the provisions of this Agreement;

- (ii) no event of default or termination event (however described) under any Senior Facility Finance Document, Additional Senior Financing Document, the Bilateral Facility Agreement or any Senior Secured Notes Document has occurred; and
- (iii) the Senior Discharge Date has not occurred,

unless it has actual notice to the contrary. The Senior Secured Notes Trustee is not obliged to monitor or enquire whether any event of default or termination event (however described) has occurred.

#### 17.10 **Agents**

The Senior Secured Notes Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any attorney or agent.

#### 17.11 **No Requirement for Bond or Surety**

The Senior Secured Notes Trustee shall not be required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Agreement.

#### 17.12 **Creditors and the Senior Secured Notes Trustee**

In acting pursuant to this Agreement and the relevant Senior Secured Notes Documents, the Senior Secured Notes Trustee is not required to have any regard to the interests of the Senior Creditors (other than the Senior Secured Noteholders).

#### 17.13 **Departmentalisation**

In acting as Senior Secured Notes Trustee, the Senior Secured Notes Trustee shall be treated as acting through its agency division which shall be treated as a separate entity from its other divisions and departments. Any information received or acquired by the Senior Secured Notes Trustee which is received or acquired by some other division or department or otherwise than in its capacity as Senior Secured Notes Trustee may be treated as confidential by the Senior Secured Notes Trustee and will not be treated as information possessed by the Senior Secured Notes Trustee in its capacity as such.

#### 17.14 **Security Agent and Senior Secured Notes Trustee**

- (a) The Senior Secured Notes Trustee shall not be responsible for appointing or monitoring the performance of the Security Agent or any other Party.
- (b) The Security Agent agrees and acknowledges that it shall have no claim against the Senior Secured Notes Trustee in respect of any fees, costs, expenses and liabilities due and payable to, or incurred by, the Security Agent, except to the extent resulting from the gross negligence or wilful misconduct of the Senior Secured Notes Trustee.

#### 17.15 **Disclosure of information**

Each Debtor and each Holdco irrevocably authorises the Senior Secured Notes Trustee to disclose to the Security Agent any information that is received by the Senior Secured Notes Trustee in its capacity as Senior Secured Notes Trustee.

#### 17.16 **Delivery of documents**

The Company will deliver to the Senior Secured Notes Trustee copies of the documents listed in part III (*Conditions subsequent in relation to Spanish law share pledge*) of schedule 2 (*Conditions Precedent and Conditions Subsequent*) of the Senior Facility Agreement at the same times as they are delivered to the Senior Facility Agent.

### 18. **CHANGES TO THE PARTIES**

#### 18.1 **Assignments and transfers**

No Party may:

- (a) assign any of its rights; or
- (b) transfer any of its rights and obligations,

in respect of any Debt Documents or the Liabilities except as permitted by this Clause 18.

#### **18.2 No change of Equity Investor or Equity Investor Affiliate**

Subject to Clause 5.8 (*No acquisition of Equity Investor Liabilities*), no Equity Investor or Equity Investor Affiliate may:

- (a) assign any of its rights; or
- (b) transfer any of its rights and obligations,

in respect of the Equity Investor Liabilities owed to it unless any such assignee or transferee has (if not already party to this Agreement as an Equity Investor or Equity Investor Affiliate) acceded to this Agreement as an Equity Investor Affiliate, pursuant to Clause 18.11 (*Creditor/Creditor Representative Accession Undertaking*).

#### **18.3 Change of Senior Facility Lender, Additional Senior Financing Creditor or Bilateral Facility Lender**

A Senior Facility Lender, an Additional Senior Financing Creditor or a Bilateral Facility Lender may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

in respect of any Debt Documents or the Liabilities if:

- (i) that assignment or transfer is in accordance with the terms of the Senior Facility Agreement, Additional Senior Financing Agreement or Bilateral Facility Agreement (as applicable) to which it is a party; and
- (ii) any assignee or transferee has (if not already a Party as a Senior Facility Lender, an Additional Senior Financing Creditor or Bilateral Facility Lender (as the case may be)) acceded to this Agreement as a Senior Facility Lender or Additional Senior Financing Creditor or Bilateral Facility Lender (as the case may be), pursuant to Clause 18.11 (*Creditor/Creditor Representative Accession Undertaking*).

#### **18.4 Change of Senior Secured Notes Trustee**

The Senior Secured Notes Trustee may (in accordance with the terms of the relevant Senior Secured Notes Document and subject to any consent required under the relevant Senior Secured Notes Documents) transfer all of its rights or obligations in respect of the applicable Senior Secured Notes Documents to which it is a party if any transferee has acceded to:

- (a) this Agreement, pursuant to Clause 18.11 (*Creditor/Creditor Representative Accession Undertaking*); and
- (b) the applicable Senior Secured Notes Documents,

as a Senior Secured Notes Trustee.

#### **18.5 Change of Senior Facility Agent or Creditor Representative**

The Senior Facility Agent or a Creditor Representative in respect of an Additional Senior Financing Agreement may (in accordance with the terms of the Senior Facility Agreement or Additional Senior Financing Agreement and subject to any consent required therein) transfer all of its rights or obligations in respect of the Senior Facility Agreement or Additional Senior Financing Agreement to which it is a party if any transferee has (if not already a Party as that applicable Creditor Representative and a party to that Senior Facility Agreement or Additional Senior Financing Agreement as that applicable Creditor Representative) acceded to:

- (a) this Agreement, pursuant to Clause 18.11 (*Creditor/Creditor Representative Accession Undertaking*); and
- (b) the Senior Facility Agreement or Additional Senior Financing Agreement (as applicable),

as that applicable Creditor Representative.

#### 18.6 Change of Intra-Group Lender

Subject to Clause 4.4 (*Acquisition of Intra-Group Liabilities*) and to the terms of the other Debt Documents, any Intra-Group Lender may:

- (a) assign any of its rights; or
- (b) transfer any of its rights and obligations,

in respect of the Intra-Group Liabilities to another Group Company if that Group Company has (if not already a Party as an Intra-Group Lender) acceded to this Agreement as an Intra-Group Lender, pursuant to Clause 18.11 (*Creditor/Creditor Representative Accession Undertaking*).

#### 18.7 Holdco 1 and Equity Investor Affiliates

- (a) The Company will procure that Holdco 1 accedes to this Agreement as an Equity Investor and as a Holdco pursuant to Clause 18.11 (*Creditor/Creditor Representative Accession Undertaking*) as required by paragraph (c) of clause 27.26 (*Conditions subsequent*) of the Senior Facility Agreement or, if earlier, on the date it makes any loan to or grants any credit to or makes any other financial arrangement having similar effect with any Debtor.
- (b) If any person which is an Affiliate of a Holdco (other than a member of the Group) makes any loan to or grants any credit to or makes available any Financial Indebtedness to any Debtor, the Company will procure that the person giving that loan, granting that credit or making available that Financial Indebtedness (if not already a Party as an Equity Investor Affiliate) accedes to this Agreement as an Equity Investor Affiliate, pursuant to Clause 18.11 (*Creditor/Creditor Representative Accession Undertaking*).

#### 18.8 New Intra-Group Lender

If any Intra-Group Lender or any Group Company makes any loan to or grants any credit to or makes any Financial Indebtedness available to any Debtor in an amount of EUR 25,000,000 (or its equivalent) or more at any time, the Company will procure that the person giving that loan, granting that credit or making that Financial Indebtedness available (if not already a Party as an Intra-Group Lender) accedes to this Agreement as an Intra-Group Lender, pursuant to Clause 18.11 (*Creditor/Creditor Representative Accession Undertaking*).

#### 18.9 New Ancillary Lender

If any Affiliate of a Senior Facility Creditor becomes an Ancillary Lender in accordance with the Senior Facility Agreement, it shall not be entitled to share in any of the Transaction Security or in the benefit of any guarantee or indemnity in respect of any of the liabilities arising in relation to its Ancillary Facilities unless it has (if not already a Party as a Senior Facility Creditor) acceded to this Agreement as a Senior Facility Creditor pursuant to Clause 18.11 (*Creditor/Creditor Representative Accession Undertaking*) and, to the extent required by the Senior Facility Agreement, to the Senior Facility Agreement as an Ancillary Lender.

#### 18.10 New Bilateral Facility Lender

On or after the date of this Agreement, ADE may accede to this Agreement as a Bilateral Facility Lender pursuant to Clause 18.11 (*Creditor/Creditor Representative Accession Undertaking*) and, until it has so acceded, shall not be entitled to any rights under this Agreement or to share in any of the Transaction Security.

#### 18.11 Creditor/Creditor Representative Accession Undertaking

With effect from the date of acceptance by the Security Agent of a Creditor/Creditor Representative Accession Undertaking duly executed and delivered to the Security Agent by the relevant acceding party or, if later, the date specified in that Creditor/Creditor Representative Accession Undertaking:

- (a) any Party ceasing entirely to be a Creditor shall be discharged from further obligations towards the Security Agent and other Parties under this Agreement and their respective rights against one another shall be cancelled (except in each case for those rights which arose prior to that date);
- (b) as from that date, the replacement or new Creditor shall assume the same obligations, and become entitled to the same rights, as if it had been an original Party in the capacity specified in the Creditor/Creditor Representative Accession Undertaking; and
- (c) to the extent envisaged by the Senior Facility Agreement, any new Ancillary Lender (which is an Affiliate of a Senior Facility Creditor) shall also become party to the Senior Facility Agreement as an Ancillary Lender and shall assume the same obligations and become entitled to the same rights as if it had been an original party to the Senior Facility Agreement as an Ancillary Lender.

#### 18.12 **New Debtor**

- (a) If any Group Company:
  - (i) incurs any Liabilities;
  - (ii) gives any Security, guarantee, indemnity or other assurance against loss in respect of any of the Liabilities; or
  - (iii) incorporated in Portugal becomes a party to a Senior Finance Document as a Guarantor,

the Debtors will procure that the person incurring those Liabilities or giving that assurance or becoming a party to a Senior Finance Document accedes to this Agreement as a Debtor (and, in the case of a Group Company incorporated in Portugal referred to in sub-paragraph (iii) above, as a Portuguese Guarantor), in accordance with paragraph (c) below, no later than contemporaneously with the incurrence of those Liabilities or the giving of that assurance.

- (b) If any Affiliate of a Borrower under and as defined in the Senior Facility Agreement becomes a borrower of an Ancillary Facility in accordance with the Senior Facility Agreement, the relevant Borrower under and as defined in the Senior Facility Agreement shall procure that such Affiliate accedes to this Agreement as a Debtor no later than contemporaneously with the date on which it becomes a borrower.
- (c) With effect from the date of acceptance by the Security Agent of a Debtor Accession Deed duly executed and delivered to the Security Agent by the new Debtor or, if later, the date specified in the Debtor Accession Deed, the new Debtor shall assume the same obligations and become entitled to the same rights as if it had been an original Party as a Debtor.

#### 18.13 **Additional parties**

- (a) Each of the Parties appoints the Security Agent to receive on its behalf each Debtor Accession Deed and Creditor/Creditor Representative Accession Undertaking delivered to the Security Agent and the Security Agent shall, as soon as reasonably practicable after receipt by it, sign and accept the same if it appears on its face to have been completed, executed and, where applicable, delivered in the form contemplated by this Agreement or, where applicable, by the Senior Facility Agreement.
- (b) In the case of a Creditor/Creditor Representative Accession Undertaking delivered to the Security Agent by any new Ancillary Lender (which is an Affiliate of a Senior Facility Creditor):
  - (i) the Security Agent shall, as soon as practicable after signing and accepting that Creditor/Creditor Representative Accession Undertaking in accordance with paragraph (a) above, deliver that Creditor/Creditor Representative Accession Undertaking to the Senior Facility Agent; and
  - (ii) the Senior Facility Agent shall, as soon as practicable after receipt by it, sign and accept that Creditor/Creditor Representative Accession Undertaking if it appears on its face to have been completed, executed and delivered in the form contemplated by this Agreement.

#### 18.14 **Resignation of a Debtor**

- (a) The Company may request that a Debtor ceases to be a Debtor by delivering to the Security Agent a Debtor Resignation Request.
- (b) The Security Agent shall accept a Debtor Resignation Request and notify the Company and each other Party of its acceptance if:
  - (i) the Company has confirmed that no Default is continuing or would result from the acceptance of the Debtor Resignation Request;
  - (ii) to the extent that the Senior Facility Discharge Date has not occurred, the Senior Agent notifies the Security Agent that that Debtor is under no actual or contingent obligations in respect of the Senior Facility Liabilities;
  - (iii) to the extent that the Senior Secured Notes Discharge Date has not occurred, the Senior Secured Notes Trustee notifies the Security Agent that the Debtor is under no actual or contingent obligations in respect of the Senior Secured Notes Liabilities;
  - (iv) to the extent that the Bilateral Facility Discharge Date has not occurred, the relevant Bilateral Facility Lender confirms that that Debtor is under no actual or contingent obligations in respect of the relevant Bilateral Facility Liabilities; and
  - (v) to the extent that any Additional Senior Financing Discharge Date has not occurred, the relevant Additional Senior Financing Creditor confirms that that Debtor is under no actual or contingent obligations in respect of the Additional Senior Financing Liabilities.
- (c) Upon notification by the Security Agent to the Company of its acceptance of the resignation of a Debtor, that Group Company shall cease to be a Debtor and shall have no further rights or obligations under this Agreement as a Debtor.
- (d) This Clause 18.14 shall not apply to any Portuguese Guarantor (in its capacity as such), to which Clause 18.15 (*Resignation of a Portuguese Guarantor*) shall apply.

#### 18.15 **Resignation of a Portuguese Guarantor**

- (a) The Company may request that a Portuguese Guarantor ceases to be a Portuguese Guarantor by delivering to the Security Agent a Debtor Resignation Request.
- (b) The Security Agent shall accept a Debtor Resignation Request in respect of a Portuguese Guarantor and notify the Company and each other Party of its acceptance if:
  - (i) to the extent that the Senior Facility Discharge Date has not occurred, the Senior Agent notifies the Security Agent that all requirements of clause 31.5 (*Resignation of a Guarantor*) of the Senior Facility Agreement have been met;
  - (ii) to the extent that the Senior Secured Notes Discharge Date has not occurred, the Senior Secured Notes Issuer notifies the Security Agent that such Portuguese Guarantor has been released as a Guarantor under the Senior Secured Notes Documents;
  - (iii) to the extent that the Bilateral Facility Discharge Date has not occurred, the relevant Bilateral Facility Lender confirms that all requirements of the Bilateral Facility Agreement (to the extent applicable) have been met; and
  - (iv) to the extent that any Additional Senior Financing Discharge Date has not occurred, the relevant Additional Senior Financing Creditor confirms all requirements of the Additional Senior Financing Documents have been met,

in each case, in relation to the resignation of the relevant Portuguese Guarantor.

- (c) Upon notification by the Security Agent to the Company of its acceptance of the resignation of a Portuguese Guarantor, that Group Company shall cease to be a Portuguese Guarantor and shall have no further rights or obligations under this Agreement as a Portuguese Guarantor.

**SECTION 7**  
**ADDITIONAL PAYMENT OBLIGATIONS**

**19. COSTS AND EXPENSES**

**19.1 Transaction expenses**

The Company shall (or shall procure that another Debtor shall) within five Business Days of demand, pay the Security Agent the amount of all costs and expenses (including legal fees) (together with any applicable VAT) reasonably incurred by the Security Agent and by any Receiver or Delegate in connection with the negotiation, preparation, printing, execution and perfection of:

- (a) this Agreement and any other documents referred to in this Agreement and the Transaction Security; and
- (b) any other Debt Documents executed after the date of this Agreement,

up to any agreed cap.

**19.2 Amendment costs**

If a Debtor requests an amendment, waiver or consent, the Company shall (or shall procure that another Debtor shall), within 30 days of demand, reimburse the Security Agent for the amount of all costs and expenses (including legal fees) (together with any applicable VAT) reasonably incurred by the Security Agent (and by any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

**19.3 Enforcement and preservation costs**

The Company shall (or shall procure that another Debtor shall), within five Business Days of demand, pay to the Security Agent the amount of all costs and expenses (including legal fees and together with any applicable VAT) incurred by it in connection with the enforcement of or the preservation of any rights under any Debt Document and the Transaction Security and any proceedings instituted by or against the Security Agent as a consequence of taking or holding the Transaction Security or enforcing these rights, except for any arising out of the gross negligence, wilful misconduct or deliberate breach of the terms of the Finance Documents by the Security Agent.

**19.4 Security Agent's Fees**

The Company shall (or shall procure that another Debtor shall) pay to the Security Agent (for its own account) the security agent fee in the amount and at the times agreed in the letter dated on or about the date of this Agreement between the Security Agent and the Company.

**19.5 Stamp taxes**

The Company shall (or shall procure that another Debtor shall) pay and, within five Business Days of demand, indemnify the Security Agent against any cost, loss or liability the Security Agent incurs in relation to all stamp duty, registration and other similar Taxes (including but not limited to any notarial fees if they have not been paid by the Company to the notary) payable in respect of any Debt Document, excluding any payable on or in connection with any transfer or assignment by any Senior Creditor of any of its rights and/or obligations under the Debt Documents.

**19.6 Interest on demand**

If any Creditor or Debtor fails to pay any amount payable by it under this Agreement on its due date, interest shall accrue on the overdue amount (and be compounded with it) from the due date up to the date of actual payment (both before and after judgment and to the extent interest at a default rate is not otherwise being paid on that sum) at the rate which is one per cent. per annum over the rate at which the Security Agent was being offered, by leading banks in the London interbank market, deposits in an amount comparable to the unpaid amounts in the currencies of those amounts for any period(s) that the Security Agent may from time to time select **provided that** if any such rate is below zero, that rate will be deemed to be zero.

**19.7 Transfer costs**

Notwithstanding any other term of this Agreement, if a Senior Creditor assumes, transfers or assigns any of its rights or obligations under the Debt Documents no member of the Group shall be required to pay any fees, costs,

expenses, Taxes or other amounts relating to or arising in connection with that assumption, assignment or transfer (including without limitation any amount relating to the perfection of any Transaction Security).

## 20. OTHER INDEMNITIES

### 20.1 Indemnity to the Security Agent

- (a) Subject to any limitation under applicable law, each Debtor jointly and severally shall within five Business Days of demand indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability (together with any applicable VAT) incurred by any of them as a result of:
- (i) any failure by the Company to comply with its obligations under Clause 19 (*Costs and Expenses*);
  - (ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;
  - (iii) the taking, holding, protection or enforcement of the Transaction Security in accordance with the Debt Documents;
  - (iv) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent, each Receiver and each Delegate by the Debt Documents or by law;
  - (v) any default by any Debtor in the performance of any of the obligations expressed to be assumed by it in the Debt Documents;
  - (vi) instructing lawyers, accountants, tax advisers, surveyors, a Financial Adviser or other professional advisers or experts as permitted under this Agreement; or
  - (vii) acting as Security Agent, Receiver or Delegate under the Debt Documents or which otherwise relates to any of the Security Property,

(otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct or wilful default).

- (b) Each Debtor expressly acknowledges and agrees that (other than where its Liabilities are released or transferred in full under Clause 10 (*Distressed Disposals and Appropriation*)) its indemnity obligations under this Clause 20.1 shall survive the termination of its other obligations under this Agreement and in particular the continuation of its indemnity obligations under this Clause 20.1 will not be prejudiced by any release or disposal under Clause 10 (*Distressed Disposals and Appropriation*) taking into account the operation of that Clause 10.
- (c) The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Charged Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 20.1 and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all moneys payable to it.

### 20.2 Company's indemnity to Senior Creditors

The Company shall promptly and as principal obligor indemnify each Senior Creditor against any cost, loss or liability (together with any applicable VAT), whether or not reasonably foreseeable, incurred by any of them in relation to or arising out of the operation of Clause 10 (*Distressed Disposals and Appropriation*) (otherwise than by reason of the relevant cost, loss or liability being caused by the gross negligence, wilful misconduct or wilful default of the relevant Senior Creditor).



## SECTION 8 ADMINISTRATION

### 21. INFORMATION

#### 21.1 Dealings with Security Agent and other Creditor Representatives

- (a) Subject to clause 37.5 (*Communication when Agent is Impaired Agent*) of the Senior Facility Agreement (or equivalent provisions in an Additional Senior Financing Agreement), each Senior Facility Creditor and Additional Senior Financing Creditor shall deal with the Security Agent exclusively through its Creditor Representative.
- (b) Each Bilateral Lender shall deal directly with the Security Agent and shall not deal through any Creditor Representative.
- (c) Each Senior Secured Noteholder shall deal directly with the Senior Secured Notes Trustee and the Senior Secured Notes Trustee shall deal directly with the Security Agent.
- (d) No Creditor Representative shall be under any obligation to act as agent or otherwise on behalf of any Bilateral Lender except as expressly provided for in, and for the purposes of, this Agreement.

#### 21.2 Disclosure between Senior Creditors and Security Agent

Notwithstanding any agreement to the contrary, each of the Debtors, the Equity Investors and the Equity Investor Affiliates consents, until the Senior Discharge Date, to the disclosure by any Senior Creditor and the Security Agent to each other (whether or not through a Creditor Representative or the Security Agent) of such information concerning the Debtors, the Equity Investors and the Equity Investor Affiliates as any Senior Creditor or the Security Agent shall see fit.

#### 21.3 Notification of prescribed events

- (a) If an Acceleration Event occurs:
  - (i) the relevant Creditor Representative or Bilateral Lender shall notify the Security Agent; and
  - (ii) the Security Agent shall, upon receiving that notification, notify each other Party.
- (b) If the Security Agent enforces, or takes formal steps to enforce, any of the Transaction Security it shall notify each Party of that action.
- (c) If any Senior Creditor exercises any right it may have to enforce, or to take formal steps to enforce, any of the Transaction Security it shall notify the Security Agent and the Security Agent shall, upon receiving that notification, notify each Party of that action.

### 22. NOTICES

#### 22.1 Communications in writing

Any communication to be made under or in connection with this Agreement shall be made in writing and, unless otherwise stated, may be made by fax or letter.

#### 22.2 Security Agent's communications with Senior Creditors

The Security Agent shall be entitled to carry out all dealings:

- (a) with the Senior Facility Creditors and the Additional Senior Financing Creditors through their respective Creditor Representatives and may give to their Creditor Representative any notice or other communication required to be given by the Security Agent to a Senior Facility Creditor and/or an Additional Senior Financing Creditor (as applicable);

- (b) with the Senior Secured Noteholders through the Senior Secured Notes Trustee and may give to the Senior Secured Notes Trustee any notice or other communication required to be given by the Security Agent to a Senior Secured Noteholder; and
- (c) with each Bilateral Facility Lender directly with that Bilateral Facility Lender.

### 22.3 **Addresses**

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with this Agreement is:

- (a) in the case of the Company, that identified with its name below;
- (b) in the case of the Security Agent, that identified with its name below;
- (c) in the case of the Senior Secured Notes Trustee, that identified with its name below;
- (d) in the case of the Senior Facility Agent, that identified with its name below;
- (e) in the case of each Bilateral Lender, that identified with its name below; and
- (f) in the case of each other Party, that notified in writing to the Security Agent on or prior to the date on which it becomes a Party,

or any substitute address, fax number or department or officer which that Party may notify to the Security Agent (or the Security Agent may notify to the other Parties, if a change is made by the Security Agent) by not less than five Business Days' notice.

### 22.4 **Delivery**

- (a) Any communication or document made or delivered by one person to another under or in connection with this Agreement will only be effective:
  - (i) if by way of fax, when received in legible form; or
  - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,
 and, if a particular department or officer is specified as part of its address details provided under Clause 22.3 (*Addresses*), if addressed to that department or officer.
- (b) Any communication or document to be made or delivered to the Security Agent will be effective only when actually received by the Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Security Agent's signature below (or any substitute department or officer as the Security Agent shall specify for this purpose).
- (c) Any communication or document made or delivered to the Company in accordance with this Clause 22.4 will be deemed to have been made or delivered to each of the Debtors.
- (d) Any communication or document which becomes effective, in accordance with paragraphs (a) to (c) above, after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day.

### 22.5 **Notification of address and fax number**

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 22.3 (*Addresses*) or changing its own address or fax number, the Security Agent shall notify the other Parties.

## 22.6 **Electronic communication**

- (a) Any communication to be made between any two Parties under or in connection with this Agreement may be made by electronic mail or other electronic means to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication and if those two Parties:
  - (i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and
  - (ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.
- (b) Any electronic communication made between those two Parties will be effective only when actually received in readable form and in the case of any electronic communication made by a Party to the Security Agent only if it is addressed in such a manner as the Security Agent shall specify for this purpose.
- (c) Any electronic communication which becomes effective, in accordance with paragraph (b) above, after 5.00 pm in the place of receipt shall be deemed only to become effective on the following day.

## 22.7 **English language**

- (a) Any notice given under or in connection with this Agreement must be in English.
- (b) All other documents provided under or in connection with this Agreement must be:
  - (i) in English; or
  - (ii) if not in English, and if so required by the Security Agent, accompanied by a certified English translation and, in this case, the English translation will prevail as between the Parties unless the document is a constitutional, statutory or other official document.

## 23. **PRESERVATION**

### 23.1 **Partial invalidity**

If, at any time, any provision of a Debt Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of that provision under the law of any other jurisdiction will in any way be affected or impaired.

### 23.2 **No impairment**

If, at any time after its date, any provision of a Debt Document (including this Agreement) is not binding on or enforceable in accordance with its terms against a person expressed to be a party to that Debt Document, neither the binding nature nor the enforceability of that provision or any other provision of that Debt Document will be impaired as against the other party(ies) to that Debt Document.

### 23.3 **Remedies and waivers**

No failure to exercise, nor any delay in exercising, on the part of any Party, any right or remedy under a Debt Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any Debt Document. No election to affirm any Debt Document on the part of any Secured Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Debt Document are cumulative and not exclusive of any rights or remedies provided by law.

#### 23.4 **Waiver of defences**

The provisions of this Agreement or any Transaction Security will not be affected by an act, omission, matter or thing which, but for this Clause 23.4, would reduce, release or prejudice the subordination and priorities expressed to be created by this Agreement including (without limitation and whether or not known to any Party):

- (a) any time, waiver or consent granted to, or composition with, any Holdco, Debtor or other person;
- (b) the release of any Holdco, Debtor or any other person under the terms of any composition or arrangement with any creditor of any Group Company;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Holdco, Debtor or other person or any non- presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any Security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any Holdco, Debtor or other person;
- (e) any amendment, novation, supplement, extension (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature, and whether or not more onerous) or replacement of a Debt Document or any other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Debt Document or any other document or security;
- (g) any intermediate Payment of any of the Liabilities owing to the Senior Creditors in whole or in part; or
- (h) any insolvency or similar proceedings.

#### 23.5 **Priorities not affected**

Except as otherwise provided in this Agreement and to the extent permitted by applicable law the priorities referred to in Clause 2 (*Ranking and Priority*) will:

- (a) not be affected by any reduction or increase in the principal amount secured by the Transaction Security in respect of the Liabilities owing to the Senior Creditors or by any intermediate reduction or increase in, amendment or variation to any of the Debt Documents, or by any variation or satisfaction of, any of the Liabilities or any other circumstances;
- (b) apply regardless of the order in which or dates upon which this Agreement and the other Debt Documents are executed or registered or notice of them is given to any person; and
- (c) secure the Liabilities owing to the Senior Creditors in the order specified, regardless of the date upon which any of the Liabilities arise or of any fluctuations in the amount of any of the Liabilities outstanding.

### 24. **CONSENTS, AMENDMENTS AND OVERRIDE**

#### 24.1 **Required consents**

- (a) Subject to paragraphs (b), (c) and (d) below and subject to Clauses 2.3 (*Refinancing Debt*), 14 (*New Money and Refinancing*) and Clause 24.4 (*Exceptions*), this Agreement may be amended or waived only with the consent of the Company and:
  - (i) the Senior Facility Agent acting on the instructions of the requisite Senior Facility Lenders;
  - (ii) the Senior Secured Notes Trustee;
  - (iii) if any Additional Senior Secured Financing has been incurred, the relevant Creditor Representative acting on the instructions of the requisite Additional Senior Financing Creditors; and

- (iv) each Bilateral Facility Lender.
- (b) An amendment that has the effect of changing or which relates to:
  - (i) curing defects, resolving ambiguities or reflecting changes of a minor, technical or administrative nature; or
  - (ii) the requirements of any person proposing to act as a Creditor Representative in respect of an Additional Senior Financing or a Senior Refinancing, Senior Facility Agent or Senior Secured Notes Trustee which are customary for persons acting in such capacity,

may be made by the relevant Creditor Representative, Senior Facility Agent, Senior Secured Notes Trustee and Security Agent and in each case the Company, without the need for consent from any other Party.
- (c) To the extent that an amendment or consent or waiver only affects the rights or obligations of the Senior Facility Creditors, the Senior Secured Noteholders, any Additional Senior Financing Creditors, or any Bilateral Facility Lender and cannot reasonably be expected to adversely affect in any material respect the interests of any of other Party, such amendment may be made by the relevant Creditor Representative in respect of the Senior Facility Creditors, Senior Secured Noteholders or Additional Senior Financing Creditors as applicable, or any Bilateral Facility Lender and in each case the Company without the need for consent from any other Party.
- (d) Any amendment or waiver which relates to or has the effect of changing Clause 15 (*Guarantee and Indemnity—Portuguese Guarantors*) shall not require the consent of any Bilateral Facility Lender.
- (e) The Senior Secured Notes Trustee shall, to the extent consented to by the requisite percentage of Senior Secured Noteholders in accordance with the Senior Secured Notes Indenture, act on such instructions in accordance therewith unless to the extent any amendments so consented to relate to any provision affecting the rights and obligations of the Senior Secured Notes Trustee in its capacity as such.

#### 24.2 **Amendments and Waivers: Transaction Security Documents**

Unless the provisions of any Debt Document expressly provide otherwise, the Security Agent may, if each Holdco and the Company consents, amend the terms of, waive any of the requirements of or grant consents under:

- (a) the Senior Security Documents with (i) prior to the Senior Facility Discharge Date, the consent of the Senior Facility Agent acting on the instructions of the requisite Senior Facility Lenders, (ii) prior to the Senior Secured Notes Discharge Date, the consent of the Senior Secured Notes Trustee and (iii) prior to the Bilateral Facility Discharge Date, the consent of the Bilateral Facility Lender under the Bilateral Facility Agreement; and
- (b) any Additional Senior Financing Security Documents with:
  - (i) in respect of an Ancillary Facility, prior to the Senior Facility Discharge Date, the consent of the relevant Ancillary Lender; and
  - (ii) in respect of an Additional Senior Financing, prior to the relevant Additional Senior Financing Discharge Date, the consent of the relevant Creditor Representative on behalf of the requisite Additional Senior Financing Creditors.

#### 24.3 **Effectiveness**

- (a) Any amendment, waiver or consent given in accordance with this Clause 24 (other than Clause 24.2 (*Amendments and Waivers: Transaction Security Documents*)) will be binding on all Parties and the Security Agent may effect, on behalf of any Senior Creditor, any amendment, waiver or consent permitted by this Clause 24.
- (b) Without prejudice to the generality of Clause 16.7 (*Rights and discretions*) the Security Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.

#### 24.4 Exceptions

- (a) Subject to paragraphs (c) and (d) below, if the amendment, waiver or consent may impose new or additional obligations on or withdraw or reduce the rights of any Party other than in the case of a Senior Creditor (other than any Creditor Representative or any Senior Facility Arranger), in a way which affects or would affect Senior Creditors of that Party's class generally, the consent of that Party is required.
- (b) Subject to paragraphs (c) and (d) below, an amendment, waiver or consent which relates to the rights or obligations of a Creditor Representative, a Senior Facility Arranger, the Security Agent (including, without limitation, any ability of the Security Agent to act in its discretion under this Agreement) or a Bilateral Facility Lender may not be effected without the consent of that Creditor Representative or, as the case may be, that Senior Facility Arranger, the Security Agent, or that Bilateral Facility Lender.
- (c) Neither paragraph (a) nor (b) above, nor paragraph (a) of Clause 24.2 (*Amendments and Waivers: Transaction Security Documents*) shall apply:
  - (i) to any release of Transaction Security, claim or Liabilities; or
  - (ii) to any consent,which, in each case, the Security Agent gives in accordance with Clause 10 (*Distressed Disposals and Appropriation*).
- (d) Paragraphs (a) and (b) above shall apply to a Senior Facility Arranger only to the extent that Senior Facility Liabilities are then owed to that Senior Facility Arranger.

#### 24.5 Excluded Senior Credit Participations

- (a) The Security Agent shall notify each Creditor Representative and each Bilateral Facility Lender of any instruction that may be requested of the relevant Senior Creditors under this Agreement. Each Creditor Representative and Bilateral Facility Lender must then provide its instructions by no later than twenty Business Days after the date upon which the Security Agent gave such notification (the "**Decision Date**") in a certificate setting out its Senior Credit Participation.
- (b) If a Creditor Representative or Bilateral Facility Lender has not notified the Security Agent of its instructions by the Decision Date, then Senior Credit Participations held by the relevant Senior Creditors will not be considered as part of the Senior Credit Participations for the purpose of determining whether the requisite voting levels have been attained in relation to that decision, **provided that** such a reduction in voting entitlement shall not apply to any amendment or waiver that has this effect or changing of which relates to:
  - (i) Clause 8 (*Redistribution*), Clause 13 (*Application of Proceeds*) or this Clause 24;
  - (ii) paragraph (d)(iii), (e) and (f) of Clause 16.2 (*Instructions*); or
  - (iii) the order of priority or subordination under this Agreement.

#### 24.6 Calculation of Senior Credit Participations

For the purpose of ascertaining whether any relevant percentage of Senior Credit Participations has been obtained under this Agreement, the Security Agent may notionally convert the Senior Credit Participations into their Common Currency Amounts.

#### 24.7 Agreement to override

Unless expressly stated otherwise in this Agreement, this Agreement overrides anything in the Debt Documents to the contrary.

## 25. COUNTERPARTS

This Agreement may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

### 25.1 Notarial document

This Agreement as well as any amendments hereto or thereto, including each Debtor Accession Deed in respect of any Debtor incorporated in Spain (a “**Spanish Debtor**”) will be formalised in a Spanish Public Document at the cost of the Company, so that it may have the status of a notarial document for all purposes contemplated in Article 517 of the Spanish Civil Procedural Law (Law 1/2000 of 7th January) (“*Ley de Enjuiciamiento Civil*”) (the “**Civil Procedure Law**”).

### 25.2 Determination of Debt

For the purpose of the provisions of Article 572 et seq. of the Spanish Civil Procedural Law, it is expressly agreed by the Parties that the determination of the due amounts to be claimed through executive proceedings shall be calculated by the Security Agent (or the relevant Creditor Representative or Bilateral Facility Lender, as the case may be) following its accounting provisions and that any amounts so calculated shall be deemed true, net, due and payable.

### 25.3 Authority to obtain notarised copies

Each Debtor undertakes, at the request of the Security Agent, to grant as many public or private documents as are required in order for any Senior Finance Document and/or any amendments to any of them to be raised to the status of Spanish Public Document. The Debtors expressly authorise the Security Agent and each Senior Creditor, as appropriate, to request and obtain certificates evidencing the entry of this Agreement in the Register of Transactions of the Notary authorising the same.

## 26. GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

## 27. ENFORCEMENT

### 27.1 Jurisdiction

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or the consequences of its nullity or any non-contractual obligation arising out of or in connection with this Agreement) (a “**Dispute**”).
- (b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 27.1 is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

### 27.2 Service of Process

- (a) Each Debtor agrees that the documents which start any proceedings before the English courts in relation to this Agreement, and any other documents required to be served in connection with those proceedings, may be served on it by being delivered to Grupo Antolín Leamington Limited at its registered office or place of business in England and Wales, or to such other address in England and Wales as each such Debtor may specify by notice in writing to the Security Agent. Nothing in this paragraph shall affect the right of any Secured Party to serve process in any other manner permitted by law. This Clause applies to proceedings in England and proceedings elsewhere but not to proceedings in Spain.
- (b) Each Equity Investor and Equity Investor Affiliate agrees that the documents which start any proceedings before the English courts in relation to this Agreement, and any other documents required

to be served in connection with those proceedings, may be served on it by being delivered to Grupo Antolín Leamington Limited at its registered office or place of business in England and Wales, or to such other address in England and Wales as each such Equity Investor or Equity Investor Affiliate may specify by notice in writing to the Security Agent. Nothing in this paragraph shall affect the right of any Secured Party to serve process in any other manner permitted by law. This Clause applies to proceedings in England and proceedings elsewhere but not to proceedings in Spain.

**THIS AGREEMENT** has been entered into on the date stated at the beginning of this Agreement and executed as a deed by the Company, the Senior Secured Notes Issuer, each of the Debtors, the Intra- Group Lenders and the Equity Investors and Holdco 2 is intended to be and is delivered by them as a deed on the date specified above.



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