Protocol No.: 080/1415

INDEPENDENT CERTIFIED AUDITOR´S

OPINION AND REPORT ON THE

CONSOLIDATED FINANCIAL STATEMENTS

OF

TEKNIA MANUFACTURING GROUP, S.L.

SINGLE-MEMBER COMPANY AND

SUBSIDIARY COMPANIES

ON DECEMBER 31ST 2014

English language version of auditor's report is a translation of Spanish original. In case of doubts, Spanish version shall prevail.

REPORT OF INDEPENDENT AUDIT OF CONSOLIDATED FINANCIAL STATEMENTS

For the Sole Member of TEKNIA MANUFACTURING GROUP, S.L. SINGLE-MEMBER COMPANY AND SUBSIDIARY COMPANIES

Report on consolidated balance sheet

We have audited the attached consolidated balance sheets of the company TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY AND SUBSIDIARY COMPANIES included in the consolidated balance sheet on December 31st 2014, the consolidated profit and loss account, the status of changes in the consolidated net equity, the status of consolidated cash flow and the consolidated report corresponding to the period ended on said date.

Administrator's responsibility in relation to the consolidated balance sheet

The Sole Administrator of the dominant company is responsible for formulating the attached consolidated balance sheets, in a manner that expresses the true image of the consolidated equity, of the consolidated financial situation and of the consolidated results of TEKNIA MANUFACTURING GROUP. S.L. SINGLE-MEMBER COMPANY AND SUBSIDIARY COMPANIES, in conformance with the regulatory framework of financial information applicable to the Group in Spain, which is identified in note 2.1 of the attached report, and for the internal control considered necessary in order to permit the preparation of consolidated balance sheet that are free from material misstatement, due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the attached consolidated balance sheet based on our audit. We have performed our audit in conformance with the regulatory framework for account auditing which is valid in Spain. Said regulations oblige compliance with ethical requirements, and that we plan and perform the audit with the purpose of obtaining reasonable security that the consolidated balance sheet is free from material misstatements.

An audit requires the application of procedures in order to obtain audit evidence related to the amounts and the information revealed in the consolidated balance sheet. The procedures selected depend on the auditor's opinion, including the evaluation of the risk of material misstatement in the consolidated balance sheets due to fraud or error. When making said risk evaluations, the auditor takes into account the relevant internal control for formulation by the entity of the consolidated balance sheet, in order to design the audit procedures that are adequate depending on the circumstances, and not with the purpose of expressing an opinion on the efficiency of the internal control of the entity. An audit also includes an evaluation of the adequacy of the accounting policies applied and the reasonableness of the accounting estimates made by management, as well as an evaluation of the presentation of the consolidated balance sheets all together.

We consider that the audit evidence that we have obtained provides a sufficient and adequate base for our audit opinion.

Opinion

In our opinion, the attached consolidated balance sheet expresses, in all significant aspects, the true image of the consolidated equity and of the consolidated financial situation of the company TEKNIA MANUFACTURING GROUP, S.L. SINGLE-MEMBER COMPANY AND SUBSIDIARY COMPANIES on December 31st 2014, as well as of the consolidated results and consolidated cash flows corresponding to the annual period ended on said date, in conformance with the regulatory framework of financial information applicable and, in particular, with the accounting principles and criteria contained in the same.

Report on other legal and regulatory requirements

The attached consolidated management report for the year 2014 contains the explanations that the Sole Administrator of the dominant company considers opportune in relation to the company TEKNIA MANUFACTURING GROUP, S.L. SINGLE-MEMBER COMPANY AND SUBSIDIARY COMPANIES, the evolution of its businesses and other issues and does not form an integral part of the consolidated balance sheet. We have verified that the accounting information contained in the mentioned management reports matches the consolidated balance sheet for the period of 2014. Our work as auditors is limited to the verification of the management report with the scope mentioned in this paragraph and does not include the revision of information other than that obtained from the accounting records of the company TEKNIA MANUFACTURING GROUP, S.L. SINGLE-MEMBER COMPANY AND SUBSIDIARY COMPANIES.

MOORE STEPHENS AMS, S.L.
ROAC No.: S0516

Auditores
Miembro ejerciente:
MOORE STEPHENS AMS, S.L.
Año 2015 Nº 03/15/00086
COPIA GRATUITA

Signed: Ignacio Barturen Fernández

Bilbao. 27 April 2015

Independent firm Member of
MOORE STEPHENS
INTERNATIONAL LIMITED -
Member firms in the main cities of
the world.

TEKNIA MANUFACTURING GROUP, S.L.,

SINGLE-MEMBER COMPANY AND

SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

ON DECEMBER 31ST 2014

TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET FOR THE FINANCIAL YEAR ENDING 31 December 2014

ASSETS	REPORT NOTES	Thousands of euros	
		2014	2013
A) NON-CURRENT ASSETS		**75.984**	**57.855**
I. Intangible assets			
1. Consolidated goodwill	4	3.185	1.677
2. Research	9	-	125
3. Other fixed intangible assets	9	2.582	1.834
		5.767	**3.636**
II. Property, plant and equipment			
1. Land and buildings	8	20.707	19.374
2. Technical installations and other fixed material assets	8	27.152	23.767
3. Fixed assets under construccion and advances	8	10.250	1.143
		58.109	**44.284**
III. Investment property	8	**961**	**896**
IV. Long-term investments in the Group and associated companies			
2. Credits for the Group and associated companies	11.1.1 and 18.1	-	348
		-	**348**
V. Long-term financial investments	11.1.1	**416**	**318**
VI. Deferred tax assets	14.3	**10.540**	**8.101**
VIII. Non-current commercial debtors	11.1.1	**191**	**272**
B) CURRENT ASSETS		**85.586**	**72.914**
II. Inventories	12	**31.965**	**28.733**
III. Trade and other receivables			
1. Trade receivables for sales and services	11.1.1	39.378	36.178
2. Trade receivables from group companies and associates	11.1.1 and 18.1	99	52
3. Current tax assets	14.1	456	374
4. Other receivables	11.1.1 and 14.1	3.059	2.122
		42.992	**38.726**
IV. Current investments in group companies and associates			
1. Loans to companies	11.1.1 and 18.1	16	119
2. Other financial assets		2	-
		18	**119**
V. Current investments	11.1.1	**379**	**71**
VI. Prepayments for current assets		**613**	**729**
VII. Cash and cash equivalents		**9.619**	**4.536**
TOTAL ASSETS (A+B)		**161.570**	**130.769**

The notes 1 to 24 and the annexes I and II of the Consolidated Report form an integral part of this consolidated balance sheet

Elorrio, 31 March 2015

English language version of the financial statements is a translation of Spanish original. In case of doubts, Spanish version shall prevail.

TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET FOR THE FINANCIAL YEAR ENDING 31 December 2014

NET EQUITY AND LIABILITIES	REPORT NOTES	Miles de euros	
		2014	2013
A) EQUITY		**56.263**	**48.818**
A-1) Capital and reserves without valuation adjustments			
I. Capital	13.1	20.000	20.000
III. Reserves	13.2	27.281	23.357
VI. Net income attributable to the parent company		10.418	6.148
		57.699	**49.505**
A-2) Valuation adjustments			
II. Translation differences from consolidated companies	13.3	(2.684)	(2.325)
		(2.684)	**(2.325)**
A-3) Grants, donations and bequests received			
I. In consolidated companies	15	982	1.189
		982	**1.189**
A-4) External shareholders	5	**266**	**449**
B) NON-CURRENT LIABILITIES		**37.057**	**24.534**
I. Non-current provisions	16	**613**	**348**
II. Non-current payables			
2. Debts with financial institutions	11.1.2	22.066	12.197
3. Financial lease payables	10.2 and 11.1.2	305	672
4. Other financial liabilities	11.1.2		
4.1 Suppliers of fixed assets		189	194
4.2 Other financial liabilities		12.785	9.994
		35.345	**23.057**
IV. Deferred tax liabilities	14.3	**1.091**	**1.114**
V. Non-current accruals		**8**	**15**
C) CURRENT LIABILITIES		**68.250**	**57.417**
II. Current provisions	16	**722**	**650**
III. Current payables			
2. Debts with credit entities	11.1.2	15.668	11.437
3. Debts with financial institutions	10.2 and 11.1.2	756	573
4. Other financial liabilities			
4.1 Suppliers of fixed assets		958	472
4.2 Other financial liabilities	11.1.2	3.975	2.775
		21.357	**15.257**
IV. Group companies and associates, current			
2. Other debts	11.1.2 and 18.1	14	615
		14	**615**
V. Trade and other payables			
1. Suppliers	11.1.2	31.230	29.146
2. Suppliers, group companies and associates	11.2.1 and 18.1		12
3. Current tax liabilities	14.1	311	156
4. Other payables	11.1.2 and 14.1	13.922	10.929
		45.463	**40.243**
VI. Current accruals		**694**	**652**
TOTAL EQUITY AND LIABILITIES (A + B + C)		**161.570**	**130.769**

The notes 1 to 24 and the annexes I and II of the Consolidated Report form an integral part of this consolidated balance sheet

Elorrio, 31 March 2015

English language version of the financial statements is a translation of Spanish original. In case of doubts, Spanish version shall prevail.

TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY AND SUBSIDIARIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT
CORRESPONDING TO THE PERIOD ENDED DECEMBER 31ST 2014

	REPORT NOTES	Miles de euros	
		2014	**2013**
A) CONTINUING OPERATIONS			
1. Net turnover	17.1	**220.628**	**206.260**
a) Sales		219.662	205.885
b) Services rendered		966	375
2. Changes in inventories of finished goods and work in progress		**1.549**	**1.170**
3. Work carried out by the company for assets		**556**	**270**
4. Supplies		**(123.540)**	**(117.613)**
a) Merchandise used	17.2	(5.541)	(5.201)
b) Raw materials and other consumables used	17.2	(92.535)	(88.149)
c) Subcontracted work		(25.384)	(24.409)
d) Impairment of merchandise, raw materials and other supplies		(80)	146
5. Other operating income		**914**	**567**
a) Non-trading and other operating income		872	507
b) Operating grants taken to income	15	42	60
6. Personnel expenses		**(50.723)**	**(48.398)**
a) Salaries and wages		(38.096)	(37.157)
b) Employee benefits expense		(12.605)	(11.241)
c) Provisions		(22)	-
7. Other operating expenses		**(30.550)**	**(27.412)**
a) Losses, impairment and charges in trade provisions		(143)	(124)
b) Other operating expenses		(30.407)	(27.288)
8. Amortisation and depreciation	8 and 9	**(6.742)**	**(6.141)**
9. Non-financial and other capital grants	15	**53**	**92**
10. Provision surpluses		**1**	**5**
11. Impairment and gains/(losses) on disposal of fixed assets		**108**	**113**
b) Gains/(losses) on disposal and other	8	108	113
12. Result due to the loss of control of consolidated shares		-	-
13. Negative difference in business combination		-	-
14. Other balances		**(95)**	**173**
A.1) RESULTS FROM OPERATING ACTIVITIES (1+2+3+4+5+6+7+8+9+10+11+12+13+14)		**12.159**	**9.086**
15. Financial income		**607**	**825**
a) Dividends		0	111
b) Marketable securities and other financial securities		338	521
c) Allocation of grants, donations and bequests of a financial nature	15	269	193
16. Financial expenses		**(1.965)**	**(1.859)**
18. Exchange gains/(losses)		**(414)**	**(1.489)**
A.2) NET FINANCE INCOME/(EXPENSE) (14+15+16+17+18)		**(1.772)**	**(2.523)**
A.3) PROFIT/(LOSS) BEFORE INCOME TAX (A.1 + A.2 +19+20+21)		**10.387**	**6.563**
24. Income tax expense	14.2	4	(681)
A.4) PROFIT/(LOSS) FROM CONTINUING OPERATIONS (A.3 + 22)		**10.391**	**5.882**
B) DISCONTINUED OPERATIONS		**-**	**-**
A.5) CONSOLIDATED PROFIT/(LOSS) FOR THE PERIOD (A.4 + 23)		**10.391**	**5.882**

Balance attributed to the parent company	10.418	6.148
Balance attributed to external shareholders	(27)	(266)

The notes 1 to 24 and the annexes I and II of the Consolidated Report form an integral part of this consolidated balance sheet

Elorrio, 31 March 2015

English language version of the financial statements is a translation of Spanish original. In case of doubts, Spanish version shall prevail.

TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY AND SUBSIDIARIES

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
FOR THE FINANCIAL YEAR ENDED 31 December 2014

A) CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSES
FOR THE FINANCIAL YEAR ENDED 31 December 2014

	REPORT NOTES	Thousands of euros	
		2014	2013
A) Consolidated profit/(loss) for the period		**10.391**	**5.882**
Income and expenses recognised directly in equity			
III. Grants, donations and bequests received	15	**20**	**119**
VI. Actuarial gains and losses and other adjustments		**(172)**	**(2.056)**
VII. Tax effect	15		**(38)**
B) Total income and expense recognised directly in consolidated equity (I+II+III+IV+V+VI+VII)		**(152)**	**(1.975)**
Amounts transferred to the consolidated profit and loss account			
X. Grants, donations and bequests received	15	**(322)**	**(285)**
XIII. Tax effect	15	**95**	**79**
C) Total amounts transferred to the consolidated profit and loss account (VIII+IX+X+XI+XII+XIII)		**(227)**	**(206)**
TOTAL RECOGNISED CONSOLIDATED INCOME AND EXPENSE (A+B+C)		**10.012**	**3.701**
Total income and expenses attributed to the parent company		10.039	4.068
Total income and expenses attributed to external shareholders		(27)	(367)

The notes 1 to 24 and the annexes I and II of the Consolidated Report form an integral part of this consolidated balance sheet

Elorrio, 31 March 2015

TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY AND SUBSIDIARIES

B) STATEMENT OF TOTAL CHANGES IN CONSOLIDATED EQUITY
FOR THE FINANCIAL YEAR ENDED 31 December 2014
Thousands of euros

	Capital	Reserves and profit and loss from previous periods (*)	Profit/(Loss) for the period attributed to parent company	Valuation adjustments	Grants, donations and bequests received	External shareholders	TOTAL
A. Balance at the end of 2012	**29.629**	**14.380**	**5.674**	**(343)**	**1.314**	**803**	**51.457**
I. Adjustments for changes in criteria 2012	-	-	-	-	-	-	-
II. Adjustments for errors 2012	-	-	-	-	-	-	-
B. Adjusted balance, start of 2013	**29.629**	**14.380**	**5.674**	**(343)**	**1.314**	**803**	**51.457**
I. Total recognised income and expenses			6.148	(1.955)	(125)	(367)	3.701
II. Transactions with shareholders or owners	(9.629)	3.289	-	-	-	-	(6.340)
2. (-) Capital reductions	(9.629)	4.398					(5.231)
4. (-) Distribution of dividends		(1.109)					(1.109)
III. Other changes in equity	-	5.688	(5.674)	(27)	-	13	-
1. Transfer to reserves	-	5.674	(5.674)	-	-	-	-
2. Other transactions	-	14	-	(27)	-	13	-
3. Equity interest increase in subsidiaries						0	-
C. Balance at the end of 2013	**20.000**	**23.357**	**6.148**	**(2.325)**	**1.189**	**449**	**48.818**
I. AAdjustments for changes in criteria 2013	-	-	-	-	-	-	-
II. Adjustments for errors 2013	-	-	-	-	-	-	-
D. Adjusted balance, start of 2014	**20.000**	**23.357**	**6.148**	**(2.325)**	**1.189**	**449**	**48.818**
I. Total recognised income and expenses			10.418	(172)	(207)	(27)	10.012
II. Transactions with shareholders or owners	-	(1.800)	-	-	-	119	(1.681)
4. (-) Distribution of dividends	-	(1.800)	-	-	-	-	(1.800)
6. Increase (decrease) in equity resulting from a businesses combination	-	-	-	-	-	119	119
III. Other changes in equity	-	5.724	(6.148)	(187)	-	(275)	(886)
1. Transfer to reserves		6.148	(6.148)	-	-	-	-
2. Other transactions		97		(34)		210	273
3. Increase in participation in affiliate companies		(521)		(153)		(485)	(1.159)
E. Balance at the end of 2014	**20.000**	**27.281**	**10.418**	**(2.684)**	**982**	**266**	**56.263**

The notes 1 to 24 and the annexes I and II of the Consolidated Report form an integral part of this consolidated balance sheet

Elorrio, 31 March 2015

TEKNIA MANUFACTURING GROUP, S.L. SINGLE-MEMBER COMPANY AND SUBSIDIARIES

STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE PERIOD ENDED DECEMBER 31ST 2014

	NOTES of the REPORT	Thousands of euros 2014	2013
A) CASH FLOWS FROM OPERATING ACTIVITIES			
1. Profit/(loss) for the period before tax		**10.387**	**6.563**
2. Adjustments for		**8.898**	**7.825**
a) Amortisation and depreciation (+)	8 and 9	6.742	6.141
b) Valuation allowances for impairment losses (+/-)		283	(22)
c) Change in provisions (+/-)		377	
d) Grants recognised in the income statement (-)	15	(53)	(92)
e) Proceeds from disposals of fixed assets (+/-)	8	(108)	(113)
g) Finance income (-)		(607)	(632)
h) Finance expenses (+)		1.965	1.666
k) Other income and expenses (-/+)		299	877
3. Changes in operating assets and liabilities		**(1.891)**	**3.140**
a) Inventories (+/-)		(2.640)	(357)
b) Trade and other receivables (+/-)		(3.759)	1.021
c) Other current assets (+/-)		114	8
d) Trade and other payables (+/-)		4.276	2.327
e) Other current liabilities (+/-)		42	140
f) Other non-current assets and liabilities (+/-)		76	1
4. Other cash flows from operating activities		**(4.046)**	**(2.696)**
a) Interest paid (-)		(1.696)	(1.666)
c) Interest received (+)		338	632
d) Income tax received (paid) (+/-)		(2.688)	(1.662)
5. Cash flows from/used in operating activities (+/-1+/-2+/-3+/-4)		**13.348**	**14.832**
B) CASH FLOWS FROM INVESTING ACTIVITIES			
6. Payments for investments (-)		**(23.834)**	**(7.882)**
a) Group companies, net cash flows in consolidated companies		(3.168)	
d) Intangible assets	9	(1.035)	(796)
e) Property, plant and equipment		(19.180)	(6.463)
f) Investment property		(55)	
g) Other financial assets		(396)	(623)
7. Proceeds from sale of investments (+)		**968**	**466**
e) Property, plant and equipment		519	313
g) Other financial assets		449	153
8. Cash flows from/used in investing activities (6+7)		**(22.866)**	**(7.416)**
C) CASH FLOWS FROM FINANCING ACTIVITIES			
9. Proceeds from and payments for equity instruments		**(929)**	**119**
a) Issue of equity instruments (+)		210	-
e) Acquisition of equity instrument from external shareholders (-)		(1.159)	
g) Grants, donations and bequests received (+)	15	20	119
10. Proceeds from and payments for financial liability instruments		**17.330**	**(5.995)**
a) Issue			
2. Debts with financial institutions (+)		18.227	2.303
5. Other payables (+)		5.383	
b) Redemption and repayment of			
1. Bonds and other marketable securities (-)			
2. Debts with financial institutions (-)		(4.593)	(6.008)
3. Debts with Group companies and associates (-)		(615)	
5. Other payables (-)		(1.072)	(2.290)
11. Dividends and interest on other equity instruments paid		**(1.800)**	**(1.109)**
a) Dividends (-)		(1.800)	(1.109)
12. Cash flows from/used in financing activities (+/-9+/-10-11)		**14.601**	**(6.985)**
D) EFFECT OF EXCHANGE RATE FLUCTUATIONS			
E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS (+/-5+/-8+/-12+/-D)		**5.083**	**431**
Cash and cash equivalents at the beginning of period		4.536	4.105
Cash and cash equivalents at the end of period		**9.619**	**4.536**

The notes 1 to 24 and the annexes I and II of the Consolidated Report form an integral part of this consolidated balance sheet

Elorrio, 31 March 2015

English language version of the financial statements is a translation of Spanish original. In case of doubts, Spanish version shall prevail.

CONSOLIDATED REPORT CORRESPONDING TO FINANCIAL YEAR ENDING ON 31 December 2014

1. GROUP COMPANIES

1.1 Parent company

The Parent Company TEKNIA MANUFACTURING GROUP, S.L., SINGLE-MEMBER COMPANY, was constituted in Bilbao on July 30th 1998, before the Notary Public Andrés María Urrutia Badiola, with address at Barrio San Agustín, sin número, Elorrio (Vizcaya).

The activities of the parent company are described in article 5 of the Articles of Association, and are currently the promotion of companies, the acquisition, holding and use of all types of bearer securities, and the provision of consultancy and advisory services to companies.

The activities of the different companies that comprise the Group have been indicated in Appendix I to this Report.

The consolidated annual accounts of Teknia Manufacturing Group, S.L., Single-member company, and its subsidiaries for the financial year 2013 were drafted by the Company Administrators of Teknia Manufacturing Group, S.L., Single-member company, at the meeting of its Board of Directors held on 31 March 2014 and are deposited before the Government Trade Registry of Vizcaya (31 March 2013, corresponding to the financial year 2012).

The parent company of the Group does not prepare consolidated annual accounts.

1.2 Consolidated subsidiaries

The companies that have been consolidated through a global integration method, of which none appear on the Stock Market, are indicated in Annex I which forms an integral part of this report.

Subsidiaries are deemed to be all companies in which the total direct and indirect equity interest of Teknia Manufacturing Group, S.L. exceeds 50%.

The closing date of the annual accounts and financial statements of all the companies used in the consolidation is 31.12.2014.

1.3. Variation in the composition of the Group

The most significant operations in the period 2014 have been:

- Increased participation in Teknia Automotive Mexico, SA de C.V., passing from 85% to 90%
- Increased participation in Teknia Brasil Ltda., passing from 91.41% to 100%
- Acquisition of the company SAMCO, S.A. de C.V.
- Acquisition of 70% of the company DRUSTVU ZA PROIZVODNJU I PROMET PROMOTOR-IRVA DOO KRAGUJEVAC (Promotor IRVA

Of the acquisitions of the companies SAMCO, S.A. de CV and PROMOTOR IRVA for amounts of 2,464,646.46 euro and 140,000 euro, respectively, at the end of the financial year there is still an amount pending of 1,232,323.23 euro, which must be paid before December 9th 2015, corresponding to the acquisition of the first company and the total of the amount of 140,000 euro corresponding to the acquisition of the second company mentioned.

The most significant operation of the financial year 2013 was the absorption by Teknia Manresa, S.L. of the company Industrial J. Gispert S.A.U. In the periods 2011 and 2012 these companies were acquired, with payment pending of 4.2 million euros, with the following payment periods:

2014	2,100,000 euros
2015	2,100,000 euros

The summary of the most significant changes in the Group due to the internal reorganisation in 2014 and 2013 is as follows:

	2014		2013
Industrial Jordi Gispert, S.A.U.	-		Acquired by Teknia Manresa, S.L.
Teknia USA, Ltda.	-		Consolidated in this financial year, but without activity
Teknia Automotive Mexico, SA de C.V.,	Increased participation		-
Teknia Brasil Ltda	Increased participation		-
SAMCO, S.A. de C.V	Acquisition of 100% of this company		-
Promotor IRVA	Acquisition of 70% of this company		-

2. BASIS OF PRESENTATION OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

2.1. Legal framework of financial information and true and fair view

Both the Parent Company and all subsidiary companies have been part of the consolidation with their Financial Statuses on December 31st 2014 (To December 31st 2013 the previous year).

The financial statements of the companies that comprise the consolidated group have been obtained from the accounting records of the companies and are presented according to R.D. 1514/2007 which approves the General Chart of Accounts, and its subsequent amendments, which is the legal framework for financial reporting applicable to the entity. The framework of the financial information is also indicated in Note 2.7.

The Consolidated Annual Financial Statements are submitted in accordance with R.D. 1159/2010 of 17 September, which approves the Standards for the Formulation of Consolidated Annual Accounts and modifies the General Chart of Accounts approved by R.D. 1514/2007, dated 16 November and the General Chart of Accounts for Small and Medium-sized Enterprises, approved by R.D. 1515/2007 dated 16 November, and show a true and fair view of the equity, financial situation and the results of the Group, and the veracity of the flows incorporated in the cash flow statement.

All the Companies have applied the generally accepted accounting principles when preparing the annual accounts and financial statements, and the information regarding all the Companies is comparable between them.

The Consolidated Annual Financial Statements attached for the financial year 2014 have been formulated by the Administrators of the parent company and are those that shall be submitted for approval at the Shareholders' Meeting. The consolidated balance sheets of the Teknia Manufacturing Group S.L. and the subsidiary companies for the period of 2013 were formulated on March 31st 2014 and are deposited in the Commercial Registry of Vizcaya.

All of the figures in these annual accounts are presented in thousands of euros, except when indicated otherwise in the notes.

2.2. Non-mandatory accounting principles applied

When preparing these consolidated annual accounts, no non-mandatory accounting principles were applied.

2.3. Critical aspects of the evaluation and estimation of uncertainty

When preparing the attached consolidated annual accounts, estimates were used made by the Administrators of the parent company to evaluate some of the assets, liabilities, income, expenses and commitments recorded therein. They basically refer to:

- Valuation of the fixed material and intangible assets and their service life
- Application of interest rates to update balances payable or receivable in the long-term, where applicable.
- Valuation of financial instruments
- Evaluation of the impairment of assets, including goodwill.
- Calculation of provisions

Despite the fact that these estimates have been made on the basis of the best information available at the end of the financial year 2014, it is possible that events that may occur in the future could oblige modification (upward or downward) in future financial years, which would be formed in a prospective manner where applicable.

2.4. Comparison of information

The information related to 2013 contained in this report of the year 2014 is presented, for comparison purposes.

2.5. Grouping of items

Certain items in the consolidated balance sheet, the profit and loss account, the status of changes in net equity and the status of cash flow may be presented together in order to facilitate comprehension, although, in the case that the item is significant, the separated information has been presented in the corresponding report notes.

2.6. Correction of errors

In the elaboration of the attached consolidated balance sheet, no significant errors have been detected that have implied re-expression of the amounts included in the consolidated balance sheet for the period 2013.

2.7. Principles of consolidation

The Administrators of the Parent Company have formulated this consolidated balance sheet following all of the mandatory accounting principles. To do so, the following have been applied:

- The Commercial Code

- The General Chart of Accounts, considering the Group as the accounting entity to which the accounts refer.

- Royal Decree 1159/2010 of September 17th, which approves the Regulations for the Formulation of Consolidated Balance Sheets and modifies the General Accounting Plan.

• The Subsidiaries indicated in Appendix I have been consolidated using the full consolidation method, and the respective amount for each section of the Subsidiaries has been added to each section of the balance sheet and profit and loss account of the parent company.

• The annual accounts of the Foreign Companies have been converted to euros applying the year's

Global integration

- All Balance Sheets from the Companies include a financial year, with closure of the economic period on December 31st 2014.

- All of the balances, transactions made, profits and losses due to operations between Group Companies that were not carried out outside of it, have been removed.

- The item external shareholders is included in the net equity of the consolidated balance sheet, except for the amount to be classified as a liability (if agreements have been reached to deliver cash or other assets, which shall be presented in the balance sheet as financial liabilities).

- Whenever applicable, the part of the “reserves”, “valuation adjustments” and “subsidies, donations and legacies received” that corresponds to them shall be attributed to the external shareholders according to their equity interest. Whenever applicable, the pending disbursements not required on the shares of external shareholders have been deducted.

3. VALUATION RULES

The main registration and valuation standards used by the Company when preparing these consolidated annual accounts, in accordance with those established by the General Chart of Accounts, were the following:

3.1. Standardisation of items

Temporary standardisation:

All companies of the group have been subject to consolidation with their Financial Statuses on December 31st 2014.

When a company enters to form part of the Group or exits the same, the individual profit and loss account included in the consolidation only refers to the part of the period when said company formed part of the Group.

This specific case refers to the companies SAMCO, S.A. de C.V. and Promotor IRVA that were acquired at the end of 2014 and only include for the month of December (a twelfth of the total of the balance for the year 2014) their profit and loss accounts in consolidation of the period of 2014.

Valuation standardisation:

All the items in the financial statements have been valued following the same methods, in accordance with the stipulations of the Commercial Code, the Spanish General Chart of Accounts and other applicable legislation.

The elements of the consolidated balance sheets have been evaluated following uniform methods, performing the necessary adjustments for standardisation in the cases that any consolidated company has evaluated an element according to methods that are not the same as those applied in the consolidation and provided that the effect of applying this method is significant.

Standardisation due to internal operations:

When the amounts of the items derived from internal operations do not coincide, or if there is any operation pending registration, the Group has proceeded to perform the pertinent adjustments to later practice the corresponding eliminations.

Standardisation for aggregation:

The Group has performed the necessary reclassifications to adapt the structure of the financial statuses of the subsidiary companies that did not coincide with the structure of the consolidated balance sheets.

3.2. Fixed intangible assets, except goodwill

The intangible fixed assets were initially evaluated at acquisition price or production cost. They have subsequently been valued at their reduced cost due to the respective amortisation reserve. These assets are amortised depending on their estimated service life.

IT applications:

The Group registers in this account the costs incurred in the acquisition and development of computer programs. This amount is amortised, on a straight-line basis, in a maximum of five years. The maintenance costs of computer applications are registered in the profit and loss account of the financial period in which they are incurred.

Research and development expenses:

The Company follows the criteria of registering research expenses incurred during the period in the profit and loss account. Regarding development expenses, these are activated when the following conditions are met:

- They are specifically broken down by project and their cost can be established clearly.
- There are sound reasons to believe in the technical success and economic and commercial profitability of the project.

The assets generated in that way are amortised on a straight-line basis throughout their useful life (in a maximum of 5 years).

If there are an doubts about technical success or economic profitability of the project, then the amounts recorded in the asset are directly attributed to the profit and loss account for the period.

Industrial property:

Under this account the amounts paid for the acquisition of ownership or the right to use the related items, or for the expenses incurred in registration of the rights developed by the Company are recognised.

3.3. Fixed material assets and investment properties

The fixed material assets and investment properties are initially valued at the acquisition price or production cost, and are later reduced by the corresponding accumulated depreciation and loss due to impairment, if applicable.

All maintenance and conservation expenses for the different elements that comprise the fixed material assets and investment properties are recognised in the profit and loss account of the financial year in which they are incurred. In contrast, the amounts invested in improvements that contribute to increase the capacity or efficiency or to extend the useful life of these goods are recorded at their greater cost.

The Group amortises tangible fixed assets on a straight-line basis, applying annual amortisation percentages calculated depending on the estimated years of service life of the respective goods, according to the following breakdown:

	Rates
Construction	2.5% - 25%
Machinery	6% - 30%
Tools	6% - 35%
Other facilities and furniture	8% - 33%
Equipment for Information processing	5% - 35%
Elements of transport	5% - 25%

The calculation of property depreciation takes into account the work shifts of the different assets, as well as whether they are new or used, therefore in some facilities and machinery the percentage may reach 30%, although these are not material figures.

The Group will register the corrected evaluation for impairment of intangible fixed assets and materials provided that there are signs of lost value that reduce the recoverable value of said assets to an amount inferior to its book value.

3.4. Leases

Operating leases

The expenses derived from the operative lease agreements will be attributed to the profit and loss account in the period in which they are accrued.

Financial Leasing

In Financial Leasing operations in which the Group acts as the lessee, the cost of the assets hired is shown in the balance sheet according to the nature of the goods featured in the contract and, simultaneously, as a liability for the same amount. This amount shall be the lowest of the fair value of the goods leased and their current value upon starting the lease of the minimum quantities agreed, including the option to buy, when there is no reasonable doubt about their exercise. This calculation does not include any contingent lease payments, costs for services and taxes to be paid by and reimbursed to the lessor. The total financial burden of the contract is recognised in the profit and loss account of the financial year in which it was accrued, applying the effective interest rate method. These contingent lease payments are acknowledged as expenditures for the financial year in which they were incurred.

The assets recorded for this type of operations are amortised with criteria similar to those applied to material assets as a whole, in view of their nature.

3.5. Financial instruments

Financial assets

Classification

The financial assets held by the Group are classified by the following categories:

- Loans and items to be collected

  Financial assets originating from the sale of goods or services rendered in the course of the company's operating business transactions, or those that are not of commercial origin, are neither equity instruments nor derivatives and whose collection is a fixed or determined amount and are not negotiated in an active market.

- Available-for-sale financial assets

  Includes the representative debt values and equity instruments of other companies that have not been classified in any of the previous categories, and are not investments held until expiration nor investments held for negotiation, nor other financial assets at a fair value with changes in profit and loss.

Initial valuation

The financial assets are initially registered at the fair value of the cost paid plus the transaction costs that are directly attributable.

Subsequent valuation

- Loans and items to be collected

  They are subsequently valued at their amortised cost whenever their term exceeds one year.

- Available-for-sale financial assets

  The available-for-sale financial assets are valued at their fair value, with the result of the variations to said fair value being recorded in the Net Equity, until the asset is sold or has suffered an impairment in value (of a stable or permanent value), at which time said accumulated results, previously recognised in the Net Equity, are recorded in the profit and loss account.

  The equity instruments whose fair value cannot be determined reliably are valued at their cost minus any adjustments due to impairment.

Calculation of the impairment

At the end of the period, the Group performs an impairment test for the financial assets that are not valued at their fair value. It is deemed that there is objective evidence of impairment if the recoverable value of the financial asset is lower than its book value. When this occurs, this impairment is recorded in the profit and loss account.

In particular, with respect to the corrected evaluations related to the commercial debtors and other accounts receivable, the criteria used by the Group to calculate the corresponding corrected evaluations is estimated based on a personalised analysis of the age of the debt and the financial situation of the debtor.

Disposal of financial assets

The Group derecognises financial assets when they expire or when the rights to the cash flow of the corresponding financial asset have been transferred and the risks and benefits inherent to the property have been substantially transferred, such as in the sale of assets, transfer of commercial credits in "factoring" operations where the company does not retain any credit or interest risk, sale of financial assets with a repurchase pact for its fair value or securitisation of financial assets where the transferring company does not retain subordinate financing or transfer any type of guarantee or assume any other type of risk.

On the contrary, the Group does not derecognise financial assets and recognises a financial liability equal amount to the amount of the consideration received, where the Group substantially retains all the risks and rewards of ownership of the transferred asset, as in the case of draft discounting facilities, recourse factoring, the sale of financial assets in relation to which a repurchase agreement is entered into at a fixed price or at the sale price plus interest, and the securitisation of financial assets in which the assignor retains subordinated financing or other kinds of guarantees substantially covering all of the projected losses.

Financial liabilities

Classification

The financial liabilities held by the Group are classified by the following category:

- Debits and entries payable

  Financial liabilities originating in the purchase of goods and services in the normal course of the company's business, and also those with a non-commercial origin, that cannot be regarded as derivative financial instruments.

Initial valuation

The initial valuation is performed for the fair cost of the payment received, adjusted by the transaction costs that are directly attributable.

Subsequent valuation

It is subsequently valued at its amortised cost. Notwithstanding the debits for commercial actions with expiration of no more than one year, or payment required by third parties for participations, where the amounts are expected to be received in the short-term, will be valued for their nominal value when the effect of not updating the cash flows is not significant.

Derecognition of financial liabilities

The Group derecognises financial liabilities when the obligations generated are terminated.

3.6. Transactions in foreign currency

The functional currency used by the Group is the euro. In consequence, the operations in currencies other than the euro are considered to be in foreign currency and are registered according to the exchange rates that are valid on the date of the operations.

Upon closure of the financial year, the monetary assets and liabilities in foreign currency are converted applying the exchange rate at the date of the balance sheet. The profits or losses demonstrated are directly attributed to the profit and loss account of the financial year in which they occur.

3.7. Income tax

Expense or income due to profit tax includes the portion related to expense or income due to current tax and the portion corresponding to the expense or income due to deferred tax.

Current tax is the amount that the Group's companies pay in concept of profit taxes related to a financial year. Tax deductions and other benefits, excluding taxes withheld and prepayments, and tax losses that can be compensated from previous financial years and effectively applied during this year, caused a lower amount for current taxes.

The expenses or income due to deferred taxes correspond to the recognition and cancellation of the deferred tax assets and liabilities. These include temporary differences that are identified as the amounts that are expected to be paid or recoverable derived from the differences between the book amounts of the assets and liabilities and their tax value, as well as the negative taxable base pending payment and the credits for tax deductions that have not been applied.

These amounts are recorded applying the temporary difference or credit corresponding to the tax rates that are expected to apply when the asset is to be recovered or liquidated.

Deferred tax liabilities are recognised for all taxable temporary differences, except those resulting from an initial recognition of assets and liabilities in a transaction that does not affect either the taxes or the accounting results.

Deferred tax assets are only recognised if it is considered likely that each Group company shall have sufficient taxable profits in the future against which the deferred tax assets can be utilised.

3.8. Income and expenditure

Income and expenditure are recorded on an accruals basis, i.e. in the period in which the income or expense deriving from the goods or services in question is earned or incurred rather than when the resulting monetary or financial flow takes place. This income is valued at the fair value of the compensation received, deducting discounts and taxes.

Revenue associated with the rendering of services is recognised by reference to the stage of completion of the transaction on the date of the balance sheet, provided that the outcome of the transaction can be estimated reliably.

3.9. Capital assets of an environmental nature

Environmental assets are considered to be goods used on a lasting basis in the Company's operations, whose main purpose is to minimise the impact on the environment and to protect and improve the environment, including the reduction or eradication of future contamination.

3.10. Severance pay

In accordance with the current legislation, the Group is compelled to pay compensation to its employees with whom, under certain conditions, its labour relations are to be terminated. Therefore, the severance pay subject to reasonable quantification is recorded as an expense in the financial year in which the decision implement the dismissal is adopted. No provision has been recorded for this concept in the attached annual accounts.

3.11. Subsidies

For the accounting of subsidies, donations and legacies received the Group follows these criteria:

Non-refundable capital subsidies, donations and legacies

These are valued according to the fair value of the amount or goods granted, depending on whether they are monetary in nature, and they are attributed to the results in proportion to the allocation for amortisation made in the period for the subsidised elements or, whenever applicable, at the time of their divestment or correction in value due to impairment, except for those received from shareholders or owners that are recorded directly in the shareholder's equity and do not constitute income.

Refundable subsidies

As long as they are refundable they are recorded as liabilities.

Operating subsidies:

They are credited to results at the time they are granted except if they are used to fund operational losses in future financial years, in which case they are to be recorded in these financial years. If they are granted to fund specific expenses, they shall be recorded as the expenses are accrued.

3.12. Transactions with related parties

Group companies are understood to be companies that are linked by a direct or indirect relationship according to the provisions of article 42 of the Commercial Code for groups of companies, or when the companies are controlled in any way by one or more natural or legal persons that act jointly or are under the same management due to agreements or statutory clauses. Related parties are understood to be those defined in rule 15 for reporting annual accounts of the General Chart of Accounts of 2007 and in article 83 of RD 1159/2010 dated 17 September, which approves consolidation regulations.

The Group performs all its transactions with related parties at market prices.

3.13. Provisions and contingencies

Provisions are credit balances that cover current liabilities arising from past events, whose cancellation shall probably cause a loss of resources, but that shall be uncertain in terms of their amount and/or moment of cancellation. Contingent liabilities are possible liabilities that arise from past events and whose existence is conditioned to the occurrence or non-occurrence of one or more future events beyond the control of the each company.

The annual accounts include all the provisions with respect to those for which it is considered that it is more likely than not that the liability shall have to be settled. Contingent liabilities are not recognised in the annual accounts, but are mentioned in the report notes, up to the extent to which they are not considered to be remote.

Provisions are valued at their current value of the best possible estimate of the amount needed to cancel or transfer the liability, taking into account the information available on the event and its consequences, and registering the adjustments that may arise due to the update of these provisions as financial expenses as they are accrued.

3.14. Pension liabilities

Defined benefit plans

The Plans that are not defined as contribution schemes are considered to be defined as benefit plans. Generally, these defined benefit plans establish the amount employees shall receive when they retire, generally depending on one or more factors such as age, years of service and salary.

The Group recognises a provision in the balance sheet with respect to the defined benefit plans for the difference between the current value of the contracted remuneration and the fair value of the possible assets subject to the commitments with which the liabilities shall be settled, reduced, whenever applicable, by the amount of the costs due to past services not yet recognised.

If an asset arises from the above difference, its value cannot exceed the current value of the benefits that may be returned to the Group in the form of direct reimbursement or smaller future contributions, plus, whenever applicable, the part still to be attributed to the results of costs due to past services. Any adjustment that the Group has to make due to this limit in the valuation of the asset is directly attributed to net equity, and recognised as reserves.

The total current value of the obligation has been calculated using accepted actuarial methods and actuarial and financial hypotheses.

Any variations in the calculation of the current value of the contracted remuneration or, whenever applicable, of the affected assets, arising from post-employment plans, at year-end, due to actuarial profits and losses are acknowledged in the financial year in which they arise, directly in the net equity as reserves. The variations produced in the long term benefit plans are recognised in the financial year in which they arise, directly in the profit and loss account. To this end, the profits and losses are exclusively the variations that arise due to changes in the actuarial hypotheses or adjustments due to the practice.

The costs due to past services are immediately recognised in the profit and loss account, except when the rights can be revoked, in which case they are recognised in the profit and loss account on a straight-line basis for the remainder of the period until they can no longer be revoked. Nevertheless, if an asset arises, the revocable rights are recognised in the profit and loss account immediately, except when a decrease may occur in the current value of the benefits that may be returned to the Group in the form of direct reimbursement or smaller future contributions, in which case the excess above this reduction is immediately attributed to the profit and loss account.

3.15. Goodwill and negative consolidation difference

In compliance with rule 2 of article 46 of the Code of Commerce, the difference between the book value of the equity interest in the subsidiary and the value attributable to this equity interest in the fair value of the assets acquired and liabilities assumed, according to Accounting and Measurement Rule 19, is recognised, if positive, as consolidated goodwill. In the unlikely event that it is negative, it is recorded as revenue of the financial year in the consolidated profit and loss account.

The assets and liabilities of the companies acquired in the business combinations that were already in the Group are valued for the amount for which they appear in the consolidated annual accounts and those acquired from third parties independent of the Group for their fair value, valuing the assets and liabilities acquired within a one year period as from their acquisition.

3.16. Information by sector

Operating sectors are the sectors of the entity that perform activities from which income is obtained and where costs are incurred, whose result is the subject of regular revision, discussion and evaluation, by the maximum authority in the process of decision-making in the entity. To this purpose, the Sole Administrator of the parent company is considered to be the maximum authority.

The sectors designated as such are:

- The automotive sector in general (industrial area), TEKNIA AUTOMOTIVE
- Research and development, activities begun in the financial year 2010, TEKNIA R&D.

These sectors are the two sectors used by the Administrators of the parent company for studies, analyses and decision-making performed for the Group.

3.17. Discontinued operations

Discontinued operations are all sectors of the Group that have been divested or disposed of, or have been classified as held for sale, and, among other conditions, represent a business line or significant area that can be considered separate from the rest.

For this type of operation, in the profit and loss account and in a single item called “Annual balance of discontinued operations net of taxes”, the Group includes both the results after taxes of the discontinued operations and the results after taxes recognised due to the valuation at their fair value minus the sale costs or to the divestment or other disposal of the elements that constitute the discontinued activity.

In addition, when any operations are classified as discontinued in the aforementioned entry, the Group presents the amount of the preceding financial year corresponding to the activities that were discontinued at the closure of the financial year to which the annual accounts correspond.

3.18. Inventories

Stocks are valued at their price of acquisition or production costs, which include materials, labour, sub-contracting costs and other direct and indirect manufacturing costs.

4. CONSOLIDATED GOODWILL

The composition of this section in the financial year is as follows, expressed in thousands of euros:

	01/01/2014	Additions	(Write-offs)	31/12/2014
Teknia Bilbao XXI, S.L.U.	1,169	-	-	1,169
Teknia Brasil Ltda.	143	-	-	143
Teknia Polska Sp. z o.o. and subsidiaries	365	-	-	365
SAMCO, S.A. de C.V.	-	1,508	-	1,508
	1,677	**1,508**	**-**	**3,185**

English language version of financial statements is a translation of Spanish original. In case of doubts, Spanish version shall prevail.

The composition of this section in the financial year 2013 was the following, in euros:

	01/01/2013	Additions	(Write-offs)	31/12/2013
Teknia Bilbao XXI, S.L.U.	1,169	-	-	1,169
Teknia Brasil Ltda.	143	-	-	143
Teknia Polska Sp. z o.o. and subsidiaries	365	-	-	365
	1,677	**-**	**-**	**1,677**

The parent company performs an impairment test on the goodwill account, through the evaluation of the company that generated in, based on the annual EBITDA of the same, applying multiples that go from 4.5x to 7x depending on the country. This amount is compared to the net equity of the company and if the difference is greater, it is considered that the goodwill account is not depreciated.

5. EXTERNAL SHAREHOLDERS

The transactions in this section in the financial year are as follows:

	Thousands of euros	
	2014	**2013**
Opening balance	**449**	**803**
Due to capital percentage variations	(275)	-
Exchange differences	-	(101)
Other transactions	-	13
Entries into the scope	119	-
Results of the financial year attributed to external shareholders	(27)	(266)
End balance	**266**	**449**

The composition according to each company is as follows, expressed in thousands of euros:

Financial year 2014

	Share Capital, Reserves and Valuation Adjustments	Result	Total
Teknia Automotive Mexico, S.A. de C.V.	174	(27)	147
Promotor IRVA	119	-	119
	293	**(27)**	**266**

Financial year 2013

	Share Capital, Reserves and Valuation Adjustments	Result	Total
Teknia Brasil, Ltda.	616	(212)	404
Teknia Automotive Mexico, S.A. de C.V.	99	(54)	45
	715	**(266)**	**449**

6. BUSINESS COMBINATIONS

During the financial year 2014, the following operations have been made:

- 1,699.40 shares have been acquired in the Company Teknia USA, INC at a value of 126,221.19 euros exchange.
- 8.59% of the social capital has been acquired for the company Teknia Brasil, LTDA
- 250 shares have been sold (0.001% of the social capital) for the company Teknia Brasil, LTDA
- There has been a capital increase for Teknia Brasil, LTDA, for the amount of 5,000,000 euros.
- There has been a capital increase for Teknia Automotive Mexico, S.A.de C.V. for the amount of 1,165,467.04 euros.
- 25,000 shares have been acquired for Teknia Automotive Mexico, S.A.de C.V. for the amount of 155,000.82 euros.
- 70% of the social capital of the company Pro-Motor IRVA has been acquired for the amount of 140,000 euros. At the end of the period this is pending payment.
- The Company SAMCO, S.A. de C.V. has been acquired for the amount of 2,464,646.46 euros. At the end of the period there is a pending payment for the amount of 1,525,000 USD (1,232,323 euros) which must be paid before December 9th 2015.

In the previous year, the Group carried out a reorganisation of the same, performing the operations indicated in note 1.3. The information corresponding to the acquisition of Industrial Jordi Gispert, S.L in the financial year 2013 is indicated in Appendix II.

Since the financial year 2010, the following corporate operations have been made:

- Takeover of the company Construcciones Mecánicas Croli, S.A. by Teknia Barcelona, S.L.U.
- Takeover of the company Teknia Dej, S.L.U. by Teknia Elorrio, S.L.U.
- Takeover of the company Sociedad Acabados Plásticos, S.L. by Teknia Elorrio, S.L.U.
- Takeover of the company Sociedad Fegomi, S.L. by Teknia Martos, S.L.U

The most important information regarding these operations can be found in the consolidated annual accounts of the financial years in which these operations took place.

7. CHANGES IN THE PERCENTAGE OF EQUITY INTEREST IN GROUP COMPANIES

In the year 2014, 8.59% was acquired in shares in the Company Teknia Brasil Ltda, holding 100% of the social capital and 5% of shares in the company Teknia Automotive Mexico, SA de C.V, holding 90% of the capital of this company. Furthermore, 70% was acquired of the Company Drustvuza Proizvodnju i Promet Promotor-Irva Doo Kragujevac (Promotor IRVA) and 100% of the company Samco, S.A. de C.V. (Note 1.3)

In the previous financial year, the percentages of equity interest in subsidiaries have only changed for the liquidation and the constitution of the companies described in note 1.3. and the purchase and capital share increase of the Company Teknia Brasil Ltda., which increased from 85.9% to 91.41%.

8. FIXED MATERIAL ASSETS AND INVESTMENT PROPERTIES

The transactions in this section in the financial year 2014 are the following, in thousands of euros:

	Real estate and buildings	Technical installations and other fixed material assets	Fixed assets in process and advances	TOTAL
GROSS OPENING BALANCE, FINANCIAL YEAR 2014	**23,992**	**137,147**	**1,143**	**162,282**
(+) Acquisitions	1,973	6,505	11,183	19,661
(-) Disposals, Derecognitions or Reductions	-	(3,088)	(104)	(3,192)
(-/+) Conversion differences	(112)	(369)	-	(481)
(- / +) Transfers to/from other items	71	1,901	(1,972)	-
(+) Additions due to entry in the consolidation scope	-	2,328	-	2,328
GROSS END BALANCE, FINANCIAL YEAR 2014	**25,924**	**144,424**	**10,250**	**180,598**
ACCUMULATED AMORTISATION, OPENING BALANCE FINANCIAL YEAR 2014	**4,618**	**113,380**	**-**	**117,998**
(+) Allocations to amortisation in the financial year	641	5,684	-	6,325
(+) Disposals, Derecognitions or Reductions	-	(2,781)	-	(2,781)
(-/+) Conversion differences	(42)	(291)	-	(333)
(+) Additions due to entry in the consolidation scope	-	1,280	-	1,280
ACCUMULATED AMORTISATION, END BALANCE FINANCIAL YEAR 2014	**5,217**	**117,272**	**-**	**122,489**
NET 2014	**20,707**	**27,152**	**10,250**	**58,109**

In the financial year 2014, the section for entry into the scope included entries due to the incorporation of the companies included in Note 1.3.

The transactions in this section in the financial year 2013 were the following, in thousands of euros:

	Real estate and buildings	Technical installations and other fixed material assets	Fixed assets in process and advances	TOTAL
GROSS OPENING BALANCE, FINANCIAL YEAR 2013	**24,765**	**137,295**	**1,136**	**163,196**
(+) Acquisitions	1,066	6,253	538	7,857
(-) Disposals, Derecognitions or Reductions	(11)	(3,713)	(2)	(3,726)
(- / +) Conversion differences	(1,433)	(2,622)	(94)	(4,149)
(- / +) Transfers to/from other items (A)	(395)	(66)	(435)	(896)
GROSS END BALANCE, FINANCIAL YEAR 2013	**23,992**	**137,147**	**1,143**	**162,282**
ACCUMULATED AMORTISATION, OPENING BALANCE FINANCIAL YEAR 2013	**4,066**	**112,974**	**-**	**117,040**
(+) Allocations to amortisation in the financial year	646	5,293	-	5,939
(+) Disposals, Derecognitions or Reductions	-	(3,526)	-	(3,526)
(- / +) Conversion differences	(94)	(1,361)	-	(1,455)
ACCUMULATED AMORTISATION, END BALANCE FINANCIAL YEAR 2013	**4,618**	**113,380**	**-**	**117,998**
NET 2013	**19,374**	**23,767**	**1,143**	**44,284**

(A): An amount equal to 896 thousand euros refers to the transfer to investment properties of the real estate and buildings of the company Teknia Brasil, Ltda. intended for sale at the closure of the financial year 2013.

In the period of 2014, movements in the property investments, corresponding to land and building of the Company Teknia Brasil, Ltda. destined for sale have been the following, in thousands of euros:

	Gross opening balance, financial year 2014	Additions	Exchange differences	Gross closing balance, financial year 2014
Cost	896	55	10	961
Accumulated depreciation	-	-	-	-
	896	55	10	961

Properties

All of the Spanish companies that make up the Group, except Teknia Epila, S.L.U. and Teknia Bilbao XXI, S.L.U., perform their activities in rented properties. The Polish holding company Teknia Polska Spolka z o.o. also performs its activity in rented property (as in the previous financial year).

The production companies located in Poland and the company Teknia Uhersky Brod, AS, perform their activities in their own property.

The company Teknia Brasil Ltda. performs its activities in its own and in rented properties.

Guarantees made

Various Group companies have provided mortgages and other guarantees that have been described in note 19.1 of this Report.

Fixed assets in process and advances made

Of the total amount of fixed assets in process, 9,310 thousand euros correspond to the construction of new buildings for the production companies located in Poland. The fixed asset acquisition commitments, for the construction of these buildings and the purchase of machinery, ascend to 2.8 million euros approximately.

Other information regarding tangible fixed assets

	Thousands of euros	
	2014	**2013**
Amortised Elements in Use (Cost)	**94,364**	**92,827**
Land and buildings, separation of values		
- Land	5,575	4,900
- Buildings costs	20,279	19,092
- Buildings/Amortisation	(5,146)	(4,618)
Net totals	**20,708**	**19,374**
Fixed assets outside of Spanish territory (net amount)	**38,565**	**25,456**
Results from divestment fixed assets	**108**	**113**

9. RESEARCH EXPENDITURES AND OTHER FIXED INTANGIBLE ASSETS

The transactions in this section in the financial year 2014 are the following, expressed in thousands of euros:

	R&D costs	Patents, licenses, brands and similar	IT applications	Other fixed intangible assets	Advances and fixed intangible assets in progress	TOTAL
GROSS OPENING BALANCE, FINANCIAL YEAR 2014	**4,123**	**416**	**2,536**	**625**	**368**	**8,068**
(+) Acquisitions	-	9	800	36	190	1,035
(-) Disposals, Derecognitions or Reductions	-	-	(7)	(1)	-	(8)
(-) Conversion differences	-	(7)	(2)	(5)	(5)	(19)
(+) Entries into the scope	-	-	10	-	-	10
(+/-) Transfers	-	-	306	-	(306)	-
GROSS END BALANCE, FINANCIAL YEAR 2014	**4,123**	**418**	**3,703**	**655**	**247**	**9,086**
ACCUMULATED AMORTISATION, OPENING BALANCE FINANCIAL YEAR 2014	**3,998**	**416**	**1,442**	**253**	**-**	**6,109**
(+) Allocations to amortisation in the financial year	125	3	169	120	-	417
(+) Disposals, Derecognitions or Reductions	-	-	(7)	(1)	-	(8)
(-) Conversion differences	-	(7)	(3)	(6)	-	(16)
(+) Entries into the scope	-	-	2	-	-	2
(+/-) Transfers	-	-	-	-	-	-
ACCUMULATED AMORTISATION, END BALANCE FINANCIAL YEAR 2014	**4,123**	**412**	**1,603**	**366**	**-**	**6,504**
NET 2014	**-**	**6**	**2,040**	**289**	**247**	**2,582**

The transactions in this section in the financial year 2013 were the following, in thousands of euros:

	R&D costs	Patents, licenses, brands and similar	IT applications	Other fixed intangible assets	Advances and fixed intangible assets in progress	TOTAL
GROSS OPENING BALANCE, FINANCIAL YEAR 2013	**4,123**	**421**	**2,324**	**487**	**254**	**7,609**
(+) Acquisitions	-	-	386	69	114	569
(-) Disposals, Derecognitions or Reductions	-	(1)	(96)	(138)	-	(235)
(-) Conversion differences	-	(4)	(76)	(20)	-	(100)
(+/-) Transfers	-	-	(2)	227	-	225
GROSS END BALANCE, FINANCIAL YEAR 2013	**4,123**	**416**	**2,536**	**625**	**368**	**8,068**
ACCUMULATED AMORTISATION, OPENING BALANCE FINANCIAL YEAR 2013	**3,874**	**421**	**1,529**	**381**	**-**	**6,205**
(+) Allocations to amortisation in the financial year	124	-	51	27	-	202
(+) Disposals, Derecognitions or Reductions	-	(1)	(95)	(138)	-	(234)
(-) Conversion differences	-	(4)	(41)	(17)	-	(62)
(+/-) Transfers	-	-	(2)	-	-	(2)
ACCUMULATED AMORTISATION, END BALANCE FINANCIAL YEAR 2013	**3,998**	**416**	**1,442**	**253**	**-**	**6,109**
NET 2013	**125**	**-**	**1,094**	**372**	**368**	**1,959**

Fully amortised elements

The Group has fixed intangible assets that were fully amortised on 31 December 2014 which are being used for the amount of 5,542 thousand euros (5,413 thousand euros in 2013).

Direct investments abroad

The fixed intangible assets that at the closure of the financial years 2014 and 2013 belonged to foreign companies are as follows:

	2014	2013
Gross foreign investment	1,659	1,324
Foreign amortisations	(874)	(419)
Net total	785	905

10. LEASES

10.1. Operating leases

In the position of lessee, the consolidated profit and loss account records expenses due to the leasing of property and machinery, where the main contracts are the following:

Company	Lessor	Annual amount		Term	
		2014	2013	2014	2013
Teknia Manufacturing Group, S.L.U.	Third Parties	61	34	2019	2013 expired
Teknia Uhersky Brod	Third Parties	85	21	2016	2016
Teknia Elorrio, S.L.U.	Clomi, S.L.	371	401	2022	2017 and 2018
Teknia Pedrola, S.L.U.	Clomi, S.L.	145	144	2015	2015
Teknia Barcelona, S.L.U.	Third Parties	285	283	2016	2016
Teknia Martos, S.L.U.	Third Parties	249	284	2015 and 2017	2013 and 2017
Teknia Azuqueca, S.L.U.	Third parties/Clomi	385	390	2018	2014 and 2015
Teknia Brasil Ltda.	Third Parties	386	397	2015 and 2016	2015, 2016
Teknia R&D, S.L.	Third Parties	19	16	2015	2014
Componentes de Automoción, S.A.R.L.	Third Parties	72	74	2019	2014
Teknia Manresa, S.L.U.	Third Parties	236	224	2018	2018
Teknia Automotive Mexico, S.A.	Third Parties	86	81	2019	2019

Movements with Clomis, S.L., company linked to the group administrator, ascend to

	2014 Operation costs	2013 Operation costs
Clomi, S.L.	843	843

English language version of financial statements is a translation of Spanish original. In case of doubts, Spanish version shall prevail.

The balances pending are:

	Suppliers	Guarantees and long-term credits
Clomi, S.L. 2014	(69)	53
Clomi, S.L. 2013	-	53

It has been estimated that the future payments in 2015 and beyond, shall be similar to those of this financial year, with amendments based on the annual IPC and considering the whole financial year in the companies acquired in each financial year.

10.2. Financial Leases

The Group maintains certain financial lease contracts. The most important data in this regard is:

Concept	**Cost value of the goods (net)**	
	2014	**2013**
Installations, machinery and other fixed assets		
- Other companies	1,407	1,739

The schedule for the future payments of these contracts at the closure of the financial year 2014 is the following:

Years	**Thousands of euros**
2015	364
2016 to 2019	528

The schedule for the future payments of these contracts at the closure of the financial year 2013 was the following:

Years	**Thousands of euros**
2014	573
2015 to 2018	672

11. FINANCIAL INSTRUMENTS

11.1. Offsetting of financial assets and liabilities

11.1.1. Financial assets

Details are provided below on the entries for financial assets. Their breakdown, in thousands of euros, is the following:

	Long-term				Short-term	
	Equity instruments		Credits, derivatives, and others		Credits, derivatives, and others	
	2014	2013	2014	2013	2014	2013
Available-for-sale assets	1	1	-	-	-	-
Loans and items to be collected	-	-	607	665	40,102	36,513
	1	**1**	**607**	**665**	**40,102**	**36,513**

Long-term financial assets

- Loans and items to be collected

  The main items recorded in this section, for the amount of 607 thousand euros (665 thousand euros in the previous financial year) are:

  - Guarantees and deposits for the amount of 415 thousand euros (314 thousand euros in the previous financial year), of which 75 correspond to the company Clomi, S.L. (Note 18.1). (53 thousand euros in 2013)

  - In the previous year, an amount of 348 thousand euros (Note 18.1) corresponding to credits to be collected from the company Siuled, S.L. due to the fiscal consolidation (Note 14.5)

- Maturity of the most significant long-term financial assets

  The maturities by year are the following:

Financial year 2014

	2016	2017	2018	2019 and beyond	No fixed term	Total
Loans and items to collect	-	-	-	-	191	191
Guarantees	187	1	2	149	-	339
Deposits and others	-	-	-	-	76	76
						607

English language version of financial statements is a translation of Spanish original. In case of doubts, Spanish version shall prevail.

Financial year 2013

	2015	2016	2017	2018 and beyond	No fixed term	Total
Loans and items to collect	348	-	-	-	-	348
Guarantees	165	-	37	112	-	314
Deposits and others	-	-	-	-	3	3
						665

Short-term financial assets

The composition of the credits, derivatives and others in the short term is as follows:

	Thousands of euros	
	2014	**2013**
Customers	39,379	36,178
Customers group companies (Note 18.1)	99	52
Staff	38	46
Debtor shareholders (Note 18.1)	18	119
Other financial assets	379	118
Sundry debtors	189	
	40,102	**36,513**

Within the chapter of other short-term financial assets, on December 31st 2014 an amount, among others, is included for 367 thousand euros, corresponding to a credit of the company Promotor IRVA with another company.

The transaction for the corrections due to value impairment caused by credit risks during the financial year was the following:

	Thousands of euros
Impairment losses at the beginning of the financial year 2014	656
(+) Correction in value due to impairment	143
(-) Reversal due to impairment	-
(-) Exits and reductions	(230)
(+) Exchange differences	1
Impairment losses at the end of the financial year 2014	570

The transactions for the corrections due to value impairments caused by credit risks during the financial year have been the following:

	Thousands of euros
Impairment losses at the beginning of the financial year 2013	603
(+) Correction in value due to impairment	129
(-) Reversal due to impairment	-
(-) Exits and reductions	(75)
(+) Exchange differences	(1)
Impairment losses at the end of the financial year 2013	656

11.1.2. Financial liabilities

The composition of the financial liabilities by class and category is as follows:

Class / Categories	Long-term financial liabilities				Short-term financial liabilities			
	Debt with credit entities		Derivatives and others		Debt with credit entities		Derivatives and others	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Debits and entries payable	22,067	12,197	13,279	10,860	15,668	11,437	48,026	42,131
TOTAL	22,067	12,197	13,279	10,860	15,668	11,437	48,026	42,131

Debts with credit entities

The term of the debt with credit entities at the close of the financial years 2014 and 2013 are broken down as follows, in thousands of euros:

Term	**2014**
Short-term:	
2015	15,668
Long-term:	
2016	5,477
2017	3,915
2018	3,927
2019 and subsequent years	8,749
	22,067

Term	2013
Short-term:	
2014	11,437
Long-term:	
2015	3,538
2016	3,331
2017	1,730
2018 and subsequent years	3,598
	12,197

Within the section of short-term credit institutions there are discounted bills that have not matured yet , for an amount equal to 5,771 thousand euros (6,071 thousand euros in the previous financial year).

The limit of the credit accounts of the parent company in concurrence with the consolidated subsidiaries using the global consolidation method, amount to 9,089 thousand euros and the draft discounting limit, advances for invoices and factoring entries amount to 12,300 thousand euros (3,900 thousand euros and 12,725 thousands euros, respectively, in the previous financial year).

The subgroup Teknia Polska Sp. Z.o.o. has pledges on machinery and installations that are recorded in Note 19.1 of this Report.

Derivatives and others

The breakdown of this section is as follows, expressed in thousands of euros:

Derivatives and others:	**2014**		**2013**	
	Long-term	Short-term	Long-term	Short-term
- Creditors due to financial leases (Note 10.2)	305	756	672	573
- Advances and loans repayable	12,785	481	7,538	119
- Suppliers of fixed assets	189	958	194	472
- Other debts	-	3,493	2,456	2,656
- Trade creditors and other accounts payable:				
- Suppliers	-	31,230	-	29,146
- Suppliers, companies of the Group and associated companies (Note 18.1)	-	-	-	12
- Other creditors:				
- Staff	-	2,963	-	3,089
- Customer advances	-	4,350	-	2,699
- Other elements	-	3,781	-	2,750
- Amounts owed to Group companies (Note 18.1)	-	14	-	615
Total	**13,279**	**48,026**	**10,860**	**42,131**

- Creditors due to financial leases

  These correspond to the debt due to financial lease operations indicated in note 10.2.

- Suppliers of fixed assets

  The terms of these debts at the closure of the financial year 2014 are the following:

Year	Thousands of euros
Short-term:	
2015	958
Total	958
Long-term:	
2016	11
2017	11
2018	11
2019	11
Rest	145
	189

The terms of these debts at the closure of the financial year 2013 were the following:

Year	Thousands of euros
Short-term:	
2014	472
Total	472
Long-term:	
2015	11
2016	11
2017	11
2018	11
Rest	150
	194

- Advances and loans repayable (CDTI, Ministry of Education and Science, Ministry of Industry and Technology and Competitiveness Plan):

  The loans nominal at 0% ascends to 7,331 thousand euros, the remaining loans are at interest rates of 3.04% and 3.95%, with the expiration of the updated amounts being as follows:

Year	**Total**
Short-term:	
2015	481
	481
Long-term:	
2016	788
2017	937
2018	1,695
2019	2,264
Rest	7,101
	12,785
Total	**13,266**

The terms at the closure of the financial year 2013 were the following:

Year	**Total**
Short-term:	
2014	119
	119
Long-term:	
2015	530
2016	759
2017	901
2018	880
Rest	4,468
	7,538
Total	**7,657**

The balances of the “Competitiveness Plan” include the current value of the amounts received by Group companies as an aid for the Competitiveness Plan of the Automotive sector in the financial years 2009 to 2014 for a total amount of 13,225 thousand euros (7,842 thousand euros in the previous financial year). The current value of this aid has been calculated based on a rate going from 3.6 to 4% (same as the period of 2013).

- Other debts

The composition of the stock is as follows:

	2014		2013	
	Long term	Short-term	Long term	Short-term
Deferrals by public institutions	-	-	-	150
Debt due to the purchase of shares in companies included in the scope of consolidation (Note 1.3)	-	3,473	2,100	2,110
Other debts for the purchase of machinery	-	-	168	395
Other debts	-	20	188	1
	-	3,493	2,456	2,656

a) Deferrals to public institutions

In the previous year, this section recorded the debt pending payment of certain Group companies to Public Institutions due to the deferral of certain payments regarding Social Security, VAT, personal income taxes, and corporation taxes.

The terms of these debts at the closure of the financial year 2013 were the following:

Year	Thousands of euros
Short-term:	
2014	150
	150

11.2. Information on the nature and the level of risk due to financial instruments

11.2.1. Qualitative

The management of the Group's financial risks is centralised in the Financial Management of the Group, which has established the mechanisms needed to control the exposure to interest rate and exchange rate variations, and to credit and liquidity risks. The main financial risks that affect the Group are indicated below:

a) Credit risks:

Overall, the Group maintains its cash and cash equivalents in financial entities with high levels of solvency.

The credit risk is determined by the sales of the Group's companies to their customers. At this time, given the current economic situation and some of the economic sectors in which the Group operates, each of the company's clients and the Group's companies have been studied individually in order to minimise the impact of this type of risks.

b) Liquidity risks:

In order to fulfil all of the payment commitments deriving from its activities, the Group has sufficient cash, cash equivalents and assets with significant liquidity, as set out in the balance sheet. The dividends policy followed is prudent and takes into account those investment needed in order to maintain the competitiveness of the Group. Similarly, the credit limits indicated in note 11.1.2 are maintained.

c) Market risks (interest rate, exchange rate, etc.):

The Group is not significantly exposed to these risks, as the significant liabilities with interest rates are linked to the EURIBOR and large rises are not expected in the short-term or they were signed at a fixed rate in order to minimise the impact of any variations in the interest rate.

With respect to exchange rate risks, the Group does not consider the need for coverage in this respect, as has been demonstrated in the past that the automotive sector is a long-term business in which interest rate variations shall have both positive and negative effects, but this effect shall be practically neutral over time.

The company focuses on the automotive sector, so the risk of a drop in the market is the same as that of the sector in which it operates. The Group is present in various countries to minimise the possible impact the differing evolution in manufacturing costs and vehicle purchases has in each country.

11.2.2. Quantitative information

As previously indicated, the main risks correspond to exchange rate variations of the companies whose functional currency is not the Euro. The sales in currencies other than the Euro do not reach 24% of the Group's total sales (15% in the previous financial year). A natural coverage policy is applied for the companies that operate in more than one currency.

12. INVENTORIES

The composition of this section is as follows, in thousands of euros:

	31.12.2014	31.12.2013
Auxiliary raw materials and others	9,883	7,991
Containers, packaging and others	71	85
Partially completed products	8,321	5,878
Finished products	11,771	12,137
By-products and waste	45	35
Advances made to suppliers	2,809	3,400
Impairments	(935)	(793)
	31,965	**28,733**

13. EQUITY

13.1. Share capital

The social share capital of the Company is represented by 332,779 shares (492,999 shares in the previous financial year) with a nominal value of 60.10 euros each. The sole shareholder is the company SIULED, S.L.

On 26 June 2013 the sole partner of the company agreed at the Shareholders' Meeting to reduce the social share capital by the sum of 9,629,222 euros with the return of contributions to the sole partner (for an amount totalling 5,231,153.46 euros), compensating the balance with the current credit account held on the date of the reduction, coverage of the legal reserve (for an equal to 308,425.14 euros) and compensation of negative reserves as a consequence of the negative results of previous financial years (for the remaining 4,089,643.40 euros), by the amortisation of 160,220 shares with a nominal value of 60.10 euros each.

The social share capital of the Company has been fully subscribed and disbursed, through the following contributions, in thousands of euros:

	Thousands of euros
Contribution in kind of company shares	23,547
Monetary Contribution in constitution	1,030
Monetary Contribution in capital increase	5,053
Conversion into euros	(1)
Capital reduction in 2013	(9,629)
	20,000

13.2. Reserves

The composition of this section at the closure of the financial year is as follows:

	Thousands of euros	
	2014	**2013**
Legal reserve of the parent company	4,000	4,000
Voluntary reserves and negative results of previous financial years of the parent company	5,229	9
Consolidation reserves	18,052	19,348
	27,281	**23,357**

According to article 214 of the Capital Companies Act, in all cases, a figure equal to 10 per cent of the profit of the financial year was allocated to the Legal reserve until it reached at least 20 per cent of the social capital.

As long as this limit has not been reached, the legal reserve may only be used to compensate losses whenever there are no other reserves available to such purposes.

The movement of the reserves is included in the Statement of Changes in Net Equity.

13.3 Foreign Exchange differences

This amount is from certain Group companies, according to the following details, in thousands of euros:

	2014	2013
Teknia Brasil, Ltda.	(1,718)	(1,623)
Teknia Polska Spolka z o.o. and subsidiaries	(648)	(442)
Teknia Uhersky Ubrod, AS	(304)	(238)
Teknia USA	20	(2)
Componentes de Automoción Marroquíes, SARL	(36)	-
Teknia Automotive Mexico, S.A. de C.V.	2	(20)
Total	(2,684)	(2,325)

The foreign exchange rates with respect to the Euro, applied in the conversion of the financial statements of the foreign companies were the following on 31 December 2014 and 2013:

	2014	2013	% var. 2014/2013	% var. 2013/2012
Brazilian Real	3.2207	3.2534	(1.01%)	20.13%
Polish Zloty	4.2732	4.1511	2.94%	1.77%
Czech Koruna	27.735	27.4574	1.01%	9.23%
US Dollar	1.2141	1.3768	(11.82%)	-
Mexican Peso	17.8679	18.0018	(0.74%)	4.59%
Morroccan Dirham	11.025	-	-	-
Serbian Dinar	120.9583	-	-	

14. TAX SITUATION

14.1. Public administrations

The composition of this section is as follows, in thousands of euros:

	2014		2013	
	Debtor	Creditor	Debtor	Creditor
Current tax	456	312	374	156
Personal income tax	303	913	163	836
Added Value Tax	2,435	544	1,785	272
Other elements	34	193	81	66
Social Security	60	1,178	-	1,217
	2,832	2,828	2,029	2,391

14.2. Conciliation of the net amount of income and expenses with the taxable base of the profit taxes

	Profit and loss account Amount of the financial year 2014			Income and Expenses Directly Recognised as Net Equity Amount of the financial year 2014		
Balance of income and expenses of the financial year			10,391			(152)
	Increase	**Reduction**	**Net effect**	**Increase**	**Reduction**	**Net effect**
Corporate income taxes	2,397	(2,401)	(4)			-
Permanent differences:						
-of consolidation adjustments	3,625	-	3,625	172	-	172
-of individual companies	121	(7,606)	(7,485)	-	(20)	(20)
Temporary differences of consolidation adjustments:						
-originating in the financial year	414	-	414			
-originating in previous financial years	-	(267)	(267)			
Temporary differences of individual companies:						
-originating in the financial year	-	(97)	(97)			
-originating in previous financial years	2,746	-	2,746			
Compensation of negative taxable bases of previous financial years			-			
Tax base (taxable income)			**9,323**			**-**

The information corresponding to the financial year 2013 was the following:

	Profit and loss account Amount of the financial year 2013			**Income and Expenses Directly Recognised as Net Equity Amount of the financial year 2013**		
Balance of income and expenses of the financial year			5,882			(1,975)
	Increase	**Reduction**	**Net effect**	**Increase**	**Reduction**	**Net effect**
Corporate income taxes	2,274	(1,593)	681	38	-	38
Permanent differences:						
-of consolidation adjustments	13,980	(5,574)	8,406	2,056		2,056
-of individual companies	713	(6,797)	(6,084)		(119)	1,937
Temporary differences of consolidation adjustments:						
-originating in the financial year	-	(642)	(642)			
-originating in previous financial years	-	-	-			
Temporary differences of individual companies:						
-originating in the financial year	1,473	(823)	650			
-originating in previous financial years	137	-	137			
Compensation of negative taxable bases of previous financial years			(2,231)			
Tax base (taxable income)			**6,799**			**-**

14.3. Conciliation of deferred taxes liabilities and assets

The conciliation of deferred taxes is as follows, in thousands of euros:

	2014		2013	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Opening balance	**8,101**	**1,114**	**7,066**	**1,168**
Increases				
* Negative taxable bases and deductions pending compensation	2,892	-	1,501	-
* Subsidies allocated directly to equity (Note 15)	-	-	-	38
* Adjustments in consolidation	242	-	193	-
* Other elements	-	144	462	81
Decreases				
* Negative taxable bases and deductions	(517)	-	(908)	-
* Exits from the scope, corrections, divisions and others	-	-	-	-
* Subsidies transferred to the profit and loss account (Note 15)	-	(95)	-	(79)
* Adjustments in consolidation	-	-	-	-
* Other elements	(168)	(71)	(198)	(93)
* Exchange rate fluctuations	(10)	(1)	(15)	(1)
End balance	**10,540**	**1,091**	**8,101**	**1,114**

The negative taxable bases applied in the financial year reached 1,200 thousand euros (2,379 thousand euros in the previous financial year).

Similarly, there are deductions from previous and current financial years due to investment, research expenses and others that are pending application for an amount of 10,157 thousand euros (9,895 thousand euros in the previous financial year) and the negative taxable bases from previous financial years that are pending compensation corresponding to the Spanish companies, reach a total amount of 6,564 thousand euros (8,816 thousand euros in the previous financial year) and those corresponding to the foreign companies amount to 9,844 thousand euros. (8,484 thousand euros in the previous financial year).

Regarding the Group companies with registered addresses in Vizcaya, the applicable legislation for the assessment of corporation taxes for the financial year 2014 is Provincial Law 3/1996 dated 26 June, with its later amendments, (the same as for the settlement of taxes for the financial year 2013).

14.4. Years open to inspection

Under the current legislation, no tax returns may be deemed to be final until they have been inspected by the tax authorities or the statute of limitations period has elapsed.

The Group's companies have the financial years for which the statute of limitations period has not yet elapsed open to inspection for all taxes.

The administrators of the consolidated companies and the sole administrator of the parent company consider that these taxes were calculated correctly and, accordingly, that even if discrepancies arise in the interpretation of the current regulations applicable to the tax treatment of the transactions, the resulting liabilities, if any, would not significantly affect the attached consolidated annual accounts.

14.5 Consolidated tax group

The last Parent Company of the Group, Siuled, S.L., in concurrence with other Group Companies, has been granted the possibility of making corporation tax returns as a tax group by the Tax Authorities of Vizcaya, and therefore the companies that form this Group do not pay their taxes directly to the Tax Authorities. Instead, they pay them to the parent company, which then pays these taxes to the Tax Authorities of Bizkaia. The tax consolidation scheme was granted in the financial year 2010.

The companies that form the tax group are the following: Siuled, S.L., Teknia Manufacturing Group, S.L.U., Teknia Elorrio, S.L.U. and Teknia Bilbao XXI, S.L.U.

15. GRANTS

Details are provided below regarding the transactions of the financial year in the section of subsidies:

Grants, donations and bequests included in the balance sheet, granted by third parties other than the shareholders:	**Thousands of euros**	
	2014	**2013**
Balance at the start of the financial year	**1,189**	**1,314**
Increases		119
Adjustments for change in tax rate	21	
Tax effects (note 14.3)		(38)
Allocation to results	(322)	(285)
Tax effects (note 14.3)	95	79
Cancellation	1	
Balance at the closure of the financial year	**982**	**1,189**

The capital subsidies basically include those granted by the CDTI for investments made, and an update of the loan for the competitiveness plans granted to the Group companies.

All the subsidies originate in the subsidiaries, and the Group maintains that it is complying with the conditions related to them.

Subsidies allocated to the profit and loss account

The composition of this section is as follows, in thousands of euros:

	2014	2013
Operating subsidies incorporated to the annual balance	42	60
Non-financial fixed assets attributable to subsidies and others	53	92
Financial fixed assets attributable to subsidies	269	193
	364	**345**

16. PROVISIONS

The composition of the stock is as follows:

	2014		2013	
	Short-term	**Long-term**	**Short-term**	**Long-term**
Staff remuneration	444	477	385	348
Other Provisions	278	136	265	-
	722	613	650	348

16.1. Staff remuneration

This corresponds, mostly, to the companies of the Polish subgroup, whose parent company is Teknia Polska sp. z o.o., in accordance with their legislation. The movement during the financial years 2014 and 2013 has been as follows:

	Thousands of euros	
	2014	**2013**
Opening balance of the financial year	733	597
Endowment	674	397
Payments	(133)	-
Releases	(332)	(250)
Exchange rate fluctuations	(21)	(11)
End balance	921	733

The current value of the commitments has been determined following all legal regulations, applying a discount rate of 2.75% for its quantification (2.5% in the previous financial year).

17. INCOME AND EXPENSES

17.1. Net amount of turnover

The details of the net turnover, according to the destination in the geographical markets are the following:

	%	
	2014	**2013**
National	38	37
Rest of the European Union	43	46
Rest of the world	19	17
	100	**100**

Practically the entire turnover is directed at the automotive market.

17.2. Consumptions

The details of the consumptions of goods and raw materials and other supplies according by geographical market is the following:

	%	
	2014	**2013**
National	43	46
Rest of the European Union	43	39
Rest of the world	14	15
	100	**100**

17.3. Staff

The breakdown of the average workforce in the Group by category, and the Group's staff at the closure of the financial year according to category and gender is as follows,

		Staff on 31 December 2014		
	Average workforce 2014	**Total**	**Men**	**Women**
Company Administrators	**1**	**1**	**1**	**-**
Structure and indirect labour	785.17	843	643	200
Direct labour	1,195.27	1,333	781	552
Totals	**1,979.44**	**2,176**	**1,424**	**752**

In the current period there are 13 people employed with disability of 33% or more (in the previous year there were no people with disability of 33% or more).

Breakdown of the average workforce in the Group by category, and the Group's staff at the closure of the financial year according to category and gender, corresponding to the previous year:

		Staff on 31 December 2013		
	Average workforce 2013	**Total**	**Men**	**Women**
Company Administrators	**1**	**1**	**1**	**-**
Structure and indirect labour	579.01	580	425	155
Direct labour	1,398.45	1,459	937	522
Totals	**1,977.46**	**2,039**	**1,362**	**677**

18. OPERATIONS AND BALANCES WITH RELATED PARTIES

18.1. Balance and transactions with related entities

Apart from those indicated in note 10, the Group has maintained the following operations with related companies, in thousands of euros:

Financial year 2014

	Operation costs	Financial income	Sales and services rendered	Sale of fixed assets	Purchase of fixed assets
Siuled, S.L.	144	(16)	-	-	-

Financial year 2013

	Operation costs	Financial income	Sales and services rendered	Sale of fixed assets	Purchase of fixed assets
Siuled, S.L.	144	(109)	-	-	-

As a consequence of the previous operations, the following balances are maintained in the consolidated balance sheet:

Financial year 2014

	Customers	Suppliers	Guarantees and long-term credits	Short-term credits	Other short-term debts
Siuled, S.L.	99	-	-	16	(14)

Financial year 2013

	Customers	Suppliers	Guarantees and long-term credits	Short-term credits	Other short-term debts
Siuled, S.L.	52	(12)	348	119	(615)

18.2 Remuneration for directors and key staff

The total amount of the remuneration paid to the members of the Board of Directors in the financial year 2014 corresponds to the transactions with Siuled, S.L., included in note 18.1 of this Report, as the aforementioned company is the Sole Administrator of the Parent Company of the Group. The natural person representing the latter did not receive any remuneration (this information is the same as in the financial year 2013).

The salaries received in the financial year 2014 by the staff considered to be of key importance by the Group amount to 694 thousand euros (654 thousand euros in 2013).

19. FINANCIAL STRUCTURE

The Financial Management of the Group is responsible for arbitrating the global financial policy, but grants the individual companies autonomy of management. All companies generate their own cash and cash equivalents and manage their schedules for collection and payments and their own budgets for cash and cash equivalents. They have their own funding means employing line discounts, credit lines and repayable loans or advances granted by banks or Public Entities.

All foreign companies manage their cash and cash equivalents independently based on the guidelines established by the Administration.

The future financial policy consists in cancelling any bank or other guarantees that the Parent Company has provided for its subsidiaries and to financially restructure those companies that have not achieved equity equilibrium.

19.1. Sureties and other guarantees

Group companies have guaranteed, provided guarantee, issued "comfort letters" and carried out other similar operations in behalf of other Group Companies for an approximate total amount of 7.8 million euros at the closure of the financial year 2014 (7.8 million euros at the closure of the financial year 2013).

The parent company of the group has guaranteed, before financial entities, affiliate debts of 1.6 million euro (2.67 million euro the previous year).

The Company Teknia Bilbao XXI, S.L.U. has mortgages for the land it owns that amount to 5.7 million euros (5.8 million euros in the financial year 2013) guaranteeing a loan of 2.8 million euros (3.1 million euro on December 31st 2013). Furthermore, the company Teknia Montmeló, S.L.U., has pledged deposits of 74 thousand euro for debt guarantee before the Ministry of Industry, Energy and Tourism.

The subgroup Teknia Polska Sp. z.o.o. and its subsidiaries on 31 December 2014 had mortgages on property guaranteeing loans granted (note 11.1.2) for amounts pending payment at the closure of the financial 2014 of 2012 million PLN (0.975 million PLN in 2013). This same subgroup has provided different guarantees for Machinery, clients and other accounts, for the loans and credits received for the amount of 19.23 million PLN. This Polish group has signed guarantee contracts with financial entities to guarantee the payment of the loans, credits, lines of discount and other funding obtained, which amount to 2.6 million PLN. (1.8 million PLN on 31 December 2013)

The Brazilian company Teknia Brasil Ltda. has various loans and credits for a total of 25.4 million of Brazilian reals (BRL) (28.4 million BRL at the closure of the financial year 2013). To guarantee these credits it has mortgage on the JACAREI factory and other fixed assets and client accounts.

The Czech company, Teknia Uhersky Brod, a.s., was granted a mortgage guarantee in 2014 for an amount totalling 84.467 million Czech Koruna (49.031 million Czech Koruna (CZK) in 2013), and the balance of the customer account guaranteeing a credit account, for an amount of 16.223 million Czech Koruna (CZK) (7.34 million Czech Koruna (CZK) in 2013).

Moreover, financial entities have provided guarantees in behalf of Group Companies for an approximate total amount equal to 1,024 thousand euros, (3,010 thousand euros in 2013)

20. OTHER INFORMATION

20.1. Information on the acquisition price of the shares provided

The values at which the shares provided to the Company at the time of its constitution were recorded are included in the consolidated annual accounts of the financial year 2007 and previous years.

In the event that these shares are sold, the capital gains to declare would be the difference between the sale price and the value of the tax cost mentioned above.

20.2. Auditors' fees

The fees accrued by the auditors of the parent company in concept of the audit of the consolidated annual accounts and annual accounts of Group companies reached an amount of 98 thousand euros (104 thousand euros in the previous financial year) and 21 thousand euros for the performance of other work, (11 thousand euros in the previous financial year).

Similarly, the fees for the audits of the foreign and Spanish companies, executed by other auditors reached an amount of 57 thousand euros (46 thousand euros in 203).

20.3. Business sector contributions from Teknia Elorrio, S.L.U. to Teknia Pedrola, S.L.U.

All of the information regarding this contribution can be found in the consolidated annual accounts of 2004.

20.4. Foreign currency

The global amount of the most important asset and liabilities in foreign currencies is the following:

ASSETS	TOTAL IN THOUSANDS OF EUROS		Thousands of euros													
			Brazilian Reals		PLN		Dirham		Czech Koruna		Mexican Peso		USD		Serbian Dinar	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Fixed material assets	37,950	24,455	9,543	8,840	15,675	6,630	265	260	9,429	7,162	2,585	1,531	34	32	419	-
Inventories	13,311	9,437	2,481	2,955	5,910	3,527	180	199	3,499	2,357	1,058	399	-	-	183	-
Commercial debtors and other accounts receivable	16,034	14,281	3,246	3,257	6,465	6,421	446	391	3,756	3,810	844	402	1,177	-	100	-
Cash and other equivalent liquid assets	1,442	610	30	56	473	248	147	33	409	145	161	128	195	-	27	-

LIABILITIES	TOTAL IN THOUSANDS OF EUROS		Thousands of euros													
			Brazilian Reals		PLN		Dirham		Czech Koruna		Mexican Peso		USD		Serbian Dinar	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Long-term debt with credit institutions	5,132	8,222	789	6,377	-	300	-	-	2,710	1,545	-	-	1,633	-	-	-
Short-term debt with credit institutions	3,277	4,473	-	2,352	1,068	1,112	-	-	920	508	322	501	555	-	412	-
Trade creditors and other accounts payable	16,736	11,436	2,560	2,996	6,106	4,588	240	126	5,841	3,516	1,612	210	265	-	112	-

PROFITS AND LOSSES	TOTAL THOUSANDS EUR		Thousands of euros																			
			Brazilian Reals		PLN		Dirham		Czech Koruna		Mexican Peso		USD		KRW		CHF		Serbian Dinar	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Purchases	(42,189)	(21,529)	(10,947)	(11,270)	(15,339)	(8,182)	(1,134)	(670)	(13,731)	(719)	(1,000)	(82)	-	(466)	-	(45)	-	(95)	(38)	-
Net amount of turnover	53,112	32,408	19,930	20,273	9,187	10,590	1,618	--	19,539	78	2,767	584	1	883	-	-	-	-	70	-

20.5. Article 229 of the rewritten text of the Capital Companies Act

The Sole Administrator, the physical representative of the Sole Administrator, legal person and the people linked to the same, as defined in Art. 231 of the LSC, do not incur in any of the situations of conflicts of interest as listed in Art. 229 of the LSC.

21. INFORMATION REGARDING ENVIRONMENTAL AND GREENHOUSE GAS EMISSION ALLOWANCES

21.1. Environmental Information

The Group has made no significant investments in tangible fixed assets and has not incurred in any expenditures with the purpose of minimising its environmental impact and protecting and improving the environment.

There are no environmental disputes or claims in progress, thus no provision for this concept has been allocated.

The Group considers that it does not have any expected contingencies for this concept.

21.2. Information on greenhouse gas emission rights

The Group's companies do not practice any activities in installations that need trading greenhouse gas emission allowances and consequently, there are no entries of this nature.

22. INFORMATION ON PAYMENT DEFERRALS TO SUPPLIERS. DUTY OF INFORMATION. LAW 15/2010, OF 5 July.

	Payments made and pending payment at the close of the balance sheet			
	2014		**2013**	
		% of the total	Amount	% of the total
Within the legal limit	42,724	38%	35,653	34%
Rest	68,521	62%	69,457	66%
Total payments in the financial year	111,245	100%	105,110	100%
PMPE (*) (days) of payments	30.09		33.11	
Deferrals that at the year's end exceed the maximum legal limit	7,585		8,207	

23. SUBSEQUENT EVENTS

There are no subsequent events worth mentioning that could have a significant effect on the attached Consolidated Balance Sheet.

24. SECTORED INFORMATION

24.1. Criteria of allowance and allocation used to determine and offer the information regarding each of the sectors

As indicated previously (Note 3.16), the Company Administrator of the Parent Company has identified the sectors of its activities to be the following:

- Automotive
- Research and development.

The data regarding these sectors is as follows:

Concepts	Sectors					
	Automotive		Research and Development		Total	
	2014	2013	2014	2013	2014	2013
Net amount of turnover	220,300	206,189	328	71	220,628	206,260
- External customers	220,300	206,189	328	71	220,628	206,260
- Between Sectors	4	131	1,037	1,352		1,483
Supplies						
- External suppliers	(123,027)	(117,061)	(524)	(552)	(123,551)	(117,613)
- Between Sectors	(1,037)	(1,352)	(4)	(131)	(1,401)	(1,483)
Staff expenses	(50,048)	(47,775)	(675)	(623)	(50,723)	(48,398)
Amortisation of fixed assets	(6,737)	(6,136)	(5)	(5)	(6,742)	(6,141)
OPERATING RESULTS	12,145	9,103	14	(17)	12,159	9,086
BALANCE BEFORE TAXES	10,373	6,580	14	(17)	10,387	6,563
Sector assets	161,173	130,410	397	359	161,570	130,769
Sector liabilities	104,816	81,561	491	390	105,307	81,951
Net cash flows resulting from the following activities						
- Operations	13,080	14,746	(95)	86	12,985	14,832
- Investment	(20,754)	(7,395)	-	(21)	(20,754)	(7,416)
- Financing	12,851	(6,985)	1	-	12,852	(6,985)

As can be seen, practically all of the operating, financial and investment flows of the financial years 2014 and 2013 have originated in the automotive sector.

Elorrio, 31 March 2015

APPENDIX I

SUBSIDIARIES

	Teknia Elorrio, S.L.U.		**Teknia Bilbao XXI, S.L.U.**		**Teknia Montmeló, S.L.U.**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Equity interest: - Direct - Indirect	100% -	100% -	100% -	100% -	100% -	100% -
Holder of the equity interest: - Direct - Indirect	Teknia Manufacturing Group, S.L.U. -		Teknia Manufacturing Group, S.L.U. -		Teknia Manufacturing Group, S.L.U. -	
Activity	Manufacture of pipe assemblies		Bar cutting		Manufacture of fasteners for industrial bar cutting	
Address	Barrio San Agustín nº11 Elorrio – (Bizkaia)		P.Empr. Abra Industrial, Vial H 1, Abanto Ciérbana (Bizkaia)		Pol. Ind. El Pedregal, c/Industria, 3 – Montmeló Barcelona	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Dividends received in the financial year by the parent company	140	-	278	-	-	-
Share Capital	60	60	174	174	103	103
Reserves	2,659	1,792	4,167	3,930	202	10
Other Net Equity items	26	38	92	103	-	-
Annual balance	364	1,007	777	515	191	192
Recorded value of the equity interest	3,260	2,658	5,051	4,927	434	294
Auditor of the company	Moore Stephens AMS, S. L		Moore Stephens AMS, S. L		Not audited	

	Teknia Martos, S.L.U.		**Teknia Brasil, Ltda.**		**Teknia Epila, S.L.U.**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Equity interest: - Direct - Indirect	100% -	100% -	100% -	91.41% -	100% -	100% -
Holder of the equity interest: - Direct - Indirect	Teknia Manufacturing Group, S.L.U. -		Teknia Manufacturing Group, S.L.U. -		Teknia Manufacturing Group, S.L.U. -	
Activity	Injection of plastic		Manufacture tubes, stamping, cutting and injection of plastic		Stamping of metal parts	
Address	Martos (Jaén)		Itaquera (Säo Paulo) BRASIL		Epila (Zaragoza)	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Dividends received in the financial year by the parent company	201	-	-	-		-
Share Capital	139	139	7,660	7,583	1,200	1,200
Reserves	226	(304)	(2,908)	(406)	(508)	(588)
Other Net Equity items	-	206	-	-	-	-
Annual balance	2,086	532	(2,477)	(2,473)	13	80
Recorded value of the equity interest	2,452	573	7,286	4,705	705	
Auditor of the company	Moore Stephens AMS, S. L		Moore Stephens		Moore Stephens AMS, S. L	

	Teknia Barcelona, S.L.		**Segove Cataluña, S.L.U.**		**Teknia Pedrola, S.L.U.**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Equity interest: - Direct - Indirect	100% -	100% -	100% -	100% -	100% -	100% -
Holder of the equity interest: - Direct - Indirect	Teknia Manufacturing Group, S.L.U. -		Teknia Manufacturing Group, S.L.U. -		Teknia Manufacturing Group, S.L.U. -	
Activity	Bar cutting		Bar cutting, logistics and quality control		Manufacture of pipe assemblies	
Address	Parets del Vallés (Barcelona)		Parets del Vallés (Barcelona)		Pol. Ind. El Pradillo Pedrola - Zaragoza	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Dividends received in the financial year by the parent company	1,010	1,988	-	-	-	-
Share Capital	240	240	3	3	500	500
Reserves	902	1,603	(26)	(73)	232	293
Other Net Equity items	104	119	-	-	200	221
Annual balance	614	309	33	48	358	(61)
Recorded value of the equity interest	1,860	2,271	3	-	26	26
Auditor of the company	Moore Stephens Addveris Auditores y Consultores, S.L.P		Not audited		Moore Stephens AMS, S.L.	

	Teknia Polska Sp. z.o.o.		**Teknia Kalisz Sp. z.o.o.**		**Teknia Rzeszów, S.A.**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Equity interest: - Direct - Indirect	 100% -	 100% -	 - 100%	 - 100%	 - 100%	 - 100%
Holder of the equity interest: - Direct - Indirect	Teknia Manufacturing Group, S.L.U. -		- Teknia Polska Sp. z.o.o.		- Teknia Polska Sp. z.o.o.	
Activity	Holding company		Stamping and pipes		Injection of plastics	
Address	Nowogrodza, 12 (Warsaw)		Zlota, 20 (Kalisz)		Przemyslowa, 4 (Rzeszow)	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Dividends received in the financial year by the parent company	-	2,674		-		-
Share Capital	2,317	2,385	316	325	137	141
Reserves	3,300	844	5,599	4,511	-	2,919
Other Net Equity items	-	-	-	-	-	-
Annual balance	(150)	2,553	1,119	1,253	821	905
Recorded value of the equity interest	2,396	2,395	(A)	(A)	(A)	(A)
Auditor of the company	Moore Stephens		Moore Stephens		Moore Stephens	

(A): Subsidiary company of Teknia Polska Sp. Z.o.o.

	Teknia Azuqueca, S.L.U.		Teknia Uhersky Brod a.s.		Teknia Automotive Mexico, SA de C.V.	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Equity interest: - Direct - Indirect	100% -	100% -	100% -	100% -	90% -	85% -
Holder of the equity interest: - Direct - Indirect	Teknia Manufacturing Group, S.L.U. -		Teknia Manufacturing Group, S.L.U. -		Teknia Manufacturing Group, S.L.U. -	
Activity	Manufacture of parts in plastics and other materials		Manufacture of parts in plastics and other materials		Manufacture of parts in plastics and other materials	
Address	Pol. Ind. Miralcampo de Arriba – Azuqueca de Henares (Guadalajara)		Rybárská 2330 Uherský Brod, PSC 688 01 (Czech Republic)		Ciudad de Santiago, Querétaro (México)	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Dividends received in the financial year by the parent company	119	833	350	827	-	-
Share Capital	3,500	3,500	4,391	4,435	2,798	1,346
Reserves	547	547	2,154	1,448	(1,053)	(688)
Other Net Equity items	559	702	-	-	-	-
Annual balance	81	119	1,421	1,078	(272)	(358)
Recorded value of the equity interest	-	-	3,636	3,636	1,289	300
Auditor of the company	Moore Stephens AMS, S.L.		Moore Stephens, S.R.O.		Moore Stephens (Marcelo de los Santos y Cía., S.C.)	

	Teknia Germany GmbH		**Teknia R&D, S.L.**		**Componentes de Automoción Marroquíes, SARL**	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Equity interest: - Direct - Indirect	100% -	100% -	100% -	100% -	99.9% -	99.9% -
Holder of the equity interest: - Direct - Indirect	Teknia Manufacturing Group, S.L.U. -		Teknia Manufacturing Group, S.L.U. -		Teknia Manufacturing Group, S.L.U. -	
Activity	Design and engineering of individual automotive parts		Research, creation and development of research and development projects		Creation, manufacture and marketing of individual automotive parts	
Address	Stuttgart (Germany)		Plaza Marqués de Salamanca, 9, planta 7, puerta iz. 28006 Madrid		TFZ D'Exportation Ilot 30- Lot n02 Mod.1 - Tangier	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Dividends received in the financial year by the parent company	-	-	-	-	-	-
Share Capital	25	25	100	100	1,453	1,426
Reserves	643	629	(8)	6	(763)	(811)
Other Net Equity items	-	-	-	-	-	-
Annual balance	18	14	14	(14)	(108)	62
Recorded value of the equity interest	620	630	100	92	582	646
Auditor of the company	Not audited		Not audited		Not audited	

	Teknia Manresa, S.L.U.		Teknia USA Inc.	
	2014	**2013**	**2014**	**2013**
Equity interest: - Direct - Indirect	100% -	100% -	100% -	100% -
Holder of the equity interest: - Direct - Indirect	Teknia Manufacturing Group, S.L.U. -		Teknia Manufacturing Group, S.L.U. -	
Activity	Stamping of metal parts			
Address	P.I. Bufalvent, c/Esteve Terradas, n º39. Manresa (Barcelona)		601 Abbot Road, East Lansing, Michigan 48823 (USA)	
	2014	**2013**	**2014**	**2013**
Dividends received in the financial year by the parent company	2,519	3,350	-	-
Share Capital	60	60	141	1
Reserves	874	1,394	64	79
Other Net Equity items	-	-	-	-
Annual balance	2,836	1,999	(56)	(1)
Recorded value of the equity interest	3,825	3,825	149	60
Auditor of the company	Moore Stephens AMS, S.L.		Not audited	

	SAMCO, S.A.		Promotor IRVA	
	2014	2013	2014	2013
Equity interest: - Direct - Indirect	 100% -	 - -	 70% -	 - -
Holder of the equity interest: - Direct - Indirect	Teknia Manufacturing Group, S.L.U. -		Teknia Manufacturing Group, S.L.U. -	
Activity	Purchases-sales, distribution and manufacture of dies or tourneys, among others.		The production of other parts and additional equipment for the vehicles.	
Address	Calle Avena nº 218, Colonia Granjas Mexico. Distrito Federal		Kragujevac, 56 Dragoslav Srejovic street.	
	2014	2013	2014	2013
Dividends received in the financial year by the parent company		-		-
Share Capital	756	-	217	-
Reserves	83	-	57	-
Other Net Equity items	-	-	-	-
Annual balance	141	-	4	-
Recorded value of the equity interest	2,465	-	140	-
Auditor of the company	Moore Stephens (Marcelo de los Santos y Cía., S.C.)		Not audited	

None of these Companies are listed on the stock market.

APPENDIX II

BUSINESS COMBINATIONS

On 12 September 2013 the Group company Teknia Manresa, S.L.U. notarised the deed appertaining to the agreement made by the company to takeover a company belonging to the Teknia Group: “Industrial Jordi Gispert, S.A.U.”, considered a Group company in the previous financial year.

On 28 June 2013, the company “Teknia Manufacturing Group, S.L.”, as sole partner exercising the duties of the Shareholders' Meeting of the companies “Teknia Manresa, S.L.U.” and “Industrial Jordi Gispert, S.A.U.” in line with the takeover project, adopted the following decisions:

- Approve the merger balance sheets closed on 31 December 2012.
- Proceed with the takeover of the company “Teknia Manresa, S.L.U.”, in the capacity of acquiring company, and “Industrial Jordi Gispert, S.A.U.”, in the capacity of acquired company, and a block transfer to the acquiring company of all the equity of the acquired company.
- Modify article 2 of the Articles of Association of “Teknia Manresa, S.L.U.”
- Expressly grant the power to execute these agreements to the Sole Administrator of the company.

Incorporation of the operation into the special fiscal system of section VIII of heading VII of the Legislative Royal Decree 4/2004, dated 5 March, which approves the rewritten text of the Corporation Tax Act, with the respective notification to the Ministry of Economy and Finance in accordance with article 96 of the aforementioned Law and 42 onward in the Regulation.

The takeover shall be completed with the absorption of “Industrial Jordi Gispert, S.A.U.” by “Teknia Manresa, S.L.U.”, with dissolution without liquidation of the acquired company and universal block transmission of its equity to the acquiring company, that which, through universal succession, shall acquire the rights and liabilities thereof.

In accordance with article 36 of Law 3/2009, dated 3 April, regarding structural modifications to companies, the merger balance sheets of the two companies involved closed on 31 December 2012 have been approved by the shareholder meetings of both companies.

As “Teknia Manresa, S.L.U.” and “Industrial Jordi Gispert, S.A.U.” are fully owned by the same partner, “Teknia Manufacturing Group, S.L.”, article 52 of the aforementioned law, which refers to article 49 that regulates the absorption of fully owned companies, is therefore applicable. Article 49 establishes that, in these cases, the operation may be performed without the need for, among other requirements, share capital increases of the acquiring company.

In the interest of the cited articles, “Teknia Manresa, S.L.U.” does not have to increase its share capital.

Additional cash compensation is not appropriate.

The accepted equity values of both companies on 31 December 2012 are €2,902,232.85 in the case of “Teknia Manresa, S.L.U.” and €1,902,274.86 in the case of “Industrial Jordi Gispert, S.A.U.”

For accounting purposes, the operations of the acquired company shall be considered to have been undertaken by the acquiring company as from 1 January 2013.

It is stated that none of the goods acquired have been entered to the books at values other than those that figured in those of the transmitting entity before the operation took place.

The latest balance sheet closed by the transmitting entity, and which was the basis for the operation, dated 31 December 2012, is attached below.

ASSETS	2012	2011
A) NON-CURRENT ASSETS	**579,425.19**	**646,046.61**
I. Fixed intangible assets	**6,343.35**	**12,455.68**
5. IT applications	6,343.35	12,455.68
II. Fixed material assets	**572,968.06**	**633,477.15**
2. Technical installations and other fixed material assets	572,968.06	633,477.15
V. Long-term financial investments	**113.78**	**113.78**
5. Other financial assets	113.78	113.78
B) CURRENT ASSETS	**2,454,601.07**	**3,265,292.71**
II. Stock	**858,570.58**	**773,179.43**
2. Raw materials and other supplies	314,631.33	268,083.81
4. Finished products		
4.b. - Short production cycle	543,924.25	505,095.62
6. Advances made to suppliers	15.00	-
III. Commercial debtors and other accounts receivable	**1,122,252.69**	**1,817,021.35**
1. Clients for sales and services rendered		
1.b. - Clients by sales and short-term services rendered	906,918.48	22,385.56
2. Client companies of the Group and associated companies	-	1,721,444.27
3. Sundry debtors	-	-
4. Staff	2,250.00	-
6. Other loans with Government Authorities	213,084.21	73,191.52
7. Shareholders (partners) by disbursement required		
IV. Short-term investments in the Group and associated companies	**300,006.17**	**-**
2. Credits to companies	300,006.17	-
VI. Short-term accruals	**2,993.11**	**833.32**
VII. Cash and other equivalent liquid assets	**170,778.52**	**674,258.61**
1. Cash and bank balances	170,778.52	674,258.61
TOTAL ASSETS (A+B)	**3,034,026.26**	**3,911,339.32**

English language version of financial statements is a translation of Spanish original. In case of doubts, Spanish version shall prevail.

NET EQUITY AND LIABILITIES	2012	2011
A) NET EQUITY	**1,902,274.86**	**2,215,681.56**
A-1) Treasury funds	**1,902,274.86**	**2,215,681.56**
I. Capital	**69,537.10**	**60,101.21**
1. Declared share capital	69,537.10	60,101.21
II. Issue premium	**210,546.56**	-
III. Reserves	**1,342,012.84**	**1,642,012.84**
1. Legal and statutory	12,020.24	12,020.24
2. Other reserves	1,329,992.60	1,629,992.60
VII. Annual balance	280,178.36	513,567.51
B) NON-CURRENT LIABILITIES	-	-
C) CURRENT LIABILITIES	**1,131,751.40**	**1,695,657.76**
IV. Short-term debts in the Group and associated companies	**-**	**219,976.28**
V. Trade creditors and other accounts payable	**1,131,751.40**	**1,475,681.48**
1. Suppliers		
1.b. - Short-term suppliers	509,604.14	1,243,809.64
2. Suppliers, companies of the Group and associated companies	355,767.01	-
3. Miscellaneous creditors	145,089.41	117,863.32
4. Staff (remunerations pending payment)	34,984.99	46,315.42
5. Current tax liabilities	31,182.26	-
6. Other debts with Public Administrations	55,123.59	67,693.10
TOTAL NET EQUITY AND LIABILITIES (A + B + C)	**3,034,026.26**	**3,911,339.32**

MANAGEMENT REPORT 2014

BUSINESS PERFORMANCE AND POSITION OF THE COMPANY. FORESEEABLE EVOLUTION

Recovery of sales growth

The financial year 2014 had good evolution of our sales, with a 7% increase compared with the previous year (20% since 2012).
We can highlight the following important events:
1) This increase has been achieved almost entirely in an **organic** manner. The inorganic part through acquisitions, due to incorporation in the month of December, only represents 0.2% of said percentage.
2) Impairment of the market in Brazil, where net sales have decrease 2.68% with respect to the previous year.

The fundamental reasons for this sales growth are:

- Strengthening of recovery of the European market as a continued change in trend produced in the year 2013.
- Start of production of the acquisitions made the last three years, which have been notable for their good results at commercial levels and also make us optimistic in relation to the year 2015.

	2014 Euros '000	%	*2014 vs 2013*	2013 Euros '000	%	*2013 vs 2012*	2012 Euros '000	%
Net amount of turnover	**220,628**	100%	7.0%	**206,260**	100%	12.5%	**183,390**	100%
Operating margin	**12,159**	5.5%	33.8%	**9,086**	4.4%	15.1%	**7,892**	4.3%
EBITDA (1)	**18,739**	8.5%	24.8%	**15,017**	7.3%	44.3%	**10,404**	5.7%
Balance attributed to the parent company	**10,418**	4.7%	69.5%	**6,148**	3%	8.4%	**5,674**	3.1%

(1) The EBITDA is calculated as the operating result deducted in the allocation of amortisation, impairments and results due to divestment of fixed assets, the allocation of non-financial fixed asset grants, provision excess, the result due to loss of control of consolidated equity interest and the difference in business combinations.

'000	2014	2013	2012
Purchases	70,254	64,000	77,721

Measures to improve EBITDA levels

With regards to the EBITDA, we return to the percentages of 2011 (8.5%) with higher volumes due to the accumulated increase in sales (22.7% in relation to the sales of 179,864 thousand obtained in 2011) until reaching the current Ebitda of 18.7 million euros, consolidating the trend of the percentage increase with respect to sales, and confirming that some events occurred during the period of 2012 generated a non-recurring Ebitda.

Equally, the progressive improvement provoked by the measures put into place with the objective of increasing the operative results is still demonstrated.

These improvements are mainly focused on improving productivity and limiting structural expenses by means of:

- Centralisation of corporate purchasing at Group level, carried out for commodities
- Adjustment of support services and operational rentals to current market prices, after the decreases in the real estate sector.
- Management and negotiation of prices with sub-contracting companies.
- Adjustment and restriction of salary levels (in the Spanish plants).

<u>Non-operating balance (financial)</u>

Within the financial balance, there have been improvements in the financial expenses compared to those of the previous two years, caused by:

- Renegotiation of the conditions of the cash finance lines
- The incorporation of new funding lines for tools via reverse factoring, at no cost to Teknia.
- Favourable evolution of market interest rates.

These measures and conditions of the debt market have led us to closure the financial year with a 3.5% debt cost/debt ratio of 3.5% compared to 4.9% in the financial year 2013 and 6.3% in 2012. For the year 2015, this trend is expected to continue.

	2014	2013	2012
Debt Cost	1,965	1,859	2,634
Debt	55,555	37,648	41,495
Debt Cost/Debt	3.5%	4.9%	6.3%

(The Debt Cost item includes all financial expenses and Debt calculated as the result of the sum of the long-term and short-term debt subtracting the fixed asset providers).

On the other hand, the group has been damaged by the depreciation of foreign currencies (except the US Dollar) with respect to the Euro, representing negative exchange differences in the year of 414 thousand euros, a similar amount to the 408 thousand euros of 2012 and contrasting with the 1.48 million euros lost for exchange differences in the year 2013. The following chart shows the annual variations of the most significant currencies with which the Group operates in the last three years.

	2014	2013	2012	% var. 2014 vs
Brazilian Real	3.2207	3.2576	2.7036	19.13%
Polish Zloty	4.2732	4.1543	4.074	4.89%
Czech Koruna	27.735	27.427	25.151	10.27%
US Dollar	1.2141	1.3791	1.3194	-7.98%
Mexican Peso	17.8679	18.0731	17.1845	3.98%

Source: www.ecb.europa.eu, data on 31 December of each year.

STRATEGIC PLAN 2014-2017

At the end of the financial year 2013, the Management Committee of Teknia approved the strategic plan 2014-17, which has the main objective of reaching a turnover of 400 million euros. This plan is based on the following strategic lines:

Organic growth

The organic growth forecast by Teknia for the next 3 financial years is a CAGR 10.15% which shall be achieved by:

- The development of strategic and added value products.
- Acquisition objectives for ambitious projects led by the offices in Germany and United States.
- Investment in R+D aimed at improving the competitive position of the company.
- Constant improvement in the professional development and adjustment of the Group's human resources to the requirements of the customers and the market.

Continued commitment to internationalisation

Teknia continues to seek expansion and growth of the company based on a corporate development plan lasting until 2017 that has been approved by the Management. The target countries in this plan are:

- Asia
- NAFTA

All of these regions share certain features that make them attractive, such as:

1. A growing and developing home market.
2. The development of projects by Teknia's main customers.
3. The minimum level of technology that enables both improvement and development.

As a result of this corporate strategy, in the year 2014 there was increased presence in NAFTA with the purchase of 100% of the Samco company in Mexico, pertaining to the cutting department.

This objective market is complemented by the countries that are considered to be strategic by key clients in the group, in conformance with the policy of strategic vision of the future in Teknia. This event is demonstrated through the purchase of 70% of a company in Serbia at the end of the year.

Maintenance of debt levels and diversification of financing sources.

To achieve the current strategic plan 2014-17, it shall be necessary to invest in both CAPEX and acquisitions to the tune of 100 million euros. To do so, it shall be necessary to secure sufficient, suitable funding, the aim of which shall be:

1. To maintain the debt level of the Group at reasonable levels with the aim of reaching the net financial debt/EBITDA contained.

	2014	2013	2012
NET FINANCIAL DEBT (1)	45,936	33,112	37,390
COMPANY PURCHASE DEBT (Note 1.3)	3,473	4,210	4,210
ADJUSTED NET FINANCIAL DEBT (2)	42,463	28,902	33,180

(1) Net Financial Debt = difference of the total long-term and short-term Debt with third parties subtracting the property providers, cash and other equivalent cash assets.

(2) Adjusted Net Financial Debt = Net Financial Debt minus the debt for deferred payment of purchase from third parties of shares in the companies that form part of the group.

We consider most representative the ADJUSTED NET FINANCIAL DEBT as said deferrals are either conditioned to compliance with certain operative results of the company, or guarantee possible future losses due to contingencies arising after the purchase of the company.

2. Diversification of finance sources. The Group is currently financed mostly by financial entities, although the strategic objective is to reduce this percentage by 2017 to obtain a finance structure that depends only on 60% of banks.

Management of real estate assets

Since 2013 the Group has created a team to manage all of its real estate assets, both owned and rented, to improve the profitability on the one hand and greater liquidity for Teknia on the other, thus decreasing the Group's debt.

RATIOS

	2014	2013	2012
DEBT AND CASH			
CURRENT ASSETS / CURRENT LIABILITIES	1.25	1.27	1.45
CURR + NON-CURR LIAB / EQUITY	1.87	1.70	1.60
NON-CURR LIABILITY / CURRENT LIABILITY	0.54	0.43	0.55
NET FIN. DEBT / EQUITY	0.82	0.70	0.73
NET FIN. DEBT / EBITDA	2.45	2.20	3.59
ADJUSTED NET FIN. DEBT / EQUITY	0.75	0.59	0.64
ADJUSTED NET FIN. DEBT / EBITDA	2.27	1.92	3.19
RETURN			
RETURN ON SALES (ROS)	4.71%	2.85%	2.83%
RETURN ON ASSETS (ROA)	7.53%	6.95%	5.90%
RETURN ON EQUITY (ROE)	18.47%	12.05%	10.09%

IMPORTANT EVENTS FOR THE COMPANY OCCURRING AFTER THE CLOSE OF THE FINANCIAL YEAR

In January 2015, the Group holding company (Teknia Manufacturing Group, S.L.) signed a loan totalling 10 million euros, brokered by one of its main financial institutions.

The purpose of these funds is to improve the debt profile of the Group, to optimise the financing conditions of the banks and to have capacity to undertake other potential acquisition projects.

INSURANCE

i. Material Losses

The Group's policy is to contract insurance policies that cover all the companies in the Group against any potential risks to which their different fixed material assets are exposed.
The criterion for calculating the insured capital is the replacement as new at their market value, so we believe that with Teknia's current policies and future updates, the company's assets are 100% insured against potential and unforeseen losses.

At the same time, in collaboration with our insurance companies, loss rate studies have been carried out in the installations to obtain a detailed report of any possible needs in order to avoid the same.

ii. Civil Liability

The company insures the risks of its activities by means of a general civil liability insurance policy with the aim of providing maximum insurance for any losses that may arise due to the activities of the Group.

One of the most important sections to note refers to cover for operation and production, which has limits per loss that were updated in 2011 as follows:

TYPE OF LOSS	PER LOSS AND PER YEAR
OPERATING CIVIL LIABILITY	€4,000,000 (per loss)
PRODUCTION PL	€4,000,000 (per loss)
JOINTS AND MIXTURE	€2,000,000
WITHDRAWAL OF PRODUCTS	€600,000
ASSEMBLY AND DISASSEMBLY	€300,000

ACQUISITION OF TREASURY SHARES

During the financial year there have been no transactions for the acquisition of treasury shares by the Company

English language version of Management Report is a translation of Spanish original. In case of doubts, Spanish version shall prevail.

R&D ACTIVITY

Since 2010, the Group has maintained a research and development institute called Teknia R&D, located within the facilities of the Andaltec Technological Centre (Jaén), as well as in situ location of the factory in Azuqueca and the commercial-technical office in Germany.

The base for deductions in the period was maintained at similar levels as last year, reaching 3.7 million euros for the concept in the group total, i.e. 1.67% of the total sales in the group. The main mission of this company still is to concentrate all efforts in the area of R&D+i, to coordinate all the initiatives and lead the change and technological progress of Teknia.

The evolution of the the deductions of the total Group sales in recent years can be seen below:

	2014	2013	2012
% R&D deductions (1)	1.67%	1.81%	1.65%

(1) Expense for deductions certified in the group through the report presented to the Tax Authority.

Elorrio, 31 March 2015