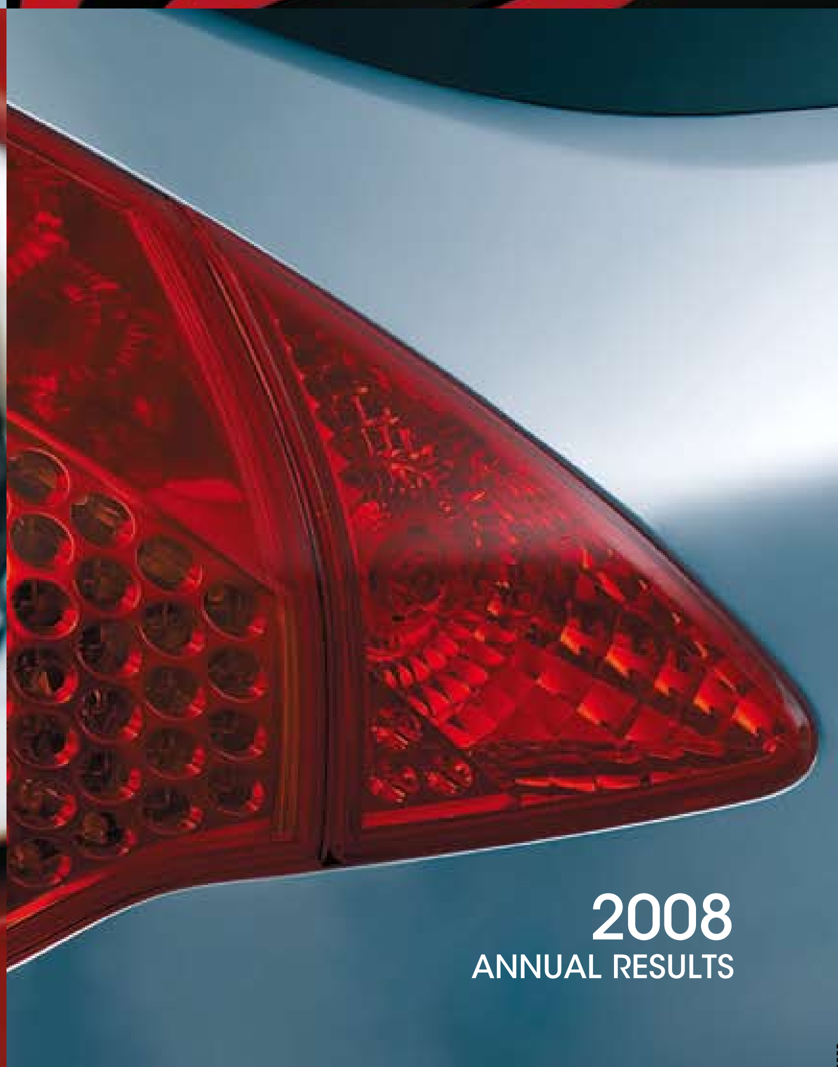
PSA PEUGEOT CITROËN



2008
ANNUAL RESULTS

PSA PEUGEOT CITROËN

Annual Results 2008

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1.1 Automobile Division

➜ 1.1.1 Key Activity Highlights

- Global automobile markets collapsed in the fourth quarter.
- Sales of new vehicles and CKD units down 4.9% to 3,260,388 units in a global market down 5.4%.
- Global market share maintained at 5%.
- Market share in Western Europe maintained at 13.8%.
- Solid performance by the new Peugeot 308 and Citroën C5.
- Confirmation of the Group's environmental leadership, with more than one million vehicles emitting less than 140g CO_2/km sold for the third year in a row.
- Strengthened leadership in light commercial vehicles, with 19.9% of the market.

In 2008, the global automobile market declined by 5.4% to 64,993,000 passenger cars and light commercial vehicles. The first half of the year saw demand slow in Western Europe but continue to expand strongly in the high-potential regions. In the wake of the financial crisis, however, markets contracted sharply in the second half, with steep fourth-quarter declines of 21% in Western Europe and 9% in the high-potential regions.

➜ 1.1.2 Our Markets

Western Europe: positions maintained with market share stable at 13.8%.

In a European car and light commercial vehicle market that fell 8.8% in 2008, PSA Peugeot Citroën registrations contracted 8.6% to 2,130,900 units, of which 1,125,700 Peugeots and 1,005,200 Citroëns. Market share for the year stood at 13.8%, unchanged from 2007.

In France, the Group's car and light commercial vehicle registrations rose by 1.9% to 794,200 units in a market down 0.6%, feeding through to a 0.8-point increase in market share to 31.6% for the year.

Market share improved by 0.2 point to 5.7% in **Germany** as Group registrations rose 2.1% to 189,500 units in a market down 1.7%.

In Spain, where the market plummeted 29.8%, combined registrations of Peugeot and Citroën vehicles totalled 254,300 units, a 30% decline that left the Group's market share virtually unchanged at 19.1% versus 19.2% in 2007.

In the United Kingdom, the Group pursued its strategy of limiting the adverse sales impact of the unfavourable pound/euro exchange rate throughout the second half. As a result, registrations retreated by 17.1% to 237,200 units in a market down 11.7%, causing market share to decline to 9.8% from 10.4% in 2007.

Registrations in **Italy** totalled 235,700 units, a 12.5% drop in line with the 12.7% decline in the market.

Central and Eastern Europe: market share maintained at 7.2%.

In a market that declined 1% over the year (up 16% in the first half, followed by a 14.9% drop in the second), PSA Peugeot Citroën registrations declined by 3.3% to 191,000 units, keeping market share unchanged at 7.2%.

Latin America: continued growth.

Automobile demand rose by a modest 2.0% in Latin America in 2008, as a 14.4% increase in the first half was offset by an 8.4% decline in the second. Combined registrations of Peugeot and Citroën vehicles gained 5.4% to 259,000 units, however, pushing market share up slightly to 5.4%.

In the Mercosur countries, where markets expanded by 13% overall (up 26.5% in the first half and 1.7% in the second), Group registrations rose 11.9% to 232,700 units, with market share holding steady at 7.2%.

In Brazil, where the market grew 14.1%, registrations rose 17.7% to 151,000 units, driving a 0.2-point year-on-year increase in market share to 5.6%.

In Argentina, where the market increased by 7.8%, registrations rose 2.5% to 81,700 units, resulting in a market share of 14.2%.

China: a difficult year.

In a market that grew 5.1% (up 13.4% in the first half, before contracting by 2.6% in the second), Dongfeng Peugeot Citroën Automobile (DPCA) reported 178,100 registrations for the year, a decline of 14.1% from 2007. Local demand turned downwards in the second half, especially in the mid-range segment so central to DPCA's line-up. However, the year also saw the successful launch of the new Citroën C-Elysée, which enabled the brand to double its sales in the mid-range segment.

Russia: strong growth in sales.

In a buoyant market that rose 13.6% for the year (up 32.9% in the first half, followed by a 1.5% decline in the second), registrations of PSA Peugeot Citroën vehicles increased by 67% to 60,300 units.

➜ 1.1.3 Our Models

The Peugeot 107, 206, 207 and 1007

Sales of the Peugeot 207, launched in April 2006, totalled 468,300 units in 2008, making it Europe's third best-selling model and the undisputed leader in the small car segment. Symbolizing the model's outstanding performance, the 207 CC consolidated its ranking at the top of the European coupe cabriolet segment.

Combined worldwide sales of the 206 and 207 remained high at 760,600 for the year, establishing Peugeot as the European leader in the compact car segment.

Led by the model's attractive positioning in terms of affordable cost of ownership and low CO_2 emissions, worldwide sales of the 107 totalled 106,500 units, up 2.1% in a steeply declining market.

Sales of the Peugeot 1007 fell sharply to 11,000 units.

The Peugeot 308 and 307

Launched in September 2007, the Peugeot 308, which replaced the Peugeot 307, sold 290,100 units in 2008. During the year, the line-up was expanded with a new body style, the 308 SW introduced in May, which helped to increase the brand's share of the Western European lower mid-range sedan segment by 0.3 point. In the first quarter, the Peugeot 307 was launched in China, and totalled 142,300 units sold worldwide over the full year.

The Peugeot 407, 607, 807 and 4007

The Peugeot line-up also includes four other lines - the 407, 607, 807 and 4007. Launched during the summer, the restyled 407 saw sales fall sharply to 81,400 units for the year, as its market share felt the full brunt of the collapse in demand. Sales of the Peugeot 607 totalled 3,900 units. Launched in July 2007, the Peugeot 4007 sold 13,700 units in 2008, while sales of the Peugeot 807 came to 13,500 units for the year.

The Citroën C1, C2 and C3

Sales of Citroën's compact models shrank by 11.7% to 416,000 units in 2008. Sales of the Citroën C1 increased 7.3% to 106,700 units, while the Citroën C3 held its own in its eighth year on the market, with 242,100 units sold. Sales of the Citroën C2 totalled 67,100 units.

The Citroën C4 Picasso

In the first full year on the market for the five-seat C4 Picasso "visiospace", the C4 Picasso range of five and seven-seat models was the leader in the Western European compact MPV segment, with nearly 188,000 units sold. Rolled out in 2000, the Citroën Xsara Picasso demonstrated firm resilience, selling 76,000 units for the year. These strong showings enabled Citroën to maintain its European leadership in the mid-range MPV segment.

The Citroën C4

Sales of the Citroën C4 (excluding the Picasso) declined 17.3% to 194,500 units. The line-up was strengthened with the C Quatre, launched in China during the third quarter, and the C4 notchback, rolled out in mid-2007 in the Mercosur countries, where it is marketed as the C4 Pallas in Brazil and the C4 Sedan in Argentina. Restyled in the second half, the Citroën C4 has also been fitted with two new powertrains that improve its environmental performance.

The Citroën C5, C6, C8 and C-Crosser

Marketed in a sedan version since April and a Tourer version since June, the Citroën C5 exceeded its sales objectives in a contracting market segment, with 87,500 units sold in 2008. Sales of the Citroën C6 totalled 2,800 units, while the Citroën C Crosser, launched in July 2007, sold 12,300 units. Sales of the Citroën C8 came to 8,800 units.

Light Commercial Vehicles

In the light commercial vehicle market, the launch of the Citroën Nemo and Peugeot Bipper in February, along with new versions of the Citroën Berlingo and Peugeot Partner in May, enabled the Group to extend its market leadership in Western Europe, lifting its share by 1.3 points to 19.9%. In all, light commercial vehicle sales increased by 4.9% to 456,500 units, including 232,600 Peugeots (up 6.2%) and 223,900 Citroëns (up 3.6%).

1.2 Operating and Financial Review

This section should be read jointly with the Notes to the Consolidated Financial Statements at December 31, 2008

➜ 1.2.1 Accounting Policies

For more detailed information, please refer to *Note 1 – Accounting policies* in the Notes to the Consolidated Financial Statements at December 31, 2008.

→ 1.2.2 Adjustments to Financial Information Reported in the Prior Years

In order to better reflect the economic reality of its business transactions, PSA Peugeot Citroën has changed the accounting presentation of certain previously reported figures. These changes have not had any effect on recurring operating income or net income, but they have led, among other things, to a reduction in Automobile Division sales and consequently in consolidated sales and revenue.

For a more detailed explanation, please refer to *Note 2 – Adjustments to the reported financial statements* in the Notes to the Consolidated Financial Statements at December 31, 2008.

→ 1.2.3 Group Operating Results for 2007 and 2008

i) Group Sales And Revenue

The following table shows consolidated net sales and revenue by business in 2007 and 2008.

(in million euros)	2008	2007	%
Automobile Division	41,643	45,519	-8.5%
Faurecia	12,011	12,661	-5.1%
Gefco	3,536	3554	-0.5%
Banque PSA Finance	2,088	1,999	4.5%
Intersegment eliminations and other businesses	(4,922)	(5,057)	-2.6%
TOTAL	**54,356**	**58,676**	**-7.4%**

The following table shows consolidated sales and revenue by region.

The scope of consolidation by region underwent a number of changes in 2008. For more detailed information, please refer to *Note 4.2 – Geographical segments* in the Notes to the Consolidated Financial Statements at December 31, 2008.

(in million euros)	2008	2007
Consolidated sales and revenue	54,356	58,676
Net contribution to consolidated sales and revenue, by region		
Western Europe	76%	78%
Central and Eastern Europe	8%	7%
Latin America	7%	6%
Rest of the World	9%	9%
TOTAL	**100%**	**100%**

Over the full year, consolidated net sales and revenue declined by 7.4% to €54,356 million from €58,676 million in 2007. Performance was mixed, however, with a 0.7% increase in the first half followed by a 16% contraction in the second as the downturn spread to every automobile market around the world.

ii) Group Recurring Operating Income

(en millions d'euros)	2008	2007	%
Automobile Division	(225)	858	-126.2%
Faurecia	91	121	-24.8%
Gefco	127	155	-18.1%
Banque PSA Finance	557	608	-8.4%
Intersegment eliminations and other businesses	0	10	-
TOTAL	**550**	**1,752**	**- 68.6%**

Recurring operating income for the year totalled €550 million compared with €1,752 million in 2007, representing 1.0% of sales and revenue versus 3.0% the year before. The decline was primarily caused by the fall-off in automobile demand, the resulting reduction in sales volumes and the fixed costs that were not absorbed when production was halted in late 2008 in response to the market's collapse. On the positive side, the Group successfully pursued its CAP 2010 programme, which generated savings of €1,414 million for the year.

As with sales and revenue, recurring operating income performance varied from one half-year to the next.

In the first six months, consolidated recurring operating income surged 32.4% to €1,115 million, or 3.6% of sales and revenue, compared with 2.7% a year earlier. Savings from the CAP 2010 programme amply offset the negative impact of the sharp slowdown in certain European automobile markets, higher raw material costs and the negative currency effect stemming from the significantly weaker British pound.

In the second half, recurring operating income was hard hit by the downturn in the global automobile market. Although CAP 2010 generated savings of €532 million during the period, it was not enough to dampen the €1,519 million negative impact of lower sales volumes and production stoppages. Higher raw material costs and the weaker British pound reduced recurring operating income by €701 million over the period, leading to a recurring operating loss of €565 million for the second half.

iii) Sales and Revenue and Recurring Operating Income by Division

(a) Automobile Division

Sales and revenue

Automobile Division sales were down 8.5% at €41,643 million. New vehicle sales contracted 8.3% to €31,640 million from €34,495 million in 2007, reflecting primarily (i) an 8.3% decrease in unit sales of assembled vehicles, excluding China (operations in China are accounted for by the equity method); (ii) a 0.2% negative impact from changes in geographic mix, (iii) a 1.1% negative currency effect, and (iv) a 1.0% positive price effect and a 0.3% positive product mix effect.

The Group demonstrated its resilience as the automobile markets nosedived in 2008, but in a business environment that varied by country.

The deterioration in demand was particularly mixed in Western Europe. In the first quarter, only Spain showed signs of a slowdown, before contracting sharply over the first half as a whole. Italy and the United Kingdom followed suit, as did Germany to a lesser extent.

The full-year decline was less pronounced in France than in other European markets because local demand was buoyed by a feebate system introduced in early 2008 to encourage the purchase of fuel-efficient vehicles with low CO_2 emissions.

Demand in Central and Eastern Europe slackened throughout 2008, while the Chinese market experienced a difficult year, with sales turning downwards in the second half, notably in the mid-range segment that is central to Dongfeng Peugeot Citroën Automobile's line-up.

In this very difficult business environment, the Group was able to leverage significant strengths. Sales of the Peugeot 308 continued to rise over the year and the Citroën C5 exceeded its sales targets in a declining market segment. PSA Peugeot Citroën confirmed its environmental leadership thanks to its eco-friendly models, which contributed strongly to consolidated sales. It also strengthened its European market leadership in light commercial vehicles with new model launches.

Recurring operating income

The Automobile Division reported a recurring operating loss of €225 million in 2008, or a negative 0.5% of sales, compared with recurring operating income of €858 million (1.9% of sales) in 2007. The performance reflected both the collapse in demand and measures to reduce output in response to the worsening global economy.

The Automobile Division's recurring operating loss resulted from the following factors:

- Lower unit sales and production output had a negative impact of €1,707 million, of which €188 million in the first half and €1,519 million in the second. The geographic mix, on the other hand, was positive. The Mercosur business unit and Other business units had a total negative impact of €141 million. As demand dried up, production was suspended in an effort to limit vehicle inventories, primarily in the dealer networks. This meant that fixed costs were not fully absorbed over the year;
- The CAP2010 programme's cost-cutting measures added €1,414 million to recurring operating income compared with 2007, building on the €932 million in savings achieved in 2007. The positive impact was led by productivity gains in purchasing and production costs, which delivered €670 million in savings, and by a reduction in warranty costs and corporate overheads, which contributed €744 million (versus €275 million in 2007). Overheads continued to decline during the year thanks to a decrease in general and administrative expenses and ongoing workforce reductions;
- Cost inflation and R&D spending depressed 2008 recurring operating income by €789 million. The primary cause was the increase in raw materials prices, which had a negative impact of €377 million. Wages and salaries rose by €52 million during the year; this was significantly less than the €250 million increase recorded in 2007, due to lower discretionary and statutory profit-sharing costs.

Changes in exchange rates, particularly of the British pound against the euro, had a negative impact of €324 million.

(b) Faurecia

Sales

Faurecia's consolidated sales totalled €12,011 million in 2008, down 5.1% on a reported basis and 3.4% at constant exchange rates. Excluding monoliths, sales decreased 3.7% at constant exchange rates to €10,535 million. The currency effect was a negative 1.2%. Sales, excluding monoliths, were up 2.7% like-for-like in the first half and 1.6% in the first nine months. However, they declined over the full year, due to the dramatic drop in demand in the fourth quarter, which sent like-for-like sales down 20.9% for the quarter and 10.6% over the second half.

Sales by region were as follows:

- In **Europe**, sales came to €8,935 million (74.4% of the consolidated total), a decline of 7.0% at constant exchange rates and 6.5% excluding monoliths. The second-half decrease was 12.1%, reflecting a sharp 22.8% drop in the fourth quarter. Deliveries to all of Faurecia's customers were down on the year-earlier period, leading to a €516 million shortfall in like-for-like sales;
- In **North America**, sales totalled €1,778 million (14.8% of the consolidated total). Excluding the 7.2% negative currency effect, the year-on-year increase was 2.9%. Excluding monoliths, 2008 sales increased by 3.9% at constant exchange rates. Unit sales held firm despite the sharp drop in volumes with Chrysler, due to the fact that Faurecia supplies virtually no equipment for large American models but instead is positioned in the segments that demonstrated good resilience, equipping General Motors' Chevrolet Malibu and Cadillac CTS models and the BMW X6;
- Operations in **Asia** contributed €707 million in sales (5.9% of the consolidated total), an increase over the year of 1.2% at constant exchange rates and 3.4% excluding monoliths. The currency effect was a negative 6.6%. Excluding monoliths, sales were down 5.7% like-for-like in the second half including a 10.9% drop in the fourth quarter. Sales in China totalled €452 million, up 6.9% over the year excluding monoliths and the currency effect, but down 15.5% in the fourth quarter. In South Korea, sales came to €226 million, a decline of 7.6% at constant exchange rates and 5.9% excluding monoliths;
- In the **rest of the world**, sales for the year rose 21.1% like-for-like and excluding monoliths to €590 million, with a slight 1.9% decline in the fourth quarter. The total mainly included sales in South America for €321 million, an increase of 16.4% at constant exchange rates and 16.8% excluding monoliths. The currency effect was a negative 2.2%.

By business segment, Vehicle Interior sales contracted by 3.7% at constant exchange rates to €8,309 million, reflecting declines of 10.6% in the second half and 21.3% in the fourth quarter. The currency effect was a negative 1%.

Sales of Other Modules amounted to €3,702 million, down 6.0% on a reported basis and 2.8% at constant exchange rates (after taking into account a 3.2% negative currency effect). Excluding monoliths, sales were down 3.6% at constant exchange rates to €2,226 million, with currency fluctuations reducing sales by 1.8%. Excluding monoliths and at constant exchange rates, sales contracted by 10.4% in the second half and 19.3% in the fourth quarter.

For more detailed information about Faurecia's sales, refer to the Faurecia Annual Report which can be downloaded from the group's website at www.faurecia.fr.

Recurring operating income

Faurecia's recurring operating income amounted to €91.2 million in 2008, representing 0.8% of sales. The first-half total was €90.3 million – reflecting a 0.4-point margin improvement compared with the same period of 2007 – while second half recurring operating income was just €0.9 million versus €58.3 million in the year-earlier period. The €57.4 million decline in the second half stemmed mainly from the decrease in unit sales.

The effect of lower unit sales on the variable margin on direct costs represented an estimated €150 million. Indirect costs were also scaled back, but not in the same proportions.

North American operations confirmed their turnaround with a positive contribution to recurring operating income, which showed a further improvement in the fourth quarter.

In Europe, the sudden collapse in unit sales was not offset by an equivalent decrease in indirect costs.

By business segment, Vehicle Interiors ended the year with a recurring operating loss of €24.6 million, representing a negative 0.3% of sales, versus a €15.6 million loss in 2007 (0.2% of sales). Recurring operating income from Other Modules stood at €115.8 million or 3.1% of sales. This represented a decline of €20.8 million from €136.6 million in 2007 (3.5% of sales).

For more detailed information about Faurecia's recurring operating income, refer to the Faurecia Annual Report which can be downloaded from the group's website at www.faurecia.fr.

(c) Gefco

Sales and revenue

Gefco revenue declined by 0.5% to €3,536 million in 2008. Revenue from services performed for other Group companies was stable at €2,171 million, while revenue from services sold to external customers decreased by 2.7% to €1,365 million.

Throughout the year, Gefco responded to the particularly challenging business environment with action plans aligned with both prevailing conditions and the company's strategic objectives. In this way, 2008 was the source of new advances in the areas of international expansion, business diversification and the development of high value-added solutions.

Recurring operating income

Desptite higher gasoline prices in the first seven months of the year and by a drop in demand for automobiles – Gefco's largest market – recurring operating income came to €127 million, representing 3.6% of revenue versus 4.4% in 2007. Cost inflation was partly offset by improved cost discipline and the implementation of immediately effective action plans.

(d) Banque PSA Finance

Sales and Revenue

In 2008, Banque PSA Finance's business environment was shaped by a financial crisis and a cash crunch that caused sources of financing to dry up and refinancing spreads to widen. In addition, demand contracted sharply in numerous automobile markets as the recession worsened, leading to lower sales volumes.

Nevertheless, the Bank delivered a satisfactory marketing performance and successfully limited the margin impact of higher refinancing costs and escalating credit risks.

Market share improved from 26.1% to an all-time high of 27.3%, helping to cushion the crisis' impact on lending volumes.

New car loans declined 1% to 653,545 units in a year when unit sales in the markets served by the Bank were down 5.5%.

The number of used vehicle loans rose 2.1% during the year, reflecting the combined efforts of Banque PSA Finance, the Peugeot and Citroën brands and the dealership networks.

In all, new retail financing was provided for 848,077 new and used vehicles during the year, down a slight 0.3% from 2007.

In Western Europe, the strongest gains were made in Austria (up 11.4%), Germany (up 6.5%), Poland (up 17.5%) and Slovakia (up 30.7%). The finance companies in Spain, Italy and Mexico recorded substantial volume declines as the local automobile markets went into a freefall.

The Bank enjoyed strong growth in Argentina and Brazil, led by robust sales of Peugeot and Citroën models and the deployment of an increased number of joint programmes with the brands. The number of new vehicle loans rose 45.8% in Brazil and 35.8% in Argentina on brand volumes up 18% and 2.5% respectively.

In all, €9,135 million worth of retail financing was extended during the year, down 1.3% from €9,253 million in 2007. Outside Western Europe, new retail financing increased by 27.1% in euros.

As of December 31, 2008, retail loan outstandings stood at €17,913 million, an increase of 0.3% over the year-earlier figure of €17,850 million. Outside Western Europe, the loan book rose 22.1% to €1,090 million.

Wholesale loan outstandings declined 22% over the year to €4,370 million at December 31, 2008 from €5,606 million a year earlier, reflecting the major efforts undertaken by the Group to reduce inventory.

In all, the total Banque PSA Finance loan book contracted 5% during the year, to €22,283 million from €23,456 as of December 31, 2007.

Customer services remained one of the Bank's strategic growth drivers. The number of motor insurance contracts written rose 14.3%, led by growth in sales of package solutions combining financing and services.

(in million euros)	December 31, 2008	December 31, 2007	December 31, 2006
Outstanding loans, including securitized loans			
• Retail financing	17,913	17,850	17,249
• Wholesale financing	4,370	5,606	5,650
TOTAL BANQUE PSA FINANCE	**22,283**	**23,456**	**22,899**
Outstanding loans, including securitized loans			
• Western Europe	20,761	22,150	21,998
• Outside Western Europe	1,494	1,306	901
TOTAL BANQUE PSA FINANCE*	**22,283**	**23,456**	**22,899**

* *Excluding the effect of remeasuring portfolios hedged against interest rate sides.*

Banque PSA Finance reported revenue of €2,088 million in 2008, on a par with the €1,999 million reported the year before. The total comprises both interest on loans and the interest income earned on the liquidity reserve carried in the balance sheet as part of the Bank's financing strategy.

Net banking revenue dipped by 0.5% to €976 million from €981 million in 2007, reflecting negative fair value adjustments in an amount of €11.7 million compared with €0.8 million the year before. Excluding fair value adjustments, net banking revenue rose slightly in 2008.

(For more information on Banque PSA Finance, go to www.banquepsafinance.com).

Recurring Operating Income

Banque PSA Finance recurring operating income amounted for €557 million compared to €608 million in 2007.

The main changes in 2008 were as follows:

- the 2.0% increase in average net loans to €23,548 million had a €29 million positive impact;
- margins on average net loans were slightly eroded by the increase in market interest rates and its impact on the Bank's refinancing costs. In response to the higher refinancing costs on new loans, an active margin management strategy was deployed throughout the year, while the margin impact was cushioned by the exercise of swaptions that had been acquired to cap refinancing costs on new lending in the first half;

- growth in general operating expenses was limited to €3.1 million or 0.41%, which was less than the increase in average net loans outstanding;
- recurring cost of risk rose to €114 million, or 0.48% of average net loans outstanding, from €51 million in 2007 as a result of the following factors:
  - a €9 million increase in provisions for wholesale financing credit risk,
  - higher retail financing provision expense, particularly in Spain (26 million euro impact),
  - a €16 million decline in non-recurring provision reversals (€13.5 million in 2008 versus €27 million in 2006).

In response to the turbulent economic environment, collection processes were strengthened, particularly in Southern Europe and the United Kingdom, by increasing specialisation, centralizing collection flows and proactively managing loan defaults. At the same time, risk selection policies were regularly reviewed to reflect the fast-changing economic and financial situation.

The Bank ended the year with stronger market positions, stable net banking revenue and provisions for credit losses maintained at less than 0.5% of average net loans outstanding.

(For more information on Banque PSA Finance, go to www.banquepsafinance.com).

➜ 1.2.4 Other Income Statement Items

Operating Income

Non-recurring operating expense amounted to €917 million, compared with €632 million in 2007. Towards the end of 2008, the Group announced action plans to counter the impact of the collapse in automobile demand. As a consequence, new separation plans were announced in the Group with a voluntary separation plan in the Automobile Division and a restructuring plan at Faurecia. Charges relating to these plans amounted to €512 million. The sharp fall in the automobile markets also triggered impairment of some vehicles and the interior systems Business Unit at Faurecia, in a total amount of €405 million.

For a more detailed explanation, please refer to *Note 9 – Non-recurring operating income and (expenses)* in the Notes to the Consolidated Financial Statements at December 31, 2008.

After taking into account these items, the Group ended the year with an operating loss of €367 million compared with a €1,120 million profit in 2007.

(in million euros)	2008	2007
Automobile Division	(685)	510
Banque PSA Finance	556	608
Gefco	127	113
Faurecia	(353)	(105)
Other businesses and holding company	(12)	(6)
TOTAL PSA PEUGEOT CITROËN	**(367)**	**1,120**

Net Financial Income

Interest income and finance costs, net amounted to €286 million in 2008 compared with €40 million the previous year. This amount includes interest income from loans and on cash and cash equivalents, finance costs and other financial income and expense. This significant increase results from:

- the decline in cash deposits in the second half due to the use of cash;
- the increase in financing costs as spreads widened in the wake of the credit crunch;
- the increase in debt at Faurecia.

Concerning pension obligations, the decrease in expected returns on external funds was offset by a reduction in interest costs on projected benefit obligations.

For a more detailed explanation, please refer to *Notes 10, 11 and 12* in the Notes to the Consolidated Financial Statements at December 31, 2008.

Income Taxes

Current taxes amounted to €293 million in 2008, representing taxes payable in Brazil and on the profits of Banque PSA Finance. A deferred tax benefit of €389 million was recognized at the year-end, due to the losses reported at Group level.

For a more detailed explanation, please refer to *Note 13* in the Notes to the Consolidated Financial Statements at December 31, 2008.

Share in Net Earnings of Companies at Equity

In 2008, the combined contribution of companies at equity was a net profit of €57 million versus a net profit of €48 million the year before. The main entities concerned are the Group's subsidiary in China, Dongfeng Peugeot Citroën Automobile (DPCA), and joint ventures with other carmakers (Fiat, Toyota and Renault) organized as separate entities.

After taking into account consolidation adjustments and entries, DPCA's contribution to consolidated profit amounted to €8 million in 2008 compared with €31 million in 2007. In an environment shaped by a price war, DPCA's unit sales declined to 179,100 vehicles in 2008 from 207,300 vehicles the previous year. Worsening market conditions in the fourth quarter led to production stoppages during that period. DPCA's sales for the year contracted by 20% to CNY 15,357 million compared to 19,248 CNY in 2007. It ended the year with a recurring operating loss of €573 million, representing the equivalent of 3.7% of sales. In 2007, the company reported a recurring operating profit of CNY 467 million.

The appreciation of the Chinese yuan led to the recognition of a CNY 447 million exchange gain on dollar- and euro-denominated debt (compared with a CNY 226 million gain in 2007).

DPCA reported a net profit for the year of CNY 102 million compared with a net profit of CNY 706 million in 2007.

For more information about the Group's share in the net earnings of companies at equity, refer to *Note 17* to the Consolidated Financial Statements at 31 December 2008.

Consolidated Profit for the Year

The Group ended the year with a consolidated net loss of €500 million, compared with a profit of €826 million in 2007.

Consolidated Profit Attributable to Equity Holders of the Parent

The loss attributable to equity holders of the parent stood at €343 million. In 2007, the Group reported a profit attributable to equity holders of the parent of €885 million.

Basic Earnings per €1 per Value Share

Basic earnings per share stood at €(1.51), compared with €3.88 in 2007.

1.3 Cash and Capital Resources

➜ 1.3.1 Consolidated Statement of Cash Flows

For detailed information, please refer to the *Consolidated Financial Statements – Consolidated Statements of Cash Flow* at December 31, 2008.

➜ 1.3.2 Statement of Cash Flows of Manufacturing and Sales Companies

The following table presents the manufacturing and sales companies cash flows at December 31, 2008 compared to December 31, 2007:

	Manufacturing and Sales companies	
(in million euros)	December 31, 2007	December 31, 2008
Net Profit (Loss)	**405**	**(858)**
Working capital provided by operations	3,515	2,380
Changes in Working Capital requirements	920	(2,924)
Net cash from (used in) operating activities	4,435	(544)
Net cash from (used in) investing activities	(2,833)	(3,221)
Net cash from (used in) financing activities	(745)	695
Net increase (decrease) in cash and cash equivalents	835	(3,126)
NET CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**5,143**	**2,017**

(i) Net Cash Flow from Operating Activities of Manufacturing and Sales Companies

Working capital provided by the industrial and sales activities totaled €2,380 million in 2008 and was generated in the first half of the year. This compares to €3,515 million in 2007. The generation of working capital was very limited in the second half due to the collapse in the automotive markets leading to an operating loss. The working capital requirement for 2008 increased significantly from a saving of €920 million in 2007 to an increase of €2,924 million in 2008. This negative change in working capital was triggered by two main factors. The first was that the level of new vehicle inventories was too high given the collapse in worldwide automotive markets. Secondly, the impact of the Group wide production cuts towards the end of the year resulting in a reduction in supplier orders and thus a increase in working capital to cover outstanding supplier accounts.

As a consequence, the industrial and sales activities consumed €544 million of cash in 2008.

The table below provides the new vehicle inventory levels for the Group and in the independent dealership network.

(in thousands of new vehicles)	December 31, 2006	December 31, 2007	June 30, 2008	December 31, 2008
Group inventory	287	275	366	367
Independent dealership inventory	333	329	301	261
TOTAL INVENTORY	**620**	**604**	**667**	**628**

Immediate actions were launched across the Group's production network to reduce inventories accumulated during the first half of the year. This involved massive production cuts which whilst detrimental to both the Group's recurring operating margin, and the working cash flow requirements were relatively successful at bringing down inventories. In addition, particular efforts were made not to increase the pressure on independent dealerships by retaining inventory at PSA Peugeot Citroën. This also had the added benefit of reducing the Group's liquidity requirement to fund independent dealerships.

(ii) Net Cash Flow from Investing Activities of Manufacturing and Sales Companies

Net cash used in investing activities of manufacturing and sales companies increased to €3,221 million in 2008 compared to €2,833 million in 2007. This increase is explained by the acceleration of the rhythm of product development as well as the increase in the overall capital expenditure. Capital expenditure totaled €3,149 million including capitalized R&D of €1,065 million (see Note 8 of the consolidated financial statements).

(in million euros)	December 31, 2007	December 31, 2008
Automotive Division	2,306	2,696
Faurecia	464	474
Gefco	55	50
Other businesses	8	1
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**2,833**	**3,221**

The table below provides details on capitalized development costs.

(in million euros)	December 31, 2007	December 31, 2008
Automotive Division	595	921
Faurecia	159	144
TOTAL CAPITALIZED DEVELOPMENT COSTS	**754**	**1,065**

Gross R&D expenses were increased 12% in 2008 to drive the momentum of new vehicle launches. The increase in capitalized R&D illustrates the efficiency benefits of the CAP 2010 program as 44% of R&D expenses have been incurred during the development project phases that are eligible for capitalization, compared to 36% in 2007.

(iii) Net Cash Flow from Financing Activities of Manufacturing and Sales Companies

Net cash from financing activities of manufacturing and sales companies totaled €695 million compared to €745 million of net cash used in 2007. The cash outflow relating to the Group's dividend which was increased from €1.35 for 2006 to €1.50 for 2007 totaled €342 million compared to €309 million in 2007. The change in financial assets and liabilities in the industrial and sales activities amounted to an inflow of €929 million to adapt to changes in financial markets compared to an outflow of €559 million.

(iv) Net Cash and Cash Equivalents at the End of Year of Manufacturing and Sales Companies

The cash consumption in the industrial and sales activities at end of 2008 amounted to €3,126 million compared to cash generation of €835 million in 2007. The net cash and cash equivalents at the end of the year totaled €2,017 million compared to €5,143 million at the end of 2007.

➜ 1.3.3 Net Cash and Cash Equivalents at the End of Year of Financing Companies

Banque PSA Finance successfully increased its generation of cash from operating activities in 2008 to €590 million compared to €512 million in 2007, mainly due to a consolidated profit for the year.

Banque PSA increased its net cash position by €337 million to end the year with €1,280 million in cash and cash equivalents at the end of the year.

➜ 1.3.4 Liquidity and Funding

For a detailed information on liquidity and funding please refer to the Notes to the Consolidated Financial Statements.

(i) Manufacturing and Sales Companies

The Group's industrial and sales activities ended 2008 with cash and cash equivalents significantly lower than as at December 31, 2007. The increased working capital requirement in the second half of the year resulted in the release of funds invested or on deposit. The balance of funds invested amounted to €1,135 million compared to €4,115 million at December 31, 2007.

As at December 31, 2008 the Group's industrial and sales activities had €2,400 million of undrawn confirmed credit lines maturing 2011.

In light of the current economic environment, the Group expects to have significant financing needs of around €4 billion in 2009 to support its manufacturing and Sales companies. Various solutions are being examined, which can be implemented very quickly. They include:

- new medium-term syndicated bank facilities;
- government support in the form of a long-term loan.

(ii) Banque PSA Finance

At December 31, 2008, 40% of Banque PSA Finance's financing was provided by bank facilities, 39% by the capital markets and 21% by loan securitizations. During the year, bank borrowings were increased to compensate for the lack of opportunities in the bond market. The Bank's leading banks actively supported both the rollover of its confirmed medium-term lines of credit and the continued regular drawdowns on its short-term bank lines.

Issuance under the Banque PSA Finance EMTN programme was low in 2008, due to the complete absence of investor interest over several months, particularly for bank paper, and to the flight to quality triggered by the steady stream of bad news from the financial crisis. Just €1,034 million worth of EMTNs were issued, while bond issues by Banque PSA Finance were scaled back to €5,118 million from €7,780 million in 2007.

The decline in capital markets issuance was partly offset by a new €1,000 million securitization of German automobile loans, that was placed in the market during July. The securitization programs were not affected by the credit crisis; there was no decline in the credit quality of the underlying loans and no evidence of any weaknesses in the way the programs are structured.

In the fourth quarter, the Bank obtained €446 million in financing from Société de Financement de l'Economie Française, the institution set up by the French government to inject cash into the economy. The financing has a two-year maturity for the most part and is secured by French retail and wholesale loan portfolios.

Liquidity Reserves

In 2008, the second year of the financial crisis, Banque PSA Finance sought to strike an appropriate balance between paying the higher financing costs generated by widening credit spreads and safeguarding its liquidity position. Careful liquidity management enabled the Bank to withstand the effects of the credit crunch without overly eroding its liquidity position and without incurring the significant additional costs generated by the considerable increase in lender's credit margins.

At December 31, 2008, 75% of refinancing had an initial maturity of twelve months or more (versus 68% at end-2007), representing continued solid coverage of potential liquidity risk.

The maturities of refinancing comfortably exceed the maturities of the retail financing loan book.

In addition to these borrowings, the Bank has €6,000 million worth of undrawn syndicated lines of credit consisting of three €2,000 million backup facilities obtained from two syndicates of leading banks and maturing in July 2010, June 2012 and June 2014.

In all, the Bank has access to sufficient financing to cover more than six months' worth of wholesale and retail loan originations, based on a constant loan book.

Liquidity reserves in the form of immediately realizable assets were kept at more than €1 billion throughout the year, although they declined to €1,140 million at December 31, 2008 due to the increased difficulty of rolling over short-term facilities.

Bank has various solutions to finance new lending of around €5 billion, whose implementation is not expected to be affected by the current financial environment. These solutions include:

- rolling over existing bank lines or credit on expiry;
- launching new automobile line securisation programs in certain countries, particularly in connection with central bank cash injections;
- long-term capital markets issues, if necessary.

(For more detailed information, please refer to the Banque PSA Finance Annual Report available at www.banquepsafinance.com)

1.4 Balance Sheet and Financial Resources

This paragraph provides an analysis of the consolidated balance sheets at December 31, 2008 and December 31, 2007.

➜ 1.4.1 Assets

Total assets amounted to €61,720 million compared with €68,975 million at December 31, 2007. This reduction primarily reflected:

- the increase in inventory to €7,757 million from €6,913 million in 2007 (see Note 23 to the consolidated financial statements);
- the decrease in cash and cash equivalents to €3,230 million from €5,979 million (see Note 27 to the consolidated financial statements);
- the reduction in loans and receivables at Banque PSA Finance (see Note 21 to the consolidated financial statements);
- the reduction in short-term investments at Banque PSA Finance (see Note 22 to the consolidated financial statements).

➜ 1.4.2 Warranty Provision

The Group's ongoing improvement in the quality of new vehicles sold continues to have a favourable impact on warranty cost provisions, which declined to €939 million at December 31, 2008 from €1,246 million at December 31, 2007. The reduction resulted both from the release of surplus warranty provisions and from the reduced requirement for new warranty provisions on new vehicle sales (see Note 29.2 to the consolidated financial statements).

➜ 1.4.3 Pensions and Other Post-Employment Benefits

The Group's pension deficit increased only slightly in 2008, to €(819) million compared with €(745) million as at December 31, 2007 (see Note 30.1.D to the consolidated financial statements for further details).The related provisions were reduced to €699 million at December 31, 2008 from €885 million at end-2007.

➜ 1.4.4 Consolidated Net Financial Position and Net Debt Ratio

Consolidated current and non-current debt at the manufacturing and sales companies remained largely unchanged at December 31, 2008, at €6,184 million compared with €6,244 as at December 31, 2007 (see Note 31 to the consolidated financial statements).

The net financial position of the manufacturing and sales companies as at December 31, 2008 amounted to a net debt of €(2,906) million compared with a surplus of €1,404 million as at December 31, 2007 (see Note 38.1 to the consolidated financial statements).

The net debt to equity at 21% at december 31, 2008.

➜ 1.5.5 Equity

Total equity amounted to €13,277 million as at December 31, 2008. The decrease from December 31, 2007 reflected the net loss of €(500) million and the payment of the 2007 dividend to Peugeot S.A. shareholders in an amount of €(342) million (see Note 28 to the consolidated financial statements for further details).

As at December 31, 2008, the share capital stood at 234,048,798 shares with a par value of one euro each. This slight reduction compared with the number of shares outstanding at the end of the previous year resulted from the cancellation of 231,500 shares in July 2008. At year-end, the Group held 7,188,214 shares in treasury to cover outstanding stock option plans. During the year, 1,345,000 shares were acquired to cover the 2008 stock option plan (see Note 28.4 to the consolidated financial statements for further details).

2

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2008

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2.1 Consolidated Statements of Income

	2008			
(in million euros)	Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
Sales and revenue (Note 5)	**52,705**	**2,088**	**(437)**	**54,356**
Cost of goods and services sold	(44,146)	(1,211)	437	(44,920)
Selling, general and administrative expenses	(6,521)	(320)	-	(6,841)
Research and development expenses (Note 8)	(2,045)	-	-	(2,045)
Recurring operating income	**(7)**	**557**	**-**	**550**
Non-recurring operating income and (expenses) (Note 9)	(916)	(1)	-	(917)
Operating income	**(923)**	**556**	**-**	**(367)**
Interest income (Note 10) *	247	-	-	247
Finance costs (Note 11) *	(343)	-	-	(343)
Other financial income and (expenses), net (Note 12)	(189)	(1)	-	(190)
Income before tax of fully consolidated companies	**(1,208)**	**555**	**-**	**(653)**
Current taxes	(156)	(137)	-	(293)
Deferred taxes	449	(60)	-	389
Income taxes (Note 13)	**293**	**(197)**	**-**	**96**
Share in net earnings of companies at equity (Note 17)	57	-	-	57
CONSOLIDATED PROFIT (LOSS) FOR THE YEAR	**(858)**	**358**	**-**	**(500)**
Attributable to equity holders of the parent	*(699)*	*356*	*-*	*(343)*
Attributable to minority interests	*(159)*	*2*	*-*	*(157)*
(in euros)				
Basic earnings per €1 par value share (Note 14)				(1.51)
Diluted earnings per €1 par value share (Note 14)				(1.51)

* *Financial income and expenses on interest rate swaps are shown on a net basis for the three periods presented.*

The Notes on pages 27 to 126 are an integral part of the consolidated financial statements.

2007				2006			
Manufacturing and Sales companies	**Finance companies**	**Eliminations**	**TOTAL**	**Manufacturing and Sales companies**	**Finance companies**	**Eliminations**	**TOTAL**
57,132	**1,999**	**(455)**	**58,676**	**53,789**	**1,761**	**(365)**	**55,185**
(46,909)	(1,064)	455	(47,518)	(44,002)	(833)	365	(44,470)
(7,007)	(327)	-	(7,334)	(7,255)	(324)	-	(7,579)
(2,072)	-	-	(2,072)	(2,017)	-	-	(2,017)
1,144	**608**	**-**	**1,752**	**515**	**604**	**-**	**1,119**
(632)	-	-	(632)	(808)	-	-	(808)
512	**608**	**-**	**1,120**	**(293)**	**604**	**-**	**311**
283	-	-	283	178	-	-	178
(306)	-	-	(306)	(234)	-	-	(234)
(16)	(1)	-	(17)	(48)	(1)	-	(49)
473	**607**	**-**	**1,080**	**(397)**	**603**	**-**	**206**
(218)	(149)	-	(367)	(101)	(178)	-	(279)
102	(37)	-	65	150	(27)	-	123
(116)	**(186)**	**-**	**(302)**	**49**	**(205)**	**-**	**(156)**
48	-	-	48	20	-	-	20
405	**421**	**-**	**826**	**(328)**	**398**	**-**	**70**
467	*418*	-	*885*	*(211)*	*394*	-	*183*
(62)	*3*	-	*(59)*	*(117)*	*4*	-	*(113)*
			3.88				0.80
			3.86				0.80

2.2 Consolidated Balance Sheets

Assets

(in million euros)	December 31, 2008 Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
Goodwill (Note 15)	1,237	75	-	1,312
Intangible assets (Note 15)	4,061	96	-	4,157
Property, plant and equipment (Note 16)	14,064	41	-	14,105
Investments in companies at equity (Note 17)	732	14	-	746
Investments in non-consolidated companies (Note 18)	48	13	-	61
Other non-current financial assets (Note 19)	848	46	(25)	869
Other non-current assets (Note 20)	152	1	-	153
Deferred tax assets (Note 13)	468	75	-	543
Total non-current assets	**21,610**	**361**	**(25)**	**21,946**
Operating assets				
Loans and receivables - finance companies (Note 21)	-	22,495	(136)	22,359
Short-term investments - finance companies (Note 22)	-	1,182	-	1,182
Inventories (Note 23)	7,757	-	-	7,757
Trade receivables - manufacturing and Sales companies (Note 24)	2,001	-	(146)	1,855
Current taxes (Note 13)	189	35	(17)	207
Other receivables (Note 25)	1,897	1,028	(256)	2,669
	11,844	**24,740**	**(555)**	**36,029**
Current financial assets (Note 26)	**515**	**-**	**-**	**515**
Cash and cash equivalents (Note 27)	**2,040**	**1,280**	**(90)**	**3,230**
Total current assets	**14,399**	**26,020**	**(645)**	**39,774**
TOTAL ASSETS	**36,009**	**26,381**	**(670)**	**61,720**

Equity and Liabilities

(in million euros)	December 31, 2008 Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
Equity (Note 28)				
Share capital				234
Treasury stock				(303)
Retained earnings and other accumulated equity, excluding minority interests				13,212
Minority interests				134
Total equity				**13,277**
Non-current financial liabilities (Note 31)	4,491	-	-	4,491
Other non-current liabilities (Note 32)	2,793	-	-	2,793
Non-current provisions (Note 29)	876	24	-	900
Deferred tax liabilities (Note 13)	1,321	450	-	1,771
Total non-current liabilities	**9,481**	**474**	**-**	**9,955**
Operating liabilities				
Financing liabilities (Note 33)	-	21,864	(118)	21,746
Current provisions (Note 29)	2,053	27	-	2,080
Trade payables	8,428	-	(11)	8,417
Current taxes (Note 13)	76	27	(17)	86
Other payables (Note 34)	3,795	1,070	(399)	4,466
	14,352	22,988	(545)	36,795
Current financial liabilities (Note 31)	**1,818**	**-**	**(125)**	**1,693**
Total current liabilities	**16,170**	**22,988**	**(670)**	**38,488**
TOTAL EQUITY AND LIABILITIES				**61,720**

The Notes on pages 27 to 126 are an integral part of the consolidated financial statements.

December 31, 2007				December 31, 2006			
Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
1,488	75	-	1,563	1,488	75	-	1,563
3,885	94	-	3,979	3,947	87	-	4,034
14,652	44	-	14,696	15,221	47	-	15,268
725	12	-	737	687	12	-	699
47	3	-	50	53	-	-	53
1,121	47	-	1,168	1,321	47	-	1,368
126	1	-	127	96	1	-	97
428	37	-	465	499	36	-	535
22,472	**313**	**-**	**22,785**	**23,312**	**305**	**-**	**23,617**
-	23,393	(170)	23,223	-	22,802	(99)	22,703
-	3,310	-	3,310	-	2,818	-	2,818
6,913	-	-	6,913	6,826	-	-	6,826
2,857	-	(157)	2,700	3,043	-	(193)	2,850
169	37	(44)	162	210	29	(26)	213
1,782	772	(134)	2,420	1,719	617	(68)	2,268
11,721	**27,512**	**(505)**	**38,728**	**11,798**	**26,266**	**(386)**	**37,678**
1,483	**-**	**-**	**1,483**	**1,132**	**-**	**-**	**1,132**
5,185	**943**	**(149)**	**5,979**	**6,339**	**620**	**(292)**	**6,667**
18,389	**28,455**	**(654)**	**46,190**	**19,269**	**26,886**	**(678)**	**45,477**
40,861	**28,768**	**(654)**	**68,975**	**42,581**	**27,191**	**(678)**	**69,094**

December 31, 2007				December 31, 2006			
Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
			234				235
			(271)				(261)
			14,282				13,744
			310				388
			14,555				14,106
4,294	-	-	4,294	4,125	-	-	4,125
2,886	1	-	2,887	2,759	-	-	2,759
1,109	23	-	1,132	1,383	23	-	1,406
1,689	364	-	2,053	1,854	329	-	2,183
9,978	**388**	**-**	**10,366**	**10,121**	**352**	**-**	10,473
-	24,670	(148)	24,522	-	23,259	(215)	23,044
2,132	29	-	2,161	1,747	38	-	1,785
10,600	-	(29)	10,571	10,481	-	(25)	10,456
158	55	(44)	169	152	43	(26)	169
4,241	732	(292)	4,681	4,075	847	(261)	4,661
17,131	25,486	(513)	42,104	16,455	24,187	(527)	40,115
2,091	**-**	**(141)**	**1,950**	**4,551**	**-**	**(151)**	4,400
19,222	**25,486**	**(654)**	**44,054**	**21,006**	**24,187**	**(678)**	44,515
			68,975				**69,094**

2.3 Consolidated Statements of Cash Flows

(in million euros)	2008 Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
Consolidated profit (loss) for the year	**(858)**	**358**	**-**	**(500)**
Adjustments for:				
• Depreciation, amortisation and impairment	3,664	15	-	3,679
• Non-current provisions	(136)	1	-	(135)
• Changes in deferred tax	(447)	63	-	(384)
• (Gains) losses on disposals and other	124	-	-	124
Share in net (earnings) losses of companies at equity, net of dividends received	(37)	-	-	(37)
Revaluation adjustments taken to equity and hedges of debt	70	-	-	70
Working capital	**2,380**	**437**	**-**	**2,817**
Changes in operating assets and liabilities (Note 35.2)	(2,924)	153	16	(2,755)
Net cash from (used in) operating activities	**(544)**	**590**	**16**	**62**
Proceeds from disposals of shares in consolidated companies	-	-	-	-
Proceeds from disposals of investments in non-consolidated companies	-	-	-	-
Acquisitions of shares in consolidated companies	(2)	-	-	(2)
Investments in non-consolidated companies	(25)	(12)	-	(37)
Proceeds from disposals of property, plant and equipment	69	10	-	79
Proceeds from disposals of intangible assets	9	-	-	9
Investments in property, plant and equipment	(2,080)	(14)	-	(2,094)
Investments in intangible assets	(1,069)	(11)	-	(1,080)
Change in amounts payable on fixed assets	(1)	-	-	(1)
Other	(122)	5	-	(117)
Net cash from (used in) investing activities	**(3,221)**	**(22)**	**-**	**(3,243)**
Dividends paid:				
• To Peugeot S.A. shareholders	(342)	-	-	(342)
• Intragroup	168	(168)	-	-
• To minority shareholders of subsidiaries	(17)	(2)	-	(19)
(Purchases) sales of treasury stock	(43)	-	-	(43)
Changes in other financial assets and liabilities (Note 35.4)	929	-	42	971
Other	-	3	-	3
Net cash from (used in) financing activities	**695**	**(167)**	**42**	**570**
Effect of changes in exchange rates	(56)	(64)	1	(119)
Net increase (decrease) in cash and cash equivalents	**(3,126)**	**337**	**59**	**(2,730)**
Net cash and cash equivalents at beginning of year	**5,143**	**943**	**(149)**	**5,937**
NET CASH AND CASH EQUIVALENTS AT END OF YEAR (NOTE 35.1)	**2,017**	**1,280**	**(90)**	**3,207**

The Notes on pages 27 to 126 are an integral part of the consolidated financial statements.

2007				2006			
Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL	Manufacturing and Sales companies	Finance companies	Eliminations	TOTAL
405	421	-	826	(328)	398	-	70
3,559	14	-	3,573	3,686	12	-	3,698
(227)	1	-	(226)	(148)	(1)	-	(149)
(114)	38	-	(76)	(139)	29	-	(110)
(94)	-	-	(94)	(54)	2	-	(52)
(46)	-	-	(46)	(17)	-	-	(17)
32	1	-	33	11	4	-	15
3,515	475	-	3,990	3,011	444	-	3,455
920	37	134	1,091	424	(234)	(37)	153
4,435	512	134	5,081	3,435	210	(37)	3,608
-	-	-	-	2	-	-	2
11	-	-	11	-	-	-	-
-	-	-	-	(1)	-	-	(1)
(7)	(3)	-	(10)	(19)	(13)	-	(32)
148	9	-	157	155	6	-	161
8	-	-	8	3	-	-	3
(1,924)	(13)	-	(1,937)	(2,520)	(11)	-	(2,531)
(789)	(14)	-	(803)	(937)	(16)	-	(953)
(132)	-	-	(132)	(101)	-	-	(101)
(148)	1	-	(147)	(54)	-	-	(54)
(2,833)	(20)	-	(2,853)	(3,472)	(34)	-	(3,506)
(309)	-	-	(309)	(309)	-	-	(309)
157	(157)	-	-	161	(161)	-	-
(11)	-	-	(11)	(6)	(32)	-	(38)
(23)	-	-	(23)	(39)	-	-	(39)
(559)	-	8	(551)	205	-	(23)	182
-	-	-	-	-	-	-	-
(745)	(157)	8	(894)	12	(193)	(23)	(204)
(22)	(12)	1	(33)	45	2	(2)	45
835	323	143	1,301	20	(15)	(62)	(57)
4,308	620	(292)	4,636	4,288	635	(230)	4,693
5,143	943	(149)	5,937	4,308	620	(292)	4,636

2.4 Consolidated Statements of Changes in Equity

							Revaluations – excluding minority interests		
(in million euros)	Equity	Minority interests	Share capital	Treasury stock	Retained earnings and other accumulated equity, excluding minority interests	Retained earnings, excluding minority interests	Cash flow hedges	Available-for-sale securities	Translation adjustment
At December 31, 2005	**14,446**	**542**	**235**	**(220)**	**13,889**	**13,527**	**5**	**174**	**183**
Consolidated profit (loss) for the year	70	(113)	-	-	183	183	-	-	-
Revaluations taken to profit or loss	(25)	-	-	-	(25)	-	(6)	(19)	-
Revaluations taken to equity	(14)	(6)	-	-	(8)	2	33	64	(107)
Measurement of stock options	12	-	-	-	12	12	-	-	-
Comprehensive income *					***162***				
Effect of changes in scope of consolidation	3	3	-	-	-	-	-	-	-
Treasury stock (Note 28.4)	(39)	-	-	(41)	2	2	-	-	-
Dividends paid (€1.35 per €1 par value share)	(347)	(38)	-	-	(309)	(309)	-	-	-
At December 31, 2006	**14,106**	**388**	**235**	**(261)**	**13,744**	**13,417**	**32**	**219**	**76**
Consolidated profit (loss) for the year	826	(59)	-	-	885	885	-	-	-
Revaluations taken to profit or loss	(22)	-	-	-	(22)	-	(22)	-	-
Revaluations taken to equity	(14)	1	-	-	(15)	(7)	33	(31)	(10)
Measurement of stock options	12	1	-	-	11	11	-	-	-
Comprehensive income *					***859***				
Effect of changes in scope of consolidation	(10)	(10)	-	-	-	-	-	-	-
Treasury stock (Note 28.4)	(23)	-	(1)	(10)	(12)	(12)	-	-	-
Dividends paid (€1.35 per €1 par value share)	(320)	(11)	-	-	(309)	(309)	-	-	-
At December 31, 2007	**14,555**	**310**	**234**	**(271)**	**14,282**	**13,985**	**43**	**188**	**66**
Consolidated profit (loss) for the year	(500)	(157)	-	-	(343)	(343)	-	-	-
Revaluations taken to profit or loss	(60)	-	-	-	(60)	-	(60)	-	-
Revaluations taken to equity	(337)	(7)	-	-	(330)	-	34	(148)	(216)
Measurement of stock options	17	1	-	-	16	16	-	-	-
Comprehensive income *					***(717)***				
Effect of changes in scope of consolidation	6	6	-	-	-	-	-	-	-
Treasury stock (Note 28.4)	(43)	-	-	(32)	(11)	(11)	-	-	-
Dividends paid (€1.50 per €1 par value share)	(361)	(19)	-	-	(342)	(342)	-	-	-
AT DECEMBER 31, 2008	**13,277**	**134**	**234**	**(303)**	**13,212**	**13,305**	**17**	**40**	**(150)**

* *Comprehensive income includes all changes in equity resulting from transactions with third parties other than shareholders.*

The Notes on pages 27 to 126 are an integral part of the consolidated financial statements.

2.5 Notes to the Consolidated Financial Statements for the Year ended December 31, 2008

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The consolidated financial statements for 2008 including explanatory Notes were approved for issue by the Managing Board of Peugeot S.A. on February 5, 2009.

Note 1 Accounting Policies

The Group's consolidated financial statements for 2008 have been prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use in the European Union[1].

International Financial Reporting Standards include IFRSs and IASs (International Accounting Standards) and the related interpretations as prepared by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC).

New Standards and Interpretations whose Application was Compulsory in 2008

The only new text applicable from 2008 was:

- Amendment to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures, which allows financial instruments to be reclassified under certain restrictive conditions.

The Group did not reclassify any financial instruments at December 31, 2008 pursuant to this amendment.

Standards and Interpretations Early Adopted by the Group

The Group early adopted IFRS 8 – Operating Segments at December 31, 2007. IFRS 8, which is applicable for annual periods beginning on or after January 1, 2009, as adopted by the European Union in November 2007.

The standard requires segment information to be presented in line with the indicators used internally by management to measure Group performance. The business segments identified in accordance with the new standard are the same as those previously determined under IAS 14 – Segment Information, and are presented in Note 4 along with the corresponding comparative data that has been adjusted to reflect the changes described in Note 2. The adjustment of operating segments did not affect the allocation of goodwill to cash-generating units for impairment testing.

New Standards and Interpretations not Early Adopted

The Group chose not to early adopt the following texts, which had been adopted by the European Union at the balance sheet date and are applicable for annual periods beginning on or after January 1, 2009:

- *amendment to IAS 23 – Borrowing Costs*, which requires borrowing costs related to qualifying assets (defined as assets that take a substantial period of time to get ready for their intended use or sale) to be capitalized as part of the cost of the asset. Applicable prospectively, the amendment will have a positive impact on finance costs and net profit in 2009 and then a gradual negative impact on recurring operating profit as the capitalized costs are amortised. The Group does not expect this to have any material impact in 2009;
- *IAS 1 (Revised) – Presentation of Financial Statements,* which requires the presentation of comprehensive income either in one statement or two statements. The Group has chosen not to change the titles of its financial statements and to present a statement of comprehensive income in two sections, keeping the income statement as it is today;
- *improvements to IFRSs:* In May 2008, the IASB published 35 amendments to 20 standards, most of which are applicable from January 1, 2009. The amendments, which will not have any material impact on the Group's financial statements, mainly concern:
  - reversals of impairment losses on investments in companies at equity, including goodwill included in the carrying amount of these investments,
  - the obligation to disclose the same information as that required for determining value in use when fair value less costs to sell is used and measured by the discounted cash flow method.

The other texts adopted by the European Union will not impact the Group.

1.1. Consolidation

The generic name PSA Peugeot Citroën refers to the group of companies of which Peugeot S.A. is the parent. The financial statements of Peugeot S.A. and companies in which Peugeot S.A.

(1) The International Financial Reporting Standards as adopted by the European Union are available for consultation on the European Commission's website: http://ec.europa.eu/internal_market/accounting/ias_en.htm#adopted-commission.

directly or indirectly exercises exclusive control are fully consolidated.

Companies in which Peugeot S.A. directly or indirectly exercises joint control or significant influence over operating and financial policies are included in the consolidated financial statements using the equity method.

Certain companies meeting the above criteria have not been consolidated because they do not meet any of the following minimum requirements:

- sales and revenue in excess of €50 million;
- Total assets in excess of €20 million;
- Net debt in excess of €5 million.

Investments in these companies are recorded under "Investments in non-consolidated companies" in accordance with the general accounting principles described in Note 1.14.B (a). Their consolidation would not have a material impact on the consolidated financial statements.

All significant intragroup transactions are eliminated in consolidation.

1.2. Translation of the Financial Statements of Foreign Subsidiaries

A. Standard Method

The Group's functional currency is the euro (€), which is also the presentation currency in the consolidated financial statements. The functional currency of most foreign subsidiaries is their local currency, corresponding to the currency in which the majority of their transactions are denominated. The balance sheets of these subsidiaries are translated at the year-end exchange rate and their income statements are translated on a monthly basis at the average exchange rate for each month. Gains and losses resulting from the translation of financial statements of foreign subsidiaries are recorded in equity under "Translation reserve". Goodwill arising on the acquisition of these subsidiaries is measured in their functional currency.

B. Specific Method

The functional currency of some subsidiaries outside the euro zone is considered to be the euro because the majority of their transactions are denominated in this currency. Non-monetary items in these subsidiaries' accounts are translated at the historical exchange rate and monetary items at the year-end rate. The resulting translation gains and losses are recognised directly in profit or loss.

1.3. Translation of Transactions in Foreign Currencies

Transactions in foreign currencies are measured and recognised in accordance with IAS 21 – The Effects of Changes in Foreign Exchange Rates. In compliance with this standard, transactions in foreign currencies are translated into the subsidiary's functional currency at the exchange rate on the transaction date. At each balance sheet date, monetary items are translated at the closing rate and the resulting exchange difference is recognised in profit or loss, as follows:

- in recurring operating income, for commercial transactions carried out by all Group companies and for financing transactions carried out by the Banque PSA Finance group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies.

Derivative instruments are measured and recognised in accordance with the general principles described in Note 1.14.D. Derivative instruments designated as hedges of currency risks on foreign currency transactions are recognised in the balance sheet and remeasured at fair value at each balance sheet date.

The gain or loss from remeasuring derivative instruments at fair value is recognised as follows:

- in recurring operating income, for commercial transactions carried out by Group companies and for financing transactions carried out by the Banque PSA Finance group;
- in interest income or finance costs for financial transactions carried out by the manufacturing and sales companies;
- directly in equity, for hedges of future transactions (for the effective portion of the gain or loss on the hedging instrument). The amount recognised in equity is reclassified into profit or loss when the hedged item affects profit or loss. The ineffective portion is recognised in the income statement under "Financial income (and expenses)".

1.4. Uses of Estimates and Assumptions

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

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

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

To reduce uncertainty, estimates and assumptions are reviewed periodically, and the effects of any changes are recognised immediately.

The main items determined on the basis of estimates and assumptions are as follows:

- pension obligations;
- provisions (particularly vehicle warranty provisions, restructuring provisions and provisions for claims and litigation);
- the recoverable amount and useful life of property, plant and equipment and intangible assets;
- the recoverable amount of finance receivables, inventories and other receivables;
- the fair value of derivative financial instruments;
- deferred tax assets;
- sales incentives.

1.5. Sales and Revenue

A. Manufacturing and Sales Companies

(a) Automobile Division

Sales and revenue of the manufacturing and sales companies include revenues from the sale and leasing of vehicles and the sale of other goods and services.

In accordance with IAS 18 – Revenue, new vehicle sales are recognised on the date the risks and rewards of ownership are transferred. This generally corresponds to the date when the vehicles are made available to non-group dealers or the delivery date, in the case of direct sales.

Sales at cost of items purchased on behalf of other parties and sales to subcontractors of raw materials, parts and mechanical components that are intended to be bought back at cost are not included in sales and revenue.

Sales of new vehicles with a buyback commitment are not recognised at the time of delivery but accounted for as operating leases when it is probable that the vehicle will be bought back. This principle applies:

- whatever the duration of the buyback commitment;
- for both direct sales and sales financed by Banque PSA Finance and its subsidiaries.

The difference between the sale price and the buyback price is recognised as rental revenue on a straight-line basis over the duration of the buyback commitment. The vehicle is initially recognised at production cost in property, plant and equipment. Depreciation expense is calculated over the term of the lease by the straight-line method, on the basis of the vehicle's cost less its estimated residual value, representing the anticipated resale price on the used vehicle market. Any additional gain made on the final sale of the vehicle is recognised in the period in which the vehicle is sold on the used car market. If the net difference is a loss, an allowance is booked when the buyback contract is signed.

(b) Automotive Equipment Division

The Automotive Equipment Division performs development work and manufactures or purchases specific tooling to produce parts or modules for programs covered by specific customer orders.

The revenue recognition criteria provided for in IAS 18 are not met in cases where development costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer. Under such circumstances, development work cannot be considered as having being sold. The development costs are recognised in intangible assets (see Note 1.11.A) and tooling in property, plant and equipment (see Note 1.12.A).

If the contract includes a payment guarantee, the development costs are recognised in inventories and work-in-progress. The corresponding revenue is recognised when the customer signs off on each technical phase.

B. Finance Companies

The Group's finance companies provide wholesale financing to dealer networks and retail financing to customers. Financing may take the form of conventional loans, finance leases, buyback contracts or long-term leasing. The different forms of financing are treated as lending transactions and are recognised in the balance sheet in the amount of the Banque PSA Finance group's net financial commitment (see Note 1.14.A). Sales financing revenues are recorded using the yield-to-maturity method, so as to recognize a constant rate of interest over the life of the loan.

1.6. Sales Incentives

The cost of current and future sales incentive programs is accrued on the basis of historical costs for the previous three months, determined country by country, and charged against profit for the period in which the corresponding sales are recognised. In cases where the cost of the program varies according to sales, it is deducted from sales and revenue.

The Group's incentive programs include retail financing granted at a significant discount to market interest rates. The corresponding cost is recognised at the time of the sale.

1.7. Selling, General and Administrative Expenses

Selling, general and administrative expenses correspond to general administrative expenses, indirect selling expenses and warranty costs.

Product warranty costs

A provision is recorded to cover the estimated cost of vehicle and spare parts warranties at the time of sale to independent dealer networks or end-customers. Revenues from the sale of extended warranties or maintenance contracts are recognised over the period during which the service is provided.

1.8. Research and Development Expenditure

Under IAS 38 – Intangible Assets, research expenditure is recognised as an expense, while development expenditure is recognised as an intangible asset when certain conditions are met (see Note 1.11.A).

In accordance with this standard, all research costs and all development expenditure other than that described in Note 1.11.A are recognised as an expense for the period in which they are incurred.

1.9. Recurring Operating Income and Operating Income

The Group uses recurring operating income (previously called "operating margin") as its main business performance indicator. Recurring operating income is equal to profit before:

- other non-recurring operating income and expenses, which consist mainly of:
  - restructuring and early-termination plan costs,
  - profits and losses and movements on provisions related to highly unusual events;
- net financial income or expense, which includes:
  - interest income including the impact of interest rate and currency hedges,
  - finance costs including the impact of interest rate and currency hedges,
  - other financial income and expenses;
- current and deferred taxes;
- share in net earnings of companies at equity.

Operating income is equal to profit before:

- net financial income or expense;
- current and deferred taxes;
- share in net earnings of companies at equity.

1.10. Goodwill

Goodwill is the excess of the cost of shares in a consolidated company, including transaction expenses, over the Group's equity in the fair value at the acquisition date of the identifiable assets and liabilities acquired.

In accordance with IFRS 3 – Business Combinations, goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. For the purposes of impairment testing, goodwill is allocated to cash generating units (CGUs), defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Where goodwill is also allocated to a specific geographic area, impairment tests are carried out at this more detailed level. The methods used to measure the recoverable amount of CGUs are described in Note 1.13. Any impairment losses are deducted from consolidated profit for the year.

Goodwill attributable to acquisitions of equity-accounted companies is included in "Investments in companies at equity" and is tested for impairment at the level of the corresponding investments.

1.11. Intangible Assets

A. Research and Development Expenditure

Under IAS 38 – Intangible Assets, development expenditure is recognised as an intangible asset if the entity can demonstrate in particular:

- its intention to complete the intangible asset and use or sell it, as well as the availability of adequate technical, financial and other resources for this purpose;
- that it is probable that the future economic benefits attributable to the development expenditure will flow to the entity;
- that the cost of the asset can be measured reliably.

(a) Automobile Division

Development expenditure on vehicles and mechanical assemblies (engines and gearboxes) incurred between the project launch (corresponding to the styling decision for vehicles) and the start-up of pre-series production is recognised in intangible assets. It is amortised from the start-of-production date over the asset's useful life, representing up to seven years for vehicles and ten years for mechanical assemblies. The capitalized amount mainly comprises payroll costs of personnel directly assigned to the project, the cost of prototypes and the cost of external services related to the project. No overheads or indirect costs are included, such as rent, building depreciation and information system utilisation costs. The capitalized amount also includes the portion of qualifying development expenditure incurred by the Group under cooperation agreements that is not billed to the partner. All development expenditure billed to the Group by its partners under cooperation agreements is also capitalized. As from 2007, all development expenditure incurred to develop mechanical assemblies compliant with new emissions standards is monitored on a project-by-project basis and is also capitalized.

(b) Automotive Equipment Division

Development work is undertaken for all programs covered by specific customer orders. Where development costs are paid in proportion to parts delivered to the customer, with their full recovery being subject to an unguaranteed minimum level of orders placed by the customer, the costs incurred during the period between the customer's acceptance of the commercial offer and the start-of-production date of the parts or modules are recognised in intangible assets. The intangible asset is amortised based on the quantity of parts delivered to the customer, provided that accumulated amortisation at each year-end does not represent less than the amount that would be recognised if the asset were amortised on a straight-line basis over five years. If the contract includes a payment guarantee, the development expenditure is recognised in inventories and work-in-progress.

Other research and development expenditure is recognised as an expense for the period in which it is incurred (see Note 1.8).

B. Other internally-developed or purchased intangible assets

The portion of development costs relating to software for internal use that corresponds to directly attributable internal or external costs necessary to create the software or improve its performance is recognised as an intangible asset when it is probable that these costs will generate future economic benefits. The capitalized costs are amortised over the estimated useful life of the software, ranging from four to twelve years.

Other software acquisition and development costs are expensed as incurred. Other intangible assets (consisting principally of patents and trademarks) are amortised on a straight-line basis over the estimated period of benefit, not to exceed twenty years.

1.12. Property, Plant and Equipment

A. Cost

In accordance with IAS 16 - Property, Plant and Equipment, property, plant and equipment are stated at acquisition or production cost excluding borrowing costs. They are not revalued.

Capitalized costs include the portion of specific tooling expenses incurred by the Group under cooperation agreements that is not billed to its partners. All specific tooling expenditure billed to the Group by its partners under cooperation agreements is also capitalized.

The cost of property, plant and equipment does not include any borrowing costs.

Government grants are recognised as a reduction in the cost of the corresponding assets.

Maintenance costs are expensed as incurred.

Leased assets include vehicles leased to retail customers by the Group's leasing companies and vehicles sold with a buyback commitment, which are recognised according to the method described in Note 1.5.A.

Assets acquired under finance leases, as defined in IAS 17 – Leases, are recognised at an amount equal to the present value of the future lease payments, or to the fair value of the leased property, whichever is lower. A financial liability is recognised in the same amount. The assets are depreciated by applying the method and rates indicated below.

B. Depreciation

(a) Standard Method

Depreciation is calculated on a straight-line basis to write off the acquisition or production cost of the assets, less any residual value, over their estimated useful lives. Property, plant and equipment generally have no residual value, except for rental vehicles. The main useful lives of property, plant and equipment are as follows:

(in years)	
Buildings	20 - 30
Plant and equipment	4 - 16
Computer equipment	3 - 4
Vehicles and handling equipment	4 - 7
Fixtures and fittings	10 - 20

(b) Specific Tooling

In the Automobile Division, specific tooling is depreciated over the estimated lives of the corresponding models, which are generally shorter than the useful lives of the tooling concerned, due to the frequency of model changes.

In the Automotive Equipment Division, specific tooling is depreciated based on the quantity of parts delivered to the customer, provided that accumulated depreciation at each year-end does not represent less than the amount that would be recognised if the asset were depreciated on a straight-line basis over three years.

The estimated useful lives of property, plant and equipment are reviewed periodically, particularly whenever a decision is made to halt production of a vehicle or mechanical assembly.

1.13. Impairment of Long-Lived Assets

In accordance with IAS 36 – Impairment of Assets, the recoverable amount of property, plant and equipment and intangible assets is tested for impairment at each balance sheet date, whenever events or changes in circumstances indicate that it might be impaired. The impairment test usually consists of estimating the asset's value in use. Assets with indefinite useful lives are tested for impairment at least once a year. Goodwill is the only asset with an indefinite life carried in the Group accounts.

Impairment tests are performed at the level of cash generating units (CGUs), which are defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The value in use of CGUs is measured as the net present value of estimated future cash flows. If this value is less than the CGU's carrying amount, an impairment loss is recognised in profit or loss and first recorded as an adjustment to the carrying amount of any goodwill allocated to the CGU.

The Automobile Division comprises a number of Vehicle CGUs, each corresponding to a vehicle model. The assets included in a Vehicle CGU consist of tooling and other specific plant and equipment used to manufacture the model, as well as capitalized model development expenditure (see Note 1.11.A). The Vehicle CGUs and all other fixed assets, including goodwill, together make up the Automobile Division CGU.

In the Automotive Equipment Division, each CGU corresponds to a program and comprises all customer contract-related intangible assets (corresponding to capitalized development costs) and property, plant and equipment. These CGUs are combined in Business Units (Automotive Seating, Vehicle Interiors, Exhaust Systems and Front Ends) to which support assets and goodwill are allocated.

Within the Banque PSA Finance group, fixed assets used in a given country constitute a homogenous group of assets (CGU).

For Gefco group companies, property, plant and equipment and intangible assets are allocated to either the Automotive GCU or the Integrated Supply Chain Solutions CGU.

1.14. Financial Assets and Liabilities

A. Definitions

Under IAS 39, financial assets include loans and receivables, available-for-sale securities, financial assets held for trading and financial assets accounted for using the fair value option. On the balance sheet, these categories correspond to investments in non-consolidated companies (Note 18), other non-current financial assets (Note 19), loans and receivables – finance companies (Note 21), short-term investments – finance companies (Note 22), trade receivables – manufacturing and sales companies (Note 24), current financial assets (Note 26), and cash and cash equivalents (Note 27).

The Group does not have any financial assets classified as "held-to-maturity".

Financial liabilities as defined by IAS 39 comprise financial liabilities at amortised cost and financial liabilities accounted for using the fair value option. On the balance sheet, these categories correspond to current and non-current financial liabilities (Note 31), financing liabilities (Note 33) and trade payables.

Financial assets and liabilities with maturities of more than one year at the balance sheet date are classified as non-current. All other assets and liabilities are reported as current. Financial assets and liabilities are recognised and measured in accordance with IAS 39, which was only partially adopted by the European Commission. However, the Group is not affected by the provisions of IAS 39 dealing with fair value hedges of portfolios of interest rate instruments that were rejected by the European Union.

B. Recognition and Measurement of Financial Assets

(a) Investments in Non-Consolidated Companies

These represent shares in companies that are not fully consolidated or accounted for by the equity method. They are shown on the balance sheet at historical cost, which the Group considers is representative of fair value in the absence of an active market for the shares. An impairment loss is recognised when there is objective evidence of an other-than-temporary decline in value. Fair value is determined by applying the most appropriate financial criteria, considering the specific situation of the company concerned. The most commonly applied criteria are equity in underlying net assets and earnings outlook.

(b) Loans and Receivables

Loans and receivables include advances to non-consolidated companies, very long-term loans under the French government housing scheme, and other loans and receivables. They are stated at amortised cost, measured by the effective interest method. Their carrying value includes the outstanding principal plus unamortised transaction costs, premiums and discounts. Their recoverable amount is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Impairment losses are recorded in the income statement.

(c) Short-Term Investments

Short-term investments are classified as available-for-sale or as accounted for using the fair value option.

(C1) SHORT-TERM INVESTMENTS CLASSIFIED AS AVAILABLE-FOR-SALE

Short-term investments classified as available-for-sale include listed securities that the Group intends to hold on a lasting basis or that can be sold in the short term. They are stated at market value, which the Group considers is representative of fair value. Gains and losses arising from remeasurement at fair value are generally recognised directly in equity. Only impairment losses reflecting an other-than-temporary decline in value are recognised in the income statement.

(C2) SHORT-TERM INVESTMENTS ACCOUNTED FOR USING THE FAIR VALUE OPTION

Assets recorded in this category comprise fixed-income securities hedged by interest rate swaps and unhedged variable-income securities. Any changes in the fair value of these securities are recognised directly in profit or loss for the period, together with the offsetting change in the fair value of the related swaps.

(d) Loans and Receivables – Finance Companies

Loans and receivables reported in the balance sheet correspond to Banque PSA Finance's net financial commitment in respect of the loans and receivables. Consequently, their carrying amount includes the outstanding principal and accrued interest plus the following items (before the effect of hedge accounting):

- commissions paid to referral agents as well as directly attributable administrative expenses incurred with third parties on inception of loans and receivables, which are added to the outstanding principal;
- contributions received from the brands, which are deducted from the outstanding principal;
- unamortised loan set-up costs, which are deducted from the outstanding principal;
- deposits received at the inception of finance leases, which are deducted from the amount financed.

Interest income is allocated by the effective interest method, with the effective interest rate being the rate that exactly discounts estimated future cash receipts through the expected life of the loan.

Loans and receivables are generally hedged against interest rate risks, with the hedged portion of the loan remeasured at fair value in accordance with hedge accounting principles. Gains and losses arising from remeasurement at fair value are recognised in profit or loss and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument (see Note 1.14.D – Derivative instruments).

Loans and receivables are tested for impairment when a loss event occurs, corresponding in practice to default on a single installment. Impairment is measured by comparing the carrying amount of the loan or receivable to the present value of estimated future cash flows discounted at the effective interest rate.

For retail loans and receivables:

- an impairment loss is recognised on sound loans when the borrower defaults on a single installment. Impairment is assessed based on the probability of the outstanding loan being classified as non-performing and on the discounted average loss ratio;
- impairment losses on non-performing loans are determined based on the discounted average loss ratio, which is used to calculate provisions for credit losses on non-performing and doubtful loans.

For other loans and receivables (consisting mainly of wholesale loans), provisions for known credit risks are determined on a case-by-case basis.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash at bank, units in money market funds and other money market securities that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value in the case of an increase in interest rates. All cash and cash equivalents are measured at fair value.

C. Recognition and Measurement of Financial Liabilities

(a) Financial Liabilities At Amortised Cost

Borrowings and other financial liabilities are generally stated at amortised cost measured using the effective interest method. Items hedged by interest rate swaps are accounted for using fair value hedge accounting. The hedged portion of the financial liability is remeasured at fair value, with changes in fair value attributable to the hedged risk taken to profit or loss and offset by the loss or gain arising from remeasurement at fair value of the hedging instrument.

(b) Financial Liabilities Accounted for Using the Fair Value Option

Exceptionally, the fair value option has been applied when it allows for a clearer presentation of the financial statements, namely because changes in the fair value of liabilities are accounted for symmetrically with any changes in the fair value of the derivatives hedging the interest rate risk on such liabilities. In such cases, the fair value of these liabilities reflects the credit risk specific to the issuer.

D. Recognition and Measurement of Derivative Instruments

(a) Standard Method

Derivative instruments are stated at fair value. Except as explained below, gains and losses arising from remeasurement at fair value are recognised in profit or loss.

(b) Hedging Instruments

Derivative instruments may be designated as hedging instruments in one of two types of hedging relationship:

- fair value hedges, corresponding to hedges of the exposure to changes in fair value of an asset or liability due to movements in interest rates or foreign exchange rates;
- cash flow hedges, corresponding to hedges of the exposure to variability in cash flows from existing or future assets or liabilities.

Derivative instruments qualify for hedge accounting when:

- at the inception of the hedge there is formal designation and documentation of the hedging relationship;
- the effectiveness of the hedge is demonstrated at inception and in each financial reporting period for which the hedge is designated.

The effects of hedge accounting are as follows:

- for fair value hedges of existing assets and liabilities, the hedged portion of the asset or liability is recognised in the balance sheet and measured at fair value. Gains and losses arising from remeasurement at fair value are recognised in profit or loss, and are offset by the effective portion of the loss or gain arising from remeasurement at fair value of the hedging instrument;
- for cash flow hedges, the effective portion of the gain or loss arising from remeasurement at fair value of the hedging instrument is recognised directly in equity, since the gain or loss arising from remeasurement at fair value of the hedged portion of the underlying future transaction is not recognised in the balance sheet. The ineffective portion is recognised in profit or loss. Cumulative gains and losses recognised in equity are reclassified to profit or loss when the hedged item affects profit or loss. The effective portion of the gain or loss arising from remeasurement at fair value of hedges of raw materials purchases does not affect the value at which the raw materials are recognised in inventory.

1.15. Inventories

Inventories are stated at the lower of cost and net realizable value, in accordance with IAS 2 – Inventories. Cost is determined by the first-in-first-out (FIFO) method and includes direct and indirect production expenses based on the normal capacity of the production facility.

The cost of inventories does not include any borrowing costs.

The Automotive Equipment Division performs development work and manufactures or purchases specific tooling to produce parts or modules for programs covered by specific customer orders. When the contract includes a payment guarantee, the development costs are recognised in inventories and work-in-progress and the corresponding revenue is recognised when the customer signs off on each technical phase.

1.16. Trade Receivables

A provision for impairment is recorded on the manufacturing and sales companies' trade receivables if the Group believes that there is a risk that the receivables will not be recovered. Indications of probable impairment include the existence of unresolved claims or litigation, the age of the receivables and the obligor's significant financial difficulties.

1.17. Deferred Taxes

In accordance with IAS 12 – Income Taxes, deferred taxes are calculated for all temporary differences between the tax base of assets and liabilities and their carrying amount. Deferred tax liabilities are systematically recognised, while deferred tax assets are only recognised when there is a reasonable expectation that they will be recovered.

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries and companies at equity, except to the extent that both of the following conditions are satisfied:

- the Group is able to control the timing of the reversal of the temporary difference;
- it is probable that the temporary difference will not reverse in the foreseeable future.

In practice:

- for subsidiaries, a deferred tax liability is recognised only in respect of distribution taxes on dividends that will be paid by the subsidiary in the following year by decision of the Group;
- for companies at equity, a deferred tax liability on dividend distributions is recognised for all differences between the tax base of the shares and their carrying amount;
- current tax benefits generated by intragroup provisions and sales are not cancelled by recognizing deferred tax liabilities, except when the difference is considered to be temporary, for example, when the Group plans to divest the subsidiary.

1.18. Provisions

In accordance with IAS 37 – Provisions, Contingent Liabilities and Contingent Assets, a provision is recognised when, at the balance sheet date, the Group has a present obligation towards a third party, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and no inflow of resources of an equivalent amount is expected. Provisions for restructuring costs are recognised only when the restructuring has been announced and the Group has drawn up or has started to implement a detailed formal plan.

Provisions are discounted only when the effect is material.

1.19. Pensions and Other Post-Employment Benefits

In addition to pension benefits paid in accordance with the laws and regulations of the countries in which they operate, Group companies are liable for the payment of supplementary pensions and retirement benefits (see Note 30.1). These benefits are paid under defined contribution and defined benefit plans.

The payments made under defined contribution plans are in full discharge of the Group's liability and are recognised as an expense for the period.

In accordance with IAS 19 – Employee Benefits, obligations under defined benefit plans are measured by independent actuaries using the projected unit credit method. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation, which is then discounted to present value.

The calculations mainly take into account:

- an assumption concerning the expected retirement date;
- an appropriate discount rate;
- an inflation rate;
- assumptions concerning future salary levels and staff turnover rates.

The projected benefit obligation is measured every year for the main plans and every three years for the other plans, except when more frequent valuations are necessary to take into account changes in actuarial assumptions or significant changes in demographic statistics.

Changes in actuarial assumptions and experience adjustments – corresponding to the effects of differences between previous actuarial assumptions and what has actually occurred – give rise to actuarial gains and losses. These gains and losses are recognised in the income statement using the corridor method, which consists of recognizing a specified portion of net cumulative actuarial gains and losses that exceed the greater of (i) 10% of the present value of the benefit obligation, and (ii) 10% of the fair value of plan assets, over the remaining service lives of plan participants.

The purpose of external funds is to cover the total projected benefit obligation, including the portion not recognised due to the deferral of actuarial gains and losses. Because actuarial gains and losses are deferred, in some cases the amount of these external funds exceeds the recognised portion of the projected benefit obligation. This leads to the recognition of a non-current asset in an amount not exceeding the sum of net actuarial losses and unrecognised past service costs.

Other employee benefit obligations recognised in the balance sheet concern:

- long-service awards payable by French and foreign subsidiaries (Note 30.2);
- healthcare costs paid by certain subsidiaries in the United States (Note 30.3).

1.20. Options to Purchase Existing or Newly Issued Shares at an Agreed Price

Stock options are granted to Group management and certain employees under equity-settled share-based payment plans. These options are measured at either the grant date or at the date of approval of the plan by the Managing Board, in accordance with IFRS 2 – Share-based Payment, using the Black & Scholes option pricing model. Changes in the fair value of options after the grant date have no impact on the initial valuation.

The fair value of stock options depends in part on their expected life, which the Group considers as corresponding to the average option life of six years. The compensation cost corresponding to the options' fair value is recognised in personnel costs on a straight-line basis over the period from the grant date to the earliest exercise date (vesting period), with the offsetting adjustment recognised directly in equity.

In accordance with IFRS 2, only those stock options granted after November 7, 2002 but not yet vested at January 1, 2005 are measured and recognised in personnel costs. No compensation cost has therefore been recognised for stock options granted prior to November 7, 2002.

1.21. Treasury Stock

All Peugeot S.A. shares held by the Group are recorded at cost as a deduction from equity. Proceeds from sales of treasury stock are taken to equity, so that any disposal gains or losses have no impact on profit.

Note 2 Adjustments to Financial Information Reported in Prior Years

In order to better reflect economic reality, in accordance with IFRS, PSA Peugeot Citroën has changed the accounting presentation of certain sales-related items, leading to a reduction in Automobile Division sales which in turn affects consolidated sales and revenue. Under the new presentation:

- Raw materials, parts and mechanical sub-assemblies sold to subcontractors that are intended to be bought back at cost are no longer recognised in sales and revenue, but are recorded as a deduction from "Cost of goods and services sold".
- Sales at cost of goods and services originally purchased on behalf of other parties are recorded as a deduction from the expense items concerned, whereas in prior periods they were included in sales and revenue.
- Off-invoice customer promotional offers that were previously included in "Selling, general and administrative expenses" are now recognised as a deduction from sales and revenue.

In addition, to align Group practices with those of other listed automobile manufacturers, the content of "Selling, general and administrative expenses" has been modified to include only indirect selling expenses, warranty costs and general administrative expenses. This new definition had the effect of reducing "Selling, general and administrative expenses" by €562 million in 2007 and €445 million in 2006, with a corresponding increase in "Cost of goods and services sold".

The overall effect of these changes is presented below:

	2007 published in February 2008			2007 adjusted published in February 2009	
(in million euros)	**Manufacturing and Sales Companies**	**Group total**	**Reclassifications**	**Manufacturing and Sales Companies**	**Group total**
Sales and revenue	**59,069**	**60,613**	**(1,937)**	**57,132**	**58,676**
Cost of goods and services sold	(47,826)	(48,435)	917	(46,909)	(47,518)
Selling, general and administrative expenses	(8,027)	(8,354)	1,020	(7,007)	(7,334)
Research and development costs	(2,072)	(2,072)	0	(2,072)	(2,072)
RECURRING OPERATING INCOME	**1,144**	**1,752**	**0**	**1,144**	**1,752**
Consolidated operating margin (as a % of sales and revenue)		*2.9%*			*3.0%*

	2006 published in February 2008			2006 adjusted published in February 2009	
(in million euros)	**Manufacturing and Sales Companies**	**Group total**	**Reclassifications**	**Manufacturing and Sales Companies**	**Group total**
Sales and revenue	**55,198**	**56,594**	**(1,409)**	**53,789**	**55,185**
Cost of goods and services sold	(44,758)	(45,226)	756	(44,002)	(44,470)
Selling, general and administrative expenses	(7,908)	(8,232)	653	(7,255)	(7,579)
Research and development costs	(2,017)	(2,017)	0	(2,017)	(2,017)
RECURRING OPERATING INCOME	**515**	**1,119**	**0**	**515**	**1,119**
Consolidated operating margin (as a % of sales and revenue)		*2.0%*			*2.0%*

Adjusted Automobile Division sales amounted to €45,519 million in 2007 compared with €47,456 million originally reported, and €43,157 million in 2006 versus an originally reported €44,566 million.

In 2007, the division's adjusted operating margin stood at 1.9% compared with 1.8% originally reported, while in 2006, the margin rate was the same both before and after adjustment, at 0.6%

Note 3 Scope of Consolidation

3.1. Number of Consolidated Companies

A. Number of Companies Consolidated at Year-End

	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2007
Fully-consolidated companies			
Manufacturing and sales companies	287	290	288
Finance companies	37	36	34
	324	326	322
Companies at equity			
Manufacturing and sales companies	37	37	33
Finance companies	1	1	1
	38	38	34
CONSOLIDATED COMPANIES AT DECEMBER 31	**362**	**364**	**356**

B. Changes During the Year

	2008
Consolidated companies at January 1	**364**
Newly consolidated companies	
• Automobile companies	2
• Automotive equipment companies	4
• Transportation and logistics companies	2
• Other manufacturing and sales companies	1
• Finance companies	4
Companies sold and removed from the scope of consolidation	(3)
Merged companies and other	(12)
CONSOLIDATED COMPANIES AT DECEMBER 31	**362**

3.2. Main Changes in the Scope of Consolidation in 2008

No material changes in the scope of consolidation occurred during 2008.

Note 4 Segment Information

In accordance with IFRS 8 – Operating Segments, segment information is presented in line with the indicators used internally by management to measure the performance of the Group's different business segments. The disclosures below are derived from the internal reporting system and have been prepared in accordance with the IFRSs adopted by the European Union. The Group's main performance indicator is recurring operating income.

4.1. Business Segments

The Group's operations are organized around five main segments:

- the Automobile Division, covering the design, manufacture and sale of passenger cars and light commercial vehicles under the Peugeot and Citroën brands;

- the Automotive Equipment Division, corresponding to the Faurecia group and comprising the Vehicle Interiors, Automotive Seating, Front End and Exhaust Systems businesses;
- the Transportation and Logistics Division, corresponding to the Gefco group comprising the Logistics and Vehicle and Goods Transportation businesses;
- the Finance Division, corresponding to the Banque PSA Finance group, which provides retail financing to customers of the Peugeot and Citroën brands and wholesale financing to the two brands' dealer networks;
- other Businesses, which include the activities of the holding company, Peugeot S.A., and Peugeot Motocycles.

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

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

	2008						
(in million euros)	**Automobile**	**Automotive Equipment**	**Transportation and Logistics**	**Finance companies**	**Other**	**Eliminations and reconciliations**	**TOTAL**
Sales and revenue							
• third parties	41,621	9,532	1,365	1,651	187	-	54,356
• intragroup, intersegment	22	2,479	2,171	437	89	(5,198)	-
TOTAL	**41,643**	**12,011**	**3,536**	**2,088**	**276**	**(5,198)**	**54,356**
Recurring operating income	**(225)**	**91**	**127**	**557**	**3**	**(3)**	**550**
Restructuring costs (1)	(335)	(166)	(1)	-	(10)	-	(512)
Impairment losses on CGUs	(138)	(265)	-	-	(2)	-	(405)
Other non-recurring operating income and (expenses)	13	(13)	1	(1)	-	-	-
Operating income (loss)	**(685)**	**(353)**	**127**	**556**	**(9)**	**(3)**	**(367)**
Interest income		15		-		232	247
Finance costs		(129)		-		(214)	(343)
Other financial income and (expenses), net		(81)		(1)		(108)	(190)
Net financial income (expense)		**(195)**		**(1)**		**(90)**	**(286)**
Income taxes		(29)		(197)		322	96
Share in net earnings of companies at equity	53	8	(2)	-	(2)	-	57
Consolidated profit (loss) for the year		**(569)**		**358**			**(500)**
Segment assets	28,610	5,185	1,053	26,381	(1,218)	(1,579)	58,432
Of which investments in companies at equity	686	40	1	14	5	-	746
Segment liabilities	(17,186)	(2,940)	(730)	(23,462)	490	1,569	(42,259)
Capital employed (Note 39.1)	**11,424**	**2,245**	**323**	**2,919**	**(728)**	**(10)**	**16,173**
Capital expenditure (excluding sales with a buyback commitment)	**2,620**	**483**	**45**	**25**	**1**	**-**	**3,174**
Depreciation and amortisation	**(2,656)**	**(465)**	**(56)**	**(15)**	**-**	**-**	**(3,192)**

(1) Automobile Division and Automotive Equipment Division restructuring costs include asset impairments of €79 million and €3 million respectively.

In 2008, following an internal reorganization, plant and equipment design operations were reclassified from "Other businesses" to the Automobile Division. The effect of this change on Automobile Division segment information is not material.

	2007						
(in million euros)	**Automobile**	**Automotive Equipment**	**Transportation and Logistics**	**Finance companies**	**Other**	**Eliminations and reconciliations**	**TOTAL**
Sales and revenue							
• third parties	45,471	10,028	1,403	1,544	230	-	58,676
• intragroup, intersegment	48	2,633	2,151	455	266	(5,553)	-
TOTAL	**45,519**	**12,661**	**3,554**	**1,999**	**496**	**(5,553)**	**58,676**
Recurring operating income	**858**	**121**	**155**	**608**	**10**	**-**	**1,752**
Restructuring costs	(229)	(105)	(42)	-	(4)	-	(380)
Impairment losses on CGUs	(216)	(61)	-	-	(12)	-	(289)
Other non-recurring operating income and (expenses)	97	(60)	-	-	-	-	37
Operating income (loss)	**510**	**(105)**	**113**	**608**	**(6)**	**-**	**1,120**
Interest income		16		-		267	283
Finance costs		(121)		-		(185)	(306)
Other financial income and (expenses), net		(10)		(1)		(6)	(17)
Net financial income (expense)		**(115)**		**(1)**		**76**	**(40)**
Income taxes		(13)		(186)		(103)	(302)
Share in net earnings of companies at equity	46	2	-	-	-	-	48
Consolidated profit (loss) for the year		**(231)**		**421**			**826**
Segment assets	27,544	6,228	1,203	28,768	(560)	(1,847)	61,336
Of which investments in companies at equity	677	45	3	12	-	-	737
Segment liabilities	(20,040)	(3,415)	(844)	(25,874)	141	1,855	(48,177)
Capital employed (Note 39.1)	**7,504**	**2,813**	**359**	**2,894**	**(419)**	**8**	**13,159**
Capital expenditure (excluding sales with a buyback commitment)	**2,182**	**472**	**53**	**27**	**6**	**-**	**2,740**
Depreciation and amortisation	**(2,728)**	**(479)**	**(55)**	**(14)**	**(8)**	**-**	**(3,284)**

(in million euros)	2006 Automobile	Automotive Equipment	Transportation and Logistics	Finance companies	Other	Eliminations and reconciliations	TOTAL
Sales and revenue							
• third parties	43,035	9,199	1,272	1,396	283	-	55,185
• intragroup, intersegment	122	2,450	1,973	365	370	(5,280)	-
TOTAL	**43,157**	**11,649**	**3,245**	**1,761**	**653**	**(5,280)**	**55,185**
Recurring operating income	**267**	**69**	**151**	**604**	**17**	**11**	**1,119**
Restructuring costs (1)	(245)	(169)	(6)	-	(9)	-	(429)
Impairment losses on CGUs	(194)	(234)	-	-	(41)	-	(469)
Other non-recurring operating income and (expenses)	64	17	9	-	-	-	90
Operating income (loss)	**(108)**	**(317)**	**154**	**604**	**(33)**	**11**	**311**
Interest income		11		-		167	178
Finance costs		(86)		-		(148)	(234)
Other financial income and (expenses), net		(15)		(1)		(33)	(49)
Net financial income (expense)		**(90)**		**(1)**		**(14)**	**(105)**
Income taxes		(35)		(205)		84	(156)
Share in net earnings of companies at equity	16	4	-	-	-	-	20
Consolidated profit (loss) for the year		**(438)**		**398**			**70**
Segment assets	27,710	6,462	1,160	27,191	(155)	(1,850)	60,518
Of which investments in companies at equity	*644*	*40*	*3*	*12*	*-*	*-*	*699*
Segment liabilities	(19,612)	(3,337)	(790)	(24,539)	(100)	1,991	(46,387)
Capital employed (Note 39.1)	**8,098**	**3,125**	**370**	**2,652**	**(255)**	**141**	**14,131**
Capital expenditure (excluding sales with a buyback commitment)	**2,852**	**515**	**70**	**27**	**20**	**-**	**3,484**
Depreciation and amortisation	**(2,547)**	**(530)**	**(54)**	**(12)**	**(15)**	**-**	**(3,158)**

(1) Automobile Division restructuring costs include impairment losses of €71 million linked to the sale of the Ryton site in the UK.

4.2. Reconciliation to the Consolidated Balance Sheet

(in million euros)	2008	2007	2006
Segment assets at December 31	**58,432**	**61,336**	**60,518**
Other non-current financial assets (1)	823	1,121	1,321
Current financial assets	515	1,483	1,132
Cash and cash equivalents (1)	1,950	5,035	6,123
Assets reported in the balance sheet	**61,720**	**68,975**	**69,094**
Segment liabilities at December 31	**42,259**	**48,177**	**46,387**
Equity	13,277	14,555	14,106
Non-current financial liabilities	4,491	4,294	4,125
Current financial liabilities (1)	1,693	1,949	4,476
Equity and liabilities reported in the balance sheet	**61,720**	**68,975**	**69,094**

(1) Including eliminations.

4.3. Geographical Segments

In the table below, sales and revenue are presented by destination of products sold, and investments and assets by geographic location of the subsidiary concerned.

In accordance with IFRS 8, the Group's geographical segment analysis presents all non-current assets other than financial instruments, deferred tax assets and external pension plan assets.

	2008				
(in million euros)	Western Europe	Central and Eastern Europe	Latin America	Rest of world	TOTAL
Sales and revenue	41,429	4,314	3,617	4,996	54,356
Non-current assets (excl. deferred tax assets and financial instruments)	16,332	1,028	707	346	18,413

Since 2008, sales and revenue in Turkey - previously reported in the "Rest of world" segment - have been included in the "Central and Eastern Europe" segment. This reclassification had the effect of increasing sales and revenue in the "Central and Eastern Europe" segment by €579 million in 2007 and €377 million in 2006 compared with the originally reported amounts.

	2007				
(in million euros)	Western Europe	Central and Eastern Europe	Latin America	Rest of world	TOTAL
Sales and revenue	45,821	4,047	3,377	5,431	58,676
Non-current assets (excl. deferred tax assets and financial instruments)	16,807	1,066	610	316	18,799

	2006				
(in million euros)	Western Europe	Central and Eastern Europe	Latin America	Rest of world	TOTAL
Sales and revenue	43,805	3,159	2,760	5,461	55,185
Non-current assets (excl. deferred tax assets and financial instruments)	17,493	1,054	483	366	19,396

Note 5 Sales and Revenue

(in million euros)	2008	2007	2006
Sales of vehicles and other goods	49,969	53,815	50,643
Sales of service	2,736	3,317	3,146
Financial services revenue	1,651	1,544	1,396
TOTAL	**54,356**	**58,676**	**55,185**

Note 6 Recurring Operating Expenses Analysed by Function

(in million euros)	2008	2007	2006
Cost of goods and services sold	(44,920)	(47,518)	(44,470)
Selling, general and administrative expenses	(6,841)	(7,334)	(7,579)
Research and development expenses	(2,045)	(2,072)	(2,017)
TOTAL	**(53,806)**	**(56,924)**	**(54,066)**

Note 7 Recurring Operating Expenses Analysed by Nature

Details of employee benefits expense and depreciation and amortisation expense are presented below in accordance with IAS 1. Other recurring operating expenses are analyzed by each Division at its own appropriate level, which cannot be presented on a consistent basis at Group level.

7.1. Personnel Costs

Group personnel costs are as follows:

(in million euros)	2008	2007	2006
Automobile Division	(5,904)	(6,225)	(6,147)
Automotive Equipment Division	(2,059)	(2,104)	(2,104)
Transportation and Logistics Division	(406)	(413)	(390)
Finance companies	(123)	(126)	(123)
Other businesses	(106)	(131)	(120)
TOTAL	**(8,598)**	**(8,999)**	**(8,884)**

Details of stock option costs are provided in Note 28.3.D. Pension and other post-employment benefit costs are presented in Note 30.1.F.

7.2 Depreciation and Amortisation Expense

Depreciation and amortisation expense included in recurring operating income breaks down as follows:

(in million euros)	2008	2007	2006
Capitalized development expenditure	(738)	(752)	(704)
Other intangible assets	(61)	(60)	(70)
Specific tooling	(786)	(811)	(748)
Other property, plant and equipment	(1,607)	(1,661)	(1,636)
TOTAL	**(3,192)**	**(3,284)**	**(3,158)**

Depreciation and amortisation expense reflects the reduction in the useful lives of certain assets. This change in accounting estimate led to a €76 million increase in this item in 2008 compared with the previous depreciation and amortisation schedule (€132 million increase in 2007).

Note 8 Research and Development Expenses

(in million euros)	2008	2007	2006
Total expenditure	(2,372)	(2,074)	(2,195)
Capitalized development expenditure (Note 15.1)	1,065	754	882
Non-capitalized expenditure	**(1,307)**	**(1,320)**	**(1,313)**
Amortisation of capitalised development expenditure (Note 15.1)	(738)	(752)	(704)
TOTAL	**(2,045)**	**(2,072)**	**(2,017)**

Impairment losses on capitalized development expenditure are disclosed in Note 9.

Note 9 Non-Recurring Operating Income and (Expenses)

(in million euros)	2008	2007	2006
Impairment loss on Automobile CGUs (Note 9.1)	(138)	(216)	(194)
Impairment loss on Faurecia group CGUs and other Faurecia group assets (Note 9.2)	(268)	(65)	(234)
Provisions for contingencies and charges (Faurecia group)	(2)	(56)	-
Impairment loss on Other businesses CGUs (Note 9.3)	(2)	(12)	(41)
Restructuring costs (Note 9.4)	(512)	(380)	(429)
Net gains on disposals of property (Note 9.5)	7	95	93
Other	(2)	2	(3)
TOTAL	**(917)**	**(632)**	**(808)**

9.1. Impairment Loss on Automobile CGUs

In accordance with the principle set out in Note 1.13, the carrying amount of each vehicle CGU and the overall Automobile Division CGU was compared with their respective value in use. Value in use is defined as the present value of estimated future cash flows expected to be generated by the assets based on the latest projections from the Medium-Term Plan (2009-2012 plan for 2008 impairment tests) and the 10-year strategic plan for vehicles under development. Sensitivity to volume assumptions was measured based on a possible decline in the European automobile market of around 20% during the current economic crisis. For the two impaired CGUs, the test took into account the latest volume forecasts.

In 2008, future cash flows were discounted based on an average cost of capital of 8% after tax, as determined using the same method as that applied in 2006 by an independent expert. It was based on a risk-free interest rate and a 5% risk premium, in line with historical data. The 2008 discount rate was the same as that applied for the impairment tests carried out in 2007 and 2006.

At end-2006, these impairment tests led to the recognition of a €194 million write-down on two vehicle CGUs, essentially attributable to a decline in unit sales of these models. Impairment losses were first allocated against capitalized development expenditure (€108 million), and then against specific tooling in proportion to its net carrying amount (€86 million).

In 2007, the CGUs' unit sales continued to decline, leading the Group to perform further impairment tests. Based on the results of these tests, property, plant and equipment related to these two CGUs were written down in full, for a total additional amount of €216 million.

At end-2008, impairment tests led to write-downs of another two vehicle CGUs, for a total of €136 million, due mainly to lower unit sales of the models concerned. Impairment losses were first allocated against capitalized development expenditure (€113 million) and then against specific tooling in proportion to its net carrying amount (€23 million). At December 31, 2008, the carrying amount of the two CGUs' specific assets that had not been written down was €112 million.

Also at end-2008, an impairment loss of €2 million was recorded on additional investments made during the year in CGUs that had been written down in full in 2007.

For these two CGUs written down in 2008, a further 10% fall in unit sales compared with forecasts would lead to the recognition of additional impairment losses of €44 million.

The Group also assessed the sensitivity of the core assumptions used to test the other CGUs for impairment. The sensitivity tests were based on a 0.5-point increase in the discount rate, a €300 decrease in margin per vehicle and a decline in unit sales determined separately for each CGU. The reduction in the CGUs' value in use that would result from these changes in assumptions would not affect the amounts at which the assets are carried in the balance sheet.

9.2. Impairment Loss on Faurecia Group CGUs and Other Assets

A. Faurecia Group CGUs

In accordance with the principle set out in Note 1.13, the carrying amount of each group of assets was compared with the higher of its fair value and value in use. Value in use is defined as the present value of estimated future cash flows expected to be generated by each cash-generating unit based on the latest projections from the Medium-Term Plan (2008-2012 plan for 2008 impairment tests, as revised at end-2008).

The plan forecasts a decline in unit sales in 2009, mainly in the Automotive Seating and Vehicle Interiors CGUs, with a return to growth in the second half of that year.

The main assumption affecting value in use is the level of recurring operating income, particularly for the calculation of terminal value. 2012 margin is projected at 2.8% after taking into account the unfavourable economic environment.

The calculation was performed by extrapolating to perpetuity projected cash flows for the last year of the Medium-Term Plan (2012) using a growth rate of 1.5% based on estimated trends developed by analysts for the automobile market. This was also the rate applied in the impairment tests carried out in fiscal 2007.

An independent expert was consulted to determine the weighted average cost of capital to be used to discount future cash flows. The market parameters used by the expert for the calculation were based on a sample of 11 companies from the automotive equipment sector (seven European companies and four US companies). Using these parameters and a risk premium ranging from 5% to 5.5%, the average cost of capital used to discount future cash flows was set at 8.6% after tax (2007: 8.3%; 2006: 7.9%).

In 2006, impairment tests led to the recognition of a €198 million write-down of the Vehicle Interiors business (including €125 million against goodwill).

In 2007, these impairment tests led to the recognition of a €61 million write-down of non-current assets. No impairment was recorded against goodwill.

In 2008, the adjustment of the value in use of the Vehicle Interiors CGU due to the unfavourable conditions in the European and US automobile markets led to the net goodwill allocated to this CGU being written down in full, for an amount of €248 million. In addition, impairment losses of €20 million were recognised on other non-current assets.

The sensitivity of the impairment test to changes in the assumptions used in 2008 to determine the value in use of the CGUs accounting for the bulk of goodwill at end-2008 is illustrated in the table below:

(in million euros)	Test margin (1)	Discount rate applied to cash flows +0.5%	Perpetual growth rate -0.5%	Terminal recurring operating margin -0.5%
Automotive Seating	350	(109)	(92)	(212)
Exhaust Systems	655	(67)	(55)	(124)
Front-Ends	128	(20)	(16)	(49)

(1) Test margin = value in use - carrying amount.

Taken individually, the declines in values in use that would result from the above simulations would not affect the amount at which the goodwill allocated to the CGUs is carried in the balance sheet.

B. Faurecia CGU in the Accounts of PSA Peugeot Citroën

Faurecia goodwill was tested for impairment based on the PSA Peugeot Citroën Group's share in the sum of the discounted cash flows generated by Faurecia's businesses. This amount was greater than the carrying amount of the goodwill and therefore no impairment loss was recognised.

The sensitivity of the impairment test to changes in the assumptions used to determine the value in use of Faurecia goodwill at end-2008 is illustrated in the table below:

(in million euros)	Test margin [(1)]	Discount rate applied to cash flows +0.5%	Perpetual growth rate -0.5%	Terminal recurring operating margin -0.5%
	619	(165)	(137)	(365)

(1) Test margin = value in use - carrying amount.

Taken individually, the declines in values in use that would result from the above simulations would not affect the amount at which the goodwill is carried in the balance sheet.

9.3. Impairment Loss on "Other Businesses" CGUs

Following revised estimates of Peugeot Motocycles' business, an impairment loss of €2 million was recognised on assets of the CGU in 2008, which was allocated in full to property, plant and equipment.

The impairment tests were performed using a value in use defined as being equal to the sum of discounted future cash flows derived from Peugeot Motocycles' latest Medium Term Plan (covering the period 2009-2012) projected to perpetuity using a zero growth rate. The discount rate was calculated using a weighted average cost of capital of 9.7% after tax, unchanged from the rate used in fiscal 2007 and 2006.

9.4. Restructuring Costs

A. Analysis by Type

(in million euros)	2008	2007	2006
Early-termination plan costs [(1)]	(4)	1	(5)
Workforce reductions	(397)	(379)	(347)
End of production and other closure costs	(111)	(2)	(77)
TOTAL	**(512)**	**(380)**	**(429)**

(1) Early-termination plans relate to the agreements signed in 1999 for the Automobile Division and in 2001 for the Automotive Equipment Division. At the 2008 year-end, 2,561 employees were concerned by the plans, including 128 Faurecia group employees.

B. Analysis by Business Segment

(in million euros)	2008	2007	2006
Automobile Division	(335)	(229)	(245)
Automotive Equipment Division	(166)	(105)	(169)
Transportation and Logistics Division	(1)	(42)	(6)
Finance companies	-	-	-
Other businesses	(10)	(4)	(9)
TOTAL	**(512)**	**(380)**	**(429)**

Automobile Division

Automobile Division restructuring costs amounted to €335 million in 2008, and are described as follows.

France:

On May 9, 2007, management in France presented a workforce streamlining plan to Peugeot Citroën Automobiles' Central Works Committee. The net cost of the plan, which was expected to concern 6,217 employees, was estimated at €211 million in 2007. At December 31, 2008, the estimated number of employees was increased by 52 persons and the estimated cost was also adjusted, leading to the recognition of an additional charge of €38 million.

On January 15, 2008, another workforce streamlining plan was presented to the Central Works Committee. Under this new plan, employees who retired or voluntarily left the Group would not be replaced, and incentives would be offered to employees volunteering for internal or external mobility measures. The net cost of the plan, which concerned 297 employees, was estimated at €9 million. This amount was recognised in the 2008 financial statements.

On December 2, 2008, in light of the financial and industrial crisis, a new workforce streamlining plan was presented to Peugeot Citroën Automobiles' Central Works Committee. The plan offers employees who were due to leave the Group in the coming months or years the opportunity to volunteer to bring forward their departure. The net cost of the plan, which concerned 3,630 employees, was estimated at €105 million. This amount was recognised in full in the 2008 financial statements.

The costs recognised for these three plans take into account the resulting reduction in pension benefit obligations in the amount of €42 million (2007: €71 million).

Europe:

The cost of workforce reduction measures in other European countries amounted to €71 million in 2008. In addition, asset impairments and other site closure costs in France and Europe were recognised during the year for a total of €106 million.

In 2006, restructuring costs included €237 million related to the closure of the PSA Peugeot Citroën site at Ryton, UK.

Automotive Equipment Division (Faurecia Group)

Faurecia group restructuring costs totalled €165 million in 2008, including provisions for estimated cash costs of €162 million and asset impairments of €3 million. Restructuring costs in 2008 concerned 5,146 employees, mainly in France.

Restructuring costs in 2007 and 2006 amounted to €105 million and €169 million respectively.

Transportation and Logistics Division

In 2007, restructuring costs of €40 million were booked by Gefco in Germany, concerning 430 employees.

Other businesses

On October 2, 2008, the management of Peugeot Motocycles presented a jobs and skills redeployment plan to the Central Works Committee. The net cost of the 6-month plan, which was launched on November 3, 2008 and concerns 200 employees, is estimated at €6 million. This amount was recognised in the 2008 financial statements.

C. Employees affected

(number of employees)	**2008**	**2007**	**2006**
France	6,471	6,812	1,820
United Kingdom	230	101	2,266
Germany	1,186	853	617
Rest of Europe	2,280	1,130	363
Rest of world (excluding Europe)	1,105	422	88
TOTAL	**11,272**	**9,318**	**5,154**

9.5. Net Gains on Disposals of Property

There were no material property disposals in 2008.

In 2007, net gains on disposals of property included €85 million from the sale of a site at Ryton, UK.

In 2006, net gains on disposals of property included €80 million from the sale of a site in Coventry (UK) and two sites in Madrid (Spain).

Note 10 Interest Income

Interest income on loans corresponds to interest accrued according to the method set out in Note 1.14.B (b).

(in million euros)	2008	2007	2006
Interest income on loans	13	10	11
Interest income on cash equivalents	253	275	167
Remeasurement of short-term investments accounted for using the fair value option	(20)	1	(2)
Net gain (loss) on interest rate instruments designated as hedges of short-term investments	1	(3)	2
TOTAL	**247**	**283**	**178**

Note 11 Finance Costs

(in million euros)	2008	2007	2006
Interest on other borrowings	(218)	(205)	(158)
Interest on bank overdrafts	(72)	(65)	(60)
Interest on finance lease liabilities	(20)	(17)	(14)
Foreign exchange gain (loss) on financial transactions	(16)	5	3
Net gain (loss) on hedges of borrowings (1)	(1)	(7)	11
Other	(16)	(17)	(16)
TOTAL	**(343)**	**(306)**	**(234)**

(1) Net gains and losses on hedges of borrowings arise from the remeasurement of interest-bearing debt to reflect changes in interest rates and the remeasurement of hedging instruments at fair value, as described in Note 1.14.C (a).

Note 12 Financial Income and (Expenses), Net

(in million euros)	2008	2007	2006
Interest cost on employee benefit obligations	(197)	(197)	(186)
Expected return on pension funds	169	190	188
Ineffective portion of the change in fair value of financial instruments [(1)]	(120)	(1)	(43)
Other financial income and (expenses)	(42)	(9)	(8)
TOTAL	**(190)**	**(17)**	**(49)**

(1) In 2008, the ineffective portion of the change in fair value of financial instruments includes losses of €62 million on financial instruments held by Faurecia, of which €38 million related to currency hedges and €24 million related to interest rate hedges. Losses on currency hedges includes changes in intrinsic value on options for €22 million. These instruments contribute to economic hedging of currency risk on future transactions but do not qualify for hedge accounting under IAS 39. As a consequence, the unrealised loss could not be recognised in equity and was recognised immediately in net financial income and expense in 2008. Losses on interest rate instruments correspond mainly to changes in the intrinsic value of economic hedges of interest rate risks that did not qualify for hedge accounting under IAS 39 at December 31, 2007. In 2008, the losses were offset by the collection of interest differentials of €20 million, recognised in financial income.

Note 13 Income taxes

13.1. Change in Balance Sheet Items

	2008					
(in million euros)	At Jan. 1	Expense	Equity	Payment	Translation adjustment and other changes	At Dec. 31
Current taxes						
Assets	162					207
Liabilities	(169)					(86)
	(7)	**(293)**	**-**	**418**	**3**	**121**
Deferred taxes						
Assets	465					543
Liabilities	(2,053)					(1,771)
	(1,588)	**389**	**8**	**-**	**(37)**	**(1,228)**

	2007					
(in million euros)	At Jan. 1	Expense	Equity	Payment	Translation adjustment and other changes	At Dec. 31
Current taxes						
Assets	213					162
Liabilities	(169)					(169)
	44	**(367)**	**-**	**327**	**(11)**	**(7)**
Deferred taxes						
Assets	535					465
Liabilities	(2,183)					(2,053)
	(1,648)	**65**	**(8)**	**-**	**3**	**(1,588)**

	2006					
(in million euros)	At Jan. 1	Expense	Equity	Payment	Translation adjustment and other changes	At Dec. 31
Current taxes						
Assets	156					213
Liabilities	(137)					(169)
	19	**(279)**	**-**	**300**	**4**	**44**
Deferred taxes						
Assets	610					535
Liabilities	(2,367)					(2,183)
	(1,757)	**123**	**2**	**-**	**(16)**	**(1,648)**

13.2. Income Taxes of Fully Consolidated Companies

(in million euros)	2008	2007	2006
Current taxes			
Corporate income taxes	(288)	(363)	(276)
Tax on intragroup dividends	(5)	(4)	(3)
Deferred taxes			
Deferred taxes arising in the year	528	179	342
Unrecognised deferred tax assets and impairment losses	(139)	(114)	(219)
TOTAL	**96**	**(302)**	**(156)**

A. Current Taxes

Current taxes represent the amounts paid or currently due to the tax authorities for the year, calculated in accordance with the tax regulations and rates in effect in the various countries.

Effective January 1, 2005, Peugeot S.A. and its French subsidiaries that are at least 95%-owned renewed their election to determine French income taxes on a consolidated basis in accordance with Article 223 A of the French Tax Code.

The Group has also elected to file a consolidated tax return in other countries that have group relief schemes. Concerning Faurecia, in addition to France, the countries concerned are Germany, Spain, the United States, the United Kingdom and Portugal. For the other businesses, the countries are Germany, Spain, the United Kingdom and Italy.

B. Deferred Taxes

Deferred taxes are determined as described in Note 1.17.

The Social Security Financing Act (no. 99-1140) of December 29, 1999 provided for the introduction of a surtax equal to 3.3% of the corporate income tax liability of French companies. This surtax had the effect of raising the French corporate income tax rate by 1.1%.

The French statutory income tax rate is 33.33%.

13.3. Reconciliation between Theoretical Tax Expense and Tax Expense in the Consolidated Statements of Income

(in million euros)	2008	2007	2006
Income before tax of fully consolidated companies	**(653)**	**1,080**	**206**
French statutory income tax rate for 2008	*34.4%*	*34.4%*	*34.4%*
Theoretical tax expense for the year based on the French statutory income tax rate	**225**	**(372)**	**(71)**
Permanent differences	(68)	30	(49)
Income taxable at reduced rates	39	46	52
Tax credits	29	42	76
Effect of differences in foreign tax rates and other	10	66	55
Unrecognised deferred tax assets and impairment losses	(139)	(114)	(219)
INCOME TAXES	**96**	**(302)**	**(156)**
Effective tax rate for the Group	*-14.7%*	*-28.0%*	*-75.7%*

With effect from 2007, research-based tax credits meeting the definition of subsidies are classified in recurring operating income.

Permanent differences in 2008 and 2006 include the negative impact of impairment losses recognised on goodwill allocated to the Faurecia CGUs, which had no tax effect. Permanent differences in 2007 included the effects of the favourable tax regime applicable to the sale of a site at Ryton (United Kingdom).

Unrecognised deferred tax assets and impairment losses essentially concern the Faurecia group.

13.4. Deferred Tax Assets and Liabilities

(in million euros)	2008	2007	2006
• **Tax credits**			
Tax credits before offsetting	10	10	21
Tax credits after offsetting (French tax group) [2]	(9)	(9)	(9)
Total tax credits	**1**	**1**	**12**
• **Deferred tax assets on tax loss carryforwards**			
Gross value before offsetting	1,475	858	621
Impairment	(90)	(75)	(83)
Previously unrecognised deferred tax assets	(606)	(535)	(486)
Tax loss carryforwards after offsetting (French tax group) [2]	(715)	(209)	-
Total deferred tax assets on tax loss carryforwards	**64**	**39**	**52**
• **Other deferred tax assets**	**478**	**425**	**471**
DEFERRED TAX ASSETS	**543**	**465**	**535**
Deferred tax liabilities before offsetting [1]	(2,495)	(2,271)	(2,192)
Deferred tax assets offset within the French tax group [2]	724	218	9
DEFERRED TAX LIABILITIES	**(1,771)**	**(2,053)**	**(2,183)**

(1) Before offsetting of the French tax group's deferred tax assets on tax loss carryforwards and tax credits.
(2) In accordance with international generally accepted accounting principles, relations between Group companies established in different countries are governed by the principle of full competition defined by the OECD in its Transfer Pricing Guidelines issued on June 25, 1995. The PSA Peugeot Citroën Group determines transfer prices through a combination of three methods: "resale minus", "cost plus" and the "transactional net margin method" (TNMM). Offsetting consists of presenting on the face of the balance sheet the net deferred tax position of the French tax group, with deferred tax assets covered by deferred tax liabilities.

Note 14 Earnings per Share

Earnings per share are calculated on the basis of the weighted average number of shares outstanding during the year.

The average number of shares outstanding is calculated by taking into account the number of shares issued and cancelled during the period and the number of shares held in treasury stock. The dilutive effect of stock options is calculated using the "treasury stock" method, as follows:

	2008	2007	2006
Average number of €1 par value shares outstanding	227,614,235	228,349,123	228,662,232
Dilutive effect of stock options, calculated using the "treasury stock" method (Note 28.2)	-	861,186	399,015
DILUTED AVERAGE NUMBER OF SHARES	**227,614,235**	**229,210,309**	**229,061,247**

Earnings per share are presented at the foot of the consolidated income statement.

In view of the terms of the stock option plans (Note 28.3) and the average Peugeot S.A. share price, none of the plans had a dilutive impact in 2008.

	2008	2007	2006
Dilutive plans	None	1999 - 2006	1999 - 2003

Note 15 Goodwill and Intangible Assets

15.1. Change in Carrying Amount

	2008			
(in million euros)	Goodwill	Development expenditure	Software and other intangible assets	Intangible assets
Gross value				
At January 1	**1,826**	**7,312**	**1,451**	**8,763**
Purchases/additions	-	1,065	63	1,128
Disposals	-	(43)	(19)	(62)
Change in scope of consolidation and other	-	(20)	5	(15)
Translation adjustment	(3)	(21)	(3)	(24)
At December 31	**1,823**	**8,293**	**1,497**	**9,790**
Amortisation and impairment				
At January 1	**(263)**	**(3,697)**	**(1,087)**	**(4,784)**
Charge for the year	N/A	(738)	(61)	(799)
Impairment losses	(248)	(116)	-	(116)
Disposals	N/A	39	15	54
Change in scope of consolidation and other	-	7	(2)	5
Translation adjustment	-	5	2	7
At December 31	**(511)**	**(4,500)**	**(1,133)**	**(5,633)**
Carrying amount at January 1	1,563	3,615	364	3,979
CARRYING AMOUNT AT DECEMBER 31	**1,312**	**3,793**	**364**	**4,157**

(in million euros)	Goodwill	Development expenditure	Software and other intangible assets	Intangible assets
	2007			
Gross value				
At January 1	**1,826**	**6,651**	**1,382**	**8,033**
Purchases/additions	-	754	65	819
Disposals	-	(51)	(8)	(59)
Change in scope of consolidation and other	11	(26)	14	(12)
Translation adjustment	(11)	(16)	(2)	(18)
At December 31	**1,826**	**7,312**	**1,451**	**8,763**
Amortisation and impairment				
At January 1	**(263)**	**(2,979)**	**(1,020)**	**(3,999)**
Charge for the year	N/A	(752)	(60)	(812)
Impairment losses	-	(37)	-	(37)
Disposals	N/A	51	2	53
Change in scope of consolidation and other	-	11	(11)	-
Translation adjustment	-	9	2	11
At December 31	**(263)**	**(3,697)**	**(1,087)**	**(4,784)**
Carrying amount at January 1	1,563	3,672	362	4,034
CARRYING AMOUNT AT DECEMBER 31	**1,563**	**3,615**	**364**	**3,979**

(in million euros)	Goodwill	Development expenditure	Software and other intangible assets	Intangible assets
	2006			
Gross value				
At January 1	**1,827**	**5,824**	**1,265**	**7,089**
Purchases/additions	-	882	102	984
Disposals	-	(8)	(8)	(16)
Change in scope of consolidation and other	-	(34)	27	(7)
Translation adjustment	(1)	(13)	(4)	(17)
At December 31	**1,826**	**6,651**	**1,382**	**8,033**
Amortisation and impairment				
At January 1	**(138)**	**(2,173)**	**(952)**	**(3,125)**
Charge for the year	N/A	(704)	(70)	(774)
Impairment losses	(125)	(131)	-	(131)
Disposals	N/A	9	4	13
Change in scope of consolidation and other	-	17	(4)	13
Translation adjustment	-	3	2	5
At December 31	**(263)**	**(2,979)**	**(1,020)**	**(3,999)**
Carrying amount at January 1	1,689	3,651	313	3,964
CARRYING AMOUNT AT DECEMBER 31	**1,563**	**3,672**	**362**	**4,034**

15.2. Breakdown of Goodwill

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Net value			
Faurecia	187	187	187
Faurecia businesses:			
• Automotive Seating	793	793	793
• Vehicle Interiors	-	247	239
• Front End	96	96	96
• Exhaust Systems	151	153	161
Peugeot Automotiv Pazarlama AS (Popas)	10	12	12
Crédipar	75	75	75
TOTAL	**1,312**	**1,563**	**1,563**

Impairment tests are described in Note 9.

Note 16 Property, Plant and Equipment

	2008						
(in million euros)	Land and buildings	Plant and equipment	Leased vehicles [2]	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	TOTAL
Gross value							
At January 1	**6,682**	**26,047**	**2,923**	**362**	**980**	**1,377**	**38,371**
Purchases/additions [1]	237	1,685	-	27	33	189	2,171
Disposals	(99)	(846)	-	(30)	(50)	-	(1,025)
Change in scope of consolidation and other	85	216	(115)	(25)	(18)	(276)	(133)
Translation adjustment	(95)	(197)	-	(4)	(8)	(45)	(349)
At December 31	**6,810**	**26,905**	**2,808**	**330**	**937**	**1,245**	**39,035**
Depreciation and impairment							
At January 1	**(3,340)**	**(19,057)**	**(342)**	**(266)**	**(670)**	**-**	**(23,675)**
Additions	(281)	(1,949)	(87)	(24)	(52)	-	(2,393)
Impairment losses	(34)	(89)	-	-	-	-	(123)
Disposals	73	815	-	18	46	-	952
Change in scope of consolidation and other	(15)	(11)	71	26	21	-	92
Translation adjustment	36	155	18	2	6	-	217
At December 31	**(3,561)**	**(20,136)**	**(340)**	**(244)**	**(649)**	**-**	**(24,930)**
Carrying amount at January 1	3,342	6,990	2,581	96	310	1,377	14,696
CARRYING AMOUNT AT DECEMBER 31	**3,249**	**6,769**	**2,468**	**86**	**288**	**1,245**	**14,105**

(in million euros)	2007 Land and buildings	Plant and equipment	Leased vehicles [2]	Vehicles and handling equipment	Fixtures, fittings and other	Assets under Construction	TOTAL
Gross value							
At January 1	**6,501**	**25,292**	**2,736**	**366**	**981**	**1,421**	**37,297**
Purchases/additions [1]	240	1,451	-	22	37	238	1,988
Disposals	(102)	(863)	-	(27)	(46)	-	(1,038)
Change in scope of consolidation and other	62	186	187	1	12	(270)	178
Translation adjustment	(19)	(19)	-	-	(4)	(12)	(54)
At December 31	**6,682**	**26,047**	**2,923**	**362**	**980**	**1,377**	**38,371**
Depreciation and impairment							
At January 1	**(3,159)**	**(17,653)**	**(312)**	**(256)**	**(649)**	**-**	**(22,029)**
Additions	(261)	(2,037)	(76)	(26)	(72)	-	(2,472)
Impairment losses	(18)	(234)	-	-	-	-	(252)
Disposals	90	831	-	16	44	-	981
Change in scope of consolidation and other	(4)	20	41	-	4	-	61
Translation adjustment	12	16	5	-	3	-	36
At December 31	**(3,340)**	**(19,057)**	**(342)**	**(266)**	**(670)**	**-**	**(23,675)**
Carrying amount at January 1	3,342	7,639	2,424	110	332	1,421	15,268
CARRYING AMOUNT AT DECEMBER 31	**3,342**	**6,990**	**2,581**	**96**	**310**	**1,377**	**14,696**

(in million euros)	2006 Land and buildings	Plant and equipment	Leased vehicles [2]	Vehicles and handling equipment	Fixtures, fittings and other	Assets under construction	TOTAL
Gross value							
At January 1	**6,098**	**23,457**	**2,309**	**377**	**963**	**2,393**	**35,597**
Purchases/additions [1]	529	2,767	-	29	83	(763)	2,645
Disposals	(115)	(1,063)	-	(33)	(20)	-	(1,231)
Change in scope of consolidation and other	8	210	427	(6)	(39)	(223)	377
Translation adjustment	(19)	(79)	-	(1)	(6)	14	(91)
At December 31	**6,501**	**25,292**	**2,736**	**366**	**981**	**1,421**	**37,297**
Depreciation and impairment							
At January 1	**(2,914)**	**(16,568)**	**(297)**	**(254)**	**(607)**	**-**	**(20,640)**
Additions	(297)	(1,930)	(47)	(26)	(84)	-	(2,384)
Impairment losses	(31)	(253)	-	-	-	-	(284)
Disposals	85	1,038	-	24	16	-	1,163
Change in scope of consolidation and other	(9)	21	32	-	22	-	66
Translation adjustment	7	39	-	-	4	-	50
At December 31	**(3,159)**	**(17,653)**	**(312)**	**(256)**	**(649)**	**-**	**(22,029)**
Carrying amount at January 1	3,184	6,889	2,012	123	356	2,393	14,957
CARRYING AMOUNT AT DECEMBER 31	**3,342**	**7,639**	**2,424**	**110**	**332**	**1,421**	**15,268**

(1) Including property, plant and equipment acquired under finance leases.
(2) "Other" movements in "Leased vehicles" include net changes for the year (additions less disposals) which, for the most part, do not give rise to any cash inflow or outflow.

Leased vehicles include vehicles leased under short-term leases to retail customers by the Group's leasing companies and vehicles sold with a buyback commitment, which are recognised according to the method described in Note 1.5.A.

They can be analyzed as follows:

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Vehicles subject to a buyback commitment	2,210	2,297	2,174
Vehicles under short-term leases	258	284	250
TOTAL, NET	**2,468**	**2,581**	**2,424**

Note 17 Investments In Companies at Equity

Most companies accounted for by the equity method are manufacturing and sales companies that manufacture automotive parts and components or complete vehicles.

17.1. Changes in the Carrying Value of Investments in Companies at Equity

(in million euros)	2008	2007	2006
At January 1	**737**	**699**	**699**
Dividends and profit transfers	(20)	(2)	(3)
Share of net earnings	57	48	20
Newly consolidated companies:			
• Dongfeng Peugeot Citroën Automobile Finance Company	-	-	12
• Jinan Qingqi Peugeot Motorcycles Co Ltd	7	-	-
• Faurecia group companies	-	3	3
Capital increase (reduction)	(68)	-	1
Disposals	7	-	(3)
Translation adjustment	26	(11)	(30)
AT DECEMBER 31	**746**	**737**	**699**
o/w Dongfeng Peugeot Citroën Automobile goodwill	62	56	59

17.2. Share in net Assets

(in million euros)	Latest % interest	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Renault cooperation agreement				
Française de Mécanique	50%	21	22	49
Société de Transmissions Automatiques	20%	3	3	3
Fiat cooperation agreement				
Sevelnord	50%	88	73	62
Giesevel	50%	22	18	15
Sevelind	50%	19	19	16
Sevel SpA	50%	94	95	86
Toyota cooperation agreement				
Toyota Peugeot Citroën Automobiles	50%	85	137	118
Dongfeng cooperation agreement				
Dongfeng Peugeot Citroën Automobile [1]	50%	347	303	288
Dongfeng Peugeot Citroën Automobile Finance Company	25%	14	12	12
Other				
Other excluding Faurecia		13	10	10
Faurecia associates		40	45	40
TOTAL		**746**	**737**	**699**

[1] *Including €62 million in Dongfeng Peugeot Citroën Automobile goodwill.*

17.3. Share in Net Earnings

(in million euros)	Latest % interest	2008	2007	2006
Renault cooperation agreement				
Française de Mécanique	50%	(2)	(27)	(9)
Société de Transmissions Automatiques	20%	-	-	-
Fiat cooperation agreement				
Sevelnord	50%	15	11	-
Giesevel	50%	4	3	3
Sevelind	50%	(1)	3	10
Sevel SpA	50%	(1)	9	(21)
Toyota cooperation agreement				
Toyota Peugeot Citroën Automobiles	50%	29	14	13
Dongfeng cooperation agreement				
Dongfeng Peugeot Citroën Automobile	50%	8	31	18
Dongfeng Peugeot Citroën Automobile Finance Company	25%	-	-	-
Other				
Other excluding Faurecia		(3)	1	2
Faurecia associates		8	3	4
TOTAL		**57**	**48**	**20**

17.4. Key Financial Data

A. Aggregate data

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Capital employed			
Property, plant and equipment	1,575	1,502	1,577
Working capital	(83)	(33)	(28)
Other capital employed [(1)]	97	66	97
TOTAL	**1,589**	**1,535**	**1,646**
Capital expenditure	**379**	**215**	**408**
Net financial position			
Long- and medium-term debt	(300)	(409)	(625)
Other financial items	(543)	(389)	(322)
TOTAL	**(843)**	**(798)**	**(947)**

(1) At December 31, 2008, the main balance sheet items included in "Other capital employed" concern intangible assets for €160 million and provisions for €96 million.

B. Key financial data by company

(a) Total Capital Employed

(in million euros)	Latest % interest	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Renault cooperation agreement				
Française de Mécanique	50%	109	99	141
Société de Transmissions Automatiques	20%	9	6	9
Fiat cooperation agreement				
Sevelnord	50%	112	157	164
Giesevel	50%	24	24	25
Sevelind	50%	18	18	14
Sevel SpA	50%	340	367	366
Toyota cooperation agreement				
Toyota Peugeot Citroën Automobiles	50%	209	222	234
Dongfeng cooperation agreement				
Dongfeng Peugeot Citroën Automobile	50%	728	594	628
Dongfeng Peugeot Citroën Automobile Finance Company	25%	14	12	12
Other				
Other excluding Faurecia		4	(3)	2
Faurecia associates		22	39	51
TOTAL		**1,589**	**1,535**	**1,646**

The increase in capital employed is attributable, for €274 million, to investments made in 2008 by Dongfeng Peugeot Citroën Automobile.

(b) Net Financial Position

(in million euros)	Latest % interest	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Renault cooperation agreement				
Française de Mécanique	50%	(88)	(77)	(92)
Société de Transmissions Automatiques	20%	(6)	(3)	(6)
Fiat cooperation agreement				
Sevelnord	50%	(24)	(84)	(102)
Giesevel	50%	(2)	(6)	(10)
Sevelind	50%	1	1	2
Sevel SpA	50%	(246)	(272)	(280)
Toyota cooperation agreement				
Toyota Peugeot Citroën Automobiles	50%	(124)	(85)	(116)
Dongfeng cooperation agreement				
Dongfeng Peugeot Citroën Automobile	50%	(381)	(291)	(340)
Dongfeng Peugeot Citroën Automobile Finance Company	25%	-	-	-
Other				
Other excluding Faurecia		9	13	8
Faurecia associates		18	6	(11)
TOTAL		**(843)**	**(798)**	**(947)**

Note 18 Investments in Non-Consolidated Companies

The recognition and measurement principles applicable to investments in non-consolidated companies are set out in Note 1.14.B (a).

18.1. Analysis by Company

(in million euros)	Latest % interest	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Football Club de Sochaux Montbéliard	100%	14	14	14
Peugeot Citroën Automotive China (consolidated from January 1, 2007)	100%	-	-	2
Peugeot Automobile Nigeria [1]	10%	2	2	8
Citroën Romania (consolidated from January 1, 2008)	100%	-	4	-
Non-consolidated dealers		13	12	12
Gefco Hong Kong (consolidated from January 1, 2007)	100%	-	-	2
Granat	100%	13	-	-
Jinan Qingqi Peugeot otocycles Co Ltd (consolidated from January 1, 2008)	50%	-	7	7
Banque PSA Finance Financiranje (consolidated from January 1, 2008)	100%	-	3	-
PSA Assurance SAS	100%	9	-	-
Faurecia group portfolio		2	2	1
Other investments		8	6	7
TOTAL		**61**	**50**	**53**

(1) In January 2007, the Group sold 30% of its interest in the capital of Peugeot Automobile Nigeria, and retained a 10% stake.

18.2. Movements for the Year

(in million euros)	2008	2007	2006
Gross value			
At January 1	**67**	**78**	**88**
Acquisitions	37	10	31
Disposals	-	(11)	(1)
Change in scope of consolidation and other	(17)	(9)	(40)
Translation adjustment	-	(1)	-
At December 31	**87**	**67**	**78**
Allowances			
At January 1	**(17)**	**(25)**	**(42)**
Charges	(12)	(1)	(6)
Disposals	-	5	1
Change in scope of consolidation and other	3	3	22
Translation adjustment	-	1	-
At December 31	**(26)**	**(17)**	**(25)**
Carrying amount at January 1	50	53	46
CARRYING AMOUNT AT DECEMBER 31	**61**	**50**	**53**

Note 19 Other Non-Current Financial Assets

The recognition and measurement principles applicable to other non-current financial assets are described in Note 1.14.B (b) for loans and receivables, Note 1.14.B (c1) for short-term investments classified as "available-for-sale", Note 1.14.B (c2) for short-term investments accounted for using the fair value option, and Note 1.14.D for derivatives.

	2008				
		Investments			
(in million euros)	Loans and receivables	Classified as "Available-for-sale"	Accounted for using the fair value option	Derivative instruments	TOTAL
Gross value					
At January 1	**227**	**254**	**724**	**59**	**1,264**
Purchases/additions	18	-	43	-	61
Disposals	-	-	(97)	-	(97)
Remeasurement	-	(150)	(27)	164	(13)
Transfers to current financial assets (1)	(14)	-	(224)	-	(238)
Translation adjustment and changes in scope of consolidation	-	-	(3)	-	(3)
At December 31	**231**	**104**	**416**	**223**	**974**
Allowances					
At January 1	**(96)**	**-**	**-**	**-**	**(96)**
Net charge for the year	(9)	-	-	-	(9)
At December 31	**(105)**	**-**	**-**	**-**	**(105)**
Carrying amount at January 1	131	254	724	59	1,168
CARRYING AMOUNT AT DECEMBER 31	**126**	**104**	**416**	**223**	**869**

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at December 31, 2008.

The carrying amount of "available-for-sale" securities included an unrealised gain of €40 million at December 31, 2008 (€191 million at January 1, 2008).

	2007				
		Investments			
(in million euros)	Loans and receivables	Classified as "Available-for-sale"	Accounted for using the fair value option	Derivative instruments	TOTAL
Gross value					
At January 1	**216**	**283**	**797**	**165**	**1,461**
Purchases/additions	21	-	262	-	283
Disposals	-	-	(31)	(2)	(33)
Remeasurement	-	(29)	(1)	(104)	(134)
Transfers to current financial assets (1)	(10)	-	(295)	-	(305)
Translation adjustment and changes in scope of consolidation	-	-	(8)	-	(8)
At December 31	**227**	**254**	**724**	**59**	**1,264**
Allowances					
At January 1	**(93)**	**-**	**-**	**-**	**(93)**
Net charge for the year	(3)	-	-	-	(3)
At December 31	**(96)**	**-**	**-**	**-**	**(96)**
Carrying amount at January 1	123	283	797	165	1,368
CARRYING AMOUNT AT DECEMBER 31	**131**	**254**	**724**	**59**	**1,168**

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at December 31, 2007.

The carrying amount of "available-for-sale" securities includes an unrealised gain of €191 million at December 31, 2007 (€218 million at January 1, 2007).

	2006				
		Investments			
(in million euros)	Loans and receivables	Classified as "Available-for-sale"	Accounted for using the fair value option	Derivative instruments	TOTAL
Gross value					
At January 1	**220**	**263**	**1,174**	**410**	**2,067**
Purchases/additions	16	-	475	-	491
Disposals	(7)	(30)	(82)	(82)	(201)
Remeasurement	-	50	(8)	(163)	(121)
Transfers to current financial assets [(1)]	(13)	-	(762)	-	(775)
Translation adjustment and changes in scope of consolidation	-	-	-	-	-
At December 31	**216**	**283**	**797**	**165**	**1,461**
Allowances					
At January 1	**(81)**	**-**	**-**	**-**	**(81)**
Net charge for the year	(12)	-	-	-	(12)
At December 31	**(93)**	**-**	**-**	**-**	**(93)**
Carrying amount at January 1	139	263	1,174	410	1,986
CARRYING AMOUNT AT DECEMBER 31	**123**	**283**	**797**	**165**	**1,368**

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at December 31, 2006.

The carrying amount of "available-for-sale" securities includes an unrealised gain of €218 million at December 31, 2006 (€172 million at January 1, 2006).

Note 20 Other Non-Current Assets

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Excess of payments to external funds over pension obligations (Note 30)	2	3	3
Guarantee deposits and other	151	124	94
TOTAL	**153**	**127**	**97**

Note 21 Loans and Receivables Finance Companies

The recognition and measurement principles for the loans and receivables of Group finance companies are defined in Note 1.14.B (d).

21.1. Analysis

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Net loans and receivables outstanding			
Credit sales	9,646	10,550	10,694
Long-term leases	4,600	4,031	3,525
Leases subject to buyback commitments	2,591	2,295	2,236
Other receivables	842	760	685
Guarantee deposits on leases	(59)	(57)	(73)
Total net loans and receivables outstanding	**17,620**	**17,579**	**17,067**
Net wholesale finance receivables outstanding			
Wholesale finance receivables	4,427	5,689	5,727
Guarantee deposits on wholesale finance receivables	(57)	(83)	(77)
Total net wholesale finance receivables outstanding	**4,370**	**5,606**	**5,650**
Ordinary accounts	188	168	116
Retail and lease finance receivables at amortised cost	105	103	66
Remeasurement of interest rate hedged portfolios	212	(63)	(97)
Eliminations	(136)	(170)	(99)
TOTAL	**22,359**	**23,223**	**22,703**

Retail and lease finance receivables represent loans made by finance companies to Peugeot and Citroën customers for the purchase or lease of cars.

Wholesale finance receivables represent amounts due to Peugeot and Citroën by their dealer networks and certain European importers which have been transferred to the Group finance companies, and working capital loans made by the finance companies to the dealer networks.

Retail and lease finance receivables include €4,312 million in securitized finance receivables that were still carried on the balance sheet at the year-end (€3,823 million at December 31, 2007 and €2,311 million at December 31, 2006). The Banque PSA Finance group carried out several securitisation transactions through the French Auto ABS umbrella fund (FCC) set up in June 2001 and the Italian Auto ABS S.r.l. fund set up in July 2007. On July 30, 2008, Banque PSA Finance's German branch sold €1 billion worth of finance receivables to the 2008-1 compartment of Auto ABS. Auto ABS 2008-1 issued €970 million worth of AAA/Aaa-rated preferred bonds and €30 million worth of A/Aa3-rated subordinated bonds. The German branch's retained interest amounts to €10,000.

The compartments of both the French and Italian funds qualify as special purpose entities and are fully consolidated insofar as the revenues from the retained interest held by the subsidiaries of the Banque PSA Finance group represent substantially all of the risks and rewards of ownership (respectively, essentially the credit risk and the recurring operating income generated by the SPEs).

Liabilities corresponding to securities issued by securitisation funds are shown in Note 33.

21.2. Automobile Division Sales of Receivables

The following table shows outstanding Automobile Division receivables sold to the finance companies for which the Automobile Division pays the financing cost:

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
	2,347	3,459	3,318

The corresponding financing costs are included in “Selling, general and administrative expenses” in the accounts of the manufacturing and sales companies, as follows:

(in million euros)	2008	2007	2006
	(276)	(255)	(182)

21.3. Maturities of Finance Receivables

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Less than 3 months	2,561	2,483	2,419
3 months to 1 year	5,093	4,620	4,706
1 to 5 years	9,947	10,587	10,179
Beyond 5 years	375	199	173
Total gross loans and receivables outstanding	**17,976**	**17,889**	**17,477**
Guarantee deposits on leases	(59)	(57)	(73)
Allowances	(297)	(253)	(337)
TOTAL NET LOANS AND RECEIVABLES OUTSTANDING	**17,620**	**17,579**	**17,067**

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Less than 3 months	2,489	2,855	3,562
3 months to 1 year	1,531	2,851	2,178
1 to 5 years	410	-	-
Beyond 5 years	17	-	-
Total gross wholesale finance receivables outstanding	**4,447**	**5,706**	**5,740**
Guarantee deposits on leases	(58)	(83)	(77)
Allowances	(19)	(17)	(13)
TOTAL NET WHOLESALE FINANCE RECEIVABLES OUTSTANDING	**4,370**	**5,606**	**5,650**

21.4. Allowances for Credit Losses

Net loans and Receivables Outstanding

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Performing loans with no past due balances	17,016	17,056	16,584
Performing loans with past due balances	452	418	413
Doubtful loans	508	415	480
Total gross loans and receivables outstanding	**17,976**	**17,889**	**17,477**
Guarantee deposits	(59)	(57)	(73)
Allowances for performing loans with past due balances	(43)	(46)	(50)
Allowances for doubtful loans	(254)	(207)	(287)
Allowances	**(297)**	**(253)**	**(337)**
TOTAL NET LOANS AND RECEIVABLES OUTSTANDING	**17,620**	**17,579**	**17,067**
Allowances booked	**(113)**	**(59)**	**(90)**
Releases (utilisations)	**63**	**142**	**67**

Net Wholesale Finance Receivables Outstanding

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Performing loans with no past due balances	4,364	5,671	5,706
Doubtful loans	83	35	34
Total gross wholesale finance receivables outstanding	**4,447**	**5,706**	**5,740**
Guarantee deposits	(58)	(83)	(77)
Allowances for doubtful loans	**(19)**	**(17)**	**(13)**
TOTAL NET WHOLESALE FINANCE RECEIVABLES OUTSTANDING	**4,370**	**5,606**	**5,650**
Provisions booked	**(24)**	**(13)**	**(7)**
Releases (utilisations)	**21**	**10**	**8**

Note 22 Short-Term Investments - Finance Companies

The recognition and measurement principles applicable to short-term investments of the finance companies are described in Note 1.14.B (c2).

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Mutual fund units and money market securities (1)	450	2,635	2,352
Other	732	675	466
TOTAL	**1,182**	**3,310**	**2,818**

(1) This item constitutes part of the €1,176 million liquidity reserve held by the Banque PSA Finance group (Note 27.2). The reserves are invested solely in short-term instruments, including money market mutual funds with a capital guarantee and a guaranteed yield (€250 million) and bank certificates of deposit (€200 million).

Note 23 Inventories

	Dec. 31, 2008			Dec. 31, 2007		
(in million euros)	Gross	Allowance	Net	Gross	Allowance	Net
Raw materials and supplies	789	(136)	653	853	(137)	716
Semi-finished products and work-in-progress	676	(46)	630	781	(48)	733
Goods for resale and used vehicles	2,016	(314)	1,702	1,614	(146)	1,468
Finished products and replacement parts	4,952	(180)	4,772	4,158	(162)	3,996
TOTAL	**8,433**	**(676)**	**7,757**	**7,406**	**(493)**	**6,913**

	Dec. 31, 2006		
(in million euros)	Gross	Allowance	Net
Raw materials and supplies	936	(158)	778
Semi-finished products and work-in-progress	793	(47)	746
Goods for resale and used vehicles	1,476	(137)	1,339
Finished products and replacement parts	4,123	(160)	3,963
TOTAL	**7,328**	**(502)**	**6,826**

Changes in this item are analyzed in Note 35.

Note 24 Trade Receivables - Manufacturing and Sales Companies

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Trade receivables	2,153	3,004	3,172
Allowances	(152)	(147)	(129)
Total - manufacturing and sales companies	**2,001**	**2,857**	**3,043**
Elimination of transactions with the finance companies	(146)	(157)	(193)
TOTAL	**1,855**	**2,700**	**2,850**

Changes in this item are analyzed in Note 35.

This item does not include dealer receivables transferred to the finance companies, which are reported in the consolidated balance sheet under "Loans and receivables - finance companies" (Note 21.2).

In December 2002, Faurecia entered into an agreement to sell trade receivables with one of its banks. This agreement has limited recourse to a subordinated deposit, and is for a one-year term renewable up until November 2012. Outstanding receivables sold under this agreement and no longer carried on the balance sheet amounted to €88 million at December 31, 2008 (€128 million at December 31, 2007 and €188 million at December 31, 2006). The subordinated deposits recognised as a deduction from Faurecia's borrowings totalled €22 million at December 31, 2008 (€28 million at December 31, 2007 and €79 million at December 31, 2006).

Note 25 Other Receivables

25.1. Manufacturing and Sales Companies

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Prepaid and recoverable taxes other than income tax	1,031	1,034	1,038
Employee-related receivables	64	88	103
Due from suppliers	159	180	194
Derivative instruments (1)	249	64	13
Prepaid expenses	108	117	82
Miscellaneous other receivables	286	299	289
TOTAL	**1,897**	**1,782**	**1,719**

(1) This item corresponds to the fair value of instruments purchased by the Group to hedge currency risks on current or forecast operating receivables and payables. These instruments are analyzed by maturity in Note 37, "Management of market risks".

25.2. Finance Companies

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Prepaid and recoverable taxes other than income tax	35	26	32
Derivative instruments (1)	526	246	236
Deferred income and accrued expenses - finance companies	165	201	87
Miscellaneous other receivables	302	299	262
TOTAL	**1,028**	**772**	**617**

(1) This item corresponds to the fair value of instruments purchased by the Group essentially to hedge interest rate risks on finance receivables and financing liabilities. These instruments are analyzed by maturity in Note 37, "Management of market risks".

Note 26 Current Financial Assets

The recognition and measurement principles applicable to current financial assets are described in Note 1.14.B (b) for loans and receivables, Note 1.14.B (c1) for investments classified as available for sale, Note 1.14.B (c2) for investments accounted for using the fair value option, and Note 1.14.D for derivative instruments.

	2008				
		Investments			
(in million euros)	Loans and receivables	Classified as "Available-for-sale"	Accounted for using the fair value option	Derivative instruments	TOTAL
At January 1	497	-	948	38	1,483
Purchases/additions	122	-	-	4	126
Disposals	(399)	-	(921)	-	(1,320)
Remeasurement at fair value	-	-	(2)	(18)	(20)
Transfers to current financial assets (1)	14	-	224	-	238
Translation adjustment and changes in scope of consolidation	8	-	-	-	8
AT DECEMBER 31	**242**	**-**	**249**	**24**	**515**

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at December 31, 2008.

In 2008, the decline in short-term loans and receivables was mainly due to the repayment of loans to GIE PSA Trésorerie for €300 million. The decline in investments in 2008 reflected the sale of €652 million worth of mutual funds and the redemption of Euro Medium Term Notes (EMTNs) for €270 million.

	2007				
		Investments			
(in million euros)	Loans and receivables	Classified as "Available-for-sale"	Accounted for using the fair value option	Derivative instruments	TOTAL
At January 1	**171**	**-**	**918**	**43**	**1,132**
Purchases/additions	397	-	651	-	1,048
Disposals	(79)	-	(912)	-	(991)
Remeasurement at fair value	-	-	(4)	(5)	(9)
Transfers to current financial assets [(1)]	10	-	295	-	305
Translation adjustment and changes in scope of consolidation	(2)	-	-	-	(2)
AT DECEMBER 31	**497**	**-**	**948**	**38**	**1,483**

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at December 31, 2007.

	2006				
		Investments			
(in million euros)	Loans and receivables	Classified as "Available-for-sale"	Accounted for using the fair value option	Derivative instruments	TOTAL
At January 1	**176**	**41**	**971**	**26**	**1,214**
Purchases/additions	54	-	300	-	354
Disposals	(69)	(41)	(1,113)	-	(1,223)
Remeasurement at fair value	-	-	(2)	17	15
Transfers to current financial assets [(1)]	10	-	762	-	772
Translation adjustment and changes in scope of consolidation	-	-	-	-	-
AT DECEMBER 31	**171**	**-**	**918**	**43**	**1,132**

(1) Investments accounted for using the fair value option transferred to current financial assets correspond to money market securities with maturities of less than one year at December 31, 2006.

Note 27 Cash And Cash Equivalents

Cash and cash equivalents are defined in Note 1.14.B (e) and include:

27.1. Manufacturing and Sales Companies

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Mutual fund units and money market securities	1,135	4,115	5,197
Cash and current account balances	905	1,070	1,142
Total - manufacturing and sales companies	**2,040**	**5,185**	**6,339**
o/w deposits with finance companies	(90)	(149)	(292)
TOTAL	**1,950**	**5,036**	**6,047**

Cash equivalents include money market mutual funds with a capital guarantee and a guaranteed yield (€356 million), short-term certificates of deposit (€147 million) and overnight money market Notes (€404 million).

27.2. Finance Companies

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Due from credit institutions [(1)]	1,271	921	578
Central bank current account balances and items received for collection	9	22	42
TOTAL	**1,280**	**943**	**620**

(1) At December 31, 2008, this item includes €718 million worth of interbank loans that form part of Banque PSA Finance's €1,176 million in of liquidity reserves (Note 22).

Note 28 Equity

28.1. Capital Management Policy

The Group's capital management policy concerns equity as defined under IFRS. Managing capital essentially involves deciding the level of capital to be held currently or in the future, in addition to the payment of dividends.

Equity breaks down into portions attributable to minority interests and to equity holders of the parent company.

Minority interests mainly represent non-Group shareholders of Faurecia. Equity attributable to minority interests varies in line with changes in the consolidated equity of the Faurecia group (in particular net earnings and translation reserves) and could change significantly in the event of a sale, purchase or any other equity transaction carried out by Peugeot S.A. in respect of Faurecia. The Group's percentage interest in Faurecia has remained stable since 2001.

Equity attributable to equity holders of the parent is equal to the share capital of Peugeot S.A. less any treasury stock, plus reserves and retained earnings of the Group's various businesses.

The Group manages its equity with the aim of securing its long-term financing and optimizing the cost of capital. The level of consolidated equity approximates the level of capital employed, as shown in the table below:

(in million euros)	2008	2007	2006
Capital employed (Note 39.1)	16,173	13,159	14,131
CONSOLIDATED EQUITY	**13,277**	**14,555**	**14,106**

The equity of the Group's parent company is not subject to financial covenants or any other external restrictions. However, the Group's bank, Banque PSA Finance, is required to comply with capital adequacy ratios laid down by current banking regulations, while Faurecia's equity is included in the calculation of the minimum financial ratios it is required to maintain for its existing credit facilities. Faurecia complied with these ratios at December 31, 2008.

At December 31, 2008, the Peugeot family held 30.3% of the capital and 45.5% of the voting rights (44% of potential voting rights assuming exercise of all outstanding stock options).

The Group carries out share buybacks with the aim of acquiring shares:

- for cancellation, in order to reduce the share capital;
- for allocation to employees, directors and officers of the Company and its subsidiaries and related parties on exercise of stock options; and
- for allocation on conversion, redemption or exercise of share equivalents.

In order to cover its obligations under stock option plans, the Group buys back shares during the period when the exercise price of options is being determined. Purchases of treasury stock are also carried when market opportunities arise, but only when the Group has surplus cash. Shares bought back in 2007 were essentially held for allocation on exercise of stock options.

28.2. Analysis of Share Capital and Changes in the Year

On July 17, 2008 the Managing Board of Peugeot S.A. decided to cancel 231,500 shares, in line with the authorizations granted by the shareholders' Meeting of May 28, 2008.

At December 31, 2008, the share capital amounted to €234,048,798 and was made up of ordinary shares with a par value of €1, all fully paid. The shares may be held in bearer or registered form, at the discretion of shareholders. Shares registered in the name of the same holder for at least four years carry double voting rights (Article 11 of the bylaws).

(in euros)	2008	2007	2006
Share capital at January 1	234,280,298	234,618,266	234,618,266
Cancellation of shares	(231,500)	(337,968)	-
SHARE CAPITAL AT DECEMBER 31	**234,048,798**	**234,280,298**	**234,618,266**

28.3. Employee Stock Options

A. Plan Characteristics

Each year since 1999, the Managing Board of Peugeot S.A. has granted options to certain employees, directors and officers of the Company and its subsidiaries, allowing them to purchase shares at a specified price. Following the 2001 stock split, the current terms of these plans are as follows:

	Date of Managing Board decision	Vesting date	Last exercise date	Number of initial grantees	Exercise price (in euros)	Number of options granted
1999 Plan	31/03/1999	31/03/2001	31/03/2007	97	20.83	462,900
2000 Plan	05/10/2000	05/10/2002	04/10/2008	154	35.46	709,200
2001 Plan	20/11/2001	20/11/2004	19/11/2008	147	46.86	798,600
2002 Plan	20/08/2002	20/08/2005	20/08/2009	178	46.28	860,100
2003 Plan	21/08/2003	21/08/2006	20/08/2011	184	39.09	996,500
2004 Plan	24/08/2004	24/08/2007	23/08/2012	182	47.59	1,004,000
2005 Plan	23/08/2005	23/08/2008	22/08/2013	169	52.37	953,000
2006 Plan	23/08/2006	23/08/2009	22/08/2014	92	41.14	983,500
2007 Plan	22/08/2007	22/08/2010	21/08/2015	169	60.43	1,155,000
2008 PLAN	**22/08/2008**	**22/08/2011**	**19/08/2016**	**194**	**33.08**	**1,345,000**

On December 31, 2008, the share price was €12.15.

B. Changes in the Number of Options Outstanding

Changes in the number of options outstanding under these plans (for €1 par value shares) are shown below:

(number of options)	2008	2007	2006
Total at January 1	5,866,214	6,078,007	5,274,725
Options granted	1,345,000	1,155,000	983,500
Options exercised	(23,000)	(1,348,793)	(178,218)
Cancelled options	(93,200)	(18,000)	(2,000)
Expired options	(567,107)	-	-
TOTAL AT DECEMBER 31	**6,527,907**	**5,866,214**	**6,078,007**
o/w exercisable options	*3,098,907*	*2,811,714*	*3,146,507*

Options outstanding at year-end are as follows:

(number of options)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
1999 Plan	-	-	114,930
2000 Plan	-	191,607	463,077
2001 Plan	-	394,200	726,900
2002 Plan	525,300	534,300	849,100
2003 Plan	689,107	712,607	992,500
2004 Plan	963,000	979,000	995,000
2005 Plan	919,000	931,000	953,000
2006 Plan	945,500	968,500	983,500
2007 Plan	1,141,000	1,155,000	-
2008 PLAN	**1,345,000**	**-**	**-**

C. Weighted Average Value of Options and Underlying Shares

	2008	
(in euros)	Exercise price	Share price
Value at January 1	48.3	
Options granted	33.1	33.3
Options exercised	37.3	48.9
Cancelled options	47.3	23.0
Expired options	43.2	17.6
VALUE AT DECEMBER 31	**45.7**	

D. Valuation

In line with the principles described in Note 1.19, stock options granted after November 7, 2002 have been valued as follows:

(in million euros)	2008 Plan	2007 Plan	2006 Plan	2005 Plan	2004 Plan	2003 Plan	TOTAL
Valuation at grant date							
Peugeot S.A.	13	22	9	9	14	12	**79**
Faurecia	2	4	3	4	5	-	**18**
TOTAL	**15**	**26**	**12**	**13**	**19**	**12**	**97**
Charge for 2008							
Peugeot S.A.	2	9	3	2	-	-	**16**
Faurecia	1	1	-	1	1	-	**4**
TOTAL	**3**	**10**	**3**	**3**	**1**	**-**	**20**
Assumptions							
Peugeot S.A.							
Share price at the grant date (in euros)	33.26	60.70	42.92	51.80	48.70	41.60	
Volatility	40%	32%	27%	25%	39%	39%	
Interest rate (zero coupon bonds)	4.52%	4.57%	3.75%	2.76%	3.12%	3.12%	
Exercise price *(in euros)*	33.08	60.43	41.14	52.37	47.59	39.09	
Option life *(in years)* (1)	6	6	4	4	4	4	
Dividend payout rate	4.51%	2.30%	3.15%	2.75%	2.75%	2.75%	
Fair value of the options *(in euros)*	9.54	18.65	8.94	8.94	13.82	12.30	
Faurecia							
Share price at the grant date *(in euros)*	33.1	56.15	53.15	62.05	58.45		
Volatility	30%	30%	30%	40%	40%		
Interest rate (zero coupon bonds)	3.86%	4.41%	3.50%	2.93%	3.33%		
Exercise price *(in euros)*	33.78	53.19	53.80	63.70	58.18		
Option life *(in years)* (1)	4	6	4	4	4		
Dividend payout rate	0.00%	0.00%	1.50%	2.00%	2.00%		
Fair value of the options *(in euros)*	12.07	22.78	13.13	20.40	18.61		

(1) Option life corresponds to the average period from the grant date to the end of the exercise period. Until 2006, the average period was considered to correspond to the tax lock-up period.

28.4. Treasury Stock

The Group has used the buyback authorizations given at shareholders' Meetings to purchase Peugeot S.A. shares into treasury.

Changes in treasury stock can be analysed as follows:

A. Number of shares held

	Authorizations	Transactions		
(number of shares)		2008	2007	2006
At January 1		**6,097,714**	**6,534,475**	**5,612,693**
Share buybacks				
AGM of May 24, 2006	23,000,000	-	-	1,100,000
AGM of May 23, 2007	16,000,000		1,250,000	-
AGM of May 28, 2008	17,000,000	1,345,000		-
Share cancellations				
AGM of May 23, 2007	10% of capital		(337,968)	-
AGM of May 28, 2008	10% of capital	(231,500)		-
Share sales				
On exercise of stock options		(23,000)	**(1,348,793)**	**(178,218)**
AT DECEMBER 31		**7,188,214**	**6,097,714**	**6,534,475**
Shares held for allocation on exercise of outstanding options (Note 28.3.B)		6,527,907	5,866,214	6,078,007
Shares held for allocation on exercise of future options		660,307	-	-
Shares held for cancellation		-	231,500	456,468

B. Change in Value

(in million euros)	2008	2007	2006
At January 1	**(271)**	**(261)**	**(220)**
Acquired	(44)	(76)	(45)
Cancelled	11	17	-
Exercised	1	49	4
AT DECEMBER 31	**(303)**	**(271)**	**(261)**

28.5. Reserves and Retained Earnings, Excluding Minority Interests

This item can be analyzed as follows:

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Peugeot S.A. legal reserve	28	28	28
Other Peugeot S.A. statutory reserves and retained earnings	6,583	6,890	6,689
Retained earnings and profit for the year, excluding minority interests	6,601	7,364	7,027
TOTAL	**13,212**	**14,282**	**13,744**

Other Peugeot S.A. statutory reserves and retained earnings are as follows:

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Reserves available for distribution			
Tax-exempt reserves	5,515	5,822	5,621
Subject to payment of surtax [1]	1,068	1,068	1,068
TOTAL	**6,583**	**6,890**	**6,689**
Tax payable on dividends	**169**	**169**	**169**

(1) Corresponding to the portion of the long-term capital gains reserve that the Group decided not to transfer to an ordinary reserve account before December 31, 2006 that remains subject to additional tax.

28.6. Minority Interests

Minority interests essentially concern shareholders of Faurecia and of some of its subsidiaries.

Note 29 Current and Non-Current Provisions

29.1. Non-Current Provisions

A. Analysis by Type

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Pensions (Note 30.1)	699	885	1,063
Early-termination plan	55	92	152
Other employee benefit obligations	118	120	126
End-of-life vehicles	17	30	59
Other	11	5	6
TOTAL	**900**	**1,132**	**1,406**

B. Movements for the Year

(in million euros)	2008	2007	2006
At January 1	**1,132**	**1,406**	**1,544**
Movements taken to profit or loss			
Additions	125	108	121
Releases (utilisations)	(226)	(236)	(227)
Releases (surplus provisions)	(54)	(102)	(37)
	(155)	**(230)**	**(143)**
Other movements			
Translation adjustment	(83)	(42)	7
Change in scope of consolidation and other	6	(2)	(2)
AT DECEMBER 31	**900**	**1,132**	**1,406**

Provision releases mainly concern pensions and result from the implementation of workforce steamlining plans (Note 9.4).

29.2. Current Provisions

A. Analysis by Type

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Warranties [(1)]	939	1,246	1,093
Claims and litigation	107	99	103
Restructuring plans	419	305	265
Long-term contract losses	26	46	16
Sales subject to a buyback commitment	112	44	26
Other	477	421	282
TOTAL	**2,080**	**2,161**	**1,785**

(1) The provision for warranties mainly concerns sales of new vehicles, where the contractual obligations generally cover two years. The provision for warranties corresponds to the expected cost of warranty claims. The amount expected to be recovered from suppliers is recognised as an asset, under "Miscellaneous other receivables" (Note 25).

B. Movements for the Year

(in million euros)	2008	2007	2006
At January 1	**2,161**	**1,785**	**1,635**
Movements taken to profit or loss			
Additions	1,470	1,725	1,436
Releases (utilisations)	(1,041)	(1,174)	(1,186)
Releases (surplus provisions)	(424)	(149)	(78)
	5	**402**	**172**
Other movements			
Translation adjustment	(88)	(30)	(6)
Change in scope of consolidation and other	2	4	(16)
AT DECEMBER 31	**2,080**	**2,161**	**1,785**

The observed decline in warranty costs, confirmed by past experience, led to the release of €403 million from warranty provisions in 2008.

Note 30 Pensions and Other Post-Employment Benefits

30.1. Supplementary Pensions and Retirement Bonuses

A. Description of Plans

Group employees in certain countries are entitled to supplementary pension benefits payable annually to retirees, or retirement bonuses representing one-off payments made at the time of retirement. These benefits are paid under defined contribution and defined benefit plans. Payments under defined contribution plans are in full discharge of the Group's liability and are recognised as an expense for the year in which they are made. Payments under defined benefit plans concern primarily France and the United Kingdom.

In France, the existing defined benefit plans concern the retirement bonuses provided for by collective bargaining agreements, the internally-managed portion of the supplementary pension scheme for engineers and management personnel *(cadres)* that was not externalised in 2002, which guarantees a defined level of pension benefit for all plans of up to 60% of the employee's final salary (300 active employees and 2,700 retired employees) and the pension plan set up by the former subsidiary of the Chrysler group in France (Talbot), which was closed to new entrants in 1981 and covered 4,000 active employees and 14,900 retired employees at end-2008.

The members of the Group's management bodies are eligible to participate in a specific supplementary pension plan provided that: (i) they have sat on the Managing Board, Executive Committee, other management body or the Extended Management Committee for a specified minimum period; and (ii) they end their career with the Group. This top hat plan guarantees a defined level of pension benefit in the aggregate for all plans (statutory and supplementary) equal to up to 50% of a benchmark salary, taken to be the three highest annual salaries received over the last five years of employment. Under this plan, benefits may be paid over to the executive's spouse.

In the United Kingdom, the Group has four trustee-administered defined benefit plans. These plans have been closed to new entrants since May 2002. At December 31, 2008, 24,000 people were covered by these plans, including 1,700 active employees, 10,600 former employees and 11,700 retired employees. The plans guarantee a defined level of pension benefit representing up to 66% of the employee's final salary.

The supplementary pension plan for Faurecia group executives in France comprises:

- a defined contribution plan based on salary bands A and B, for which contribution rates vary according to the executive's years of service with Faurecia; and
- a defined benefit plan based on salary band C.

Executives aged over 53 who had completed more than 10 years' service at December 31, 2005 have retained their pension rights under the former defined benefit plan.

B. Assumptions

The assumptions used to calculate the Group's projected benefit obligation for the last three years are as follows:

	Euro zone	United Kingdom
Discount rate		
2008	**5.50%**	**6.00%**
2007	5.25%	5.75%
2006	4.50%	5.10%
Inflation rate		
2008	**2.00%**	**3.00%**
2007	2.00%	3.10%
2006	2.00%	2.80%
Expected return on external funds		
2008	**5.25%**	**7.00%**
2007	6.00%	7.00%
2006	6.00%	7.00%

At each period-end, the discount rate is determined based on the most representative returns on high quality corporate bonds with a life that approximates the duration of the benefit obligation.

The assumptions regarding future salary increases take into account inflation and forecast individual pay rises in each country. The assumption for French plans is inflation plus 1.0% in 2009, and inflation plus 0.5% for subsequent years. The assumption for UK plans is based on inflation plus 1.5%.

Mortality and staff turnover assumptions are based on the specific economic conditions of each Group company or the country in which they operate.

Sensitivity of assumptions: a 0.25-point increase or decrease in the actuarial rate (discount rate less inflation rate) would lead to an increase or decrease in the projected benefit obligation of 2.4% for French plans and 4.2% for UK plans.

The expected return on external funds is estimated based on asset allocation, the period remaining before the benefits become payable and experience-based yield projections.

C. External Funds

The breakdown of external funds intended to cover these obligations is as follows:

	Dec. 31, 2008		Dec. 31, 2007		Dec. 31, 2006	
	Equities	Bonds	Equities	Bonds	Equities	Bonds
France	23%	77%	34%	66%	37%	63%
United Kingdom	53%	47%	55%	45%	65%	35%

The actual return on external funds in 2008 was -10% for French plans and -9.5% for UK plans. In France, equity funds consist of tracker funds based on the DJ Eurostoxx index, while bond funds are invested solely in prime European Union government bonds.

In the UK, equity funds generally track the main UK, European, US and Japanese stock market indices. Bond funds in the UK track the main sterling-denominated government and corporate bond indices.

In France, at December 31, 2008, the PSA Peugeot Citröen Group had not decided the amount of contributions to be made to external funds in 2009.

In the United Kingdom, new pensions legislation has been introduced requiring companies to change the method used to calculate annual employer contributions. In line with the new legislation, the Group adjusted its 2008 contributions to the main defined benefit plan and will adjust its contributions to the other three defined benefit plans in 2009. Adjusted contributions for 2008 amounted to £56.7 million. Contributions payable in 2009 are estimated at £95.4 million before taking into account adjustments to contributions to the other three plans.

D. Reconciliation of Pension Assets and Liabilities Shown in the Balance Sheet

	Dec. 31, 2008				Dec. 31, 2007				Dec. 31, 2006			
(in million euros)	France	United Kingdom	Other	TOTAL	France	United Kingdom	Other	TOTAL	France	United Kingdom	Other	TOTAL
Present value of projected benefit obligation	**(1,563)**	**(1,212)**	**(453)**	**(3,228)**	(1,622)	(1,688)	(458)	(3,768)	(1,838)	(1,891)	(503)	(4,232)
Fair value of external funds	1,242	943	224	2,409	1,400	1,388	235	3,023	1,509	1,474	229	3,212
Funding surplus or (shortfall)	**(321)**	**(269)**	**(229)**	**(819)**	(222)	(300)	(223)	(745)	(329)	(417)	(274)	(1,020)
Unrecognised net actuarial (gains) and losses	110	43	(31)	122	(10)	(88)	(39)	(137)	54	(113)	19	(40)
NET (PROVISION) ASSET RECOGNISED	**(211)**	**(226)**	**(260)**	**(697)**	**(232)**	**(388)**	**(262)**	**(882)**	**(275)**	**(530)**	**(255)**	**(1,060)**
o/w provisions	*(213)*	*(226)*	*(260)*	*(699)*	*(233)*	*(388)*	*(264)*	*(885)*	*(276)*	*(530)*	*(257)*	*(1,063)*
o/w assets	*2*	*-*	*-*	*2*	*1*	*-*	*2*	*3*	*1*	*-*	*2*	*3*
o/w unfunded plans	*1.3%*	*0.0%*	*18.0%*	*3.2%*	*1.0%*	*0.0%*	*17.8%*	*2.6%*	*0.0%*	*0.0%*	*18.1%*	*2.2%*

The present value of the projected benefit obligation of French companies reflects benefit obligations towards members of the managing bodies (described in Note 42), in an amount of €34.7 million for supplementary pension benefits and €1.2 million for retirement bonuses. The service cost related to these two plans amounted to €3.8 million for 2008.

Under French law, retirement benefits are exempt from payroll taxes in the case of compulsory retirement but are subject to these taxes in the case of voluntary retirement. The French Social Security Financing Act for 2009, which was adopted on December 17, 2008, has pushed back to 70 the age at which companies can oblige their employees to retire. However, in certain specific cases, compulsory retirement is permitted from 65 years of age, provided that the employee concerned agrees. This new legislation did not have a material effect on the measurement of projected benefit obligations at December 31, 2008. Following adoption of the 2008 Social Security Financing Act, the Group adjusted its assumptions concerning voluntary and compulsory retirements, leading to a €71 million increase in projected benefit obligations at December 31, 2007. This increase was treated as an actuarial loss.

E. Movement for the year

	2008				2007				2006			
(in million euros)	France	United Kingdom	Other	TOTAL	France	United Kingdom	Other	TOTAL	France	United Kingdom	Other	TOTAL
Present value of projected benefit obligation												
At January 1	**(1,622)**	**(1,688)**	**(458)**	**(3,768)**	(1,838)	(1,891)	(503)	(4,232)	(1,821)	(1,785)	(529)	(4,135)
Service cost	(44)	(16)	(11)	(71)	(49)	(19)	(12)	(80)	(48)	(33)	(17)	(98)
Interest cost	(85)	(88)	(24)	(197)	(81)	(93)	(23)	(197)	(74)	(90)	(22)	(186)
Benefit payments for the year	164	106	26	296	155	173	23	351	139	59	22	220
Actuarial gains and (losses):												
• amount	(5)	69	13	77	127	(18)	52	161	(42)	(18)	40	(20)
• *as a % of projected benefit obligation*	*0.3%*	*4.1%*	*2.8%*	*2.0%*	*6.9%*	*1.0%*	*10.3%*	*3.8%*	*2.3%*	*1.0%*	*7.6%*	*0.5%*
Translation adjustment	-	405	-	405	-	160	3	163	-	(37)	9	(28)
Effect of changes in scope of consolidation and other	-	-	-	-	-	-	-	-	-	-	(20)	(20)
Effect of curtailments and settlements	29	-	1	30	64	-	2	66	8	13	14	35
AT DECEMBER 31	**(1,563)**	**(1,212)**	**(453)**	**(3,228)**	**(1,622)**	**(1,688)**	**(458)**	**(3,768)**	**(1,838)**	**(1,891)**	**(503)**	**(4,232)**
External funds												
At January 1	**1,400**	**1,388**	**235**	**3,023**	1,509	1,474	229	3,212	1,502	1,319	216	3,037
Expected return on external funds	69	90	10	169	78	102	10	190	85	94	9	188
Actuarial gains and (losses):												
• amount	(111)	(201)	(19)	(331)	(65)	14	4	(47)	36	13	7	56
• *as a % of plan assets*	*7.9%*	*14.5%*	*8.1%*	*10.9%*	*4.3%*	*0.9%*	*1.7%*	*1.5%*	*2.4%*	*1.0%*	*3.2%*	*1.8%*
Translation adjustment	-	(320)	-	(320)	-	(131)	(3)	(134)	-	29	(8)	21
Employer contributions	37	56	14	107	28	66	10	104	15	78	15	108
Benefit payments for the year	(153)	(70)	(15)	(238)	(150)	(137)	(15)	(302)	(129)	(59)	(15)	(203)
Effect of changes in scope of consolidation and other	-	-	-	-	-	-	-	-	-	-	8	8
Effect of curtailments and settlements	-	-	(1)	(1)	-	-	-	-	-	-	(3)	(3)
AT DECEMBER 31	**1,242**	**943**	**224**	**2,409**	**1,400**	**1,388**	**235**	**3,023**	**1,509**	**1,474**	**229**	**3,212**
Deferred items												
At January 1	**(10)**	**(88)**	**(39)**	**(137)**	54	(113)	19	(40)	48	(125)	72	(5)
Deferred items arising in the year	116	132	6	254	(62)	4	(56)	(114)	6	5	(47)	(36)
Amortisation of deferred items	4	1	2	7	(3)	8	(2)	3	1	10	(3)	8
Translation adjustment and other	-	(4)	-	(4)	-	10	-	10	-	(4)	(3)	(7)
Effect of curtailments and settlements	-	2	-	2	1	3	-	4	(1)	1	-	-
AT DECEMBER 31	**110**	**43**	**(31)**	**122**	**(10)**	**(88)**	**(39)**	**(137)**	**54**	**(113)**	**19**	**(40)**

F. Pension expense recognised in the Income Statement

These expenses are recorded as follows:

- service cost and amortisation of deferred items are recorded under "Selling, general and administrative expenses";
- interest cost and the expected return on external funds are recorded under "Financial income and (expenses), net";
- the impact of restructuring operations is reported under "Other non-recurring operating income and (expenses)".

Pension expense breaks down as follows:

	2008				2007				2006			
(in million euros)	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total	France	United Kingdom	Other	Total
Service cost	(44)	(16)	(11)	(71)	(49)	(19)	(12)	(80)	(48)	(33)	(17)	(98)
Amortisation of deferred items	4	1	2	7	(3)	8	(2)	3	1	10	(3)	8
Interest cost	(85)	(88)	(24)	(197)	(81)	(93)	(23)	(197)	(74)	(90)	(22)	(186)
Expected return on external funds	69	90	10	169	78	102	10	190	85	94	9	188
Effect of curtailments and settlements (1)	29	2	-	31	65	3	2	70	7	14	11	32
TOTAL	**(27)**	**(11)**	**(23)**	**(61)**	**10**	**1**	**(25)**	**(14)**	**(29)**	**(5)**	**(22)**	**(56)**

(1) Effect of curtailments and settlements.
The workforce streamlining measures decided in May 2007 led to pension obligations towards eployees who volunteered to leave the Group (to pursue personal projects or retrain in new skills) being reversed for an amount of €56 million. The new worforce streamlining measures for 2008 (Note 9.4) led to pension obligations of €12 million being reversed.
The Faurecia restructuring plans led to pension obligations of €13 million being reversed.
A total of €24 million was paid to employees who volunteered to leave the Group under the 2007 plan (to pursue personal projects or retrain in new skills), to compensate for their loss of certain supplementary pension rights that had been funded in 2002 through the payment of a single premium to an insurance company. The corresponding funding of €24 million, that was no longer required due to the cancellation of these rights, was transferred by the insurance company to a contract covering retirement bonuses payable to Group employees.
An amount of €6 millions was recorded in respect of the 2008 workforce streamlining plan.

G. Projected 2009 benefit payments

Pension benefits payable in 2009 are estimated at €230 million.

30.2. Long Service Awards

The Group estimates its liability for long-service awards payable to employees who fulfil certain seniority criteria, notably in France. The calculations are performed using the same method and assumptions as for supplementary pension benefits and retirement bonuses (Note 30.1.B above). The estimated liability is provided for in full in the consolidated financial statements and breaks down as follows:

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
French companies	42	43	46
Foreign companies	18	17	16
TOTAL	**60**	**60**	**62**

30.3. Healthcare Benefits

'In addition to the pension obligations described above, some Faurecia group companies, mainly in the US, pay the healthcare costs of retired employees. The related obligation is provided for in full in the consolidated financial statements, as follows:

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
	27	27	28

Note 31 Current and Non-Current Financial Liabilities - Manufacturing and Sales Companies

The recognition and measurement principles applicable to borrowings and other financial liabilities, excluding derivatives, are described in Note 1.14.C. Derivatives are accounted for as set out in Note 1.14.D.

	December 31, 2008		December 31, 2007		December 31, 2006	
	At amortised cost or fair value		At amortised cost or fair value		At amortised cost or fair value	
(in million euros)	Non-current	Current	Non-current	Current	Non-current	Current
Bonds	2,651	-	2,476	-	2,573	-
Employee profit-sharing fund	23	6	32	41	73	41
Finance lease liabilities	347	83	314	70	318	48
Other long-term debt	1,470	183	1,471	82	1,147	283
Other short-term financing and overdraft facilities	-	1,392	-	1,737	-	4,024
Derivative instruments	-	29	1	20	14	4
TOTAL FINANCIAL LIABILITIES	**4,491**	**1,693**	**4,294**	**1,950**	**4,125**	**4,400**

31.1. Non-Current Financial Liabilities

	December 31, 2008		Maturities (nominal amount)	
(in million euros)	At amortised cost or fair value	Nominal amount	1 to 5 years	Beyond 5 years
Bonds	2,651	2,396	1,797	599
Long-term employee profit-sharing fund	23	23	23	-
Long-term finance lease liabilities	347	347	218	129
Other long-term debt	1,470	1,470	1,134	336
Derivative instruments [(1)]	-	-	-	-
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**4,491**			

	December 31, 2007		Maturities (nominal amount)	
(in million euros)	At amortised cost or fair value	Nominal amount	1 to 5 years	Beyond 5 years
Bonds	2,476	2,395	1,796	599
Long-term employee profit-sharing fund	32	32	32	-
Long-term finance lease liabilities	314	314	212	102
Other long-term debt	1,471	1,474	1,146	328
Derivative instruments [(1)]	1	-	-	-
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**4,294**			

(in million euros)	December 31, 2006 At amortised cost or fair value	Nominal amount	Maturities (nominal amount) 1 to 5 years	Beyond 5 years
Bonds	2,573	2,393	1,794	599
Long-term employee profit-sharing fund	73	73	73	-
Long-term finance lease liabilities	318	318	193	125
Other long-term debt	1,147	1,146	1,087	59
Derivative instruments (1)	14	-	-	-
TOTAL NON-CURRENT FINANCIAL LIABILITIES	**4,125**			

(1) Maturities and notional amounts of derivative instruments are provided in Note 37.

31.2. Characteristics of Bonds and Other Borrowings

(in million euros)	December 31, 2008 Non-current	Current	Issuing currency	Due	Effective interest rate	Rate after hedging
GIE PSA Trésorerie						
2001 bond issue	1,611	-	EUR	Q3/2011	5.98%	Euribor6M +73,9bp
2003 bond issue	740	-	EUR	Q3/2033	6.00%	Euribor3M+92,8 bp
Faurecia						
2005 bond issue (2)	300	-	EUR	2010	3.63%	3.63%
TOTAL	**2,651**	**-**				
Peugeot Citroën Automobiles						
EIB loan (1) - 73 M GBP	-	120	GBP	Q2/2009	Libor 3M +5 bp	Euribor3M +11,5 bp
EIB loan (1) - 125 M EUR	125	1	EUR	Q4/2011	Euribor3M +9 bp	Euribor3M +9 bp
EIB loan (1) - 250 M EUR	250	1	EUR	Q4/2014	Euribor3M +10 bp	Euribor3M +10 bp
FDES zero coupon debt (1)	24	-	EUR	Q1/2020		
Other borrowings	26	6				
Peugeot Citroën do Brasil Automoveis	-	22	BRL	Q4/2009	TJLP 6,25% +350bp	TJLP 6,25% +350bp
Peugeot Citroën Argentina	16	6	ARS	2011	Baibor 90j +575bp	Baibor 90j +575bp
Peugeot Citroën Spain	70	5	EUR	2011 - 2023		
Faurecia						
Syndicated loan - France (2)	585	-	EUR	Q4/2013	Euribor 3M +137 bp	4.62%
Syndicated loan - France (2)	321	-	EUR	Q4/2011	Euribor 3M +137 bp	4.62%
Other borrowings	51	22	EUR/USD			
Other companies	2	-				
TOTAL	**1,470**	**183**				

(1) EIB: European Investment Bank; FDES: French social and economic development fund.
(2) These contracts contain covenants based on financial ratios, as shown below. At 31 December 2008, the Faurecia group complied with all of these ratios. Based on the latest projections prepared in an uncertain economic environment, the ratios may not be complied with at 30 June 2009. If this were to be the case, the Faurecia 2005 bonds would become immediately repayable if the lender banks were to decide to invoke the acceleration clause. In addition Faurecia intends to renegotiate its existing facilities with its bankers.

		Values at Dec. 31, 2008	
Ratio	**Contractual Limit**	**Ratio**	**Amount**
Adjusted net debt* / EBITDA**	3.50 maximum	2.93	1,637 / 558
Interest cover (EBITDA** / finance costs)	4.50 minimum	5.8	558 / 96

Adjusted net debt: consolidated net debt adjusted for certain commitments defined in the loan agreement (mortgages, debt guarantees).*

*EBITDA**: Earnings Before Interest, Tax, Depreciation and Amortisation.*

In addition, any disposal of assets representing more than 15% of the Faurecia group's consolidated net assets must be authorized by the lender banks.

Fixed rate bonds issued by GIE PSA Trésorerie are converted to variable rate by means of swaps in order to immunize the Group against the effects on the value of these debts of changes in interet rates, particularly as the proceeds from the issues are invested in short-term instruments at variable rates. Long-term borrowings from EIB are at variable rates and are therefore not hedged.

31.3. Maturities of Debt

The following table shows maturities of the main borrowings, including principal and undiscounted contractual interest payments calculated a) for the closest maturity, at the rate applicable at the last reset date and b) for subsequent maturities, at the rate applicable at December 31, 2008. The amounts reported for interest take into account the effect of hedges.

	Nominal	0 - 3 months	3 - 6 months	6 - 12 months	1 - 5 years	+5 years
GIE PSA Trésorerie						
2001 bonds	1,500	45	-	27	1,610	-
2003 bonds	600	6	6	12	93	1,058
Faurecia						
2005 bonds	300	3	3	5	309	-
Peugeot Citroën Automobiles						
EIB loan (1) - £73m	119	2	120	-	-	-
EIB loan (1) - €125m	125	2	2	3	137	-
EIB loan (1) - €250m	250	2	2	5	297	-
FDES loan (1) - Zero coupon	24	-	-	-	-	24
Faurecia						
Syndicated loan - France	906	11	9	18	1,003	-
		71	**142**	**70**	**3,449**	**1,082**

(1) EIB: European Investment Bank; FDES: French social and economic development fund.

31.4. Characteristics of Other Short-Term Financing and Overdraft Facilities

(in million euros)	Issuing currency	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Commercial paper	EUR	147	504	484
Short-term loans	N/A	717	513	689
Bank overdrafts	N/A	505	678	820
Payments issued (1)	N/A	23	42	2,031
TOTAL		**1,392**	**1,737**	**4,024**

(1) *This item corresponds to payments issued but not yet debited on bank statements due to a non-working day for banks. The matching entry is an increase in cash and cash equivalents under assets.*

31.5. Finance Lease Liabilities

The present value of future payments under finance leases reported in “Other borrowings” can be analyzed as follows by maturity:

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
2007	-	-	94
2008	-	116	82
2009	142	107	83
2010	131	100	76
2011	78	52	40
2012	26	11	11
Subsequent years	134	47	32
	511	**433**	**418**
Less interest portion	(81)	(49)	(52)
PRESENT VALUE OF FUTURE LEASE PAYMENTS	**430**	**384**	**366**

Note 32 Other Non-Current Liabilities

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Liabilities related to vehicles subject to a buyback commitment	2,782	2,872	2,743
Other	11	15	16
TOTAL	**2,793**	**2,887**	**2,759**

Note 33 Financing Liabilities Finance Companies

Financing liabilities are accounted for as described in Note 1.14.C.

33.1 Analysis by Type

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Securities issued by securitisation funds (Note 21)	4,561	4,088	2,537
Other bond debt	413	413	413
Other debt securities	8,049	12,165	12,996
Bank borrowings	8,549	7,626	6,895
	21,572	**24,292**	**22,841**
Customer deposits	292	378	418
	21,864	**24,670**	**23,259**
Amounts due to Group manufacturing and sales companies	*(118)*	*(148)*	*(215)*
TOTAL	**21,746**	**24,522**	**23,044**

"Other debt securities" consist mainly of EMTNs for €4,534 million and commercial paper for €3,296 million.

33.2. Analysis by Maturity

	Dec. 31, 2008				
(in million euros)	Securities issued by securitisation funds	Other bond debt	Other debt securities	Bank borrowings	Total
Less than 3 months	87	-	3,354	3,564	7,005
3 months to 1 year	153	-	1,927	2,166	4,246
1 to 5 years	3,379	413	2,759	2,819	9,370
Beyond 5 years	942	-	9	-	951
TOTAL	**4,561**	**413**	**8,049**	**8,549**	**21,572**

	Dec. 31, 2007				
(in million euros)	Securities issued by securitisation funds	Other bond debt	Other debt securities	Bank borrowings	Total
Less than 3 months	203	-	5,896	4,635	10,734
3 months to 1 year	221	-	2,738	1,385	4,344
1 to 5 years	1,164	-	3,460	1,606	6,230
Beyond 5 years	2,500	413	71	-	2,984
TOTAL	**4,088**	**413**	**12,165**	**7,626**	**24,292**

	Dec. 31, 2006				
(in million euros)	Securities issued by securitisation funds	Other bond debt	Other debt securities	Bank borrowings	Total
Less than 3 months	-	-	4,216	2,472	6,688
3 months to 1 year	637	-	2,850	1,948	5,435
1 to 5 years	1616	-	5,864	2,475	9,955
Beyond 5 years	284	413	66	-	763
TOTAL	**2,537**	**413**	**12,996**	**6,895**	**22,841**

33.3. Analysis by Repayment Currency

All bonds and securities issued by securitisation funds are repayable in euros. Other financial liabilities can be analysed as follows by repayment currency:

	Dec. 31, 2008		Dec. 31, 2007		Dec. 31, 2006	
(in million euros)	Other debt securities	Bank borrowings	Other debt securities	Bank borrowings	Other debt securities	Bank borrowings
EUR	7,095	7,232	11,569	7,554	12,495	6,022
GBP	157	376	204	6	246	385
USD	-	-	-	-	-	-
JPY	733	-	264	-	168	-
BRL	64	552	79	-	40	256
CHF	-	74	-	1	-	47
CZK	-	124	49	3	47	85
Other	-	191	-	62	-	100
TOTAL	**8,049**	**8,549**	**12,165**	**7,626**	**12,996**	**6,895**

Note 34 Other Payables

34.1. Manufacturing and Sales Companies

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Taxes payable other than income taxes	781	988	934
Personnel-related payables	864	1,079	996
Payroll taxes	500	557	590
Payable on fixed asset purchases	296	294	426
Customer prepayments	402	481	370
Derivative instruments (1)	233	46	2
Deferred income	436	386	335
Miscellaneous other payables	283	410	422
TOTAL	**3,795**	**4,241**	**4,075**

(1) This item corresponds to the fair value of instruments purchased by the Group to hedge currency risks on current or forecast operating receivables and payables. These instruments are analyzed by maturity in Note 37, "Management of market risks".

34.2. Finance Companies

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Personnel-related payables and payroll taxes	56	51	52
Derivative instruments [1]	420	164	211
Deferred income and accrued expenses	403	330	313
Miscellaneous other payables	191	187	271
TOTAL	**1,070**	**732**	**847**

(1) This item corresponds to the fair value of instruments purchased by the Group to hedge interest rate risks on finance receivables and financing liabilities. These instruments are analyzed by maturity in Note 37, "Management of market risks".

Note 35 Notes to the Consolidated Statements of Cash Flows

35.1. Analysis of Net Cash and Cash Equivalents Reported in the Statements of Cash Flows

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Cash and cash equivalents (Note 27.1)	2,040	5,185	6,339
Payments issued (Note 31.4)	(23)	(42)	(2,031)
Net cash and cash equivalents - manufacturing and sales companies	**2,017**	**5,143**	**4,308**
Net cash and cash equivalents - finance companies (Note 27.2)	**1,280**	**943**	**620**
Elimination of intragroup transactions [1]	*(90)*	*(149)*	*(292)*
TOTAL	**3,207**	**5,937**	**4,636**

(1) The elimination of intragroup transactions concerns the transfer of Automobile Division receivables to the finance companies on the last day of the month. The corresponding cash flows are recognised by the Automobile Division on the day of transfer and by the finance company on the following day.

35.2. Change in Operating Assets and Liabilities as Reported in the Consolidated Statements of Cash Flows

A. Manufacturing and Sales Companies

(in million euros)	2008	2007	2006
(Increase) decrease in inventories	(1,076)	(116)	(16)
(Increase) decrease in trade receivables	804	153	2
Increase (decrease) in trade payables	(2,015)	190	310
Change in current allowances and provisions	3	409	185
Change in income taxes	(97)	57	25
Other changes	(543)	227	(82)
	(2,924)	**920**	**424**
Net flows with Group finance companies	*(123)*	*(106)*	*(5)*
TOTAL	**(3,047)**	**814**	**419**

B. Finance Companies

(in million euros)	2008	2007	2006
(Increase) decrease in finance receivables	66	(700)	(464)
(Increase) decrease in short-term investments	2,196	(579)	(53)
Increase (decrease) in financing liabilities	(2,115)	1,612	368
Change in current allowances and provisions	2	(7)	(12)
Change in income taxes	(28)	(1)	(46)
Other changes	32	(288)	(27)
	153	*37*	*(234)*
Net flows with Group manufacturing and sales companies	**139**	**240**	**(32)**
TOTAL	**292**	**277**	**(266)**

35.3. Detailed Analysis of Change in Operating Assets and Liabilities - Manufacturing and Sales Companies

	2008					
(in million euros)	At Jan. 1,	Cash flows from operating activities	Change in scope of consolidation and other	Translation adjustment	Revaluations taken to equity	At Dec. 31,
Inventories	(6,913)	(1,076)	(42)	274	-	(7,757)
Trade receivables	(2,857)	804	8	44	-	(2,001)
Trade payables	10,600	(2,015)	-	(157)	-	8,428
Income taxes	(11)	(97)	-	(5)	-	(113)
Current allowances and provisions	2,132	3	2	(84)	-	2,053
Other receivables	(1,782)	(145)	(13)	48	(5)	(1,897)
Other payables	4,241	(268)	(79)	(98)	(1)	3,795
	5,410	**(2,794)**	**(124)**	**22**	**(6)**	**2,508**
Net flows with Group finance companies	*26*	*(123)*	*3*	*(3)*	-	*(97)*
TOTAL	**5,436**	**(2,917)**	**(121)**	**19**	**(6)**	**2,411**

	2007					
(in million euros)	At Jan. 1,	Cash flows from operating activities	Change in scope of consolidation and other	Translation adjustment	Revaluations taken to equity	At Dec. 31,
Inventories	(6,826)	(116)	(31)	60	-	(6,913)
Trade receivables	(3,043)	153	2	31	-	(2,857)
Trade payables	10,481	190	23	(94)	-	10,600
Income taxes	(58)	57	(9)	(1)	-	(11)
Current allowances and provisions	1,747	409	5	(29)	-	2,132
Other receivables	(1,719)	(51)	(9)	6	(9)	(1,782)
Other payables	4,075	155	9	2	-	4,241
	4,657	**797**	**(10)**	**(25)**	**(9)**	**5,410**
Net flows with Group finance companies	*132*	*(109)*	*3*	-	-	*26*
TOTAL	**4,789**	**688**	**(7)**	**(25)**	**(9)**	**5,436**

35.4. Change in Other Financial Assets and Liabilities - Manufacturing and Sales Companies

(in million euros)	2008	2007	2006
Increase in borrowings	982	414	705
Repayment of borrowings and conversion of bonds	(999)	(389)	(238)
(Increase) decrease in non-current financial assets	291	(565)	(318)
(Increase) decrease in current financial assets	921	261	855
Increase (decrease) in current financial liabilities	(266)	(280)	(799)
	929	**(559)**	**205**
Net flows with Group finance companies	*42*	*8*	*(23)*
TOTAL	**971**	**(551)**	**182**

Note 36 Financial Instruments

A. Financial Instruments Reported in the Balance Sheet

	Dec. 31, 2008		Analysis by category of instrument				
(in million euros)	Carrying amount	Fair value	Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Investments in non-consolidated companies	61	61	-	61	-	-	-
Other non-current financial assets	869	869	416	104	126	-	223
Loans and receivables - finance companies	22,359	22,003	-	-	22,359	-	-
Short-term investments - finance companies	1,182	1,182	1,182	-	-	-	-
Trade receivables - manufacturing and sales companies	1,855	1,855	-	-	1,855	-	-
Other receivables	2,669	2,669	-	-	2,066	-	603
Current financial assets	515	515	249	-	242	-	24
Cash equivalents	1,135	1,135	1,135	-	-	-	-
Cash	2,095	2,095	2,095	-	-	-	-
ASSETS	**32,740**	**32,384**	**5,077**	**165**	**26,648**	**-**	**850**
Non-current financial liabilities	4,491	3,914	-	-	-	4,491	-
Financing liabilities - finance companies	21,746	21,755	-	-	-	21,746	-
Trade payables	8,417	8,417	-	-	8,417	-	-
Other payables	4,466	4,466	-	-	4,007	-	459
Current financial liabilities	1,693	1,651	-	-	-	1,664	29
LIABILITIES	**40,813**	**40,203**	**-**	**-**	**12,424**	**27,901**	**488**

(in million euros)	Dec. 31, 2007 Carrying amount	Fair value	Analysis by category of instrument Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Investments in non-consolidated companies	50	50	-	50	-	-	-
Other non-current financial assets	1,168	1,168	724	254	131	-	59
Loans and receivables – finance companies	23,223	23,022	-	-	23,223	-	-
Short-term investments – finance companies	3,310	3,310	3,310	-	-	-	-
Trade receivables – manufacturing and sales companies	2,700	2,700	-	-	2,700	-	-
Other receivables	2,420	2,420	-	-	2,110	-	310
Current financial assets	1,483	1,483	948	-	497	-	38
Cash equivalents	4,115	4,115	4,115	-	-	-	-
Cash	1,864	1,864	1,864	-	-	-	-
ASSETS	**40,333**	**40,132**	**10,961**	**304**	**28,661**	**-**	**407**
Non-current financial liabilities	4,294	4,302	-	-	-	4,293	1
Financing liabilities – finance companies	24,522	24,465	149	-	-	24,373	-
Trade payables	10,571	10,571	-	-	10,571	-	-
Other payables	4,681	4,681	-	-	4,471	-	210
Current financial liabilities	1,950	1,950	-	-	-	1,930	20
LIABILITIES	**46,018**	**45,969**	**149**	**-**	**15,042**	**30,596**	**231**

(in million euros)	Dec. 31, 2006 Carrying amount	Fair value	Analysis by category of instrument Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Investments in non-consolidated companies	53	53	-	53	-	-	-
Other non-current financial assets	1,368	1,368	797	283	123	-	165
Loans and receivables - finance companies	22,703	22,529	-	-	22,703	-	-
Short-term investments - finance companies	2,818	2,818	2,818	-	-	-	-
Trade receivables - manufacturing and sales companies	2,850	2,850	-	-	2,850	-	-
Other receivables	2,268	2,268	-	-	2,019	-	249
Current financial assets	1,132	1,132	918	-	171	-	43
Cash equivalents	5,197	5,197	5,197	-	-	-	-
Cash	1,470	1,470	1,470	-	-	-	-
ASSETS	**39,859**	**39,685**	**11,200**	**336**	**27,866**	**-**	**457**
Non-current financial liabilities	4,125	4,262	-	-	-	4,111	14
Financing liabilities - finance companies	23,044	23,056	152	-	-	22,892	-
Trade payables	10,456	10,456	-	-	10,456	-	-
Other payables	4,661	4,661	-	-	4,448	-	213
Current financial liabilities	4,400	4,400	-	-	-	4,396	4
LIABILITIES	**46,686**	**46,835**	**152**	**-**	**14,904**	**31,399**	**231**

The fair value of financial instruments held by the Group is calculated whenever it can be estimated reliably on the basis of market data for assets considering that they are not intended to be sold. The fair value of financial instruments traded on an active market is based on the market price at the balance sheet date. The market price used for financial assets held by the Group is the bid price on the market at the measurement date.

The main valuation methods applied are as follows:

Items recognised at fair value through profit or loss and derivative hedging instruments are measured by using a valuation technique which benchmarks interbank rates (Euribor, etc.) and daily foreign exchange rates set by the European Central Bank. All the financial instruments in this category are financial assets and liabilities designated at fair value through profit or loss on initial recognition in accordance with the criteria set out in Note 1.14.

Investments in non-consolidated companies and other investments are stated at fair value in the balance sheet, in accordance with IAS 39 (Note 1.14.B (a) and (c)). The fair value of investments in non-consolidated companies not traded in an active market corresponds to their cost. The fair value of listed equities classified as "available-for-sale" corresponds to their quoted market price at the balance sheet date.

Financing loans and receivables are stated at amortised cost measured using the effective interest rate method, and are generally hedged against interest rate risks. The hedged portion is remeasured at fair value in accordance with hedge accounting principles, with the result that the margin is excluded from the remeasurement. The fair value presented above is estimated by discounting future cash flows at the rate applicable to similar loans granted at the balance sheet date.

Borrowings taken out by the manufacturing and sales companies and the financing liabilities of finance companies are mainly stated at amortised cost, determined by the effective interest rate method. Financial liabilities hedged by interest rate swaps qualify for hedge accounting. The interest-linked portion is remeasured at fair value. The fair value presented above is estimated taking account of the Group's credit risk. Exceptionally, some financial liabilities are accounted for using the fair value option. The Group has decided to recognize such items at fair value through profit or loss in order to prevent an accounting mismatch between the fair values of the liability and the related economic hedging instruments. The change in fair value attributable to credit risk recognised during the year is not material.

The fair value of the manufacturing and sales companies' trade receivables and payables is considered as being equivalent to carrying amount, due to their very short maturities.

B. Impact of Financial Instruments on Income

	2008	Analysis by category of instrument				
(in million euros)	Impact	Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	13	-	-	13	-	-
Total interest expense	(310)	-	-	-	(310)	-
Remeasurement	96	233	-	-	(16)	(121)
Income on disposal and dividends	14	-	14	-	-	-
Net impairment	(9)	-	-	(9)	-	-
Total - manufacturing and sales companies	**(196)**	**233**	**14**	**4**	**(326)**	**(121)**
Finance companies						
Total interest income	1,736	-	-	1,736	-	-
Total interest expense	(1,121)	-	-	-	(1,121)	-
Remeasurement	157	102	-	276	(52)	(169)
Net impairment	(98)	-	-	(98)	-	-
Total - finance companies	**674**	**102**	**-**	**1,914**	**(1,173)**	**(169)**
NET GAIN (LOSS)	**478**	**335**	**14**	**1,918**	**(1,499)**	**(290)**

	2007	Analysis by category of instrument				
(in million euros)	Impact	Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	10	-	-	10	-	-
Total interest expense	(287)	-	-	-	(287)	-
Remeasurement	257	276	-	-	5	(24)
Income on disposal and dividends	17	-	17	-	-	-
Net impairment	(3)	-	-	(3)	-	-
Total – manufacturing and sales companies	**(6)**	**276**	**17**	**7**	**(282)**	**(24)**
Finance companies						
Total interest income	1,617	-	-	1,617	-	-
Total interest expense	(978)	-	-	-	(978)	-
Remeasurement	176	127	-	34	(12)	27
Net impairment	(51)	-	-	(51)	-	-
Total – finance companies	**764**	**127**	**-**	**1,600**	**(990)**	**27**
NET GAIN (LOSS)	**758**	**403**	**17**	**1,607**	**(1,272)**	**3**

	2006	Analysis by category of instrument				
(in million euros)	Impact	Fair value through profit or loss	Available-for-sale assets	Loans, receivables and other liabilities	Borrowings at amortised cost	Derivative instruments
Manufacturing and sales companies						
Total interest income	11	-	-	11	-	-
Total interest expense	(232)	-	-	-	(232)	-
Remeasurement	115	165	-	-	3	(53)
Income on disposal and dividends	24	-	24	-	-	-
Net impairment	(15)	-	-	(15)	-	-
Total - manufacturing and sales companies	**(97)**	**165**	**24**	**(4)**	**(229)**	**(53)**
Finance companies						
Total interest income	1,462	-	-	1,462	-	-
Total interest expense	(757)	-	-	-	(757)	-
Remeasurement	94	72	-	(78)	68	32
Net impairment	(41)	-	-	(41)	-	-
Total - finance companies	**758**	**72**	**-**	**1,343**	**(689)**	**32**
NET GAIN (LOSS)	**661**	**237**	**24**	**1,339**	**(918)**	**(21)**

All income generated by the finance business on financial assets and liabilities within the meaning of IAS 39 is recorded in recurring operating income.

Note 37 Management of Market Risks

37.1. Risk Management Policy

In the course of its business, the PSA Peugeot Citroën Group is exposed to currency and interest rate risks, as well as to other market risks arising, in particular, from changes in commodity prices and equity prices. The Group is also exposed to counterparty and liquidity risks.

A. Currency Risk

Currency Risk of Manufacturing and Sales Companies

The manufacturing and sales companies manage their foreign exchange positions on transactions denominated in foreign currencies with the objective of hedging the risk of fluctuations in exchange rates. Automobile Division currency risks are managed centrally, for the most part by PSA International S.A. (PSAI) under the supervision of Group management. All products used by PSAI are standard products covered by master agreements (ISDA).

Automobile Division positions are managed primarily by entering into forward foreign exchange contracts, as soon as the foreign currency invoice is accounted for, covering the period to the settlement date.

At Group level, currency risks are managed by requiring manufacturing companies to bill sales companies in the latter's local currency (except in the rare cases where this is not allowed under local regulations). Currency risks on these intragroup billings are systematically hedged by PSAI using forward foreign exchange contracts.

Future transactions in foreign currencies are not hedged using forward foreign exchange contracts. However, from time to time PSAI hedges the Automobile Division's future transactions using options, with the agreement of Corporate Finance. In most cases, the hedging strategy consists of purchasing options which act as an insurance policy that limits the maximum risk to the amount of the premium.

In line with this strategy, currency risks on forecast transactions in Japanese yen and pounds sterling were hedged by PSAI using purchased options. The sterling options hedged forecast sales in the UK market for the first half of 2008. The yen options capped the exchange rate for vehicle purchases in 2007, 2008 and the first nine months of 2009 under the cooperation agreement with Mitsubishi. The options represent hedges of highly probable future transactions and therefore qualify for hedge accounting under IAS 39.

The Group does not hedge its net investment in foreign operations.

PSAI also carries out proprietary transactions involving currency instruments. These transactions are subject to very strict exposure limits and are closely monitored on a continuous basis. They are the only non-hedging transactions carried out by companies in the PSA Peugeot Citroën Group and have a very limited impact on consolidated profit.

Risks arising on these transactions are managed by applying simulated changes in market conditions (spot rates and volatility) to the existing portfolio using parameters that draw on historical volatility over a trailing twelve-month period accurate to within ten trading days. These parameters are verified or revised at least twice a year or in the event of a sharp unexpected shift in the market. Stress tests performed on the portfolio at December 31, 2008 showed that the impact on consolidated profit would not be material.

Currency fluctuation assumptions applied in the stress tests are as follows:

	USD	JPY	CZK	SKK	GBP
Hypothetical fluctuation against the euro	5.0%	10.0%	5.5%	5.5%	4.0%

Faurecia manages the currency risks incurred by its subsidiaries on commercial transactions principally through forward purchase and sale contracts or options, and foreign currency financing. Commercial positions are hedged by derivatives or by loans in the same currency as the subsidiary's exposure. Future transactions are hedged on the basis of cash flow forecasts drawn up during the budgeting process and approved by management. The derivative instruments used to hedge these future transactions qualify for cash flow hedge accounting. Subsidiaries located outside the euro zone receive intragroup loans in their functional currency. These loans are refinanced in euros, and the related currency risk is hedged by swaps.

The net position of the manufacturing and sales companies in the main foreign currencies is as follows:

	December 31, 2008						
(in million euros)	**GBP**	**JPY**	**USD**	**PLN**	**CHF**	**RUB**	**Other**
Total assets	93	24	432	59	15	215	192
Total liabilities	(228)	(40)	(255)	(84)	-	-	(106)
NET POSITION BEFORE HEDGING	**(135)**	**(16)**	**177**	**(25)**	**15**	**215**	**86**
Derivative financial instruments	129	16	(171)	54	(15)	(215)	(92)
NET POSITION AFTER HEDGING	**(6)**	**-**	**6**	**29**	**-**	**-**	**(6)**

	December 31, 2007						
(in million euros)	**GBP**	**JPY**	**USD**	**PLN**	**CHF**	**RUB**	**Other**
Total assets	262	33	220	21	23	-	317
Total liabilities	(582)	(58)	(270)	(80)	-	-	(179)
NET POSITION BEFORE HEDGING	**(320)**	**(25)**	**(50)**	**(59)**	**23**	**-**	**138**
Derivative financial instruments	311	25	40	52	(23)	-	(191)
NET POSITION AFTER HEDGING	**(9)**	**-**	**(10)**	**(7)**	**-**	**-**	**(53)**

	December 31, 2006						
(in million euros)	**GBP**	**JPY**	**USD**	**PLN**	**CHF**	**RUB**	**Other**
Total assets	163	57	196	131	27	-	479
Total liabilities	(523)	(28)	(178)	-	-	-	(108)
NET POSITION BEFORE HEDGING	**(360)**	**29**	**18**	**131**	**27**	**-**	**371**
Derivative financial instruments	357	(29)	(26)	(97)	(27)	-	(367)
NET POSITION AFTER HEDGING	**(3)**	**-**	**(8)**	**34**	**-**	**-**	**4**

Sensitivity to changes in the main exchange rates:

The sensitivity of consolidated profit to a change in exchange rates was fairly limited in 2008 due to the Group's policy of systematically hedging the foreign currency receivables and payables of the manufacturing and sales companies. Equity at December 31, 2008 was sensitive primarily to changes in exchange rates for the Japanese yen and Polish zloty.

(in million euros)	**GBP**	**JPY**	**USD**	**PLN**	**CHF**	**RUB**	**Other**
Hypothetical fluctuation against the euro	4.0%	10.0%	5.0%	10.0%	3.0%	12.0%	N/A
Impact on income before tax	-	-	-	(3)	-	-	3
Impact on equity	-	(11)	(3)	11	-	-	7

Currency Risk of Finance Companies

Group policy consists of not entering into any operational currency positions. Liabilities are matched with assets in the same currency, entity by entity, using appropriate financial instruments where necessary, such as cross currency swaps, currency swaps and forward foreign exchange contracts.

The Group does not hedge its net investment in foreign currency.

The net position of the finance companies in the main foreign currencies is as follows:

	December 31, 2008					
(in million euros)	GBP	JPY	USD	PLN	CHF	Other
Total assets	1,200	3	-	164	277	70
Total liabilities	(163)	(735)	-	-	(7)	(1)
NET POSITION BEFORE HEDGING	**1,037**	**(732)**	**-**	**164**	**270**	**69**
Derivative financial instruments	(1,037)	732	-	(164)	(270)	(69)
NET POSITION AFTER HEDGING	**-**	**-**	**-**	**-**	**-**	**-**

	December 31, 2007					
(in million euros)	GBP	JPY	USD	PLN	CHF	Other
Total assets	1,608	-	-	143	233	200
Total liabilities	(638)	(264)	-	-	-	(111)
NET POSITION BEFORE HEDGING	**970**	**(264)**	**-**	**143**	**233**	**89**
Derivative financial instruments	(970)	264	-	(143)	(233)	(89)
NET POSITION AFTER HEDGING	**-**	**-**	**-**	**-**	**-**	**-**

	December 31, 2006					
(in million euros)	GBP	JPY	USD	PLN	CHF	Other
Total assets	1,683	-	-	110	267	153
Total liabilities	(496)	(168)	(19)	-	-	(114)
NET POSITION BEFORE HEDGING	**1,187**	**(168)**	**(19)**	**110**	**267**	**39**
Derivative financial instruments	(1,187)	168	19	(110)	(267)	(39)
NET POSITION AFTER HEDGING	**-**	**-**	**-**	**-**	**-**	**-**

In view of the Group's hedging policy, a change in exchange rates at the level of the finance companies would not have any material impact on consolidated profit or equity.

B. Interest Rate Risk

Interest Rate Risk of Manufacturing and Sales Companies

Commercial receivables and payables are short-term assets and liabilities and their value is not affected by the level of interest rates.

Cash surpluses and short-term financing needs of manufacturing and sales companies – except for automotive equipment companies – are mainly centralized at the level of GIE PSA Trésorerie, which invests net cash reserves on the financial markets in short-term instruments indexed to variable rates.

The gross borrowings of manufacturing and sales companies – excluding automotive equipment companies – consist mainly of fixed- and adjustable-rate long-term loans. The debt is converted to variable rate by means of derivatives, in order to match interest rates on cash surpluses.

Faurecia's interest rate risks are managed on a centralized basis by its Finance and Treasury Department, which reports to executive management. Hedging decisions are made by a Market Risk Committee that meets on a monthly basis. As Faurecia's borrowings are primarily at variable rates, its hedging policy aims to limit the effect on profit of an increase in short-term rates, mainly through the use of caps and other options in euros and dollars and, to a lesser extent, through swaps. Substantially all interest payable between January 2009 and December 2010 is hedged, along with part of the interest payable in 2011.

The net interest rate position of manufacturing and sales companies is as follows:

(in milions of euros)	Dec. 31, 2008 Intraday to 1 year	1 to 5 years	Beyond 5 years	TOTAL
Total assets	2,789	133	94	3,016
Total liabilities	(3,124)	(1,961)	(764)	(5,849)
NET POSITION BEFORE HEDGING	**(335)**	**(1,828)**	**(670)**	**(2,833)**
Derivative financial instruments	(2,351)	1,611	740	-
NET POSITION AFTER HEDGING	**(2,686)**	**(217)**	**70**	**(2,833)**

(in million euros)	Dec. 31, 2007 Intraday to 1 year	1 to 5 years	Beyond 5 years	TOTAL
Total assets	7,169	125	85	7,379
Total liabilities	(3,320)	(2,014)	(646)	(5,980)
NET POSITION BEFORE HEDGING	**3,849**	**(1,889)**	**(561)**	**1,399**
Derivative financial instruments	(2,176)	1,554	622	-
NET POSITION AFTER HEDGING	**1,673**	**(335)**	**61**	**1,399**

(in million euros)	Dec. 31, 2006 Intraday to 1 year	1 to 5 years	Beyond 5 years	TOTAL
Total assets	7,914	100	75	8,089
Total liabilities	(5,276)	(2,282)	(755)	(8,313)
NET POSITION BEFORE HEDGING	**2,638**	**(2,182)**	**(680)**	**(224)**
Derivative financial instruments	(2,517)	1,834	683	-
NET POSITION AFTER HEDGING	**121**	**(348)**	**3**	**(224)**

Sensitivity tests show that a 1% increase or decrease in average interest rates would have a positive or negative impact of approximately €24 million on income before tax in 2008 and €2.6 million in 2007.

Fixed-rate debt due in more than one year corresponds primarily to the Faurecia bonds maturing in 2010.

Interest Rate Risk of Finance Companies

Banque PSA Finance's fixed-rate loans to customers of the Automobile Division are refinanced mainly through adjustable rate borrowings. The impact of changes in interest rates is hedged using appropriate instruments to match interest rates on the loans and the related refinancing.

Implementation of this strategy is overseen by the Bank's Refinancing Committee and led by Corporate Treasury. Interest rate risks on outstanding loans are attenuated through an assertive hedging policy, with a 3% ceiling on unhedged exposures (by country and by half-yearly maturity band) arising from the difficulty of precisely matching loan balances with the notional amounts of derivatives.

Concerning assets, fixed rate instalment loans are either hedged by interest rate swaps that are purchased on the market as soon as the financing is granted or – in countries where there is no liquid market for interest rate instruments – financed by fixed rate debt. In practice, the swaps are purchased at ten-day intervals. Wholesale financing is granted at rates based on short-term market rates, while the liquidity reserve is invested at the same rates. This fair value hedging strategy means that all of the Bank's interest-bearing assets are at short-term rates.

Concerning liabilities, all new interest-bearing debt is converted to a rate based on a 3-month benchmark using appropriate hedging instruments.

Until the third quarter of 2008, refinancing costs for new retail loans in euros were capped at pre-set levels through the use of swaptions. These swaptions had expired at December 31, 2008.

The net interest rate position of finance companies is as follows:

	Dec. 31, 2008			
(in milions of euros)	Intraday to 1 year	1 to 5 years	Beyond 5 years	TOTAL
Total assets	14,457	10,329	-	24,786
Total liabilities	(19,815)	(1,752)	(55)	(21,622)
NET POSITION BEFORE HEDGING	**(5,358)**	**8,577**	**(55)**	**3,164**
Derivative financial instruments	5,380	(5,435)	55	-
NET POSITION AFTER HEDGING	**22**	**3,142**	**-**	**3,164**

	Dec. 31, 2007			
(in million euros)	Intraday to 1 year	1 to 5 years	Beyond 5 years	TOTAL
Total assets	17,809	9,929	-	27,738
Total liabilities	(23,120)	(1,154)	(62)	(24,336)
NET POSITION BEFORE HEDGING	**(5,311)**	**8,775**	**(62)**	**3,402**
Derivative financial instruments	5,788	(5,850)	62	-
NET POSITION AFTER HEDGING	**477**	**2,925**	**-**	**3,402**

	Dec. 31, 2006			
(in million euros)	Intraday to 1 year	1 to 5 years	Beyond 5 years	TOTAL
Total assets	16,749	9,597	-	26,346
Total liabilities	(19,264)	(2,350)	(1,316)	(22,930)
NET POSITION BEFORE HEDGING	**(2,515)**	**7,247**	**(1,316)**	**3,416**
Derivative financial instruments	2,981	(4,297)	1,316	-
NET POSITION AFTER HEDGING	**466**	**2,950**	**-**	**3,416**

Sensitivity tests show that a 1% increase or decrease in average interest rates would have a positive or negative impact of approximately €0.3 million on income before tax in 2008 and €1.6 million in 2007.

The net position after hedging for maturities of one to five years corresponds to net assets financed by Banque PSA Finance's regulatory capital.

C. Equity Risk

Equity risk corresponds to the price risk arising from a fall in the value of equities held by the Group.

In view of the situation in the stock markets and the difficulty of identifying a reasonable change assumption for sensitivity calculations, the sensitivities reported below are based on the same assumptions as in 2007.

	Dec. 31, 2008	
(in milions of euros)	Investments classified as "available-for-sale"	Investments accounted for using the fair value option
Balance sheet position	104	37
Sensitivity of earnings	-	(7)
Sensitivity of equity	(21)	N/A
Unfavourable fluctuation assumptions	20%	20%

	Dec. 31, 2007	
(in million euros)	**Investments classified as "available-for-sale"**	**Investments accounted for using the fair value option**
Balance sheet position	254	59
Sensitivity of earnings	-	(12)
Sensitivity of equity	(51)	N/A
Unfavourable fluctuation assumptions	20%	20%

	Dec. 31, 2006	
(in million euros)	**Investments classified as "available-for-sale"**	**Investments accounted for using the fair value option**
Balance sheet position	283	61
Sensitivity of earnings	-	(6)
Sensitivity of equity	(28)	N/A
Unfavourable fluctuation assumptions	10%	10%

D. Commodity Risk

The production costs of the Automobile Division and Faurecia are exposed to the risk of changes in certain raw materials prices, either as a result of their direct purchases or indirectly through the impact of these changes on their suppliers' costs. These raw materials are either industrial products such as steel and plastics whose prices and related adjustments are negotiated between buyers and vendors, or commodities traded on organized markets, such as aluminum, copper, lead or precious metals, for which the transaction price is determined by direct reference to the prices quoted on the commodity market.

In 2008, the Group hedged part of its exposure to fluctuations in metals prices by purchasing options and swaps. These instruments cover physical deliveries of metals for the Group's production needs. The Group does not hold any speculative positions in commodities.

Commodity hedges in 2008 concerned purchases of lead, platinum and aluminium and qualified as cash flow hedges within the meaning of IAS 39.

The effective portion of fair value adjustments relating to these hedging instruments was recognised directly in equity during the year for a negative amount of €23 million. When the hedged purchases were made, this effective portion was recorded as an expense in recurring operating income for an amount of €17 million, without affecting the acquisition cost of commodity inventories. As actual purchases were lower than expected, a €6 million loss was recognised in "Other financial income and (expenses)", corresponding to hedges that were no longer effective. At December 31, 2008, the Group no longer held any instruments to hedge its commodities risk.

E. Counterparty Risk

The Group places significant emphasis on guaranteeing the security of payments for the goods and services delivered to customers. Relations with Peugeot and Citroën dealers are managed within the framework of the sales financing system described below. Payments from other Group customers are secured by arrangements with leading counterparties that are validated by the Group Treasury Committee. Intercompany settlements are hedged against political risks whenever necessary.

Other counterparty risks concern investments of available cash and transactions involving currency and interest rate derivatives. For these two types of transactions, counterparty risks are managed by a system of exposure limits by type of instrument and by counterparty signature quality. The transactions are carried out solely with leading financial partners. Derivatives transactions are governed by standard ISDA or FBF agreements and contracts with the most frequently used counterparties provide for weekly margin calls.

Available cash is invested either in money market securities issued by approved counterparties, or in mutual funds offering a bank guarantee of capital and performance. The bulk of money market securities in the portfolio are issued by banks and the remainder by non-financial sector issuers.

F. Liquidity Risk

Liquidity Risk of Manufacturing and Sales Companies

At December 31, 2008, the manufacturing and sales companies had net debt of €2,906 million (Note 38). The bulk of this amount consisted of long-term debt, including €2,651 million worth of bonds and €1,470 million in other long-term borrowings due beyond 2009. Contractual interest payments on these debts are analysed by due date in Note 31.3. The only debts subject to financial covenants are the Faurecia bond issue and syndicated lines of credit (Note 31.2).

Peugeot S.A. and GIE PSA Trésorerie have access to a confirmed line of credit expiring in 2011 that was undrawn at December 31, 2008. This facility is not subject to any special drawing restrictions.

In light of the current economic environment, the Group expects to have significant financing needs in 2009 to support its manufacturing and sales companies. Various solutions are being examined, which can reasonably be expected to be implemented. They include:

- new medium-term syndicated bank facilities;
- government support in the form of a long-term loan;

Liquidity Risk of Finance Companies

Banque PSA Finance has a capital base in line with regulatory requirements. Each year, a significant proportion of the year's net income is transferred to reserves, leading to robust regulatory ratios that reflect the quality of the asset base. Its refinancing strategy consists of diversifying liquidity sources as broadly as possible, matching the maturities of assets and liabilities, and hedging all of its exposure to currency and interest rate risks. The Bank also endeavours to maintain a liquidity cushion in the form of permanent liquidity reserves and undrawn confirmed syndicated lines of credit (Note 38.2).

The Bank has access to confirmed lines of credit expiring at various dates through 2014 that were undrawn at December 31, 2008 (Note 38.2). These facilities ensure that the Bank will be able to meet its debt repayment obligations in 2009.

The Bank has various solutions to finance new lending, whose implementation is not expected to be affected by the current financial environment. These solutions include:

- rolling over existing bank lines of credit on expiry;
- launching new automobile line securitisation programs in certain countries, particularly in connection with central bank cash injections;
- long-term capital markets issues, if necessary.

37.2. Hedging Instruments - Manufacturing and Sales Companies

The different types of hedges and their accounting treatment are described in Note 1.14 D (b).

A. Details of Balance Sheet Values of Hedging Instruments and Notional Amounts Hedged

	Dec. 31, 2008					
				Maturities		
	Carrying amount		Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
(in million euros)	Assets	Liabilities				
Currency risk						
Fair value hedges:						
- Forward foreign exchange contracts	2	-	38	38	-	-
- Currency options	3	-	39	39	-	-
- Currency swaps	5	-	540	540	-	-
Cash flow hedges:						
- Currency options	17	-	433	433	-	-
Trading instruments (1)	235	(236)	1,102	1,062	40	-
Total	**262**	**(236)**	**2,152**	**2,112**	**40**	**-**
Interest rate risk						
Fair value hedges:						
- Interest rate swaps	223	-	2,100		1,500	600
Cash flow hedges:						
- Interest rate swaps	-	(12)	2,837	1,415	1,422	-
Trading instruments (2)	15	(16)	2,393	1,175	1,218	-
Total	**238**	**(28)**	**7,330**	**2,590**	**4,140**	**600**
TOTAL FAIR VALUE HEDGES	**233**	**-**	**2,717**	**617**	**1,500**	**600**
TOTAL CASH FLOW HEDGES	**17**	**(12)**	**3,270**	**1,848**	**1,422**	**-**

(1) Currency trading instruments: Derivative instruments not qualified for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

(2) Interest rate trading instruments: Derivative instruments not qualified for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

	Dec. 31, 2007					
				Maturities		
	Carrying amount		Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
(in million euros)	Assets	Liabilities				
Currency risk						
Fair value hedges:						
- Forward foreign exchange contracts	-	-	14	14	-	-
- Currency options	-	-	-	-	-	-
- Currency swaps	5	(1)	534	415	119	-
Cash flow hedges:						
- Currency options	18	-	832	590	242	-
Trading instruments [(1)]	46	(52)	1,448	1,387	61	-
Total	**69**	**(53)**	**2,828**	**2,406**	**422**	**-**
Interest rate risk						
Fair value hedges:						
- Interest rate swaps	58	-	2,100	-	1,500	600
Trading instruments [(2)]	35	(14)	6,897	3,288	3,609	-
Total	**93**	**(14)**	**8,997**	**3,288**	**5,109**	**600**
TOTAL FAIR VALUE HEDGES	**63**	**(1)**	**2,648**	**429**	**1,619**	**600**
TOTAL CASH FLOW HEDGES	**18**	**-**	**832**	**590**	**242**	**-**

(1) Currency trading instruments: Derivative instruments not qualified for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

(2) Interest rate trading instruments: Derivative instruments not qualified for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

Dec. 31, 2006						
				Maturities		
	Carrying amount		Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
(in million euros)	Assets	Liabilities				
Currency risk						
Fair value hedges:						
- Forward foreign exchange contracts	1	-	45	45	-	-
- Currency options	-	-	154	154	-	-
- Currency swaps	2	(1)	469	350	119	-
Cash flow hedges:						
- Currency options	6	-	2,423	2,159	264	-
Trading instruments (1)	6	(2)	1,180	1,087	93	-
Total	**15**	**(3)**	**4,271**	**3,795**	**476**	**-**
Interest rate risk						
Fair value hedges:						
- Interest rate swaps	164	(4)	2,610	300	1,710	600
Trading instruments (2)	42	(13)	10,427	6,991	3,436	-
Total	**206**	**(17)**	**13,037**	**7,291**	**5,146**	**600**
TOTAL FAIR VALUE HEDGES	**167**	**(5)**	**3,278**	**849**	**1,829**	**600**
TOTAL CASH FLOW HEDGES	**6**	**-**	**2,423**	**2,159**	**264**	**-**

(1) Currency trading instruments: Derivative instruments not qualified for hedge accounting under IAS 39. As IAS 21 requires receivables and payables denominated in foreign currencies to be systematically remeasured at the closing exchange rate with any gains or losses taken to income, the Group has elected not to designate these receivables and payables as part of a documented hedging relationship, although their impact on income is the same.

(2) Interest rate trading instruments: Derivative instruments not qualified for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or investments.

B. Details of the Impact of Hedging Instruments on Income and Equity

Impact of Cash Flow Hedges of Currency Risks

(in million euros)	2008	2007	2006
Fair value at January 1	**17**	**6**	**16**
Effective portion of the change recognised in equity	1	2	3
Ineffective portion of the change recognised in income	(35)	(6)	(46)
Purchased options	41	15	33
Derecognition upon exercise or disposal	(7)	-	-
FAIR VALUE AT DECEMBER 31	**17**	**17**	**6**
Intrinsic value reclassified to income upon exercise or disposal	86	2	-
Intrinsic value reclassified to income upon disqualification	5	7	-
Pre-tax impact on income	**56**	**3**	**(46)**
Pre-tax impact on equity	**(6)**	**4**	**3**

Cash flow hedges set up by the manufacturing and sales companies (other than Faurecia) consist of Japanese yen and pound sterling currency options (Note 37.1.A.).

Changes in the time value of the instruments and the ineffective portion of the change in intrinsic value are recorded in “Other financial income and (expenses)” (Note 12). The effective portion of the change in intrinsic value is reclassified to recurring operating income when the sales are carried out.

Changes in the intrinsic value of currency instruments qualifying for hedge accounting under IFRS are recorded in equity. In the case of Faurecia, the amount recorded in equity was a negative €11 million.

Impact of Cash Flow Hedges of Interest Rate Risks

(in million euros)	2008	2007	2006
Fair value at January 1	22	**26**	**13**
Effective portion of the change recognised in equity	(12)	-	-
Ineffective portion of the change recognised in income	(3)	-	8
Change in fair value of instruments not qualifying for hedge accounting	(21)	(9)	-
Purchased options	2	5	5
Derecognition upon exercise or disposal	-	-	-
FAIR VALUE AT DECEMBER 31	**(12)**	**22**	**26**
Intrinsic value reclassified to income upon exercise	(3)	-	-
Change in fair value of instruments not qualifying for hedge accounting	(21)	(9)	-
Pre-tax impact on income	**(24)**	**(9)**	**8**
Pre-tax impact on equity	**(12)**	**-**	**-**

Certain derivative instruments held by Faurecia qualified for hedge accounting under IAS 39 for the first time as from January 1 2008 and others as from July 1, 2008. Faurecia's remaining derivatives constitute economic hedges of interest rate risk on debt, but do not qualify for hedge accounting under IAS 39.

Cash flow hedges of interest rate risks only concern Faurecia.

Changes in intrinsic value of interest rate instruments held by Faurecia and qualifying for hedge accounting under IFRS that were recognised directly in equity represented a negative €12 million.

Impact of Fair Value Hedges

(in million euros)	2008	2007	2006
Gains and losses on remeasurement through income of hedged borrowings	(174)	99	147
Gains and losses on remeasurement through income of hedging instruments	167	(99)	(145)
NET IMPACT ON INCOME	**(7)**	**-**	**2**

Net gains (losses) on interest rate derivative instruments (see Note 11) also include the change in value of derivatives used as hedges but not qualifying for hedge accounting under IAS 39.

37.3. Hedging Instruments - Finance Companies

The different types of hedges and their accounting treatment are described in Note 1.14 D (b).

A. Details of Balance Sheet Values of Hedging Instruments and Notional Amounts Hedged

Offsetting notional amounts have been netted to make the financial statements easier to read. However, separate disclosures are made at the foot of the page.

	Dec. 31, 2008					
				Maturities		
	Carrying amount		Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
(in million euros)	Assets	Liabilities				
Currency risk						
Fair value hedges:						
- Currency swaps	329	(1)	2,372	2,318	54	-
Interest rate risk						
Fair value hedges:						
- Swaps on borrowings	11	-	1,176	475	701	-
- Swaps on EMTN/BMTN issues	12	(3)	1,587	712	866	9
- Swaps on bonds (1)	130	(130)	-	-	-	-
- Swaps on certificates of deposit	2	-	508	508	-	-
- Swaps on other debt securites	1	-	46	-	-	46
- Swaps on retail financing	2	(209)	12,886	5,882	7,004	-
- Accrued income/expenses on swaps	39	(77)	-	-	-	-
TOTAL	**526**	**(420)**	**18,575**	**9,895**	**8,625**	**55**
Total fair value hedges	526	(420)	18,575	9,895	8,625	55
Total cash flow hedges	-	-	-	-	-	-

(1) This item includes €4,251 million in swaps acquired as hedges that represent closed positions in the consolidated financial statements.

The Group does not hold any swaps representing isolated open positions. Swaps for a total of €310 million cancel each other out within a portfolio of instruments with similar characteristics, mainly symmetrical swaps set up at the time of the first securitisation transactions.

	Dec. 31, 2007					
				Maturities		
	Carrying amount		Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
(in million euros)	Assets	Liabilities				
Currency risk						
Fair value hedges:						
- Currency swaps	45	-	2,393	2,156	237	-
Interest rate risk						
Fair value hedges:						
- Swaps on borrowings	-	(1)	701	623	25	53
- Swaps on EMTN/BMTN issues	1	(29)	2,437	1,466	962	9
- Swaps on bonds (2)	42	(42)	-	-	-	-
- Swaps on certificates of deposit	-	-	-	-	-	-
- Swaps on other debt securites	-	-	-	-	-	-
- Swaps on retail financing	79	(5)	13,215	6,228	6,987	-
- Accrued income/expenses on swaps	27	(35)	-	-	-	-
Cash flow hedges:						
- Swaptions	7	-	2,522	2,522	-	-
Trading instruments (1)	44	(52)	602	450	152	-
TOTAL	**245**	**(164)**	**21,870**	**13,445**	**8,363**	**62**
Total fair value hedges	**194**	**(112)**	**18,746**	**10,473**	**8,211**	**62**
Total cash flow hedges	**7**	**-**	**2,522**	**2,522**	**-**	**-**

(1) Interest rate trading instruments: Derivative instruments not qualified for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or short-term investments measured using the fair value option.
It includes a) swaps representing a total notional amount of €1,475 million that cancel each other out within portfolios of instruments with similar characteristics, mainly symmetrical swaps set up at the time of the first securitisation transactions and b) swaps in opposite directions representing economic hedges of debt securities for a net amount of €152 million.

(2) Including two offsetting swaps for an amount of €3,350 million.

	Dec. 31, 2006					
				Maturities		
	Carrying amount		Notional amount	Within 1 year	1 to 5 years	Beyond 5 years
(in million euros)	Assets	Liabilities				
Currency risk						
Fair value hedges:						
- Currency swaps	4	(31)	2,422	2,004	418	-
Interest rate risk						
Fair value hedges:						
- Swaps on borrowings	-	(3)	2,654	2,577	20	57
- Swaps on EMTN/BMTN issues	1	(38)	3,111	808	2,294	9
- Swaps on bonds [2]	3	(3)	-	-	-	-
- Swaps on certificates of deposit	-	-	-	-	-	-
- Swaps on other debt securites	-	-	-	-	-	-
- Swaps on retail financing	107	-	13,063	6,300	6,763	-
- Accrued income/expenses on swaps	69	(84)	-	-	-	-
Cash flow hedges:			-			
- Swaptions	21	-	5,163	5,163	-	-
Trading instruments [1]	31	(52)	3,204	2,589	615	-
TOTAL	**236**	**(211)**	**29,617**	**19,441**	**10,110**	**66**
Total fair value hedges	**184**	**(159)**	**21,250**	**11,689**	**9,495**	**66**
Total cash flow hedges	**21**	**-**	**5,163**	**5,163**	**-**	**-**

(1) Interest rate trading instruments: Derivative instruments not qualifying for hedge accounting under IAS 39. This item corresponds to the fair value of economic hedges of borrowings or short-term investments measured using the fair value option. It includes a) swaps representing a total notional amount of €1,287 million that cancel each other out within portfolios of instruments with similar characteristics, mainly symmetrical swaps set up at the time of the first securitisation transactions and b) swaps in opposite directions representing economic hedges of debt securities for a net amount of €152 million.
(2) Including two offsetting swaps for an amount of €1,250 million.

B. Details of the Impact of Hedging Instruments on Income and Equity

Impact of Cash Flow Hedges

(in million euros)	2008	2007	2006
Fair value at January 1	7	**21**	**11**
Effective portion of the change recognised in equity	12	30	50
Ineffective portion of the change recognised in income	(8)	(9)	(20)
Purchased options	2	6	24
Derecognition upon exercise or disposal	(13)	(41)	(44)
FAIR VALUE AT DECEMBER 31	-	**7**	**21**
Intrinsic value reclassified to income upon exercise	33	27	10
Intrinsic value reclassified to income upon disqualification	-	-	-
Pre-tax impact on income	25	**18**	**(10)**
Pre-tax impact on equity	12	**30**	**50**

At December 31, 2008, all swaptions had expired.

Impact of Fair Value Hedges

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Change in fair value	Ineffective portion recognised in income
Fair value adjustments to retail loans					
- Installment sales	142	(43)	(65)		
- Leases with a buyback commitment	30	(7)	(11)		
- Long-term leases	41	(13)	(21)		
Total, net	**213**	**(63)**	**(97)**	**276**	
Derivative instruments hedging outstanding retail loans					
- Assets	2	79	107		
- Liabilities	(209)	(5)	-		
Total, net	**(207)**	**74**	**107**	**(281)**	
INEFFECTIVE PORTION	**6**	**11**	**10**		**(5)**
Fair value adjustments to hedged borrowings					
Net	(12)	1	3		
Total, net	**(12)**	**1**	**3**	**(13)**	
Derivative instruments hedging borrowings					
- With a positive fair value (recorded in assets)	11	-	-		
- With a negative fair value (recorded in liabilities)	-	(1)	(3)		
Total, net	**11**	**(1)**	**(3)**	**12**	
INEFFECTIVE PORTION	**(1)**	**-**	**-**		**(1)**
Fair value adjustments to hedged EMTNs/BMTNs					
Net	(10)	26	37		
Total, net	**(10)**	**26**	**37**	**(36)**	
Derivative instruments hedging EMTNs/BMTNs					
- With a positive fair value (recorded in assets)	12	1	1		
- With a negative fair value (recorded in liabilities)	(3)	(29)	(38)		
Total, net	**9**	**(28)**	**(37)**	**37**	
INEFFECTIVE PORTION	**(1)**	**(2)**	**-**		**1**
Fair value adjustments to hedged bonds					
Net	-	-	-		
Total, net	**-**	**-**	**-**	**-**	
Derivative instruments hedging bonds					
- With a positive fair value (recorded in assets)	130	42	3		
- With a negative fair value (recorded in liabilities)	(130)	(42)	(3)		
Total, net	**-**	**-**	**-**	**-**	
INEFFECTIVE PORTION	**-**	**-**	**-**		**-**
Fair value adjustments to certificates of deposit					
Net	(2)	-	-		
Total, net	**(2)**	**-**	**-**	**(2)**	
Derivative instruments hedging certificates of deposit					
- With a positive fair value (recorded in assets)	2	-	-		
- With a negative fair value (recorded in liabilities)	-	-	-		
Total, net	**2**	**-**	**-**	**2**	
INEFFECTIVE PORTION	**-**	**-**	**-**		**-**

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006	Change in fair value	Ineffective portion recognised in income
Fair value adjustments to other debt securities					
Net	(1)	1	-		
Total, net	(1)	1	-	(2)	
Derivative instruments hedging other debt securities					
- With a positive fair value (recorded in assets)	1	-			
- With a negative fair value (recorded in liabilities)	-	(1)			
Total, net	1	(1)	-	2	
INEFFECTIVE PORTION	-	-	-		-

Note 38 Net Financial Position of Manufacturing and Sales Companies

38.1. Analysis

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Financial assets and liabilities of manufacturing and sales companies			
Cash and cash equivalents	2,040	5,185	6,339
Other non-current financial assets	848	1,121	1,321
Current financial assets	515	1,483	1,132
Non-current financial liabilities	(4,491)	(4,294)	(4,125)
Current financial liabilities	(1,818)	(2,091)	(4,551)
(NET DEBT) NET FINANCIAL POSITION OF MANUFACTURING AND SALES COMPANIES	**(2,906)**	**1,404**	**116**
o/w external loans and borrowings	(2,896)	1,396	(25)
o/w financial assets and liabilities with finance companies	(10)	8	141

38.2. Lines of Credit

The PSA Peugeot Citroën Group has access to revolving lines of credit expiring at various dates through 2014. The amounts available under these lines of credit are as follows:

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Peugeot S.A. and GIE PSA Trésorerie (1)	2,400	2,400	2,400
Faurecia (2)	1,170	1,600	1,600
Banque PSA Finance (3)	6,000	6,000	6,000
CONFIRMED LINES OF CREDIT	**9,570**	**10,000**	**10,000**

(1) Expiring in March 2011.
(2) In two equal tranches, expiring in November 2011 and November 2013.
(3) In three equal tranches, expiring in July 2010, June 2012 and June 2014.

No draw-downs on these lines have been made by Peugeot S.A., GIE PSA Trésorerie or Banque PSA Finance group.

Faurecia has drawn down the following amounts:

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
FAURECIA DRAWDOWNS	**906**	**800**	**700**

The facility agreements contains covenants based on financial ratios. All of these ratios were complied with at December 31, 2008 (Note 31.2). Based on the latest projections prepared in an uncertain economic environment, the ratios may not be complied with at 30 June 2009. If this were to be the case, the Faurecia 2005 bonds would become immediately repayable if the lender banks were to decide to invoke the acceleration clause.

In addition Faurecia intends to renegotiate its existing facilities with its bankers.

Note 39 Return on Capital Employed

39.1. Capital Employed

Capital employed corresponds to the operating assets or liabilities employed by the Group. The definition of capital employed depends on whether it relates to manufacturing and sales companies or finance companies.

Capital employed is defined as representing:

- all non-financial assets, net of non-financial liabilities, of the manufacturing and sales companies, as reported in the consolidated balance sheet;
- the net assets of the finance companies.

Based on the above definition, capital employed breaks down as follows:

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Goodwill	1,237	1,488	1,488
Intangible assets	4,061	3,885	3,947
Property, plant and equipment	14,064	14,652	15,221
Investments in companies at equity	732	725	687
Investments in non-consolidated companies	48	47	53
Other non-current assets	152	126	96
Deferred tax assets	468	428	499
Inventories	7,757	6,913	6,826
Trade receivables - manufacturing and sales companies	2,001	2,857	3,043
Current tax assets	189	169	210
Other receivables	1,897	1,782	1,719
Other non-current liabilities	(2,793)	(2,886)	(2,759)
Non-current provisions	(876)	(1,109)	(1,383)
Deferred tax liabilities	(1,321)	(1,689)	(1,854)
Current provisions	(2,053)	(2,132)	(1,747)
Trade payables	(8,428)	(10,600)	(10,481)
Current taxes payable	(76)	(158)	(152)
Other payables	(3,795)	(4,241)	(4,075)
Net assets of the finance companies	2,919	2,894	2,652
Accounts between the manufacturing and sales companies and the finance companies	(10)	8	141
TOTAL	**16,173**	**13,159**	**14,131**

39.2. Economic Profit

Economic profit consists of profit before finance costs, interest income, net gains and losses on disposals of short-term investments and taxes related to these items.

A tax rate corresponding to the Group's effective rate for each transaction is then applied, to calculate after-tax economic profit used to determine the return on capital employed.

Based on this definition, economic profit is as follows:

(in million euros)	2008	2007	2006
Consolidated profit for the year	(500)	826	70
Interest income	(247)	(283)	(178)
Finance costs	343	306	234
Net gains on disposals of short-term investments	-	-	(26)
Tax on financial income and finance expenses	6	28	9
ECONOMIC PROFIT AFTER TAX	**(398)**	**877**	**109**

39.3. Return on Capital Employed

Return on capital employed, corresponding to economic profit expressed as a percentage of total capital employed at December 31, is as follows:

	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
	(2.5%)	6.7%	0.8%

Note 40 Off-Balance Sheet Commitments

40.1. Specific Commitments

Off-balance sheet pension obligations concern actuarial gains and losses not recognised at year end (see Note 30.1.E) in accordance with the corridor method (see Note 1.19).

40.2. Other Commitments

Other commitments at December 31, 2008 represented the following amounts:

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Manufacturing and sales companies			
Capital commitments for the acquisition of fixed assets	1,203	1,291	1,245
Orders for research and development work	6	8	9
Non-cancellable lease commitments	854	868	878
	2,063	**2,167**	**2,132**
Finance companies			
Financing commitments to customers	1,356	1,337	1,306
Guarantees given on behalf of customers and financial institutions (1)	722	75	111
	2,078	**1,412**	**1,417**
Other guarantees given	281	536	580
Pledged or mortgaged assets	148	184	251

(1) The increase in this item corresponds mainly to receivables given as collateral for loans from "Société de Financement de l'Economie Française" (SFEF) that were made under the package of measures introduced in the amended Finance Act of October 16, 2008 (Act no. 2008-1061) to help ease the credit crunch.

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

In order to speed up its growth and reduce costs, the Group has entered into cooperation agreements with other carmakers for the joint development of mechanical assemblies or vehicles. These joint ventures enable the partners to share project costs, delivering economies of scale that translate into competitive advantage. To ensure that the partnerships are balanced, each partner commits to taking delivery of a minimum quantity of products manufactured by the joint venture. If they fail to honour this commitment, they are required to pay a penalty designed to cover the related production costs borne by the other partner. Any adverse consequences of these commitments are reflected in the consolidated financial statements as soon as they are considered probable, in the form of asset impairments or, if necessary, provisions for contingencies.

In May 2008, PSA Peugeot Citroën announced the construction of a new plant in Russia with an initial annual capacity of 160,000 vehicles. Mitsubishi Motors Corporation (MMC) holds a 30% interest in the project. Construction work began in June 2008 at the Kaluga site located 180 kms south-west of Moscow and the plant was scheduled to come on-stream in 2011. However, in light of recent developments in the automobile market, the two partners have launched discussions concerning a possible revision of the capital budget and the project timeline.

40.3. Pledged or Mortgaged Assets

EXPIRY DATES

(in million euros)	Expiry date	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Property, plant and equipment	Indefinite	12	15	17
Non-current financial assets				
	2006	-	-	-
	2007	-	-	56
	2008	-	32	49
	2009	32	49	84
	2010	11	11	11
	2011	33	29	34
	>2011	60	48	-
		136	169	234
	Total	**148**	**184**	**251**
TOTAL ASSETS		**61,720**	**68,975**	**69,094**
	% of total assets	0.2%	0.3%	0.4%

Note 41 Related Party Transactions

41.1. Companies at Equity

These are equity-accounted companies that are between 20%- and 50%-owned, in which PSA Peugeot Citroën exercises significant influence. Most are manufacturing and sales companies that manufacture automotive parts and components or complete vehicles.

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

Receivables and payables with companies at equity are as follows:

(in million euros)	Dec. 31, 2008	Dec. 31, 2007	Dec. 31, 2006
Loans - long-term portion	9	9	9
Loans - short-term portion	-	-	-
Trade receivables	257	367	304
Trade payables	(944)	(1,376)	(1,159)
Short-term loans	(49)	(16)	(114)

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

(in million euros)	2008	2007	2006
Purchases	(4,927)	(5,122)	(4,609)
Sales	869	993	990

The reclassifications described in Note 2 had the effect of reducing related party purchases and sales by €798 million in 2007 and €700 million in 2006.

41.2. Related Parties that Exercise Significant Influence over the Group

No material transactions have been carried out with any directors or officers or any Shareholder owning more than 5% of Peugeot S.A.'s capital.

Note 42 Management compensation

(in million euros)	2008	2007	2006
Compensation paid to:			
- Members of management bodies	9.3	10.7	6.4
- Members of the Supervisory Board	0.9	0.8	0.8
TOTAL MANAGEMENT COMPENSATION	**10.2**	**11.5**	**7.2**
Stock options expenses (Note 1.20)	7.3	5.7	5.5
TOTAL	**17.5**	**17.2**	**12.7**

Since February 6, 2007, the Group has been managed by the Managing Board. The Group's management bodies correspond to the Extended Management Committee, which comprises the members of the Managing Board, the other members of executive management and the executives reporting directly to the Chairman of the Managing Board. Previously, the Group's management bodies included the Managing Board, the Executive Committee and senior management.

The compensation details provided in the table above do not include payroll taxes. Variable bonuses are subject to approval by the Supervisory Board at its meeting of February 10, 2009.

The amounts disclosed above include 2008 and 2007 bonuses, which were accrued in the financial statements for those years. The 2007 financial statements also included accruals for 2006 bonuses in the amount of €1.1 million, the payment of which was dependent on the Group's 2007 net profit reaching a certain level.

Stock options on Peugeot S.A. shares granted to members of the Group's management bodies under the plans set up since 1999 are presented below. Stock options held by members of the Group's management bodies at the balance sheet date are as follows:

(number of options)	2008	2007	2006
Stock options granted during the year	715,000	621,000	510,000
Stock options held at December 31	2,258,000	1,664,760	2,609,000

Members of the Group's management bodies participate in the supplementary pension plan described in Notes 30.1.A and 30.1.D.

Members of the Group's management bodies are not entitled to any long-term benefits apart from pension benefits under the plan described above, or any direct share-based payments or any compensation for loss of office.

Note 43 Subsequent Events

No events occurred between December 31, 2008 and the meeting of the Managing Board to approve the financial statements on February 5, 2009 that could have a material impact on economic decisions made on the basis of these financial statements. However, when it meets to review the financial statements on February 10 , the Supervisory Board will be asked to approve a commitment by PSA Peugeot Citroën to underwrite a €450 million rights issue by the Faurecia Group that was decided in principle by the Faurecia Board on February 9. Peugeot S.A. intends to take up its share of the rights issue.

Note 44 Fees Paid to the Auditors

	PricewaterhouseCoopers		Mazars		Ernst & Young (Faurecia)	
(in million euros)	2008	2007	2008	2007	2008	2007
Audit						
Statutory and contractual audit services						
- Peugeot S.A.	0.4	0.4	0.1	0.1	-	-
- Fully-consolidated subsidiaries	7.1	7.2	2.1	1.8	3.0	2.8
Audit-related services						
- Peugeot S.A.	-	-	-	-	-	-
- Fully-consolidated subsidiaries	0.6	0.1	-	-	-	-
Sub-total	**8.1**	**7.7**	**2.2**	**1.9**	**3.0**	**2.8**
	100%	*100%*	*100%*	*100%*	*100%*	*100%*
Other services provided to fully consolidated subsidiaries						
Legal and tax services	-	-	-	-	-	-
Other services	-	-	-	-	-	-
Sub-total	-	-	-	-	-	-
	0%	*0%*	*0%*	*0%*	*0%*	*0%*
TOTAL	**8.1**	**7.7**	**2.2**	**1.9**	**3.0**	**2.8**
o/w Faurecia	1.7	2.0	-	-	3.0	2.8
Excluding Faurecia	6.4	5.7	2.2	1.9	-	-

The PSA Peugeot Citroën Group's auditors are PricewaterhouseCoopers and Mazars. The Faurecia group's auditors are PricewaterhouseCoopers and Ernst & Young.

Note 45 Consolidated Companies at December 31, 2008

Company	F/E	% Consolidated
HOLDING COMPANY AND OTHER		
Peugeot S.A. Paris – France	F	-
Grande Armée Participations Paris – France	F	100
PSA International S.A. Geneva – Switzerland	F	100
G.I.E. PSA Trésorerie Paris – France	F	100
Financière Pergolèse Paris – France	F	100
D.J. 06 Paris – France	F	100
Société Anonyme de Réassurance Luxembourgeoise – Saral Luxembourg – Luxembourg	F	100
Peugeot Motocycles Mandeure – France	F	100
Peugeot Motocycles Italia S.p.A. Milan – Italy	F	100
Peugeot Motocycles Deutschland GmbH Morfelden – Germany	F	100
Jinan Quigqi Peugeot Motorcycles Jinan – China	E	50
AUTOMOBILE DIVISION		
Peugeot Citroën Automobiles S.A. Velizy-Villacoublay – France	F	100
Peugeot Citroën Sochaux S.N.C. Sochaux – France	F	100
Peugeot Citroën Mulhouse S.N.C. Sausheim – France	F	100
Peugeot Citroën Aulnay S.N.C. Aulnay-Sous-Bois – France	F	100
Peugeot Citroën Rennes S.N.C. Chartres-de-Bretagne – France	F	100
Peugeot Citroën Poissy S.N.C. Poissy – France	F	100
Peugeot Citroën Mécanique du Nord-Ouest S.N.C. Paris – France	F	100
Peugeot Citroën Mécanique du Grand Est S.N.C. Paris – France	F	100
Société Mécanique Automobile de l’Est Tremery – France	F	100
Mécanique et Environnement Hérimoncourt – France	F	100
Process Conception Ingénierie S.A. Meudon – France	F	100
PCI do Brasil Ltda Rio de Janeiro – Brazil	F	100
Société de Construction d’Équipements de Mécanisations et de Machines – SCEMM Saint-Étienne – France	F	100
Société Européenne de Véhicules Légers du Nord – Sevelnord Paris – France	E	50

F : Fully consolidated - E : Accounted for by the equity method

Company	F/E	% Consolidated
Societa Europea Veicoli Leggeri – Sevel S.p.A. Atessa – Italy	E	50
S.N.C. PC.PR Paris – France	F	100
G.I.E. PSA PEUGEOT CITROËN Paris – France	F	100
Gisevel Paris – France	E	50
Sevelind Paris – France	E	50
Française de Mécanique Douvrin – France	E	50
Société de Transmissions Automatiques Barlin – France	E	20
Peugeot Citroën Automoviles España S.A. Pontevedra – Spain	F	100
Peugeot Citroën Logistic Deutschland GmbH Saarbruck – Germany	F	100
Peugeot Citroën Automobiles UK Coventry – United Kingdom	F	100
Peugeot Citroën Automoveis Mangualde – Portugal	F	98
Toyota Peugeot Citroën Automobiles Czech s.r.o. Kolin – Czech Republic	E	50
PCA Logistika CZ Kolin – Czech Republic	F	100
PCA Slovakia s.r.o. Trnava – Slovakia	F	100
Peugeot Citroën Trnava s.r.o. Trnava – Slovakia	F	100
Peugeot Citroën do Brasil Automoveis Ltda Rio de Janeiro – Brazil	F	100
Peugeot Citroën Comercial Exportadora Rio de Janeiro – Brazil	F	100
Peugeot Citroën Argentina S.A. Buenos Aires – Argentina	F	100
Cociar S.A. Buenos Aires – Argentina	F	100
Aupe S.A. Buenos Aires – Argentina	F	100
Cisa Buenos Aires – Argentina	F	100
Dongfeng Peugeot Citroën Automobiles CY Ltd Wuhan – China	E	50
Wuhan Shelong Hongtai Automotive KO Ltd Wuhan – China	E	10
PCA Automotive China China	F	100
Automobiles Peugeot Paris – France	F	100
Peugeot Motor Company Plc Coventry – United Kingdom	F	100
Société Commerciale Automobile Paris – France	F	100
Société Industrielle Automobile de Champagne – Ardennes Cormontreuil – France	F	100
Peugeot Moteur et Systèmes Paris – France	F	100

F : Fully consolidated - E : Accounted for by the equity method

Company	F/E	% Consolidated
Société Industrielle Automobile de Provence Marseille – France	F	100
Grands Garages du Limousin Limoges – France	F	100
Peugeot Saint-Denis Automobiles Saint-Denis – France	F	100
Peugeot Media Production France	F	100
Peugeot Belgique Luxembourg S.A. Nivelles – Belgium	F	100
S.A. Peugeot Distribution Service N.V. Schaerbeek – Belgium	F	100
Peugeot Nederland N.V. Utrecht – Netherlands	F	100
Peugeot Deutschland GmbH Saarbruck – Germany	F	100
Peugeot Bayern GmbH Munich – Germany	F	100
Peugeot Berlin Brandenburg GmbH Berlin – Germany	F	100
Peugeot Niederrhein GmbH Dusseldorf – Germany	F	100
Peugeot Main/Taunus GmbH Frankfurt – Germany	F	100
Peugeot Sudbaden GmbH Saarbruck – Germany	F	100
Peugeot Hanse GmbH Hambourg – Germany	F	100
Peugeot Nordhessen GmbH Lohfendel – Germany	F	100
Peugeot Hannover GmbH Hanover – Germany	F	100
Peugeot Rheinland GmbH Cologne – Germany	F	100
Peugeot Rein-Neckar GmbH Rein-Neckar – Germany	F	100
Peugeot Saartal GmbH Saarbruck – Germany	F	100
Peugeot Sachsen GmbH Dresden – Germany	F	100
Peugeot Schwaben GmbH Stuttgart – Germany	F	100
Peugeot Weser-Ems GmbH Bremen – Germany	F	100
Peugeot Mainz Wiesbaden GmbH Wiesbaden – Germany	F	100
Peugeot Automobili Italia S.p.A. Milan – Italy	F	100
Peugeot Milan Milan – Italy	F	100
Peugeot Gianicolo S.p.A. Rome – Italy	F	100
Robins & Day Ltd Coventry – United Kingdom	F	100
Boomcite Ltd Coventry – United Kingdom	F	100
Aston Line Motors Ltd Coventry – United Kingdom	F	100

F : Fully consolidated - E : Accounted for by the equity method

Company	F/E	% Consolidated
Melvin Motors (Bishopbriggs) Ltd Coventry – United Kingdom	F	100
Warwick Wright Motors Chiswick Ltd Coventry – United Kingdom	F	100
Rootes Ltd Coventry – United Kingdom	F	100
Peugeot España S.A. Madrid – Spain	F	100
Hispanomocion S.A. Madrid – Spain	F	100
Peugeot Portugal Automoveis S.A. Lisbon – Portugal	F	100
Peugeot Portugal Automoveis Distribução Lisbon – Portugal	F	99
Peugeot (Suisse) S.A. Berne – Switzerland	F	100
Lowen Garage AG Berne – Switzerland	F	97
Peugeot Austria GmbH Vienna – Austria	F	100
Peugeot Autohaus GmbH Vienna – Austria	F	100
Peugeot Citroën Rus Moscow – Russia	F	100
Peugeot Polska S.p.z.o.o. Warsaw – Poland	F	100
Peugeot Ceska Republica s.r.o. Prague – Czech Republic	F	100
Peugeot Slovakia s.r.o. Bratislava – Slovakia	F	100
Peugeot Hungaria Kft Budapest – Hungary	F	100
Peugeot Slovenija d.o.o. P.z.d.a. Ljubljana – Slovenia	F	100
Peugeot Hrvatska d.o.o. Zagreb – Croatia	F	100
Peugeot Otomotiv Pazarlama AS – Popas Istanbul – Turkey	F	100
Tekoto Motorlu Tastlar Istanbul Istanbul – Turkey	F	100
Tekoto Motorlu Tastlar Ankara Ankara – Turkey	F	100
Tekoto Motorlu Tastlar Bursa Bursa – Turkey	F	100
Peugeot Algérie S.p.A. Algiers – Algeria	F	100
Stafim Tunis – Tunisia	E	34
Stafim – Gros Tunis – Tunisia	E	34
Peugeot Chile Santiago de Chile – Chile	F	97
Automotores Franco Chilena S.A. Santiago de Chile – Chile	F	100
Peugeot Mexico S.A. de CV Mexico City – Mexico	F	100
Servicios Auto. Franco Mexicana Mexico City – Mexico	F	100

F : Fully consolidated - E : Accounted for by the equity method

Company	F/E	% Consolidated
Peugeot Citroën Japan KK Co Ltd Tokyo – Japan	F	100
Peugeot Tokyo Tokyo – Japan	F	100
Peugeot Motors South Africa Ltd Johannesburg – South Africa	F	100
Automobiles Citroën Paris – France	F	100
Société Commerciale Citroën Paris – France	F	100
Citroën Champ de Mars Paris – France	F	100
Citroën Dunkerque Paris – France	F	100
Citer Paris – France	F	98
Société Nouvelle Armand Escalier Antibes – France	F	100
Centrauto Sarcelles – France	F	100
Prince S.A. Aulnay-Sous-Bois – France	F	100
Citroën Argenteuil Bois-Colombes – France	F	100
Citroën Orléans Olivet-La-Source – France	F	100
Cie Picarde de Logistique Automobile Beauvais – France	F	98
Citroën Belux S.A. – N.V. Brussels – Belgium	F	100
Citroën Nederland B.V. Amsterdam – Netherlands	F	100
Citroën Deutschland AG Cologne – Germany	F	100
Citroën Frankfurt GmbH Frankfurt – Germany	F	100
Citroën Commerce GmbH Cologne – Germany	F	100
Citroën Italia S.p.A. Milan – Italy	F	100
Citroën U.K.Ltd Coventry – United Kingdom	F	100
Citroën Sverige AB Vallingby – Sweden	F	100
Citroën Danmark A/S Copenhagen – Denmark	F	100
Citroën Norge A/S Skaarer – Norway	F	100
Citroën (Suisse) S.A. Geneva – Switzerland	F	100
Citroën Osterreich GmbH Vienna – Austria	F	100
Automoveis Citroën S.A. Lisbon – Portugal	F	100
Automoviles Citroën España Madrid – Spain	F	100
Comercial Citroën S.A. Madrid – Spain	F	97

F : Fully consolidated - E : Accounted for by the equity method

Company	F/E	% Consolidated
Autotransporte Turistico Espanol S.A. (Atesa) Madrid – Spain	F	99
Garaje Eloy Granollers S.A. Granollers – Spain	F	99
Motor Talavera Talavera – Spain	F	100
Rafael Ferriol S.A. Alboraya – Spain	F	99
Citroën Hungaria Kft Budapest – Hungary	F	100
Citroën Polska S.p.z.o.o. Warsaw – Poland	F	100
Citroën Slovenija d.o.o. Komer – Slovenia	F	100
Citroën – Hrvatska d.o.o. Zagreb – Croatia	F	100
Citroën Slovakia s.r.o. Brastislava – Slovakia	F	100
Citroën Ceska Republica s.r.o. Prague – Czech Republic	F	100
Citroën Romania s.r.l. Bucharest – Romania	F	100
Citroën do Brasil São Paulo – Brazil	F	51
ÉQUIPEMENT AUTOMOBILE		
Faurecia Boulogne-Billancourt – France	F	71
Faurecia Investments Boulogne-Billancourt – France	F	71
Financière Faurecia Boulogne-Billancourt – France	F	71
Société Foncière pour l'Équipement Automobile SFEA Boulogne-Billancourt – France	F	71
Faurecia Sièges d'Automobile SAS Boulogne-Billancourt – France	F	71
Faurecia Systèmes d'Échappement Boulogne-Billancourt – France	F	71
Bleriot Investissements Boulogne-Billancourt – France	F	71
Faurecia Services Groupe Boulogne-Billancourt – France	F	71
Faurecia Global Purchasing Boulogne-Billancourt – France	F	71
Faurecia Cooling System Boulogne-Billancourt – France	F	71
Siemar Sandouville – France	F	71
Faurecia Industries Boulogne-Billancourt – France	F	71
Trecia Etupes – France	F	71
Siebret Redon – France	F	71
Sielest Pulversheim – France	F	71
Siedoubs Montbeliard – France	F	71

F : Fully consolidated - E : Accounted for by the equity method

Company	F/E	% Consolidated
Sienor Lieu Saint Amand – France	F	71
Sieval Boulogne-Billancourt – France	F	71
Sieto Somain – France	F	71
Société de Textile de l'Ostrevant Sotexo Somain – France	F	71
Ecsa – Études et Construction de Sièges pour l'automobile Crevin – France	F	71
EAK – Composants pour l'Automobile S.A.S Valentigney – France	F	36
EAK – Composants pour l'Automobile SNC Valentigney – France	F	36
Faurecia Automotive Holdings Nanterre – France	F	71
Faurecia Bloc Avant Nanterre – France	F	71
Faurecia Intérieur Industrie SNC Nanterre – France	F	71
Faurecia Exhaust International Nanterre – France	F	71
Faurecia Automotive Industrie SNC Nanterre – France	F	71
Automotive Sandouville Nanterre – France	F	71
Cockpit Automotive Systems Douai Douai – France	E	36
SAS Automotive France Nanterre – France	E	36
Ste Automobile du Cuir de Vesoul Vesoul – France	F	71
Société Internationale de Participations S.I.P. Brussels – Belgium	F	71
Faurecia Industrie N.V. Ghent – Belgium	F	71
SAS Automotive N.V. Ghent – Belgium	F	71
Faurecia Ast Luxembourg S.A. Eselborn – Luxembourg	F	71
Faurecia Autositze GmbH & Co KG Stadthagen – Germany	F	71
Faurecia Kunstoffe Automobilsysteme GmbH Ingolstadt – Germany	F	71
Faurecia Abgastechnik GmbH Furth – Germany	F	71
Leistritz Abgastechnik Stollberg GmbH Pfaffenhain – Germany	F	71
Faurecia Automotive GmbH Frankfurt – Germany	F	71
Faurecia Innenraum Systeme GmbH Hagenbach – Germany	F	71
Industriepark Sassenburg GmbH Sassenburg – Germany	F	71
Sas Autosystemtechnik GmbH & Co KG Karlsrühe – Germany	E	36
Sas Autosystemtechnik Verwaltung GmbH Karlsrühe – Germany	E	36

F : Fully consolidated - E : Accounted for by the equity method

Company	F/E	% Consolidated
Faurecia Netherlands Holding B.V. Roermond – Netherlands	F	71
Faurecia Automotive Seating B.V. Roermond – Netherlands	F	71
Faurecia Exhaust Systems AB Torsas – Sweden	F	71
Faurecia Interior Systems Sweden AB Torsas – Sweden	F	71
United Parts Exhaust Systems AB Torsas – Sweden	F	71
Faurecia Asientos Para Automovil España S.A. Madrid – Spain	F	71
Asientos de Castilla Leon S.A. Madrid – Spain	F	71
Asientos de Galicia SL Vigo – Spain	F	71
Asientos Del Norte S.A. Vitoria – Spain	F	71
Industrias Cousin Frères SL Burlada – Spain	F	36
Tecnoconfort Pampelona – Spain	F	36
Faurecia Sistemas de Escape España S.A. Vigo – Spain	F	71
Faurecia Automotive España SL Madrid – Spain	F	71
Faurecia Interior Systems España S.A. Valencia – Spain	F	71
Faurecia Interior Systems Salc España SL Valencia – Spain	F	71
Cartera E Inversiones Enrich S.A. Madrid – Spain	F	71
Componentes de Vehiculos de Galicia Porrino – Spain	E	36
Copo Iberica Vigo – Spain	E	36
Sas Autosystemtechnick S.A. Pampelona – Spain	E	36
Valencia Modulos de Puerta SL Valencia – Spain	F	71
Faurecia Assentos de Automovel Limitada São João da Madeira – Portugal	F	71
Faurecia Sistemas de Escape Portugal Lda Concelho de Braganca – Portugal	F	71
Sasal São João da Madeira – Portugal	F	71
Vanpro Assentos Lda Palmela – Portugal	E	36
Faurecia Sistemas de Interior Portugal Componentes Para Automovel S.A. Palmela – Portugal	F	71
Sas Autosystemtechnik de Portugal Unipessoal Ltda Palmela – Portugal	E	36
Eda – Estofagem de Assentos Lda Palmela – Portugal	F	71
Faurecia Automotiv Seating UK Ltd Coventry – United Kingdom	F	71

F : Fully consolidated - E : Accounted for by the equity method

Company	F/E	% Consolidated
Faurecia Midlands Ltd Coventry – United Kingdom	F	71
Sai Automotive Fradley Ltd Fradley – United Kingdom	F	71
SAI Automotive Washington Ltd Washington – United Kingdom	F	71
SAS Automotive Ltd Oxfordshire – United Kingdom	F	71
Faurecia Fotele Samachodowe S.p.z.o.o. Grojec – Poland	F	71
Faurecia Walbrzych S.p.z.o.o. Walbrzych – Poland	F	71
Faurecia Gorzow S.p.z.o.o. Gorzow – Poland	F	71
Faurecia Legnica S.p.z.o.o. Legnicza – Poland	F	71
Faurecia Systemy Kierownicze S.p.z.o.o. Walbrzych – Poland	F	71
Faurecia Seating Talmaciu s.r.o. Romania	F	71
Euro Auto Plastik Mioveni – Romania	F	71
Faurecia Technoplast Automotive Nijni Novgorod – Russia	F	43
Arced d.o.o. Novo Mesto – Slovenia	E	36
Faurecia Interior Systems Bratislava s.r.o. Bratislava – Slovakia	F	71
Faurecia Slovakia s.r.o. Bratislava – Slovakia	F	71
Faurecia Leather Kosice s.r.o. Bratislava – Slovakia	F	71
SAS Automotive s.r.o. Bratislava – Slovakia	F	36
Faurecia Magyarorszag Kipufogo – Rendszer Kft Vasvar – Hungary	F	71
Faurecia Exhaust Systems s.r.o. Bakov – Czech Republic	F	71
Faurecia Lecotex AS Tabor – Czech Republic	F	71
Faurecia Interior Systems Bohemia s.r.o. Mlada Boleslav – Czech Republic	F	71
Sas Autosystemtechnik s.r.o. Mlada Boleslav – Czech Republic	E	36
Faurecia Components Pisek Mlada Boleslav – Czech Republic	F	71
Faurecia Automotive Czech Republic Mlada Boleslav – Czech Republic	F	71
Faurecia Équipement Automobile Maroc Kenitra – Morocco	F	71
Teknik Malzeme Ticaret Ve Sanayi A.S. Bursa – Turkey	E	36
Faurecia Polifleks Otomotiv Sanayi Ve Ticaret A.S. Istanbul – Turkey	F	71
Société Tunisienne D'équipements Automobiles Ben Arous – Tunisia	F	71
Faurecia Azin Pars Kianabane Bronze – Iran	F	71

F : Fully consolidated - E : Accounted for by the equity method

Company	F/E	% Consolidated
A I Manufacturers Port Elizabeth – South Africa	F	71
Faurecia Automotive Seating Canada Ltd Mississauga – Canada	F	71
Faurecia Canada Investment Company Montreal – Canada	F	71
Faurecia Usa Holdings Inc. Wilmington – United States	F	71
Faurecia Automotive Seating Inc. Troy – United States	F	71
Faurecia Exhaust Systems Inc. Wilmington – United States	F	71
Faurecia Interior Systems USA Detroit Inc. Detroit – United States	F	71
SAS Automotive USA Inc. Michigan – United States	E	36
Faurecia Automotive do Brasil Ltda Quatro-Barras – Brazil	F	71
Faurecia Sistemas de Escapamento do Brasil Ltda São Paulo – Brazil	F	71
SAS Automotive do Brasil Ltda São Jose Dos Pinhais Pr – Brazil	E	36
Faurecia Sistemas de Escape Argentina S.A. Buenos Aires – Argentina	F	71
Faurecia Argentina Buenos Aires – Argentina	F	71
SAS Automotriz Argentina S.A. Buenos Aires – Argentina	E	36
Faurecia Duroplast Mexico S.A. de CV Puebla – Mexico	E	36
Servicios Corporativos de Personal Especializado S.A.De Cv Puebla – Mexico	F	36
Faurecia Interior Systems Mexico S.A. de CV Mexico City – Mexico	F	71
Faurecia Exhaust Mexicana S.A. de CV Mexico City – Mexico	F	71
Exhaust Services Mexicana S.A. de CV Mexico City – Mexico	F	71
SAS Auto Systems S.A. de CV Mexico City – Mexico	E	36
SAS Auto Systems & Services Mexico City – Mexico	E	36
Faurecia Japon KK Tokyo – Japan	F	71
Faurecia Nhk Co Ltd Tokyo – Japan	E	36
Faurecia Nhk Kyushu Ltd Tokyo – Japan	E	36
Cfxas – Changchun Faurecia Xuyang Automotive Seating Co Ltd Changchun – China	F	43
Faurecia (Shanghai) Automotive Systems China	F	71
Scheesc – Shanghai Honghu Ecia Exhaust Systems Company Ltd Sanghai – China	F	36
Faurecia Tongda Exhaust System (Wuhan) Co Ltd Wuhan – China	F	36
Faurecia Exhaust Systems Changchun Changchun – China	F	36

F : Fully consolidated - E : Accounted for by the equity method

Company	F/E	% Consolidated
Faurecia (Wuxi) Seating Components Co Ltd Wuxi – China	F	71
Faurecia Gsk (Wuhan) Automotive Seating Co Ltd Wuhan – China	F	36
Faurecia (Changchun) Automotive Systems Co Ltd Changchun – China	F	71
Faurecia (Shanghai) Managementy Cy Ltd Shanghai – China	F	71
Faurecia Shanghai Business Consulting Cy Shanghai – China	F	71
Faurecia Exhaust Systems Qingdao Shanghai – China	F	71
Faurecia (Wuhu) Exhaust Systems Wuhu – China	F	71
Daeki Faurecia Corp Shiheung City – South Corea	F	71
Kwang Jing Faurecia Shiheung City – South Corea	E	36
Fesk – Faurecia Exhaust System Korea Shiheung City – South Corea	F	71
Faurecia Trim Korea Shiheung City – South Corea	F	71
Faurecia Automotive Seating India Private Ltd Bangalore – Inde	F	71
Peugeot Exhaust Systems Rayong Bangkok – Thailand	F	71
Faurecia Exhaust Systems South Africa (Pty) Ltd Johannesburg – South Africa	F	71
Faurecia Interior Systems South Africa (Pty) Ltd Port Elisabeth – South Africa	F	71
SAS Automotive R.S.A. (Pty) Ltd Port Elisabeth – South Africa	E	36
TRANSPORTATION AND LOGISTICS DIVISION		
Gefco Courbevoie – France	F	100
Gefco Benelux S.A. Ath – Belgium	F	100
Gefco Deutschland GmbH Morfelden – Germany	F	100
Gefco Suisse S.A. Fahy – Switzerland	F	99
Gefco Osterreich GmbH Vienna – Austria	F	100
Gefco Italia S.p.A. Milan – Italy	F	100
Gefco U.K. Ltd London – United Kingdom	F	100
Gefco España S.A. Madrid – Spain	F	100
Gefco Portugal Transitarios Ltd Lisbon – Portugal	F	100
LLC Gefco (Cis) Moscow – Russia	F	100
Gefco Polska S.p.z.o.o. Warsaw – Poland	F	100
Gefco Ceska Republica s.r.o. Prague – Czech Republic	F	100

F : Fully consolidated - E : Accounted for by the equity method

Company	F/E	% Consolidated
Gefco Slovakia s.r.o. Bratislava – Slovakia	F	100
Gefco Romania Bucharest – Romania	F	100
Gefco Hongrie Budapest – Hungary	F	100
Gefco Prevoznistvo In Logistica Koper – Slovenia	F	100
Algai Moscow – Russia	F	51
Gefco Tasimacilik Ve Lojistik AS Istanbul – Turkey	F	100
Gefco Tunisie Tunis – Tunisia	E	50
Gefco Maroc Casablanca – Morocco	F	100
Gefco Participações Ltda Rio de Janeiro – Brazil	F	100
Gefco Do Brasil Ltda Rio de Janeiro – Brazil	F	100
Gefco Argentina S.A. Buenos Aires – Argentina	F	100
Gefco Dtw Logistics Co. Ltd Beijin – China	E	50
Gefco Hong Kong Hong Kong – China	F	100
FINANCE COMPANIES		
Banque PSA Finance Paris – France	F	100
Société Financière de Banque – Sofib Levallois-Perret – France	F	100
Sofira – Société de Financement Des Réseaux Automobiles Levallois-Perret – France	F	100
Société Nouvelle de Développement Automobile – SNDA Paris – France	F	100
Sas Financière Greffhule Paris – France	F	100
Compagnie Générale de Crédit Aux Particuliers – Crédipar Levallois-Perret – France	F	100
Gie Foncier Crédipar Levallois-Perret – France	F	100
Dicoma Gestion Levallois-Perret – France	F	100
Compagnie Pour La Location de Véhicules – CLV Levallois-Perret – France	F	100
PSA Finance Belux Brussels – Belgium	F	100
PSA Finance SCS Luxembourg – Luxembourg	F	100
PSA Finance Nederland B.V. Rotterdam – Netherlands	F	100
PSA Financial Holding B.V. Rotterdam – Netherlands	F	100
Peugeot Finance International N.V. Rotterdam – Netherlands	F	100
FCC Auto Abs – Compartiment 2004.01 Frankfurt – Germany	F	100

F : Fully consolidated - E : Accounted for by the equity method

Company	F/E	% Consolidated
FCC Auto Abs – Compartiment Locatif 2006.01 Frankfurt – Germany	F	100
FCC Auto Abs – Compartiment 2007.01 Frankfurt – Germany	F	100
FCC Auto Abs – Compartiment 2008.01 Paris – France	F	100
PSA Factor Italia S.p.A. Milan – Italy	F	100
PSA Renting Italia S.p.A. Milan – Italy	F	100
Spv Auto Italy 2007 Milan – Italy	F	100
PSA Wholesale Ltd London – United Kingdom	F	100
PSA Finance Plc London – United Kingdom	F	50
Vernon Wholesale Investments Co. Ltd London – United Kingdom	F	100
PSA Finance Suisse S.A. Ostermudigen – Switzerland	F	100
PSA Gestão Comercio e Aluger de Veiculos Lisbon – Portugal	F	97
PSA Finance Polska Warsaw – Poland	F	100
PSA Finance Hungaria Rt Budapest – Hungary	F	100
PSA Finance Ceska Republika s.r.o. Prague – Czech Republic	F	100
PSA Finance Slovakia s.r.o. Bratislava – Slovakia	F	100
BPF Financiranje d.o.o. Ljubljana – Slovenia	F	100
BPF Algérie Algiers – Algeria	F	100
BPF Pazarlama A.H.A.S. Istanbul – Turkey	F	100
Banco PSA Finance Brasil S.A. São Paulo – Brazil	F	100
PSA Finance Arrendamiento Comercial São Paulo – Brazil	F	100
PSA Finance Argentina S.A. Buenos Aires – Argentina	F	50
BPF Mexico S.A. de CV Mexico City – Mexico	F	100
Dongfeng Peugeot Citroën Automobile Finance Company Wuhan – China *Of which 12.5% held through Dongfeng Peugeot Citroën Automobile*	E	37,5

F : Fully consolidated - E : Accounted for by the equity method

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1_ **Close-up of wheel**
on the Citroën C4 By Loeb
2_ **Close-up of cabin**
on the Citroën Hypnos HYbrid4
3_ **Close-up of grille**
on the Peugeot 407
4_ **Close-up of rear light**
on the Peugeot Prologue

PSA PEUGEOT CITROËN

PEUGEOT S.A.

Incorporated in France with issued capital of € 234,048,798
Governed by a Managing Board and a Supervisory Board

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