CONSOLIDATED INCOME STATEMENT
(in thousands of Euro)

	Note	2014		2013	
		Amount	*%*	*Amount*	*%*
Sales revenues	*23*	1,349,391	100.0	1,334,987	100.0
Variable cost of sales	*24*	967,201	71.7	932,374	69.8
CONTRIBUTION MARGIN		382,190	28.3	402,613	30.2
Manufacturing and R&D overheads	*25*	127,401	9.4	130,750	9.8
Depreciation and amortization	*26*	58,003	4.3	57,336	4.3
Distribution and sales fixed expenses	*27*	41,444	3.1	39,631	3.0
Administrative and general expenses	*28*	70,955	5.3	67,049	5.0
Restructuring costs	*30*	16,195	1.2	17,813	1.3
Losses (gains) on disposal	*31*	(66)	-	(1,599)	(0.1)
Exchange losses (gains)	*32*	618	-	4,123	0.3
Other non-operating expenses (income)	*33*	19,369	1.4	18,384	1.4
- of which non-recurring		*4,933*		*1,717*	
EBIT		48,271	3.6	69,126	5.2
Financial expenses (income), net	*34*	26,818	2.0	28,361	2.1
- of which fair value of the embedded derivative (convertible bond)		*(13,960)*		-	
- of which other net financial expenses (income)		*40,778*		*28,361*	
Losses (gains) from equity investments	35	-	-	289	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS		21,453	1.6	40,476	3.1
Income taxes	*36*	13,058	1.0	15,745	1.2
NET RESULT BEFORE NON-CONTROLLING INTERESTS		8,395	0.6	24,731	1.9
Loss (income) attributable to non-controlling interests	*21*	(4,756)	(0.3)	(3,607)	(0.3)
GROUP NET RESULT		3,639	0.3	21,124	1.6
Earnings per share (EPS) (Euro):	*38*				
Basic		0.032		0.187	
Diluted		0.031		0.185	

D) NOTES ON THE MAIN INCOME STATEMENT ITEMS: INCOME STATEMENT

23. SALES REVENUES

Revenues from sales and services

The Sogefi Group recorded net revenues for the amount of Euro 1,349,391 thousand during the period, versus Euro 1,334,987 thousand in the previous year (+1.1% in percentage terms). Exchange rates being equal (at the average exchange rates of the current year), corresponding revenues would amount to Euro 1,289,264 thousand and growth rate to 4.7%.

Revenues from the sale of goods and services break down as follows:

By business sector:

(in thousands of Euro)	2014		2013	
	Amount	*%*	*Amount*	*%*
Engine systems	844,905	62.7	818,566	61.4
Suspension components	506,609	37.5	518,615	38.8
Intercompany eliminations	(2,123)	(0.2)	(2,194)	(0.2)
TOTAL	1,349,391	100.0	1,334,987	100.0

In 2014, the Engine Systems business unit realised revenues for Euro 844,905 thousand, 3.2% up from 2013 (+6.3% exchange rates being equal). During the period under consideration, the Business Unit benefited from business growth in non-European markets – in the USA, China and India for the most part – and from the positive performance of the aftermarket segment.
The Suspension Components business unit ended 2014 with revenues of Euro 506,609 thousand (Euro 518,615 thousand in 2013), down 2.3% over 2013 (however, revenues would have been up +2.1% exchange rates being equal).

By geographical area of "destination":

(in thousands of Euro)	2014		2013	
	Amount	*%*	*Amount*	*%*
Europe	872,100	64.6	859,338	64.4
Mercosur	181,362	13.5	224,381	16.8
Nafta	207,331	15.4	187,399	14.0
Asia	82,662	6.1	59,260	4.4
Rest of the World	5,936	0.4	4,609	0.4
TOTAL	1,349,391	100.0	1,334,987	100.0

Despite the unfavourable effect of exchange rates, contribution to the total revenues of the Sogefi Group from non-European countries remained basically stable at 35.4% in 2014 (35.6% in 2013).
A breakdown of sales by destination markets shows continuing growth in North America, with Euro 207,331 million revenues (+10.6%; +16.1% exchange rates being equal),

which now account for 15.4% of total Group sales revenues (+1.4 percentage points up from last year).
Particularly significant was growth in Asia as well, with revenues 39.5% higher than in 2013 (+41.8% exchange rates being equal). The share of revenues contributed by the Chinese market grew as well, namely to 6.1% from 4.4% in 2013.
Sales in Mercosur recorded a significant slowdown compared to the previous year (-19,2% from 2013). As a result of low market volumes and Euro appreciation, the revenues contributed by the South American area dropped from 16.8% of total Group revenues in 2013 to 13.5% in 2014. Net of exchange differences, the area would have accounted for 16% of total revenues.
In Europe Sogefi reported revenues of Euro 872,100 million, slightly up (+1.5%) compared to last year, thanks – among other things – to a positive contribution from the aftermarket segment.

24. VARIABLE COST OF SALES

Details are as follows:

(in thousands of Euro)	2014	2013
Materials	719,564	697,957
Direct labour cost	114,680	113,286
Energy costs	35,775	35,754
Sub-contracted work	26,357	19,958
Ancillary materials	18,454	18,154
Variable sales and distribution costs	48,650	44,116
Royalties paid to third parties on sales	4,453	4,236
Other variable costs	(732)	(1,087)
TOTAL	967,201	932,374

The percentage on revenues of "Variable cost of sales" rose from 69.8% in 2013 to 71.7% in 2014. Average margin was affected on one hand by the lower contribution from countries outside the Euro area, especially from the Mercosur area, and on the other hand by the temporary inefficiency of European operations due to restructuring under way, especially in the third quarter.

The changes in "Direct labour cost" and "Sub-contracted work" are interrelated. The increase in "Direct labour cost" reflects variable and indirect production costs reclassified to improve amount allocation between the two items amounting to Euro 3,000 thousand approximately. The increase in "Sub-contracted work" accounts for an increased use of temporary workers by European subsidiaries in order to respond to growing volumes with greater flexibility.

The increase in "Materials", and its percentage on revenues up from 52.3% to 53.3%, is closely related to the growth of total sales.

25. MANUFACTURING AND R&D OVERHEADS

These can be broken down as follows:

(in thousands of Euro)	2014	2013
Labour cost	102,667	107,429
Materials, maintenance and repairs	27,044	25,205
Rental and hire charges	9,301	9,163
Personnel services	7,544	8,361
Technical consulting	4,360	4,660
Sub-contracted work	2,215	1,823
Insurance	2,531	3,404
Utilities	4,207	2,478
Capitalisation of internal construction costs	(31,562)	(32,249)
Other	(906)	476
TOTAL	127,401	130,750

"Manufacturing and R&D overheads" show a decrease of Euro 3,349 thousand which is mainly due to the effect of exchange rates. Exchange rates being equal, this item would have increased by Euro 404 thousand.

The most significant changes are discussed below:

- the decrease in "Labour cost" of Euro 4,762 thousand is mainly traced back to the following factors: an amount of Euro 3,000 thousand reclassified to "Variable cost of sales" as noted above, and an amount of Euro 500 thousand reclassified to "Administrative and general expenses" to improve cost allocation between the affected items; a reduction of direct labour at subsidiaries Allevard Rejna Autosuspensions S.A. and Filtrauto S.A. as a result of restructuring projects under way. This decrease was partly offset by an increase in direct labour cost at the Chinese subsidiaries and at subsidiary Allevard Sogefi U.S.A. Inc. to respond to growing volumes;
- "Materials, maintenance and repairs" increased by Euro 1,839 thousand, mainly pertaining to the Chinese and European subsidiaries as a result of growing volumes;
- "Personnel services" decreased by Euro 817 thousand, mainly due to restructuring under way at subsidiary Filtrauto S.A.;
- "Insurance" decreased by Euro 873 thousand, mainly with regard to the French subsidiaries;
- "Utilities" increased by Euro 1,729 thousand, mainly as a result of production plant cleaning expenses reclassified to "Administrative and general expenses" and "Manufacturing and R&D overheads" to improve cost allocation;
- lastly, the item "Other" decreased by Euro 1,382 thousand due to a higher contribution to Research and Development costs obtained by the French subsidiaries.

"Capitalization of internal construction costs" reflects for the most part the capitalisation of product development costs when their future benefit is deemed to be reasonably certain.

Total costs for Research and Development (not reported in the table), excluding capitalisation, amount to Euro 35,259 thousand (stable at 2.6% of sales).

26. DEPRECIATION AND AMORTISATION

Details are as follows:

(in thousands of Euro)	2014	2013
Depreciation of tangible fixed assets	35,328	36,143
of which: assets under finance leases	*1,071*	*854*
Amortisation of intangible assets	22,675	21,193
TOTAL	58,003	57,336

Item "Depreciation and amortisation" amounts to Euro 58,003 thousand, and increased by Euro 667 thousand compared to the previous year. Exchange rates being equal, the increment would have been Euro 1,631 thousand.

Depreciation of tangible assets amounts to Euro 35,328 thousand, down from the Euro 815 thousand posted in 2013, of which Euro 733 thousand reflect exchange rate effects.

Amortisation of intangible assets increased by Euro 1,482 thousand. of which Euro 1,500 thousand refer to the implementation of the new information system at the Holding Company Sogefi S.p.A..

27. DISTRIBUTION AND SALES FIXED EXPENSES

This item is made up of the following main components:

(in thousands of Euro)	2014	2013
Labour cost	24,929	24,054
Sub-contracted work	5,874	5,906
Advertising, publicity and promotion	3,857	3,413
Personnel services	3,228	3,214
Rental and hire charges	1,775	1,509
Consulting	1,204	612
Other	577	923
TOTAL	41,444	39,631

"Distribution and sales fixed expenses" increased by Euro 1,813 thousand (+4.6%) compared with the previous year. Exchange rates being equal, this item would have increased by Euro 2,858 thousand.

"Labour cost" increased by Euro 875 thousand, which for the most part pertain to the Engine Systems business unit, namely to the sales organisation of the Aftermarket division.

"Rental and hire charges" and "Consulting" increased by Euro 266 thousand and Euro 592 thousand, respectively, due to higher cost of sales in subsidiaries Filtrauto S.A. and Systèmes Moteurs S.A.S..

28. ADMINISTRATIVE AND GENERAL EXPENSES

These can be broken down as follows:

(in thousands of Euro)	2014	2013
Labour cost	37,712	36,301
Personnel services	5,862	5,225
Maintenance and repairs	1,972	5,193
Cleaning and security	2,007	3,047
Consulting	9,794	5,280
Utilities	3,367	2,986
Rental and hire charges	4,136	3,311
Insurance	1,449	1,135
Participation des salaries	699	590
Administrative, financial and tax-related services provided by Parent Company	1,350	1,820
Audit fees and related expenses	1,409	1,488
Directors' and statutory auditors' remuneration	1,612	2,085
Sub-contracted work	639	638
Capitalisation of internal construction costs	(7,204)	(6,970)
Other	6,151	4,920
TOTAL	70,955	67,049

"Administrative and general expenses" increased by Euro 3,906 thousand. Exchange rates being equal, this item would have increased by Euro 5,772 thousand.

The Euro 1,411 thousand increase in "Labour cost" reflects for the most part the Euro 500 thousand reclassified between R&D overheads and general overheads in subsidiary Systèmes Moteurs S.A.S., and newly hired workforce engaged in the management of IT systems at subsidiary Filtrauto S.A. .

The increase in item "Personnel services" for the amount of Euro 637 thousand mainly refers to the French subsidiaries Filtrauto S.A. and Systèmes Moteurs S.A.S. and to the Holding Company Sogefi S.p.A. and reflects higher travel expenses of the IT team compared to 2013.

The Euro 1,040 thousand decrease in line item "Cleaning and security" was affected by the reclassification to "Manufacturing and R&D overheads" noted above.

The increase in "Consulting", partly offset by the decrease in "Maintenance and repairs", relates for the most part to IT services required to implement the integrated Group information system at the French subsidiary Filtrauto S.A. and to higher legal and tax consulting fees paid by the Holding Company Sogefi S.p.A..

The Euro 473 thousand decrease in line item "Directors' and statutory auditors' remuneration" is mainly represented by the lower cost in 2014 of the fair value of the phantom stock options in 2014 and by the fact that 2013 included the remuneration of the former Managing Director for nearly four months, while the remuneration of the Manager

Director who took over the office (who had also the function of General Manager) was charged to "Labour cost".

Item "Capitalization of internal construction costs" includes the capitalisation of the costs incurred in developing the Group integrated information system.

The increase in item "Other" by Euro 1,231 thousand mainly relates to higher third party operating expenses incurred by the Holding Company Sogefi S.p.A. in connection with the growing scale of implementation of the new Group information system.

29. PERSONNEL COSTS

Personnel

Regardless of their destination, "Personnel costs" as a whole can be broken down as follows:

(in thousands of Euro)	2014	2013
Wages, salaries and contributions	276,834	276,859
Pension costs: defined benefit plans	1,096	2,411
Pension costs: defined contribution plans	2,026	1,762
Participation des salaries	699	590
Imputed cost of stock option and stock grant plans	852	1,562
Other costs	334	302
TOTAL	281,841	283,486

"Personnel costs" have dropped by Euro 1,645 thousand (-0.6%) compared to the previous period. Exchange rates being equal, "Personnel costs" would have increased by Euro 5,249 thousand (+1.9%).

The impact of "Personnel costs" on sales revenues drops from 21.2% in the previous year to 20.9%.

The increase in line item "*Participation des salaries*" by Euro 109 thousand reflects higher results posted by the French subsidiaries Systèmes Moteurs S.A.S. and Filtrauto S.A..

"Wages, salaries and contributions", "Pension costs: defined benefit plans" and "Pension costs: defined contribution plans" are posted in the tables provided above at lines "Labour cost" and "Administrative and general expenses".

"*Participation des salaries*" is included in "Administrative and general expenses".

"Other costs" is included in "Administrative and general expenses".

"Imputed cost of stock option and stock grant plans" is included in "Other non-operating expenses (income)". The following paragraph "Personnel benefits" provides details of the stock option and stock grant plans.

The average number of Group employees, broken down by category, is shown in the table below:

(Number of employees)	2014	2013
Managers	105	109
Clerical staff	1,838	1,841
Blue collar workers	4,840	4,808
TOTAL	6,783	6,758

Personnel benefits

Sogefi S.p.A. implements stock-based incentive plans for the Managing Director of the Company and for employees of the Company and of its subsidiaries that hold important positions of responsibility within the Group. The purpose is to foster greater loyalty to the Group and to provide an incentive that will raise their commitment to improving business performance and generating value in the long term.

The stock-based incentive plans of Sogefi S.p.A. are first approved by the Shareholders' Meeting.

Except as outlined at the following paragraphs "Stock grant plans", "Stock option plans" and "Phantom stock option plans", the Group has not carried out any other transaction that involves the purchase of goods or services with payments based on shares or any other kind of instrument representing portions of equity. As a result, it is not necessary to disclose the fair value of such goods or services.
As laid down in IFRS 2, only plans allocated after November 7, 2002 must be considered (note that the Company does not have any plans prior to said date) and therefore, in addition to that issued in 2014, the plans issued in the period from 2004 until 2013 must also be considered. The main details of these plans are provided below.

Stock grant plans
The stock grant plans provide for the free assignment of conditional rights (called Units) that cannot be transferred to third parties or other beneficiaries; each of them entitles to the free assignment of one Sogefi S.p.A. share. There are two categories of rights under these plans: Time-based Units, that vest upon the established terms and Performance Units, that vest upon the established terms provided that shares have achieved the target price value established in the regulation.
The regulation provides for a minimum holding period during which the shares held for the plan can not be disposed of.
All shares assigned under these plans will be treasury shares held by Sogefi S.p.A.. According to the regulation, a pre-condition for assigning the shares is a continued employer-employee relationship or the continued appointment as a director/executive of the Company or one of its subsidiaries throughout the vesting period of the rights.

On April 23, 2014, after the Shareholders' Meeting approved the 2014 stock grant plan to assign a maximum of 750,000 conditional rights, the Board of Directors executed the 2014 stock grant plan restricted to employees of the Company and of its subsidiaries, who were assigned a total of 378,567 Units (159,371 of which were Time-based Units and 219,196 Performance Units).

Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on April 20, 2016 and ending on January 20, 2018.
Performance Units will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as defined in the Regulation) at that date.

The fair value of the rights assigned during 2014 has been determined at the time the rights were assigned using the binomial option pricing model (so-called Cox, Ross and Rubinstein model) for US options and amounts to Euro 1,472 thousand overall.

Input data used for measuring the fair value of the 2014 stock grant plan are provided below:
- curve of EUR/GBP/SEK/CHF-riskless interest rates as of April 23, 2014;
- prices of the underlying (equal to the price of the Sogefi S.p.A. share as of April 23, 2014, and equal to Euro 4.64) and of the securities included in the benchmark basket, again as of April 23, 2014;
- standard prices of Sogefi S.p.A. share and of the securities included in the benchmark basket during the period starting on March 24, 2014 and ending on April 23, 2014 for the determination of the stock grant Performance Units limit;
- historical volatility rate of stock and exchange rates during 260 days, as of April 23, 2014;
- null dividend yield for stock grant valuation;
- historical series of the logarithmic returns of involved securities and EUR/GBP, EUR/SEK and EUR/CHF exchange rates to calculate the correlation among securities and among the three non-EUR denominated securities and associated exchange rates (to adjust for estimated trends).

The main characteristics of the stock grant plans approved during previous years and still under way are outlined below:

• 2011 stock grant plan to assign a maximum of 1,250,000 conditional rights, restricted to the Director who filled the post of Managing Director of the Holding Company at the date of issue of the relevant plan and to employees of the Company and its subsidiaries, who were assigned a total of 757,500 Units (320,400 of which were Time-based Units and 437,100 Performance Units).
Time-based Units will vest in *tranches* on a three-monthly basis, accounting for 12.5% of their respective total, starting on April 20, 2013 and ending on January 20, 2015.
Performance Units will vest at the same vesting dates established for Time-based Units, provided that the price value of shares at vesting date is at least equal to the percentage of the initial value indicated in the regulation. On January 20, 2015, 92,354 Performance Units expired as per Regulation.
• 2012 stock grant plan to assign a maximum of 1,600,000 conditional rights, restricted to the Director who filled the post of Managing Director of the Holding Company at the date of issue of the relevant plan and to employees of the Company and its subsidiaries, who were assigned a total of 1,152,436 Units (480,011 of which were Time-based Units and 672,425 Performance Units).
Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on April 20, 2014 and ending on January 31, 2016.
Performance Units will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is

higher than the increase of the Sector Index (as provided for by the Regulation) at that date.
• 2013 stock grant plan to assign a maximum of 1,700,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 1,041,358 Units (432,434 of which were Time-based Units and 608,924 Performance Units).
Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on April 20, 2015 and ending on January 31, 2017.
Performance Units will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.

The imputed cost for 2014 for existing stock grant plans is Euro 848 thousand, booked to the Income Statement under "Other non-operating expenses (income)".

The following table shows the total number of existing rights with reference to the 2011-2014 plans:

	2014	2013
Not exercised/not exercisable at the start of the year	2,483,088	1,854,618
Granted during the year	378,567	1,045,977
Cancelled during the year	(504,125)	(199,821)
Exercised during the year	(333,276)	(217,686)
Not exercised/not exercisable at the end of the year	2,024,254	2,483,088
Exercisable at the end of the year	247,203	57,970

Stock option plans
The stock option plans provide beneficiaries with the opportunity to exercise an option to subscribe to newly-issued Sogefi shares at a set price and within a specific period of time. According to the regulation, a pre-condition for exercising the option is a continued employer-employee relationship with or the continued appointment as a director/executive of the Company or one of its subsidiaries throughout the vesting period.

The main characteristics of the *stock option* plans approved during previous years and still under way are outlined below:
• 2005 stock option plan restricted to employees of the Company and its subsidiaries for a maximum of 1,930,000 shares (1.63% of the share capital as of December 31, 2014) with a subscription price of Euro 3.87, to be exercised between September 30, 2005 and September 30, 2015;
• 2006 stock option plan restricted to employees of the Company and its subsidiaries for a maximum of 1,770,000 shares (1.49% of the share capital as of December 31, 2014) with a subscription price of Euro 5.87, to be exercised between September 30, 2006 and September 30, 2016;
• 2007 stock option plan restricted to employees of the foreign subsidiaries for a maximum of 715,000 shares (0.6% of the share capital as of December 31, 2014) with an initial subscription price of Euro 6.96, to be exercised between September 30, 2007 and September 30, 2017. On April 22, 2008, the Board of Directors, under the authority vested

in it by the Shareholders' Meeting, adjusted the exercise price from Euro 6.96 to Euro 5.78 to take into account the extraordinary portion of the dividend distributed by the Shareholders' Meeting on the same date;

• 2008 stock option plan restricted to employees of the foreign subsidiaries for a maximum of 875,000 shares (0.74% of the share capital as of December 31, 2014) with a subscription price of Euro 2.1045, to be exercised between September 30, 2008 and September 30, 2018.

• 2009 stock option plan restricted to employees of the Company and its subsidiaries for a maximum of 2,335,000 shares (1.97% of the share capital as of December 31, 2014) with a subscription price of Euro 1.0371, to be exercised between September 30, 2009 and September 30, 2019;

• 2009 extraordinary stock option plan restricted to beneficiaries of 2007 and 2008 phantom stock option plans, still employed by the Company or by its subsidiaries, after having waived their rights under the above-mentioned phantom stock option plans, for a maximum of 1,015,000 shares (0.86% of share capital as of December 31, 2014) of which 475,000 (first Tranche options) with a subscription price of Euro 5.9054, to be exercised between June 30, 2009 and September 30, 2017 and 540,000 (second Tranche options) with a subscription price of Euro 2.1045, to be exercised between June 30, 2009 and September 30, 2018;

• 2010 stock option plan restricted to the Director who filled the post of Managing Director of the Holding Company at the date of issue of the relevant plan and to employees of the Company and its subsidiaries for a maximum of 2,440,000 shares (2.06% of the share capital as of December 31, 2014) with a subscription price of Euro 2.3012, to be exercised between September 30, 2010 and September 30, 2020.

The 2004 stock option plan restricted to employees of the Company and its subsidiaries terminated on September 30, 2014 as per Regulation.

The imputed cost for 2014 for existing plans is Euro 4 thousand, booked to the Income Statement under "Other non-operating expenses (income)".

The following table shows the total number of existing options with reference to the 2004-2010 plans and their average exercise price:

	12.31.2014		12.31.2013	
	Number	Average price of the year	Number	Average price of the year
Not exercised/not exercisable at the start of the year	6,534,500	3.06	7,178,400	2.96
Granted during the year	-	-	-	-
Cancelled during the year	(367,000)	4.30	(175,000)	2.97
Exercised during the year	(1,298,763)	1.94	(468,900)	1.64
Expired during the year	(4,800)	2.64	-	-
Not exercised/not exercisable at the end of the year	4,863,937	3.26	6,534,500	3.06
Exercisable at the end of the year	4,863,937	3.26	6,104,100	3.11

The line "Not exercised/not exercisable at the end of the period" refers to the total number of options, net of those exercised or cancelled during the current and previous years.

The line "Exercisable at the end of the period" refers to the total amount of options matured at the end of the period and not yet subscribed.
With reference to the options exercised during 2014, the average weighted price of the Sogefi share at the exercise dates is equal to Euro 4.12.

Details of the number of options exercisable at December 31, 2014 are given below:

	Total
Number of exercisable options remaining at December 31, 2013	6,104,100
Options matured during the year	488,000
Options cancelled during the year	(424,600)
Options exercised during the year	(1,298,763)
Options expired during the year	(4,800)
Number of exercisable options remaining at December 31, 2014	4,863,937

Phantom stock option plans

Unlike traditional stock option plans, phantom stock option plans do not envisage the granting of a right to subscribe or to purchase a share, but entail paying the beneficiaries an extraordinary variable cash amount corresponding to the difference between the Sogefi share price in the option exercise period and the Sogefi share price at the time the option was awarded.

In 2009, as shown in the paragraph entitled "*Stock option plans*", the Holding Company gave the beneficiaries of the 2007 and 2008 phantom stock option plans the opportunity to waive the options of the above-mentioned plans and to join the 2009 extraordinary stock option plan.

The main characteristics of existing plans as of December 31, 2014 are as follows:
• 2007 phantom stock option plan restricted to the Director who filled the post of Managing Director of the Holding Company at the date of issue of the relevant plan, managers and project workers of the Holding Company and to managers of Italian subsidiaries, for a maximum of 1,760,000 options at the initial grant price of Euro 7.0854, adjusted to Euro 5.9054 in 2008, to be exercised between September 30, 2007 and September 30, 2017. Following subscription to the 2009 extraordinary stock option plan, 475,000 options were waived;

The 2008 phantom stock option plan terminated on March 31, 2014 when the Director who filled the post of Managing Director of the Holding Company when the plan was issued exercised 990,000 remaining options.

Details of the number of phantom stock options as of December 31, 2014 are given below:

	2014
Not exercised/not exercisable at the start of the year	1,830,000
Granted during the year	-
Cancelled during the year	-
Exercised during the year	(990,000)
Not exercised/not exercisable at the end of the year	840,000
Exercisable at the end of the year	840,000

Fair value as of December 31, 2013 (Euro 1,299 thousand) equals zero at the end of 2014 after all options under the 2008 phantom stock option plan were exercised and as a result of the positive change in the fair value of the 2007 phantom stock option plan.

30. RESTRUCTURING COSTS

These amount to Euro 16,195 thousand (compared with Euro 17,813 thousand the previous year) and relate to restructuring plans under way mainly at subsidiary Allevard Rejna Autosuspensions S.A. in connection with the shutdown of the Lieusaint plant, to the relocation of production from Sao Paolo to Atibaia at the subsidiary Sogefi Filtration do Brasil Ltda, and other plans to rationalise the use of clerical resources under way at subsidiaries Systèmes Moteurs S.A.S. and Sogefi Rejna S.p.A..

"Restructuring costs" relate for the most part to personnel costs and are made up of the accruals to the "Provision for restructuring" (Euro 9,994 thousand, net of the not used provisions made during the previous years) and for the remaining part of costs incurred and paid during the year (Euro 6,201 thousand).

31. LOSSES (GAINS) ON DISPOSAL

Net gains amount to Euro 66 thousand (net gains as of December 31, 2013 were Euro 1,599 thousand).

32. EXCHANGE (GAINS) LOSSES

Net exchange losses as of December 31, 2014 amounted to Euro 618 thousand (Euro 4,123 thousand as of December 31, 2013). Exchange differences were affected by the depreciation of the Euro against all major currencies occurred at year end.

33. OTHER NON-OPERATING EXPENSES (INCOME)

These amount to Euro 19,369 thousand compared with Euro 18,384 thousand the previous year. The following table shows the main elements:

(in thousands of Euro)	2014	2013
Indirect taxes	7,672	8,194
Other fiscal charges	3,828	3,263
Cost of stock option and stock grant plans	852	1,562
Other non-operating expenses (income)	7,017	5,365
TOTAL	19,369	18,384

"Indirect taxes" include tax charges such as property tax, taxes on sales revenues (*taxe organic* of the French companies), non-deductible VAT and taxes on professional training.
"Other fiscal charges" consist of the *cotisation économique territoriale* (previously called *taxe professionnelle*) relating to the French companies, which is calculated on the value of tangible fixed assets and on added value.

The main components of "Other non-operating expenses (income)" are as follows:

of which non-recurring
- costs relating to the shutdown of the Lieusaint plant of subsidiary Allevard Rejna Autosuspensions S.A. for the amount of Euro 4,655 thousand, of which Euro 1,285 thousand reflect writedowns of tangible fixed assets and Euro 3,370 thousand relate for the most part to technical costs incurred in relocating certain production lines.
- technical costs incurred in relocating certain production lines in the amount of Euro 278 thousand pertaining to the subsidiary Shanghai Sogefi Auto Parts Co. Ltd incurred as part of a reorganisation process;

of which recurring
- writedowns of intangible fixed assets in the amount of Euro 1,824 thousand, of which Euro 1,658 thousand reflect for the most part research and development projects capitalised in previous years by subsidiary Filtrauto S.A. that no longer meet the requirements for capitalisation;
- actuarial gains in the amount of Euro 1,101 thousand relating to "Other long-term benefits – Jubilee benefit" mainly relating to subsidiary Filtrauto S.A.;
- provisions for legal disputes with employees and third parties mainly relating to the subsidiaries Sogefi Filtration do Brasil Ltda, Allevard Rejna Argentina S.A. and Allevard Molas do Brasil Ltda for a total of Euro 1,796 thousand;
- pension costs for employees no longer on the books of Allevard Federn GmbH for the amount of Euro 139 thousand;
- tax recovered in the amount of Euro 1,223 thousand after tax disputes concerning previous fiscal periods for the most part relating to subsidiaries Sogefi Filtration do Brasil Ltda and Sogefi Filtration S.A. were settled;
- other recurring costs for the amount of Euro 651 thousand.

34. FINANCIAL EXPENSES (INCOME), NET

Financial expenses are detailed as follows:

(in thousands of Euro)	2014	2013
Interests on bonds	9,671	4,254
Interest on amounts due to banks	10,791	13,389
Financial charges under lease contracts	719	412
Financial component of pension funds and termination indemnities	925	1,122
Loss on interest-bearing hedging instruments	9,792	3,818
Other interest and commissions	9,907	7,012
TOTAL FINANCIAL EXPENSES	41,805	30,007

Financial income is detailed as follows:

(in thousands of Euro)	2014	2013
Gain on interest-bearing hedging instruments	189	325
Interest on amounts given to banks	723	1,062
Fair value of the embedded derivative (call option)	13,960	-
Other interest and commissions	115	259
TOTAL FINANCIAL INCOME	14,987	1,646
TOTAL FINANCIAL EXPENSES (INCOME), NET	26,818	28,361

Financial expenses increased by Euro 11,798 thousand, of which Euro 3,337 thousand reflect the difference between the amounts paid and the net book value of the loans redeemed by the Holding Company Sogefi S.p.A., Euro 1,913 thousand reflect IRS contracts terminated in connection with the redeemed loans noted above (of which Euro 825 thousand account for the portion of the OCI reserve relating to terminated IRSs reclassified to Income Statement), Euro 3,944 thousand reflect the change in the fair value of the IRS contracts no longer designated in hedge accounting, whereas the balance reflects higher average cost of indebtedness for the remaining part.
The amount of Euro 3,944 thousand mentioned above includes:

- a financial charge of Euro 2,776 thousand that reflects the portion of the reserve previously booked to Other Comprehensive Income that is recognised in the Income Statement over the same period of time as the differentials relating to the underlying hedged item.
- a financial expense of Euro 1,168 thousand reflecting the change in the fair value as of December 31, 2013.

Posted under financial income is the positive change – in the amount of Euro 13,960 thousand – in the fair value of the derivative (call option) embedded in the convertible bond.

35. LOSSES (GAINS) FROM EQUITY INVESTMENTS

As of December 31, 2014, there are no losses from equity investments.

36. INCOME TAXES

(in thousands of Euro)	2014	2013
Current taxes	19,115	18,599
Deferred tax liabilities (assets)	(6,057)	(2,854)
TOTAL	13,058	15,745

The year 2014 recorded a tax rate of 60.9% compared to 38.9% in the previous year.

A reconciliation between the standard tax rate (that of the Holding Company Sogefi S.p.A.) and the effective tax rate for 2014 and 2013 is shown in the table below. Taxes have been calculated at the domestic rates applicable in the various countries. The differences between the rates applied in the various countries and the standard tax rate are included in the line "Other permanent differences and tax rate differentials".

(in thousands of Euro)	2014		2013	
		Tax rate %		Tax rate %
Result before taxes	21,453	27.5%	40,476	27.5%
Theoretical income taxes	5,900		11,131	
Effect of increases (decreases) with respect to the standard rate:				
Statutory amortisation of goodwill	-	0.0%	(242)	-0.6%
Non-deductible costs, net	(878)	-4.1%	(41)	-0.1%
Use of deferred tax assets not recognised in previous years	(2,430)	-11.3%	(2,007)	-5.0%
Deferred tax assets on losses for the year not recognised in the financial statements	7,068	33.0%	2,890	7.1%
Taxed portion of dividends	2,615	12.2%	2,560	6.3%
Other permanent differences and tax rate differentials	783	3.6%	1,454	3.7%
Income taxes in the consolidated income statement	13,058	60.9%	15,745	38.9%

The item "Use of deferred tax assets not recognised in previous years" mainly relates to subsidiary Allevard Sogefi USA Inc.; use of past losses for which no deferred tax assets had been recognised in previous years resulted in no taxes being posted on the positive results of this company.
"Deferred tax assets on losses for the year not recognised in the financial statements" are mainly attributable to subsidiaries Allevard Rejna Autosuspensions S.A. and Sogefi (Suzhou) Auto Parts Co., Ltd, for which there was no probability at the end of the year that such losses would be recovered.
The "Taxed portion of dividends" refers to the portion of dividends received from Group companies that is not tax-exempt, to the taxes on dividends paid by the French subsidiaries, and to amounts set aside to provision for tax on the dividends that the subsidiaries will pay in 2015 (Euro 1,709 taxed portion of dividends) as required by IAS 12.

Item "Other permanent differences and tax rate differentials" includes Euro 882 thousand relating to a tax dispute with local European tax authorities.

37. DIVIDENDS PAID

No dividends were paid the shareholders of the Holding Company during 2014. Dividends paid to non-controlling interests amount to Euro 2,597 thousand.
The Holding Company Sogefi S.p.A. did not issue any shares other than ordinary shares; treasury shares are always excluded from the dividend.

38. EARNINGS PER SHARE (EPS)

Basic EPS

	2014	2013
Net result attributable to the ordinary shareholders (in thousands of Euro)	3,639	21,124
Weighted average number of shares outstanding during the year (thousands)	114,713	112,969
Basic EPS (Euro)	*0.032*	*0.187*

Diluted EPS
The Company only has one category of potential ordinary shares, namely those deriving from the potential conversion of the *stock options* granted to Group employees.

	2014	2013
Net result attributable to the ordinary shareholders (in thousands of Euro)	3,639	21,124
Average number of shares outstanding during the year (thousands)	114,713	112,969
Weighted average number of shares potentially under option during the year (thousands)	3,146	3,953
Number of shares that could have been issued at fair value (thousands)	(1,654)	(2,547)
Adjusted weighted average number of shares outstanding during the year (thousands)	116,205	114,375
Diluted EPS (Euro)	*0.031*	*0.185*

The "Weighted average number of shares potentially under option during the year" represents the average number of shares that are potentially outstanding under stock option plans (only for potentially dilutive options, i.e. with an exercise price lower than the average annual fair value of the ordinary shares of Sogefi S.p.A.), for which the subscription right has vested but has not yet been exercised at the end of reporting period. These shares have a potentially dilutive effect on basic EPS and are therefore taken into consideration in the calculation of diluted EPS.

The "Number of shares that could have been issued at fair value" represents the normalisation factor, being the number of shares that would have been issued dividing the proceeds that would have been received from subscription of the stock options by the

average annual fair value of the Sogefi S.p.A. ordinary shares, which in 2014 amounted to Euro 3.5350, compared to Euro 2.8377 in 2013.

Please note that 2,017,485 shares that could dilute basic EPS in the future were not included in the calculation of diluted EPS for 2014 because their exercise price is higher than the average annual fair value of the ordinary shares of Sogefi S.p.A. in 2014.