C) NOTES ON THE MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION

C 1) ASSETS

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to Euro 121,892 thousand versus Euro 124,033 thousand as of December 31, 2014 and break down as follows:

(in thousands of Euro)	12.31.2015	12.31.2014
Short-term cash investments	121,835	123,976
Cash on hand	57	57
TOTAL	121,892	124,033

"Short-term cash investments" earn interest at a floating rate.

For further details, please refer to the Analysis of the net financial position in note 22 and to the Consolidated Cash Flow Statement included in the financial statements.

As of December 31, 2015, the Group has unused lines of credit for the amount of Euro 300,701 thousand. These funds are available for use on demand, because the conditions required for their availability are met.

Please note that this item includes ARS (Argentine Peso) 13,619 thousand, i.e. the equivalent of Euro 966 thousand at the exchange rate in force on December 31, 2015 (ARS 41,242 thousand, the equivalent of Euro 4,013 at the exchange rate in force on December 31, 2014) held by the Argentinian subsidiaries.

6. OTHER FINANCIAL ASSETS

"Other financial assets" can be broken down as follows:

(in thousands of Euro)	12.31.2015	12.31.2014
Securities held for trading	17	18
Financial receivables	1,438	2,000
Held-to-maturity investments	3,949	6,953
Assets for derivative financial instruments	931	519
TOTAL	6,335	9,490

"Held-to-maturity investments" are measured at amortised cost and include bank term deposits. The reduction of this item is due to the natural expiration of these deposits.
"Assets for derivative financial instruments" total Euro 931 thousand and refer to the fair value of forward foreign exchange contracts. Further details can be found in the analysis of financial instruments contained in note 39.

7. INVENTORIES

The breakdown of inventories is as follows:

(in thousands of Euro)	12.31.2015			12.31.2014		
	Gross	*Write-downs*	*Net*	*Gross*	*Write-downs*	*Net*
Raw, ancillary and consumable materials	60,298	3,829	56,469	55,863	4,141	51,722
Work in progress and semi-finished products	14,171	283	13,888	14,126	569	13,557
Contract work in progress and advances	39,190	12	39,178	29,573	21	29,552
Finished goods and goods for resale	55,633	5,474	50,159	54,984	5,673	49,311
TOTAL	169,292	9,598	159,694	154,546	10,404	144,142

The gross value of inventories increased by Euro 14,746 thousand compared to the previous year (the increase would amount to Euro 18,513 thousand exchange rates being equal), of which Euro 9,617 thousand reflect an increase in tooling for sale to customers included in "Contract work in progress and advances" (mostly relating to the Air and Cooling business unit), whereas the remaining portion originates from increased volumes.

Writedowns consist for the most part of accruals for raw materials that can no longer be used for current production and for obsolete or slow-moving finished goods, goods for resale and ancillary materials. The decrease in the provisions – by Euro 806 thousand – reflects products scrapped during the year for the amount of Euro 1,299 thousand, that were partly offset by further accruals for Euro 636 thousand and a negative currency exchange effect for Euro 143 thousand.

8. TRADE AND OTHER RECEIVABLES

Current receivables break down as follows:

(in thousands of Euro)	12.31.2015	12.31.2014
Trade receivables	142,266	150,976
Less: allowance for bad debts	5,367	5,170
Trade receivables, net	136,899	145,806
Due from Parent Company	6,590	2,277
Tax receivables	26,753	22,564
Other receivables	7,915	6,884
Other assets	3,974	3,599
TOTAL	182,131	181,130

"Trade receivables, net" are non-interest bearing and have an average due date of 32 days, against 37 days recorded at the end of the previous year.
It should be noted that as of December 31, 2015, the Group factored trade receivables for Euro 88,972 thousand (Euro 78,784 thousand as of December 31, 2014), including

an amount of Euro 48,487 thousand (Euro 45,814 thousand as of December 31, 2014) which was not notified and for which the Group continues to manage collection services. The risks and benefits related to these receivables have been transferred to the factor; therefore these receivables have been derecognised in the Statement of Financial Position debiting the consideration received from the factoring company.

Excluding the factoring transactions (Euro 88,972 thousand as at December 31, 2015 and Euro 78,784 thousand as at December 31, 2014) and the effect of exchange rates (Euro 4,866 thousand), net trade receivables increased by Euro 6,147 thousand as a result of the increase in the Group's business activities in the last quarter of the year compared to the same quarter of the previous year, which was partly offset by lower past due receivables (Euro 6,333 thousand) and changes in the payment terms of bonuses and productivity bonuses in favour of customers.

Further adjustments were booked to "Allowance for doubtful accounts" during the year for a total of Euro 1,554 thousand, against net utilisations of the allowance for the amount of Euro 1,180 thousand (see note 39 for further details). Allowance balance decreased by Euro 177 thousand due to foreign currency exchange effects. Writedowns, net of provisions not used during the period, were charged to Income Statement under the item "Variable cost of sales – Variable sales and distribution costs".

"Due from Parent Company" as of December 31, 2015 is the amount receivable from the Parent Company CIR S.p.A. arising from the participation in the Group tax filing system on the part of the Italian companies of the Group. Outstanding receivables as at December 31, 2014 (totalling Euro 2,277 thousand) collected in 2015 amounted to Euro 1,487 thousand.
See chapter F for the terms and conditions governing these receivables from CIR S.p.A..

"Tax receivables" as of December 31, 2015 include tax credits due to the Group companies by the tax authorities of the various countries. The increase in this item reflects VAT credits and indirect taxes for the amount of Euro 2,193 thousand, and a tax credit of Euro 2,878 thousand relating to research and development grants in favour of the French subsidiaries; the item considers also a decrease of other tax credits by Euro 882 thousand.
It does not include deferred taxes which are treated separately.

"Other receivables" are made up as follows:

(in thousands of Euro)	12.31.2015	12.31.2014
Amounts due from social security institutions	204	383
Amounts due from employees	320	796
Advances to suppliers	2,659	3,006
Due from others	4,732	2,699
TOTAL	7,915	6,884

The increase in "Other receivables" refers for the most part to subsidiaries Sogefi Rejna S.p.A. and Allevard Sogefi U.S.A. Inc. and reflects insurance indemnities.

The item "Other assets" mainly includes accrued income and prepayments on insurance premiums, rents, indirect taxes relating to buildings and on costs incurred for sales activities.

9. TANGIBLE FIXED ASSETS

The net carrying amount of tangible fixed assets as of December 31, 2015 amounted to Euro 252,252 thousand versus Euro 244,061 thousand at the end of the previous year and breaks down as follows:

(in thousands of Euro)	2015				
	Land	*Buildings, plant and machinery, commercial and industrial equipment*	*Other assets*	*Assets under construction and payments on account*	*TOTAL*
Balance at January 1	14,286	191,283	5,348	33,144	244,061
Additions of the period	-	19,418	1,623	30,225	51,266
Disposals during the period	(2)	(203)	(28)	(27)	(260)
Exchange differences	15	(4,939)	(352)	(326)	(5,602)
Depreciation for the period	-	(35,351)	(1,729)	(25)	(37,105)
Write-downs/revaluations during the period	-	(243)	-	-	(243)
Reclassification of non-current asset held for sale	-	-	-	-	-
Other changes	-	31,896	481	(32,242)	135
Balance at December 31	14,299	201,861	5,343	30,749	252,252
Historical cost	14,299	804,801	26,647	31,477	877,224
of which: leases - gross value	-	*13,751*	*86*	*369*	*14,206*
Accumulated depreciation	-	602,940	21,304	728	624,972
of which: leases - accumulated depreciation	-	*7,288*	*86*	-	*7,374*
Net value	14,299	201,861	5,343	30,749	252,252
Net value - leases	-	*6,463*	-	*369*	*6,832*

(in thousands of Euro)	2014				
	Land	*Buildings, plant and machinery, commercial and industrial equipment*	*Other assets*	*Assets under construction and payments on account*	*TOTAL*
Balance at January 1	15,444	185,920	4,957	30,094	236,415
Additions of the period	-	16,051	1,729	24,498	42,278
Disposals during the period	(1,251)	(2,520)	(30)	(13)	(3,814)
Exchange differences	93	4,629	156	878	5,756
Depreciation for the period	-	(33,667)	(1,658)	-	(35,325)
Write-downs/revaluations during the period	-	(1,315)	(10)	(35)	(1,360)
Reclassification of non-current asset held for sale	-	-	-	-	-
Other changes	-	22,185	204	(22,278)	111
Balance at December 31	14,286	191,283	5,348	33,144	244,061
Historical cost	14,286	803,835	26,802	33,872	878,795
of which: leases - gross value	-	*10,694*	*77*	-	*10,771*
Accumulated depreciation	-	612,552	21,454	728	634,734
of which: leases - accumulated depreciation	-	*5,551*	*72*	-	*5,623*
Net value	14,286	191,283	5,348	33,144	244,061
Net value - leases	-	*5,143*	*5*	-	*5,148*

Investments during the year amounted to Euro 51,266 thousand compared with Euro 42,278 thousand in the previous year.

The larger projects regarded the "Assets under construction and payments on account" and "Buildings, plant and machinery, commercial and industrial equipment" categories.

Major investments in the "Assets under construction and payments on account" category mainly reflect investments in subsidiaries Sogefi Filtration do Brasil Ltda for the adjustments made to meet the needs of manufacture at the new plant in Atibaia, Brazil; Allevard Sogefi U.S.A. Inc. and Sogefi Filtration Argentina S.A. to improve production processes and develop new products; Sogefi Rejna S.p.A. to increase production capacity and develop new products;, LPDN GmbH to improve production processes and develop new products and for extraordinary maintenance operations. This item also includes investments in the French companies Allevard Rejna Autosuspensions S.A., Filtrauto S.A. and Systèmes Moteurs S.A.S. for the enhancement of production capacity, the development of new products, the improvement of production processes and quality, and the adjustment of the production lines in compliance with health and safety rules and regulations.

Among the most significant projects in the "Buildings, plant and machinery, commercial and industrial equipment" category, noteworthy are the investments in subsidiaries Sogefi (Suzhou) Auto Parts Co., Ltd to expand production capacity as new products are developed; Allevard Rejna Autosuspensions S.A. to improve production processes and develop new products; S.C. Systèmes Moteurs S.r.l. and Allevard Sogefi U.S.A. Inc. to expand production capacity and develop new products; Sogefi Engine Systems Canada Corp. to improve processes and develop new products.

No relevant disposals were made during 2015.

"Depreciation for the period" has been recorded in the appropriate item in the Income Statement.

"Writedowns/revaluations during the period" totalled Euro 243 thousand and mainly relates to the French subsidiary S. ARA Composite S.A.S..
Impairment losses less reversals are booked to "Other non-operating expenses (income)".

"Other changes" refer to the completion of projects that were under way at the end of the previous year and their reclassification under the pertinent items.

The balance of "Assets under construction and payments on account" as of December 31, 2015 includes Euro 163 thousand of advances for investments.

The main inactive assets, with a total net value of Euro 8,364 thousand, included in the item "Tangible fixed assets" mostly refer to the Lieusaint plant of subsidiary Allevard Rejna Autosuspensions S.A. (Euro 3,585 thousand) and to investment properties of the Holding Company Sogefi S.p.A. (located in Mantova and San Felice del Benaco, for a total amount of Euro 4,605 thousand). The fair value of these assets as measured by an independent expert report exceeds their net book value. The book value of said assets will be recovered through their sale rather than through their continuous use. As we do not expect to sell them within one year, they are not subject to the accounting treatment envisaged by IFRS 5 and depreciation is continued.

No interest costs were capitalised to "Tangible fixed assets" during the year 2015.

Guarantees
As of December 31, 2015, tangible fixed assets are encumbered by mortgages or liens totalling Euro 7,726 thousand to guarantee loans from financial institutions, compared to Euro 6,652 thousand as of December 31, 2014. Guarantees existing as of December 31, 2015 refer to subsidiaries Sogefi Engine Systems Canada Corp., Allevard IAI Suspensions Private Ltd, United Springs B.V. and Sogefi Filtration do Brasil Ltda.

Purchase commitments
As of December 31, 2015, there are binding commitments to buy tangible fixed assets for Euro 1,709 thousand (Euro 323 thousand as of December 31, 2014) relating to the subsidiaries Allevard Rejna Autosuspensions S.A. and United Springs S.A.S.. Said commitments will be settled within 12 months.

Leases
The carrying value of assets under financial leases as of December 31, 2015 was Euro 14,206 thousand, and the related accumulated depreciation amounted to Euro 7,374 thousand.

Please note that in 2015, subsidiary Allevard Sogefi USA Inc. re-negotiated the financial lease agreement entered into in 2013 after the purchase of additional assets, increasing its value by Euro 2,334 thousand. The new lease agreement presents for the same annual interest rate (3.24%) and term (June 2023) as the original one.
The financial aspects of the lease payments and their due dates are explained in note 16.

10. INTANGIBLE ASSETS

The net balance as of December 31, 2015 was Euro 284,050 thousand versus Euro 282,996 thousand at the end of the previous year, and breaks down as follows:

(in thousands of Euro)	2015						
	Develop-ment costs	*Industrial patents and intellectual property rights, concessions, licences and trademarks*	*Other, assets under construction and payments on account*	*Customer Relationship*	*Trade name Systemes Moteurs*	*Goodwill*	*TOTAL*
Balance at January 1	77,773	36,033	19,767	15,833	6,951	126,639	282,996
Additions of the period	16,971	2,248	11,158	-	-	-	30,377
Disposals during the period	(748)	-	(20)	-	-	-	(768)
Exchange differences	(992)	(33)	277	-	-	-	(748)
Amortisation for the period	(21,129)	(4,071)	(664)	(990)	(435)	-	(27,289)
Writedowns during the period	-	-	(114)	-	-	-	(114)
Other changes	7,487	328	(8,219)	-	-	-	(404)
Balance at December 31	79,362	34,505	22,185	14,843	6,516	126,639	284,050
Historical cost	184,219	64,388	25,788	19,215	8,437	149,537	451,584
Accumulated amortisation	104,857	29,883	3,603	4,372	1,921	22,898	167,534
Net value	79,362	34,505	22,185	14,843	6,516	126,639	284,050

(in thousands of Euro)	2014						
	Develop-ment costs	*Industrial patents and intellectual property rights, concessions, licences and trademarks*	*Other, assets under construction and payments on account*	*Customer Relationship*	*Trade name Systemes Moteurs*	*Goodwill*	*TOTAL*
Balance at January 1	70,799	28,064	13,014	16,823	7,386	126,639	262,725
Additions of the period	21,016	10,151	10,962	-	-	-	42,129
Disposals during the period	-	(7)	-	-	-	-	(7)
Exchange differences	1,875	33	588	-	-	-	2,496
Amortisation for the period	(17,412)	(3,353)	(485)	(990)	(435)	-	(22,675)
Writedowns during the period	(1,739)	-	(85)	-	-	-	(1,824)
Other changes	3,234	1,145	(4,227)	-	-	-	152
Balance at December 31	77,773	36,033	19,767	15,833	6,951	126,639	282,996
Historical cost	171,609	61,982	22,659	19,215	8,437	149,537	433,439
Accumulated amortisation	93,836	25,949	2,892	3,382	1,486	22,898	150,443
Net value	77,773	36,033	19,767	15,833	6,951	126,639	282,996

Investments during the year amounted to Euro 30,377 thousand.

The increases in "Development Costs" for the amount of Euro 16,971 thousand refer to the capitalisation of costs incurred by Group companies to develop new products in collaboration with leading motor vehicle manufacturers (after obtaining the nomination from the customer). The largest investments refer to the subsidiaries Systèmes Moteurs S.A.S., Filtrauto S.A., Sogefi Engine Systems Canada Corp., Sogefi Filtration do Brasil Ltda, Allevard Sogefi U.S.A. Inc., Allevard Springs Ltd, Sogefi Engine Systems Mexico S. de R.L. de C.v. and Sogefi (Suzhou) Auto Parts Co., Ltd.

Increases in "Industrial patents and intellectual property rights, concessions, licences and trademarks" amount to Euro 2,248 thousand and refer nearly entirely to the development and implementation in process of the new information system across the Sogefi Group. This integrated information system is amortised on a ten-year basis, based on its estimated useful life, starting from the date of implementation in each subsidiary.

Increases in "Other, assets under construction and payments on account", for the amount of Euro 11,158 thousand, refer mainly to a large number of investments in the development and implementation of the new products not yet flowed into production. The highest development costs were recorded at subsidiaries Allevard Sogefi U.S.A. Inc., Sogefi Filtration Ltd, Sogefi Filtration d.o.o. and S.C. Systèmes Moteurs S.r.l.

"Disposals during the period" amount to Euro 768 thousand and mostly account for research and development costs incurred by subsidiary Systèmes Moteurs S.A.S. in developing new products charged back to auto makers.

"Writedowns", for the amount of Euro 114 thousand, reflect development projects of subsidiary Sogefi-MNR Engine Systems India Pvt Ltd. that cannot be recovered.

The item does not include advances to suppliers for the purchase of fixed assets.

"Development costs" principally include costs generated internally, whereas "Industrial patents and intellectual property rights, concessions, licences and trademarks" consist of factors that are acquired externally for the most part.
"Other, assets under construction and payments on account" include around Euro 11,920 thousand of costs generated internally.

There are no intangible assets with an indefinite useful life except for goodwill.

Goodwill and impairment test

From January 1, 2004 goodwill is no longer amortised, but subjected each year to impairment test.

The Company has identified five Cash Generating Units (CGUs), the first two re-nominated in 2015 following the change in the definitions of Business Units (note 4):

- filtration (before "engine systems – fluid filtration")

- air and cooling (before “engine systems – filtration air and cooling”)
- car suspension
- industrial vehicle suspension
- precision springs

For the moment, it is possible to identify goodwill deriving from external acquisitions in three CGUs: engine systems - fluid filters, engine systems - air intake and cooling and car suspension.

The specific goodwill of “CGU Engine Systems – Fluid Filters” amounts to Euro 77,030 thousand; the goodwill of “CGU Engine Systems – Air Intake and Cooling” amounts to Euro 32,560 thousand; and the goodwill of “CGU Car Suspension” amounts to Euro 17,049 thousand.

Impairment tests have been carried out in accordance with the procedure laid down in IAS 36 to check whether there have been any losses in the value of this goodwill, by comparing the book value of the individual CGUs with their value in use, given by the present value of estimated future cash flows that are expected to result from the continuing use of the asset being tested for impairment.
We used the discounted cash flows (Discounted Cash on Flow Unlevered). The Group took into account the cash flows projections expected for 2016 as determined based on the budget (approved by the Board of Directors on January 19, 2016) and the forecasts included in the 2017-2019 projection update (adjusted to eliminate any estimated benefits from future projects and reorganisations) approved by the Board of Directors on February 29, 2016 for the following years. Projections were prepared by management and approved by the Board of Directors for the sole purpose of impairment testing. Budget and projections were prepared taking into account forecasts for the automotive segment made by major sources in the industry and based on a conservative approach.

A discounting rate of 9.55%, which reflects the weighted average cost of capital, was used. The same discounting rate is used for all three CGUs. As a matter of fact, the three CGUs operate in the same sector and deal with the same kind of customers, and it is estimated that they are exposed to the same risk.

The terminal value was calculated using the “perpetual annuity” approach, assuming a growth rate (“g-rate”) of 2% (assumed to be conservative when compared to the forecasts for the automotive segment available from major sources of the industry) and considering an operating cash flow based on the last year of the projection (the year 2018), adjusted to project a stable situation “in perpetuity”, based on the following main assumptions:
- a balance between capital investment and depreciation (according to the rationale of considering the level of investment needed to "maintain" the *business*);
- change in working capital equal to zero.

As regards the average cost of capital, we calculated a weighted average of the cost of debt (taking into consideration the benchmark interest rates plus a spread) and the Company's own cost of capital, based on parameters for a group of firms operating in the European car components sector which are considered by the leading industry analysts to be Sogefi's peers. The values used to calculate the average cost of capital (extrapolated from the main financial sources) are as follows:

- financial structure of the industry: 17.1%
- levered beta of the industry: 1.12
- risk-free rate: 3.0% (annual average of risk-free rates of 10 year securities of the key markets in which the Group operates, weighted by sales revenues)
- risk premium: 7.0% (weighted average risk premium calculated by primary source of the industry for the key markets in which the Group operates, weighted by sales revenues)
- debt cost spread: 3.4% (estimate based on the 2016 budget)

As far as the sensitivity analysis goes, it should be noted that:

- the impairment test reached break-even point at the following discounting rates (growth rate of terminal value remaining unchanged at 2% and all other plan assumptions being equal): 16.75% for CGU Fluid Filters; 12.28% for CGU Air and Cooling; and 14.1% for CGU Car Suspension;
- the impairment test reached break-even point with a significant reduction in EBIT during the specific period that was also applied to terminal value (all other plan assumptions being equal): -50.1% in CGU Filtration; -26.9% in CGU Air and Cooling; and -39.1% in CGU Car Suspension;
- the impairment test reached break-even point at the following reduction rates of the terminal value "g-rate" (all other plan assumptions being equal): -8.9% in CGU Filtration; -1.4% in CGU Air&Cooling; and -4.3% in CGU Car Suspension;

The test based on the present value of the estimated future cash flows turns out a value in use of the CGUs that exceeds their carrying value, so no writedown has been posted.

11. INVESTMENTS IN JOINT VENTURES

As of December 31, 2015, there were no investments in joint ventures.

12. OTHER FINANCIAL ASSETS AVAILABLE FOR SALE

As of December 31, 2015, these assets totalled Euro 439 thousand. They are unchanged versus December 31, 2014 and break down as follows:

(in thousands of Euro)	12.31.2015	12.31.2014
Equity investments in other companies	439	439
Other securities	-	-
TOTAL	439	439

The balance of "Equity investments in other companies" essentially refers to the 22.62% shareholding in the company AFICO FILTERS S.A.E.. The equity investment was not classified as associate due to the lack of Group's members in the management bodies of the company (which means the Group does not exert significant influence on the company). This equity investment was measured under the cost method because its fair value could not be measured reliably.

13. FINANCIAL RECEIVABLES AND OTHER NON-CURRENT RECEIVABLES

Non-current financial receivables total Euro 13,156 thousand (Euro 157 thousand as of December 31) and refer to the fair value of cross currency swap hedging contracts. For further details, please refer to note 39.

"Other receivables" break down as follows:

(in thousands of Euro)	12.31.2015	12.31.2014
Pension fund surplus	23,368	23,368
Other receivables	11,298	11,258
TOTAL	34,666	34,626

"Other receivables" include an indemnification asset of Euro 23,368 thousand owed by the seller of Systèmes Moteurs S.A.S.' shares – booked upon the PPA of the Systèmes Moteurs Group – relating to the recovery of expenses charged by customers following claims on the quality of products sold, based on warranties given by the same seller (after possible partial indemnities obtained from insurers and suppliers). Sogefi S.p.A. initiated international arbitration proceedings, still under way, against the seller of Systèmes Moteurs S.A.S' shares to collect the payables, as provided for by the acquisition contract. For further details, please refer to note 19, paragraph "Provision for product warranties".

The item "Other receivables" also includes tax credits relating to the research and development activities of the French subsidiaries, other tax credits and non-interest bearing guarantee deposits for leased properties. These receivables will be collected over the coming years.

14. DEFERRED TAX ASSETS

As of December 31, 2015, this item amounts to Euro 65,301 thousand compared to Euro 71,126 thousand as of December 31, 2014.
This amount relates to the expected benefits on deductible temporary differences, booked to the extent that it is probable that it will be recovered. Reference should be made to note 20 for a further discussion of this matter.

15. NON-CURRENT ASSETS HELD FOR SALE

As of December 31, 2015, there are no non-current assets held for sale.

C 2) LIABILITIES AND EQUITY

16. FINANCIAL DEBTS TO BANKS AND OTHER FINANCING CREDITORS

These break down as follows:

Current portion

(in thousands of Euro)	12.31.2015	12.31.2014
Bank overdrafts and short-term loans	17,843	13,426
Current portion of medium/long-term financial debts *of which: leases*	74,445 *1,252*	64,508 *914*
TOTAL SHORT-TERM FINANCIAL DEBTS	92,288	77,934
Other short-term liabilities for derivative financial instruments	325	350
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	92,613	78,284

Non-current portion

(in thousands of Euro)	12.31.2015	12.31.2014
Financial debts to banks	141,080	131,617
Other medium/long-term financial debts *of which: leases*	218,417 *8,135*	203,648 *6,481*
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	359,497	335,265
Other medium/long-term liabilities for derivative financial instruments	11,562	24,464
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	371,059	359,729

Bank overdrafts and short-term loans

For further details, please refer to the Analysis of the net financial position in note 22 and to the Consolidated Cash Flow Statement included in the financial statements.

Current and non-current portions of medium/long-term financial debts

Details are as follows:

Balance at December 31, 2015 (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guarantees
Sogefi S.p.A.	Intesa SanPaolo S.p.A.	Apr - 2011	Dec - 2016	60,000	Euribor trim. + 260 bps variable	7,868	0	7,868	N/A
Sogefi S.p.A.	BNP Paribas S.A.	Sep - 2014	Sep - 2019	55,000	Euribor trim. + 190 bps variable	0	24,858	24,858	N/A
Sogefi S.p.A.	Mediobanca S.p.A.	Jul- 2014	Jan - 2016	20,000	Euribor trim. + 170 bps variable	0	19,998	19,998	N/A
Sogefi S.p.A.	Banca Carige Italia S.p.A.	Jul - 2011	Sep - 2017	25,000	Euribor trim. + 225 bps variable	5,231	3,969	9,200	N/A
Sogefi S.p.A.	ING Bank	Jul - 2015	Sep - 2020	30,000	Euribor trim. + 190 bps variable	0	29,846	29,846	N/A
Sogefi S.p.A.	Mediobanca S.p.A.	Jul - 2015	Jan - 2017	20,000	Euribor trim. + 130 bps variable	0	19,952	19,952	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	Sep - 2015	Sep - 2018	19,000	Euribor trim. + 130 bps variable	3,800	15,124	18,924	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	Dec - 2012	Apr - 2017	15,000	Euribor trim. + 315 bps variable	3,750	3,713	7,463	N/A
Sogefi S.p.A.	Banca Carige Italia S.p.A.	Nov - 2015	Jun - 2019	10,000	Euribor trim. + 130 bps variable	2,811	7,116	9,927	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ING Bank	Jun - 2014	Jan - 2017	11,415	8.80% fixed	5,156	6,259	11,415	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ING Bank	Jun - 2015	Jan - 2017	5,235	8.01% fixed	1,772	3,463	5,235	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Unicredit S.p.A.	Jan - 2015	Jan - 2016	7,876	7.28% fixed	7,876	0	7,876	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Unicredit S.p.A.	Nov - 2015	Nov - 2016	6,498	6.96% fixed	6,498	0	6,498	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Commerzbank AG	Jan - 2015	Jan - 2016	3,265	5.78% fixed	3,265	0	3,265	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	May - 2015	Dec - 2016	4,466	6.72% fixed	4,466	0	4,466	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	May - 2015	Dec - 2016	2,702	5.52% fixed	2,702	0	2,702	N/A
Sogefi Filtration do Brasil Ltda	Banco Itau BBA Internatio	Feb - 2013	Mar - 2016	4,818	5.5% fixed	4,818	0	4,818	N/A
Sogefi Filtration do Brasil Ltda	Banco do Brasil S.A.	Sep - 2015	Aug - 2018	2,319	17.96% fixed	640	1,679	2,319	N/A
Sogefi Engine Systems Canada Corp.	Ge Capital	May- 2015	May- 2019	3,969	B/A 3m+ 4.207% variable	941	2,799	3,740	YES
Sogefi Filtration S.A.	Banco Sabadell S.A.	May - 2011	May - 2016	7,000	Euribor trim. + 225 bps variable	700	0	700	N/A
S.C Systèmes Moteurs S.r.l	ING Bank	May - 2013	May - 2017	2,459	ROBOR 3M +5.5%	820	262	1,082	N/A
Other loans						11,331	2,042	13,373	
TOTAL						74,445	141,080	215,525	

Line “Other medium/long-term financial debts” includes other minor loans, as well as financial lease payments in accordance with IAS 17.

Balance at December 31, 2014 (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guarantees
Sogefi S.p.A.	Intesa SanPaolo S.p.A.	Apr - 2011	Dec - 2016	60,000	Euribor 3m + 230 bps variable	8,000	37,736	45,736	N/A
Sogefi S.p.A.	BNP Paribas S.A.	Sep - 2014	Sep - 2019	55,000	Euribor 3m + 290 bps variable	-	24,777	24,777	N/A
Sogefi S.p.A.	Mediobanca S.p.A.	Jul - 2014	Jan - 2016	20,000	Euribor 3m + 170 bps variabile	-	19,948	19,948	N/A
Sogefi S.p.A.	Banca Carige Italia S.p.A.	Jul - 2014	Sep - 2017	25,000	Euribor 3m + 225 bps variable	5,040	9,143	14,183	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	Dec - 2012	Apr - 2017	15,000	Euribor 3m + 315 bps variable	3,750	7,435	11,185	N/A
Sogefi S.p.A.	Unicredit S.p.A.	Jul - 2014	Jul - 2019	50,000	Euribor 3m + 200 bps variable	-	9,748	9,748	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ING Bank	Mar - 2013	Mar - 2016	9,164	9.79% fixed	4,312	4,852	9,164	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ING Bank	Mar - 2013	Mar - 2016	3,840	9.79% fixed	2,124	1,716	3,840	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Unicredit S.p.A.	Oct - 2014	Jun - 2015	9,567	7.28% fixed	9,567	-	9,567	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Unicredit S.p.A.	Nov - 2014	Jun - 2015	4,612	7.28% fixed	4,612	-	4,612	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Commerzbank AG	Dec - 2014	Jun - 2015	3,112	6.42% fixed	3,112	-	3,112	N/A
Allevard Rejna Autosuspensions S.A.	CIC Bank S.A.	May - 2014	May - 2015	4,000	Euribor 12m + 150 bps variable	4,000	-	4,000	N/A
Sogefi Filtration do Brasil Ltda	Banco Itau BBA International S.A.	Feb - 2013	Mar - 2016	6,450	5.5% fixed	-	6,450	6,450	N/A
Sogefi Filtration do Brasil Ltda	Banco do Brasil S.A.	Jul - 2014	Aug -2017	3,517	8% fixed	-	3,517	3,517	N/A
Sogefi Engine Systems Canada Corp.	Ge Capital	Nov - 2012	Nov - 2017	3,022	B/A 3m+4.65% variable	663	1,385	2,048	YES
Sogefi Engine Systems Canada Corp.	Ge Capital	Nov - 2012	Nov - 2017	3,022	6.23% fixed	662	1,392	2,054	YES
Systèmes Moteurs Sas	CIC Bank S.A.	May -2014	May -2015	3,500	Euribor 12m + 150 bps variable	3,500	-	3,500	N/A
Sogefi Filtration S.A.	Banco Sabadell S.A.	May -2011	May -2016	7,000	Euribor 3m + 225 bps variable	1,400	700	2,100	N/A
Other loans						13,766	2,818	16,583	N/A
TOTAL						64,508	131,617	196,124	

Other short-term liabilities for derivative financial instruments

The item includes the short-term portion of the *fair value* of the exchange risk hedging contracts.
Reference should be made to chapter E for a further discussion of this matter.

Other medium/long-term financial debts

As of December 31, 2015, details were as follows (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan (in thousands)	Interest rate	Total amount at December 31, 2015 (in thousands of Euro)	Real guarantees
Sogefi S.p.A.	Private placement	May - 2013	May - 2023	USD 115,000	Fixed coupon 600 bps	105,302	N/A
Sogefi S.p.A.	Private placement	May - 2013	May - 2020	Euro 25,000	Fixed coupon 505 bps	24,940	N/A
Sogefi S.p.A.	Equity linked bond	May - 2014	May - 2021	Euro 100,000	Fixed coupon 2% year	78,627	N/A
Other financial debts						9,548	
TOTAL						218,417	

Line "Other loan" includes other minor loans, as well as financial lease payments in accordance with IAS 17.

As of December 31, 2014, details were as follows (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan (in thousands)	Interest rate	Total amount at December 31, 2014 (in thousands of	Real guarantees
Sogefi S.p.A.	Private placement	May - 2013	May - 2023	USD 115,000	Fixed coupon 600 bps	94,359	N/A
Sogefi S.p.A.	Private placement	May - 2013	May - 2020	Euro 25,000	Fixed coupon 505 bps	24,922	N/A
Sogefi S.p.A.	Equity linked bond	May - 2014	May - 2021	Euro 100,000	Fixed coupon 2% year	75,527	N/A
Other financial debts						8,840	N/A
TOTAL						203,648	

The bond of USD 115,000 thousand increased as a result of the variation into the Euro-to-USD exchange rate (hedged as detailed in section E).

On May 13, 2014, the Board of Directors resolved to issue the convertible bonds "*€ 100,000,000 2 per cent. Equity Linked Bonds due 2021*", which were placed with institutional investors on May 14, 2014. Settlement took place on May 21, 2014 when the bonds were issued and investors paid a subscription price for a total nominal amount of Euro 100 million. Bond term is seven years from date of settlement. The bonds were listed on the Third Market (MTF) of the Vienna Stock Exchange on June 13, 2014 with a minimum denomination of Euro 100 thousand and carry a six-monthly coupon at a fixed annual interest rate of 2%.

The Extraordinary Shareholders' Meeting of September 26, 2014 authorised a share capital increase in cash instalments with the exclusion of the shareholders' option right under article 2441, paragraph 5, of the Italian Civil Code, for a maximum total nominal amount of Euro 9,657,528.92, to be paid up by issuing up to 18,572,171 Sogefi ordinary shares, in one or more instalments, to be exclusively used for said bonds. According to the regulations, the Holding Company Sogefi S.p.A. had the right to settle any conversion by assigning Sogefi ordinary shares, by cash or a combination of ordinary shares and cash.

At maturity date (May 21, 2021), the bonds will be paid back in a single instalment, unless they are redeemed or converted earlier.
Each bondholder may request early redemption in cash up to an amount equal to the nominal value of the Bonds plus accrued interest not yet paid upon occurrence of a Change of Control Event (when a party other than the current controlling parties holds more than 50% of shares with voting rights directly or indirectly, as provided for by the Regulations) and of a Free Float Event (when the Free Float of ordinary shares drops below 20%, as provided for by the Regulations).
The fair value of these options was deemed to be immaterial.

Upon the decision of the Board of Directors of January 19, 2015 and the execution of a formal waiver (Deed Poll), subject to the British law, on January 28, 2015 (notified to the agent on January 29. 2015), the Holding Company Sogefi S.p.A. has unilaterally waived its right to refund the convertible bonds in cash rather than ordinary shares in case of the conversion right being exercised under the bond issue regulations. This waiver is final, unconditional and irrevocable. The matter of the waiver to this right has a similar effect, under the British law, to an amendment to the bond issue regulations.
As at January 28, 2015 the fair value of the option (calculated based on the same model applied on December 31, 2014) amounted to Euro 9,090 thousand (Euro 10,540 thousand at December 31, 2014). This produced a positive effect in the 2015 Income Statement for Euro 1,450 thousand. Moreover, since the execution of the deed poll has a similar effect to an amendment of the bond issue regulations, the Holding Company Sogefi S.p.A. reconsidered the liability-equity classification of the option as recorded at the first posting of the option (upon the expiry of the call option in favour of the Holding Company Sogefi S.p.A. in an irrevocable, final and unconditional fashion). Therefore, on that date the Holding Company Sogefi S.p.A. reclassified the amount for the option described above (Euro 9,090 thousand) under the item "Other medium/long-term financial liabilities for derivative financial instruments" to an equity reserve, since bond holders will have solely the right to convert the bonds in a fixed and pre-arranged number of shares.

The Holding Company Sogefi S.p.A. may fully redeem the bonds early up to the amount of their nominal value plus accrued interest not yet paid in the cases provided for by the Regulations, in line with market practice, where (i) early conversion or redemption rights have been exercised for at least 85% of the original nominal amount of the Bond, and (ii) the trading price of the ordinary shares of the Company exceeds a certain threshold at certain specific dates, as specified in the Regulations.

During the second half of 2015, the Holding Company Sogefi S.p.A. entered into the following new bank loan agreements and utilised their full amounts:

- revolving loan of Euro 20 million obtained from Mediobanca S.p.A. in July 2015, expiring in January 2017, at market rates linked to the 3-month Euribor plus a spread of 130 basis points;
- loan of Euro 30 million, repayable in instalments during the term of the loan, granted by Ing Bank N.V. in July 2015, with final expiry date in September 2020, at market rates linked to the 3-month Euribor plus a spread of 190 basis points;

- loan of Euro 19 million, repayable in instalments during the term of the loan, granted by Banco do Brasil S.A. in September 2015, with final expiry in September 2018, at market rates linked to the 3-month Euribor plus a spread of 130 basis points;
- loan of Euro 10 million, repayable in instalments during the term of the loan, granted by Banca Carige Italia S.p.A. in November 2015, with final expiry in June 2019, at market rates linked to the 6-month Euribor plus a spread of 130 basis points.

When the new loans were taken out, the Holding Company Sogefi S.p.A. redeemed the revolving portions of the loans granted by Intesa Sanpaolo S.p.A. (Euro 30 million) and Unicredit S.p.A. (Euro 10 million). Such revolving portions remain available for draw-down to the Holding Company Sogefi S.p.A. until loan expiry.

It should also be noted that, in November 2014, the Holding Company Sogefi S.p.A. had executed a revolving loan agreement with Société Générale for a total amount of Euro 30 million expiring in November 2019. As at December 31, 2015, the Company has not carried out any draw-down from such loan.

The existing loans are not secured by the Holding Company Sogefi S.p.A.'s assets. Furthermore, note that, contractually, the spreads relating to the loans of the Holding Company Sogefi S.p.A. are reviewed every six months on the basis of the computation of the consolidated NFP/normalised consolidated EBITDA ratio. For an analysis of the covenants relating to loans outstanding at the end of the period, please refer to the note below entitled "Analysis of the financial position".

Other medium/long-term financial liabilities for derivative financial instruments

The item includes the medium/long-term portion of the fair value of the interest and exchange risk hedging instruments.
Reference should be made to chapter E for a further discussion of this matter.

Finance leases

The Group has finance leases as well as rental and hire contracts for building, plant and machinery that, according to their type, cover almost the entire useful life of the asset concerned. The assets held under these leases, rental and hire contracts are booked in accordance with IAS 17 as though they were fixed assets owned by the company, disclosing their historical cost, depreciation, the financial cost and the residual liability.

Future payments deriving from these contracts can be summarised as follows:

(in thousands of Euro)	Instalments	Capital
Within 12 months	1,721	1,252
Between 1 and 5 years	6,508	5,308
Beyond 5 years	3,028	2,827
Total lease payments	11,257	9,387
Interests	(1,870)	-
TOTAL PRESENT VALUE OF LEASE PAYMENTS	9,387	9,387

The contracts included in this item refer to the following subsidiaries:

- Sogefi Filtration Ltd for a long-term rental contract for the production site in Tredegar. The contract expires in September 2022 and the original total amount of the contract was Euro 3,611 thousand; the future capital payments amount to Euro 2,316 thousand and the annual nominal rate of interest applied by the lessor is 11.59%.
The Group has given sureties for this contract.
This rental contract has been accounted for as financial leases, as required by IAS 17, where the present value of the rent payments amounted approximately with the fair value of the asset at the time the contract was signed.

- Allevard Sogefi USA Inc. has entered into the following lease contracts for the Prichard production site relating to:
a) plants, machinery and improvements to the building for an original amount of Euro 1,470 thousand. The contract expires in May 2019, the future capital payments amount to Euro 555 thousand and the annual interest rate applied by the lessor is equal to 3.92%. The Group has given sureties for this contract;
b) plants, machinery and improvements to the building for an original amount of Euro 2,643 thousand. The contract expires in July 2019, the future capital payments amount to Euro 1,088 thousand and the annual interest rate applied by the lessor is equal to 3%. The Group has given sureties for this contract.
c) plants, machinery and improvements to the building for an original amount of Euro 3,992 thousand. Please note that in 2015, subsidiary Allevard Sogefi USA Inc. re-negotiated the financial lease agreement entered into in 2013 after the purchase of new machinery, increasing its value by Euro 1,490 thousand. The new lease agreement provides for the same annual interest rate (3.24%) and term (June 2023). Overall residual principal amount is Euro 5,428 thousand.
The Group has given sureties for this agreement.

There are no restrictions of any nature on these leases. Upon expiry of the contracts ownership of the assets is transferred to the lessee without payment of any purchase price. These contracts are therefore accounted for as financial leases, as required by IAS 17.

17. TRADE AND OTHER CURRENT PAYABLES

The amounts shown in the financial statements can be broken down into the following categories:

(in thousands of Euro)	12.31.2015	12.31.2014
Trade and other payables	325,421	309,808
Tax payables	6,071	5,323
TOTAL	331,492	315,131

Details of trade and other payables are as follows:

(in thousands of Euro)	12.31.2015	12.31.2014
Due to suppliers	256,544	242,383
Due to the parent company	2,428	142
Due to tax authorities for indirect and other taxes	8,607	10,144
Due to social and security institutions	21,750	20,514
Due to employees	29,719	30,049
Other payables	6,373	6,576
TOTAL	325,421	309,808

Amounts "Due to suppliers " are not interest-bearing and are settled on average in 70 days (74 days at December 31, 2014).
There is no significant concentration of payables due to any one supplier or small group of suppliers.

The amounts "Due to suppliers" increased by Euro 14,161 thousand (by Euro 17,141 thousand exchange rates being equal); this is mainly due to business growth in the last portion of 2015 compared to the same period of 2014.

Amounts "Due to parent company" reflect the consideration of Euro 1,454 thousand due for the fiscal surplus transferred by companies that have joined the CIR Group tax filing system; Euro 898 thousand represent the tax debt in connection with the CIR Group tax filing system, and Euro 76 thousand reflect outstanding Directors' remuneration charged back to the parent company Cir S.p.A. For further details, please refer to note 40.

The decrease in amounts "Due to tax authorities for indirect and other taxes" mainly refers to VAT debts.

18. OTHER CURRENT LIABILITIES

"Other current liabilities" for the amount of Euro 9,686 thousand (Euro 8,096 as of December 31, 2014) include adjustments to costs and revenues for the period so as to ensure compliance with the accruals based principle (accrued expenses and deferred income) and advances received from customers for orders still to be delivered. The increase in the item mainly relates to subsidiary Systèmes Moteurs S.A.S. and reflects advances paid by customers for research and development projects.

19. LONG-TERM PROVISIONS AND OTHER PAYABLES

These are made up as follows:

Details of the main items are given below.

(in thousands of Euro)	12.31.2015	12.31.2014
Pension funds	42,575	47,361
Provision for employment termination indemnities	6,316	8,405
Provision for restructuring	5,194	19,296
Provisions for disputes with tax authorities	202	2,179
Provision for phantom stock options	8	-
Provision for product warranties and other risks	23,258	25,874
Agents' termination indemnities	4	102
Lawsuits	1,658	1,109
TOTAL	79,215	104,326

Pension funds

The amount of Euro 42,575 thousand represents the amount set aside at year end by the various Group foreign companies to cover the liabilities of their various pension funds. Changes in the pension funds occurred during the year are shown below:

(in thousands of Euro)	12.31.2015	12.31.2014
Opening balance	47,361	28,445
Cost of benefits charged to income statement	3,941	(153)
"Other Comprehensive Income"	(7,176)	21,063
Contributions paid	(2,921)	(2,722)
Exchange differences	1,370	728
TOTAL	42,575	47,361

The following table shows all of the obligations deriving from "Pension funds" and the present value of the plan assets for the year 2015 and the two previous years.

(in thousands of Euro)	12.31.2015	12.31.2014	12.31.2013
Present value of defined benefit obligations	221,701	222,291	186,866
Fair value of plan assets	179,126	174,930	158,421
Deficit	42,575	47,361	28,445
Liability recorded to "Long-term provisions"	42,575	47,361	31,321
Surplus recorded to "Other receivables"	-	-	(2,876)

Changes in the "Present value of defined benefit obligations" for the year 2015 were as follows:

(in thousands of Euro)	12.31.2015	12.31.2014
Present value of defined benefit obligations at the beginning of the period	222,291	186,866
Current service cost	1,647	1,769
Financial expenses	8,128	8,266
Remeasurement (gains)/losses		
- Actuarial (gains)/losses arising from changes in demographic assumptions	(305)	(220)
- Actuarial (gains)/losses arising from changes in financial assumptions	(14,010)	26,351
- Actuarial (gains)/losses arising from experience	(391)	(1,676)
- Actuarial (gains)/losses arising from "Other long-term benefits"- Jubilee benefit	164	(1,102)
Past service cost	-	(1,794)
Contribution paid by plan participants	227	212
Settlements/Curtailments	-	(860)
Exchange differences	12,163	12,053
Benefits paid	(8,213)	(7,574)
Present value of defined benefit obligations at the end of the period	221,701	222,291

"Actuarial (gains)/losses arising from changes in financial assumptions" are mainly due to increasing discounting rate in British pension funds.
"Actuarial (gains)/losses arising from experience adjustments" reflect the difference between actuarial assumptions and what occurred in practice (for instance, in terms of employee turnover, wage inflation or inflation rate).
"Actuarial (gains)/losses relating to other long-term benefits" mainly relate to subsidiary Filtrauto S.A..

With regard to the balances of companies that use functional currencies other than the Euro, please note that the Income Statement items are translated into Euro using the average exchange rate of the reporting period; the present value of obligations at beginning and end of period was translated at the rate of exchange ruling at the relevant date.

Changes in the fair value of plan assets are illustrated in the table below:

(in thousands of Euro)	12.31.2015	12.31.2014
Fair value of plan assets at the beginning of the period	174,930	158,421
Interest income	6,675	7,433
Remeasurement (gains)/losses:		
Return on plan assets	(7,530)	3,392
Non investment expenses	(677)	(1,001)
Contributions paid by the company	1,718	1,447
Contributions paid by the plan participants	227	212
Settlements/curtailments	-	-
Exchange differences	10,792	11,317
Benefits paid	(7,009)	(6,291)
Fair value of plan assets at the end of the period	179,126	174,930

With regard to the balances of companies that use functional currencies other than the Euro, please note that the Income Statement items are translated into Euro using the average exchange rate of the reporting period, whereas the fair value of assets at beginning and end of period was translated at the rate of exchange ruling at the relevant date.

Details of the amounts recognised in “Other comprehensive income” are given below:

(in thousands of Euro)	12.31.2015	12.31.2014
Return on plan assets (excluding amounts included in net interests expenses on net liability (assets))	7,530	(3,392)
Actuarial (gains)/losses arising from changes in demographic assumptions	(305)	(220)
Actuarial (gains)/losses arising from changes in financial assumptions	(14,010)	26,351
Actuarial (gains)/losses arising from experience	(391)	(1,676)
Value of the net liability (asset) to be recognised in "Other Comprehensive income"	(7,176)	21,063

The amounts charged to the Income Statement can be summarised as follows:

(in thousands of Euro)	12.31.2015	12.31.2014
Current service cost	1,647	1,769
Net interest cost	1,453	833
Past service cost	-	(1,794)
Actuarial (gains)/losses recognised during the year on "Other long-term benefits"- Jubilee benefit	164	(1,102)
Non-management costs of plan assets	677	1,001
Settlements/Curtailments	-	(860)
TOTAL	3,941	(153)

Items “Current service cost”, “Past service cost” and “Non-management costs of plan assets” are included in the various “Labour cost” lines of Income Statement items.
Line “Financial expenses, net” is included in “Financial expenses (income), net”.
“Actuarial (gains) losses related to jubilee benefits recognized during the year” and “Settlements/Curtailments” are included in “Other non-operating expenses (income)”.

Defined-benefit plans expose the Group to the following actuarial risks:

- Investment risk (only applies to British subsidiaries that hold plan assets): the present value of the defined-benefit obligation is calculated at a discount rate determined with reference to returns on AA-rated Eurozone corporate bonds; if the return on plan assets is lower than this rate, the plan will be in deficit. For this reason, and considering the long-term nature of plan liabilities, the British companies' funds diversified their portfolios to include investment in properties, debt instruments and equity instruments.

- Interest risk: a decrease in the discount rate will lead to an increase in plan liability; however, if plan assets are present, such increase will be partially offset by an increase in the return on plan investments.
- Longevity risk: the value of the defined-benefit obligation is calculated taking into account the best possible estimate of the mortality rate of plan beneficiaries; an increase in life expectancy leads to an increase in the resulting obligation.
- Inflation risk/wage inflation risk: the value of the definite-benefit plan with reference to employees in service is calculated taking into account future pay rises and inflation rate: an increase in these elements causes the relevant obligation to increase.

The following table shows the breakdown of "Pension funds" by geographical area of the relevant subsidiaries:

(in thousands of Euro)	12.31.2014			
	Great Britain	France	Other	TOTAL
Present value of defined benefit obligations	196,097	22,536	3,658	222,291
Fair value of plan assets	174,858	-	72	174,930
Deficit	21,239	22,536	3,586	47,361

(in thousands of Euro)	12.31.2015			
	Great Britain	France	Other	TOTAL
Present value of defined benefit obligations	195,409	22,650	3,642	221,701
Fair value of plan assets	179,031	-	95	179,126
Deficit	16,378	22,650	3,547	42,575

Deficit reduction in Great Britain can be traced back mainly to an increase in the discounting rate.

Note that the actuarial valuations of the "Pension funds" are carried out in collaboration with external specialists.

The following paragraphs summarise the pension systems in the geographical areas that affect the Group the most: Great Britain and France.

Great Britain

In Great Britain, pension plans are mainly private, being made with fund management companies and administered independently from the company.
They are classified as defined-benefit plans subject to actuarial valuation that are accounted for according to the corridor approach as provided for by IAS 19.
With regard to plan governance, administrators are representatives of employees, former employees and employer; they are required by law to act in the interest of the fund and of all main stakeholders and are responsible for the investment policies adopted for plan assets.
With regard to the nature of employee benefits, employees are entitled to a post-employment annuity calculated by multiplying a portion of the wage earned at retirement age by the number of years of service until retirement age.

The main assumptions used in the actuarial valuation of these "Pension funds" were as follows:

	12.31.2015	12.31.2014
Discount rate %	3.9	3.6
Expected annual wage rise %	2.2-3.7	2.1-3.6
Annual inflation rate %	2.2-3.2	2.1-3.1
Retirement age	65	65

The higher "Discount rate" versus the previous year reflects the upward trend in returns on AA-rated UK corporate bonds recorded in 2015. The "Discount rate" is calculated based on the returns on Eurozone AA-rated corporate bonds (average duration of 13 years) adjusted for the longer average duration of the bond (19 years).

Changes in the present value of the UK funds obligation for 2015 and 2014 were as follows:

(in thousands of Euro)	12.31.2015	12.31.2014
Present value of defined benefit obligations at the beginning of the period	196,097	158,622
Current service cost	269	172
Financial expenses	7,481	7,370
Remeasurement (gains)/losses:		
- Actuarial (gains)/losses arising from changes in demographic assumptions	-	-
- Actuarial (gains)/losses arising from changes in financial assumptions	(13,825)	25,694
- Actuarial (gains)/losses arising from experience	-	-
Past service cost	-	(1,731)
Contribution paid by plan participants	227	212
Settlements/Curtailments	-	-
Exchange differences	12,156	12,049
Benefits paid	(6,996)	(6,291)
Present value of defined benefit obligations at the end of the period	195,409	196,097

Changes in the fair value of UK plan assets are illustrated in the table below:

(in thousands of Euro)	12.31.2015	12.31.2014
Fair value of plan assets at the beginning of the period	174,858	158,365
Interest income	6,668	7,428
Remeasurement (gains)/losses:		
Return on plan assets	(7,530)	3,392
Non investment expenses	(677)	(1,001)
Contribution paid by the company	1,696	1,430
Contribution paid by plan participants	227	212
Settlements/Curtailments	-	-
Exchange differences	10,785	11,323
Benefits paid	(6,996)	(6,291)
Fair value of plan assets at the end of the period	179,031	174,858

Allocations of the fair value of plan asset based on type of financial instrument were as follows:

	12.31.2015	12.31.2014
Debt instruments	23.3%	28.2%
Equity instruments	32.2%	44.2%
Real estate investments	0.3%	0.5%
Cash	13.7%	8.6%
Derivatives	28.4%	16.8%
Other assets	2.1%	1.7%
TOTAL	100.0%	100.0%

The fair value of these financial instruments was measured based on quoted prices available in active markets.

Asset allocation at the end of the year 2015 shows an increase in derivative instruments. Such increase reflects a change in the investment strategy aimed at reducing risk, that favours Liability Driven Investment strategies (investment approach that identifies strategic asset allocation based on the liability, albeit implicit, to be hedged). In line with this approach, and in order to improve the efficiency of the investment strategy, investments in derivative instruments were increased to hedge for the exchange, interest rate and inflation risks associated with certain investment strategies.
Please note that the fund's dynamic management strategy requires asset allocation to be adjusted to present economic conditions and future expectations.

Debt instruments are mostly foreign corporate securities. Equity instruments are mostly foreign securities (emerging country securities constitute a minimal share).

The Trustee Board periodically reviews the plan's investment strategies and diversifies them by risk and asset profitability. These strategies take into account the nature and duration of liabilities, the fund's financing needs and the employer's ability to meet the fund's commitments. The fund of subsidiary Sogefi Filtration Ltd uses derivative financial instruments to hedge the risk of changes in liability value connected with inflation, exchange and interest rates.

With regard to the impact of the defined-benefit plan of the UK companies on the Group's future cash flows, expected contributions to the plans for the next year total Euro 1,428 thousand.

Average bond duration as of December 31, 2015 is approximately 19 years.

In compliance with the IAS 19, a sensitivity analysis was performed to determine how the present value of the bond changes as the most significant actuarial assumptions change, other actuarial assumptions being equal.
Considering the peculiar operation of UK funds, the following actuarial assumptions are considered significant:

- Discount rate
- Wage inflation rate
- Life expectancy

An overview of the changes in the present value of the obligation triggered by changes in these actuarial assumptions is provided below:

(in thousands of Euro)	12.31.2015	
	+1%	-1%
Discount rate	(31,802)	41,233
Rate of salary increase	2,406	(2,170)

(in thousands of Euro)	12.31.2015	
	+ 1 year	- 1 year
Life expectancy	5,076	(5,125)

France

Pensions in France are essentially based on state pension plans and the responsibility of the company is limited to paying the contributions established by law.

In addition to this basic assistance guaranteed by the state, retiring employees are also entitled to other additional amounts under collective labour agreements that are determined based on length of service and salary level, and are only paid if the employee reaches retirement age in the company. An employee leaving the company before retirement age will lose these additional benefits.

These additional benefits are recognised as a liability for the company and, in accordance with IAS 19, they are considered as defined-benefit plans subject to actuarial valuation.

In addition to the retirement indemnity, a collective labour agreement provides for a "*Jubilee benefit*" (which is calculated with a different method at each different French subsidiary) that vests upon reaching 20, 30, 35 and 40 years of service with the company. Under the IAS 19, this "Jubilee benefit" falls under the residual category of "Other long-term benefits" and is subject to actuarial valuation; actuarial gains (losses) must be recognised in the Income Statement for that year. Employees will lose the bonus falling due upon the different service jubilee bonuses if they leave the company before reaching the years of service mentioned above.

The main assumptions used in the actuarial valuation of these "Pension funds" were as follows:

	12.31.2015	12.31.2014
Discount rate %	2.5	2.4
Expected annual wage rise %	2.5	2.5
Annual inflation rate %	1.8	1.0
Retirement age	62-67	62-67

The "Discount rate" is calculated based on the returns on Eurozone AA-rated corporate bonds (average duration of 15 years).

Changes in the "Present value of defined benefit obligations" were as follows:

(in thousands of Euro)	12.31.2015	12.31.2014
Present value of defined benefit obligations at the beginning of the period	22,536	24,814
Current service cost	1,275	1,529
Financial expenses	541	781
Remeasurement (gains)/losses:		
- Actuarial (gains)/losses arising from changes in demographic assumptions	(305)	(230)
- Actuarial (gains)/losses arising from changes in financial assumptions	(187)	339
- Actuarial (gains)/losses arising from experience	(460)	(1,716)
- Actuarial (gains)/losses related to "Other long-term benefits" - Jubelee benefit	163	(1,099)
Settlements/Curtailments	-	(860)
Benefits paid	(913)	(1,022)
Present value of defined benefit obligations at the end of the period	22,650	22,536

"Actuarial (gains)/losses arising from experience adjustments" reflect the difference between actuarial assumptions and what occurred in practice (for instance, in terms of employee turnover, wage inflation or inflation rate).

The sensitivity analysis of the French funds was performed by varying the following actuarial assumptions:

- Discount rate
- Wage inflation rate

An overview of the changes in the present value of the obligation triggered by changes in these actuarial assumptions is provided below:

(in thousands of Euro)	12.31.2015	
	+1%	-1%
Discount rate	(3,058)	3,528
Rate of salary increase	3,406	(3,070)

Provision for employment termination indemnities

This aspect only concerns the Group's Italian companies, where pensions are represented by state plans and the company's responsibility is limited to regular payment of social contributions each month.
In addition to state-provided pensions, employees are entitled by law to a termination indemnity that accrues in accordance with length of service and is paid when an employee leaves the company.
The termination indemnity is calculated based on the length of service and taxable remuneration of each employee.
The corresponding liability is put aside in a specific provision and the amounts accrued in previous years are subject to annual revaluation based on the official cost-of-life index and at the legal interest rates; it is not associated with any conditions or accrual

periods, nor does it require any financial provision; as a result, there are no assets underlying the provision.
This termination indemnity is considered as a defined-benefit provision, but subject to actuarial valuation for the part relating to the expected future benefits in respect of past service (which is the part subject to annual revaluation).
Further to the amendments to the “Provision for employment termination indemnities” introduced by Law 296 of December 27, 2006 and subsequent decrees and regulations issued in the early part of 2007, for companies with 50 or more employees (Sogefi Rejna S.p.A.), the portions of the provision accruing as from January 1, 2007 are transferred - at employee's option - to supplementary pension funds or to the treasury fund held by INPS (the Italian social security authority) or to supplementary pension schemes, and are considered as “defined-contribution plans”. These amounts therefore do not require actuarial valuation and are no longer booked to the “Provision for employment termination indemnities”. The “Provision for employment termination indemnities” accruing up to December 31, 2006 is still a “defined-benefit plan”, consequently requiring actuarial valuation, which however will no longer take account of the component relating to future wage inflation.
In accordance with the IAS 19, for companies with less than 50 employees (Holding Company Sogefi S.p.A.) the provision is entirely accounted for as a “Definite-benefit plan” and is subject to actuarial valuation.

The assumptions taken into consideration when carrying out the actuarial valuation of the “Provision for employment termination indemnities” were as follows:

- Macroeconomic assumptions:
1. annual discount rate (IBoxx Eurozone Corporate AA Index): 1.39% (0.91% as at December 31, 2014)
2. annual inflation rate: 1.5% for 2016, 1.8% for 2017, 1.8% for 2017, 1.7% for 2018, 1.6% for 2019 and 2% from 2020 onward (as at December 31, 2014: 0.6% for 2015, 1.2% for 2016, 1.5% for 2017 and 2018, and 2% from 2019 onward)
3. annual increase in termination indemnity: 2.625% for 2015, 2.85% for 2017, 2.775% for 2018, 2.7% for 2019 and 3.0% from 2020 onward (as at December 31, 2014: 1.95% for 2015, 2.4% for 2016, 2.625% for 2017 and 2018, and 3% from 2019 onward)

- Demographic assumptions:
1. rate of voluntary resignations: 3% - 10% of the workforce (same assumptions adopted as of December 31, 2014);
2. retirement age: it was assumed that employees would reach the first of the requirements valid for mandatory general social security (same assumptions adopted as of December 31, 2014);
3. probability of death: the RG48 mortality tables produced by the General State Accounting Body were used (same assumptions adopted as of December 31, 2014);
4. probability of advanced settlement: an annual value of 2% - 3% each year was assumed (same assumptions adopted as of December 31, 2014);
5. INPS' table split by age and gender was used for the probability of disability (same assumptions adopted as of December 31, 2014).

The provision changed as follows during the period:

(in thousands of Euro)	12.31.2015	12.31.2014
Opening balance	8,405	7,685
Accruals for the period	(162)	309
Amounts recognised in "Other Comprehensive Income"	(351)	631
Contributions paid	(1,576)	(220)
TOTAL	6,316	8,405

The amounts charged to the Income Statement can be summarised as follows:

(in thousands of Euro)	2015	2014
Current service cost	117	120
Curtailment	(345)	-
Financial charges	66	189
TOTAL	(162)	309

Item "Curtailment" includes an adjustment of Euro 345 thousand made to the provision booked in the previous years.

Average bond duration as of December 31, 2015 is approximately 8 years.

The sensitivity analysis of the provision for employment termination indemnities is outlined below: The table below shows the changes in the provision triggered by changes in the following actuarial assumptions:
- Discount rate
- Wage inflation

(in thousands of Euro)	12.31.2015	
	+0,5%	-0,5%
Discount rate	(211)	223
Rate of salary increase	4	(4)

Provision for restructuring

These are amounts set aside for restructuring operations that have been officially announced and communicated to those concerned, as required by IAS/IFRS.

The provision changed as follows during the period:

(in thousands of Euro)	12.31.2015	12.31.2014
Opening balance	19,296	16,870
Accruals for the period	1,535	11,132
Utilisations	(14,438)	(7,289)
Provisions not used during the period	(440)	(1,138)
Other changes	(373)	(208)
Exchange differences	(386)	(71)
TOTAL	5,194	19,296

"Utilisations" (booked as reductions of provisions previously accrued provisions) relate nearly entirely to the French subsidiaries Filtrauto S.A. and Allevard Rejna Autosupensions S.A. and to subsidiary Sogefi Filtration do Brasil Ltda.

Changes in "Accruals for the period" net of the "Provisions not used during the period" (amounts set aside during previous years in excess of amounts actually paid), total Euro 1,095 thousand; this figure is booked to the Income Statement under "Restructuring costs".

"Other changes" reflect a reclassification to provision for "Lawsuits".

Provisions for disputes with tax authorities

This refers to tax disputes under way with local European and South American tax authorities, for which the appropriate provisions have been made, even though the final outcome is not yet certain.

The provision changed as follows during the period:

(in thousands of Euro)	12.31.2015	12.31.2014
Opening balance	2,179	878
Accruals for the period	70	1,430
Utilisations	(1,482)	(117)
Provisions not used during the period	(500)	-
Exchange differences	(65)	(12)
TOTAL	202	2,179

"Utilisations" for the year mainly relate to subsidiary Systèmes Moteurs S.A.S. as a result of the settlement of a dispute dating back to the 2009-2011 period.

The "Provisions not used during the period" relate to amounts accrued during previous years by the European subsidiaries in excess of amounts actually paid.

Provision for phantom stock options

The provision for Phantom Stock Options refers to the fair value measurement of options related to Phantom Stock Option 2007 incentive plan, still in existence, for the Director who filled the post of Managing Director when the plan was issued. The variation of the fair value, negative by Euro 8 thousand, was recognised in the income statement, in item "Directors' and statutory auditors' remuneration" in 2015.

Provision for product warranties

The provision changed as follows during the period:

(in thousands of Euro)	12.31.2015	12.31.2014
Opening balance	25,874	22,538
Accruals for the period	16,520	5,810
Utilisations	(18,739)	(2,658)
Provisions not used during the period	(17)	(85)
Other changes	(18)	261
Exchange differences	(362)	8
TOTALE	23,258	25,874

The item reflects for the most part liabilities connected with product warranty risks of the Systèmes Moteurs Group.
The item also includes minor provisions for product warranties by Group companies and allocations made to provision for specific risks relating to employees and third parties.

With regard to provision for product warranties, there are claims in progress by two customers relating to a defective component supplied by subsidiary Systèmes Moteurs S.A.S. starting from 2010 before and partly after the subsidiary was acquired by the Sogefi Group. The Company believes that the defect was caused by a thermostat manufactured by a supplier of Systèmes Moteurs S.A.S. and in 2012 filed a law suit against that supplier at the French courts seeking indemnity for any damages it might have to pay to its customers.

The court appointed a technical expert to write an expert witness report (*expertise*) in June 2012. Merit proceedings were suspended pending submission of the expert witness report. The expert established that the defect was caused by the thermostat manufactured by the supplier of Systèmes Moteurs S.A.S..
In 2014, the two customers joined the *expertise* proceedings and petitioned for their damages to be determined in the expert witness report. Their petition was accepted and the expert's assignment was extended accordingly.
Previously, both customers had requested an out-of-court settlement for damages. To date, neither customer is involved in any other proceedings.

The customers claimed Euro 122.8 million in damages, mostly relating to past and future campaigns and Euro 65.9 million for damage to reputation and loss of future income.
Based on existing proceedings, the Company and its legal counsel deem that there is only a remote possibility that a liability will arise from the latter claim.

With regard to the first amount claimed, each claim was broken down by period of production to reflect the associated production costs. According to the Company's estimates, Euro 60.4 million of the 122.8 million claimed relate to the period before Systèmes Moteurs was purchased by the Sogefi Group, and Euro 26.6 million relate to the 7 following months.
The Company has already paid Euro 3 million by issuing debit notes in favour of customers. In addition, the Company paid Euro 18.0 million to the two customers in the first half of 2015. Systèmes Moteurs S.A.S. paid out these amounts to the above mentioned customers on a provisional basis under standstill agreements, without any admission of liability. Such amounts will be adjusted or partly refunded as required when the Court decides on the merits of the case.

As of June 30, 2015, according to general prudence principles, the Company decided to set aside an additional provision of Euro 11.8 million for product warranties. This amount was reviewed in light of the latest developments at the end of 2015. The Company believes that this provision is still adequate.

With regard to the indemnities owed by the seller of Systèmes Moteurs S.A.S. shares, it is worthwhile pointing out that the Sogefi Group entered an indemnification asset totalling Euro 23.4 million in the Consolidated Financial Statements in 2011, because the seller Dayco Europe S.r.l. had provided contractual guarantees relating to defect liability claims existing at the time of the acquisition, including those noted above.
As of December 31, 2015, such indemnification asset has been valued according to IFRS 3.57, and is still believed to be recoverable based on the contractual guarantees given by the seller and the considerations outlined above.
The Sogefi Group has not booked any such assets after 2011.
Sogefi S.p.A. initiated international arbitration proceedings against the seller of Systèmes Moteurs S.A.S.' shares to recover the costs incurred after the Systèmes Moteurs S.A.S. acquisition date, as provided for by the acquisition contract. An arbitration award is expected during the first half of 2016.

It should be noted that these are complex proceedings that involve passing judgement on technical, juridical and commercial matters, and present uncertainties connected with the outcome of the proceedings before the French courts and the arbitration award. Estimates concerning risks provision and the recovery of booked assets are based on the best information available at the time of preparing the financial statements. They are subject to change as events evolve.

Supplementary indemnity reserves for agents and Lawsuits

The provisions changed as follows during the period:

(in thousands of Euro)	12.31.2014	
	Agent's termination indemnities	Lawsuits
Opening balance	96	985
Accruals for the period	6	502
Utilisations	-	(114)
Provisions not used during the period	-	(24)
Other changes	-	(228)
Exchange differences	-	(12)
TOTAL	102	1,109

(in thousands of Euro)	12.31.2015	
	Agent's termination indemnities	Lawsuits
Opening balance	102	1,109
Accruals for the period	-	976
Utilisations	-	(392)
Provisions not used during the period	(98)	(284)
Other changes	-	373
Exchange differences	-	(124)
TOTAL	4	1,658

Amounts stated in the financial statements represent the best possible estimates of liabilities at year-end date.
Item "Lawsuits" includes litigation with employees and third parties. The allocation of Euro 976 thousand mainly relates to subsidiary Filtrauto S.A. for disputes with employees.

Other payables

"Other payables" amount to Euro 9,195 thousand (Euro 6,988 thousand as of December 31, 2014). The increase in the item mainly relates to subsidiary Systèmes Moteurs S.A.S. and reflects costs incurred in research and development projects charged back to customers that will be accounted for as revenue over the life of the project starting at the time capitalised R&D costs are depreciated.
The item includes Euro 6,882 thousand (Euro 6,765 thousand as at December 31, 2014) which reflect the fair value of the liability associated with the exercise price of the put option held by non-controlling shareholders of subsidiary Sogefi M.N.R. Engine Systems India Pvt Ltd with reference to 30% of the share capital of the company resulting from the merger between Sogefi M.N.R. and subsidiary Systèmes Moteurs India Pvt Ltd. The option may be exercised after December 31, 2016. The fair value of such liability represents a reasonable estimate of the option exercise price, and was determined using the method that involves discounted cash flows method, based on the cash flows of the 2016 budget and the projections for 2017-2019 of the affected subsidiary. A discount rate of 16.06% was applied and terminal value was calculated using the "perpetual annuity" approach, assuming a growth rate of 7.6%, consistently with the sector performance in the Indian market.
Discount rate was calculated based on weighted average cost of capital and the following parameters (extrapolated from the main financial sources):

- financial structure of the industry: 17.1% (the same as the one used in the impairment test)
- levered beta of the industry: 1.12 (the same as the one used in the impairment test)
- risk-free rate: 7.75% (annual average of risk free rates of 10-year Indian securities)
- risk premium: 8.4%

20. DEFERRED TAX ASSETS AND LIABILITIES

The following details of deferred tax assets and liabilities are provided in light of the IAS/IFRS disclosure requirements.

(in thousands of Euro)	12.31.2015		12.31.2014	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Deferred tax assets:				
Allowance for doubtful accounts	2,552	721	3,273	942
Fixed assets amortisation/writedowns	31,744	9,212	31,329	9,750
Inventory writedowns	4,421	1,466	5,645	1,865
Provisions for restructuring	882	291	9,383	3,169
Other provisions - Other payables	78,819	24,454	77,326	23,409
Fair value derivative financial instruments	11,473	2,754	16,299	4,483
Other	12,371	3,797	17,851	5,669
Deferred tax assets for tax losses incurred during the year	5,962	2,009	17,563	4,944
Deferred tax assets for tax losses incurred during previous years	66,338	20,597	53,009	16,895
TOTAL	214,562	65,301	231,678	71,126
Deferred tax liabilities:				
Accelerated/excess depreciation and amortisation	68,490	18,704	72,637	20,119
Difference in inventory valuation methods	622	155	758	204
Capitalisation of R&D costs	44,785	14,968	46,955	15,796
Other	27,044	2,437	32,666	2,745
TOTAL	140,941	36,264	153,016	38,864
Deferred tax assets (liabilities) net		29,037		32,262
Temporary differences excluded from the calculation of deferred tax assets (liabilities):				
Tax losses carried forward	100,779	32,532	88,670	28,223

The tax effect has been calculated on the basis of the rates applicable in the various countries, which are in line with those of the previous year, except for the tax rate applicable to UK subsidiaries, which decreased from 20% to 19%, and that applicable to Italian companies, which decreased from 27.5% to 24% for deferred tax expected to be reversed starting in 2017.

The decrease in "Deferred tax assets (liabilities), net" compared with December 31, 2014 amounts to Euro 3,225 thousand and differs by Euro 2,920 thousand from the amount shown in the Income Statement under "Income taxes – Deferred tax liabilities (assets)" (Euro 305 thousand) due to:
- movements in financial items that did not have any effect on the income statement and therefore the related negative tax effect amounting to Euro 3,583 thousand has been accounted for as Other comprehensive income (expenses) (negative effect of the fair value of derivatives designated as cash flow hedges was Euro 1,731 thousand; negative effect of actuarial gains/losses arising from the adoption of the IAS 19 was Euro 1,852 thousand);
- negative effect of tax losses of previous years reclassified from deferred tax assets to amounts receivable from CIR for Euro 514 thousand (without any impact on the consolidated income statement); this amount reflects the share of tax losses for the year 2014 offset by taxable income generated in 2015 by the CIR Group tax filing system that the Company has joined);
- exchange differences with a positive effect of Euro 1,177 thousand.

The decrease in the tax effect relating to item "Provisions for restructuring" mainly arises from the outlay of amounts previously accrued to provisions for restructuring at subsidiary Filtrauto S.A..

The increase in the tax effect relating to item "Other provisions - Other payables" mostly originates from an increase in the liabilities associated with provisions for product warranty risks.

The decrease in the tax effect relating to item "Fair value of derivatives" mainly relates to the Holding Company Sogefi S.p.A. and reflects the increased fair value of CCS contracts as well as the portion of reserve previously booked to Other comprehensive income relating to IRS contracts no longer designated for hedge accounting recognised in Income Statement.

Item "Other" of deferred tax assets includes various types of items, such as for example costs for which tax deduction is deferred (for example, amounts allocated to remuneration accrued in 2015 not yet paid).

"Deferred tax assets for tax losses incurred during the year" relate to the following companies:

- French subsidiaries Allevard Rejna Autosuspensions S.A. for Euro 887 thousand, Systèmes Moteurs S.A.S. for Euro 478 thousand and Filtrauto S.A. for Euro 529 thousand. These taxes were recognised because it is believed to be probable that taxable income will be available in the future against which such tax losses can be utilised;

- subsidiary Sogefi Filtration S.A. for Euro 115 thousand. These taxes were recognised because it is believed to be probable that taxable income will be available in the future against which such tax losses can be utilised.

"Deferred tax assets for tax losses incurred during the year" relate to the Holding Company Sogefi S.p.A. (Euro 3,495 thousand, Euro 4,261 thousand as of December 31, 2014) and to subsidiaries Sogefi Rejna S.p.A. (Euro 49 thousand, accrued in 2014), Allevard Sogefi U.S.A. Inc. (Euro 8,615 thousand; Euro 7,725 thousand as of December 31, 2014: the increase in the amount is due to the effect of exchange rates - the amount in USD is unchanged from 2014, as the deferred tax assets utilised after the positive result in 2015 were compensated for by new deferred tax assets on losses in previous years), Allevard Rejna Autosupensions S.A. (Euro 3,356 thousand; unchanged compared to December 31, 2014), Sogefi Filtration Ltd (Euro 1,737 thousand; Euro 2,284 thousand as of December 31, 2014), Sogefi Filtration S.A. (Euro 2,081 thousand; Euro 2,111 thousand as of December 31, 2014), United Springs S.A.S. (Euro 717 thousand; Euro 872 thousand as of December 31, 2014) and Systèmes Moteurs S.A.S. (Euro 547 thousand, unchanged compared to December 31, 2014). These taxes were recognised because it is believed to be probable that taxable income will be available in the future against which such tax losses can be utilised. Such probability is determined based on the fact that losses have originated under extraordinary circumstances that are unlikely to occur again, such as restructuring plans currently under way or occurred in the past. It should also be noted that the losses incurred by the UK and the Spain subsidiaries can be carried forward indefinitely. The losses of the French subsidiaries can be carried forward indefinitely but the new law passed in 2012 has maintained a limit for the amount that can be utilised each year, making recovery time longer. The losses of the US subsidiary can be carried forward over a period of up to 20 years since they were incurred. The losses of the Holding Company Sogefi S.p.A. and of subsidiary Sogefi Rejna S.p.A. are likely to be recovered taking into account that the companies have joined the CIR Group tax filing system in the past.

Note that the deferred tax assets relating to the "Allowance for doubtful accounts" and to the "Inventory writedowns" include amounts that will mainly be reversed in the twelve months following year end.

Column "Amount of temporary differences" of item "Other" of deferred tax liabilities includes: Euro 21,375 thousand relating to dividends expected to be paid to the French and Canadian subsidiaries in the short term, subject to a 3% and 5% tax rate, respectively, at the time payment; Euro 1,846 thousand relating to the taxed portion of dividends expected to be paid to the French subsidiaries and the Holding Company Sogefi S.p.A. in the short term; other minor items for Euro 3,823 thousand.

As regards the figures shown under "Temporary differences excluded from the calculation of deferred tax assets (liabilities)", deferred tax assets were not booked as, at year end, there was not a probability that they would be recovered. "Tax losses carried forward" mainly relate to subsidiaries Allevard Sogefi U.S.A. Inc. (down from the previous year after they were offset against the positive result of 2015), Allevard Rejna Autosupensions S.A. (portion of losses not recognised in deferred tax assets because it can not be recovered in the specific period of the company's long-term plan), Sogefi

Filtration Ltd (portion of losses not recognised in deferred tax assets because it can not be recovered in the specific period of the company's long-term plan), Sogefi Filtration do Brasil Ltda, Allevard Rejna Argentina S.A., S. ARA Composite S.A.S., Chinese and Indian subsidiaries.

Please note that the deferred tax assets recognised in the previous years by subsidiaries Sogefi Filtration do Brasil Ltda and Allevard Rejna Argentina S.A. were written down (for an amount of approximately Euro 2,900 thousand) in 2015 as they are deemed to be no longer recoverable because of the deteriorated macroeconomic local context.

21. SHARE CAPITAL AND RESERVES

Share capital

The share capital of the Holding Company Sogefi S.p.A. is fully paid in and amounts to Euro 61,681 thousand as of December 31, 2015 (Euro 61,631 thousand as of December 31, 2014), split into 118,618,055 ordinary shares with a par value of Euro 0.52 each.

Share capital increased from Euro 61,631 thousand (split into 118,521,055 shares) to Euro 61,681 thousand (split into 11,618,055 shares) in 2015. All ordinary shares are fully paid up. No shares are encumbered by rights, liens or limitations relating to dividend distribution.

As of December 31, 2015, the Company has 3,252,144 treasury shares in its portfolio, corresponding to 2.74% of share capital.

Movements in the shares outstanding are as follows:

(Shares outstanding)	2015	2014
No. shares at start of period	118,521,055	117,222,292
No. shares issued for subscription of stock options	97,000	1,298,763
No. of ordinary shares as of December 31	118,618,055	118,521,055
No. shares issued for subscription of stock options booked to "Other reserves" at December 31, 2013	-	-
Treasury shares	(3,252,144)	(3,430,133)
No. of shares outstanding as of December 31	115,365,911	115,090,922

The following table shows the changes in the Group's equity:

Shareholder's equity of the Group

(in thousands of Euro)	*Share capital*	*Share premium reserve*	*Reserve for treasury shares*	*Treasury shares*	*Translation reserve*	*Legal reserve*	*Cash flow hedging reserve*	*Share-based incentive plans reserve*	*Actuarial gain/loss reserve*	*Tax on items booked in Other Comprehensive Income*	*Other reserves*	*Retained earnings*	*Net result for the period*	*Total*
Balance at December 31, 2013	*60,924*	*11,720*	*8,592*	*(8,592)*	*12,320*	*4,603*	*(27,660)*	*(16,788)*	*(15,255)*	*8,002*	*3,237*	*106,260*	*21,124*	*168,487*
Paid share capital increase	707	1,942	-	-	-	-	-	-	-	-	(126)	-	-	2,523
Allocation of 2013 net profit:														
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	21,124	(21,124)	-
Recognition of share-based incentive plans	-	-	-	-	-	852	-	-	-	-	-	-	-	852
Other changes	-	761	(761)	761	-	(724)	-	-	-	-	-	(3,078)	-	(3,041)
Fair value measurement of cash flow hedging instruments: share booked to OCI	-	-	-	-	-	-	-	(9,413)	-	-	-	-	-	(9,413)
Fair value measurement of cash flow hedging instruments: share booked to income statement	-	-	-	-	-	-	-	9,603	-	-	-	-	-	9,603
Actuarial gain/loss	-	-	-	-	-	-	-	-	(21,694)	-	-	-	-	(21,694)
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	4,146	-	-	-	4,146
Currency translation differences	-	-	-	-	-	-	6,116	-	-	-	-	-	-	6,116
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	-	3,639	3,639
Balance at December 31, 2014	*61,631*	*14,423*	*7,831*	*(7,831)*	*12,340*	*4,731*	*(21,544)*	*(16,598)*	*(36,949)*	*12,148*	*3,111*	*124,286*	*3,639*	*161,218*
Paid share capital increase	50	95	-	-	-	-	-	-	-	-	-	-	-	145
Allocation of 2014 net profit:														
Legal reserve	-	-	-	-	300	-	-	-	-	-	-	(300)	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	3,639	(3,639)	-
Recognition of share-based incentive plans	-	-	-	-	-	642	-	-	-	-	-	-	-	642
Fair value measurement of embedded derivative (conversion option)	-	-	-	-	-	-	-	-	-	-	9,090	-	-	9,090
Other changes	-	406	(406)	406	-	(712)	-	-	-	-	-	202	-	(104)
Fair value measurement of cash flow hedging instruments: share booked to OCI	-	-	-	-	-	-	-	1,336	-	-	-	-	-	1,336
Fair value measurement of cash flow hedging instruments: share booked to income statement	-	-	-	-	-	-	-	3,495	-	-	-	-	-	3,495
Actuarial gain/loss	-	-	-	-	-	-	-	-	7,527	-	-	-	-	7,527
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(3,583)	-	-	-	(3,583)
Currency translation differences	-	-	-	-	-	-	(10,043)	-	-	-	-	-	-	(10,043)
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	-	1,120	1,120
Balance at December 31, 2015	61,681	14,924	7,425	(7,425)	12,640	4,661	(31,587)	(11,767)	(29,422)	8,565	12,201	127,827	1,120	170,843

Share premium reserve
It amounts to Euro 14,924 thousand compared with Euro 14,423 thousand in the previous year.
The increase by Euro 95 thousand accounts for share subscriptions under stock option plans.
In 2015, the Holding Company Sogefi S.p.A. credited Euro 406 thousand to the Share premium reserve after the free grant of 177,989 treasury shares to 2011, 2012 and 2013 Stock Grant beneficiaries.

Treasury shares
Item "Treasury shares" reflects the purchase price of treasury shares. Movements during the year amount to Euro 406 thousand and reflect the free grant of 177,989 treasury shares as reported in the note to "Stock-based incentive plans reserve".

Translation reserve
This reserve is used to record the exchange differences arising on the translation of foreign subsidiaries' financial statements.
Movements in the period show a decrease of Euro 10,043 thousand mainly attributable to the depreciation of Argentine peso, Brazilian real and Canadian dollar against the Euro.

Reserve for actuarial gains/losses
This reserve reflects the net impact of the application of the amendment to IAS 19 "Employee Benefits" on other actuarial gains (losses) as at January 1, 2012. The item also includes actuarial gains and losses accrued after January 1, 2012 and recognised under Other Comprehensive Income.

Cash flow hedging reserve
This reserve has changed as a result of accounting for the cash flows deriving from instruments that for IAS 39 purposes are designated as "cash flow hedging instruments".
Changes during the period show an increase of Euro 4,831 thousand which breaks down as follows:

- increase of Euro 1,901 thousand as a consequence of the change after December 31, 2014 in the fair value of the existing effective hedging contracts;
- increase of Euro 2,930 thousand reflecting the portion of reserve relating to contracts no longer in hedge accounting that will be recognised in the Income Statement over the same period of time as the differentials relating to the underlying hedged item.

Stock-based incentive plans reserve
The reserve refers to credit to equity for stock-based incentive plans, assigned to Directors, employees and co-workers, resolved after November 7, 2002, including the portion relating to the stock grant plan approved in 2015.
In 2015, further to Stock Grant Plan beneficiaries exercising their rights and due to the corresponding free grant of 177,989 treasury shares, the amount of Euro 393 thousand, corresponding to the fair value at right (Unit) allocation date, was reclassified from "Stock- based incentive plans reserve" increasing the "Share premium reserve" (for Euro 406 thousand) and decreasing "Retained earnings reserve" (for Euro 13 thousand).

In 2015, the amount of Euro 319 thousand was reclassified in “Retained earnings reserve” after stock option plans expired and the 2011 stock grant plan was cancelled because the Performance Units did not meet market conditions.
While the increase by Euro 642 thousand refers to the cost of accruing plans.

Other reserves
This item amounts to Euro 12,201 thousand (Euro 3,111 thousand as of December 31, 2014).

Upon the decision of the Board of Directors of January 19, 2015 and the execution of a formal waiver (Deed Poll), subject to the British law, on January 28, 2015 (notified to the agent on January 29, 2015), the Holding Company Sogefi S.p.A. has unilaterally waived its right to refund the convertible bonds in cash rather than ordinary shares in case of the conversion right being exercised under the bond issue regulations. This waiver is final, unconditional and irrevocable. The matter of the waiver to this right has a similar effect, under the British law, to an amendment to the bond issue regulations. The Holding Company Sogefi S.p.A. reviewed the liability-equity classification of the option made upon initial recognition of the option (because the call option rights granted to the Company were waived irrevocably, finally and unconditionally). As a result, the Holding Company Sogefi S.p.A. reclassified the fair value of the option of Euro 9,090 thousand (calculated based on the same model applied on December 31, 2014) from “Other medium/long-term liabilities for derivative financial instruments” to "Other reserves – convertible debt equity components".

Retained earnings
These totalled Euro 127,827 thousand and include amounts of profit that have not been distributed.
The increase of Euro 202 thousand refers to the following events:

- the interest held by subsidiary Allevard Rejna Autosuspensions S.A. in subsidiary Allevard IAI Suspensions Pvt Ltd. increased from 73.91% to 74.23% through a share capital increase not subscribed by non-controlling interests that led to an amount of Euro 7 thousand being reclassified between non-controlling interests and Group's shareholders' equity;
- the interest held by subsidiary Allevard Rejna Autosuspensions S.A. in S.ARA Composite S.A.S. increased from 95% to 90.91% through a share capital increase not subscribed by non-controlling interests that led to an amount of Euro 97 thousand being reclassified between non-controlling interests and Group's shareholders' equity;
- reclassification of the above mentioned "Stock-based incentive plans reserve" as outlined above (Euro 306 thousand).

Tax on items booked in Other Comprehensive Income
The table below shows the amount of income taxes relating to each item of Other Comprehensive Income:

(in thousands of Euro)	2015			2014		
	Gross value	Taxes	Net value	Gross value	Taxes	Net value
- Profit (loss) booked to cash flow hedging reserve	4,831	(1,731)	3,100	190	5,316	5,506
- Actuarial gain (loss)	7,527	(1,852)	5,675	(21,698)	(1,170)	(22,868)
- Profit (loss) booked to translation reserve	(9,834)	-	(9,834)	6,837	-	6,837
- Total Profit (loss) booked in Other Comprehensive Income	2,524	(3,583)	(1,059)	(14,671)	4,146	(10,525)

Tax constraints applicable to certain reserves

The equity of Holding Company Sogefi S.p.A. includes Reserves under tax suspension and its share capital is subject to constraints under tax suspension after revaluation reserves were utilised in the past, for a total amount of Euro 24,164 thousand.
The Holding Company has made no allocations for deferred tax liabilities to such reserves,
that, if distributed, would count towards taxable income of the Company, because it is not deemed likely that they will be distributed.

Non-controlling interests

The balance amounts to Euro 19,553 thousand and refers to the portion of shareholders' equity attributable to non-controlling interests.

The reserve increased by Euro 104 thousand during the year (decrease is booked to "Other changes" in the "Consolidated Statement of Changes in Equity") traced back to the above mentioned changes in the interest held in subsidiaries S.ARA Composite S.A.S. (Euro 97 thousand) and Allevard IAI Suspensions Pvt Ltd. (Euro 7 thousand).

Details of non-controlling interests are given below:

(in thousands of Euro)		*% owned by third parties*		*Loss (profit) attributable to non-controlling interests*		*Shareholders' equity attributable to non-controlling interests*	
Subsidiary's name	Region	12.31.2015	12.31.2014	12.31.2015	12.31.2014	12.31.2015	12.31.2014
S.ARA Composite S.A.S.	France	5.00%	6.29%	(159)	(116)	463	524
Iberica de Suspensiones S.L.	Spain	50.00%	50.00%	4,239	4,103	15,557	15,417
Shanghai Allevard Spring Co., Ltd	China	39.42%	39.42%	(74)	209	3,003	3,138
Allevard IAI Supensions Pvt Ltd	India	25.77%	26.09%	(80)	(136)	461	425
Sogefi M.N.R. Filtration India Pvt Ltd	India	30.00%	40.00%	-	696	-	-
Other		0.12%	0.12%	5	-	69	64
TOTAL				3,931	4,756	19,553	19,568

As required by IFRS 12, an overview of the key financial indicators of the companies showing significant non-controlling interests:

(in thousands of Euro)

Company	*Shanghai Allevard Spring Co., Ltd*		*Iberica de Suspensiones S.L.*		*Sogefi M.N.R. Filtration India Pvt Ltd*	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014	12.31.2015	12.31.2014
Current Assets	5,380	5,635	35,232	33,412	21,304	13,398
Non-current Assets	3,667	3,729	9,060	9,767	13,211	10,629
Current Liabilities	1,150	1,129	12,302	12,169	15,990	10,969
Non-current Liabilities	-	-	877	174	4,315	3,183
Shareholders' equity attributable to the Holding Company	4,894	5,097	15,557	15,418	17,995	5,918
Non-controlling interests	3,003	3,138	15,557	15,417	-	3,945
	-	-	-	-	-	-
Sales Revenue	4,175	6,189	68,685	64,331	37,790	27,064
Variable cost of sales	2,462	3,626	41,223	38,638	26,262	18,732
Other variable costs of sales	272	423	4,706	3,940	1,009	713
Fixed expenses	1,570	1,445	10,693	10,568	5,439	4,011
Non-operating expenses (income)	28	20	805	246	678	103
Income taxes	29	145	2,779	2,731	(3)	955
Income (loss) for the period	(186)	530	8,479	8,208	4,405	2,550
Income (loss) attributable to the Holding Company	(113)	320	4,240	4,104	3,739	1,286
Income (loss) attributable to non-controlling interests	(74)	209	4,239	4,103	-	696
Income (loss) for the period	(187)	529	8,479	8,207	3,739	1,982
OCI attributable to the Holding Company	279	483	-	-	(3,239)	557
OCI attributable to non-controlling interests	181	314	-	-	-	364
OCI for the period	460	797	-	-	(3,239)	403
Total income (losses) attributable to the Holding Company	166	803	4,240	4,104	500	1,843
Total income (losses) attributable to non-controlling interests	107	523	4,239	4,103	-	1,060
Total income (losses) for the period	273	1,326	8,479	8,207	500	2,385
Dividends paid to non-controlling interests	241	97	4,100	2,500	-	-
Net cash inflow (out flow) from operating activities	881	1,200	11,645	10,568	3,215	2,964
Net cash inflow (out flow) from investing activities	(84)	(316)	1,801	(1,515)	(2,818)	(3,417)
Net cash inflow (out flow) from financing activities	(612)	(857)	(8,200)	(5,000)	(221)	181
Net cash inflow (out flow)	185	27	5,246	4,053	176	(272)

22. ANALYSIS OF THE NET FINANCIAL POSITION

The following table provides details of the net financial position as required by Consob in its communication no. DEM/6064293 of July 28, 2006 with a reconciliation of the net financial position shown in the table included in the Report on operations:

(in thousands of Euro)	12.31.2015	12.31.2014
A. Cash	121,892	124,033
B. Other cash at bank and on hand (held to maturity investments)	3,949	6,953
C. Financial instruments held for trading	17	18
D. Liquid funds (A) + (B) + (C)	**125,858**	**131,004**
E. Current financial receivables	**2,369**	**2,519**
F. Current payables to banks	17,843	13,426
G. Current portion of non-current indebtedness	74,445	64,509
H. Other current financial debts	325	350
I. Current financial indebtedness (F) + (G) + (H)	**92,613**	**78,285**
J. Current financial indebtedness, net (I) - (E) - (D)	**(35,614)**	**(55,238)**
K. Non-current payables to banks	141,080	131,617
L. Bonds issued	208,869	194,809
M. Other non-current financial debts	21,110	22,763
N. Convertible bond embedded derivative liability	-	10,540
O. Non-current financial indebtedness (K) + (L) + (M) + (N)	**371,059**	**359,729**
P. Net indebtedness (J) + (O)	**335,445**	**304,491**
Non-current financial receivables	13,156	157
Financial indebtedness, net including non-current financial receivables (as per the "Net financial position" included in the Report on operations)	**322,289**	**304,334**

Details of the covenants applying to loans outstanding at year end are as follows (see note 16 for further details on loans):
- loan of Euro 60,000 thousand from Intesa Sanpaolo S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5;
- loan of Euro 15,000 thousand from Banco do Brasil S.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 20,000 thousand from Mediobanca S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 50,000 thousand from Unicredit S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 55,000 thousand from BNP Paribas S.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to

3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 30,000 thousand from Société Générale S.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 20,000 thousand from Mediobanca S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 30,000 thousand from Ing Bank N.V.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- bond issue of USD 115,000 thousand: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- bond issue of Euro 25,000 thousand: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4.

As of December 31, 2015, the Company was in compliance with these covenants.