

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(in thousands of Euro)

	Note	2016	2015
Net result before non-controlling interests		13,995	5,051
<i>Other Comprehensive Income</i>			
<i>Items that will not be reclassified to profit or loss</i>			
- Actuarial gain (loss)	21	(12,916)	7,527
- Tax on items that will not be reclassified to profit or loss	21	2,059	(1,852)
<i>Total items that will not be reclassified to profit or loss</i>		<i>(10,857)</i>	<i>5,675</i>
<i>Items that may be reclassified to profit or loss</i>			
- Profit (loss) booked to cash flow hedging reserve	21	2,212	4,831
- Tax on items that may be reclassified to profit or loss	21	(533)	(1,731)
- Profit (loss) booked to translation reserve	21	899	(9,834)
<i>Total items that may be reclassified to profit or loss</i>		<i>2,578</i>	<i>(6,734)</i>
<i>Other Comprehensive Income</i>		<i>(8,279)</i>	<i>(1,059)</i>
Total comprehensive result for the period		5,716	3,992
Attributable to:			
- Shareholders of the Holding Company		1,151	(148)
- Non-controlling interests		4,565	4,140

Brasil Ltda, S. ARA Composite S.A.S., Allevar IAI Suspensions Pvt Ltd and Chinese subsidiaries.

Please note that in 2016 the subsidiary Allevar Sogefi U.S.A. Inc. recognised all deferred tax assets included in this item as at 31 December 2015 and the corresponding net deferred tax liabilities not recognised previously, as mentioned above.

21. SHARE CAPITAL AND RESERVES

Share capital

The share capital of the Parent Company Sogefi S.p.A. is fully paid in and amounts to Euro 62,065 thousand as at 31 December 2016 (Euro 61,681 thousand as at 31 December 2015), split into 119,356,455 ordinary shares with a par value of Euro 0.52 each (118,618,055 shares as at 31 December 2015).

No shares are encumbered by rights, liens or limitations relating to dividend distribution.

As at 31 December 2016, the Company has 2,878,451 treasury shares in its portfolio, corresponding to 2.41% of share capital.

Movements in the shares outstanding are as follows:

(Shares outstanding)	2016	2015
<i>No. shares at start of period</i>	118,618,055	118,521,055
No. shares issued for subscription of stock options	738,400	97,000
No. of ordinary shares as of December 31	119,356,455	118,618,055
No. shares issued for subscription of stock options booked to "Other reserves" at December 31	-	-
Treasury shares	(2,878,451)	(3,252,144)
<i>No. of shares outstanding as of December 31</i>	116,478,004	115,365,911

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

(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, 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
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	-	-	-	-	-	-	(10,043)	-	-	(3,583)	-	-	-	(3,583)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,043)
Net result for the period	-	-	-	-	-	-	(3,587)	-	-	-	-	-	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
Paid share capital increase	384	382	-	-	-	-	-	-	-	-	-	-	-	766
Allocation of 2015 net profit:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	1,120	(1,120)	-
Recognition of share-based incentive plans	-	-	-	-	-	248	-	-	-	-	-	1,120	-	248
embedded derivative (conversion option)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	853	(853)	853	-	(1,917)	-	-	-	-	-	994	-	(70)
Fair value measurement of cash flow hedging instruments: share booked to OCI	-	-	-	-	-	-	-	(625)	-	-	-	-	-	(625)
Fair value measurement of cash flow hedging instruments: share booked to income statement	-	-	-	-	-	-	-	2,837	(12,916)	-	-	-	-	2,837
Actuarial gain/loss	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,916)
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	1,526	-	-	-	1,526
Currency translation differences	-	-	-	-	-	-	993	-	-	-	-	-	-	993
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	-	9,336	9,336
Balance at December 31, 2016	62,065	16,159	6,572	(6,572)	12,640	2,992	(30,594)	(9,555)	(42,338)	10,091	12,201	129,941	9,336	172,938

Share premium reserve

It amounts to Euro 16,159 thousand compared to Euro 14,924 thousand in the previous year.

The increase by Euro 382 thousand accounts for share subscriptions under stock option plans.

In 2016, the Parent Company Sogefi S.p.A. credited Euro 853 thousand to the Share premium reserve after the free grant of 373,693 treasury shares to 2011, 2012, 2013 and 2014 Stock Grant beneficiaries.

Treasury shares

Item “Treasury shares” reflects the purchase price of treasury shares. Movements during the year amount to Euro 853 thousand and reflect the free grant of 373,693 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.

Changes during the period show an increase of Euro 993 thousand.

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 1 January 2012. The item also includes actuarial gains and losses accrued after 1 January 2012 and recognised under Other Comprehensive Income.

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 7 November 2002, including the portion relating to the stock grant plan approved in 2016.

In 2016, further to Stock Grant Plan beneficiaries exercising their rights under the 2011, 2012, 2013 and 2014 plans and due to the corresponding free grant of 373,693 treasury shares, the amount of Euro 868 thousand, corresponding to the fair value of those same shares at right (Unit) allocation date, was reclassified from “Stock-based incentive plans reserve” to “Share premium reserve” (which increased by Euro 853 thousand) and to “Retained earnings reserve” (which increased by Euro 15 thousand).

During 2016, the Company reclassified Euro 1,049 thousand to “Retained earnings reserve” after the 2006 Stock Option Plan expired and the 2012 Stock Grant Plan was cancelled because the Performance Units failed to meet market conditions within the term provided for by plan regulation.

While the increase by Euro 248 thousand refers to the cost of accruing plans.

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 2,212 thousand which breaks down as follows:

- decrease of Euro 710 thousand as a consequence of the change after 31 December 2015 in the fair value of the existing effective hedging contracts;
- increase of Euro 2,922 thousand reflecting the portion of reserve relating to contracts no longer in hedge accounting that will be reclassified to the Income Statement over the same period of time as the differentials relating to the underlying hedged item.

Other reserves

This item amounts to Euro 12,201 thousand (unchanged compared to 31 December 2015).

Retained earnings

These totalled Euro 129,941 thousand and include amounts of profit that have not been distributed.

The increase of Euro 994 thousand refers to the following events:

- the interest held by subsidiary Sogefi Suspensions France S.A. in S.ARA Composite S.A.S. increased from 95% to 95.65% through a share capital increase not subscribed by non-controlling interests that led to a negative amount of Euro 70 thousand being reclassified between non-controlling interests and Group's shareholders' equity;
- reclassification from the above mentioned "Stock-based incentive plans reserve" as outlined above for a total of Euro 1,064 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)	2016			2015		
	Gross value	Taxes	Net value	Gross value	Taxes	Net value
- Profit (loss) booked to cash flow hedging reserve	2,212	(533)	1,679	4,831	(1,731)	3,100
- Actuarial gain (loss)	(12,916)	2,059	(10,857)	7,527	(1,852)	5,675
- Profit (loss) booked to translation reserve	899	-	899	(9,834)	-	(9,834)
- Total Profit (loss) booked in Other Comprehensive Income	(9,805)	1,526	(8,279)	2,524	(3,583)	(1,059)

Tax constraints applicable to certain reserves

The equity of Parent 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 Parent 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 16,131 thousand and refers to the portion of shareholders' equity attributable to non-controlling interests.

The reserve increased by Euro 70 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 subsidiary S.ARA Composite S.A.S.

Details of non-controlling interests are given below:

(in thousands of Euro)	Region	% owned by third parties		Loss (profit) attributable to non-controlling interests		Shareholders' equity attributable to non-controlling	
		12.31.2016	12.31.2015	12.31.2016	12.31.2015	12.31.2016	12.31.2015
Subsidiary's name							
S.ARA Composite S.A.S.	France	4.35%	5.00%	(207)	(159)	326	463
Iberica de Suspensiones S.L.	Spain	50.00%	50.00%	4,941	4,239	12,496	15,557
Shanghai Alleward Spring Co., Ltd	China	39.42%	39.42%	17	(74)	2,695	3,003
Alleward IAI Suspensions Pvt Ltd	India	25.77%	25.77%	(96)	(80)	545	461
Sogefi M.N.R. Engine Systems India Pvt Ltd	India	30.00%	30.00%	-	-	-	-
Sogefi Italy S.p.A.	Italy	0.12%	0.12%	4	5	69	69
TOTAL				4,659	3,931	16,131	19,553

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

Company	Shanghai Allevard Spring Co., Ltd		Iberica de Suspensiones S.L.		Sogefi M.N.R. Engine Systems India Pvt Ltd	
	12.31.2016	12.31.2015	12.31.2016	12.31.2015	12.31.2016	12.31.2015
Current Assets	4,982	5,380	25,980	35,233	25,342	21,304
Non-current Assets	3,247	3,667	11,097	9,060	15,829	13,211
Current Liabilities	1,116	1,150	11,937	12,302	17,747	15,990
Non-current Liabilities	-	-	148	877	5,833	4,315
Shareholders' equity attributable to the Holding Company	4,418	4,894	12,496	15,557	17,591	14,210
Non-controlling interests	2,695	3,003	12,496	15,557	-	-
Sales Revenue	3,956	4,175	74,159	68,685	46,015	37,790
Variable cost of sales	2,222	2,462	43,424	41,223	32,146	26,262
Other variable costs of sales	267	272	4,936	4,706	1,295	1,009
Fixed expenses	1,408	1,570	11,677	10,693	6,577	5,439
Non-operating expenses (income)	12	28	221	805	997	1,343
Income taxes	5	30	4,019	2,780	1,732	(2)
Income (loss) for the period	42	(187)	9,882	8,478	3,268	3,739
Income (loss) attributable to the Holding Company	25	(113)	4,941	4,239	3,268	3,739
Income (loss) attributable to non-controlling interests	17	(74)	4,941	4,239	-	-
Income (loss) for the period	42	(187)	9,882	8,478	3,268	3,739
OCI attributable to the Holding Company	(153)	279	-	-	215	596
OCI attributable to non-controlling interests	(99)	181	-	-	-	-
OCI for the period	(252)	460	-	-	215	596
Total income (losses) attributable to the Holding Company	(128)	166	4,941	4,239	3,483	4,335
Total income (losses) attributable to non-controlling interests	(82)	107	4,941	4,239	-	-
Total income (losses) for the period	(210)	273	9,882	8,478	3,483	4,335
Dividends paid to non-controlling interests	226	241	8,000	4,100	-	-
Net cash inflow (out flow) from operating activities	433	881	10,088	11,645	4,833	3,215
Net cash inflow (out flow) from investing activities	(112)	(84)	(3,715)	1,801	(3,242)	(2,818)
Net cash inflow (out flow) from financing activities	(574)	(612)	(16,000)	(8,200)	28	(221)
Net cash inflow (out flow)	(253)	185	(9,627)	5,246	1,619	176