

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

C 1) ASSETS

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to Euro 125,344 thousand versus Euro 85,209 thousand as of December 31, 2012 and break down as follows:

(in thousands of Euro)	12.31.2013	12.31.2012
Short-term cash investments	123,747	84,627
Cheques	1,539	521
Cash on hand	58	61
TOTAL	125,344	85,209

“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, 2013, the Group has unused lines of credit for the amount of Euro 285,574 thousand. These funds are available for use on demand, because the conditions required for their availability are met.

Please note that this item includes Euro 3,276 thousand held by the Argentinean subsidiaries; use of this amount is temporarily subject to government restrictions that require an official authorisation for foreign payments (including dividend payouts). We would also point out that the Argentine Peso depreciated significantly after the end of the reporting period. Cash and cash equivalents of the Argentinean subsidiaries, considering the exchange rate at February 25, 2014 are Euro 2,725 thousand.

6. OTHER FINANCIAL ASSETS

“Other financial assets” can be broken down as follows:

(in thousands of Euro)	12.31.2013	12.31.2012
Securities held for trading	14	15
Held-to-maturity investments	7,462	8,199
Assets for derivative financial instruments	32	15
TOTAL	7,508	8,229

“Securities held for trading” are measured at *fair value* based on official sources at the time the financial statements are drawn up. They represent readily marketable securities which are used by the companies to optimise cash management.

“Held-to-maturity investments” are valued at amortised cost and include bonds of a Spanish prime banking institution.

“Assets for derivative financial instruments” total Euro 32 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)	12.31.2013			12.31.2012		
	<i>Gross</i>	<i>Write-downs</i>	<i>Net</i>	<i>Gross</i>	<i>Write-downs</i>	<i>Net</i>
Raw, ancillary and consumable materials	54,396	4,030	50,366	53,879	4,274	49,605
Work in progress and semi-finished products	12,789	339	12,450	12,515	379	12,136
Contract work in progress and advances	31,134	113	31,021	41,224	57	41,167
Finished goods and goods for resale	56,223	6,933	49,290	53,173	7,497	45,676
TOTAL	154,542	11,415	143,127	160,791	12,207	148,584

The gross value of inventories showed a decrease of Euro 6,249 thousand, for the most part due to the unfavourable effect of exchange rates.

The decrease in “Contract work in progress and advances” represents tooling sold to customers, mostly in the Engine Systems Business Unit.

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 increase in the provision reflects additional Euro 841 thousand set aside (booked to the income statement under “Variable cost of sales”) that were partly offset by products scrapped during the year for the amount of Euro 1,400 thousand and a negative exchange effect for Euro 233 thousand.

Inventories are encumbered by bank mortgages or liens totalling Euro 92 thousand to guarantee loans obtained by the subsidiary Allevard IAI Suspensions Private Ltd.

8. TRADE AND OTHER RECEIVABLES

Current receivables break down as follows:

(in thousands of Euro)	12.31.2013	12.31.2012
Trade receivables	140,572	156,245
Less: allowance for doubtful accounts	4,703	5,263
Trade receivables, net	135,869	150,982
Due from Parent Company	9,968	4,179
Tax receivables	20,504	21,815
Other receivables	7,827	9,109
Other assets	3,692	3,559
TOTAL	177,860	189,644

“Trade receivables, net” are non-interest bearing and have an average due date of 35 days, against 42 days recorded at the end of the previous year.

It should be noted that as of December 31, 2013, the Group factored trade receivables for Euro 79,541 thousand (Euro 65,114 thousand as of December 31, 2012), including an amount of Euro 46,026 thousand 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 79,541 thousand as at December 31, 2013 and Euro 65,114 thousand as at December 31, 2012) and the negative effect of exchange rates (Euro 8,100 thousand), net trade receivables showed an increase of Euro 7,414 thousand as a result of the increase in the Group’s business activities which occurred in the last quarter of 2013 with respect to the same quarter of the previous year.

Further adjustments were recorded to “Allowance for doubtful accounts” during the year for a total of Euro 491 thousand, against net utilisations of the allowance for the amount of Euro 900 thousand (see note 39 for further details). 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, 2013 is the 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. Item includes Euro 5,571 thousand referred to 2013 and booked to current taxes.

See chapter F for the terms and conditions governing these receivables from CIR S.p.A..

“Tax receivables” as of December 31, 2013 include tax credits due to the Group companies by the tax authorities of the various countries. The decrease in this item mainly reflects lower VAT credits. It does not include deferred taxes which are treated separately.

“Other receivables” are made up as follows:

(in thousands of Euro)	12.31.2013	12.31.2012
Amounts due from social security institutions	195	468
Amounts due from employees	252	293
Advances to suppliers	1,984	1,289
Due from others	5,396	7,059
TOTAL	7,827	9,109

The decrease in “Other receivables” refers for the most part to the remaining portion of the consideration for a real estate property sold during the previous year collected by subsidiary Sogefi Filtration do Brasil Ltda. The item also includes insurance compensations.

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, 2013 amounted to Euro 236,415 thousand versus Euro 252,345 thousand at the end of the previous year and breaks down as follows:

(in thousands of Euro)	2013				
	<i>Land</i>	<i>Buildings, plant and machinery, commercial and industrial equipment</i>	<i>Other assets</i>	<i>Assets under construction and payments on account</i>	<i>TOTAL</i>
<i>Balance at January 1</i>	15,711	198,230	5,443	32,961	252,345
Additions of the period	48	17,377	1,162	17,443	36,030
Disposals during the period	(115)	(1,611)	17	(162)	(1,871)
Exchange differences	(200)	(9,191)	(564)	(1,261)	(11,216)
Depreciation for the period	-	(34,506)	(1,633)	-	(36,139)
Writedowns/revaluations during the period	-	(2,181)	(39)	-	(2,220)
Reclassification of non-current asset held for sale	-	-	-	-	-
Other changes	-	17,802	571	(18,887)	(514)
<i>Balance at December 31</i>	15,444	185,920	4,957	30,094	236,415
Historical cost	15,444	771,336	25,282	30,788	842,850
<i>of which: leases - gross value</i>	331	11,375	68	-	11,774
Accumulated depreciation	-	585,416	20,325	694	606,435
<i>of which: leases - accumulated depreciation</i>	-	4,363	41	-	4,404
Net value	15,444	185,920	4,957	30,094	236,415
<i>Net value - leases</i>	331	7,012	27	-	7,370

(in thousands of Euro)	2012				
	<i>Land</i>	<i>Buildings, plant and machinery, commercial and industrial equipment</i>	<i>Other assets</i>	<i>Assets under construction and payments on account</i>	<i>TOTAL</i>
<i>Balance at January 1</i>	15,774	215,183	4,845	24,880	260,682
<i>Additions of the period</i>	74	17,810	1,647	25,706	45,237
<i>Disposals during the period</i>	(1,187)	(2,047)	(7)	(30)	(3,271)
<i>Exchange differences</i>	(118)	(4,271)	(259)	(853)	(5,501)
<i>Depreciation for the period</i>	-	(38,072)	(1,746)	-	(39,818)
<i>Writedowns/revaluations during the period</i>	-	(4,521)	(313)	-	(4,834)
<i>Reclassification of non-current asset held for sale</i>	-	744	-	-	744
<i>Other changes</i>	1,168	13,404	1,276	(16,742)	(894)
<i>Balance at December 31</i>	15,711	198,230	5,443	32,961	252,345
<i>Historical cost</i>	15,711	808,981	29,685	33,655	888,032
<i>of which: leases - gross value</i>	331	8,496	15	-	8,842
<i>Accumulated depreciation</i>	-	610,751	24,242	694	635,687
<i>of which: leases - accumulated depreciation</i>	-	3,668	15	-	3,683
<i>Net value</i>	15,711	198,230	5,443	32,961	252,345
<i>Net value - leases</i>	331	4,828	-	-	5,159

Investments during the year amounted to Euro 36,030 thousand compared with Euro 45,237 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 the subsidiary Sogefi (Suzhou) Auto Parts Co., Ltd to expand production capacity, in subsidiaries LPDN GmbH and Allevard Rejna Autosuspensions S.A. to improve processes, as well as in the Brazilian subsidiaries mainly to improve processes and increase production capacity.

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 relating to two new plants for suspension components and engine systems, in Sogefi Engine Systems Mexico S. de R.L. de C.V. to expand production capacity, in LPDN GmbH to improve production processes and maintain plants, and in Systèmes Moteurs S.A.S. to develop new products, improve production processes and maintain and renew plants.

“Disposals during the period” total Euro 1,871 thousand and refer nearly entirely to the sale of an industrial building of subsidiary Sogefi Rejna S.p.A. (in Melfi); the Euro 462 thousand gains from this sale transaction were recognised in “Losses (gains) on disposal”.

“Depreciation for the period” has been recorded in the appropriate item in the Consolidated Income Statement.

“Writedowns/revaluations during the period” totalled Euro 2,220 thousand, of which Euro 1,360 thousand reflect writedowns of plant and machinery of subsidiary Shanghai Sogefi Auto Parts Co., Ltd. that are no longer used and Euro 1,033 thousand refer to inactive real estate property of the British subsidiaries and the remaining portion reflects diminished impairment losses and reversals.

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, 2013 includes Euro 116 thousand of advances for investments.

The main inactive assets, with a total net value of Euro 8,460 thousand, included in the item “Tangible fixed assets” refer to a property complex of the Holding Company Sogefi S.p.A. (in Mantova and in San Felice del Benaco) and to the Llantrisant site of subsidiary Sogefi Filtration Ltd for which the above depreciation was recognised. 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 2013.

Guarantees

As of December 31, 2013, tangible fixed assets are encumbered by mortgages or liens totalling Euro 9,463 thousand to guarantee loans from financial institutions, compared to Euro 13,046 thousand as of December 31, 2012. Guarantees existing as of December 31, 2013 refer to subsidiaries Sogefi Engine Systems Canada Corp., Systèmes Moteurs S.A.S, Allevard IAI Suspensions Private Ltd, United Springs B.V. and Sogefi M.N.R. Filtration India Private Ltd..

Purchase commitments

As of December 31, 2013, there are binding commitments to buy tangible fixed assets for Euro 1,907 thousand (Euro 480 thousand as of December 31, 2012) 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, 2013 was Euro 11,774 thousand, and the related accumulated depreciation amounted to Euro 4,404 thousand.

The gross value of fixed assets under financial leases increased by Euro 2,932 thousand compared to December 31, 2012, and the increase relates to subsidiary Allevard Sogefi U.S.A. Inc..

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, 2013 was Euro 262,725 thousand versus Euro 239,577 thousand at the end of the previous year, and breaks down as follows:

(in thousands of Euro)	2013						
	<i>Develop- ment costs</i>	<i>Industrial patents and intellectual property rights, concessions, licences and trademarks</i>	<i>Other, assets under construction and payments on account</i>	<i>Customer Relationship</i>	<i>Trade name Systemes Moteurs</i>	<i>Goodwill</i>	<i>TOTAL</i>
<i>Balance at January 1</i>	60,896	4,967	21,441	17,813	7,821	126,639	239,577
<i>Additions of the period</i>	27,830	14,104	5,913	-	-	-	47,847
<i>Disposals during the period</i>	(8)	(6)	-	-	-	-	(14)
<i>Exchange differences</i>	(2,344)	(21)	(422)	-	-	-	(2,787)
<i>Amortisation for the period</i>	(17,079)	(1,983)	(706)	(990)	(435)	-	(21,193)
<i>Writedowns during the period</i>	(753)	-	(66)	-	-	-	(819)
<i>Other changes</i>	2,257	11,003	(13,146)	-	-	-	114
<i>Balance at December 31</i>	70,799	28,064	13,014	16,823	7,386	126,639	262,725
<i>Historical cost</i>	152,258	48,533	17,657	19,215	8,437	149,537	395,637
<i>Accumulated amortisation</i>	81,459	20,469	4,643	2,392	1,051	22,898	132,912
<i>Net value</i>	70,799	28,064	13,014	16,823	7,386	126,639	262,725

(in thousands of Euro)	2012						
	<i>Develop- ment costs</i>	<i>Industrial patents and intellectual property rights, concessions, licences and trademarks</i>	<i>Other, assets under construction and payments on account</i>	<i>Customer Relationship</i>	<i>Trade name Systemes Moteurs</i>	<i>Goodwill</i>	<i>TOTAL</i>
<i>Balance at January 1</i>	47,598	7,455	11,495	18,803	8,256	126,639	220,246
<i>Additions of the period</i>	26,170	236	12,747	-	-	-	39,153
<i>Disposals during the period</i>	(89)	-	(58)	-	-	-	(147)
<i>Exchange differences</i>	(871)	1	(205)	-	-	-	(1,075)
<i>Amortisation for the period</i>	(13,913)	(2,735)	(509)	(990)	(435)	-	(18,582)
<i>Writedowns during the period</i>	(16)	-	-	-	-	-	(16)
<i>Other changes</i>	2,017	10	(2,029)	-	-	-	(2)
<i>Balance at December 31</i>	60,896	4,967	21,441	17,813	7,821	126,639	239,577
<i>Historical cost</i>	130,229	24,072	26,136	19,215	8,437	149,537	357,626
<i>Accumulated amortisation</i>	69,333	19,105	4,695	1,402	616	22,898	118,049
<i>Net value</i>	60,896	4,967	21,441	17,813	7,821	126,639	239,577

Investments during the year amounted to Euro 47,847 thousand.

The increases in “Development Costs” for the amount of Euro 27,830 thousand refer to the capitalisation of costs incurred by Group companies to develop new products in collaboration with leading motor vehicle manufacturers. 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 and Allevard Sogefi U.S.A. Inc..

Increases in “Industrial patents and intellectual property rights, concessions, licences and trademarks” amount to Euro 14,104 thousand and refer nearly entirely to the development and implementation of the new information system across the Sogefi Group. The integrated information system will be depreciated over a ten-year period starting from implementation date at each subsidiary.

Increases in “Other, assets under construction and payments on account”, for the amount of Euro 5,913 thousand, refer mainly to a large number of investments in the development and implementation of the new products not yet flowed into production. The largest investments went to fund development costs posted by subsidiaries Allevard Rejna Autosuspensions S.A., Sogefi Rejna S.p.A. and Sogefi Filtration d.o.o..

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 9,614 thousand of costs generated internally.

The line “Writedowns during the period” includes writedowns of development costs for the amount of Euro 717 thousand capitalised in previous years by subsidiary Sogefi Engine Systems Shanghai Co., Ltd currently in liquidation.

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):

- engine systems – fluid filters (previously named “filters”)
- engine systems – air intake and cooling (“Systemes Moteurs” Group)
- 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” amounted to Euro 77,030 thousand; the goodwill of “CGU Engine Systems – Air Intake and Cooling” amounted to Euro 32,560 thousand; and the goodwill of “CGU Car Suspension” amounted 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 method that involves discounting unlevered cash flows, based on projections drawn up in budgets/long-term plans for the period 2014-2017 (adjusted to eliminate any estimated benefits from future projects and reorganisations), approved by management and in line with forecasts for the automotive industry (as estimated from the industry’s most important sources).

A discount rate of 8.6%, which reflects the weighted average cost of capital, was used. The same discount 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 of 2% and considering an operating cash flow based on the last year of the long-term plan (the year 2017), adjusted to project a stable situation “in perpetuity”, and 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.

The weighted average cost of capital of the group is calculated as the weighted average of the followings: the cost of debt (taking into consideration own interest rates plus a spread) and the 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 weighted average cost of capital (extrapolated from the main financial sources) are as follows:

- financial structure of the industry: 27.3%
- levered beta of the industry: 1.07
- risk-free rate: 4.47% (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: 5.5%
- debt cost spread: 3.8% (estimate based on the 2014 budget)

Sensitivity analyses were also carried out on two of the variables referred to above, with the growth rate of terminal value being set to zero or the weighted average cost of capital being increased by two percentage points. None of the scenarios used highlighted the need to post an impairment.

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): 18.39% for CGU Engine Systems - Fluid Filters; 23.03% for CGU Engine Systems - Air Intake and Cooling; and 10.36% for CGU Car Suspension;
- the impairment test reached break-even point with a significant reduction in EBIT during the periods covered by plans and in terminal value: -20% for CGU Car Suspension and over -60% for CGU Engine Systems - Fluid Filters and for CGU Engine Systems - Air Intake and Cooling.

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 impairment has been posted.

11. INVESTMENTS IN JOINT VENTURES

As of December 31, 2013, the investment in joint venture Mark IV Assets (Shanghai) Auto Parts Co. Ltd was written down in its full amount as there is a plan to wind up the company and it is not expected that its net carrying amount will be recovered. The resulting writedown of Euro 289 thousand was taken to “Losses (gains) from equity investments”. It should be noted that the subsidiary repaid a portion of capital in the amount of Euro 6 thousand during the reporting period.

12. OTHER FINANCIAL ASSETS AVAILABLE FOR SALE

As of December 31, 2013, these totalled Euro 439 thousand, compared with Euro 489 thousand as of December 31, 2012 and break down as follows:

(in thousands of Euro)	12.31.2013	12.31.2012
Equity investments in other companies	439	489
Other securities	-	-
TOTAL	439	489

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).

The decrease in the item refers to company Sogefi Allevard Srl, which was wound up in 2013.

13. FINANCIAL RECEIVABLES AND OTHER NON-CURRENT RECEIVABLES

“Other receivables” break down as follows:

(in thousands of Euro)	12.31.2013	12.31.2012
Substitute tax	-	576
Pension fund surplus	2,876	2,631
Other receivables	28,706	26,950
TOTAL	31,582	30,157

“Pension fund surplus” refers to subsidiary Sogefi Filtration Ltd, as the company is entitled to any surplus upon plan termination, as outlined in note 19.

"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 Systemes 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 against the seller of Systèmes Moteurs S.A.S.' shares to collect the payables, as provided for by the acquisition contract.

The item “Other receivables” also includes tax credits, including fiscal credits on purchases of assets made by the Brazilian subsidiaries, fiscal credits relating to the research and development activity of the French subsidiaries, VAT credits of subsidiary Sogefi (Suzhou) Auto Parts Co., Ltd 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, 2013, this item amounted to Euro 59,620 thousand compared with Euro 60,178 thousand as of December 31, 2012.

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 at December 31, 2013, 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)	12.31.2013	12.31.2012
Bank overdrafts and short-term loans	6,885	8,377
Current portion of medium/long-term financial debts <i>of which: leases</i>	76,750 1,118	89,596 814
TOTAL SHORT-TERM FINANCIAL DEBTS	83,635	97,973
Other short-term liabilities for derivative financial instruments	93	1,011
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	83,728	98,984

Non-current portion

(in thousands of Euro)	12.31.2013	12.31.2012
Financial debts to banks	213,675	267,773
Other medium/long-term financial debts <i>of which: leases</i>	118,664 6,607	8,821 4,880
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	332,339	276,594
Other medium/long-term liabilities for derivative financial instruments	21,378	13,708
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	353,717	290,302

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

As of December 31, 2013, details were as follows (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion (in thousands of Euro)	Non-current portion (in thousands of Euro)	Total amount (in thousands of Euro)	Real Guarantees
Sogefi S.p.A.	Unicredit S.p.A.	Jun - 2006	Mar - 2014	100,000	Euribor 3m + 110 bps variable	5,550	-	5,550	N/A
Sogefi S.p.A.	European Investment Bank - tr. A	Dec - 2010	Apr - 2016	20,000	Euribor 3m + 316 bps variable	5,000	7,444	12,444	N/A
Sogefi S.p.A.	European Investment Bank - tr. B	Dec - 2010	Apr - 2016	20,000	Euribor 3m + 187 bps variable	5,000	7,443	12,443	N/A
Sogefi S.p.A.	Banca Monte dei Paschi di Siena S.p.A.	Mar - 2011	Mar - 2017	25,000	Euribor 3m + 225 bps variable	6,250	13,905	20,155	N/A
Sogefi S.p.A.	Intesa San Paolo S.p.A.	Apr - 2011	Dec - 2016	60,000	Euribor 3m + 260 bps variable	8,000	15,603	23,603	N/A
Sogefi S.p.A.	Banca Carige Italia S.p.A.	Jul - 2011	Sep - 2017	25,000	Euribor 3m + 225 bps variable	4,855	14,126	18,981	N/A
Sogefi S.p.A.	Ge Capital Interbanca S.p.A.	Oct - 2011	Jun - 2017	10,000	Euribor 3m + 230 bps variable	2,000	4,956	6,956	N/A
Sogefi S.p.A.	Syndicate loan	Dec - 2012	Dec - 2017	200,000	Euribor 3m + 475 bps variable	-	116,235	116,235	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	Dec - 2012	Apr - 2017	15,000	Euribor 3m + 315 bps variable	3,750	11,157	14,907	N/A
Allevard Rejna Autosuspensions S.A.	CIC Bank	May - 2013	May - 2014	4,000	Euribor 3m + 150 bps variable	4,000	-	4,000	N/A
Systèmes Moteurs Sas	CIC Bank	May - 2013	May - 2014	3,500	Euribor year + 150 bps variable	3,500	-	3,500	N/A
Sogefi Filtration S.A.	Banco de Sabadell	May - 2011	May - 2016	7,000	Euribor 3m + 225 bps variable	1,400	2,100	3,500	N/A
Shanghai Sogefi Auto Parts Co., Ltd	Unicredit S.p.A.	May - 2013	May - 2014	5,400	7.28% fixed	5,096	-	5,096	N/A
Sogefi (Shouzu) Auto Parts Co., Ltd (*)	ING Bank	Mar - 2013	Mar - 2015	3,972	9.84% fixed - 12.30% fixed	-	3,972	3,972	N/A
Sogefi Engine Systems Canada Corp.	Ge Capital	Nov - 2012	Nov - 2017	2,897	B/A 3m+4.65% variable	600	1,963	2,563	YES
Sogefi Engine Systems Canada Corp.	Ge Capital	Nov - 2012	Nov - 2017	2,897	6.16% fixed	597	1,969	2,566	YES
Sogefi Filtration do Brasil Ltda	Banco Itau BBA	Feb - 2013	Mar - 2016	6,376	5.5% fixed	-	6,377	6,377	N/A
Other loans						21,152	6,425	27,577	N/A
TOTAL						76,750	213,675	290,425	

(*) The amount is originated by some loans stipulated from March to September 2013, whose tax rate is included in the indicated range (tax min. 9.84% - tax max. 12.30%).

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

Other short-term liabilities for derivative financial instruments

The item includes the short-term portion of the fair value of interest risk hedging contracts and 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, 2013, details were as follows (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Total amount at December 31, 2013	Real guarantees
Sogefi S.p.A.	Private placement	May 2013	May 2023	USD 115,000	Fixed coupon 600 bps	82,908	N/A
Sogefi S.p.A.	Private placement	May 2013	May 2020	Euro 25,000	Fixed coupon 505 bps	24,926	N/A
Other financial debts						10,830	N/A
TOTAL						118,664	

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

As can be seen from the table above, Sogefi S.p.A. made two private placements in the US bond market in May 2013.

A US private placement of bonds to prime US institutional investors for a total amount of USD 115 million for a 10-year term was completed on May 3, 2013 and will be amortised starting from the fourth year. The fixed coupon rate on this issue is 600 basis points.

A second US private placement of bonds to a prime institutional investor for the amount of Euro 25 million was completed on May 22, 2013 and will be repaid in a single instalment in May 2020. The fixed coupon rate on this issue is 505 basis points.

On May 6, 2013, the Holding Company Sogefi S.p.A. redeemed two loans obtained from Banca Sella S.p.A. in advance for a total amount of Euro 15,000 thousand (Euro 10,000 thousand had been drawn down in July 2012 and were to fall due in January 2014, whereas another Euro 5,000 thousand draw-down made in February 2013 was to fall due in July 2014).

On May 20, 2013, the Holding Company Sogefi S.p.A. repaid the revolving portion of the loan from Intesa Sanpaolo S.p.A. for the amount of Euro 30 million which had been drawn down in December 2012. The funds will remain available for draw-down to the Holding Company Sogefi S.p.A. until the loan expires in December 2016.

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	1,731	1,118
Between 1 and 5 years	4,776	3,533
Beyond 5 years	3,545	3,074
Total lease payments	10,052	7,725
Interests	(2,327)	-
TOTAL PRESENT VALUE OF LEASE PAYMENTS	7,725	7,725

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 3,179 thousand; the future capital payments amount to Euro 2,382 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 coincided approximately with the fair value of the asset at the time the contract was signed.

- Allevard Rejna Autosuspensions S.A. has a lease contract for the Lieusaint production site. The contract expires in October 2014 and the original total amount of the contract was Euro 2,108 thousand, the future capital payments amount to Euro 344 thousand and the annual nominal rate of interest applied by the lessor is 3-month Euribor plus a spread of 60 basis points. The Group has not given any sureties for this contract.

There are no restrictions of any nature on this lease. There is a purchase option at the end of the contracts to buy the assets at the price of Euro 1. Given that it is probable that the options will be exercised, considering the low redemption value of the assets, this contract has been accounted for as a finance lease, as foreseen by IAS 17.

- Allevard Sogefi USA Inc. has entered into the following lease contracts for the Prichard production site relating to:

a) plant, machinery and improvements to the building for an original amount of Euro 1,160 thousand. The contract expires in May 2019, the future capital payments amount to Euro 684 thousand and the annual interest rate applied by the lessor is equal to 3.92%. The Group has given sureties for this contract;

b) plant, machinery and improvements to the building for an original amount of Euro 2,175 thousand. The contract expires in July 2019, the future capital payments amount to Euro 1,328 thousand and the annual interest rate applied by the lessor is equal to 3%. The Group has given sureties for this contract.

c) plant, machinery and improvements to the building for an original amount of Euro 3,151 thousand. The contract expires in June 2023, the future capital payments amount

to Euro 2,988 thousand and the annual interest rate applied by the lessor is equal to 3.24%. The Group has given sureties for this contract.

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)	12.31.2013	12.31.2012
Trade and other payables	285,410	282,050
Tax payables	4,557	12,203
TOTAL	289,967	294,253

Details of trade and other payables are as follows:

(in thousands of Euro)	12.31.2013	12.31.2012
Due to suppliers	223,573	212,891
Due to the parent company	130	597
Due to tax authorities for indirect and other taxes	8,442	10,846
Due to social and security institutions	21,671	20,710
Due to employees	27,572	30,024
Other payables	4,022	6,982
TOTAL	285,410	282,050

The amounts “Due to suppliers” are not subject to interest and on average are settled in 73 days, in line with the year 2012.

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 10,682 thousand (by Euro 18,077 thousand on a constant currency basis); this is mainly due to business growth in the last portion of 2013 compared to the same period of 2012.

Item “Due to the Parent Company” reflects the consideration due for the fiscal surplus transferred by companies that have joined the CIR Group tax filing system. For further details, please refer to note 40.

The decrease in amounts “Due to tax authorities for indirect and other taxes” reflects VAT debts and other tax debt for the most relating to the French subsidiaries.

The amounts “Due to employees” were impacted by lower provisions for annual leaves and bonus amounts to be paid.

The decrease in line “Other payables” is mainly due to a reclassification of certain amounts between this item and Trade receivables.

The decrease in “Tax payables” relates for the most part to subsidiaries Sogefi Engine Systems Canada Corp. and LPDN GmbH, which had benefited from lower payment of tax advances for the year during the previous financial period.

18. OTHER CURRENT LIABILITIES

“Other current liabilities” 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.

19. LONG-TERM PROVISIONS AND OTHER PAYABLES

These are made up as follows:

(in thousands of Euro)	12.31.2013	12.31.2012
Pension funds	31,321	36,213
Provision for employment termination indemnities	7,685	7,867
Provision for restructuring	16,870	7,720
Provisions for disputes with tax authorities	878	546
Provision for phantom stock options	1,299	30
Provision for product warranties and other risks	22,538	27,329
Agents' termination indemnities	96	90
Lawsuits	985	881
TOTAL	81,672	80,676

Details of the main items are given below.

Pension funds

The amount of Euro 31,321 thousand represents the amount set aside at year end by the various Group foreign companies to cover the liabilities of their various pension funds. We point out that as of December 31, 2013, the pension fund of the subsidiary Sogefi Filtration Ltd shows a surplus of Euro 2,876 thousand, which was booked to “Other receivables”, as explained in note 13. The net amount of the liabilities to the various pension funds as of December 31, 2013 is therefore equal to Euro 28,445 thousand, as presented in the following table:

(in thousands of Euro)	12.31.2013	12.31.2012
Opening balance	33,582	30,088
Cost of benefits charged to income statement	640	4,214
"Other Comprehensive Income"	(2,756)	2,000
Contributions paid	(2,898)	(2,873)
Exchange differences	(123)	153
TOTAL	28,445	33,582
<i>of which booked to Liabilities</i>	<i>31,321</i>	<i>36,213</i>
<i>of which booked to Assets</i>	<i>(2,876)</i>	<i>(2,631)</i>

The following table shows all of the obligations deriving from “Pension funds” and the present value of the plan assets for the year 2013 and the two previous years.

(in thousands of Euro)	12.31.2013	12.31.2012	12.31.2011
Present value of defined benefit obligations	186,866	189,037	179,577
Fair value of plan assets	158,421	155,455	149,489
Deficit	28,445	33,582	30,088
Liability recorded to "Long-term provisions"	31,321	36,213	30,088
Surplus recorded to "Other receivables"	(2,876)	(2,631)	-

Changes in the "Present value of defined benefit obligations" for the year 2013 were as follows:

(in thousands of Euro)	12.31.2013	12.31.2012
Present value of defined benefit obligations at the beginning of the period	189,037	179,577
Current service cost	1,918	2,084
Financial expenses	7,698	8,754
Remeasurement (gains)/losses		
- Actuarial (gains)/losses arising from changes in demographic assumptions	(2,921)	140
- Actuarial (gains)/losses arising from changes in financial assumptions	6,261	8,042
- Actuarial (gains)/losses arising from experience	(2,563)	(4,147)
- Actuarial (gains)/losses arising from "Other long-term benefits"	56	-
Past service cost	(824)	-
Contribution paid by plan participants	253	492
Settlements/Curtailments	(2,054)	(2,644)
Exchange differences	(3,306)	3,561
Benefits paid	(6,689)	(6,822)
Present value of defined benefit obligations at the end of the period	186,866	189,037

“Actuarial (gains)/losses arising from changes in financial assumptions” are mainly due to increasing wage inflation rates and inflation rates in British pension funds.

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

With regard to the balances of companies that use functional currencies other than the Euro, please note that the Consolidated 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 exchange rate ruling at the relevant date.

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

(in thousands of Euro)	12.31.2013	12.31.2012
Fair value of plan assets at the beginning of the period	155,455	149,489
Interest income	6,634	7,296
Remeasurement (gains)/losses:		
- Return on plan assets	3,533	2,027
Non investment expenses	(480)	(154)
Contributions paid by the company	1,363	1,728
Contributions paid by the plan participants	253	492
Settlements/curtailments	-	(3,162)
Exchange differences	(3,181)	3,411
Benefits paid	(5,156)	(5,672)
Fair value of plan assets at the end of the period	158,421	155,455

With regard to the balances of companies that use functional currencies other than the Euro, please note that the Consolidated 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 exchange rate ruling at the relevant date.

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

(in thousands of Euro)	12.31.2013	12.31.2012
Return on plan assets (excluding amounts included in net interests expenses on net liability assets)	(3,533)	(2,027)
Actuarial (gains)/losses arising from changes in demographic assumptions	(2,921)	140
Actuarial (gains)/losses arising from financial assumptions	6,261	8,042
Actuarial (gains)/losses arising from experience	(2,563)	(4,155)
Value of the net liability (asset) to be recognised in "Other Comprehensive income"	(2,756)	2,000

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

(in thousands of Euro)	12.31.2013	12.31.2012
Current service cost	1,918	2,084
Net interest cost	1,064	1,458
Past service cost	(824)	-
Actuarial (gains)/losses recognised during the year on "Other long-term benefits"	56	-
Non investment expenses	480	154
Settlements/Curtailments	(2,054)	518
TOTAL	640	4,214

The item “Past service cost” refers to subsidiary Allevard Springs Ltd and reflects a change made to the plan.

Item “Settlements/Curtailments” includes Euro 1,967 thousand relating to subsidiary Filtrauto S.A. for the restructuring process under way.

Items “Current service cost” (less Euro 87 thousand taken to “Settlements/Curtailments”) and “Non investment expenses” are included in the various “Labour cost” lines of Consolidated Income Statement items.

Item “Past service cost” is included in line “Other non-operating expenses (income)” in the Consolidated Income Statement.

Line “Financial expenses, net” is included in “Financial expenses (income), net”.

“Actuarial (gains) losses recognised during the year” are included in “Other non-operating expenses (income)”.

Item “Settlements/Curtailments” is included in line “Restructuring costs” for the amount of Euro 1,967 thousand and in item “Labour cost” for the amount of Euro 87 thousand.

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/salary increase: 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)	12.31.2012			
	Great Britain	France	Other	TOTAL
Present value of defined benefit obligations	158,852	26,625	3,560	189,037
Fair value of plan assets	155,408	-	47	155,455
Deficit	3,444	26,625	3,513	33,582

(in thousands of Euro)	12.31.2013			
	Great Britain	France	Other	TOTAL
Present value of defined benefit obligations	158,622	24,814	3,430	186,866
Fair value of plan assets	158,365	-	56	158,421
Deficit	257	24,814	3,374	28,445

The decrease in Great Britain deficit is due to the ordinary contributions made during the year, which exceeded the related current service cost, and to the dynamics of actuarial valuations.

The decrease in France deficit is mainly due to the effect of the restructuring plan under way that will reduce the number of beneficiaries.

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 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:

	12.31.2013	12.31.2012
Discount rate %	4.6	4.5
Expected rate of return on debt instruments %	4.5-5.0	5.0
Expected rate of return on capital instruments %	7.0	7.0
Expected rate of return on cash %	2.0	2.0
Expected annual wage rise %	3.5-3.95	2.8-3.8
Annual inflation rate %	3.5	2.8
Retirement age	65	65

The higher “Discount rate” versus the previous year reflects the upward trend in returns on AA-rated UK corporate bonds (13-year duration) recorded in 2013.

Changes in the present value of the UK funds obligation for 2012 and 2013 were as follows:

(in thousands of Euro)	12.31.2013	12.31.2012
Present value of defined benefit obligations at the beginning of the period	158,852	152,169
Current service cost	283	810
Financial expenses	6,730	7,436
Remeasurement (gains)/losses:		
- Actuarial (gains)/losses arising from changes in demographic assumptions	(2,813)	-
- Actuarial (gains)/losses arising from changes in financial assumptions	5,786	3,344
- Actuarial (gains)/losses arising from experience	(1,195)	(3,918)
Past service cost	(824)	-
Contribution paid by plan participants	253	492
Settlements/Curtailments	-	518
Exchange differences	(3,297)	3,561
Benefits paid	(5,153)	(5,560)
Present value of defined benefit obligations at the end of the period	158,622	158,852

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

(in thousands of Euro)	12.31.2013	12.31.2012
Fair value of plan assets at the beginning of the period	155,408	146,304
Interest income	6,630	7,155
Remeasurement (gains)/losses:		
Return on plan assets	3,533	2,030
Non investment expenses	(480)	(154)
Contribution paid by the company	1,341	1,733
Contribution paid by plan participants	253	492
Settlements/Curtailments	-	-
Exchange differences	(3,167)	3,408
Benefits paid	(5,153)	(5,560)
Fair value of plan assets at the end of the period	158,365	155,408

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

	12.31.2013	12.31.2012
Debt instruments	27.1%	29.0%
Equity instruments	47.8%	40.7%
Real estate investments	2.0%	2.2%
Cash	15.0%	14.4%
Derivatives	6.3%	11.7%
Other assets	1.8%	2.0%
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 2013 shows an increase in equity instruments compared to debt instruments. This increase does not reflect a change in investment strategy, but rather the fund's dynamic management strategy that 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 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 interest rates and inflation.

Actual returns on plan assets are reported below:

	12.31.2013	12.31.2012
Actual rate of return on debt instruments %	-4.0 / 0	+3
Actual rate of return on equity instruments %	+17.0 / +18.0	+14
Actual rate of return on cash %	0 / +0.5	-
Actual rate of return on plan assets %	+6.0 / +12.0	+7

Average overall return on plan assets for the year 2013 was 6.4% for subsidiary Sogefi Filtration Ltd (total assets as of December 31, 2013 were Euro 145,525 thousand) and 12.3% for subsidiary Allevard Springs Ltd (total assets as of December 31, 2013 amounted to Euro 12,840 thousand).

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 1,354 thousand.

Average obligation duration as of December 31, 2013 is approximately 19 years.

In compliance with the revised IAS 19, a sensitivity analysis was performed to determine how the present value of the obligation 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
- Rate of salary increase
- 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)	12.31.2013	
	+1%	-1%
Discount rate	(24,908)	29,597
Rate of salary increase	119	(116)

(in thousands of Euro)	12.31.2013	
	+ 1 year	- 1 year
Life expectancy	3,513	(3,434)

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:

	12.31.2013	12.31.2012
Discount rate %	3.0-3.2	3.0-3.3
Expected annual wage rise %	2.0-2.5	2.0-2.5
Annual inflation rate %	2.0	2.0
Retirement age	60-67	60-65

The “Discount rate” is calculated based on the returns on Eurozone AA-rated corporate bonds (duration of 10-13 years).

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

(in thousands of Euro)	12.31.2013	12.31.2012
Present value of defined benefit obligations at the beginning of the period	26,625	21,052
Current service cost	1,576	1,236
Financial expenses	849	1,026
Remeasurement (gains)/losses:		
- Actuarial (gains)/losses arising from changes in demographic assumptions	(16)	149
- Actuarial (gains)/losses arising from changes in financial assumptions	553	4,289
- Actuarial (gains)/losses arising from experience	(1,449)	(246)
Settlements/Curtailments	(2,054)	-
Benefits paid	(1,270)	(881)
Present value of defined benefit obligations at the end of the period	24,814	26,625

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

- Discount rate
- Rate of salary increase

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)	12.31.2013	
	+1%	-1%
Discount rate	(2,812)	2,935
Rate of salary increase	3,890	(3,381)

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 the treasury fund held by INPS (the Italian social security authority) or to supplementary pension funds, 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 salary increase. 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. discount rate (IBoxx Eurozone Corporate AA Index): 2.5% (2.05% as of December 31, 2012)
2. annual inflation rate: 2% (2% as of December 31, 2012)
3. annual increase in termination indemnity: 3% (3% as of December 31, 2012)

- Demographic assumptions:

1. rate of voluntary resignations: 3% - 10% of the workforce (same assumptions adopted as of December 31, 2012);
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, 2012);
3. probability of death: the RG48 mortality tables produced by the General State Accounting Body were used (same assumptions adopted as of December 31, 2012);
4. probability of advanced settlement: an annual value of 2% - 3% each year was assumed (same assumptions adopted as of December 31, 2012);
5. INPS' table split by age and gender was used for the probability of disability (same assumptions adopted as of December 31, 2012).

The provision changed as follows during the period:

(in thousands of Euro)	12.31.2013	12.31.2012
Opening balance	7,867	6,491
Accruals for the period	260	348
Amounts recognised in "Other Comprehensive Income"	(209)	1,370
Contributions paid	(233)	(342)
TOTAL	7,685	7,867

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

(in thousands of Euro)	2013	2012
Current service cost	100	80
Interest costs	160	268
TOTAL	260	348

Average obligation duration as of December 31, 2013 is approximately 9 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
- Rate of salary increase

(in thousands of Euro)	12.31.2013	
	+0,5%	-0,5%
Discount rate	(262)	278
Rate of salary increase	8	(8)

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)	12.31.2013	12.31.2012
Opening balance	7,720	2,484
Accruals for the period	15,750	7,103
Utilisations	(6,046)	(1,666)
Provisions not used during the period	(303)	(158)
Other changes	-	(20)
Exchange differences	(251)	(23)
TOTAL	16,870	7,720

“Accruals for the period” refer nearly entirely to the subsidiary Filtrauto S.A. (the Group started the negotiation plan to shut down the Saint Père plant and relocate production from the Argentan plant to Vire).

“Utilisations” have been booked as reductions of provisions previously set aside, mainly in the Engine Systems business unit after the Llantrisant manufacturing plant was shut down.

The “Provisions not used during the period” relate to amounts previously set aside which turned out to be excessive compared with the amount actually spent.

Movements in the “Accruals for the period” net of the “Provisions not used during the period” occurred during the year total Euro 15,447 thousand; this figure is booked to the Consolidated Income Statement under “Restructuring costs”.

Provisions for disputes with tax authorities

This refers to tax disputes under way with local European 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)	12.31.2013	12.31.2012
Opening balance	546	80
Accruals for the period	378	500
Utilisations	(46)	(34)
TOTAL	878	546

Provision for phantom stock options

This item amounts to Euro 1,299 thousand (Euro 30 thousand as of December 31, 2012) and refers to the fair value of incentive schemes providing for cash payment, known as phantom stock options, for the Director who filled the role of Managing Director of the Holding Company at the date of issue of the relevant schemes.

The increase in the provision reflects the increased fair value of the phantom stock options compared to the previous period, mostly as a result of the Sogefi stock price appreciation in the year 2013. The increase in the provision has been included in the Income Statement under “Directors' and statutory auditors' remuneration”.

More details on the phantom stock option plans can be found in note 29.

Provision for product warranties and other risks

The provision changed as follows during the period:

(in thousands of Euro)	12.31.2013	12.31.2012
Opening balance	27,329	33,974
Accruals for the period	1,085	581
Utilisations	(5,386)	(3,653)
Provisions not used during the period	(432)	(1,770)
Other changes	-	(1,790)
Exchange differences	(58)	(13)
TOTAL	22,538	27,329

The item reflects for the most part liabilities connected with product warranty risks of the Systemes Moteurs group and other liabilities accounted for during the PPA process relating to the acquisition of the group. Negotiations with the counterparties involved are under way to reach settlement agreements.

The “Provisions not used during the period” mainly refer to provisions made in previous years, that were then found to be excessive following an updated assessment of the risk or of the amounts actually spent.

Agent's termination indemnities and Lawsuits

The provisions changed as follows during the period:

(in thousands of Euro)	12.31.2012	
	Agent's termination indemnities	Lawsuits
Opening balance	86	887
Accruals for the period	4	235
Utilisations	-	(132)
Provisions not used during the period	-	(93)
Exchange differences	-	(16)
TOTAL	90	881

(in thousands of Euro)	12.31.2013	
	Agent's termination indemnities	Lawsuits
Opening balance	90	881
Accruals for the period	6	405
Utilisations	-	(228)
Provisions not used during the period	-	(38)
Exchange differences	-	(35)
TOTAL	96	985

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.

Other payables

“Other payables” amount to Euro 257 thousand (Euro 179 thousand as of December 31, 2012).

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)	12.31.2013		12.31.2012	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Deferred tax assets:				
Allowance for doubtful accounts	3,258	937	3,081	882
Fixed assets amortisation/writedowns	29,798	9,163	24,018	7,358
Inventory writedowns	4,928	1,602	5,318	1,732
Provisions for restructuring	8,822	2,990	778	214
Other provisions - Other payables	50,978	16,984	60,081	19,638
Fair value derivative financial instruments	16,508	4,541	14,242	3,919
Other	15,324	5,316	13,419	4,899
Deferred tax assets for tax losses incurred during the year	-	-	7,517	2,588
Deferred tax assets for tax losses incurred during previous years	56,861	18,087	58,174	18,948
TOTAL	186,477	59,620	186,628	60,178
Deferred tax liabilities:				
Accelerated/excess depreciation and amortisation	75,416	22,040	85,091	25,379
Difference in inventory valuation methods	775	213	758	211
Capitalisation of R&D costs	42,300	14,384	39,450	13,424
Other	6,493	1,678	8,233	2,280
TOTAL	124,984	38,315	133,532	41,294
Deferred tax assets (liabilities) net		21,305		18,884
Temporary differences excluded from the calculation of deferred tax assets (liabilities):				
Tax losses carried forward	65,423	21,025	62,715	20,354

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 in force in Great Britain (20% as of December 31, 2013 compared to 23% in the previous year).

The change in “Deferred tax assets (liabilities), net” compared with December 31, 2012 amounts to Euro 2,421 thousand and differs by Euro 433 thousand from the amount shown in the Consolidated Income Statement under “Income taxes – Deferred tax liabilities (assets)” (Euro 2,854 thousand) due to:

- movements in financial items that did not have any effect on the Consolidated Income Statement and therefore the related negative tax effect amounting to Euro 550 thousand has been accounted for as Other comprehensive income (expenses) (positive effect of the fair value of derivatives designated as cash flow hedges was Euro 620 thousand; negative effect of actuarial gains/losses arising from the adoption of the revised IAS 19 was Euro 1,170 thousand);
- reclassifications or exchange differences for the amount of Euro 117 thousand.

The increase in “Provisions for restructuring” basically refers to restructuring of the subsidiary Filtrauto S.A..

The decrease in the tax effect in the item “Other provisions - Other payables” mostly originates from a reduction of the liabilities connected with pension funds and provisions for product warranty risks assumed with the acquisition of the Systemes Moteurs group after the relating liability was partly paid.

Item “Other” of deferred tax assets includes various types of postings, such as for example costs for which tax deduction is deferred (for example, employees' bonus entitlements, indirect taxes that are deducted upon actual payment, intercompany service costs in Argentinean subsidiaries that are deducted upon actual payment), or against international double taxation to be used in future periods to reduce the tax liabilities of Spanish subsidiary Sogefi Filtration S.A..

“Deferred tax assets for tax losses incurred during previous years” relate to subsidiaries Allevard Sogefi U.S.A. Inc. (Euro 6,802 thousand; Euro 7.109 thousand as of December 31, 2012), Allevard Rejna Autosuspensions S.A. (Euro 4,760 thousand; Euro 5,084 thousand as of December 31, 2012), Sogefi Filtration Ltd (Euro 2,933 thousand; Euro 3,416 thousand as of December 31, 2012), Sogefi Filtration S.A. (Euro 1,972 thousand; Euro 2,308 thousand as of December 31, 2012), United Springs S.A.S. (Euro 921 thousand; Euro 1,031 thousand as of December 31, 2012) and Systèmes Moteurs S.A.S. (Euro 699 thousand; Euro 2,588 thousand as of December 31, 2012). 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 subsidiary can be carried forward indefinitely and those of the Spanish subsidiary must be utilised within 2028. The losses of the French subsidiary 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.

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.

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. (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), Allevard Rejna Autosuspensions 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), S. ARA Composite S.A.S., to the Chinese and UK subsidiaries of the Engine Systems business unit.

The increase in “Tax losses carried forward” is mainly traced back to the losses of certain companies that operate under the Suspension business unit and of the subsidiary Sogefi (Suzhou) Auto Parts Co., Ltd. No deferred tax assets were recognised for these losses because the cash flows for the specific period of the company's long-term plan only allow for the recovery of the deferred tax assets recognised during previous years.

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 60,924 thousand as of December 31, 2013 (Euro 60,712 thousand as of December 31, 2012), split into 117,162,292 ordinary shares with a par value of Euro 0.52 each.

During 2013 years the share capital increased from Euro 60,712 thousand (divided into n. 116,753,392 ordinary shares of par value of Euro 0.52 each) to Euro 60,924 thousand (divided into n. 117,162,292 ordinary shares). All the ordinary shares are fully paid. It doesn't exist shares subject to rights, privileges and limits in the dividends distribution.

It is brought to the attention that proxies have been given to the Board of Directors for a maximum period of five years from the date of the Shareholders' resolution dated April 23, 2009 registration in the Register of Enterprises to increase the share capital on one or more occasion up to a maximum of total par value of Euro 250 million and of further maximum par value of Euro 5.2 million to Directors and employees of the Company and its subsidiaries.

As of December 31, 2013, the Holding Company has 3,763,409 treasury shares in its portfolio, corresponding to 3.21% of share capital.

Movements in the shares outstanding are as follows:

(Shares outstanding)	2013	2012
<i>No. shares at start of period</i>	116,753,392	116,662,992
No. shares issued for subscription of stock options	408,900	90,400
No. of ordinary shares as of December 31	117,162,292	116,753,392
No. shares issued for subscription of stock options booked to "Other reserves" at December 31, 2013	60,000	-
Treasury shares	(3,763,409)	(3,981,095)
<i>No. of shares outstanding as of December 31</i>	113,458,883	112,772,297

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
<i>Balance at December 31, 2011</i>	60,665	12,145	7,691	(7,691)	3,721	12,320	(9,158)	2,319	(14,850)	5,741	3,111	83,335	24,046	183,595
Paid share capital increase	47	47	-	-	-	-	-	-	-	-	-	-	-	94
Allocation of 2011 net profit:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	(14,716)	-	(14,716)
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	24,046	(24,046)	-
Net purchase of treasury shares	-	(1,396)	1,396	(1,396)	-	-	-	-	-	-	-	-	-	(1,396)
Recognition of share-based incentive plans	-	-	-	-	-	-	-	1,233	-	-	-	-	-	1,233
Other changes	-	-	-	-	-	-	-	-	-	-	-	(63)	-	(63)
Fair value measurement of financial assets available for sale	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value measurement of cash flow hedging instruments: share booked to equity	-	-	-	-	-	-	(7,491)	-	-	-	-	-	-	(7,491)
Fair value measurement of cash flow hedging instruments: share booked to income statement	-	-	-	-	-	-	2,121	-	-	-	-	-	-	2,121
Actuarial gain/loss	-	-	-	-	-	-	-	-	(3,370)	-	-	-	-	(3,370)
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	2,811	-	-	-	2,811
Currency translation differences	-	-	-	-	(10,644)	-	-	-	-	-	-	-	-	(10,644)
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	-	28,246	28,246
<i>Balance at December 31, 2012</i>	60,712	10,796	9,087	(9,087)	(6,923)	12,320	(14,528)	3,552	(18,220)	8,552	3,111	92,802	28,246	180,420
Paid share capital increase	212	429	-	-	-	-	-	-	-	-	126	-	-	767
Allocation of 2012 net profit:	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	(14,667)	-	(14,667)
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	28,246	(28,246)	-
Recognition of share-based incentive plans	-	-	-	-	-	-	-	1,562	-	-	-	-	-	1,562
Other changes	-	495	(495)	495	-	-	-	(511)	-	-	-	(121)	-	(137)
Fair value measurement of cash flow hedging instruments: share booked to equity	-	-	-	-	-	-	(5,753)	-	-	-	-	-	-	(5,753)
Fair value measurement of cash flow hedging instruments: share booked to income statement	-	-	-	-	-	-	3,493	-	-	-	-	-	-	3,493
Actuarial gain/loss	-	-	-	-	-	-	-	-	2,965	-	-	-	-	2,965
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(550)	-	-	-	(550)
Currency translation differences	-	-	-	-	(20,737)	-	-	-	-	-	-	-	-	(20,737)
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	-	21,124	21,124
<i>Balance at December 31, 2013</i>	60,924	11,720	8,592	(8,592)	(27,660)	12,320	(16,788)	4,603	(15,255)	8,002	3,237	106,260	21,124	168,487

Share premium reserve

The share premium reserve amounted to Euro 11,720 thousand compared with Euro 10,796 thousand in the previous year.

The increase by Euro 429 thousand accounts for share subscriptions under stock option plans.

During 2013, the Holding Company Sogefi S.p.A. credited Euro 495 thousand to the Share premium reserve after the free grant of 217,686 treasury shares to 2011 Stock Grant beneficiaries.

Treasury shares

Item “Treasury shares” reflects the purchase price of treasury shares. Movements during the year amount to Euro 495 thousand and reflect the free grant of 217,686 treasury shares as reported in the note to “Share-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 20,737 thousand mainly attributable to the depreciation of the Brazilian real, Canadian dollar and Argentine peso 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 a net decrease of Euro 2,260 thousand.

Share-based incentive plans reserve

The reserve refers to the credit to equity for share-based incentive plans, assigned to Directors and employees, resolved after November 7, 2002, including the portion relating to the share grant plan approved in 2013.

In 2013, further to 2011 Share Grant Plan beneficiaries exercising their rights and due to the corresponding free grant of 217,686 treasury shares, the amount of Euro 511 thousand, corresponding to the fair value at the grant date of these units, was reclassified from “Share-based incentive plans reserve” to “Share premium reserve” (for Euro 495 thousand) and to “Retained earnings reserve” (for Euro 16 thousand).

Retained earnings

These totalled Euro 106,260 thousand and include amounts of profit that have not been distributed.

The decrease of Euro 121 thousand mainly refers to the change in the percentage held in the subsidiary Allevard IAI Suspensions Private Ltd.

Tax on items booked in Other Comprehensive Income

The table below shows the amount of income taxes relating to each item of the Other Comprehensive Income:

(in thousands of Euro)	2013			2012		
	Gross value	Taxes	Net value	Gross value	Taxes	Net value
- Profit (loss) booked to cash flow hedging reserve	(2,260)	620	(1,640)	(5,370)	1,476	(3,894)
- Actuarial gain (loss)	2,965	(1,170)	1,795	(3,370)	1,335	(2,035)
- Profit (loss) booked to translation reserve	(21,319)	-	(21,319)	(10,849)	-	(10,849)
- Total Profit (loss) booked in Other Comprehensive Income	(20,614)	(550)	(21,164)	(19,589)	2,811	(16,778)

Non-controlling interests

The balance amounts to Euro 20,426 thousand and refers to the portion of shareholders' equity attributable to non-controlling interests.

These can be broken down as follows: Euro 2,820 thousand relating to subsidiary Shanghai Allevard Springs Co., Ltd; Euro 13,814 thousand relating to subsidiary Iberica de Suspensiones S.L.; Euro 482 thousand relating to subsidiary S.ARA Composite S.A.S.; Euro 356 thousand relating to subsidiary Allevard IAI Suspensions Private Ltd; Euro 2,889 thousand relating to subsidiary Sogefi M.N.R. Filtration India Private Ltd; Euro 65 thousand relating to subsidiary Sogefi Rejna S.p.A.

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 Report on operations:

(in thousands of Euro)	12.31.2013	12.31.2012
A. Cash	125,344	85,209
B. Other cash at bank and on hand (held to maturity investments)	7,462	8,199
C. Financial instruments held for trading	14	15
D. Liquid funds (A) + (B) + (C)	132,820	93,423
E. Current financial receivables	32	15
F. Current payables to banks	6,885	8,377
G. Current portion of non-current indebtedness	76,750	89,596
H. Other current financial debts	93	1,011
I. Current financial indebtedness (F) + (G) + (H)	83,728	98,984
J. Current financial indebtedness, net (I) - (E) - (D)	(49,124)	5,546
K. Non-current payables to banks	213,675	267,773
L. Bonds issued	107,834	-
M. Other non-current financial debts	32,208	22,529
N. Non-current financial indebtedness (K) + (L) + (M)	353,717	290,302
O. Net indebtedness (J) + (N)	304,593	295,848
Non-current financial receivables	-	-
Financial indebtedness, net including non-current financial receivables (as per the "Net financial position" included in the Report on operations)	304,593	295,848

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 100,000 thousand from Unicredit S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than 4;
- loan of Euro 40,000 thousand from European Investment Bank (EIB): 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 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 25,000 thousand from Banca Carige Italia S.p.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 10,000 thousand from GE Capital Interbanca S.p.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 25,000 thousand from Banca Monte dei Paschi di Siena S.p.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;
- 2012 syndicated loan of Euro 200,000 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;

- 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;
- 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, 2013 the Company was in compliance with these covenants.