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

C 1) ASSETS

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to Euro 124,033 thousand versus Euro 125,344 thousand as of December 31, 2013 and break down as follows:

(in thousands of Euro)	12.31.2014	12.31.2013
Short-term cash investments	123,976	123,747
Cheques	-	1,539
Cash on hand	57	58
TOTAL	124,033	125,344

“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, 2014, the Group has unused lines of credit for the amount of Euro 268,088 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 4,013 thousand (Euro 3,276 thousand as of December 31, 2013) held by the Argentinian subsidiaries; use of this amount is temporarily subject to government restrictions that require an official authorisation of foreign payments (including dividend payouts).

6. OTHER FINANCIAL ASSETS

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

(in thousands of Euro)	12.31.2014	12.31.2013
Securities held for trading	18	14
Financial receivables	2,000	-
Held-to-maturity investments	6,953	7,462
Assets for derivative financial instruments	519	32
TOTAL	9,490	7,508

“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.
“Financial receivables” mainly relate to subsidiary Sogefi Filtration Argentina S.A..
“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 519 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)	12.31.2014			12.31.2013		
	Gross	*Write-downs*	*Net*	*Gross*	*Write-downs*	*Net*
Raw, ancillary and consumable materials	55,863	4,141	51,722	54,396	4,030	50,366
Work in progress and semi-finished products	14,126	569	13,557	12,789	339	12,450
Contract work in progress and advances	29,573	21	29,552	31,134	113	31,021
Finished goods and goods for resale	54,984	5,673	49,311	56,223	6,933	49,290
TOTAL	154,546	10,404	144,142	154,542	11,415	143,127

The gross value of inventories is stable compared to the previous period (exchange rates being equal, it would have decreased by Euro 1,572 thousand).

Write-downs 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 provision decreased by Euro by 1,011 thousand as a result of products scrapped during the year (Euro 571 thousand), obsolete materials sold (Euro 395 thousand), reclassification between gross value and relating provisions (Euro 559 thousand); these were partly offset by further accruals for Euro 456 thousand and a positive exchange rate effect of Euro 58 thousand.

8. TRADE AND OTHER RECEIVABLES

Current receivables break down as follows:

(in thousands of Euro)	12.31.2014	12.31.2013
Trade receivables	150,976	140,572
Less: allowance for bad debts	5,170	4,703
Trade receivables, net	145,806	135,869
Due from Parent Company	2,277	9,968
Tax receivables	22,564	20,504
Other receivables	6,884	7,827
Other assets	3,599	3,692
TOTAL	181,130	177,860

"Trade receivables, net" are non-interest bearing and have an average due date of 37 days, against 35 days recorded at the end of the previous year.
It should be noted that as of December 31, 2014, the Group factored trade receivables for Euro 78,784 thousand (Euro 79,541 thousand as of December 31, 2013), including an amount of Euro 45,814 thousand (Euro 46,026 thousand as of December 31, 2013) 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 78,784 thousand as of December 31, 2014 and Euro 79,541 thousand as of December 31, 2013) and the positive effect of exchange rates (Euro 1,384 thousand), net trade receivables show an increase of Euro 7,796 thousand as a result of the increase in the Group's business activities which occurred in the last quarter of the year with respect to the same quarter of the previous year.

Further adjustments were booked to "Allowance for bad debts" during the year for a total of Euro 631 thousand, against net utilisations of the allowance for the amount of Euro 213 thousand (see note 39 for further details). The balance in the Allowance for bad debts increased by Euro 49 thousand due to the exchange rate effect. Write-downs, 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, 2014 is the amount receivable from the Parent Company CIR S.p.A. arising from the participation in the Group tax filing system on the part of the Italian companies of the Group. Euro 9,305 thousand of the receivables outstanding as of December 31, 2013 were collected during the year 2014.
See chapter F for the terms and conditions governing these receivables from CIR S.p.A..

"Tax receivables" as of December 31, 2014 include tax credits due to the Group companies by the tax authorities of the various countries. The increase in this item relates for the most part to withholding taxes and taxes paid on imports relating to Allevard Rejna Argentina S.A. that could not be offset against tax debt for the year due to the negative result for year of the subsidiary, and to tax credits of Systèmes Moteurs S.A.S. arisen in connection with grants relating to research and development activities. It does not include deferred taxes which are treated separately.

"Other receivables" are made up as follows:

(in thousands of Euro)	12.31.2014	12.31.2013
Amounts due from social security institutions	383	195
Amounts due from employees	796	252
Advances to suppliers	3,006	1,984
Due from others	2,699	5,396
TOTAL	6,884	7,827

The decrease in "Other receivables" includes a Euro 2,498 thousand indemnity paid by a supplier of subsidiary Filtrauto S.A. in connection with quality issues arisen during year 2009.

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, 2014 amounted to Euro 244,061 thousand versus Euro 236,415 thousand at the end of the previous year and breaks down as follows:

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

(in thousands of Euro)	2013				
	Land	*Buildings, plant and machinery, commercial and industrial equipment*	*Other assets*	*Assets under construction and payments on account*	*TOTAL*
Balance at January 1	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)
Write-downs/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)
Balance at December 31	15,444	185,920	4,957	30,094	236,415
Historical cost	15,444	771,336	25,282	30,788	842,850
of which: leases - gross value	*331*	*11,375*	*68*	-	*11,774*
Accumulated depreciation	-	585,416	20,325	694	606,435
of which: leases - accumulated depreciation	-	*4,363*	*41*	-	*4,404*
Net value	15,444	185,920	4,957	30,094	236,415
Net value - leases	*331*	*7,012*	*27*	-	*7,370*

Investments during the year amounted to Euro 42,278 thousand compared with Euro 36,030 thousand in the previous year.

The larger projects relate to 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: subsidiary Allevard Rejna Autosuspensions S.A. to increase the production capacity of cold-forming processes for stabilizer bars; subsidiary Allevard Sogefi U.S.A. Inc. to expand both the production capacity and the plant; subsidiary Filtrauto S.A. to develop new products and improve manufacturing processes; subsidiary Sogefi (Suzhou) Auto Parts Co., Ltd to increase production capacity; and subsidiary Sogefi Filtration do Brasil Ltda to increase the production capacity of the new Brazilian plant in Atibaia and adapt it to meet the needs of engine system manufacture.

Among the most significant projects in the “Property, plant and equipment, industrial and commercial equipment” category, noteworthy are the investments in subsidiary LPDN GmbH to improve production processes and for maintenance purposes, in subsidiary Sogefi (Suzhou) Auto Parts Co., Ltd to increase production capacity at a new production line for springs and a production line for engine cooling systems, in subsidiary Sogefi Engine Systems Mexico S. de R.L. de C.V. to expand production capacity for the development of new products, and in subsidiaries Filtrauto S.A. and Sogefi Engine Systems Canada Corp. to improve production processes and develop new products.

“Disposals during the period” total Euro 3,814 thousand and refer for the most part to the sale of two industrial buildings. One building and adjoining land (net book value of Euro 3,020 thousand) formerly owned by subsidiary Sogefi Filtration Ltd (in Llartrisant) generated Euro 81 thousand gains that were credited to “Losses (gains) on disposal”; the plant and adjoining land (net book value of Euro 384 thousand) of subsidiary United Springs Ltd (in West Bromwich) generated no economic benefit.

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

“Write-downs/revaluations during the period” total Euro 1,360 thousand, of which Euro 1,285 thousand reflect write-downs of a property (Euro 1 million) and of industrial machinery (Euro 285 thousand) connected with the shutdown of the Lieusaint plant of French subsidiary Allevard Rejna Autosuspensions S.A., 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, 2014 includes Euro 43 thousand of advances for investments.

The main retired from active use assets, with a total net value of Euro 9,714 thousand, included in the item “Tangible fixed assets” mostly refer to the Lieusaint production site of the subsidiary Allevard Rejna Autosuspensions S.A. that was written down as noted above and to a property complex of the Holding Company Sogefi S.p.A. (located in Mantova and San Felice del Benaco). The book value of said assets will be recovered through their sale rather than through their continuous use. As the Group does 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 2014.

Guarantees
As of December 31, 2014, tangible fixed assets are encumbered by mortgages or liens totalling Euro 6,652 thousand to guarantee loans from financial institutions, compared to Euro 9,463 thousand as of December 31, 2013. Guarantees existing as of December 31, 2014 refer to subsidiaries Sogefi Engine Systems Canada Corp., Allevard IAI Suspensions Private Ltd., Systèmes Moteurs S.A.S., United Springs B.V. and Sogefi M.N.R. Filtration India Private Ltd..

Purchase commitments
As of December 31, 2014, there are binding commitments to buy tangible fixed assets for Euro 323 thousand (Euro 1,907 thousand as of December 31, 2013) 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, 2014 was Euro 10,771 thousand, and the related accumulated depreciation amounted to Euro 5,623 thousand.

The gross value of fixed assets under financial leases decreased by Euro 1,003 thousand compared to December 31, 2013; the decrease relates to subsidiary Allevard Rejna Autosuspensions S.A. that exercised its purchase option at the end of a lease contract to buy the asset under lease at the price of Euro 1.

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, 2014 was Euro 282,996 thousand versus Euro 262,725 thousand at the end of the previous year, and breaks down as follows:

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

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

Investments during the year amounted to Euro 42,129 thousand.

The increases in “Development Costs” for the amount of Euro 21,016 thousand refer to the capitalisation of costs incurred by Group companies to develop new products in collaboration with leading motor vehicle manufacturers (after being nominated by the customer). The largest investments refer to the subsidiaries Systèmes Moteurs S.A.S., Filtrauto S.A., Sogefi Engine Systems Canada Corp., Sogefi Filtration do Brasil Ltda and Sogefi (Suzhou) Auto Parts Co., Ltd.

Increases in “Industrial patents and intellectual property rights, concessions, licences and trademarks” amount to Euro 10,151 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 10,962 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 Sogefi U.S.A. Inc., Allevard Rejna Autosuspensions S.A., Sogefi Filtration d.o.o. and S.C. Systèmes Moteurs S.r.l..

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 15,358 thousand of costs generated internally.

The line “Write-downs during the period” includes write-downs of development costs for the amount of Euro 1,658 thousand capitalised in previous years by subsidiary Filtrauto S.A. that are no longer recoverable.

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

Impairment tests have been carried out in accordance with the procedure laid down in IAS 36 to check whether there have been any losses in the value of this goodwill, by comparing the book value of the individual CGUs with their value in use, given by the present value of estimated future cash flows that are expected to result from the continuing use of the asset being tested for impairment.
The Discounted Cash Flow Unlevered method was used. The Group took into account the cash flow projections expected for 2015 as determined based on the budget and the forecasts included in the 2016-2018 projection update for the following years (adjusted to eliminate any estimated benefits from future projects and reorganisations) approved by the Board of Directors on January 19, 2015. Projections are prepared by management and approved by the Board of Directors for the sole purposes of the impairment test. Both budget and the projection update are prepared taking into account forecasts of automotive industry performance drawn up by major industry sources and adopting a conservative approach.

A discounting rate of 9.91%, which reflects the weighted average cost of capital, was used. The same discounting rate is used for all three CGUs. As a matter of fact, the three CGUs operate in the same sector and deal with the same kind of customers, and it is estimated that they are exposed to the same risk.

The terminal value was calculated using the “perpetual annuity” approach, assuming a growth rate of 2% – which is a conservative assumption when compared to forecasts for the automotive industry by authoritative industry sources – and considering an operating cash flow based on the last year of the projection (the year 2018), adjusted to project a stable situation “in perpetuity”, based on the following main assumptions:

- a balance between capital investment and depreciation (according to the rationale of considering the level of investment needed to “maintain” the business);
- change in working capital equal to zero.

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

- financial structure of the industry: 19.3%
- levered beta of the industry: 1.17
- risk-free rate: 4.0% (annual average risk-free rates of 10 year bonds of the key markets in which the Group operates, weighted by sales revenues per market)
- risk premium: 6.4% (risk premium of the key markets in which the Group operates calculated by a primary source, weighted by sales revenues per market)
- debt cost spread: 3.6% (estimate based on the 2015 budget)

As far as the sensitivity analysis goes, it should be noted that:
- the impairment test reaches the break-even point at the following discounting rates (growth rate of terminal value remaining unchanged at 2% and all other plan assumptions being equal): 12.7% for CGU Engine Systems - Fluid Filters; 13.4% for CGU Engine Systems - Air Intake and Cooling; and 10.9% for CGU Car Suspension.
- the impairment test reaches the break-even point with a significant reduction in EBIT during the explicit projection period, which was also applied to determine the terminal value: -26% for CGU Engine Systems - Fluid Filters; -30% for CGU Engine Systems - Air Intake and Cooling and -12% for CGU Car Suspension.

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

11. INVESTMENTS IN JOINT VENTURES

There were no investments in joint ventures as of December 31, 2014.

12. OTHER FINANCIAL ASSETS AVAILABLE FOR SALE

As of December 31, 2014, these totalled Euro 439 thousand (unchanged from December 31, 2013) and break down as follows:

(in thousands of Euro)	12.31.2014	12.31.2013
Equity investments in other companies	439	439
Other securities	-	-
TOTAL	439	439

The balance of “Equity investments in other companies” essentially refers to the 22.62% shareholding in the company AFICO FILTERS S.A.E.. The equity investment was not classified as associate due to the lack of Group's members in the management bodies of the company (which means the Group does not exert significant influence on the company).

13. FINANCIAL RECEIVABLES AND OTHER NON-CURRENT RECEIVABLES

Non-current financial receivables total Euro 157 thousand and refer to the fair value of cross-currency swap hedging instruments. For further details, please refer to note 39.

"Other receivables" break down as follows:

(in thousands of Euro)	12.31.2014	12.31.2013
Pension fund surplus	-	2,876
Other receivables	34,626	28,706
TOTAL	34,626	31,582

As of December 31, 2014, subsidiary Sogefi Filtration Ltd records a Euro 15,468 thousand deficit in pension funds, versus a Euro 2,876 thousand surplus as of December 31, 2013. For further details, please refer to 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 receivables, as provided for by the acquisition contract. The proceedings are still pending. For further details, please refer to note 19, paragraph "Provision for product warranties".

The item "Other receivables" includes tax credits relating to research and development activities of the French subsidiaries, VAT credits of subsidiary Sogefi (Suzhou) Auto Parts Co., Ltd, tax credits on purchases of assets made by the Brazilian subsidiaries, 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, 2014, this item amounts to Euro 71,126 thousand compared with Euro 59,620 thousand as of December 31, 2013.
This amount relates to the expected benefits on deductible temporary differences, booked to the extent that it is probable that it will be recovered. Reference should be made to note 20 for a further discussion of this matter.

15. NON-CURRENT ASSETS HELD FOR SALE

As of December 31, 2014, 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)	12.31.2014	12.31.2013
Bank overdrafts and short-term loans	13,426	6,885
Current portion of medium/long-term financial debts	64,508	76,750
of which: leases	*914*	*1,118*
TOTAL SHORT-TERM FINANCIAL DEBTS	77,934	83,635
Other short-term liabilities for derivative financial instruments	350	93
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	78,284	83,728

Non-current portion

(in thousands of Euro)	12.31.2014	12.31.2013
Financial debts to banks	131,617	213,675
Other medium/long-term financial debts	203,648	118,664
of which: leases	*6,481*	*6,607*
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	335,265	332,339
Other medium/long-term liabilities for derivative financial instruments	24,464	21,378
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	359,729	353,717

Bank overdrafts and short-term loans

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

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

Details are as follows:

Position as of December 31, 2014 (in thousands of Euro):

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

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

Position as of December 31, 2013 (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guarantees
Sogefi S.p.A.	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 variabile	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 S.A.	May - 2013	May - 2014	4,000	Euribor 3m + 150 bps variable	4,000	-	4,000	N/A
Systèmes Moteurs Sas	CIC Bank S.A.	May - 2013	May - 2014	3,500	Euribor 12m + 150 bps variable	3,500	-	3,500	N/A
Sogefi Filtration S.A.	Banco Sabadell S.A.	May - 2011	May - 2016	7,000	Euribor 3m + 225 bps variable	1,400	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 (Suzhou) 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 International S.A.	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%).

Other short-term liabilities for derivative financial instruments

The item includes the short-term portion of the fair value of the foreign 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, 2014, details were as follows:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan (in thousands)	Interest rate	Total amount at December 31, 2014 (in thousands of Euro)	Real guarantees
Sogefi S.p.A.	Private placement	May - 2013	May - 2023	USD 115.000	Fixed coupon 600 bps	94,359	N/A
Sogefi S.p.A.	Private placement	May - 2013	May - 2020	Euro 25.000	Fixed coupon 505 bps	24,922	N/A
Sogefi S.p.A.	Equity linked bond	May - 2014	May - 2021	Euro 100.000	Fixed coupon 2% year	75,527	N/A
Other financial debts						8,840	N/A
TOTAL						203,648	

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

As of December 31, 2013, details were as follows:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan (in thousands)	Interest rate	Total amount at December 31, 2013 (in thousands of Euro)	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	

On May 13, 2014, the Board of Directors passed a resolution to issue the convertible bonds designated "€ 100,000,000 2 per cent. Equity Linked Bonds due 2021", which were placed with institutional investors on May 14, 2014. Bond settlement occurred on May 21, 2014; the bonds were issued and investors paid the subscription price for a total amount of Euro 100 million (transaction costs relating to bond issuance amount to Euro 1,817 thousand). Bond term is seven years from date of settlement. The bonds were quoted on the Third Market (MTF) of the Vienna Stock Exchange starting June 13, 2014, have a minimum denomination of Euro 100 thousand and carry a coupon payable half-yearly at a fixed annual interest rate of 2%.
On September 26, 2014, the Extraordinary Shareholders Meeting resolved a capital increase in cash instalments, excluding option rights, under art. 2441, paragraph 5 of the Italian Civil Code, for a maximum total nominal value of Euro 9,657,528.92 to be released in a single or several issues of up to 18,572,171 ordinary shares of Sogefi issued exclusively for bond conversion. Under the terms and conditions of the bond, Sogefi S.p.A. had the right to deliver ordinary shares of Sogefi, or pay cash or offer a combination of ordinary shares and cash when the conversion rights were exercised.
On final maturity (May 21, 2021), the bonds will be repaid in a single instalment, unless they are redeemed early or converted.

The Holding Company Sogefi S.p.A. may repay the Bonds fully at any time prior to maturity at their nominal value plus outstanding accrued interest in the cases set forth by the Bond Terms, in line with market practices, including (i) when early conversion or redemption rights have been exercised for at least 85% of the original nominal amount of the Convertible Bonds, and (ii) when the dealing price of the Company's ordinary shares exceeds a certain threshold on certain specific dates as defined in the Bond Terms.
Bondholders may redeem their Bonds in cash prior to maturity at the nominal value of the Bonds plus outstanding accrued interest if a Change of Control Event (when an entity or individual other than the current controlling entity or individuals acquires more than 50% of shares with voting rights, directly or indirectly, as defined in the Bond Terms) and a Free Float Event (when the free float of ordinary shares drops below 20%, as defined in the Bond Terms) occur.
The fair value of these options was deemed to be immaterial.

The conversion option in the bond is a US-style option and constitutes an embedded derivative with economic characteristics and risks that are not closely related to the host contract; as a result, its fair value was booked to "Other medium/long-term financial liabilities for derivative financial instruments".
On May 14, 2014 (placement date), the Holding Company Sogefi S.p.A. separated the embedded derivative (call option on treasury shares of the Holding Company Sogefi S.p.A.) from the host contract (equity-linked bonds) in accordance with IAS 39 guidance on hybrid instruments and determined that its fair value amounted to Euro 24,500 thousand. Such fair value was classified as Level 2 in the fair value hierarchy and was determined based on a mathematical financial model (binomial model), using the stock price of Sogefi shares, the issue price of newly-issued shares as defined in the Bond Terms (identified as the strike price) at Euro 5.3844, the 7-year risk-free rate and the volatility of the Sogefi stock over a one-year period.
The book value of the host contract at placement date was found to be equal to the residual amount after separation of the embedded derivative, namely:

(in migliaia di euro)	
Fair value of the hybrid instrument (net of Euro 1,817 million of transaction costs connected with the issuing of equity-linked bonds)	98,183
Fair value of the embedded derivative (call option)	(24,500)
Difference corresponding to the initial book value of the host instrument	73,683

After initial recognition, the embedded derivative was measured at fair value and any changes were immediately booked to the Income Statement; the host contract was recognised at amortised cost. Such amortised cost was determined using an effective interest rate, as defined in IAS 39, of 6.79%. The interest rate owed and paid to bondholders is 2%.

As of December 31, 2014, the fair value of the embedded derivative had decreased by Euro 13,960 thousand (the fair value was measured with the same method outlined above), whereas the amortised cost of the host contract had increased by Euro 3,067 thousand (because of the difference of interests calculated using the effective interest rate as defined in IAS 39 and the interest rate actually paid); such changes were booked to the Income Statement under items "Other financial income" and "Interest expenses and other financial expenses", respectively. The following parameters were used to measure the fair value of the embedded derivative:

- Three-month average price of the Sogefi stock as of December 31, 2014: Euro 2.26
- Exercise price: Euro 5.3844
- 7-year BTP yield as of December 31, 2014: 1.43%
- Average annual volatility of the Sogefi stock as of December 31, 2014: 45.2%

The fair value of the equity-linked bonds due 2021 amounted to Euro 86,971 thousand as of December 31, 2014 (fair value measured based on a quoted price per unit of the instrument of Euro 86.971 on the Third market (MTF) of the Vienna Stock Exchange as of December 31, 2014).
Under a resolution of the Board of Directors passed on January 19, 2015 and a Deed Poll executed on January 28, 2015 under British law (notified to Agent on January 29, 2015), the Holding Company Sogefi S.p.A. unilaterally waived the right to settle the convertible bonds in cash rather than by conversion into ordinary shares when the conversion options are exercised by bondholders under the Bond Terms. Such renouncement is final, irrevocable and unconditional. Under British law, such renouncement has the same effect as an amendment to the Bond Terms. Please read note 47 "Subsequent events" for more details.

In July 2014, the Holding Company Sogefi S.p.A. signed a revolving loan agreement for a total amount of Euro 20 million with Mediobanca S.p.A.. Final expiry is in January 2016 and the interest rate is linked to the 3-month Euribor plus a base spread of 170 basis points. The Holding Company Sogefi S.p.A. has drawn down the entire loan amount starting July 2014.

In July 2014, the Holding Company Sogefi S.p.A. signed a revolving loan agreement for a total amount of Euro 50 million with Unicredit S.p.A.. Final expiry is in July 2019 and the interest rate is linked to the 3-month Euribor plus a base spread of 200 basis points. The Holding Company Sogefi S.p.A. has drawn down a Euro 10 million portion of the loan starting December 2014. The remaining portion is available at demand until final expiry of the loan agreement.

In September 2014, the Holding Company Sogefi S.p.A. signed a loan agreement for a total amount of Euro 55 million with BNP Paribas S.A.. Principal is divided into a revolving portion amounting to Euro 30 million (expiry in September 2019) and a bullet portion amounting to Euro 25 million (expiry in September 2017). In December 2014, the Holding Company Sogefi S.p.A. drew down the entire bullet portion of Euro 25 million. As of December 31, 2014, the interest rate charged on this portion was linked to the 3-month Euribor plus a spread of 290 basis points.

Starting May 2014, the Holding Company Sogefi S.p.A. drawn down and repaid several portions of the revolving portion of the loan from Intesa Sanpaolo S.p.A. for the amount of Euro 30 million which will expire in December 2016. As of October 2014, the entire portion had been drawn down and the interest rate charged on it was linked to the 3-month Euribor plus a spread of 230 basis points.

With regard to the drawdowns and the issuance of the equity-linked bonds outlined above, the Holding Company Sogefi S.p.A. has made several advance repayments during 2014:
- with regard to the Syndicated Loan obtained in 2012, a first partial repayment of Euro 84 million (net book value at payment date was Euro 82,574 thousand) was made in May 2014 and a second final repayment of Euro 36 million (net book value at payment date was Euro 34,359 thousand) in full settlement of the Euro 120 million term loan portion was made in December 2014. When these two repayments were made, the IRS contracts designed in hedge accounting for a total notional value of Euro 120,000 thousand were terminated. With the repayment made in December 2014, the Holding Company Sogefi S.p.A. waived the revolving portion of Euro 80 million (which had never been used) and terminated the loan agreement;
- the loan obtained from Banca Monte dei Paschi di Siena S.p.A. in 2011 for Euro 18,750 thousand (net book value at payment date was Euro 18,614 thousand) expiring in March 2017 was repaid in June 2014;
- the loan obtained from GE Capital S.p.A. in 2011 for Euro 6,500 thousand (net book value at payment date was Euro 6,463 thousand) expiring in June 2017 was repaid in June 2014;
- the loan obtained from the European Investment Bank in 2010 for Euro 20,000 thousand (net book value at payment date was Euro 19,915 thousand) expiring in April 2016 was repaid in July 2014.

The advance repayment of these loans had the following impact on the Income Statement:

- a negative impact of Euro 3,337 thousand reflecting the difference between the redeemed amounts and the net book value of the repaid loans including miscellaneous charges totalling Euro 12 thousand;
- a negative impact of Euro 1,913 thousand relating to the termination of the IRS contracts related to the repaid loans.

Such expenses were booked to “Financial expenses (income), net”.

In March 2014, the Holding Company Sogefi S.p.A. redeemed the loan obtained from Unicredit S.p.A. in June 2006 for a principal amount of Euro 100 million when it paid the final instalment of Euro 5,550 thousand as per loan agreement.

In November 2014, the Holding Company Sogefi S.p.A. entered into a revolving loan agreement with Société Générale S.A. for a principal amount of Euro 30 million which will expire in November 2019. As of December 31, 2014, the Holding Company Sogefi S.p.A. has not drawn down this loan.

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

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

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

Finance leases

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

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

(in thousands of Euro)	Instalments	Capital
Within 12 months	1,306	914
Between 1 and 5 years	5,038	3,948
Beyond 5 years	2,826	2,533
Total lease payments	9,170	7,395
Interests	(1,775)	-
TOTAL PRESENT VALUE OF LEASE PAYMENTS	7,395	7,395

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 3,402 thousand; the future capital payments amount to Euro 2,385 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 Sogefi USA Inc. has entered into the following lease contracts for the Prichard production site relating to:
a) plants, machinery and improvements to the building for an original amount of Euro 1,318 thousand. The contract expires in May 2019, the future capital payments amount to Euro 646 thousand and the annual interest rate applied by the lessor is equal to 3.92%. The Group has given sureties for this contract;
b) plants, machinery and improvements to the building for an original amount of Euro 2,471 thousand. The contract expires in July 2019, the future capital payments amount to Euro 1,257 thousand and the annual interest rate applied by the lessor is equal to 3%. The Group has given sureties for this contract.
c) plants, machinery and improvements to the building for an original amount of Euro 3,580 thousand. The contract expires in June 2023, the future capital payments amount to Euro 3,107 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.

It should be noted that the lease agreement of the Lieusaint facility expired in October 2014 and subsidiary Allevard Rejna Autosuspensions S.A. exercised the option to purchase at the price of Euro 1.

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)	12.31.2014	12.31.2013
Trade and other payables	309,808	285,410
Tax payables	5,323	4,557
TOTAL	315,131	289,967

Details of trade and other payables are as follows:

(in thousands of Euro)	12.31.2014	12.31.2013
Due to suppliers	242,383	223,573
Due to the parent company	142	130
Due to tax authorities for indirect and other taxes	10,144	8,442
Due to social and security institutions	20,514	21,671
Due to employees	30,049	27,572
Other payables	6,576	4,022
TOTAL	309,808	285,410

The amounts "Due to suppliers" are not subject to interest and on average are settled in 74 days, in line with the year 2013.
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 18,810 thousand (by Euro 15,792 thousand exchange rates being equal); this is mainly due to business growth in the last portion of 2014 compared to the same period of the previous year.

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, which amounts to Euro 128 thousand. For further details, please refer to note 40.

The increase in amounts "Due to tax authorities for indirect and other taxes" reflects VAT debts and other tax debt for the most relating to the Chinese subsidiaries.

The increase in line "Other payables" is mainly due to a reclassification of certain amounts between this item and amounts due to suppliers.

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:

Details of the main items are given below.

(in thousands of Euro)	12.31.2014	12.31.2013
Pension funds	47,361	31,321
Provision for employment termination indemnities	8,405	7,685
Provision for restructuring	19,296	16,870
Provisions for disputes with tax authorities	2,179	878
Provision for phantom stock options	-	1,299
Provision for product warranties and other risks	25,874	22,538
Agents' termination indemnities	102	96
Lawsuits	1,109	985
TOTAL	104,326	81,672

Pension funds

The amount of Euro 47,361 thousand represents the amount set aside at year end by the various Group foreign companies to cover the liabilities of their various pension funds. Changes in the Pension funds over the period are shown below:

(in thousands of Euro)	12.31.2014	12.31.2013
Opening balance	28,445	33,582
Cost of benefits charged to income statement	(153)	640
"Other Comprehensive Income"	21,063	(2,756)
Contributions paid	(2,722)	(2,898)
Exchange differences	728	(123)
TOTAL	47,361	28,445
of which booked to Liabilities	*47,361*	*31,321*
of which booked to Assets	-	*(2,876)*

We point out that as of December 31, 2013, the pension fund of the subsidiary Sogefi Filtration Ltd showed a surplus of Euro 2,876 thousand, which was booked to “Other receivables”, as explained in note 13.

The following table shows all of the obligations deriving from “Pension funds” and the present value of the plan assets for the year 2014 and the two previous years.

(in thousands of Euro)	12.31.2014	12.31.2013	12.31.2012
Present value of defined benefit obligations	222,291	186,866	189,037
Fair value of plan assets	174,930	158,421	155,455
Deficit	47,361	28,445	33,582
Liability recorded to "Long-term provisions"	47,361	31,321	36,213
Surplus recorded to "Other receivables"	-	(2,876)	(2,631)

Changes in the “Present value of defined benefit obligations” for the year 2014 were as follows:

(in thousands of Euro)	12.31.2014	12.31.2013
Present value of defined benefit obligations at the beginning of the period	186,866	189,037
Current service cost	1,769	1,918
Financial expenses	8,266	7,698
Remeasurement (gains)/losses		
- Actuarial (gains)/losses arising from changes in demographic assumptions	(220)	(2,921)
- Actuarial (gains)/losses arising from changes in financial assumptions	26,351	6,261
- Actuarial (gains)/losses arising from experience	(1,676)	(2,563)
- Actuarial (gains)/losses arising from "Other long-term benefits"- Jubilee benefit	(1,102)	56
Past service cost	(1,794)	(824)
Contribution paid by plan participants	212	253
Settlements/Curtailments	(860)	(2,054)
Exchange differences	12,053	(3,306)
Benefits paid	(7,574)	(6,689)
Present value of defined benefit obligations at the end of the period	222,291	186,866

“Actuarial (gains)/losses arising from changes in financial assumptions” are mainly due to decreasing discount rates in British pension funds.

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

“Actuarial (gains) losses relating to Other long-term benefits” relate for the most part to subsidiary Filtrauto S.A. as a result of falling wage inflation rates and a social contribution balance equal to zero.

“Past service cost” relates nearly entirely to subsidiary Sogefi Filtration Ltd as a result of an amendment to the terms of one of four plans under which future pay raises are now linked to the CPI (Consumer prices index) rather than the RPI (Retail prices index).

“Settlements/Curtailments” refer to the decrease of the pension fund of subsidiary Allevard Rejna Autosuspensions S.A. after the Lieusaint plant was shut down.

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

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

(in thousands of Euro)	12.31.2014	12.31.2013
Fair value of plan assets at the beginning of the period	158,421	155,455
Interest income	7,433	6,634
Remeasurement (gains)/losses:		
Return on plan assets	3,392	3,533
Non investment expenses	(1,001)	(480)
Contributions paid by the company	1,447	1,363
Contributions paid by the plan participants	212	253
Settlements/curtailments	-	-
Exchange differences	11,317	(3,181)
Benefits paid	(6,291)	(5,156)
Fair value of plan assets at the end of the period	174,930	158,421

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

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

(in thousands of Euro)	12.31.2014	12.31.2013
Return on plan assets (excluding amounts included in net interests expenses on net liability (assets))	(3,392)	(3,533)
Actuarial (gains)/losses arising from changes in demographic assumptions	(220)	(2,921)
Actuarial (gains)/losses arising from changes in financial assumptions	26,351	6,261
Actuarial (gains)/losses arising from experience	(1,676)	(2,563)
Value of the net liability (asset) to be recognised in "Other Comprehensive income"	21,063	(2,756)

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

(in thousands of Euro)	12.31.2014	12.31.2013
Current service cost	1,769	1,918
Net interest cost	833	1,064
Past service cost	(1,794)	(824)
Actuarial (gains)/losses recognised during the year on "Other long-term benefits"- Jubilee benefit	(1,102)	56
Non investment expenses	1,001	480
Settlements/Curtailments	(860)	(2,054)
TOTAL	(153)	640

Please see the table reporting changes in the “Present value of defined benefit obligations” for comments on main items.

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

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

- Investment risk (only applies to British subsidiaries that hold plan assets): the present value of the defined-benefit obligation is calculated at a discount rate determined with reference to returns on AA-rated Eurozone corporate bonds; if the return on plan assets is lower than this rate, the plan will be in deficit. For this reason, and considering the long-term nature of plan liabilities, the British companies' funds diversified their portfolios to include investment in properties, debt instruments and equity instruments.
- Interest risk: a decrease in the discount rate will lead to an increase in plan liability; however, if plan assets are present, such increase will be partially offset by an increase in the return on plan investments.
- Longevity risk: the value of the defined-benefit obligation is calculated taking into account the best possible estimate of the mortality rate of plan beneficiaries; an increase in life expectancy leads to an increase in the resulting obligation.
- Inflation risk/wage inflation risk: the value of the definite-benefit plan with reference to employees in service is calculated taking into account future pay rises and inflation rate: an increase in these elements causes the relevant obligation to increase.

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

(in thousands of Euro)	12.31.2013			
	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

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

The increase in Great Britain Deficit can be traced back mainly to a decrease in the discount rate.
The decrease in France Deficit is mainly due to the effect of the restructuring plan of subsidiary Allevard Rejna Autosuspensions S.A. that will reduce the number of beneficiaries, and to the dynamics of actuarial valuations.

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

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

Great Britain

In Great Britain, pension plans are mainly private, being made with fund management companies and administered independently from the company.

They are classified as defined-benefit plans subject to actuarial valuation that are accounted for according to the corridor approach as provided for by IAS 19.

With regard to plan governance, administrators are representatives of employees, former employees and employer; they are required by law to act in the interest of the fund and of all main stakeholders and are responsible for the investment policies adopted for plan assets.

With regard to the nature of employee benefits, employees are entitled to a post-employment annuity calculated by multiplying a portion of the wage earned at retirement age by the number of years of service until retirement age.

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

	12.31.2014	12.31.2013
Discount rate %	3.6	4.6
Expected annual wage rise %	2.2-3.1	3.5-3.95
Annual inflation rate %	2.1-3.1	3.5
Retirement age	65	65

The lower “Discount rate” versus the previous year reflects the downward trend in returns on AA-rated UK corporate bonds recorded in 2014. The “Discount rate” is calculated based on the returns on Eurozone AA-rated corporate bonds (average duration of 13 years) adjusted for the longer average bond duration (19 years).

Changes in the present value of the UK funds obligation for 2014 and 2013 were as follows:

(in thousands of Euro)	12.31.2014	12.31.2013
Present value of defined benefit obligations at the beginning of the period	158,622	158,852
Current service cost	172	283
Financial expenses	7,370	6,730
Remeasurement (gains)/losses:		
- Actuarial (gains)/losses arising from changes in demographic assumptions	-	(2,813)
- Actuarial (gains)/losses arising from changes in financial assumptions	25,694	5,786
- Actuarial (gains)/losses arising from experience	-	(1,195)
Past service cost	(1,731)	(824)
Contribution paid by plan participants	212	253
Settlements/Curtailments	-	-
Exchange differences	12,049	(3,297)
Benefits paid	(6,291)	(5,153)
Present value of defined benefit obligations at the end of the period	196,097	158,622

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

(in thousands of Euro)	12.31.2014	12.31.2013
Fair value of plan assets at the beginning of the period	158,365	155,408
Interest income	7,428	6,630
Remeasurement (gains)/losses:		
Return on plan assets	3,392	3,533
Non investment expenses	(1,001)	(480)
Contribution paid by the company	1,430	1,341
Contribution paid by plan participants	212	253
Settlements/Curtailments	-	-
Exchange differences	11,323	(3,167)
Benefits paid	(6,291)	(5,153)
Fair value of plan assets at the end of the period	174,858	158,365

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

	12.31.2014	12.31.2013
Debt instruments	28.2%	27.1%
Equity instruments	44.2%	47.8%
Real estate investments	0.5%	2.0%
Cash	8.6%	15.0%
Derivatives	16.8%	6.3%
Other assets	1.7%	1.8%
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 2014 shows an increase in derivative 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. More specifically, the increased used of derivatives as of December 31, 2014 is aimed at hedging the exchange risks connected with certain investment strategies.

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, exchange rates and inflation.

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 1,205 thousand.

Average bond duration as of December 31, 2014 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
- Wage inflation rate
- Life expectancy

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

(in thousands of Euro)	12.31.2014	
	+1%	-1%
Discount rate	(32,682)	42,607
Rate of salary increase	140	(128)

(in thousands of Euro)	12.31.2014	
	+ 1 year	- 1 year
Life expectancy	4,823	(4,851)

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, 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:

	12.31.2014	12.31.2013
Discount rate %	2.4	3.0-3.2
Expected annual wage rise %	2.5	2.0-2.5
Annual inflation rate %	1.0	2.0
Retirement age	60-67	60-67

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

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

(in thousands of Euro)	12.31.2014	12.31.2013
Present value of defined benefit obligations at the beginning of the period	24,814	26,625
Current service cost	1,529	1,576
Financial expenses	781	849
Remeasurement (gains)/losses:		
- Actuarial (gains)/losses arising from changes in demographic assumptions	(256)	(16)
- Actuarial (gains)/losses arising from changes in financial assumptions	(378)	553
- Actuarial (gains)/losses arising from experience	(2,072)	(1,449)
Settlements/Curtailments	(860)	(2,054)
Benefits paid	(1,022)	(1,270)
Present value of defined benefit obligations at the end of the period	22,536	24,814

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

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

- Discount rate
- Wage inflation rate

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

(in thousands of Euro)	12.31.2014	
	+1%	-1%
Discount rate	(2,723)	3,328
Rate of salary increase	3,032	(2,594)

Provision for employment termination indemnities

This aspect only concerns the Group's Italian companies, where pensions are represented by state plans and the company's responsibility is limited to regular payment of social contributions each month.
In addition to state-provided pensions, employees are entitled by law to a termination indemnity that accrues in accordance with length of service and is paid when an employee leaves the company.
The termination indemnity is calculated based on the length of service and taxable remuneration of each employee.
The corresponding liability is put aside in a specific provision and the amounts accrued in previous years are subject to annual revaluation based on the official cost-of-life index and at the legal interest rates; it is not associated with any conditions or accrual periods, nor does it require any financial provision; as a result, there are no assets underlying the provision.
This termination indemnity is considered as a defined-benefit provision, but subject to actuarial valuation for the part relating to the expected future benefits in respect of past service (which is the part subject to annual revaluation).
Further to the amendments to the "Provision for employment termination indemnities" introduced by Law 296 of December 27, 2006 and subsequent decrees and regulations issued in the early part of 2007, for companies with 50 or more employees (Sogefi Rejna S.p.A.), the portions of the provision accruing as from January 1, 2007 are transferred - at employee's option - to supplementary pension funds or to the treasury fund held by INPS (the Italian social security authority) or to supplementary pension schemes, and are considered as "defined-contribution plans". These amounts therefore do not require actuarial valuation and are no longer booked to the "Provision for employment termination indemnities". The "Provision for employment termination indemnities" accruing up to December 31, 2006 is still a "defined-benefit plan", consequently requiring actuarial valuation, which however will no longer take account of the component relating to future wage inflation.
In accordance with IAS 19, for companies with less than 50 employees (Holding Company Sogefi S.p.A.) the provision is entirely accounted for as a "Definite-benefit plan" and is subject to actuarial valuation.

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

- Macroeconomic assumptions:
1. annual discount rate (IBoxx Eurozone Corporate AA Index): 0.91% (2.5% as of December 31, 2013)
2. annual inflation rate: 0.6% for 2015, 1.2% for 2016, 1.5% for 2017 and 2018, 2% from 2019 onwards (2% as of December 31, 2013)
3. annual increase in termination indemnity: 1.95% for 2015, 2.4% for 2016, 2.625% for 2017 and 2018, 3% from 2019 onwards (3% as of December 31, 2013)

- Demographic assumptions:
1. rate of voluntary resignations: 3% - 10% of the workforce (same assumptions adopted as of December 31, 2013);

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, 2013);
3. probability of death: the RG48 mortality tables produced by the General State Accounting Body were used (same assumptions adopted as of December 31, 2013);
4. probability of advanced settlement: an annual value of 2% - 3% each year was assumed (same assumptions adopted as of December 31, 2013);
5. INPS' tables split by age and gender were used for the probability of disability (same assumptions adopted as of December 31, 2013).

The provision changed as follows during the period:

(in thousands of Euro)	12.31.2014	12.31.2013
Opening balance	7,685	7,867
Accruals for the period	309	260
Amounts recognised in "Other Comprehensive Income"	631	(209)
Contributions paid	(220)	(233)
TOTAL	8,405	7,685

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

(in thousands of Euro)	2014	2013
Current service cost	120	100
Interest costs	189	160
TOTAL	309	260

Average bond duration as of December 31, 2014 is approximately 8 years.

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

(in thousands of Euro)	12.31.2014	
	+0,5%	-0,5%
Discount rate	(269)	289
Rate of salary increase	9	(54)

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)	12.31.2014	12.31.2013
Opening balance	16,870	7,720
Accruals for the period	11,132	15,750
Utilisations	(7,289)	(6,046)
Provisions not used during the period	(1,138)	(303)
Other changes	(208)	-
Exchange differences	(71)	(251)
TOTAL	19,296	16,870

"Accruals for the period" reflect for the most part restructuring projects initiated during the year at the subsidiaries Allevard Rejna Autosuspensions S.A. (shutdown of the Lieusaint plant) and Sogefi Filtration do Brasil Ltda (relocation of production from San Paolo to Atibaia).

"Utilizations" (written down from provisions set aside previously) and "Provisions not used during the period" (amounts set aside in previous years less amounts actually paid) refer nearly entirely to subsidiary Filtrauto S.A and relate to the shutdown of the Saint Père plant and the relocation of production from the Argentan plant to Vire.

Movements in the "Accruals for the period" net of the "Provisions not used during the period" occurred during the year total Euro 9,994 thousand; this figure is booked to the 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)	12.31.2014	12.31.2013
Opening balance	878	546
Accruals for the period	1,430	378
Utilisations	(117)	(46)
Exchange differences	(12)	-
TOTAL	2,179	878

The largest accruals for the period refer to subsidiary Systèmes Moteurs S.A.S., and relate to a dispute under way arisen in the 2009-2011 period.

Provision for phantom stock options

The provision for Phantom Stock Options refers to the fair value measurement of options related to Phantom Stock Option incentive plans for the Director who filled the post of Managing Director when the plans were issued. As of March 31, 2014, the Director exercised 990,000 options under the 2008 phantom stock option plan. Under Plan

Regulations, in April 2014 the Company paid the corresponding amount of Euro 2,299 thousand in cash to the beneficiary, of which Euro 1,257 thousand were drawn from the existing Provision for phantom stock options as of December 31, 2013 and Euro 1,042 thousand were recognised in the Income Statement for the year 2014 under “Directors’ and statutory auditors’ remuneration” to reflect the change in the fair value of the stock occurred in early 2014.
With regard to the 2007 Phantom Stock Option, its fair value increased by Euro 42 thousand, and such increase was recognised in the Income Statement for 2014 under item “Directors’ and statutory auditors’ remuneration”.

Provision for product warranties

The provision changed as follows during the period:

(in thousands of Euro)	12.31.2014	12.31.2013
Opening balance	22,538	27,329
Accruals for the period	5,810	1,085
Utilisations	(2,658)	(5,386)
Provisions not used during the period	(85)	(432)
Other changes	261	-
Exchange differences	8	(58)
TOTALE	25,874	22,538

The item reflects for the most part liabilities connected with product warranty risks of the Systemes Moteurs Group and other liabilities booked to accounts during the Purchase Price Allocation process relating to the acquisition of the Group.

With regard to Provision for product warranties, there are claims in progress by two customers relating to a defective component supplied by subsidiary Systèmes Moteurs S.A.S starting from 2010 (the subsidiary was acquired by Sogefi Group in July 2011). Based on the Company’s opinion the defect was caused by a thermostat manufactured by a supplier of Systèmes Moteurs S.A.S.

Systèmes Moteurs S.A.S. believes that liability for the defect is connected with the subcomponent manufactured by the supplier and in 2012 filed a law suit against that supplier in the French courts seeking indemnity for any damages it might have to pay to its customers (claimed amount was later adjusted to the claims filed by car makers against Systèmes Moteurs S.A.S.).

On June 6, 2013, the court appointed an expert to write an expert witness report and determine where technical liability for the defect lies and the amount of damages. Merit proceedings were suspended pending submission of the expert witness report.

Management believes that the court expert will assign predominant technical liability to the component supplier.

On July 9, 2014, the two customers joined the proceedings and petitioned for their damages to be determined in the expert witness report. Up to that date, neither of the two customers had filed a law suit against Systèmes Moteurs S.A.S. Both of them had requested an out-of-court settlement for damages.

A first customer claimed approximately Euro 43 million in damages, plus an additional claim of Euro 11.1 million for damage to reputation and financial expenses. In January 2015, this customer informally advised the company that they were going to claim an additional indemnity of Euro 30 million for costs associated with planned future campaigns.

A second affected customer filed a claim for approximately Euro 40 million.

While not admitting to any liability, Systèmes Moteurs S.A.S. made an agreement with the second customer to pay a provisional amount of Euro 8 million pending a final decision and quantification of damage by the Court. In the event damages awarded by the Court are less than the amounts paid, the customer will return any excess amounts to Systèmes Moteurs S.A.S., otherwise Systèmes Moteurs S.A.S. will pay any balance amount. Customer has undertaken to avoid initiating any other recall campaigns.

Likewise, a similar settlement is being negotiated with the first customer and an agreement should be finalised soon. The proposed settlement provides for payment of a provisional amount of Euro 10 million to be adjusted when the Court awards damages.
Based on the above considerations, the Company prudently increased the Provision for product warranties from Euro 12.6 million to Euro 18 million.

With regard to the indemnities owed by the seller of Systèmes Moteurs S.A.S. shares and by the supplier of the subcomponent, it is worthwhile pointing out that after the determination of the fair value of identifiable assets acquired and identifiable liabilities assumed in connection with the Systemes Moteurs Group acquisition was completed, the Sogefi Group entered an indemnification asset in the consolidated financial statement in accordance with IFRS 3.27 and 28 , because the seller Dayco Europe Srl had provided contractual guarantees relating to defect liability claims existing at the time of the acquisition, including those noted above, for a total amount of Euro 23.4 million (versus a total fair value amount of potential liabilities of Euro 25.1 million).

As of December 31, 2014, such indemnification asset has been valued according to IFRS 3.57, and is still believed to be recoverable based on the contractual guarantees given by the seller and the considerations outlined above.
After requesting an indemnification from the seller, 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 proceedings are still pending.

It should be noted that these are complex proceedings that involve passing judgement on technical, juridical and commercial matters, and that there is a certain degree of uncertainty connected with arbitration awards. Estimates concerning risks provision and the recovery of booked assets are based on the best information available at the time of preparing the financial statements. They are subject to change as events evolve.

Supplementary indemnity reserves for agents and Lawsuits

The provisions changed as follows during the period:

(in thousands of Euro)	12.31.2013	
	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

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

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" totalled Euro 6,988 thousand (Euro 257 thousand as of December 31, 2013), of which Euro 6,765 thousand reflect the fair value of the liability connected with the put options held by the non-controlling interests of subsidiary Sogefi M.N.R. Filtration India Pvt Ltd. on 30% of the capital of the company that will originate from the merger of Sogefi M.N.R. and subsidiary Systemes Moteurs India Pvt Ltd. The options can be exercised after December 31, 2016. The fair value of this liability reflects a reasonable estimate of the strike price of the option, and was determined according to the Discounted Cash Flow Unlevered method based on the cash flows of the 2015 budget and on the projections for the 2016-2018 period relating to the involved subsidiaries. A 16.52% discount rate was applied and terminal value was calculated by the perpetuity formula assuming a 6.7% growth rate in line with industry performance in the Indian market.
The following parameters (obtained from key financial sources) were used to calculate the discount rate based on weighted average cost of capital:

- financial structure of the industry: 19.3%
- levered beta of the industry: 1.17
- risk-free rate: 8.57% (annual average of risk-free rates of 10 year securities)
- risk premium: 8%

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)	12.31.2014		12.31.2013	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Deferred tax assets:				
Allowance for doubtful accounts	3,273	942	3,258	937
Fixed assets amortisation/writedowns	31,329	9,750	29,798	9,163
Inventory writedowns	5,645	1,865	4,928	1,602
Provisions for restructuring	9,383	3,169	8,822	2,990
Other provisions - Other payables	77,326	23,409	50,978	16,984
Fair value derivative financial instruments	16,299	4,483	16,508	4,541
Other	17,851	5,669	15,324	5,316
Deferred tax assets for tax losses incurred during the year	17,563	4,944	-	-
Deferred tax assets for tax losses incurred during previous years	53,009	16,895	56,861	18,087
TOTAL	231,678	71,126	186,477	59,620
Deferred tax liabilities:				
Accelerated/excess depreciation and amortisation	72,637	20,119	75,416	22,040
Difference in inventory valuation methods	758	204	775	213
Capitalisation of R&D costs	46,955	15,796	42,300	14,384
Other	32,666	2,745	6,493	1,678
TOTAL	153,016	38,864	124,984	38,315
Deferred tax assets (liabilities) net		32,262		21,305
Temporary differences excluded from the calculation of deferred tax assets (liabilities):				
Tax losses carried forward	88,670	28,223	65,423	21,025

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.

The change in “Deferred tax assets (liabilities), net” compared with December 31, 2013 amounts to Euro 10,957 thousand and differs by Euro 4,900 thousand from the amount shown in the Income Statement under “Income taxes – Deferred tax liabilities (assets)” (Euro 6,057 thousand) due to:

- movements in the statement of financial position items that did not have any effect on the Income Statement and therefore the related positive tax effect amounting to Euro 4,146 thousand has been accounted for as Other Comprehensive Income (the negative effect of the fair value of derivatives designated as cash flow hedges was Euro 53 thousand; the positive effect of actuarial gains/losses arising from the adoption of the IAS 19 revised was Euro 4,199 thousand);
- exchange differences for the amount of Euro 754 thousand.

The increase in the tax effect in the item "Other provisions - Other payables" mostly originates from a reduction of the liabilities connected with British pension funds and liabilities connected with the provisions for product warranty risks.

Item "Other" of deferred tax assets includes various types of postings, such as for example costs for which tax deduction is deferred (for example, remuneration allocated to 2014 on an accrual basis but not yet paid, intercompany service costs in Argentinian subsidiaries that are deducted upon actual payment).

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

- Holding Company Sogefi S.p.A. for Euro 4,261 thousand and subsidiary Sogefi Rejna S.p.A. for Euro 89 thousand. Taxes on tax losses for the year are recognised in the Income Statement under "Current taxes" (for Euro 1,431 thousand) to the extent that the loss is actually offset against taxable income generated within the CIR Group tax filing system. Tax losses carried forward in excess of the offset amount were recognised as deferred tax assets (Euro 4,350 thousand) as they are likely to be recovered taking into account that the Company has joined the CIR Group tax filing system permanently;
- subsidiary Sogefi Filtration do Brasil Ltda for Euro 594 thousand. Losses occurred as a result of a marked slump in South American markets observed during the year 2014. These taxes were recognised because it is believed to be probable that taxable income will be available in the future against which such tax losses can be utilised.

"Deferred tax assets for tax losses incurred during previous years" relate to subsidiaries Allevard Sogefi U.S.A. Inc. (Euro 7,725 thousand; Euro 6,802 thousand as of December 31, 2013), Allevard Rejna Autosuspensions S.A. (Euro 3,356 thousand; Euro 4,760 thousand as of December 31, 2013), Sogefi Filtration Ltd (Euro 2,284 thousand; Euro 2,933 thousand as of December 31, 2013), Sogefi Filtration S.A. (Euro 2,111 thousand; Euro 1,972 thousand as of December 31, 2013), United Springs S.A.S. (Euro 872 thousand; Euro 921 thousand as of December 31, 2013) and Systèmes Moteurs S.A.S. (Euro 547 thousand; Euro 699 thousand as of December 31, 2013). 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; under a law amendment passed in late 2014, the losses in the Spanish subsidiary can now be treated in the same manner. The losses of the French subsidiary can be carried forward indefinitely but the law passed in 2012 has introduced 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.
Column "Amount of temporary differences" of line item "Other" relating to deferred tax liabilities includes: Euro 26,696 thousand relating to dividends of the French and Canadian subsidiaries to be paid in the short term, on which a 3% and 5% income tax is due, respectively, at the time of payment; Euro 2,495 thousand is the tax effect relating to the taxed portion of these dividends that will be paid to the French subsidiaries and the Holding Company Sogefi S.p.A.; other minor items totalling Euro 3,475 thousand.

As regards the figures shown under "Temporary differences excluded from the calculation of deferred tax assets (liabilities)", no deferred tax assets were recognised as, at year end, it was not likely 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), Sogefi Filtration Ltd (portion of losses not recognised in deferred tax assets because it can not be recovered in the specific period of the company's long-term plan), S. ARA Composite S.A.S., and to the Chinese and Indian subsidiaries of the Suspension Components business unit.
The increase in "Tax losses carried forward" is mainly traced back to the losses of subsidiaries Allevard Rejna Autosuspensions S.A., Sogefi (Suzhou) Auto Parts Co., Ltd. and to certain companies that operate under the Suspension Components business unit. 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 61,631 thousand as of December 31, 2014 (Euro 60,924 thousand as of December 31, 2013), split into 118,521,055 ordinary shares with a par value of Euro 0.52 each.

During the year 2014, the share capital increased from Euro 60,924 thousand (divided into 117,162,292 shares) to Euro 61,631 thousand (divided into 118,521,055 shares). All ordinary shares have been fully paid-in. There are no shares encumbered by rights, privileges or restrictions as to dividend pay-outs.

As of December 31, 2014, the Holding Company has 3,430,133 treasury shares in its portfolio, corresponding to 2.89% of share capital.

Movements in the shares outstanding are as follows:

(Shares outstanding)	2014	2013
No. shares at start of period	*117,222,292*	*116,753,392*
No. shares issued for subscription of stock options	1,298,763	408,900
No. of ordinary shares as of December 31	118,521,055	117,162,292
No. shares issued for subscription of stock options booked to "Other reserves" at December 31, 2013	-	60,000
Treasury shares	(3,430,133)	(3,763,409)
No. of shares outstanding as of December 31	115,090,922	113,458,883

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, 2012	*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 OCI	-	-	-	-	-	-	(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
Balance at December 31, 2013	*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*
Paid share capital increase	707	1,942	-	-	-	-	-	-	-	-	(126)	-	-	2,523
Allocation of 2013 net profit:														
Legal reserve	-	-	-	-	-	20	-	-	-	-	-	-	(20)	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	21,124	(21,124)	-
Recognition of share-based incentive plans	-	-	-	-	-	-	-	852	-	-	-	-	-	852
Other changes	-	761	(761)	761	-	-	-	(724)	-	-	-	(3,078)	-	(3,041)
Fair value measurement of cash flow hedging instruments: share booked to OCI	-	-	-	-	-	-	(9,413)	-	-	-	-	-	-	(9,413)
Fair value measurement of cash flow hedging instruments: share booked to income statement	-	-	-	-	-	-	9,603	-	-	-	-	-	-	9,603
Actuarial gain/loss	-	-	-	-	-	-	-	-	(21,694)	-	-	-	-	(21,694)
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	4,146	-	-	-	4,146
Currency translation differences	-	-	-	-	6,116	-	-	-	-	-	-	-	-	6,116
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	-	3,639	3,639
Balance at December 31, 2014	61,631	14,423	7,831	(7,831)	(21,544)	12,340	(16,598)	4,731	(36,949)	12,148	3,111	124,306	3,619	161,218

Share premium reserve

It amounts to Euro 14,423 thousand compared with Euro 11,720 thousand in the previous year.

The increase by Euro 1,942 thousand reflects share subscriptions under stock option plans for Euro 1,847 thousand, and the transfer of the Euro 95 thousand capital increase subscribed on December 31, 2013.

During 2014, the Holding Company Sogefi S.p.A. credited Euro 761 thousand to the Share premium reserve after the free grant of 333,276 treasury shares to beneficiaries of the 2011 and 2012 Stock Grant plans.

Treasury shares

Item “Treasury shares” reflects the purchase price of treasury shares. Movements during the year amount to Euro 761 thousand and reflect the free grant of 333,276 treasury shares as reported in the note to “Stock-based incentive plans reserve”.

Translation reserve

This reserve is used to record the exchange differences arising on the translation of foreign subsidiaries' financial statements.

Movements in the period show an increase of Euro 6,116 thousand mainly attributable to the appreciation of the US and Canadian Dollar against the Euro.

Reserve for actuarial gains/losses

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

Cash flow hedging reserve

This reserve has changed as a result of accounting for the cash flows deriving from instruments that for IAS 39 purposes are designated as “cash flow hedging instruments”. Changes during the period show an increase of Euro 190 thousand. Breakdown is as follows:

- decrease of Euro 3,411 thousand reflecting the change, as of December 31, 2013, in the fair value of existing contracts;
- increase of Euro 825 thousand reflecting the reserve portion relating to redeemed IRS contracts reclassified to Income Statement (as outlined in note 15);
- increase of Euro 2,776 thousand reflecting the reserve portion relating to the contracts no longer designated in hedge accounting that is recognised in the Income Statement over the same period of time as the differentials relating to the underlying hedged item.

Stock-based incentive plans reserve

The reserve refers to the credit to equity for stock-based incentive plans, assigned to directors and employees, resolved after November 7, 2002, including the portion relating to the stock grant plan approved in 2014.

In 2014, as a result of the free grant of 333,276 treasury shares to beneficiaries who exercised their options under the stock grant plans, the amount of Euro 724 thousand, corresponding to fair value at units assignment date, was reclassified from “Stock-based incentive plans reserve” and Euro 761 thousand were credited to “Share premium reserve”, whereas Euro 37 thousand were deducted from “Retained earnings reserve”.

The increase of Euro 852 thousand mainly refers to the cost of plans not yet at maturity.

Retained earnings
These totalled Euro 124,286 thousand and include amounts of profit that have not been distributed.
The decrease of Euro 3,078 thousand refers to the following events:

- the interest held by subsidiary Allevard Rejna Autosuspensions S.A. in subsidiary Allevard IAI Suspensions Pvt Ltd. increased from 70.24% to 73.91% through a share capital increase paid in by shareholders other than non-controlling interests that resulted in the amount of Euro 52 thousand being reclassified between shareholders' equity attributable to non-controlling interests and Group's equity;
- the interest held by subsidiary Allevard Rejna Autosuspensions S.A. in subsidiary S.ARA Composite S.A.S. increased from 90.91% to 93.71% (percent values refer to paid-in capital) through a share capital increase paid in by shareholders other than non-controlling interests that resulted in the amount of Euro 160 thousand being reclassified between shareholders' equity attributable to non-controlling interests and Group's equity;
- recognition of the fair value of the liability connected with the put options held by the non-controlling interests of subsidiary Sogefi M.N.R. Filtration India Pvt for the amount of Euro 2,819 thousand (please read note 1.2 "Content of the consolidated financial statements" for more details);
- reclassification of the "Stock-based incentive plans reserve" as outlined above (Euro 37 thousand);
- other minor changes (Euro 10 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)	2014			2013		
	Gross value	Taxes	Net value	Gross value	Taxes	Net value
- Profit (loss) booked to cash flow hedging reserve	190	(53)	137	(2,260)	620	(1,640)
- Actuarial gain (loss)	(21,698)	4,199	(17,499)	2,965	(1,170)	1,795
- Profit (loss) booked to translation reserve	6,837	-	6,837	(21,319)	-	(21,319)
- Total Profit (loss) booked in Other Comprehensive Income	(14,671)	4,146	(10,525)	(20,614)	(550)	(21,164)

Tax-related restrictions applicable to certain provisions
The Shareholders' equity of Holding Company Sogefi S.p.A. includes Deferred tax provisions and share capital committed to deferred tax as a result of past utilisation of valuation reserve totalling Euro 24,164 thousand.
The Holding Company has not allocated any deferred tax liabilities to such provisions that, if distributed, would contribute to the taxable income of the Company, because it is not likely that they will be distributed.

Non-controlling interests

The balance amounts to Euro 19,568 thousand and refers to the portion of shareholders' equity attributable to non-controlling interests.

During the year, the reserve was decreased by Euro 3,734 thousand (posted under line item “Other changes” in the “Consolidated Statement of Changes in Equity”) to reflect the changes in the interests held in subsidiaries S.ARA Composite S.A.S. (Euro 160 thousand) and Allevard IAI Suspensions Pvt Ltd. (Euro 52 thousand) noted above and the recognition of the fair value of the liability connected with the put options held by the non-controlling interests of subsidiary Sogefi M.N.R. Filtration India Pvt for the amount of Euro 3,946 thousand.

Details of non-controlling interests are given below:

(in thousands of Euro)		*% owned by third parties*		*Loss (proftt) attributable to non-controlling interests*		*Shareholders' equity attributable to non-controlling*	
Subsidiary's name	Region	12.31.2014	12.31.2013	12.31.2014	12.31.2013	12.31.2014	12.31.2013
S.ARA Composite S.A.S.	France	6.29%	9.09%	(116)	(132)	524	482
Iberica de Suspensiones S.L.	Spain	50.00%	50.00%	4,103	3,000	15,417	13,814
Shanghai Allevard Spring Co., Ltd	China	39.42%	39.42%	209	217	3,138	2,820
Allevard IAI Supensions Pvt Ltd	India	26.09%	29.76%	(136)	(196)	425	356
Sogefi M.N.R. Filtration India Pvt Ltd	India	40.00%	40.00%	696	718	-	2,889
Other		0.12%	0.12%	-	-	64	65
TOTAL				4,756	3,607	19,568	20,426

As required by IFRS 12, a brief overview of the key financial data of companies with significant non-controlling interests is provided below:

Company	*Shanghai Allevard Spring Co., Ltd*		*Iberica de Suspensiones S.L.*		*Sogefi M.N.R. Filtration India Pvt Ltd*	
	12.31.2014	12.31.2013	12.31.2014	12.31.2013	12.31.2014	12.31.2013
Current Assets	5,635	5,485	33,412	25,628	9,593	6,719
Non-current Assets	3,729	3,444	9,767	9,769	6,331	4,106
Current Liabilities	1,129	1,775	12,169	7,609	5,444	3,085
Non-current Liabilities	-	-	174	160	617	518
Shareholders' equity attributable to the Holding	5,097	4,443	15,418	13,814	5,918	4,333
Non-controlling interests	3,138	2,711	15,417	13,814	3,945	2,889
	-	-	-	-	-	-
Sales Revenue	6,189	7,092	64,331	53,989	18,403	15,356
Variable cost of sales	3,626	4,229	38,995	33,097	12,205	9,724
Other variable costs of sales	423	508	3,940	3,288	579	497
Fixed expenses	1,445	1,501	10,211	9,352	2,821	2,492
Non-operating expenses (income)	20	120	246	19	103	(18)
Income taxes	145	184	2,731	2,233	955	866
Income (loss) for the period	530	550	8,208	6,000	1,740	1,795
Income (loss) attributable to the Holding Company	320	334	4,104	2,999	1,045	1,077
Income (loss) attributable to non-controlling	209	217	4,103	3,000	696	718
Income (loss) for the period	529	551	8,207	5,999	1,741	1,795
OCI attributable to the Holding Company	483	(68)	-	-	546	(694)
OCI attributable to non-controlling interests	314	(45)	-	-	364	(463)
OCI for the period	797	(113)	-	-	546	(536)
Total income (losses) attributable to the Holding	803	266	4,104	2,999	1,591	383
Total income (losses) attributable to non-controlling	523	172	4,103	3,000	1,055	255
Total income (losses) for the period	1,326	438	8,207	5,999	2,287	1,259
Dividends paid to non-controlling interests	97	73	2,500	2,500	-	-
Net cash inflow (out flow) from operating activities	1,200	1,576	10,568	6,343	2,921	2,389
Net cash inflow (out flow) from investing activities	(316)	(354)	(1,515)	(525)	(2,076)	(1,167)
Net cash inflow (out flow) from financing activities	(857)	(797)	(5,000)	(5,000)	(585)	(92)
Net cash inflow (out flow)	27	425	4,053	818	260	1,130

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 Board of Directors' Report:

(in thousands of Euro)	12.31.2014	12.31.2013
A. Cash	124,033	125,344
B. Other cash at bank and on hand (held to maturity investments)	6,953	7,462
C. Financial instruments held for trading	18	14
D. Liquid funds (A) + (B) + (C)	**131,004**	**132,820**
E. Current financial receivables	**2,519**	**32**
F. Current payables to banks	13,426	6,885
G. Current portion of non-current indebtedness	64,509	76,750
H. Other current financial debts	350	93
I. Current financial indebtedness (F) + (G) + (H)	**78,285**	**83,728**
J. Current financial indebtedness, net (I) - (E) - (D)	**(55,238)**	**(49,124)**
K. Non-current payables to banks	131,617	213,675
L. Bonds issued	194,809	107,834
M. Other non-current financial debts	22,763	32,208
N. Convertible bond embedded derivative liability	10,540	-
O. Non-current financial indebtedness (K) + (L) + (M) + (N)	**359,729**	**353,717**
P. Net indebtedness (J) + (O)	**304,491**	**304,593**
Non-current financial receivables	157	-
Financial indebtedness, net including non-current financial receivables (as per the "Net financial position" included in the Report on operations)	**304,334**	**304,593**

Details of the covenants applying to loans outstanding at year end are as follows (see note 16 for further details on loans):

- loan of Euro 60,000 thousand from Intesa Sanpaolo S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5;
- loan of Euro 15,000 thousand from Banco do Brasil S.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 20,000 thousand from Mediobanca S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 50,000 thousand from Unicredit S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 55,000 thousand from BNP Paribas S.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;

- loan of Euro 30,000 thousand from Societe Generale S.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- 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, 2014, the Company was in compliance with these covenants.