

## PERFORMANCE OF THE HOLDING COMPANY SOGEFI S.p.A.

In 2011, net result was Euro 10.5 million, down 15.7% from Euro 12.4 million in the previous year.

In the year 2011, the Company benefited from greater dividend flow (increased by Euro 14.6 million), which was partly offset by higher net financial expenses, which increased by Euro 1.9 million compared to the previous year.

The Company recognised a writedown of Euro 5.5 million under item “Adjustments to financial assets” to reduce the carrying value of Italy-based Group company Sogefi Rejna S.p.A. so as to adjust it to the result of the impairment test as of December 31, 2011.

“Other non-operating income (expenses)” include third-party consultant fees for the amount of Euro 4.4 million incurred in connection with legal, financial and tax due diligence on French company Systèmes Moteurs S.A.S. acquired in July 2011; an additional amount of Euro 0.9 million were debited to this item to adjust real estate investments held by the Holding Company Sogefi S.p.A. to fair value as of December 31, 2011. In the year 2010, item “Other non-operating income (expenses)” accounted for gains on sale of equity investments in Sogefi Filtration A.B. and Sogefi Filtration B.V..

<i>(in millions of Euro)</i>	2011	2010
Financial income/expenses and dividends	22.1	9.4
Adjustments to financial assets	(5.5)	-
Other operating revenues	12.8	11.7
Operating costs	(16.6)	(16.7)
Other non-operating income (expenses)	(5.3)	6.5
<b>RESULT BEFORE TAXES</b>	<b>7.5</b>	<b>10.9</b>
Income taxes	(3.0)	(1.5)
<b>NET RESULT</b>	<b>10.5</b>	<b>12.4</b>

As regards the statement of financial position, the table below shows the main items as of December 31, 2011, compared with the figures recorded at the end of the previous year:

<i>(in millions of Euro)</i>	Note*	12.31.2011	12.31.2010
Short-term assets	(n)	8.2	5.5
Short-term liabilities	(o)	(6.1)	(4.3)
Net working capital		2.1	1.2
Equity investments	(p)	389.6	268.9
Other fixed assets	(q)	30.8	28.5
<b>CAPITAL INVESTED</b>		<b>422.5</b>	<b>298.6</b>
Other medium and long-term liabilities	(r)	(1.2)	(1.6)
<b>NET CAPITAL INVESTED</b>		<b>421.3</b>	<b>297.0</b>
Net financial indebtedness		254.7	119.5
Shareholders' equity		166.6	177.5
<b>TOTAL</b>		<b>421.3</b>	<b>297.0</b>

(\*) see the notes at the end of this report for a detailed explanation of the reasons for the reclassifications that we have made.

The increase in “Equity investments” includes the effect of the acquisition of French company Systèmes Moteurs S.A.S. for the amount of Euro 126 million, net of the writedown of Sogefi Rejna S.p.A. subsidiary for the amount of Euro 5.5 million (as mentioned above).

“Other fixed assets” include an increase by Euro 1.5 million relating to capitalised costs for the multi-year project started during the second half of year 2011 to develop and implement a new integrated information system at a group-wide level.

“Shareholders’ equity” as of December 31, 2011 decreased to Euro 166.6 million (Euro 177.5 million as of December 31, 2011) as the share premium reserve was used to purchase treasury shares, the retained earnings reserve was used to pay a dividend according to a resolution of the Shareholders’ Meeting of April 19, 2011 and as a consequence of a reduction of the fair value reserve for interest rate hedging instruments, which were booked in accordance with hedge accounting principles.

**Net financial indebtedness** as of December 31, 2011 was Euro 254.7 million, with a net increase of Euro 135.2 million compared to December 31, 2010. This mainly reflects the cash outflow (Euro 126 million)\*\* due to the acquisition of company Systèmes Moteurs S.A.S., the change in the fair value of interest rate hedging instruments (Euro 6.7 million) and the purchase of treasury shares net of capital increases through subscription of stock options (Euro 2.4 million).

<i>(in millions of Euro)</i>	12.31.2011	12.31.2010
Short-term cash investments	44.4	14.8
Short/medium-term financial receivables to third and subsidiaries	129.2	114.1
Short-term financial debts (*)	(103.7)	(113.3)
Medium/long-term financial debts	(324.6)	(135.1)
<b>NET FINANCIAL POSITION</b>	<b>(254.7)</b>	<b>(119.5)</b>

(\*) including current portions of medium and long-term financial debts.

(\*\*) compared to the amount posted in the consolidated statement (Euro 138.2 million), the difference of Euro 12.2 million accounts for the loan granted by the Holding Company Sogefi S.p.A. (Euro 20.5 million, booked under “Short/medium-term financial receivables to third and subsidiaries”) to Systèmes Moteurs S.A.S. net of the positive financial position of Group Systèmes Moteurs at the deal closing date (Euro 8.3 million).

The table below illustrates the **cash flow statement** of Sogefi S.p.A. and highlights the effect of the cash outflows incurred during the year in connection with the **Systèmes Moteurs S.A.S. acquisition**, the increase in intangible assets and the purchase of treasury shares mentioned above:

<i>(in millions of Euro)</i>	<i>Note*</i>	<i>2011</i>	<i>2010</i>
<b>SELF-FINANCING</b>	(s)	14.9	12.5
<i>Change in net working capital</i>		(0.9)	(0.3)
<i>Other medium/long term assets/liabilities</i>	(t)	(4.2)	1.2
<b>CASH FLOW GENERATED BY OPERATIONS</b>		<b>9.8</b>	<b>13.4</b>
<i>Sale of equity investments</i>	(u)	-	5.4
<b>TOTAL SOURCES</b>		<b>9.8</b>	<b>18.8</b>
<i>Increase in intangible assets</i>		1.5	0.1
<i>Purchase of tangible assets</i>		-	-
<i>Purchase of equity investments</i>		126.2	2.4
<b>TOTAL APPLICATION OF FUNDS</b>		<b>127.7</b>	<b>2.5</b>
<b>FREE CASH FLOW</b>		<b>(117.9)</b>	<b>16.3</b>
<i>Holding Company increases in capital</i>		0.3	0.3
<i>Net purchase of treasury shares</i>		(2.7)	-
<i>Dividends paid by the Holding Company</i>		(14.9)	-
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>		<b>(17.3)</b>	<b>0.3</b>
<b>Change in net financial position</b>	(v)	<b>(135.2)</b>	<b>16.6</b>
<b>Opening net financial position</b>	(v)	<b>(119.5)</b>	<b>(136.1)</b>
<b>CLOSING NET FINANCIAL POSITION</b>	(v)	<b>(254.7)</b>	<b>(119.5)</b>

(\*) see the notes at the end of this report for a detailed explanation of the reasons for the reclassifications that we have made.