

A) GENERAL ASPECTS

SOGEFI is an Italian Group that is *market leader* in the field of components for motor vehicles, specializing in engine and cabin filtration systems, air intake and engine cooling systems, and suspension components.

SOGEFI is present in 3 continents and 18 countries, with 53 locations, of which 42 are production sites. It is a multinational group and a *partner* of the world's largest motor vehicle manufacturers.

The Holding Company, Sogefi S.p.A., has its registered offices in Via Ulisse Barbieri 2, Mantova and its operating offices in Via Flavio Gioia 8, Milano and in Avenue du 8 Mai 1945, n.7 in Guyancourt.

The Sogefi stock has been listed on the Milano Stock Exchange, organised and managed by Borsa Italiana S.p.A. since 1986 and has been traded on the STAR segment since January 2004.

The Holding Company, Sogefi S.p.A., is subject to the policy guidance and coordination of its parent company CIR – Compagnie Industriali Riunite S.p.A..

1. CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with Consob resolution 11971/1999 and subsequent amendments, in particular those introduced by resolutions no. 14990 of April 14, 2005 and no. 15519 of July 27, 2006, and include the consolidated accounting schedules and explanatory and supplementary notes of the Group, prepared according to the IFRS international accounting standards issued by the IASB (International Accounting Standards Board) and endorsed by the European Union. IFRS means all the “International Financial Reporting Standards” (IFRS), all the “International Accounting Standards” (IAS) and all the interpretations of the “International Financial Reporting Interpretations Committee” (IFRS IC, formerly IFRIC), previously named the “Standing Interpretations Committee” (SIC).

It is specifically reported that the IFRS have been applied in a consistent manner to all the periods presented in this document.

The financial statements have been prepared on the basis of the conventional historical cost principle, except for the measurement of certain financial assets and liabilities, including derivatives instruments, where the application of the *fair value* principle is mandatory.

The financial statements used for consolidation purposes are those prepared by the Boards of Directors for approval by the shareholders of the individual companies. Said financial statements have been reclassified and adjusted to comply with International Financial Reporting Standards (IAS/IFRS), and Group accounting policies.

The Consolidated Financial Statements as of December 31, 2015 were approved by the Board of Directors of the Holding Company Sogefi S.p.A. on February 29, 2016.

1.1 Format of the consolidated financial statements

As regards to the format of the consolidated financial statements, the Company has opted to present the following types of accounting statements:

Consolidated Statement of Financial Position

The Consolidated Statement of Financial Position is presented in two sections, showing assets on one side and liabilities and equity on the other.

Assets and liabilities are in turn shown in the consolidated financial statements on the basis of their classification as current or non-current.

An asset/liability is classified as current when it satisfies one of the following criteria:

- it is expected to be realised/settled or it is expected to be sold or consumed in the normal cycle of operations, or
- it is held primarily for the purpose of trading, or
- it is expected to be realised/settled within twelve months after the reporting period.

If none of the above conditions are met, the assets/liabilities are classified as non-current.

Finally, liabilities are classified as current when the entity does not have unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Consolidated Income Statement

Costs shown in the Consolidated Income Statement are aggregated by function, while also making a distinction between fixed and variable costs.

The Income Statement also provides the following intermediate aggregates in order to give a clearer understanding of the typical results of normal manufacturing activities, the financial side of the business and the impact of taxation:

- Contribution margin;
- EBIT (earnings before interest and tax);
- Result before taxes and non-controlling interests;
- Net result before non-controlling interests;
- Group net result.

Consolidated Statement of Other Comprehensive Income

The Consolidated Statement of Other Comprehensive Income includes all the changes occurring in Other comprehensive income of the year, generated by transactions other than those conducted with shareholders and in compliance with specific IAS/IFRS accounting principles. The Group has chosen to present these changes in a separate table to the Consolidated Income Statement.

The changes in Other comprehensive income are shown before the related tax effect with the aggregate amount of the income taxes on said variations being recognised in a single item. Those components that may or may not be reclassified to Consolidated Income Statement at a later time are listed separately in the table.

Consolidated Cash Flow Statement

A Consolidated Cash Flow Statement split by area of formation of the various types of cash flow as indicated in international accounting standards is included.

The Consolidated Cash Flow Statement has been prepared using the indirect method.

Please note that in this cash flow statement, the change in working capital may not coincide with the difference between the opening and closing statement of financial position figures because of exchange differences: in fact, cash flows generated are converted using the average exchange rate for the year, while the difference between the opening and closing consolidated statement of financial position figures in Euro may be influenced by changes in exchange rates at the beginning and end of the year, which have little to do with the generation or absorption of cash flow within working capital. The exchange differences generated by opening and closing statements of financial position are booked to "Exchange differences".

Consolidated Statement of Changes in Equity

A Consolidated Statement of Changes in Equity is included as required by international accounting standards, showing separately the net result for the period and any change that was not charged through the Income Statement, but directly to the consolidated Other comprehensive income on the basis of specific IAS/IFRS, as well as transactions with shareholders in their role as shareholders.

1.2 Content of the consolidated financial statements

The Consolidated Financial Statements as of December 31, 2015 include the Holding Company Sogefi S.p.A. and the directly or indirectly controlled subsidiaries.

Section H of these notes gives a list of the companies included in the scope of consolidation and the percentages held.

These financial statements are presented in Euro and all figures are rounded up or down to the nearest thousand Euro, unless otherwise indicated.

The consolidated financial statements (prepared on a line-by-line basis) include the financial statements of Sogefi S.p.A., the Holding Company, and of all the Italian and foreign companies under its direct or indirect control, which is normally identified as control over the majority of the voting rights.

During the year the following changes occurred in the scope of consolidation:

- subsidiary Allevard Rejna Autosuspensions S.A. increased its percentage of ownership in subsidiary Allevard IAI Suspensions Pvt Ltd. from 73.91% to 74.23% through a share capital increase not subscribed by non-controlling interest shareholders that led to an amount of Euro 7 thousand being reclassified between non-controlling interests and Group's shareholders' equity;
- subsidiary Allevard Rejna Autosuspensions S.A. increased its percentage of ownership in subsidiary S. ARA Composite S.A.S. from 94.12% to 95% through a share capital increase not subscribed by non-controlling interest shareholders that led to an amount of Euro 97 thousand being reclassified between non-controlling interests and Group's shareholders' equity;

Furthermore, in the year 2015 the merger process between Indian companies Sogefi M.N.R. Filtration India Pvt Ltd and Systèmes Moteurs Pvt Ltd was completed (said process did not have any impact on the Group's consolidated financial statements).

Please note that the non-controlling shareholders of subsidiary Sogefi-M.N.R. Engine Systems India Pvt Ltd – the post-merger company – hold a put option on 30% of the share capital (they previously held a put option on 40% of the share capital of subsidiary Sogefi M.N.R. Filtration India Pvt Ltd). As of December 31, 2015, the fair value of the liability associated with the exercise price of such put option amounted to Euro 6,882 thousand (Euro 6,765 thousand as of December 31, 2014)

No further changes were made to the scope of consolidation during the period.

1.3 Group composition

As required by IFRS 12, Group composition as at December 31, 2015 and December 31, 2014 was as follows:

<i>Business Unit</i>	<i>Region</i>	<i>Wholly-owned subsidiaries</i>	
		December 31, 2015	December 31, 2014
Air&Cooling	Canada	1	1
	France	1	1
	Messico (*)	1	1
	Romania	1	1
	Cina (**)	2	2
	Lussemburgo	1	1
	USA	1	1
	India	-	1
	Hong Kong	1	1
Filtration	Italy (***)	1	1
	France	1	1
	Great Britain	1	1
	Spain	1	1
	Slovenia	1	1
	USA	1	1
	Brazil	1	1
	Argentina	1	1
Suspensions	France	2	2
	Great Britain	2	2
	Germany	2	2
	The Netherlands	1	1
	Brazil	1	1
	Argentina	1	1
Sofegi Purchasing S.A.S.	France	1	1
TOTAL		27	28

(*) This subsidiary works also for Suspensions Business Unit.

(**) These subsidiaries work also for Filtration and Suspensions Business Units.

(***) This subsidiary works also for Suspensions Business Unit.

<i>Business Unit</i>	<i>Region</i>	<i>Non-wholly-owned subsidiaries</i>	
		December 31, 2015	December 31, 2014
Air&Cooling	China	1	1
Filtration	India (****)	1	1
Suspensions	France	1	1
	Spain	1	1
	China	1	1
	India	1	1
TOTAL		6	6

(****) This subsidiary works also for Air&Cooling Business Unit.

As mentioned above, in the year 2015 the merger process between Indian companies Sogefi M.N.R. Filtration India Pvt Ltd and Systèmes Moteurs Pvt Ltd was completed.