

# 2010 HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Translation into English of the original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 60,521,443.84  
MANTOVA COMPANY REGISTER AND TAX CODE 00607460201  
COMPANY SUBJECT TO POLICY GUIDANCE AND COORDINATION ON THE PART OF CIR S.p.A.  
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## BOARD OF DIRECTORS

Honorary Chairman CARLO DE BENEDETTI

Chairman RODOLFO DE BENEDETTI (1)

Managing Director EMANUELE BOSIO (2)

Directors LORENZO CAPRIO (4)  
ROBERTA DI VIETO (4)(5)  
DARIO FRIGERIO (3)  
GIOVANNI GERMANO  
ALBERTO PIASER  
ROBERTO ROBOTTI (3)(4)  
PAOLO RICCARDO ROCCA (3)(5)(6)

Secretary to the Board NIVES RODOLFI

## BOARD OF STATUTORY AUDITORS

Chairman ANGELO GIRELLI

Acting Auditors GIUSEPPE LEONI  
RICCARDO ZINGALES

Alternate Auditors LUIGI BAULINO  
MAURO GIRELLI  
LUIGI MACCHIORLATTI VIGNAT

## INDEPENDENT AUDITORS

DELOITTE & TOUCHE S.p.A.

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Details on the exercise of powers (Consob Resolution no. 97001574 of February 20, 1997):

- (1) All ordinary and extraordinary powers with single signature, except for those delegated to the Board of Directors by law or the by-laws.
- (2) All ordinary powers with single signature.
- (3) Members of the Remuneration Committee.
- (4) Members of the Internal Control Committee.
- (5) Members of the Supervisory Body (Legislative Decree 231/2001).
- (6) Lead independent director.

## REPORT OF THE BOARD OF DIRECTORS

### ON HALF-YEARLY OPERATIONS

This half-yearly report has been prepared in accordance with the provisions of Legislative Decree no. 58 of February 24, 1998 and with Consob resolution no. 11971/1999 and subsequent amendments. It includes the consolidated financial statements and explanatory and supplementary notes to the accounts of the Group and the financial statements and explanatory and supplementary notes of the Holding Company (the latter prepared on a voluntary basis, not being required by Legislative Decree no. 195 of November 6, 2007), prepared in accordance with IAS/IFRS and specifically IAS 34 applicable on interim financial reporting.

#### INFORMATION ON OPERATIONS

The first six months of 2010 were characterised by an upturn in world vehicle production, as a result of the recovery of business in the mature markets that had suffered a sharp downturn in 2009 (Europe, Nafta, Japan) and a further rise in sales in areas with fast-developing economies, such as China, India and Brazil.

The improvement in vehicle sales was encouraged by the government incentives implemented, although now coming to an end, and the production levels of the automotive industry were also positively influenced by the end of the destocking of unsold vehicles, implemented since Autumn 2008.

However, in the absence of incentives, difficulties continue to be experienced in the industrial vehicles and earth moving sectors, which nevertheless are starting to show the first signs of recovery.

The SOGEFI Group benefitted from this market upturn, recording a significant rise in sales in the first half of 2010 (+22.2%), with a **consolidated sales** figure of €457.6 million compared to €374.5 million recorded in the corresponding period of 2009, when the crisis in the automotive sector was at its peak.

This result, beyond the growth of the business, also benefitted from a favourable trend in exchange rates, following the revaluation of the main non-European currencies and of the British pound over the euro. Based on the same exchange rates as the previous year, sales would have totalled €444.4 million, with an increase of 18.7%.

The Group enjoyed improvements in both Divisions, as well as in all market segments and areas:

- the *Filtration Division* recorded sales of €231.5 million, marking an increase of 17.2% compared to the first half of 2009, while sales of the *Suspension Components Division* rose to €227.3 million, an increase of 27.9%, as illustrated in the table below.

(in millions of Euro)	1st half 2010		1st half 2009		% var. 1st half 10/1st half 09	Year 2009 Amount
	Amount	%	Amount	%		
Filters	231.5	50.6	197.6	52.8	17.2	414.8
Suspension components and precision springs	227.3	49.7	177.7	47.4	27.9	368.0
Intercompany eliminations	(1.2)	(0.3)	(0.8)	(0.2)	50.0	(1.8)
TOTAL	457.6	100.0	374.5	100.0	22.2	781.0

- the largest recovery in terms of sales compared to the corresponding period of the previous year (+30%) was achieved by the *original equipment* (OE) segment, the market most penalised by the 2009 crisis. Significant improvements in sales were also recorded in the spare parts market, with an increase of 10.4% in the *original equipment spares* (OES) segment and 9% in the *independent aftermarket* (IAM).

(in millions of Euro)	1st half 2010		1st half 2009		% var. 1st half 10/1st half 09	Year 2009 Amount
	Amount	%	Amount	%		
Original Equipment (O.E.)	301.0	65.8	231.5	61.8	30.0	480.8
Independent Aftermarket (I.A.M.)	101.2	22.1	92.8	24.8	9.0	193.1
Original Equipment Spares (O.E.S.)	55.4	12.1	50.2	13.4	10.4	107.1
TOTAL	457.6	100.0	374.5	100.0	22.2	781.0

- sales rose by 13.9% in Europe (+8.8% in filtration division and +19.3% in suspension components division) and by 51.1% in the South American market, which also benefitted from the revaluation of the Brazilian currency and which in the first half of 2010 represented 22.3% of Group sales. Strong growth was also recorded in China (+173%) also as a result of the favourable trend of suspension activities and in India (+64.3%), where the joint-venture in the filtration segment established at the end of 2008 is operating successfully. In the USA, following the termination of the production of suspension components in July 2009, the rapid reorganization of the local company to produce filtration systems enabled the group to achieve a 10.7% increase in sales.

(in millions of Euro)	1st half 2010		1st half 2009		% var. 1st half 10/1st half 09	Year 2009 Amount
	Amount	%	Amount	%		
France	106.4	23.2	93.7	25.0	13.6	189.8
Germany	58.0	12.7	50.6	13.5	14.5	103.9
Great Britain	40.2	8.8	32.1	8.6	25.2	66.2
Italy	36.5	8.0	33.6	9.0	8.6	68.5
Benelux	23.1	5.0	20.6	5.5	12.1	38.8
Spain	18.6	4.1	19.3	5.2	(3.6)	39.1
Other European countries	51.0	11.1	43.2	11.5	18.1	89.8
Mercosur	101.9	22.3	67.4	18.0	51.1	153.0
United States	7.9	1.7	7.2	1.9	10.7	15.0
China	7.0	1.5	2.6	0.7	173.0	6.8
India	4.5	1.0	2.7	0.7	64.3	6.0
Rest of the World	2.5	0.6	1.5	0.4	66.4	4.1
TOTAL	457.6	100.0	374.5	100.0	22.2	781.0

- Sogefi's main customers continue to be the Peugeot Citroën, Renault Nissan, Fiat, Ford, Mercedes and Volkswagen groups, which together represent 55.2% of consolidated sales, as shown in the table below.

(in millions of Euro)	1st half 2010		1st half 2009		% var. 1st half 10/1st half 09	Year 2009 Amount
	Amount	%	Amount	%		
Group						
PSA	62.6	13.7	45.3	12.1	38.2	94.0
Renault/Nissan	55.1	12.0	45.9	12.2	20.0	95.8
FIAT/IVECO	40.6	8.9	31.8	8.5	27.7	69.1
Ford	39.2	8.6	28.4	7.6	38.0	62.9
Daimler	30.5	6.7	21.8	5.8	39.9	46.5
Volkswagen/Audi	24.3	5.3	22.9	6.1	6.1	47.5
GM	15.9	3.5	14.0	3.7	13.6	29.0
Volvo	11.9	2.6	9.1	2.4	30.8	18.0
DAF/Paccar	7.8	1.7	7.9	2.1	(1.3)	13.6
Toyota	7.3	1.6	6.8	1.8	7.4	14.1
Man	6.9	1.5	2.7	0.7	155.6	6.9
Honda	4.1	0.9	2.9	0.8	41.4	6.8
Caterpillar	3.1	0.7	1.7	0.4	82.4	3.2
BMW	2.6	0.6	2.2	0.6	18.2	4.6
Chrysler	0.2	0.1	1.8	0.5	(88.9)	3.3
Others	145.5	31.6	129.3	34.7	12.5	265.7
TOTAL	457.6	100.0	374.5	100.0	22.2	781.0

## RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR THE FIRST HALF OF 2010

The upturn in sales revenues, together with careful management to contain all cost factors, has enabled the Group to obtain significant improvements in its margins compared to the first half of 2009, as illustrated in the table below.

(in millions of Euro)	1st half 2010		1st half 2009		Year 2009	
	Amount	%	Amount	%	Amount	%
Sales revenues	457.6	100.0	374.5	100.0	781.0	100.0
Variable cost of sales	305.7	66.8	257.2	68.7	529.8	67.8
<b>CONTRIBUTION MARGIN</b>	<b>151.9</b>	<b>33.2</b>	<b>117.3</b>	<b>31.3</b>	<b>251.2</b>	<b>32.2</b>
Manufacturing and R&D overheads	50.1	10.9	45.7	12.2	90.4	11.6
Depreciation and amortization	22.5	4.9	21.2	5.7	42.1	5.4
Distribution and sales fixed expenses	16.1	3.5	15.6	4.2	31.1	4.0
Administrative and general expenses	31.2	6.9	26.8	7.1	53.9	6.9
<b>OPERATING RESULT</b>	<b>32.0</b>	<b>7.0</b>	<b>8.0</b>	<b>2.1</b>	<b>33.7</b>	<b>4.3</b>
Restructuring costs	4.3	0.9	9.9	2.7	17.2	2.2
Losses (gains) on disposal	(0.5)	(0.1)	-	-	1.2	0.2
Exchange (gains) losses	(0.4)	(0.1)	1.1	0.3	0.8	0.1
Other non-operating expenses (income)	5.8	1.3	4.1	1.0	9.4	1.2
<b>EBIT</b>	<b>22.8</b>	<b>5.0</b>	<b>(7.1)</b>	<b>(1.9)</b>	<b>5.1</b>	<b>0.6</b>
Financial expenses (income), net	5.1	1.1	5.7	1.5	10.8	1.4
Losses (gains) from equity investments	-	-	(0.1)	-	(0.1)	(0.1)
<b>RESULT BEFORE TAXES AND MINORITY INTERESTS</b>	<b>17.7</b>	<b>3.9</b>	<b>(12.7)</b>	<b>(3.4)</b>	<b>(5.6)</b>	<b>(0.7)</b>
Income taxes	7.0	1.5	(2.4)	(0.7)	0.7	0.1
<b>NET RESULT BEFORE MINORITY INTERESTS</b>	<b>10.7</b>	<b>2.4</b>	<b>(10.3)</b>	<b>(2.7)</b>	<b>(6.3)</b>	<b>(0.8)</b>
Loss (income) attributable to minority interests	(0.8)	(0.2)	(0.3)	(0.1)	(1.3)	(0.2)
<b>GROUP NET RESULT</b>	<b>9.9</b>	<b>2.2</b>	<b>(10.6)</b>	<b>(2.8)</b>	<b>(7.6)</b>	<b>(1.0)</b>

The **contribution margin** rose to 33.2% of sales (31.3% in the first half of 2009) due to the lesser percentage of materials on sales, resulting from a more favourable product mix and the prices stability of the major commodities.

Direct labour costs inevitably rose due to higher production volumes, however the overall percentage of sales represented by labour costs (direct and indirect) fell from 27.2% in the first six months of 2009 to 25.6% in the corresponding period of 2010.

The number of employees (including temporary workers and excluding employees with flexible arrangements such as ordinary and extraordinary temporary redundancy benefits in Italy or similar in other countries) rose to 6,175, against 5,742 as at June 30, 2009 and 5,725 as at December 31, 2009.

As at June 30, 2010, the Group's workforce was 5,723, compared to 5,770 at December 31, 2009 and 5,893 at June 30, 2009, broken down as follows:

	June 30, 2010		December 31, 2009		June 30, 2009	
	Number	%	Number	%	Number	%
Managers	86	1.5	88	1.5	86	1.5
Clerical staff	1,333	23.3	1,329	23.0	1,369	23.2
Blue collar workers	4,304	75.2	4,353	75.5	4,438	75.3
<b>TOTAL</b>	<b>5,723</b>	<b>100.0</b>	<b>5,770</b>	<b>100.0</b>	<b>5,893</b>	<b>100.0</b>

**Consolidated operating result** was €32 million (7% of sales) significantly higher than the €8 million (2.1% of sales) recorded in the first half of last year.

Fixed costs rose at consolidated level, also due to the effect of the exchange rate trend, but the percentage of sales represented by the same fell to 26.2% from 29.2% in the first half of 2009.

Non-recurring costs for reorganisations conducted in the period amounted to €4.3 million, mainly allocated for the closure of the French precision springs production plant in Mussey and the closure of the Dutch firm selling filters, down compared to the €9.9 million recorded in the first half of 2009.

In April, the Group recorded a gain of €0.4 million following the sale of the disused industrial property in Oyartzun (Spain).

In the corresponding period of the previous year, a gain of € 1.7 million was recorded following an insurance settlement.

Both EBITDA (earnings before interest, tax, depreciation and amortisation) and EBIT (earnings before interest and tax) for the half year period showed a significant improvement on the first half of the previous year.

**Consolidated EBITDA** amounted to €45.3 million (9.9% of sales) compared to €14.2 million (3.8% of sales) in the first half of 2009.

**Consolidated EBIT** totalled €22.8 million (5% of sales), while in the first six months of 2009, it has recorded a loss of €7.1 million.

Due to a reduction in consolidated net indebtedness, financial expenses fell to €5.1 million from the previous €5.7 million, enabling the group to record a **result before taxes and minority interests** of €17.7 million. In the first six months of 2009, a loss of €12.7 million had been recorded.

At the end of the six month period, the Group confirmed good levels of net profitability, after the loss of €10.6 million recorded in the first half of 2009, with a **consolidated net result** for the period of €9.9 million.

**Consolidated shareholders' equity**, including minority interests, also rose considerably compared to the previous twelve months, and was €206.8 million as at June 30, 2010 compared to €174.8 million as at June 30, 2009 and €182.2 million as at December 31, 2009.



(in millions of Euro)	Note*	June 30, 2010		December 31, 2009		June 30, 2009	
		Amount	%	Amount	%	Amount	%
Short-term operating assets	(a)	282.7		231.0		262.1	
Short-term operating liabilities	(b)	(227.0)		(204.5)		(204.1)	
Net working capital		55.7	14.3	26.5	7.5	58.0	15.0
Investments	(c)	0.5	0.1	0.5	0.2	0.5	0.1
Intangible, tangible fixed assets and other medium and long-term assets	(d)	415.3	106.7	407.6	115.6	410.0	105.8
CAPITAL INVESTED		471.5	121.1	434.6	123.3	468.5	120.9
Other medium and long-term liabilities	(e)	(82.2)	(21.1)	(82.2)	(23.3)	(81.1)	(20.9)
NET CAPITAL INVESTED		389.3	100.0	352.4	100.0	387.4	100.0
Net financial position		182.5	46.9	170.2	48.3	212.6	54.9
Minority interests		15.2	3.9	15.4	4.4	14.7	3.8
Consolidated equity of the Group		191.6	49.2	166.8	47.3	160.1	41.3
TOTAL		389.3	100.0	352.4	100.0	387.4	100.0

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

As mentioned above, the net financial position improved with respect to June 30, 2009, while it was slightly worse than that of December 31, 2009, due to the increase in working capital linked to a higher level of activity.

As at June 30, 2010, **net financial position** was € 182.5 million, compared to € 212.6 million recorded on June 30, 2009 and € 170.2 million on December 31, 2009.

The table below shows the cash flows for the period compared with the corresponding period of 2009 and the previous year as a whole.

(in millions of Euro)	Note*	1st half 2010	1st half 2009	Year 2009
SELF-FINANCING	(f)	30.0	7.1	34.8
Change in net working capital		(25.9)	57.2	85.4
Other medium/long-term assets/liabilities	(g)	(0.2)	(0.6)	0.8
<b>CASH FLOW FROM OPERATIONS</b>		<b>3.9</b>	<b>63.7</b>	<b>121.0</b>
Sale of equity investments	(h)	-	-	-
Net decrease from sale of fixed assets	(i)	0.3	0.2	1.5
TOTAL SOURCES		4.2	63.9	122.5
Increase in intangible assets		5.5	5.8	11.8
Purchase of tangible assets		8.7	11.3	22.5
Purchase of equity investments		-	-	-
TOTAL APPLICATION OF FUNDS		14.2	17.1	34.3
Net financial position of subsidiaries purchased/sold during the period		-	-	-
Exchange differences on assets/liabilities and equity	(l)	(0.6)	0.8	1.8
<b>FREE CASH FLOW</b>		<b>(10.6)</b>	<b>47.6</b>	<b>90.0</b>
Holding Company increases in capital		0.3	-	-
Net purchase of treasury share		-	-	-
Increase in share capital of consolidated subsidiaries		-	-	-
Dividends paid by the Holding Company to shareholders		-	-	-
Dividends paid by subsidiaries to minority interests		(2.0)	(3.0)	(3.0)
CHANGES IN SHAREHOLDERS' EQUITY		(1.7)	(3.0)	(3.0)
<b>Change in net financial position</b>	(m)	<b>(12.3)</b>	<b>44.6</b>	<b>87.0</b>
<b>Opening net financial position</b>	(m)	<b>(170.2)</b>	<b>(257.2)</b>	<b>(257.2)</b>
<b>CLOSING NET FINANCIAL POSITION</b>	(m)	<b>(182.5)</b>	<b>(212.6)</b>	<b>(170.2)</b>

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

**Net financial position** continues to be made up mainly by medium and long-term debts, as shown in the table below.

(in millions of Euro)	<i>June 30, 2010</i>	<i>December 31, 2009</i>	<i>June 30, 2009</i>
Cash, banks, financial receivables and securities held for trading	56.1	111.6	80.7
Medium/long-term financial receivables	-	0.1	-
Short-term financial debts (*)	(84.5)	(72.7)	(101.8)
Medium/long-term financial debts	(154.1)	(209.2)	(191.5)
<b>NET FINANCIAL POSITION</b>	<b>(182.5)</b>	<b>(170.2)</b>	<b>(212.6)</b>

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

## RECONCILIATION BETWEEN THE HOLDING COMPANY'S STATUTORY FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

The following is a reconciliation of the Group net result and equity at the end of the period with the equivalent figures for the Holding Company.

### Net result for the period

(in millions of Euro)	<i>1st half 2010</i>	<i>1st half 2009</i>
Net profit per Sogefi S.p.A. financial statements	8.4	32.8
Group share of results of subsidiary companies included in the consolidated financial statements	13.6	(7.0)
Writedowns of equity investments in Sogefi S.p.A.	-	-
Elimination of intercompany dividends received by Sogefi S.p.A.	(12.1)	(36.4)
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	-	-
<b>NET RESULT PER CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>9.9</b>	<b>(10.6)</b>

### Shareholders' equity

(in millions of Euro)	<i>June 30, 2010</i>	<i>Dec. 31, 2009</i>
Shareholders' equity per Sogefi S.p.A. financial statements	172.2	163.7
Group share of excess equity value of investments in consolidated companies over carrying value in Sogefi S.p.A. financial statements	25.4	1.8
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	(6.0)	1.3
<b>SHAREHOLDERS' EQUITY PER CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>191.6</b>	<b>166.8</b>

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

The holding company recorded a net profit of €8.4 million in the first half of 2010, down 74.6% compared to €32.8 million recorded in the corresponding period of the previous year.

This deterioration was mainly due to a lesser flow of dividends from subsidiaries, amounting to €24.3 million. The €2.3 million increase, compared to the first half of 2009, in operating costs was partially offset by a €1 million reduction in net financial expenses and a €0.5 million increase in operating revenues.

(in millions of Euro)	1st half 2010	1st half 2009	Year 2009
Financial income/expenses and dividends	10.6	33.9	35.5
Adjustments to financial assets	-	-	-
Other operating revenues	5.5	5.0	9.8
Operating costs	(8.9)	(6.6)	(13.6)
Other non-operating income (expenses)	-	-	0.1
RESULT BEFORE TAXES	7.2	32.3	31.8
Income taxes	(1.2)	(0.5)	(1.6)
NET PROFIT	8.4	32.8	33.4

The following table shows the main items of the statement of financial position as at 30 June 2010, compared with the figures recorded at December 31, 2009 and June 30, 2009:

(in millions of Euro)	Note*	June 30, 2010	December 31, 2009	June 30, 2009
Short-term assets	(n)	6.2	4.9	4.7
Short-term liabilities	(o)	(4.8)	(4.0)	(5.0)
Net working capital		1.4	0.9	(0.3)
Investments	(p)	274.2	271.9	264.5
Other fixed assets	(q)	28.7	28.6	28.7
CAPITAL INVESTED		304.3	301.4	292.9
Other medium and long-term liabilities	(r)	(1.4)	(1.6)	(1.7)
NET CAPITAL INVESTED		302.9	299.8	291.2
Net financial position		130.7	136.1	128.6
Shareholders' equity		172.2	163.7	162.6
TOTAL		302.9	299.8	291.2

\* 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 of the item “Investments” mainly refers to the capital increases made on January and February 2010 in the Chinese subsidiary, Shanghai Sogefi Auto Parts Co. Ltd., which totalled €2.2 million.

“Shareholders’ equity” at June 30, 2010 rose to €172.2 million, compared to €162.6 million at June 30, 2009 and €163.7 million at December 31, 2009. This increase is due to the profit recorded in the first half of 2010 and to the allocation of the entire profit of 2009 to the “Retained earnings reserve”.

The net financial position below illustrates that the cash and cash equivalents available at December 31, 2009 were mainly used to reduce the debt relating to the syndicated revolving loan maturing in June 2013.

(in millions of Euro)	June 30, 2010	December 31, 2009	June 30, 2009
Short-term cash investments	10.5	62.7	70.6
Medium/long-term financial receivables to third and subsidiaries	128.1	119.6	103.1
Short-term financial debts (*)	(127.0)	(120.3)	(125.2)
Medium/long-term financial debts	(142.3)	(198.1)	(177.1)
<b>NET FINANCIAL POSITION</b>	<b>(130.7)</b>	<b>(136.1)</b>	<b>(128.6)</b>

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

The table below illustrates the cash flow statement of Sogefi S.p.A.:

(in millions of Euro)	Note*	1st half 2010	1st half 2009	Year 2009
<b>SELF-FINANCING</b>	(s)	8.0	32.9	33.2
Change in net working capital		(0.5)	2.5	1.3
Other medium/long term assets/liabilities	(t)	-	(0.7)	-
<b>CASH FLOW FROM OPERATIONS</b>		<b>7.5</b>	<b>34.7</b>	<b>34.5</b>
Sale of equity investments		-	-	-
<b>TOTAL SOURCES</b>		<b>7.5</b>	<b>34.7</b>	<b>34.5</b>
Increase in intangible assets		-	-	0.1
Purchase of tangible assets		-	0.2	0.1
Purchase of equity investments		2.3	0.2	7.5
<b>TOTAL APPLICATION OF FUNDS</b>		<b>2.3</b>	<b>0.4</b>	<b>7.7</b>
<b>FREE CASH FLOW</b>		<b>5.2</b>	<b>34.3</b>	<b>26.8</b>
Holding Company increases in capital		0.2	-	-
Net purchase of treasury share		-	-	-
Dividends paid by the Holding Company		-	-	-
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>		<b>0.2</b>	<b>-</b>	<b>-</b>
<b>Change in net financial position</b>	(u)	<b>5.4</b>	<b>34.3</b>	<b>26.8</b>
<b>Opening net financial position</b>	(u)	<b>(136.1)</b>	<b>(162.9)</b>	<b>(162.9)</b>
<b>CLOSING NET FINANCIAL POSITION</b>	(u)	<b>(130.7)</b>	<b>(128.6)</b>	<b>(136.1)</b>

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

In the first half of 2010, the amount of Free Cash Flow generated was €5.2 million compared to €34.3 million generated in the first half of 2009. This reduction is due to the lower level of profitability and to the use of resources for the capital increases made to the Chinese subsidiary.

## PERFORMANCE OF THE FILTRATION DIVISION

The division, which generates 66.3% of sales in the *spare parts* market and only 33.7% in *original equipment*, had been less penalised by the fall in demand experienced in 2009.

Therefore, the increase in sales achieved in the first half of the year (+17.2%) was mainly due to the excellent performance of the South American markets, the starting of operations in the USA, the considerable progress achieved in India and the positive trend in exchange rates.

In the vehicle manufacturer' segment, the Division also benefitted from the end of the destocking policies of its main customers and a more favourable product mix due to the recovery of the demand for components for high segment and diesel engines.

The Division achieved **sales** of € 231.5 million (197.6 million in the first half of 2009), improving its profitability and recording an **operating result** of €17.1 million (7.4% of sales), compared to the previous €7.5 million (3.8% of sales).

With €2.5 million in reorganisation costs (5 million in the corresponding period of 2009), **EBITDA** amounted to €21.8 million (9.4% of sales) against last year's figure of €7 million (3.6% of sales) and **EBIT** was €12.1 million (5.2% of sales), while last year the Division had recorded a loss of €1.3 million.

In the period, the Division made a **net profit** of €7.2 million compared to a net loss of €1.8 million in the first half of last year.

In the period, the plan to reorganise the business in the Independent Aftermarket was launched, which, managed by a new management team, has set itself the objective of gaining market share, which will be achieved by higher logistic efficiency, a reduction of the brands sold and an extension of the product range.

As part of said plan, the Dutch Company, Sogefi Filtration B.V. that distributes and sells products will be closed.

In Prichard (USA), the production of supplies for Ford (diesel filtration systems) and Mazda (spare parts) has started, and investment has continued for the start-up on Autumn of the production of oil systems for multi-air engines for Chrysler.

In April, the disused production plant in Oyartzun (Spain) was sold for a profit of €0.4 million.

As at June 30, 2010 the Division's employees (including temporary workers and excluding employees with flexible arrangements) totalled 3,521 compared to 3,285 as at June 30, 2009 and 3,383 as at December 31, 2009.

## PERFORMANCE OF THE SUSPENSION COMPONENTS AND PRECISION SPRINGS DIVISION

The Division recorded an improvement in sales of 27.9%, as a result of the significant recovery of the demand of European vehicles manufacturers, the improvement of market share in the growing South American market, the start of the new production line of stabiliser bars in China and the favourable exchange rate trend.

On the contrary, the *industrial vehicles and earth-moving sector* remained substantially at the low levels of activity recorded in 2009, although recording the first signs of recovery, while sales in the *precision springs* sector improved by 8.1% over the same period of 2009.

With **sales** of € 227.3 million (177.7 million last year), the Division achieved a significant improvement of its profitability. The cost of steel remained substantially stable.

The Division's **operating result** amounted to €18.2 million (8% of sales) against €1.7 million in the first six months of the previous year (1% of sales).

EBITDA and EBIT for the period have been affected by the impact of reorganisation costs amounting to € 1.8 million, which included the closure of the French production plant for precision springs in Mussey.

**EBITDA** was €26.7 million (11.8% of sales) compared to the previous €8.7 million (4.9% of sales), while **EBIT** totalled €14.2 million (6.2% of sales), while a loss of €3.8 million was recorded in the corresponding period of 2009.

The Division made a **net profit** of €6.7 million (2.9% of sales), while a loss of €5.2 million had been recorded for the first six months of the previous year.

The Division's employees (including temporary workers and excluding employees with flexible arrangements such as ordinary and extraordinary temporary redundancy benefits in Italy or similar in other countries) rose in line with levels of activity and were 2,594 at the end of the period, compared to 2,402 as at June 30, 2009 and 2,283 at the end of 2009.

## PERFORMANCE IN THE SECOND QUARTER OF 2010

**Consolidated sales** for the period were €243.7 million, up 22% compared to €199.6 million recorded in the second quarter of 2009, confirming the recovery that began in the first quarter, even though in several markets the incentives to support the sector ended.

The economic results at all levels showed a significant improvement against the corresponding period of the previous year as shown in the income statement below:

(in millions of Euro)	Period 4.1 - 6.30.2010		Period 4.1 - 6.30.2009		Change	
	Amount	%	Amount	%	Amount	%
Sales revenues	243.7	100.0	199.6	100.0	44.1	22.0
Variable cost of sales	162.8	66.8	134.1	67.2	28.7	21.4
CONTRIBUTION MARGIN	80.9	33.2	65.5	32.8	15.4	23.5
Manufacturing and R&D overheads	25.3	10.4	23.1	11.6	2.2	9.7
Depreciation and amortization	11.4	4.7	10.7	5.3	0.7	7.4
Distribution and sales fixed expenses	8.4	3.4	7.9	3.9	0.5	6.0
Administrative and general expenses	15.9	6.6	11.9	6.0	4.0	32.5
OPERATING RESULT	19.9	8.1	11.9	6.0	8.0	67.0
Restructuring costs	4.2	1.7	8.6	4.3	(4.4)	(52.0)
Losses (gains) on disposal	(0.4)	(0.2)	-	-	(0.4)	-
Exchange (gains) losses	(0.2)	(0.1)	0.7	0.4	(0.9)	(127.1)
Other non-operating expenses (income)	3.1	1.3	1.3	0.7	1.8	150.9
EBIT	13.2	5.4	1.3	0.6	11.9	-
Financial expenses (income), net	2.6	1.1	2.5	1.2	0.1	3.2
Losses (gains) from equity investments	(0.1)	(0.1)	(0.1)	-	-	-
RESULT BEFORE TAXES AND MINORITY INTERESTS	10.7	4.4	(1.1)	(0.6)	11.8	-
Income taxes	4.1	1.7	0.4	0.2	3.7	-
NET RESULT BEFORE MINORITY	6.6	2.7	(1.5)	(0.8)	8.1	-
Loss (income) attributable to minority interests	(0.5)	(0.2)	(0.3)	(0.1)	(0.2)	(76.8)
GROUP NET RESULT	6.1	2.5	(1.8)	(0.9)	7.9	-

Compared to the period between January-March, the second quarter did not show any significant changes in terms of sales prices and raw materials costs, with the exception of the South American markets, which are usually more sensitive to inflation.

The percentage of raw materials on sale was substantially unchanged with respect to the same period of 2009 (45.8% in 2010 against 45.5% in 2009, while it had been 44.2% in the first quarter of 2010) while that of labour costs was 24.7%, while it had been 25.5% in the second quarter of 2009 and 26.6% in the first quarter of 2010.

The **consolidated operating result** amounted to € 19.9 million (8.1% of sales), compared to €11.9 million (6% of sales) in the second quarter of 2009 and €12.2 million (5.7% of sales) in the first quarter of this year.

**Consolidated EBITDA** was €24.7 million (10.1% of sales), compared to €11.9 million (6% of sales) last year and €20.6 million (9.6% of sales) in the first quarter of this year.

**Consolidated EBIT** was €13.2 million (5.4% of sales) against €1.3 million (0.6%

of sales) in the second quarter of 2009 and €9.5 million (4.5% of sales) in the first three months of 2010.

The **net result**, which had been negative in the second quarter of 2009, recorded a profit of €6.1 million (3.8 million in the first quarter of 2010).

## **INVESTMENT AND RESEARCH & DEVELOPMENT**

In the first half of the year, the policy to significantly curb investments continued, focusing on medium-term strategies or on acquiring of the plant and machinery needed to meet the orders received from customers.

In the half year period, €14.2 million was spent on new investments, compared to €17.1 million in the corresponding period of the previous year.

Research and development activities were also focused on areas of strategic importance to the Group's future, to meet the priority objectives of the automotive industry, such as: the reduction of CO<sup>2</sup> emissions, safety and technological innovation.

In the period, costs of €10.8 million were recorded (10.1 million in the first half of 2009).

## **TREASURY SHARES**

In the first half of 2010, the Holding Company did not make any transactions in treasury shares, and therefore, as at June 30, 2010, the treasury shares held by the Company totalled 1,956,000, corresponding to 1.68% of share capital, at an average price of €2.56.

## **INTERCOMPANY AND RELATED PARTY TRANSACTIONS**

Information on the most important transactions and balances with related parties is provided in the explanatory and supplementary notes to the consolidated financial statements, in the section entitled "Related Party Transactions", as well as in the notes to the statutory financial statements.

Dealings between Group companies are conducted at arm's length, taking into account the quality and type of services rendered.

We point out that no transactions have been carried out with related parties that, according to the definition used by Consob, are atypical or unusual, do not relate to the normal business activity or are such as to have a significant impact on the Group's results, balance and financial position.

In accordance with art. 2497 bis of the Italian Civil Code, we point out that Sogefi S.p.A. is subject to policy guidance and coordination by its parent company CIR S.p.A..



## **SIGNIFICANT SUBSEQUENT EVENTS AFTER JUNE 30, 2010**

No significant events took place after June 30, 2010.

## **OUTLOOK FOR OPERATIONS**

In the second half of the year Sogefi should achieve good levels of operating profitability and confirm for the whole year the significant improvement of all its economic indicators compared to 2009. The extent of the improvement will also depend on the performance of the European original equipment market, which is likely to show a contraction in demand when the incentive packages have expired in all the main countries except France, and on the prices of certain commodities, which may rise in the later part of the year.

Milan, July 22, 2010

THE BOARD OF DIRECTORS

**ATTACHMENT: NOTES RECONCILING THE FINANCIAL STATEMENTS SHOWN IN THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS CONTAINED IN THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AND THE HOLDING COMPANY'S STATUTORY FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IAS/IFRS**

**Notes relating to the Consolidated Financial Statements**

- (a) the heading agrees with "Total working capital" in the consolidated statement of financial position;
- (b) the heading agrees with the sum of the line items "Trade and other payables", "Tax payables" and "Other current liabilities" in the consolidated statement of financial position;
- (c) the heading agrees with the sum of the line items "Equity investments in associated companies" and "Other financial assets available for sale" in the consolidated statement of financial position;
- (d) the heading agrees with the sum of the line items "Total fixed assets", "Other receivables", "Deferred tax assets" and "Non-current assets held for sale" in the consolidated statement of financial position;
- (e) the heading agrees with the line item "Total other long-term liabilities" in the consolidated statement of financial position;
- (f) the heading agrees with the sum of the line items "Net result", "Minority interests", "Depreciation, amortization and writedowns", "Accrued costs for stock option", "Share of associated companies' pre-tax income", "Provisions for risks, restructuring and deferred taxes" and "Post-retirement and other employee benefits" in the consolidated cash flow statement;
- (g) the heading agrees with the sum of the line items "Other medium/long-term assets/liabilities" and "Other equity movements" in the consolidated cash flow statement, excluding movements relating to financial receivables;
- (h) the heading agrees with the sum of the line items "Losses/(gains) on sale of equity investments in associated companies" and "Sale of subsidiaries (net of cash and cash equivalents) and associated" in the consolidated cash flow statement;
- (i) the heading agrees with the sum of the line items "Losses/(gains) on disposal of fixed assets and non-current assets held for sale", "Sale of property, plant and equipment" and "Sale of intangible assets" in the consolidated cash flow statement;
- (l) the heading agrees with the line items "Exchange differences" in the consolidated cash flow statement, excluding exchange differences on medium/long-term financial receivables and payables;
- (m) these headings differ from those shown in the consolidated cash flow statement as they refer to the total net financial position and not just to cash and cash equivalents.

**Notes relating to the Holding Company's Statutory Financial Statements**

- (n) the heading agrees with "Total working capital" in the Holding Company's statutory statement of financial position;
- (o) the heading agrees with the sum of the line items "Trade and other payables", "Tax payables" and "Other current liabilities" in the Holding Company's statutory statement of financial position;
- (p) the heading agrees with the sum of the line items "Equity investments in subsidiaries" "Equity investments in associated companies" and "Other financial assets available for sale" in the Holding Company's statutory statement of financial position;
- (q) the heading agrees with the sum of the line items "Total fixed assets", "Other receivables", and "Deferred tax assets" in the Holding Company's statutory statement of financial position;
- (r) the heading agrees with the line item "Total other long-term liabilities" in the Holding Company's statutory statement of financial position;
- (s) the heading agrees with the sum of the line items "Net profit for the period", "Writedowns of equity investments", "Depreciation and amortization", "Change in the fair value of investment property", "Fair value of cash flow hedge derivatives allocated to income statement", "Accrued costs for stock options", "Net change in provision for phantom stock options" and "Net change in provision for employment termination indemnities" as well as the change of deferred tax assets and liabilities included in the line "Other assets/liabilities" of the Holding Company's statutory cash flow statement;
- (t) the heading is included in the line item "Other assets/liabilities" in the Holding Company's statutory cash flow statement, excluding movements relating to financial receivables/payables;
- (u) these headings differ from those shown in the Holding Company's statutory cash flow statement as they refer to the total net financial position and not just to cash and cash equivalents.

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)

ASSETS	Note	June 30, 2010	December 31, 2009
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	56,107	111,583
Other financial assets	5	56	46
<i>Working capital</i>			
Inventories	6	104,317	85,915
Trade receivables	7	158,391	126,549
Other receivables	7	5,706	5,545
Tax receivables	7	9,551	9,911
Other assets	7	4,782	3,055
<b>TOTAL WORKING CAPITAL</b>		<b>282,747</b>	<b>230,975</b>
<b>TOTAL CURRENT ASSETS</b>		<b>338,910</b>	<b>342,604</b>
<b>NON-CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
Land	8	14,436	14,175
Property, plant and equipment	8	214,792	211,623
Other tangible fixed assets	8	4,274	5,731
<i>Of which: leases</i>		<i>14,662</i>	<i>13,723</i>
Intangible assets	9	133,382	131,372
<b>TOTAL FIXED ASSETS</b>		<b>366,884</b>	<b>362,901</b>
<b>OTHER NON-CURRENT ASSETS</b>			
Equity investments in associated companies	10	101	101
Other financial assets available for sale	11	441	472
Financial receivables	12	-	68
Other receivables	12	10,787	9,029
Deferred tax assets	13	36,818	35,001
<b>TOTAL OTHER NON-CURRENT ASSETS</b>		<b>48,147</b>	<b>44,671</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>415,031</b>	<b>407,572</b>
<b>NON-CURRENT ASSETS HELD FOR SALE</b>	14	<b>761</b>	<b>700</b>
<b>TOTAL ASSETS</b>		<b>754,702</b>	<b>750,876</b>

LIABILITIES	Note	June 30, 2010	December 31, 2009
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and short-term loans	15	38,352	4,327
Current portion of medium/long-term financial debts and other loans	15	45,473	67,378
<i>Of which: leases</i>		1,854	1,679
<b>TOTAL SHORT-TERM FINANCIAL DEBTS</b>		83,825	71,705
Other short-term liabilities for derivative financial instruments	15	715	1,023
<b>TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FIN. INSTRUMENTS</b>		84,540	72,728
Trade and other payables	16	218,369	199,818
Tax payables	16	5,871	2,727
Other current liabilities	17	2,773	1,971
<b>TOTAL CURRENT LIABILITIES</b>		311,553	277,244
<b>NON-CURRENT LIABILITIES</b>			
<b>MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>			
Financial debts to bank	15	140,075	196,169
Other medium/long-term financial debts	15	11,226	10,902
<i>Of which: leases</i>		8,528	8,034
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS</b>		151,301	207,071
Other medium/long-term financial liabilities for derivative financial instruments	15	2,831	2,124
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>		154,132	209,195
<b>OTHER LONG-TERM LIABILITIES</b>			
Long-term provisions	18	48,974	51,033
Other payables	18	382	382
Deferred tax liabilities	19	32,873	30,847
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>		82,229	82,262
<b>TOTAL NON-CURRENT LIABILITIES</b>		236,361	291,457
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	20	60,521	60,397
Reserves and retained earnings (accumulated losses)	20	121,197	114,053
Group net profit (loss) for the period	20	9,915	(7,639)
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY</b>		191,633	166,811
Minority interests	20	15,155	15,364
<b>TOTAL SHAREHOLDERS' EQUITY</b>		206,788	182,175
<b>TOTAL LIABILITIES AND EQUITY</b>		754,702	750,876

CONSOLIDATED INCOME STATEMENT  
(in thousands of Euro)

	Note	1st half 2010		1st half 2009	
		Amount	%	Amount	%
Sales revenues	22	457,609	100.0	374,502	100.0
Variable cost of sales	24	305,736	66.8	257,205	68.7
CONTRIBUTION MARGIN		151,873	33.2	117,297	31.3
Manufacturing and R&D overheads	25	50,064	10.9	45,703	12.2
Depreciation and amortization	26	22,541	4.9	21,244	5.7
Distribution and sales fixed expenses	27	16,095	3.5	15,585	4.2
Administrative and general expenses	28	31,150	6.9	26,809	7.1
OPERATING RESULT		32,023	7.0	7,956	2.1
Restructuring costs	30	4,305	0.9	9,940	2.7
Losses (gains) on disposal	31	(470)	(0.1)	17	-
Exchange losses (gains)	32	(418)	(0.1)	1,139	0.3
Other non-operating expenses (income) - of which non-recurring	33	5,829 263	1.3	3,924 (1,718)	1.0
EBIT		22,777	5.0	(7,064)	(1.9)
Financial expenses (income), net	34	5,117	1.1	5,706	1.5
Losses (gains) from equity investments	35	(50)	-	(75)	-
RESULT BEFORE TAXES AND MINORITY INTERESTS		17,710	3.9	(12,695)	(3.4)
Income taxes	36	6,989	1.5	(2,424)	(0.7)
NET RESULT BEFORE MINORITY INTERESTS		10,721	2.4	(10,271)	(2.7)
Loss (income) attributable to minority interests		(806)	(0.2)	(336)	(0.1)
GROUP NET RESULT		9,915	2.2	(10,607)	(2.8)
Earnings per share (EPS) (Euro):	38				
Basic		0.087		(0,093)	
Diluted		0.087		(0,093)	

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(in thousands of Euro)

	<i>1st half 2010</i>	<i>1st half 2009</i>
Net result before minority interests	10,721	(10,271)
<i>Profit (loss) booked directly to equity</i>		
- Profit (loss) booked to cash flow hedging reserve	(348)	(1,143)
- Profit (loss) booked to fair value reserve for financial assets available for sale	(10)	(1)
- Tax on items booked directly to equity	100	314
- Profit (loss) booked to translation reserve	15,682	10,373
<i>Profit (loss) booked directly to equity</i>	<i>15,424</i>	<i>9,543</i>
Total comprehensive result for the period	26,145	(728)
Attributable to:		
- Shareholders of the Holding Company	24,815	(1,035)
- Minority interests	1,330	307

## CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Euro)

	<i>1st half 2010</i>	<i>1st half 2009</i>
Cash flows from operating activities		
Net result	9,915	(10,607)
Adjustments:		
- minority interests	806	336
- depreciation, amortization and writedowns	22,816	21,244
- accrued costs for stock options	223	278
- losses/(gains) on disposal of fixed assets and non-current assets held for sale	(470)	17
- losses/(gains) on sale of equity investments in associated companies	-	-
- dividends collected	(50)	(75)
- provisions for risks, restructuring and deferred taxes	(1,922)	(1,197)
- post-retirement and other employee benefits	(1,862)	(2,982)
- change in net working capital	(25,872)	57,242
- other medium/long-term assets/liabilities	1,743	1,875
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>5,327</b>	<b>66,131</b>
of which: taxes paid	(5,237)	1,129
Net interest paid	(5,070)	(5,583)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(8,674)	(11,332)
Purchase of intangible assets	(5,494)	(5,809)
Net change in other securities	35	40
Sales of subsidiaries (net of cash and cash equivalents) and associated	-	-
Sale of property, plant and equipment	768	224
Sale of intangible assets	-	-
Dividends collected	50	75
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(13,315)</b>	<b>(16,802)</b>
<b>FINANCING ACTIVITIES</b>		
Capital increase in subsidiaries from third parties	-	-
Net change in capital	247	-
Net purchase of treasury shares	-	-
Dividends paid to Holding Company shareholders and minority interests	(2,000)	(3,000)
New (repayment of) long-term loans	(80,050)	(9,109)
New (repayment of) finance leases	(21)	506
Other equity movements	(264)	(830)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(82,088)</b>	<b>(12,433)</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(90,076)</b>	<b>36,896</b>
Balance at the beginning of the period	107,256	29,706
(Decrease) increase in cash and cash equivalents	(90,076)	36,896
Exchange differences	575	942
<b>BALANCE AT THE END OF THE PERIOD</b>	<b>17,755</b>	<b>67,544</b>

NB: this table shows the elements that bring about the change in cash and cash equivalents, as expressly required by IAS 7. The cash flow statement included in the Report of the board of directors on operations shows the various operational components of cash flow, thereby explaining all of the changes in the overall net financial position.

## STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in thousands of Euro)	Attributable to the shareholders of the parent company				Minority interests	Total
	Share capital	Reserves and retained earnings (accumulated losses)	Net result for the period	Total		
<i>Balance at December 31, 2008</i>	60,397	72,013	28,495	160,905	17,410	178,315
Paid share capital increase	-	-	-	-	-	-
Allocation of 2008 net profit:						
Legal reserve	-	140	(140)	-	-	-
Dividends	-	-	-	-	(3,000)	(3,000)
Retained earnings	-	28,355	(28,355)	-	-	-
Imputed cost of stock options	-	278	-	278	-	278
Other changes	-	-	-	-	-	-
<i>Comprehensive result for the period</i>						
Fair value measurement of financial assets available for sale	-	(1)	-	(1)	-	(1)
Fair value measurement of cash flow hedging instruments	-	(1,143)	-	(1,143)	-	(1,143)
Tax on items booked directly to equity	-	314	-	314	-	314
Currency translation differences	-	10,402	-	10,402	(29)	10,373
Net result for the period	-	-	(10,607)	(10,607)	336	(10,271)
<i>Total comprehensive result for the period</i>	-	9,572	(10,607)	(1,035)	307	(728)
<i>Balance at June 30, 2009</i>	60,397	110,358	(10,607)	160,148	14,717	174,865

  

(in thousands of Euro)	Attributable to the shareholders of the parent company				Minority interests	Total
	Share capital	Reserves and retained earnings (accumulated losses)	Net result for the period	Total		
<i>Balance at December 31, 2009</i>	60,397	114,053	(7,639)	166,811	15,364	182,175
Paid share capital increase	124	123	-	247	-	247
Allocation of 2009 net profit:						
Legal reserve	-	-	-	-	-	-
Dividends	-	-	-	-	(2,000)	(2,000)
Retained earnings	-	(7,639)	7,639	-	-	-
Imputed cost of stock options	-	223	-	223	-	223
Other changes	-	(459)	-	(459)	462	3
<i>Comprehensive result for the period</i>						
Fair value measurement of financial assets available for sale	-	(10)	-	(10)	(7)	(17)
Fair value measurement of cash flow hedging instruments	-	(348)	-	(348)	-	(348)
Tax on items booked directly to equity	-	100	-	100	2	102
Currency translation differences	-	15,154	-	15,154	528	15,682
Net result for the period	-	-	9,915	9,915	806	10,721
<i>Total comprehensive result for the period</i>	-	14,896	9,915	24,811	1,329	26,140
<i>Balance at June 30, 2010</i>	60,521	121,197	9,915	191,633	15,155	206,788



**EXPLANATORY AND SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS:  
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## *A) GENERAL ASPECTS*

### *1. CONTENT AND FORMAT OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS*

The half-yearly condensed consolidated financial statements (hereinafter the “interim financial statements”) for the period January 1 - June 30, 2010 have been prepared in accordance with IAS/IFRS (International Accounting Standards/International Financial Reporting Standards) and to this end the financial statements of the consolidated group companies have been appropriately reclassified and adjusted.

These interim financial statements and explanatory notes have been prepared in accordance with the recommendations contained in IAS 34 “Interim Financial Reporting”. As a partial exception to IAS 34, these interim financial statements provide detailed as opposed to summary schedules in order to provide a better and clearer overview of the changes that have taken place in the Group's assets and liabilities, financial position and results during the half-year.

They also contain the disclosures required by IAS 34 with the supplementary information considered useful for a clearer understanding of these half-yearly financial statements.

The interim financial statements as of June 30, 2010 should be read in conjunction with the annual financial statements as of December 31, 2009.

With reference to IAS 1, the Board Directors confirm that, based on economic forecasts, capitalization and financial position of the Group, the same operates as a going concern.

The interim financial statements as of June 30, 2010 were approved by the Board of Directors on July 22, 2010.

#### *1.1 Format of the consolidated financial statements*

The accounting schedules at June 30, 2010 are consistent with those used for the annual report at December 31, 2009.

#### *1.2 Content of the consolidated financial statements*

The interim consolidated financial statements for the period ending June 30, 2010 include the Holding Company Sogefi S.p.A. and the subsidiaries over which it has control.

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

These financial statements are expressed 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 in which, directly or indirectly, it holds a majority of the voting rights.

In the first half of 2010, the subsidiary Allevard Rejna Autosuspensions S.A. increased its shareholding in the subsidiary S.ARA Composite S.a.S. from 64.29% to 80% through a share capital increase of €2,200 thousand.

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

## 2. CONSOLIDATION PRINCIPLES AND ACCOUNTING POLICIES

The consolidation and accounting policies applied in preparing the financial statements for the six-month period ended June 30, 2010 are consistent with those used for the annual financial statements as of December 31, 2009 which the reader should refer to.

It should be noted that the preparation of the interim condensed financial statements requires Directors to make estimates and assumptions, which affect the values of revenues, costs, assets and liabilities and the information regarding potential assets and liabilities as at the date of the interim condensed financial statements. If in the future said estimates and assumptions, which are based on the best estimates of the Directors, should change due to actual circumstances, they will be adjusted accordingly in the period in which said circumstances change.

It should also be noted that some measurement processes, in particular the more complex ones, such as the calculation of any impairment of non-current assets, are generally fully made only when the annual financial statements are prepared, when all of the information that may be required is available, with the exception of the cases in which there are impairment indicators that require the immediate measurement of any impairment loss.

In the first half of 2010, the Group has taken note of and, where applicable, adopted the following Standards, Interpretations and Revisions to the existing accounting standards:

- IFRS 8 (revised) – *Operating segments*: the change envisages that the total value of assets for each operating segment should be reported only when said value is provided periodically to the top operating management. Previously, said information was required even if said condition was not met. The adoption of this revision has not had any impact on the information provided by the Group;
- IAS 36 (revised) – *Impairment of assets*: the amendment requires that each operating unit or group of operating units to which goodwill is allocated for the purpose of impairment testing, must not be larger than the operating segment as defined in paragraph 5 of IFRS 8, before the aggregation allowed by paragraph 12 of the same IFRS, on the basis of similar economic characteristics or other equivalent elements. The adoption of this revision has not had any impact on the information provided by the Group;
- IAS 38 (revised) – *Intangible assets*: the amendment has clarified the techniques to be commonly used for estimating the fair value of intangible assets for which there is no active reference market; in particular, these techniques include the estimate of net discounted cash flows generated by the assets, the estimate of the costs that the company has avoided incurring because it possesses the asset and does not have to use it under a license agreement with a third party, or of the costs needed to recreate it or replace it (as in the so-called cost approach). The adoption of this revision has not had any impact on the information provided by the Group;
- IAS 39 (revised) – *Financial instruments*: recognition and measurement: the amendment reduces the scope exclusion contained in paragraph 2g of IAS 39 to forward contracts between a buyer and a seller shareholder for the purpose of the sale of a business sold in a business combination at a future acquisition date, if the completion of the business combination does not depend on further activities of one

of the two parties, but only the passing of a reasonable period of time. Furthermore, it is clarified that option contracts (even if they are not exercised) which permit one of the two parties to have control over the occurrence or otherwise of future events, whose exercise would entail the control of a business, fall within the scope of IAS 39. The amendment clarifies that the penalties for the advance extinction of loans - the price of which compensates the lender for the loss of further interest - must be considered strictly related to the loan agreement that regulates it and, therefore, must not be recognised separately in the accounts.

Said cases are not at present applicable to the Group.

- IAS 17 (update) – *Leases – Classification of land held under a lease contract*. Before the changes, this accounting standard envisaged that if the ownership of the leased land was not transferred at the end of the lease contract, the same would be classified as an operating lease insofar as its useful life was not determined. Following the changes to the standard, the general conditions envisaged by IAS 17 for the purpose of classifying the contract as a finance lease or operating lease will also be applied to leased land regardless of whether the ownership is transferred at the end of the contract or not. The adoption of this revision has not had any impact on the information provided by the Group;

- IAS 1 (revised) – *Presentation of financial statements – Classification as current or non-current of liabilities that may be extinguished through the issue of equity instruments*. The definition of current liabilities contained in IAS 1 has been changed. The previous definition required liabilities to be classified as current if the same could be extinguished at any time through the issue of equity instruments. This entailed recognising liabilities relating to convertible bonds that could be converted at any time into shares of the issuer as current liabilities. Following the amendment, for the purposes of classifying a liability as current or non-current, the presence of an option to convert the same into currently exercisable equity instruments becomes irrelevant. The adoption of this revision has not had any impact on the information provided by the Group;

- IFRS 2 (revised) – *Share-based payments*. The amendment provides clarification on the accounting of group cash-settled share-based payment transactions, and abrogates IFRIC 8 and IFRIC 11. On the basis of these changes, the cost of the services of an employee will be accounted for in the company the employee has provided the services to using the method envisaged for equity-settled share-based payments.

If a holding company, or another group company incurs the financial disbursement relating to the cost of stock options, the same should record said cost using the method envisaged for cash-settled share-based payments. Note that said amendments to IFRS 2 also encompass the indications for accounting in individual financial statements contained in IFRIC 11 and the rules envisaged for the accounting of stock options awarded under IFRIC 8. The adoption of this revision has not had any significant impact on the information provided by the Group.

The following exchange rates have been used for translation purposes:

	<i>1st half 2010</i>		<i>1st half 2009</i>		<i>F.Y. 2009</i>
	<i>Average</i>	<i>06.30</i>	<i>Average</i>	<i>06.30</i>	<i>12.31</i>
US dollar	1.3247	1.2271	1.3310	1.4134	1.4406
Pound sterling	0.8694	0.8174	0.8934	0.8521	0.8881
Swedish krona	9.7905	9.5256	10.8542	10.8120	10.2522
Brazilian real	2.3806	2.2082	2.9173	2.7469	2.5113
Argentine peso	5.1269	4.8256	4.8305	5.3585	5.4618
Chinese renminbi	9.0424	8.3215	9.0950	9.6544	9.8348
Indian rupee	60.6428	56.9801	65.5308	67.5219	67.0241

## B) SEGMENT INFORMATION

### 3. OPERATING SEGMENTS

In compliance with the provisions of IFRS 8, the following information is provided for business segments and geographical areas.

The business segments and performance indicators have been determined on the basis of the reports used by the Group's Managing Director for taking strategic decisions.

#### Business segments

With regard to the business segments, information concerning the two Divisions – Filtration and Suspension Components – is provided, in addition to information on the Holding Company Sogefi S.p.A. and the subsidiary Sogefi Purchasing S.a.S..

The tables below provide the Group's income statement and statement of financial position figures for the first half of 2009 and 2010:

(in thousands of Euro)	June 30, 2009				
	Filtration Division	Suspension Components Division	Sogefi SpA / Sogefi Purch. SaS	Adjustments	Sogefi Group consolidation
<b>REVENUES</b>					
Sales to third parties	197,202	177,300	-	-	374,502
Intersegment sales	425	426	6,961	(7,812)	-
<b>TOTAL REVENUES</b>	<b>197,627</b>	<b>177,726</b>	<b>6,961</b>	<b>(7,812)</b>	<b>374,502</b>
<b>RESULTS</b>					
EBIT	(1,341)	(3,829)	(1,763)	(131)	(7,064)
Financial expenses, net					(5,706)
Income from equity investments					75
Losses from equity investments					-
Result before taxes					(12,695)
Income taxes					2,424
Loss (profit) attributable to minority interests					(336)
<b>NET RESULT</b>					<b>(10,607)</b>
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
Segment assets	297,728	404,725	441,594	(486,321)	657,725
Equity investments in associated companies	-	101	-	-	101
Unallocated assets	-	-	-	95,501	95,501
<b>TOTAL ASSETS</b>	<b>297,728</b>	<b>404,826</b>	<b>441,594</b>	<b>(390,821)</b>	<b>753,327</b>
<b>LIABILITIES</b>					
Segment liabilities	188,827	257,419	310,618	(178,402)	578,462
<b>TOTAL LIABILITIES</b>	<b>188,827</b>	<b>257,419</b>	<b>310,618</b>	<b>(178,402)</b>	<b>578,462</b>
<b>OTHER INFORMATION</b>					
Increase in tangible and intangible fixed assets	8,231	8,566	348	(4)	17,141
Depreciation, amortization and writedowns	8,374	12,540	200	130	21,244

(in thousands of Euro)	June 30, 2010				
	Filtration Division	Suspension Components Division	Sogefi SpA / Sogefi Purch. SaS	Adjustments	Sogefi Group consolidation
<b>REVENUES</b>					
Sales to third parties	230,912	226,684	-	-	457,596
Intersegment sales	608	601	7,963	(9,160)	13
<b>TOTAL REVENUES</b>	<b>231,520</b>	<b>227,285</b>	<b>7,963</b>	<b>(9,160)</b>	<b>457,609</b>
<b>RESULTS</b>					
EBIT	12,102	14,198	(3,447)	(76)	22,777
Financial expenses, net					(5,117)
Income from equity investments					50
Losses from equity investments					-
Result before taxes					17,710
Income taxes					(6,989)
Loss (profit) attributable to minority interests					(806)
<b>NET RESULT</b>					<b>9,915</b>
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
Segment assets	327,748	414,245	428,609	(511,346)	659,256
Equity investments in associated companies	-	101	-	-	101
Unallocated assets	-	-	-	95,345	95,345
<b>TOTAL ASSETS</b>	<b>327,748</b>	<b>414,346</b>	<b>428,609</b>	<b>(416,001)</b>	<b>754,702</b>
<b>LIABILITIES</b>					
Segment liabilities	198,039	266,351	277,484	(193,960)	547,914
<b>TOTAL LIABILITIES</b>	<b>198,039</b>	<b>266,351</b>	<b>277,484</b>	<b>(193,960)</b>	<b>547,914</b>
<b>OTHER INFORMATION</b>					
Increase in tangible and intangible fixed assets	6,819	7,253	96	0	14,168
Depreciation, amortization and writedowns	9,827	12,687	226	76	22,816

The adjustments to “Total revenues” mainly refer to services provided by the Holding Company Sogefi S.p.A. and the subsidiary Sogefi Purchasing S.a.S. to other Group companies. See note 39 for further details on the nature of the services provided. This item also includes sales between the Filtration and Suspension Components Divisions.

The adjustments to “EBIT” mainly refer to depreciation on the fixed assets revaluations resulting from the acquisition of 40% of Sogefi Filtration S.p.A. and its subsidiaries in 2000.

In the statement of financial position, the adjustments to “Segment assets” refer to the reversal of equity investments and intercompany loans and receivables.

The adjustments to “Unallocated Assets” mainly include the goodwill and the revaluations of assets resulting from the acquisitions of: the Allevard Ressorts Automobile group, the 40% of Sogefi Filtration S.p.A., the Filtrauto group and the 60% of Sogefi M.N.R. Filtration India Private Ltd and EMW Environmental Technologies Private Ltd.

It is specified that “non-current assets held for sale” (€761 thousand as of June 30, 2010) refer to the “Suspension Components Division”.

## Geographical areas

The following tables provide a breakdown of the Group's income statement and statement of financial position figures by geographical area “of origin” for the first half of 2009 and 2010, based on the country of the company which made the sales or which owns the assets.

The breakdown of revenues by geographical area “of destination”, in other words with regard to the nationality of the customer, is analyzed in the directors' report and in the notes to the income statement.

(in thousands of Euro)	June 30, 2009				
	Europe	South America	Others	Adjustments	Sogefi Group consolidation
<b>REVENUES</b>					
Sales to third parties	297,847	67,369	9,286	-	374,502
Intersegment sales	10,463	351	291	(11,105)	-
<b>TOTAL REVENUES</b>	<b>308,310</b>	<b>67,720</b>	<b>9,577</b>	<b>(11,105)</b>	<b>374,502</b>
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
Segment assets	1,134,203	97,803	45,455	(619,736)	657,725
Equity investments in associated companies	101	-	-	-	101
Unallocated assets	-	-	-	95,501	95,501
<b>TOTAL ASSETS</b>	<b>1,134,304</b>	<b>97,803</b>	<b>45,455</b>	<b>(524,235)</b>	<b>753,327</b>
<b>OTHER INFORMATION</b>					
Increase in tangible and intangible fixed assets	14,390	1,560	3,092	(1,901)	17,141
Depreciation, amortization and writedowns	17,952	2,436	745	111	21,244

(in thousands of Euro)	June 30, 2010				
	Europe	South America	Others	Adjustments	Sogefi Group consolidation
<b>REVENUES</b>					
Sales to third parties	341,303	101,525	14,768	-	457,596
Intersegment sales	10,677	379	5	(11,048)	13
<b>TOTAL REVENUES</b>	<b>351,980</b>	<b>101,904</b>	<b>14,773</b>	<b>(11,048)</b>	<b>457,609</b>
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
Segment assets	1,108,496	125,470	53,906	(628,616)	659,256
Equity investments in associated companies	101	-	-	-	101
Unallocated assets	-	-	-	95,345	95,345
<b>TOTAL ASSETS</b>	<b>1,108,597</b>	<b>125,470</b>	<b>53,906</b>	<b>(533,271)</b>	<b>754,702</b>
<b>OTHER INFORMATION</b>					
Increase in tangible and intangible fixed assets	8,858	3,353	2,072	(115)	14,168
Depreciation, amortization and writedowns	18,672	3,197	889	58	22,816

## Information on key customers

It is reported that as of June 30, 2010 revenues generated from third party customers for a value exceeding 10% of Group revenues refer to: PSA (13.7% of total sales) and Renault/Nissan (12% of total sales).



## *D) NOTES ON THE MAIN STATEMENT OF FINANCIAL POSITION ITEMS*

### *C 1) ASSETS*

#### *4. CASH AND CASH EQUIVALENTS*

Cash and cash equivalents amount to €56,107 thousand versus €111,583 thousand as of December 31, 2009 and break down as follows:

<i>(in thousands of Euro)</i>	<i>June 30, 2010</i>	<i>December 31, 2009</i>
Short-term cash investments	55,794	111,371
Cheques	253	142
Cash and cash equivalents on hand	60	70
<b>TOTAL</b>	<b>56,107</b>	<b>111,583</b>

“Short-term cash investments” accrue interest at a floating rate.

The fall in “Short-term cash investments” must be read in conjunction with the rise in the liability item “Bank overdrafts and short-term loans” and shows the use of cash and cash equivalents net to reduce the debt relating to the syndicated revolving loan expiring in June 2013.

For further details on changes in the net financial position, please see note 21.

At June 30, 2010 the Group had unutilized lines of credit of €227,892 thousand. All of the conditions are respected, which means that these funds are available for use on demand.

#### *5. OTHER FINANCIAL ASSETS*

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

<i>(in thousands of Euro)</i>	<i>June 30, 2010</i>	<i>December 31, 2009</i>
Securities held for trading	21	21
Assets for derivative financial instruments	35	25
<b>TOTAL</b>	<b>56</b>	<b>46</b>

“Securities held for trading” represent readily marketable securities which are used by the companies to optimise cash management.

“Assets for derivative financial instruments” total €35 thousand and refer to the fair value of forward forex contracts.

## 6. INVENTORIES

The breakdown of inventories is as follows:

(in thousands of Euro)	June 30, 2010			December 31, 2009		
	Gross	Write-downs	Net	Gross	Write-downs	Net
Raw, ancillary and consumable materials	42,860	4,413	38,447	36,106	4,623	31,483
Work in progress and semi-finished products	13,944	438	13,506	10,617	305	10,312
Contract work in progress and advances	5,646	-	5,646	3,636	-	3,636
Finished goods and goods for resale	54,350	7,632	46,718	47,797	7,313	40,484
TOTAL	116,800	12,483	104,317	98,156	12,241	85,915

€4,266 thousand of the increase in the net value of inventory is linked to the positive exchange rates effect, while the remainder increase is due to the usual seasonal trends, the increase in production volumes and the higher stock levels needed to guarantee an adequate level of service in the aftermarket segment.

## 7. TRADE AND OTHER RECEIVABLES

Current receivables break down as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Trade receivables	158,049	127,935
Less: allowance for doubtful accounts	5,726	5,752
Trade receivables, net	152,323	122,183
Due from Parent Company	6,055	4,307
Due from associated companies	13	59
Tax receivables	9,551	9,911
Other receivables	5,706	5,545
Other assets	4,782	3,055
TOTAL	178,430	145,060

“Trade receivables” are non-interest bearing and have an average due date of 49 days, against 50 days recorded at the end of the previous year.

It should be noted that as of June 30, 2010, the Group factored trade receivables for €36,836 thousand. 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 for an amount corresponding to the amount received from the factoring company.

If the factoring transactions (€36,836 thousand as at June 30, 2010 and €30,373 as at December 31, 2009) and the appreciation of receivables due to the exchange rate effect (€ 6,880 thousand) are excluded, trade receivables show an increase of €29,723 thousand as a result of the increase in the Group’s business activities in the second quarter of 2010 with respect to the end of the previous year.

“Due from Parent Company” includes receivables resulting from the Group tax filing system, due to Italian companies from the Parent Company CIR S.p.A.. The increase in this item reflects the receivables accrued in the first half of 2010. Receivables relating to the previous year are expected to be collected in the second half of 2010.

“Tax receivables” include tax credits due to Group companies by the tax authorities of the various countries. It does not include deferred taxes which are treated separately.

“Other receivables” include:

(in thousands of Euro)	<i>June 30, 2010</i>	<i>December 31, 2009</i>
Amounts due from social security institutions	284	793
Amounts due from employees	317	340
Advances to suppliers	364	366
Due from others	4,741	4,046
<b>TOTAL</b>	<b>5,706</b>	<b>5,545</b>

The decrease in “Amounts due from social security institutions” mainly relates to the collection of the advances paid by the subsidiaries Rejna S.p.A., Sogefi Filtration S.p.A and Lpdm GmbH to social security institutions on behalf of employees on redundancy benefits.

The increase in receivables “Due from others” mainly relates to advances paid by the subsidiary Sogefi Filtration do Brasil Ltda for customs duties on the importation of goods.

“Other assets” mainly consist of accrued income and prepayments on insurance premiums and indirect taxes on buildings.

The increase in this item is seasonal and is mainly due to the prepaid portion of insurance policies and indirect taxes on buildings paid in the first months of the year but relating to the year as a whole.

## 8. TANGIBLE FIXED ASSETS

The net value of tangible fixed assets as of June 30, 2010 amounted to €233,502 thousand versus €231,529 thousand at the end of the previous year and breaks down as follows:

(in thousands of Euro)	<i>Land</i>	<i>Buildings, plant and machinery, commercial and industrial equipment</i>	<i>Other assets</i>	<i>Assets under construction and payments on account</i>	<i>TOTAL</i>
<i>Balance at December 31, 2009</i>					
Historical cost	14,175	713,873	27,923	22,754	778,725
<i>of which: leases - gross value</i>	<i>1,158</i>	<i>17,241</i>	-	-	<i>18,399</i>
Accumulated depreciation	-	525,004	22,192	-	547,196
<i>of which: leases - accumulated depreciation</i>	<i>-</i>	<i>4,676</i>	-	-	<i>4,676</i>
Net value	14,175	188,869	5,731	22,754	231,529
<i>Net value - leases</i>	<i>1,158</i>	<i>12,565</i>	-	-	<i>13,723</i>
<i>Balance at December 31, 2009</i>	14,175	188,869	5,731	22,754	231,529
Additions of the period	-	1,781	131	6,762	8,674
Disposals during the period, net	(9)	(238)	(51)	-	(298)
Exchange differences	270	8,712	405	2,126	11,513
Depreciation for the period	-	(16,823)	(764)	-	(17,587)
Writedowns/revaluations during the period	-	(217)	(57)	-	(274)
Other changes	-	4,983	(1,121)	(3,917)	(55)
<i>Balance at June 30, 2010</i>	14,436	187,067	4,274	27,725	233,502
Historical cost	14,436	730,519	27,321	27,725	800,001
<i>of which: leases - gross value</i>	<i>1,158</i>	<i>18,803</i>	<i>16</i>	-	<i>19,977</i>
Accumulated depreciation	-	543,452	23,047	-	566,499
<i>of which: leases - accumulated depreciation</i>	<i>-</i>	<i>5,312</i>	<i>3</i>	-	<i>5,315</i>
Net value	14,436	187,067	4,274	27,725	233,502
<i>Net value - leases</i>	<i>1,158</i>	<i>13,491</i>	<i>13</i>	-	<i>14,662</i>

Investments during the period amounted to €8,674 thousand and mainly regard “Assets under construction and payments on account” and “Buildings, plant and machinery, commercial and industrial equipment”.

Investments classified as “Assets under construction and payments on account” were made to increase production capacity and improve processes, to set up new machineries, for improvements on buildings and the internal new product development projects.

One of the most important projects in the category “Buildings, plant and machinery, commercial and industrial equipment” regards investments made in the subsidiary LPDN GmbH mainly for a new machine that will improve the production process for stabiliser bars and in the subsidiary Shanghai Sogefi Auto Parts Co. Ltd for the end of the painting line in the suspension division.

“Disposals during the period, net” mainly refer to the sale of the Oyartzun plant belonging to the subsidiary Sogefi Filtration S.A..

“Writedowns/revaluations during the period” mainly refer to the writedown of the building and of the machineries of the subsidiary United Springs S.A.S. following the closure of the production plant in Mussey.

“Other changes” refer to the completion of projects that were underway at the end of last year and their reclassification under the pertinent items.

Depreciation for the period has been recorded in the appropriate item in the income statement.

#### *Guarantees*

As of June 30, 2010 tangible fixed assets are encumbered by mortgages or liens granted to banks to secure loans obtained for € 1,748 thousand, compared to the €824 thousand as of December 31, 2009. Guarantees outstanding refer exclusively to the Indian subsidiaries Sogefi M.N.R. Filtration India Private Ltd and EMW Environmental Technologies Private Ltd.

#### *Purchase commitments*

As of June 30, 2010 there are binding commitments to buy tangible fixed assets of €1,884 thousand (€746 thousand as of December 31, 2009). Said commitments will be mostly settled within 12 months.

#### *Leases*

The book value of assets under financial leases at June 30, 2010 was € 19,977 thousand, and the related accumulated depreciation amounted to €5,315 thousand. It should be noted that in the first half of 2010, the subsidiary Allevard Sogefi USA Inc. entered into a new financial lease agreement for the amount of \$ 1,103 thousand. The financial aspects of the lease payments and their due dates are explained in note 15.

## 9. INTANGIBLE ASSETS

At June 30, 2010 intangible assets amounted to € 133,382 thousand against € 131,372 thousand at the end of the previous year and can be broken down as follows:

(in thousands of Euro)	<i>Develop- ment costs</i>	<i>Industrial patents and intellectual property rights, concessions licences and trademarks</i>	<i>Other, assets under constructi- on and payments on account</i>	<i>Goodwill</i>	<i>TOTAL</i>
<i>Balance at December 31, 2009</i>					
Historical cost	67,667	19,258	9,349	116,977	213,251
Accumulated amortization	42,468	13,314	3,199	22,898	81,879
Net value	25,199	5,944	6,150	94,079	131,372
<i>Balance at December 31, 2009</i>	25,199	5,944	6,150	94,079	131,372
Additions of the period	2,838	27	2,629	-	5,494
Exchange differences	1,066	39	339	-	1,444
Amortization for the period	(3,955)	(773)	(227)	-	(4,955)
Writedowns during the period	-	-	-	-	-
Other changes	832	455	(1,260)	-	27
<i>Balance at June 30, 2010</i>	25,980	5,692	7,631	94,079	133,382
Historical cost	74,506	20,087	11,177	116,977	222,747
Accumulated amortization	48,526	14,395	3,546	22,898	89,365
Net value	25,980	5,692	7,631	94,079	133,382

Investments in the period amounted to €5,494 thousand.

The increases in “Development Costs” refer to the capitalisation of costs incurred by Group companies to develop new products in collaboration with leading car manufacturers. The largest investments refer to the subsidiary Filtrauto S.A..

Increases in “Other, assets under construction and payments on account” refer mainly to the development of new products that not yet in production. The largest investments were made in the subsidiary Allevard Rejna Autosuspensions S.A.. This item includes also the investments for the development of a new ERP system for the Suspension Components Division.

There are no intangible assets with an indefinite useful life except for goodwill. Goodwill of € 77,031 thousand and € 17,048 thousand resulting from external acquisitions was recorded for the Filtration Division and the Car Suspensions Division respectively.

The impairment test carried out as of December 31, 2009 confirmed that there is no need to make any adjustments to the values shown in the financial statements. The divisions’ performance in the first half of 2010 confirm that the reported amounts are appropriated.

## 10. EQUITY INVESTMENTS IN ASSOCIATED COMPANIES

As of June 30, 2010 these totalled €101 thousand (unchanged compared to the figure as of December 31, 2009) and refer to the associated company Allevard Ressorts Composites S.a.S.

Equity investments in associated companies are carried at equity, except where the recoverable value of an equity investment is lower than its book value.

A list of equity investments in associated companies is provided in section H of this document.

## 11. OTHER FINANCIAL ASSETS AVAILABLE FOR SALE

As of June 30, 2010 these totalled €441 thousand, compared with €472 thousand as of December 31, 2009, and break down as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Equity investments in other companies	441	441
Other securities	-	31
TOTAL	441	472

The balance of the line “Equity investments in other companies” essentially refers to the company AFICO FILTERS S.A.E..

The financial assets included under “Other securities” were sold during the course of the first half of 2010.

## 12. FINANCIAL RECEIVABLES AND OTHER RECEIVABLES

The fall in “Financial receivables”, which at December 31, 2009 mainly included the non-current portion of the fair value interest rate risk hedges, is linked to the changes in interest rates at the end of the first half of 2010.

“Other receivables” break down as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Substitute tax	576	576
Pension fund surplus	8,698	6,926
Other receivables	1,513	1,527
TOTAL	10,787	9,029

“Substitute tax” refers to the amount paid by the Holding Company Sogefi S.p.A. for the revaluation of building at the end of 2005.

The “Pension fund surplus” refers to the subsidiaries Sogefi Filtration Ltd (€8,594 thousand) and Sogefi Filtration B.V. (€104 thousand), as described in note 18 to which reference is made. The increase in this item is due to: the contributions paid in 2010, higher than the corresponding current service cost, and the dynamics of the actuarial calculation.

The items “Other receivables” mainly includes tax credits, including fiscal receivables 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.

### *13. DEFERRED TAX ASSETS*

As of June 30, 2010 this item amounts to €36,818 thousand compared with €35,001 thousand as of December 31, 2009.

This amount relates to the expected benefits due on deductible temporary differences, recognised to the extent that they are likely to be recovered.

The increase in this item compared to December 31, 2009 is essentially due to deferred tax assets related to tax losses recorded in the year by the subsidiary Allevard Rejna Autosuspensions S.A..

### *14. NON-CURRENT ASSETS HELD FOR SALE*

This item includes the net value of € 761 thousand of the building of the UK subsidiary, United Springs Ltd, held for sale.



## **C 2) LIABILITIES AND SHAREHOLDERS' EQUITY**

### **15. FINANCIAL DEBTS TO BANKS AND OTHER FINANCING CREDITORS**

These break down as follows:

#### *Current portion*

(in thousands of Euro)	June 30, 2010	December 31, 2009
Bank overdrafts and short-term loans	38,352	4,327
Current portion of medium/long-term financial debts	45,473	67,378
<i>of which: leases</i>	1,854	1,679
<b>TOTAL SHORT-TERM FINANCIAL DEBTS</b>	<b>83,825</b>	<b>71,705</b>
Other short-term liabilities for derivative financial instruments	715	1,023
<b>TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>84,540</b>	<b>72,728</b>

#### *Non-current portion*

(in thousands of Euro)	June 30, 2010	December 31, 2009
Financial debts to banks	140,075	196,169
Other medium/long-term financial debts	11,226	10,902
<i>of which: leases</i>	8,528	8,034
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS</b>	<b>151,301</b>	<b>207,071</b>
Other medium/long-term financial liabilities for derivative financial instruments	2,831	2,124
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>154,132</b>	<b>209,195</b>

#### ***Bank overdrafts and short-term loans***

The increase in this item must be interpreted in conjunction with the decrease in the asset item "Cash and cash equivalents", which the reader should refer to.

#### ***Current portion of medium/long-term financial debts***

As of June 30, 2010, this item principally includes the following loans:

- the current portion of € 22.2 million of a € 100 million loan obtained by the Holding Company Sogefi S.p.A. in 2006 (the residual amount as of June 30, 2010 was € 77.3 million). The loan expires in September 2013 and has a floating interest rate corresponding to the Euribor plus a spread of 70 basis points. The spread actually applied at the end of the first half of 2010 corresponded to 150 basis points. The loan is not secured against any of the company's assets;
- the current portion of € 11.1 million of a loan obtained by the Holding Company Sogefi S.p.A. in 2006 for an original amount of € 50 million (the residual amount as of June 30, 2010 was € 35.9 million). The loan expires in September 2013 and has a floating interest rate corresponding to the Euribor plus a spread of 60 basis points. The spread actually applied at the end of the first half of 2010 corresponded to 100 basis points. The loan is not secured against any of the company's assets;

- the current portion of €3.3 million of the loan obtained by the subsidiary Allevard Federn GmbH for an original amount of €30 million (the residual amount as of June 30, 2010 was €3.3 million), repayable in yearly instalments ending in December 2010. This loan has a floating interest rate corresponding to the Euribor plus a spread of 70 basis points. The loan is not secured against any of the subsidiary's assets;
- the portion due within the next twelve months of other minor medium to long-term loans, including financial lease payments in accordance with IAS 17.

Note that in the first half of 2010, the Group repaid the current portion as at 31 December 2009, corresponding to €20 million, of the syndicated revolving loan obtained by the Holding Company Sogefi S.p.A. in 2008.

#### ***Other short-term liabilities for derivative financial instruments***

The item includes the short-term portion of the fair value of interest risk hedges and exchange risk hedges. The decrease of this item is linked to the changes in interest rates and exchange rates at the end of the first half of 2010.

Please refer to chapter G for a further discussion of this matter.

#### ***Medium/long-term financial debts***

This mainly includes the following loans:

- the syndicated revolving loan obtained by the Holding Company Sogefi S.p.A. in 2008 for a total of €160 million, €59.6 million of which had been drawn down as at June 30, 2010. Note that in the first half of 2010, the Group repaid €40 million of the medium/long-term draw down as at December 31, 2009. The loan expires in June 2013 and has a floating interest rate corresponding to the Euribor plus a spread of 50 basis points. The spread actually applied at the end of the first half of 2010 corresponded to 85 basis points;
- the medium-long term portion corresponding to €55.1 million of the €100 million loan obtained by the Holding Company Sogefi S.p.A. in 2006;
- the medium-long term portion corresponding to €24.8 million of the €50 million loan obtained by the Holding Company Sogefi S.p.A. in 2006.

The item "Other medium/long-term financial debts" includes other minor loans, as well as financial lease payments in accordance with IAS 17.

For an analysis of the covenants relating to loans outstanding at the end of the period, please refer to note 21.

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

The item includes the medium/long-term portion of the fair value of interest risk hedges.

The increase in this item is linked to changes in interest rates at the end of the first half of 2010.

Please refer to chapter G for a further discussion of this matter.

#### ***Finance leases***

The Group has finance leases as well as rental and hire contracts for property, 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 summarized as follows:

(in thousands of Euro)	Instalments	Capital
Within 12 months	2,336	1,854
Between 1 and 5 years	6,171	4,668
Beyond 5 years	5,052	3,860
Total lease payments	13,559	10,382
Interests	(3,177)	-
<b>TOTAL PRESENT VALUE OF LEASE PAYMENTS</b>	<b>10,382</b>	<b>10,382</b>

## 16. TRADE AND OTHER CURRENT PAYABLES

The amounts shown in the financial statements can be broken down into the following categories:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Trade and other payables	218,369	199,818
Tax payables	5,871	2,727
<b>TOTAL</b>	<b>224,240</b>	<b>202,545</b>

Details of trade and other payables are as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Due to suppliers	162,815	149,522
Due to the Parent Company	985	-
Due to tax authorities for indirect and other taxes	9,854	10,423
Due to social and security institutions	13,173	14,650
Due to employees	24,945	19,593
Other payables	6,597	5,630
<b>TOTAL</b>	<b>218,369</b>	<b>199,818</b>

Amounts due to suppliers are not interest-bearing and on average are settled in 83 days (92 days at December 31, 2009).

€5,082 thousand of the increase in “Due to suppliers” amounts is linked to the effect of exchange rates and the remainder to the growth in business volumes, partially offset by a considerable reduction in the average number of days needed to settle accounts.

The item “Due to the Parent Company” refers to the amount owing to the Parent Company CIR S.p.A. for services provided in the first half of 2010.

The fall in the amount “Due to tax authorities for indirect and other taxes” is due to the payment by the subsidiary Sogefi Filtration do Brasil Ltda, of €2,117 thousand resulting from the settlement of a tax dispute at the end of the previous year (the remaining part of the debt amounting to €1,892 thousand will be paid in the second

half of 2010) partially offset by a rise in the amounts due for VAT following the steady rise in business activities in the first half of 2010.

The increase in amount “Due to employees” is highly seasonal and is mainly due to provisions for vacation accrued and not yet utilised and the 13<sup>th</sup> month salaries that will be paid to employees in the coming months.

The increase in “Other payables” mainly refers to royalties that the Holding Company Sogefi S.p.A. pays to Honeywell International Inc. for the use of the FRAM trademark.

The increase in “Tax payables” reflects the higher tax burden resulting from the improved results achieved in this period.

#### *17. OTHER CURRENT LIABILITIES*

“Other current liabilities” include adjustments to costs and sales revenues for the period so as to ensure compliance with the accruals basis of accounting (accrued expenses and deferred income) and advances received from customers for supplies still to be delivered.

The increase is mainly due to the expense accrued for the license of the new ERP system of the suspension division.

#### *18. LONG-TERM PROVISIONS AND OTHER PAYABLES*

##### *Long-term provisions*

These are made up as follows:

(in thousands of Euro)	<i>June 30, 2010</i>	<i>December 31, 2009</i>
Pension funds	24,166	23,614
Provision for employment termination indemnities	7,122	8,365
Provision for restructuring	9,369	11,056
Provisions for disputes with tax authorities	446	446
Provision for phantom stock option	355	233
Provision for product warranties	4,069	4,090
Other risks	2,640	2,450
Agents' termination indemnities	192	159
Lawsuits	615	620
<b>TOTAL</b>	<b>48,974</b>	<b>51,033</b>

Details of the main items are given below.

### ***Pension funds***

Changes in this item during the period are shown below:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Opening balance	16,688	19,422
Cost of benefits charged to income statement	950	638
Contributions paid	(1,607)	(3,153)
Exchange differences	(563)	(219)
<b>TOTAL</b>	<b>15,468</b>	<b>16,688</b>
<i>of which booked to liabilities</i>	<i>24,166</i>	<i>23,614</i>
<i>of which booked to assets</i>	<i>(8,698)</i>	<i>(6,926)</i>

In 2009, “Cost of benefits charged to income statement” included a benefit of € 1,418 thousand arising from the reduction in the French subsidiaries’ pension funds following the reduction in the number of employees due to the restructuring plans underway.

Note that as at June 30, 2010, the pension fund of the subsidiaries Sogefi Filtration Ltd and Sogefi Filtration B.V. recorded a surplus of € 8,594 thousand and € 104 thousand respectively, which was recognised under “Other receivables” as shown in note 12. The increase of the surplus with respect to December 31, 2009 is due to contributions paid in 2010, higher than the relative current service cost, and to the dynamics of the actuarial calculation.

Provisions allocated to the pension funds, by geographical area of the subsidiaries concerned are as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Great Britain	(7,382)	(5,698)
France	19,693	19,174
Germany	2,947	2,995
Other	210	217
<b>TOTAL</b>	<b>15,468</b>	<b>16,688</b>

### ***Provision for employment termination indemnities***

Changes in this item during the period are shown below:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Opening balance	8,365	10,190
Accruals for the period	218	575
Contributions paid	(1,461)	(2,400)
<b>TOTAL</b>	<b>7,122</b>	<b>8,365</b>

### ***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 has changed as follows during the period:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Opening balance	11,056	4,460
Accruals for the period	3,391	8,309
Utilizations	(5,067)	(1,591)
Provisions not used during the period	(11)	(122)
Exchange differences	-	-
<b>TOTAL</b>	<b>9,369</b>	<b>11,056</b>

The “Accruals for the period” mainly refer to the reorganisation of production activities underway for the closure of the French precision springs plant in Mussey and the closure of the Dutch company selling filters.

“Utilizations” have been booked mainly as reductions of provisions previously set aside for restructuring projects planned and initiated in previous years and completed or being completed by the two divisions during the course of the current period.

Changes in the “Accruals for the period” net of the “Provisions not used during the period” are recorded in the income statement under “Restructuring costs”.

#### ***Provision for phantom stock option***

This item amounted to €355 thousand (€233 thousand as of December 31, 2009) and refers to the fair value accrual for incentive schemes that envisage a cash settlement, known as phantom stock option, for the Managing Director of the Holding Company. The provision shows an increase due to the change in the fair value of the portion relating to this period (€122 thousand).

#### ***Provision for product warranties***

This item amounted to €4,069 thousand (€4,090 thousand as at December 31, 2009) and refers to both allowances calculated on a statistical basis made by the Group companies to cover warranties issued to customers and to accruals for specific risks and disputes with customers.

#### ***Other risks***

“Other risks” amounted to €2,640 thousand (€2,450 thousand as at December 31, 2009).

As of June 30, 2010, this item principally includes the following amounts: provisions (€ 1,755 thousand) made by the German subsidiary LPDN GmbH to cover the economic impact of potential requests for part-time contracts by employees who, having reached the age limits established by law, have the right to request the company to grant said contracts; accruals (€486 thousand) made by the subsidiary Sogefi Filtration do Brasil Ltda for disputes with employees.

#### ***Other payables***

“Other payables” totalled €382 thousand at June 30, 2010 (unchanged with respect to December 31, 2009) and regard the subsidiary LPDN GmbH.

## *19. DEFERRED TAX LIABILITIES*

As of June 30, 2010 this item amounted to € 32,873 thousand compared with €30,847 thousand as of December 31, 2009.

This amount relates to the expected taxation on taxable temporary differences.

## *20. SHARE CAPITAL AND RESERVES*

### *Share capital*

The share capital of the Holding Company Sogefi S.p.A. is fully paid in and at June 30, 2010 amounts to €60,521 thousand (€60,397 thousand at December 31, 2009), split into 116,387,392 ordinary shares of par value of €0.52 each.

### *Reserves and retained earnings (accumulated losses)*

These are made up as follows:

(in thousands of Euro)	Share capital	Share premium reserve	Reserve for treasury shares	Reserve for reclassification of treasury shares	Translation reserve	Legal reserve	Cash flow hedging reserve	Reserve for stock option	Tax on items booked directly to equity	Other reserves	Retained earnings	Net result for the period	Total
Balance at December 31, 2008	60,397	14,491	5,007	(5,007)	(15,825)	12,180	(2,550)	635	701	3,115	59,266	28,495	160,905
Paid share capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of 2008 net profit:													
Legal reserve	-	-	-	-	-	140	-	-	-	-	-	(140)	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	28,355	(28,355)	-
Net purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Imputed cost of stock option	-	-	-	-	-	-	-	278	-	-	-	-	278
Other changes	-	-	-	-	-	-	-	-	-	-	-	-	-
Fair value measurement of financial assets available for sale	-	-	-	-	-	-	-	-	-	(1)	-	-	(1)
Fair value measurement of cash-flow hedging instruments	-	-	-	-	-	-	(1,143)	-	-	-	-	-	(1,143)
Tax on items booked directly to equity	-	-	-	-	-	-	-	-	314	-	-	-	314
Currency translation differences	-	-	-	-	10,402	-	-	-	-	-	-	-	10,402
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	(10,607)	(10,607)
Balance at June 30, 2009	60,397	14,491	5,007	(5,007)	(5,423)	12,320	(3,693)	913	1,015	3,114	87,621	(10,607)	160,148
Balance at December 31, 2009	60,397	14,491	5,007	(5,007)	(2,540)	12,320	(3,288)	1,168	901	3,124	87,877	(7,639)	166,811
Paid share capital increase	124	123	-	-	-	-	-	-	-	-	-	-	247
Allocation of 2009 net profit:													
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	(7,639)	7,639	-
Net purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-
Imputed cost of stock option	-	-	-	-	-	-	-	223	-	-	-	-	223
Other changes	-	-	-	-	-	-	-	-	-	-	(459)	-	(459)
Fair value measurement of financial assets available for sale	-	-	-	-	-	-	-	-	-	(10)	-	-	(10)
Fair value measurement of cash-flow hedging instruments	-	-	-	-	-	-	(348)	-	-	-	-	-	(348)
Tax on items booked directly to equity	-	-	-	-	-	-	-	-	100	-	-	-	100
Currency translation differences	-	-	-	-	15,154	-	-	-	-	-	-	-	15,154
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	9,915	9,915
Balance at June 30, 2010	60,521	14,614	5,007	(5,007)	12,614	12,320	(3,636)	1,391	1,001	3,114	79,779	9,915	191,633



#### *Translation reserve*

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

Changes during the period show an increase of €15,154 thousand, mainly due to the appreciation of the British Pound and the Brazilian Real against the Euro.

#### *Cash flow hedging reserve*

This reserve has changed due to the accounting of the cash flows deriving from instruments that for IAS 39 purposes are designated as “cash flow hedges”. Changes during the period show a decrease of €348 thousand.

#### *Reserve for stock option*

The reserve refers to the imputed value of stock option plans assigned to employees and resolved after November 7, 2002, including the portion relating to the latest stock option plan approved in the first half of 2010.

#### *Retained earnings*

These totalled €79,779 thousand and include amounts of net profit that have not been distributed. The decrease of €459 thousand mainly arises from the change in the percentage holding in the subsidiary S.ARA Composite S.a.S..

#### *Tax on items booked directly to equity*

The table below shows the amount of income taxes relating to each item of the consolidated statement of comprehensive income:

(in thousands of Euro)	1st half 2010			1st half 2009		
	Gross value	Taxes	Net value	Gross value	Taxes	Net value
- Profit (loss) booked to cash flow hedging reserve	(348)	96	(252)	(1,143)	314	(829)
- Profit (loss) booked to fair value reserve for financial assets available for sale	(10)	4	(6)	(1)	-	(1)
- Profit (loss) booked to translation reserve	15,682	-	15,682	10,373	-	10,373
- Profit (loss) booked directly to equity	15,324	100	15,424	9,229	314	9,543

#### *MINORITY INTERESTS*

The balance amounted to €15,155 thousand and refers to the portion of shareholders' equity attributable to minority interests. The increase of €462 thousand mainly arises from the change in the percentage holding in the subsidiary S.ARA Composite S.a.S..

## 21. ANALYSIS OF THE NET FINANCIAL POSITION

The following table provides details of the net financial position as required by Consob in its communication no. DEM/6064293 of July 28, 2006 with a reconciliation of the net financial position shown in the report on operations:

(in thousands of Euro)	June 30, 2010	December 31, 2009
A. Cash	56,107	111,583
B. Cash Equivalent (details)	-	-
C. Financial instruments held for trading	21	21
<b>D. Cash and cash equivalent (A) + (B) + (C)</b>	<b>56,128</b>	<b>111,604</b>
<b>E. Current financial receivables</b>	<b>35</b>	<b>25</b>
F. Current payables to banks	38,352	4,327
G. Current portion of non-current indebtedness	45,473	67,378
H. Other current financial debts	715	1,023
<b>I. Current financial indebtedness (F) + (G) + (H)</b>	<b>84,540</b>	<b>72,728</b>
<b>J. Current financial indebtedness, net (I) - (E) - (D)</b>	<b>28,377</b>	<b>(38,901)</b>
K. Non-current payables to banks	140,075	196,169
L. Bonds issued	-	-
M. Other non-current financial debts	14,057	13,026
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>154,132</b>	<b>209,195</b>
<b>O. Net indebtedness (J) + (N)</b>	<b>182,509</b>	<b>170,294</b>
Non-current financial receivables	-	99
<b>Financial indebtedness, net including non-current financial receivables (as per the "Net financial position" included in the director's report on operations)</b>	<b>182,509</b>	<b>170,195</b>

The net financial position is slightly worse than that as of December 31, 2009 due to an increase in working capital related to higher levels of activity.

Furthermore, in the first half of 2010, a part of cash and cash equivalents funds was used to reduce the debt relating to the syndicated revolving loan expiring in June 2013.

Details of the covenants applying to loans outstanding at the end of the period are as follows:

- syndicated loan of € 160 million obtained by the Holding Company Sogefi S.p.A.: the ratio of consolidated net financial position to consolidated EBITDA must be less or equal to 3.5; the ratio of EBITDA to net financial expenses must not be less than 4;
- loan of €100 million obtained by the Holding Company Sogefi S.p.A.: the ratio of consolidated net financial position to consolidated EBITDA must be less than 4.
- loan of €50 million obtained by the Holding Company Sogefi S.p.A.: the ratio of the consolidated net financial position to consolidated EBITDA must be less than 3.5.

It is specified that for all the loans mentioned above for the purposes of calculation of EBITDA the expenses and revenues arising from non-ordinary operations have been excluded.

At June 30, 2010 the Company was in full compliance with these covenants.

## D) NOTES ON THE MAIN INCOME STATEMENT ITEMS

### 22. SALES REVENUES

#### *Revenues from the sale of goods and services*

During the period, the Sogefi Group recorded sales of €457,609 thousand compared with €374,502 thousand the previous year (+22.2%); applying the same average exchange rates of the first half of 2009, Group sales would have amounted to €444,448 thousand (+18.7%).

Revenues from the sale of goods and services break down as follows:

By business segment:

(in thousands of Euro)	1st half 2010		1st half 2009	
	Amount	%	Amount	%
Filters	231,521	50.6	197,627	52.8
Suspension components and precision springs	227,285	49.7	177,726	47.4
Intercompany eliminations	(1,197)	(0.3)	(851)	(0.2)
<b>TOTAL</b>	<b>457,609</b>	<b>100.0</b>	<b>374,502</b>	<b>100.0</b>

By geographical area of “destination”:

(in thousands of Euro)	1st half 2010		1st half 2009	
	Amount	%	Amount	%
France	106,391	23.2	93,656	25.0
Germany	57,984	12.7	50,643	13.5
Great Britain	40,216	8.8	32,123	8.6
Italy	36,501	8.0	33,601	9.0
Benelux	23,080	5.0	20,594	5.5
Spain	18,602	4.1	19,302	5.2
Other European countries	51,004	11.1	43,183	11.5
Mercosur	101,866	22.3	67,416	18.0
United States	7,917	1.7	7,151	1.9
China	7,049	1.5	2,582	0.7
India	4,478	1.0	2,726	0.7
Rest of the World	2,521	0.6	1,525	0.4
<b>TOTAL</b>	<b>457,609</b>	<b>100.0</b>	<b>374,502</b>	<b>100.0</b>

Sales performance in the Group’s major markets show a generalised recovery in all areas, with the exception of Spain. The largest rise was recorded in Mercosur (+51.1%), while in the European market, growth was 13.9%, with sales totalling €333,778 thousand against €293,102 thousand in the first half of the previous year. Strong growth was also recorded in China (+173%) thanks to the favourable trend in the suspension business and in India (+64.3%), where the success of the joint-venture in the filtration sector established at the end of 2008 was confirmed during the year. In USA, following the termination of the production of suspension components in July 2009, the rapid reorganization of the local company to a plant producing filtration units enabled them to record a growth of 10.7% in sales.

## 23. SEASONAL NATURE OF SALES

The type of products sold by the companies and the sectors in which the Group operates mean that revenues record a reasonably linear trend over the course of the year and are not subject to particular cyclical phenomena assuming the same scope of consolidation. However, last year sales volumes rose steadily after the economic crisis that began between the end of 2008 and 2009.

Sales by half-year period for the past two years are shown below:

(in thousands of Euro)	1st half	2nd half	Total year
FY 2008	556,286	461,172	1,017,458
FY 2009	374,502	406,485	780,987

## 24. VARIABLE COST OF SALES

Details are as follows:

(in thousands of Euro)	1st half 2010	1st half 2009
Materials	205,253	176,319
Direct labour cost	47,806	41,796
Energy costs	15,320	12,875
Sub-contracted work	9,774	4,600
Ancillary materials	7,921	6,009
Variable sales and distribution costs	17,360	13,446
Royalties paid to third parties on sales	2,302	2,160
TOTAL	305,736	257,205

The increase in absolute terms of the “Variable cost of sales” reflects the rise in sales revenues.

In percentage terms, the percentage of sales represented by the “Variable cost of sales” fell from 68.7% to 66.8%, mainly due to lower purchase prices of raw materials and due to the stocking of finished products against the significant destocking recorded in 2009.

The percentage of “Direct labour cost” fell due to lower expenses incurred by Group companies as a result of the use of welfare support provisions, due to the wider use of temporary staff, whose cost is included in “Sub-contracted work” and due to an improvement in production efficiency following an increase in volumes.

The rise in the percentage of “Variable sales and distribution costs” is substantially due to a more accurate classification of business expenses between variable and fixed costs.

## 25. MANUFACTURING AND R&D OVERHEADS

(in thousands of Euro)	1st half 2010	1st half 2009
Labour cost	36,607	36,328
Materials, maintenance and repairs	8,813	6,609
Rental and hire charges	2,481	2,469
Personnel services	3,613	3,030
Technical consulting	1,201	1,077
Sub-contracted work	679	323
Insurance	1,038	925
Utilities	844	805
Capitalization of internal construction costs	(6,219)	(6,129)
Other	1,007	266
<b>TOTAL</b>	<b>50,064</b>	<b>45,703</b>

“Manufacturing and R&D overheads” show an increase of €4,361 thousand (+9.5%) against the previous year, €690 thousand of which is due to exchange rates.

The increase, recorded in almost all production units, is due to the return to normal operations and to higher production volumes. This increase regarded all cost items and particularly “Materials, maintenance and repairs” and the industrial services included under “Other”.

The increase in “Labour cost” is the result of exchange rate differences (€ 558 thousand) and to a lesser use of welfare support provisions.

## 26. DEPRECIATION AND AMORTIZATION

Details are as follows:

(in thousands of Euro)	1st half 2010	1st half 2009
Depreciation of tangible fixed assets	17,587	16,996
<i>of which: assets under finance leases</i>	<i>501</i>	<i>300</i>
Amortization of intangible assets	4,954	4,248
<b>TOTAL</b>	<b>22,541</b>	<b>21,244</b>

“Depreciation and Amortization” totalled €22,541 thousand at June 30, 2010, up against the €21,244 thousand recorded in the same period of the previous year.

This increase is substantially the result of the start of depreciation of the filter line in the subsidiary Allevard Sogefi USA Inc. amounting to €380 thousand and to the effect of exchange rates amounting to €517 thousand, mainly associated with South American currencies.

Industrial depreciation included in the total depreciation of tangible fixed assets amounted to €16,823 thousand against €16,221 thousand in the same period of the previous year.

Amortization of intangible assets refers principally to development costs capitalized in previous years. The increase recorded for this item relates, among other things, to the amortization of the licenses for the new ERP system for the suspensions division.

## 27. DISTRIBUTION AND SALES FIXED EXPENSES

The table below shows the main components of this item:

(in thousands of Euro)	1st half 2010	1st half 2009
Labour cost	9,676	9,121
Sub-contracted work	1,632	2,565
Advertising, publicity and promotion	1,769	1,105
Personnel services	1,209	1,026
Rental and hire charges	968	1,009
Consulting	537	395
Other	304	364
<b>TOTAL</b>	<b>16,095</b>	<b>15,585</b>

“Distribution and sales fixed expenses” rose by €510 thousand (3.3%).

The increase in “Labour cost” is mainly due to a lesser use of welfare support provisions and to exchange rates (€258 thousand).

The fall in “Sub-contracted work” is due to a more accurate classification of expenses relating to warehouse management between variable and fixed costs.

The increase in “Advertising, publicity and promotion” is the result of the increase in promotional expenses incurred to develop the aftermarket segment of the filtration division.

## 28. ADMINISTRATIVE AND GENERAL EXPENSES

These can be broken down as follows:

(in thousands of Euro)	1st half 2010	1st half 2009
Labour cost	14,771	12,757
Personnel services	1,797	1,545
Maintenance and repairs	1,811	1,551
Cleaning and security	1,652	1,324
Consulting	2,688	2,449
Utilities	1,493	1,386
Rental and hire charges	1,837	1,573
Insurance	1,220	1,533
<i>Participation des salaries</i>	165	59
Administrative, financial and tax-related services provided by Parent Company	985	973
Audit fees	607	639
Directors' and statutory auditors' remuneration	937	482
Sub-contracted work	331	246
Other	856	292
<b>TOTAL</b>	<b>31,150</b>	<b>26,809</b>

“Administrative and general expenses show an increase of € 4,341 thousand (+16.2%), €521 thousand of which is the result of exchange rate differences.

The increase in “Labour cost” is due a different timing in the posting of the variable remuneration to employees.

The increase in “Personnel Services” mainly relates to higher travelling expenses of the Holding Company Sogefi S.p.A..

The increase in “Maintenance and repairs” is mainly related to the subsidiaries Filtrauto S.A. and Allevard Rejna Autosuspensions S.A..

The increase in “Cleaning and security” was mostly due to the subsidiaries Allevard Rejna Autosuspensions S.A. and Sogefi Filtration do Brasil Ltda.

The increase in “Consulting” relates to the Holding Company Sogefi S.p.A. for consulting in logistics for the aftermarket segment, administration and insurance.

The increase in “Directors’ and Statutory Auditors’ remuneration” regards the higher remuneration, partly fixed and partly variable, resolved by the Board of Directors for the Managing Director given the extension of his powers and functions.

The increase in “Other” is mainly due to the effect, in the first half of 2009, of a reduction in pension funds of the French subsidiaries following a reduction in the number of employees as a result of the restructuring plans carried out.

## 29. PERSONNEL COSTS

### *Personnel*

Personnel costs can be broken down as follows:

(in thousands of Euro)	1st half 2010	1st half 2009
Wages, salaries and contributions	106,838	98,477
Pension costs: defined benefit plans	920	(289)
Pension costs: defined contribution plans	606	588
<i>Participation des salaries</i>	165	59
Imputed cost of stock option plans	223	278
Other costs	96	94
<b>TOTAL</b>	<b>108,848</b>	<b>99,207</b>

“Personnel costs” have risen compared to the first half of last year by € 9,641 thousand. This increase is mainly due to the lesser use of welfare support provisions with respect to the same period of the previous year. Furthermore it has to be noticed: the exchange rates effect for €1,915 thousand, the absence of the benefit of the reduction of the pension funds of the French subsidiaries (€ 1,208 thousand) occurred in the first half of last year, and the increase of variable remuneration to employees.

Even given this increase in absolute values, the percentage of sales represented by “Personnel costs” fell to 23.8% from 26.5% recorded in the first half of 2009.

The average number of employees, broken down by category, is as follows:

(Number of employees)	1st half 2010	1st half 2009
Managers	87	86
Clerical staff	1,332	1,398
Blue collar workers	4,331	4,490
<b>TOTAL</b>	<b>5,750</b>	<b>5,974</b>

## ***Personnel benefits***

### ***Stock option plans***

Sogefi S.p.A. implements stock option plans for the Managing Director and for managers of the Company and its subsidiaries that hold important positions of responsibility within the Group. The purpose is to foster greater loyalty to the Group and to provide an incentive that will raise their commitment to improving the business performance and generating value in the long term.

The plans provide participants with the opportunity to exercise an option to subscribe to newly-issued Sogefi shares at a set price and within a specific period of time. Under the plan an essential condition for exercising the option is that the person is still employed by the Company or one of its subsidiaries at the exercise date, except in the case of retirement, permanent invalidity or death.

Stock option plans are first approved by the Shareholders' Meeting.

In the first half of 2010, the Board of Directors approved the following stock option plans:

- 2010 stock option plan restricted to the Managing Director and to managers of the Company and its subsidiaries for a maximum of 2,440,000 shares (2.10% of the share capital as of June 30, 2010) with a subscription price of € 2.3012, to be exercised between September 30, 2010 and September 30, 2020.

With the exception of the above plan and the content of the paragraph below regarding "Phantom stock option plans", the Company has not carried out any other transaction that involves the purchase of goods or services with payments based on shares or any other kind of equity instrument. As a result, it is not necessary to disclose the fair value of such goods or services.

According to the provisions of accounting standard IFRS 2, only plans allocated after November 7, 2002 must be considered (note that the Company does not have any plans prior to said date) and therefore, in addition to those issued in 2010, the plans issued in 2004, 2005, 2006, 2007, 2008 and 2009, the main details of which are shown below, must be considered:

- 2004 stock option plan for a maximum of 1,880,000 shares (1.62% of share capital as of June 30, 2010) at a price of €2.64 per share, with a right to exercise them at the end of each four-month period starting on September 30, 2004 and ending on September 30, 2014;
- 2005 stock option plan restricted to the managers of the Company and its subsidiaries for a maximum of 1,930,000 shares (1.66% of the share capital as of June 30, 2010) with a subscription price of € 3.87, to be exercised between September 30, 2005 and September 30, 2015;
- 2006 stock option plan restricted to the managers of the Company and its subsidiaries for a maximum of 1,770,000 shares (1.52% of the share capital as of June 30, 2010) with a subscription price of € 5.87, to be exercised between September 30, 2006 and September 30, 2016;
- 2007 stock option plan restricted for managers of foreign subsidiaries for a maximum of 715,000 shares (0.61% of share capital as of June 30, 2010) with an issue subscription price of €6.96, to be exercised between September 30, 2007 and September 30, 2017. On April 22, 2008, the Board of Directors, on the basis of the powers attributed to the same by the Shareholders' Meeting, adjusted the exercise



price from € 6.96 to € 5.78 to take into account the extraordinary portion of the dividend distributed by the Shareholders' Meeting on same date;

- 2008 stock option plan restricted for managers of foreign subsidiaries for a maximum of 875,000 shares (0.75% of share capital as of June 30, 2010) with a subscription price of € 2.1045, to be exercised between September 30, 2008 and September 30, 2018;
- 2009 stock option plan restricted to managers of the Company and its subsidiaries for a maximum of 2,335,000 shares (2.01% of the share capital as of June 30, 2010) with a subscription price of € 1.0371, to be exercised between September 30, 2009 and September 30, 2019;
- 2009 extraordinary stock option plan restricted to those already benefitting from phantom stock option 2007 and 2008 plans, that are still employees of the Company or its subsidiaries, subject to the waiver of the same of the rights associated with the so-called phantom stock option plans for a maximum of 1,015,000 shares (0.87% of share capital as of June 30, 2010), of which 475,000 (First tranche options) with a subscription price of € 5.9054, to be exercised between September 30, 2007 and September 30, 2017 and 540,000 (Second tranche options) with a subscription price of € 2.1045, to be exercised between September 30, 2008 and September 30, 2018.

The fair value of the options awarded in the first half of 2010 was calculated, at the time of allocation, using the Black-Scholes method, and totals €742 thousand. The imputed cost for 2010 for existing plans is €223 thousand, booked to the income statement under "Other non-operating expenses (income)".

The following table shows the total number of existing options with reference to the 2004-2010 plans and their average strike price:

	<i>June 30, 2010</i>		<i>December 31, 2009</i>	
	<i>Number</i>	<i>Average strike price of the period</i>	<i>Number</i>	<i>Average strike price of the period</i>
Not exercised/not exercisable at the start of the year	6,509,400	3.18	3,947,600	4.55
Granted during the period	2,440,000	2.30	3,350,000	1.90
Cancelled during the period	(226,200)	3.17	(788,200)	4.58
Exercised during the period	(238,400)	1.04	-	-
Not exercised/not exercisable at the end of the period	8,484,800	2.99	6,509,400	3.18
Exercisable at the end of the period	3,470,100	4.35	2,884,300	4.48

The line "Not exercised/not exercisable at the end of the period" refers to the total number of options, net of those exercised or cancelled during the current and previous years.

The line "Exercisable at the end of the period" refers to the total amount of options matured at the end of the period and not yet subscribed.

Details of the number of options exercisable as of June 30, 2010 are given below:

	Total
Number of exercisable options remaining at December 31, 2009	2,884,300
Options matured during the period	1,033,000
Options cancelled during the period	(208,800)
Options exercised during the period	(238,400)
Number of exercisable options remaining at June 30, 2010	3,470,100

#### *Phantom stock option plans*

Unlike traditional stock option plans, phantom stock option plans do not involve granting any right to subscribe or to purchase a share, but entail paying the beneficiaries an extraordinary variable cash amount corresponding to the difference between the Sogefi share price in the option exercise period and the Sogefi share price at the time the option was allocated.

In 2009, as shown in the paragraph entitled “Stock option plans”, the Holding Company gave the beneficiaries of the 2007 and 2008 phantom stock option plans the opportunity to waive the options of the above-mentioned plans and to join the 2009 extraordinary stock option plan.

The principal characteristics of these plans are as follows:

- 2007 phantom stock option plan restricted to the Managing Director, managers and project workers of the Holding Company, as well as to managers of Italian subsidiaries, for a maximum of 1,760,000 options at the initial grant price of €7.0854, adjusted in 2008 to €5.9054, to be exercised between September 30, 2007 and September 30, 2017. Following the adhesion to 2009 extraordinary stock option plan, 475,000 options were waived;
- 2008 phantom stock option plan restricted to the Managing Director and managers of the Holding Company and to managers of Italian subsidiaries, for a maximum of 1,700,000 options at the grant price of €2.1045, to be exercised between September 30, 2008 and September 30, 2018. Following the adhesion to 2009 extraordinary stock option plan, 540,000 options were waived.

Details of the number of phantom stock options as of June 30, 2010 are given below:

	June 30, 2010
Not exercised/not exercisable at the start of the year	1,830,000
Granted during the period	-
Cancelled during the period	-
Exercised during the period	-
Not exercised/not exercisable at the end of the period	1,830,000
Exercisable at the end of the period	1,189,800

The fair value as of June 30, 2010 of the options awarded was calculated using the Black-Scholes method and amounts to €355 thousand. The difference compared to the previous year, corresponding to €122 thousand, was booked to the income statement under “Directors’ and statutory auditors’ remuneration”.

### 30. RESTRUCTURING COSTS

These amount to €4,305 thousand (compared with €9,940 thousand in the first half of the previous year) and relate to reorganisation plans already underway.

€ 3,380 thousand of this item regards funds allocated to the “Provision for restructuring”, net of the unused portions of funds allocated in previous years, while the remainder refers to costs for which no funds were allocated insofar as paid during the half-year period.

### 31. LOSSES (GAINS) ON DISPOSAL

Gains from disposals amounted to €470 thousand, €400 thousand of which resulting from the sale of the industrial property of Oyartzun (Spain). At June 30, 2009, losses of €17 thousand were recorded.

### 32. EXCHANGE (GAINS) LOSSES

At June 30, 2010, net exchange gains amounted to €418 thousand against €1,139 thousand of losses in the first half of 2009.

### 33. OTHER NON-OPERATING EXPENSES (INCOME)

These amounted to €5,829 thousand (against €3,924 thousand in the first half of last year) and mainly refer to indirect taxes and fiscal charges that are not directly related to income.

Details are as follows:

(in thousands of Euro)	1st half 2010	1st half 2009
Indirect taxes	2,980	2,490
Other fiscal charges	1,710	2,349
Imputed cost of stock options	223	278
Other non-operating expenses (income)	916	(1,193)
TOTAL	5,829	3,924

“Indirect taxes” refer to indirect tax charges not directly linked to income generated by production.

“Other fiscal charges” represent the *cotisation économique territoriale* (previously called *taxe professionnelle*) relating to the French companies.

The main components of “Other non-operating expenses (income)” are as follows:

*of which non-recurring:*

- writedowns of assets of €263 thousand mainly relating to the subsidiaries Sogefi Filtration B.V. and United Springs S.A.S. for internal reorganisation underway;

*of which recurring*

- provisions for legal disputes with employees and third parties mainly in the subsidiaries Sogefi Filtration do Brasil Ltda and Allevard Sogefi USA Inc. for a total of €227 thousand;
- €99 thousand of pension costs for employees no longer on the books of Allevard Federn GmbH;
- actuarial losses of € 118 thousand in the subsidiaries Sogefi Filtration Ltd Allevard Springs Ltd and United Springs S.A.S. resulting from the changes of actuarial assumptions;
- €209 thousand in other recurring costs.

### 34. FINANCIAL EXPENSES (INCOME), NET

Financial expenses are detailed as follows:

(in thousands of Euro)	1st half 2010	1st half 2009
Interest on amounts due to banks	2,461	4,301
Financial charges under lease contracts	244	266
Financial component of pension funds and termination indemnities	41	106
Costs of interest-rate hedging contracts	1,298	690
Other interest and commissions	1,611	969
<b>TOTAL FINANCIAL EXPENSES</b>	<b>5,655</b>	<b>6,332</b>

Financial income is detailed as follows:

(in thousands of Euro)	1st half 2010	1st half 2009
Income from interest-rate hedging contracts	60	24
Interest on amounts due from banks	362	513
Other interest and commissions	116	89
<b>TOTAL FINANCIAL INCOME</b>	<b>538</b>	<b>626</b>
<b>TOTAL FINANCIAL EXPENSES (INCOME), NET</b>	<b>5,117</b>	<b>5,706</b>

Financial expenses, net post a decrease of €589 thousand due to improvement of the net financial position and to the fall in interest rates.

“Financial component of pension funds and termination indemnities” refers to the financial component included in the actuarial valuation of pension funds and in the provision for employment termination indemnities.

### 35. LOSSES (GAINS) FROM EQUITY INVESTMENTS

These include the dividends received from the associated company Allevard Resorts Composites S.A.S. of €50 thousand (€75 thousand at June 30, 2009).

### 36. INCOME TAXES

(in thousands of Euro)	1st half 2010	1st half 2009
Current taxes	7,338	2,188
Deferred tax liabilities (assets)	(349)	(4,612)
TOTAL	6,989	(2,424)

The first half of 2010 shows a positive tax rate of 39.5%, against a negative tax rate of 19.1% in the same period of the previous year. Note that at June 30, 2010 deferred tax assets were not recognised on the losses of the subsidiaries Allevard Sogefi U.S.A. Inc. and Shanghai Sogefi Auto Parts Co. Ltd insofar as at the end of the period we could not be reasonably certain that the same would be recovered.

### 37. DIVIDENDS PAID

In the first half of 2010 no dividends were paid.

The Company did not issue any shares other than ordinary shares; treasury shares are always excluded from the dividend.

### 38. EARNINGS PER SHARE (EPS)

#### Earnings per share

##### Basic EPS

	June 30, 2010	June 30, 2009
Net result attributable to the ordinary shareholders (in thousands of Euro)	9,915	(10,607)
Weighted average number of shares outstanding during the period (thousands)	114,242	114,193
Basic EPS (Euro)	0.087	(0.093)

##### Diluted EPS

The Company only has one category of potential ordinary shares, namely those deriving from the potential conversion of the stock options granted to Group employees.

	June 30, 2010	June 30, 2009
Net result attributable to the ordinary shareholders (in thousands of Euro)	9,915	(10,607)
Average number of shares outstanding during the period (thousands)	114,242	114,193
Weighted average number of shares potentially under option during the period (thousands)	3,217	2,084
Number of shares that could have been issued at fair value (thousands)	(3,217)	(2,084)
Adjusted weighted average number of shares outstanding during the period (thousands)	114,242	114,193
Diluted EPS (Euro)	0.087	(0.093)

The “Weighted average number of shares potentially under option during the period” represents the average number of shares that are potentially outstanding under stock

option plans for which the subscription right has vested but has not yet been exercised at the date of the financial statements. These shares have a potentially dilutive effect on Basic EPS and are therefore taken into consideration in the calculation of Diluted EPS.

The “Number of shares that could have been issued at fair value” represents the normalisation factor, being the number of shares that would have been issued dividing the proceeds that would have been received from subscription of the stock options by the average half-yearly fair value of Sogefi S.p.A. ordinary shares, which in the first half of 2010 amounted to €2.0709, whereas in the first half of 2009 it was €1.0527.

In the first half of 2010, the average fair value of Sogefi shares was lower than the average exercise price of shares potentially under option. As a result, the “Number of shares that could have been issued at fair value” corresponds to the “Weighted average number of shares potentially under option during the period” and Diluted EPS is the same as Basic EPS.

#### *E) 39. RELATED PARTY TRANSACTIONS*

The Group is controlled by the Parent Company CIR S.p.A., which as of June 30, 2010 held 56.5% of outstanding shares. Sogefi S.p.A.’s shares are listed on the STAR segment of Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A..

The Group’s consolidated financial statements include the financial statements of the consolidated companies, listed in chapter H along with the stake held in the same by the Group.

Dealings between Group companies are conducted at arm’s length, taking into account the quality and nature of the services rendered; the Holding Company Sogefi S.p.A. charges Group companies fees for administrative, financial and management support services. The Holding Company also debits and credits interest at a market spread to those subsidiaries that have signed up for the Group's centralized treasury function.

The subsidiary Sogefi Purchasing S.a.S. charges the Group companies for purchase management support services.

As part of its activity, Sogefi S.p.A. makes use of the services provided by CIR S.p.A., the ultimate Parent Company, in areas such as strategic development, disposals and acquisitions, and services of an administrative, financial, fiscal and corporate nature. This relationship is regulated by contracts at arm's-length conditions and the cost is commensurate to the effective value of such services to the Sogefi Group in terms of the time devoted to them and the specific economic advantages obtained as a result.

At June 30, 2010, services provided to Sogefi S.p.A. by CIR S.p.A. amounted to € 985 thousand (against €973 thousand in the first half of 2009).

At June 30, 2010, amounts payable to the Parent Company CIR S.p.A. from the Holding Company Sogefi S.p.A. totalled €985 thousand.

The Italian companies of the Sogefi Group had receivables of €6,055 thousand due from CIR S.p.A. in connection with the Group tax filing system. As of December 31, 2009, receivables amounted to €4,307 thousand, and will be received in full in the second half of 2010.

In the first half of 2010 the subsidiary Allevard Rejna Autosuspensions S.A. provided commercial services to the associated company Allevard Ressorts Composites S.a.S. for a total of €13 thousand (€60 thousand at June 30, 2009).

Apart from those mentioned above, at the date of these interim financial statements, we are not aware of any other related party transactions.

The following tables summarise related party transactions:

(in thousands of Euro)	June 30, 2010	December 31, 2009
<b>Receivables</b>		
- for the Group tax filing from Cir S.p.A.	6,055	4,307
- for services rendered to Allevard Resorts Composites S.a.S.	13	59
<b>Payables</b>		
- for services received from Cir S.p.A.	985	-
- for purchases of energy/gas to Sorgenia S.p.A.	8	8

(in thousands of Euro)	1st half 2010	1st half 2009
<b>Revenues</b>		
- for services rendered to Allevard Resorts Composites S.a.S.	13	60
<b>Costs</b>		
- for services received from Cir S.p.A.	985	973
<b>Compensation of directors and statutory auditors</b>		
- directors	868	409
- statutory auditors	69	73

In the first half of 2010, the compensations of managers with strategic responsibility amount to €1,254 thousand. The total cost, including the related social security contributions, employment termination indemnities and fringe benefits amount to €1,702 thousand.

## *F) COMMITMENTS AND RISKS*

### *40. OPERATING LEASES*

For accounting purposes, leases and rental contracts are classified as operating when:

- a significant part of the risks and benefits associated with ownership are retained by the lessor;
- there are no purchase options at prices that do not represent the presumable market value of the asset being leased at the end of the period;
- the duration of the contract does not reflect most of the useful life of the asset leased or rented.

Operating lease instalment payments are booked to the income statement in line with the underlying contracts.

The main operating lease entered into by the Group regards a contract made by the US subsidiary Allevard Sogefi U.S.A. Inc. for the rent of its production plant in Prichard (West Virginia).

The contract expires on December 10, 2018 and as of June 30, 2010 the remaining payments amount to USD 3,185 thousand, of which USD 443 thousand due within 12 months.

For this contract Sogefi S.p.A. provided a guarantee equal to around 50% of the remaining lease payments. The guarantee is renewed at the end of each year on the basis of the residual amount due.

There are no restrictions of any kind on this type of lease and at the end of the contract the US company will be able to purchase the building at its market value.

Note that in May, the subsidiary Allevard Federn GmbH renewed the rental contract for its production plant. The contract expires in May 2020 and the remaining payments as at June 30, 2010 amount to €3,690 thousand, of which €299 thousand due within 12 months.

### *41. INVESTMENT COMMITMENTS*

There are no further binding commitments for investments other than those relating to the purchase of property, plant and equipment (€ 1,884 thousand) already disclosed in the explanatory notes regarding tangible fixed assets. As of December 31, 2009 these amounted to €746 thousand.



#### 42. GUARANTEES GIVEN

Details of guarantees are as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
PERSONAL GUARANTEES GIVEN		
a) Sureties to third parties	981	987
b) Other personal guarantees in favour of third parties	9,714	9,714
TOTAL PERSONAL GUARANTEES GIVEN	10,695	10,701
REAL GUARANTEES GIVEN		
a) Against liabilities shown in the balance sheet	5,001	1,557
TOTAL REAL GUARANTEES GIVEN	5,001	1,557

The guarantees given in favour of third parties relate to guarantees given to certain customers and to operating lease contracts; guarantees are shown at a value equal to the outstanding commitment at the end of the reporting period. These accounts indicate risks, commitments and guarantees provided by Group companies to third parties.

The “Other personal guarantees in favour of third parties” relate to the commitment of the subsidiary LPDN GmbH to the employee pension fund for the two business areas at the time it was acquired in 1996; this commitment is covered by the contractual obligations of the seller, who is a leading German operator.

“Real guarantees given” refer to encumbrances or liens granted to financial institutions to obtain loans.

Guarantees as at June 30, 2010 refer exclusively to the Indian subsidiaries Sogefi M.N.R. Filtration India Private Ltd and EMW Environmental Technologies Private Ltd.

#### 43. OTHER RISKS

As of June 30, 2010, the Group had third-party goods and materials held at Group companies worth €5,871 thousand (€6,302 thousand as of December 31, 2009).

#### 44. SUBSEQUENT EVENTS

No significant events occurred subsequent to June 30, 2010.

## G) 45. FINANCIAL INSTRUMENTS

### A) Exchange risk hedges

At June 30, 2010, the Holding Company Sogefi S.p.A. held the following forward sale contract to hedge exchange rate risk on intercompany financial positions:

Forward sale	Date opened	Spot price €/currency	Date closed	Forward price €/currency
USD 7,230,000	06/23/2010	1.23910	07/23/2010	1.23935

As of June 30, 2010 the fair value of this contract was negative for €58 thousand and was booked to “Other short-term liabilities for derivative financial instruments”.

The subsidiary Sogefi Filtration Ltd has the following forward purchase contracts to hedge the exchange risk on trade positions:

Forward purchase	Date opened	Spot price GBP/currency	Date closed	Forward price GBP/currency
EUR 2,300,000	06/23/2010	0.83410	07/23/2010	0.83440
EUR 300,000	04/20/2010	0.87680	07/05/2010	0.87730
EUR 300,000	04/20/2010	0.87680	08/02/2010	0.87740
EUR 300,000	04/20/2010	0.87680	09/03/2010	0.87750
USD 305,000	05/07/2010	1.47220	07/02/2010	1.47220

As of June 30, 2010 the fair value of these contracts was negative for €119 thousand and was booked to “Other short-term liabilities for derivative financial instruments”.

The subsidiary Filtrauto S.A. has the following forward purchase contract to hedge the exchange risk on trade positions:

Forward purchase	Date opened	Spot price €/currency	Date closed	Forward price €/currency
USD 100,000	05/07/2010	1.26350	07/01/2010	1.26395

As of June 30, 2010 the fair value of this contract amounted to €2 thousand and was shown under “Other financial assets – Assets for derivative financial instruments”.

As of June 30, 2010 the subsidiary Sogefi Filtration do Brasil Ltda held the following financial instruments to hedge the exchange risk on dividends to be collected from the subsidiary Sogefi Filtration Argentina S.A.:

Forward sale	Date opened	Spot price BRL/currency	Date closed	Forward price BRL/currency
ARP 1,168,200	06/07/2010	0.47550	09/20/2010	0.46280
ARP 1,260,000	06/07/2010	0.47550	10/20/2010	0.45810
ARP 1,350,000	06/07/2010	0.47550	11/20/2010	0.45330
ARP 1,350,000	06/07/2010	0.47550	12/20/2010	0.44930

As of June 30, 2010 the fair value of these contracts amounted to €33 thousand and was shown under “Other financial assets – Assets for derivative financial instruments”.

#### *B) Interest risk hedges*

At June 30, 2010, the Holding Company Sogefi S.p.A. held the following contracts to hedge its interest rate risk (in thousands of Euro):

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value
Hedging of Sogefi S.p.A. loan for €50 million (09/08/2006 maturity 09/08/2013), rate: Euribor 3 months + 60 bps	04/24/2008	09/30/2012	10,000	4.193%	(674)
Hedging of Sogefi S.p.A. loan for €50 million (09/08/2006 maturity 09/08/2013), rate: Euribor 3 months + 60 bps	10/07/2008	12/31/2010	15,000	3.755%	(221)
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 bps	10/07/2008	11/04/2010	10,000	3.860%	(158)
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 bps	10/07/2008	11/04/2010	10,000	3.890%	(159)
Hedging of Sogefi S.p.A. loan for €100 million (09/29/2006 maturity 09/29/2013), rate: Euribor 3 months + 70 bps	11/18/2009	04/30/2013	5,000	2.210%	(140)
Hedging of Sogefi S.p.A. loan for €100 million (09/29/2006 maturity 09/29/2013), rate: Euribor 3 months + 70 bps	11/27/2009	04/30/2013	5,000	2.150%	(130)
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 bps	11/18/2009	05/05/2013	5,000	2.230%	(112)
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 bps	11/27/2009	05/05/2013	5,000	2.170%	(104)

Description of IRC	Date opened	Contract maturity	Notional	Cap/Floor	Fair value
Hedging of Sogefi S.p.A. loan for €100 million (09/29/2006 maturity 09/29/2013), rate: Euribor 3 months + 70 bps	04/24/2008	10/31/2012	10,000	Cap: 4.50% Floor: 3.84%	(673)

Description of IRC K.in	Date opened	Contract maturity	Notional	Cap/Floor	Fair value
Hedging of Sogefi S.p.A. loan for €100 million (09/29/2006 maturity 09/29/2013), rate: Euribor 3 months + 70 bps	04/24/2008	10/31/2012	10,000	Cap: 4.50% Floor: 4.20%; Knock in Europe: 3.33%	(762)
Hedging of Sogefi S.p.A. loan for €100 million (09/29/2006 maturity 09/29/2013), rate: Euribor 3 months + 70 bps	05/09/2008	10/31/2011	5,000	Cap: 4.40% Floor: 4.10%; Knock in Europe: 3.10%	(236)

With the exception of the IRS, which envisages payment by the Group of an agreed fixed rate and receipt from the counterparty of the floating rate that is the basis of the underlying loan, the remaining financial instruments envisage the Group paying an interest rate that may fluctuate within a defined range (“Cap-Floor” for the IRC and “Cap-Knock in” for the IRC K.in). As regards IRC K.in, if the 3-month Euribor falls below the “Knock in”, the Group pays the “Floor” rate.

These contracts, the aim of which was to limit the risk of changes in interest rates, were treated as hedges and the related fair value was booked under equity.

## H) GROUP COMPANIES

### 46. LIST OF GROUP COMPANIES AT JUNE 30, 2010

#### SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

<b>Direct subsidiaries</b>						
	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
REJNA S.p.A. Settimo Torinese (Italy)	Euro	5,200,000	7,986,992	99.84	0.65	5,191,544.80
SOGEFI FILTRATION B.V. Weesp (Netherlands)	Euro	1,125,000	2,500	100.00	450	1,125,000
SOGEFI FILTRATION Ltd Llantrisant (Great Britain)	GBP	5,126,737	5,126,737	100.00	1	5,126,737
SOGEFI FILTRATION A.B. Stockholm (Sweden)	SEK	100,000	1,000	100.00	100	100,000
SOGEFI FILTRATION S.A. Cerdanyola (Spain) Held by Sogefi S.p.A.: 86.08% Held by Filtrauto S.A.: 13.92%	Euro	12,953,713.60	2,155,360	100.00	6.01	12,953,713.60
FILTRAUTO S.A. Guyancourt (France)	Euro	5,750,000	287,494	99.99	20	5,749,880
ALLEVARD REJNA AUTOSUSPENSIONS S.A. Saint Cloud (France)	Euro	36,000,000	1,999,747	99.987	18	35,995,446
SOGEFI FILTRATION S.p.A. Mantova (Italy)	Euro	21,951,000	21,951,000	100.00	1	21,951,000
ALLEVARD SOGEFI U.S.A. Inc. Prichard (U.S.A.)	USD	20,055,000	191	100.00		20,055,000
SOGEFI FILTRATION d.o.o. Medvode (Slovenia)	Euro	10,291,798		100.00		10,291,798
SOGEFI PURCHASING S.A.S. Guyancourt (France)	Euro	100,000	10,000	100.00	10	100,000
SHANGHAI SOGEFI AUTO PARTS Co. Ltd Shanghai (China)	USD	13,000,000		100.00		13,000,000

<b>Indirect subsidiaries</b>	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
<b>FILTRATION DIVISION</b>						
FILTRAUTO GmbH (*) Ludwigsburg (Germany) Held by Sogefi Filtration B.V.	Euro	51,130		100.00		51,130
SOGEFI FILTRATION DO BRASIL Ltda São Bernardo do Campo (Brazil) Held by Sogefi Filtration S.A.	BRL	29,857,374	29,857,373	99.99	1	29,857,373
FILTRAUTO DO BRASIL Ltda (*) São Paulo (Brazil) Held by Sogefi Filtration do Brasil Ltda: 99.56% Held by Filtrauto S.A.: 0.44%	BRL	799,745	799,745	100.00	1	799,745
SOGEFI FILTRATION ARGENTINA S.A. Buenos Aires (Argentina) Held by Sogefi Filtration do Brasil Ltda: 91.90% Held by Filtrauto S.A.: 7.28% Held by Sogefi Filtration S.p.A.: 0.81%	ARP	10,691,607	10,691,605	99.99	1	10,691,605
SOGEFI M.N.R. FILTRATION INDIA Private Ltd Bangalore (India) Held by Filtrauto S.A.	INR	15,893,480	953,609	60.00	10	9,536,090
EMW ENVIRONMENTAL TECHNOLOGIES Private Ltd Bangalore (India) Held by Filtrauto S.A.	INR	475,000	28,500	60.00	10	285,000
(*) in liquidation						

<b>Indirect subsidiaries</b>	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
<b>SUSPENSION COMPONENTS DIVISION</b>						
ALLEVARD SPRINGS Ltd Mid Glamorgan (Great Britain) Held by Allevard Rejna Autosuspensions S.A.	GBP	4,000,002	4,000,001	99.99	1	4,000,001
ALLEVARD FEDERN GmbH Völklingen (Germany) Held by Allevard Rejna Autosuspensions S.A.	Euro	50,000		100.00		50,000
ALLEVARD REJNA ARGENTINA S.A. Buenos Aires (Argentina) Held by Allevard Rejna Autosuspensions S.A.	ARP	600,000	599,827	99.97	1	599,827
IBERICA DE SUSPENSIONES S.L. (ISSA) Alsasua (Spain) Held by Allevard Rejna Autosuspensions S.A.	Euro	10,529,668	5,264,834	50.00	1	5,264,834
ALLEVARD MOLAS DO BRASIL Ltda São Paulo (Brazil) Held by Allevard Rejna Autosuspensions S.A.: 99.997% Held by Allevard Springs Ltd: 0.003%	BRL	37,161,683	37,161,683	100.00	1	37,161,683
UNITED SPRINGS Ltd Rochdale (Great Britain) Held by Allevard Rejna Autosuspensions S.A.	GBP	6,500,000	6,500,000	100.00	1	6,500,000
UNITED SPRINGS B.V. Hengelo (Netherlands) Held by Allevard Rejna Autosuspensions S.A.	Euro	254,979	254,979	100.00	1	254,979
SHANGHAI ALLEVARD SPRINGS Co. Ltd Shanghai (China) Held by Allevard Rejna Autosuspensions S.A.	Euro	5,335,308		60.58		3,231,919
UNITED SPRINGS S.A.S. Saint Cloud (France) Held by Allevard Rejna Autosuspensions S.A.	Euro	10,218,000	2,043,599	99.99	5	10,217,995
S.ARA COMPOSITE S.A.S. Saint Cloud (France) Held by Allevard Rejna Autosuspensions S.A.	Euro	6,000,000	5,000,000	83.33	1	5,000,000
LUHN & PULVERMACHER - DITTMANN & NEUHAUS GmbH Hagen (Germany) Held by Allevard Federn GmbH	Euro	50,000		100.00		50,000

## EQUITY INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES

<b>Indirect subsidiaries</b>						
	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
INTEGRAL S.A. San Luis (Argentina) Held by Filtrauto S.A.: 93.50% Held by Sogefi Filtration Argentina S.A.: 6.50%	ARP	2,515,600	2,515,600	100.00	1	2,515,600

## EQUITY INVESTMENTS IN ASSOCIATED COMPANIES CARRIED AT EQUITY

	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
ALLEVARD RESSORTS COMPOSITES S.A.S. Andance (France) Held by Allevard Rejna Autosuspensions S.A.	Euro	300,000	60,000	50.00	2.50	150,000

## EQUITY INVESTMENTS IN ASSOCIATED COMPANIES CARRIED AT COST

	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
UMC & MAKKAWI SPRING MANUFACTURING Co., Ltd Khartoum (Sudan) Held by Rejna S.p.A.	SDP	900,000	225	25.00	1,000	225,000

## EQUITY INVESTMENTS IN OTHER COMPANIES CARRIED AT COST

	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
AFICO FILTERS S.A.E. Cairo (Egypt) Held by Sogefi Filtration S.p.A.	EGP	11,000,000	24,880	22.62	100	2,488,000



**CONDENSED FINANCIAL STATEMENTS OF THE HOLDING  
COMPANY SOGEFI S.p.A.**

**STATEMENT OF FINANCIAL POSITION  
INCOME STATEMENT**

**STATEMENT OF FINANCIAL POSITION**  
(in thousands of Euro)

<b>ASSETS</b>	<i>Note</i>	<i>June 30, 2010</i>	<i>December 31, 2009</i>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	10,542	62,703
Cash pooling current accounts with subsidiaries	4	6,625	8,770
Other financial assets	5	-	13
Loans and financial receivables similar to loans with subsidiaries	6	11,651	2,300
<b>WORKING CAPITAL</b>			
Inventories		-	-
Trade receivables	7	5,268	3,746
<i>of which due from subsidiaries</i>		2,181	1,915
<i>of which due from parent company</i>		3,087	1,831
Other receivables	7	37	61
Tax receivables	7	81	240
Other assets	7	863	838
<i>of which with subsidiaries</i>		-	97
<b>TOTAL WORKING CAPITAL</b>		6,249	4,885
<b>TOTAL CURRENT ASSETS</b>		35,067	78,671
<b>NON-CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
Investment properties: land	8	12,154	12,154
Investment properties: other	8	14,865	14,865
Other tangible fixed assets		41	49
<i>of which leases</i>		-	-
Intangible assets	9	112	109
<b>TOTAL FIXED ASSETS</b>		27,172	27,177
<b>OTHER NON-CURRENT ASSETS</b>			
Equity investments in subsidiaries	10	274,180	271,865
Equity investments in associated companies		-	-
Other financial assets available for sale	11	2	2
Loans and financial receivables similar to loans	12	109,819	108,552
<i>of which due from subsidiaries</i>		109,819	108,492
<i>of which other medium/long-term assets for derivative financial instruments</i>		-	60
Other receivables		20	20
Deferred tax assets	13	1,569	1,419
<b>TOTAL OTHER NON-CURRENT ASSETS</b>		385,590	381,858
<b>TOTAL NON-CURRENT ASSETS</b>		412,762	409,035
<b>TOTAL ASSETS</b>		447,829	487,706

LIABILITIES	Note	June 30, 2010	December 31, 2009
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and short-term loans	14	30,139	2
Cash pooling current accounts with subsidiaries	14	61,773	63,757
Current portion of medium/long-term financial debts and other loans	14	34,503	55,544
<i>of which leases</i>		-	-
<i>of which due to subsidiaries</i>		23	21
<b>TOTAL SHORT-TERM FINANCIAL DEBTS</b>		126,415	119,303
Other short-term liabilities for derivative financial instruments		597	1,000
<b>TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>		127,012	120,303
Trade and other payables	15	4,549	3,748
<i>of which due to subsidiaries</i>		55	44
<i>of which due to parent company</i>		985	-
Tax payables		227	182
Other current liabilities		16	38
<b>TOTAL CURRENT LIABILITIES</b>		131,804	124,271
<b>NON-CURRENT LIABILITIES</b>			
<b>MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>			
Financial debts to bank	14	139,534	196,021
Other medium/long-term financial debts		-	-
<i>of which leases</i>		-	-
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS</b>		139,534	196,021
Other medium/long-term financial liabilities for derivative financial instruments	14	2,831	2,124
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>		142,365	198,145
<b>OTHER LONG-TERM LIABILITIES</b>	16		
Long-term provisions		784	1,095
Other payables		-	-
Deferred tax liabilities		622	510
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>		1,406	1,605
<b>TOTAL NON-CURRENT LIABILITIES</b>		143,771	199,750
<b>SHAREHOLDERS' EQUITY</b>	17		
Share capital		60,521	60,397
Reserves and retained earnings (accumulated losses)		103,382	69,887
Net profit (loss) for the period		8,351	33,401
<b>TOTAL SHAREHOLDERS' EQUITY</b>		172,254	163,685
<b>TOTAL LIABILITIES AND EQUITY</b>		447,829	487,706

**INCOME STATEMENT**  
(in thousands of Euro)

	<i>Note</i>	<i>1st half 2010</i>	<i>1st half 2009</i>
<b>FINANCIAL INCOME AND EXPENSES</b>	<b>19</b>		
1) Income from equity investments		12,073	36,398
2) Other financial income		3,904	3,638
<i>of which from subsidiaries</i>		2,123	2,421
3) Interest expense and other financial expenses		5,360	6,133
<i>of which from subsidiaries</i>		102	263
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>		<b>10,617</b>	<b>33,903</b>
<b>ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS</b>			
4) Revaluations		-	-
5) Writedowns		-	-
<b>TOTAL VALUE ADJUSTMENTS</b>		<b>-</b>	<b>-</b>
6) OTHER OPERATING INCOME	20	5,455	4,995
<i>of which from subsidiaries</i>		5,432	4,969
<b>OTHER OPERATING EXPENSES</b>	<b>21</b>		
7) Non-financial services		2,830	2,171
<i>of which from subsidiaries</i>		6	52
<i>of which from parent company</i>		985	973
8) Leases and rentals		2,175	2,081
9) Personnel		3,292	1,888
10) Depreciation, amortization and writedowns		16	16
11) Provisions for risks		-	-
12) Other provisions		-	-
13) Other operating expenses		580	481
<b>TOTAL OTHER OPERATING EXPENSES</b>		<b>8,893</b>	<b>6,637</b>
<b>NON-OPERATING INCOME AND EXPENSES</b>	<b>22</b>		
14) Income		-	160
<i>of which non-recurring</i>		-	-
15) Expenses		-	111
<i>of which non-recurring</i>		-	-
<b>NON-OPERATING PROFIT (LOSS)</b>		<b>-</b>	<b>49</b>
<b>PROFIT BEFORE TAXES</b>		<b>7,179</b>	<b>32,310</b>
16) Income taxes	23	(1,172)	(514)
<b>NET PROFIT</b>		<b>8,351</b>	<b>32,824</b>

## STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)

	<i>1st half 2010</i>	<i>1st half 2009</i>
Profit (loss) for the period	8,351	32,824
<i>Profit (loss) booked directly to equity:</i>		
- Income (expenses) from fair value measurement of cash flow hedge derivatives	(348)	(1,143)
- Income (expenses) from fair value measurement of financial assets available for sale	-	-
- Tax on items booked directly to equity	96	314
Total profit (loss) for the period net of taxes	(252)	(829)
Total comprehensive profit for the period	8,099	31,995

## CASH FLOW STATEMENT

(in thousands of Euro)

	<i>1st half 2010</i>	<i>1st half 2009</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the period	8,351	32,824
Adjustments:		
- writedowns of equity investments	-	-
- depreciation and amortization	16	16
- change in the fair value of investment property	-	(160)
- fair value of cash flow hedge derivatives allocated to income statement	(42)	78
- accrued costs for stock options	110	111
- net change in provision for phantom stock options	122	(173)
- net change in provision for employment termination indemnities	(432)	59
- change in net working capital	(745)	2,267
- change in tax receivables/payables	204	266
- other assets/liabilities	58	328
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>7,642</b>	<b>35,616</b>
<i>of which:</i>		
<i>Interest collected (paid)</i>	<i>(1,856)</i>	<i>(3,695)</i>
<i>Dividends collected</i>	<i>4,822</i>	<i>17,957</i>
<i>Current income tax collections (payments)</i>	<i>(26)</i>	<i>1,884</i>
<b>INVESTING ACTIVITIES</b>		
Acquisition of equity investments	(2,202)	-
Net change in tangible and intangible fixed assets	(12)	(6)
Net change in other financial assets	13	(81)
Sale of equity investments	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(2,201)</b>	<b>(87)</b>
<b>FINANCING ACTIVITIES</b>		
Paid share capital increase	247	-
Net purchase of treasury shares	-	-
Dividends paid to shareholders	-	-
New (repayment of) loans	(77,469)	(4,649)
Net cash pooling position	161	28,811
Loans to subsidiaries	(10,678)	(20,382)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(87,739)</b>	<b>3,780</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(82,298)</b>	<b>39,309</b>
Balance at the beginning of the period	62,701	(3,352)
(Decrease) increase in cash and cash equivalents	(82,298)	39,309
<b>BALANCE AT THE END OF THE PERIOD</b>	<b>(19,597)</b>	<b>35,957</b>

NB: this table shows the elements that bring about the change in cash and cash equivalents, as expressly required by IAS 7. For a greater understanding of the various operating cash flows and hence the changes in the overall net financial position, reference should be made to the cash flow statement included in the Report of the Board of Directors on Operations.

## STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of Euro)	Share capital	Reserves and retained earnings (accumulated losses)	Profit for the period	Total Shareholders' equity
<i>Balance at December 31, 2008</i>	60,397	40,667	29,222	130,286
Increases in share capital restricted to the employees of Sogefi S.p.A and its subsidiaries	-	-	-	-
Allocation of 2008 net profit:				
- to the legal reserve	-	140	(140)	-
- to the reserve of retained earnings	-	29,082	(29,082)	-
Imputed cost of stock options	-	278	-	278
<i>Comprehensive profit for the period:</i>				
- Fair value of cash flow hedging instruments	-	(1,143)	-	(1,143)
- Fair value of financial assets available for sale	-	-	-	-
- Tax on items booked directly to equity	-	314	-	314
- Net profit for the period	-	-	32,824	32,824
<i>Total comprehensive profit for the period</i>	-	(829)	32,824	31,995
<i>Balance at June 30, 2009</i>	60,397	69,338	32,824	162,559
(in thousands of Euro)	Share capital	Reserves and retained earnings (accumulated losses)	Profit for the period	Total Shareholders' equity
<i>Balance at December 31, 2009</i>	60,397	69,887	33,401	163,685
Increases in share capital restricted to the employees of Sogefi S.p.A and its subsidiaries	124	123	-	247
Allocation of 2009 net profit:				
- to the reserve of retained earnings	-	33,401	(33,401)	-
Imputed cost of stock options	-	223	-	223
<i>Comprehensive profit for the period:</i>				
- Fair value of cash flow hedging instruments	-	(348)	-	(348)
- Fair value of financial assets available for sale	-	-	-	-
- Tax on items booked directly to equity	-	96	-	96
- Net profit for the period	-	-	8,351	8,351
<i>Total comprehensive profit for the period</i>	-	(252)	8,351	8,099
<i>Balance at June 30, 2010</i>	60,521	103,382	8,351	172,254

**EXPLANATORY AND SUPPLEMENTARY NOTES TO THE CONDENSED  
FINANCIAL STATEMENTS: CONTENTS**

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## **A) GENERAL ASPECTS**

### **1. CONTENT AND FORMAT OF THE HALF-YEARLY CONDENSED FINANCIAL STATEMENTS**

The half-yearly condensed financial statements for the period January 1 - June 30, 2010 (hereinafter the “interim financial statements”) have been prepared in accordance with IAS/IFRS (International Accounting Standards/International Financial Reporting Standards).

The interim financial statements and explanatory notes have been prepared in accordance with the recommendations contained in IAS 34.

These interim financial statements provide detailed as opposed to summary schedules in order to provide a better and clearer overview of the changes that have taken place in the Company’s assets and liabilities, financial position and results during the half-year.

They also contain the disclosures required by IAS 34 with the supplementary information considered useful for a clearer understanding of these half-yearly financial statements.

The Holding Company’s income statement has been drawn up, as in previous years, on the basis of the instructions contained in Consob communication no. SOC/RM 94001437 of February 23, 1994.

The enclosed financial schedules show the amounts of the corresponding items as at December 31, 2009 for the statement of financial position, and for the 1st half of 2009 for the income statement.

The interim financial statements as of June 30, 2010 should be read in conjunction with the annual financial statements as of December 31, 2009.

With reference to IAS 1, the Board Directors confirm that, based on economic forecasts, capitalization and financial position of the Company, the same operates as a going concern.

The interim financial statements as of June 30, 2010 were approved by the Board of Directors on July 22, 2010.

## 2. ACCOUNTING POLICIES

The accounting policies applied in preparing the financial statements for the six-month period ended June 30, 2010 are consistent with those used for the annual financial statements as of December 31, 2009 which the reader should refer to.

It should be noted that the preparation of the interim condensed financial statements requires Directors to make estimates and assumptions, which affect the values of revenues, costs, assets and liabilities and the information regarding potential assets and liabilities as at the date of the interim condensed financial statements. If in the future said estimates and assumptions, which are based on the best estimates of the Directors, should change due to actual circumstances, they will be adjusted accordingly in the period in which said circumstances change.

It should also be noted that some measurement processes, in particular the more complex ones, such as the calculation of any impairment of non-current assets, are generally fully made only when the annual financial statements are prepared, when all of the information that may be required is available, with the exception of the cases in which there are impairment indicators that require the immediate measurement of any impairment loss.

In the first half of 2010, the Company has taken note of and, where applicable, adopted the following Standards, Interpretations and Revisions to existing accounting standards:

- IFRS 8 (revised) – *Operating segments*: the change envisages that the total value of assets for each operating segment should be reported only when said value is provided periodically to the top operating management. Previously, said information was required even if said condition was not met. The adoption of this revision has not had any significant impact on the information provided by the Company;
- IAS 36 (revised) – *Impairment of assets*: the amendment requires that each operating unit or group of operating units to which goodwill is allocated for the purpose of impairment testing, must not be larger than the operating segment as defined in paragraph 5 of IFRS 8, before the aggregation allowed by paragraph 12 of the same IFRS, on the basis of similar economic characteristics or other equivalent elements. The adoption of this revision has not had any significant impact on the information provided by the Company;
- IAS 38 (revised) – *Intangible assets*: the amendment has clarified the techniques to be commonly used for estimating the fair value of intangible assets for which there is no active reference market; in particular, these techniques include the estimate of net discounted cash flows generated by the assets, the estimate of the costs that the company has avoided incurring because it possesses the asset and does not have to use it under a license agreement with a third party, or of the costs needed to recreate it or replace it (as in the so-called cost method). The adoption of this revision has not had any significant impact on the information provided by the Company;
- IAS 39 (revised) – *Financial instruments*: recognition and measurement: the amendment reduces the scope exclusion contained in paragraph 2g of IAS 39 to forward contracts between a buyer and a seller shareholder for the purpose of the sale of a business sold in a business combination at a future acquisition date, if

the completion of the business combination does not depend on further activities of one of the two parties, but only the passing of a reasonable period of time. Furthermore, it is clarified that option contracts (even if they are not exercised) which permit one of the two parties to have control over the occurrence or otherwise of future events, whose exercise would entail the control of a business, fall within the scope of IAS 39. The amendment clarifies that the penalties for the advance extinction of loans - the price of which compensates the lender for the loss of further interest – must be considered strictly related to the loan agreement that regulates it and, therefore, must not be recognised separately in the accounts.

Said cases are not at present applicable to the Company.

- IAS 17 (revised) – *Leasing – Classification of land held under a lease contract*. Before the changes, this accounting standard envisaged that if the ownership of the leased land was not transferred at the end of the lease contract, the same would be classified as an operating lease insofar as its useful life was not determined. Following the changes to the standard, the general conditions envisaged by IAS 17 for the purpose of classifying the contract as a finance lease or operating lease will also be applied to leased land regardless of whether the ownership is transferred at the end of the contract or not. The adoption of this revision has not had any significant impact on the information provided by the Company;

- IAS 1 (revised) – *Presentation of financial statements – Classification as current or non-current of liabilities that may be extinguished through the issue of equity instruments*. The definition of current liabilities contained in IAS 1 has been changed. The previous definition required liabilities to be classified as current if the same could be extinguished at any time through the issue of equity instruments. This entailed recognising liabilities relating to convertible bonds that could be converted at any time into shares of the issuer as current liabilities. Following the amendment, for the purposes of classifying a liability as current or non-current, the presence of an option to convert the same into currently exercisable equity instruments becomes irrelevant. The adoption of this revision has not had any significant impact on the information provided by the Company;

- IFRS 2 (revised) – *Share-based payments*. The amendment provides clarification on the accounting of group cash-settled share-based payment transactions, and abrogates IFRIC 8 and IFRIC 11. On the basis of these changes, the cost of the services of an employee will be accounted for in the company the employee has provided the services to using the method envisaged for equity-settled share-based payments.

If a holding company, or another group company incurs the financial disbursement relating to the cost of stock options, the same should record said cost using the method envisaged for cash-settled share-based payments. Note also that said amendments to IFRS 2 also encompass the indications for accounting in individual financial statements contained in IFRIC 11 and the rules envisaged for the accounting of stock options awarded under IFRIC 8. The adoption of this revision has not had any significant impact on the information provided by the Company.

## B) NOTES ON THE MAIN STATEMENT OF FINANCIAL POSITION ITEMS

### B1) ASSETS

#### 3. CASH AND CASH EQUIVALENTS

Details are as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Cash investments	10,524	62,687
Cash and cash equivalents on hand	18	16
<b>TOTAL</b>	<b>10,542</b>	<b>62,703</b>

This mainly comprises amounts due from banks and includes interest accrued at the end of the period.

The cash and cash equivalents available as at December 31, 2009 were used in the first half of 2010 mainly to reduce the debt relating to the syndicated revolving loan expiring in June 2013, as detailed below in note 14.

At June 30, 2010 the Company had unutilized lines of credit of € 160,190 thousand. All of the conditions are respected, which means that these funds are available for use on demand.

#### 4. CASH POOLING CURRENT ACCOUNTS WITH SUBSIDIARIES

Details are as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Allevard Rejna Autosuspensions S.A.	-	3,643
Rejna S.p.A.	-	1,838
Sogefi Filtration Ltd	3,764	96
United Springs B.V.	-	1,818
Sogefi Filtration B.V.	2,303	21
Sogefi Purchasing S.A.S.	558	1,354
<b>TOTAL</b>	<b>6,625</b>	<b>8,770</b>

## 5. OTHER FINANCIAL ASSETS

As at December 31, 2009, these represented the fair market value of a forward forex contract extinguished in the first half of 2010.

## 6. LOANS AND FINANCIAL RECEIVABLES SIMILAR TO LOANS WITH SUBSIDIARIES

Details are as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
<i>Loans to subsidiaries:</i>		
Sogefi Filtration Ltd	2,300	2,300
United Springs B.V.	2,100	-
<i>Receivables for dividends resolved to be collected:</i>		
Sogefi Filtration S.A.	7,251	-
<b>TOTAL</b>	<b>11,651</b>	<b>2,300</b>

As at June 30, 2010, €4,400 thousand represented loans granted at market rates linked to the 3-month Euribor to subsidiaries Sogefi Filtration Ltd and United Springs B.V.. These loans fall due in the next financial year.

The amount of €7,251 thousand refers to a receivable due from the subsidiary company Sogefi Filtration S.A. for dividends resolved in the first half of 2010 and not yet collected.

## 7. TRADE AND OTHER RECEIVABLES

Details are as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Receivables due from subsidiaries	2,181	1,915
Receivables due from parent company	3,087	1,831
Other receivables	37	61
Tax receivables	81	240
Other assets	863	838
<b>TOTAL</b>	<b>6,249</b>	<b>4,885</b>

As at June 30, 2010, the item “Receivables due from parent company” includes receivables due from the Parent Company CIR S.p.A. resulting from the implementation of the Group tax filing system and recognised in the half-year in question as well as receivables relating to the previous year and not collected as at June 30, 2010.

The item “Other assets” includes €683 thousand of the residual payment for the renewal of the licence contract with Honeywell International Inc, for the use of the FRAM trademark by the Group’s filtration division. The contract’s term is from July 1, 2008 to June 30, 2021 and envisages the exclusive use of the trademark in the major European markets, in those of the former Soviet Union and in South America.

## 8. INVESTMENT PROPERTIES

These are land and buildings held for the purpose of earning rent or capital gains on their disposal.

As at June 30, 2010, these amount to €27,019 thousand and are unchanged with respect to December 31, 2009.

The fair value of investment property as at June 30, 2010 has been confirmed by the estimates made in June 2009 by external assessors.

At June 30, 2010 investment properties were not encumbered by any restrictions or commitments.

## 9. INTANGIBLE ASSETS

Details are as follows:

(in thousands of Euro)	2010			
	<i>Industrial patents and intellectual property rights</i>	<i>Concessions, licenses and trademarks and similar rights</i>	<i>Others, assets under construction and payments on account</i>	<i>TOTAL</i>
<i>Net balance on January 1</i>	9	59	41	109
<i>Additions of the period</i>	-	10	-	10
<i>Amortization of the period</i>	(2)	(5)	-	(7)
<i>Net balance on June 30</i>	7	64	41	112
<i>Historical cost</i>	409	116	41	566
<i>Accumulated amortization</i>	(402)	(52)	-	(454)
<i>Net value</i>	7	64	41	112

## 10. EQUITY INVESTMENTS IN SUBSIDIARIES

Changes during the first half of 2010 in equity investments in subsidiaries are illustrated in the following table:

# STATEMENT OF CHANGES IN EQUITY INVESTMENTS IN SUBSIDIARIES DURING THE FIRST HALF OF 2010

(amounts in thousands of Euro)

	Opening balance			
	31.12.2009			
	Number of shares	Historical cost	Revaluations (Writedowns)	Balance
<b>Subsidiaries</b>				
REJNA S.p.A.	7,986,992	34,775	(2,363)	32,412
SOGEFI FILTRATION S.p.A.	21,951,000	44,676	-	44,676
SOGEFI FILTRATION B.V.	2,500	836	3,871	4,707
SOGEFI FILTRATION Ltd	5,126,737	10,042	28,366	38,408
SOGEFI FILTRATION A.B.	1,000	79	614	693
SOGEFI FILTRATION S.A.	1,855,360	25,266	7,755	33,021
SOGEFI FILTRATION d.o.o.	1	10,726	-	10,726
FILTRAUTO S.A.	287,494	38,352	-	38,352
ALLEVARD REJNA AUTOSUSPENSIONS S.A.	1,999,747	54,174	-	54,174
ALLEVARD SOGEFI U.S.A. Inc.	191	25,445	(18,109)	7,336
SOGEFI PURCHASING S.A.S.	10,000	100	-	100
SHANGHAI SOGEFI AUTO PARTS Co., Ltd	1	7,260	-	7,260
Total subsidiaries		251,731	20,134	271,865



1st half 2010						Closing balance		
						30.06.2010		
	Additions		Disposals		Writedowns			
	Number of shares	Amount	Number of shares	Amount	Amount	Number of shares	Amount	% ownership
<b>Subsidiaries</b>								
REJNA S.p.A.	-	-	-	-	-	7,986,992	32,412	99.84
SOGEFI FILTRATION S.p.A.	-	11	-	-	-	21,951,000	44,687	100.00
SOGEFI FILTRATION B.V.	-	5	-	-	-	2,500	4,712	100.00
SOGEFI FILTRATION Ltd	-	18	-	-	-	5,126,737	38,426	100.00
SOGEFI FILTRATION A.B.	-	4	-	-	-	1,000	697	100.00
SOGEFI FILTRATION S.A.	-	12	-	-	-	1,855,360	33,033	(*) 86.08
SOGEFI FILTRATION d.o.o.	-	3	-	-	-	1	10,729	100.00
FILTRAUTO S.A.	-	18	-	-	-	287,494	38,370	99.99
ALLEVARD REJNA								
AUTOSUSPENSIONS S.A.	-	39	-	-	-	1,999,747	54,213	99.987
ALLEVARD SOGEFI U.S.A. Inc.	-	2	-	-	-	191	7,338	100.00
SOGEFI PURCHASING S.A.S.	-	1	-	-	-	10,000	101	100.00
SHANGHAI SOGEFI								
AUTO PARTS Co., Ltd	-	2,202	-		-	1	9,462	100.00
Total subsidiaries		2,315		-	-		274,180	

(\*) Ownership is 100% through the subsidiary Filtrauto S.A.

In January and February 2010, the Company made grants totalling € 2,202 thousand to the Chinese subsidiary, Shanghai Sogefi Auto Parts Co. Ltd., as part of the envisaged business development plan for the subsidiary.

The remaining increase in the cost of equity investments of € 113 thousand corresponds to the fair value of options relating to stock option plans awarded to employees of subsidiary companies; said increase have a balancing item in the specific equity reserve.

#### *11. OTHER FINANCIAL ASSETS AVAILABLE FOR SALE*

The balance corresponds to the value of Banca Monte dei Paschi Siena S.p.A. shares held in the portfolio.

#### *12. LOANS AND FINANCIAL RECEIVABLES SIMILAR TO LOANS*

As at June 30, 2010, these represent financial receivables due from subsidiaries for loans granted at market conditions, the repayment of which is envisaged in the medium-term.

Details are as follows:

<i>(in thousands of Euro)</i>	<i>June 30, 2010</i>	<i>December 31, 2009</i>
<i>Financial receivables due from subsidiaries:</i>		
Allevard Rejna Autosuspensions S.A.	82,200	82,200
Rejna S.p.A.	12,000	12,000
Allevard Sogefi U.S.A. Inc.	6,619	5,292
Sogefi Filtration S.A.	9,000	9,000
<i>Other derivative financial assets:</i>		
Other medium/long-term financial assets for cash flow hedges	-	60
<b>TOTAL</b>	<b>109,819</b>	<b>108,552</b>

#### *13. DEFERRED TAX ASSETS*

At June 30, 2010, these amounted to € 1,569 thousand, compared to € 1,419 thousand at the end of the previous year, and relate to benefits expected at the end of the period on deductible temporary differences, to the extent that it is reasonably certain they will be recovered.

This item should be considered with “Other liabilities for deferred taxes” which reflects the impact of deferred tax liabilities at the end of the period.

## B2) LIABILITIES AND SHAREHOLDERS' EQUITY

### 14. FINANCIAL DEBTS TO BANK AND OTHER FINANCING CREDITORS

Details are as follows:

#### *Current portion*

(in thousands of Euro)	June 30, 2010	December 31, 2009
Bank overdrafts and short-term loans	30,139	2
Cash pooling current accounts with subsidiaries	61,773	63,757
Current portion of medium/long-term financial debts and other loans	34,503	55,544
<i>of which due to subsidiaries</i>	23	21
Total loans maturing within one year	96,276	119,301
<b>TOTAL SHORT-TERM FINANCIAL DEBTS</b>	<b>126,415</b>	<b>119,303</b>
Other short-term liabilities for derivative financial instruments	597	1,000
<b>TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>127,012</b>	<b>120,303</b>

#### *Non-current portion*

(in thousands of Euro)	June 30, 2010	December 31, 2009
Debts to banks for medium/long-term loans	139,534	196,021
Other medium/long-term financial debts	-	-
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS</b>	<b>139,534</b>	<b>196,021</b>
Other medium/long-term financial liabilities for derivative financial instruments	2,831	2,124
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>142,365</b>	<b>198,145</b>

#### *Bank overdrafts and short-term loans*

As at June 30, 2010, € 30,000 thousand represents the temporary use of two lines of credit expiring in July and September 2010.

### *Cash pooling current accounts with subsidiaries*

Details are as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Filtrauto S.A.	16,703	20,082
Sogefi Filtration S.A.	3,063	2,382
Sogefi Filtration d.o.o.	2,210	1,959
Sogefi Filtration S.p.A.	7,101	6,605
Sogefi Filtration Ltd	-	336
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH	10,454	7,690
Allevard Federn GmbH	2,839	6,041
United Springs S.A.S	3,944	3,959
Allevard Springs Ltd	6,589	6,298
United Springs Ltd	247	458
Rejna S.p.A.	181	-
Allevard Rejna Autosuspensions S.A.	8,442	7,947
<b>TOTAL</b>	<b>61,773</b>	<b>63,757</b>

### *Current portion of medium/long-term financial debts*

This principally includes:

- the current portion, corresponding to € 525 thousand, of the loan obtained from Banca Carige S.p.A. for a total of €7,500 thousand, €4,820 thousand of which has been drawn down, at an interest rate indexed to the six-month Euribor, plus 100 basis points, due to be repaid between June 30, 2006 and December 31, 2010;
- the current portion, corresponding to €11,111 thousand, of the loan obtained from Intesa Sanpaolo S.p.A., discussed below;
- the current portion, corresponding to €22,200 thousand, of the loan obtained from Unicredit Corporate Banking S.p.A., as discussed below;
- €644 thousand in net financial expenses accrued at June 30, 2010 on loans and on hedging derivatives on interest rates.

In February 2010, the Company repaid a debt of €20 million of the syndicated revolving loan discussed below.

### *Other short-term liabilities for derivative financial instruments*

This includes:

- the fair value of interest rate swaps (Irs) amounting to €539 thousand and maturing before December 31, 2010, drawn up to transform part of medium/long-term loans from fixed to floating interest rate. Details of these contracts are provided in the note below entitled "Financial Instruments".
- the fair market value of a forward forex contract amounting to €58 thousand.

#### *Medium/long-term financial debts*

This includes:

- utilization corresponding to €55,060 thousand of a loan for a total of €100 million obtained from Unicredit Corporate Banking S.p.A. in September 2006, which expires in September 2013, at a floating interest rate with a spread of 70 basis points on the 3-month Euribor. As at June 30, 2010 the spread applied to the loan was 150 basis points.
- utilization corresponding to €24,834 thousand of a loan for a total of €50 million obtained from Intesa Sanpaolo S.p.A. in September 2006, which expires in September 2013, at a floating interest rate with a spread of 60 basis points on the 3-month Euribor. As at June 30, 2010 the spread applied to the loan was 100 basis points.
- utilization of € 59,640 thousand on the loan granted in the form of a syndicated revolving loan for a total of €160 million obtained from lead banks Ing Bank N.V. and Intesa Sanpaolo S.p.A. in June 2008, which expires in June 2013 at a floating interest rate with a spread of 50 basis points on the 3-month Euribor. As at June 30, 2010 the spread applied to the loan was 85 basis points.

In March 2010, the Company repaid a portion corresponding to €40 million of the debt relating to the above mentioned syndicated revolving loan, using the liquidity available at the end of the previous year.

The existing loans are not secured by the Company's assets. Furthermore, note that, contractually, the spreads relating to the loans of the Company are reviewed every six months by checking 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 net financial position".

#### *Other medium and long-term liabilities for derivative financial instruments*

These represent payables corresponding to the fair value of derivative contracts (Irs, Irc and K.in forward Zero Cost) that expire beyond June 30, 2011, drawn up for the purpose of transforming part of medium/long term loans from floating to fixed interest rate. Details of these contracts are provided in the note below entitled "Financial Instruments".

## 15. TRADE AND OTHER CURRENT PAYABLES

Details are as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Due to subsidiaries	55	44
Due to parent company	985	-
Due to suppliers	1,087	1,011
Due to social security institutions	401	670
Due to employees	662	1,181
Other payables	1,359	842
<b>TOTAL</b>	<b>4,549</b>	<b>3,748</b>

Amounts “Due to parent company” of €985 thousand refer to amounts owed to CIR S.p.A. for services provided to the Company in the first half of 2010.

“Other payables” includes € 1,230 thousand in royalties due to Honeywell International Inc. under the licence contract to use the FRAM trademark.

## 16. OTHER LONG-TERM LIABILITIES

### *Long-term provisions*

These can be broken down as follows:

(in thousands of Euro)	June 30, 2010	December 31, 2009
Provision for employment termination indemnities	429	862
Provision for Phantom Stock Options	355	233
<b>TOTAL</b>	<b>784</b>	<b>1,095</b>

The decrease in the provision for employment termination is mainly due to payments made to employees that left the Company during the first half of 2010. The provision for Phantom Stock Options refers to allocations of the fair value of options related to Phantom Stock Option plans for the Managing Director. The relative provision is included in the income statement under “Non-financial services”.

### *Deferred tax liabilities*

At June 30, 2010 this item amounted to € 622 thousand compared to € 510 thousand as of December 31, 2009.

This amount relates to the expected taxation on taxable temporary differences.

## *17. SHAREHOLDERS' EQUITY*

### *Share capital*

At June 30, 2010, the share capital amounted to €60,521,443.84 (divided into 116,387,392 ordinary shares of a par value of €0.52 each).

In the first half of 2010, the amount of share capital rose by €124 thousand due to an increase in the capital reserved to employees of the Company and its subsidiaries, relating to stock option plans, subscribed and paid in at the end of January and May 2010 (238,400 shares).

### *Reserves and retained earnings (accumulated losses)*

At June 30, 2010, this item amounted to €103,382 thousand, compared to €69,887 thousand at the end of the previous year.

This increase is mainly attributable to the Shareholders' resolution on April 20, 2010, which allocated the whole 2009 net profit, corresponding to €33,401 thousand to the Reserve of Retained Earnings.

Changes in shareholders' equity in the first half of 2009 and 2010 have already been illustrated in the table above entitled "Statement of changes in Shareholders' Equity".

## 18. ANALYSIS OF THE NET FINANCIAL POSITION

The following table provides details of the net financial position as required by Consob in its communication no. DEM/6064293 of July 28, 2006 with a reconciliation of the net financial position shown in the report on operations:

(in thousands of Euro)	June 30, 2010	December 31, 2009
A. Cash	18	16
B. Other cash and cash equivalents (cash investments and cash pooling current accounts) <i>of which cash pooling current accounts with subsidiaries</i>	17,149 6,625	71,457 8,770
C. Other financial assets	-	13
<b>D. Cash and cash equivalents (A) + (B) + (C)</b>	<b>17,167</b>	<b>71,486</b>
<b>E. Current financial receivables</b> <i>of which due from subsidiaries</i>	<b>11,651</b> <b>11,651</b>	<b>2,300</b> <b>2,300</b>
F. Current payables to banks and cash pooling current accounts <i>of which cash pooling current accounts with subsidiaries</i>	91,912 61,773	63,759 63,757
G. Current portion of non-current indebtedness	34,480	55,523
H. Other current financial debts <i>of which financial debts due to subsidiaries</i>	620 23	1,021 21
<b>I. Current financial indebtedness (F) + (G) + (H)</b>	<b>127,012</b>	<b>120,303</b>
<b>J. Current financial indebtedness, net (I) - (E) - (D)</b>	<b>98,194</b>	<b>46,517</b>
K. Non-current payables to banks	139,534	196,021
L. Bonds issued	-	-
M. Other non-current financial debts	2,831	2,124
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>142,365</b>	<b>198,145</b>
<b>O. Net indebtedness (J) + (N)</b>	<b>240,559</b>	<b>244,662</b>

Loans and financial receivables similar to loans – non current <i>of which loans to subsidiaries</i>	109,819 109,819	108,552 108,492
<b>Financial indebtedness, net including non-current financial receivables (as per the "Net financial position" included in the Director's report on operations)</b>	<b>130,740</b>	<b>136,110</b>



Details of the covenants applying to loans outstanding at the end of the period are as follows:

- syndicated loan of € 160 million: the ratio of consolidated net financial position to consolidated EBITDA must be less or equal to 3.5; the ratio of EBITDA to net financial expenses must not be less than 4;
- loan of €50 million from Intesa Sanpaolo S.p.A.: the ratio of consolidated net financial position to consolidated EBITDA must be less than 3.5;
- loan of € 100 million from Unicredit Corporate Banking S.p.A: the ratio of consolidated net financial position to consolidated EBITDA must be less than 4.

It is specified that for all the loans mentioned above, for the purposes of calculation of EBITDA the expenses and revenues arising from non-ordinary operations have been excluded.

As of June 30, 2010 the Company was in full compliance with these covenants.

## C) NOTES ON THE MAIN INCOME STATEMENT ITEMS

### 19. FINANCIAL INCOME AND EXPENSES

#### *Income from equity investments*

These can be broken down as follows:

(in thousands of Euro)	1st half 2010	1st half 2009
Dividends from subsidiaries:		
- Sogefi Filtration A.B.	621	456
- Sogefi Filtration S.A.	7,251	3,443
- Sogefi Filtration B.V.	-	3,800
- Sogefi Filtration d.o.o.	700	700
- Filtrauto S.A.	3,501	13,001
- Alleward Rejna Autosuspensions S.A.	-	14,998
<b>TOTAL</b>	<b>12,073</b>	<b>36,398</b>

The dividends approved in the first half of the year have been entirely booked to the income statement.

In the first half of 2010, the Company collected dividends totalling € 4,822 thousand from its subsidiaries.

#### *Other financial income*

Details are as follows:

(in thousands of Euro)	1st half 2010	1st half 2009
Interest on amounts due from subsidiaries	1,954	1,818
Interest on cash pooling current accounts	169	603
Interests on amounts due from banks	34	19
Income from interest-rate hedging contracts	60	24
Exchange differences and income from exchange risk hedges	1,677	1,154
Contribution to interest account	10	20
<b>TOTAL</b>	<b>3,904</b>	<b>3,638</b>

### ***Interest expense and other financial expenses***

This item is detailed as follows:

(in thousands of Euro)	<i>1st half 2010</i>	<i>1st half 2009</i>
Interest expense on syndicated loan	692	1,421
Interest expense on loan from Unicredit C.B. S.p.A.	831	1,316
Interest expense on loan from Intesa Sanpaolo S.p.A.	336	655
Interest expense on loan from Banca Carige S.p.A.	10	46
Interest on amounts due to banks	174	316
Interest on cash pooling current accounts	102	263
Costs of interest-rate hedging contracts	1,298	690
Exchange differences and costs from exchange-risk hedges	1,432	1,221
Commission and bank charges	19	13
Commission on financial transactions	319	176
Other	147	16
<b>TOTAL</b>	<b>5,360</b>	<b>6,133</b>

### ***20. OTHER OPERATING INCOME***

These can be broken down as follows:

(in thousands of Euro)	<i>1st half 2010</i>	<i>1st half 2009</i>
<b>REVENUES FROM SALES AND SERVICES</b>		
Consultancy and business assistance, royalties:		
- filtration division companies	3,703	3,345
- suspension components division companies	1,395	1,181
Leases:		
- Sogefi Filtration S.p.A.	-	152
- Rejna S.p.A.	261	259
<b>OTHER REVENUES AND INCOME</b>		
Various income and recoveries from subsidiaries	73	32
Other income	23	26
<b>TOTAL</b>	<b>5,455</b>	<b>4,995</b>

The increase in revenues from both divisions is due to higher income resulting from consulting and business assistance contracts and, just for the filtration division, for higher income from sub-license agreements for the use of the FRAM trademark compared to the previous period.

Income from the lease contract with Sogefi Filtration S.p.A., recognised under income in the first half of 2009, referred to the rental of the production site of Mantua, which was terminated in advance on March 31, 2009.

## 21. OTHER OPERATING EXPENSES

In the first half of 2010, “Costs of services” included the amount of € 985 thousand for administrative, financial, tax and corporate services provided by the parent company.

The cost of services increased with respect to the first half of the previous year mainly due to the higher remuneration resolved by the Board of Directors for the Managing Director following the relative extension of the powers and functions of the same, the hiring of a temporary employee and the higher use of external consulting services. “Costs of services” also includes the overall expense of € 157 thousand (compared to the income of €59 thousand in the first half of 2009) resulting from the fair value measurement of Phantom Stock Option e Stock Option plans for the Managing Director.

“Costs for the use of third party assets” included €1,947 thousand from royalties accrued during the period on the licence contract signed on June 30, 2008 with Honeywell International Inc. for the use of the FRAM trademark by the Group’s Filtration Division.

In the first half of 2010, “Personnel expenses” rose with respect to the first half of 2009, mainly due to the higher disbursement of the variable remuneration linked to the results of the previous year and to the higher cost of remuneration linked to a higher average number of employees in the first half of 2010 compared to the same period of the previous year, as illustrated in note 24 below.

This item also includes an expense of €76 thousand resulting from the fair value measurement of options relating to the Stock Option plans addressed to Company employees. The first half of 2009 had benefitted from the reversal of the expense of €101 thousand following the cancellation of options of *Phantom Stock Option* plans awarded to Company employees.

The increase of “Other operating expenses” is mainly due to higher travelling expenses of Company employees with respect to the previous period.

## 22. NON-OPERATING INCOME AND EXPENSES

### *Recurring income*

In the first half of 2009, this item corresponded to the increase in the fair value of the property investment located in San Felice del Benaco.

### *Recurring expenses*

In the first half of 2009, this item represented the cost, corresponding to €111 thousand, of stock option plans addressed to Company employees. In the first half of 2010, this cost was recognised under “personnel expenses” as illustrated in the previous note.

## 23. INCOME TAXES

As at June 30, 2010, tax assets amounted to € 1,172 thousand against € 514 thousand at June 30, 2009.

## 24. OTHER INFORMATION

In the first half of 2010, the average number of employees of Sogefi S.p.A. was 30.5 against 28.5 in the first half of 2009.

## D) 25. RELATED PARTY TRANSACTIONS

Information on related party transactions can be found in the corresponding section of the explanatory notes to the consolidated financial statements.

### *Transactions with subsidiaries*

The impact on the statement of financial position and income statement of related party transactions is summarised in the following tables:

Balance at June 30, 2010	Statement of financial position						
	CURRENT ASSETS				NON-CURRENT ASSETS	CURRENT LIABILITIES	
	Cash pooling current accounts	Loans and financial receivables	Trade receivables	Other assets	Loans	Cash pooling current accounts	Trade and financial payables
Sogefi Filtration S.p.A.			372			7,101	11
Sogefi Filtration Ltd	3,764	2,300	400				
Sogefi Filtration B.V.	2,303		188				
Sogefi Filtration S.A.		7,251	72		9,000	3,063	2
Sogefi Filtration A.B.			23				
Filtrauto S.A.			83			16,703	10
Sogefi Filtration d.o.o.			1			2,210	2
Sogefi Filtration do Brasil Ltda			230				
Sogefi Filtration Argentina S.A.			166				
Sogefi Purchasing S.A.S.	558		113				
Rejna S.p.A.			174		12,000	181	
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH			5			10,454	7
Allevard Rejna Autosuspensions S.A.			106		82,200	8,442	6
Allevard Federn GmbH			1			2,839	5
Allevard Springs Co. Ltd			20			6,589	7
Allevard Rejna Argentina S.A.			37				
Allevard Molas do Brasil Ltda							
Allevard Sogefi U.S.A. Inc.			168		6,619		
United Springs S.A.S.			1			3,944	4
United Springs B.V.		2,100	14				
United Springs Ltd			1			247	1
Shanghai Sogefi Auto Parts Co. Ltd							23
Shanghai Allevard Spring Co. Ltd.			1				
Iberica De Suspensiones S.L. (ISSA)			5				
<b>TOTAL</b>	<b>6,625</b>	<b>11,651</b>	<b>2,181</b>	<b>-</b>	<b>109,819</b>	<b>61,773</b>	<b>78</b>

1st half 2010	<i>Income statement</i>					
	Income				Expenses	
	From equity investments	Other financial income	Revenues from sales and services	Other revenues and income	Interest expense and other financial expenses	Other Operating expenses
Sogefi Filtration S.p.A.			708	3	17	2
Sogefi Filtration Ltd		63	681	6		
Sogefi Filtration A.B.	621		45			
Sogefi Filtration B.V.		15	327	1		
Sogefi Filtration S.A.	7,251	161	201	6	5	
Filtrauto S.A.	3,501		722	18	24	
Sogefi Filtration d.o.o.	700		47	1	5	
Sogefi Filtration do Brasil Ltda			643			
Sogefi Filtration Argentina S.A.			227			
Sogefi Purchasing S.A.S.		13	206			
Rejna S.p.A.		240	538	7		
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH			212	5	15	
Allevard Rejna Autosuspensions S.A.		1,546	422	15	2	4
Allevard Federn GmbH			53	1	11	
Allevard Springs Ltd			34	2	14	
Allevard Rejna Argentina S.A.			72			
Allevard Molas do Brasil Ltda			167			
Allevard Sogefi U.S.A. Inc.		66				
United Springs S.A.S.			44	1	8	
United Springs B.V.		19	5	1		
United Springs Ltd			5	1	1	
Iberica De Suspensiones S.L. (ISSA)				5		
<b>TOTAL</b>	<b>12,073</b>	<b>2,123</b>	<b>5,359</b>	<b>73</b>	<b>102</b>	<b>6</b>

The Company issues guarantees on behalf of its subsidiaries for commitments made to third parties, illustrated in item E) below “Commitments and risks”.

#### *Transactions with the parent company*

Sogefi S.p.A. is subject to policy guidance and coordination on the part of CIR S.p.A.; details of transactions with the parent company can be found in the following notes:

Note 7. Trade and other receivables;

Note 15. Trade and other current payables;

Note 21. Other operating expenses.

#### *Transactions with Directors, the General Manager and Managers with strategic corporate responsibilities*

Note that the total expenses shown in the Company’s income statement for the first half of 2010, for remunerations as well as the relative social security payments, employment termination indemnities and fringe benefits amount to € 2,430 thousand.

## E) COMMITMENTS AND RISKS

### 26. INFORMATION ON COMMITMENTS AND RISKS

The most important are:

- “*guarantees*” in favour of subsidiaries amounting to €79,211 thousand and of third parties amounting to €45 thousand;
- commitments for “Interest rate hedging contracts” held by the Company with a notional value of €90,000 thousand;
- commitments for forward forex contracts amounting to €5,834 thousand.

## F) 27. FINANCIAL INSTRUMENTS

At June 30, 2010 the Company held the following contracts to hedge its interest rate risk on part of its medium/long term loans:

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value
Hedging of loan for €50 million (09/08/2006 maturity 09/08/2013) rate: Euribor + 60.0 bp	04/24/2008	09/30/2012	10,000	4.193%	(674)
Hedging of loan for €50 million (09/08/2006 maturity 09/08/2013) rate: Euribor + 60.0 bp	10/07/2008	12/31/2010	15,000	3.755%	(221)
Hedging of loan for €160 million (06/04/2008 maturity 06/04/2013) rate: Euribor + 50.0 bp	10/07/2008	11/04/2010	10,000	3.860%	(158)
Hedging of loan for €160 million (06/04/2008 maturity 06/04/2013) rate: Euribor + 50.0 bp	10/07/2008	11/04/2010	10,000	3.890%	(159)
Hedging of loan for €100 million (09/29/2006 maturity 09/29/2013) rate: Euribor + 70.0 bp	11/18/2009	04/30/2013	5,000	2.210%	(140)
Hedging of loan for €100 million (09/29/2006 maturity 09/29/2013) rate: Euribor + 70.0 bp	11/27/2009	04/30/2013	5,000	2.150%	(130)
Hedging of loan for €160 million (06/04/2008 maturity 06/04/2013) rate: Euribor + 50.0 bp	11/18/2009	05/05/2013	5,000	2.230%	(112)
Hedging of loan for €160					

million (06/04/2008 maturity 06/04/2013) rate: Euribor + 50.0 bp	11/27/2009	05/05/2013	5,000	2.170%	(104)
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Description of IRC	Date opened	Contract maturity	Notional	Cap/Floor	Fair value
Hedging of loan for €100 million (09/29/2006 maturity 09/29/2013) rate: Euribor + 70.0 bp	04/24/2008	10/31/2012	10,000	Cap: 4.50% Floor: 3.84%	(673)

Description of K.IN FORWARD ZERO COST	Date opened	Contract maturity	Notional	Cap/Floor	Fair value
Hedging of loan for €100 million (09/29/2006 maturity 09/29/2013) rate: Euribor + 70.0 bp	04/24/2008	10/31/2012	10,000	Cap: 4.50% Floor: 4.20% Knock in European: 3.33%	(762)
Hedging of loan for €100 million (09/29/2006 maturity 09/29/2013) rate: Euribor + 70.0 bp	05/09/2008	10/31/2011	5,000	Cap: 4.40% Floor: 4.10% Knock in European: 3.10%	(236)

At June 30, 2010, the Company also held the following forward contract to hedge exchange rate risk on intercompany financial positions:

Forward sale	Date opened	Spot price €/currency	Date closed	Forward price €/currency	Fair value
USD 7,230,000	06/23/2010	1.23910	07/23/2010	1.23935	(58)





SOCIETA' PER AZIONI  
CAPITALE SOCIALE € 60.521.443,84 INT. VERS.

ISCRITTA AL REG. IMPRESE MANTOVA N. 0060746 020 1  
ISCRITTA AL R.E.A. MANTOVA N° 142702  
CODICE FISCALE (IVA) 0060746 020 1  
SOCIETA' SOGGETTA ALL'ATTIVITA' DI DIREZIONE  
E COORDINAMENTO DI CIR S.p.A.

**DECLARATION OF GROUP AND HOLDING COMPANY HALF-YEARLY CONDENSED FINANCIAL STATEMENTS AS AT JUNE 30, 2010 PURSUANT TO ART. 81-TER OF CONSOB RESOLUTION NO. 11971 OF MAY 14, 1999 AND SUBSEQUENT MODIFICATIONS AND INTEGRATIONS**

1. The undersigned:  
Emanuele Bosio – Chief Executive Officer of Sogefi S.p.A.  
Giancarlo Coppa – Officer responsible for preparation of Sogefi S.p.A.'s financial reports having also taken into consideration the provisions of Article 154-bis, paragraph 3 and 4, of Italian Legislative Decree n. 58 of February 24, 1998, hereby certify that:  
  
the administrative and accounting procedures for the preparation of the Group and Holding Company half-yearly condensed financial statements for the 2010 first half:
  - are adequate in respect of company's structure and
  - have been effectively applied.
2. No relevant aspects are to be reported on this subject.
3. It is also certified that:
  - 3.1 The Group and Holding Company half-yearly condensed financial statements as at June 30, 2010:
    - have been prepared in accordance with international accounting standards as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002;
    - correspond to the books and accounting records;
    - provide a true and fair representation of the financial position, result of operations and cash flow of the issuer and the subsidiaries included in the scope of consolidation.
  - 3.2 The interim report on operations includes a reliable analysis of the significant events that occurred in the first half of the year and their impact on the half-yearly condensed financial statements. In addition, the report includes a description of the main risks and uncertainties for the remaining six months of the year and a reliable analysis of the information about any significant related party transactions.

Milano, July 22, 2010

Chief Executive Officer

Emanuele Bosio

Officer responsible for preparation of  
financial reports  
Giancarlo Coppa

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## **AUDITORS' REVIEW REPORT ON THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**To the Shareholders of  
SOGEFI S.p.A.**

1. We have reviewed the half-yearly condensed consolidated financial statements of Sogefi S.p.A. and subsidiaries (the "Sogefi Group"), which comprise the balance sheet as of June 30, 2010, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and the related explanatory notes. The Company's directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-yearly condensed consolidated financial statements based on our review.
2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end consolidated financial statements, we do not express an audit opinion on the half-yearly condensed consolidated financial statements.

As far as comparative figures related to the year ended December 31, 2009 and the six-month period ended June 30, 2009 are concerned, reference should be made to other auditors' report dated March 10, 2010 and other auditors' review report dated July 31, 2009, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of Sogefi Group as of June 30, 2010 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

**DELOITTE & TOUCHE S.p.A.**

Signed by  
Vincenzo Mignone  
Partner

Milan, Italy  
August 2, 2010

**This report has been translated into the English language solely for the convenience of international readers.**

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Perugia  
Roma Torino Treviso Verona

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Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu

## AUDITORS' REVIEW REPORT ON THE HALF-YEARLY CONDENSED FINANCIAL STATEMENTS

To the Shareholders of  
SOGEFI S.p.A.

1. We have reviewed the half-yearly condensed financial statements of Sogefi S.p.A., which comprise the balance sheet as of June 30, 2010, and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period then ended, and the related explanatory notes. The Company's directors are responsible for the preparation and presentation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to issue a report on these half-yearly condensed financial statements based on our review.
2. We conducted our review in accordance with the standards recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the underlying financial data, assessing whether accounting policies have been consistently applied and making enquiries of management responsible for financial and accounting matters. The review excluded audit procedures such as tests of controls and substantive procedures of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with established auditing standards. Accordingly, unlike our report on the year-end financial statements, we do not express an audit opinion on the half-yearly condensed financial statements.

As far as comparative figures related to the year ended December 31, 2009 and the six-month period ended June 30, 2009 are concerned, reference should be made to other auditors' report dated March 10, 2010 and other auditors' review report dated July 31, 2009, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed financial statements of Sogefi S.p.A. as of June 30, 2010 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by  
Vincenzo Mignone  
Partner

Milan, Italy  
August 2, 2010

This report has been translated into the English language solely for the convenience of international readers.