

2011 HALF-YEAR  
FINANCIAL STATEMENTS  
(Translation into English of the original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 60,643,643.84  
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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## CONTENTS

CORPORATE BODIES	page	3
BOARD OF DIRECTORS REPORT ON OPERATIONS	page	4
GROUP INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2011		
- Financial statements	page	20
- Explanatory and supplementary notes to the Financial Statements	page	26
- List of Equity Investments as at June 30, 2011	page	79
HOLDING COMPANY INTERIM FINANCIAL STATEMENTS AS AT JUNE 30, 2011		
- Financial Statements	page	83
- Explanatory and supplementary notes to the Financial Statements	page	90
CERTIFICATION OF HALF-YEAR CONDENSED FINANCIAL STATEMENTS AS AT JUNE 30, 2011 PURSUANT TO ARTICLE 81-TER OF CONSOB RESOLUTION No. 11971/99 AND SUBSEQUENT MODIFICATIONS AND INTEGRATIONS	page	118
REPORTS OF THE INDEPENDENT AUDITORS	page	119

## 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 and of the Related Party Transactions Committee.
- (5) Members of the Supervisory Body (Legislative Decree 231/2001).
- (6) Lead independent director.

# BOARD OF DIRECTORS REPORT ON GROUP OPERATIONS

## AS OF AND FOR THE SIX MONTH PERIOD

### ENDED JUNE 30, 2011

This half-year 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 Sogefi Group and the financial statements and explanatory and supplementary notes of the Holding Company Sogefi S.p.A. (the latter prepared on a voluntary basis, not being required by Legislative Decree no. 195 of November 6, 2007), prepared in accordance with International Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) approved by the European Union and prepared according to IAS 34 applicable on interim financial reporting.

#### INFORMATION ON OPERATIONS

The improvement in production levels continued in the first six months of the current year in all of the major markets in which SOGEFI operates for all types of vehicles.

This enabled the Group to realize a 15.1% increase of **consolidated sales**, which reached €526.6 million compared to €457.6 in the first six months of 2010.

During the half year, Sogefi signed an agreement to purchase the automotive components group Mark IV Systèmes Moteurs, one of the world’s leading manufacturers of air intake and engine cooling systems, with revenues of approximately €270 million in 2010.

As well as continuing the growth trend of sales in the Chinese (+18.4%) and Brazilian (+13.9%) markets, the first six months of the year were marked by an improvement of business activities in the USA (+72.8%) and in India (+29.9%), as well as in Europe (+13.2%), also as a result of the significant recovery of the industrial vehicle suspensions sector (+49%).

The higher sales figures were mostly generated by the *Suspensions Division*, where revenues rose to €281.8 million (+24% compared to the corresponding period of 2010), while the revenues of the *Filter Division*, corresponding to €246.2 million, rose 6.3%, insofar as 63.3% of sales originate from the spare parts sector (Independent Aftermarket and Original Equipment Spares), which realized a lower growth rate than that of the Original Equipment Market.

The table below shows the revenue trend:

(in millions of Euro)	1st half 2011		1st half 2010		% var. 1st half 11/1st half 10	Year 2010 Amount
	Amount	%	Amount	%		
Suspension	281.8	53.5	227.3	49.7	24.0	461.6
Filter	246.2	46.7	231.5	50.6	6.3	465.1
Intercompany eliminations	(1.4)	(0.2)	(1.2)	(0.3)	16.7	(2.0)
<b>TOTAL</b>	<b>526.6</b>	<b>100.0</b>	<b>457.6</b>	<b>100.0</b>	<b>15.1</b>	<b>924.7</b>

As mentioned above, the *original equipment* sector realized the highest growth rates and continues to be the Group's major market, as shown in the table below:

(in millions of Euro)	1st half 2011		1st half 2010		% var. 1st half 11/1st half 10	Year 2010 Amount
	Amount	%	Amount	%		
Original Equipment (O.E.)	367.8	69.9	301.0	65.8	22.2	610.4
Independent Aftermarket (I.A.M.)	100.3	19.0	101.2	22.1	(0.9)	204.8
Original Equipment Spares (O.E.S.)	58.5	11.1	55.4	12.1	5.7	109.5
<b>TOTAL</b>	<b>526.6</b>	<b>100.0</b>	<b>457.6</b>	<b>100.0</b>	<b>15.1</b>	<b>924.7</b>

France continues to be the Group's largest market, representing 23.5% of consolidated sales, while Brazil maintains its position as the second-most important market (15.5% of the total).

Of the countries that realized the highest sales increase, the United States (+72.8%), India (+29.9%) and Benelux (+27%) were the most significant.

(in millions of Euro)	1st half 2011		1st half 2010		% var. 1st half 11/1st half 10	Year 2010 Amount
	Amount	%	Amount	%		
France	123.6	23.5	106.4	23.2	16.2	207.4
Germany	69.3	13.2	58.0	12.7	19.6	119.9
Great Britain	45.6	8.7	40.2	8.8	13.3	79.0
Italy	38.1	7.2	36.5	8.0	4.3	71.6
Benelux	29.3	5.6	23.1	5.0	27.0	47.4
Spain	21.8	4.1	18.6	4.1	17.0	36.5
Russia	2.5	0.5	1.7	0.4	49.4	3.3
Other European countries	47.7	9.0	49.3	10.8	(3.2)	94.2
Brazil	81.8	15.5	71.9	15.7	13.9	151.4
Argentina	35.0	6.6	29.1	6.4	20.1	66.0
United States	13.7	2.6	7.9	1.7	72.8	18.6
China	8.3	1.6	7.0	1.5	18.4	12.6
India	5.8	1.1	4.5	1.0	29.9	9.7
Rest of the World	4.1	0.8	3.4	0.7	18.3	7.1
<b>TOTAL</b>	<b>526.6</b>	<b>100.0</b>	<b>457.6</b>	<b>100.0</b>	<b>15.1</b>	<b>924.7</b>

The Group's main customers continue to be French car manufacturers PSA and Renault.

Significant increases were realized in sales to Volvo and Volkswagen, as well as Daimler, Man and DAF (in the trucks sector) and Caterpillar (in the earth-moving equipment sector).

(in millions of Euro)	1st half 2011		1st half 2010		% var. 1st half	Year 2010
Group	Amount	%	Amount	%	11/1st half 10	Amount
PSA	76.1	14.5	62.6	13.7	21.6	121.1
Renault/Nissan	61.2	11.6	55.1	12.0	11.2	105.3
Ford	47.1	8.9	39.2	8.6	19.9	80.5
Fiat/Iveco/Chrysler	38.7	7.3	40.8	9.0	(5.2)	76.8
Daimler	37.6	7.1	30.5	6.7	23.2	64.3
Volkswagen/Audi	31.2	5.9	24.3	5.3	28.6	55.2
GM	17.9	3.4	15.9	3.5	12.6	32.4
Volvo	15.7	3.0	11.9	2.6	31.7	22.0
DAF/Paccar	15.1	2.9	7.8	1.7	94.2	18.7
Man	13.5	2.6	6.9	1.5	95.0	14.9
Toyota	7.0	1.3	7.3	1.6	(5.0)	13.6
Caterpillar	5.0	0.9	3.1	0.7	61.3	6.6
BMW	3.4	0.7	2.6	0.6	30.7	5.9
Honda	3.3	0.6	4.1	0.9	(20.4)	8.1
Others	153.8	29.3	145.5	31.6	5.7	299.3
TOTAL	526.6	100.0	457.6	100.0	15.1	924.7

The higher revenues achieved in the period combined with controlled increases in structural costs led to an improvement in operating profit, despite the price increases encountered for all of the main materials utilised, particularly steel, filter paper and rubber:

(in millions of Euro)	1st half 2011		1st half 2010		Year 2010	
	Amount	%	Amount	%	Amount	%
Sales revenues	526.6	100.0	457.6	100.0	924.7	100.0
Variable cost of sales	359.1	68.2	305.7	66.8	622.9	67.4
CONTRIBUTION MARGIN	167.5	31.8	151.9	33.2	301.8	32.6
Manufacturing and R&D overheads	54.1	10.3	50.1	10.9	98.6	10.6
Depreciation and amortization	22.3	4.2	22.5	4.9	44.9	4.9
Distribution and sales fixed expenses	17.4	3.3	16.1	3.5	32.4	3.5
Administrative and general expenses	32.3	6.1	31.2	6.9	58.4	6.3
OPERATING RESULT	41.4	7.9	32.0	7.0	67.5	7.3
Restructuring costs	1.6	0.3	4.3	0.9	12.0	1.3
Losses (gains) on disposal	-	-	(0.5)	(0.1)	(0.5)	-
Exchange (gains) losses	1.4	0.3	(0.4)	(0.1)	0.2	-
Other non-operating expenses (income)	7.8	1.5	5.8	1.3	14.0	1.5
EBIT	30.6	5.8	22.8	5.0	41.8	4.5
Financial expenses (income), net	4.7	0.9	5.1	1.1	9.6	1.0
Losses (gains) from equity investments	-	-	-	-	(0.2)	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	25.9	4.9	17.7	3.9	32.4	3.5
Income taxes	9.3	1.8	7.0	1.5	11.6	1.3
NET RESULT BEFORE NON-CONTROLLING INTERESTS	16.6	3.1	10.7	2.4	20.8	2.2
Loss (income) attributable to non-controlling interests	(1.3)	(0.2)	(0.8)	(0.2)	(2.0)	(0.2)
GROUP NET RESULT	15.3	2.9	9.9	2.2	18.8	2.0

The gross **contribution margin** fell from 33.2% of sales in 2010 to 31.8% in the first half of 2011, mainly due to a higher cost of materials.

Total labour costs rose in absolute terms, although the percentage of sales represented by the same fell from 25.6% to 24.4%. The number of employees as at June 30 (including temporary workers and excluding employees with flexible arrangements such as temporary redundancy in Italy or similar systems in other countries) rose to 6,366 employees as at June 30, 2011 compared to 6,175 twelve months earlier.

As at June 30, 2011, the Group's workforce was 5,777, compared to 5,574 at December 31, 2010 and 5,723 at June 30, 2010, broken down as follows:

	<i>June 30, 2011</i>		<i>December 31, 2010</i>		<i>June 30, 2010</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Managers	92	1.6	87	1.6	86	1.5
Clerical staff	1,327	23.0	1,304	23.4	1,333	23.3
Blue collar workers	4,358	75.4	4,183	75.0	4,304	75.2
<b>TOTAL</b>	<b>5,777</b>	<b>100.0</b>	<b>5,574</b>	<b>100.0</b>	<b>5,723</b>	<b>100.0</b>

**Consolidated operating result** was € 41.4 million (7.9% of sales) a net improvement as compared to the 32 million (7% of sales), realized in the first six months of 2010.

Restructuring costs of €1.6 million were expenses or allocated to provisions in the period, compared to €4.3 million in the corresponding period of the previous year during which there was also a gain on disposal for €0.5 million.

Furthermore, non-recurring costs of €3.3 million were expensed during the period relating to services provided by consultants that assisted the Holding Company Sogefi S.p.A. during the legal, financial and fiscal due diligence for the acquisition of the French automotive components group Mark IV Systèmes Moteurs mentioned earlier.

**Consolidated EBITDA** was €52.8 million (10% of sales), up 16.6% compared to the 45.3 million (9.9% of sales) realized in the first half of 2010, while **consolidated EBIT** was €30.6 million (5.8% of sales), up 34.2% compared to the 22.8 million (5% of sales) realized in the first half of 2010.

**The result before taxes and minority interests** also benefitted from lower financial charges (€4.7 million against 5.1 million in the corresponding period of the previous year), realizing a figure of €25.9 million (17.7 million in the first six months of 2010).

The Group's net profitability improved in the period, realizing a positive **consolidated net result** of €15.3 million (2.9% of sales), compared to 9.9 million (2.2% of sales) realized in the first half of 2010.

As at June 30, 2011, **consolidated shareholder's equity**, including non-controlling interests, rose to € 209.6 million compared to 206.8 million twelve months earlier, when it was € 214.4 million as at December 31, 2010, as illustrated in the table below:

(in millions of Euro)	Note*	June 30, 2011		December 31, 2010		June 30, 2010	
		Amount	%	Amount	%	Amount	%
Short-term operating assets	(a)	301.0		262.2		282.7	
Short-term operating liabilities	(b)	(253.8)		(218.4)		(227.0)	
Net working capital		47.2	12.5	43.8	11.5	55.7	14.3
Equity investments	(c)	0.4	0.1	0.4	0.1	0.5	0.1
Intangible, tangible fixed assets and other medium and long-term assets	(d)	397.4	105.4	409.8	108.1	415.3	106.7
<b>CAPITAL INVESTED</b>		<b>445.0</b>	<b>118.0</b>	<b>454.0</b>	<b>119.7</b>	<b>471.5</b>	<b>121.1</b>
Other medium and long-term liabilities	(e)	(67.8)	(18.0)	(74.7)	(19.7)	(82.2)	(21.1)
<b>NET CAPITAL INVESTED</b>		<b>377.2</b>	<b>100.0</b>	<b>379.3</b>	<b>100.0</b>	<b>389.3</b>	<b>100.0</b>
Net financial indebtedness		167.6	44.4	164.9	43.5	182.5	46.9
Non-controlling interests		17.0	4.5	17.2	4.5	15.2	3.9
Consolidated equity of the Group		192.6	51.1	197.2	52.0	191.6	49.2
<b>TOTAL</b>		<b>377.2</b>	<b>100.0</b>	<b>379.3</b>	<b>100.0</b>	<b>389.3</b>	<b>100.0</b>

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

**Net financial position** fell compared to the previous year, with a figure of € 167.6 million as at June 30, 2011, against € 182.5 million as at June 30, 2010. On the other hand, indebtedness increased slightly compared to the € 164.9 million recognized as at December 31, 2010, also following the distribution of dividends for € 14.9 million made in April 2011.



The table below shows the cash flows for the period compared with the corresponding half year of 2010 and with the previous year as a whole.

(in millions of Euro)	Note*	1st half 2011	1st half 2010	Year 2010
<b>SELF-FINANCING</b>	(f)	34.5	30.0	55.3
Change in net working capital		(5.1)	(25.9)	(15.4)
Other medium/long-term assets/liabilities	(g)	(0.3)	(0.2)	0.7
<b>CASH FLOW GENERATED BY OPERATIONS</b>		<b>29.1</b>	<b>3.9</b>	<b>40.6</b>
Sale of equity investments	(h)	-	-	0.1
Net decrease from sale of fixed assets	(i)	-	0.3	0.7
<b>TOTAL SOURCES</b>		<b>29.1</b>	<b>4.2</b>	<b>41.4</b>
Increase in intangible assets		6.7	5.5	11.7
Purchase of tangible assets		10.4	8.7	24.3
Purchase of equity investments		-	-	-
<b>TOTAL APPLICATION OF FUNDS</b>		<b>17.1</b>	<b>14.2</b>	<b>36.0</b>
Net financial position of subsidiaries purchased/sold during the period		-	-	-
Exchange differences on assets/liabilities and equity	(l)	1.2	(0.6)	0.7
<b>FREE CASH FLOW</b>		<b>13.2</b>	<b>(10.6)</b>	<b>6.1</b>
Holding Company increases in capital		0.3	0.3	0.3
Net purchase of treasury share		-	-	-
Increase in share capital of consolidated subsidiaries		-	-	0.9
Dividends paid by the Holding Company to shareholders		(14.9)	-	-
Dividends paid by subsidiaries to non-controlling interests		(1.3)	(2.0)	(2.0)
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>		<b>(15.9)</b>	<b>(1.7)</b>	<b>(0.8)</b>
<b>Change in net financial position</b>	(m)	<b>(2.7)</b>	<b>(12.3)</b>	<b>5.3</b>
<b>Opening net financial position</b>	(m)	<b>(164.9)</b>	<b>(170.2)</b>	<b>(170.2)</b>
<b>CLOSING NET FINANCIAL POSITION</b>	(m)	<b>(167.6)</b>	<b>(182.5)</b>	<b>(164.9)</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 comprised mainly of medium and long-term debts, as shown in the table below.

(in millions of Euro)	June 30, 2011	December 31, 2010	June 30, 2010
Cash, banks, financial receivables and securities held for trading	82.3	67.0	56.1
Medium/long-term financial receivables	0.2	-	-
Short-term financial debts (*)	(63.7)	(78.9)	(84.5)
Medium/long-term financial debts	(186.4)	(153.0)	(154.1)
<b>NET FINANCIAL POSITION</b>	<b>(167.6)</b>	<b>(164.9)</b>	<b>(182.5)</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's net result and equity at the end of the year with the equivalent figures for the Holding Company.

### Net result for the period

(in millions of Euro)	<i>1st half 2011</i>	<i>1st half 2010</i>
Net profit per Sogefi S.p.A. financial statements	20.8	8.4
Group share of results of subsidiary companies included in the consolidated financial statements	21.2	13.6
Elimination of intercompany dividends received by Sogefi S.p.A.	(26.7)	(12.1)
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>15.3</b>	<b>9.9</b>

### Shareholders' equity

(in millions of Euro)	<i>June 30, 2011</i>	<i>Dec. 31, 2010</i>
Shareholders' equity per Sogefi S.p.A. financial statements	184.0	177.5
Group share of excess equity value of investments in consolidated companies over carrying value in Sogefi S.p.A. financial statements	7.8	18.9
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	0.8	0.8
<b>SHAREHOLDERS' EQUITY PER CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>192.6</b>	<b>197.2</b>

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

The holding company realized a net profit of €20.8 million in the first half of 2011 compared to 8.4 million realized in the corresponding period of the previous year. In the first half of 2011, the Company benefitted by a higher flow of dividends (up €14.6 million) compared to the corresponding period of 2010. The item “Other non-operating expenses” corresponds to services provided by consultants that assisted the Company during the legal, financial and fiscal due diligence relating to the acquisition of the French automotive components group Mark IV Systèmes Moteurs from the US Holding company Mark IV LLC. The purchase agreement was signed on June 20, 2011, and was based on an enterprise value of the Mark IV Systèmes Moteurs Group of around €150 million. The agreement will be finalised in the third quarter of 2011, insofar as at present it is subject to the usual conditions, including the approval of the competent antitrust authorities.

(in millions of Euro)	1st half 2011	1st half 2010	Year 2010
Financial income/expenses and dividends	25.3	10.6	9.4
Adjustments to financial assets	-	-	-
Other operating revenues	6.2	5.5	11.7
Operating costs	(9.0)	(8.9)	(16.7)
Other non-operating income (expenses)	(3.3)	-	6.5
<b>RESULT BEFORE TAXES</b>	<b>19.2</b>	<b>7.2</b>	<b>10.9</b>
Income taxes	(1.6)	(1.2)	(1.5)
<b>NET RESULT</b>	<b>20.8</b>	<b>8.4</b>	<b>12.4</b>

The following table shows the main items of the statement of financial position as at June 30, 2011, compared with the figures realized at December 31, 2010 and June 30, 2010:

(in millions of Euro)	Note*	June 30, 2011	December 31, 2010	June 30, 2010
Short-term assets	(n)	5.5	5.5	6.2
Short-term liabilities	(o)	(7.8)	(4.3)	(4.8)
Net working capital		(2.3)	1.2	1.4
Equity investments	(p)	268.9	268.9	274.2
Other fixed assets	(q)	28.2	28.5	28.7
<b>CAPITAL INVESTED</b>		<b>294.8</b>	<b>298.6</b>	<b>304.3</b>
Other medium and long-term liabilities	(r)	(1.9)	(1.6)	(1.4)
<b>NET CAPITAL INVESTED</b>		<b>292.9</b>	<b>297.0</b>	<b>302.9</b>
Net financial indebtedness		108.9	119.5	130.7
Shareholders' equity		184.0	177.5	172.2
<b>TOTAL</b>		<b>292.9</b>	<b>297.0</b>	<b>302.9</b>

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

“Short-term liabilities” includes € 2.8 million of payables for services provided during the due diligence for the acquisition of the French group Mark IV Systèmes Moteurs, mentioned above.

“Shareholders’ equity” as at June 30, 2011 has increased, and it is now € 184 million, compared to €172.2 million as at June 30, 2010 and €177.5 million as at December 31, 2010. Said increase, due to the result realized in the first half of 2011, was partially offset by the distribution of dividends amounting to €14.9 million, as per the resolution of the Shareholders’ Meeting held on April 19, 2011.

The table below illustrates the Company’s net financial position as at June 30, 2011 compared with the figures realized as at December 31, 2010 and June 30, 2010:

(in millions of Euro)	June 30, 2011	December 31, 2010	June 30, 2010
Short-term cash investments	31.1	14.8	10.5
Medium/long-term financial receivables to third and subsidiaries	130.9	114.1	128.1
Short-term financial debts (*)	(107.0)	(113.3)	(127.0)
Medium/long-term financial debts	(163.9)	(135.1)	(142.3)
<b>NET FINANCIAL POSITION</b>	<b>(108.9)</b>	<b>(119.5)</b>	<b>(130.7)</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 2011	1st half 2010	Year 2010
<b>SELF-FINANCING</b>	(s)	21.5	8.0	12.5
Change in net working capital		3.5	(0.5)	(0.3)
Other medium/long term assets/liabilities	(t)	0.2	-	1.2
<b>CASH FLOW GENERATED BY OPERATIONS</b>		<b>25.2</b>	<b>7.5</b>	<b>13.4</b>
Sale of equity investments		-	-	5.4
<b>TOTAL SOURCES</b>		<b>25.2</b>	<b>7.5</b>	<b>18.8</b>
Increase in intangible assets		-	-	0.1
Purchase of tangible assets		-	-	-
Purchase of equity investments		-	2.3	2.4
<b>TOTAL APPLICATION OF FUNDS</b>		<b>-</b>	<b>2.3</b>	<b>2.5</b>
<b>FREE CASH FLOW</b>		<b>25.2</b>	<b>5.2</b>	<b>16.3</b>
Holding Company increases in capital		0.3	0.2	0.3
Net purchase of treasury share		-	-	-
Dividends paid by the Holding Company		(14.9)	-	-
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>		<b>(14.6)</b>	<b>0.2</b>	<b>0.3</b>
<b>Change in net financial position</b>	(u)	<b>10.6</b>	<b>5.4</b>	<b>16.6</b>
<b>Opening net financial position</b>	(u)	<b>(119.5)</b>	<b>(136.1)</b>	<b>(136.1)</b>
<b>CLOSING NET FINANCIAL POSITION</b>	(u)	<b>(108.9)</b>	<b>(130.7)</b>	<b>(119.5)</b>

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

In the first half of 2011, Free Cash Flow of €25.2 million was generated, compared to €5.2 million generated in the first half of 2010. This increase is due to improved profitability and a change in net working capital.

## PERFORMANCE OF THE FILTER DIVISION

In the half year, the Division realized a 6.3% rise in **sales** (reaching €246.2 million) which enabled it to maintain a substantially stable level of profit, despite an unfavourable trend of the sales mix (slight reduction of business volume in the more profitable independent aftermarket segment, due to economic difficulties in European markets).

The *original equipment* segment realized a rise of 15.8%, with good trends in markets it has penetrated more recently (+80.9% in USA, +18.9% in India) and solid performance in traditional markets (+13.3% in Europe and +1.8% in Brazil).

In the *original equipment spares* segment, sales rose 5.8%, with positive performance in all markets, while in the *independent aftermarket*, overall sales fell by 0.8% (-5.7% in Europe, where the reorganisation of brands and logistics continued, and +15.5% in South America).

The Filter division achieved an **operating result** of € 16.6 million (6.8% of revenues) compared to €17.1 million (7.4% of revenues) in the first half of 2010.

The **EBITDA** achieved, given costs for reorganisations of € 1.5 million, which amounted to €2.5 million in the same period of the previous year, was €22.5 million (9.1% of sales) compared to the previous year's figure of 21.8 million (9.4% of sales).

**EBIT** was €13.1 million (5.3% of sales) compared to 12.1 million (5.2% of sales).

**Net profit** was €8.5 million, compared to 7.2 million in the first half of 2010.

As at June 30, 2011 the Division's workforce (including temporary workers and excluding employees with flexible arrangements) totalled 3,510 people (compared to 3,521 as at June 30, 2010 and 3,238 as at December 31, 2010).

## PERFORMANCE OF THE SUSPENSION DIVISION

The upward trend in vehicle production in the major markets and the significant recovery of demand of industrial vehicle European manufacturers enabled the Division to achieve a 24% increase of **sales**, which totalled €281.8 million.

The performance of the *industrial vehicles* sector was particularly good (heavy duty trucks and earth-moving machinery), while the *precision springs* business rose 8.7%.

The higher cost of steel in the period was partially offset by higher sales prices, although measures to fully recover the same will continue in the second half of the year.

Despite the above-cited rise in the cost of steel, strict control of structural costs enabled the Division to improve its profitability: the **operating result** rose to €26.9 million (9.5% of sales) from the previous 18.2 million (8% of sales).

**EBITDA** and **EBIT**, substantially in the absence of costs for reorganisations, amounted to €36.1 million and 23.5 million respectively, compared to €26.7 million and 14.2 million in the first half of 2010, negatively affected by costs for reorganisations of €1.8 million. The percentage of sales represented by the same rose to 12.8% from 11.8% for EBITDA and to 8.3% from 6.2% for EBIT.

In the first half of 2011, the **net profit** was €12.3 million, up compared to the €6.7 million of the corresponding period of the previous year.

Given the higher levels of business activity, the number of employees of the Division (including temporary workers and excluding employees with flexible arrangements) rose to 2,794 from 2,594 as at June 30, 2010 and from 2,545 as at December 31, 2010.

## PERFORMANCE IN THE SECOND QUARTER OF 2011

**Consolidated sales** in the period were €270.8 million, up 11.1% compared to 243.7 million realized in the second quarter of 2010.

Economic results at all levels improved compared to the corresponding quarter of the previous year, with the exception of the contribution margin as a percentage of sales, due to the already cited rise in the prices of raw materials, that for now has only partially been offset by sales price increases.

The table below compares the income statements for the second quarter of 2011 and 2010:

(in millions of Euro)	<i>Period</i>		<i>Period</i>		<i>Change</i>	
	<i>4.1 - 6.30.2011</i>		<i>4.1 - 6.30.2010</i>			
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Sales revenues	270.8	100.0	243.7	100.0	27.1	11.1
Variable cost of sales	184.4	68.1	162.8	66.8	21.6	13.3
<b>CONTRIBUTION MARGIN</b>	86.4	31.9	80.9	33.2	5.5	6.8
Manufacturing and R&D overheads	27.4	10.1	25.3	10.4	2.1	8.0
Depreciation and amortization	11.2	4.1	11.4	4.7	(0.2)	(2.4)
Distribution and sales fixed expenses	8.5	3.1	8.4	3.4	0.1	1.3
Administrative and general expenses	15.9	5.9	15.9	6.6	-	-
<b>OPERATING RESULT</b>	23.4	8.7	19.9	8.1	3.5	18.1
Restructuring costs	1.0	0.4	4.2	1.7	(3.2)	(76.3)
Losses (gains) on disposal	-	-	(0.4)	(0.2)	0.4	100.0
Exchange (gains) losses	0.5	0.2	(0.2)	(0.1)	0.7	-
Other non-operating expenses (income)	5.2	1.9	3.1	1.3	2.1	74.6
<b>EBIT</b>	16.7	6.2	13.2	5.4	3.5	25.9
Financial expenses (income), net	2.5	0.9	2.6	1.1	(0.1)	(5.1)
Losses (gains) from equity investments	-	-	(0.1)	(0.1)	0.1	100.0
<b>RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS</b>	14.2	5.3	10.7	4.4	3.5	32.8
Income taxes	4.9	1.8	4.1	1.7	0.8	18.6
<b>NET RESULT BEFORE</b>	9.3	3.5	6.6	2.7	2.7	41.7
Loss (income) attributable to non-controlling interests	(0.7)	(0.3)	(0.5)	(0.2)	(0.2)	(51.4)
<b>GROUP NET RESULT</b>	8.6	3.2	6.1	2.5	2.5	40.9

The incidence of raw materials rose to 47.1% compared to 45.8% in the second quarter of 2010 and to 46.9% in the first quarter of 2011.

The incidence of labour costs was 24.2%, compared to 24.7% in both the second quarter of 2010 and the first quarter of 2011.

The **consolidated operating result** amounted to € 23.4 million (8.7% of sales) against 19.9 million (8.1% of sales) in the second quarter of 2010 and 17.9 million (7% of sales) in the first quarter of this year.

**Consolidated EBITDA** was € 27.8 million (10.3% of sales), compared to 24.7 million (10.1% of sales) in the second quarter of 2010 and 25 million (9.8% of sales) in the first quarter of this year.

**Consolidated EBIT** was €16.7 million (6.2% of sales) against €13.2 million (5.4% of sales) in the second quarter of 2010 and €13.9 million (5.4% of sales) in the first three months of 2011.

The **net result** followed the same positive trend, for a profit of € 8.6 million compared to 6.1 million in the second quarter of 2010 and 6.7 million in the first quarter of 2011.

## **INVESTMENT AND RESEARCH & DEVELOPMENT**

After a policy to curb investments in 2010, from the first half of 2011, investments resumed in particular to increase production capacity in fast-developing countries (Brazil and China) and for the new start-up of the Indian Alleward IAI Suspensions Private Ltd.

Overall, new investments totalled €17.1 million, compared to €14.2 million in the first half of 2010.

Research and development activities continue to be 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 €11.7 million were incurred (10.8 million in the first half of 2010).

## **TREASURY SHARES**

In the first half of 2011, the Holding Company did not make any transactions in treasury shares, and therefore, as at June 30, 2011, 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.

## **RELATED PARTY TRANSACTIONS**

Information on the more significant equity and economic transactions with related parties is provided in the 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, 2011**

On June 20, Sogefi S.p.A. signed an agreement to purchase 100% of the capital of the French company Mark IV Systèmes Moteurs S.a.S., which manufactures and sells air intake and engine cooling systems.

The transaction, which will only be completed after having obtained the consensus of the antitrust authorities in Italy, France and Germany – envisaged in the third quarter of 2011 – will enable the Group to extend the range of products offered to vehicle manufacturers, including air intake and engine cooling systems, bringing it to higher levels of technology and quality.

On July 6, it was launched the procedure to partially close the Welsh filter production site in Llantrisant and the logistics activities for the *independent aftermarket* which will be outsourced to an external provider, with a reduction of around 150 employees out of a total workforce of 400.

## **OUTLOOK FOR OPERATIONS**

In the second half of the year, the trend in demand realized in the first half is expected to continue. Therefore, despite the increased costs of the main raw materials, the company should also continue the profit levels achieved in the first half of the year for the year as a whole.

Milano, July 21, 2011

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 associates" 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", "Non-controlling interests", "Depreciation, amortization and writedowns", "Accrued costs for stock options and stock grant", "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 associates" and "Sale of subsidiaries (net of cash and cash equivalents) and associates" 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” (“Totale attivo circolante operativo”) 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” (“Debiti commerciali e altri debiti”), “Tax payables” (“Debiti per imposte”) and “Other current liabilities” (“Altre passività correnti”) 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” (“Partecipazioni in società controllate”), “Equity investments in associates” (“Partecipazioni in società collegate”) and “Other financial assets available for sale” (“Altre attività finanziarie disponibili per la vendita”) in the Holding Company's statutory statement of financial position;
- (q) the heading agrees with the sum of the line items “Total fixed assets” (“Totale immobilizzazioni”), “Other receivables” (“Altri crediti”) and “Deferred tax assets” (“Imposte anticipate”) in the Holding Company's statutory statement of financial position;
- (r) the heading agrees with the line item “Total other long-term liabilities” (“Totale altre passività a lungo termine”) in the Holding Company's statutory statement of financial position;
- (s) the heading agrees with the sum of the line items “Net result” (“Utile netto d’esercizio”), “Depreciation and amortization” (“Ammortamenti immobilizzazioni materiali e immateriali”), “Change in fair value of property investments” (“Variazione fair value investimenti immobiliari”), “Accrual to income statement for fair value of cash flow hedging instruments” (“Stanziamento a conto economico fair value derivati cash flow hedge”), “Accrued costs for stock options and stock grant” (“Accantonamenti costi per stock options e stock grant”), “Net change Phantom Stock Options provision” (“Variazione netta fondo Phantom Stock Options”) and “Net change in provision for employment termination indemnities” (“Variazione netta fondo trattamento di fine rapporto”) as well as the change of deferred tax assets/liabilities included in the line “Other assets/liabilities” (“Altre attività/passività”) of the Holding Company's statutory cash flow statement;
- (t) the heading is included in the line item “Other assets/liabilities” (“Altre attività/passività”) 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, 2011	December 31, 2010
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	82,282	66,760
Other financial assets	5	76	200
<i>Working capital</i>			
Inventories	6	119,551	98,456
Trade receivables	7	160,689	138,815
Other receivables	7	5,699	10,232
Tax receivables	7	11,055	12,178
Other assets	7	3,956	2,485
<b>TOTAL WORKING CAPITAL</b>		<b>300,950</b>	<b>262,166</b>
<b>TOTAL CURRENT ASSETS</b>		<b>383,308</b>	<b>329,126</b>
<b>NON-CURRENT ASSETS</b>			
<b>FIXED ASSETS</b>			
Land	8	14,334	14,423
Property, plant and equipment	8	198,102	208,445
Other tangible fixed assets	8	3,773	4,278
<i>Of which: finance leases</i>		<i>12,973</i>	<i>13,753</i>
Intangible assets	9	134,156	133,489
<b>TOTAL FIXED ASSETS</b>		<b>350,365</b>	<b>360,635</b>
<b>OTHER NON-CURRENT ASSETS</b>			
Other financial assets available for sale	10	440	440
Financial receivables	11	168	-
Other receivables	11	12,105	10,146
Deferred tax assets	12	34,130	38,247
<b>TOTAL OTHER NON-CURRENT ASSETS</b>		<b>46,843</b>	<b>48,833</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>397,208</b>	<b>409,468</b>
<b>NON-CURRENT ASSETS HELD FOR SALE</b>	13	713	722
<b>TOTAL ASSETS</b>		<b>781,229</b>	<b>739,316</b>

LIABILITIES	Note	June 30, 2011	December 31, 2010
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and short-term loans	14	29,301	35,958
Current portion of medium/long-term financial debts and other loans	14	34,322	42,773
<i>Of which: finance leases</i>		1,885	1,866
<b>TOTAL SHORT-TERM FINANCIAL DEBTS</b>		63,623	78,731
Other short-term liabilities for derivative financial instruments	14	83	164
<b>TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FIN. INSTRUMENTS</b>		63,706	78,895
Trade and other payables	15	242,524	210,019
Tax payables	15	8,281	6,235
Other current liabilities	16	2,983	2,121
<b>TOTAL CURRENT LIABILITIES</b>		317,494	297,270
<b>NON-CURRENT LIABILITIES</b>			
<b>MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>			
Financial debts to bank	14	176,332	141,406
Other medium/long-term financial debts	14	7,931	9,562
<i>Of which: finance leases</i>		5,911	7,187
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS</b>		184,263	150,968
Other medium/long-term financial liabilities for derivative financial instruments	14	2,140	2,042
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>		186,403	153,010
<b>OTHER LONG-TERM LIABILITIES</b>			
Long-term provisions	17	38,736	41,777
Other payables	17	62	410
Deferred tax liabilities	18	28,913	32,447
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>		67,711	74,634
<b>TOTAL NON-CURRENT LIABILITIES</b>		254,114	227,644
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	19	60,638	60,546
Reserves and retained earnings (accumulated losses)	19	116,666	117,874
Group net profit (loss) for the period	19	15,330	18,821
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY</b>		192,634	197,241
Non-controlling interests	19	16,987	17,161
<b>TOTAL SHAREHOLDERS' EQUITY</b>		209,621	214,402
<b>TOTAL LIABILITIES AND EQUITY</b>		781,229	739,316

CONSOLIDATED INCOME STATEMENT  
(in thousands of Euro)

	Note	1st half 2011		1st half 2010	
		Amount	%	Amount	%
Sales revenues	21	526,593	100.0	457,609	100.0
Variable cost of sales	23	359,096	68.2	305,736	66.8
<b>CONTRIBUTION MARGIN</b>		167,497	31.8	151,873	33.2
Manufacturing and R&D overheads	25	54,083	10.3	50,064	10.9
Depreciation and amortization	25	22,261	4.2	22,541	4.9
Distribution and sales fixed expenses	26	17,406	3.3	16,095	3.5
Administrative and general expenses	27	32,353	6.1	31,150	6.9
<b>OPERATING RESULT</b>		41,394	7.9	32,023	7.0
Restructuring costs	29	1,593	0.3	4,305	0.9
Losses (gains) on disposal	30	16	-	(470)	(0.1)
Exchange losses (gains)	31	1,389	0.3	(418)	(0.1)
Other non-operating expenses (income) - of which non-recurring	32	7,833 3,300	1.5	5,829 263	1.3
<b>EBIT</b>		30,563	5.8	22,777	5.0
Financial expenses (income), net	33	4,644	0.9	5,117	1.1
Losses (gains) from equity investments	34	-	-	(50)	-
<b>RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS</b>		25,919	4.9	17,710	3.9
Income taxes	35	9,275	1.8	6,989	1.5
<b>NET RESULT BEFORE NON-CONTROLLING INTERESTS</b>		16,644	3.1	10,721	2.4
Loss (income) attributable to non-controlling interests		(1,314)	(0.2)	(806)	(0.2)
<b>GROUP NET RESULT</b>		15,330	2.9	9,915	2.2
Earnings per share (EPS) (Euro):	37				
Basic		0.134		0.087	
Diluted		0.132		0.087	

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME  
(in thousands of Euro)

	<i>Note</i>	<i>1st half 2011</i>	<i>1st half 2010</i>
Net result before non-controlling interests		16,644	10,721
<i>Other Comprehensive Income</i>			
- Profit (loss) booked to cash flow hedge reserve		9	(348)
- Profit (loss) booked to fair value reserve for financial assets available for sale		(1)	(17)
- Income tax relating to components of Other Comprehensive Income	<i>19</i>	(1)	102
- Profit (loss) booked to translation reserve		(5,761)	15,682
<i>Profit (loss) booked directly to equity</i>		<i>(5,754)</i>	<i>15,419</i>
Total comprehensive result for the period		10,890	26,140
Attributable to:			
- Shareholders of the Holding Company		9,835	24,810
- Non-controlling interests		1,055	1,330

**CONSOLIDATED CASH FLOW STATEMENT**  
(in thousands of Euro)

	<i>1st half 2011</i>	<i>1st half 2010</i>
Cash flows from operating activities		
Net result	15,330	9,915
Adjustments:		
- non-controlling interests	1,314	806
- depreciation, amortization and writedowns	22,261	22,816
- accrued costs for stock option and stock grant	201	223
- losses/(gains) on disposal of fixed assets and non-current assets held for sale	16	(470)
- losses/(gains) on sale of equity investments in associates	-	-
- dividends received	-	(50)
- provisions for risks, restructuring and deferred taxes	(2,775)	(1,922)
- post-retirement and other employee benefits	(1,840)	(1,862)
- change in net working capital	(5,135)	(25,872)
- other medium/long-term assets/liabilities	(340)	1,743
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>29,032</b>	<b>5,327</b>
of which: taxes paid	(6,114)	(5,237)
Net interest paid	(4,999)	(5,070)
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(10,358)	(8,674)
Purchase of intangible assets	(6,717)	(5,494)
Net change in other securities	4	35
Sale of subsidiaries (net of cash and cash equivalents) and associates	-	-
Sale of property, plant and equipment	41	768
Sale of intangible assets	-	-
Dividends collected	-	50
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(17,030)</b>	<b>(13,316)</b>
<b>FINANCING ACTIVITIES</b>		
Capital increase in subsidiaries from third parties	-	-
Net change in capital	266	247
Net purchase of treasury shares	-	-
Dividends paid to Holding Company shareholders and non-controlling interests	(16,138)	(2,000)
New (repayment of) long-term loans	26,715	(80,050)
New (repayment of) finance leases	(910)	(21)
Other equity movements	7	(264)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>9,940</b>	<b>(82,088)</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>21,942</b>	<b>(90,077)</b>
Balance at the beginning of the period	30,803	107,256
(Decrease) increase in cash and cash equivalents	21,942	(90,077)
Exchange differences	236	575
<b>BALANCE AT THE END OF THE PERIOD</b>	<b>52,981</b>	<b>17,754</b>

NB: this table shows the elements that bring about the change in cash and cash equivalents, as expressly required by IAS 7. The statement of cash flows included in the Report of the board of directors on Group operations for the first half year 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 EQUITY

(in thousands of Euro)	Attributable to the shareholders of the parent company				Non-controlling 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 and stock grant	-	223	-	223	-	223
Other changes	-	(459)	-	(459)	462	3
<i>Other Comprehensive Income for the period</i>						
Fair value measurement of financial assets available for sale	-	(10)	-	(10)	(7)	(17)
Fair value measurement of derivative instruments in cash flow hedge	-	(348)	-	(348)	-	(348)
Income tax relating to components of Other Comprehensive Income	-	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 Income 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

  

(in thousands of Euro)	Attributable to the shareholders of the parent company				Non-controlling interests	Total
	Share capital	Reserves and retained earnings (accumulated losses)	Net result for the period	Total		
<i>Balance at December 31, 2010</i>	60,546	117,874	18,821	197,241	17,161	214,402
Paid share capital increase	92	174	-	266	-	266
Allocation of 2010 net profit:						
Legal reserve	-	-	-	-	-	-
Dividends	-	(14,888)	-	(14,888)	(1,250)	(16,138)
Retained earnings	-	18,821	(18,821)	-	-	-
Imputed cost of stock options and stock grant	-	201	-	201	-	201
Other changes	-	(91)	-	(91)	91	-
<i>Other Comprehensive Income for the period</i>						
Fair value measurement of financial assets available for sale	-	(1)	-	(1)	-	(1)
Fair value measurement of derivative instruments in cash flow hedge	-	9	-	9	-	9
Income tax relating to components of Other Comprehensive Income	-	(1)	-	(1)	-	(1)
Currency translation differences	-	(5,432)	-	(5,432)	(329)	(5,761)
Net result for the period	-	-	15,330	15,330	1,314	16,644
<i>Total Comprehensive Income for the period</i>	-	(5,425)	15,330	9,905	985	10,890
<i>Balance at June 30, 2011</i>	60,638	116,666	15,330	192,634	16,987	209,621

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

Chapter	Note no.	Description
A		<i>GENERAL ASPECTS</i>
	1	Content and format of the consolidated financial statements
	2	Consolidation principles and accounting policies
B		<i>SEGMENT INFORMATION</i>
	3	Operating segments
C		<i>NOTES ON THE MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION</i>
C1		<i>ASSETS</i>
	4	Cash and cash equivalents
	5	Other financial assets
	6	Inventories
	7	Trade and other receivables
	8	Tangible fixed assets
	9	Intangible assets
	10	Other financial assets available for sale
	11	Financial receivables and other receivables
	12	Deferred tax assets
	13	Non-current assets held for sale
C2		<i>LIABILITIES AND EQUITY</i>
	14	Financial debts to banks and other financing creditors
	15	Trade and other current payables
	16	Other current liabilities
	17	Long-term provisions and other payables
	18	Deferred tax assets and liabilities
	19	Share capital and reserves
	20	Analysis of the net financial position
D		<i>NOTES ON THE MAIN INCOME STATEMENT ITEMS</i>
	21	Sales revenues
	22	Seasonal nature of sales
	23	Variable cost of sales
	24	Manufacturing and R&D overheads
	25	Depreciation and amortization
	26	Distribution and sales fixed expenses
	27	Administrative and general expenses
	28	Personnel costs
	29	Restructuring costs
	30	Losses (gains) on disposal
	31	Exchange (gains) losses
	32	Other non-operating expenses (income)
	33	Financial expenses (income), net
	34	Losses (gains) from equity investments
	35	Income taxes
	36	Dividends paid
	37	Earnings per share (EPS)
E	38	<i>RELATED PARTY TRANSACTIONS</i>
F		<i>COMMITMENTS AND RISKS</i>
	39	Operating leases
	40	Investment commitments
	41	Guarantees given
	42	Other risks
	43	Contingent liabilities
	44	Subsequent events
G	45	<i>FINANCIAL INSTRUMENTS</i>
H		<i>GROUP COMPANIES</i>
	46	List of Group companies

## *A) GENERAL ASPECTS*

### *1. CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS*

The interim condensed consolidated financial statements for the period January 1 - June 30, 2011 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union and has been prepared according to IAS 34 – “Interim Financial Reporting”, applying the same accounting principles and policies used in the preparation of the consolidated financial statements at December 31, 2010, other than those discussed in the following paragraph “Consolidation Principles and Accounting Policies”. “IFRS” also means the International Accounting Standards (“IAS”) currently in force, as well as all of the interpretation documents issued by the International Financial Reporting Interpretations Committee (“IFRIC”) previously called the Standing Interpretations Committee (“SIC”). To this end, the figures of the financial statements of the consolidated subsidiaries have been appropriately reclassified and adjusted.

As a partial exception to IAS 34, these interim condensed financial statements provide detailed as opposed to condensed statements 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-year financial statements.

The interim condensed financial statements as of June 30, 2011 should be read in conjunction with the annual financial statements as of December 31, 2010.

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

The interim condensed financial statements as of June 30, 2011 were approved by the Board of Directors on July 21, 2011.

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

The accounting statements at June 30, 2011 are consistent with those used for the annual report at December 31, 2010.

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

The interim condensed consolidated financial statements for the six-month period ending June 30, 2011 include the Holding Company Sogefi S.p.A. and its controlled subsidiaries.

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

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

The consolidated financial statements (prepared on a line-by-line basis) include the financial statements of Sogefi S.p.A., the Holding Company, and of all the Italian and foreign companies in which, directly or indirectly, it holds a majority of the voting rights.

In the first half of 2011, the subsidiary Allevard Rejna Autosuspensions S.A. increased its shareholding in the subsidiary S.ARA Composite S.a.S. from 81.82% to 86.67% (percentages referred to the subscribed share capital actually paid up), through share capital increases of €2,000 thousand.

In June 2011, the procedure for the merger by incorporation of Sogefi Filtration A.B. and Sogefi Filtration B.V. into Filtrauto S.A. was completed.

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 condensed financial statements for the six-month period ended June 30, 2011 are consistent with those used for the annual financial statements as of December 31, 2010 to which the reader should refer.

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 performance of an impairment test.

### **Accounting standards, amendments and interpretations applied as of January 1, 2011**

On November 4, 2009, the IASB issued a revised version of IAS 24 - *Related party disclosures* that simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. This standard must be applied from January 1, 2011. The adoption of said change has not had any impact in terms of the valuation of financial statement items and has not had an impact on the disclosure of related party transactions provided in this interim condensed consolidated financial statements.

On May 6, 2010, the IASB issued a series of amendments to IFRS ("*Improvements*") that included an amendment to IAS 34 – *Interim financial statements*: several examples have been provided in order to clarify the additional disclosures required in interim financial statements. The adoption of this change has not had any significant

impact on the disclosures made in this interim condensed consolidated financial statements.

### **Accounting standards, amendments and interpretations effective as of January 1, 2011 not applicable to the Group**

The following amendments, improvements and interpretations effective as of January 1, 2011 govern situations and circumstances that are not applicable within the Group on the date of these financial statements but may affect the accounting of future transactions or agreements:

- Amendment of IAS 32 - *Financial instruments: Presentation: Classification of rights issues*;
- Amendment to IFRIC 14 – *Prepayments of a minimum funding requirement*;
- IFRIC 19 – *Extinguishing financial liabilities with equity instruments*;
- Improvements to IAS/IFRS (2010)

### **Accounting standards and amendments not yet applicable and not opted for early adoption by the Group**

On November 12, 2009, the IASB issued IFRS 9 - *Financial instruments*: the same standard was then amended on October 28, 2010. The standard, applicable from January 1, 2013, with retroactive effect, represents the first part of a process in stages, the aim of which is to entirely replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities and for the derecognition of financial assets. In particular, as regards financial assets, the new standard adopts a single approach based on how an entity manages its financial instruments and the contractual cash flows characteristics of the financial assets, in order to determine its valuation criteria and replacing the many different rules in IAS 39. The most significant effect of the standard regarding the financial liabilities relates to the accounting for changes in fair value attributable to changes in own credit risk of financial liabilities designated as at fair value through profit or loss. According to the new standard, these changes must be recognised in “Other Comprehensive Income” and will no longer be recognized in the income statement.

On October 7, 2010, the IASB published several amendments to IFRS 7 - *Financial instruments: Additional disclosures*, applicable for accounting periods beginning on or after July 1, 2011. The amendments will allow users to improve their understanding transfers of financial assets, including an understanding of the possible effects deriving from any risk that may remain with the entity that transferred the assets. The amendments also require additional disclosures in the event that a disproportionate amount of a transfer transaction is undertaken at the end of a reporting period.

On December 20, 2010, the IASB issued a minor amendment to IFRS 1 – *First time adoption of International Financial Reporting Standard (IFRS)* to eliminate the reference to the date of January 1, 2004 contained in the same and described as the date of transition to the IFRS and to provide guidance on the presentation of the financial statements in accordance with IFRS after a period of hyperinflation. Said amendments will be applicable prospectively from July 1, 2011.

On December 20, 2010, the IASB issued a minor amendment to IAS 12 – *Income tax*, which requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset (through continuative use or sale). Subsequent to said amendment, SIC-21 – *Income tax – Recovery of revalued non-depreciable assets* will no longer be applicable. The amendment is applicable retrospectively from January 1, 2012.

On May 12, 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements*, which will replace SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements*, (which has been renamed *Separate Financial Statements* and addresses the accounting treatment of investments in separate financial statements).

The new standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is effective retrospectively from January 1, 2013.

On May 12, 2011, the IASB issued IFRS 11 – *Joint arrangements* which will replace IAS 31 – *Interests in Joint Venture* and SIC-13 – *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. The new standard provides the criteria for identifying joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form and requires a single method to account for interests in jointly-controlled entities, the equity method. The standard is effective retrospectively from January 1, 2013. Following the issuance of the new standard, IAS 28 – *Investments in Associates* has been amended to include accounting for investments in jointly-controlled entities in its scope of application (from the effective date of the standard).

On May 12, 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities*, a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other unconsolidated vehicles. The standard is effective for annual periods beginning after January 1, 2013.

On May 12, 2011, the IASB issued IFRS 13 – *Fair value measurement* clarifying the determination of the fair value for the purpose of the financial statements and applying to all IFRS permitting or requiring a fair value measurement or the presentation of disclosures based on *fair value*. The standard is effective prospectively from January 1, 2013.

On June 16, 2011, the IASB issued an amendment to IAS 1 – *Presentation of financial statements* requiring companies to group together items within “Other Comprehensive Income” that may be reclassified to the profit or loss section of the income statement. The amendment is applicable from financial years beginning on or after July 1, 2012.

On June 16, 2011, the IASB issued an amendment to IAS 19 – *Employee benefits*. The amendment makes improvements to the previous version by eliminating the option to defer the recognition of gains and losses, known as the “corridor method”, and by requiring the fund’s deficit or surplus to be presented in the statement of financial position, the components of cost relating to service and net interest to be recognised in profit or loss and actuarial gains and losses arising from the remeasurement of assets and liabilities to be recognised in Other comprehensive income (loss). In addition, the return on assets included in net interest costs must now be calculated using the discount rate applicable to liabilities and no longer the expected return on the assets. The amendments also introduce the requirement for

additional disclosures to be provided in the notes. The amended version of IAS 19 is applicable on a retrospective basis from January 1, 2013.

The European Union has not yet completed its endorsement process for these standards and amendments at the date of these Half-year condensed financial statements.

The following exchange rates have been used for translation purposes:

	<i>1st half 2011</i>		<i>1st half 2010</i>		<i>F.Y. 2010</i>
	<i>Average</i>	<i>06.30</i>	<i>Average</i>	<i>06.30</i>	<i>12.31</i>
US dollar	1.4019	1.4453	1.3247	1.2271	1.3362
Pound sterling	0.8677	0.9026	0.8694	0.8174	0.8607
Brazilian real	2.2868	2.2601	2.3806	2.2082	2.2177
Argentine peso	5.6702	5.9315	5.1269	4.8256	5.3098
Chinese renminbi	9.1709	9.3414	9.0424	8.3215	8.8222
Indian rupee	63.0915	64.5578	60.6428	56.9801	59.7729

## *B) SEGMENT INFORMATION*

### *3. OPERATING SEGMENTS*

In compliance with the provisions of IFRS 8, the following information is provided by operating segments (business and geographical area).

The operating segments and performance indicators have been determined on the basis of the reports used by the Group's Managing Director to take strategic decisions.

#### **Business segments**

With reference to business segments, information is provided for the two Divisions, Filter and Suspensions. Figures for the Holding Company Sogefi S.p.A. and the subsidiary Sogefi Purchasing S.a.S. are also provided, for the purpose of reconciliation with consolidated data.



The tables below provide the Group's income statement and statement of financial position figures for the first half of 2010 and 2011:

(in thousands of Euro)	<i>June 30, 2010</i>				
	Filtration Division	Suspension Components Division	Sogefi SpA / Sogefi Purch. SaS	Adjust- ments	Sogefi Group consolida- tion
<b>REVENUES</b>					
Sales to third parties	230,912	226,684	-	(0)	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 non-controlling 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 associates	-	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

(in thousands of Euro)	<i>June 30, 2011</i>				
	Filtration Division	Suspension Components Division	Sogefi SpA / Sogefi Purch. SaS	Adjust- ments	Sogefi Group consolida- tion
<b>REVENUES</b>					
Sales to third parties	245,476	281,117	-	-	526,593
Intersegment sales	684	634	9,322	(10,640)	-
<b>TOTAL REVENUES</b>	<b>246,160</b>	<b>281,751</b>	<b>9,322</b>	<b>(10,640)</b>	<b>526,593</b>
<b>RESULTS</b>					
EBIT	13,074	23,523	(6,011)	(23)	30,563
Financial expenses, net					(4,644)
Income from equity investments					(0)
Losses from equity investments					-
Result before taxes					25,919
Income taxes					(9,275)
Loss (profit) attributable to non-controlling interests					(1,314)
<b>NET RESULT</b>					<b>15,330</b>
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>ASSETS</b>					
Segment assets	319,656	425,653	438,630	(497,591)	686,348
Equity investments in associates	-	-	-	-	-
Unallocated assets	-	-	-	94,881	94,881
<b>TOTAL ASSETS</b>	<b>319,656</b>	<b>425,653</b>	<b>438,630</b>	<b>(402,710)</b>	<b>781,229</b>
<b>LIABILITIES</b>					
Segment liabilities	201,691	272,212	283,259	(185,554)	571,608
<b>TOTAL LIABILITIES</b>	<b>201,691</b>	<b>272,212</b>	<b>283,259</b>	<b>(185,554)</b>	<b>571,608</b>
<b>OTHER INFORMATION</b>					
Increase in tangible and intangible fixed assets	7,353	9,697	25	0	17,075
Depreciation, amortization and writedowns	9,445	12,552	243	21	22,261

The adjustments to “Total revenues” mainly refer to services provided by the Holding Company Sogefi S.p.A. and by the subsidiary Sogefi Purchasing S.a.S. to other Group companies (see note 38 for further details on the nature of the services provided). This item also includes intersegment sales between the Filter and Suspensions 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 the year 2000.

In the statement of financial position, the adjustments to “Segment assets” refer to the consolidation entry of investments in subsidiaries and intercompany receivables. The adjustments to “Unallocated assets” mainly include the goodwill and the fixed assets revaluations resulting from the acquisitions of the Allevard Ressorts Automobile group, 40% of Sogefi Filtration S.p.A., the Filtrauto group and 60% of Sogefi M.N.R. Filtration India Private Ltd and EMW Environmental Technologies Private Ltd.

“Non-current assets held for sale” (€713 thousand as of June 30, 2011) relate to the “Suspension 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 2010 and 2011, based on the country of the company which generated 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.

	<i>June 30, 2010</i>				
	Europe	South America	Others	Adjustments	Sogefi Group consolidation
<i>REVENUES</i>					
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>
<i>STATEMENT OF FINANCIAL POSITION</i>					
<i>ASSETS</i>					
Geographical area assets	1,108,496	125,470	53,906	(628,616)	659,256
Equity investments in associates	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>
<i>OTHER INFORMATION</i>					
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

(in thousands of Euro)	<i>June 30, 2011</i>				
	Europe	South America	Others	Adjust- ments	Sogefi Group consolida- tion
<i>REVENUES</i>					
Sales to third parties	386,731	119,574	20,288	-	526,593
Intersegment sales	12,554	310	753	(13,617)	-
<b>TOTAL REVENUES</b>	<b>399,285</b>	<b>119,884</b>	<b>21,041</b>	<b>(13,617)</b>	<b>526,593</b>
<i>STATEMENT OF FINANCIAL POSITION</i>					
<i>ASSETS</i>					
Geographical area assets	1,119,021	134,274	53,356	(620,303)	686,348
Equity investments in associates	-	-	-	-	-
Unallocated assets	-	-	-	94,881	94,881
<b>TOTAL ASSETS</b>	<b>1,119,021</b>	<b>134,274</b>	<b>53,356</b>	<b>(525,422)</b>	<b>781,229</b>
<i>OTHER INFORMATION</i>					
Increase in tangible and intangible fixed assets	9,843	4,019	3,938	(725)	17,075
Depreciation, amortization and writedowns	17,519	3,464	1,288	(10)	22,261

#### **Information on the main customers**

As of June 30, 2011 revenues generated from third party customers for a value exceeding 10% of Group revenues refer to: PSA (14.5% of total revenues) and Renault/Nissan (11.6% of total revenues).

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

*C 1) ASSETS*

*4. CASH AND CASH EQUIVALENTS*

Cash and cash equivalents amount to €82,282 thousand versus €66,760 thousand as of December 31, 2010 and are broken down as follows:

<i>(in thousands of Euro)</i>	<i>June 30, 2011</i>	<i>December 31, 2010</i>
Short-term cash investments	82,149	66,521
Cheques	56	158
Cash on hand	77	81
<b>TOTAL</b>	<b>82,282</b>	<b>66,760</b>

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

For further details on changes in the various components of the net financial positions, please see note 20.

At June 30, 2011 the Group had unutilized lines of credit of €293,646 thousand. All of the conditions for the same have been 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, 2011</i>	<i>December 31, 2010</i>
Securities held for trading	15	18
Assets for derivative financial instruments	61	182
<b>TOTAL</b>	<b>76</b>	<b>200</b>

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

“Assets for derivative financial instruments” total €61 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, 2011			December 31, 2010		
	Gross	Write-downs	Net	Gross	Write-downs	Net
Raw, ancillary and consumable materials	48,994	3,912	45,082	43,839	4,015	39,824
Work in progress and semi-finished products	14,750	401	14,349	12,445	269	12,176
Contract work in progress and advances	6,721	-	6,721	4,264	-	4,264
Finished goods and goods for resale	61,497	8,098	53,399	49,996	7,804	42,192
TOTAL	131,962	12,411	119,551	110,544	12,088	98,456

The net value of inventories shows an increase of €21,095 thousand, including the negative impact of exchange rates of €2,251 thousand. This increase reflects the growth in production volumes, the usual seasonal trends and the logistic reorganisation underway in the European *Aftermarket* segment.

## 7. TRADE AND OTHER RECEIVABLES

Current receivables break down as follows:

(in thousands of Euro)	June 30, 2011	December 31, 2010
Trade receivables	163,676	141,430
Less: allowance for doubtful accounts	5,259	5,852
Trade receivables, net	158,417	135,578
Due from Parent Company	2,273	3,237
Tax receivables	11,055	12,178
Other receivables	5,699	10,232
Other assets	3,956	2,485
TOTAL	181,400	163,710

“Trade receivables” are non-interest bearing and have an average due date of 44 days, against 46 days at the end of the previous year.

It should be noted that as of June 30, 2011, the Group factored trade receivables for €48,327 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 the amount received from the factoring company.

Excluding the factoring transactions (€48,327 thousand as at June 30, 2011 and €37,563 thousand as at December 31, 2010) and the negative effect of exchange rates (€3,178 thousand), trade receivables show an increase of €36,781 thousand as a result of the steady increase in the Group’s business activities which occurred in the second quarter of 2011 with respect to the end of the previous year.

“Due from Parent Company” includes receivables resulting from the implementation of the Group tax filing system, due to Italian companies from the Parent Company

CIR S.p.A.. Outstanding receivables as at December 31, 2010 were collected in the first half of 2011.

“Tax receivables” include tax credits due to Group companies by the tax authorities of various countries. It does not include deferred taxes which are treated separately. The decrease in this item with respect to the previous year is mainly due to lower VAT credit following an increase in business activities.

“Other receivables” include:

<i>(in thousands of Euro)</i>	<i>June 30, 2011</i>	<i>December 31, 2010</i>
Amounts due from social security institutions	355	629
Amounts due from employees	243	224
Advances to suppliers	503	463
Due from others	4,598	8,916
<b>TOTAL</b>	<b>5,699</b>	<b>10,232</b>

The decrease in “Amounts due from social security institutions” mainly relates to the collection of the advances paid by the Italian subsidiary Sogefi Rejna S.p.A. to social security institutions on behalf of employees on redundancy benefits.

Amounts “Due from others” decreased due to the receipt, by way of an advance, of the insurance refund collected by the subsidiary Filtrauto S.A. for product warranties given to customers, totalling €4,918 thousand.

“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 it is mainly due to the rediscount of insurance policies and indirect taxes on buildings paid in the first few months of the year but relative to the year as a whole.

## 8. TANGIBLE FIXED ASSETS

The net value of tangible fixed assets as of June 30, 2011 amounted to €216,209 thousand versus €227,146 thousand at the end of the previous year and is broken down as follows:

(in thousands of Euro)	Land	Buildings, plant and machinery, commercial and industrial equipment	Other assets	Assets under construction and payments on account	TOTAL
<i>Balance at December 31, 2010</i>					
Historical cost	14,423	733,874	27,322	19,994	795,613
<i>of which: leases - gross value</i>	1,158	18,335	15	-	19,508
Accumulated depreciation	-	544,729	23,044	694	568,467
<i>of which: leases - accumulated depreciation</i>	-	5,750	5	-	5,755
Net value	14,423	189,145	4,278	19,300	227,146
<i>Net value - leases</i>	1,158	12,585	10	-	13,753
<i>Balance at December 31, 2010</i>	14,423	189,145	4,278	19,300	227,146
Additions of the period	-	2,386	242	7,730	10,358
Disposals during the period, net	-	(52)	(5)	-	(57)
Exchange differences	(89)	(3,588)	(145)	(537)	(4,359)
Depreciation for the period	-	(16,080)	(721)	-	(16,801)
Other changes	-	9,086	124	(9,288)	(78)
<i>Balance at June 30, 2011</i>	14,334	180,897	3,773	17,205	216,209
Historical cost	14,334	735,785	27,024	17,899	795,042
<i>of which: leases - gross value</i>	1,158	17,934	14	-	19,106
Accumulated depreciation	-	554,888	23,251	694	578,833
<i>of which: leases - accumulated depreciation</i>	-	6,126	7	-	6,133
Net value	14,334	180,897	3,773	17,205	216,209
<i>Net value - leases</i>	1,158	11,808	7	-	12,973

Investments during the period amounted to € 10,358 thousand and mainly regard “Assets under construction and payments on account” and “Buildings, Plant and Machinery, commercial and industrial equipment”.

In the category “Assets under construction and payments on account”, the main investments related to the start-up of the Indian Allevard IAI Suspensions Private Ltd and subsidiaries in fast-developing countries, Brazil and China, where production capacity is being increased to handle rising demand.

Investment continued in S.ARA Composite S.A.S to develop the pilot line for prototypes and the pre-production of springs in composite material.

In addition, numerous other minor investments have been made for internal product development, machine renewal and extraordinary maintenance and improvements to properties.



Of the most significant projects in the “Buildings, plant and machinery, commercial and industrial equipment” category, is included investments in the subsidiary Sogefi Filtration Ltd for new products production and in Filtrauto S.A. for process automation.

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

The depreciation and amortization charges for the period have been realized in the appropriate item in the income statement.

#### *Guarantees*

As of June 30, 2011 tangible fixed assets are encumbered by mortgages or liens granted to banks to secure loans obtained for €2,232 thousand, compared to the €2,273 thousand as of December 31, 2010. 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, 2011 there are binding commitments to buy tangible fixed assets of €4,209 thousand (€4,266 thousand as of December 31, 2010). Said commitments will be settled within 12 months.

#### *Leases*

The book value of assets under financial leases at June 30, 2011 was €19,106 thousand, and the relative accumulated depreciation amounted to €6,133 thousand. The financial aspects of the lease payments and their due dates are explained in note 14.

## 9. INTANGIBLE ASSETS

At June 30, 2011 intangible assets amounted to € 134,156 thousand against € 133,489 thousand at the end of the previous year and can be broken down as follows:

<i>(in thousands of Euro)</i>					
	<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, 2010</i>					
Historical cost	78,773	19,958	10,491	116,977	226,199
Accumulated amortization	51,149	14,910	3,753	22,898	92,710
Net value	27,624	5,048	6,738	94,079	133,489
<i>Balance at December 31, 2010</i>	27,624	5,048	6,738	94,079	133,489
Additions of the period	3,758	56	2,903	-	6,717
Exchange differences	(415)	(21)	(143)	-	(579)
Amortization for the period	(4,506)	(780)	(174)	-	(5,460)
Writedowns during the period	-	-	-	-	-
Other changes	463	23	(497)	-	(11)
<i>Balance at June 30, 2011</i>	26,924	4,326	8,827	94,079	134,156
Historical cost	81,979	19,800	12,712	116,977	231,468
Accumulated amortization	55,055	15,474	3,885	22,898	97,312
Net value	26,924	4,326	8,827	94,079	134,156

Investments in the half year amounted to €6,717 thousand.

The increases in “Development Costs” refer to the capitalisation of costs incurred by Group companies to develop new products in collaboration with leading motor vehicle manufacturers. The largest investments refer to subsidiaries Filtrauto S.A., Shanghai Sogefi Auto Parts Co. Ltd and Sogefi Filtration do Brasil Ltda.

Increases in “Other, assets under construction and payments on account” refer mainly to the development of new products that are not being produced yet. The largest investments were made in subsidiaries Allevard Rejna Autosuspensions S.A. and Sogefi Rejna S.p.A..

This item also includes investments to develop the new integrated management system for the Suspension Division.

There are no intangible assets with an indefinite useful life except for goodwill. Goodwill of € 77,030 thousand and € 17,049 thousand resulting from external acquisitions were recorded for the Filter Division and the Car Suspension Division respectively.

The impairment test conducted as of December 31, 2010 confirmed that there was no need to recognize any impairment to the values shown in the financial statements. Because of the performance of the divisions in the first half of 2011, there are no

triggering events that said assets have suffered any impairment loss in the first half of 2011.

#### 10. OTHER FINANCIAL ASSETS AVAILABLE FOR SALE

As at June 30, 2011, these amounted to €440 thousand and are unchanged compared to December 31, 2010, and are broken down as follows:

(in thousands of Euro)	<i>June 30, 2011</i>	<i>December 31, 2010</i>
Equity investments in other companies	440	440
Other securities	-	-
<b>TOTAL</b>	<b>440</b>	<b>440</b>

The balance of the line “Equity investments in other companies” essentially refers to the company AFICO FILTERS S.A.E. in which the Group has a 22.62% shareholding. The equity investment is not classified as an associate due to the absence of representation of the Group in the company’s management bodies.

#### 11. FINANCIAL RECEIVABLES AND OTHER RECEIVABLES

As of June 30, 2011, “Financial receivables” included the non-current portion of the fair value of interest rate risk hedging contracts.

“Other receivables” is broken down as follows:

(in thousands of Euro)	<i>June 30, 2011</i>	<i>December 31, 2010</i>
Substitute tax	576	576
Pension fund surplus	9,999	8,039
Other receivables	1,530	1,531
<b>TOTAL</b>	<b>12,105</b>	<b>10,146</b>

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

The “Pension fund surplus” refers to the subsidiaries Sogefi Filtration Ltd (€9,830 thousand) and Sogefi Filtration B.V. (€169 thousand), as described in note 17 to which reference is made. The increase in this item compared to the previous year is due to the dynamics of the actuarial calculation, which includes the recognition of actuarial gains of €874 thousand resulting from the redetermination of the “asset ceiling”, the limit an employee defined benefit asset can be recognised in the financial statements.

The item “Other receivables” mainly includes tax credits, including fiscal credits on purchases of assets made by the Brazilian subsidiaries, and non-interest bearing guarantee deposits for leased properties. These receivables will be collected over the coming years.

## *12. DEFERRED TAX ASSETS*

As of June 30, 2011 this item amounted to € 34,130 thousand compared with €38,247 thousand as of December 31, 2010.

This amount relates to the benefits due on deductible temporary differences, recognised to the extent that they are more likely than not to be recovered.

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

This item includes the net value of € 713 thousand of the building of the UK subsidiary, United Springs Ltd, held for sale.

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

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

These are broken down as follows:

#### *Current portion*

(in thousands of Euro)	June 30, 2011	December 31, 2010
Bank overdrafts and short-term loans	29,301	35,958
Current portion of medium/long-term financial debts <i>of which: leases</i>	34,322 1,885	42,773 1,866
<b>TOTAL SHORT-TERM FINANCIAL DEBTS</b>	<b>63,623</b>	<b>78,731</b>
Other short-term liabilities for derivative financial instruments	83	164
<b>TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>63,706</b>	<b>78,895</b>

#### *Non-current portion*

(in thousands of Euro)	June 30, 2011	December 31, 2010
Financial debts to banks	176,332	141,406
Other medium/long-term financial debts <i>of which: leases</i>	7,931 5,911	9,562 7,187
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS</b>	<b>184,263</b>	<b>150,968</b>
Other medium/long-term financial liabilities for derivative financial instruments	2,140	2,042
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>186,403</b>	<b>153,010</b>

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

The decrease of this item should be interpreted in conjunction with the increase of asset item “Cash and cash equivalents”. For further details, please refer to note 20.

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

As of June 30, 2011, 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. from Unicredit Corporate Banking S.p.A in 2006 (the residual amount as of June 30, 2011 was €55.2 million). The loan expires in September 2013 and has a floating interest rate corresponding to the quarterly Euribor plus a base spread of 70 basis points. The spread actually applied at the end of the first half of 2011 corresponded to 70 basis points. The loan is not secured against any of the company's assets;
- the current portion (€ 1.4 million) of the € 7 million loan obtained by the subsidiary company Sogefi Filtration S.A. from Banco de Sabadell S.A. in May 2011. The loan expires in May 2016 and has a floating interest rate corresponding to the quarterly Euribor plus a base spread of 225 basis points. The spread actually applied at the end of the first half of 2011 corresponded to 225 basis points. The loan is not secured against any of the company's assets;

- the current portion of other minor medium/long-term loans, including financial lease payments in accordance with IAS 17.

Note that in July 2011, the Holding Company Sogefi S.p.A. subscribed two credit lines as follows:

- €40 million with repayment at 18 months less one day, at a rate corresponding to the quarterly Euribor plus a fixed spread of 180 basis points. The counterparty is Banca Nazionale del Lavoro S.p.A.;
- €25 million with repayment in instalments starting from July 1, 2012, until June 30, 2017, at a rate corresponding to the quarterly Euribor plus a fixed spread of 225 basis points. The counterparty is Banca Carige S.p.A..

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

The item includes the short-term portion of the fair value of interest risk hedging contracts and exchange risk hedging contracts. The decrease of this item is linked to the changes in interest rates and exchange rates at the end of the first half of 2011.

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 with lead banks Ing Bank N.V. and Intesa Sanpaolo S.p.A., obtained by the Holding Company Sogefi S.p.A. in 2008 for a total of € 160 million, €59.8 million of which had been drawn down as of June 30, 2011. The loan expires in June 2013 and has a floating interest rate corresponding to the quarterly Euribor plus a base spread of 50 basis points. The spread actually applied at the end of the first half of 2011 corresponded to 50 basis points. The loan is not secured against any of the company's assets;
- the medium-long term portion, corresponding to €33 million, of the €100 million loan obtained from Unicredit Corporate Banking S.p.A. by the Holding company Sogefi S.p.A. in 2006, which expires in September 2013, as illustrated above;
- the loan with the European Investment Bank (EIB) obtained by the Holding company Sogefi S.p.A. in December 2010 for a total of € 40 million, € 39.8 million of which had been drawn down as of 30 June 2011. The loan expires in April 2016 and has a floating interest rate corresponding to the quarterly Euribor plus an average spread of 256 basis points;
- a new loan with Intesa Sanpaolo S.p.A. obtained by the Holding company Sogefi S.p.A. in April 2011 for a total of €60 million, €29.3 million of which had been drawn down as of June 30, 2011. The loan expires in December 2016, and is split into two tranches of €30 million each (one tranche will be paid in instalments of amortised capital from 2014, and one tranche will be managed under a revolving agreement) to which a floating interest rate will be applied, corresponding to the quarterly Euribor plus a fixed spread of 250 basis points until May 1, 2012; subsequent to said date, a base spread of 200 basis points will be applied. The loan is not secured against any of the company's assets. At the same time as the disbursement of the new loan, the Holding Company Sogefi S.p.A. extinguished in advance its previous loan of €50 million obtained from Intesa Sanpaolo S.p.A. in September 2006, in advance, repaying the residual debt of around € 27.8 million. This loan was due to expire in September 2013;

- the medium-long term portion, corresponding to €5.6 million, of the €7 million loan obtained from Banco de Sabadell S.A. by the subsidiary Sogefi Filtration S.A. in May 2011, as illustrated above.

In March 2011, the Holding Company Sogefi S.p.A. signed a loan agreement with Banca Monte dei Paschi di Siena S.p.A. for a total of €25 million. The agreement has a term of 6 years at a fixed spread of 175 basis points on the Euribor up until the first test ratio date; subsequently, a base spread of 150 basis points will be applied. As at June 30, 2011, the Holding Company Sogefi S.p.A. has not drawn down this loan.

Note that, also as regards the new loan agreement with Banca Carige S.p.A., cited above and signed in July 2011, the Group has committed credit lines available for a total of €156.5 million, €30 million of which entailed 'revolving' availability until December 31, 2016, and €126.5 million of which have instalment repayment plans, with expiry envisaged between April 2016 and June 2017.

Sogefi will cover the financial requirements resulting from the above-cited acquisition of Mark IV Systèmes Moteurs through the use of its credit lines and available liquidity.

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

It is specified that, contractually, the spreads of the loans of the Holding Company Sogefi S.p.A. are reviewed every six months on the basis of the computation of the consolidated NFP/normalised consolidated EBITDA ratio.

For an analysis of the covenants relating to loans outstanding at the end of the period, please refer to note 20.

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

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

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	2,303	1,885
Between 1 and 5 years	4,268	3,112
Beyond 5 years	3,711	2,799
Total lease payments	10,282	7,796
Interests	(2,486)	-
<b>TOTAL PRESENT VALUE OF LEASE PAYMENTS</b>	<b>7,796</b>	<b>7,796</b>

#### 15. 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, 2011	December 31, 2010
Trade and other payables	242,524	210,019
Tax payables	8,281	6,235
<b>TOTAL</b>	<b>250,805</b>	<b>216,254</b>

Details of trade and other payables are as follows:

(in thousands of Euro)	June 30, 2011	December 31, 2010
Due to suppliers	182,400	159,819
Due to the Parent Company	992	263
Due to tax authorities for indirect and other taxes	9,388	7,495
Due to social and security institutions	14,789	15,123
Due to employees	27,577	20,647
Other payables	7,378	6,672
<b>TOTAL</b>	<b>242,524</b>	<b>210,019</b>

Amounts “Due to suppliers” are not interest-bearing and are settled on average in 75 days (78 days at December 31, 2010).

Amounts “Due to suppliers” showed a rise of € 22,581 thousand, including the negative impact of exchange rates of €2,609 thousand. This increase is mainly due to the growth in business volumes.

Amounts “Due to the Parent Company” refer to the debt with the Parent Company CIR S.p.A. for services rendered in the first half of 2011 (the costs for the services rendered by the parent company, realized under “Administrative and general expenses” are in line with those of the first half of 2010).

The rise in amounts “Due to tax authorities for indirect and other taxes” mainly reflects the rise in the amount due for VAT resulting from the steady increase in business activities in the first half of 2011.

The increase in amounts “Due to employees” is highly seasonal and is due mainly to provisions for vacation accrued and not yet utilised and the Italian 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.

#### 16. OTHER CURRENT LIABILITIES

“Other current liabilities” include adjustments to costs and revenues for the period so as to ensure compliance with the accrual basis principle (accrued expenses and deferred income) and advances received from customers for orders still to be delivered. The increase of this item is mainly due to advances received from customers.

#### 17. LONG-TERM PROVISIONS AND OTHER PAYABLES

##### *Long-term provisions*

These are made up as follows:

(in thousands of Euro)	June 30, 2011	December 31, 2010
Pension funds	24,230	23,714
Provision for employment termination indemnities	5,588	5,578
Provision for restructuring	4,565	8,027
Provisions for disputes with tax authorities	80	317
Provision for phantom stock option	287	226
Provision for product warranties	699	705
Other risks	2,679	2,598
Agents' termination indemnities	81	81
Lawsuits	527	531
<b>TOTAL</b>	<b>38,736</b>	<b>41,777</b>

Details of the main items are given below.

##### *Pension funds*

Changes in this item over the period are shown below:

(in thousands of Euro)	June 30, 2011	December 31, 2010
Opening balance	15,675	16,688
Cost of benefits charged to income statement	(159)	2,219
Contributions paid	(1,691)	(3,055)
Exchange differences	406	(177)
<b>TOTAL</b>	<b>14,231</b>	<b>15,675</b>
<i>of which booked to liabilities</i>	<i>24,230</i>	<i>23,714</i>
<i>of which booked to assets</i>	<i>(9,999)</i>	<i>(8,039)</i>

The “Cost of benefits charged to the income statement” includes actuarial gains of € 874 thousand resulting from the “asset ceiling”, the limit an employee defined benefit asset can be recognised in the financial statements (this balance is included in “Other non-operating expenses (income)”).

Note that as of June 30, 2011, the pension fund of the subsidiaries Sogefi Filtration Ltd and Sogefi Filtration B.V. realized a surplus of € 9,830 thousand and € 169 thousand respectively, which has been recorded under “Other receivables” as illustrated in note 11. The increase of the surplus compared to December 31, 2010, is due to the dynamics of the actuarial calculation, which includes the recognition of actuarial gains of €874 thousand, as illustrated above.

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

(in thousands of Euro)	June 30, 2011	December 31, 2010
Great Britain	(8,753)	(6,741)
France	19,967	19,365
Germany	2,835	2,886
Other	182	165
<b>TOTAL</b>	<b>14,231</b>	<b>15,675</b>

#### ***Provision for employment termination indemnities (TFR)***

Changes in this item over the period are shown below:

(in thousands of Euro)	June 30, 2011	December 31, 2010
Opening balance	5,578	8,365
Accruals for the period	188	409
Contributions paid	(178)	(3,196)
<b>TOTAL</b>	<b>5,588</b>	<b>5,578</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 accounting standards.

The provision has changed as follows during the period:

(in thousands of Euro)	June 30, 2011	December 31, 2010
Opening balance	8,027	11,056
Accruals for the period	387	7,122
Utilizations	(3,758)	(10,062)
Provisions not used during the period	(91)	(93)
Exchange differences	-	4
<b>TOTAL</b>	<b>4,565</b>	<b>8,027</b>

“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 realized in the income statement under “Restructuring costs”.

***Provisions for disputes with tax authorities***

This item amounted to €80 thousand (€317 thousand as of December 31, 2010). The decrease of this item is the result of the settlement of the tax dispute of the subsidiary Sogefi Filtration S.A., which entailed the payment of the amount allocated to provisions in previous years.

***Provision for phantom stock options***

This item amounted to €287 thousand (€226 thousand as of December 31, 2010) and refers to the fair value of cash-settled incentive schemes, known as phantom stock options, assigned to 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 (€61 thousand). The increase of the provision has been included in the income statement under “Directors’ and statutory auditors’ remuneration”. More details on the phantom stock option plans can be found in note 28.

***Provision for product warranties***

This item amounted to €699 thousand, and is substantially unchanged with respect to the end of the previous year (€705 thousand as of December 31, 2010). The item refers to both allocations calculated on a statistical basis made by Group companies to cover warranties to customers and to accruals for specific risks and litigation with customers.

***Other risks***

“Other risks” amounted to €2,679 thousand (€2,598 thousand as at December 31, 2010).

As of June 30, 2011 this item principally includes the following amounts: provisions (€ 797 thousand) made by the German subsidiary LPDN GmbH to cover the economic impact of potential request 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 (€ 674 thousand) for disputes with employees; accruals for risks of noise (€240 thousand) and environmental (€225 thousand) pollution.

***Other payables***

“Other payables” totalled € 62 thousand at June 30, 2011 (€ 410 thousand at December 31, 2010) and regard the subsidiary Issa.

***18. DEFERRED TAX ASSETS AND LIABILITIES***

As of June 30, 2011 this item amounted to € 28,913 thousand compared with €32,447 thousand as of December 31, 2010.

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

## 19. 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, 2011 amounts to €60,638 thousand (€60,546 thousand at December 31, 2010), split into 116,612,392 ordinary shares of par value €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 hedge reserve	Reserve for stock option and stock grant	Income tax relating components of Other Comprehensive Income	Other reserves	Retained earnings	Net result for the period	Total
<i>Balance at December 31, 2009</i>	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	-
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 derivative instruments in cash flow hedge: share booked to equity	-	-	-	-	-	-	(1,586)	-	-	-	-	-	(1,586)
Fair value measurement of hedge: share booked to income statement	-	-	-	-	-	-	1,238	-	-	-	-	-	1,238
Income tax relating components of Other Comprehensive Income	-	-	-	-	-	-	-	-	100	-	-	-	100
Currency translation differences	-	-	-	-	15,154	-	-	-	-	-	-	-	15,154
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	9,915	9,915
<i>Balance at June 30, 2010</i>	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
<i>Balance at December 31, 2010</i>	60,546	14,639	5,007	(5,007)	8,129	12,320	(2,426)	1,708	668	3,113	79,723	18,821	197,241
Paid share capital increase	92	153	-	-	-	-	-	-	-	21	-	-	266
Allocation of 2010 net profit:													
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	(14,888)	-	(14,888)
Retained earnings	-	-	-	-	-	-	-	-	-	-	18,821	(18,821)	-
Imputed cost of stock option and stock grant	-	-	-	-	-	-	-	201	-	-	-	-	201
Other changes	-	-	-	-	-	-	-	-	-	-	(91)	-	(91)
Fair value measurement of financial assets available for sale	-	-	-	-	-	-	-	-	-	(1)	-	-	(1)
Fair value measurement of derivative instruments in cash flow hedge: share booked to equity	-	-	-	-	-	-	(529)	-	-	-	-	-	(529)
Fair value measurement of derivative instruments in cash flow hedge: share booked to income statement	-	-	-	-	-	-	538	-	-	-	-	-	538
Income tax relating components of Other Comprehensive Income	-	-	-	-	-	-	-	-	(1)	-	-	-	(1)
Currency translation differences	-	-	-	-	(5,432)	-	-	-	-	-	-	-	(5,432)
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	15,330	15,330
<i>Balance at June 30, 2011</i>	60,638	14,792	5,007	(5,007)	2,697	12,320	(2,417)	1,909	667	3,133	83,565	15,330	192,634

#### *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 a decrease of € 5,432 thousand, due to the appreciation of the Euro with respect to all other major currencies.

#### *Cash flow hedge reserve*

This reserve has changed as a result of accounting for the cash flows deriving from instruments that for IAS 39 purposes are designated as hedging instruments in "cash flow hedges". Changes during the period show an increase of €9 thousand.

#### *Stock option reserve and Stock grant reserve*

The reserve refers to the imputed value of stock option plans assigned to employees and project workers and resolved after November 7, 2002, including the portion relating to the latest stock grant plan approved in the first half of 2011.

#### *Retained earnings*

This totalled €83,565 thousand and includes amounts of net profit that has not been distributed. The decrease of €91 thousand arises from the change in the percentage held in the subsidiary S.ARA Composite S.A.S..

#### *Income Tax relating to components of Other Comprehensive Income*

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

(in thousands of Euro)	<i>1st half 2011</i>			<i>1st half 2010</i>		
	Gross value	Taxes	Net value	Gross value	Taxes	Net value
- Profit (loss) booked to cash flow hedge reserve	9	(1)	8	(348)	96	(252)
- Profit (loss) booked to fair value reserve for financial assets available for sale	(1)	-	(1)	(10)	4	(6)
- Profit (loss) booked to translation reserve	(5,761)	-	(5,761)	15,682	-	15,682
- Other Comprehensive Income for the period	(5,753)	(1)	(5,754)	15,324	100	15,424

#### *NON-CONTROLLING INTERESTS*

The balance amounted to €16,987 thousand and refers to the portion of shareholders' equity attributable to non-controlling interests. The increase of €91 thousand arises from the change in the percentage held in the subsidiary S.ARA Composite S.A.S..

## 20. 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, 2011	December 31, 2010
A. Cash	82,282	66,760
B. Other cash at bank and on hand (details)	-	-
C. Financial instruments held for trading	15	18
<b>D. Cash and cash equivalent (A) + (B) + (C)</b>	<b>82,297</b>	<b>66,778</b>
<b>E. Current financial receivables</b>	<b>62</b>	<b>182</b>
F. Current payables to banks	29,301	35,958
G. Current portion of non-current indebtedness	34,322	42,773
H. Other current financial debts	83	164
<b>I. Current financial indebtedness (F) + (G) + (H)</b>	<b>63,706</b>	<b>78,895</b>
<b>J. Current financial indebtedness, net (I) - (E) - (D)</b>	<b>(18,652)</b>	<b>11,935</b>
K. Non-current payables to banks	176,332	141,406
L. Bonds issued	-	-
M. Other non-current financial debts	10,071	11,604
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>186,403</b>	<b>153,010</b>
<b>O. Net indebtedness (J) + (N)</b>	<b>167,751</b>	<b>164,945</b>
Non-current financial receivables	168	-
<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>167,583</b>	<b>164,945</b>

Details of the covenants applying to loans outstanding at the end of the first half of 2011 are as follows:

- syndicated loan of € 160 thousand obtained by the Holding Company Sogefi S.p.A.: the ratio of consolidated net financial position to consolidated EBITDA has to be less or equal to 3.5; the ratio of EBITDA to net financial interest 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 has to be less than 4;
- loan of €40 million obtained by the Holding Company Sogefi S.p.A.: the ratio of consolidated net financial position to consolidated EBITDA has to be less or equal to 3.5; the ratio of consolidated EBITDA to net financial expenses must not be less than 4;
- loan of €60 million obtained by the Holding Company Sogefi S.p.A.: the ratio of the consolidated net financial position to consolidated EBITDA has to be less than or equal to 3.5;
- loan of €25 million obtained by the Holding Company Sogefi S.p.A.: the ratio of consolidated net financial position to consolidated EBITDA has to be less or equal to 3.5; the ratio of consolidated EBITDA to net financial expenses must not be less than 4.

Note 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, 2011 the Company was in full compliance with these covenants.

## D) NOTES ON THE MAIN INCOME STATEMENT ITEMS

### 21. SALES REVENUES

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

During the period, the Sogefi Group had sales of €526,593 thousand compared with €457,609 thousand the previous year (+15.1%); applying the same exchange rates (using the average exchange rates of the first half of 2010), Group sales would have amounted to €527,821 thousand (+15.3%).

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

By business sector:

(in thousands of Euro)	1st half 2011		1st half 2010	
	Amount	%	Amount	%
Suspension	281,751	53.5	227,285	49.7
Filter	246,160	46.7	231,521	50.6
Intercompany eliminations	(1,318)	(0.2)	(1,197)	(0.3)
<b>TOTAL</b>	<b>526,593</b>	<b>100.0</b>	<b>457,609</b>	<b>100.0</b>

By geographical area of “destination”:

(in thousands of Euro)	1st half 2011		1st half 2010	
	Amount	%	Amount	%
France	123,615	23.5	106,391	23.2
Germany	69,335	13.2	57,984	12.7
Great Britain	45,569	8.7	40,216	8.8
Italy	38,077	7.2	36,501	8.0
Benelux	29,305	5.6	23,080	5.0
Spain	21,772	4.1	18,602	4.1
Russia	2,533	0.5	1,695	0.4
Other European countries	47,737	9.0	49,309	10.8
Mercosur	117,790	22.4	101,866	22.3
United States	13,679	2.6	7,917	1.7
China	8,343	1.6	7,049	1.5
India	5,817	1.1	4,478	1.0
Rest of the World	3,021	0.5	2,521	0.5
<b>TOTAL</b>	<b>526,593</b>	<b>100.0</b>	<b>457,609</b>	<b>100.0</b>

France continues to be the Group’s major market, representing 23.5% of consolidated sales, while Brazil maintains its position as the second most important market (15.5% of the total).

The following countries realized the most significant increases in sales: United States (+72.8%), India (+29.9%) and Benelux (+27%).

The type of products sold by the company 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 applying the same business perimeter.



## 22. SEASONAL NATURE OF SALES

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

(in thousands of Euro)	1st half	2nd half	Total year
FY 2009	374,502	406,485	780,987
FY 2010	457,609	467,104	924,713

## 23. VARIABLE COST OF SALES

Details are as follows:

(in thousands of Euro)	1st half 2011	1st half 2010
Materials	247,599	206,308
Direct labour cost	52,000	47,806
Energy costs	17,747	15,320
Sub-contracted work	13,878	9,774
Ancillary materials	9,335	7,921
Variable sales and distribution costs	19,296	17,360
Royalties paid to third parties on sales	2,196	2,302
Other variable costs	(2,955)	(1,055)
TOTAL	359,096	305,736

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

In percentage terms, the incidence of “Variable cost of sales” on total sales rose from 66.8% to 68.2%, substantially due to the rise in the purchase price of raw materials, partially recovered by raising sales prices.

The overall incidence of direct labour, which includes “Direct labour costs” and the cost of temporary personnel realized under “Sub-contracted work”, continues to be almost at the same level as the previous year, falling from 12% to 11.9%.

The higher figure realized for “Other variable costs” originates from the larger inventory of finished products compared to the previous year.

## 24. MANUFACTURING AND R&D OVERHEADS

Details are as follows:

(in thousands of Euro)	1st half 2011	1st half 2010
Labour cost	38,644	36,607
Materials, maintenance and repairs	9,672	8,813
Rental and hire charges	2,720	2,481
Personnel services	3,868	3,613
Technical consulting	1,677	1,201
Sub-contracted work	666	679
Insurance	1,515	1,038
Utilities	695	844
Capitalization of internal construction costs	(6,614)	(6,219)
Other	1,240	1,007
TOTAL	54,083	50,064

“Manufacturing and R&D overheads” rose by €4,011 thousand (+8%).

The increase regarded almost all the items and specifically:

- the “Labour cost”, due mainly to inflationary trends in South America, to the lesser use of welfare support in Spain and Italy and increased business activities;
- “Materials, maintenance and repairs” and “Personnel services” in almost all production units, due to the increase of production volumes;
- “Rental and hire charges”, mainly due to the renegotiation of the rental agreement for the property used by the German subsidiary Allevard Federn GmbH;
- “Technical consulting”, mainly due to the higher use of the same in the development of new products in the French subsidiary Filtrauto S.A;
- “Other”, mostly due to lower contributions for personnel training.

The total costs for Research and Development (not reported in the table) amounted to €11,695 thousand (2.2% of sales) compared to €10,790 thousand (2.4% of sales) in the first half of the previous year.

## 25. DEPRECIATION AND AMORTIZATION

Details are as follows:

(in thousands of Euro)	1st half 2011	1st half 2010
Depreciation of tangible fixed assets	16,801	17,587
<i>of which: assets under finance leases</i>	497	501
Amortization of intangible assets	5,460	4,954
TOTAL	22,261	22,541

“Depreciation and Amortization” totalled € 22,261 thousand at June 30, 2011, slightly down against the € 22,541 thousand realized in the same period of the previous year.

This decrease is due to the expiry of the depreciation of several machines of the French subsidiaries Filtrauto S.A. and Allevard Rejna Autosuspensions S.A..

Industrial depreciation included in the total depreciation of tangible fixed assets amounted to €16,079 thousand against €16,823 thousand in the same period of the previous year.

The amortization of intangible assets refers principally to development costs capitalized in previous years. The majority of the increase over 2010 stems from the subsidiaries of the Filter division in China, United States and Brazil.

## 26. DISTRIBUTION AND SALES FIXED EXPENSES

The table below shows the main components of this item:

(in thousands of Euro)	1st half 2011	1st half 2010
Labour cost	10,775	9,676
Sub-contracted work	1,911	1,632
Advertising, publicity and promotion	2,047	1,769
Personnel services	1,398	1,209
Rental and hire charges	612	968
Consulting	413	537
Other	250	304
<b>TOTAL</b>	<b>17,406</b>	<b>16,095</b>

“Distribution and sales fixed expenses” rose by €1,311 thousand, of which around €800 thousand resulted from the reorganisation of the aftermarket segment of the filter division; said increase was mainly due to the following items:

- “Labour cost” and “Personnel services”, for the creation of centralised structures for logistics and sales management in the aftermarket segment of the filter division; there was also a generalised increase associated with the growth in sales volumes;
- “Sub-contracted work”, due to higher inventory management expenses linked to the reorganisation of logistics in the aftermarket segment in Europe;
- “Advertising, publicity and promotion” due to the increase of promotional costs incurred by the French subsidiary Filtrauto S.A. to develop the aftermarket segment.

## 27. ADMINISTRATIVE AND GENERAL EXPENSES

These can be broken down as follows:

(in thousands of Euro)	1st half 2011	1st half 2010
Labour cost	15,077	14,771
Personnel services	1,900	1,797
Maintenance and repairs	2,112	1,811
Cleaning and security	1,723	1,652
Consulting	2,580	2,688
Utilities	1,425	1,493
Rental and hire charges	1,755	1,837
Insurance	700	1,220
<i>Participation des salaries</i>	403	165
Administrative, financial and tax-related services provided by Parent Company	992	985
Audit fees	586	607
Directors' and statutory auditors' remuneration	972	937
Sub-contracted work	418	331
Other	1,710	856
TOTAL	32,353	31,150

“Administrative and general expenses” rose by €1,203 thousand (+3.9%).

The increase of “Labour costs” is substantially due to the non-use of welfare support, in comparison to the previous year, particularly in the Italian plants, and to inflationary trends in South America.

The increase in “Maintenance and repairs” is mainly related to the French subsidiary Filtrauto S.A. for the maintenance of information systems.

The rise in “*Participation des salaries*” (profit-sharing scheme for employees of French subsidiaries) is due to the overall rise in the result realized in the year.

The increase of “Other” is mainly due to the effect of the recalculation of the actuarial value of pension funds in subsidiaries Allevard Rejna Autosuspensions S.A. and United Springs SAS and to lower contributions received for maintaining employment levels in the subsidiary Filtrauto S.A..

## 28. PERSONNEL COSTS

### *Personnel*

Personnel costs can be broken down as follows:

(in thousands of Euro)	1st half 2011	1st half 2010
Wages, salaries and contributions	114,585	106,838
Pension costs: defined benefit plans	1,064	920
Pension costs: defined contribution plans	587	606
<i>Participation des salaries</i>	403	165
Imputed cost of stock option and stock grant plans	201	223
Other costs	238	96
<b>TOTAL</b>	<b>117,078</b>	<b>108,848</b>

“Personnel Costs” have risen compared to the first half of last year by € 8,230 thousand (+7.6%). Said increase is mainly due to the growth in production volumes, to the lesser use of welfare support and to the general rise in prices realized in South America.

Even given this increase in absolute values, the percentage of sales represented by “Personnel costs” fell to 22.2% from 23.8% realized in the first half of 2010.

The structure of the workforce by category is as follows:

(Number of employees)	1st half 2011	1st half 2010
Managers	90	87
Clerical staff	1,326	1,332
Blue collar workers	4,271	4,331
<b>TOTAL</b>	<b>5,687</b>	<b>5,750</b>

### *Personnel benefits*

Sogefi S.p.A. implements incentive schemes based on Sogefi shares for the Managing Director of the Company 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 improve the business performance and to generate value in the long term.

Incentive schemes based on Sogefi shares are first approved by the Shareholders' Meeting.

With the exception of the content of the paragraphs below regarding “Stock grant plans, Stock option plans and Phantom stock option plans”, the Group 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 instrument representing portions of equity. 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 2011, also the plans issued from 2004 to 2010, the main details of which are shown below, must be considered:

#### *Stock grant plans*

The 2011 stock grant plan entails the free allocation of conditional options (called Units), that cannot be transferred to third parties or to other beneficiaries, each of which grants the right to the assignment of one Sogefi S.p.A. share. The Plan envisages two categories of options: *Time-based Units*, the vesting condition which is a grade-vesting service condition and *Performance Units*, the vesting condition which is a performance condition that requires employees to complete a period of service and specified performance targets based on the normal value of Sogefi's share (the normal value is established pursuant to art. 9, paragraph 4, letter a, of the Income Tax Consolidation Law - TUIR) to be met.

The regulations envisage the partial non-availability of the shares covered by the plan ("minimum holding").

The shares allocated under the 2011 plan will be made available exclusively using treasury shares held by Sogefi S.p.A.. According to the regulations, an essential condition for the allocation of the shares is the continuation of the employment or position of directorship within the Company or subsidiary companies for the vesting period of the options.

On April 19, 2011, at the end of the Shareholders' Meeting that approved the 2011 stock grant plan for a maximum number of 1,250,000 conditional options, the Board of Directors implemented the 2011 stock grant plan reserved to the Company's Managing Director and to managers of the Company and of its subsidiaries, allocating to the same a total of 757,500 Units (of which 320,400 Time-based Units and 437,100 Performance Units).

The Time-based Units will vest in quarterly instalments corresponding to 12.5% of the relative total, from April 20, 2013 to January 20, 2015.

The Performance Units will vest on the same dates envisaged for the Time-based Units, but only on condition that the normal value of shares at each vesting date is at least equal to the target value fixed in the regulations.

The fair value of the options allocated in 2011 was calculated, at the time of allocation, using the model based on the binomial tree of Cox, Ross and Rubinstein for US options and totals €2,396 thousand. As regards 2011 plan the imputed cost for 2011 is € 171 thousand, booked to the income statement under "Other non-operating expenses (income)".

#### *Stock option plans*

Stock option 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. Furthermore, the regulations envisage, as an essential condition to the exercise of the option, the continuation of the employment or position of directorship within the Company or subsidiary companies during the vesting period.

The following paragraphs illustrate the main characteristics of the stock option plans resolved in previous years and still running:

- 2004 stock option plan restricted to employees of the Company and its subsidiaries for a maximum of 1,880,000 ordinary shares (1.61% of share capital as of June 30, 2011) 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 employees of the Company and its subsidiaries for a maximum of 1,930,000 shares (1.66% of the share capital at June 30, 2011) with a subscription price of €3.87, to be exercised between September 30, 2005 and September 30, 2015;
- 2006 stock option plan restricted to employees of the Company and its subsidiaries for a maximum of 1,770,000 shares (1.52% of the share capital at June 30, 2011) with a subscription price of €5.87, to be exercised between September 30, 2006 and September 30, 2016;
- 2007 stock option plan restricted to employees of foreign subsidiaries for a maximum of 715,000 shares (0.61% of the share capital as of June 30, 2011) with an initial 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 awarded by the Shareholders' Meeting, adjusted the exercise price from €6.96 to €5.78 in order to take into consideration the extraordinary portion of the dividend distributed by the Shareholders' Meeting on the same date;
- 2008 stock option plan reserved for managers of foreign subsidiaries for a maximum of 875,000 shares (0.75% of share capital as of June 30, 2011) with a subscription price of €2.1045, to be exercised between September 30, 2008 and September 30, 2018;
- 2009 stock option plan restricted to employees of the Company and its subsidiaries for a maximum of 2,335,000 shares (2% of the share capital at June 30, 2011) 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 beneficiaries of 2007 and 2008 phantom stock option plans, still employed by the Company or by its subsidiaries, after having waived their rights under the above-mentioned phantom stock option plans, for a maximum of 1,015,000 shares (0.87% share capital as of June 30, 2011) of which 475,000 (first Tranche options) with a subscription price of €5.9054, to be exercised between June 30, 2009 and September 30, 2017 and 540,000 (second Tranche options) with a subscription price of €2.1045, to be exercised between June 30, 2009 and September 30, 2018.
- 2010 stock option plan restricted to the Managing Director of the Company and to managers of the Company and its subsidiaries for a maximum of 2,440,000 shares (2.09% of the share capital as of June 30, 2011) with a subscription price of €2.3012, to be exercised between September 30, 2010 and September 30, 2020.

The imputed cost for 2011 for existing plans is €30 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, 2011</i>		<i>December 31, 2010</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	8,244,400	2.99	6,509,400	3.18
Granted during the period	-	-	2,440,000	2.30
Cancelled during the period	(210,200)	3.21	(419,000)	3.23
Exercised during the period	(187,400)	1.42	(286,000)	1.04
Not exercised/not exercisable at the end of the period	7,846,800	3.03	8,244,400	2.99
Exercisable at the end of the period	4,691,600	3.81	3,964,900	4.12

The line “Not exercised/not exercisable at the end of the year” 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 year” refers to the total amount of options matured at the end of the year and not yet subscribed.

Details of the number of options exercisable at June 30, 2011 are given below:

	Total
Number of exercisable options remaining at December 31, 2010	3,964,900
Options matured during the period	1,130,700
Options cancelled during the period	(216,600)
Options exercised during the period	(187,400)
Number of exercisable options remaining at June 30, 2011	4,691,600

#### *Phantom stock option plans*

Unlike traditional stock option plans, phantom stock option plans do not envisage the granting of a 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 main characteristics of existing plans are as follows:

- 2007 phantom stock option plan restricted to the Managing Director, managers and project workers of the Holding Company and 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 subscription to the 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 subscription to the 2009 extraordinary stock option plan, 540,000 options were waived.

Details of the number of phantom stock options as of June 30, 2011 are given below:

	June 30, 2011
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	1,612,200

The fair value as of June 30, 2011 of the options awarded was calculated using the Black-Scholes method and amounts to €287 thousand. The difference compared to the previous year, corresponding to € 61 thousand, was booked to the income statement under “Directors’ and statutory auditors’ remuneration”.

### 29. *RESTRUCTURING COSTS*

These amounted to €1,593 thousand (compared with €4,305 thousand in the first half of the previous year) and relate to reorganization plans already underway. €387 thousand of this item regard fund allocated to the “Provision for restructuring”, net of the unused portions provided in previous years, while the remaining part refers to costs incurred and paid during the year.

### 30. *LOSSES (GAINS) ON DISPOSAL*

Losses on disposals amounted to €16 thousand.

At June 30, 2010, gains from disposals amounted to €470 thousand, €400 thousand of which resulting from the sale of the industrial property of Oyartzun (Spain).

### 31. *EXCHANGE (GAINS) LOSSES*

At June 30, 2011, net exchange losses amounted to €1,389 thousand, compared to net exchange gains of €418 thousand in the first half of the previous year.

### 32. *OTHER NON-OPERATING EXPENSES (INCOME)*

These amounted to €7,833 thousand (compared to €5,829 thousand in the first half of the previous year) and mainly refer to costs for services provided by consultants that assisted the Holding Company Sogefi S.p.A. during the legal, financial and tax due diligence for the acquisition of the French automotive components group Mark IV Systèmes Moteurs, as well as to indirect taxes and tax charges not directly linked to the income realized.

Details are as follows:

(in thousands of Euro)	1st half 2011	1st half 2010
Indirect taxes	3,005	2,980
Other fiscal charges	1,552	1,710
Imputed cost of stock options and stock grant	201	223
Other non-operating expenses (income)	3,075	916
<b>TOTAL</b>	<b>7,833</b>	<b>5,829</b>

“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:*

- costs of €3,300 thousand for services provided by consultants that assisted the Holding Company Sogefi S.p.A. during the legal, financial and tax due diligence for the acquisition of the French automotive components group Systèmes Moteurs illustrated in the Board of Director’ report;

*of which recurring:*

- actuarial gains of € 874 thousand resulting from the redetermination of the threshold for the value of assets of defined employee benefit plans that may be realized in the financial statements, mainly relating to the subsidiary Sogefi Filtration Ltd;
- allocations to provisions for legal disputes with employees and tax authorities mainly regarding the subsidiary Sogefi Filtration do Brasil Ltda totalling € 237 thousand;
- €87 thousand of pension costs for employees no longer on the books of Allevard Federn GmbH;
- €325 thousand in other recurring costs.

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

Financial expenses are detailed as follows:

(in thousands of Euro)	1st half 2011	1st half 2010
Interest on amounts due to banks	2,872	2,461
Financial charges under lease contracts	241	244
Financial component of pension funds and termination indemnities	-	41
Loss on interest bearing hedging instruments	686	1,298
Other interest and commissions	2,046	1,611
<b>TOTAL FINANCIAL EXPENSES</b>	<b>5,845</b>	<b>5,655</b>

Financial income is detailed as follows:

(in thousands of Euro)	1st half 2011	1st half 2010
Gain on interest bearing hedging instruments	148	60
Interest on amounts due from banks	658	362
Financial component of pension funds and termination indemnities	278	-
Other interest and commissions	117	116
<b>TOTAL FINANCIAL INCOME</b>	<b>1,201</b>	<b>538</b>
<b>TOTAL FINANCIAL EXPENSES (INCOME), NET</b>	<b>4,644</b>	<b>5,117</b>

Net financial expenses showed a decrease of € 473 thousand due mainly to the improvement of the net financial position.

“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.

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

Note that as of June 30, 2010, this item included dividends received from the associated company Allevard Ressorts Composites S.A.S., liquidated last year.

### 35. INCOME TAXES

(in thousands of Euro)	1st half 2011	1st half 2010
Current taxes	8,508	7,338
Deferred tax liabilities (assets)	767	(349)
<b>TOTAL</b>	<b>9,275</b>	<b>6,989</b>

The first half of 2011 shows a tax rate corresponding to 35.8%, against a tax rate of 39.5% in the same period of the previous year.

### 36. DIVIDENDS PAID

In the first half of 2011, dividends of €14,888 thousand were paid, corresponding to a dividend per unit of €0.13.

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

### 37. EARNINGS PER SHARE (EPS)

#### Basic EPS

	June 30, 2011	June 30, 2010
Net result attributable to the ordinary shareholders (in thousands of Euro)	15,330	9,915
Weighted average number of shares outstanding during the period (thousands)	114,538	114,242
<b>Basic EPS (Euro)</b>	<b>0.134</b>	<b>0.087</b>

### *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.

	<i>June 30, 2011</i>	<i>June 30, 2010</i>
Net result attributable to the ordinary shareholders (in thousands of Euro)	15,330	9,915
Average number of shares outstanding during the period (thousands)	114,538	114,242
Weighted average number of shares potentially under option during the period (thousands)	4,377	3,217
Number of shares that could have been issued at fair value (thousands)	(3,037)	(3,217)
Adjusted weighted average number of shares outstanding during the period (thousands)	115,878	114,242
<i>Diluted EPS (Euro)</i>	<i>0.132</i>	<i>0.087</i>

The “Weighted average number of shares potentially under option during the half year period” represents the average number of shares that could be outstanding by virtue of stock option plans for which the subscription right had matured but was not yet exercised as of the date of the financial statements. These shares had 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 2011 amounted to €2.5765, whereas in the first half of 2010 it was €2.0709.

## *E) 38. RELATED PARTY TRANSACTIONS*

See IAS 24 and the related communications from Consob for the definition of related party transactions.

The Group is controlled by the ultimate Parent Company CIR S.p.A., which as of June 30, 2011 held 56.37% of outstanding shares. Sogefi S.p.A.'s shares are listed on the STAR segment of Mercato Telematico Azionario 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.

Transactions between Group companies are conducted at arm's length, taking into account the quality and nature of services rendered; the Holding Company Sogefi S.p.A. charges Group management 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 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.

Services provided to Sogefi S.p.A. by CIR S.p.A. as of June 30, 2011 amounted to € 992 thousand (against €985 thousand in the first half of 2010).

At June 30, 2011, amounts payable to the Parent Company CIR S.p.A. from the Holding Company Sogefi S.p.A. totalled €992 thousand.

The Italian subsidiaries of the Sogefi Group had receivables of €2,273 thousand due from CIR S.p.A. in connection with the Group tax filing system. As of December 31, 2010, receivables amounted to €3,192 thousand, and were received in full in June 2011.

In June 2011, the Italian subsidiaries of the Sogefi Group had also fully received and settled the income and expenses resulting from the transfer of tax surpluses related to the tax deduction of financial interest by companies within the scope of consolidation of the CIR Group.

As regards economic transactions with the Board of Directors, Statutory Auditors and Managers with strategic responsibility, please refer to the attached table for remuneration paid in the first half of 2011.

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 table summarises related party transactions:

(in thousands of Euro)	June 30, 2011	December 31, 2010
<b>Receivables</b>		
- for the Group tax filing from CIR S.p.A.	2,273	3,192
- for income following the transfer of fiscal surplus to the CIR Group	-	45
<b>Payables</b>		
- for purchases of energy/gas to Sorgenia S.p.A.	8	8
- for services received from CIR S.p.A.	992	-
- for expense due to fiscal surplus received from the CIR Group	-	263
(in thousands of Euro)	1st half 2011	1st half 2010
<b>Revenues</b>		
- for services rendered to Allevard Resorts Composites S.a.S.	-	13
<b>Costs</b>		
- for services received from CIR S.p.A.	992	985
<b>Remuneration of directors and statutory auditors</b>		
- directors (included fair value phantom stock option)	905	868
- statutory auditors	67	69
<b>Other remuneration to the Managing Director of the Holding Company</b>	-	339
<b>Remuneration to Manager with strategic responsibilities ex Consob resolution no. 17221/2010 (*)</b>	284	282

(\*) the amounts indicated refer to a Manager with strategic responsibilities identified as “Related party” within the “Discipline on related party transactions” adopted by the Company pursuant to Consob resolution no. 17221/2010.

In the first half of 2011, total costs for “Remuneration for managers with strategic responsibilities pursuant to Consob resolution no. 17221/2010” and for the relative social security contributions, employee termination indemnities and fringe benefits were € 393 thousand (€ 846 in the first half of 2010 including the “Other remuneration to the Managing Director of the Holding Company” and relative charges).

## *F) COMMITMENTS AND RISKS*

### *39. 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 lease term is not for the major part 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 leases existing as of June 30, 2011 regard the following subsidiaries:

- Allevard Federn GmbH for the rental of the production plant in Volklingen.

The contract expires in May 2020, the remaining payments at June 30, 2011 amount to €3,361 thousand, of which €337 thousand is due by the end of the year.

The Group has not given any guarantees for this contract;

- Allevard Sogefi U.S.A. Inc. for the rental of its production plant in Prichard (West Virginia).

The contract expires in May 2019, the remaining payments at June 30, 2011 amount to USD 3,140 thousand, of which USD 397 thousand is due by the end of the year.

For this contract Sogefi S.p.A. provided a guarantee equal to 59% of the residual instalments still to fall due. The guarantee is renewed at the end of each year according to the residual amount.

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.

### *40. INVESTMENT COMMITMENTS*

There are no further binding commitments for investments other than those relating to the purchase of property, plant and equipment (€ 4,209 thousand) already disclosed in the explanatory notes regarding tangible fixed assets. As of December 31, 2010 these amounted to €4,266 thousand.

#### 41. GUARANTEES GIVEN

Details of guarantees are as follows:

(in thousands of Euro)	June 30, 2011	December 31, 2010
PERSONAL GUARANTEES GIVEN		
a) Sureties to third parties	1,021	1,021
b) Other personal guarantees in favour of third parties	9,714	9,714
TOTAL PERSONAL GUARANTEES GIVEN	10,735	10,735
REAL GUARANTEES GIVEN		
a) Against liabilities shown in the balance sheet	5,434	5,643
TOTAL REAL GUARANTEES GIVEN	5,434	5,643

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 on the date of the financial statements. 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 exclusively to the Indian subsidiaries Sogefi M.N.R. Filtration India Private Ltd and EMW Environmental Technologies Private Ltd which have real guarantees on tangible fixed assets, inventories and trade receivables to secure loans obtained from financial institutions.

#### 42. OTHER RISKS

As of June 30, 2011 the Group had third-party goods and materials held at Group companies worth €5,160 thousand (€5,180 thousand as of December 31, 2010).

#### 43. CONTINGENT LIABILITIES

The Sogefi Group is managing environmental issues in some production plants, for which no significant costs are expected.

In 2004, the subsidiary Sogefi Filtration Ltd purchased the assets and liabilities of Filtrauto UK Ltd, thus taking charge of employer as regards the pension funds of Filtrauto UK Ltd’s Staff Pension Scheme and Filtrauto UK Ltd’s Works Pension Scheme. Said funds are defined benefit plans.

Between 1990 and 2006, the employer and the pension fund trustees received professional advices from leading consulting companies to equalise the conditions of the pension funds, as required by amended legislation.

It resulted that the above equalisation may not have been correctly applied.

Sogefi Filtration Ltd has therefore submitted a “protective claim” to the consultants at Birmingham High Court.



We are waiting for the consultants to present their case.

The Court could conclude that the equalisation was correctly applied, or that there is a potential liability.

In the latter case, we are confident that almost the entire amount of any liability can be recovered from the consultants.

An initial valuation of the maximum potential liability, before its likely recovery from the consultants, amounts to around €1.9 million.

Tax disputes with some Tax Authorities are underway with some subsidiaries, the outcome of which is not expected to result in significant costs.

#### 44. *SUBSEQUENT EVENTS*

On June 20, Sogefi S.p.A. signed an agreement to purchase 100% of the share capital of the French entity Mark IV Systèmes Moteurs S.a.S., which manufactures and sells air intake and engine cooling systems.

The transaction, which will only be completed after having obtained the consensus of the antitrust authorities in Italy, France and Germany – envisaged in the third quarter – will enable the Group to extend the range of products offered to vehicle manufacturers, including air intake and engine cooling systems, bringing it to higher levels of technology and quality.

On 6 July, the procedure was launched to partially close the Welsh filter production site in Llantrisant and the logistics activities for the independent aftermarket which will be outsourced to an external provider, with a reduction of around 150 employees out of a total workforce of 400.

#### G) 45. *FINANCIAL INSTRUMENTS*

##### A) *Exchange risk hedges – not designated in hedge accounting*

At June 30, 2011, the Holding Company Sogefi S.p.A. 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
USD 7,230,000	06/24/2011	1.43970	09/26/2011	1.43585

As of June 30, 2011 the fair value of this contract amounted to €20 thousand and was booked to “Other financial assets – Assets for derivative financial instruments”. Fair value was calculated using the forward curve of exchange rates as of June 30, 2011.

The subsidiary Sogefi Filtration Ltd has the following forward purchase contract to hedge the exchange risk on intragroup financial positions:

Forward purchase	Date opened	Spot price GBP/currency	Date closed	Forward price GBP/currency
EUR 2,500,000	06/26/2011	0.89310	09/26/2011	0.89183

As of June 30, 2011 the fair value of this contract amounted to €26 thousand and was booked to “Other financial assets – Assets for derivative financial instruments”. Fair value was calculated using the forward curve of exchange rates as of June 30, 2011.

The subsidiary Allevard Rejna Argentina S.A. holds the following forward purchase contract to hedge the exchange risk on trade positions:

Forward purchase	Date opened	Spot price ARP/currency	Date closed	Forward price ARP/currency
USD 500,000	05/03/2011	4.08500	07/29/2011	4.17850

As of June 30, 2011 the fair value of this contract was negative for €4 thousand and was booked to “Other short-term liabilities for derivative financial instruments”. Fair value was calculated using the forward curve of exchange rates as of June 30, 2011.

As of June 30, 2011, the subsidiary Allevard Molas do Brasil Ltda held the following contracts to hedge the exchange risks on trade positions:

Forward sale	Date opened	Spot price BRL/currency	Date closed	Forward price BRL/currency
USD 300,000	06/20/2011	1.59650	07/29/2011	1.61000
USD 300,000	06/20/2011	1.59650	08/31/2011	1.62130
USD 300,000	06/20/2011	1.59650	09/30/2011	1.63100

  

Forward purchase	Date opened	Spot price ARP/currency	Date closed	Forward price ARP/currency
EUR 200,000	06/20/2011	2.28800	07/29/2011	2.30930
EUR 200,000	06/20/2011	2.28800	08/31/2011	2.32680
EUR 200,000	06/20/2011	2.28800	09/30/2011	2.34270

As of June 30, 2011, as regards contracts in USD, the fair value of the same amounted to €15 thousand and was shown under “Other financial assets – Assets for derivative financial instruments”. As regards contracts in EUR, instead, the fair value of the same was negative for €9 thousand and was booked to “Other short-term liabilities for derivative financial instruments”. In both cases, the fair value was calculated using the forward curve of exchange rates as of June 30, 2011.

The subsidiary Sogefi Filtration Argentina S.A. held the following forward purchase contracts to hedge the exchange risk on trade positions:

Forward purchase	Date opened	Spot price ARP/currency	Date closed	Forward price ARP/currency
USD 50,000	03/14/2011	4.03200	07/20/2011	4.19250
USD 150,000	03/14/2011	4.03200	09/20/2011	4.26450
USD 150,000	03/14/2011	4.03200	12/20/2011	4.40500

As of June 30, 2011 the fair value of these contracts was negative for €4 thousand and was booked to “Other short-term liabilities for derivative financial instruments”. Fair value was calculated using the forward curve of exchange rates as of June 30, 2011.

*B) Interest rate hedges – designated in hedge accounting*

At June 30, 2011, the Holding Company Sogefi S.p.A. held the following contracts to hedge its interest rate risk (in thousands of Euro) on existing loans:

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value
Hedging of Sogefi S.p.A. loan for €100 million (09/29/2006 maturity 09/29/2013), rate: Euribor 3 months + 70 base bps	11/18/2009	04/30/2013	5,000	2.210%	(31)
Hedging of Sogefi S.p.A. loan for €100 million (09/29/2006 maturity 09/29/2013), rate: Euribor 3 months + 70 base bps	11/27/2009	04/30/2013	5,000	2.150%	(25)
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 base bps	11/18/2009	05/05/2013	5,000	2.230%	(15)
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 base bps	11/27/2009	05/05/2013	5,000	2.170%	(9)
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 base bps	12/20/2010	05/04/2013	5,000	1.733%	35
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 base bps	12/20/2010	05/04/2013	5,000	1.733%	17
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 base bps	12/21/2010	05/04/2013	5,000	1.7075%	20
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 base bps	12/22/2010	05/06/2013	10,000	1.685%	44
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 base bps	03/11/2011	05/04/2013	10,000	2.693%	(23)
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 base bps	03/11/2011	05/04/2013	10,000	2.805%	(34)
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 base bps	03/23/2011	05/06/2013	10,000	2.800%	(28)
Hedging of Sogefi S.p.A. loan for €160 million (06/04/2008 maturity 06/04/2013), rate: Euribor 3 months + 50 base bps	03/23/2011	05/04/2013	5,000	2.445%	(30)
Hedging of Sogefi S.p.A. loan for €60 million (04/29/2011 maturity 12/31/2016), rate: Euribor 3 months + 200 base bps	05/11/2011	12/31/2016	28,000	2.990%	(587)

Description of IRC	Date opened	Contract maturity	Notional	Fixed rate	Fair value
Hedging of Sogefi S.p.A. loan for €100 million (09/29/2006 maturity 09/29/2013), rate: Euribor 3 months + 70 base bps	04/24/2008	10/31/2012	10,000	Cap: 4.50% Floor: 3.84%	(310)

Description of K.IN FORWARD ZERO COST	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 base bps	04/24/2008	10/31/2012	10,000	Cap: 4.50% Floor: 4.20%; Knock in Europeo: 3.33%	(363)
Hedging of Sogefi S.p.A. loan for €100 million (09/29/2006 maturity 09/29/2013), rate: Euribor 3 months + 70 base bps	05/09/2008	10/31/2011	5,000	Cap: 4.40% Floor: 4.10%; Knock in Europeo: 3.10%	(67)

In the first half of 2011, the Holding Company Sogefi S.p.A. subscribed the following Interest Rate Swaps (in thousands of euro) on envisaged future long term indebtedness. The contracts will take effect from 2013:

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value
Hedging of Sogefi S.p.A. future financial indebtedness for 2013-2018	02/10/2011	06/01/2018	10,000	3.679%	(113)
Hedging of Sogefi S.p.A. future financial indebtedness for 2013-2018	02/23/2011	06/01/2018	10,000	3.500%	(86)
Hedging of Sogefi S.p.A. future financial indebtedness for 2013-2018	03/11/2011	06/01/2018	10,000	3.545%	(107)
Hedging of Sogefi S.p.A. future financial indebtedness for 2013-2018	03/23/2011	06/01/2018	10,000	3.560%	(112)
Hedging of Sogefi S.p.A. future financial indebtedness for 2013-2018	03/23/2011	06/01/2018	10,000	3.670%	(160)
Hedging of Sogefi S.p.A. future financial indebtedness for 2013-2018	05/13/2011	06/01/2018	10,000	3.460%	(66)
Hedging of Sogefi S.p.A. future financial indebtedness for 2013-2018	06/24/2011	06/01/2018	10,000	3.250%	27
Hedging of Sogefi S.p.A. future financial indebtedness for 2013-2018	06/28/2011	06/01/2018	10,000	3.250%	25

As of June 30, 2011, the subsidiary Sogefi Filtration S.A. holds the following interest rate hedging instrument (in thousands of euro) on the existing loan with Banco Sabadell:

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value
Hedging of Sogefi Filtration S.A. loan for €7 million (05/30/2011 maturity 05/30/2016), rate: Euribor 3 months + 225 base bps	05/30/2011	05/30/2016	3,325	2.6509%	(41)

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.

The aim of these contracts is to limit the risk of changes in interest rates. They have been treated as hedging instruments in cash-flow hedge and the related fair value is booked to equity.

## H) GROUP COMPANIES

### 46. LIST OF GROUP COMPANIES AT JUNE 30, 2011

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

<b>Direct subsidiaries</b>	Currency	Share capital	Number of shares	% of share capital held	Par value per share	Par value of the interest held
SOGEFI REJNA S.p.A. Mantova (Italy)	Euro	21,978,316	21,950,990	99.88	1	21,950,990
SOGEFI FILTRATION Ltd Llantrisant (Great Britain)	GBP	5,126,737	5,126,737	100.00	1	5,126,737
SOGEFI FILTRATION S.A. Cerdanyola (Spain) 86.08% held by Sogefi S.p.A. 13.92% held by Filtrauto S.A.	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
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

(\*) Note, on June 30, 2011, the merger by incorporation in FILTRAUTO S.A. of two subsidiaries SOGEFI FILTRATION B.V. and SOGEFI FILTRATION A.B..

<b>Indirect subsidiaries</b>	Currency	Share capital	Number of shares	% of share capital held	Par value per share	Par value of the interest held
<b>FILTER DIVISION</b> FILTRAUTO GmbH (*) Ludwigsburg (Germany) Held by Filtrauto S.A.	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
SOGEFI FILTRATION ARGENTINA S.A. Buenos Aires (Argentina) 91.90% held by Sogefi Filtration do Brasil Ltda 7.28% held by Filtrauto S.A. 0.81% held by Sogefi Rejna S.p.A.	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	% of share capital held	Par value per share	Par value of the interest held
<b>SUSPENSION COMPONENTS DIVISION</b>						
ALLEVARD SPRINGS Ltd Clydach (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 Volklingen (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) 99.997% held by Allevard Rejna Autosuspensions S.A. 0.003% held by Allevard Springs Ltd	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 SPRING 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	9,000,000	8,000,000	88.89	1	8,000,000
ALLEVARD IAI SUSPENSIONS Private Ltd Pune (India) Held by Allevard Rejna Autosuspensions S.A.	INR	112,000,000	5,712,000	51.00	10	57,120,000
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	% of share capital held	Par value per share	Par value of the interest held
INTEGRAL S.A. (*) San Luis (Argentina) 93.50% held by Filtrauto S.A. 6.50% held by Sogefi Filtration Argentina S.A. (*) in liquidation	ARP	2,515,600	2,515,600	100.00	1	2,515,600

## EQUITY INVESTMENTS IN OTHER COMPANIES CARRIED AT COST

	Currency	Share capital	Number of shares	% of share capital held	Par value per share	Par value of the interest held
UMC & MAKKAWI SPRING MANUFACTURING Co., Ltd Khartoum (Sudan) Held by Sogefi Rejna S.p.A.	SDP	900,000	225	25.00	1,000	225,000
AFICO FILTERS S.A.E. Cairo (Egypt) Held by Sogefi Rejna S.p.A.	EGP	11,000,000	24,880	22.62	100	2,488,000

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

STATEMENT OF FINANCIAL POSITION  
INCOME STATEMENT

STATEMENT OF FINANCIAL POSITION  
(in thousands of Euro)

ASSETS	Note	June 30, 2011	December 31, 2010
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	31,128	14,802
Cash pooling current accounts with subsidiaries	4	12,715	3,378
Other financial assets	5	21	86
Loans and financial receivables similar to loans with subsidiaries	6	24,564	9,400
<b>WORKING CAPITAL</b>			
Inventories		-	-
Trade receivables	7	4,377	4,188
<i>of which from subsidiaries</i>		2,230	2,235
<i>of which from parent company</i>		2,147	1,953
Other receivables	7	55	60
Tax receivables	7	173	279
Other assets	7	871	932
<i>of which from subsidiaries</i>		-	-
<b>TOTAL WORKING CAPITAL</b>		<b>5,476</b>	<b>5,459</b>
<b>TOTAL CURRENT ASSETS</b>		<b>73,904</b>	<b>33,125</b>
<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		35	34
<i>of which finance leases</i>		-	-
Intangible assets	9	116	115
<b>TOTAL FIXED ASSETS</b>		<b>27,170</b>	<b>27,168</b>
<b>OTHER NON-CURRENT ASSETS</b>			
Equity investments in subsidiaries	10	268,904	268,889
Equity investments in associates		-	-
Other financial assets available for sale	11	1	2
Loans and financial receivables similar to loans	12	93,642	101,279
<i>of which from subsidiaries</i>		93,474	101,279
<i>of which other medium/long-term assets for derivative financial instruments</i>		168	-
Other receivables		19	19
Deferred tax assets	13	1,064	1,335
<b>TOTAL OTHER NON-CURRENT ASSETS</b>		<b>363,630</b>	<b>371,524</b>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>390,800</b>	<b>398,692</b>
<b>TOTAL ASSETS</b>		<b>464,704</b>	<b>431,817</b>

LIABILITIES	<i>Note</i>	<i>June 30, 2011</i>	<i>December 31, 2010</i>
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and short-term loans	<i>14</i>	25,234	30,160
Cash pooling current accounts with subsidiaries	<i>14</i>	58,558	49,197
Current portion of medium/long-term financial debts and other loans	<i>14</i>	23,204	33,817
<i>of which leases</i>		-	-
<i>of which to subsidiaries</i>		-	-
<b>TOTAL SHORT-TERM FINANCIAL DEBTS</b>		<b>106,996</b>	<b>113,174</b>
Other short-term liabilities for derivative financial instruments		67	154
<b>TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>107,063</b>	<b>113,328</b>
Trade and other payables	<i>15</i>	7,498	3,954
<i>of which to subsidiaries</i>		147	78
<i>of which to parent company</i>		992	263
Tax payables		249	254
Other current liabilities		47	48
<b>TOTAL CURRENT LIABILITIES</b>		<b>114,857</b>	<b>117,584</b>
<b>NON-CURRENT LIABILITIES</b>			
<b>MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>			
Financial debts to bank	<i>14</i>	161,826	133,051
Other medium/long-term financial debts		-	-
<i>of which leases</i>		-	-
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS</b>		<b>161,826</b>	<b>133,051</b>
Other medium/long-term financial liabilities for derivative financial instruments	<i>14</i>	2,099	2,042
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>		<b>163,925</b>	<b>135,093</b>
<b>OTHER LONG-TERM LIABILITIES</b>			
Long-term provisions	<i>16</i>	1,163	1,052
Other payables		-	-
Deferred tax liabilities		699	496
<b>TOTAL OTHER LONG-TERM LIABILITIES</b>		<b>1,862</b>	<b>1,548</b>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>165,787</b>	<b>136,641</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	<i>17</i>	60,638	60,546
Reserves and retained earnings (accumulated losses)		102,569	104,601
Net profit (loss) for the period		20,853	12,445
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>184,060</b>	<b>177,592</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>464,704</b>	<b>431,817</b>

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

	<i>Note</i>	<i>1st half 2011</i>	<i>1st half 2010</i>
<b>FINANCIAL INCOME AND EXPENSES</b>	<b>19</b>		
1) Income from equity investments		26,662	12,073
2) Other financial income		3,170	3,904
<i>of which from subsidiaries</i>		2,181	2,123
3) Interest expense and other financial expenses		4,471	5,360
<i>of which from subsidiaries</i>		150	102
<b>TOTAL FINANCIAL INCOME AND EXPENSES</b>		<b>25,361</b>	<b>10,617</b>
<b>ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS</b>			
4) Revaluations		-	-
5) Writedowns		-	-
<b>TOTAL VALUE ADJUSTMENTS</b>		<b>-</b>	<b>-</b>
<b>6) OTHER OPERATING INCOME</b>	<b>20</b>	<b>6,183</b>	<b>5,455</b>
<i>of which from subsidiaries</i>		6,179	5,432
<b>OTHER OPERATING EXPENSES</b>	<b>21</b>		
7) Non-financial services		3,151	2,830
<i>of which from subsidiaries</i>		48	6
<i>of which from parent company</i>		992	985
8) Leases and rentals		2,008	2,175
9) Personnel		3,240	3,292
10) Depreciation, amortization and writedowns		23	16
11) Provisions for risks		-	-
12) Other provisions		-	-
13) Other operating expenses		586	580
<b>TOTAL OTHER OPERATING EXPENSES</b>		<b>9,008</b>	<b>8,893</b>
<b>NON-OPERATING INCOME AND EXPENSES</b>	<b>22</b>		
14) Income		-	-
<i>of which non-recurring</i>		-	-
15) Expenses		3,300	-
<i>of which non-recurring</i>		3,300	-
<b>NON-OPERATING PROFIT (LOSS)</b>		<b>(3,300)</b>	<b>-</b>
<b>PROFIT BEFORE TAXES</b>		<b>19,236</b>	<b>7,179</b>
16) Income taxes	<b>23</b>	(1,617)	(1,172)
<b>NET PROFIT</b>		<b>20,853</b>	<b>8,351</b>

## STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)

	<i>1st half 2011</i>	<i>1st half 2010</i>
Profit (loss) for the period	20,853	8,351
<i>Other comprehensive income (expenses):</i>		
- Income (expenses) from fair value measurement of cash flow hedge derivatives	50	(348)
- Income (expenses) from fair value measurement of available-for-sale financial assets	-	-
- Tax effect on other comprehensive income	(14)	96
Total Other comprehensive income (expenses) net of tax effect	36	(252)
Total comprehensive income for the period	20,889	8,099

## CASH FLOW STATEMENT

(in thousands of Euro)

	<i>1st half 2011</i>	<i>1st half 2010</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit for the period	20,853	8,351
Adjustments:		
- writedowns of equity investments	-	-
- amortization of tangible and intangible fixed assets	23	16
- change in the fair value of investment property	-	-
- fair value of cash flow hedge derivatives allocated to income statement	(148)	(42)
- accrued costs for stock options and stock grants	186	110
- net change in provision for phantom stock options	61	122
- net change in provision for employment termination indemnities	50	(432)
- change in net working capital	3,421	(745)
- change in tax receivables/payables	101	204
- other assets/liabilities	460	58
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>25,007</b>	<b>7,642</b>
<i>of which:</i>		
<i>Interest collected (paid)</i>	<i>(501)</i>	<i>(1,856)</i>
<i>Dividends collected</i>	<i>11,498</i>	<i>4,822</i>
<i>Current income tax collections (payments)</i>	<i>1,898</i>	<i>(26)</i>
<b>INVESTING ACTIVITIES</b>		
Acquisition of equity investments	-	(2,202)
Net change in tangible and intangible fixed assets	(24)	(12)
Net change in other financial assets	65	13
Sale of equity investments	-	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>41</b>	<b>(2,201)</b>
<b>FINANCING ACTIVITIES</b>		
Paid share capital increase	266	247
Net purchase of treasury shares	-	-
Dividends paid to shareholders	(14,888)	-
New (repayment of) loans	18,162	(77,469)
Net cash pooling position	24	161
Loans and other financial receivables from subsidiaries	(7,359)	(10,678)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(3,795)</b>	<b>(87,739)</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>21,253</b>	<b>(82,298)</b>
Balance at the beginning of the period	(15,359)	62,701
(Decrease) increase in cash and cash equivalents	21,253	(82,298)
<b>BALANCE AT THE END OF THE PERIOD</b>	<b>5,894</b>	<b>(19,597)</b>

NB: this table shows the elements that bring about the change in cash and cash equivalents, as expressly required by IAS 7 (in particular the net balance between “Cash and cash equivalents” and “Bank overdrafts and short-term loans”). 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, 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 income for the period:</i>				
- Fair value measurement of cash flow hedge derivatives	-	(348)	-	(348)
- Fair value of available-for-sale financial assets	-	-	-	-
- Income Taxes relating to components of Other Comprehensive Income	-	96	-	96
- Net profit for the period	-	-	8,351	8,351
<i>Total comprehensive income for the period</i>	-	(252)	8,351	8,099
<i>Balance at June 30, 2010</i>	60,521	103,382	8,351	172,254
(in thousands of Euro)	Share capital	Reserves and retained earnings (accumulated losses)	Profit for the period	Total Shareholders' equity
<i>Balance at December 31, 2010</i>	60,546	104,601	12,445	177,592
Increases in share capital restricted to the employees of Sogefi S.p.A and its subsidiaries	92	174	-	266
Allocation of 2010 net profit and use of Retained earnings reserve:				
- dividends	-	(2,443)	(12,445)	(14,888)
Imputed cost of stock options and stock grants	-	201	-	201
<i>Comprehensive income for the period:</i>				
- Fair value measurement of cash flow hedge derivatives	-	50	-	50
- Fair value of available-for-sale financial assets	-	-	-	-
- Income Taxes relating to components of Other Comprehensive Income	-	(14)	-	(14)
- Net profit for the period	-	-	20,853	20,853
<i>Total comprehensive income for the period</i>	-	36	20,853	20,889
<i>Balance at June 30, 2011</i>	60,638	102,569	20,853	184,060

**EXPLANATORY AND SUPPLEMENTARY NOTES TO THE FINANCIAL STATEMENTS OF THE HOLDING: CONTENTS**

Chapter	Note no.	DESCRIPTION
<i>A</i>		<i>GENERAL ASPECTS</i>
	1	Content and format of the financial statements
	2	Accounting policies
<i>B</i>		<i>NOTES ON THE MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION</i>
<i>B1</i>		<i>ASSETS</i>
	3	Cash and cash equivalents
	4	Cash pooling current accounts with subsidiaries
	5	Other financial assets
	6	Loans and financial receivables similar to loans with subsidiaries
	7	Trade and other receivables
	8	Investment properties
	9	Intangible assets
	10	Equity investments in subsidiaries
	11	Other financial assets available for sale
	12	Loans and financial receivables similar to loans
	13	Deferred tax assets
<i>B2</i>		<i>LIABILITIES AND EQUITY</i>
	14	Financial debts to bank and other financing creditors
	15	Trade and other current payables
	16	Other long-term liabilities
	17	Shareholders' equity
	18	Analysis of the net financial position
<i>C</i>		<i>NOTES ON THE MAIN INCOME STATEMENT ITEMS</i>
	19	Financial income and expenses
	20	Other operating income
	21	Other operating expenses
	22	Non-operating income and expenses
	23	Income taxes
	24	Other information
<i>D</i>	25	<i>RELATED PARTY TRANSACTIONS</i>
<i>E</i>		<i>COMMITMENTS AND RISKS</i>
	26	Information on commitments and risks
<i>F</i>	27	<i>FINANCIAL INSTRUMENTS</i>

## **A) GENERAL ASPECTS**

### **1. CONTENT AND FORMAT OF THE FINANCIAL STATEMENTS**

The interim condensed financial statements for the period January 1 - June 30, 2011 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union and has been prepared according to IAS 34 – “Interim Financial Reporting”, applying the same accounting principles and policies used in the preparation of the separate financial statements as at December 31, 2010, other than those discussed in the following paragraph Accounting policies. “IFRS” also means the International Accounting Standards (“IAS”) currently in force, as well as all of the interpretation documents issued by the International Financial Reporting Interpretations Committee (“IFRIC”) previously called the Standing Interpretations Committee (“SIC”).

These interim condensed financial statements provide detailed as opposed to condensed statements 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 for interim condensed financial statements with the supplementary information considered useful for a clearer understanding of these half-yearly financial statements of the Company.

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

The enclosed financial schedules show the amounts of the corresponding items as at December 31, 2010 for the statement of financial position, and for the 1st half of 2010 for the income statement.

The interim condensed financial statements as at June 30, 2011 should be read in conjunction with the annual financial statements as at December 31, 2010.

With reference to IAS 1, the Board of Directors confirm that, on the economic forecasts, the capitalisation and the financial position of the entity, the same operates with business continuity.

The interim condensed financial statements as at June 30, 2011 were approved by the Board of Directors on July 21, 2011.

## 2. ACCOUNTING POLICIES

The accounting policies applied in preparing the condensed financial statements for the six-month period ended June 30, 2011 are consistent with those used for the annual financial statements as at December 31, 2010 to which the reader should refer.

The Company has defined the following accounting policy for recognising the acquisition-related costs of acquired investments in subsidiaries that are measured in accordance with the "cost" method (scenario occurred the first time in the current reporting period following the adoption of the IFRS 3 (2008)): these costs are recognised in the income statement in the period in which the services are received.

In fact, in the absence of a definition of "cost" within IAS 27, the Company aligns the cost of the investment in subsidiaries in the separate financial statements to the amount of the consideration transferred for the acquisition in the consolidated financial statements of the Sogefi Group drawn up on the basis of IFRS 3 (2008), by which the acquisition-related costs of an investment in a subsidiary are charged to the income statement.

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 performance of an impairment test.

In the first half of 2011, the Company has taken note of and, where applicable, adopted the following Standards, Interpretations and Amendments to existing accounting standards:

*Accounting standards, amendments and interpretations applied as of January 1, 2011*

The following accounting standard has been applied for the first time by the Company starting from January 1, 2011.

On November 4, 2009, the IASB issued a revised version of IAS 24 - *Related party disclosures* that simplifies the disclosure requirements for government-related entities and clarifies the definition of a related party. This standard must be applied from January 1, 2011. The adoption of said change has not had any impact in terms of the measurement of financial statement items and has not had

an impact on the disclosure of related party transactions provided in these interim condensed financial statements.

On May 6, 2010, the IASB issued a series of amendments to IFRS (“Improvements”) that included an amendment to IAS 34 – *Interim financial statements*: several examples have been provided in order to clarify the additional disclosures required in interim financial statements. Following the adoption of this change, integrations to the disclosures have not been done in this interim condensed financial statements.

*Accounting standards, amendments and interpretations effective as of January 1, 2011 not applicable to the Company*

The following amendments, improvements and interpretations effective from January 1, 2011 govern situations and circumstances that are not applicable within the Company on the date of these financial statements but may affect the accounting of future transactions or agreements:

- Amendment to IAS 32 - *Financial instruments: Presentation: Classification of rights issues*;
- Amendment to IFRIC 14 – *Prepayments of a minimum funding requirement*;
- IFRIC 19 – *Extinguishing financial liabilities with equity instruments*;
- Improvements to IAS/IFRS (2010)

*Accounting standards and amendments not yet applicable and not opted for early adoption by the Company*

On November 12, 2009, the IASB issued IFRS 9 - *Financial instruments*: the same standard was amended on October 28, 2010. The standard, applicable retrospectively from January 1, 2013, represents the first part of a process in stages, the aim of which is to entirely replace IAS 39 and introduces new requirements for the classification and measurement of financial assets and financial liabilities and for the derecognition of financial assets. In particular, as regards financial assets, the new standard adopts a single approach based on how an entity manages its financial instruments and the contractual cash flows characteristics of the financial assets, in order to determine its valuation criteria and replacing the many different rules in IAS 39. The most significant effect of the standard regarding the financial liabilities relates to the accounting for changes in fair value attributable to changes in the credit risk of financial liabilities designated as at fair value through profit or loss. According to the new standard, these changes must be recognised in “Other Comprehensive Income” and will no longer be reclassified in the income statement.

On October 7, 2010, the IASB published several amendments to IFRS 7 - *Financial instruments: Additional disclosures*, applicable for accounting periods beginning on or after July 1, 2011. The amendments will allow users to improve their understanding transfers of financial assets, including an understanding of the possible effects deriving from any risk that may remain with the entity that transferred the assets. The amendments also require additional disclosures in the

event that a disproportionate amount of a transfer transaction is undertaken at the end of a reporting period.

On December 20, 2010, the IASB issued a minor amendment to IFRS 1 – *First time adoption of International Financial Reporting Standard (IFRS)* to eliminate the reference to the date of January 1, 2004 contained in the same and described as the date of transition to the IFRS and to provide guidance on the presentation of the financial statements in accordance with IFRS after a period of hyperinflation. Said amendments will be applicable prospectively from July 1, 2011.

On December 20, 2010, the IASB issued a minor amendment to IAS 12 – *Income tax*, which requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset (through continuative use or sale). Subsequent to said amendment, SIC-21 – *Income tax – Recovery of revalued non-depreciable assets* will no longer be applicable. The amendment is applicable retrospectively from January 1, 2012.

On May 12, 2011, the IASB issued IFRS 10 – *Consolidated Financial Statements*, which will replace SIC-12 *Consolidation – Special Purpose Entities* and parts of IAS 27 – *Consolidated and Separate Financial Statements*, which has been renamed *Separate Financial Statements* and addresses the accounting treatment of investments in *Separate Financial Statements*. The new standard builds on existing standards by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The standard is applicable retrospectively from January 1, 2013.

On May 12, 2011, the IASB issued IFRS 11 – *Joint arrangements* which will replace IAS 31 – *Interests in Joint Venture* and SIC-13 – *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. The new standard provides the criteria for identifying joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form and requires a single method to account for interests in jointly-controlled entities, the equity method. The standard is effective retrospectively from January 1, 2013. Following the issuance of the new standard, IAS 28 – *Investments in associates* has been amended to include accounting for investments in jointly-controlled entities in its scope of application (from the date of effect of the standard).

On May 12, 2011, the IASB issued IFRS 12 – *Disclosure of Interests in Other Entities*, a new and comprehensive standard on the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other unconsolidated vehicles. The standard for annual period beginning after January 1, 2013.

On May 12, 2011, the IASB issued IFRS 13 – *Fair value measurement*, clarifying the determination of the fair value for the purpose of the financial statement and applying to all IFRS permitting or requiring a fair value measurement or the presentation of disclosures based on fair value. The standard is effective prospectively from January 1, 2013.

On June 16, 2011, the IASB issued an amendment to IAS 1 – *Presentation of financial statements* requiring companies to group together items within “Other Comprehensive Income” that may be reclassified to the profit or loss section of the income statement. The amendment is applicable from financial years beginning on or after July 1, 2012.

On June 16, 2011, the IASB issued an amendment to IAS 19 – *Employee benefits*. The amendment make improvements to the previous version by eliminating the option to defer the recognition of gains and losses, known as the “corridor method”, and by requiring the fund’s deficit or surplus to be presented in the statement of financial position, the components of cost relating to service and net interest to be recognised in profit or loss and actuarial gains and losses arising from the re-measurement of assets and liabilities to be recognised in “Other comprehensive income (loss)”. In addition, the return on assets included in net interest costs must now be calculated using the discount rate applicable to liabilities and no longer the expected return on the assets. The amendments also introduce the requirement for additional disclosures to be provided in the notes. The amendment version of IAS 19 is applicable on a retrospective basis from January 1, 2013.

The European Union has not yet completed its endorsement process for these standards and amendments at the date of these Half-year condensed financial statements.

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

### B1) ASSETS

#### 3. CASH AND CASH EQUIVALENTS

Details are as follows:

(in thousands of Euro)	June 30, 2011	December 31, 2010
Short-term cash investments	31,109	14,781
Cash and cash equivalents on hand	19	21
<b>TOTAL</b>	<b>31,128</b>	<b>14,802</b>

This mainly comprises bank deposits and includes interest accrued at the end of the period.

As at June 30, 2011 the Company had unutilized credit lines of € 218,776 thousand. All of the conditions for the same have been 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, 2011	December 31, 2010
Allevard Rejna Autosuspensions S.A.	6,095	376
United Springs Ltd	-	49
Sogefi Filtration Ltd	4,910	2,119
Sogefi Purchasing S.A.S.	1,090	834
Allevard Federn GmbH	620	-
<b>TOTAL</b>	<b>12,715</b>	<b>3,378</b>

#### 5. OTHER FINANCIAL ASSETS

They represent as at June 30, 2011, the fair market value of a forward forex contract.



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

Details are as follows:

(in thousands of Euro)	June 30, 2011	December 31, 2010
<i>Loans to subsidiaries:</i>		
Sogefi Filtration Ltd	2,500	2,500
Filtrauto S.A.	5,000	5,000
United Springs B.V.	1,900	1,900
<i>Receivables for dividends resolved to be collected:</i>		
Sogefi Filtration S.A.	5,165	-
Allevard Rejna Autosuspensions S.A.	9,999	-
<b>TOTAL</b>	<b>24,564</b>	<b>9,400</b>

As at June 30, 2011, € 9,400 thousand represented loans granted at market rates linked to the 3-month Euribor to Sogefi Filtration Ltd, Filtrauto S.A. and United Springs B.V. These loans fall due within the next 12-month period.

The Company has receivables from Sogefi Filtration S.A. (€ 5,165 thousand) and Allevard Rejna Autosuspensions S.A. (€ 9,999 thousand) for dividends declared last April by the competent corporate bodies of the subsidiaries whose collection is expected to occur during the 2011 second half.

## 7. TRADE AND OTHER RECEIVABLES

Details are as follows:

(in thousands of Euro)	June 30, 2011	December 31, 2010
Receivables from subsidiaries	2,230	2,235
Receivables from parent company	2,147	1,953
Other receivables	55	60
Tax receivables	173	279
Other assets	871	932
<b>TOTAL</b>	<b>5,476</b>	<b>5,459</b>

As at June 30, 2011, “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 2011 half-year; the receivables of the same nature outstanding at the end of the previous year have been fully collected in June.

“Other assets” is represented by accrued income and prepaid expenses of € 63 thousand and by up front commissions of € 187 thousand paid at the signing date in March 2011 of a loan agreement for an amount of € 25 million obtained from Banca Monte dei Paschi di Siena S.p.A. in March 2011 (as at June 30, 2011, the Company has not carried out any drawdown from such loan).

The additional amount of € 621 thousand is represented by the prepaid royalties relating to future years, paid to Honeywell International Inc. on the basis of the contract signed in 2008 for the renewal and extension until June 30, 2021 of the use of the FRAM brand by Group companies operating in the filter division. The contract provides for the exclusive use of the brand in key markets in Europe, the former Soviet Union and 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, 2011, these amount to € 27,019 thousand and are unchanged with respect to December 31, 2010.

The fair value as at June 30, 2011 is unchanged compared with the measurement made in the 2010 and 2009 financial statements, based on estimates made by external experts in June 2009, believed to be still appropriate even considering that in the first half of 2011 the relevant conditions of the investment property market are not changed.

As at June 30, 2011 investment properties are not encumbered by any restriction or commitment.

## 9. INTANGIBLE ASSETS

Details are as follows:

(in thousands of Euro)	2011			
	<i>Industrial patents and intellectual property rights</i>	<i>Concessions, licenses, trademarks and similar right</i>	<i>Other asset, under construction and payments on account</i>	<i>TOTAL</i>
<i>Net balance on January 1</i>	33	67	15	115
<i>Additions of the period</i>	7	7	-	14
<i>Amortization of the period</i>	(7)	(6)	-	(13)
<i>Net balance on June 30:</i>	33	68	15	116
<i>Historical cost</i>	453	143	15	611
<i>Accumulated amortisation</i>	(420)	(75)	-	(495)
<i>Net value</i>	33	68	15	116

## 10. EQUITY INVESTMENTS IN SUBSIDIARIES

Changes during the first half of 2011 in equity investments in subsidiaries are illustrated in the following table:

### STATEMENT OF CHANGES IN EQUITY INVESTMENTS IN SUBSIDIARIES DURING THE FIRST HALF OF 2011

(amounts in thousands of Euro)

	Opening balance			
	31.12.2010			
	Number of shares	Historical cost	Revaluations (Writedowns)	Balance
<b>Subsidiaries</b>				
SOGEFI REJNA S.p.A.	21,950,994	79,468	(2,363)	77,105
SOGEFI FILTRATION Ltd	5,126,737	10,082	28,366	38,448
SOGEFI FILTRATION S.A.	1,855,360	25,283	7,755	33,038
SOGEFI FILTRATION d.o.o.	1	10,733	-	10,733
FILTRAUTO S.A.	287,494	38,399	-	38,399
ALLEVARD REJNA AUTOSUSPENSIONS S.A.	1,999,747	54,261	-	54,261
ALLEVARD SOGEFI U.S.A. Inc.	191	23,496	(16,155)	7,341
SOGEFI PURCHASING S.A.S.	10,000	102	-	102
SHANGHAI SOGEFI AUTO PARTS Co., Ltd	1	9,462	-	9,462
Total subsidiaries		251,286	17,603	268,889

1st half of 2011						Closing balance 30.06.2011		
	Increases		Decreases		Writedowns	Number of shares	Amount	% ownership
	Number of shares	Amount	Number of shares	Amount	Amount			
<b>Subsidiaries</b>								
SOGEFI REJNA S.p.A.	-	-	4	6	-	21,950,990	77,099	99.88
SOGEFI FILTRATION Ltd	-	1	-	-	-	5,126,737	38,449	100.00
SOGEFI FILTRATION S.A.	-	3	-	-	-	1,855,360	33,041	(*) 86.08
SOGEFI FILTRATION d.o.o.	-	1	-	-	-	1	10,734	100.00
FILTRAUTO S.A.	-	10	-	-	-	287,494	38,409	99.99
ALLEVARD REJNA								
AUTOSUSPENSIONS S.A.	-	1	-	-	-	1,999,747	54,262	99.987
ALLEVARD SOGEFI U.S.A. Inc.	-	2	-	-	-	191	7,343	100.00
SOGEFI PURCHASING S.A.S.	-	3	-	-	-	10,000	105	100.00
SHANGHAI SOGEFI								
AUTO PARTS Co., Ltd	-	-	-	-	-	1	9,462	100.00
<b>Total subsidiaries</b>		<b>21</b>		<b>6</b>	<b>-</b>		<b>268,904</b>	

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

The net increase in the cost of equity investments in subsidiaries of € 15 thousand corresponds to the fair value of options relating to Stock Option and Stock Grant plans awarded to employees of subsidiaries; said increases have a balancing item in a specific equity reserve.

As at June 30, 2011, impairment indicators did not occur on these subsidiaries requesting the performance of an updated impairment test. The Company will carry out impairment tests on investments in subsidiaries when preparing the annual financial statements.

On June 20, the Company signed an agreement to purchase Mark IV Systèmes Moteurs Group, a French automotive components group. The estimated purchase price is approximately € 150 million (subsequently to be adjusted to reflect actual accounting balances of the acquiree at the acquisition date) and the transaction will be completed during the third quarter of 2011 (at the date in which the Company obtains control of the acquired group), being subject to the usual suspensive conditions including the approval of the competent antitrust authorities in Italy, France and Germany.

#### *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, 2011, 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:

(in thousands of Euro)	<i>June 30, 2011</i>	<i>December 31, 2010</i>
<i>Financial receivables due from subsidiaries:</i>		
Allevard Rejna Autosuspensions S.A.	82,200	82,200
Sogefi Rejna S.p.A.	6,000	6,000
Allevard Sogefi U.S.A. Inc.	5,274	6,079
Sogefi Filtration S.A.	-	7,000
<i>Other derivative financial assets:</i>		
Medium/long-term derivatives designated as cash flow hedge	168	-
<b>TOTAL</b>	<b>93,642</b>	<b>101,279</b>

*Other derivative financial assets*

They represent the fair value of interest rate swap contracts maturing after June 30, 2011, designated in hedge accounting, signed to transform part of medium/long-term loans of the Company from floating to fixed interest rate. Details of these contracts are provided in the note below entitled “Financial Instruments”.

*13. DEFERRED TAX ASSETS*

As at June 30, 2011, these amounted to € 1,064 thousand, against € 1,335 thousand at the end of the previous year, and relate to benefits on deductible temporary differences expected at the end of the period, to the extent that it is probable they will be recovered, taking also into account that the Company has joined the CIR Group tax filing system.

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

## B2) LIABILITIES AND EQUITY

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

Details are as follows:

#### *Current portion*

(in thousands of Euro)	June 30, 2011	December 31, 2010
Bank overdrafts and short-term loans	25,234	30,160
Cash pooling current accounts with subsidiaries	58,558	49,197
Current portion of medium/long-term financial debts and other loans	23,204	33,817
<i>of which to subsidiaries</i>	-	-
Total loans maturing within one year	81,762	83,014
<b>TOTAL SHORT-TERM FINANCIAL DEBTS</b>	<b>106,996</b>	<b>113,174</b>
Other short-term liabilities for derivative financial instruments	67	154
<b>TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>107,063</b>	<b>113,328</b>

#### *Non-current portion*

(in thousands of Euro)	June 30, 2011	December 31, 2010
Debts to bank for medium/long-term loans	161,826	133,051
Other medium/long-term financial debts	-	-
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS</b>	<b>161,826</b>	<b>133,051</b>
Other medium/long-term financial liabilities for derivative financial instruments	2,099	2,042
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>163,925</b>	<b>135,093</b>

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

As at June 30, 2011, € 25,000 thousand represents the temporary use of a credit line expiring in August 2011.

### *Cash pooling current accounts with subsidiaries*

Details are as follows:

(in thousands of Euro)	June 30, 2011	December 31, 2010
Filtrauto S.A.	2,412	(*) 5,121
Sogefi Rejna S.p.A.	8,620	5,258
Sogefi Filtration S.A.	2,616	1,021
Sogefi Filtration d.o.o.	2,240	3,472
Sogefi Filtration Ltd	2,601	667
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH	15,579	12,590
Allevard Federn GmbH	-	3,211
United Springs S.A.S.	1,686	2,409
Allevard Springs Ltd	6,444	6,064
United Springs Ltd	883	822
Allevard Rejna Autosuspensions S.A.	15,477	8,562
<b>TOTAL</b>	<b>58,558</b>	<b>49,197</b>

(\*) Including the balance of Sogefi Filtration B.V., company merged by incorporation, together with Sogefi Filtration A.B., into Filtrauto S.A. on June 30, 2011.

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

This includes:

- the current portion, corresponding to € 22,200 thousand, of the loan obtained from Unicredit Corporate Banking S.p.A., as discussed below;
- € 1,004 thousand of net financial expenses accrued at June 30, 2011 on loans and on interest rate risk hedging derivatives

In April 2011, the Company redeemed the residual debt of the loan obtained in 2006 from Intesa Sanpaolo S.p.A. as discussed below. The current portion as at December 31, 2010 was € 11.1 million.

In July 2011, the Company subscribed the following credit lines:

- € 40 million with repayment at 18 months less one day, at a rate corresponding to the quarterly Euribor plus a fixed spread of 180 basis points. The counterparty is Banca Nazionale del Lavoro S.p.A.;
- € 25 million with repayment in instalments starting from July 1, 2012, until June 30, 2017, at a rate corresponding to the quarterly Euribor plus a fixed spread of 225 basis points. The counterparty is Banca Carige S.p.A.

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

This includes:

- the fair value (€ 67 thousand) of a K.in forward Zero cost contract maturing before December 31, 2011, underwritten to transform part of medium/long-term loans from floating to fixed interest rate and designated in hedge accounting. Details of these contracts are provided in the note below entitled "Financial Instruments".



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

This includes:

- drawdowns corresponding to € 33,026 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 quarterly Euribor. As at June 30, 2011 the spread applied to the loan was 70 basis points;
- drawdowns of € 59,763 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 base spread of 50 basis points on the quarterly Euribor. As at June 30, 2011 the spread applied to the loan was 50 basis points;
- full drawdown of € 39,765 thousand in April 2011 on the loan of € 40 million granted by the European Investment Bank (EIB) in December 2010. The loan expires in April 2016 at a floating interest rate with an average spread of 256 basis points on the quarterly Euribor;
- drawdown corresponding to € 29,272 thousand of a new loan agreement signed with Intesa Sanpaolo S.p.A. in April 2011 for a total of € 60 million, split into two *tranches* of € 30 million each, one *tranche* will be paid in instalments of amortised capital from 2014 and one *tranche* will be managed as a revolving arrangement. The loan expires in December 2016 at a floating interest rate with a fixed spread of 250 basis points on the quarterly Euribor until May 1, 2012; after that date, a base spread of 200 basis points will apply. At the same time as the disbursement of the new loan, the Company extinguished its previous loan of € 50 million obtained from Intesa Sanpaolo S.p.A. in September 2006, in advance in respect to the natural due date, repaying the residual debt of around € 27.8 million, including a current portion of € 11.1 million as indicated above, at a floating interest rate with base spread of 60 basis points on the quarterly Euribor. This loan was due to expire in September 2013.

In March 2011, the Company signed a loan agreement with Banca Monte dei Paschi di Siena S.p.A. for a total of € 25 million. The agreement has a term of 6 years at a fixed spread of 175 basis points on the Euribor up until the first test ratio date, subsequently a base spread of 150 basis points will be applied. As at June 30, 2011, the Company has not drawn down this loan.

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 on the basis of the computation of the consolidated NFP/normalised consolidated EBITDA ratio. For an analysis of the covenants relating to loans outstanding at the end of the period, please refer to the note below entitled "Analysis of the financial position".

Sogefi will cover the financial requirements arising from the acquisition of Mark IV Systèmes Moteurs through the use of its credit lines and available liquidity.

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

They represent payables corresponding to the fair value of derivative contracts (Irs, Irc and K.in forward Zero Cost) that mature beyond June 30, 2011, signed for the purpose of transforming part of medium/long term loans from floating to fixed interest rate and designated in hedge accounting. 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, 2011	December 31, 2010
Due to subsidiaries	147	78
Due to parent company	992	263
Due to suppliers	3,590	604
Due to social security institutions	460	552
Due to employees	759	810
Other payables	1,550	1,647
<b>TOTAL</b>	<b>7,498</b>	<b>3,954</b>

Amounts “Due to parent company” of € 992 thousand refer to amounts owed to CIR S.p.A. for services provided to the Company in the first half of 2011.

Amounts “Due to suppliers” of approximately € 2.8 million refer to services provided by consultants that assisted the Company during the legal, financial and fiscal due diligence for the acquisition of the French automotive components group Mark IV Systèmes Moteurs.

“Other payables” includes € 1,059 thousand in royalties due to Honeywell International Inc. under the licence contract granting the 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, 2011	December 31, 2010
Provision for employment termination indemnities	526	476
Provision for Phantom Stock Options	287	226
Provisions for risks and charges	350	350
<b>TOTAL</b>	<b>1,163</b>	<b>1,052</b>

The provision for Phantom Stock Options refers to the fair value measurement of options related to Phantom Stock Option incentive plans for the Managing Director. The relative provision is included in the income statement under “Non-financial services”.

*Provisions for deferred tax liabilities*

As at June 30, 2011 this item amounted to € 699 thousand compared with € 496 thousand as at December 31, 2010.

This amount relates to the taxes expected to be paid on taxable temporary differences.

**17. SHAREHOLDERS' EQUITY**

***Share capital***

At June 30, 2011, the share capital amounted to € 60,638,443.84 (divided into 116,612,392 ordinary shares of a par value of € 0.52 each).

In the first half of 2011, the amount of share capital rose by € 92 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 2011 (177,400 shares).

The share capital, for the exercise of the stock option plans subscribed and paid in on June 30, 2011 (10,000 shares), was posted to the share capital increase reserve in that it was entered in the company register in July 2011.

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

At June 30, 2011, this item amounted to € 102,569 thousand, compared to € 104,601 thousand at the end of the previous year.

The decrease is mainly attributable to a resolution passed by the Shareholders' Meeting on April 19, 2011, which declared the distribution of a dividend of € 0.13 per share by using the whole 2010 profit of € 12,445 thousand and withdrawing the difference of € 2,443 thousand from the Reserve of Retained Earnings.

Changes in shareholders' equity in the first half of 2010 and 2011 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, 2011	December 31, 2010
A. Cash	19	21
B. Other cash and cash equivalents (short-term cash investments and cash pooling current accounts) <i>of which cash pooling current accounts with subsidiaries</i>	43,824 <i>12,715</i>	18,159 <i>3,378</i>
C. Other financial assets	21	86
<b>D. Liquid funds (A) + (B) + (C)</b>	<b>43,864</b>	<b>18,266</b>
<b>E. Current financial receivables</b> <i>of which from subsidiaries</i>	<b>24,564</b> <i>24,564</i>	<b>9,400</b> <i>9,400</i>
F. Current payables to bank and cash pooling current accounts <i>of which cash pooling current accounts with subsidiaries</i>	83,792 <i>58,558</i>	79,357 <i>49,197</i>
G. Current portion of non-current indebtedness	23,204	33,817
H. Other current financial debts <i>of which financial debts to subsidiaries</i>	67 -	154 -
<b>I. Current financial indebtedness (F) + (G) + (H)</b>	<b>107,063</b>	<b>113,328</b>
<b>J. Current financial indebtedness, net (I) - (E) - (D)</b>	<b>38,635</b>	<b>85,662</b>
K. Non-current payables to bank	161,826	133,051
L. Bonds issued	-	-
M. Other non-current financial debts	2,099	2,042
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>163,925</b>	<b>135,093</b>
<b>O. Net indebtedness (J) + (N)</b>	<b>202,560</b>	<b>220,755</b>
Loans and financial receivables similar to loans – non current <i>of which loans to subsidiaries</i>	93,642 <i>93,474</i>	101,279 <i>101,279</i>
<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>108,918</b>	<b>119,476</b>

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

- 2008 syndicated loan of € 160 million, signed in 2008: the ratio of consolidated net financial position to consolidated EBITDA has to 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 from Unicredit Corporate Banking S.p.A, signed in 2006: the ratio of consolidated net financial position to consolidated EBITDA has to be less than 4;
- loan of € 40 million from European Investment Bank (EIB), signed in 2010: the ratio of consolidated net financial position to consolidated EBITDA has to be less or equal to 3.5; the ratio of consolidated EBITDA to net financial expenses must not be less than 4;
- loan of € 60 million from Intesa Sanpaolo S.p.A., signed in 2011: the ratio of the consolidated net financial position to consolidated EBITDA has to be less than or equal to 3.5;
- loan of € 25 million from Banca Monte dei Paschi di Siena S.p.A. signed in 2011: the ratio of consolidated net financial position to consolidated EBITDA has to be less or equal to 3.5; the ratio of consolidated EBITDA to net financial expenses must not be less than 4.

Note 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, 2011 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 of 2011	1st half of 2010
Dividends from subsidiaries:		
Sogefi Filtration A.B.	-	621
Sogefi Filtration S.A.	5,165	7,251
Sogefi Filtration d.o.o.	1,500	700
Filtrauto S.A.	-	3,501
Allevard Rejna Autosuspensions S.A.	19,997	-
<b>TOTAL</b>	<b>26,662</b>	<b>12,073</b>

Dividends declared by the competent corporate bodies of the subsidiaries in the first half-year were fully recognised in the income statement, of which € 11,498 thousand were collected in the first half of 2011.

#### *Other financial income*

Details are as follows:

(in thousands of Euro)	1st half 2011	1st half 2010
Interest on amounts due from subsidiaries	2,043	1,954
Interest on cash pooling current accounts	138	169
Interest on amounts due from banks	11	34
Income from interest-rate hedging derivatives (designated in hedge accounting)	148	60
Exchange differences and income from currency derivatives (not designated in hedge accounting )	830	1,677
Payments to interest account	-	10
<b>TOTAL</b>	<b>3,170</b>	<b>3,904</b>

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

Details as follows:

(in thousands of Euro)	<i>1st half of 2011</i>	<i>1st half of 2010</i>
Interest expense on syndicated loan	557	692
Interest expense on loan from Unicredit C.B. S.p.A.	555	831
Interest expense on loan from Intesa Sanpaolo S.p.A. obtained in 2006	163	336
Interest expense on loan from Banca Carige S.p.A.	-	10
Interest expense on EIB loan	279	-
Interest expense on loan from Intesa Sanpaolo S.p.A. obtained in 2011	192	-
Interest on amounts due to banks	382	174
Interest on cash pooling current accounts	150	102
Costs of interest-rate hedges (designated in hedge accounting)	686	1,298
Exchange differences and costs of currency derivatives (not designated in hedge accounting)	971	1,432
Commission and bank charges	28	19
Commission on financial transactions	497	319
Other	11	147
<b>TOTAL</b>	<b>4,471</b>	<b>5,360</b>

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

These can be broken down as follows:

(in thousands of Euro)	<i>1st half of 2011</i>	<i>1st half of 2010</i>
<b>REVENUES FROM SALES AND SERVICES</b>		
Consultancy and business assistance, royalties:		
- filtration division companies	4,010	3,703
- suspension components division companies	1,791	1,395
Leases:		
- Sogefi Rejna S.p.A.	264	261
<b>OTHER REVENUES AND INCOME</b>		
Various income and recoveries from subsidiaries	114	73
Other income	4	23
<b>TOTAL</b>	<b>6,183</b>	<b>5,455</b>

The increase in revenues with both divisions is due to greater income arising from consultancy and company service contracts compared to the same period the previous year.

## *21. OTHER OPERATING EXPENSES*

In the first half of 2011, "Costs of services" included the amount of € 992 thousand for administrative, financial, fiscal and corporate services provided by the parent company.

"Costs of services" also includes the overall expense of € 157 thousand (unchanged compared to the first half of 2010) resulting from the fair value measurement of options on Phantom Stock Option, Stock Option and Stock Grant incentive plans for the Managing Director.

The increase in "Costs of services" is mainly due to the higher remuneration of € 167 thousand for the Managing Director, within the relevant extension of his powers and functions, decided by the Board of Directors on April 20, 2010.

"Costs for leases and rentals" included € 1,786 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.

"Personnel costs" includes an expense of € 90 thousand (€ 76 thousand in the first half of 2010) resulting from the fair value measurement of options relating to the Stock Option and Stock Grant plans for Company employees. The information and characteristics of the Stock Option and Stock Grant plans are widely indicated in the explanatory and supplementary notes on the consolidated financial statements in the income statement item "Personnel costs".

## *22. NON-OPERATING INCOME AND EXPENSES*

### *Non-operating non-recurring expenses*

This item corresponds to services provided by consultants that assisted the Company during the legal, financial and fiscal due diligence relating to the acquisition of the French automotive components group Mark IV Systèmes Moteurs, as previously commented.

## *23. INCOME TAXES*

As at June 30, 2011, tax assets amounted to € 1,617 thousand compared to € 1,172 thousand as at June 30, 2010.

## *24. OTHER INFORMATION*

In the first half of 2011, the average number of employees of Sogefi S.p.A. was 32 compared to 30.5 in the first half of 2010.



## 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, 2011	<i>Statement of financial position</i>					
	CURRENT ASSETS			NON-CURRENT ASSETS	CURRENT LIABILITIES	
	Cash pooling current accounts	Loans and Financial receivables	Trade receivables	Loans	Cash pooling current accounts	Trade and financial payables
Sogefi Rejna S.p.A.			346	6,000	8,620	20
Sogefi Filtration Ltd	4,910	2,500	345		2,601	5
Sogefi Filtration S.A.		5,165	7		2,616	5
Filtrauto S.A.		5,000	337		2,412	26
Sogefi Filtration d.o.o.			1		2,240	8
Sogefi Filtration do Brasil Ltda			240			19
Sogefi Filtration Argentina S.A.			153			
Sogefi Purchasing S.A.S.	1,090		181			
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH			5		15,579	26
Allevard Rejna Autosuspensions S.A.	6,095	9,999	115	82,200	15,477	23
Allevard Federn GmbH	620		10			
Allevard Springs Ltd			3		6,444	10
Allevard Rejna Argentina S.A.			207			
Allevard Sogefi U.S.A. Inc.			267	5,274		
United Springs S.A.S.			1		1,686	3
United Springs B.V.		1,900	2			
United Springs Ltd			4		883	2
Shanghai Allevard Spring Co., Ltd.			1			
Iberica De Suspensiones S.L. (ISSA)			5			
<b>TOTAL</b>	<b>12,715</b>	<b>24,564</b>	<b>2,230</b>	<b>93,474</b>	<b>58,558</b>	<b>147</b>

1st half of 2011	<i>Income statement</i>					
	Income				Expenses	
	From equity investments	Other financial income	Revenues from sales and services	Other revenues and income	Interest expenses and other financial expenses	Other operating expenses
Sogefi Rejna S.p.A.		133	1,020	10	13	15
Sogefi Filtration Ltd		84	632	6	6	
Sogefi Filtration S.A.	5,165	132	96	6	8	
Filtrauto S.A.		107	1,345	48	12	8
Sogefi Filtration d.o.o.	1,500		32	1	14	
Sogefi Filtration do Brasil Ltda			784			19
Sogefi Filtration Argentina S.A.			431			
Sogefi Purchasing S.A.S.		16	172			
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH			129	5	49	
Allevard Rejna Autosuspensions S.A.	19,997	1,613	671	15	19	6
Allevard Federn GmbH		10	70	1	3	
Allevard Springs Ltd			66	2	18	
Allevard Rejna Argentina S.A.			207			
Allevard Molas do Brasil Ltda			309			
Allevard Sogefi U.S.A. Inc.		54	37	12		
United Springs S.A.S.			54	1	6	
United Springs B.V.		32	5	1		
United Springs Ltd			5	1	2	
Iberica De Suspensiones S.L. (ISSA)				5		
<b>TOTAL</b>	<b>26,662</b>	<b>2,181</b>	<b>6,065</b>	<b>114</b>	<b>150</b>	<b>48</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*

The impact on the balance sheet and income statement of transactions with the parent company, CIR S.p.A., is summarised in the following tables:

(in thousands of Euro)	<i>Note</i>	<i>June 30, 2011</i>
<i>Statement of financial position:</i>		
Trade receivables	7	2,147
Trade and other payables	15	992
<i>Income statement:</i>		
Other operating expense	21	992

#### *Transactions with the Company Directors and Managers with strategic responsibilities*

The remuneration of the first half of 2011 to the Directors amounted to € 759 thousand (in the first half of 2010 the remuneration to the Directors and the General Manager amounted respectively to € 600 thousand and € 339 thousand) and to the Manager with strategic responsibilities, identified within the “Discipline on related party transactions” adopted by the Company in 2010 pursuant to Consob resolution no. 17221/2010, amounted to € 284 thousand (€ 282 thousand in the first half of 2010).

The total cost recognised in the income statement in the first half of 2011 for Directors' remuneration, fees to the Manager with strategic responsibilities (formerly Consob resolution No. 17221/2010) as well as for relevant social charges, employment termination indemnities and fringe benefits amount to € 1,181 thousand (€ 1,476 thousand in the first half of 2010, including the fees to the General Manager and relevant charges).

## **E) COMMITMENTS AND RISKS**

### *26. INFORMATION ON COMMITMENTS AND RISKS*

The most important are:

- “*guarantees*” on behalf of subsidiaries amounting to € 55,776 thousand and in favour of third parties amounting to € 45 thousand;
- commitments for “Interest rate hedging contracts” held by the Company with a notional value of € 213,000 thousand;
- commitments for forward forex contracts amounting to € 5,035 thousand.

## F) 27. FINANCIAL INSTRUMENTS

At June 30, 2011 the Company held the following contracts to hedge interest rate risk on part of its medium/long term loans, designated in hedge accounting:

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value
Hedge of € 100 million (29/09/2006 maturity 29/09/2013), rate: Euribor + base 70.0 bp	18/11/2009	30/04/2013	5,000	2.210%	(31)
Hedge of € 100 million (29/09/2006 maturity 29/09/2013), rate: Euribor + base 70.0 bp	27/11/2009	30/04/2013	5,000	2.150%	(25)
Hedge of € 160 million (04/06/2008 maturity 04/06/2013), rate: Euribor + base 50.0 bp	18/11/2009	05/05/2013	5,000	2.230%	(15)
Hedge of € 160 million (04/06/2008 maturity 04/06/2013), rate: Euribor + base 50.0 bp	27/11/2009	05/05/2013	5,000	2.170%	(9)
Hedge of € 160 million (04/06/2008 maturity 04/06/2013), rate: Euribor + base 50.0 bp	20/12/2010	04/05/2013	5,000	1.733%	35
Hedge of € 160 million (04/06/2008 maturity 04/06/2013), rate: Euribor + base 50.0 bp	20/12/2010	04/05/2013	5,000	1.733%	17
Hedge of € 160 million (04/06/2008 maturity 04/06/2013), rate: Euribor + base 50.0 bp	21/12/2010	04/05/2013	5,000	1.7075%	20
Hedge of € 160 million (04/06/2008 maturity 04/06/2013), rate: Euribor + base 50.0 bp	22/12/2010	06/05/2013	10,000	1.685%	44
Hedge of € 160 million (04/06/2008 maturity 04/06/2013), rate: Euribor + base 50.0 bp	11/03/2011	04/05/2013	10,000	2.693%	(23)
Hedge of € 160 million (04/06/2008 maturity 04/06/2013), rate: Euribor + base 50.0 bp	11/03/2011	04/05/2013	10,000	2.805%	(34)
Hedge of € 160 million (04/06/2008 maturity 04/06/2013), rate: Euribor + base 50.0 bp	23/03/2011	06/05/2013	10,000	2.800%	(28)
Hedge of € 160 million (04/06/2008 maturity 04/06/2013), rate: Euribor + base 50.0 bp	23/03/2011	04/05/2013	5,000	2.445%	(30)
Hedge of € 60 million (29/04/2011 maturity 31/12/2016), rate: Euribor + base 200.0 bp	11/05/2011	31/12/2016	28,000	2.990%	(587)
Description of IRC	Date opened	Contract maturity	Notional	Cap/Floor	Fair value

Hedge of € 100 million (29/09/2006 maturity 29/09/2013), rate: Euribor + base 70.0 bp	24/04/2008	31/10/2012	10,000	Cap: 4.50% Floor: 3.84%	(310)
Description of K.IN FORWARD ZERO COST	Date opened	Contract maturity	Notional	Cap/Floor	Fair value
Hedge of € 100 million (29/09/2006 maturity 29/09/2013), rate: Euribor + base 70.0 bp	24/04/2008	31/10/2012	10,000	Cap: 4.50% Floor: 4.20% Knock in European: 3.33%	(363)
Hedge of € 100 million (29/09/2006 maturity 29/09/2013), rate: Euribor + base 70.0 bp	09/05/2008	31/10/2011	5,000	Cap: 4.40% Floor: 4.10% Knock in European: 3.10%	(67)

In the first half of 2011, the Company subscribed the following Interest Rate Swaps (in thousands of euro) on envisaged future long term indebtedness and designated in hedge accounting. The contracts will take effect from 2013:

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value
Hedging of future financial indebtedness for 2013-2018	10/02/2011	01/06/2018	10,000	3.679%	(113)
Hedging of future financial indebtedness for 2013-2018	23/02/2011	01/06/2018	10,000	3.500%	(86)
Hedging of future financial indebtedness for 2013-2018	11/03/2011	01/06/2018	10,000	3.545%	(107)
Hedging of future financial indebtedness for 2013-2018	23/03/2011	01/06/2018	10,000	3.560%	(112)
Hedging of future financial indebtedness for 2013-2018	23/03/2011	01/06/2018	10,000	3.670%	(160)
Hedging of future financial indebtedness for 2013-2018	13/05/2011	01/06/2018	10,000	3.460%	(66)
Hedging of future financial indebtedness for 2013-2018	24/06/2011	01/06/2018	10,000	3.250%	27
Hedging of future financial indebtedness for 2013-2018	28/06/2011	01/06/2018	10,000	3.250%	25

As at June 30, 2011, the Company holds the following forward sale contract to hedge exchange risk on intercompany financial positions, not designated in hedge accounting:

Forward sale	Date opened	Spot price €/currency	Date closed	Forward price €/currency	Fair value
USD 7,230,000	24/06/2011	1.43970	26/09/2011	1.43585	19



**CERTIFICATION OF GROUP AND HOLDING COMPANY  
HALF-YEAR CONDENSED FINANCIAL STATEMENTS AS AT JUNE 30, 2011  
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 – Manager responsible for preparing Sogefi S.p.A.’s financial reports  
hereby certify 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, that:  
  
the administrative and accounting procedures for the preparation of the Group and Holding  
Company half-year condensed financial statements for the 2011 first half:
  - are adequate with respect to the company 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-year condensed financial statements as at June 30, 2011:
    - 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-year 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 21, 2011

Chief Executive Officer

Emanuele Bosio

Manager responsible for preparing  
financial reports  
Giancarlo Coppa

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

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

1. We have reviewed the half-year condensed consolidated financial statements, consisting of the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash-flows , consolidated statement of changes in equity and related explanatory notes as of June 30, 2011 of Sogefi S.p.A. and its subsidiaries (the "Sogefi Group"). These half-year condensed consolidated financial statements, prepared in accordance with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union, are the responsibility of Sogefi S.p.A.'s Directors. Our responsibility is to issue a report on these half-year 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-year condensed financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the half-year condensed financial statements, assessing whether accounting policies have been consistently applied and excluded audit procedures such as tests of controls and substantive verification 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-year condensed financial statements.

As far as comparative figures related to the year ended December 31, 2010 and the six-month period ended June 30, 2010 are concerned, reference should be made to our auditors' report dated March 24, 2011 and our auditors' review report dated August 2, 2010, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of the Sogefi Group as of June 30, 2011 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by  
Vincenzo Mignone  
Partner

Milan, Italy  
July 29, 2011

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

**AUDITORS' REVIEW REPORT ON THE HALF-YEAR  
CONDENSED FINANCIAL STATEMENTS**

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

1. We have reviewed the half-year condensed financial statements, consisting of the statement of financial position, income statement, statement of comprehensive income, statement of cash-flows, statement of changes in equity and related explanatory notes as of June 30, 2011 of Sogefi S.p.A. These half-year condensed financial statements, prepared in accordance with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union, are the responsibility of Sogefi S.p.A.'s Directors. Our responsibility is to issue a report on these half-year 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-year condensed financial statements under Resolution n° 10867 of July 31, 1997. Our review consisted principally of applying analytical procedures to the half-year condensed financial statements, assessing whether accounting policies have been consistently applied and excluded audit procedures such as tests of controls and substantive verification 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-year condensed financial statements.

As far as comparative figures related to the year ended December 31, 2010 and the six-month period ended June 30, 2010 are concerned, reference should be made to our auditors' report dated March 24, 2011 and our auditors' review report dated August 2, 2010, respectively.

3. Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed financial statements of Sogefi S.p.A. as of June 30, 2011 are not prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable for interim financial statements (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by  
Vincenzo Mignone  
Partner

Milan, Italy  
July 29, 2011

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