

INTERIM FINANCIAL REPORT AS AT MARCH 31, 2012



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 60,676,819.84
MANTOVA COMPANY REGISTER AND TAX CODE 00607460201
COMPANY SUBJECT TO POLICY GUIDANCE AND COORDINATION ON THE PART OF CIR S.p.A.
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BOARD OF DIRECTORS' REPORT ON OPERATIONS AS AT MARCH 31, 2012

In the first quarter of 2012 the automotive sector's business continued the downturn started during the last few months of 2011 further to the worsening of the global economic and financial scenario.

In particular, in Europe, the lower availability to credit further reduced consumer's propensity to purchase new cars, leading to a 7.7% drop of new registrations in the first quarter against the corresponding period of 2011. This entailed a decrease in production levels (-5.1%) with the worst results in Italy, Spain and France.

Outside Europe demand slowed down in Brazil and China, while North America continued to grow.

Spare parts market in general remained at the same level as the previous year, with the Independent Aftermarket (IAM) segment dropping by 3.2%, and Original Equipment Spares (OES) segment growing by 14.1%.

In spite of this unfavourable scenario, Sogefi closed the quarter accounts with a growth of the key economic indicators. The Group revenues increased by 35.6%, thanks to consolidation of the newly acquired Systèmes Moteurs (consolidated as of August 2011) with **consolidated revenues** amounting to € 346.9 million compared to € 255.8 million of the first quarter 2011. With the same consolidation, revenues would have been € 254.1 million (-0.7%).

The positive evolution of revenues applied especially to the Engine Systems Division, to which Systèmes Moteurs belongs, which posted strong growth (€ 208.3 million versus 117.8 million in the first quarter of 2011), while the Suspension Components Division reported revenues that were substantially unchanged from those of the same period last year (€ 139.3 million versus € 138.7 million).

The most significant figure was the continuing growth in North America (NAFTA area), where Sogefi achieved revenues of € 36.8 million, which were up fourfold on 2011 thanks to the acquisition of Systèmes Moteurs and to organic growth. Growth is also continuing in India (revenues +75% compared to first quarter 2011), while in the Mercosur region there was a contraction of 4.3% due to the trend of the local market in the period. In Europe Sogefi reported revenues of € 243.6 million, up by 32% on last year as a result of the contribution of Systèmes Moteurs (stable at € 184.1 million with the same consolidation, despite the contraction in the market).

The cost for raw materials of key components was basically consistent with the one of the first quarter of last year.

The contribution margin drops from 31.7% in the first quarter 2011 to 29.8%, due to the inclusion of the Systèmes Moteurs group in the scope of consolidation, for which raw materials have a higher impact, which however is offset by lower overhead costs.

The contribution margin excluding Systèmes Moteurs would have been 31.6%, basically consistent with the one obtained in the first quarter 2011 (31.7%).

Consolidated operating result amounts to € 24.6 million (7.1% of revenues), 37.3% up from € 17.9 million (7% of revenues) in the first quarter of 2011. The ratio of operating result to revenues without including Systèmes Moteurs would have been 6.9%.

Consolidated EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for the first three months of the year was € 34.3 million (9.9% of revenues), up by 37.3% from € 25 million (9.8% of revenues) in the corresponding period of 2011 and its ratio to revenues, with the same consolidation as last year, would have been 9.5%. **EBIT** (Earnings Before Interest and Tax) rose to € 20.1 million (5.8% of revenues), +45% over € 13.9 million (5.4% of revenues) in the first quarter of 2011. With the same consolidation as last year, EBIT would have been 5.3% of revenues.

Result before taxes and non-controlling interests grew as well, totalling € 16 million versus € 11.7 million in the first quarter of last year. Similarly, the **consolidated net result** for the period was € 9.2 million compared to € 6.7 million of the first three months of last year.

Net indebtedness as at March 31, 2012 basically remained the same as December 31, 2011 (€ 299.3 million compared with € 299.8 million) and up against the figure of the same period of the previous year (€ 166.6 million) mainly because of the cash outflows relating to the purchase of Systèmes Moteurs (€ 138.2 million) and dividends paid in 2011 for the amount of € 16.1 million.

Total consolidated equity amounted to € 222 million as at March 31, 2012, increased compared to € 216.2 million as at March 31, 2011 and € 214.9 million as at December 31, 2011. The **Group's share of consolidated equity** amounted to € 202.1 million against € 198.7 million as at March 31, 2011.

PERFORMANCE OF THE ENGINE SYSTEMS DIVISION

Including Systèmes Moteurs in the scope of consolidation allowed this Division to record revenues of € 208.3 million, +76.8% over the result of the first quarter 2011 (€ 117.8 million). With the same consolidation, consolidated revenues would have been slightly reduced (-2%), at € 115.5 million.

As explained above, Aftermarket revenues slightly increased (+3%) compared to the corresponding quarter 2011. In particular, volumes decreased in the Independent Aftermarket (IAM) while they are increasing in the Original Equipment Spares (OES).

The contribution of Systèmes Moteurs ensured a considerable increase in revenues in the NAFTA (+572.5%), European (+71.3%) and Indian areas (+81.5%).

Economic results have posted an overall rise in absolute value:

- the divisions' consolidated operating result went from € 5.9 million (5% of revenues) to € 13.7 million in the first quarter 2012 (6.6% of revenues);
- EBITDA went from € 8.5 million (7.2% of revenues) of the first quarter 2011 to € 19.5 million (9.4% of revenues);
- EBIT increased from € 3.8 million (3.2% of revenues) of the corresponding period of the last year and reached € 11.4 million (5.5% of revenues).

Further to the change to the scope of consolidation the workforce (including temporary workers and excluding employees subject to flexible arrangements) increased: as at March 31, 2012 they totalled 4,451 against 3,535 of twelve months earlier.

PERFORMANCE OF THE SUSPENSION COMPONENTS DIVISION

In the period this Division slightly increased its revenues, totalling € 139.3 million (€ 138.7 million in the corresponding period of the last year), with a positive performance in the car sector, a constant trend in the industrial vehicles and railway market and a downturn in the precision springs sector.

Profitability was negatively affected by the lower volumes of sale on the profitable South American market, with:

- the divisions' consolidated operating result going from € 12.9 million (9.3% of revenues) to € 11.7 million (8.4% of revenues) in the first quarter 2012;
- EBITDA decreasing from € 17.5 million (12.6% of revenues) of the first quarter 2011 to € 15.7 million (11.3% of revenues);
- EBIT decreasing from € 11.3 million (8.1% of revenues) of the first quarter 2011 to € 9.8 million (7% of revenues).

At quarter end, workforce (as defined above for the Engine Systems Division) totalled 2,814 employees recording a slight increase compared to 2,756 employees as at March 31, 2011.

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

The Holding Company Sogefi S.p.A. recorded a loss of € 2.2 million, compared to a loss of € 1.3 million in the first quarter 2011. This poor performance is mainly due to the increased net financial expenses due to the higher indebtedness further to the acquisition of Systèmes Moteurs group in July 2011.

OUTLOOK FOR OPERATIONS

The consolidation of the Systèmes Moteurs businesses for the whole year allows the Group to predict a significant rise in consolidated revenues for 2012, even in the presence of possible downturns in demand in the event of an adjustment of the production levels of European and Brazilian clients to their sales in the first quarter. The costs of the main raw materials, including steel, should remain stable in coming quarters, enabling the group to reach levels of profitability that are at least in line with those reported in the first quarter.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	03.31.2012	12.31.2011
CURRENT ASSETS		
Cash and cash equivalents	124.7	102.5
Other financial assets	6.1	1.9
<i>Working capital</i>		
Inventories	163.5	152.5
Trade receivables	199.9	178.6
Other receivables	9.1	10.2
Tax receivables	19.9	19.6
Other assets	4.3	2.8
<i>TOTAL WORKING CAPITAL</i>	396.7	363.7
TOTAL CURRENT ASSETS	527.5	468.1
NON-CURRENT ASSETS		
Fixed assets		
Land	16.6	15.8
Property, plant and equipment	234.1	239.3
Other tangible fixed assets	5.2	4.8
<i>Of which: leases</i>	12.6	12.8
Intangible assets	217.3	213.5
TOTAL FIXED ASSETS	473.2	473.4
OTHER NON-CURRENT ASSETS		
Investments in joint ventures	0.3	0.3
Other financial assets available for sale	0.5	0.5
Non-current trade receivables	0.9	0.9
Financial receivables	-	-
Other receivables	15.0	14.1
Deferred tax assets	38.6	37.9
TOTAL OTHER NON-CURRENT ASSETS	55.3	53.7
TOTAL NON-CURRENT ASSETS	528.5	527.1
NON-CURRENT ASSETS HELD FOR SALE	0.6	0.7
TOTAL ASSETS	1,056.6	995.9

LIABILITIES	03.31.2012	12.31.2011
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	7.1	9.8
Current portion of medium/long-term financial debts and other loans	54.3	47.0
<i>Of which: leases</i>	1.3	1.7
TOTAL SHORT-TERM FINANCIAL DEBTS	61.4	56.8
Other short-term liabilities for derivative financial instruments	0.6	0.6
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	62.0	57.4
Trade and other payables	309.5	283.6
Tax payables	11.8	8.6
Other current liabilities	6.5	7.3
TOTAL CURRENT LIABILITIES	389.8	356.9
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	350.1	330.5
Other medium/long-term financial debts	8.3	7.9
<i>Of which: leases</i>	5.5	5.7
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	358.4	338.4
Other medium/long term financial liabilities for derivative financial instruments	9.7	8.4
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	368.1	346.8
OTHER LONG-TERM LIABILITIES		
Long-term provisions	39.7	40.5
Other payables	1.5	1.6
Deferred tax liabilities	35.5	35.2
TOTAL OTHER LONG-TERM LIABILITIES	76.7	77.3
TOTAL NON-CURRENT LIABILITIES	444.8	424.1
SHAREHOLDERS' EQUITY		
Share capital	60.7	60.7
Reserves and retained earnings (accumulated losses)	132.2	110.5
Group net result for the period	9.2	24.7
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	202.1	195.9
Non-controlling interests	19.9	19.0
TOTAL SHAREHOLDERS' EQUITY	222.0	214.9
TOTAL LIABILITIES AND EQUITY	1,056.6	995.9

CONSOLIDATED INCOME STATEMENT FROM 01.01.2012 TO 03.31.2012

(in millions of Euro)

	Period		Period		Change	
	01.01 – 03.31.2012		01.01 – 03.31.2011		Amount	%
	Amount	%	Amount	%	Amount	%
Sales revenues	346.9	100.0	255.8	100.0	91.1	35.6
Variable cost of sales	243.4	70.2	174.7	68.3	68.7	39.3
CONTRIBUTION MARGIN	103.5	29.8	81.1	31.7	22.4	27.6
Manufacturing and R&D overheads	35.6	10.3	26.7	10.4	8.9	33.3
Depreciation and amortization	14.2	4.1	11.1	4.3	3.1	27.8
Distribution and sales fixed expenses	10.0	2.9	9.0	3.5	1.0	12.0
Administrative and general expenses	19.1	5.4	16.4	6.5	2.7	16.3
OPERATING RESULT	24.6	7.1	17.9	7.0	6.7	37.3
Restructuring costs	0.5	0.2	0.6	0.2	(0.1)	(11.3)
Losses (gains) on disposal	-	-	-	-	-	-
Exchange losses (gains)	0.2	0.1	0.9	0.4	(0.7)	(80.2)
Other non-operating expenses (income)	3.8	1.0	2.5	1.0	1.3	52.8
EBIT	20.1	5.8	13.9	5.4	6.2	45.0
Financial expenses (income), net	4.1	1.2	2.2	0.8	1.9	91.0
Losses (gains) from equity investments	-	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	16.0	4.6	11.7	4.6	4.3	36.4
Income taxes	6.0	1.7	4.4	1.7	1.6	34.3
NET RESULT BEFORE NON-CONTROLLING INTERESTS	10.0	2.9	7.3	2.9	2.7	37.7
Loss (income) attributable to non-controlling interests	(0.8)	(0.2)	(0.6)	(0.3)	(0.2)	(39.7)
GROUP NET RESULT	9.2	2.7	6.7	2.6	2.5	37.5

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)

	03.31.2012	12.31.2011	03.31.2011
A. Cash	124.7	102.5	68.2
B. Other cash at bank and on hand	-	-	-
C. Financial instruments held for trading	6.1	1.9	-
D. Liquid funds (A) + (B) + (C)	130.8	104.4	68.2
E. Current financial receivables	-	-	0.3
F. Current payables to banks	(7.1)	(9.8)	(46.5)
G. Current portion of non-current indebtedness	(54.3)	(47.0)	(44.6)
H. Other current financial debts	(0.6)	(0.6)	(0.2)
I. Current financial indebtedness (F) + (G) + (H)	(62.0)	(57.4)	(91.3)
J. Current financial indebtedness, net (I) + (E) + (D)	68.8	47.0	(22.8)
K. Non-current payables to banks	(350.1)	(330.5)	(133.0)
L. Bonds issued	-	-	-
M. Other non-current financial debts	(18.0)	(16.3)	(10.8)
N. Non-current financial indebtedness (K) + (L) + (M)	(368.1)	(346.8)	(143.8)
O. Net indebtedness (J) + (N)	(299.3)	(299.8)	(166.6)
Non-current financial receivables	-	-	-
Financial indebtedness, net including non-current financial receivables	(299.3)	(299.8)	(166.6)

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)

	March 31, 2012	December 31, 2011	March 31, 2011
SELF-FINANCING	22.3	70.9	16.0
Change in net working capital	(4.3)	14.2	(10.0)
Other medium/long-term assets/liabilities	(1.2)	(5.0)	(0.1)
CASH FLOW GENERATED BY OPERATIONS	16.8	80.1	5.9
Sale of equity investments	-	-	-
Net decrease from sale of fixed assets	-	0.3	0.1
TOTAL SOURCES	16.8	80.4	6.0
Increase in intangible assets	7.9	20.5	3.1
Purchase of tangible assets	8.5	36.3	5.6
Purchase of equity investments	-	146.5	-
TOTAL APPLICATION OF FUNDS	16.4	203.3	8.7
Net financial position of subsidiaries purchased/sold during the period	-	8.3	-
Exchange differences on assets/liabilities and equity	0.6	(1.8)	0.9
FREE CASH FLOW	1.0	(116.4)	(1.8)
Holding Company increases in capital	-	0.3	0.1
Net purchase of treasury share	(0.5)	(2.7)	-
Increase in share capital of consolidated subsidiaries	-	-	-
Dividends paid by the Holding Company to shareholders	-	(14.9)	-
Dividends paid by subsidiaries to non-controlling interests	-	(1.2)	-
CHANGES IN SHAREHOLDERS' EQUITY	(0.5)	(18.5)	0.1
Change in net financial position	0.5	(134.9)	(1.7)
Opening net financial position	(299.8)	(164.9)	(164.9)
CLOSING NET FINANCIAL POSITION	(299.3)	(299.8)	(166.6)

CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. INTRODUCTION

The consolidated interim financial report as at March 31, 2012, which has not been externally audited, has been prepared in compliance with International Accounting Standards (IAS/IFRS) and to this end, the financial statements of consolidated investee companies have been appropriately reclassified and adjusted.

The interim financial report has been drawn up in accordance with the provisions of art. 154-ter, paragraph 5 of Legislative Decree no. 58 of 02/24/98 (Consolidated Law on Finance) and subsequent amendments. Therefore, the provisions of the international accounting standard regarding interim financial information (IAS 34 “Interim financial reporting”) have not been adopted.

2. CONSOLIDATION PRINCIPLES

Consolidation is performed on a line-by-line basis. The criteria adopted for the application of this method have not changed with respect to those used as at December 31, 2011.

3. ACCOUNTING STANDARDS APPLIED

The accounting standards applied in the preparation of the financial statements as at March 31, 2012 are the same as those applied to the financial statements as at December 31, 2011.

In compliance with IFRS 3, a final determination of the fair value of assets, liabilities and potential liabilities of the Systèmes Moteurs group on acquisition date will be completed within twelve months from acquisition date.

As at March 31, 2012 the initial posting of the Business Combination involving the Systèmes Moteurs group, according to the acquisition method is still incomplete since some assessment procedures are not finalised yet.

COMMENTS ON THE FINANCIAL STATEMENTS

The change in Group's consolidated shareholders' equity and in total shareholders' equity in the first quarter of 2012 is as follows:

(in millions of Euro)	Consolidated shareholders' equity - Group	Capital and reserves pertaining to non-controlling interests	Total Group and non-controlling shareholders' equity
Balance at December 31, 2011	195.9	19.0	214.9
Paid share capital increase	-	-	-
Dividends	-	-	-
Currency translation differences and other changes	(3.0)	0.1	(2.9)
Net result for the period	9.2	0.8	10.0
Balance at March 31, 2012	202.1	19.9	222.0

Revenues from sales amounted to € 346.9 million compared to € 255.8 million in the same period of 2011.

The breakdown of revenues by business area is as follows:

(in millions of Euro)	Period 01.01 – 03.31.2012		Period 01.01 – 03.31.2011		Change	
	Amount	%	Amount	%	Amount	%
Engine Systems	208.3	60.0	117.8	46.0	90.5	76.8
Suspension components	139.3	40.2	138.7	54.2	0.6	0.4
Intercompany eliminations	(0.7)	(0.2)	(0.7)	(0.3)	0.0	2.4
TOTAL	346.9	100.0	255.8	100.0	91.1	35.6

The breakdown of revenues by geographical area is as follows:

(in millions of Euro)	Period		Period		Change	
	01.01 – 03.31.2012		01.01 – 03.31.2011			
	Amount	%	Amount	%	Amount	%
France	79.7	23.0	61.1	23.9	18.6	30.5
Germany	47.8	13.8	33.4	13.1	14.4	42.9
Great Britain	28.8	8.3	23.3	9.1	5.5	23.8
Italy	21.5	6.2	18.0	7.0	3.5	19.5
Spain	14.8	4.3	10.5	4.1	4.3	40.8
Benelux	14.2	4.1	14.3	5.6	(0.1)	(0.5)
Russia	0.5	0.1	1.2	0.5	(0.7)	(60.8)
Other European Countries	36.3	10.5	22.7	8.8	13.6	60.2
Mercosur	53.5	15.4	55.9	21.9	(2.4)	(4.3)
United States	24.9	7.2	7.0	2.8	17.9	253.0
China	3.7	1.1	3.9	1.5	(0.2)	(3.5)
India	5.1	1.5	2.9	1.1	2.2	75.0
Canada	5.4	1.6	-	-	5.4	-
Mexico	6.5	1.9	0.2	0.1	6.3	-
Rest of the World	4.2	1.0	1.4	0.5	2.8	213.3
TOTAL	346.9	100.0	255.8	100.0	91.1	35.6

As at March 31, 2012, the Group's workforce was 6,752, compared to 6,708 as at December 31, 2011 and 5,646 as at March 31, 2011, broken down as follows:

	03.31.2012	12.31.2011	03.31.2011
Managers	113	108	88
Clerical staff	1,793	1,774	1,313
Blue collar workers	4,846	4,826	4,245
TOTAL	6,752	6,708	5,646

Milano, April 19, 2012

THE BOARD OF DIRECTORS

**DECLARATION PURSUANT TO ART. 154-BIS, PARAGRAPH 2,
LEGISLATIVE DECREE No. 58/1998**

Subject: Interim financial report as at March 31, 2012

The undersigned, Mr. Giancarlo Coppa - Manager responsible for preparing the Company's financial reports -

declares

pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance that the accounting information contained in this document corresponds to the document results, books and accounting records.

Milano, April 19, 2012

SOGEFI S.p.A.
(Giancarlo Coppa)