INTERIM REPORT ON GROUP OPERATIONS
FOR THE FIRST HALF OF 2007

JOINT-STOCK COMPANY - SHARE CAPITAL EURO 59,146,563.84
MANTUA COMPANY REGISTER AND TAX CODE 00607460201
COMPANY SUBJECT TO POLICY GUIDANCE AND COORDINATION ON THE PART OF CIR S.p.A.
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BOARD OF DIRECTORS

Honorary Chairman	CARLO DE BENEDETTI
Chairman	RODOLFO DE BENEDETTI (1)
Managing Director and General Manager	EMANUELE BOSIO (2)
Directors	CARLO DE BENEDETTI (4)
	OLIVIERO MARIA BREGA (3)
	PIERLUIGI FERRERO (3)
	GIOVANNI GERMANO
	FRANCO GIRARD
	ALBERTO PIASER
	RENATO RICCI
	ROBERTO ROBOTTI (4) (5) (6)
	PAOLO RICCARDO ROCCA (5) (6)
	ANTONIO TESONE (4) (5)
Secretary to the Board	NIVES RODOLFI

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Chairman	ANGELO GIRELLI
Acting Auditors	FRANCO CARAMANTI
	RICCARDO ZINGALES
Substitute Auditors	MAURO GIRELLI
	GIUSEPPE LEONI
	LUIGI MACCHIORLATTI VIGNAT

INDEPENDENT AUDITORS

PRICEWATERHOUSECOOPERS S.p.A.

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) All ordinary and extraordinary powers with joint signatures, except for those delegated to the Board of Directors by law or the by-laws.
(4) Members of the Remuneration Committee.
(5) Members of the Internal Control Committee.
(6) Members of the Supervisory Body (Legislative Decree 231/2001).

REPORT OF THE BOARD OF DIRECTORS ON GROUP OPERATIONS IN THE FIRST HALF OF 2007

This report has been prepared in accordance with Consob resolution 11971/1999 and subsequent amendments, in particular those introduced by resolutions no. 14990 of April 14, 2005 and no. 15519 of July 27, 2006, and includes the accounting schedules and explanatory notes of the Group and of the Parent Company, prepared in accordance with IAS/IFRS and specifically IAS 34 on interim financial reporting.

INFORMATION ON OPERATIONS

The first half of 2007 once again saw the SOGEFI Group prove its ability to boost profitability, as demonstrated in previous years.
The first half of the current year also marked renewed business growth, after a stable 2006, with trends on the global car market as follows: a downturn in Western Europe (-1.1%), the Group's main market, an upturn in Eastern Europe (+14.8%) and fresh progress in South America (+6.5%) thanks to a recovery in domestic demand that made up for the decline in exports.

As regards the major markets, new vehicle registrations in Europe were particularly weak in Germany (down 9.2% also due to the rise in indirect taxes), in France (-2.6%) and in Spain (-1.6%); in contrast, improvements on the first half of 2006 were reported by both Italy (+6.5%) and the UK (+2%).
As regards the major car manufacturers, European sales by Renault and the German producers were down on the first half of 2006 (Renault -10.9%, Daimler -4.8%, VW -0.4%, GM-Opel -1.2%); this compared with higher sales by Fiat (+6.7%), Toyota (+3.3%) and Honda (+14.6%).

After the progress of recent years, production levels in the industrial vehicle and earth-moving equipment markets were largely stable, while demand in the railway sector enjoyed a recovery.

With reference to the commercial distribution market, the independent aftermarket reported a not particularly positive trend in Europe, while experiencing a big upswing in demand in both Brazil and Argentina.

The Group's **consolidated sales revenues** came to € 541.7 million in the first six months of 2007, an increase of 1.7% on the figure of € 532.9 million reported in the first half of 2006.
The two Divisions differed in their sales performance. The growth in sales revenues was entirely attributable to the Filtration Division, up 3.5%, compared with a largely flat performance by the Suspension Components Division (-0.1%), as better shown in the following table:

(in millions of Euro)	*1st half 2007*		*1st half 2006*		*% var.1 half 07/ 1 half 06*	*Year 2006*
	Amount	*%*	*Amount*	*%*		*Amount*
Filters	278.0	51.3	268.5	50.4	3.5	527.2
Suspension components and precision springs	264.1	48.7	264.4	49.6	(0.1)	491.6
Intercompany eliminations	(0.4)	-	-	-	-	(0.2)
TOTAL	541.7	100.0	532.9	100.0	1.7	1,018.6

Sales on the OE market continued to grow, while those on the IAM and OES markets were stable, as shown in the following table:

(in millions of Euro)	*1st half 2007*		*1st half 2006*		*% var. 1 half 07 / 1 half 06*	*Year 2006*
	Amount	*%*	*Amount*	*%*		*Amount*
Original Equipment (O.E.)	352.8	65.1	346.0	64.9	2.0	653.3
Independent Aftermarket (I.A.M.)	119.1	22.0	118.2	22.2	0.7	231.6
Original Equipment Spares (O.E.S)	69.8	12.9	68.7	12.9	1.6	133.7
TOTAL	541.7	100.0	532.9	100.0	1.7	1,018.6

The breakdown of sales by individual market confirms the contraction in France and the progress enjoyed in Spain, Benelux, Mercosur and Italy.

(in millions of Euro)	*1st half 2007*		*1st half 2006*		*% var. 1 half 07 / 1 half 06*	*Year 2006*
	Amount	*%*	*Amount*	*%*		*Amount*
France	131.8	24.3	144.8	27.2	(9.0)	266.7
Germany	68.6	12.7	68.9	12.9	(0.5)	133.4
Great Britain	65.4	12.1	65.3	12.2	0.3	124.5
Italy	55.4	10.2	54.3	10.2	2.2	98.5
Spain	40.3	7.5	35.7	6.7	13.1	72.5
Benelux	37.5	6.9	33.9	6.4	10.3	70.8
Other European Countries	54.6	10.1	49.0	9.2	11.4	89.6
Mercosur	67.1	12.4	60.4	11.3	11.1	123.4
United States	12.7	2.3	13.3	2.5	(4.4)	24.8
China	2.9	0.5	2.0	0.4	45.7	3.5
Rest of the World	5.4	1.0	5.3	1.0	1.0	10.9
TOTAL	541.7	100.0	532.9	100.0	1.7	1,018.6

RECLASSIFIED CONSOLIDATED INCOME STATEMENT FOR 1ST HALF 2007

The following reclassified income statement reflects the improvement in sales revenues and growth in profitability relative to the first half of last year.

(in millions of Euro)	*1st half 2007*		*1st half 2006*		*Year 2006*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Sales revenues	541.7	100.0	532.9	100.0	1,018.6	100.0
Variable cost of sales	353.2	65.2	341.3	64.1	653.2	64.1
CONTRIBUTION MARGIN	188.5	34.8	191.6	35.9	365.4	35.9
Manufacturing and R & D overheads	59.2	10.9	60.5	11.4	114.3	11.2
Depreciation and amortization	23.2	4.3	24.5	4.6	45.0	4.4
Distribution and sales fixed expenses	19.7	3.6	19.7	3.7	37.7	3.7
Administrative and general expenses	30.4	5.7	32.3	6.0	61.8	6.1
OPERATING INCOME	56.0	10.3	54.6	10.2	106.6	10.5
Restructuring costs	1.0	0.2	3.1	0.6	5.2	0.5
Losses (gains) on disposal	(4.7)	(0.9)	(3.8)	(0.7)	(4.0)	(0.4)
Exchange (gains) losses	0.4	0.1	0.4	0.1	0.9	0.1
Other non-operating expenses (income)	7.7	1.4	9.1	1.6	21.0	2.1
EBIT	51.6	9.5	45.8	8.6	83.5	8.2
Financial expenses (income), net	4.6	0.8	5.1	1.0	10.2	1.0
Losses (gains) from equity investments	(0.1)	-	(1.7)	(0.4)	(1.6)	(0.2)
PROFIT BEFORE TAXES AND MINORITY INTERESTS	47.1	8.7	42.4	8.0	74.9	7.4
Income taxes	16.8	3.1	14.2	2.7	21.5	2.1
NET PROFIT BEFORE MINORITY INTERESTS	30.3	5.6	28.2	5.3	53.4	5.3
Loss (income) attributable to minority interests	(1.4)	(0.3)	(0.7)	(0.1)	(2.6)	(0.3)
GROUP NET PROFIT	28.9	5.3	27.5	5.2	50.8	5.0

Operating profitability was slightly higher than the year before despite the negative impact of higher steel prices for suspension components, which were more than absorbed by the reduction in overhead costs, down from 25.7% to 24.5% of half-year sales. The latter's improvement also benefited from the new accounting treatment for employment termination indemnities by the Italian operating companies, resulting in a reduction in the associated cost charged to income after the introduction of new laws in this regard.

Since it was not possible to pass on higher raw material costs to selling prices in the period, the **consolidated contribution margin** came to € 188.5 million, compared with € 191.6 million in the first half of 2006, representing 34.8% of sales versus 35.9% last year.

Consolidated operating income rose by 2.6% to € 56 million (10.3% of sales) compared with € 54.6 million (10.2% of sales) in the first half of the previous year.

Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) grew by 6.5%, thanks to the following factors: a capital gain of € 4.6 million, realized on the sale of an industrial site in Nottingham (UK), and a positive adjustment of € 1.8 million to the liabilities relating to UK pension funds, offset by € 1 million in restructuring costs.

The first half of 2006 had also benefited from € 3.6 million in capital gains on property disposals, offset by € 3.1 million in provisions for restructuring.
Consolidated EBITDA came to € 74.8 million (13.8% of sales), compared with € 70.3 million (13.2% of sales) in the first half of last year.

Consolidated EBIT (earnings before interest and tax) was 12.7% higher at € 51.6 million compared with € 45.8 million the year before. As a percentage of sales it improved from 8.6% to 9.5%.

Income before taxes and minority interests amounted to € 47.1 million, up 11% on € 42.4 million in the corresponding period of 2006, after reporting lower financial expenses due to a decline in indebtedness, despite the increase in interest rates, and lower financial income of € 1.6 million compared with the first half of 2006.

First-half **consolidated net income** was € 28.9 million, up 5.2% on € 27.5 million the year before. Despite the higher tax charge, net income represented 5.3% of sales compared with 5.2% in the prior year.

Consolidated equity, including minority interests, amounted to € 305 million at June 30, 2007 compared with € 270.6 million at June 30, 2006 (+12.7%) and € 295.7 million at December 31, 2006 (+3.1%), as better demonstrated in the following table:

(in millions of Euro)	Notes (*)	*June 30, 2007*		*December 31, 2006*		*June 30, 2006*	
		Amount	*%*	*Amount*	*%*	*Amount*	*%*
Short-term operating assets	(a)	384.4		358.1		387.5	
Short-term operating liabilities	(b)	(260.3)		(245.1)		(258.3)	
Net working capital		124.1	29.1	113.0	26.8	129.2	30.2
Investments	(c)	0.6	0.1	0.5	0.1	0.7	0.2
Intangible, tangible fixed assets and other medium and long-term assets	(d)	387.1	90.8	401.4	95.1	397.6	93.2
CAPITAL INVESTED		511.8	120.0	514.9	122.0	527.5	123.6
Other medium and long-term liabilities	(e)	(85.6)	(20.0)	(92.9)	(22.0)	(100.7)	(23.6)
NET CAPITAL INVESTED		426.2	100.0	422.0	100.0	426.8	100.0
Net financial position		121.2	28.4	126.3	29.9	156.2	36.6
Minority interests		14.0	3.3	16.1	3.8	15.1	3.5
Consolidated equity of the Group		291.0	68.3	279.6	66.3	255.5	59.9
TOTAL		426.2	100.0	422.0	100.0	426.8	100.0

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

Strong cash flows helped reduce net indebtedness by € 35 million (- 22.4%) over the last 12 months.
At June 30, 2007 net indebtedness was down to € 121.2 million from € 156.2 million at June 30, 2006 and € 126.3 million at the end of 2006, after paying out € 25.9 million in dividends in May (including those to minority shareholders) and € 6.7 million in taxes.

The following table presents the cash flow statement for the period compared with first half and full year 2006:

(in millions of Euro)	Notes (*)	*1st half 2007*	*1st half 2006*	*Year 2006*
SELF-FINANCING	(f)	52.8	51.5	91.2
Change in net working capital		(10.3)	(3.5)	12.9
Other medium/long-term assets/liabilities	(g)	1.7	(0.6)	(2.1)
CASH GENERATED FROM OPERATIONS		44.2	47.4	102.0
Sale of equity investments	(h)	-	3.0	3.0
Net decrease from sale of fixed assets	(i)	2.7	1.3	2.0
TOTAL SOURCES OF FUNDS		46.9	51.7	107.0
Increase in intangible assets		6.7	5.4	11.1
Purchase of tangible assets		11.9	19.3	39.7
TOTAL APPLICATION OF FUNDS		18.6	24.7	50.8
Exchange differences on assets/liabilities and equity	(l)	1.2	1.6	2.4
FREE CASH FLOW		29.5	28.6	58.6
Holding Company increases in capital		1.5	2.0	2.6
Increases in share capital of consolidated subsidiaries		-	-	0.3
Dividends paid by the Holding Company to shareholders		(22.4)	(19.5)	(19.5)
Dividends paid by subsidiaries to minority interests		(3.5)	-	(1.0)
CHANGES IN SHAREHOLDERS' EQUITY		(24.4)	(17.5)	(17.6)
Change in net financial position	(m)	5.1	11.1	41.0
Opening net financial position	(m)	(126.3)	(167.3)	(167.3)
CLOSING NET FINANCIAL POSITION	(m)	(121.2)	(156.2)	(126.3)

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

Financial indebtedness, net of cash, mostly consists of long-term debt, as shown below:

(in millions of Euro)	*June 30, 2007*	*December 31, 2006*	*June 30, 2006*
Cash, bank, financial receivables and securities held for trading	71.1	51.7	49.6
Medium/long-term financial receivables	0.4	0.3	-
Short-term financial debts (*)	(57.9)	(31.9)	(109.1)
Medium/long-term financial debts	(134.8)	(146.4)	(96.7)
NET INDEBTEDNESS	(121.2)	(126.3)	(156.2)

At the end of the first half of 2007, the Group employed a total of 6,268 people, 53 fewer (-0.8%) than the figure of 6,321 reported a year earlier. The Group's workforce numbered 6,168 at December 31, 2006.

	June 30, 2007		*December 31, 2006*		*June 30, 2006*	
	Number	%	Number	%	Number	%
Managers	87	1.4	87	1.4	87	1.4
Clerical staff	1,414	22.5	1,386	22.5	1,427	22.5
Blue collar workers	4,767	76.1	4,695	76.1	4,807	76.1
TOTAL	6,268	100.0	6,168	100.0	6,321	100.0

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

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

Net income for the period

(in millions of Euro)	*1st half 2007*
Net profit per Sogefi S.p.A. financial statements	30.7
Group share of results of subsidiary companies included in the consolidated financial statement	31.6
Writedowns of equity investments in Sogefi S.p.A.	0.6
Elimination of Holding Company dividends	(34.5)
Eliminations of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	0.5
NET PROFIT PER CONSOLIDATED FINANCIAL STATEMENTS	28.9

Equity

(in millions of Euro)	*June 30, 2007*
Shareholders' equity per Sogefi S.p.A. financial statement	260.9
Group share of excess equity value of investments in consolidated companies over carrying value in Sogefi S.p.A. financial statements	45.7
Eliminations of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	(15.6)
SHAREHOLDERS' EQUITY PER CONSOLIDATED FINANCIAL STATEMENTS	291.0

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

Sogefi S.p.A. closed the first half of 2007 with net income of € 30.7 million, up 34.2% on the figure of € 22.9 million reported in the corresponding period of the prior year.
This considerable improvement is mostly explained by dividends from subsidiaries, which climbed from € 24.7 million to € 34.5 million particularly after Allevard Rejna Autosuspensions SA started to distribute dividends once more (€ 11 million).
Other operating income was lower mainly because fewer outside consulting fees were incurred requiring recharge to subsidiaries, while adjustments to the value of financial assets reflected the writedown of the investment in the subsidiary Sogefi Inc..

In June the Company re-elected to file for tax on a group basis for another three years (2007-2009) with the ultimate parent company CIR S.p.A. acting as head of the tax group.

(in millions of Euro)	*1st half 2007*	*1st half 2006*	*Year 2006*
Financial income/expenses and dividends	34.2	25.3	28.0
Adjustments to financial assets	(0.6)	-	(1.3)
Other operating revenues	4.3	5.4	10.0
Operating costs	(6.0)	(6.3)	(11.7)
Other non-operating income (expenses)	(1.3)	(1.0)	(3.1)
PROFIT BEFORE TAXES	30.6	23.4	21.9
Income taxes	(0.1)	0.5	(0.4)
NET PROFIT	30.7	22.9	22.3

Shareholders' equity continued to grow, reaching € 260.9 million, marking an increase of 4.4% on € 249.8 million at June 30, 2006 and up from € 250.1 million at December 31, 2006. First-half net income helped make up for the reduction in equity after paying out € 22.4 million in dividends during the period, 15% more than the year before.

(in millions of Euro)	Notes (*)	*June 30, 2007*	*December 31, 2006*	*June 30, 2006*
Short-term assets	(n)	2.9	2.9	2.8
Short-term liabilities	(o)	(8.3)	(6.5)	(4.6)
Net working capital		(5.4)	(3.6)	(1.8)
Investments	(p)	256.4	256.4	257.0
Other fixed assets	(q)	30.5	28.9	28.6
CAPITAL INVESTED		281.5	281.7	283.8
Other medium/long-term liabilities	(r)	(7.6)	(6.5)	(6.2)
NET CAPITAL INVESTED		273.9	275.2	277.6
Net financial position		13.0	25.1	27.8
Shareholders' equity		260.9	250.1	249.8
TOTAL		273.9	275.2	277.6

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

The balance sheet structure shown in the previous table is not significantly different from that twelve months earlier. The growth in "Other fixed assets" includes € 1.8 million in consulting costs for work in progress to evaluate a major acquisition project, which is expected to be completed in the next few months. If the negotiations fail, these costs will have to be expensed to income in 2007.

The principal determinants of cash flow are analyzed in the following table:

(in millions of Euro)	Notes (*)	*1st half 2007*	*1st half 2006*	*Year 2006*
SELF-FINANCING	(s)	33.0	24.1	24.0
Change in net working capital		1.8	(1.3)	0.4
Other medium/long-term assets/liabilities	(t)	-	0.1	0.6
CASH GENERATED FROM OPERATIONS		34.8	22.9	25.0
Sale of equity investments		-	-	-
TOTAL SOURCES OF FUNDS		34.8	22.9	25.0
Increase in intangible assets		1.8	-	-
Purchase of tangible fixed assets		-	-	-
Purchase of equity investments		-	-	-
TOTAL APPLICATION OF FUNDS		1.8	-	-
FREE CASH FLOW		33.0	22.9	25.0
Holding Company increases in capital		1.5	2.0	2.6
Dividends paid by the Holding Company		(22.4)	(19.5)	(19.5)
CHANGES IN SHAREHOLDERS' EQUITY		(20.9)	(17.5)	(16.9)
Change in net financial position	(u)	12.1	5.4	8.1
Opening net financial position	(u)	(25.1)	(33.2)	(33.2)
CLOSING NET FINANCIAL POSITION	(u)	(13.0)	(27.8)	(25.1)

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

Free cash flow generated in the first half of the year was € 33 million, marking a significant improvement on the € 22.9 million generated in the first six months of 2006 and confirming the increase in the Holding Company's profitability also from a financial point of view.

As a result, net indebtedness amounted to € 13 million, compared with € 27.8 million at June 30, 2006 and € 25.1 million at December 31, 2006.

(in millions of Euro)	*June 30, 2007*	*December 31, 2006*	*June 30, 2006*
Cash and banks	18.1	6.2	4.9
Securities and short/medium-term financial receivables from subsidiaries and third parties	150.0	139.4	132.8
Short-term financial payables to subsidiaries and third parties	(79.0)	(68.1)	(120.0)
Medium/long-term financial debts	(102.1)	(102.6)	(45.5)
NET FINANCIAL POSITION	(13.0)	(25.1)	(27.8)

With reference to the different components of the net financial position, financial receivables due from subsidiaries were higher, mainly for approved dividends to be collected and as a result of the funding provided to Allevard Springs USA in order to allow an early redemption of the finance lease on its shock absorber springs production line.
Short-term financial debt was lower than at June 30, 2006 after repaying the syndicated loan of € 80 million in December 2006.

The main component of long-term financial debt consists of € 99.7 million paid out against two bilateral loans for a total of € 150 million, maturing in the second half of 2011 and extendible for another 2 years.

At the end of the period, the Parent Company employed 27 people, 3 more than at June 30, 2006 mostly as a result of the need to strengthen the holding company's management structure.

PERFORMANCE OF THE FILTRATION DIVISION

The Filtration Division posted a significant improvement in results relative to the first half of 2006. Sales revenues grew by 3.5%, mostly due to strong demand for original equipment (+11.5%), while sales were stable in the independent aftermarket and slightly down for original equipment spares (-1.4%).

The volume of business with Renault, Fiat, General Motors and Volkswagen grew in the period, making up for reduced activity with PSA and Ford. Business in the independent aftermarket increased with GAUI (France) and IFA (UK).

The Division's consolidated sales came to € 278 million, compared with € 268.5 million in the first half of 2006.
Sales in Europe grew by 3% to € 239.3 million (€ 232.3 million in 2006), while those in South America climbed by 6.3% to € 40.1 million (€ 37.7 million in 2006).

The good sales performance was only partially reflected in operating income, which amounted to € 29.5 million compared with € 28.7 million in the first half of 2006. Operating income represented 10.6% of sales, down from 10.7% the year before, due to modest performance by the Italian and Spanish subsidiaries and the booking of prudent provisions for possible liabilities to certain customers.

Consolidated EBITDA increased by 13.2% to € 41.1 million (14.8% of sales), compared with € 36.3 million in the first half of 2006 (13.5% of sales). Both periods benefited from the capital gains mentioned earlier on the disposal of fixed assets.

Consolidated EBIT improved by 17.6% to € 31.7 million (11.4% of sales) compared with € 26.9 million (10% of sales) in the first half of 2006.

The Division's consolidated net income amounted to € 21.4 million (7.7% of sales), an improvement of 24% on the figure of € 17.3 million (6.4% of sales) reported in the first half of 2006.

Plans to restructure the production site in Oyartzun (Spain) got underway during the period, while the new Chinese subsidiary, formed at the end of 2006, started manufacturing and sales activities.

The Division had 3,703 employees at June 30, 2007, 32 more (+0.9%) than the figure of 3,671 a year earlier and up from 3,603 at December 31, 2006.

PERFORMANCE OF THE SUSPENSION COMPONENTS AND PRECISION SPRINGS DIVISION

The first half of 2007 once again reported a downturn in demand by the French car maker PSA, the Division's principal customer, combined with the expected reduction in sales to Toyota and in the industrial vehicles and earth-moving equipment sectors.

These negative factors were offset by a major increase in sales in Latin America (13.7%), higher sales to Volkswagen, MAN and DAF and greater demand in the railway sector.

The Division's consolidated sales came to € 264.1 million, compared with € 264.4 million in the first half of 2006. European turnover decreased by 2.4% to € 228.7 million, from € 234.4 million, while sales in Brazil and Argentina climbed to € 28.7 million (€ 25.2 million in the first half of 2006).

The increase in the price of steel, which accounts for over 40% of sales, and the failure to pass on the higher costs to selling prices (a priority goal for the second half of 2007) hurt the Division's profitability. Further to a significant reduction in overheads, consolidated operating income amounted to € 28.2 million (10.7% of sales) compared with € 27.5 million (10.4% of sales) in the first half of 2006.

Consolidated EBITDA amounted to € 36.8 million (13.9% of sales), marking an improvement on the figure of € 35.8 million reported in the first half of last year (13.5% of sales) thanks to lower restructuring costs.

Similarly, consolidated EBIT was 10.9% higher at € 23.3 million (8.8% of sales), up from € 21 million (8% of sales) in the first half of 2006.

The Division's first-half consolidated net income was down on the corresponding period of 2006 at € 11.6 million (4.4% of sales) compared with € 12.9 million (4.9% of sales) the year before.

The Division had 2,531 employees at June 30, 2007, down from 2,619 at June 30, 2006 but up from 2,528 at December 31, 2006.

PERFORMANCE IN THE SECOND QUARTER OF 2007

The results in the period April – June 2007 were better than in the same period of 2006, as analyzed in the following table:

(in millions of Euro)	*Period 1.4 - 30.6.2007*		*Period 1.4 – 30.6.2006*		*Change*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Sales revenues	274.6	100.0	268.6	100.0	6.0	2.2
Variable cost of sales	179.1	65.2	171.1	63.7	8.0	4.7
CONTRIBUTION MARGIN	95.5	34.8	97.5	36.3	(2.0)	(2.1)
Manufacturing and R & D overheads	29.7	10.9	30.1	11.2	(0.4)	(1.4)
Depreciation and amortization	11.5	4.2	12.2	4.5	(0.7)	(5.6)
Distribution and sales fixed expenses	9.9	3.6	9.9	3.7	-	-
Administrative and general expenses	14.1	5.1	15.4	5.8	(1.3)	(8.7)
OPERATING INCOME	30.3	11.0	29.9	11.1	0.4	1.4
Restructuring costs	0.2	0.1	2.7	1.0	(2.5)	(90.9)
Losses (gains) on disposal	(4.7)	(1.7)	(3.7)	(1.4)	(1.0)	24.7
Exchange (gains) losses	0.3	0.1	0.3	0.1	-	-
Other non-operating expenses (income)	5.8	2.1	5.9	2.2	(0.1)	(2.1)
EBIT	28.7	10.4	24.7	9.2	4.0	16.2
Financial expenses (income), net	2.4	0.8	2.8	1.0	(0.4)	(14.4)
Losses (gains) from equity investments	-	-	(1.7)	(0.6)	1.7	(100.0)
PROFIT BEFORE TAXES AND MINORITY INTERESTS	26.3	9.6	23.6	8.8	2.7	11.3
Income taxes	9.3	3.4	7.5	2.8	1.8	23.7
NET PROFIT BEFORE MINORITY INTERESTS	17.0	6.2	16.1	6.0	0.9	5.5
Losses (income) attributable to minority interests	(0.8)	(0.3)	(0.3)	(0.1)	(0.5)	176.9
GROUP NET PROFIT	16.2	5.9	15.8	5.9	0.4	2.5

Sales revenues were 2.2% higher, reflecting improvements by both Divisions (Filtration: +3.2%, Suspension components: +1.4%). Consolidated sales amounted to € 274.6 million, compared with € 268.6 million in the second quarter of last year.

The rise in raw material prices did not prevent consolidated operating income from improving to € 30.3 million from € 29.9 million in the second quarter of 2006.

Consolidated EBITDA rose to € 40.2 million from € 36.9 million the year before, while consolidated EBIT came in at € 28.7 million compared with € 24.7 million in the same period last year.

The higher tax charge and lower financial expenses, thanks to the reduction in indebtedness and despite higher interest rates, more than made up for € 1.6 million in lower financial income. However, the higher share of net income attributable to minority interests meant that group net income came to € 16.2 million compared with € 15.8 million in the same quarter of 2006, representing 5.9% of sales, the same as in the second quarter of 2006.

INVESTMENTS AND RESEARCH AND DEVELOPMENT

During the first half of 2007 the Group invested € 11.9 million in property, plant and equipment, mainly for:

- upgrading plant and equipment at Sogefi Filtration Uk and Filtrauto;
- maintaining plant and expanding the storage systems at Allevard Rejna Autosospension SA – France;
- rationalizing filter production at Italian sites;
- various investments designed to improve production processes and develop new products.

As far as research and development is concerned, the Group incurred € 11.5 million (2.1% of sales) in costs in the first half of the year, in line with prior periods. This expenditure went on developing new technology, processes and products for new contracts awarded to the Group for the next three years.

TREASURY STOCK

The Holding Company did not carry out any transactions in treasury stock during the first half of 2007. At June 30, 2007 Sogefi S.p.A. held 1,695,000 treasury shares (1.49% of its share capital), at an average carrying price of € 2.219 per share.

INTERCOMPANY AND RELATED PARTY TRANSACTIONS

The following information on related party transactions as defined in IAS 24 complies with the related Consob recommendations.
No atypical or unusual transactions of the types mentioned in the relevant Consob Communications were made during the period.

Dealings between group companies are conducted on an arm’s length basis, taking into account the quality and type of services rendered.
Further information on the most important transactions and balances 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 Parent Company's financial statements.

SUBSEQUENT EVENTS AFTER JUNE 30, 2007

No significant events took place after June 30, 2007.

OUTLOOK FOR THE REST OF THE YEAR

The operating environment in the second half of the year should not differ significantly from the first half with possible consolidation in business growth, which could be offset by further inflation in raw material prices.
Net income for the full year can nonetheless be confirmed as being higher than in the year before.

Milan (Italy), July 26, 2007

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 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 balance sheet;
(b) the heading agrees with the sum of the line items “Trade and other payables”, “Tax payables” and “Other current liabilities” in the consolidated balance sheet;
(c) the heading agrees with the sum of the line items “Equity investments in associated companies” and “Other financial assets available for sale” in the consolidated balance sheet;
(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 balance sheet;
(e) the heading agrees with the line item "Total other long-term liabilities" in the consolidated balance sheet;
(f) the heading agrees with the sum of the line items “Net income”, “Minority interests”, “Depreciation, amortization and writedowns”, “Accrued costs for stock options”, “Share of associated companies' pre-tax income”, “Provisions for risks and restructuring and deferred taxes” and “Post-retirement and other benefits for employees” 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 “Capital (gains) losses on disposal of equity investments in associated companies” and “Sale of subsidiaries (net of cash sold) and associates” in the consolidated cash flow statement;
(i) the heading agrees with the sum of the line items “Capital (gains) losses on disposal of fixed assets”, “Sale of property, plant and equipment” and “Sale of intangible assets” in the consolidated cash flow statement;
(l) the heading agrees with the sum of the line items “Exchange differences on assets/liabilities” and “Exchange differences on equity/minority interests” 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 financial statements

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

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(in thousands of Euro)

ASSETS	*Note*	*June 30, 2007*	*December 31, 2006*
CURRENT ASSETS			
Cash and cash equivalents	*4*	70,859	51,519
Securities and financial assets held for trading	*5*	269	160
Working capital			
Inventories	*6*	121,483	111,709
Trade receivables	*7*	245,765	226,992
Other receivables	*7*	5,180	6,010
Tax receivables	*7*	7,647	10,952
Other assets	*7*	4,309	2,391
TOTAL WORKING CAPITAL		*384,384*	*358,054*
TOTAL CURRENT ASSETS		455,512	409,733
NON-CURRENT ASSETS			
FIXED ASSETS			
Land	*8*	15,700	15,623
Property, plant and equipment	*8*	221,302	229,176
Other tangible fixed assets	*8*	4,484	4,450
Of which: leases		*11,244*	*18,259*
Intangible assets	*9*	119,136	117,403
TOTAL FIXED ASSETS		360,622	366,652
OTHER NON-CURRENT ASSETS			
Equity investments in associated companies	*10*	101	101
Other financial assets available for sale	*11*	450	450
Financial receivables	*12*	397	301
Other receivables	*12*	3,657	5,305
Deferred tax assets	*13*	21,868	26,819
TOTAL OTHER NON-CURRENT ASSETS		26,473	32,976
TOTAL NON-CURRENT ASSETS		387,095	399,628
NON-CURRENT ASSETS HELD FOR SALE	*14*	923	2,646
TOTAL ASSETS		843,530	812,007

LIABILITIES	*Note*	*June 30, 2007*	*December 31, 2006*
CURRENT LIABILITIES			
Bank overdrafts	*15*	40,809	13,278
Current portion of medium/long-term financial debts and other loans	*15*	17,103	18,578
of which: leases		*819*	*1,186*
TOTAL SHORT-TERM FINANCIAL DEBTS		57,912	31,856
Other short-term liabilities for cash flow hedges	*15*	-	-
TOTAL SHORT-TERM FINACIAL DEBTS AND CASH FLOW HEDGES		57,912	31,856
Trade and other payables	*16*	247,676	234,514
Tax payables	*16*	10,164	8,210
Other current liabilities	*17*	2,425	2,359
TOTAL CURRENT LIABILITIES		318,177	276,939
NON-CURRENT LIABILITIES			
MEDIUM/LONG-TERM FINANCIAL DEBTS AND CASH FLOW HEDGES			
Financial debts to bank	*15*	123,343	128,402
Other medium/long-term financial debts	*15*	11,516	18,000
of which: leases		*8,546*	*15,306*
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS		134,859	146,402
Other medium/long-term financial liabilities for cash flow hedges	*15*	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND CASH FLOW HEDGES		134,859	146,402
OTHER LONG-TERM LIABILITIES			
Long-term provisions	*18*	60,507	68,465
Other payables		-	-
Deferred taxation	*19*	24,952	24,478
TOTAL OTHER LONG-TERM LIABILITIES		85,459	92,943
TOTAL NON-CURRENT LIABILITIES		220,318	239,345
SHAREHOLDERS' EQUITY			
Share capital	*20*	59,104	58,826
Reserves and retained earnings (accumulated losses)	*20*	203,004	170,013
Group net profit (losses) for the period	*20*	28,898	50,767
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY		291,006	279,606
Minority interests	*20*	14,029	16,117
TOTAL SHAREHOLDERS' EQUITY		305,035	295,723
TOTAL LIABILITIES AND EQUITY		843,530	812,007

CONSOLIDATED INCOME STATEMENT
(in thousands of Euro)

	Notes	*1st half 2007*		*1st half 2006*	
		Amount	*%*	*Amount*	*%*
Sales revenues	22	541,725	100.0	532,922	100.0
Variable cost of sales	24	353,241	65.2	341,345	64.1
CONTRIBUTION MARGIN		188,484	34.8	191,577	35.9
Manufacturing and R & D overheads	25	59,183	10.9	60,499	11.4
Depreciation and amortization	26	23,249	4.3	24,533	4.6
Distribution and sales fixed expenses	27	19,703	3.6	19,709	3.7
Administrative and general expenses	28	30,316	5.7	32,231	6.0
OPERATING INCOME		56,033	10.3	54,605	10.2
Restructuring costs	30	971	0.2	3,060	0.6
Losses (gains) on disposal	31	(4,714)	(0.9)	(3,763)	(0.7)
Exchange (gains) losses	32	445	0.1	404	0.1
Other non-operating expenses (income)	33	7,741	1.4	9,138	1.6
- of which non-recurring		*278*		*504*	
EBIT		51,590	9.5	45,766	8.6
Financial expenses (income), net	34	4,611	0.8	5,129	1.0
Losses (gains) from equity investments	35	(108)	-	(1,786)	(0.4)
PROFIT BEFORE TAXES AND MINORITY INTERESTS		47,087	8.7	42,423	8.0
Income taxes	36	16,777	3.1	14,181	2.7
NET PROFIT BEFORE MINORITY INTERESTS		30,310	5.6	28,242	5.3
Losses (income) attributable to minority interests		(1,412)	(0.3)	(766)	(0.1)
GROUP NET PROFIT		28,898	5.3	27,476	5.2
Earnings per share (EPS) (Euro):	38				
Basic		0.258	-	0.248	-
Diluted		0.256	-	0.246	-

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Euro)

	1st half 2007	*1st half 2006*
Cash flow from operating activities		
Net profit	28,898	27,476
Adjustments:		
- minority interests	1,412	766
- depreciation, amortization and writedowns	24,660	25,490
- accrued costs for *stock options*	896	959
- loss/(gain) on disposal of fixed assets	(4,714)	(3,763)
- dividends collected	(108)	(108)
- share of associated companies' pre-tax income	-	82
- provisions for risks, restructuring and deferred taxes	5,659	(1,531)
- post-retirement and other benefits for employees	(8,706)	(1,754)
- change in net working capital	(10,339)	(3,546)
- other medium/long-term assets/liabilities	1,478	(79)
- exchange differences on assets/liabilities	(1,378)	3,119
CASH FLOW FROM OPERATING ACTIVITIES	37,758	47,111
of which: taxes paid	6,653	6,113
Net interest paid	(4,170)	(4,796)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,872)	(19,299)
Purchase of intangible assets	(6,723)	(5,443)
Net change in other securities	(5)	1,621
Sale of subsidiaries (net of cash and cash equivalents) and associates	-	2,997
Sale of property, plant and equipment	7,390	5,033
Sale of intangible assets	6	11
Dividends collected	108	108
NET CASH FLOWS FROM INVESTING ACTIVITIES	(11,096)	(14,972)
FINANCING ACTIVITIES		
Net change in share capital	1,443	2,002
Dividends paid to Holding Company shareholders and minority interests	(25,866)	(19,455)
Exchange differences on equity/minority interests	2,477	(2,109)
New (repayment of) long term loans	(5,897)	6,099
New (repayment of) finance leases	(7,051)	(619)
Other equity movements	41	(368)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(34,853)	(14,450)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,191)	17,689
Balance at the beginning of the period	38,241	29,037
(Decrease) increase in cash and cash equivalents	(8,191)	17,689
BALANCE AT THE END OF THE PERIOD	30,050	46,726

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

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(in thousands of Euro)	*Attributable to the shareholders of the parent company*				*Minority interests*	*Total*
	Share capital	Reserves and retained earnings (accumulated losses)	Net profit for the period	Total		
Balance at December 31, 2005	*58,338*	*143,930*	*44,660*	*246,928*	*14,358*	*261,286*
Paid share capital increase	432	1,570	-	2,002	-	2,002
Appropriation of 2005 net profit:						
Legal reserve	-	150	(150)	-	-	-
Dividends	-	-	(19,455)	(19,455)	-	(19,455)
Retained earnings	-	25,055	(25,055)	-	-	-
Fair value measurement of cash flow hedging instruments	-	41	-	41	-	41
Other changes	-	3	-	3	-	3
Tax on items booked directly in equity	-	(414)	-	(414)	47	(367)
Imputed cost of *stock options*	-	959	-	959	-	959
Effect of translating foreign currency financial statements	-	(2,020)	-	(2,020)	(89)	(2,109)
Net profit for the period	-	-	27,476	27,476	766	28,242
Baknce at June 30, 2006	*58,770*	*169,274*	*27,476*	*255,520*	*15,082*	*270,602*

(in thousands of Euro)	*Attributable to the shareholders of the parent company*				*Minority interests*	*Total*
	Share capital	Reserves and retained earnings (accumulated losses)	Net profit for the period	Total		
Balance at December 31, 2006	*58,826*	*170,013*	*50,767*	*279,606*	*16,117*	*295,723*
Paid share capital increase	278	1,165	-	1,443	-	1,443
Appropriation of 2006 net profit:						
Legal reserve	-	-	-	-	-	-
Dividends	-	(82)	(22,284)	(22,366)	(3,500)	(25,866)
Retained earnings	-	28,483	(28,483)	-	-	-
Fair value measurement of cash flow hedging instruments	-	74	-	74	-	74
Other changes	-	10	-	10	-	10
Tax on items booked directly in equity	-	(32)	-	(32)	-	(32)
Imputed cost of *stock options*	-	896	-	896	-	896
Effect of translating foreign currency financial statements	-	2,477	-	2,477	-	2,477
Net profit for the period	-	-	28,898	28,898	1,412	30,310
Balance at June 30, 2007	*59,104*	*203,004*	*28,898*	*291,006*	*14,029*	*305,035*

EXPLANATORY AND SUPPLEMENTARY NOTES ON THE CONSOLIDATED FINANCIAL STATEMENTS: CONTENTS

A) GENERAL ASPECTS

1. PRESENTATION AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The interim consolidated financial statements for the period January 1 - June 30, 2007 have been prepared in accordance with International Financial Reporting Standards and International Accounting Standard (IFRS/IAS) and to this end the financial statements of the consolidated group companies have been appropriately reclassified and adjusted.
These interim financial statements and explanatory notes have been prepared in accordance with the recommendations contained in IAS 34 "Interim Financial Reporting". As a partial exception to IAS 34, these interim financial statements present detailed as opposed to summary schedules in order to provide a more complete overview of the changes that have taken place in the Group's assets and liabilities, financial position and results during the half-year.
They also contain the disclosures required by IAS 34 with the supplementary information considered useful for a clearer understanding of these half-yearly financial statements.
The interim financial statements as of June 30, 2007 should be read in conjunction with the annual financial statements as of December 31, 2006.
The interim financial statements as of June 30, 2007 were approved by the Board of Directors on July 26, 2007.

1.1 Layout of the consolidated financial statements

The accounting schedules at June 30, 2007 are consistent with those used for the annual report at December 31, 2006.

1.2 Content of the consolidated financial statements

The consolidated financial statements for the six months ended June 30, 2007 include the financial statements of Sogefi S.p.A., the holding company, and of its subsidiaries.
Section G of these notes gives a list of the companies included in the scope of consolidation and the percentages held.

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

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.

The following change in the scope of consolidation has taken place during the period:
- exclusion of 100% of Filtrauto UK Ltd, a wholly-owned subsidiary of Sogefi Filtration Ltd, after the process of winding up this company was completed.

This change is irrelevant for consolidation and comparison purposes.

2. CONSOLIDATION AND ACCOUNTING POLICIES

The consolidation and accounting policies applied in preparing the financial statements for the six-month period ended June 30, 2007 are consistent with those used for the annual financial statements as of December 31, 2006.

The Group has taken note of and, where applicable, adopted in the first half of 2007 the following Standards, Interpretations and Revisions to existing accounting standards:
- IFRIC7 – *Applying the Restatement Approach under IAS 29*. This interpretation is not relevant to the Group;
- IFRIC8 – *Scope of IFRS2*. This interpretation is not relevant to the Group;
- IFRIC9 – *Reassessment of Embedded Derivatives*. This interpretation is not relevant to the Group;
- IFRIC10 – *Interim Financial Reporting and Impairment*;
- IFRS7 – *Financial instruments: Disclosures*. This standard is not applicable to interim financial reports prepared on the basis of IAS 34. Consequently, it will be adopted for the first time in the financial statements at December 31, 2007.

The Group did not opt for early adoption of the following Standards, Interpretations and Revisions to existing standards, which will become obligatory in future periods:
- IFRIC11 – *IFRS2: Group and Treasury Share Transaction*s. This interpretation will become effective for annual reporting periods starting after March 1, 2007. This interpretation is not relevant to the Group;

The following exchange rates have been used for translation purposes:

	1st half 2007		*1st half 2006*	
	Average	*June 30*	*Average*	*June 30*
US dollar	1.3290	1.3505	1.2284	1.2713
Pound sterling	0.6746	0.6740	0.6871	0.6921
Swedish krona	9.2225	9.2524	9.3257	9.2387
Brazilian real	2.7172	2.5971	2.6891	2.7576
Argentine peso	4.1061	4.1717	3.7659	3.9217
Chinese renminbi	10.2575	10.2817	9.8668	10.1647
Slovenian taller	1.0000	1.0000	239.8082	239.8082

B) SEGMENT INFORMATION

3. INFORMATION SEGMENT BY SEGMENT

Information on the Group's business areas (primary segment) and geographical areas (secondary sector) is provided below in compliance with IAS 14.
Information by business area is also provided for the two divisions, Filtration and Suspension Components, as well as for the parent company Sogefi S.p.A.

Primary segment: business areas

The following table gives key figures for the Group's two divisions relating to the first half of 2006 and 2007:

(in thousands of Euro)	June 30, 2006				
	Filtration Division	Suspension Components Division	Sogefi S.p.A.	Adjustments	Sogefi Group consolidation
REVENUES					
Sales to third parties	268,515	264,332	-	-	532,847
Intersegment sales	29	104	4,498	(4,556)	75
TOTAL REVENUES	268,544	264,436	4,498	(4,556)	532,922
RESULTS					
EBIT	26,915	21,024	(2,390)	217	45,766
Financial expenses, net					(5,129)
Income from equity investments					1,868
Losses (gains) from equity investments					(82)
Profit before taxes					42,423
Income taxes					(14,181)
Loss (profit) attributable to minority interests					(766)
NET PROFIT					27,476
BALANCE SHEET					
ASSETS					
Segment assets	354,766	442,383	410,668	(465,654)	742,163
Equity investments in associated companies	-	290	-	-	290
Unallocated assets	-	-	-	92,920	92,920
TOTAL ASSETS	354,766	442,673	410,668	(372,734)	835,373
LIABILITIES					
Segment liabilities	233,704	323,553	171,659	(164,145)	564,771
TOTAL LIABILITIES	233,704	323,553	171,659	(164,145)	564,771
OTHER INFORMATION					
Increase in tangible and intangible fixed assets	10,550	14,183	6	3	24,742
Depreciation, amortization and writedowns	9,394	15,794	252	132	25,572

(in thousands of Euro)	June 30, 2007				
	Filtration Division	Suspension Components Division	Sogefi S.p.A.	Adjustments	Sogefi Group consolidation
REVENUES					
Sales to third parties	277,815	263,850	-	-	541,665
Intersegment sales	229	220	4,095	(4,484)	60
TOTAL REVENUES	278,044	264,070	4,095	(4,484)	541,725
RESULTS					
EBIT	31,665	23,314	(3,258)	(131)	51,590
Financial expenses, net					(4,611)
Income from equity investments					108
Losses (gains) from equity investments					-
Profit before taxes					47,087
Income taxes					(16,777)
Loss (profit) attributable to minority interests					(1,412)
NET PROFIT					28,898
BALANCE SHEET					
ASSETS					
Segment assets	346,542	455,568	442,398	(493,738)	750,770
Equity invetments in associated companies	-	101	-	-	101
Unallocated assets	-	-	-	92,659	92,659
TOTAL ASSETS	346,542	455,669	442,398	(401,079)	843,530
LIABILITIES					
Segment liabilities	212,293	327,668	192,408	(193,874)	538,495
TOTAL LIABILITIES	212,293	327,668	192,408	(193,874)	538,495
OTHER INFORMATION					
Increase in tangible and intangible fixed assets	7,696	9,054	1,845	-	18,595
Depreciation, amortization and writedowns	9,444	14,890	193	133	24,660

The adjustments to “Total revenues” mainly refer to services provided by Sogefi S.p.A. to other Group companies.
The adjustments to “EBIT” largely consist of depreciation on the revaluations of fixed assets carried out at consolidated level at the time of the acquisition of 40% of Sogefi Filtration S.p.A. in 2000. It also reflects the contribution made to the Group results by Sogefi Inc. U.S.A., which does sales and marketing on behalf of both divisions. First-half EBIT in 2006 also included the adjustment made at consolidated level for the capital gain arising on the sale of the production site of the Spanish subsidiary, Sogefi Filtration S.A.

In the balance sheet, the adjustments to "Segment assets" refer to the reversal of equity investments and intercompany loans and receivables.
The adjustments to “Unallocated assets” are mainly goodwill and the revaluations of fixed assets that took place at the time of the acquisitions of the Allevard Ressorts Automobile group, 40% of Sogefi Filtration S.p.A. and the Filtrauto group.

Secondary segment: geographical areas

The following tables give a breakdown of the Group's income statement and balance sheet figures by geographical area "of origin" during the first half of 2006 and 2007, based on the country of the company which made the sales or which owns the assets .

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

(in thousands of Euro)	June 30, 2006				
	Europe	South America	Others	Adjustments	Sogefi Group Consolidation
REVENUES					
Sales to third parties	462,713	61,171	8,963	-	532,847
Intersegment sales	8,505	1,749	6	(10,185)	75
TOTAL REVENUES	471,218	62,920	8,969	(10,185)	532,922
BALANCE SHEET					
ASSETS					
Segment assets	1,233,523	68,525	39,061	(598,946)	742,163
Equity investments in associated companies	290	-	-	-	290
Unallocated assets	-	-	-	92,920	92,920
TOTAL ASSETS	1,233,813	68,525	39,061	(506,026)	835,373
OTHER INFORMATION					
Increase in tangible and intangible fixed assets	18,321	2,374	4,047	-	24,742
Depreciation, amortization and writedowns	21,732	1,975	1,752	113	25,572

(in thousands of Euro)	June 30, 2007				
	Europe	South America	Others	Adjustments	Sogefi Group Consolidation
REVENUES					
Sales to third parties	463,634	67,327	10,704	-	541,665
Intersegment sales	8,446	1,427	380	(10,193)	60
TOTAL REVENUES	472,080	68,754	11,084	(10,193)	541,725
BALANCE SHEET					
ASSETS					
Segment assets	1,259,030	80,783	36,594	(625,637)	750,770
Equity investments in associated companies	101	-	-	-	101
Unallocated assets	-	-	-	92,659	92,659
TOTAL ASSETS	1,259,131	80,783	36,594	(532,978)	843,530
OTHER INFORMATION					
Increase in tangible and intangible fixed assets	14,743	3,389	610	(147)	18,595
Depreciation, amortization and writedowns	21,588	2,159	801	112	24,660

C) NOTES ON THE MAIN BALANCE SHEET ITEMS

C 1) ASSETS

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to € 70,859 thousand versus € 51,519 thousand at December 31, 2006 and are made up as follows:

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Bank and post office deposits	70,502	51,366
Cheques	278	70
Cash and cash equivalents on hand	79	83
TOTAL	70,859	51,519

Short-term bank deposits earn floating-rate interest. Post office deposits also earn floating-rate interest and have a maturity of less than one month.

The increase in this item, occurring over the interim period end, must be interpreted in conjunction with the growth in “Bank overdrafts and other current loans” and mostly refers to cash obtained by the parent company Sogefi S.p.A. after taking out "hot money" loans. These loans were repaid in the first few days of July.

At June 30, 2007 the Group had unutilized lines of credit of € 271,387 thousand; all of the relevant conditions are satisfied, which means that these lines can be drawn down on request.

5. SECURITIES AND FINANCIAL ASSETS HELD FOR TRADING

These are held-for-trading assets that are shown at fair value based on official sources at the time the financial statements are drawn up. They represent readily marketable securities which are used by the Group to optimize cash management.

Held-for-trading financial assets can be analyzed as follows:

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Other securities	140	128
Due from financial institutions and others	129	32
TOTAL	269	160

These amount to € 269 thousand compared with € 160 thousand at the end of 2006 and are made up principally of investment fund units held by the Brazilian company Sogefi Filtration do Brasil Ltda, in order to optimize its short-term cash management.

6. INVENTORIES

The breakdown of inventories is as follows:

	June 30, 2007			*December 31, 2006*		
(in thousands of Euro)	*Gross*	*Writedowns*	*Net*	*Gross*	*Writedowns*	*Net*
Raw, ancillary and consumable materials	49,254	4,888	44,366	45,291	4,994	40,297
Work in progress and semifinished products	14,498	476	14,022	13,482	449	13,033
Contract work in progress and advances	2,286	-	2,286	1,718	-	1,718
Finished goods and goods for resale	69,049	8,240	60,809	65,375	8,714	56,661
TOTAL	135,087	13,604	121,483	125,866	14,157	111,709

The increase in net inventories is mainly due to the European companies building up stocks to satisfy customer demand in July/August.

7. TRADE AND OTHER RECEIVABLES

Current receivables are analyzed as follows:

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Trade receivables	251,022	231,269
Less: allowance for doubtful accounts	5,961	6,040
Trade receivables, net	245,061	225,229
Due from Holding Company	632	1,673
Due from associated companies	72	90
Tax receivables	7,647	10,952
Other receivables	5,180	6,010
Other assets	4,309	2,391
TOTAL	262,901	246,345

Trade receivables are non-interest bearing and have an average due date of 68 days, marking a slight improvement on that reported at the end of the prior year.

The net increase reflects the seasonal pattern of sales, featuring greater demand in the second quarter than in the last part of the year. This trend is evident from the fact that second-quarter sales amounted to € 274,632 thousand in 2007 compared with € 253,123 thousand in the fourth quarter of 2006.

The reduction in amounts “Due from parent company” is the result of the Italian companies collecting amounts due by the ultimate parent company CIR in connection with the group tax filing system.

The amount “Other receivables” includes:

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Amounts due from social security institutions	1,009	1,177
Amounts due from employees	277	284
Advances to suppliers	666	1,739
Due from others	3,228	2,810
TOTAL	5,180	6,010

“Amounts due from social security institutions” mainly refers to advances paid on their behalf by the Italian subsidiary Rejna S.p.A. to employees on redundancy benefits.

"Other assets" mainly consists of accrued income and prepaid expenses on insurance premiums, indirect taxes on buildings and the prepaid portion of a one-off payment to Honeywell International in connection with an agreement made in 2000 for the use of the FRAM trademark.
The increase is seasonal in nature and is mainly due to the prepaid portions of insurance premiums and indirect taxes on buildings paid in the first half of the year but pertaining to the whole of the year.

8. TANGIBLE FIXED ASSETS

The net value of tangible fixed assets amounts to € 241,486 thousand at June 30, 2007 versus € 249,249 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*
Balance at December 31, 2006					
Historical cost	15,623	698,259	26,962	15,277	756,121
of which: leases - gross value	*827*	*21,508*	-	-	*22,335*
Accumulated depreciation	-	484,360	22,512	-	506,872
of which: leases - acc. depreciation	-	*4,076*	-	-	*4,076*
Net value	15,623	213,899	4,450	15,277	249,249
Net value - leases	*827*	*17,432*	-	-	*18,259*
Balance at December 31, 2006	*15,623*	*213,899*	*4,450*	*15,277*	*249,249*
Additions of the period	-	3,859	316	7,697	11,872
Disposals during the period, net	-	(22)	(8)	-	(30)
Effect of translating foreign currency financial statements	77	595	(2)	62	732
Depreciations for the period	-	(18,657)	(848)	-	(19,505)
Reclassification of assets held for sale	-	(923)	-	-	(923)
Other changes	-	7,200	576	(7,685)	91
Balance at June 30, 2007	15,700	205,951	4,484	15,351	241,486
Historical cost	15,700	704,752	27,394	15,351	763,197
of which: leases - gross value	*827*	*13,983*	-	-	*14,810*
Accumulated depreciation	-	498,801	22,910	-	521,711
of which: leases - acc. depreciation	-	*3,566*	-	-	*3,566*
Net value	15,700	205,951	4,484	15,351	241,486
Net value - leases	*827*	*10,417*	-	-	*11,244*

The additions in the period amount to € 11,872 thousand and include € 2 million in ongoing investments by Sogefi Filtration Ltd and Filtrauto S.A. to replace plant and equipment, € 2 million in ongoing investments by Allevard Rejna Autosuspensions S.A. to upgrade plant and to expand its storage systems, and € 0.8 million for upgrading production lines at Sogefi Filtration S.A.. In addition, numerous other smaller investments were made during the period in order to improve production processes and develop new products.

The line "Reclassification of assets held for sale" refers to a building in West Bromwich belonging to the British subsidiary United Springs Ltd, which has been reclassified in "Non-current assets held for sale", having become available for disposal following the reorganization.

The depreciation charge for the period has been recorded in the income statement.

Guarantees

Property, plant and equipment are encumbered as of June 30, 2007 by mortgages and liens totalling € 5,681 thousand to secure loans from financial institutions.

Purchase commitments

At June 30, 2007 there are binding commitments to buy tangible fixed assets for € 4,052 thousand.

Leasing

At June 30, 2007 the carrying value of plant and machinery being purchased under finance leases amounts to € 14,810 thousand with accumulated depreciation of € 3,566 thousand.

The decrease in assets under lease relative to December 31, 2006 is due to the early purchase by the US subsidiary Allevard Springs U.S.A. Inc. of the line for the production of spiral springs, previously held under lease.

The financial aspects of the lease payments and their due dates are explained in note 15.

9. *INTANGIBLE ASSETS*

The net value of intangible assets amounts to € 119,136 thousand at June 30, 2007 versus € 117,403 thousand at the end of the previous year and is broken down as follows:

(in thousands of Euro)	*Develop-ment costs*	*Industrial patents and intellectual property rights, concessions, licences and trademarks*	*Other, assets under construction and payments on account*	*Consolidation differences*	*TOTAL*
Balance at December 31, 2006					
Historical cost	44,744	16,237	10,080	113,565	184,626
Accumulated amortization	26,933	14,243	3,148	22,899	67,223
Net value	17,811	1,994	6,932	90,666	117,403
Balance at December 31, 2006	17,811	1,994	6,932	90,666	117,403
Additions of the period	3,028	65	3,629	-	6,722
Disposals during the period, net	-	-	(6)	-	(6)
Effect of translating foreign currency financial statements	301	2	(17)	-	286
Amortization for the period	(2,883)	(714)	(147)	-	(3,744)
Writedowns of the period	(54)	(1,356)	-	-	(1,410)
Other changes	364	1,690	(2,169)	-	(115)
Balance at June 30, 2007	18,567	1,681	8,222	90,666	119,136
Historical cost	48,969	18,052	11,403	113,565	191,989
Accumulated amortization	30,402	16,371	3,181	22,899	72,853
Net value	18,567	1,681	8,222	90,666	119,136

Investments in the period amount to € 6,722 thousand.

The additions to “Development costs” refer to the capitalization of costs incurred by Group companies to develop new products in collaboration with the major car companies.

The additions to "Other, assets under construction and payments on account" are principally due to the cost incurred for the acquisition or internal production of intangible assets not yet in use. This balance includes € 1,839 thousand in services from consulting firms specialized in business development.

“Writedowns of the period” mainly relates to the write off of internal costs and partial writedown of external costs incurred by the French subsidiary Allevard Rejna Autosuspensions S.A. for developing a management software programme; the writedown has been made in view of the fact that this software is likely to used less extensively by the Suspension Components Division than originally planned.

There are no intangible assets with an indefinite useful life except for goodwill.

The Filtration Division and the Auto Suspension Components Division have booked goodwill deriving from external acquisitions, amounting to € 73.6 million and € 17 million respectively.

The impairment test carried out as of December 31, 2006 confirmed that there was no need to make any adjustments to the figures shown in the balance sheet. In light of the divisions' results in first half 2007, management is reasonably certain that the figures booked are fair.

10. EQUITY INVESTMENTS IN ASSOCIATED COMPANIES

These amount to € 101 thousand at June 30, 2007 and are carried at equity, except where the recoverable value of an investment is lower than its book value.

This item is analyzed as follows:

(in thousands of Euro)	Allevard Ressorts Composites S.a.S.
% held	50.00
Balance at December 31, 2006	101
Sale	-
Writedowns	-
Share of result	-
Balance at June 30, 2007	101

A list of equity investments in subsidiaries and associated companies is provided in section G of this document.

11. OTHER FINANCIAL ASSETS AVAILABLE FOR SALE

These amount to € 450 thousand at June 30, 2007, reporting no change since December 31, 2006.

The balance principally refers to the interest in AFICO FILTERS S.A.E., measured at fair value which corresponds to its cost.

12. FINANCIAL AND OTHER RECEIVABLES

“Financial receivables” amounts to € 397 thousand and relate to the long-term portion of financial instruments in accordance with IAS 32 and 39. The latter relate to the fair market value of certain interest rate swap contracts made to transform part of the loans from floating to fixed rate.

“Other receivables” is analyzed as follows:

(in thousands of Euro)	June 30, 2007	December 31, 2006
Substitute tax	2,171	2,171
Other receivables	1,486	3,134
TOTAL	3,657	5,305

“Other receivables” mostly refers to tax credits on the purchase of assets by the Brazilian subsidiaries, non-interest bearing guarantee deposits for rented properties and the advance tax paid in 1997 by Italian companies on employment termination indemnities under Law 662 of December 23, 1996 and subsequent amendments.
The reduction in this balance is due to the receipt by the British subsidiary Sogefi Filtration Ltd of a grant for GBP 1 million from the Welsh Assembly Government for investments made in prior years.

13. DEFERRED TAX ASSETS

These amount to € 21,868 thousand at June 30, 2007 compared with € 26,819 thousand at December 31, 2006.
This amount relates to the benefits due on deductible temporary differences, booked to the extent that they are likely to be recovered.
The reduction in this balance is mainly due to the use of deferred tax assets on losses carried forward by the German companies and the use of deferred taxes booked on pension funds by Sogefi Filtration Ltd.

14. NON-CURRENT ASSETS HELD FOR SALE

This item includes the net value of a building in West Bromwich belonging to the British subsidiary United Springs Ltd, which is available for sale.
The balance at December 31, 2006 included the net value of a building in Nottingham belonging to the British subsidiary Sogefi Filtration Ltd, which was sold in the first half of 2007.

C 2) LIABILITIES AND EQUITY

15. FINANCIAL DEBT TO BANKS AND OTHER FINANCING

This is analyzed as follows:

Current portion

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Bank overdrafts	40,809	13,278
Current portion of medium/long-term financial debts	17,103	18,578
of which: leases	*819*	*1,186*
of which: purchase commitments	*1,824*	*1,824*
Total loans maturing within one year	17,103	18,578
TOTAL SHORT-TERM FINANCIAL DEBTS	57,912	31,856
Other short-term liabilities for cash flow hedges	-	-
TOTAL SHORT-TERM FINANCIAL DEBTS AND CASH FLOW HEDGES	57,912	31,856

Non-current portion

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Financial debts to bank	123,343	128,402
Other medium/long-term financial debts	11,516	18,000
Of which: leases	*8,546*	*15,306*
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	*134,859*	146,402
Other medium/long-term financial liabilities for cash flow hedges	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND CASH FLOW HEDGES	134,859	146,402

Bank overdrafts
The increase in this item must be interpreted in conjunction with the growth in "Cash and cash equivalents" and mostly refers to "hot money" loans obtained by the parent company Sogefi S.p.A.. These loans carry floating-rate interest of Euribor plus a market spread.

Current portion of medium/long-term financial debts
This item principally includes the following loans:

- The current portion (€ 6,667 thousand) of the loan obtained by Allevard Federn GmbH for € 30 million repayable in annual instalments ending on December 2010. The residual amount as of June 30, 2007 is € 23.3 million. This loan bears floating-rate interest of Euribor plus a spread of 80 basis points up until December 2008, after which it falls to 70 basis points for the subsequent periods. The loan is not secured by any of the subsidiary's assets;
- The current portion (€ 2,000 thousand) of the loan obtained by Sogefi Filtration S.A. for € 7,000 thousand, repayable in six-monthly instalments ending in January 2010. The residual amount as of June 30, 2007 is € 6 million. This loan bears floating-rate interest of Euribor plus a spread of 45 basis points . The loan is not secured by any of the subsidiary's assets;
- The residual amount (€ 1,388 thousand) of the loan obtained by Filtrauto S.A. for € 9,454 thousand repayable by September 2007.

This loan bears floating-rate interest of Euribor plus a spread of 57.5 basis points. The loan is not secured against any of the company's assets;

- € 1,824 thousand by way of the commitment to SIMEST SpA to buy the remaining 10.47% of the US subsidiary Allevard Springs U.S.A. Inc.. This commitment was contractually scheduled to be honoured on June 30, 2008, but was honoured by Sogefi S.p.A. on July 4, 2007 after exercising the option to bring forward the deadline to 2007;
- Dividends of € 1,750 thousand due to the joint shareholder in the Spanish subsidiary Issa;
- The current portion of other minor long-term loans, including financial lease instalments in accordance with IAS 17.

Financial debts to bank

This includes:

- The drawdown of € 49.9 million against a loan for € 50 million obtained by the parent company Sogefi S.p.A. in 2006. The loan has a duration of five years and falls due in September 2011, paying floating-rate interest of Euribor plus a spread of 22.5 basis points. The spread in the first half of 2007 was 22.5 basis points. The loan is not secured by any of the company's assets;
- The drawdown of € 49.8 million against a loan for € 100 million obtained by the parent company Sogefi S.p.A. in 2006. The loan has a duration of five years and falls due in September 2011, paying floating-rate interest of Euribor plus a spread of 22.5 basis points. The spread in the first half of 2007 was 22.5 basis points. The loan is not secured by any of the company's assets;
- The non-current portion of the loan granted to Allevard Federn GmbH;
- The non-current portion of the loan granted to Sogefi Filtration S.A..

During the first half of 2007, the parent company Sogefi S.p.A. repaid the drawdown of € 40 million, outstanding at December 31, 2006, against the syndicated loan of € 100 million obtained at the end of 2003, meaning that this facility was completely undrawn at June 30, 2007.

The item "Other medium/long-term financial debt" includes the current portion of other minor loans, including finance lease instalments in accordance with IAS 17.
The reduction in this balance is mainly due to the early redemption by Allevard Springs U.S.A. Inc. of the lease financing the purchase of a complete line for the production of spiral springs.

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. 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 interest element and the residual liability.

Future payments deriving from these contracts can be summarized as follows:

(in thousands of Euro)	Instalments	Capital
Within 12 months	1,447	819
Between 1 and 5 years	7,538	5,494
Beyond 5 years	4,963	3,052
Total lease payments	13,948	9,365
Interests	(4,583)	-
TOTAL PRESENT VALUE OF LEASE PAYMENTS	9,365	9,365

16. TRADE AND OTHER CURRENT PAYABLES

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

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Trade and other payables	247,676	234,514
Tax payables	10,164	8,210
TOTAL	257,840	242,724

Details of trade and other payables are as follows:

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Due to suppliers	186,519	182,129
Due to the Holding Company	1,503	201
Due to tax authorities for indirect and other taxes	9,266	6,163
Due to social security institutions	15,438	15,715
Due to employees	28,238	23,313
Other payables	6,712	6,993
TOTAL	247,676	234,514

Trade payables do not generate interest and on average are paid after 79 days.

The increase in amounts due to suppliers is principally because of the lengthening of average payment terms and the growth in inventories to meet customer demand over the coming months.

The amount “Due to the parent company” includes € 981 thousand owing to CIR S.p.A. for services provided in the first half of 2007, while the remainder relates to amounts owing under the group tax filing system.

The increase in amounts “Due to employees” is specifically seasonal in nature, being mainly due to vacation entitlement, 13th month salaries and variable bonuses that will be paid to employees over the coming months.

17. OTHER CURRENT LIABILITIES

"Other current liabilities" includes adjustments to costs and revenues of the period so as to ensure compliance with the accrual basis of accounting (accrued expenses and deferred income) and advances received from customers for orders still to be delivered.

18. LONG-TERM PROVISIONS

These are made up as follows:

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Pension funds	25,874	31,999
Provision for employment termination indemnities	14,533	17,160
Provision for restructuring	4,234	5,905
Provision for disputes with tax authorities	6,827	6,119
Provision for product warranties	3,515	1,865
Provision for phantom stock options	220	-
Other risks	3,093	3,132
Agents' termination indemnities	869	844
Lawsuits	1,342	1,441
TOTAL	60,507	68,465

Details of the main items are given below

Pension funds

Changes for the period in this item are reported below:

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Opening balance	31,999	36,422
Cost of benefits charged to income statement	(832)	2,067
Contributions paid	(5,247)	(7,282)
Other changes	-	548
Exchange differences	(46)	244
TOTAL	25,874	31,999

The negative figure for the "Cost of benefits charged to income statement" is attributable to a change in the legislation applying to British pension funds which now allows employees to receive the benefit in a lump sum rather than as a pension. Since the lump sum is generally lower than the present value of the pension, this change has caused the liability to go down, generating an associated benefit of some € 2 million in the income statement.

The provisions for contributions to the pension funds operating in the geographical areas of the companies concerned are as follows:

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Great Britain	3,962	10,754
France	18,393	17,718
Germany	3,159	3,174
Other countries	360	353
TOTAL	25,874	31,999

Provision for employment termination indemnities

The provision has changed as follows during the period:

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Opening balance	17,160	18,451
Accruals for the period	602	2,125
Reduction due to change in legislation	(2,074)	-
Contributions paid	(1,155)	(3,416)
TOTAL	14,533	17,160

Further to the amendments to the “Provision for employment termination indemnities” introduced by Law 296 of December 27, 2006 and subsequent decrees and rules issued in the early part of 2007, the portions of the provision accruing as from January 1, 2007 and transferred either to supplementary pension funds or the treasury fund kept by INPS (the Italian social security authority) are being treated like “defined contribution plans”. These amounts therefore do not require actuarial valuation and are no longer booked in the “Provision for employment termination indemnities”.

The “Provision for employment termination indemnities” accruing up to December 31, 2006 is still a “defined benefit plan”, consequently requiring actuarial valuation, which however will no longer take account of the component relating to future wage inflation.

The application of the new legislation has benefited the income statement by € 2,074 thousand, net of previously unrecorded actuarial losses.

Provision for restructuring

These are amounts set aside for restructuring operations that have been officially announced and communicated to those concerned, as required by IAS/IFRS.

The provision has changed as follows during the period:

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Opening balance	5,905	15,344
Accruals for the period	291	5,488
Utilizations	(1,962)	(14,388)
Provisions not used during the period	-	(553)
Exchange differences	-	14
TOTAL	4,234	5,905

"Accruals for the period" relates principally to production reorganization by the Filtration Division announced during the course of the year and due for completion over the next couple of years.

"Utilizations" has been booked mainly as reductions of provisions previously set aside for restructurings planned and initiated in previous years and completed or being completed by the two divisions during the course of the current year.

Movements in the item "Accruals for the period" are recorded in the income statement under "Restructuring costs".

Provisions for disputes with tax authorities
This provision amounts to € 6,827 thousand and refers to fiscal disputes currently being settled with the local tax authorities, mainly relating to the subsidiaries Sogefi Filtration S.p.A. and Sogefi Filtration do Brasil Ltda, against which suitable allowances have been made, even if the final outcome is not certain.

Provision for product warranties
The increase of € 1,650 thousand in this provision relates to new allowances recognized in the first half of 2007 for expected warranty costs.

Provision for phantom stock options
This provision amounts to € 220 thousand and refers to the allowance for new incentive schemes, known as "phantom stock options", for the Managing Director, managers and project workers of the Holding Company and for the managers of the other Group's Italian companies. The related allowance has been booked in the income statement under "Personnel costs" and "Directors' and statutory auditors' remuneration". More details on the phantom stock option plans can be found in note 29.

Other risks
"Other risks" amounts to € 3,093 thousand and are largely stable relative to December 31, 2006. This provision mainly includes the allowances made by the German subsidiary LPDN GmbH for environmental risks and to cover the economic impact of probable applications for part-time work by those employees so entitled by law, having reached the required age.

19. DEFERRED TAXATION

This item amounts to € 24,952 thousand at June 30, 2007 compared with € 24,478 thousand at December 31, 2006.
This amount relates to the taxes expected to be paid on taxable temporary differences.

20. SHARE CAPITAL AND RESERVES

Share capital

The share capital of the parent company Sogefi S.p.A. is fully paid in and at June 30, 2007 amounts to € 59,104 thousand (€ 58,826 thousand at December 31, 2006), split into 113,661,192 ordinary shares of nominal € 0.52 each.

Reserves and retained earnings (accumulated losses)

These are made up as follows:

(in thousands of Euro)	*Share premium reserve*	*Reserve for treasury stock*	*Reserve for reclassifica-tion of treasury stock*	*Transla-tion reserve*	*Other reserves*	*Retained earnings*	*Total*
Balance at December 31, 2005	*17,277*	*3,762*	*(3,762)*	*10,101*	*69,297*	*47,255*	*143,930*
Paid share capital increase	1,729	-	-	-	(159)	-	1,570
Appropriation of 2005 net profit:							
Legal reserve	-	-	-	-	150	-	150
Retained earnings	-	-	-	-	-	25,055	25,055
Reclassification	51,238	-	-	-	(51,238)	-	-
Fair value measurement of cash flow hedging instruments	-	-	-	-	29	12	41
Items booked directly to equity	-	-	-	-	-	(414)	(414)
Tax on items booked directly in equity	-	-	-	-	3	-	3
Imputed cost of stock options	-	-	-	-	959	-	959
Effect of translating foreign currency financial statements	-	-	-	(2,020)	-	-	(2,020)
Balance at June 30, 2006	*70,244*	*3,762*	*(3,762)*	*8,081*	*19,041*	*71,908*	*169,274*

(in thousands of Euro)	*Share premium reserve*	*Reserve for treasury stock*	*Reserve for reclassificat ion of treasury stock*	*Translatio n reserve*	*Other reserves*	*Retaine d earning s*	*Total*
Balance at December 31, 2006	*70,490*	*3,762*	*(3,762)*	*8,520*	*19,702*	*71,301*	*170,013*
Paid share capital increase	1,390	-	-	-	(225)	-	1,165
Appropriation of 2006 net profit:							-
Dividends	-	-	-	-	-	(82)	(82)
Retained earnings	-	-	-	-	-	28,483	28,483
Fair value measurement of cash flow hedging instruments	-	-	-	-	74	-	74
Other chenges	-	-	-	-	(2)	12	10
Tax on items booked directly in equity	-	-	-	-	(32)	-	(32)
Imputed cost of stock options	-	-	-	-	896	-	896
Effect of translating foreign currency financial statements	-	-	-	2,477	-	-	2,477
Balance at June 30, 2007	*71,880*	*3,762*	*(3,762)*	*10,997*	*20,413*	*99,714*	*203,004*

Share premium reserve

This amounts to € 71,880 thousand compared with € 70,490 thousand last year. The increase is due to the subscription of shares under the stock option plans.

Translation reserve

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

There has been an increase of € 2,477 thousand over the period, mostly attributable to appreciation by the Brazilian real.

Other reserves

"Other reserves" is analyzed below:

(in thousands of Euro)	*Legal reserve*	*Treasury stock purchase reserve*	*Reserve for cash flow hedges*	*Reserve for stock options*	*Tax on items booked directly in equity*	*Other reserves*	*Total other reserves*
Balance at December 31, 2005	*11,730*	*51,238*	*(271)*	*552*	*94*	*5,954*	*69,297*
Paid share capital increase	-	-	-	-	-	(159)	(159)
Appropriation of 2005 net profit: Legal reserve	150	-	-	-	-	-	150
Shareholders' resolution for purchase of treasury stock	-	(51,238)	-	-	-	-	(51,238)
Fair value measurement of cash flow hedging instruments	-	-	29	-	-	-	29
Tax on items booked directly in equity	-	-	-	-	3	-	3
Imputed cost of stock options	-	-	-	959	-	-	959
Balance at June 30, 2006	*11,880*	-	*(242)*	*1,511*	*97*	*5,795*	*19,041*

(in thousands of Euro)	*Legal reserve*	*Reserve for cash flow hedges*	*Reserve for stock options*	*Tax on items booked directly in equity*	*Other reserves*	*Total other reserves*
Balance at December 31, 2006	*11,880*	*295*	*1,497*	*(93)*	*6,123*	*19,702*
Paid share capital increase	-	-	-	-	(225)	(225)
Fair value measurement of cash flow hedging instruments	-	74	-	-	-	74
Other changes	-	-	-	-	(2)	(2)
Tax on items booked directly in equity	-	-	-	(32)	-	(32)
Imputed cost of stock options	-	-	896	-	-	896
Balance at June 30, 2007	*11,880*	*369*	*2,393*	*(125)*	*5,896*	*20,413*

- Reserve for cash flow hedges

This reserve has changed as a result of accounting for the financial flows deriving from instruments that for IAS 39 purposes are designated as "cash flow hedges". The movements during the period show an increase of € 74 thousand.

- *Treasury stock purchase reserve*
The Shareholders' Meeting of April 6, 2006 resolved to transfer the balance of the "Treasury stock purchase reserve" to the "Share premium reserve".

- *Reserve for stock options*
The reserve refers to the value of the imputed cost of stock option plans assigned to employees and project workers and resolved after November 7, 2002, including the portion relating to the latest stock option plan approved on April 20, 2007.

Retained earnings
These total € 99,714 thousand and include amounts of net income that have not been distributed.

MINORITY INTERESTS

The balance amounts to € 14,029 thousand and refers to the portion of shareholders' equity pertaining to minority interests.

21. *ANALYSIS OF 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 included in the report on operations:

	June 30, 2007	*December 31, 2006*
A. Cash	70,859	51,519
B. Other cash at bank and on hand (details)	-	-
C. Financial instruments held for trading	269	160
D. Liquid funds (A) + (B) + (C)	**71,128**	**51,679**
E. Current financial receivables	**-**	**-**
F. Current payables to banks	40,809	13,278
G. Current portion of non-current indebtedness	17,102	18,578
H. Other current financial payables	-	-
I. Current financial indebtedness (F) + (G) + (H)	**57,911**	**31,856**
J. Net current financial indebtedness (I) - (E) - (D)	**(13,217)**	**(19,823)**
K. Non-current payables to bank	123,343	128,403
L. Bond issued	-	-
M. Other non-current payables	11,516	18,000
N. Non-current financial indebtedness (K) + (L) + (M)	**134,859**	**146,403**
O. Net indebtedness (J) + (N)	**121,642**	**126,580**
Long term financial receivables	397	301
Net financial indebtedness including non-current financial receivables (as per the "Net financial position" included in the director's report on operations)	**121,245**	**126,279**

Details of the covenants applying to loans outstanding at period end are as follows:
- Loan of € 50 million obtained by the parent company Sogefi S.p.A.: ratio of consolidated net financial position to consolidated EBITDA of less than or equal to 3.5;
- Loan of € 100 million obtained by the parent company Sogefi S.p.A.: ratio of consolidated net financial position to consolidated EBITDA of less than 4.

At June 30, 2007 the Group was in full compliance with these covenants.

D) NOTES ON THE MAIN INCOME STATEMENT ITEMS

22. SALES REVENUES

Revenues from the sale of goods and services
During the period, the SOGEFI Group had sales of € 541,725 thousand compared with € 532,922 thousand the previous year (+1.7%); applying the same average exchange rates of the first half of 2006, sales would have amounted to € 543,287 thousand (+1.9%).

Revenues from the sale of goods and services are analyzed as follows:

By business segment:

(in thousands of Euro)	*1st half 2007*		*1st half 2006*	
	Amount	*%*	*Amount*	*%*
Filters	278,044	51.3	268,544	50.4
Suspension components and precision springs	264,070	48.7	264,436	49.6
Intercompany eliminations	(389)	-	(58)	-
TOTAL	541,725	100.0	532,922	100.0

By geographical area of "destination":

(in thousands of Euro)	*1st half 2007*		*1st half 2006*	
	Amount	*%*	*Amount*	*%*
France	131,778	24.3	144,832	27.2
Germany	68,615	12.7	68,945	12.9
Great Britain	65,420	12.1	65,255	12.2
Italy	55,450	10.2	54,271	10.2
Spain	40,338	7.5	35,664	6.7
Benelux	37,459	6.9	33,944	6.4
Other European countries	54,564	10.1	48,929	9.2
Mercosur	67,123	12.4	60,393	11.3
United States	12,708	2.3	13,295	2.5
China	2,872	0.5	1,972	0.4
Rest of the World	5,398	1.0	5,422	1.0
TOTAL	541,725	100.0	532,922	100.0

The breakdown of sales in the main geographical markets shows a decline in the French market, mainly because of the continued problems being experienced by French manufacturers, an upturn in Spain thanks to a project commissioned by General Motors from Sogefi Filtration S.A., higher sales in Benelux and other European countries, particularly Romania, and growth in Latin America, largely thanks to Brazil.

23. CYCLICAL NATURE OF SALES

The type of products sold by group companies and the segments in which the Group operates mean that sales tend to be fairly steady over the course of the year and, assuming that the business areas stay the same, they do not have a particularly cyclical nature.

For information purposes, sales per half-year for the last two years are as follows:

(in thousands of Euro)	*1st half*	*2nd half*	*Total year*
FY 2005	535,430	487,991	1,023,421
FY 2006	532,922	485,657	1,018,579

24. VARIABLE COST OF SALES

Details are as follows:

(in thousands of Euro)	*1st half 2007*	*1st half 2006*
Materials	242,119	234,792
Direct labour cost	61,933	59,785
Energy costs	15,588	15,711
Sub-contracted work	4,001	4,275
Ancillary materials	8,905	8,720
Variable sales and distribution costs	18,434	15,844
Royalties paid to third parties on sales	2,261	2,218
TOTAL	353,241	341,345

The increase in “Variable cost of sales” is mainly due to “Materials”, following growth in sales and higher costs of raw materials, and to “Direct labour cost”, following a rise in pay and the average number of employees as a result of the growth of business.

The reduction in “Energy costs” reflects the savings made by the French companies after entering into a new supply contract.

Of the increase in “Variable sales and distribution costs” € 1,650 thousand is explained by provisions for probable costs payable to customers, while the remainder refers to higher agent commissions and higher packaging costs consequent upon the growth in sales.

25. MANUFACTURING AND R&D OVERHEADS

(in thousands of Euro)	*1st half 2007*	*1st half 2006*
Labour cost	41,350	42,011
Materials, maintenance and repairs	10,111	10,183
Rental and hire charges	2,518	2,372
Personnel services	3,650	3,795
Technical consulting	2,490	2,691
Sub-contracted work	635	713
Insurance	921	982
Utilities	830	945
Capitalization of internal construction costs	(4,739)	(4,376)
Other	1,417	1,183
TOTAL	59,183	60,499

"Manufacturing and R&D overheads" have fallen relative to the first half of last year, mainly thanks to the policy of containing personnel costs, started at the end of 2006.
The Group's specific attention to controlling overhead costs is also reflected in the reduction in "Technical consulting", due to less frequent use of external consultants for developing new products.
The increase in the "Capitalization of internal construction costs" is mainly attributable to Allevard Rejna Argentina S.A. for the development of a new leaf springs project for Renault.

26. DEPRECIATION AND AMORTIZATION

Details are as follows:

(in thousands of Euro)	*1st half 2007*	*1st half 2006*
Depreciation of tangible fixed assets	19,505	20,915
of which: assets under finance leases	*313*	*409*
Amortization of intangible assets	3,744	3,618
TOTAL	23,249	24,533

This item amounts to € 23,249 thousand at June 30, 2007, having come down from € 24,533 thousand in the same period of last year. This decrease is attributable to the smaller amount of investments made this half year.

Industrial depreciation included in total depreciation amounts to € 18,657 thousand compared with € 20,073 thousand in the same period last year.

Amortization of intangible assets refers principally to development costs capitalized in previous years.

27. DISTRIBUTION AND SALES FIXED EXPENSES

The following table shows the more significant components of this item:

(in thousands of Euro)	*1st half 2007*	*1st half 2006*
Labour cost	10,865	10,603
Sub-contracted work	3,592	3,427
Advertising, publicity and promotion	1,885	2,536
Personnel services	1,338	1,353
Rental and hire charges	802	900
Consulting	554	398
Other	667	492
TOTAL	19,703	19,709

The total cost amounts to € 19,703 thousand at June 30, 2007 and is stable relative to the corresponding prior year period. The decrease in “Advertising, publicity and promotion” is due to a change in commercial policies by some of the subsidiaries and is partially offset by an increase in “Consulting” and “Other”. The increase in the latter mostly refers to entertaining costs in relation to the sales and marketing function.

28. ADMINISTRATIVE AND GENERAL EXPENSES

These are analyzed as follows:

(in thousands of Euro)	*1st half 2007*	*1st half 2006*
Labour cost	13,874	13,663
Personnel services	2,184	2,734
Maintenance and repairs	2,203	2,379
Cleaning and security	1,707	1,831
Consulting	2,139	2,216
Utilities	1,684	1,553
Rental and hire charges	1,799	1,683
Insurance	1,469	1,413
Participation des salaries	1,240	1,323
Administrative, financial and tax-related services provided by Parent Company	981	961
Audit fees	705	767
Directors' and statutory auditors' remuneration	427	294
Sub-contracted work	348	301
Other	(444)	1,113
TOTAL	30,316	32,231

“Administrative and general expenses” amounts to € 30,316 thousand at June 30, 2007 compared with € 32,231 thousand in the first half of last year. The reduction in these expenses is mainly attributable to “Other” costs, which include the positive adjustment arising from the new treatment of the “Provision for employment termination indemnities” (€ 3,096 thousand), net of previously unrecorded actuarial losses (€ 1,022 thousand).

The most significant changes in the other components of “Administrative and general expenses” are discussed below.

The increase in “Labour cost”, of which € 117 thousand due to the cost of the 2007 phantom stock option plan and the remainder to pay rises, is more than offset by the reduction in “Personnel services”, which were particularly high in the first half of last year due to staff training costs associated with the *working capital down* project.
The increase in “Rental and hire charges” is mostly attributable to the new building rented by Rejna S.p.A. at the Raffa site after closing the plant in San Felice del Benaco last year.
The increase in “Directors' and statutory auditors' remuneration” includes € 92 thousand in costs for the 2007 phantom stock option plan relating to the Managing Director of Sogefi S.p.A., while the rest of the increase is explained by higher remuneration.

29. PERSONNEL COSTS

Personnel

Personnel costs are analyzed as follows:

(in thousands of Euro)	*1st half 2007*	*1st half 2006*
Wages, salaries and contributions	116,892	115,658
Employment termination indemnities and pension costs	(145)	2,159
Participation des salaries	1,240	1,323
Imputed cost of stock options	896	959
Other	332	648
TOTAL	119,215	120,747

The reduction in “Labour cost”, which went down from 22.6% of sales in the first half of 2006 to 22% in the first half of 2007, is principally due to “Employment termination indemnities and pension costs”, as a result of the new laws relating to the “Provision for employment termination indemnities” and to British pension funds, to efforts to limit “Wages, salaries and contributions” (21.6% of sales in the first half of 2007 compared with 21.7% in the first half of 2006) and a lower proportion of “Other” costs.
“Employment termination indemnities and pension costs” includes € 632 thousand in termination indemnities accruing as from January 1, 2007 which will be transferred either to supplementary pension funds or the treasury fund kept by INPS. As reported in note 18, these amounts are no longer recorded in the “Provision for employment termination indemnities” but are booked as a payable to pension funds.

Average employment is shown below by grade:

(Number of employees)	*1st half 2007*	*1st half 2006*
Managers	89	91
Clerical staff	1,407	1,424
Blue collar workers	4,725	4,788
TOTAL	6,221	6,303

Personnel benefits

Stock option plans

Sogefi S.p.A. implements and has implemented in previous years stock option plans for managers and project workers of the Company and its subsidiaries that hold important positions of responsibility within the Group. The purpose is to create greater loyalty to the Company and to provide an incentive that will raise their commitment to improving the Company's long-term performance and value generation.

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

In compliance with Law 262/05, starting from 2006 stock option plans are first approved by the Shareholders' Meeting.

During the first half of 2007 the Board of Directors approved the following plan:

- 2007 stock option plan reserved for managers of foreign subsidiaries for a maximum of 715,000 shares (0.63% of share capital at June 30, 2007) with a subscription price of € 6.96, to be exercised between September 30, 2007 and September 30, 2017.

Except for the plan mentioned above and as reported in the subsequent paragraph on "Phantom stock option plans", the Company has not carried out any transaction that involves the purchase of goods or services with payments based on shares or any other kind of equity instrument. As a result, it is not necessary to disclose the fair value of such goods or services.

As laid down in IFRS 2, which took effect from January 1, 2005, for the purposes of first-time application of this standard, we have taken into consideration only those plans that were assigned after November 7, 2002; so in addition to those issued in 2007, also those issued in 2003, 2004, 2005 and 2006, the main characteristics of which are as follows:

- 2003 stock option plan for a maximum of 1,680,000 shares (1.48% of share capital at June 30, 2007) at a price of € 2.04 per share, with a right to exercise the options at the end of each quarter starting on September 30, 2003 and ending on September 30, 2013;
- 2004 stock option plan for a maximum of 1,880,000 shares (1.65% of share capital at June 30, 2007) at a price of € 2.64 per share, with a right to exercise the options at the end of each four-month period starting on September 30, 2004 and ending on September 30, 2014;
- 2005 stock option plan reserved for the managers of the Company and its subsidiaries for a maximum of 1,930,000 shares (1.70% of share capital at June 30, 2007) with a subscription price of € 3.87, to be exercised between September 30, 2005 and September 30, 2015;
- 2005 stock option plan reserved for the Group's project workers for a maximum of 80,000 options to purchase an equivalent number of SOGEFI ordinary shares at a price of € 3.87. The options can be exercised on September 30, 2007, January 31, 2008 and June 30, 2008;

- 2005 extraordinary stock option plan reserved for Group employees with over 10 years of service at December 31, 2004 for a maximum of 1,445,000 shares (1.27% of share capital at June 30, 2007) at a subscription price of € 4.50 with a right to exercise the options from October 1 to December 7, 2008 and from May 1 to July 7, 2009.
- 2006 stock option plan reserved for the managers of the Company and its subsidiaries for a maximum of 1,770,000 shares (1.56% of share capital at June 30, 2007) with a subscription price of € 5.87, to be exercised between September 30, 2006 and September 30, 2016;
- 2006 stock option plan reserved for the Group's project workers for a maximum of 80,000 options to purchase an equivalent number of SOGEFI ordinary shares at a price of € 5.87. The options can be exercised on September 30, 2007, January 31, 2008 and June 30, 2008.

During the first half of 2007 options were exercised on 396,200 ordinary shares relating to the 2003, 2004, 2005 and 2006 plans at an average value of € 3.50 each, generating € 1,385 thousand in proceeds for the holding company.

The fair value of the options granted as of June 30, 2007, calculated with the help of a binomial tree model and amounting to € 896 thousand, has been booked to the income statement on the line “Other non-operating expenses (income)”, to reflect the figurative cost of this benefit.

The following table shows the total number of options outstanding with reference to the 2003-2007 plans and their average strike price:

	June 30, 2007		*December 31, 2006*	
	Number	*Average price of the year*	*Number*	*Average price of the year*
Not exercised/not exercisable at the start of the year	5,213,600	4.28	5,552,200	3.48
Granted during the period	715,000	6.96	1,850,000	5.87
Cancelled during the period	(319,400)	4.71	(1,362,000)	4.15
Exercised during the period	(396,200)	3.50	(826,600)	2.70
Not exercised/not exercisable at the end of the period	5,213,000	4.68	5,213,600	4.28
Exercisable at the end of the period	1,460,000	3.68	985,600	3.40

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

In order to comply with the transitional rules laid down in arts. 44-45 of IFRS 2, the following are the key figures for the plans in existence prior to November 7, 2002 (the standard does not have to be applied to them).

	2000 Plan	2001 Plan	2002 Plan
No. of options	1,170,000	1,380,000	1,560,000
% share capital at June 30, 2007	1.03	1.21	1.37
Strike price (Euro)	2.53	2.50	2.01
Date of maturity	2010	2011	2012
Not exercised at the start of the year	228,000	407,700	147,300
Exercised during the period	-	(7,700)	(18,900)
Cancelled during the period	-	-	
Not exercised at the end of the period	228,000	400,000	128,400
Exercisable at the end of the period	228,000	400,000	128,400

During the first half of 2007 options were exercised on 26,600 ordinary shares relating to the 2001 and 2002 plans at an average value of € 2.15 each, generating € 58 thousand in proceeds for the holding company.

The total amount collected by the Group in the first half of 2007 under all stock option plans comes to € 1,443 thousand.

Details of the number of options exercisable at June 30, 2007 are given below:

	2003 - 2006 Plans	2000 - 2002 Plans	Total
Number of exercisable options remaining at December 31, 2006	985,600	759,200	1,744,800
Options matured during the period	1,060,800	23,800	1,084,600
Options exercised during the period	(396,200)	(26,600)	(422,800)
Options cancelled during the period	(190,200)	-	(190,200)
Number of exercisable options remaining at June 30, 2007	1,460,000	756,400	2,216,400

Phantom stock option plans

Phantom stock option plans were issued during the first half of 2007 to the Managing Director, managers and project workers of the parent company, and to managers of the Italian subsidiaries. These plans were approved by the respective Boards of Directors. Unlike traditional stock option plans, phantom stock options plans do not involve granting any right to subscribe or to purchase a share, but entail paying the beneficiaries an extraordinary variable cash sum, corresponding to the difference between the Sogefi share price in the option exercise period and the Sogefi share price at the time of granting the option.

The principal characteristics of these plans are as follows:

- Sogefi S.p.A.: 2007 phantom stock option plan reserved for the Managing Director, managers and project workers for a maximum of 1,590,000 options at the grant price of € 7.0854, to be exercised between September 30, 2007 and September 30, 2017;
- Rejna S.p.A.: phantom stock option plan reserved for managers for a maximum of 30,000 options at the grant price of € 7.0854, to be exercised between September 30, 2007 and September 30, 2017;
- Sogefi Filtration S.p.A.: phantom stock option plan reserved for managers for a maximum of 140,000 options at the grant price of € 7.0854, to be exercised between September 30, 2007 and September 30, 2017;

The fair value of options granted, calculated with the help of a binomial tree model, amounts to € 220 thousand at June 30, 2007. This amount has been reported in the income statement under “Labour cost” and “Directors' and statutory auditors' remuneration”.

30. RESTRUCTURING COSTS

These amount to € 971 thousand (compared with € 3,060 thousand in the first half of the previous year) and refer to reorganization plans already in progress.
"Restructuring costs" includes €291 thousand in allowances to the "Provision for restructuring", while the remainder refers to costs for which no allowance was made to the related provision, having been settled in the half year.

31. LOSSES (GAINS) ON DISPOSAL

The gains on disposal amount to € 4,714 thousand and mainly refer to the sale of the property in Nottingham owned by the subsidiary Sogefi Filtration Ltd.

32. EXCHANGE (GAINS) LOSSES

Net exchange losses at June 30, 2007 amount to € 445 thousand, staying largely the same as in the corresponding period of last year.

33. OTHER NON-OPERATING EXPENSES (INCOME)

These amount to € 7,741 thousand (compared with € 9,138 thousand in the first half of the previous year) and refer principally to indirect taxes and fiscal charges not directly related to earned income.

Details are as follows:

(in thousands of Euro)	*1st half 2007*	*1st half 2006*
Indirect taxes	2,511	2,639
Other fiscal charges	2,766	3,554
Imputed cost of stock options	896	959
Other non-operating expenses	1,568	1,986
TOTAL	7,741	9,138

Indirect taxes refer to indirect fiscal charges that do not depend directly on the income earned by the business.

Other fiscal charges include the *taxe professionelle* paid by the French companies. The reduction in these charges relative to the first half of 2006 is due to a change in the rules by the French tax authorities, generating a benefit for the subsidiary Allevard Rejna Autosuspensions S.A..

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

of which non-recurring:
- € 1,776 thousand in income arising from a change in the rules applying to British pension funds;
- € 1,356 thousand for writing off the internal costs and partially writing down the external costs incurred by the subsidiary Allevard Rejna Autosuspensions S.A. for developing a management software programme, now likely to be less extensively used by the Suspension Components Division than originally planned;
- € 235 thousand in costs for transferring a springs line from Allevard Springs U.S.A. Inc. to Allevard Molas do Brasil Ltda;
- € 463 thousand in non-recurring costs relating to Sogefi Filtration Ltd;

of which recurring:
- € 677 thousand in allowances for legal disputes;
- € 420 thousand in consulting costs for business development;
- € 103 thousand in pension costs for employees no longer on the books of Allevard Federn GmbH;
- € 90 thousand in other recurring costs.

34. FINANCIAL EXPENSES (INCOME), NET

Financial expenses are as follows:

(in thousands of Euro)	*1st half 2007*	*1st half 2006*
Interest on amounts due to banks	3,581	3,370
Financial charges under lease contracts	495	488
Financial component of pension funds and termination indemnities	424	335
Cost of interest-rate hedging contracts	-	164
Other interests and commissions	1,138	1,474
TOTAL FINANCIAL EXPENSES	5,638	5,831

Financial income is as follows:

(in thousands of Euro)	*1st half 2007*	*1st half 2006*
Financial income from financial assets	-	44
Interest on amounts due from banks	824	496
Cost of interest-rate hadging contracts	61	-
Other interest and commissions	142	162
TOTAL FINANCIAL INCOME	1,027	702
TOTAL FINANCIAL EXPENSES (INCOME), NET	4,611	5,129

Net financial expenses show a reduction of € 518 thousand even though there has been an increase in interest rates, thanks to the lower level of debt.

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

35. LOSSES (GAINS) FROM EQUITY INVESTMENTS

These include the dividends received from the associated company Allevard Ressorts Composites S.a.S.. At June 30, 2006 this item included € 1,060 thousand in financial income due to a recovery of tax withholdings on foreign dividends distributed in previous years and € 700 thousand in gains on the sale of the 50% interest in KS Automotive Suspensions Asia Private Ltd to ThyssenKrupp Federn GmbH.

36. INCOME TAXES

(in thousands of Euro)	*1st half 2007*	*1st half 2006*
Current taxes	11,451	11,318
Deferred tax liabilities (assets)	5,326	2,863
TOTAL	16,777	14,181

The increase in the tax rate to 35.6% in the first half of 2007 from 33.4% in the same period last year is mainly due to the fact that in the first half of this year the German subsidiaries have not benefited from the use of carry-forward tax losses, unlike in the first half of the year before.

37. DIVIDENDS PAID

The dividends paid in the first half of 2007 (distributing 2006 earnings, as approved at the shareholders' meeting on April 20, 2007) amount to € 22,366 thousand, or € 0.20 per ordinary share.
The Company has not issued any shares other than the ordinary shares and the shares held by the company (treasury shares) do not receive dividends.
Dividends paid in the first half of last year amounted to € 19,455 thousand, or € 0.175 per ordinary share.

38. EARNINGS PER SHARE (EPS)

Earnings per share

Basic EPS
Thanks to the rise in net income, EPS has gone from € 0.248 to € 0.258 with an increase of 4% despite a 0.7% increase in the weighted average number of outstanding shares.

	June 30, 2007	*June 30, 2006*
Net profit attributable to the ordinary shareholders (in thousands of Euro)	28,898	27,476
Weighted average number of shares outstanding during the period (thousands)	111,811	110,983
Basic EPS (Euro)	*0.258*	*0.248*

Diluted EPS
Diluted EPS is calculated by dividing net income for the period attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period, adjusted for the dilutive effects of

potential shares. Treasury shares are excluded from the calculation of outstanding shares.
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.
In determining the average number of potential outstanding shares we have used the average fair value of the shares only during the period of reference (first-half of the year). The average fair value of the Sogefi S.p.A. ordinary shares in the first half of 2007 comes to € 6.7193 versus an average fair value in first-half 2006 of € 5.4512.

	June 30, 2007	*June 30, 2006*
Net profit attributable to the ordinary shareholders (in thousands of Euro)	28,898	27,476
Average number of shares outstanding during the period (thousands)	111,811	110,983
Weighted average number of shares potentially under option during the period (thousands)	1,969	1,268
Number of shares that could have been issued at fair value (thousands)	(923)	(598)
Adjusted weighted average number of shares outstanding during the period (thousands)	112,857	111,653
Diluted EPS (Euro)	*0.256*	*0.246*

E) 39. RELATED PARTY TRANSACTIONS

The Group is controlled by CIR S.p.A., the ultimate parent company, which at the date of the Shareholders' Meeting of April 20, 2007 held 57.43% of the outstanding shares. Sogefi S.p.A.'s shares are quoted on the Milan Stock Exchange.

The consolidated financial statements include the financial statements of the companies listed in chapter G, which also reports the interests held by the Group.
Dealings between group companies are conducted on an arm’s length basis, taking into account the quality and type of services rendered; Sogefi S.p.A., the parent company, charges Group companies fees for administrative, financial and management support services, as well as commissions on procurement contracts negotiated at head office. 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.

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 Sogefi in terms of the time devoted to them and the specific economic advantages obtained as a result.

The amount of services received by Sogefi S.p.A. from CIR S.p.A. came to € 981 thousand in the first half of the year compared with € 961 thousand in the first half of 2006.

At June 30, 2007 Sogefi S.p.A. is reporting € 981 thousand in payables to the parent company CIR S.p.A..

At the same date, the Sogefi Group's Italian companies have receivables of € 632 thousand and payables of € 522 thousand due from/to CIR S.p.A. in connection with the group tax filing system.
At December 31, 2006 the receivables amounted to € 1,673 thousand, and the payables to € 201 thousand.
The decrease in receivables is due to their normal collection in the first half of 2007.

As part of their normal operating activities, during 2006 the Group's Italian companies bought gas and electricity from the affiliate Sorgenia S.p.A., which is controlled by CIR S.p.A. The supply contracts with Sorgenia S.p.A. have been terminated in 2007 after the Group's Italian companies decided to use other more competitive suppliers. The only balance between the Italian companies and Sorgenia S.p.A. still open at June 30, 2007 refers to a charge of € 12 thousand.

Apart from those mentioned above, we are not aware of any other related party transactions.

The following tables summarize related party transactions and balances:

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
Receivables		
- for the Group tax filing from Cir S.p.A.	632	1,673
Payables		
- for the Group tax filing to Cir S.p.A.	522	201
- for services received from Cir S.p.A.	981	-
- for energy/gas purchases from Sorgenia S.p.A.	12	1,338

(in thousands of Euro)	*1st half 2007*	*1st half 2006*
Cost		
- for services received from Cir S.p.A.	981	961
- for energy/gas purchases from Sorgenia S.p.A.	12	3,132
Compensation of directors and statutory auditors		
- directors	351	218
- statutory auditors	76	76

F) COMMITMENTS AND RISKS

40. OPERATING LEASES

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

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

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

The Group's main operating lease is a contract made by the US subsidiary Allevard Springs U.S.A. Inc. for the rent of its plant at Prichard (West Virginia).
The contract expires on October 27, 2018 and the outstanding payments amount to USD 4,599 thousand, of which USD 386 thousand due within 12 months.
For this contract Sogefi S.p.A. has provided a guarantee that covers around 50% of the remaining payments; this guarantee is renewed each year based on the residual amount due.
There are no restrictions of any kind on this type of lease and at the end of the contract the US company will be able to purchase the building at its market value.

41. INVESTMENT COMMITMENTS

There are no binding commitments for capital expenditure other than those relating to the purchase of property, plant and equipment (€ 4,052 thousand) already disclosed in the notes. At December 31, 2006 the equivalent figure amounted to € 1,014 thousand.

42. GUARANTEES GIVEN

Details of guarantees are as follows:

(in thousands of Euro)	*June 30, 2007*	*December 31, 2006*
PERSONAL GUARANTEES GIVEN		
a) Sureties to third parties	2,769	3,008
b) Other personal guarantees in favour of third parties	9,714	9,714
TOTAL PERSONAL GUARANTEES GIVEN	12,483	12,722
REAL GUARANTEES GIVEN		
a) Against liabilities shown on the balance sheet	5,681	5,681
TOTAL REAL GUARANTEES GIVEN	5,681	5,681

Sureties given in favour of third parties relate to loans received and guarantees given to certain customers; these guarantees are shown at a value equal to the outstanding commitment at the balance sheet date. These accounts indicate risks, commitments and guarantees provided by Group companies to third parties.

"Other personal guarantees in favour of third parties" relates to the commitment of LPDN GmbH to the pension fund of the staff employed by the two business areas at the time it was acquired in 1996; this commitment is covered by the contractual obligations of the seller (a leading German business).

“Real guarantees given” refers to encumbrances or liens granted to banks to obtain loans for the purchase of fixed assets.

43. OTHER RISKS

At June 30, 2007 Group companies held goods and materials belonging to third parties worth € 5,168 thousand (€ 4,700 thousand at December 31, 2006).

44. SUBSEQUENT EVENTS

No significant events have taken place subsequent to June 30, 2007.

G) GROUP COMPANIES

45. LIST OF GROUP COMPANIES AT JUNE 30, 2007

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Direct subsidiaries

	Currency	Share capital	Number of shares	% ownership	Nominal value per share	Nominal value of interest held
Rejna S.p.A. Settimo Torinese (Turin - Italy)	Euro	5,200,000	7,986,992	99.84	0.65	5,191,544.80
SOGEFI FILTRATION B.V. Weesp (Netherlands)	Euro	1,125,000	2,500	100.00	450	1,125,000
SOGEFI FILTRATION LTD Llantrisant (Great Britain)	GBP	5,126,737	5,126,737	100.00	1	5,126,737
SOGEFI FILTRATION A.B. Stockholm (Sweden)	SEK	100,000	1,000	100.00	100	100,000
SOGEFI FILTRATION S.A. Oyarzun (Spain) Held by SOGEFI S.p.A.: 86.08% Held by Filtrauto S.A.: 13.92%	Euro	12,953,713.60	2,155,360	100.00	6.01	12,953,713.60
FILTRAUTO S.A. Guyancourt (France)	Euro	5,750,000	287,494	99.99	20	5,749,880
ALLEVARD REJNA AUTOSUSPENSIONS S.A. Saint Cloud (France)	Euro	36,000,000	1,999,747	99.987	18	35,995,446
SOGEFI Inc. Dearborn (U.S.A.)	USD	1,000	1,000	100.00		1,000
SOGEFI FILTRATION S.p.A. Mantua	Euro	21,951,000	21,951,000	100.00	1	21,951,000
ALLEVARD SPRINGS U.S.A. Inc. Prichard (U.S.A.) Held by Sogefi SpA: 31.41% Held by Allevard Rejna Autosuspensions S.A.: 58.12%	USD	20,055,000	171	89.53		17,955,000
SOGEFI FILTRATION d.o.o. Medvode (Slovenia)	Euro	10,291,798		100.00		10,291,798

Indirect subsidiaries

	Currency	Share capital	Number of shares	% ownership	Nominal value per share	Nominal value of interest held
FILTRATION DIVISION COOPERS FILTERS Ltd (*) Abergavenny (Great Britain) Held by Sogefi Filtration Ltd	GBP	3,000,000	3,000,000	100.00	1	3,000,000
FILTRAUTO GmbH (*) Ludwigsburg (Germany) Held by Sogefi Filtration B.V.	Euro	51,130		100.00		51,130
SOGEFI FILTRATION DO BRASIL Ltda São Bernardo Do Campo (Brazil) Held by Sogefi Filtration S.A.	BRL	29,857,374	29,857,373	99.99	1	29,857,373
SOGEFI FILTRATION ARGENTINA S.A. Buenos Aires (Argentina) Held by Sogefi Filtration do Brasil Ltda: 91.90% Held by Filtrauto S.A.: 7.28% Held by Sogefi Filtration S.p.A.: 0.81%	ARP	10,691,607	10,691,605	99.99	1	10,691,605
SHANGHAI SOGEFI FILTRATION Co., Ltd Shanghai (China) Held by Sogefi Filtration S.p.A.	USD	3,600,000	2,520,000	70.00		2,520,000
(*) in liquidation						

Indirect subsidiaries	Currency	Share capital	Number of shares	% ownership	Nominal value per share	Nominal value of interest held
SUSPENSION COMPONENTS DIVISION ALLEVARD SPRINGS Ltd Mid Glamorgan (Great Britain) Held by Allevard Rejna Autosuspensions S.A.	GBP	4,000,002	4,000,002	100.00	1	4,000,002
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) Held by Allevard Rejna Autosuspensions S.A.: 99.997% Held by Allevard Springs Ltd : 0.003%	BRL	37,161,683	37,161,683	100.00	1	37,161,683
UNITED SPRINGS Ltd Rochdale (Great Britain) Held by Allevard Rejna Autosuspensions S.A.	GBP	6,500,000	6,500,000	100.00	1	6,500,000
UNITED SPRINGS B.V. Hengelo (Netherlands) Held by Allevard Rejna Autosuspensions S.A.	Euro	254,979	254,979	100.00	1	254,979
SHANGHAI ALLEVARD SPRINGS Co. Ltd Shanghai (China) Held by Allevard Rejna Autosuspensions S.A.	Euro	5,335,308		60.58		3,231,919.16
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
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

Indirect subsidiaries	Currency	Share capital	Number of shares	% ownership	Nominal value per share	Nominal value of interest held
INTEGRAL S.A. San Luis (Argentina) Held by Filtrauto S.A.: 93.50% Held by Sogefi Filtration Argentina S.A.: 6.50%	ARP	2,515,600	2,515,600	100.00	1	2,515,600
FILTRAUTO DO BRASIL Ltda São Paulo (Brazil) Held by Sogefi Filtration do Brasil Ltda : 99% Held by Filtrauto S.A.: 1%	BRL	354,600	354,600	100.00	1	354,600
LES NOUVEAUX ATELIERS MECANIQUES S.A. (*) Brussels (Belgium) Held by Sogefi SpA: 74.9% Held by Rejna S.p.A.: 25.1%	Euro	2,880,000	120,000	100.00	24	2,880,000
(*) being closed down						

EQUITY INVESTMENTS IN ASSOCIATED COMPANIES CARRIED AT EQUITY

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

EQUITY INVESTMENTS IN ASSOCIATED COMPANIES CARRIED AT COST

	Currency	Share capital	Number of shares	% ownership	Nominal value per share	Nominal value of interest held
MAKKAWI CARS & LORRIES Co. Khartoum (Sudan) Held by Rejna S.p.A.	SDP	900,000	225	25.00	1,000	225,000

EQUITY INVESTMENTS IN OTHER COMPANIES CARRIED AT COST

	Currency	Share capital	Number of shares	% ownership	Nominal value per share	Nominal value of interest held
AFICO FILTERS S.A.E. Cairo (Egypt) Held by Sogefi Filtration S.p.A.	EGP	10,000,000	19,000	19.00	100	1,900,000

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

BALANCE SHEET
INCOME STATEMENT

BALANCE SHEET
(in thousands of euro)

ASSETS	*Note*	*June 30, 2007*	*December 31, 2006*
CURRENT ASSETS			
Cash and cash equivalents	*3*	18,144	6,202
Cash pooling accounts with subsidiaries	*4*	14,932	21,461
Securities and financial assets held for trading		39	4
Loans and financial receivables similar to loans from subsidiaries	*5*	34,749	26,123
WORKING CAPITAL			
Inventories		-	-
Trade receivables	*6*	2,497	2,305
of which from subsidiaries		*1,857*	*1,774*
of which from parent company		*632*	*530*
Other receivables		139	130
Receivables from tax authorities		27	276
Other current assets		285	215
of which from subsidiaries		*135*	*139*
TOTAL WORKING CAPITAL		2,948	2,926
TOTAL CURRENT ASSETS		70,812	56,716
NON-CURRENT ASSETS			
FIXED ASSETS			
Investment properties: land	*7*	12,154	12,154
Investment properties: other	*7*	15,173	15,173
Other property, plant and equipment		92	101
of which: leases		-	-
Intangible assets	*8*	1,882	47
TOTAL FIXED ASSETS		29,301	27,475
OTHER NON-CURRENT ASSETS			
Equity investments in subsidiaries	*9*	256,421	256,421
Equity investments in associated companies		-	-
Other financial assets available for sale		10	10
Loans and financial receivables similar to loans	*10*	100,330	91,760
of which from subsidiaries		*99,933*	*91,459*
of which other long-term assets for cash flow hedges		*397*	*301*
Other receivables		3	3
Deferred tax assets	*11*	1,224	1,416
TOTAL OTHER NON-CURRENT ASSETS		357,988	349,610
TOTAL NON-CURRENT ASSETS		387,289	377,085
TOTAL ASSETS		458,101	433,801

LIABILITIES AND EQUITY	*Note*	*June 30, 2007*	*December 31, 2006*
CURRENT LIABILITIES			
Bank overdrafts and other current loans	*12*	36,263	7,099
Cash pooling accounts with subsidiaries	*12*	39,967	58,206
Current portion of long-term financial debt and other loans	*12*	2,768	2,750
of which: leases		-	-
TOTAL SHORT-TERM FINANCIAL DEBT		78,998	68,055
Other short-term liabilities for cash flow hedges		-	-
TOTAL BANK OVERDRAFTS, OTHER CURRENT LOANS AND CASH FLOW HEDGES		78,998	68,055
Trade and other payables	*13*	7,803	5,841
of which to subsidiaries		*705*	*764*
of which to parent company		*981*	-
Tax payables		125	229
Other current liabilities		453	436
TOTAL CURRENT LIABILITIES		87,379	74,561
NON-CURRENT LIABILITIES			
LONG-TERM FINANCIAL DEBT AND CASH FLOW HEDGES			
Financial debt to banks	*12*	102,196	102,635
Other long-term financial debt		-	-
of which: leases		-	-
TOTAL LONG-TERM FINANCIAL DEBT		102,196	102,635
Other long-term financial liabilities for cash flow hedges		-	-
TOTAL LONG-TERM FINANCIAL DEBT AND CASH FLOW HEDGES		102,196	102,635
OTHER LONG-TERM LIABILITIES	*14*		
Long-term provisions		2,317	1,465
Other payables		-	-
Deferred taxation		5,320	5,032
TOTAL OTHER LONG-TERM LIABILITIES		7,637	6,497
TOTAL NON-CURRENT LIABILITIES		109,833	109,132
SHAREHOLDERS' EQUITY	*15*		
Share capital		59,104	58,826
Reserves and retained earnings (accumulated losses)		171,039	168,998
Net income (loss) for the period		30,746	22,284
TOTAL SHAREHOLDERS' EQUITY		260,889	250,108
TOTAL LIABILITIES AND EQUITY		458,101	433,801

INCOME STATEMENT
(in thousands of euro)

		Note	1st half 2007	1st half 2006
FINANCIAL INCOME AND EXPENSES		18		
1)	Income from equity investments		34,505	25,775
2)	Other financial income		4,057	2,986
	of which from subsidiaries		*3,282*	*2,660*
3)	Interest and other financial charges		4,387	3,429
	of which from subsidiaries		*993*	*352*
TOTAL FINANCIAL INCOME AND EXPENSES			34,175	25,332
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS		19		
4)	Revaluations		-	-
5)	Writedowns		633	-
TOTAL ADJUSTMENTS TO FINANCIAL ASSETS			(633)	-
6) OTHER OPERATING INCOME		20	4,318	5,374
of which from subsidiaries			*4,285*	*5,280*
OTHER OPERATING COSTS		21		
7)	Non-financial services		2,710	3,167
	of which from subsidiaries		*349*	*250*
	of which from parent company		*981*	*961*
8)	Leases and rentals		222	195
9)	Personnel		2,400	2,297
10)	Depreciation, amortization and writedowns		19	17
11)	Accruals for contingencies		-	-
12)	Other accruals		-	-
13)	Other operating expenses		607	693
TOTAL OTHER OPERATING COSTS			5,958	6,369
NON-OPERATING INCOME AND EXPENSES		22		
14)	Income		-	-
	of which non-recurring:		-	-
15)	Expenses		1,316	959
	of which non-recurring:		-	-
NON-OPERATING INCOME (LOSS)			(1,316)	(959)
INCOME BEFORE TAXES			30,586	23,378
16)	Income taxes	23	(160)	468
NET INCOME			30,746	22,910

CASH FLOW STATEMENT

(in thousands of euro)	*1st half 2007*	*1st half 2006*
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	30,746	22,910
Adjustments:		
- writedowns of equity investments	633	-
- depreciation and amortization	19	17
- accrued costs for stock options	896	959
- change in provisions for risks	-	-
- a) net adjustment to provision for employment termination indemnities	20	(38)
- change in net working capital	2,053	(1,274)
- other assets/liabilities	410	176
CASH FLOWS FROM OPERATING ACTIVITIES	34,777	22,750
INVESTMENT ACTIVITIES		
Acquisition of equity investments	-	(1)
Net change in intangible assets and property, plant and equipment	(1,845)	(6)
Net change in other securities and other financial assets	-	(7)
Sale of equity investments	-	8
NET CASH FLOWS FROM INVESTMENT ACTIVITIES	(1,845)	(6)
FINANCING ACTIVITIES		
Rights issues	1,443	2,002
Dividends paid to shareholders	(22,366)	(19,455)
New (repayment of) loans	(421)	(5,419)
Net cash pooling position	(11,711)	(852)
Loans to subsidiaries	(17,100)	(13,762)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(50,155)	(37,486)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(17,223)	(14,742)
Balance at the beginning of the period	(897)	19,450
(Decrease) increase in cash and cash equivalents	(17,223)	(14,742)
BALANCE AT THE END OF THE PERIOD	(18,120)	4,708

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

STATEMENT OF CHANGES IN EQUITY

(in thousands of euro)	Share capital	Reserves and retained earnings (accumulated losses)	Net income for the period	Total shareholders' equity
Balance at December 31, 2005	58,338	105,336	79,562	243,236
Increases in share capital and reserves for exercise of stock options	432	1,570	-	2,002
Appropriation of 2005 net income:				
- dividends	-	-	(19,455)	(19,455)
- legal reserve	-	150	(150)	-
- retained earnings	-	59,957	(59,957)	-
Fair value measurement of cash flow hedging instruments	-	29	-	29
Tax on items booked directly to equity	-	3	-	3
Figurative cost of stock options	-	959	-	959
Prior year adjustment reserve	-	61	-	61
Net income for the period	-		22,910	22,910
Balance at June 30, 2006	58,770	168,065	22,910	249,745

(in thousands of euro)	Share capital	Reserves and retained earnings (accumulated losses)	Net income for the period	Total shareholders' equity
Balance at December 31, 2006	58,826	168,998	22,284	250,108
Increases in share capital and reserves for exercise of stock options	278	1,165	-	1,443
Appropriation of 2006 net income:				
- dividends	-	(82)	(22,284)	(22,366)
- legal reserve	-	-	-	-
- retained earnings	-	-	-	-
Fair value measurement of cash flow hedging instruments	-	96	-	96
Fair value measurement of financial assets available for sale	-	-	-	-
Tax on items booked directly to equity	-	(34)	-	(34)
Figurative cost of stock options	-	896	-	896
Net income for the period	-	-	30,746	30,746
Balance at June 30, 2007	59,104	171,039	30,746	260,889

EXPLANATORY AND SUPPLEMENTARY NOTES ON THE FINANCIAL STATEMENTS: CONTENTS

A) GENERAL ASPECTS

1. PRESENTATION AND CONTENT OF THE FINANCIAL STATEMENTS

The interim financial statements for the period January 1 – June 30, 2007 have been prepared in accordance with International Financial Reporting Standards (IAS/IFRS).
These interim financial statements and explanatory notes have been prepared in accordance with the recommendations contained in IAS 34 "Interim Financial Reporting".
These interim financial statements present detailed as opposed to summary schedules in order to provide a more complete overview of the changes that have taken place in the Company's assets and liabilities, financial position and results during the half-year.
They also contain the disclosures required by IAS 34 with the supplementary information considered useful for a clearer understanding of these half-yearly financial statements.

The Holding Company's income statement has been drawn up, as in previous years, taking account of the instructions contained in Consob Circular no. SOC/RM 94001437 of February 23, 1994.

Comparative figures have been provided in the attached financial statements: at December 31, 2006 for the balance sheet and for the first half of 2006 for the income statement.

The interim financial statements as of June 30, 2007 should be read in conjunction with the financial statements as of December 31, 2006.
The interim financial statements as of June 30, 2007 were approved by the Board of Directors on July 26, 2007.

2. ACCOUNTING POLICIES

The accounting policies used in preparing the Holding Company's balance sheet and income statement as of and for the six months ended June 30, 2007 are the same as those used to prepare the financial statements at as of and for the year ended December 31, 2006 to which reference should be made for details.

The Company has taken note of and, where applicable, adopted in the first half of 2007 the following Standards, Interpretations and Revisions to existing accounting standards:
- IFRIC 7 – *Applying the Restatement Approach under IAS 29*. This interpretation is not relevant to the Company;
- IFRIC 8 – *Scope of IFRS 2*. This interpretation is not relevant to the Company;
- IFRIC 9 – *Reassessment of Embedded Derivatives*. This interpretation is not relevant to the Company;
- IFRIC10 – *Interim Financial Reporting and Impairment*;
- IFRS7 – *Financial instruments: Disclosures*. This standard is not applicable to interim financial reports prepared on the basis of IAS 34. Consequently, it will be adopted for the first time in the financial statements at December 31, 2007.

Furthermore, the Company has not opted for early adoption of the following Standards, Interpretations and Revisions to the existing standards ratified by the European Union which will become obligatory in future periods:
- IFRIC11 – *IFRS2: Group and Treasury Share Transaction*s. This interpretation will become effective for annual reporting periods starting after March 1, 2007. This interpretation is not relevant to the Company.

B) NOTES ON THE MAIN BALANCE SHEET ITEMS

B1) ASSETS

3. *CASH AND CASH EQUIVALENTS*

Details are as follows:

(in thousands of euro)	*June 30, 2007*	*December 31, 2006*
Bank deposits	18,136	6,191
Cash and cash equivalents on hand	8	11
TOTAL	18,144	6,202

This balance includes € 15.3 million in bank deposits maturing at the start of July taken out to invest the cash available at the end of the first half of 2007.

4. *CASH POOLING ACCOUNTS WITH SUBSIDIARIES*

Details are as follows:

(in thousands of euro)	*June 30, 2007*	*December 31, 2006*
Allevard Rejna Autosuspensions S.A.	5,074	12,491
Sogefi Filtration S.A.	474	-
Rejna S.p.A.	2,007	-
Sogefi Filtration Ltd	4,207	6,851
Allevard Springs Ltd	2,797	1,895
United Springs Ltd	284	224
United Springs B.V.	89	-
TOTAL	14,932	21,461

5. *LOANS AND FINANCIAL RECEIVABLES SIMILAR TO LOANS FROM SUBSIDIARIES*

These are short-term receivables for loans granted to subsidiaries at market conditions, as well as the amounts due from the subsidiaries Allevard Rejna Autosuspensions S.A. and Sogefi Filtration S.A. for dividends approved in the first half of the year but not received as of June 30, 2007

Details are as follows:

(in thousands of euro)	*June 30, 2007*	*December 31, 2006*
Financing:		
Allevard Rejna Autosuspensions S.A.	15,245	15,245
Sogefi Filtration S.A.	-	7,900
Sogefi Filtration Ltd	-	2,978
Allevard Springs USA Inc.	5,923	-
Receivables for dividends to collect:		
Allevard Rejna Autosuspensions S.A.	10,999	-
Sogefi Filtration S.A.	2,582	-
TOTAL	34,749	26,123

The loan to Allevard Springs USA Inc. was provided to help this subsidiary redeem early the finance lease relating to the shock absorber springs production line.

6. *TRADE RECEIVABLES*

Details are as follows:

(in thousands of euro)	*June 30, 2007*	*December 31, 2006*
Due from subsidiaries	1,857	1,774
Due from parent company	632	530
Other trade receivables	8	1
TOTAL	2,497	2,305

7. *INVESTMENT PROPERTIES*

These are land and buildings held for the purpose of earning rent and for their capital appreciation.
At June 30, 2007 they amount to € 27,327 thousand, the same as at the end of the previous year.

Investment properties at June 30, 2007 are not encumbered by any liens or commitments.

8. *INTANGIBLE ASSETS*

Details are as follows:

(in thousands of euro)	2007			
	Industrial patents and intellectual property rights	*Concessions, licences, trademarks and similar rights*	*Other intangible assets under construction and payments on account*	*TOTAL*
Balance at January 1	13	34	-	47
Additions of the period	2	-	1,839	1,841
Amortization for the period	(4)	(2)	-	(6)
Balance at June 30:	11	32	1,839	1,882
Historical cost	389	55	1,839	2,283
Accumulated amortization	(378)	(23)	-	(401)
Net value	11	32	1,839	1,882

Other intangible assets under construction and payments on account include € 1,839 thousand in services from consulting firms specialized in business development.

9. *EQUITY INVESTMENTS IN SUBSIDIARIES*

Changes in equity investments in subsidiaries during the first half of 2007 are shown in the following table:

STATEMENT OF CHANGES IN EQUITY INVESTMENTS IN SUBSIDIARIES DURING THE FIRST HALF OF 2007
(in thousands of euro)

	Opening balance 12.31.2006			
	Number of shares	Historical cost	Revaluations (Writedowns)	Balance
Subsidiaries				
REJNA S.P.A.	7,986,992	34,770	(2,363)	32,407
SOGEFI FILTRATION S.P.A.	21,951,000	44,602	-	44,602
SOGEFI FILTRATION B.V.	2,500	805	3,871	4,676
SOGEFI FILTRATION LTD	5,126,737	9,910	28,366	38,276
SOGEFI FILTRATION A.B.	1,000	55	614	669
SOGEFI FILTRATION S.A.	1,855,360	25,168	7,755	32,923
SOGEFI FILTRATION d.o.o.	1	10,704	-	10,704
FILTRAUTO S.A.	287,494	38,258	-	38,258
SOGEFI Inc.	1,000	30	(30)	-
ALLEVARD REJNA AUTOSUSPENSIONS S.A.	1,999,747	53,906	-	53,906
ALLEVARD SPRINGS USA Inc.	60	7,515	(7,515)	-
LES NOUVEAUX ATELIERS MECANIQUES S.A. (*)	89,880	8,131	(8,131)	-
Total subsidiaries				256,421

(*) being closed down

1 half 2007						Closing balance 06.30.2007		
	Additions		Disposals		Writedowns			
	Number of shares	Amount	Number of shares	Amount	Amount	Number of shares	Amount	% ownership
Subsidiaries								
REJNA S.P.A.	-	-	-	-	-	7,986,992	32,407	99.84
SOGEFI FILTRATION S.P.A.	-	-	-	-	-	21,951,000	44,602	100.00
SOGEFI FILTRATION B.V.	-	-	-	-	-	2,500	4,676	100.00
SOGEFI FILTRATION LTD	-	-	-	-	-	5,126,737	38,276	100.00
SOGEFI FILTRATION A.B.	-	-	-	-	-	1,000	669	100.00
SOGEFI FILTRATION S.A.	-	-	-	-	-	1,855,360	32,923	86.08
SOGEFI FILTRATION d.o.o.	-	-	-	-	-	1	10,704	100.00
FILTRAUTO S.A.	-	-	-	-	-	287,494	38,258	99.99
SOGEFI Inc.	-	-	-	-	-	1,000	-	100.00
ALLEVARD REJNA AUTOSUSPENSIONS S.A.	-	-	-	-	-	1,999,747	53,906	99.987
ALLEVARD SPRINGS USA Inc.	-	-	-	-	-	60	-	(**) 31.41
LES NOUVEAUX ATELIERS MECANIQUES S.A. (*)	-	-	-	-	-	89,880	-	(***) 74.90
Total subsidiaries		-		-	-		256,421	

(*) being closed down
(**) the holding rises to 89.53% through the subsidiary Allevard Rejna Autosuspensions S.A. In accordance with IFRS, the other 10.47% held by SIMEST S.p.A. has been taken into consideration in the carrying value shown in the balance sheet in view of commitment to purchase this holding from SIMEST S.p.A.
(***) the holding rises to 100% through the subsidiary Rejna S.p.A. (which absorbed Sidergarda Mollificio Bresciano S.r.l.)

There were no changes in equity investments during the first half of 2007 relative to the position at December 31, 2006.

10. LOANS AND FINANCIAL RECEIVABLES SIMILAR TO LOANS

These consist of financial receivables due from subsidiaries for interest-bearing loans and receivables corresponding to the fair value of interest rate swaps maturing after the end of 2007.

Details are as follows:

(in thousands of euro)	*June 30, 2007*	*December 31, 2006*
Allevard Rejna Autosuspensions S.A.	82,200	82,200
Rejna S.p.A.	8,500	8,500
Sogefi Inc.	1,333	759
Sogefi Filtration S.A.	7,900	-
Other long-term financial assets for cash flow hedges	397	301
TOTAL	100,330	91,760

11. *DEFERRED TAX ASSETS*

These amount to € 1,224 thousand at June 30, 2007 compared with € 1,416 thousand at the end of the previous year, and relate to benefits expected at the end of the period on deductible temporary differences, to the extent that it is reasonably certain they will be recovered.
The "provision for deferred taxation" reflects the impact of deferred tax liabilities at the end of the period.

B2) LIABILITIES AND EQUITY

12. *FINANCIAL DEBT TO BANKS AND OTHER FINANCING*

Details are as follows:

Current portion

(in thousands of euro)	*June 30, 2007*	*December 31, 2006*
Bank overdrafts and other current loans	36,263	7,099
Cash pooling accounts with subsidiaries	39,967	58,206
Short-term bank loans	-	-
Current portion of long-term financial debt	2,768	2,750
of which: purchase commitments	*1,824*	*1,824*
Total loans maturing within one year	42,735	60,956
TOTAL SHORT-TERM FINANCIAL DEBT	78,998	68,055
Other short-term liabilities for cash flow hedges	-	-
TOTAL BANK OVERDRAFTS, OTHER CURRENT LOANS AND CASH FLOW HEDGES	78,998	68,055

Non-current portion

(in thousands of euro)	*June 30, 2007*	*December 31, 2006*
Long-term financial debt to banks	102,196	102,635
Other long-term financial debt	-	-
of which: purchase commitments	-	-
TOTAL LONG-TERM FINANCIAL DEBT	102,196	102,635
Other long-term financial liabilities for cash flow hedges	-	-
TOTAL LONG-TERM FINANCIAL DEBT AND CASH FLOW HEDGES	102,196	102,635

Bank overdrafts and other current loans

These include € 36 million in temporary drawdowns of credit lines maturing in July and August 2007.

Cash pooling accounts with subsidiaries
Details are as follows:

(in thousands of euro)	*June 30, 2007*	*December 31, 2006*
Filtrauto S.A.	6,980	17,177
Rejna S.p.A.	-	761
Sogefi Filtration S.p.A.	1,826	10,694
Sogefi Filtration B.V.	983	1,270
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH	7,429	17,624
Allevard Federn GmbH	15,949	1,010
United Springs S.A.S.	894	1,925
United Springs B.V.	-	1,195
Sogefi Filtration Ltd	41	-
Sogefi Filtration S.A.	-	1,099
Allevard Springs Ltd	5,713	5,206
United Springs Ltd	152	245
TOTAL	39,967	58,206

Current portion of long-term financial debt
This includes:
- The current portion (€ 944 thousand) of the loan obtained from Banca Carige S.p.A., discussed below;
- € 1,824 thousand reflecting the commitment to SIMEST SpA to buy the remaining 10.47% of the US subsidiary Allevard Springs U.S.A. Inc.. This commitment was contractually scheduled to be honoured on June 30, 2008, but was honoured by Sogefi S.p.A. on July 4, 2007 after exercising the option to bring forward the deadline to 2007.

Long-term financial debt to banks
This includes:
- € 2,526 thousand that is the long-term portion of the loan for € 7,500 thousand from Banca Carige S.p.A., drawn down for an amount of € 4,820 thousand. This loan bears interest at 6-month Euribor plus a spread of 100 basis points, and is repayable from June 30, 2006 to December 31, 2010;
- € 49,779 thousand in drawdowns against a five-year floating-rate loan for € 100 million obtained from Banca di Roma S.p.A. in September 2006, earning a spread of 22.5 basis points on Euribor;
- € 49,891 thousand in drawdowns against a five-year floating-rate loan for € 50 million obtained from Banca Intesa S.p.A. in September 2006, earning a spread of 22.5 basis points on Euribor.

During April 2007, Sogefi S.p.A. repaid the drawdown of € 40 million outstanding at December 31, 2006 against the syndicated loan of € 100 million obtained in December 2003, meaning that this facility was completely undrawn at June 30, 2007.

13. *TRADE AND OTHER CURRENT PAYABLES*

Details are as follows:

(in thousands of euro)	*June 30, 2007*	*December 31, 2006*
Due to subsidiaries	705	764
Due to parent company	981	-
Due to suppliers	3,153	1,363
Due to social security institutions	410	476
Due to employees	662	955
Other payables	1,892	2,283
TOTAL	7,803	5,841

The amount of € 981 thousand "due to the parent company" relates to the payable due to CIR S.p.A. for services provided in the first half of 2007.

The amount "due to suppliers" includes € 2,259 thousand in payables owing to specialist business development firms for activities performed in the half year.

14. OTHER LONG-TERM LIABILITIES

Long-term provisions
These are analyzed as follows:

(in thousands of euro)	*June 30, 2007*	*December 31, 2006*
Provision for employment termination indemnities	707	687
Provision for losses at Sogefi Inc.	1,411	778
Provision for phantom stock options	199	-
TOTAL	2,317	1,465

The provision for employment termination indemnities has not undergone significant changes in the half-year under review as a result of the introduction of new laws on pensions.
The Company has increased the provision for losses at Sogefi Inc. by € 633 thousand in the half year following a reduction in the subsidiary's net assets during this period.
The provision for phantom stock options refers to the allowance for the fair value of options associated with the new incentive scheme, known as “*phantom stock options*” plan for the Company's Managing Director, managers and project workers. The related allowance has been recorded in the income statement under “Non-financial services” and “Personnel costs”.

Provision for deferred taxation
At June 30, 2007 this item amounts to € 5,320 thousand compared with € 5,032 thousand at December 31, 2006.
This amount relates to the taxes expected to be paid on taxable temporary differences.

15. SHAREHOLDERS' EQUITY

Share capital

Share capital amounts to € 59,103,819.84 at June 30, 2007 and is split into 113,661,192 ordinary shares of nominal value € 0.52 each.

Changes during the half-year were as follows:

- An increase of € 101 thousand deriving from the increase in share capital reserved to employees of the Company and its subsidiaries, in execution of stock option plans, subscribed and paid in on December 31, 2006 (193,000 shares). In the 2006 financial statements, this increase was booked to the "Reserve for increases in share capital" as it was officially registered in 2007.
- An increase of € 177 thousand deriving from the increase in share capital reserved to employees of the Company and its subsidiaries, in execution of stock option plans, subscribed and paid in at the end of January, March and May 2007 (340,600 shares).

The increase in capital deriving from the exercise of stock options, subscribed and paid in on June 29, 2007 (82,200 shares), was booked in the "Reserve for increases in share capital" as it was officially registered in July 2007.

Reserves and retained earnings (accumulated losses)

At June 30, 2007 these amount to € 171,039 thousand, versus € 168,998 thousand at the end of the previous year.

The following schedule shows the changes in shareholders' equity that took place in the first half of 2006 and 2007:

(in thousands of euro)	Share capital	Reserves and retained earnings (accumulated losses)	Net income for the period	Total shareholders' equity
Balance at December 31, 2005	58,338	105,336	79,562	243,236
Increases in share capital and reserves for exercise of stock options	432	1,570	-	2,002
Appropriation of 2005 net income:				
- dividends	-	-	(19,455)	(19,455)
- legal reserve	-	150	(150)	-
- retained earnings	-	59,957	(59,957)	-
Fair value measurement of cash flow hedging instruments	-	29	-	29
Tax on items booked directly to equity	-	3	-	3
Figurative cost of stock options	-	959	-	959
Prior year adjustment reserve	-	61	-	61
Net income for the period	-	-	22,910	22,910
Balance at June 30, 2006	58,770	168,065	22,910	249,745

(in thousands of euro)	Share capital	Reserves and retained earnings (accumulated losses)	Net income for the period	Total shareholders' equity
Balance at December 31, 2006	58,826	168,998	22,284	250,108
Increases in share capital and reserves for exercise of stock options	278	1,165	-	1,443
Appropriation of 2006 net income:				
- dividends	-	(82)	(22,284)	(22,366)
- legal reserve	-	-	-	-
- retained earnings	-	-	-	-
Fair value measurement of cash flow hedging instruments	-	96	-	96
Fair value measurement of financial assets available for sale	-	-	-	-
Tax on items booked directly to equity	-	(34)	-	(34)
Figurative cost of stock options	-	896	-	896
Net income for the period	-	-	30,746	30,746
Balance at June 30, 2007	59,104	171,039	30,746	260,889

16. FINANCIAL INSTRUMENTS

As part of its risk management policy, the Company has IRS contracts with a notional value of €20 million taken out in previous years to hedge interest rate risk, and other operations to hedge exchange risk (forward currency sales). The IRS contracts are financial hedging transactions that make it possible to convert part of the outstanding debt from floating to fixed rate. These contracts have been booked in accordance with the treatment applicable to cash flow hedges.

17. ANALYSIS OF 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 included in the report on operations:

(in thousands of euro)	*June 30, 2007*	*December 31, 2006*
A. Cash	8	11
B. Other cash (bank deposits and cash pooling accounts)	33,068	27,652
of which cash pooling accounts with subsidiaries	*14,932*	*21,461*
C. Securities and financial assets held for trading	39	4
D. Liquid funds (A) +(B)+(C)	33,115	27,667
E. Current financial receivables	34,749	26,123
of which loans to subsidiaries	*34,749*	*26,123*
F. Current payables to banks and cash pooling accounts	76,230	65,305
of which cash pooling accounts with subsidiaries	*39,967*	*58,206*
G. Current portion of non-current indebtedness	2,768	2,750
H. Other current financial payables	-	-
I. Current financial indebtedness (F)+(G)+(H)	78,998	68,055
J. Current financial indebtedness, net (I)-(E)-(D)	11,134	14,265
K. Non-current payables to banks	102,196	102,635
L. Bonds issued	-	-
M. Other non-current payables	-	-
N. Non-current financial indebtedness (K)+(L)+(M)	102,196	102,635
O. Net financial indebtedness (J)+(N)	113,330	116,900

Non-current loans and financial receivables similar to loans	100,330	91,760
of which loans to subsidiaries	*99,933*	*91,459*
Net financial indebtedness, including non-current financial receivables (as per the "Net financial position" presented in the report on operations)	13,000	25,140

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

- Loan of € 50 million from Banca Intesa S.p.A.: ratio of consolidated net financial position to consolidated EBITDA of less than or equal to 3.5;
- Loan of € 100 million from Banca di Roma S.p.A.: ratio of consolidated net financial position to consolidated EBITDA of less than 4.

At June 30, 2007 the Company was in full compliance with these covenants.

C) NOTES ON THE MAIN INCOME STATEMENT ITEMS

18. FINANCIAL INCOME AND EXPENSES

Income from equity investments

This item is analyzed as follows:

(in thousands of euro)	*1st half 2007*	*1st half 2006*
Dividends from subsidiaries: - Sogefi Filtration S.p.A.	1,295	2,020
- Sogefi Filtration A.B.	375	106
- Sogefi Filtration S.A.	2,582	-
- Sogefi Filtration B.V.	1,800	500
- Sogefi Filtration d.o.o.	1,000	2,088
- Filtrauto S.A.	12,000	20,001
- Allevard Rejna Autosuspensions S.A.	10,999	-
- Sogefi Filtration Ltd	4,454	-
- Tax credit on French dividends of prior years	-	1,060
TOTAL	34,505	25,775

The dividends approved in the first half of the year have all been reflected in the income statement.

Other financial income

Details are as follows:

(in thousands of euro)	*1st half 2007*	*1st half 2006*
Interest from subsidiaries	3,282	2,660
Interest from banks	252	97
Income from SICAV	-	37
Income from interest-rate hedging contracts	61	-
Exchange gains and income from exchange-rate hedging contracts	424	138
Interest grants	38	47
Financial assets available for sale (at fair value).	-	7
TOTAL	4,057	2,986

Interest and other financial charges

Details are as follows:

(in thousands of euro)	*1st half 2007*	*1st half 2006*
Interest expense on syndicated loans	527	1,973
Interest expense on Banca di Roma S.p.A. loan	753	-
Interest expense on Banca Intesa S.p.A. loan	784	-
Interest expense on Banca Carige S.p.A. loan	95	87
Interest on financial debt to banks	389	250
Interest on amounts due to subsidiaries	993	352
Interest on other payables (SIMEST)	79	79
Costs of interest-rate hedging contracts	-	164
Interest due to tax authorities	-	1
Exchange losses and cost of hedging exchange risks	557	340
Bank commissions and fees	73	87
Commission on financial transactions	121	81
Other	16	15
TOTAL	4,387	3,429

19. *ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS*

Writedowns

The Company has increased the provision for losses at Sogefi Inc. by € 633 thousand following a reduction in the subsidiary's net assets during this period.

20. *OTHER OPERATING INCOME*

This is analyzed as follows:

(in thousands of euro)	*1st half 2007*	*1st half 2006*
REVENUES FROM THE SALE OF GOODS AND SERVICES		
Business consulting and assistance, commissions on negotiation of procurement contracts, royalties:		
- Filtration Division companies	1,968	1,933
- Suspension Components Division companies	1,579	1,549
Leased and sub-leased premises:		
- Sogefi Filtration S.p.A.	298	294
- Rejna S.p.A.	250	722
OTHER REVENUES AND INCOME		
Other income and cost recoveries from subsidiaries	190	782
Other income	33	94
TOTAL	4,318	5,374

“Other income and cost recoveries from subsidiaries” has decreased in the half year under review. This is because the figure in the first half of 2006 included a recharge for staff training provided by outside consultants to group companies in connection with the *working capital down* project. The Company has not used such outside services in the first half of 2007.

21. OTHER OPERATING COSTS

The decrease in the cost of services received relative to the first half of 2006 is mainly for the reason discussed in the previous note in relation to outside consultant costs associated with the *working capital down* project.
During the first half of 2007, services received included € 981 thousand for administrative, financial, tax-related and corporate services provided by the parent company.

22. NON-OPERATING INCOME AND EXPENSES

This amount includes € 896 thousand in imputed costs for stock option plans as a result of applying IFRS 2. In the case of these stock option plans, the fair value of the option, determined at the time it was granted, is booked as a cost to the income statement over the vesting period of the benefit, with a matching entry in an equity reserve on the balance sheet.
The Company has provided € 420 thousand against business development consulting costs for a project whose success is in doubt.

23. INCOME TAXES

The company reports a credit of € 160 thousand at June 30, 2007 compared with a cost of € 468 thousand in the first half of 2006.

24. OTHER INFORMATION

Sogefi S.p.A. had an average of 27 employees during the first half of 2007.

D) 25. RELATED PARTY TRANSACTIONS

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

The impact on the balance sheet and income statement of transactions with subsidiaries is summarized in the following tables:

Balance at June 30, 2007	*Balance sheet*						
	CURRENT ASSETS				NON-CURRENT ASSETS	CURRENT LIABILITIES	
	Cash pooling accounts	Loans	Trade receivables	Other assets	Loans	Cash pooling accounts	Trade payables
Sogefi Filtration S.p.A.			272			1,826	59
Sogefi Filtration Ltd	4,207		538			41	80
Sogefi Filtration B.V.						983	6
Sogefi Filtration S.A.	474	2,582	40	9	7,900		3
Filtrauto S.A.			191			6,980	133
Sogefi Filtration d.o.o.			23				
Sogefi Filtration do Brasil Ltda			27				
Sogefi Filtration Argentina S.A.			15				
Sogefi Inc.			71	2	1,333		
Rejna S.p.A.	2,007		112	10	8,500		90
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH			70			7,429	141
Allevard Rejna Autosuspensions S.A.	5,074	26,244	272	106	82,200		34
Allevard Federn GmbH			15			15,949	71
Allevard Springs Ltd	2,797		58			5,713	72
Allevard Rejna Argentina S.A.			56				
Allevard Molas do Brasil Ltda			29				
Allevard Springs U.S.A. Inc.		5,923	29	8			
United Springs S.A.S.			18			894	12
United Springs B.V.	89		10				3
United Springs Ltd	284		10			152	1
Shanghai Allevard Springs Co. Ltd.			1				
TOTAL	14,932	34,749	1,857	135	99,933	39,967	705

1st half 2007	*Income statement*					
	Income				Expenses	
	From equity investments	Other financial income	Revenues from the sale of goods and services	Other income	Interest and other financial charges	Other operating costs
Sogefi Filtration S.p.A.	1,295		739	95	115	4
Sogefi Filtration Ltd	4,454	166	358	25	81	
Sogefi Filtration A.B.	375		5			
Sogefi Filtration B.V.	1,800		34		19	
Sogefi Filtration S.A.	2,582	192	129	20	9	
Filtrauto S.A.	12,000		742		210	165
Sogefi Filtration d.o.o.	1,000		60	5		
Sogefi Filtration do Brasil Ltda			142			
Sogefi Filtration Argentina S.A.			57			
Sogefi Inc.		33				
Rejna S.p.A.		252	460	35	2	146
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH			302		300	
Allevard Rejna Autosuspensions S.A.	10,999	2,563	617	10		34
Allevard Federn GmbH			61		76	
Allevard Springs Ltd		56	96		133	
Allevard Rejna Argentina S.A.			73			
Allevard Molas do Brasil Ltda			113			
Allevard Springs U.S.A. Inc.		8				
United Springs S.A.S.			70		32	
United Springs B.V.			23		15	
United Springs Ltd		12	14		1	
TOTAL	34,505	3,282	4,095	190	993	349

Details of guarantees given in favour of subsidiaries can be found in the following section E) Commitments and risks.

Details of dealings with the parent company - CIR S.p.A.- can be found in the following notes:
Note 6. Trade and other receivables
Note 13. Trade and other current payables
Note 21. Other operating costs

E) COMMITMENTS AND RISKS

26. COMMITMENTS AND RISKS

The most important are as follows:

- guarantees in favour of subsidiaries for a nominal amount of € 41,058 thousand and in favour of third parties for € 1,860 thousand;
- commitments for interest rate hedging contracts made by the Company for a notional value of € 20,000 thousand;
- commitments for forward currency sales of € 6,698 thousand.

SOGEFI S.p.A.

HEAD OFFICE: VIA U: BARBIERI 2, MANTUA, ITALY

MANTUA COMPANY REGISTER 00607460201

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OBSERVATIONS OF THE BOARD OF STATUTORY AUDITORS ON THE REPORT OF THE BOARD OF DIRECTORS ON GROUP OPERATIONS FOR THE FIRST HALF OF 2006

We acknowledge that we received the Report on operations during the first half of 2007, approved by the Board of Directors, on July 26, 2007.

The Report has been prepared pursuant to the applicable CONSOB regulations and in accordance with the rules governing company accounts.

The associated company points out that it has been subject to a limited audit by PriceWaterhouseCooper S.p.A., who had no comments to make.

We do not have any observations on the Report approved by the Board of Directors.

Mantua, July 31, 2007.

The Board of Statutory Auditors

Angelo Girelli (Chairman)
Franco Caramanti (Auditor)
Riccardo Zingales (Auditor)

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers SpA

Auditors' report on the limited review of interim financial reporting prepared in accordance with Article 81 of CONSOB regulation approved by Resolution No. 11971 of 14 May 1999 and subsequent amendments and integrations

To the shareholders of
SOGEFI SpA

1 We have performed a limited review of the separate interim financial statements and of the consolidated interim financial statements consisting of balance sheets, income statements, statements of changes in shareholders' equity and cash flow (hereinafter the "accounting statements") and related explanatory and supplementary notes of Sogefi SpA (holding company) and Sogefi Group included in the interim financial reporting of Sogefi SpA for the period ended 30 June 2007. The interim financial reporting is the responsibility of Sogefi's directors. Our responsibility is to issue this report based on our limited review. We have also checked the part of the notes related to the information on operations for the sole purpose of verifying their consistency with the remaining part of the interim financial reporting.

2 Our work was conducted in accordance with the criteria for a limited review recommended by the National Commission for Companies and the Stock Exchange (CONSOB) with Resolution No. 10867 of 31 July 1997. The limited review consisted principally of inquiries of company personnel about the information reported in the interim financial statements and about the consistency of the accounting principles utilised therein, as well as the application of analytical review procedures on the data contained in the interim financial statements. The limited review excluded certain auditing procedures such as compliance testing and verification and validation tests of the assets and liabilities and was therefore substantially less in scope than an audit performed in accordance with generally accepted auditing standards. Accordingly, unlike an audit of the annual separate and consolidated financial statements, we do not express a professional audit opinion on the interim financial reporting.

3 Regarding the comparative data of the separate and consolidated financial statements of the prior year and of the prior year consolidated interim financial reporting presented in the “accounting statements”, reference should be made to our reports dated 22 March 2007 and 27 July 2006, respectively.

4 Based on our review, no significant changes or adjustments came to our attention that should be made to the “accounting statements” and related explanatory and supplementary notes of Sogefi SpA (holding company) and Sogefi Group identified in paragraph 1. of this report, in order to make them consistent with International Accounting Principle IAS 34 adopted by the European Union and with the criteria for the preparation of interim financial reporting established by Article 81 of CONSOB regulation approved by Resolution No. 11971 of 14 May 1999 and subsequent amendments and integrations.

Milan, 31 July 2007

PricewaterhouseCoopers SpA

Signed by
Sergio Pizzarelli
(Partner)

The interim financial statements have been translated into English language solely for the convenience on international readers.