2016 HALF-YEAR FINANCIAL STATEMENTS
(Translation into English of the original Italian version)

JOINT-STOCK COMPANY - SHARE CAPITAL EURO 61,733,388.60
MANTOVA COMPANY REGISTER AND TAX CODE 00607460201
COMPANY SUBJECT TO POLICY GUIDANCE AND COORDINATION ON THE PART OF CIR S.p.A.
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CONTENTS

BOARD OF DIRECTORS

Honorary Chairman	CARLO DE BENEDETTI
Chairman	MONICA MONDARDINI (1)
Managing Director and General Manager	LAURENT HEBENSTREIT(1)
Directors	PATRIZIA CANZIANI (3) RODOLFO DE BENEDETTI ROBERTA DI VIETO (3) - (4) GIOVANNI GERMANO (2) MAURO MELIS (2) RAFFAELLA PALLAVICINI PAOLO RICCARDO ROCCA (2) - (3) - (4) - (5)
Secretary to the Board	NIVES RODOLFI

BOARD OF STATUTORY AUDITORS

Chairman	RICCARDO ZINGALES
Acting Auditors	GIUSEPPE LEONI CLAUDIA STEFANONI
Alternate Auditors	ANNA MARIA ALLIEVI MAURO GIRELLI LUIGI MACCHIORLATTI VIGNAT

INDEPENDENT AUDITORS

DELOITTE & TOUCHE S.p.A.

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

(1) Powers as per Corporate Governance.
(2) Members of the Appointments and Remuneration Committee.
(3) Members of the Control and Risk Committee and of the Committee for Related Party Transactions.
(4) Members of the Supervisory Body (Legislative Decree 231/2001).
(5) Lead independent director.

BOARD OF DIRECTORS' REPORT
ON OPERATIONS OF THE GROUP
IN THE FIRST HALF YEAR

This half-year report has been prepared in accordance with the provisions of Legislative Decree no. 58 of February 24, 1998 and with Consob resolution no. 11971/1999 and subsequent amendments. It includes the consolidated financial statements and explanatory and supplementary notes to the accounts of the Sogefi Group and the financial statements and explanatory and supplementary notes of the Holding Company Sogefi S.p.A. (the latter prepared on a voluntary basis, not being required by Legislative Decree no. 195 of November 6, 2007), prepared in accordance with International Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") approved by the European Union and prepared according to IAS 34 applicable on interim financial reporting.

INFORMATION ON OPERATIONS

In the first half of 2016, Sogefi reported revenues of Euro 798.6 million, up 4.6% from Euro 763.7 million in the first half of 2015 (+10.3% exchange rates being equal).

Revenues grew by 1.8% in Europe compared to the first half of 2015 and considerable business development continued in North America (+24.6%) and Asia (+25.4%). In South America sales revenues in Euro decreased by 18.3% due to local currency depreciation and persisting market slowdown.
Excluding South America, growth was 7.6%.

The incidence of non-European countries on the Group's total revenues increased to 36.5% from 34.7% in the first half of 2015 thanks to the positive contribution recorded in the North American and Asian markets. In particular, the weight of the Nafta areas and Asia rose from 22.4% in the first half of 2015 to 26.9%, while the weight of Marcosur fell from 11.8% to 9.2%.

The table below shows a breakdown of sales by key markets.

(in millions of Euro)	*1st half 2016*		*1st half 2015*		*% change*	*Year 2015*
	Amount	*%*	*Amount*	*%*	*1h 16/1h 15*	*Amount*
Europe	507.7	63.5	498.7	65.3	1.8	943.8
Mercosur	73.8	9.2	90.4	11.8	(18.3)	174.5
NAFTA	150.6	18.9	120.8	15.8	24.6	264.1
Asia	63.5	8.0	50.6	6.6	25.4	111.1
Other	3.0	0.4	3.2	0.5	(8.3)	5.6
TOTAL	798.6	100.0	763.7	100.0	4.6	1,499.1

Revenue growth in the first half of 2016 was particularly supported by the Air and Cooling business, which recorded an increase of 17.4%. The Suspension business sales revenues rose by 0.8%, with an increase of 4.7% excluding Mercosur. Filtration sales revenues decreased by 1.2%, but grew by 3.2% excluding Mercosur.

(in millions of Euro)	*1st half 2016*		*1st half 2015*		*% change*	*Year 2015*
	Amount	*%*	*Amount*	*%*	*1h 16/1h 15*	*Amount*
Suspensions	289.5	36.3	287.1	37.6	0.8	558.0
Filtration	270.7	33.9	274.0	35.9	(1.2)	529.7
Air&Cooling	240.4	30.1	204.7	26.8	17.4	415.3
Intercompany eliminations	(2.0)	(0.3)	(2.1)	(0.3)	(4.8)	(3.9)
TOTAL	798.6	100.0	763.7	100.0	4.6	1,499.1

The main customers of Sogefi are Ford, Renault/Nissan, PSA, FCA, GM and Daimler, which together represent 64.6% of revenues (63.8% in the first half 2015).

(in millions of Euro)	1st half 2016		1st half 2015		*% change*	*Year 2015*
Group	*Amount*	*%*	*Amount*	*%*	*1h 16/1h 15*	*Amount*
Ford	102.4	12.8	99.9	13.1	2.5	200.3
Renault/Nissan	96.5	12.1	96.6	12.6	(0.1)	175.3
PSA	92.3	11.6	88.7	11.6	4.1	166.4
FCA/CNH Industrial	90.9	11.4	92.6	12.1	(1.8)	179.6
GM	70.1	8.8	53.9	7.1	30.1	116.2
Daimler	63.3	7.9	56.0	7.3	13.0	116.5
Volkswagen/Audi	25.1	3.1	26.5	3.5	(5.3)	51.8
BMW	23.2	2.9	20.5	2.7	13.2	42.9
Toyota	20.9	2.6	14.9	2.0	40.3	33.3
Other (including Aftermarket)	213.9	26.8	214.2	28.0	(0.1)	416.8
TOTAL	798.6	100.0	763.7	100.0	4.6	1,499.1

The following table provides comparative figures of the income statement for the first half year and the corresponding period of the previous year.

(in millions of Euro)	1st half 2016		1st half 2015		Year 2015	
	Amount	%	Amount	%	Amount	%
Sales revenues	798.6	100.0	763.7	100.0	1,499.1	100.0
Variable cost of sales	570.0	71.4	548.7	71.8	1,079.1	72.0
CONTRIBUTION MARGIN	228.6	28.6	215.0	28.2	420.0	28.0
Manufacturing and R&D overheads	74.6	9.4	71.3	9.3	146.1	9.7
Depreciation and amortization	33.6	4.2	31.9	4.2	64.4	4.3
Distribution and sales fixed expenses	23.1	2.9	23.4	3.0	45.2	3.0
Administrative and general expenses	42.7	5.4	42.5	5.6	84.2	5.6
Restructuring costs	3.5	0.4	2.0	0.3	7.3	0.5
Losses (gains) on disposal	-	-	(1.6)	(0.2)	(1.6)	(0.1)
Exchange (gains) losses	(0.6)	(0.1)	1.3	0.2	3.6	0.2
Other non-operating expenses (income)	15.1	1.9	13.7	1.8	20.1	1.4
- of which not ordinary	*8.4*		*12.2*		*15.7*	
EBIT	36.6	4.5	30.5	4.0	50.7	3.4
Financial expenses (income), net	16.8	2.1	14.7	1.9	32.8	2.2
- of which fair value of the embedded derivative (convertible bond)	-		*(1.5)*		*(1.5)*	
- of which other net financial expenses (income)	*16.8*		*16.2*		*34.3*	
Losses (gains) from equity investments	0.4	-	-	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	19.4	2.4	15.8	2.1	17.9	1.2
Income taxes	8.5	1.1	4.2	0.5	12.9	0.9
NET RESULT BEFORE NON-CONTROLLING INTERESTS	10.9	1.3	11.6	1.6	5.0	0.3
Loss (income) attributable to non-controlling interests	(2.6)	(0.3)	(1.9)	(0.3)	(3.9)	(0.2)
GROUP NET RESULT	8.3	1.0	9.7	1.3	1.1	0.1

EBITDA[1] was Euro 74.7 million, up 19.6% from the corresponding period of 2015 (Euro 62.4 million). The increase was due to sales revenue growth and increased profitability, up 9.3% from 8.2% in the first half of 2015, thanks to the slight increase in the contribution margin and the slight reduction in the impact of indirect costs.
In particular, the impact of overall labour costs on revenues dropped from 22.6% to 21.7%.
EBITDA increased in all regions except South America.

As for the risks concerning the claims of Systèmes Moteurs S.A.S. (now Sogefi Air & Refroidissement France S.A.S.), in the first half of 2016 there were no changes in the "Product warranty" risks such as to cause variations in the provision made on December 31, 2015. As regards the proceedings for recovery from Dayco, which sold Systèmes Moteurs S.A.S., the arbitration procedure ended in May 2016 and award ordered the company to pay Sogefi Euro 9.4 million for claims already paid. The award, however, resulted in a reduction of the recovery expectations of Sogefi of Euro 4 million, with a negative impact of the same amount posted in this report for the first half of 2016.

[1] EBITDA is calculated by adding to "EBIT" the item "Depreciation and amortisation" and the amount of writedowns of tangible and intangible assets posted in "Other non-operating expenses (income)" for Euro 4.5 million in the first half of 2016 (the amount was zero in the corresponding period last year).

EBIT grew by 20.1% to Euro 36.6 million compared to the first six months of 2015, after higher depreciation, amortisation and writedown of fixed assets.

Financial expense increased to Euro 16.8 million from Euro 14.7 million in the corresponding period of 2015. This increase is mainly due to the gain recorded in the first half of 2015 for the measurement at fair value of the convertible bond embedded derivative.

Result before taxes and non-controlling interests was positive at Euro 19.4 million (Euro 15.8 million in the first half year 2015).

Net result was positive at Euro 8.3 million, compared to Euro 9.7 million in the first half of 2015, thanks to increased tax expense.

At the end of the first half year 2016, the Sogefi Group's **workforce** was 6,795 (6,702 as at December 31, 2015). Breakdown is as follows:

	June 30, 2016		*December 31, 2015*		*June 30, 2015*	
	Number	*%*	*Number*	*%*	*Number*	*%*
Managers	106	1.6	98	1.5	101	1.5
Clerical staff	1,879	27.6	1,866	27.8	1,856	27.6
Blue collar workers	4,810	70.8	4,738	70.7	4,779	70.9
TOTAL	6,795	100.0	6,702	100.0	6,736	100.0

As at June 30, 2016, **equity**, not including non-controlling interests, was Euro 168.2 million (vs. Euro 170.8 million as at December 31, 2015), as illustrated in the table below.

(in millions of Euro)	Note*	*June 30, 2016*		*December 31, 2015*		*June 30, 2015*	
		Amount	*%*	*Amount*	*%*	*Amount*	*%*
Short-term operating assets	(a)	392.3		341.8		405.8	
Short-term operating liabilities	(b)	(373.9)		(341.2)		(371.4)	
Net working capital		18.4	3.6	0.6	0.1	34.4	6.2
Equity investments	(c)	-	-	0.4	0.1	0.4	0.1
Intangible, tangible fixed assets and other medium and long-term assets	(d)	629.4	123.1	636.4	124.1	654.9	118.6
CAPITAL INVESTED		647.8	126.7	637.4	124.3	689.7	124.9
Other medium and long-term liabilities	(e)	(136.5)	(26.7)	(124.7)	(24.3)	(137.5)	(24.9)
NET CAPITAL INVESTED		511.3	100.0	512.7	100.0	552.2	100.0
Net financial indebtedness		326.2	63.8	322.3	62.9	348.0	63.0
Non-controlling interests		16.9	3.3	19.6	3.8	18.6	3.4
Consolidated equity of the Group		168.2	32.9	170.8	33.3	185.6	33.6
TOTAL		511.3	100.0	512.7	100.0	552.2	100.0

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

Net financial position as of June 30, 2016 was Euro 326.2 million, in line with the amount at December 31, 2015 (Euro 322.3 million) and up Euro 21.8 million from amount at June 30, 2015 (Euro 348 million).

Free Cash Flow totalled Euro -0.2 million in the first half year 2016, compared to Euro -51.9 million in the first half of 2015. This improvement is attributable to approximately Euro 19 million of lower non-recurring payments related to product warranties and restructuring activities and, for the remainder, to a better performance of the operating cash flow as well as more significant use of factoring facilities.

The table below shows a breakdown of the cash flows of the period compared with first half and full year 2015:

(in millions of Euro)	Note*	*1st half 2016*	*1st half 2015*	*Year 2015*
SELF-FINANCING	(f)	47.7	21.1	53.4
Change in net working capital		(16.3)	(33.6)	(4.2)
Other medium/long-term assets/liabilities	(g)	6.2	0.5	4.8
CASH FLOW GENERATED BY OPERATIONS		**37.6**	**(12.0)**	**54.0**
Sale of equity investments	(h)	-	-	-
Net decrease from sale of fixed assets	(i)	0.2	-	1.0
TOTAL SOURCES		37.8	(12.0)	55.0
Increase in intangible assets		14.8	18.1	30.4
Purchase of tangible assets		18.9	21.6	51.3
TOTAL APPLICATION OF FUNDS		33.7	39.7	81.7
Exchange differences on assets/liabilities and equity	(l)	(4.3)	(0.2)	1.9
FREE CASH FLOW		**(0.2)**	**(51.9)**	**(24.8)**
Holding Company increases in capital		0.1	0.1	0.1
Increases in share capital of consolidated subsidiaries		0.1	0.1	0.1
Dividends paid by subsidiaries to non-controlling interests		(5.2)	(3.3)	(4.3)
Change in fair value derivative instruments		1.3	11.3	10.9
CHANGES IN SHAREHOLDERS' EQUITY		(3.7)	8.2	6.8
Change in net financial position	(m)	**(3.9)**	**(43.7)**	**(18.0)**
Opening net financial position	(m)	**(322.3)**	**(304.3)**	**(304.3)**
CLOSING NET FINANCIAL POSITION	(m)	**(326.2)**	**(348.0)**	**(322.3)**

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

Net financial indebtedness is mainly comprised of medium and long-term debts, which account for 67% of gross indebtedness as shown below:

(in millions of Euro)	*June 30, 2016*	*December 31, 2015*	*June 30, 2015*
Cash, banks, financial receivables and securities held for trading	102.2	128.2	92.8
Medium/long-term financial receivables	12.5	13.2	10.5
Short-term financial debts (*)	(146.5)	(92.6)	(130.1)
Medium/long-term financial debts	(294.4)	(371.1)	(321.2)
NET FINANCIAL POSITION	(326.2)	(322.3)	(348.0)

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

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

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

Net profit for the period

(in millions of Euro)	*1st half 2016*	*1st half 2015*
Net profit per Sogefi S.p.A. financial statements	13.8	9.1
Group share of results of subsidiary companies included in the consolidated financial statements	22.6	18.0
Elimination of Sogefi S.p.A. dividends	(23.7)	(17.0)
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	(4.4)	(0.4)
NET PROFIT PER CONSOLIDATED FINANCIAL STATEMENTS	8.3	9.7

Shareholders' equity

(in millions of Euro)	*June 30, 2016*	*December 31, 2015*
Shareholders' equity per Sogefi S.p.A. financial statements	183.6	167.5
Group share of excess equity value of investments in consolidated companies over carrying value in Sogefi S.p.A. financial statements	(33.5)	(19.2)
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	18.1	22.5
SHAREHOLDERS' EQUITY PER CONSOLIDATED FINANCIAL STATEMENTS	168.2	170.8

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

Net result in the first half of 2016 amounted to Euro 13.8 million compared to Euro 9.1 million in the corresponding period of the previous year.
The increase was primarily attributable to the increased flow of dividends from subsidiaries (Euro 6.7 million) partially offset by higher net financial expenses (Euro 2.5 million).
The decrease in “Other operating revenues” was due to fewer services provided to the subsidiaries and was closely related to the decrease in “Operating costs” as shown in the table below.

(in millions of Euro)	*1st half 2016*	*1st half 2015*	*Year 2015*
Financial income/expenses and dividends	15.2	11.0	2.6
Other operating revenues	10.8	11.6	23.5
Operating costs	(13.6)	(14.2)	(26.5)
Other non-operating income (expenses)	(0.5)	(1.1)	(10.3)
RESULT BEFORE TAXES	11.9	7.3	(10.7)
Income taxes	(1.9)	(1.8)	(3.9)
NET RESULT	13.8	9.1	(6.8)

The following table shows the main items of the statement of financial position as at June 30, 2016, compared with the figures as at December 31, 2015 and June 30, 2015:

(in millions of Euro)	Note*	*June 30, 2016*	*December 31, 2015*	*June 30, 2015*
Short-term assets	(n)	16.7	17.4	15.3
Short-term liabilities	(o)	(9.8)	(10.0)	(10.6)
Net working capital		6.9	7.4	4.7
Equity investments	(p)	424.1	404.0	397.5
Other fixed assets	(q)	61.2	62.8	69.2
CAPITAL INVESTED		492.2	474.2	471.4
Other medium and long-term liabilities	(r)	(1.0)	(0.9)	(1.8)
NET CAPITAL INVESTED		491.2	473.3	469.6
Net financial indebtedness		307.6	305.8	286.9
Shareholders' equity		183.6	167.5	182.7
TOTAL		491.2	473.3	469.6

(*) See the notes at the end of this report for a detailed explanation of the reasons for the reclassifications that we have made.

“Equity investments” increased by Euro 20 million following the increase of the subscribed capital in the first half of 2016 in the Chinese subsidiary Sogefi (Suzhou) Auto Parts Co., Ltd., of which Euro 13 million paid during the month of May.
“Shareholders’ equity” as at June 30, 2016 amounts to Euro 183.6 million, up from Euro 167.5 million as at December 31, 2015, benefiting from the result of the year and also from the favourable change in fair value related to cross currency swap transactions designated in hedge accounting.

The following table shows the main items of the statement of financial position of the Company as at June 30, 2016, compared with the figures as at December 31, 2015 and June 30, 2015:

(in millions of Euro)	*June 30, 2016*	*December 31, 2015*	*June 30, 2015*
Short-term cash investments	36.8	45.2	16.0
Short/medium-term financial receivables to third and subsidiaries	131.1	124.3	154.0
Short-term financial debts (*)	(198.6)	(130.5)	(161.4)
Medium/long-term financial debts	(276.9)	(344.8)	(295.5)
NET FINANCIAL POSITION	(307.6)	(305.8)	(286.9)

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

The item "Medium/long-term financial receivables to third and subsidiaries" includes the receivable of Euro 15 million as at June 30, 2016 for dividends resolved by French subsidiaries, the collection of which is scheduled within the second half year. For more details, please refer to the comments in the notes attached to this report.

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

(in millions of Euro)	Note*	*1st half 2016*	*1st half 2015*	*Year 2015*
SELF-FINANCING	(s)	15.5	8.8	(1.6)
Change in net working capital	(t)	0.5	0.9	(1.9)
Other medium/long term assets/liabilities	(u)	1.5	1.6	12.2
CASH FLOW GENERATED BY OPERATIONS		**17.5**	**11.3**	**8.7**
TOTAL SOURCES		17.5	11.3	8.7
Increase in intangible assets		0.5	1.7	1.9
Purchase of tangible assets		-	-	0.3
Purchase of equity investments		20.1	0.2	6.6
TOTAL APPLICATION OF FUNDS		20.6	1.9	8.8
FREE CASH FLOW		**(3.1)**	**9.4**	**(0.1)**
Holding Company increases in capital		0.1	0.1	0.1
Change in fair value derivative instruments		1.2	11.3	1.9
CHANGES IN SHAREHOLDERS' EQUITY		1.3	11.4	2.0
Change in net financial position	(v)	**(1.8)**	**20.8**	**1.9**
Opening net financial position	(v)	**(305.8)**	**(307.7)**	**(307.7)**
CLOSING NET FINANCIAL POSITION	(v)	**(307.6)**	**(286.9)**	**(305.8)**

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

Free cash flow generated in the first half of 2016 was negative at Euro 3.1 million, compared to Euro 9.4 million positive flow generated in the first half of 2015. The above-mentioned capital increase in the Chinese subsidiary fully offset the higher cash flow originated by operating activities during the first half of 2016.

PERFORMANCE OF THE FILTRATION BUSINESS UNIT

In the first half of 2016, the Filtration Business Unit reported revenues of Euro 270.7 million (Euro 274 million in the first half of 2015). Excluding South America, sales revenues were up 3.2% thanks to the development in North America and India.

EBIT amounted to Euro 14.9 million, down from Euro 18.2 million in the first six months of 2015. This trend mainly reflects the negative evolution of the Brazilian market, characterised by a significant gross margin decrease. Excluding South America, EBIT increased by 8.7% compared to the first half of 2015.

Employees of the Business Unit at June 30, 2016 were 2,703 (2,629 at December 31, 2015).

PERFORMANCE OF THE SUSPENSIONS BUSINESS UNIT

In the first half of 2016, the Suspensions Business Unit reported revenues of Euro 289.5 million, up 0.8% compared to the first half of 2015; excluding Mercosur, sales revenues showed an increase of 4.7%, driven by the good performance of Europe.

EBIT amounted to Euro 18.1 million, down from Euro 19.1 million in the first six months of 2015. Considering that in the first half of 2016 non-ordinary expenses were recorded for Euro 2 million (a positive amount of Euro 0.5 million in the first half of 2015) and fixed asset writedowns for Euro 2.5 million (absent in the first half of 2015), EBIT before non-ordinary expenses amounted to Euro 20.1 million, up 8% compared to the first half of 2015.

Employees of the Business Unit at June 30, 2016 were 2,696 (2,663 at December 31, 2015).

PERFORMANCE OF THE AIR AND COOLING BUSINESS UNIT

In the first half of 2016, the Air & Cooling Business Unit reported revenues of Euro 240.4 million, up 17.4% compared to the same period last year; the increase was driven by North America, China and India.

EBIT amounted to EUR 12.2 million (negative amount of Euro 2.6 million in the first half of 2015). This growth benefits not only from the positive trend in revenues but also from lower non-ordinary expenses (Euro 0.2 million in the first half of 2016 compared to Euro 11.9 million in the same period of 2015).

Employees of the Business Unit at June 30, 2016 were 1,372 (1,350 at December 31, 2015).

PERFORMANCE IN THE SECOND QUARTER OF 2016

The following table provides comparative figures of the income statement for the second quarter and the same prior year period.

(in millions of Euro)	*Period* 4.1 - 6.30.2016		*Period* 4.1 - 6.30.2015		*Change*	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*
Sales revenues	408.4	100.0	391.2	100.0	17.2	4.4
Variable cost of sales	289.0	70.8	279.7	71.5	9.3	3.3
CONTRIBUTION MARGIN	119.4	29.2	111.5	28.5	7.9	7.1
Manufacturing and R&D overheads	38.3	9.4	35.7	9.2	2.6	7.3
Depreciation and amortization	17.0	4.2	16.1	4.1	0.9	5.3
Distribution and sales fixed expenses	11.6	2.8	12.0	3.1	(0.4)	(3.0)
Administrative and general expenses	21.6	5.3	21.4	5.5	0.2	0.8
Restructuring costs	1.6	0.4	1.6	0.4	-	-
Losses (gains) on disposal	-	-	(1.6)	(0.4)	1.6	(101.4)
Exchange (gains) losses	(1.7)	(0.4)	2.1	0.5	(3.8)	(180.5)
Other non-operating expenses (income)	10.4	2.6	12.8	3.3	(2.4)	(18.8)
- of which not ordinary	*6.4*		*12.2*		*(5.8)*	
EBIT	20.6	5.1	11.4	2.9	9.2	80.8
Financial expenses (income), net	8.4	2.1	7.9	2.0	0.5	6.3
- of which fair value of the embedded derivative (convertible bond)	-		*(1.5)*		*1.5*	
- of which other net financial expenses (income)	*8.4*		*9.4*		*(0.9)*	
Losses (gains) from equity investments	0.4	0.1	-	-	0.4	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	11.8	2.9	3.5	0.9	8.3	237.5
Income taxes	5.1	1.3	0.3	0.1	4.8	n.a.
NET RESULT BEFORE NON-CONTROLLING INTERESTS	6.7	1.6	3.2	0.8	3.5	(111.9)
Loss (income) attributable to non-controlling interests	(1.3)	(0.3)	(1.1)	(0.3)	(0.2)	(27.2)
GROUP NET RESULT	5.4	1.3	2.1	0.5	3.3	153.6

In the second quarter of 2016, Sogefi reported revenue growth of 4.4% at Euro 408.4 million (+10.1% exchange rates being equal).

EBITDA amounted to Euro 40 million (Euro 27.6 million in the corresponding period of 2015), with a growth of 45.2% thanks to the increase in sales revenues, the increase in the contribution margin, a consistent impact of indirect costs and lower non-ordinary expenses (Euro 8 million compared with Euro 12.2 million in the second quarter of 2015).

EBIT amounts to Euro 20.6 million (Euro 11.4 million in the second quarter 2015).

Result before taxes and non-controlling interests was positive at Euro 11.8 million (Euro 3.5 million in the second quarter 2015), after financial expenses of Euro 8.4 million.

The **Group's net result** in the second quarter 2016 was positive at Euro 5.4 million (Euro 2.1 million in the same period of the previous year).

INVESTMENTS AND RESEARCH & DEVELOPMENT ACTIVITIES

The investments totalled Euro 33.7 million in the first half year 2016 (Euro 39.7 million in the first half of the previous year). In detail, investment in tangible fixed assets amounted to Euro 18.9 million (Euro 21.6 million in the first half year 2015) and investment in intangible fixed assets amounted to Euro 14.8 million (Euro 18.1 million in the first half year 2015).
As for tangible investments, they were mainly focused on the increase of production capacity such as, in particular, the opening of a new plant in Monterrey, Mexico. Other investments have been directed to the improvement of industrial processes and innovation.

TREASURY SHARES

As at June 30, 2016, the Holding Company has 2,917,273 treasury shares in its portfolio, corresponding to 2.46% of share capital, at an average price of Euro 2.28 each. In the first half year 2016, treasury shares decreased after they were assigned to beneficiaries of stock-based compensation plans.

RELATED PARTY TRANSACTIONS

Information on the most important economic transactions and balances with related parties is provided in the explanatory and supplementary notes to the consolidated financial statements, in the section entitled “Related Party Transactions”, as well as in the explanatory and supplementary notes to the statutory financial statements of the Holding Company.
Dealings between Group companies are conducted at arm’s length, taking into account the quality and type of services rendered.

In the first half of 2016, the Board of Directors of Sogefi S.p.A. and that of Sogefi Rejna S.p.A. resolved to renew, for the 2016-2018 period, the decision to join the group taxation scheme with CIR S.p.A. as consolidating company (CIR tax filing system).

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

In 2010, in accordance with Consob Resolution no. 17221 of March 12, 2010 and subsequent amendments, the Company’s Board of Directors appointed the Related Party Transactions Committee, establishing that the members are to be the same as those of the Control and Risks Committee and approved the “*Discipline for related-party transactions*”, which had previously received a favourable opinion of the Control and Risks Committee. The purpose of this Discipline is to establish the principles of conduct that the Company is bound to observe to guarantee the correct management of related-party transactions. This Discipline is available on the Company's website at www.sogefigroup.com, in the “Investor – Corporate Governance” section.

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

DISCLOSURES PURSUANT TO ART. 70 AND 71 OF CONSOB RULES FOR ISSUERS

Under a resolution of the Board of Directors of October 23, 2012, the Company adopted the simplified procedure provided for by art. 70, paragraph 8 and art. 71, paragraph 1-bis of Consob Regulation issued under Consob Resolution no. 11971 of May 14, 1999 as amended, and made use of the exemption from the obligation to publish the information documents required for significant transactions consisting in mergers, spin-offs, capital increases by means of the conferral of assets in kind, takeovers and transfers.

SIGNIFICANT SUBSEQUENT EVENTS AFTER JUNE 30, 2016

On July 8, 2016, the Holding Company Sogefi S.p.A. received by Dayco Europe Srl the amount of Euro 4.9 million, representing the portion of the compensation of Euro 9.4 million under the arbitration award.

OUTLOOK FOR OPERATIONS

Sogefi expects for the full year a positive contribution from North America, China and India. In Europe, in line with the first half performance, growth could be more moderate than in 2015, while in South America the market conditions remain difficult.

Milan, July 25, 2016

THE BOARD OF DIRECTOR

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

Notes relating to the Consolidated Financial Statements

a) the heading agrees with “Total working capital” in the Consolidated Statement Of Financial Position;
b) the heading agrees with the sum of the line items “Trade and other payables”, “Tax payables” and “Other current liabilities” in the Consolidated Statement Of Financial Position;
c) the heading agrees with the sum of the line items “Investments in joint ventures” and “Other financial assets available for sale” in the Consolidated Statement Of Financial Position;
d) the heading agrees with the sum of the line items “Total fixed assets”, “Other receivables”, “Non-current trade receivables”, “Deferred tax assets” and “Non-current assets held for sale” in the Consolidated Statement Of Financial Position;
e) the heading agrees with the line item “Total other long-term liabilities” in the Consolidated Statement Of Financial Position;
f) the heading agrees with the sum of the line items “Net result”, “Non-controlling interests”, “Depreciation, amortisation and writedowns”, “Accrued costs for stock-based incentive plans”, “Provisions for risks, restructuring and deferred taxes” and “Post-retirement and other employee benefits” in the consolidated cash flow statement;
g) the heading agrees with the sum of the Consolidated cash flow statement items “Exchange rate differences on private placement”, “Provision in income statement of fair value derivatives in cash flow hedge” and “Other medium/long-term assets/liabilities”, excluding the change in the income statement, compared to the previous year, of the fair value of derivatives no longer qualifying for hedge accounting;
h) the heading corresponds to the line item “Sale of subsidiaries (net of cash and cash equivalents) and associates” in the Consolidated Cash Flow Statement;
i) the heading agrees with the sum of the line items “Losses/(gains) on disposal of fixed assets and non-current assets held for sale”, “Sale of property, plant and equipment” and “Sale of intangible assets” in the Consolidated Cash Flow Statement;
(l) the heading agrees with the line items “Exchange differences” in the Consolidated Cash Flow Statement, excluding exchange differences on financial receivables and payables;
(m) these headings differ from those shown in the Consolidated Cash Flow Statement as they refer to the total net financial position and not just to cash and cash equivalents.

Notes relating to the Holding Company's Statutory Financial Statements

(n) the heading agrees with “Total working capital” (“Totale attivo circolante operativo”) in the Holding Company's statutory Statement Of Financial Position;
(o) the heading agrees with the sum of the line items “Trade and other payables” (“Debiti commerciali e altri debiti”), “Tax payables” (“Debiti per imposte”) and “Other current liabilities” (“Altre passività correnti”) in the Holding Company's statutory Statement Of Financial Position;
(p) the heading agrees with the sum of the line items “Equity investments in subsidiaries” (“Partecipazioni in società controllate”), “Equity investments in associates” (“Partecipazioni in società collegate”) and “Other financial assets available for sale” (“Altre attività finanziarie disponibili per la vendita”) in the Holding Company's statutory Statement Of Financial Position;
(q) the heading agrees with the sum of the line items “Total fixed assets” (“Totale immobilizzazioni”), “Other receivables” (“Altri crediti”) and “Deferred tax assets” (“Imposte anticipate”) in the Holding Company's statutory Statement Of Financial Position;
(r) the heading agrees with the line item “Total other long-term liabilities” (“Totale altre passività a lungo termine”) in the Holding Company's statutory Statement Of Financial Position;
(s) the heading agrees with the sum of the line items “Net result” (“Utile netto d’esercizio”), “Depreciation and amortisation” (“Ammortamenti immobilizzazioni materiali e immateriali”), “Accrual to income statement for fair value of cash flow hedging instruments” (“Stanziamento a conto economico fair value derivati cash flow hedge”), “Accrued costs for stock-based incentive plans” (“Accantonamenti costi per piani di incentivazione basati su azioni”), “Net change phantom stock options provision” (“Variazione netta fondo phantom stock options”), and “Net change in provision for employment termination indemnities” (“Variazione netta fondo trattamento di fine rapporto”) as well as the change of deferred tax assets/liabilities included in the line “Other medium/long-term assets/liabilities” (“Altre attività/passività a medio lungo termine”) of the Holding Company's Statutory Cash Flow Statement;
(t) the heading agrees with the sum of the line items “Change in net working capital” (“Variazione del capitale circolante netto”), “Change in tax receivables/payables” (“Variazione dei crediti/debiti per imposte”) and “Payables for purchases of intangible fixed assets” (“Debiti per acquisti immobilizzazioni immateriali”) of the Holding Company's statutory Cash Flow Statement;
(u) the heading is included in the line item “Other medium/long-term assets/liabilities” (“Altre attività/passività a medio lungo termine”) in the Holding Company's Statutory Cash Flow Statement, excluding movements relating to financial receivables/payables;
(v) these headings differ from those shown in the Holding Company's Statutory Cash Flow Statement as they refer to the total net financial position and not just to cash and cash equivalents.

DEFINITION OF THE PERFORMANCE INDICATORS

In accordance with recommendation CESR/05-178b published on November 3, 2005, the criteria used for computing the main performance indicators deemed by the management to be useful for the purpose of monitoring Group performance are provided below.

EBITDA: EBITDA is calculated as the sum of “EBIT”, “Depreciation and amortisation” and the write-downs of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)”.

“Other non-operating expenses (income)” include amounts not related to ordinary business such as:

- write-downs of tangible and intangible fixed assets
- imputed cost of stock option and stock grant plans
- accruals for disputes with employees and third parties
- product warranty costs
- strategic advice
- other write-downs of assets considered to be non-ordinary

EBIT before non-ordinary expenses: it is calculated by summing “EBIT” and the expenses and revenues arising from non-ordinary operations, such as “Restructuring costs”, “Losses (gains) on disposal”, “Product warranty costs” and “Other writedowns” included in “Other non-operating expenses (income)”.

(in thousands of Euro)	*1st half 2016*					
	BU Filtration	BU Air & Cooling	BU Suspension	Sogefi Spa/Sogefi Gestion SAS	Adjustments	Group
Ebit	14,921	12,152	18,074	(3,945)	(4,597)	36,605
Restructuring costs	1,227	(37)	1,931	365	(0)	3,486
Losses (gains) on disposal	2	8	7	-	-	17
Product warranty Costs (*)	469	103	100	-	4,000	4,673
Other Writedowns (*)	3,686	-	-	-	-	3,686
Other (*)	(160)	160	-	-	-	-
EBIT before non-ordinary expenses	20,145	12,387	20,112	(3,580)	(597)	48,467

(*) Amounts included in “Other non-operating expenses (income)”

(in thousands of Euro)	*1st half 2015*					
	BU Filtration	BU Air & Cooling	BU Suspension	Sogefi Spa/Sogefi Gestion SAS	Adjustments	Group
Ebit	18,247	(2,575)	19,112	(3,757)	(538)	30,490
Restructuring costs	507	109	654	738	0	2,008
Losses (gains) on disposal	(16)	(2)	(1,540)	-	(0)	(1,557)
Product warranty Costs (*)	-	11,800	400	-	-	12,200
EBIT before non-ordinary expenses	18,739	9,333	18,626	(3,019)	(538)	43,141

(*)Amounts included in “Other non-operating expenses (income)”

The item “Restructuring costs” includes termination on incentives for all categories of employees (managers, blue and white collars) and costs related to the closing down of a plant or individual business lines (personnel costs and ancillary costs for closing down).

Item “Losses (gains) on disposal” includes the difference between the net book value of assets sold and the sale price.

Please note that at June 30, 2016 there are no non-recurring charges as defined by Consob in its communication no. DEM/6064293 of July 28, 2006.

Normalised EBITDA (used for calculating covenants): is calculated by adding to “EBITDA” the following expenses and income from non-ordinary operations: “Restructuring costs” and “Losses (gains) on disposal”.

CONSOLIDATED FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)

ASSETS	*Note*	*June 30, 2016*	*December 31, 2015*
CURRENT ASSETS			
Cash and cash equivalents	*4*	97,275	121,892
Other financial assets	*5*	4,982	6,335
Working capital			
Inventories	*6*	162,149	159,694
Trade receivables	*7*	190,263	143,489
Other receivables	*7*	6,702	7,915
Tax receivables	*7*	26,949	26,753
Other assets	*7*	6,213	3,974
TOTAL WORKING CAPITAL		*392,276*	*341,825*
TOTAL CURRENT ASSETS		494,533	470,052
NON-CURRENT ASSETS			
FIXED ASSETS			
Land	*8*	14,129	14,299
Property, plant and equipment	*8*	227,784	232,610
Other tangible fixed assets	*8*	6,277	5,343
Of which: leases		*6,081*	*6,832*
Intangible assets	*9*	282,406	284,050
TOTAL FIXED ASSETS		530,596	536,302
OTHER NON-CURRENT ASSETS			
Investments in joint ventures	*10*	-	-
Other financial assets available for sale	*11*	48	439
Non-current trade receivables	*12*	4	4
Financial receivables	*12*	12,469	13,156
Other receivables	*12*	32,595	34,666
Deferred tax assets	*13-19*	66,213	65,301
TOTAL OTHER NON-CURRENT ASSETS		111,329	113,566
TOTAL NON-CURRENT ASSETS		641,925	649,868
NON-CURRENT ASSETS HELD FOR SALE	*14*	-	-
TOTAL ASSETS		1,136,458	1,119,920

LIABILITIES	*Note*	*June 30, 2016*	*December 31, 2015*
CURRENT LIABILITIES			
Bank overdrafts and short-term loans	*15*	22,198	17,843
Current portion of medium/long-term financial debts and other loans	*15*	123,762	74,445
Of which: leases		*1,235*	*1,252*
TOTAL SHORT-TERM FINANCIAL DEBTS		145,960	92,288
Other short-term liabilities for derivative financial instruments	*15*	589	325
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FIN. INSTRUMENTS		146,549	92,613
Trade and other payables	*16*	354,792	325,421
Tax payables	*16*	9,943	6,071
Other current liabilities	*17*	9,141	9,686
TOTAL CURRENT LIABILITIES		520,425	433,791
NON-CURRENT LIABILITIES			
MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS			
Financial debts to bank	*15*	82,411	141,080
Other medium/long-term financial debts	*15*	201,761	218,417
Of which: leases		*7,109*	*8,135*
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS		284,172	359,497
Other medium/long-term financial liabilities for derivative financial instruments	*15*	10,251	11,562
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		294,423	371,059
OTHER LONG-TERM LIABILITIES			
Long-term provisions	*18*	88,041	79,215
Other payables	*18*	11,897	9,195
Deferred tax liabilities	*19*	36,543	36,264
TOTAL OTHER LONG-TERM LIABILITIES		136,481	124,674
TOTAL NON-CURRENT LIABILITIES		430,904	495,733
SHAREHOLDERS' EQUITY			
Share capital	*20*	61,733	61,681
Reserves and retained earnings (accumulated losses)	*20*	98,119	108,042
Group net profit (loss) for the period	*20*	8,336	1,120
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY		168,188	170,843
Non-controlling interests	*20*	16,941	19,553
TOTAL SHAREHOLDERS' EQUITY		185,129	190,396
TOTAL LIABILITIES AND EQUITY		1,136,458	1,119,920

CONSOLIDATED INCOME STATEMENT
(in thousands of Euro)

	Note	1st half 2016		1st half 2015	
		Amount	%	Amount	%
Sales revenues	22	798,557	100.0	763,744	100.0
Variable cost of sales	24	569,972	71.4	548,772	71.8
CONTRIBUTION MARGIN		228,585	28.6	214,972	28.2
Manufacturing and R&D overheads	25	74,531	9.4	71,245	9.3
Depreciation and amortization	26	33,616	4.2	31,911	4.2
Distribution and sales fixed expenses	27	23,069	2.9	23,383	3.0
Administrative and general expenses	28	42,700	5.4	42,543	5.6
Restructuring costs	30	3,486	0.4	2,008	0.3
Losses (gains) on disposal	31	17	-	(1,557)	(0.2)
Exchange losses (gains)	32	(566)	(0.1)	1,271	0.2
Other non-operating expenses (income)	33	15,127	1.9	13,678	1.8
- of which not ordinary		*8,359*		*12,200*	
EBIT		36,605	4.5	30,490	4.0
Financial expenses (income), net	34	16,843	2.1	14,684	1.9
- of which fair value of the embedded derivative (convertible bond)		-		*(1,450)*	
- of which other net financial expenses (income)		*16,843*		*16,134*	
Losses (gains) from equity investments	35	391	-	-	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS		19,371	2.4	15,806	2.1
Income taxes	36	8,456	1.1	4,191	0.5
NET RESULT BEFORE NON-CONTROLLING INTERESTS		10,915	1.3	11,615	1.6
Loss (income) attributable to non-controlling interests		(2,579)	(0.3)	(1,887)	(0.3)
GROUP NET RESULT		8,336	1.0	9,728	1.3
Earnings per share (EPS) (Euro):	38				
Basic		0.072		0.084	
Diluted		0.062		0.072	

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

	Note	1st half 2016	1st half 2015
Net result before non-controlling interests		10,915	11,615
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss			
- Actuarial gain (loss)	*20*	(13,211)	(1,522)
- Tax on items that will not be reclassified to profit or loss	*20*	2,510	305
Total items that will not be reclassified to profit or loss		*(10,701)*	*(1,217)*
Items that may be reclassified to profit or loss			
- Profit (loss) booked to cash flow hedge reserve	*20*	2,703	3,649
- Income tax relating to items that may be reclassified to profit or loss	*20*	(649)	(1,005)
- Profit (loss) booked to translation reserve	*20*	(2,660)	3,801
Total items that may be reclassified to profit or loss		*(606)*	*6,445*
Other Comprehensive Income		*(11,307)*	*5,228*
Total comprehensive result for the period		(392)	16,843
Attributable to:			
- Shareholders of the Holding Company		(2,833)	14,643
- Non-controlling interests		2,441	2,200

CONSOLIDATED CASH FLOW STATEMENT
(in thousands of Euro)

	1st half 2016	1st half 2015
Cash flows from operating activities		
Net result	8,336	9,728
Adjustments:		
- non-controlling interests	2,579	1,887
- depreciation, amortization and writedowns	38,439	31,944
- expenses recognised for share-based incentive plans	120	516
- exchange rate differences on private placement	(2,046)	8,059
- (not paid) interest expense on bonds	1,704	1,511
- change in fair value of the call option (Embedded derivative)	-	(1,450)
- provision in income statement of fair value derivatives in cash flow hedge	2,084	(8,211)
- losses/(gains) on disposal of fixed assets and non-current assets held for sale	17	(1,557)
- provisions for risks, restructuring and deferred taxes	(1,474)	(21,663)
- post-retirement and other employee benefits	(316)	(1,277)
- change in net working capital	(16,251)	(33,556)
- other medium/long-term assets/liabilities	6,139	(1,699)
CASH FLOWS FROM OPERATING ACTIVITIES	39,331	(15,768)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(18,944)	(21,632)
Purchase of intangible assets	(14,781)	(18,064)
Net change in other securities	-	3,005
Sale of subsidiaries (net of cash and cash equivalents) and associates	-	-
Sale of property, plant, equipment and businesses	133	1,584
Sale of intangible assets	43	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(33,549)	(35,107)
FINANCING ACTIVITIES		
Capital increase in subsidiaries from third parties	131	55
Net change in capital	104	145
Dividends paid to Holding Company shareholders and non-controlling interests	(5,230)	(3,250)
New (repayment of) bonds	-	-
New (repayment of) long-term loans	(24,493)	(14,584)
New (repayment of) finance leases	(650)	(534)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(30,138)	(18,168)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(24,356)	(69,043)
Balance at the beginning of the period	104,048	110,607
(Decrease) increase in cash and cash equivalents	(24,356)	(69,043)
Exchange differences	(4,615)	3,009
BALANCE AT THE END OF THE PERIOD	75,077	44,573

ADDITIONAL INFORMATIONS OF CASH FLOW STATEMENT		
Taxes paid	(2,066)	(5,892)
Financial expenses paid	(15,421)	(14,853)
Financial income collected	766	1,071

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of Euro)	*Attributable to the shareholders of the parent company*				*Non-controlling interests*	*Total*
	Share capital	Reserves and retained earnings (accumula-ted losses)	Net result for the period	Total		
Balance at December 31, 2014	*61,631*	*95,948*	*3,639*	*161,218*	*19,568*	*180,786*
Paid share capital increase	50	95	-	145	55	200
Allocation of 2014 net profit:						
Legal reserve	-	-	-	-	-	-
Dividends	-	-	-	-	(3,250)	(3,250)
Retained earnings	-	3,639	(3,639)	-	-	-
Recognition of share-based incentive plans	-	516	-	516	-	516
Net purchase of treasury shares	-	9,090	-	9,090	-	9,090
Other changes	-	(38)	-	(38)	38	-
Comprehensive result for the period						
Fair value measurement of cash flow hedging instruments	-	3,649	-	3,649	-	3,649
Actuarial gains (losses)	-	(1,522)	-	(1,522)	-	(1,522)
Tax on items booked in Other Comprehensive Income	-	(700)	-	(700)	-	(700)
Currency translation differences	-	3,488	-	3,488	313	3,801
Net result for the period	-	-	9,728	9,728	1,887	11,615
Total Comprehensive result for the period	-	*4,915*	*9,728*	*14,643*	*2,200*	*16,843*
Balance at June 30, 2015	*61,681*	*114,165*	*9,728*	*185,574*	*18,611*	*204,185*

(in thousands of Euro)	*Attributable to the shareholders of the parent company*				*Non-controlling interests*	*Total*
	Share capital	Reserves and retained earnings (accumula-ted losses)	Net result for the period	Total		
Balance at December 31, 2015	*61,681*	*108,042*	*1,120*	*170,843*	*19,553*	*190,396*
Paid share capital increase	*52*	*52*	-	*104*	*131*	*235*
Allocation of 2015 net profit:						
Legal reserve	-	-	-	-	-	-
Dividends	-	-	-	-	(5,230)	(5,230)
Retained earnings	-	1,120	(1,120)	-	-	-
Recognition of share-based incentive plans	-	120	-	120	-	120
Other changes	-	(46)	-	(46)	46	-
Comprehensive result for the period						
Fair value measurement of cash flow hedging instruments	-	2,703	-	2,703	-	2,703
Actuarial gains (losses)	-	(13,211)	-	(13,211)	-	(13,211)
Tax on items booked in Other Comprehensive Income	-	1,861	-	1,861	-	1,861
Currency translation differences	-	(2,522)	-	(2,522)	(138)	(2,660)
Net result for the period	-	-	8,336	8,336	2,579	10,915
Total Comprehensive result for the period	-	*(11,169)*	*8,336*	*(2,833)*	*2,441*	*(392)*
Balance at June 30, 2016	*61,733*	*98,119*	*8,336*	*168,188*	*16,941*	*185,129*

EXPLANATORY AND SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CONTENTS

A) GENERAL ASPECTS

1. CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed Consolidated Financial Statements for the period January 1 - June 30, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union and have been prepared according to IAS 34 – "Interim Financial Reporting", applying the same accounting principles and policies used in the preparation of the Consolidated Financial Statements at December 31, 2015. "IFRS" also means the International Accounting Standards ("IAS") currently in force, as well as all of the interpretation documents issued by the International Financial Reporting Standards Interpretations Committee ("IFRS IC", formerly "IFRIC") previously called the Standing Interpretations Committee ("SIC"). To this end, the figures of the financial statements of the consolidated subsidiaries have been appropriately reclassified and adjusted.
As a partial exception to IAS 34 provisions, these interim condensed financial statements provide detailed as opposed to condensed statements in order to provide a better and clearer overview of the changes that have taken place in the Group's assets and liabilities, financial position and results during the half-year.
They also contain the disclosures required by IAS 34 with the supplementary information considered useful for a clearer understanding of these half-year financial statements.
The interim condensed financial statements as at June 30, 2016 should be read in conjunction with the annual financial statements as at December 31, 2015.
With reference to IAS 1, the Board of Directors confirm that, considering the economic forecasts, the capitalisation and the financial position of the Group, the same operates as a going concern.
The interim condensed financial statements as at June 30, 2016 were approved by the Board of Directors on July 25, 2016.

1.1 Format of the consolidated financial statements

The financial statements used at June 30, 2016 are consistent with those in place for the annual financial statements at December 31, 2015, except for a reclassification within the income statement as follows.
At June 30, 2016, Income Statement sub-items "Indirect taxes" and "Other fiscal charges", previously included in "Other non-operating expenses (income)" have been classified under "Administrative and general expenses" of the Income statement for clearer presentation purpose. For comparative purposes, the corresponding amounts of the first half of 2015 have also been reclassified.

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

- Contribution margin: it is the difference between sales revenues and variable cost of sales;

- EBIT: it represents the profit before financial items, tax and profit attributable to non-controlling interests;
- Result before taxes and non-controlling interests;
- Net result before non-controlling interests;
- Group net result.

1.2 Content of the consolidated financial statements

The interim condensed consolidated financial statements for the six-month period ending June 30, 2016 include the Holding Company Sogefi S.p.A. and its subsidiaries.
Section H of these notes gives a list of the companies included in the scope of consolidation and the percentages held (this list has not changed compared to December 31, 2015).

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

The interim condensed consolidated financial statements (prepared on a line-by-line basis) include the financial statements of Sogefi S.p.A., the Holding Company, and of all the Italian and foreign companies under its control.
It should be noted that in the first half year 2016 the subsidiary Sogefi Suspensions France S.A. increased its percentage of ownership in the subsidiary S.Ara Composite S.A.S. from 95% to 95.43% through a share capital increase (equal to Euro 1,890 thousand, amount subscribed and paid) not subscribed by non-controlling interest shareholders that led to an amount of Euro 46 thousand being reclassified between non-controlling interests and Group's shareholders' equity.

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

1.3 Group composition

As required by IFRS 12, Group composition as at June 30, 2016 and December 31, 2015 was as follows:

Business Unit	*Region*	*Wholly-owned subsidiaries*	
		June 30, 2016	December 31, 2015
Air&Cooling	Canada	1	1
	France	1	1
	Mexico (*)	1	1
	Romania	1	1
	China (**)	2	2
	Luxembourg	1	1
	USA	1	1
	Hong Kong	1	1
Filtration	Italy (***)	1	1
	France	1	1
	Great Britain	1	1
	Spain	1	1
	Slovenia	1	1
	USA (****)	1	1
	Brazil	1	1
	Argentina	1	1
Suspensions	France	2	2
	Great Britain	2	2
	Germany	2	2
	The Netherlands	1	1
	Brazil	1	1
	Argentina	1	1
Sogefi Gestion S.A.S.	France	1	1
TOTAL		27	27

(*) This subsidiary works also for Suspensions Business Unit.
(**) These subsidiaries work also for Filtration and Suspensions Business Units.
(***) This subsidiary works also for Suspensions Business Unit.
(****) This subsidiary works also for Air&Cooling Business Unit.

Business Unit	*Region*	*Non-wholly-owned subsidiaries*	
		June 30, 2016	December 31, 2015
Air&Cooling	China	1	1
Filtration	India (*****)	1	1
Suspensions	France	1	1
	Spain	1	1
	China	1	1
	India	1	1
TOTAL		6	6

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

2. CONSOLIDATION PRINCIPLES AND ACCOUNTING POLICIES

The consolidation and accounting policies applied in preparing the condensed financial statements for the six-month period ended June 30, 2016 are consistent with those used for the annual financial statements as of December 31, 2015 to which the reader should refer, except as reported below.

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

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

The main items affected by these estimates are as follows:

- goodwill (Euro 126,639 thousand as at June 30, 2016): the impairment test on goodwill conducted as of December 31, 2015 confirmed that there was no need to recognise any impairment loss to the values shown in the financial statements. Despite the group's Shareholders' equity at June 30, 2016, at Euro 185.1 million, is higher than the average stock market capitalisation for the first half of 2016 (Euro 184.8 million), this was not considered to be an impairment indicator as the trend of operating results of the business units in the first half of 2016 and the forecasts for the full year 2016 are basically in line with the expectations of the 2016-2019 projections for the Group as approved by the management. Hence there are no indications that the goodwill might be impaired in the first half of 2016;
- recoverability of deferred tax assets related to tax losses (Euro 22,109 thousand as of June 30, 2016): as at June 30, 2016 deferred tax assets related to tax losses incurred during previous years (relating to the Holding Company Sogefi S.p.A. and subsidiaries Sogefi Rejna S.p.A., Allevard Sogefi U.S.A. Inc, Sogefi Filtration Ltd, United Springs S.A.S., Sogefi Filtration S.A., Sogefi Filtration France S.A. and Sogefi Air & Refroidissement France S.A.S.) were accounted for to the extent the generation of future taxable income - within the timeframe of the business plan - against which they can be utilised for subsidiaries was deemed probable. Such probability is also determined based on the fact that such losses have originated under extraordinary circumstances, such as past or on-going restructuring, that are unlikely to occur again in the future and that these losses may be recovered throughout an unlimited or long-term time frame.

  With reference to the Holding Company Sogefi S.p.A., taxes are recognised in the income statement under “Current taxes” to the extent that the loss is actually offset against taxable income generated within the CIR Group tax filing system. Tax losses carried forward in excess of the offset amount were recognised as deferred tax assets as it is probable they will be recovered taking into account that the Holding Company has joined the CIR Group tax filing system. The ability to recover such tax is based on expected future taxable income according to the forecasts involving the companies participating in the CIR Group tax filing system.

- pension plans (Euro 53,071 thousand as of June 30, 2016): actuaries who offer their consulting services to the Group use different statistic assumptions in order to anticipate future events for the purpose of measuring pension plan expenses, liabilities and assets. Such assumptions concern discount rate (that in the first half of 2016 decreased significantly in Great Britain from 3.9% as at December 31, 2015 to 3%; such change created most of the actuarial losses posted to the Consolidated Statement of Other Comprehensive Income as at June 30, 2016), the expected return on the plan assets (this assumption concerns nearly exclusively British pension funds), the future wage inflation rates, mortality and turnover rates;
- derivatives (Euro 12,735 thousand for assets and Euro 10,840 thousand for liabilities as at June 30, 2016): the measurement of derivatives fair value and the effectiveness test on derivatives designed in "hedge accounting" were performed with the support of third party consultants based on valuation models commonly used in the industry practice;
- provision for product warranties (Euro 16,300 thousand)/Other non-current receivables (Euro 19,368 thousand).

  With regard to provision for product warranties, there are claims in progress by two customers relating to a defective component supplied by subsidiary Sogefi Air & Refroidissement France S.A.S. (previously named Systèmes Moteurs S.A.S.) starting from 2010 before and partly after the subsidiary was acquired by the Sogefi Group. The Company believes that the defect was caused by a thermostat manufactured by a supplier of Sogefi Air & Refroidissement France S.A.S. and in 2012 filed a law suit against that supplier at the French courts seeking indemnity for any damages it might have to pay to its customers.

  The court appointed a technical expert to write an expert witness report (expertise) in June 2012. Merit proceedings were suspended pending submission of the expert witness report. The expert established that the defect was caused by the thermostat manufactured by the supplier of Sogefi Air & Refroidissement France S.A.S..

  In 2014, the two customers joined the expertise proceedings and petitioned for their damages to be determined in the expert witness report. Their petition was accepted and the expert's assignment was extended accordingly.

  Previously, both customers had requested an out-of-court settlement for damages. To date, neither customer is involved in any other proceedings.

  The customers claimed Euro 122.8 million in damages, mostly relating to past and future campaigns and Euro 65.9 million for damage to reputation and loss of future income.

  Based on existing proceedings, the Company and its legal counsel deem that there is only a remote possibility that a liability will arise from the latter claim.

  With regard to the first amount claimed, each claim was broken down by period of production to reflect the associated production costs. As regards the

request of Euro 122.8 million, according to the Company's estimates, Euro 60.4 million of the claimed amount relate to the period before Sogefi Air & Refroidissement France S.A.S. was purchased by the Sogefi Group, and Euro 26.6 million relate to the 7 following months.
The Company has already paid Euro 3 million by issuing debit notes in favour of customers. In addition, the Company paid Euro 18.0 million to the two customers in the first half of 2015. Sogefi Air & Refroidissement France S.A.S. paid out these amounts to the above mentioned customers on a provisional basis under standstill agreements, without any admission of liability. Such amounts will be adjusted or partly refunded as required when the Court decides on the merits of the case.

As of June 30, 2015, according to general prudence principles, the Company decided to account for an additional provision of Euro 11.8 million for product warranties. This amount was again analysed at the end of the first half of 2016 in light of the progress of the proceedings under way. The Company believes that this provision is still adequate.

In May 2016, the Holding Company Sogefi S.p.A. received the outcome of the international arbitration proceedings brought by the company against Dayco, the seller of the subsidiary Sogefi Air & Refroidissement France S.A.S. for the recovery of costs incurred by Sogefi Air & Refroidissement France S.A.S. after the acquisition.
The arbitration award basically confirmed a general principle of eligibility for compensation by Dayco, in favour of Sogefi, with reference to the claims relating to production prior to the acquisition of Sogefi Air & Refroidissement France S.A.S. by Sogefi, and sentenced Dayco to pay an amount of Euro 9.4 million for claims already settled.
On the other hand, the award states that any payments for claims relating to products made after the acquisition will be born by Sogefi. The company reserves to undertake any and all appropriate actions at the authorities having jurisdiction.

With regard to the indemnities owed by the seller of Sogefi Air & Refroidissement France S.A.S. shares, it is worthwhile pointing out that the Sogefi Group entered an indemnification asset totalling Euro 23.4 million in the Consolidated Financial Statements in 2011, because the seller Dayco Europe S.r.l. had provided contractual guarantees relating to defect liability claims existing at the time of the acquisition, including those noted above.
Based on the outcome of the arbitration, the Company reduced recovery expectations from Dayco of Euro 4 million and consequently posted a writedown of indemnification assets by this amount as at June 30, 2016.

Please note that in the month of July 2016 Dayco paid Euro 4.9 million, representing a portion of the compensation of Euro 9.4 million above.

It should be noted that these are complex proceedings that involve passing judgement on technical, juridical and commercial matters, and present uncertainties connected with the outcome of the proceedings before the French courts and the arbitration award. Estimates concerning risks provision and the recovery of booked assets are based on the best information available at the time of preparing the financial statements. They are subject to change as events evolve.

Accounting Standards, Amendments and IFRS Interpretations adopted from January 1, 2016

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group starting January 1, 2016:

- Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions” (issued on November 21, 2013) concerning the recognition of contributions from employees or third parties to defined benefit plans. The adoption of these amendments had no impact on the consolidated financial statements of the Group.
- Amendments to IFRS 11 Joint Arrangements - “Accounting for acquisitions of interests in joint operations” (issued on May 6, 2014): concerning the accounting for acquisitions of interests in a joint operation when the operation constitutes a business. The adoption of these amendments had no impact on the consolidated financial statements of the Group.
- Amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture – “Bearer Plants” (issued on June 30, 2014) providing for bearer plants, i.e. fruit trees that bear produce annually (such as vines, hazelnut plants) to be accounted for under IAS 16 (rather than IAS 41). The adoption of these amendments had no impact on the consolidated financial statements of the Group.
- Amendments to IAS 16 Property, plant and Equipment and IAS 38 Intangibles Assets – “Clarification of acceptable methods of depreciation and amortisation” (issued on May 12, 2014) establishing that a depreciation method based on revenue is not appropriate, because the revenue arising from the operation of a business of which the asset under depreciation or amortisation is part reflects a different pattern from the mere use of the economic benefits arising from the asset, which is a pre-requisite for depreciation or amortisation. The adoption of this amendment had no impact on the consolidated financial statements of the Group.
- Amendment to IAS 1 – “Disclosure Initiative” (issued on December 18, 2014): the goal of the amendments is to provide some clarifications on disclosures and other elements that may be perceived as hindrance to a clear and intelligible presentation of financial statements. The adoption of these amendments had no impact on the consolidated financial statements of the Group.

On December 12, 2013, the IASB published document “Annual Improvements to IFRSs: 2010-2012 Cycle” (including IFRS 2 Share Based Payments – Definition of vesting condition, IFRS 3 Business Combination – Accounting for contingent consideration, IFRS 8 Operating segments – Aggregation of operating segments and Reconciliation of total of the reportable segments’ assets to the entity’s assets, IFRS 13 Fair Value Measurement – Short-term receivables and payables) and – on September 25, 2014 – document “Annual Improvements to IFRSs: 2012-2014 Cycle” (including: IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, IFRS 7 – Financial Instruments: Disclosure and IAS 19 – Employee Benefits) partly amending existing standards. The adoption of these amendments had no impact on the consolidated financial statements of the Group.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union

The European Union has not yet completed its endorsement process for the standards and amendments below reported at the date of these Interim Consolidated Financial Statements.

- IFRS 15 – Revenue from Contracts with Customers (issued on May 28, 2014 and supplemented with further clarifications published on April 12, 2016) bound to replace IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the interpretations IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard provides for a new revenue recognition model, which will be applicable to all agreements made with customers, with the exception of those falling under the scope of application of other IAS/IFRS such as leases and insurance policy contracts and financial instruments. The main steps for revenue recognition according to the new model are:
    - identifying the agreement in place with the customer;
    - identifying the performance obligations under the agreement;
    - defining the transaction price;
    - price allocation to the performance obligations under the agreement;
    - revenue recognition criteria when the entity satisfies each performance obligation.

  This standard is applicable as of January 1, 2018, though early adoption is allowed. At the moment Directors are looking into the possible effects caused by the introduction of the above amendments on the Group's consolidated financial statements.
- Final version of IFRS 9 – Financial instruments (issued on July 24, 2014). The standard includes the results of the classification, valuation, impairment and hedge accounting phases relating to the IASB project pending the replacement of IAS 39:
    - it introduces new criteria to classify and measure financial assets and liabilities.
    - With reference to the impairment model, the new standard requires the losses on receivables to be estimated based on the expected losses model (instead of the incurred losses model of IAS 39) using information that can be evidenced, available free of charge or without unreasonable effort and including historic, current and forecast data.
    - A new hedge accounting model is introduced (additional types of transactions can be designated for hedge accounting, different accounting method for forward contracts and options when they are included in a hedge accounting transaction, changes to effectiveness test).
    - The new standard, which supersedes the previous versions of IFRS 9, must be applied to reporting periods beginning on January 1, 2018 and thereafter.

At the moment Directors are looking into the possible effects caused by the introduction of the above amendments on the Group's consolidated financial statements.

- On January 13, 2016, the IASB issued IFRS 16 – Leases which is to replace IAS 17 – Leases, as well as IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

  The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to differentiate between lease and service agreements according to: asset identification, right to replacement of the asset, right to obtain all economic benefits arising out of use of the asset and right to control the use of the asset underlying the agreement.

  The standard introduces a single lessee accounting model for recognising and measuring lease agreements, which provides for the underlying asset – including assets underlying operating leases – to be recognised in the statement of financial position as assets and lease financial liabilities. Lessees may elect to not recognise agreements for low-value assets or with a term of up to 12 months within the scope of this standard. No significant changes are introduced for lessor accounting.

  The standard applies for reporting periods beginning on or after January 1, 2019. Early application is only allowed for early adopters of IFRS 15 - Revenue from Contracts with Customers.

  At the moment Directors are looking into the possible effects caused by the introduction of the above amendments on the Group's consolidated financial statements.

- On September 11, 2014 the IASB issued amendments to IFRS 10 and IAS 28 "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture". The purpose of these amendements was to resolve the conflict between IAS 28 and IFRS 10 concerning the measurement of profit or loss arising from transfers or assignments of a non-monetary asset to a joint venture or associate in return for its shares. The IASB has suspended the application of these amendments for the time being.

- On December 18, 2014, the IASB published document "Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)" (issued on December 18, 2014) introduces certain changes to address issues arisen after the application of the consolidation exception granted to investment entities. The amendments apply at the latest as of the reporting period starting on January 1, 2016 or at a later date. Early adoption is allowed. Directors do not expect any significant effect on the consolidated financial statements of the Group when these amendments are adopted, as the Company does not meet the definition of Investment Entity.

- On January 19, 2016 the IASB issued the document "Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)" that contains some amendments changes to IAS 12. The document aims at providing some clarifications on the recognition of deferred tax assets on tax losses carried forward upon the occurrence of certain circumstances as well as on the measurement of taxable income for future years. The amendments apply as of January 1, 2017, though early adoption is allowed. Directors do not expect any significant effect on the consolidated financial statements of the Group when these amendments are adopted.

- On January 29, 2016 the IASB published the document "Disclosure Initiative (Amendments to IAS 7)" that contains some amendments to IAS 7. The document aims at clarifying and improving disclosures on financial liabilities. In particular, the amendments require to disclose information that enables users of the financial statements to understand the changes in liabilities arising from financing transactions. The amendments apply as of January 1, 2017, though early adoption is allowed. No comparative information relating to prior years is required. At the moment Directors are looking into the possible effects caused by the introduction of the above amendments on the Group's consolidated financial statements.
- On June 20, 2016 the IASB published the document "Classification and measurement of share-based payment transactions (Amendments to IFRS 2)" that contains some clarifications in relation to the accounting of the effects coming from vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with net settlement characteristics and the recognition of changes to the terms and conditions of a share-based payment which modify its classification from cash-settled to equity-settled. The amendments apply as of January 1, 2018, though early adoption is allowed. At the moment Directors are looking into the possible effects caused by the introduction of the above amendments on the Group's consolidated financial statements.

Exchange rates

The following exchange rates have been used for translation purposes:

	1st half 2016		*1st half 2015*		*F.Y. 2015*
	Average	*06.30*	*Average*	*06.30*	*12.31*
US dollar	1.1155	1.1102	1.1151	1.1189	1.0887
Pound sterling	0.7785	0.8265	0.7320	0.7114	0.7340
Brazilian real	4.1350	3.5898	3.3012	3.4699	4.3116
Argentine peso	15.9898	16.5810	9.8338	10.1657	14.0964
Chinese renminbi	7.2934	7.3757	6.9363	6.9367	7.0607
Indian rupee	74.9625	74.9625	70.0771	71.1744	72.0461
New romanian Leu	4.4956	4.5235	4.4474	4.4725	4.5241
Canadian dollar	1.4854	1.4384	1.3766	1.3839	1.5116
Mexican peso	20.1613	20.6356	16.8805	17.5346	18.9143
Hong Kong dollar	8.6655	8.6133	8.6460	8.6738	8.4374

B) SEGMENT INFORMATION

3. OPERATING SEGMENTS

In compliance with the provisions of IFRS 8, the following information is provided by operating segments (business segments).
The operating segments and performance indicators have been determined on the basis of the reports used by the Group's Managing Director for taking strategic decisions.

Business segments

With regard to the business segments, disclosures concerning the three Business Units: Suspensions, Filtration, and Air and Cooling. Figures for the Holding Company Sogefi S.p.A. and the subsidiary Sogefi Gestion S.a.S. (previously named Sogefi Purchasing S.a.S.) are also provided for the purpose of reconciliation with consolidated balances.

The tables below provide the income statement and the statement of financial position figures of the Group for the first half of 2015[2] and 2016:

(in thousands of Euro)	*June 30, 2015*					
	Air & Cooling	Suspensions	Filtration	Sogefi SpA / Sogefi Gestion S.A.S.	Adjust-ments	Sogefi Group consolida-tion
REVENUES						
Sales to third parties	204,047	286,446	273,206	45	0	763,744
Intersegment sales	638	679	835	14,737	(16,889)	-
TOTAL REVENUES	204,685	287,125	274,041	14,782	(16,889)	763,744
RESULTS						
EBIT	(2,575)	19,112	18,247	(3,757)	(537)	30,490
Financial expenses, net						(14,684)
Income from equity investments						-
Losses from equity investments						-
Result before taxes						15,806
Income taxes						(4,191)
Loss (profit) attributable to non-controlling interests						(1,887)
NET RESULT						9,728
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	280,160	444,776	365,547	627,676	(719,922)	998,238
Unallocated assets	-	-	-	-	166,296	166,296
TOTAL ASSETS	280,160	444,776	365,547	627,676	(553,626)	1,164,534
LIABILITIES						
Segment liabilities	173,387	310,632	248,703	473,498	(245,872)	960,349
TOTAL LIABILITIES	173,387	310,632	248,703	473,498	(245,872)	960,349
OTHER INFORMATION						
Increase in tangible and intangible fixed assets	10,656	9,127	18,686	1,669	(441)	39,696
Depreciation, amortization and writedowns	8,163	11,139	9,927	1,946	770	31,944

[2] Please note that the figures as at June 30, 2015 have been reclassified to take into account of the new organisation based on three business units adopted in the second half of 2015.
It should also be noted that in the first half of 2016 the management has redefined the classification of the Filtration, and Air and Cooling business segments more oriented to the product than to the production plant. This review has led to a change in the figure classification among those business units with respect to what was outlined as at December 31, 2015.

(in thousands of Euro)	*June 30, 2016*					
	Air & Cooling	Suspensions	Filtration	Sogefi SpA / Sogefi Gestion S.A.S.	Adjust-ments	Sogefi Group consolida-tion
REVENUES						
Sales to third parties	239,876	288,814	269,867	-	-	798,557
Intersegment sales	493	691	835	10,783	(12,802)	-
TOTAL REVENUES	240,369	289,505	270,702	10,783	(12,802)	798,557
RESULTS						
EBIT	12,152	18,074	14,921	(3,945)	(4,597)	36,605
Financial expenses, net						(16,843)
Income from equity investments						-
Losses from equity investments						(391)
Result before taxes						19,371
Income taxes						(8,456)
Loss (profit) attributable to non-controlling interests						(2,579)
NET RESULT						8,336
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	289,871	422,699	353,872	642,275	(736,146)	972,571
Unallocated assets	-	-	-	-	163,887	163,887
TOTAL ASSETS	289,871	422,699	353,872	642,275	(572,259)	1,136,458
LIABILITIES						
Segment liabilities	171,861	282,310	242,481	488,766	(234,089)	951,329
TOTAL LIABILITIES	171,861	282,310	242,481	488,766	(234,089)	951,329
OTHER INFORMATION						
Increase in tangible and intangible fixed assets	8,717	11,158	13,419	541	(110)	33,725
Depreciation, amortization and writedowns	8,493	14,175	13,491	1,680	600	38,439

Please note that the Air and Cooling business unit figures include the net book value of the Systemes Moteurs Group (parent company name is now Sogefi Air & Refroidissement S.A.S.) deriving from local accounts - in other words, net assets that were not adjusted to fair value for its 2011 Purchase Price Allocation - and the only adjustments for its Purchase Price Allocation relating to the change in provision for product warranties (contingent liabilities booked upon PPA); the remaining adjustments for its Purchase Price Allocation are posted in column “Adjustments”.
Adjustments to “Intersegment sales” mainly refer to services provided by the Holding Company Sogefi S.p.A. and by subsidiary Sogefi Gestion S.A.S. to other Group companies (see note 39 for further details on the nature of the services provided). This item also includes intersegment sales between the business units. Intersegment transactions are conducted according to the Group's transfer pricing policy.
The adjustments to “EBIT” refer to depreciation and amortisation linked to the revaluation of assets resulting from the acquisition of 40% of Sogefi Rejna S.p.A. and its subsidiaries in the year 2000 and of the Systèmes Moteurs Group in the year 2011.
In the Statement of Financial Position, the adjustments to the item “Segment assets” refer to the consolidation entry related to investments in subsidiaries and intercompany receivables.

Adjustments to “Unallocated assets” mainly include the *goodwill* and the fixed assets revaluations resulting from the acquisitions of: the Allevard Ressorts Automobile Group, 40% of Sogefi Rejna S.p.A., the Filtrauto Group, 60% of Sogefi-MNR Engine Systems India Pvt Ltd and the Systèmes Moteurs Group.
Item “Depreciation, amortisation and writedowns” includes writedowns of tangible fixed assets for Euro 2,945 thousand, primarily referred to European subsidiaries, writedowns of intangible assets for Euro 1,489 thousand, mainly referred to subsidiary Sogefi Filtration do Brasil Ltda.

These assets were written down based on the recoverable value of assets at year-end date, which is considered to be zero.

Information on the main customers

Revenues from sales to third parties as of June 30, 2016 accounting for over 10% of Group revenues are shown in the following table:

(in thousands of Euro)	*June 30, 2016*				
Group	Group		BU Filtration	BU Air & Cooling	BU Suspensions
	Amount	*%*			
Ford	102,426	12.8	26,419	36,736	39,271
FCA/CNH Industrial	90,919	11.4	38,500	29,780	22,639
Renault/Nissan	96,507	12.1	29,146	22,220	45,141
PSA	92,302	11.6	28,754	30,827	32,721

Information on geographic areas

The breakdown of revenues by geographical area “of destination”, in other words with regard to the nationality of the customer, is analysed in the Directors' Report and in note 22.

The following table shows a breakdown of total assets by geographical area:

(in thousands of Euro)	*June 30, 2015*					
	Europe	South America	North America	Asia	Adjust-ments	Sogefi Group consolidation
TOTAL ASSETS	1,487,349	126,233	126,596	73,301	(648,945)	1,164,534

(in thousands of Euro)	*June 30, 2016*					
	Europe	South America	North America	Asia	Adjust-ments	Sogefi Group consolidation
TOTAL ASSETS	1,475,219	101,323	140,402	73,129	(653,615)	1,136,458

C) NOTES ON THE MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION

C 1) ASSETS

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to Euro 97,275 thousand versus Euro 121,892 thousand as of December 31, 2015 and break down as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Short-term cash investments	97,231	121,835
Cash on hand	44	57
TOTAL	97,275	121,892

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

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

As of June 30, 2016, the Group has unused lines of credit for the amount of Euro 287,130 thousand. These funds are available for use on demand, because the conditions required for their availability are met.

Please note that this item includes ARS (Argentine Peso) 6,310 thousand, equal to Euro 381 thousand at the exchange rate of June 30, 2016 (ARS 13,619 thousand, equal to Euro 966 at the exchange rate of December 31, 2015) held by the Argentinian subsidiaries.

5. OTHER FINANCIAL ASSETS

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

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Securities held for trading	17	17
Financial receivables	750	1,438
Held-to-maturity investments	3,949	3,949
Assets for derivative financial instruments	266	931
TOTAL	4,982	6,335

“Held-to-maturity investments” are measured at amortised cost and include bonds of Spanish prime banking institutions.
“Assets for derivative financial instruments” refer to the fair value of forward foreign exchange contracts not designated in hedge accounting.

6. *INVENTORIES*

The breakdown of inventories is as follows:

(in thousands of Euro)	*June 30, 2016*			*December 31, 2015*		
	Gross	*Write-downs*	*Net*	*Gross*	*Write-downs*	*Net*
Raw, ancillary and consumable materials	64,275	4,870	59,405	60,298	3,829	56,469
Work in progress and semi-finished products	16,496	369	16,127	14,171	283	13,888
Contract work in progress and advances	39,214	12	39,202	39,190	12	39,178
Finished goods and goods for resale	53,980	6,565	47,415	55,633	5,474	50,159
TOTAL	173,965	11,816	162,149	169,292	9,598	159,694

Net value of inventories is basically unchanged compared to December 31, 2015. Exchange rate impact is negligible.

7. *TRADE AND OTHER RECEIVABLES*

Current receivables break down as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Trade receivables	192,192	142,266
Less: allowance for doubtful accounts	5,932	5,367
Trade receivables, net	186,260	136,899
Due from Parent Company	4,003	6,590
Tax receivables	26,951	26,753
Other receivables	6,702	7,915
Other assets	6,211	3,974
TOTAL	230,127	182,131

"Trade receivables" are non-interest bearing and have an average due date of 34 days, against 32 days at the end of the previous year.

It should be noted that as of June 30, 2016, the Group factored trade receivables for Euro 98,536 thousand (Euro 88,972 thousand as of December 31, 2015), including an amount of Euro 59,805 thousand which was not notified (Euro 48,487 thousand as of December 31, 2015) and for which the Group continues to manage collection services. The risks and benefits related to these receivables have been transferred to the factor; therefore these receivables have been derecognised in the Statement of Financial Position debiting the consideration received from the factoring company.

Excluding the factoring transactions (Euro 98,536 thousand as at June 30, 2016 and Euro 88,972 thousand as at December 31, 2015) and the negative effect of exchange rates (Euro 492 thousand), net trade receivables show an increase of Euro 59,417 thousand as a result of the increase in the Group's business activities which occurred in the second quarter of 2016 with respect to the end of the previous year.

"Due from Parent Company" includes net receivables resulting from the participation in the Group tax filing system, due to Italian companies from the Parent Company CIR S.p.A.. Outstanding receivables as at December 31, 2015 were collected for a total of Euro 5,684 thousand in the first half of 2016. For further details, please refer to note 39.
"Tax receivables" include tax credits due to Group companies by the tax authorities of various countries.
It does not include deferred tax assets which are treated separately.

"Other receivables" break down as in the following table:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Amounts due from social security institutions	198	204
Amounts due from employees	270	320
Advances to suppliers	2,791	2,659
Due from others	3,443	4,732
TOTAL	6,702	7,915

The decrease in "Other receivables" refers for the most part to subsidiary Allevard Sogefi U.S.A. Inc. for insurance indemnities received.

"Other assets" mainly consist of accrued income and prepayments on insurance premiums and indirect taxes on buildings.
The increase in this item is seasonal and it is mainly due to the prepaid insurance policies, the indirect taxes on buildings, and the IT maintenance fees paid in the first few months of the year but relative to the year as a whole.

8. TANGIBLE FIXED ASSETS

The net carrying amount of tangible fixed assets as of June 30, 2016 amounted to Euro 248,190 thousand versus Euro 252,252 thousand at the end of the previous year and breaks 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, 2015					
Historical cost	14,299	804,801	26,647	31,477	877,224
of which: leases - gross value	-	*13,751*	*86*	*369*	*14,206*
Accumulated depreciation	-	602,940	21,304	728	624,972
of which: leases - accumulated depreciation	-	*7,288*	*86*	-	*7,374*
Net value	14,299	201,861	5,343	30,749	252,252
of which: leases - net value	-	*6,463*	-	*369*	*6,832*
Balance at December 31, 2015	14,299	201,861	5,343	30,749	252,252
Additions of the period	-	3,376	812	14,756	18,944
Disposals during the period, net	-	(86)	(6)	(58)	(150)
Exchange differences	(170)	227	(64)	(472)	(479)
Depreciation for the period	-	(18,397)	(1,074)	-	(19,471)
Writedowns/revaluations during the period	-	(2,643)	(32)	(270)	(2,945)
Reclassification of non-current assets held for sale	-	-	-	-	-
Other changes	-	13,718	1,299	(14,978)	39
Balance at June 30, 2016	14,129	198,056	6,278	29,727	248,190
Historical cost	14,129	811,557	27,315	30,725	883,726
of which: leases - gross value	-	*13,150*	*84*	*362*	*13,596*
Accumulated depreciation	-	613,501	21,037	998	635,536
of which: leases - accumulated depreciation	-	*7,431*	*84*	-	*7,515*
Net value	14,129	198,056	6,278	29,727	248,190
of which: leases - net value	-	*5,719*	-	*362*	*6,081*

Investments during the period amounted to Euro 18,944 thousand and mainly regard “Assets under construction and payments on account”, “Buildings, plant and machinery, commercial and industrial equipment”.

Major investments in the “Assets under construction and payments on account” category mainly reflect investments in subsidiaries Sogefi Engine Systems Mexico S. de R.L. de C.V. for the new plant in Monterrey, Mexico, for the Suspension business unit; the French companies Sogefi Filtration France S.A., Sogefi Air & Refroidissement France S.A.S. and Sogefi Suspensions France S.A. for the development of new products, increase of production capacity and extraordinary maintenance; ISSA S.L. for the increase of production capacity; and Sogefi Filtration d.o.o. for the development of new products.

Among the most significant projects in the "Buildings, plant and machinery, commercial and industrial equipment" category, noteworthy are the investments in subsidiaries Sogefi Filtration Argentina S.A. for adjustment of the lines to comply with health and safety regulations; Sogefi (Suzhou) Auto Parts Co., Ltd for the development of new products and extraordinary maintenance; Sogefi Air & Cooling Canada Corp., Sogefi-MNR Engine Systems India Pvt Ltd and Sogefi Suspensions France S.A. for the increase of production capacity and the development of new products; Sogefi Air & Cooling USA, Inc. and LPDN GmbH for extraordinary maintenance.

During the first half year 2016, no relevant disposals were made.

"Depreciation for the period" has been recorded in the appropriate item in the Income Statement.

"Writedowns/revaluations during the period" totalled Euro 2,945 thousand and mainly relates to European companies.

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

Guarantees
As of June 30, 2016, tangible fixed assets are encumbered by mortgages or liens totalling Euro 7,279 thousand to guarantee loans from financial institutions, compared to Euro 7,726 thousand as of December 31, 2015. Existing guarantees refer to subsidiaries Sogefi Air & Cooling Canada Corp., Allevard IAI Suspensions Private Ltd, United Springs B.V. and Sogefi Filtration do Brasil Ltda.

Purchase commitments
As at June 30, 2016, there are binding commitments to buy tangible fixed assets for the amount of Euro 3,974 thousand (Euro 1,709 thousand as at December 31, 2015). Said commitments will be settled for the most part within 12 months.

Leases
The carrying value of fixed assets under financial leases as of June 30, 2016 was Euro 13,596 thousand, and the related accumulated depreciation amounted to Euro 7,515 thousand.
The financial aspects of the lease payments and their due dates are explained in note 15.

9. *INTANGIBLE ASSETS*

At June 30, 2016 intangible assets amount to Euro 282,406 thousand against Euro 284,050 thousand at the end of the previous year and break down as follows:

(in thousands of Euro)	*Development costs*	*Industrial patents and intellectual property rights, concessions licences and trademarks*	*Other, assets under construction and payments on account*	*Customer Relationship*	*Trade name Systemes Moteurs*	*Goodwill*	*TOTAL*
Balance at December 31, 2015							
Historical cost	184,219	64,388	25,788	19,215	8,437	149,537	451,584
Accumulated amortization	104,857	29,883	3,603	4,372	1,921	22,898	167,534
Net value	79,362	34,505	22,185	14,843	6,516	126,639	284,050
Balance at December 31, 2015	79,362	34,505	22,185	14,843	6,516	126,639	284,050
Additions of the period	7,899	811	6,071	-	-	-	14,781
Disposals during the period, net	(43)	-	-	-	-	-	(43)
Exchange differences	(543)	(34)	(87)	-	-	-	(664)
Amortization for the period	(11,483)	(1,679)	(269)	(495)	(217)	-	(14,143)
Writedowns / revaluations during the period	(1,489)	-	-	-	-	-	(1,489)
Other changes	4,928	79	(5,093)	-	-	-	(86)
Balance at June 30, 2016	78,631	33,682	22,807	14,348	6,299	126,639	282,406
Historical cost	197,625	64,653	26,721	19,215	8,437	149,537	466,188
Accumulated amortization	118,994	30,971	3,914	4,867	2,138	22,898	183,782
Net value	78,631	33,682	22,807	14,348	6,299	126,639	282,406

Investments in the half year amounted to Euro 14,781 thousand.

The increases in “Development costs” refer to the capitalisation of costs incurred by Group companies to develop new products in collaboration with leading motor vehicle manufacturers. The largest investments refer to the subsidiaries Sogefi Air & Refroidissement France S.A.S, Sogefi Filtration France S.A. and Sogefi Air & Cooling Canada Corp..

Increases in “Industrial patents and intellectual property rights, concessions, licences and trademarks” refer mainly to the development and implementation of the new information system across the Sogefi Group. This integrated information system is amortised on a ten-year basis, depending on the estimated useful life, starting from the date of implementation in each subsidiary.

Increases in “Other, assets under construction and payments on account” refer mainly to a large number of investments in the development and implementation of the new information system across the Sogefi Group. The largest investments were made in subsidiaries Allevard Sogefi U.S.A. Inc., Sogefi Suspensions France S.A. and Sogefi Filtration d.o.o..

“Writedowns/revaluations during the period” totalled Euro 1,489 thousand and mainly relates to Sogefi Filtration do Brasil Ltda.

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

The specific goodwill of CGU “Filtration” amounts to Euro 77,030 thousand; the goodwill of CGU “Air and Cooling” amounts to Euro 32,560 thousand; and the goodwill of CGU “Car Suspension” amounts to Euro 17,049 thousand.

The impairment test conducted as of December 31, 2015 confirmed that there was no need to recognise any impairment loss to the values shown in the financial statements. In light of the operating performance of the divisions in the first half of 2016, there are no indications that said assets have suffered any impairment loss in the first half of 2016 as the trend of the business units in the first half of 2016 and the forecasts for the full year 2016 are basically in line with the expectations of the 2016-2019 projections for the Group as approved by the management.

10. INVESTMENTS IN JOINT VENTURES

As of June 30, 2016, this item amounts to zero.

11. OTHER FINANCIAL ASSETS AVAILABLE FOR SALE

As of June 30, 2016, these totalled Euro 48 thousand (Euro 439 thousand as of December 31, 2015) and break down as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Equity investments in other companies	48	439
Other securities	-	-
TOTAL	48	439

The reduction is attributable to the full writedown of the equity investment in AFICO FILTERS S.A.E. (owned at 17.77%) in the presence of an impairment loss as a result of the company worsening economic and financial situation. The resulting writedown of Euro 391 thousand was taken to “Losses (gains) from equity investments”.
At the close of the previous financial year, the equity investment was not classified as associate due to the lack of Group’s members in the management bodies of the company (which means the Group does not exert significant influence on the company).

12. FINANCIAL RECEIVABLES AND OTHER NON-CURRENT RECEIVABLES

Financial receivables total Euro 12,469 thousand (Euro 13,156 thousand as of December 31, 2015) and refer to the fair value of Cross Currency Swap (CCS) hedging contracts. For further details, please refer to note 46.

“Other receivables” break down as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Indemnification asset	19,368	23,368
Other receivables	13,227	11,298
TOTAL	32,595	34,666

“Other receivables” include an indemnification asset of Euro 19,368 thousand owed by the seller of Sogefi Air & Refroidissement France S.A.S.’ shares – booked upon

the PPA of the Systèmes Moteurs Group – relating to the recovery of expenses charged by customers following claims on the quality of products sold, based on warranties given by the same seller.
In May 2016, the Holding Company Sogefi S.p.A. received the outcome of the international arbitration proceedings brought by the company against Dayco, the seller of the subsidiary Sogefi Air & Refroidissement France S.A.S. for the recovery of costs incurred by Sogefi Air & Refroidissement France S.A.S. subsequent to the acquisition. Based on the outcome of the arbitration, the Company reduced recovery expectations from Dayco of Euro 4 million and consequently posted a writedown of indemnification assets by this amount as at June 30, 2016.
Please refer to note 2 for further details, "Consolidation principles and accounting policies".

The item "Other receivables" also includes tax credits relating to the research and development activities of the French subsidiaries, other tax credits and non-interest bearing guarantee deposits for leased properties. These receivables will be collected over the coming years. Item increase compared to December 31, 2015 is mainly due to tax assets of the French subsidiaries.

13. DEFERRED TAX ASSETS

As of June 30, 2016, this item amounts to Euro 66,213 thousand compared to Euro 65,301 thousand as of December 31, 2015.
This amount mainly relates to the expected benefits on deductible temporary differences, booked to the extent that it is likely to be recovered.

This item also includes deferred tax assets for tax losses to be carried forward of Euro 22,109 thousand (Euro 22,607 thousand as at December 31, 2015), all related to tax losses incurred in previous years.
Deferred tax assets for tax losses incurred in previous years relate to the Holding Company Sogefi S.p.A. (Euro 3,750 thousand as at June 30, 2016; Euro 3,495 thousand as at December 31, 2015. This increase is due to the reclassification from receivables owed by Parent Company CIR S.p.A. in connection with the Group tax filing system) and subsidiaries Allevard Sogefi U.S.A. Inc. (Euro 8,449 thousand as of June 30, 2016; Euro 8,615 thousand as of December 31, 2015), Sogefi Suspensions France S.A. (Euro 4,243 thousand as of June 30, 2016, unchanged compared to December 31, 2015); Sogefi Filtration Ltd (Euro 1,527 thousand as of June 30, 2016; Euro 1,737 thousand as at December 31, 2015), Sogefi Filtration S.A. (Euro 2,196 thousand as at June 30, 2016; unchanged compared to December 31, 2015), Sogefi Filtration France S.A. (Euro 511 thousand; Euro 529 thousand as at December 31, 2015), United Springs S.A.S. (Euro 551 thousand as of June 30, 2016; Euro 717 thousand as of December 31, 2015) and Sogefi Air & Refroidissement France S.A.S. (Euro 833 thousand as of June 30, 2016; Euro 1,026 thousand as of December 31, 2015) and Sogefi Rejna S.p.A. (Euro 49 thousand as of June 30, 2016, unchanged compared to December 31, 2015).
With regard to the above mentioned subsidiaries, these taxes were recognised because it is believed to be probable that taxable income will be available in the future - within the timeframe of the business plan - against which such tax losses can be utilised. Such probability is determined based on the fact that losses have

originated under extraordinary circumstances that are unlikely to occur again, such as restructuring plans currently under way or occurred in the past.
Please also note that the losses of the US subsidiary may be carried forward for twenty years, while the losses of the UK subsidiary and the Spanish subsidiary can be carried forward indefinitely in time. The losses of the French subsidiaries can be carried forward indefinitely but the new law passed in 2012 has maintained a limit for the amount that can be utilised each year, making recovery time longer. The losses of the Holding Company Sogefi S.p.A. and the residual ones of subsidiary Sogefi Rejna S.p.A. are likely to be recovered taking into account that the companies have joined the CIR Group tax filing system.

14. NON-CURRENT ASSETS HELD FOR SALE

At June 30, 2016 non-current assets held for sale are zero.

C 2) LIABILITIES AND EQUITY

15. FINANCIAL DEBTS TO BANKS AND OTHER FINANCING CREDITORS

These break down as follows:

Current portion

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Bank overdrafts and short-term loans	22,198	17,843
Current portion of medium/long-term financial debts *of which: leases*	123,762 *1,235*	74,445 *1,252*
TOTAL SHORT-TERM FINANCIAL DEBTS	145,960	92,288
Other short-term liabilities for derivative financial instruments	589	325
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	146,549	92,613

Non-current portion

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Financial debts to banks	82,411	141,080
Other medium/long-term financial debts *of which: leases*	201,761 *7,109*	218,417 *8,135*
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	284,172	359,497
Other medium/long-term liabilities for derivative financial instruments	10,251	11,562
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	294,423	371,059

Bank overdrafts and short-term loans

For further details, please refer to the Analysis of the net financial position in note 21 and to the Consolidated Cash Flow Statement included in the financial statements.

Current and non-current portions of medium/long-term financial debts

Details are as follows (in thousands of Euro):

Balance at June 30, 2016:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guaran-tees
Sogefi S.p.A.	Intesa Sanpaolo S.p.A.	Apr - 2011	Dec - 2016	60,000	Euribor 3m + 260 bps	3,933	0	3,933	N/A
Sogefi S.p.A.	BNP Paribas S.A.	Sep - 2014	Sep - 2019	55,000	Euribor 3m + 215 bps	0	24,898	24,898	N/A
Sogefi S.p.A.	ING Bank	Jul - 2015	Sep - 2020	30,000	Euribor 3m + 190 bps	0	29,863	29,863	N/A
Sogefi S.p.A.	Banca Carige Italia S.p.A	Jul - 2011	Sep - 2017	25,000	Euribor 3m + 225 bps	5,330	1,307	6,637	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	Dec - 2012	Apr - 2017	15,000	Euribor 3m + 315 bps	3,728	0	3,728	N/A
Sogefi S.p.A.	Mediobanca S.p.A	Jul - 2015	Jan- 2017	20,000	Euribor 3m + 130 bps	19,974	0	19,974	N/A
Sogefi S.p.A.	Mediobanca S.p.A	Dec - 2015	Jun- 2017	20,000	Euribor 3m + 125 bps	19,963	0	19,963	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	Sep - 2015	Sep - 2018	19,000	Euribor 3m + 130 bps	7,600	11,338	18,938	N/A
Sogefi S.p.A.	Banca Carige Italia S.p.A	Nov - 2015	Jun - 2019	10,000	Euribor sem. + 130 bps	2,829	5,707	8,536	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ING Bank	Jun - 2014	Jan- 2017	9,815	7.84% fixed	9,815	0	9,815	N/A
Sogefi Suspension France S.A.S.	CIC	May - 2015	Sep - 2016	6,000	Euribor 3m + 130 bps	6,000	0	6,000	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ING Bank	Jun - 2016	Jan- 2017	5,932	7.58% fixed	5,932	0	5,932	N/A
Sogefi Air & Cooling Canada Corp.	Ge Capital	Sep - 2015	Sep - 2019	4,171	4.124% fixed	1,009	2,433	3,442	YES
Sogefi (Suzhou) Auto Parts Co., Ltd	Commerz bank	Dec - 2013	Dec - 2016	4,203	5.13% fixed	4,203	0	4,203	N/A
Sogefi Filtration do Brasil Ltda	Banco do Brasil	Jul- 2014	Aug - 2017	3,155	8 % fixed	0	3,155	3,155	N/A
Sogefi Filtration do Brasil Ltda	Banco do Brasil	Sep - 2015	Aug - 2018	2,786	17.96% fixed	1,057	1,441	2,498	YES
Sogefi Filtration do Brasil Ltda	Banco Itau	Mar - 2013	Sep - 2016	2,476	6.2% fixed	2,476	0	2,476	N/A
S.C. Sogefi Air & Cooling S.r.l	ING Bank	May - 2015	May - 2020	2,197	ROBOR 3m + 2.8%	169	2,028	2,197	N/A
Shanghai Sogefi Auto Parts Co., Ltd	Bank of China	Jan - 2016	Jul - 2016	2,034	5.66% fixed	2,034	0	2,034	N/A
Other loans						26,329	241	12,773	
TOTALE						123,762	82,411	192,376	

Line "Other loan" includes other minor loans, as well as financial lease payments in accordance with IAS 17.

Balance at December 31, 2015:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guaran-tees
Sogefi S.p.A.	Intesa SanPaolo S.p.A.	Apr - 2011	Dec - 2016	60,000	Euribor 3m + 260 bps	7,868	0	7,868	N/A
Sogefi S.p.A.	BNP Paribas S.A.	Sep - 2014	Sep - 2019	55,000	Euribor 3m + 190 bps variable	0	24,858	24,858	N/A
Sogefi S.p.A.	Mediobanca S.p.A.	Jul- 2014	Jan - 2016	20,000	Euribor 3m + 170 bps	0	19,998	19,998	N/A
Sogefi S.p.A.	Banca Carige Italia S.p.A.	Jul - 2011	Sep - 2017	25,000	Euribor 3m + 225 bps	5,232	3,969	9,201	N/A
Sogefi S.p.A.	ING Bank	Jul - 2015	Sep - 2020	30,000	Euribor 3m + 190 bps	0	29,846	29,846	N/A
Sogefi S.p.A.	Mediobanca S.p.A.	Jul - 2015	Jan - 2017	20,000	Euribor 3m + 130 bps	0	19,952	19,952	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	Sep - 2015	Sep - 2018	19,000	Euribor 3m + 130 bps	3,800	15,124	18,924	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	Dec - 2012	Apr - 2017	15,000	Euribor 3m + 315 bps	3,750	3,714	7,464	N/A
Sogefi S.p.A.	Banca Carige Italia S.p.A.	Nov - 2015	Jun - 2019	10,000	Euribor sem. + 130 bps	2,811	7,116	9,927	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ING Bank	Jun - 2014	Jan - 2017	11,415	8.80% fixed	5,156	6,259	11,415	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ING Bank	Jun - 2015	Jan - 2017	5,235	8.01% fixed	1,772	3,463	5,235	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Unicredit S.p.A.	Jan - 2015	Jun - 2016	7,876	7.28% fixed	7,876	0	7,876	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Unicredit S.p.A.	Nov - 2015	Nov - 2016	6,498	6.96% fixed	6,498	0	6,498	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Commerzbank AG	Jan - 2015	Jun - 2016	3,265	5.78% fixed	3,265	0	3,265	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	May - 2015	Dec - 2016	4,466	6.72% fixed	4,466	0	4,466	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	May - 2015	Dec - 2016	2,702	5.52% fixed	2,702	0	2,702	N/A
Sogefi Filtration do Brasil Ltda	Banco Itau BBA International S.A.	Feb - 2013	Mar - 2016	4,818	5.5% fixed	4,818	0	4,818	N/A
Sogefi Filtration do Brasil Ltda	Banco do Brasil S.A.	Sep - 2015	Ago - 2018	2,319	17.96% fixed	640	1,679	2,319	N/A
Sogefi Air & Cooling Canada Corp.	Ge Capital	May- 2015	May- 2019	3,969	4.124% fixed	941	2,799	3,740	YES
Sogefi Filtration S.A.	Banco Sabadell S.A.	May - 2011	May - 2016	7,000	Euribor 3m + 225 bps variable	700	0	700	N/A
S.C. Sogefi Air & Cooling S.r.l	ING Bank	May - 2013	May - 2017	2,459	ROBOR 3M +5.5%	820	205	1,025	N/A
Other loans						11,330	2,098	13,428	
TOTAL						74,445	141,080	215,525	

Other short-term liabilities for derivative financial instruments

The item includes the short-term portion of the fair value of the exchange risk hedging contracts.

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

Other medium/long-term financial debts

Details are as follows (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Total amount at June 30, 2016	Real guarantees
Sogefi S.p.A.	Private placement	May - 2013	May - 2023	USD 115,000	Fixed coupon 600 bps	88,477	N/A
Sogefi S.p.A.	Private placement	May - 2013	May - 2020	Euro 25,000	Fixed coupon 505 bps	24,946	N/A
Sogefi S.p.A.	Equity linked bond	May - 2014	May - 2021	Euro 100,000	Fixed coupon 2% year	80,302	N/A
	Leasing					7,109	
Other financial debts						8,036	
TOTAL						201,761	

Line "Other loan" includes other minor loans, as well as financial lease payments in accordance with IAS 17.

As of December 31, 2015, details are as follows:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Total amount at December 31, 2015	Real guarantees
Sogefi S.p.A.	Private placement	May - 2013	May - 2023	USD 115,000	Fixed coupon 600 bps	105,302	N/A
Sogefi S.p.A.	Private placement	May - 2013	May - 2020	Euro 25,000	Fixed coupon 505 bps	24,940	N/A
Sogefi S.p.A.	Equity linked bond	May - 2014	May - 2021	Euro 100,000	Fixed coupon 2% year	78,627	N/A
Other financial debts						9,548	
TOTAL						218,417	

In the first half of 2016, there were no particular movements in "Medium/long-term financial debts". During the month of May 2016, the Holding Company Sogefi S.p.A. exercised the option, provided for by contract, to early terminate the revolving portion (equal to Euro 30 million, not withdrawn at the date of waiver) of the loan granted by Intesa Sanpaolo S.p.A. in April 2011, and expiring on December 31, 2016.
The loan of Euro 20 million granted by Mediobanca S.p.A. in July 2014 and expiring in the month of January 2016 was replaced by a loan of the same amount and signed with the same institution in December 2015, with effects starting from January 2016 and expiring in the month of June 2017 at a floating rate of 3-month Euribor plus a spread of 125 basis points.
The existing loans are not secured by the Holding Company Sogefi S.p.A.'s assets. Furthermore, note that, contractually, the spreads relating to the loans of the Holding Company Sogefi S.p.A. are reviewed every six months on the basis of the computation of the consolidated NFP/normalised consolidated EBITDA ratio. For an analysis of the covenants relating to loans outstanding at the end of the period, please refer to the note below entitled "Analysis of the financial position".

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

The item includes the medium/long-term portion of the fair value of the interest rate risk hedging instruments.
Please refer to chapter G for a further discussion of this matter.

Finance leases

The Group has finance leases as well as rental and hire contracts for building, plant and machinery that, according to their type, cover substantially all of entire useful life of the asset concerned. The assets held under these leases, rental and hire contracts are booked in accordance with IAS 17 as though they were fixed assets owned by the company, disclosing their historical cost, depreciation, financial cost and residual liability.

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

(in thousands of Euro)	Instalments	Capital
Within 12 months	1,637	1,235
Between 1 and 5 years	5,987	4,778
Beyond 5 years	2,265	2,331
Total lease payments	9,889	8,344
Interests	(1,545)	-
TOTAL PRESENT VALUE OF LEASE PAYMENTS	8,344	8,344

16. TRADE AND OTHER CURRENT PAYABLES

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

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Trade and other payables	354,792	325,421
Tax payables	9,943	6,071
TOTAL	364,735	331,492

Details of trade and other payables are as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Due to suppliers	280,593	256,544
Due to Parent company	2,271	2,428
Due to tax authorities for indirect and other taxes	11,203	8,607
Due to social and security institutions	19,377	21,750
Due to employees	33,678	29,719
Other payables	7,670	6,373
TOTAL	354,792	325,421

Amounts “Due to suppliers “ are not interest-bearing and are settled on average in 74 days (70 days at December 31, 2015).

The amounts “Due to suppliers” increased by Euro 24,049 thousand (by Euro 25,811 thousand exchange rates being equal); this is mainly due to business growth in the second quarter 2016 compared to the last quarter 2015.

Amounts "Due to the parent company" for Euro 250 thousand refer to the debt with the Parent Company CIR S.p.A. for services rendered in the first half of 2016 (Euro 445 thousand in the first half of 2015); Euro 921 thousand reflect the consideration due for the fiscal surplus transferred by companies that have joined the CIR Group tax filing system; the amount Euro 1,046 thousand reflects the tax liabilities in connection with the CIR Group tax filing system. This item also includes Euro 54 thousand for remuneration due to Directors.

The increase in item "Due to tax authorities for indirect and other taxes" mainly refers to VAT debts and withholding taxes.

Payables "Due to social security institutions" decreased as a result of a change in the settlement of contributions at the French subsidiaries (from quarterly, at the end of 2015, to monthly, at the end of the first half of 2016).

The increase in amounts "Due to employees" is highly seasonal and is due mainly to provisions for vacation accrued and not yet utilised and the 13th month salaries that will be paid to employees in the coming months.

The increase in "Tax Payables" by Euro 3,872 thousand reflects the tax accrued in the first half year net of the amounts paid as down payments and full payments in the previous year.

17. OTHER CURRENT LIABILITIES

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

18. LONG-TERM PROVISIONS AND OTHER PAYABLES

Long-term provisions
These are made up as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Pension funds	53,071	42,575
Provision for employment termination indemnities	6,138	6,316
Provision for restructuring	3,014	5,194
Provisions for disputes with tax authorities	32	202
Provision for phantom stock option	8	8
Provision for product warranties and other risks	24,773	23,258
Agents' termination indemnities	4	4
Lawsuits	1,001	1,658
TOTAL	88,041	79,215

Details of the main items are given below.

Pension funds
Changes in this item over the period are shown below:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Opening balance	42,575	47,361
Cost of benefits charged to income statement	1,708	3,941
Amounts recognised in "Other Comprehensive Income"	13,211	(7,176)
Contributions paid	(1,846)	(2,921)
Exchange differences	(2,577)	1,370
TOTAL	53,071	42,575

The following table shows the balances of pension funds by geographical area of the relevant subsidiaries:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Great Britain	26,566	16,378
France	23,032	22,650
Germany	3,089	3,157
Other	384	390
TOTAL	53,071	42,575

The increase in liabilities compared to December 31, 2015 is mainly due to the actuarial losses reported in the first half of 2016 in the British pension funds following the reduction in the discount rate from 3.9% to 3%.

Provision for employment termination indemnities (Italian TFR)
Changes in this item over the period are shown below:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Opening balance	6,316	8,405
Accruals for the period	79	(162)
Amounts recognised in "Other Comprehensive Income"	-	(351)
Contributions paid	(257)	(1,576)
TOTAL	6,138	6,316

Please remember that "Accruals for the period" of financial year 2015 benefited from an adjustment of the provision accrued in previous years.

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

The provision changed as follows during the period:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Opening balance	5,194	19,296
Accruals for the period	351	1,535
Utilizations	(2,406)	(14,438)
Provisions not used during the period	(190)	(440)
Other changes	25	(373)
Exchange differences	40	(386)
TOTAL	3,014	5,194

"Utilisations" (recognised to decrease the provisions previously set aside) primarily refer to the French subsidiaries.

Changes in "Accruals for the period" net of the "Provisions not used during the period" (amounts set aside during previous years in excess of amounts actually paid), are booked to the Income Statement.

Provisions for disputes with tax authorities

This item amounts to Euro 32 thousand (Euro 202 thousand as of December 31, 2015) and reflects tax disputes under way with local European tax authorities. The reduction in the provision is due to the amounts paid in the first half of 2016 (Euro 70 thousand) and to reversals of amounts accrued in previous years and then found to be in excess of amounts actually paid.

Provision for product warranties and other risks

The provision changed as follows during the period:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Opening balance	23,258	25,874
Accruals for the period	2,468	16,520
Utilizations	(1,342)	(18,739)
Provisions not used during the period	(450)	(17)
Other changes	651	(18)
Exchange differences	188	(362)
TOTAL	24,773	23,258

The item reflects for the most part liabilities connected with product warranty risks of the Systèmes Moteurs Group and other liabilities initially recognised during the Purchase Price Allocation exercise relating to the acquisition of the Group in 2011.

"Accruals for the period" account for Euro 889 thousand of product warranty expenses mainly for the European subsidiaries and for Euro 1,597 thousand of disputes under way mainly with employees of the subsidiary Sogefi Filtration do Brasil Ltda.

"Other changes" include reclassifications from other items of the financial statements.

With regard to provision for product warranties of the Systemes Moteurs Group, there are claims in progress by two customers relating to a defective component supplied by subsidiary Sogefi Air & Refroidissement France S.A.S. (previously named Systèmes Moteurs S.A.S.) starting from 2010 before and partly after the subsidiary was acquired by the Sogefi Group. The Company believes that the defect was caused by a thermostat manufactured by a supplier of Sogefi Air & Refroidissement France S.A.S. and in 2012 filed a law suit against that supplier at the French courts seeking indemnity for any damages it might have to pay to its customers.

The court appointed a technical expert to write an expert witness report (*expertise*) in June 2012. Merit proceedings were suspended pending submission of the expert witness report. The expert established that the defect was caused by the thermostat manufactured by the supplier of Sogefi Air & Refroidissement France S.A.S..
In 2014, the two customers joined the *expertise* proceedings and petitioned for their damages to be determined in the expert witness report. Their petition was accepted and the expert's assignment was extended accordingly.
Previously, both customers had requested an out-of-court settlement for damages. To date, neither customer is involved in any other proceedings.

The customers claimed Euro 122.8 million in damages, mostly relating to past and future campaigns and Euro 65.9 million for damage to reputation and loss of future income.
Based on existing proceedings, the Company and its legal counsel deem that there is only a remote possibility that a liability will arise from the latter claim.

With regard to the first amount claimed, each claim was broken down by period of production to reflect the associated production costs. As regards the request of Euro 122.8 million, according to the Company's estimates, Euro 60.4 million of the claimed amount relate to the period before Sogefi Air & Refroidissement France S.A.S. was purchased by the Sogefi Group, and Euro 26.6 million relate to the 7 following months.
The Company has already paid Euro 3 million by issuing debit notes in favour of customers. In addition, the Company paid Euro 18.0 million to the two customers in the first half of 2015. Sogefi Air & Refroidissement France S.A.S. paid out these amounts to the above mentioned customers on a provisional basis under standstill agreements, without any admission of liability. Such amounts will be adjusted or partly refunded as required when the Court decides on the merits of the case.

As of June 30, 2015, according to general prudence principles, the Company decided to account for an additional provision of Euro 11.8 million for product warranties. This amount was again analysed at the end of the first half of 2016 in light of the progress of the proceedings under way. The Company believes that this provision is still adequate.

In May 2016, the Holding Company Sogefi S.p.A. received the outcome of the international arbitration proceedings brought by the company against Dayco, the seller of the subsidiary Sogefi Air & Refroidissement France S.A.S. for the recovery of costs incurred by Sogefi Air & Refroidissement France S.A.S. after the acquisition.
The arbitration award basically confirmed a general principle of eligibility for compensation by Dayco, in favour of Sogefi, with reference to the claims relating to

production prior to the acquisition of Sogefi Air & Refroidissement France S.A.S. by Sogefi, and sentenced Dayco to pay an amount of Euro 9.4 million for claims already settled.
On the other hand, the award states that any payments for claims relating to products made after the acquisition will be born by Sogefi. The company reserves to undertake any and all appropriate actions at the authorities having jurisdiction.

With regard to the indemnities owed by the seller of Sogefi Air & Refroidissement France S.A.S. shares, it is worthwhile pointing out that the Sogefi Group entered an indemnification asset totalling Euro 23.4 million in the Consolidated Financial Statements in 2011, because the seller Dayco Europe S.r.l. had provided contractual guarantees relating to defect liability claims existing at the time of the acquisition, including those noted above.
Based on the outcome of the arbitration, the Company reduced recovery expectations from Dayco of Euro 4 million and consequently posted a writedown of indemnification assets by this amount as at June 30, 2016.

Please note that in the month of July 2016 Dayco paid Euro 4.9 million, representing a portion of the compensation of Eu 9.4 million above.

It should be noted that these are complex proceedings that involve passing judgement on technical, juridical and commercial matters, and present uncertainties connected with the outcome of the proceedings before the French courts and the arbitration award. Estimates concerning risks provision and the recovery of booked assets are based on the best information available at the time of preparing the financial statements. They are subject to change as events evolve.

Other payables
The item “Other payables” amounted to Euro 11,897 thousand (Euro 9,195 thousand at December 31, 2015) of which Euro 6,882 thousand relating to the fair value of the liabilities arising from the put option held by non-controlling shareholders of the subsidiary Sogefi-MNR Engine Systems India Pvt Ltd (fair value of the option estimated exercise price) for a 30% stake of the company. The option may be exercised within the month of October of each year, starting in October 2016, with transfer of shares in the following year.
The increase in “Other liabilities” compared to December 31, 2015 is mainly due to advance payments received from customers.

19. DEFERRED TAX LIABILITIES

As of June 30, 2016, this item amounts to Euro 36,543 thousand compared to Euro 36,264 thousand as of December 31, 2015.
This amount relates to the expected taxation on taxable temporary differences.

20. SHARE CAPITAL AND RESERVES

Share capital
The share capital of the Holding Company Sogefi S.p.A. is fully paid in and amounts to Euro 61,733 thousand as of June 30, 2016 (Euro 61,681 thousand as of December 31, 2015), split into 118,718,055 ordinary shares with a par value of Euro 0.52 each.

As at June 30, 2016, the Company owns 2,917,273 treasury shares (3,252,144 as at December 31, 2015) in its portfolio, corresponding to 2.46% of share capital (2.74% as at December 31, 2015), at an average price of Euro 2.28 each.

Reserves and retained earnings (accumulated losses)
These are made up as follows:

(in thousands of Euro)	*Share capital*	*Legal reserve*	*Share premium reserve*	*Reserve for treasury shares*	*Treasury shares*	*Stock-based incentive plans reverve*	*Translation reserve*	*Cash flow hedging reserve*	*Actuarial gain (loss) reserve*	*Tax on items booked in Other Comprehensive Income*	*Other reserves*	*Retained earnings*	*Net result for the period*	*Total*
Balance at December 31, 2014	*61,631*	*12,340*	*14,423*	*7,831*	*(7,831)*	*4,731*	*(21,544)*	*(16,598)*	*(36,949)*	*12,148*	*3,111*	*124,286*	*3,639*	*161,218*
Paid share capital increase	50	-	95	-	-	-	-	-	-	-	-	-	-	145
Allocation of 2014 net profit:														
Legal reserve	-	300	-	-	-	-	-	-	-	-	-	(300)	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	3,639	(3,639)	-
Credit to equity for stock-based incentive plans	-	-	-	-	-	516	-	-	-	-	-	-	-	516
Fair value measurement of embedded derivative (conversion option)	-	-	-	-	-	-	-	-	-	-	9,090	-	-	9,090
Other changes	-	-	211	(211)	211	(205)	-	-	-	-	-	(44)	-	(38)
Fair value measurement of cash flow hedging instruments: share booked to equity	-	-	-	-	-	-	-	2,383	-	-	-	-	-	2,383
Fair value measurement of cash flow hedging instruments: share booked to income statement	-	-	-	-	-	-	-	1,266	-	-	-	-	-	1,266
Actuarial gain (loss)	-	-	-	-	-	-	-	-	(1,522)	-	-	-	-	(1,522)
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(700)	-	-	-	(700)
Currency translation differences	-	-	-	-	-	-	-	3,488	-	-	-	-	-	3,488
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	-	9,728	9,728
Balance at June 30, 2015	*61,681*	*12,640*	*14,729*	*7,620*	*(7,620)*	*5,042*	*(18,056)*	*(12,949)*	*(38,471)*	*11,448*	*12,201*	*127,581*	*9,728*	*185,574*
Balance at December 31, 2015,	*61,681*	*12,640*	*14,924*	*7,425*	*(7,425)*	*4,661*	*(31,587)*	*(11,767)*	*(29,422)*	*8,565*	*12,201*	*127,827*	*1,120*	*170,843*
Paid share capital increase	*52*	-	*52*	-	-	-	-	-	-	-	-	-	-	*104*
Allocation of 2015 net profit:														
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	1,120	(1,120)	-
Credit to equity for stock-based incentive plans	-	-	-	-	-	120	-	-	-	-	-	-	-	120
Other changes	-	-	764	(764)	764	(762)	-	-	-	-	-	(48)	-	(46)
Fair value measurement of cash flow hedging instruments: share booked to equity	-	-	-	-	-	-	-	884	-	-	-	-	-	884
Fair value measurement of cash flow hedging instruments: share booked to income statement	-	-	-	-	-	-	-	1,819	-	-	-	-	-	1,819
Actuarial gain (loss)	-	-	-	-	-	-	-	-	(13,211)	-	-	-	-	(13,211)
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	1,861	-	-	-	1,861
Currency translation differences	-	-	-	-	-	-	(2,522)	-	-	-	-	-	-	(2,522)
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	-	8,336	8,336
Balance at June 30, 2016	*61,733*	*12,640*	*15,740*	*6,661*	*(6,661)*	*4,019*	*(34,109)*	*(9,064)*	*(42,633)*	*10,426*	*12,201*	*128,899*	*8,336*	*168,188*

Share premium reserve

It amounts to Euro 15,740 thousand compared with Euro 14,924 thousand in the previous year.

The increase by Euro 52 thousand accounts for share subscriptions under stock option plans.

In the first half year 2016, the Holding Company Sogefi S.p.A. credited Euro 764 thousand to the Share premium reserve after the free grant of 334,871 treasury shares to 2011, 2012, 2013 and 2014 Stock Grant beneficiaries.

Treasury shares

Item “Treasury shares” reflects the purchase price of treasury shares. Movements during the year amount to Euro 764 thousand and reflect the free grant of 334,871 treasury shares as reported in the note to “Stock-based incentive plans reserve”.

Translation reserve

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

Changes during the period show a decrease of Euro 2,522 thousand mainly due to the South American subsidiaries.

Reserve for actuarial gains/losses

This reserve reflects the net impact on other actuarial gains (losses) as at January 1, 2012 following the amendment to IAS 19 “Employee Benefits”. The item also includes actuarial gains and losses accrued after January 1, 2012 and recognised in Other Comprehensive Income.

Cash flow hedging reserve

This reserve has changed as a result of accounting for the cash flows deriving from instruments that for IAS 39 purposes are designated as “cash flow hedging instruments”. Changes during the period show an increase of Euro 2,703 thousand which breaks down as follows:

- increase of Euro 1,236 thousand as a consequence of the change after December 31, 2015 in the fair value of the existing effective contracts;
- increase of Euro 1,467 thousand reflecting the portion of negative reserve relating to contracts no longer in hedge accounting that is recognised in the Income Statement over the same period of time as the differentials relating to the underlying hedged item (whose residual part as at June 30, 2016 is 5,045 thousand).

Stock-based incentive plans reserve

The reserve refers to credit to equity for stock-based incentive plans, assigned to Directors, employees and co-workers, resolved after November 7, 2002, including the portion relating to the stock grant plan approved in 2016.

In 2016, further to Stock Grant Plan beneficiaries exercising their rights and due to the corresponding free grant of 334,871 treasury shares, the amount of Euro 762 thousand, corresponding to the fair value at right (Unit) allocation date, was reclassified from “Stock- based incentive plans reserve” increasing the “Share premium reserve” (for Euro 764 thousand) and decreasing “Retained earnings reserve” (for Euro 2 thousand).

While the increase by Euro 120 thousand refers to the cost of accruing plans.

Other reserves
These amount to Euro 12,201 thousand (unchanged with respect to December 31, 2015).

Retained earnings
These totalled Euro 128,899 thousand and include amounts of profit that have not been distributed.
The decrease of Euro 48 thousand refers to the following events:

- the interest held by subsidiary Sogefi Suspensions France S.A. in S.ARA Composite S.A.S. increased from 95% to 95.43% through a share capital increase (Euro 1,890 thousand, amount deliberated and paid) not subscribed by non-controlling interests that led to an amount of Euro 46 thousand being reclassified between non-controlling interests and Group's shareholders' equity;
- reclassification of the above mentioned “Stock-based incentive plans reserve” as outlined above (Euro 2 thousand).

Tax on items booked in Other Comprehensive Income
The table below shows the amount of income taxes relating to each item of Other Comprehensive Income:

(in thousands of Euro)	*1st half 2016*			*1st half 2015*		
	Gross Amount	Tax effect	Net Amount	Gross Amount	Tax effect	Net Amount
- Profit (loss) booked to cash flow hedge reserve	2,703	(649)	2,054	3,649	(1,005)	2,644
- Actuarial profit (loss)	(13,211)	2,510	(10,701)	(1,522)	305	(1,217)
- Profit (loss) booked to translation reserve	(2,660)	-	(2,660)	3,801	-	3,801
Total Other Comprehenive Income, net of tax effect	(13,168)	1,861	(11,307)	5,928	(700)	5,228

NON-CONTROLLING INTERESTS

The balance amounts to Euro 16,941 thousand and refers to the portion of shareholders' equity attributable to non-controlling interests.

The reserve increased by Euro 46 thousand during the first half of 2016 (decrease is booked to “Other changes” in the “Consolidated Statement of Changes in Equity”) traced back to the above mentioned changes in the interest held in subsidiary S.ARA Composite S.A.S..

Details of non-controlling interests are given below:

(in thousands of Euro)		*% owned by third parties*			*Loss (profit) attributable to non-controlling interests*		*Shareholders' equity attributable to non-controlling interests*	
Subsidiary's name	Region	June 30, 2016	December 31, 2015	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	December 31, 2015
S.Ara Composite S.A.S.	France	4.57%	5.00%	5.88%	(190)	(101)	319	463
Iberica de suspensiones S.L.	Spain	50.00%	50.00%	50.00%	2,837	2,062	13,394	15,557
Shanghai Allevard Spring Co., Ltd	China	39.42%	39.42%	39.42%	(31)	(45)	2,626	3,003
Allevard IAI Supensions Pvt Ltd	India	25.77%	25.77%	25.77%	(38)	(32)	535	461
Sogefi Rejna S.p.A.	Italy	0.12%	0.12%	0.12%	1	3	67	69
TOTAL					2,579	1,887	16,941	19,553

Specifically, 50% owned company Iberica de Suspensiones S.L. is treated as a subsidiary because the Group controls the majority of votes of the Board of Directors, which is the corporate body tasked with deciding on the entity's relevant activities.

21. ANALYSIS OF THE NET FINANCIAL POSITION

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

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
A. Cash	97,275	121,892
B. Other cash at bank and on hand (held-to-maturity investments)	3,949	3,949
C. Financial instruments held for trading	17	17
D. Liquid funds (A) + (B) + (C)	**101,241**	**125,858**
E. Current financial receivables	**1,016**	**2,369**
F. Current payables to banks	(22,198)	(17,843)
G. Current portion of non-current indebtedness	(123,762)	(74,445)
H. Other current financial debts	(589)	(325)
I. Current financial indebtedness (F) + (G) + (H)	**(146,549)**	**(92,613)**
J. Current financial indebtedness, net (I) + (E) + (D)	**(44,292)**	**35,614**
K. Non-current payables to banks	(82,411)	(141,080)
L. Bonds issued	(193,725)	(208,869)
M. Other non-current financial debts	(18,287)	(21,110)
O. Non-current financial indebtedness (K) + (L) + (M)	**(294,423)**	**(371,059)**
P. Net indebtedness (J) + (O)	**(338,715)**	**(335,445)**
Non-current financial receivables	12,469	13,156
Financial indebtedness, net including non-current financial receivables (as per the "Net financial position" included in the Report on operations)	**(326,246)**	**(322,289)**

Details of the covenants applying to loans outstanding at the end of the first half year 2016 are as follows (see note 15 for further details on loans):
- loan of Euro 60,000 thousand from Intesa Sanpaolo S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5;
- loan of Euro 15,000 thousand from Banco do Brasil S.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 20,000 thousand from Mediobanca S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 50,000 thousand from Unicredit S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 55,000 thousand from BNP Paribas S.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 20,000 thousand from Mediobanca S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;

- loan of Euro 30,000 thousand from Société Générale S.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 30,000 thousand from Ing Bank N.V.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- bond issue of USD 115,000 thousand: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- bond issue of Euro 25,000 thousand: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4.

As of June 30, 2016, the Company was in compliance with these covenants.

D) NOTES ON THE MAIN INCOME STATEMENT ITEMS: INCOME STATEMENT

22. SALES REVENUES

Revenues from sales and services
In the first half of 2016, the Sogefi Group reported revenue growth of 4.6% at Euro 798.6 million (+10.3% exchange rates being equal).

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

By business sector:

(in thousands of Euro)	*1st half 2016*		*1st half 2015*	
	Amount	*%*	*Amount*	*%*
Suspensions	289,505	36.3	287,125	37.6
Filtration	270,702	33.9	274,042	35.9
Air&Cooling	240,370	30.1	204,685	26.8
Intercompany eliminations	(2,020)	(0.3)	(2,108)	(0.3)
TOTAL	798,557	100.0	763,744	100.0

Revenue growth in the first half of 2016 was particularly supported by the Air and Cooling business, which recorded an increase of 17.4%. The Suspension business sales revenues rose by 0.8%, with an increase of 4.7% excluding Mercosur. Filtration sales revenues decreased by 1.2%, but grew by 3.2% excluding Mercosur.

By geographical area of “destination”:

(in thousands of Euro)	*1st half 2016*		*1st half 2015*	
	Amount	*%*	*Amount*	*%*
Europe	507,659	63.5	498,731	65.3
Mercosur	73,830	9.2	90,403	11.8
Nafta	150,622	18.9	120,848	15.8
Asia	63,495	8.0	50,643	6.6
Other	2,951	0.4	3,119	0.5
TOTAL	798,557	100.0	763,744	100.0

Revenues grew by 1.8% in Europe compared to the first half of 2015 and considerable business development continued in North America (+24.6%) and Asia (+25.4%). In South America sales revenues in Euro decreased by 18.3% due to local currency depreciation and persisting market slowdown.
Excluding South America, growth was 7.6%.

The incidence of non-European countries on the Group's total revenues increased to 36.5% from 34.7% in the first half of 2015 thanks to the positive contribution recorded in the North American and Asian markets. In particular, the weight of the Nafta area and Asia rose from 22.4% in to the first half of 2015 to 26.9%, while the weight of Mercosur fell from 11.8% to 9.2%.

23. SEASONAL NATURE OF SALES

The type of products sold by the company and the sectors in which the Group operates mean that revenues record a reasonably linear trend over the course of the year and are not subject to particular cyclical phenomena when considered on a like-for-like basis.

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

(in thousands of Euro)	*1st half*	*2nd half*	*Total year*
FY 2014	682,959	666,432	1,349,391
FY 2015	763,744	735,306	1,499,050

24. VARIABLE COST OF SALES

Details are as follows:

(in thousands of Euro)	*1st half 2016*	*1st half 2015*
Materials	429,393	408,371
Direct labour cost	64,115	65,162
Energy costs	19,468	20,189
Sub-contracted work	19,523	18,448
Ancillary materials	10,581	10,038
Variable sales and distribution costs (*)	25,094	25,789
Royalties paid to third parties on sales	3,590	3,175
Other variable costs	(1,792)	(2,400)
TOTAL	569,972	548,772

(*) The classification of certain cost items was reviewed in 2016. The following 2015 balances were reclassified to allow for a comparison:

- Euro 12,200 thousand were reclassified from "Variable sales and distribution costs" to "Other non-operating expenses (income)" related to an accrual to Provision for product warranties.

The impact of "Variable cost of sales" on revenues stands at 71.4%, down from 71.9% in the first six months of the previous year.

"Other variable costs" represent the portion of direct labour cost and fixed cost included in the increase in the inventory of finished goods and semi-finished products.

25. MANUFACTURING AND R&D OVERHEADS

Details are as follows:

(in thousands of Euro)	*1st half 2016*	*1st half 2015*
Labour cost	57,023	56,759
Materials, maintenance and repairs	14,200	13,274
Rental and hire charges	4,665	5,250
Personnel services	3,920	4,102
Technical consulting	3,397	2,892
Sub-contracted work	984	660
Insurance	1,408	1,595
Utilities	812	899
Capitalization	(14,261)	(16,507)
Other	2,383	2,321
TOTAL	74,531	71,245

"Manufacturing and R&D overheads" show an increase of Euro 3,286 thousand. Increase is Euro 7,078 thousand exchange rates being equal.
Items "Labour cost" and "Sub-contracted work", to be read in conjunction, posted an overall increase of Euro 588 thousand, mainly due to the subsidiaries Sogefi Air & Refroidissement France S.A.S., Sogefi Filtration France S.A. and Sogefi Air & Cooling USA, Inc. for Research and Development project operations.

The increase in "Materials, maintenance and repairs" by Euro 926 thousand is mainly related to bigger maintenance operations aimed at rising volumes.

"Technical consulting" increased by Euro 505 thousand compared to first half year 2015 as a consequence of a more extensive use of external consultants for R&D, mainly by the French subsidiary Sogefi Filtration France S.A..

Item "Capitalisation" decreased by Euro 2,246 thousand as a result of the decreased capitalisation of research and development expenses mainly in the European subsidiaries.

Total costs for Research and Development (not reported in the table) amount to Euro 19,628 thousand compared to Euro 18,406 thousand in June 2015.

26. DEPRECIATION AND AMORTISATION

Details are as follows:

(in thousands of Euro)	*1st half 2016*	*1st half 2015*
Depreciation of tangible fixed assets	19,472	18,326
of which: assets under finance leases	*507*	*566*
Amortization of intangible assets	14,144	13,585
TOTAL	33,616	31,911

Item "Depreciation and amortisation" amounts to Euro 33,616 thousand compared to Euro 31,911 thousand in the first half year 2015, with a variation of Euro 1,705 thousand. Net of exchange differences, the variation would have been of Euro 2,935 thousand.

Depreciation of tangible assets amounted to Euro 19,472 thousand, increased by Euro 1,146 compared to the same period of the previous year.

Amortisation of intangible assets increased by Euro 559 thousand, mainly in the European subsidiaries.

27. DISTRIBUTION AND SALES FIXED EXPENSES

The table below shows the main components of this item:

(in thousands of Euro)	*1st half 2016*	*1st half 2015*
Labour cost	15,233	14,037
Sub-contracted work	2,798	3,070
Advertising, publicity and promotion	1,687	2,048
Personnel services	1,389	1,733
Rental and hire charges	806	1,042
Consulting	616	789
Other	540	664
TOTAL	23,069	23,383

“Distribution and sales fixed expenses” decreased by Euro 314 thousand. Exchange rates being equal, this item increased by Euro 1,083 thousand.

Items “Labour cost” and “Sub-contracted work”, to be read in conjunction, posted an overall increase of Euro 924 thousand, mainly due to the French subsidiaries Sogefi Filtration France S.A. and Sogefi Air & Refroidissement France S.A.S for newly hired workforce.

“Advertising, publicity and promotion” decreased by Euro 361 thousand as a result of a reduction of marketing and communication activities in the aftermarket segment of the French subsidiary Sogefi Filtration France S.A..

The reduction in “Rental and hire charges” of Euro 236 thousand was mainly due to the insourcing of an external warehouse of the Brazilian subsidiary Sogefi Filtration do Brasil Ltda.

28. ADMINISTRATIVE AND GENERAL EXPENSES

These can be broken down as follows:

(in thousands of Euro)	*1st half 2016*	*1st half 2015*
Labour cost	19,839	20,244
Personnel services	2,265	2,487
Maintenance and repairs	986	705
Cleaning and security	943	937
Consulting	2,806	2,559
Utilities	1,551	1,739
Rental and hire charges	2,172	2,313
Insurance	824	650
Participation des salaries	-	158
Administrative, financial and tax-related services provided by Parent Company	250	445
Audit fees	916	934
Directors' and statutory auditors' remuneration	418	453
Sub-contracted work	283	271
Capitalization	(470)	(1,452)
Indirect taxes (*)	4,318	4,457
Other fiscal charges (*)	1,828	1,596
Other	3,771	4,047
TOTAL	42,700	42,543

(*) At June 30, 2016, Income Statement items "Indirect taxes" and "Other fiscal charges", previously included in "Other non-operating expenses (income)" have been classified under "Administrative and general expenses" of the Income statement for clearer disclosure. For comparative purposes, the corresponding amounts of the first half of 2015 have also been reclassified.

"Administrative and general expenses" increased by Euro 157 thousand, which would have been Euro 2,010 thousand exchange rates being equal.

"Labour cost" decreased by Euro 405 thousand. This change was mainly due to a decrease in personnel costs in the UK subsidiary Sogefi Filtration Ltd and in the Holding Company Sogefi S.p.A..

The decrease in item "Personnel services" for the amount of Euro 222 thousand mainly refers to the French subsidiary Sogefi Suspensions France S.A. and to the Holding Company Sogefi S.p.A. and reflects lower travel expenses compared to the first half year 2015.

"Maintenance and repairs" increased by Euro 281 thousand, mainly due to the European subsidiaries.

"Consulting" increased by Euro 247 thousand, mainly as a result of a greater use of general and administrative consultancy at the French subsidiary Sogefi Air & Refroidissement S.A.S. France..

"Capitalisation" posted a decrease of Euro 982 thousand, attributable to the Holding Company Sogefi S.p.A. for a decrease in IT operations that can be capitalised compared to the first half of 2015, and to a reduction in activities related to the information system.

"Indirect taxes" include tax charges such as property tax, taxes on sales revenues (*taxe organic* of the French companies), non-deductible VAT and taxes on professional training.
"Other fiscal charges" consist of the *cotisation économique territoriale* (previously called *taxe professionnelle*) relating to the French companies, which is calculated on the value of fixed assets and on added value.
"Other fiscal charges" increased by Euro 232 thousand mainly referred to the subsidiary Sogefi Filtration France S.A..

29. PERSONNEL COSTS

Personnel

Personnel costs can be broken down as follows:

(in thousands of Euro)	*1st half 2016*	*1st half 2015*
Wages, salaries and contributions	154,056	154,066
Pension costs: defined benefit plans	1,114	1,143
Pension costs: defined contribution plans	1,043	988
Participation des salaries	-	158
Imputed cost of stock option and stock grant plans	120	516
Other costs	86	158
TOTAL	156,419	157,029

With respect to first half of the previous year, "Personnel costs" have decreased by Euro 610 thousand (-0.3%). Exchange rates being equal, this item would have increased by Euro 6,881 thousand (+4.6%).

The impact of "Personnel costs" on sales revenues has decreased to 19.5% from 20.5% in the first half year 2015.
"Wages, salaries and contributions", "Pension costs: defined benefit plans" and "Pension costs: defined contribution plans" are posted in the tables provided above at line "Labour cost".

"*Participation des salariés*" is included in "Administrative and general expenses".

"Other costs" is included in "Administrative and general expenses".

"Imputed cost of stock option and stock grant plans" is included in "Other non-operating expenses (income)". The following paragraph "Personnel benefits" provides details of the stock option and stock grant plans.

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

(Number of employees)	1st half 2016	1st half 2015
Managers	107	99
Clerical staff	1,877	1,836
Blue collar workers	4,796	4,824
TOTAL	6,780	6,759

Personnel benefits

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

The stock-based incentive plans of Sogefi S.p.A. are first approved by the Shareholders' Meeting.

Except as outlined at the following paragraphs "Stock grant plans", "Stock option plans" and "Phantom stock option plans", the Group has not carried out any other transaction that involves the purchase of goods or services with payments based on shares or any other kind of instrument representing portions of equity. As a result, it is not necessary to disclose the fair value of such goods or services.
Further to the plan issued in 2016, the group issued plans from 2006 to 2015 having the following key features.

Stock grant plans

The stock grant plans provide for the free assignment of conditional rights (called units) that cannot be transferred to third parties or other beneficiaries; each of them entitles to the free assignment of one Sogefi S.p.A. share. There are two categories of rights under these plans: Time-based Units, that vest upon the established terms and Performance Units, that vest upon the established terms provided that shares have achieved the target price value established in the regulation.
The regulation provides for a minimum holding period during which the shares held for the plan can not be disposed of.
All shares assigned under these plans will be treasury shares held by Sogefi S.p.A..
According to the regulation, a pre-condition for assigning the shares is a continued employer-employee relationship with the Company or one of its subsidiaries throughout the vesting period of the rights.

On April 27, 2016, the Board of Directors executed the 2016 stock grant plan approved by the Shareholders' Meeting on the same date to assign a maximum of 750,000 unconditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 500,095 Units (217,036 of which were Time-based Units and 283,059 Performance Units).
Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on July 27, 2018 and ending on April 27, 2020.
Performance Units will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting

date is higher than the increase of the Sector Index (as defined in the Regulation) at that date.

The fair value of the rights assigned during 2016 has been determined at the time the rights were assigned using the binomial option pricing model (so-called Cox, Ross and Rubinstein model) for US options and amounts to Euro 665 thousand overall.

Input data used for measuring the fair value of the 2016 stock grant plan are provided below:
- curve of EUR/GBP/SEK/CHF-riskless interest rates as of April 27, 2016;
- prices of the underlying (equal to price of Sogefi S.p.A. share as of April 27, 2016, and equal to Euro 1.5) and of the securities included in the benchmark basket, again as of April 27, 2016;
- standard prices of Sogefi S.p.A. share and of the securities included in the benchmark basket during the period starting on March 29, 2016 and ending on April 26, 2016 for the determination of the stock grant Performance Units limit;
- historical volatility rate of stock and exchange rates during 260 days, as of April 27, 2016;
- null dividend yield for stock grant valuation;
- historical series of the logarithmic returns of involved securities and EUR/GBP, EUR/SEK and EUR/CHF exchange rates to calculate the correlation among securities and among the three non-EUR denominated securities and associated exchange rates (to adjust for estimated trends), calculated for the period starting on April 27, 2015 and ending on April 27, 2016.

The main characteristics of the stock grant plans approved during previous years and still under way are outlined below:

• 2011 stock grant plan to assign a maximum of 1,250,000 conditional rights, restricted to the Director who filled the post of Managing Director of the Holding Company at the date of issue of the relevant plan and to employees of the Company and its subsidiaries, who were assigned a total of 757,500 Units (320,400 of which were Time-based Units and 437,100 Performance Units).
Time-based Units will vest in *tranches* on a three-monthly basis, accounting for 12.5% of their respective total, starting on April 20, 2013 and ending on January 20, 2015.
Performance Units will vest at the same vesting dates established for Time-based Units, provided that the price value of shares at vesting date is at least equal to the percentage of the initial value indicated in the regulation.
• 2012 stock grant plan to assign a maximum of 1,600,000 conditional rights, restricted to the Director who filled the post of Managing Director of the Holding Company at the date of issue of the relevant plan and to employees of the Company and its subsidiaries, who were assigned a total of 1,152,436 Units (480,011 of which were Time-based Units and 672,425 Performance Units).
Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on April 20, 2014 and ending on January 31, 2016.
Performance Units will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting

date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.

• 2013 stock grant plan to assign a maximum of 1,700,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 1,041,358 Units (432,434 of which were Time-based Units and 608,924 Performance Units).

Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on April 20, 2015 and ending on January 31, 2017.

Performance Units will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.

• 2014 stock grant plan to assign a maximum of 750,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 378,567 Units (159,371 of which were Time-based Units and 219,196 Performance Units).

Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on April 20, 2016 and ending on January 20, 2018.

Performance Units will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.

• 2015 stock grant plan to assign a maximum of 1,500,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 441,004 Units (190,335 of which were Time-based Units and 250,669 Performance Units).

Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on October 20, 2017 and ending on July 20, 2019.

Performance Units will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.

The imputed cost for the first half year 2016 for existing stock grant plans is Euro 120 thousand, booked to the Income Statement under “Other non-operating expenses (income)”.

The following table shows the total number of existing rights with reference to the 2011-2016 plans:

	June 30, 2016	*December 31, 2015*
Not exercised/not exercisable at the start of the year	1,877,872	2,024,255
Granted during the period	500,095	441,004
Cancelled during the period	(670,380)	(409,398)
Exercised during the period	(334,871)	(177,989)
Not exercised/not exercisable at the end of the period	1,372,716	1,877,872
Exercisable at the end of the period	144,261	391,558

Stock option plans

The stock option plans provide beneficiaries with the opportunity to exercise an option to subscribe to newly-issued Sogefi shares at a set price and within a specific period of time. According to the regulation, a pre-condition for exercising the option is a continued employer-employee relationship with or the continued appointment as a director/executive of the Company or one of its subsidiaries throughout the vesting period.

The main characteristics of the *stock option* plans approved during previous years and still under way are outlined below:

• 2006 stock option plan restricted to employees of the Company and its subsidiaries for a maximum of 1,770,000 shares (1.49% of the share capital as of June 30, 2016) with a subscription price of Euro 5.87, to be exercised between September 30, 2006 and September 30, 2016;

• 2007 stock option plan restricted to employees of the foreign subsidiaries for a maximum of 715,000 shares (0.6% of the share capital as of June 30, 2016) with an initial subscription price of Euro 6.96, to be exercised between September 30, 2007 and September 30, 2017. On April 22, 2008, the Board of Directors, under the authority vested in it by the Shareholders' Meeting, adjusted the exercise price from Euro 6.96 to Euro 5.78 to take into account the extraordinary portion of the dividend distributed by the Shareholders' Meeting on the same date;

• 2008 stock option plan restricted to employees of the foreign subsidiaries for a maximum of 875,000 shares (0.74% of the share capital as of June 30, 2016) with a subscription price of Euro 2.1045, to be exercised between September 30, 2008 and September 30, 2018;

• 2009 stock option plan restricted to employees of the Company and its subsidiaries for a maximum of 2,335,000 shares (1.97% of the share capital as of June 30, 2016) with a subscription price of Euro 1.0371, to be exercised between September 30, 2009 and September 30, 2019;

• 2009 extraordinary stock option plan restricted to beneficiaries of 2007 and 2008 phantom stock option plans, still employed by the Company or by its subsidiaries, after having waived their rights under the above-mentioned phantom stock option plans, for a maximum of 1,015,000 shares (0.85% of share capital as of June 30, 2016) of which 475,000 (first Tranche options) with a subscription price of Euro 5.9054, to be exercised between June 30, 2009 and September 30, 2017 and 540,000 (second Tranche options) with a subscription price of Euro 2.1045, to be exercised between June 30, 2009 and September 30, 2018;

• 2010 stock option plan restricted to the Director who filled the post of Managing Director of the Holding Company at the date of issue of the relevant plan and to employees of the Company and its subsidiaries for a maximum of 2,440,000 shares (2.06% of the share capital as of June 30, 2016) with a subscription price of Euro 2.3012, to be exercised between September 30, 2010 and September 30, 2020.

The following table shows the total number of existing options with reference to the 2006-2010 plans and their average exercise price:

	June 30, 2016		*December 31, 2015*	
	Number	*Average price of the period*	*Number*	*Average price of the period*
Not exercised/not exercisable at the start of the year	4,190,737	3.16	4,863,937	3.26
Granted during the period	-	-	-	-
Cancelled during the period	(110,000)	2.30	(230,600)	5.00
Exercised during the period	(100,000)	1.04	(97,000)	1.49
Expired during the period	-	-	(345,600)	3.87
Not exercised/not exercisable at the end of the period	3,980,737	3.24	4,190,737	3.16
Exercisable at the end of the period	3,980,737	3.24	4,190,737	3.16

The line "Not exercised/not exercisable at the end of the period" refers to the total number of options, net of those exercised or cancelled during the current and previous years.
The line "Exercisable at the end of the period" refers to the total amount of options matured at the end of the period and not yet subscribed.
With reference to the options exercised during the first half year 2016, the average weighted price of the Sogefi share at the exercise dates is equal to Euro 1.76.

Details of the number of options exercisable at June 30, 2016 are given below:

	Total
Number of exercisable options remaining at December 31, 2015	4,190,737
Options matured during the period	-
Options cancelled during the period	(110,000)
Options exercised during the period	(100,000)
Number of exercisable options remaining at June 30, 2016	3,980,737

Phantom stock option plans

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

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

The main characteristics of existing plans as of June 30, 2016 are as follows:
• 2007 phantom stock option plan restricted to the Director who filled the post of Managing Director of the Holding Company at the date of issue of the relevant plan, managers and project workers of the Holding Company and to managers of Italian subsidiaries, for a maximum of 1,760,000 options at the initial grant price of Euro 7.0854, adjusted to Euro 5.9054 in 2008, to be exercised between September 30, 2007 and September 30, 2017. Following subscription to the 2009 extraordinary stock option plan, 475,000 options were waived.

Details of the number of phantom stock options as of June 30, 2016 are given below:

	June 30, 2016
Not exercised/not exercisable at the start of the year	840,000
Granted during the period	-
Cancelled during the period	-
Exercised during the period	-
Not exercised/not exercisable at the end of the period	840,000
Exercisable at the end of the period	840,000

The fair value as of June 30, 2016 of the rights awarded was calculated using the Black-Scholes method and amounts to Euro 8 thousand (unchanged compared to the end of 2015).

30. RESTRUCTURING COSTS

These amount to Euro 3,486 thousand (Euro 2,008 thousand in the first half year of the previous year).
This item is comprised of costs incurred and paid during the half-year in the amount of Euro 3,325 thousand, and of accruals to "Provision for restructuring" net of reversals for the provisions not used during the period in the amount of Euro 161 thousand.

31. LOSSES (GAINS) ON DISPOSAL

Net losses on disposal amounted to Euro 17 thousand compared to Euro 1,557 thousand net gains in the first six months of the previous year.

32. EXCHANGE (GAINS) LOSSES

Net exchange gains as of June 30, 2016 amount to Euro 566 thousand (Euro 1,271 thousand net exchange loss as of the first half year 2015) and mainly refer to the South American subsidiaries.

33. OTHER NON-OPERATING EXPENSES (INCOME)

These amount to Euro 15,127 thousand (Euro 13,678 thousand in the first six months of the previous year).
The following table shows the main elements:

(in thousands of Euro)	*1st half 2016*	*1st half 2015*
of which ordinary		
Write-downs of tangible and intangible fixed assets	4,434	34
Imputed cost of stock options and stock grant	120	516
Other ordinary expenses	2,214	928
Total expenses (income) ordinary	*6,768*	*1,478*
of which not ordinary		
Product warranty costs	4,673	12,200
Write-downs of assets	3,686	-
Total expenses (income) not ordinary	*8,359*	*12,200*
TOTAL OTHER NON-OPERATING EXPENSES (INCOME)	15,127	13,678

(*) At June 30, 2016, Income Statement sub-items "Indirect taxes" and "Other fiscal charges", previously included in "Other non-operating expenses (income)" have been reclassified under "Administrative and general expenses" of the Income statement. For comparative purposes, the corresponding amounts of the first half of 2015 have also been reclassified.
Furthermore, note that, the classification of certain cost items was reviewed in the first half of 2016. The figures as at June 30, 2015 were reclassified as follows to allow for a comparison. Euro 12,200 thousand, reflecting an accrual made to Provision for product warranties, were reclassified from "Variable sales and distribution costs" to "Other non-operating expenses (income)".

Item "Other ordinary expenses", amounting to Euro 2,214 thousand, mainly refers to legal disputes with employees and strategic advisory costs.

The item "Product warranty costs" includes the Euro 4,000 thousand writedown of indemnification asset towards the seller of the shares of Sogefi Air & Refroidissement France S.A.S. as set out in paragraph 18.

The item "Write-downs of assets" refers to the subsidiary Sogefi Filtration do Brasil Ltda.

34. FINANCIAL EXPENSES (INCOME), NET

Financial expenses are detailed as follows:

(in thousands of Euro)	*1st half 2016*	*1st half 2015*
Interest on bonds	6,483	6,370
Interest on amounts due to banks	3,714	4,639
Financial charges under lease contracts	306	383
Financial component of pension funds and termination indemnities	619	722
Loss on interest-bearing hedging instruments	2,357	1,996
Net financial expenses from derivatives no more in hedge accounting	37	-
Other interest and commissions	4,093	3,082
TOTAL FINANCIAL EXPENSES	17,609	17,192

Financial income is detailed as follows:

(in thousands of Euro)	*1st half 2016*	*1st half 2015*
Financial income from Cross currency swap in cash flow hedge	575	578
Net financial income from derivatives no more in hedge accounting	-	152
Interest on amounts due from banks	133	241
Fair value of the embedded derivative (call option)	-	1,450
Other interest and commissions	58	87
TOTAL FINANCIAL INCOME	766	2,508
TOTAL FINANCIAL EXPENSES (INCOME), NET	16,843	14,684

Net financial expenses recorded an increase of Euro 2,159 thousand, of which Euro 1,450 thousand related to non-recurring income recorded in the first half of 2015 (“Fair value of the embedded derivative - call option”) and, for the remainder, to an increase of interest expenses in the subsidiary Sogefi Filtration do Brasil Ltda.

The item “Costs of interest-rate hedges” includes the differential between fixed rate and floating rate in the first half of 2016 in respect of all interest rate swap contracts in force in the period (regardless of whether designed in hedge accounting or not).

It should be noted that as at June 30, 2016, the impact of the change in fair value of IRS contracts no longer designated in hedge accounting is negative by an amount of Euro 37 thousand (positive by Euro 152 thousand as of June 30, 2015), and is comprised of:

- a financial charge of Euro 1,467 thousand reflecting the portion of the reserve previously booked to Other Comprehensive Income that is reclassified to Income Statement over the same period of time expected for the differentials relating to the former underlying hedged item;
- a financial income of Euro 1,430 thousand corresponds to the change in fair value of these contracts compared with December 31, 2015.

35. LOSSES (GAINS) FROM EQUITY INVESTMENTS

As of June 30, 2016, the amount of the item was Euro 391 thousand (the item was zero at the end of the first half of 2015) and referred to the full writedown of the equity investment in AFICO FILTERS S.A.E. for impairment as a result of the worsening economic and financial situation of the company during the first half of 2016.

36. INCOME TAXES

The detail is given below:

(in thousands of Euro)	*1st half 2016*	*1st half 2015*
Current taxes	6,920	9,937
Deferred tax liabilities (assets)	615	(6,362)
Expenses (income) from Group tax filing system	921	616
TOTAL	8,456	4,191

The actual tax rate at June 30, 2016 was 43.6% and was impacted by non-recognition of deferred tax assets on losses for the period of some subsidiaries, as well as by the non-recognition of the tax benefit on the Euro 4,000 thousand writedown of indemnification asset (please refer to chapter 18 for more details on that amount).

37. DIVIDENDS PAID

No dividends were paid to the Holding Company shareholders during the first half year 2016.

38. EARNINGS PER SHARE (EPS)

Basic EPS

	June 30, 2016	*June 30, 2015*
Net result attributable to the ordinary shareholders (in thousands of Euro)	8,336	9,728
Weighted average number of shares outstanding during the period (thousands)	115,802	115,201
Basic EPS (Euro)	*0.072*	*0.084*

Diluted EPS

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

	June 30, 2016	*June 30, 2015*
Net result attributable to the ordinary shareholders (in thousands of Euro)	8,336	9,728
Average number of shares outstanding during the period (thousands)	115,802	115,201
Weighted average number of shares potentially under option during the period (thousands)	906	2,901
Number of shares that could have been issued at fair value (thousands)	(602)	(1,940)
Shares arising from the potential conversion of the convertible loan	18,572	18,572
Adjusted weighted average number of shares outstanding during the period (thousands)	134,678	134,734
Diluted EPS (Euro)	0.062	0.072

The “Weighted average number of shares potentially under option during the period” represents the average number of shares that are potentially outstanding under stock option plans (only for potentially dilutive options, i.e. with an exercise price lower than the average fair value of the ordinary shares of Sogefi S.p.A. in the first half of the year), for which the subscription right has vested but has not yet been exercised at the end of the reporting period. These shares have a potentially dilutive effect on Basic EPS and are therefore taken into consideration in the calculation of Diluted EPS.

The “Number of shares that could have been issued at fair value” represents the normalisation factor, being the number of shares that would have been issued dividing the proceeds that would have been received from subscription of the stock options by the average half-year fair value of the Sogefi S.p.A. ordinary shares, which in the first half of 2016 amounted to Euro 1.5617, compared to Euro 2.8027 in the first half of 2015.

Please note that 3,267,337 shares that could dilute basic EPS in the future were not included in the calculation of Diluted EPS because their exercise price is higher than the average fair value of the ordinary shares of Sogefi S.p.A. in the first half of 2016.

E) 39. RELATED PARTY TRANSACTIONS

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

The Group is controlled by the Parent Company CIR S.p.A. (which in turn is controlled by the ultimate Parent Company F.lli De Benedetti S.p.A.), which as of June 30, 2016 held 55.98% of the total shares (57.39% of outstanding shares, excluding treasury shares). Sogefi S.p.A.'s shares are listed on the STAR segment of Mercato Telematico Azionario managed by Borsa Italiana S.p.A..

The Group's consolidated financial statements include the financial statements of the consolidated companies, listed in chapter H along with the stake held in the same by the Group.
Dealings between Group companies are conducted at arm's length, taking into account the quality and nature of services rendered; the Holding Company Sogefi S.p.A. charges Group companies fees for administrative, financial and management support services. The Holding Company also debits and credits interest at a market spread to those subsidiaries that have joined the Group's cash pooling system.
The Holding Company is also charging royalty fees on the Group "SAP" information system to those subsidiaries at which implementation has been completed, as well as a consideration for the Group centralised data communication service through a single provider.
In the first half of 2016, the purchase services previously centralised in the subsidiary Sogefi Purchasing S.A.S. (now Sogefi Gestion S.A.S.) have been assigned to the single Business Units. During the year 2016, some central services will be carried out by the subsidiary Sogefi Gestion S.A.S..

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

Services provided to Sogefi S.p.A. by the Parent Company CIR S.p.A. as of June 30, 2016 amount to Euro 250 thousand (against Euro 445 thousand in the first half of 2015). At June 30, 2016, amounts payable to the Parent Company CIR S.p.A. by the Holding Company Sogefi S.p.A. totalled Euro 250 thousand.

The Italian companies of the Sogefi Group posted receivables for the amount of Euro 4,003 thousand owed by CIR S.p.A. in connection with their participation in the Group tax filing system. Outstanding receivables as at December 31, 2015 were collected for a total of Euro 5,684 thousand in the first half of 2016.

At the end of the first half-year 2016, the Holding Company Sogefi S.p.A. records a liability amounting to Euro 921 thousand reflecting the consideration due for the fiscal surplus transferred by companies that have joined the CIR Group tax filing system. The amount payable by Holding Company Sogefi S.p.A. to Parent Company CIR S.p.A. for such consideration as at June 30, 2016 is Euro 921 thousand.

As regards economic transactions with the Board of Directors, Statutory Auditors, the Chief Executive Officer and the Managers with strategic responsibility, please refer to the attached table for remuneration paid in the first half of 2016.

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

The following tables summarise related party transactions:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Receivables		
- for the Group tax filing to CIR S.p.A.	4,003	6,378
- for income following the transfer of fiscal surplus to the CIR Group	-	212
Payables		
- for purchases of energy/gas from Sorgenia S.p.A.	8	8
- for services received from CIR S.p.A.	250	-
- for expense due to fiscal surplus received from the CIR Group	921	1,454
- for Director's remuneration	54	76
- for services from other related companies	-	31
- for the Group tax filing to CIR S.p.A.	1,046	898

(in thousands of Euro)	*1st half 2016*	*1st half 2015*
Costs		
- for services received from CIR S.p.A.	250	445
- for expense due to fiscal surplus received from the CIR Group	921	616
- for services from other related companies	41	61
Compensation of directors and statutory auditors		
- directors (*)	345	417
- statutory auditors	73	74
Compensation and related contributions to the General Manager of the Holding Company (hired in June 8, 2015) (**)	396	52
Compensation and related contributions to Manager with strategic responsibilities ex Consob resolution no. 17221/2010 (***)	213	831

(*) including also the imputed cost of stock option and stock grant plans for Euro 1 thousand (Euro 38 thousand in the first half year 2015) booked under the item "Other non-operating expenses (income)" and the compensation of the director of the Holding Company for Euro 60 thousand transferred to the Parent Company CIR S.p.A..

(**) including also the imputed cost of stock option and stock grant plans for Euro 42 thousand (no costs imputed in the first half 2015) booked under the item "Other non-operating expenses (income)".

(***) including also the imputed cost of stock grant plans for Euro 13 thousand (imputed income of Euro 66 thousand in first half 2015) booked under the item "Other non-operating expenses (income)" and, in the first half 2015, the cost for the compensation of Euro 682 thousand related to the end of the relevant employment of the Manager with strategic responsibilities ceased during 2015 booked under the item "restructuring costs".

F) COMMITMENTS AND RISKS

40. OPERATING LEASES

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

- a significant part of the risks and benefits associated with ownership are retained by the lessor;
- there are no purchase options at prices that do not represent the presumable market value of the asset being leased at the end of the period;
- the lease term is not for the major part of the useful life of the asset leased or rented;
- at the inception of the lease, the present value of the minimum lease payments is not equal to the fair value of the asset being leased.

Operating lease instalment payments are booked to the Income Statement in line with the underlying contracts.

The main operating leases existing as of June 30, 2016 regard the following companies:

- Sogefi (Suzhou) Auto Parts Co., Ltd. for the rental of three production plants in Wujiang, under a contract that will expire in September 2033.
  As at June 30, 2016, total remaining payments amount to Euro 15,130 thousand, Euro 740 thousand of which due by the end of the year. The Group has not given any guarantees whatsoever for this contract;

- Sogefi Filtration France S.A. for the rental of the offices in Guyancourt. The two contracts will expire in March 2020 and May 2021, respectively. Remaining payments as of June 30, 2016 amount to Euro 3,663 thousand, Euro 779 thousand of which are due by the end of the year.
  The Group has not given any guarantees for this contract;

- Allevard Federn GmbH for the rental of the production plant in Völklingen. The contract expires in September 2020. As at June 30, 2016, the remaining payments amount to Euro 1,633 thousand, Euro 384 thousand of which due by the end of the year.
  The Group has not given any guarantees for this contract;

- Sogefi Air & Cooling Canada Corp. for the rental of the production plant in Montreal. The contract expires in December 2021. As at June 30, 2016, the remaining payments amount to Euro 4,513 thousand, Euro 963 thousand of which due by the end of the year.
  For this contract Sogefi S.p.A. provided a guarantee equal to 100% of the residual instalments still to fall due;

- Sogefi Engine Systems Mexico S. de R.L. de C.V. for the rental of a production plant located in Monterrey. The contract expires in June 2031. As at June 30, 2016, the remaining payments amount to Euro 20,202 thousand, Euro 805 thousand of which due by the end of the year;

For this contract Sogefi S.p.A. provided a guarantee equal to 100% of the residual instalments still to fall due;

- Allevard Sogefi U.S.A. Inc. for the rental of the production plant in Prichard (West Virginia).
  The contract expires in May 2019, and the remaining payments as at June 30, 2016, amount to Euro 1,051 thousand, of which Euro 366 thousand due by the end of the year.
  For this contract Sogefi S.p.A. provided a guarantee equal to 84% of the residual instalments still to fall due. The guarantee is renewed at the end of each year according to the residual amount.
  There are no restrictions of any kind on this type of lease and at the end of the contract the US company will be able to purchase the building at its market value.

- Sogefi Filtration do Brasil Ltda for the rental of the production plant located in Jarinu under a contract that will expire in August 2034.
  As at June 30, 2016, the remaining payments amount to Euro 29,599 thousand, Euro 1,586 thousand of which due by the end of the year. For this contract the Group has issued a bank guarantee of Euro 1,866 thousand, corresponding approximately to the rents of the following 12 months.

41. INVESTMENT COMMITMENTS

At June 30, 2016, Group companies have binding commitments for investments relating to the purchase of property, plant and equipment for Euro 3,974 thousand (Euro 1,709 thousand at December 31, 2015), as already disclosed in the explanatory notes regarding tangible fixed assets.

42. GUARANTEES GIVEN

Details of guarantees are as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
PERSONAL GUARANTEES GIVEN		
a) Sureties to third parties	4,944	4,984
b) Other personal guarantees in favour of third parties	2,463	2,463
TOTAL PERSONAL GUARANTEES GIVEN	7,407	7,447
REAL GUARANTEES GIVEN		
a) against liabilities shown in the financial statement	10,780	8,422
TOTAL REAL GUARANTEES GIVEN	10,780	8,422

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

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

"Real guarantees given" refer to subsidiaries Sogefi Air & Cooling Canada Corp., Allevard IAI Suspensions Private Ltd, United Springs B.V., Sogefi-MNR Engine Systems India Pvt Ltd and Sogefi Filtration do Brasil Ltda, which pledged tangible fixed assets, inventories and trade receivables as real guarantees to secure loans obtained from financial institutions.

43. OTHER RISKS

As of June 30, 2016, the Group had third-party goods and materials held at Group companies worth Euro 11,779 thousand (Euro 10,200 thousand as of December 31, 2015).

44. CONTINGENT ASSETS AND LIABILITIES

Sogefi Group is managing environmental issues in some production plants. No relevant costs are expected.

In 2004, the subsidiary Sogefi Filtration Ltd purchased the assets and liabilities of Filtrauto UK Ltd, thus taking charge of employer as regards the pension funds Filtrauto UK Limited Staff Pension Scheme and Filtrauto UK Limited Works Pension Scheme. Said funds are defined-benefit plans.
Between 1990 and 2006, the employer and the pension fund *trustees* received professional advices from leading consulting companies to equalise the conditions of the pension funds, as required by amended legislation.
It shows that the above equalisation may not have been correctly applied.
Sogefi Filtration Ltd has therefore submitted a *protective claim* to the Birmingham High Court.
The Court could conclude that the equalisation was correctly applied, or that an adjustment could be possible, or even that there is a potential liability. In the latter case, we are confident that almost the entire amount of any liability can be recovered from the consultants.
An initial valuation of the maximum potential liability, before its likely recovery from the consultants amounts to around Euro 2 million.

In January 2014, the Holding Company Sogefi S.p.A. received two notices of assessment under which tax authorities disallowed deduction of the costs for services performed by the Parent Company CIR S.p.A. during the year 2009 for Euro 1.8 million from IRES tax base and consequently their eligibility for VAT tax deduction.
Based on the tax advisor's opinion, Directors believe said arguments to be groundless and inconsistent with the applicable tax regulation in force and, for the moment, the risk of losing to be possible but not probable.
This is why the Holding Company Sogefi S.p.A. did not set aside any amount for tax risks in financial statements as at June 30, 2016.
This is to report that said assessments were already processed by the Provincial Tax Committee with a favourable outcome.
The tax authorities appealed before the Regional Tax Committee against the outcome. The Company has formally answered to the complaint.

In the first half of 2016, the Holding Company Sogefi S.p.A. was subjected to a tax audit for the fiscal years 2011 and 2012. At the conclusion of this audit, a preliminary assessment report was served on the Company (for which so far no notice of assessment was issued) containing the following two remarks: i) undue deduction of Euro 0.6 million for VAT on purchase of goods and services, ii) undue deductibility for IRES (and corresponding VAT deductibility) of costs for services rendered by the parent company CIR S.p.A. for a total of Euro 1.3 million.
Even if the tax authorities would actually issue notices of assessment, based on the tax advisor's opinion, Directors believe said arguments to be groundless and inconsistent with the applicable tax regulation in force and, for the moment, the risk of losing is considered to be possible but not probable.

In 2005, the Holding Company Sogefi S.p.A. applied to the Administrative Court of Paris to rule on the reimbursement of the tax credit (*avoir fiscal*), net of withholding tax of 5% on dividends distributed by the French subsidiaries in 2004, taking account of the changes in French tax legislation which repealed the right to a tax credit from the 2005 fiscal year. Said Court in the first instance and the Administrative Court of Appeal of Paris, in the second instance, have rejected the claims of Sogefi S.p.A.. The Council of State (to which the Company appealed) quashed the judgements and remitted the case to the same Administrative Court.
On June 2, 2016, the Administrative Court of Appeal of Paris notified Sogefi S.p.A. about the judgement which admitted the Company claims and ordered the reimbursement of Euro 3,975 thousand plus interest.
Because the counterparties have the right to appeal the judgement within a period of two months from the day following notification, it was decided to postpone the recognition of the refund in the income statement, until conclusion of any further appeal filed by the French tax authorities.

45. SUBSEQUENT EVENTS

On July 8, 2016, the Company Sogefi S.p.A. received by Dayco Europe Srl the amount of Euro 4.9 million, representing the portion of the compensation of Euro 9.4 million under the arbitration award.

G) 46. FINANCIAL INSTRUMENTS

A) Exchange risk – not designated in hedge accounting

As of June 30, 2016, the Holding Company Sogefi S.p.A. held the following forward purchase contract to hedge exchange risk on intercompany financial positions:

Forward purchase	Date opened	Spot price €/currency	Date closed	Forward price €/currency
GBP 6,000,000	06/20/2016	0.79090	07/20/2016	0.79160

As of June 30, 2016, the fair value of this contract was negative for Euro 324 thousand and was booked to "Other short-term liabilities for derivative financial instruments".

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

Forward sale	Date opened	Spot price GBP/currency	Date closed	Forward price GBP/currency
EUR 1,200,000	05/31/2016	0.76220	07/29/2016	0.76323

As of June 30, 2016, the fair value of these contracts was negative for Euro 93 thousand and was booked to "Other short-term liabilities for derivative financial instruments".

The subsidiary Allevard Springs Ltd held the following forward purchase contracts to hedge the exchange risk on trade positions:

Forward purchase	Date opened	Spot price GBP/currency	Date closed	Forward price GBP/currency
EUR 800,000	06/17/2016	0.78860	07/27/2016	0.78953
EUR 300,000	06/17/2016	0.78860	08/15/2016	0.80000
EUR 350,000	06/17/2016	0.78860	09/23/2016	0.79090

As of June 30, 2016, the fair value of these contracts was positive for Euro 65 thousand and was booked to "Other financial assets – Assets for derivative financial instruments".

The subsidiary S.C. Air & Cooling S.r.l. held the following forward purchase contract to hedge the exchange risk on trade positions:

Forward purchase	Date opened	Spot price RON/currency	Date closed	Forward price RON/currency
EUR 600,000	05/27/2016	4.50425	08/31/2016	4.51330

As of June 30, 2016, the fair value of this contract was positive for Euro 2 thousand and was booked to "Other financial assets – Assets for derivative financial instruments".

The subsidiary Sogefi Air & Cooling Canada Corp. held the following forward purchase contracts to hedge the exchange risk on trade positions:

Forward purchase	Date opened	Spot price CAD/currency	Date closed	Forward price CAD/currency
USD 5,000,000	06/21/2016	1.27900	08/02/2016	1.27899
USD 5,000,000	04/12/2016	1.29000	07/05/2016	1.29020
USD 5,000,000	06/29/2016	1.30150	09/02/2016	1.30150

and the following forward sale contract to hedge the exchange risk on intercompany financial positions:

Forward sale	Date opened	Spot price CAD/currency	Date closed	Forward price CAD/currency
MXN 54,000,000	06/20/2016	14.52440	09/22/2016	14.66940

As of June 30, 2016, the fair value of these contracts was positive for Euro 21 thousand and was booked to "Other financial assets – Assets for derivative financial instruments".

The subsidiary Sogefi Engine Systems Mexico S. de R.L. de C.V. held the following forward purchase contracts to hedge the exchange risk on trade positions:

Forward purchase	Date opened	Spot price MXN/currency	Date closed	Forward price MXN/currency
CAD 3,500,000	06/30/2016	14.53300	09/30/2016	14.67200

As of June 30, 2016, the fair value of these contracts was negative for Euro 32 thousand and was booked to "Other short-term liabilities for derivative financial instruments".

The subsidiary Sogefi-MNR Engine Systems India Pvt Ltd held the following forward purchase contract to hedge the exchange risk on intercompany financial positions:

Forward purchase	Date opened	Spot price INR/currency	Date closed	Forward price INR/currency
EUR 2,000,000	04/29/2016	75.67000	07/29/2016	78.00000

As of June 30, 2016, the fair value of this contract was negative for Euro 61 thousand and was booked to "Other short-term liabilities for derivative financial instruments".

The subsidiary Allevard IAI Suspension Private Ltd held the following forward purchase contract to hedge the exchange risk on intercompany financial positions:

Forward purchase	Date opened	Spot price INR/currency	Date closed	Forward price INR/currency
EUR 350,000	06/01/2016	75.18250	09/01/2016	77.24250

As of June 30, 2016, the fair value of this contract was negative for Euro 4 thousand and was booked to “Other short-term liabilities for derivative financial instruments”.

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

Forward purchase	Date opened	Spot price ARP/currency	Date closed	Forward price ARP/currency
USD 1,000,000	06/23/2016	14.30000	07/29/2016	14.75500
USD 1,000,000	06/23/2016	14.30000	08/31/2016	15.14000

As of June 30, 2016, the fair value of these contracts was positive for Euro 66 thousand and was booked to “Other financial assets – Assets for derivative financial instruments”.

The subsidiary Allevard Molas do Brasil Ltda held the following forward purchase contracts to hedge the exchange risk on trade positions:

Forward purchase	Date opened	Spot price BRL/currency	Date closed	Forward price BRL/currency
EUR 150,000	06/02/2016	4.06349	07/22/2016	4.08300
EUR 150,000	06/23/2016	3.80250	08/24/2016	3.88410

As of June 30, 2016, the fair value of this contract was negative for Euro 32 thousand and was booked to “Other short-term liabilities for derivative financial instruments”.

The subsidiary Sogefi Filtration do Brasil Ltda has the following forward purchase contract to hedge the exchange risk on intercompany financial positions:

Forward purchase	Date opened	Spot price BRL/currency	Date closed	Forward price BRL/currency
EUR 7,000,000	06/30/2016	3.56350	07/21/2016	3.61250

As of June 30, 2016, the fair value of these contracts was negative for Euro 43 thousand and was booked to “Other short-term liabilities for derivative financial instruments”.

B) Interest rate risk - in hedge accounting

During the fiscal year 2013, the Holding Company Sogefi S.p.A. entered into the following interest rate swap contracts (intended to hedge interest rate risk of the Group's future indebtedness) that started to exchange their flows from 2016. Originally these contracts were designated to hedge future indebtedness of the Group. During the year 2015, they were associated with the new loan from ING Bank N.V. for a total of Euro 30 million and passed the effectiveness test under IAS 39, as at June 30, 2016:

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value at 06.30.2016	Fair value at 12.31.2015
Hedging of Sogefi S.p.A. Ing. loan for Euro 30 million	02/21/2013	06/01/2018	10,000	1.660%	(398)	(349)
Hedging of Sogefi S.p.A. Ing. loan for Euro 30 million	02/19/2013	06/01/2018	10,000	1.650%	(396)	(347)
Hedging of Sogefi S.p.A. Ing. loan for Euro 30 million	02/21/2013	06/01/2018	5,000	1.660%	(199)	(175)
TOTAL			25,000		(993)	(871)

C) Exchange rate risk - in hedge accounting

During 2013 the Holding Company Sogefi S.p.A. entered into three cross currency swap (Ccs) contracts maturing in June 2023, designated in hedge accounting, in order to hedge interest and exchange rate risk relating to the private placement of USD 115 million bonds. Under these contracts, a fixed interest receivable of 600 basis points on subscribed notional USD amount is collected by the Holding Company Sogefi S.p.A. on a quarterly basis against payment of a fixed interest payable on a notional amount in EUR corresponding to the USD notional amount converted at the fixed exchange rate of 1.3055 (totalling Euro 88,089 thousand).

Details of these contracts are as follows:

Description of CCSwap	Date opened	Contract maturity	Notional (in thousands of Usd)	Fixed rate	Fair value at 06.30.2016	Fair value at 12.31.2015
Private placement USD 115 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	55,000	6.0% USD receivable 5.6775% Euro payables	6,085	6,349
Private placement USD 115 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	40,000	6.0% USD receivable 5.74% Euro payables	4,126	4,529
Private placement USD 115 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	20,000	6.0% USD receivable 5.78% Euro payables	2,258	2,278
TOTAL			115,000		12,469	13,156

D) Derivatives no longer designed in hedge accounting

At June 30, 2016, the Group holds the following interest rate swap contracts that, based on the effectiveness tests carried out on December 31, 2013 (for the first derivative instrument reported below), on June 30, 2014 and December 31, 2014 (for the other derivative instruments shown) have become ineffective. The purpose of most of these derivative instruments was to hedge the risk of fluctuations in the cash flows arising from expected future indebtedness of the Group, so that the hedging relationship was discontinued and the derivative contracts were reclassified as FVTPL instruments. The change in fair value compared to the last effectiveness test is recognised immediately in the Income Statement, whereas the reserve booked to Other Comprehensive Income is reclassified to the Income Statement over the same period of time as the differentials relating to the former underlying hedged item.

Details are as follows:

Derivatives held by the Holding Company Sogefi S.p.A.:

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value at 06.30.2016	Fair value at 12.31.2015
Hedging of Sogefi S.p.A. loan for Euro 60 million (04/29/2011 maturity 12/31/2016), rate Euribor 3 months + 200 bps	05/11/2011	12/31/2016	4,000	2.990%	(41)	(158)
TOTAL			4,000		(41)	(158)

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value at 06.30.2016	Fair value at 12.31.2015
Hedging of Sogefi S.p.A. future financial indebtedness	02/10/2011	06/01/2018	10,000	3.679%	(801)	(909)
Hedging of Sogefi S.p.A. future financial indebtedness	02/23/2011	06/01/2018	10,000	3.500%	(763)	(897)
Hedging of Sogefi S.p.A. future financial indebtedness	03/11/2011	06/01/2018	10,000	3.545%	(774)	(908)
Hedging of Sogefi S.p.A. future financial indebtedness	03/23/2011	06/01/2018	10,000	3.560%	(776)	(910)
Hedging of Sogefi S.p.A. future financial indebtedness	03/28/2011	06/01/2018	10,000	3.670%	(798)	(939)
Hedging of Sogefi S.p.A. future financial indebtedness	05/13/2011	06/01/2018	10,000	3.460%	(756)	(887)
Hedging of Sogefi S.p.A. future financial indebtedness	06/24/2011	06/01/2018	10,000	3.250%	(714)	(834)
Hedging of Sogefi S.p.A. future financial indebtedness	06/28/2011	06/01/2018	10,000	3.250%	(716)	(834)
Hedging of Sogefi S.p.A. future financial indebtedness	11/28/2011	06/01/2018	10,000	2.578%	(580)	(668)
TOTAL			90,000		(6,678)	(7,786)

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value at 06.30.2016	Fair value at 12.31.2015
Hedging of Sogefi S.p.A. future financial indebtedness	02/11/2013	06/01/2018	5,000	1.225%	(156)	(166)
Hedging of Sogefi S.p.A. future financial indebtedness	02/01/2013	06/01/2018	10,000	1.310%	(328)	(353)
Hedging of Sogefi S.p.A. future financial indebtedness	02/06/2013	06/01/2018	10,000	1.281%	(322)	(346)
Hedging of Sogefi S.p.A. future financial indebtedness	02/11/2013	06/01/2018	5,000	1.220%	(175)	(190)
Hedging of Sogefi S.p.A. future financial indebtedness	02/12/2013	06/01/2018	5,000	1.240%	(157)	(168)
TOTAL			35,000		(1,138)	(1,223)

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value at 06.30.2016	Fair value at 12.31.2015
Hedging of Sogefi S.p.A. future financial indebtedness	02/07/2013	06/01/2018	15,000	1.445%	(533)	(165)
Hedging of Sogefi S.p.A. future financial indebtedness	02/11/2013	06/01/2018	5,000	1.425%	(176)	(200)
Hedging of Sogefi S.p.A. future financial indebtedness	02/19/2013	06/01/2018	10,000	1.440%	(354)	(580)
Hedging of Sogefi S.p.A. future financial indebtedness	02/11/2013	06/01/2018	5,000	1.420%	(155)	(191)
Hedging of Sogefi S.p.A. future financial indebtedness	02/13/2013	06/01/2018	5,000	1.500%	(183)	(385)
TOTAL			40,000		(1,401)	(1,521)

The non-application of hedge accounting described above had the following impact on the financial statements as of June 30, 2016:

- a financial expense of Euro 1,467 thousand was recognised in the Income Statement; this amount reflects the portion of the reserve previously booked to “Other Comprehensive Income” that was reclassified to the Income Statement over the same period of time as the differentials relating to the underlying hedged item (effective financial indebtedness of the Group);
- a financial income of Euro 1,430 thousand reflecting the change in fair value compared to December 31, 2015 was recognised in the Income Statement;

E) Fair value of derivatives in hedge accounting and no longer in hedge accounting

The fair value of all derivatives was calculated using the forward curves of exchange and interest rates as at June 30, 2016, also taking into account a credit valuation adjustment/ debit valuation adjustment. The fair value amounts of derivatives are classified as Level 2 in a hierarchy of levels that describes the significance of the inputs used in fair value measurements.

H) GROUP COMPANIES

47. LIST OF GROUP COMPANIES AS OF JUNE 30, 2016

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Direct equity investment	Currency	Share capital	Number of shares	% of share capital	Par value per share	Par value of the interest held
SOGEFI REJNA S.p.A. Mantua (Italy)	Euro	21,978,316	21,950,990	99.88	1	21,950,990
SOGEFI FILTRATION Ltd Tredegar (Great Britain)	GBP	5,126,737	5,126,737	100.00	1	5,126,737
SOGEFI FILTRATION S.A. Cerdanyola (Spain) 86.08% held by Sogefi S.p.A. 13.92% held by Sogefi Filtration France S.A.	Euro	14,249,084.96	2,370,896	100.00	6.01	14,249,084.96
SOGEFI FILTRATION FRANCE S.A.* Guyancourt (France)	Euro	5,750,000	287,500	100.00	20	5,750,000
SOGEFI SUSPENSIONS FRANCE S.A. ** Guyancourt (France)	Euro	34,000,000	1,999,964	99.998	17	33,999,388
ALLEVARD SOGEFI U.S.A., Inc. Prichard (U.S.A.)	USD	20,055,000	191	100.00		20,055,000
SOGEFI FILTRATION d.o.o. Medvode (Slovenia)	Euro	10,291,798		100.00		10,291,798
SOGEFI GESTION S.A.S.**** Guyancourt (France)	Euro	100,000	10,000	100.00	10	100,000
SHANGHAI SOGEFI AUTO PARTS Co. Ltd Shanghai (China)	USD	13,000,000		100.00		13,000,000
SOGEFI AIR & REFROIDISSEMENT FRANCE S.A.S. *** Guyancourt (France)	Euro	54,938,125	36,025	100.00	1,525	54,938,125
SOGEFI (SUZHOU) AUTO PARTS CO., Ltd Wujiang (China)	USD	37,400,000		100.00		37,400,000

* The company changed name from Filtrauto S.A. to Sogefi Filtration France S.A., effective January 1, 2016
** The company changed name from Allevard Rejna Autosuspensions S.A. to Sogefi Suspensions France S.A., effective January 1, 2016
*** The company changed name from Systèmes Moteurs S.A.S. to Sogefi Air & Refroidissement S.A.S., effective January 1, 2016
**** The company changed name from Sogefi Purchasing S.A.S. to Sogefi Gestion S.A.S., effective April 1, 2016

Indirect equity investments	Currency	Share capital	Number of shares	% of share capital	Par value per share	Par value of the interest held
FILTRATION BUSINESS UNIT						
SOGEFI-MNR Engine Systems India Pvt Ltd Bangalore (India) 45% held by Sogefi Filtration France S.A. 24.98% held by Sogefi Air & Refroidissement France S.A.S. 0.02% held by Systèmes Moteurs China, S.à.r.l.	INR	21,254,640	1,487,825	70.00	10	14,878,250
SOGEFI FILTRATION DO BRASIL Ltda Jarinu – Sao Paulo (Brazil) 99.9999981% held by Sogefi Filtration S.A. 0.0000019% held by Allevard Molas do Brasil Ltda	BRL	51,507,374	51,507,374	100.00	1	51,507,374
SOGEFI FILTRATION ARGENTINA S.A. Buenos Aires (Argentina) 94.248% held by Sogefi Filtration do Brasil Ltda 5.176% held by Sogefi Filtration France S.A. 0.575% held by Sogefi Rejna S.p.A.	ARP	57,235,407	57,235,405	99.999	1	57,235,405

Indirect equity investments	Currency	Share capital	Number of shares	% of share capital	Par value per share	Par value of the interest held
AIR&COOLING BUSINESS UNIT						
SOGEFI AIR & COOLING CANADA CORP.* Nova Scotia (Canada) Held by Sogefi Air & Refroidissement France S.A.S.	CAD	39,393,000	2,283	100.00		39,393,000
SOGEFI AIR & COOLING USA, Inc. ** Wilmington (U.S.A.) Held by Sogefi Air & Refroidissement France S.A.S.	USD	100	1,000	100.00	0.10	100
SYSTEMES MOTEURS CHINA, S.à.r.l. Luxembourg (Luxembourg) Held by Sogefi Air & Refroidissement France S.A.S.	Euro	12,500	125	100.00	100	12,500
S.C. SOGEFI AIR & COOLING S.r.l.*** Titesti (Romania) 99.9997% held by Sogefi Air & Refroidissement France S.A.S. 0.0003% held by Sogefi Filtration S.A. (Spain)	RON	7,087,610	708,761	100.00	10	7,087,610
SOGEFI ENGINE SYSTEMS MEXICO S. de R.L. de C.V. Apodaca (Mexico) 0.03% held by Sogefi Air & Refroidissement France S.A.S. 99.97% held by Sogefi Air & Cooling Canada Corp.	MXN	3,000	3,000	100.00	1	3,000
SOGEFI ENGINE SYSTEMS HONG KONG Ltd Hong Kong (Hong Kong) Held by Systèmes Moteurs China, S.à.r.l.	HKD	1,000	1,000	100.00	1	1,000

* On May 3, 2016, the Company changed name from Sogefi Engine Systems Canada Corp. to Sogefi Air & Cooling Canada Corp.
** On June 1, 2016, the Company changed name from Sogefi Engine Systemes USA, Inc to Sogefi Air & Cooling USA, Inc.
*** On March 23, 2016, the Company changed name from S.C. Systèmes Moteurs S.r.l. to S.C. Sogefi Air & Cooling S.r.l.

Indirect equity investments	Currency	Share capital	Number of shares	% of share capital	Par value per share	Par value of the interest held
SUSPENSION BUSINESS UNIT						
ALLEVARD SPRINGS Ltd Clydach (Great Britain) Held by Sogefi Suspensions France S.A.	GBP	4,000,002	4,000,002	100.00	1	4,000,002
ALLEVARD FEDERN GmbH Völklingen (Germany) Held by Sogefi Suspensions France S.A.	Euro	50,000		100.00		50,000
ALLEVARD REJNA ARGENTINA S.A. Buenos Aires (Argentina) 90.19% held by Sogefi Suspensions France S.A. 9.80% held by Allevard Molas do Brasil Ltda	ARP	48,858,410	48,853,430	99.99	1	48,853,430
IBERICA DE SUSPENSIONES S.L. (ISSA) Alsasua (Spain) Held by Sogefi Suspensions France S.A.	Euro	10,529,668	5,264,834	50.00	1	5,264,834
ALLEVARD MOLAS DO BRASIL Ltda São Paulo (Brazil) 99.997% held by Sogefi Suspensions France S.A. 0.003% held by Allevard Springs Ltd	BRL	37,161,683	37,161,683	100.00	1	37,161,683
UNITED SPRINGS Ltd Rochdale (Great Britain) Held by Sogefi Suspensions France S.A.	GBP	4,500,000	4,500,000	100.00	1	4,500,000
UNITED SPRINGS B.V. Hengelo (Netherlands) Held by Sogefi Suspensions France S.A.	Euro	254,979	254,979	100.00	1	254,979
SHANGHAI ALLEVARD SPRING Co., Ltd Shanghai (China) Held by Sogefi Suspensions France S.A.	Euro	5,335,308	1.00	60.58		3,231,919
UNITED SPRINGS S.A.S. Guyancourt (France) Held by Sogefi Suspensions France S.A.	Euro	5,109,000	2,043,600	100.00	2.5	5,109,000
S.ARA COMPOSITE S.A.S. Guyancourt (France) Held by Sogefi Suspensions France S.A.	Euro	11,500,000	22,000,000	95.65	0.5	11,000,000
ALLEVARD IAI SUSPENSIONS Pvt Ltd Pune (India) Held by Sogefi Suspensions France S.A.	INR	340,000,000	25,237,856	74.23	10	252,378,560
LUHN & PULVERMACHER - DITTMANN & NEUHAUS GmbH Hagen (Germany) Held by Allevard Federn GmbH	Euro	50,000		100.00	50,000	50,000

EQUITY INVESTMENTS IN SUBSIDIARIES CONSOLIDATED USING THE EQUITY METHOD

Indirect equity investments	Currency	Share capital	Number of shares	% of share capital	Par value per share	Par value of the interest held
MARK IV ASSET (Shanghai) AUTO PARTS Co., Ltd Shanghai (China) Held by Sogefi Engine Systems Hong Kong Limited	RMB	10,000,000	1	50.00		5,000,000

EQUITY INVESTMENTS IN OTHER COMPANIES CARRIED AT COST

Indirect equity investments	Currency	Share capital	Number of shares	% of share capital	Par value per share	Par value of the interest held
UMC & MAKKAWI SPRING MANUFACTURING Co., Ltd Khartoum (Sudan) Held by Sogefi Rejna S.p.A.	SDP	900,000	225	25.00	1,000	225,000
AFICO FILTERS S.A.E. Cairo (Egypt) Held by Sogefi Rejna S.p.A.	EGP	14,000,000	24,880	17.77	100	2,488,000

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

STATEMENT OF FINANCIAL POSITION
INCOME STATEMENT

STATEMENT OF FINANCIAL POSITION
(in thousands of Euro)

ASSETS	*Note*	*June 30, 2016*	*December 31, 2015*
CURRENT ASSETS			
Cash and cash equivalents	*3*	36,747	45,241
Cash pooling current accounts with subsidiaries	*4*	19,042	8,496
Other financial assets		112	192
Loans and financial receivables similar to loans with subsidiaries	*5*	20,365	11,233
of which dividends from subsidiaries not yet collected		*15,001*	*1*
WORKING CAPITAL			
Inventories		-	-
Trade receivables	*6*	14,816	16,086
of which from subsidiaries		*11,466*	*10,362*
of which from parent company		*3,350*	*5,724*
Other receivables	*6*	285	338
Tax receivables	*6*	434	127
Other assets	*6*	1,200	887
TOTAL WORKING CAPITAL		16,735	17,438
TOTAL CURRENT ASSETS		93,001	82,600
NON-CURRENT ASSETS			
FIXED ASSETS			
Investment properties: land	*7*	13,280	13,280
Investment properties: other	*7*	9,735	9,735
Other tangible fixed assets		195	235
of which leases		-	-
Intangible assets	*8*	30,875	31,751
TOTAL FIXED ASSETS		54,085	55,001
OTHER NON-CURRENT ASSETS			
Equity investments in subsidiaries	*9*	424,068	403,964
Equity investments in associates		-	-
Other financial assets available for sale		-	-
Loans and financial receivables similar to loans	*10*	91,669	104,356
of which from subsidiaries		*79,200*	*91,200*
of which other medium/long term assets for derivatives financial instruments		*12,469*	*13,156*
Other receivables		20	24
Deferred tax assets	*11*	7,065	7,820
TOTAL OTHER NON CURRENT ASSETS		522,822	516,164
TOTAL NON CURRENT ASSETS		576,907	571,165
TOTAL ASSETS		669,908	653,765

LIABILITIES	*Note*	*June 30, 2016*	*December 31, 2015*
CURRENT LIABILITIES			
Bank Overdraft and short term loans	*12*	5,007	5,000
Cash pooling current accounts with subsidiaries	*12*	106,583	100,535
Current portion of medium/long term financial debts and other loans	*12*	79,744	25,025
of which leases		-	-
of which to subsidiaries		-	-
Capital shares of subsidiaries subscribed and not yet paid		7,000	-
TOTAL SHORT-TERM FINANCIAL DEBTS		198,334	130,560
Other short-term liabilities for derivative financial instruments	*12*	324	-
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		198,658	130,560
Trade and other payables	*13*	9,735	9,530
of which to subsidiaries		*2,751*	*3,244*
of which to parent company		*1,224*	*1,530*
Tax payables		50	481
Other current liabilities		10	10
TOTAL CURRENT LIABILITIES		208,453	140,581
NON-CURRENT LIABILITIES			
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS			
Financial debts to bank	*12*	72,944	124,380
Other medium/long term financial debts	*12*	193,725	208,868
of which leases		-	-
TOTAL MEDIUM/LONG TERM FINANCIAL DEBTS		266,669	333,248
Other medium/long term financial liabilities for derivative financial instruments	*12*	10,251	11,559
TOTAL MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		276,920	344,807
OTHER LONG-TERM LIABILITIES			
Long-term provision	*14*	578	683
Other payables		-	-
Deferred tax liabilities	*14*	379	172
TOTAL OTHER LONG-TERM LIABILITIES		957	855
TOTAL NON-CURRENT LIABILITIES		277,877	345,662
SHAREHOLDERS' EQUITY	*15*		
Share capital		61,733	61,681
Reserves and retained earnings (accumulated losses)		108,059	112,622
Profit (loss) for the period		13,786	(6,781)
TOTAL SHAREHOLDERS' EQUITY		183,578	167,522
TOTAL LIABILITIES AND EQUITY		669,908	653,765

INCOME STATEMENT
(in thousands of Euro)

		Note	First half 2016	First half 2015
FINANCIAL INCOME AND EXPENSES		17		
1)	Income from equity investments		23,678	17,002
2)	Other financial income		6,573	15,701
	of which from subsidiaries		*2,157*	*2,435*
	of which exchange gains		*3,834*	*11,071*
3)	Interests expenses and other financial expenses		15,054	21,730
	of which to subsidiaries		*44*	*20*
	of which exchange losses		*3,932*	*10,788*
TOTAL FINANCIAL INCOME AND EXPENSES			15,197	10,973
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS				
4)	Revaluations		-	-
5)	Writedowns		-	-
TOTAL VALUE ADJUSTMENTS			-	-
6) OTHER OPERATING INCOME		18	10,804	11,656
of which from subsidiaries			*10,783*	*11,624*
OTHER OPERATING EXPENSES		19		
7)	Non-financial services		5,820	5,510
	of which to subsidiaries		*2,984*	*3,216*
	of which to parent company		*310*	*468*
8)	Leases and rental		2,978	2,848
9)	Personnel		2,876	3,581
10)	Depreciation, amortization and writedowns		1,458	1,673
11)	Provisions for risks		-	-
12)	Other provision		-	-
13)	Other operating expenses		426	589
TOTAL OTHER OPERATING EXPENSES			13,558	14,201
NON-OPERATING INCOME AND EXPENSES		20		
14)	Income		-	-
	of which non-recurring		-	-
15)	Expenses		556	1,135
	of which non-recurring		*556*	*1,135*
NON-OPERATING PROFIT (LOSS)			(556)	(1.135)
PROFIT (LOSS) BEFORE TAXES			11,887	7,293
16)	Income taxes	21	(1,899)	(1,775)
NET PROFIT			13,786	9,068

STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)

	First half 2016	*First half 2015*
Profit (loss) for the period	13,786	9,068
Other comprehensive income (losses):		
Items that will not be reclassified to profit or loss:		
- Actuarial gains (losses) on defined-benefit plans	-	-
- Tax effect on items that will not be reclassified to profit or loss	-	-
Subtotal of items that will not be reclassified to profit or loss	-	-
Items that may be reclassified to profit or loss:		
- Profit (loss) from fair value measurement of cash flow hedge derivatives	2,692	3,636
- Profit (loss) from fair value measurement of financial assets available for sale	-	-
- Tax effect on items that may be reclassified to profit or loss	(646)	(1,000)
Subtotal of items that may be reclassified to profit or loss:	*2,046*	*2,636*
Other Comprehensive Income net of tax effect	2,046	2,636
Total Comprehensive profit (loss) for the period	15,832	11,704

CASH FLOW STATEMENT

(in thousands of Euro)

	First half 2016	*First half 2015*
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	13,786	9,068
Adjustments:		
- non collected dividends	(15,001)	(15,002)
- depreciation and amortisation of tangible and intangible fixed assets	1,458	1,673
- reclassification to income statement of cash flow hedge reserve	2,072	(8,224)
- expenses recognized for share-based incentive plans	17	341
- exchange rate differences on private placement	(2,046)	8,059
- (not paid) interest expenses on bonds	1,704	1,511
- change in fair value of the call option (embedded derivatives)	-	(1,450)
- net change in provision for phantom stock option	-	118
- net change in provision for employment termination indemnities	(104)	62
- change in net working capital	1,214	1,156
- change in tax receivables/payables	(737)	(294)
- other medium/long-term assets/liabilities	319	(2,455)
CASH FLOWS FROM OPERATING ACTIVITIES	2,682	(5,437)
INVESTING ACTIVITIES		
Paid share capital increase in subsidiaries	(13,000)	-
Net change in intangible and tangible fixed assets	(541)	(1,669)
Net change in other financial assets	404	(192)
NET CASH FLOW FROM INVESTING ACTIVITIES	(13,137)	(1,861)
FINANCING ACTIVITIES		
Paid share capital increase	104	145
New (repayment of) medium/long term loans	(11,520)	(10,563)
New (repayment of) bonds	-	-
Net cash pooling position	(4,499)	(20,332)
Loans and other financial receivables from subsidiaries	17,869	(1,106)
NET CASH FLOW FROM FINANCING ACTIVITIES	1,954	(31,856)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(8,501)	(39,154)
Balance at the beginning of the period	40,241	26,584
(Decrease) increase in cash and cash equivalents	(8,501)	(39,154)
BALANCE AT THE END OF THE PERIOD	(31,740)	(12,570)

NB: this table shows the elements that bring about the change in cash and cash equivalents, as expressly required by IAS 7 (in particular the net balance between “Cash and cash equivalents” and “Bank overdrafts and short-term loans”). For a better understanding of the various operating cash flows and hence the changes in the overall net financial position, reference should be made to the cash flow statement included in the Report of the Board of Directors on Operations.

ADDITIONAL INFORMATION OF CASH FLOW STATEMENT	*First half 2016*	*First half 2015*
Interests collected	2,664	2,968
Interests paid	(8,965)	(8,847)
Dividends collected	8,677	2,000
Current income tax collections (payments)	5,471	1,339

STATEMENTS OF CHANGE IN EQUITY

(in thousands of Euro)	Share Capital	Reserves and retained earnings (accumulated losses)	Profit for the period	Total Shareholders' equity
Balance at December 31, 2014	*61,631*	*97,596*	*2,022*	*161,249*
Increase in share capital restricted to the employees of Sogefi S.p.A. and its subsidiaries	50	95	-	145
Allocation of 2014 net profit:				
- Legal reserve	-	300	(300)	-
- Retained earnings reserve	-	1,722	(1,722)	-
Recognition of share-based incentive plans	-	516	-	516
Convertible debt equity components	-	9,090	-	9,090
Comprehensive income for the period:				
- Actuarial gains (losses) on defined-benefit plans	-	-	-	-
- Fair value measurement of cash flow hedging instruments	-	3,636	-	3,636
- Fair value measurement of financial assets available for sale	-	-	-	-
- Tax on items booked directly to equity	-	(1,000)	-	(1,000)
- Net result for the period	-	-	9,068	9,068
Total other comprehensive profit for the period	-	*2,636*	*9,068*	*11,704*
Balance at June 30, 2015	*61,681*	*111,955*	*9,068*	*182,704*

(in thousands of Euro)	Share Capital	Reserves and retained earnings (accumulated losses)	Profit for the period	Total Shareholders' equity
Balance at December 31, 2015	*61,681*	*112,622*	*(6,781)*	*167,522*
Increase in share capital restricted to the employees of Sogefi S.p.A. and its subsidiaries	52	52	-	104
Allocation of 2015 net loss:				
- Retained earnings reserve	-	(6,781)	6,781	-
Recognition of share-based incentive plans	-	120	-	120
Convertible debt equity components	-	-	-	-
Comprehensive income for the period:				
- Actuarial gains (losses) on defined-benefit plans	-	-	-	-
- Fair value measurement of cash flow hedging instruments	-	2,692	-	2,692
- Fair value measurement of financial assets available for sale	-	-	-	-
- Tax on items booked directly to equity	-	(646)	-	(646)
- Net result for the period	-	-	13,786	13,786
Total other comprehensive profit for the period	-	*2,046*	*13,786*	*15,832*
Balance at June 30, 2016	*61,733*	*108,059*	*13,786*	*183,578*

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

A) GENERAL ASPECTS

1. CONTENT AND FORMAT OF THE FINANCIAL STATEMENTS

The interim condensed financial statements for the period January 1 - June 30, 2016 have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union and have been prepared according to IAS 34 – "Interim Financial Reporting", applying the same accounting principles and policies used in the preparation of the separate financial statements as at December 31, 2015. "IFRS" also means the International Accounting Standards ("IAS") currently in force, as well as all of the interpretation documents issued by the IFRS Interpretations Committee (formerly called "IFRIC") previously called the Standing Interpretations Committee ("SIC").
As a partial exception to IAS 34 provisions, these interim condensed financial statements provide detailed as opposed to condensed statements in order to provide a better and clearer overview of the changes that have taken place in the Company's assets and liabilities, financial position and results during the half-year. They also contain the disclosures required by IAS 34 for interim condensed financial statements with the supplementary information considered useful for a clearer understanding of these half-yearly financial statements of the Company.

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

The enclosed financial schedules show the amounts of the corresponding items as at December 31, 2015 for the statement of financial position, and for the first half of 2015 for the income statement.

The interim condensed financial statements as at June 30, 2016 should be read in conjunction with the annual financial statements as at December 31, 2015.
With reference to IAS 1, the Board of Directors confirms that, on the economic forecasts, the capitalisation and the financial position of the entity, the same operates with business continuity.
The interim condensed financial statements as at June 30, 2016 were approved by the Board of Directors on July 25, 2016.

2. ACCOUNTING POLICIES

The accounting policies applied in preparing the interim condensed financial statements for the six-month period ended June 30, 2016 are consistent with those used for the annual financial statements as at December 31, 2015 to which the reader should refer with the exception of the following.
It should be noted that the preparation of the separate interim condensed financial statements requires Directors to make estimates and assumptions, which affect the values of revenues, costs, assets and liabilities and the information regarding potential assets and liabilities as at the date of the interim condensed financial statements. If in the future said estimates and assumptions, which are based on the best estimates of the Directors, should change due to actual circumstances, they will be adjusted accordingly in the period in which said circumstances change.
It should also be noted that some measurement processes, in particular the more complex ones, such as the calculation of any impairment of non-current assets, are generally fully made only when the annual financial statements are prepared, when all of the information that may be required is available, with the exception of the cases in which there are impairment indicators that require the performance of an impairment test. As at June 30, 2016 no impairment indicators have been detected.
For a more thorough description of the Company's estimates and key assumptions, please refer to note 2 of the financial statements as at December 31, 2015.
The main items affected by this process are as follows:

- the fair value of derivatives (as of June 30, 2016 Euro 12.5 million assets and Euro 10.3 million liabilities) was estimated with the support of external consultants based on valuation models in accordance with industry practice, in compliance with the requirements of IFRS 13 (calculation of DVA- Debit valuation adjustment).
- The fair value of investment property (recorded as at December 31, 2015 for Euro 23,015 thousand) was calculated with the support of third-party experts, in December 2015, using synthetic method of the market comparison with real properties having similar characteristics, location, use and constraints for industrial sites of Mantua, San Felice del Benaco and Raffa di Puegnago, while the office building located in Mantua was valued using the cost method which is based on the assumption of the costs for reproducing the property under consideration, applying an appropriate adjustment in order to consider the specific state of conservation, as well as functional and economic obsolescence. In the first half of 2016 no indicators were highlighted to require a new measurement of investment properties fair value. The Company uses appraisals carried out by third-party consultants in the industry usually prepared every two years, anticipating the exercise in presence of external events that require a new measurement.
- Deferred tax assets (recorded at June 30, 2016 for Euro 3,749 thousand), related to 2014 tax losses to be carried forward that could not be offset by taxable income of the CIR Group tax filing system, was recognised taking into account the probable existence of sufficient future taxable income under the Group tax filing system, based on the assessment made by the consolidating company in view of projections by the companies that joined the tax filing system.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS ADOPTED FROM JANUARY 1, 2016

The following IFRS accounting standards, amendments and interpretations were first adopted by the Company starting January 1, 2016:

- Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions" (issued on November 21, 2013) concerning the recognition of contributions from employees or third parties to defined benefit plans. The adoption of these amendments had no impact on the financial statements of the Company.
- Amendments to IFRS 11 Joint Arrangements – "Accounting for acquisitions of interests in joint operations" (issued on May 6, 2014) concerning the accounting for acquisitions of interests in a joint operation when the operation constitutes a business. The adoption of these amendments had no impact on the financial statements of the Company.
- Amendments to IAS 16 Property, plant and equipment and IAS 41 Agriculture – "Bearer Plants" (issued on June 30, 2014) providing for bearer plants, i.e. fruit trees that bear produce annually (such as vines, hazelnut plants) to be accounted for under IAS 16 (rather than IAS 41). The adoption of these amendments had no impact on the financial statements of the Company.
- Amendments to IAS 16 Property, plant and Equipment and IAS 38 Intangibles Assets – "Clarification of acceptable methods of depreciation and amortisation" (issued on May 12, 2014) establishing that a depreciation method based on revenue is not appropriate, because the revenue arising from the operation of a business of which the asset under depreciation or amortisation is part reflects a different pattern from the mere use of the economic benefits arising from the asset, which is a pre-requisite for depreciation or amortisation. The adoption of this amendment had no impact on the financial statements of the Company.
- Amendments to IAS 1 – "Disclosure Initiative" (issued on December 18, 2014): the goal of the amendments is to provide some clarifications on disclosures and other elements that may be perceived as hindrance to a clear and intelligible presentation of financial statements. The adoption of these amendments had no impact on the financial statements of the Company.
- Amendment to IAS 27 - Equity Method in Separate Financial Statements (issued on August 12, 2014): it introduces the option of using the equity method in an entity's financial statements in order to value the stakes held in subsidiaries, joint ventures and associates. The adoption of these amendments had no impact on the financial statements of the Company.

On December 12, 2013, the IASB published document "*Annual Improvements to IFRSs: 2010-2012 Cycle*" (including IFRS 2 *Share Based Payments – Definition of vesting condition*, IFRS 3 *Business Combination – Accounting for contingent consideration*, IFRS 8 *Operating segments – Aggregation of operating segments* and *Reconciliation of total of the reportable segments' assets to the entity's assets*, IFRS 13 *Fair Value Measurement – Short-term receivables and payables*) and – on September 25, 2014 – document "*Annual Improvements to IFRSs: 2012-2014 Cycle*" (including: IFRS 5 – *Non-current Assets Held for Sale and Discontinued Operations,* IFRS 7 – *Financial Instruments: Disclosure* and IAS 19 – *Employee Benefits*) partly amending existing standards. The adoption of these amendments had no impact on the financial statements of the Company.

ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

The European Union has not yet completed its endorsement process for the standards and amendments below reported at the date of this Interim financial report.

- IFRS 15 – Revenue from Contracts with Customers (issued on May 28, 2014 and supplemented with further clarifications published on April 12, 2016) bound to replace IAS 18 – Revenue and IAS 11 – Construction Contracts, as well as the interpretations IFRIC 13 – Customer Loyalty Programmes, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers and SIC 31 – Revenues-Barter Transactions Involving Advertising Services. The standard provides for a new revenue recognition model, which will be applicable to all agreements made with customers, with the exception of those falling under the scope of application of other IAS/IFRSs such as leases and insurance policy contracts and financial instruments. The main steps for revenue recognition according to the new model are:
  - identifying the agreement in place with the customer;
  - identifying the performance obligations under the agreement;
  - defining the transaction price;
  - price allocation to the performance obligations under the agreement;
  - revenue recognition criteria when the entity satisfies each performance obligation.

  This standard is applicable as of January 1, 2018, though early adoption is allowed. Directors do not expect that the application of the IFRS 15 may have a material impact on revenue recognition and the relevant disclosure in the Company financial statements. Still, it will be impossible to provide a reasonable estimate as to the effects until the Company completes a detailed analysis of the agreements in place with the customers.
- Final version of IFRS 9 – Financial instruments (issued on July 24, 2014). The standard includes the results of the classification, valuation, impairment and hedge accounting phases relating to the IASB project pending the replacement of IAS 39:
  - it introduces new criteria to classify and measure financial assets and liabilities.
  - With reference to the impairment model, the new standard requires the losses on receivables to be estimated based on the expected losses model (instead of the incurred losses model of IAS 39) using information that can be evidenced, available free of charge or without unreasonable effort and including historic, current and forecast data.
  - A new hedge accounting model is introduced (additional types of transactions can be designated for hedge accounting, different accounting method for forward contracts and options when they are included in a hedge accounting transaction, changes to effectiveness test).
  - The new standard, which supersedes the previous versions of IFRS 9, must be applied to reporting periods beginning on January 1, 2018 and thereafter.

  Directors expect that the application of the IFRS 9 may have a significant impact on the balances and the relevant disclosures in the Company afinancial statements with special reference to derivatives. Still, it will be impossible to provide a reasonable estimate as to the effects until the Company completes a detailed analysis.

- On January 13, 2016, the IASB issued IFRS 16 – Leases which is to replace IAS 17 – Leases, as well as IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.
  The new standard provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to differentiate between lease and service agreements according to: asset identification, right to replacement of the asset, right to obtain all economic benefits arising out of use of the asset and right to control the use of the asset underlying the agreement.
  The standard introduces a single lessee accounting model for recognising and measuring lease agreements, which provides for the underlying asset – including assets underlying operating leases – to be recognised in the statement of financial position as assets and lease financial liabilities. Lessees may elect to not recognise agreements for low-value assets or with a term of up to 12 months within the scope of this standard. No significant changes are introduced for lessor accounting.
  The standard applies for reporting periods beginning on or after January 1, 2019. Early application is only allowed for early adopters of IFRS 15 - Revenue from Contracts with Customers. Directors expect that the adoption of IFRS 16 will have a significant impact on lease accounting and the relevant disclosures included in the annual report of the Company. Still, it will be impossible to provide a reasonable estimate as to the effects until the Company completes a detailed analysis of the relevant agreements.
- On September 11, 2014 the IASB issued amendments to IFRS 10 and IAS 28 "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture". The purpose of these amendments was to resolve the conflict between IAS 28 and IFRS 10 concerning the measurement of profit or loss arising from transfers or assignments of a non-monetary asset to a joint venture or associate in return for its shares. The IASB has suspended the application of these amendments for the time being.
- On December 18, 2014, the IASB published document "*Investment Entities:* Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)" (issued on December 18, 2014) introduces certain changes to address issues arisen after the application of the consolidation exception granted to investment entities. The amendments apply at the latest as of the reporting period starting on January 1, 2016 or at a later date. Early adoption is allowed. Directors do not expect any significant effect on the financial statements of the Company when these amendments are adopted, as the Company does not meet the definition of Investment Entity.
- On January 19, 2016 the IASB issued the document "Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to IAS 12)" that contains some amendments to IAS 12. The document aims at providing some clarifications on the recognition of deferred tax assets on tax lossescarried forward upon the occurrence of certain circumstances as well as on the measurement of taxable income for future years. The amendments apply as of January 1, 2017, though early adoption is allowed. Directors do not expect a significant effect on the Company financial statements upon the application of these amendments.

- On January 29, 2016 the IASB published the document "Disclosure Initiative (Amendments to IAS 7)" that contains some amendments to IAS 7. The document aims at clarifying and improving disclosures on financial liabilities. In particular, the amendments require to disclose information that enables users of the financial statements to understand the changes in liabilities arising from financing transactions. The amendments apply as of January 1, 2017, though early adoption is allowed. No comparative information relating to prior years is required. At the moment Directors are looking into the possible effects caused by the introduction of the above amendments on the Company financial statements.
- On June 20, 2016 the IASB published the document "Classification and measurement of share-based payment transactions (Amendments to IFRS 2)" that contains some clarifications in relation to the accounting of the effects coming from vesting conditions in the presence of cash-settled share-based payments, the classification of share-based payments with net settlement characteristics and the recognition of changes to the terms and conditions of a share-based payment which modify its classification from cash-settled to equity-settled. The amendments apply as of January 1, 2018, though early adoption is allowed. At the moment Directors are looking into the possible effects caused by the introduction of the above amendments on the Company financial statements.

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

B1) ASSETS

3. CASH AND CASH EQUIVALENTS

Details are as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Short-term cash investments	36,746	45,238
Cash and cash equivalents on hand	1	3
TOTAL	36,747	45,241

This mainly comprises bank deposits and includes interest accrued at June 30, 2016.
The change in "Cash and cash equivalents" should be read jointly with the changes in financial liabilities.

As at June 30, 2016 the Company had unused credit lines of Euro 165,178 thousand (Euro 195,524 thousand as at December 31, 2015). All of the conditions for the same have been respected, which means that these funds are available for use on demand.

4. CASH POOLING CURRENT ACCOUNTS WITH SUBSIDIARIES

This item includes the assets as at June 30, 2016 held in subsidiary companies and derived from treasury activities within the management of intercompany cash pooling and include receivables for interest accrued on the relevant items.

Details are as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Sogefi Filtration Ltd	9	415
Sogefi Rejna S.p.A.	1	64
Sogefi Filtration France S.A.	777	881
Sogefi Filtration d.o.o.	2,370	8
Sogefi Filtration S.A.	3,972	-
Sogefi Gestion S.A.S.	2,284	1,976
Allevard Sogefi U.S.A. Inc.	2	2
United Springs B.V.	376	-
United Springs Ltd	762	-
Allevard Federn GmbH	7,038	5,115
Sogefi Suspensions France S.A.	-	3
Allevard Spring Ltd	139	1
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH	9	23
Sogefi Engine Systems Mexico S. de R.L. de C.V.	1,300	6
Sogefi Air & Cooling Canada Corp.	3	2
TOTAL	19,042	8,496

5. LOANS AND FINANCIAL RECEIVABLES SIMILAR TO LOANS WITH SUBSIDIARIES

Details are as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Receivables for dividends resolved to be collected:		
Sogefi Filtration S.A.	-	2
Sogefi Filtration France S.A.	7,001	-
Sogefi Suspensions France S.A.	8,000	-
Loans to subsidiaries:		
Sogefi Filtration Ltd	-	2,725
Sogefi Filtration France S.A.	5,000	5,000
Allevard Sogefi U.S.A. Inc.	-	3,215
Financial interest matured on loan to subsidiaries	364	291
TOTAL	20,365	11,233

As at June 30, 2016, Euro 5,000 thousand represented a loan granted at market rates (linked to the 3-month Euribor) to Sogefi Filtration France S.A. This loan falls due within the next 12-month period. In the first half of the year, subsidiaries Sogefi Filtration Ltd and Allevard Sogefi U.S.A. Inc. repaid in advance the remaining loan at December 31, 2015 corresponding to GBP 2 million for the British subsidiary and to USD 3.5 million for the US subsidiary.
In the item "Receivables for dividends resolved to be collected", receivables from French subsidiaries Sogefi Filtration France S.A. and Sogefi Suspensions France

S.A. refer to dividends resolved in April 2016, whose payment is expected during the second half of the year.

6. TRADE AND OTHER RECEIVABLES

Details are as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Receivables from subsidiaries	11,466	10,362
Receivables from parent company	3,350	5,724
Trade receivables	-	-
Other receivables	285	338
Tax receivables	434	127
Other assets	1,200	887
TOTAL	16,735	17,438

The item "Receivables from parent company" decreased mainly due to the collection, during the month of June, of Euro 5,471 thousand related to the tax losses for the year 2015 (Euro 5,247 thousand), as well as to a portion of tax losses for the year 2014 (Euro 224 thousand) offset within the CIR Group tax filing system and increased by the tax loss originated in the first half of 2016 (Euro 3,290 thousand).
At June 30, 2016 the item "Tax receivables" mainly includes tax receivables for foreign withdrawals applied on payments made by subsidiaries as well as VAT credits.
“Other assets” is represented by Euro 641 thousand of accrued income and prepaid expenses mainly referred to IT service fees paid in advance for the year, and by up front commissions and other charges of Euro 249 thousand paid at the signing date in November 2014 of a revolving loan agreement for an amount of Euro 30 million obtained from Société Générale S.A. (as at June 30, 2016, the Company has not carried out any draw-down from such loan; the credit line is available until November 2019 and the Company expects to use it during its residual useful life).
The additional amount of Euro 310 thousand (December 31, 2015: Euro 341 thousand) is represented by the prepaid royalties relating to future years, paid to FramGroup on the basis of the contract signed in 2008 for the renewal and extension until June 30, 2021 of the use of the FRAM brand by Group companies operating in the fluid filters division. The contract provides for the exclusive use of the brand in key markets in Europe, the former Soviet Union and South America.

7. INVESTMENT PROPERTIES

The investment properties item includes land and buildings held for the purpose of earning rent or capital gains on their disposal.
As at June 30, 2016, these amount to Euro 23,015 thousand and are unchanged with respect to December 31, 2015.
The half-year report did not highlight any indicators requiring a new measurement of investment properties fair value. The latter was determined through an appraisal made by third-party experts in December 2015.

As at June 30, 2016 investment properties are not encumbered by any restriction or commitment.

8. INTANGIBLE ASSETS

Details are as follows:

(in thousands of Euro)	2016			
	Industrial patents and intellectual property rights	*Concessions, licenses, trademarks and similar right*	*Other asset, under construction and payments on account*	*TOTAL*
Net balance on January 1	31,630	121	-	31,751
Reclassified in the period	-	-	-	-
Additions of the period	534	3		537
Amortisation of the period	(1,403)	(11)	-	(1,414)
Net balance on June 30:	30,761	113	-	30,874
Historical cost	38,240	289	-	38,529
Accumulated amortisation	(7,479)	(176)	-	(7,655)
Net value	30,761	113	-	30,874

The increases reported in the half year being examined are mainly capitalisations for the "SAP" integrated platform activated on January 1, 2013 and currently still being implemented at Group level.
At the end of the year 2015 the implementation was complete in the following subsidiaries: Sogefi Rejna S.p.A., Sogefi Suspensions France S.A., Allevard Springs Ltd, Sogefi Filtration France S.A., Sogefi Filtration d.o.o., Sogefi Filtration Ltd, Sogefi Air & Refroidissement France S.A.S, S.C. Sogefi Air & Cooling S.r.l., Sogefi Filtration S.A., Iberica de Suspensiones S.L., Sogefi (Suzhou) Auto Parts Co., Ltd and Shanghai Allevard Springs Co., Ltd.. During the first six months of 2016 no further roll-out was completed in any other subsidiary.
The Company owns intellectual property of said Group IT system and has licensed its use to the subsidiaries involved in the implementation process, against payment of royalty fees.
This integrated information system is amortised on a ten-year basis, depending on the estimated useful life, starting from the date of implementation in each subsidiary.
The likelihood of recovering the accounting value of the asset (mainly the SAP integrated platform) is guaranteed by royalties charged by the Company to its subsidiaries involved in the implementation process.

9. EQUITY INVESTMENTS IN SUBSIDIARIES

Changes during the first half of 2016 in equity investments in subsidiaries are illustrated in the following table:

STATEMENT OF CHANGES IN EQUITY INVESTMENTS IN SUBSIDIARIES DURING THE FIRST HALF OF 2016
(amounts in thousands of Euro)

	Opening balance 12.31.2015			
	No. of shares	Historical Cost	Revaluation (Writedowns)	Balance
Subsidiaries				
SOGEFI REJNA S.p.A.	21,950,990	79,544	(13,662)	65,882
SOGEFI FILTRATION Ltd	5,126,737	10,424	28,366	38,790
SOGEFI FILTRATION S.A.	2,040,896	31,758	7,755	39,513
SOGEFI FILTRATION d.o.o.	1	10,791	-	10,791
SOGEFI FILTRATION FRANCE S.A.	287,500	38,661	-	38,661
SOGEFI SUSPENSIONS FRANCE S.A.	1,999,964	54,965	-	54,965
ALLEVARD SOGEFI U.S.A. Inc.	191	23,554	(16,155)	7,399
SOGEFI GESTION S.A.S. (1)	10,000	131	-	131
SHANGHAI SOGEFI AUTO PARTS Co., Ltd	1	9,462	-	9,462
SOGEFI AIR & REFROIDISSEMENT FRANCE S.A.S.	3,602,500	126,060	-	126,060
SOGEFI (SUZHOU) AUTO PARTS Co., Ltd	1	12,310	-	12,310
Total subsidiaries		397,660	6,304	403,964

(1) The company Sogefi Purchasing S.A.S. changed its name to Sogefi Gestion S.A.S. effective April 1, 2016.

	First half 2016					Closing balance 2016.06.30		
	Increases		Decreases		Writedowns			
	No. of shares	Amount	No. of shares	Amount	Amount	No. of shares	Amount	% ownership
Subsidiaries								
SOGEFI REJNA S.p.A.	-	15	-	-	-	21,950,990	65,897	99.88
SOGEFI FILTRATION Ltd	-	-	-	30	-	5,126,737	38,760	100.00
SOGEFI FILTRATION S.A.	-	5	-	-	-	2,040,896	39,518	(*) 86.08
SOGEFI FILTRATION d.o.o.	-	-	-	11	-	1	10,780	100.00
SOGEFI FILTRATION FRANCE S.A.	-	28	-	-	-	287,500	38,689	100.00
SOGEFI SUSPENSIONS FRANCE S.A.	-	68	-	-	-	1,999,964	55,033	99.998
ALLEVARD SOGEFI U.S.A. Inc.	-	5	-	-	-	191	7,404	100.00
SOGEFI GESTION S.A.S.	-	2	-	-	-	10,000	133	100.00
SHANGHAI SOGEFI AUTO PARTS Co., Ltd	-	-	-	-	-	1	9,462	100.00
SOGEFI AIR & REFROIDISSEMENT FRANCE S.A.S.	-	22	-	-	-	3,602,500	126,082	100.00
SOGEFI (SUZHOU) AUTO PARTS Co., Ltd	-	20,000	-	-	-	1	32,310	100.00
Total subsidiaries		20,145		41	-		424,068	

(*) Ownership is 100% through the subsidiary Sogefi Filtration France S.A.

In May 2016, the Company fully subscribed a capital increase approved by Sogefi (Suzhou) Auto Parts Co., Ltd. for a total of Euro 20 million aimed at strengthening the financial structure of the Chinese subsidiary. This amount was paid for Euro 13 million on May 13, 2016 while the remainder, amounting to Euro 7 million, will be liquidated in September 2016.
The further net increase in the cost of equity investments in subsidiaries of Euro 104 thousand corresponds to the fair value of rights relating to stock-based incentive plans (Stock Grant plans) awarded to employees of subsidiaries; said amounts have a balancing item in a specific equity reserve.
As at June 30, 2016, indicators did not occur on these stakes in subsidiaries requesting the performance of an updated impairment test about their recoverable amount. The Company will carry out impairment tests on investments in subsidiaries when preparing the annual financial statements.

10. LOANS AND FINANCIAL RECEIVABLES SIMILAR TO LOANS

As at June 30, 2016, these represent financial receivables due from subsidiaries for loans granted at market conditions, the repayment of which is envisaged in the medium-term.
The amount of Euro 12,469 thousand (Euro 13,156 thousand at December 31, 2015) reported under "Other derivative financial assets" regards the fair value of Cross Currency Swap (Ccs) contracts designed in hedge accounting, entered into at the end of April 2013 and maturing in June 2023 with the purpose of hedging interest rate and currency exchange risk regarding a *private placement* bond for USD 115 million.

Details are as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Loans to subsidiaries:		
Sogefi Suspensions France S.A.	62,200	77,200
Allevard Federn GmbH	10,000	10,000
Sogefi Filtration do Brasil Ltda	7,000	4,000
Other assets for derivative financial instruments:		
Other medium/long-term financial assets for cash flow hedge	12,469	13,156
TOTAL	91,669	104,356

11. DEFERRED TAX ASSETS

As at June 30, 2016, these amounted to Euro 7,065 thousand, against Euro 7,820 thousand at the end of the previous year, and relate to benefits on deductible temporary differences for Euro 3,316 thousand (cash flow hedging reserve accounts for the amount of Euro 2,106 thousand) expected at the end of the period, and residual tax losses for FY 2014 not yet included in the CIR Group tax filing system for Euro 3,749 thousand.
Deferred tax assets are recognised by on the probability of their recovery: more specifically, the Company recognised deferred tax assets on the amount of tax losses not off set by taxable profit in the CIR Group tax filing system based on future expected taxable income coming from the forecasts prepared by the companies participating in the CIR Group tax filing system.This item should be considered together with "Other liabilities for deferred taxes", which reflects the impact of deferred tax liabilities at the end of the period.

B2) LIABILITIES AND EQUITY

12. FINANCIAL DEBTS TO BANK AND OTHER FINANCING CREDITORS

Details are as follows:

Current portion

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Bank overdrafts and short-term loans	5,007	5,000
Cash pooling current accounts with subsidiaries	106,583	100,535
Current portion of medium/long term financial debts and other loans	79,744	25,025
of which to subsidiaries	-	-
Capital shares of subscribed and not yet paid	7,000	-
Total loans maturing within one year	198,334	130,560
TOTAL SHORT-TERM FINANCIAL DEBTS	198,334	130,560
Other short-term liabilities for derivative financial instruments	324	-
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	198,658	130,560

Non-current portion

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Debts to bank for medium/long term loans	72,944	124,380
Other medium/long term financial debts	193,725	208,868
TOTAL MEDIUM/LONG TERM FINANCIAL DEBTS	266,669	333,248
Other medium/long-term liabilities for derivative financial instruments	10,251	11,559
TOTAL MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	276,920	344,807

Bank Overdraft and short-term loan
Euro 5 million account for temporary utilisation of a banking credit line at Unicredit S.p.A. expiring in the month of August 2016.

Cash pooling current accounts with subsidiaries
This item includes the liabilities held in subsidiary companies derived from centralised treasury activity within the management of intercompany cash pooling and include payables for interest accrued on the relevant items.
Details are as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Sogefi Filtration France S.A.	128	9,167
Sogefi Rejna S.p.A.	15,092	19,609
Sogefi Filtration S.A.	-	3,306
Sogefi Filtration Ltd	4,009	5,750
Sogefi Filtration d.o.o.	-	69
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH	2,539	691
United Springs S.A.S.	1,878	4,328
United Springs Ltd	1,330	4,234
Allevard Federn GmbH	8,696	-
Allevard Springs Ltd	-	10,460
Sogefi Suspensions France S.A.	14,954	5,813
Allevard Sogefi U.S.A. Inc.	11,550	9,980
Sogefi Air & Refroidissement S.A.S.	42,391	24,295
Sogefi Air & Cooling Canada Corp.	4,015	569
Sogefi Engine Systems Mexico, S de R.L. de C.V.	1	2,264
TOTAL	106,583	100,535

Share Capital increase subscribed and not yet paid
Euro 7 million account for outstanding amount due to the Chinese subsidiary Sogefi (Suzhou) AutoParts Co., Ltd, to be settled in September 2016, for the capital increase amounting to overall Euro 20 million subscribed in the month of May 2016, as discussed in the previous item "Equity investments in subsidiaries". The amount of Euro 13 million was paid out during the month of May 2016.

Other short-term liabilities for derivative financial instruments
This item amounts to Euro 324 thousand and relates to the fair value of one currency forward contract (not designed in hedge accounting) entered into by the Company to hedge the exchange rate risk on currency (GBP) cash pooling liabilities to subsidiaries. The relevant cost is included in the income statement under “Interest expenses and other financial expenses”.

Medium/long term financial debts
Details are as follows:

Position on June 30, 2016	*Signing date*	*Due date*	*Original Loan Amount*	*Interest rate applied at June 30, 2016*	*Current portion (in thousands of Euro)*	*Non-current portion (in thousands of Euro)*	*Total amount (in thousands of Euro)*	*Guarantee*
Medium/long-term bank loans								
Intesa Sanpaolo S.p.A.	Apr 2011	Dec 2016	Euro 60,000,000	3M Euribor + 260 bps	3,933	-	3,933	N/A
Banca Carige Italia S.p.A.	Jul 2011	Sep 2017	Euro 25,000,000	3M Euribor + 225 bps	5,330	1,307	6,637	N/A
Banco do Brasil S.A.	Dec 2012	Apr 2017	Euro 15,000,000	3M Euribor + 315 bps	3,728	-	3,728	N/A
Unicredit S.p.A.	Jul 2014	Jul 2019	Euro 50,000,000	3M Euribor + 225 bps	-	(169)	(169)	N/A
BNP Paribas S.A.	Sep 2014	Sep 2019	Euro 55,000,000	3M Euribor + 215 bps	-	24,898	24,898	N/A
Mediobanca S.p.A.	Jul 2015	Jan 2017	Euro 20,000,000	3M Euribor + 130 bps	19,974	-	19,974	N/A
Ing Bank N.V.	Jul 2015	Sep 2020	Euro 30,000,000	3M Euribor + 190 bps	-	29,863	29,863	N/A
Banco do Brasil S.A.	Sep 2015	Sep 2018	Euro 19,000,000	3M Euribor + 130 bps	7,600	11,338	18,938	N/A
Banca Carige Italia S.p.A.	Nov 2015	Jun 2019	Euro 10,000,000	6M Euribor + 130 bps	2,829	5,707	8,536	N/A
Mediobanca S.p.A.	Dec 2015	June 2017	Euro 20,000,000	3M Euribor + 125 bps	19,963	-	19,963	N/A
Net financial expenses due at June 30, 2016					739	-	739	
Subtotal Medium/long-term bank loans					*64,096*	*72,944*	*137,040*	
Other medium/long-term financial debts:								
Bond / *Private Placement*	May 2013	May 2023	USD 115,000,000	Fixed coupon 600 bps	14,802	88,477	103,279	N/A
Bond / *Private Placement*	May 2013	May 2020	Euro 25,000,000	Fixed coupon 505 bps	-	24,946	24,946	N/A
Bond "*€100,000,000 2 per cent. Equity Linked Bonds due 2021"*	May 2014	May 2021	Euro 100,000,000	Fixed coupon 200 bps	-	80,302	80,302	N/A
Net financial expenses due at June 30, 2016					846	-	846	
Subtotal Other medium/long-term financial debts					*15,648*	*193,725*	*209,373*	
Total Other medium/long-term financial debts and bank loans					79,744	266,669	346,413	

Position on December 31, 2015	*Signing date*	*Due date*	*Original Loan Amount*	*Interest rate applied at December 31, 2015*	*Current portion (in thousands of Euro)*	*Non-current portion (in thousands of Euro)*	*Total amount (in thousands of Euro)*	*Guarantee*
Medium/long-term bank loans								
Intesa Sanpaolo S.p.A.	Apr 2011	Dec 2016	Euro 60,000,000	3M Euribor + 260 bps	7,868	-	7,868	N/A
Banca Carige Italia S.p.A.	Jul 2011	Sep 2017	Euro 25,000,000	3M Euribor + 225 bps	5,232	3,969	9,201	N/A
Banco do Brasil S.A.	Dec 2012	Apr 2017	Euro 15,000,000	3M Euribor + 315 bps	3,750	3,714	7,464	N/A
Mediobanca S.p.A.	Jul 2014	Jan 2016	Euro 20,000,000	3M Euribor + 170 bps	-	19,998	19,998	N/A
Unicredit S.p.A.	Jul 2014	Jul 2019	Euro 50,000,000	3M Euribor + 225 bps	-	(197)	(197)	N/A
BNP Paribas S.A.	Sep 2014	Sep 2019	Euro 55,000,000	3M Euribor + 190 bps	-	24,858	24,858	N/A
Mediobanca S.p.A.	Jul 2015	Jan 2017	Euro 20,000,000	3M Euribor + 130 bps	-	19,952	19,952	N/A
Ing Bank N.V.	Jul 2015	Sep 2020	Euro 30,000,000	3M Euribor + 190 bps	-	29,846	29,846	N/A
Banco do Brasil S.A.	Sep 2015	Sep 2018	Euro 19,000,000	3M Euribor + 130 bps	3,800	15,124	18,924	N/A
Banca Carige Italia S.p.A.	Nov 2015	Jun 2019	Euro 10,000,000	6M Euribor + 130 bps	2,811	7,116	9,927	N/A
Net financial expenses due at December 31, 2015					709	-	709	
Subtotal Medium/long-term bank loans					*24,170*	*124,380*	*148,550*	
Other medium/long-term financial debts:								
Bond / *Private Placement*	May 2013	May 2023	USD 115,000,000	Fixed coupon 600 bps	-	105,302	105,302	N/A
Bond / *Private Placement*	May 2013	May 2020	Euro 25,000,000	Fixed coupon 505 bps	-	24,939	24,939	N/A
Bond "*€100,000,000 2 per cent. Equity Linked Bonds due 2021"*	May 2014	May 2021	Euro 100,000,000	Fixed coupon 200 bps	-	78,627	78,627	N/A
Net financial expenses due at December 31, 2015					855	-	855	
Subtotal Other medium/long-term financial debts					*855*	*208,868*	*209,723*	
Total Other medium/long-term financial debts and bank loans					25,025	333,248	358,273	

In the first half of 2016, there were no particular movements in “Medium/long-term financial debts”. During the month of May 2016, the Company exercised the option, provided for by contract, to early give up the revolving portion (equal to Euro 30 million, not withdrawn at the date of waiver) of the loan granted by Intesa Sanpaolo S.p.A. in April 2011, and expiring on December 31, 2016.
The loan of Euro 20 million granted by Mediobanca S.p.A. in July 2014 and expiring in the month of January 2016 was replaced by a loan of the same amount signed with the same institution in December 2015, with effects starting from January 2016 and expiring in the month of June 2017 at a floating rate of 3-month Euribor plus a spread of 125 basis points.
The existing loans are not secured by the Company’s assets. Furthermore, note that, contractually, the spreads relating to the loans of the Company are reviewed every six months on the basis of the computation of the consolidated NFP/normalised consolidated EBITDA ratio. For an analysis of the covenants relating to loans outstanding at the end of the period, please refer to the note below entitled “Analysis of the financial position”.

Other medium/long term liabilities for derivative financial instruments
As at June 30, 2016 they amount to Euro 10,251 thousand (Euro 11,559 thousand as at December 31, 2015).
Details of these derivative contracts are provided in the note below entitled “Financial Instruments”.

13. TRADE AND OTHER CURRENT PAYABLES

Details are as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Due to subsidiaries	2,751	3,244
Due to parent company	1,224	1,530
Due to suppliers	1,726	1,312
Due to social and security institutions	658	799
Due to employees	1,104	1,688
Other payables	2,272	957
TOTAL	9,735	9,530

Item “Due to subsidiaries” includes the services provided by the subsidiaries Sogefi Filtration France S.A., Sogefi Suspensions France S.A., Sogefi Filtration S.A., Sogefi Air & Refroidissement France S.A.S., Sogefi Rejna S.p.A., Sogefi Filtration d.o.o and Sogefi Air & Cooling Canada Corp. within the frame of the multi-year project to implement the new SAP integrated information system across the Sogefi Group, as previously indicated under “Intangible assets”.
The item "Due to parent company" for Euro 1,170 thousand refers to the debt owed to CIR S.p.A. for services provided to the Company in the first half of 2016 and the consideration paid for the transfer of tax surplus by the companies included in the CIR Group tax filing system and the subsequent recognition for tax purposes of non deductible financial expenses, as provided in the relevant

regulation. A further amount of Euro 54 thousand is the consideration granted to the Chairman of the Board of Directors to be liquidated to the parent company.
"Other payables" includes Euro 2.1 million royalties due to FramGroup under the licence contract granting the use of the FRAM trademark.

14. OTHER LONG-TERM LIABILITIES

Long term provisions
These can be broken down as follows:

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
Provision for employment termination indemnities	570	675
Provision for Phantom Stock Option	8	8
TOTAL	578	683

The provision for Phantom Stock Options refers to the fair value measurement of options related to the Phantom Stock Option 2007 incentive plan still in place for the beneficiary who acted as Managing Director when the plans were issued.

Provisions for deferred tax liabilities
As of June 30, 2016, this item amounts to Euro 379 thousand compared to Euro 172 thousand as of December 31, 2015.
These are deferred tax liabilities accrued mainly on dividends recognised in the income statement though not paid yet.

15. SHAREHOLDERS' EQUITY

Share capital

At June 30, 2016, the share capital amounted to Euro 61,733,388.60 (divided into 118,718,055 ordinary shares of a par value of Euro 0.52 each).

In the first half of 2016, the amount of share capital rose by Euro 52 thousand due to the subscription - by employees of the Company and its subsidiaries - of 100,000 shares under the stock option plans occurred in May 2016.

As at June 30, 2016, the Holding Company had 2,917,273 treasury shares in its portfolio, corresponding to 2.46% of share capital. During the first half of 2016, the Company assigned 334,871 treasury shares to beneficiaries of the Stock Grant plans free of charge in exchange for the conversion of the same number of time-based units and performance units.

Reserves and retained earnings (accumulated losses)

At June 30, 2016, this item amounted to Euro 108,059 thousand, compared to Euro 112,622 thousand at the end of the previous year.
The main changes in Reserves and retained earnings in the first half of the year are as follows:

- decrease of Euro 6,781 thousand corresponding to net loss for the financial year 2015 under the destination resolution approved by the Shareholders' Meeting of April 27, 2016;
- increase of Euro 52 thousand as “Share premium reserve” due to the increase in the capital reserved to employees of the Company and its subsidiaries, relating to stock option plans, subscribed and paid in the first half of 2016;
- increase, net of tax effects, of Euro 2,046 thousand for “*Cash flow hedge reserve*” detailed as follows:
  ● increase of Euro 939 thousand corresponding to a fair value change net of the relevant tax effect, compared to December 31, 2015, for derivative hedging contracts in place and valued as effective at June 30, 2016;
  ● increase of Euro 1,107 thousand corresponding to the share of the negative reserve, net of the relevant tax effect, for derivative contracts (*Irs* on the Company's debt) assessed as no longer effective and reclassified to the Income Statement on the same time frame as the expected cash flows from the underlying previously hedged item (as at June 30, 2016 the residual negative reserve to reclassify to Income statement amounts to, net of the tax effect, Euro 3.8 million);
- increase of Euro 120 thousand of credit to equity for the cost of stock-based incentive plans (stock grant) in due course of accrual and for the beneficiary who acted as Managing Director at the time of plan issue and for employees of the Company and its subsidiaries.

Changes in shareholders’ equity in the first half of 2015 and 2016 have already been illustrated in the table above entitled “Statement of changes in Shareholders’ Equity”.

16. ANALYSIS OF THE NET FINANCIAL POSITION

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

(in thousands of Euro)	*June 30, 2016*	*December 31, 2015*
A. Cash	1	3
B. Other cash and cash equivalents (short-term cash investments and cash pooling current accounts)	55,788	53,734
of which cash pooling current accounts with subsidiaries	*19,042*	*8,496*
C. Other financial assets	112	192
D. Liquid funds (A) +(B)+(C)	55,901	53,929
E. Current financial receivables	20,365	11,233
of which from subsidiaries	*20,365*	*11,233*
F. Current payables to bank and cash pooling current accounts	111,590	105,535
of which cash pooling current accounts with subsidiaries	*106,583*	*100,535*
G. Current portion of non-current indebtedness	86,744	25,025
of which financial debts to subsidiaries	7,000	-
H. Other current financial debts	324	-
of which financial debts to subsidiaries	-	-
I. Current financial indebtedness (F)+(G)+(H)	198,658	130,560
J. Current financial indebtedness, net (I)-(E)-(D)	122,392	65,398
K. Non-current payables to bank	72,944	124,380
L. Bond issued	193,725	208,868
M. Other non-current financial debts	10,251	11,559
O. Non-current financial indebtedness (K)+(L)+(M)	276,920	344,807
P. Net indebtedness (J)+(O)	399,312	410,205

Loans and financial receivables similar to loans non-current	91,669	104,356
of which loans to subsidiaries	*79,200*	*91,200*
Financial indebtedness, net including non-current financial receivables (as per the "Net financial position" included in the Director's report on operations)	307,643	305,849

Details of the covenants applying to loans outstanding at the end of the first half year 2016 are as follows (see note 12 for further details on loans):
- loan of Euro 60,000 thousand from Intesa Sanpaolo S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5;
- loan of Euro 15,000 thousand from Banco do Brasil S.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 20,000 thousand from Mediobanca S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 50,000 thousand from Unicredit S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 55,000 thousand from BNP Paribas S.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 20,000 thousand from Mediobanca S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 30,000 thousand from Société Générale S.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- loan of Euro 30,000 thousand from Ing Bank N.V.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- bond issue of USD 115,000 thousand: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;
- bond issue of Euro 25,000 thousand: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4.

As of June 30, 2016, the Company was in compliance with these covenants.

C) NOTES ON THE MAIN INCOME STATEMENTS ITEMS

17. FINANCIAL INCOME AND EXPENSES

Income from equity investments

These can be broken down as follows:

(in thousands of Euro)	*First half 2016*	*First half 2015*
Dividends from subsidiaries:		
- Sogefi Filtration S.A.	4,304	-
- Sogefi Filtration d.o.o.	1,300	2,000
- Sogefi Rejna S.p.A.	3,073	-
- Sogefi Suspensions France S.A.	8,000	5,000
- Sogefi Filtration France S.A.	7,001	10,002
TOTAL	23,678	17,002

Dividends declared by the competent corporate bodies of the subsidiaries in the first half-year were fully recognised in the income statement. In the first half of 2016 the Company received dividends from Sogefi Filtration S.A., Sogefi Filtration d.o.o. and Sogefi Rejna S.p.A..

Other financial income

Details are as follows:

(in thousands of Euro)	*First half 2016*	*First half 2015*
Interests on amount due from subsidiaries	2,035	2,274
Interests on cash pooling current accounts	122	161
Interests on amount due from banks	7	2
Change in fair value measurement of derivative embedded in the Equity Linked bond	-	1,450
Income from cross currency swaps in cash flow hedge	575	578
Net income in fair value measurement of derivative not in "cash flow hedge"	-	165
Sub-total before exchange gains	2,739	4,630
Exchange gains	3,834	11,071
TOTAL	6,573	15,701

The decrease in "Other financial income", net of foreign exchange gains, posted in the first half of 2016 compared to the same period of 2015 is mainly due to the lower interest income on loans to the subsidiaries, whose average principal lent is lower compared to the previous year, and to the income recorded in the Income Statement of the first half of 2015 for the change in the fair value of the embedded derivative separated from the convertible bond, amounting to Euro 1,450 thousand.

Interest expenses and other financial expenses

Details are as follows:

(in thousands of Euro)	*First half 2016*	*First half 2015*
Interests on amounts due to banks	113	205
Interest expenses on cash pooling current accounts	44	20
Interest expenses on medium/long term financial loans	1,250	1,509
Interest expenses on bond issues	6,483	6,370
Expenses from interest-rate hedging derivatives	2,360	1,996
Change in fair value measurement of derivative not in “cash flow hedge”	27	-
Commissions and bank charges	68	54
Commissions on financial transactions	772	784
Other	5	4
Sub-total before exchange losses	11,122	10,942
Exchange losses	3,932	10,788
TOTAL	15,054	21,730

In the first half of 2016 financial charges before exchange losses are basically unchanged compared to the same period of 2015. The item "Expenses from interest-rate hedging derivatives" includes the differential between fixed rate and variable rate in the first half of 2016 in respect of all IRS contracts in force in the period (regardless of whether they have been designed in hedge accounting or not).
For a better description of the effects of exchange rate adjustments, the following summary table is provided:

(in thousands of Euro)	*First half 2016*	*First half 2015*
Income on foreign currency operations	3,627	2,744
Income from exchange-rate hedging derivatives	207	8,327
Losses on foreign currency operations	(1,541)	(9,401)
Losses from exchange-rate hedging derivatives	(2,391)	(1,387)
TOTAL	(98)	283

The item "Income on foreign currency operations" includes Euro 2,046 thousand related to the conversion of the USD 115 million private placement bond subscribed in May 2013. The private placement bond adjustment was entirely offset (by posting a loss from exchange risk hedging contracts) by the change of fair value at June 30, 2016 of the 3 cross currency swap contracts executed to hedge the rate and exchange risk on the item and posted according to hedge accounting rules, whose economic effect is included in “Losses from exchange-rate hedging derivatives”.

18. OTHER OPERATING INCOME

These can be broken down as follows:

(in thousands of Euro)	*First half 2016*	*First half 2015*
REVENUES FROM SALES AND SERVICES		
Consultancy and business assistance, royalties:		
- Filtration division companies	6,239	6,707
- Air & Cooling division companies	2,172	1,753
- Suspension division companies	2,005	2,798
Leases:		
- Sogefi Rejna S.p.A.	277	277
OTHER REVENUES AND INCOME		
Various income and recoveries from subsidiaries	90	89
Other income	21	32
TOTAL	10,804	11,656

Compared to the first half of 2015, the decrease of "Other operating income" is mainly due to reduced services provided to subsidiaries, which fully offset higher income from royalties relating to the use of the Group's SAP information system.

19. OTHER OPERATING EXPENSES

In the first half of 2016, "Costs of services" included the amount of Euro 250 thousand for administrative, financial, fiscal and corporate services provided by the parent company (Euro 445 thousand in first half year 2015) and in addition the amount of Euro 60 thousand for the compensation of the Chairman of the Board of Directors transferred to the parent company.
The item "Costs of non financial services" includes Euro 3,535 thousand (Euro 3,001 thousand in the first half of 2015) that account for net operating expense incurred in managing the Group integrated information system SAP. The higher costs incurred are offset by higher income for royalties charged to subsidiaries.
"Costs for use of third party assets" included Euro 2,808 thousand (Euro 2,620 thousand in the first half of 2015) from royalties accrued during the period on the licence contract signed on June 30, 2008 with FramGroup for the use of the FRAM trademark by the Group's Filtration Division.
The decrease in the item "Personnel costs" in the first half of 2016 is mainly attributable to the lower average number of Company employees (particularly executives), (about 6 units less compared to the same period of 2015, as highlighted later) and is closely related to fewer services provided to subsidiaries, as outlined in the previous note "Other operating income". It also includes an expense of Euro 16 thousand (Euro 303 thousand in the first half of 2015) resulting from the fair value measurement of rights relating to the Stock Grant plans for Company employees. The information and characteristics of the stock-based incentive plans are widely indicated in the explanatory and supplementary notes on the consolidated financial statements in the income statement item "Personnel costs".

The decrease in the first half of 2016 of the item “Depreciation, amortisation and writedowns” is mainly attributable to the lower depreciation of the SAP integrated information system of the Group compared to the same period of 2015.
"Other operating expenses" decreased in the first half of 2016 by Euro 163 thousand, compared to the same period in the previous year, as a result of the reduction of travel costs incurred and lower non-income taxes.

20. NON-OPERATING INCOME AND EXPENSES

Non-operating non-recurring expenses

This item amounts to Euro 556 thousand (vs. Euro 1,135 thousand in the first half of 2015) and mainly regards charges incurred in the first half of 2016 upon the executive function restructuring project as well as charges incurred by the Company for legal fees in connection with litigation proceedings against the parties selling the stake in Systèmes Moteurs S.A.S. (now Sogefi Air & Refroidissement France S.A.S.).

21. INCOME TAXES

These can be broken down as follows:

(in thousands of Euro)	*First half 2016*	*First half 2015*
Current taxes	(3,482)	(10)
Deferred taxes	662	(2,381)
Expenses (Income) from CIR Group tax filing system	921	616
TOTAL	(1,899)	(1,775)

The increase in income tax (assets) refers to higher tax losses due to lower revenues and higher charges recorded in the first half of 2016 vs. the same period in 2015.
The item "Expenses (Income) from CIR Group tax filing system" represents the consideration granted by the company to CIR S.p.A. upon the transfer of tax surplus of the companies participating in the CIR Group tax filing system, with ensuing posting of non deductible financial expense for tax purposes, as prescribed in the applicable regulations.

22. OTHER INFORMATION

In the first half of 2016, the average number of employees of Sogefi S.p.A. was 27 (33 in the first half of 2015).

In 2005, the Company applied to the Administrative Court of Paris to rule on the reimbursement of the tax credit (*avoir fiscal*), net of withholding tax of 5% on dividends distributed by the French subsidiaries in the 2004, taking account of the changes in French tax legislation which repealed the right to a tax credit from the 2005 fiscal year. Said Court in the first instance and the Administrative Court of Appeal of Paris, in the second instance, have rejected the claims of Sogefi S.p.A.. The Council of State (to which the Company appealed) quashed the judgements and remitted the case to the same Administrative Court.
On June 2, 2016, the Administrative Court of Appeal of Paris notified Sogefi S.p.A. about the judgement which admitted the Company claims and ordered the reimbursement of Euro 3,975 thousand plus interest.
Because the counterparties have the right to appeal the judgement within a period of two months from the day following notification, it was decided to postpone the recognition of the refund in the income statement, until conclusion of any further appeal filed by the French tax authorities.

In May 2016, the Company received the outcome of the international arbitration proceedings brought by the Company against Dayco Europe S.r.l., the seller of the subsidiary Systèmes Moteurs S.A.S., and its guarantor Dayco Llc, with reference to customers' claims arisen after the acquisition of the French subsidiary in 2011. The award confirmed a principle of eligibility for compensation by Dayco, in favour of the Company, and sentenced Dayco to pay an amount of Euro 9.4 million, of which Euro 4.9 million was paid on July 8, 2016 by Dayco.

D) 23. RELATED PARTY TRANSACTIONS

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

Transactions with subsidiaries

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

Balance at June 30, 2016	*Statement of financial position*					
	CURRENT ASSETS			NON-CURRENT ASSETS	CURRENT LIABILITIES	
	Cash pooling current accounts	Loans and financial receivables	Trade receivables	Loans	Cash pooling current accounts	Trade and financial payables
Sogefi Rejna S.p.A.	1		627		15,092	109
Sogefi Filtration Ltd	9	5	896		4,009	
Sogefi Filtration S.A.	3,972		217			22
Sogefi Filtration France S.A.	777	12,057	3,312		127	2,183
Sogefi Filtration d.o.o.	2,370		347			17
Sogefi Filtration do Brasil Ltda		194	1,378	7,000		6
Sogefi Filtration Argentina S.A.			361			
Sogefi Gestion S.A.S.	2,284					
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH	9		19		2,539	
Sogefi Suspensions France S.A.		8,056	1,424	62,200	14,954	228
Allevard Federn GmbH	7,038	9	5	10,000		
Allevard Springs Ltd	139		85		8,696	
Allevard Molas do Brasil Ltda						
Allevard Rejna Argentina S.A.			38			
Allevard Sogefi U.S.A. Inc.	2	44	14		11,550	
United Springs S.A.S.			4		1,878	
United Springs B.V.	376		3			
United Springs Ltd	762		7		1,330	
Iberica De Suspensiones S.L. (ISSA)			118			
Sogefi Air & Refroidissement France S.A.S.			1,892		42,392	154
Sogefi Air & Cooling Canada Corp.	3		56		4,015	32
Sogefi Air & Cooling USA, Inc.			15			
Sogefi Engine Systems Mexico, S de R.L. de C.V.	1,300		172		1	
S.C. Sogefi Air & Cooling S.r.l.			135			
Shanghai Allevard Springs Co., Ltd			79			
Sogefi (Suzhou) Auto Parts Co., Ltd			232			(*) 7,000
Sogefi M.N.R. Engine Systemes India Pvt. Ltd			30			
TOTAL	19,042	20,365	11,466	79,200	106,583	9,751

(*) It is the financial payable to the Chinese subsidiary related to the share capital subscribed and not yet paid as of June 30, 2016, as discussed in the previous note 12.

First half of 2016	*Income statement*					
	Income				Expenses	
	From equity investments	Other financial income	Revenues from sales and services	Other revenues and income	Interest expenses and other financial expenses	Other operating expenses
Sogefi Rejna S.p.A.	3,073	1	1,009	8		171
Sogefi Filtration Ltd		42	886	4	1	
Sogefi Filtration S.A.	4,304	5	212	5		43
Sogefi Filtration France S.A.	7,001	117	3,749	14		2,169
Sogefi Filtration d.o.o.	1,300	13	347			35
Sogefi Filtration do Brasil Ltda		121	215			
Sogefi Filtration Argentina S.A.			294			
Sogefi Gestion S.A.S.		13				
Luhn & Pulvermacher-Dittmann & Neuhaus GmbH		9	16	3		
Sogefi Suspensions France S.A.	8,000	1,542	1,411	13	2	228
Allevard Federn GmbH		256	3	1		
Allevard Springs Ltd		3	84	1	17	
Allevard Rejna Argentina S.A.						
Allevard Molas do Brasil Ltda						
Allevard Sogefi U.S.A. Inc.		28	7	7	8	
United Springs S.A.S.			4			
United Springs B.V.		1	3			
United Springs Ltd		1	6	1	6	
Iberica De Suspensiones S.L. (ISSA)			113	5		
Sogefi Air & Refroidissement France S.A.S.			1,883	8		293
Sogefi Air & Cooling Canada Corp.		1	13	17	9	45
Sogefi Air & Cooling USA, Inc.			11	3		
Sogefi Engine Systems Mexico, S de R.L. de C.V.		4	16		1	
S.C. Sogefi Air & Cooling S.r.l.			135			
Shanghai Allevard Springs Co., Ltd			26			
Sogefi (Suzhou) Auto Parts Co., Ltd			232			
Sogefi M.N.R. Engine Systemes India Pvt. Ltd			18			
TOTAL	23,678	2,157	10,693	90	44	2,984

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

Transactions with the parent company

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

(in thousands of Euro)	*Note*	*June 30, 2016*
Statement of financial position:		
Trade and other receivables (*)	*6*	3,350
Trade and other payables	*13*	1,224
Income statement:		
Other operating expenses	*19*	310
Income taxes (*)	*21*	921

(*) The amount of "Income taxes" reflects only the consideration due to the Parent Company CIR S.p.A. for excess tax transferred in order to recognise non-deductible financial expenses. "Trade and other receivables" include tax receivable referred to the tax loss of the Company as at June 30, 2016 recognised to Income Statement under current taxes in "Income taxes", as explained in the previous note 21, as well as receivable from Parent Company for recovery claims concerning Irap tax paid in previous years.

Transactions with other related parties

The impact on the balance sheet and income statement of transactions with other associate companies is summarised in the following table:

(in thousands of Euro)	*Note*	*June 30, 2016*
Income statement:		
Non-operating expenses	*20*	41

Transactions with the Company Directors, Statutory Auditors and Managers with strategic responsibilities

Please note that during the first half of 2016 the costs recognised in the income statement for the remuneration, related ancillary charges as well as the notional fair value of Sogefi stock-based incentive plans are as follows:

- Board of Directors: Euro 288, including the cost of stock grant plans charged to income statements for Euro 1 thousand;
- Board of Statutory Auditors: Euro 48 thousand;
- Managing Director: Euro 396 thousand including the cost of stock grant plans charged to income statements for Euro 42 thousand (included under "Personnel costs");
- Executives with strategic responsibilities: Euro 213 thousand including the cost of stock grant plans charged to income statements for Euro 13 thousand (included under "Personnel costs").

E) COMMITMENTS AND RISKS

24. INFORMATION ON COMMITMENTS AND RISKS

Commitments

The most important are:
- "*guarantees*" on behalf of subsidiaries amounting to Euro 239,806 thousand and in favour of third parties amounting to Euro 3,099 thousand;
- commitments for interest rate swap (Irs) contracts held by the Company with a notional value of Euro 194,000 thousand;
- commitments for cross currency swap (Ccs) contracts held by the Company with a notional value of Euro 88,089 thousand;
- commitments for forward foreign purchase contracts amounting to Euro 7,580 thousand.

Potential liabilities

In January 2014, Sogefi S.p.A. received two notices of assessment under which tax authorities disallowed deductibility of the costs for services performed by the Parent Company CIR S.p.A. during the year 2009 for Euro 1.8 million from IRES tax base and consequently their eligibility for VAT tax deduction.
Based on the tax advisor's opinion, Directors believe said arguments to be groundless and inconsistent with the applicable tax regulation in force and, for the moment, the risk of losing to be possible but not probable.
This is why Sogefi S.p.A. did not set aside any amount for tax risks in financial statements as at June 30, 2016.
This is to report that said assessments were already processed by the Provincial Tax Committee with a favourable outcome.
The tax authorities appealed before the Regional Tax Committee against the outcome; naturally, the Company has formally answered to the complaint.

In the first half of 2016, the Company was subjected to a tax audit for the fiscal years 2011 and 2012. At the conclusion of this audit, a preliminary assessment report was served on the Company (for which so far no notice of assessment was issued) containing the following two remarks: i) undue deduction of Euro 0.6 million for VAT on purchase of goods and services, ii) undue deductibility for IRES (and corresponding VAT deductibility) of costs for services rendered by the parent company CIR S.p.A. for a total of Euro 1.3 million.
Even if the tax authorities would actually issue notices of assessment, based on the tax advisor's opinion, Directors believe said arguments to be groundless and inconsistent with the applicable tax regulation in force and, for the moment, the risk of losing is considered to be possible but not probable.

F) 25. FINANCIAL INSTRUMENTS

Hedging

a) exchange risk– not designated in hedge accounting

As at June 30, 2016, the Company holds the following forward purchase contract to hedge, from a management point of view, the exchange risk on cash pooling financial liabilities in GBP. This is to specify that the Company did not design the relevant contract in "hedge accounting" and measured the relevant contract at fair market value with changes posted in the Income statement:

Forward purchase	Date opened	Spot price €/currency	Date closed	Forward price €/currency	*Fair value* (in thousands of Euro)
GBP 6,000,000	06/20/2016	0.79090	07/20/2016	0.79160	(324)

b) Interest risk– in hedge accounting

During the fiscal year 2013, the Company entered into the following interest rate swap contracts starting to exchange their flows from 2016. They were originally designated to hedge the future indebtedness of the Company - that was considered highly probable - and in 2015 they were associated with the loan from ING Bank N.V. for a total of Euro 30 million, passing the effectiveness test under IAS 39, at June 30, 2016:

Description of IRS	Date Opened	Contract Maturity	Notional	Fixed Rate	*Fair value 06/30/2016* (in thousands of Euro)	*Fair value 12/31/2015* (in thousands of Euro)
Loan hedging Ing Bank N.V. Euro 30 million	02/21/2013	06/01/2018	10,000	1.66%	(398)	(349)
Loan hedging Ing Bank N.V. Euro 30 million	02/19/2013	06/01/2018	10,000	1.65%	(396)	(347)
Loan hedging Ing Bank N.V. Euro 30 million	02/21/2013	06/01/2018	5,000	1.66%	(199)	(175)
TOTAL			25,000		(993)	(871)

c) exchange risk– in hedge accounting

During 2013 the Company entered into three cross currency swap (Ccs) contracts maturing in June 2023, designated in hedge accounting, in order to hedge interest and exchange rate risk relating to the private placement bond of USD 115 million. Under these contracts, a fixed interest receivable of 600 basis points on subscribed notional USD amount is collected by the Company on a quarterly basis against payment of a fixed interest payable on a notional amount in EUR corresponding to the USD notional amount converted at the fixed exchange rate of 1.3055 (totalling Euro 88,089 thousand).

Details of these contracts are as follows:

Description of CCSwap	Date Opened	Contract Maturity	Notional (in thousands of USD)	Fixed Rate	*Fair value 06/30/2016* (in thousands of Euro)	*Fair value 12/31/2015* (in thousands of Euro)
Private Placement USD 115 million (05/03/2013 maturity 06/01/2023) Fixed coupon 600 bps	04/30/2013	06/01/2023	55,000	6.0% USD receivable 5.6775% Euro payable	6,085	6,349
Private Placement USD 115 million (05/03/2013 maturity 06/01/2023) Fixed coupon 600 bps	04/30/2013	06/01/2023	40,000	6.0% USD receivable 5.74% Euro payable	4,126	4,529
Private Placement USD 115 million (05/03/2013 maturity 06/01/2023) Fixed coupon 600 bps	04/30/2013	06/01/2023	20,000	6.0% USD receivable 5.78% Euro payable	2,258	2,278
TOTAL			115,000		12,469	13,156

d) derivatives no longer in hedge accounting

At June 30, 2016, the Company holds the following interest rate swap contracts that, based on the effectiveness tests carried out on December 31, 2013 (for the first table reported below), on June 30, 2014 (for the second table reported below) and December 31, 2014 (for the third table reported below) have become ineffective. The purpose of most of these derivative instruments was to hedge the risk of fluctuations in the cash flows arising from expected future indebtedness of the Company, so that the hedging relationship was discontinued and the derivative contracts were reclassified as a FVTPL instruments. The change in fair value compared to December 31, 2015 is recognised immediately in the Income Statement, whereas the reserve booked to Other Comprehensive Income is reclassified to the Income Statement over the same period of time as the differentials relating to the underlying hedged item.

Details are as follows:

Description of IRS	Date Opened	Contract Maturity	Notional	Fixed Rate	*Fair value 06/30/2016* (in thousands of Euro)	*Fair value 12/31/2015* (in thousands of Euro)
Loan hedging Euro 60 million (04/29/2011 maturity 12/31/2016) 3-month Euribor rate + 200 bps	05/11/2011	12/31/2016	4,000	2.990%	(41)	(158)
TOTAL			4,000		(41)	(158)

Description of IRS	Date Opened	Contract Maturity	Notional	Fixed Rate	*Fair value 06/30/2016* (in thousands of Euro)	*Fair value 12/31/2015* (in thousands of Euro)
Hedging future financial indebtedness	02/10/2011	06/01/2018	10,000	3.679%	(801)	(909)
Hedging future financial indebtedness	02/23/2011	06/01/2018	10,000	3.500%	(763)	(897)
Hedging future financial indebtedness	03/11/2011	06/01/2018	10,000	3.545%	(774)	(908)
Hedging future financial indebtedness	03/23/2011	06/01/2018	10,000	3.560%	(776)	(910)
Hedging future financial indebtedness	03/28/2011	06/01/2018	10,000	3.670%	(798)	(939)
Hedging future financial indebtedness	05/13/2011	06/01/2018	10,000	3.460%	(756)	(887)
Hedging future financial indebtedness	06/24/2011	06/01/2018	10,000	3.250%	(714)	(834)
Hedging future financial indebtedness	06/28/2011	06/01/2018	10,000	3.250%	(716)	(834)
Hedging future financial indebtedness	11/28/2011	06/01/2018	10,000	2.578%	(580)	(668)
Hedging future financial indebtedness	02/11/2013	06/01/2018	5,000	1.225%	(156)	(166)
Hedging future financial indebtedness	02/01/2013	06/01/2018	10,000	1.31%	(328)	(353)
Hedging future financial indebtedness	02/06/2013	06/01/2018	10,000	1.281%	(322)	(346)
Hedging future financial indebtedness	02/11/2013	06/01/2018	5,000	1.22%	(175)	(190)
Hedging future financial indebtedness	02/12/2013	06/01/2018	5,000	1.24%	(157)	(168)
TOTAL			125,000		(7,816)	(9,009)

Description of IRS	Date Opened	Contract Maturity	Notional	Fixed Rate	*Fair value 06/30/2016* (in thousands of Euro)	*Fair value 12/31/2015* (in thousands of Euro)
Hedging future financial indebtedness	02/07/2013	06/01/2018	15,000	1.445%	(533)	(580)
Hedging future financial indebtedness	02/11/2013	06/01/2018	5,000	1.425%	(176)	(191)
Hedging future financial indebtedness	02/19/2013	06/01/2018	10,000	1.44%	(354)	(385)
Hedging future financial indebtedness	02/11/2013	06/01/2018	5,000	1.42%	(155)	(165)
Hedging future financial indebtedness	02/13/2013	06/01/2018	5,000	1.50%	(183)	(200)
TOTAL			40,000		(1,401)	(1,521)

The discontinuation of hedge accounting had the following impact on the financial statements as of June 30, 2016:

- a financial income of Euro 1,430 thousand reflecting the change in fair value compared to December 31, 2015 was immediately recognised in the Income Statement;
- a financial expense of Euro 1,456 thousand was recognised in the Income Statement; this amount reflects the portion of the reserve previously booked to “Other Comprehensive Income” that will be reclassified to the Income Statement over the same period of time as the differentials relating to the underlying hedged item.

e) fair value of derivatives

The fair value of all derivatives was calculated using the forward curve of exchange and interest rates as at June 30, 2016, also taking into account a credit valuation adjustment/debit valuation adjustment. The fair value amounts of derivatives are classified as Level 2 in a hierarchy of levels that describes the significance of the inputs used in fair value measurement.

CERTIFICATION OF GROUP AND HOLDING COMPANY HALF-YEAR CONDENSED FINANCIAL STATEMENTS PURSUANT TO ART. 81-*TER* OF CONSOB RESOLUTION No. 11971 OF MAY 14, 1999 AND SUBSEQUENT MODIFICATIONS AND INTEGRATIONS

1. The undersigned:

   Laurent Hebenstreit –Managing Director and General Manager of Sogefi S.p.A.
   Yann Albrand – Manager responsible for preparing Sogefi S.p.A.'s financial reports

   hereby certify, having also taken into consideration the provisions of Article 154-*bis*, paragraph 3 and 4, of Italian Legislative Decree n. 58 of February 24, 1998, that:

   the administrative and accounting procedures for the preparation of the Group and Holding Company half-year condensed financial statements for the 2016 first half:
   - are adequate with respect to the company structure and
   - have been effectively applied.

2. No relevant aspects are to be reported on this subject.

3. It is also certified that:

3.1 the Group and Holding Company half-year condensed financial statements as at June 30, 2016:
   - have been prepared in accordance with international accounting standards as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002;
   - correspond to the books and accounting records;
   - provide a true and fair representation of the financial position, result of operations and cash flow of the issuer and the subsidiaries included in the scope of consolidation.

3.2 the interim report on operations includes a reliable analysis of the significant events that occurred in the first half of the year and their impact on the half-year condensed financial statements. In addition, the report includes a description of the main risks and uncertainties for the remaining six months of the year and a reliable analysis of the information about any significant related party transactions.

Milan, July 25, 2016

Managing Director and General Manager	Manager responsible for preparing financial reports
Laurent Hebenstreit	Yann Albrand

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REPORT ON REVIEW OF THE HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
SOGEFI S.p.A.

Introduction

We have reviewed the half-year condensed consolidated financial statements of Sogefi S.p.A. and subsidiaries (the "Sogefi Group"), which comprise the consolidated statement of financial position as of June 30, 2016 and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the six month period then ended, and a summary of explanatory and supplementary notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-year interim financial statements under Resolution n° 10867 of July 31, 1997. A review of half-year condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed consolidated financial statements of the Sogefi Group as of June 30, 2016 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Massimiliano Semprini
Partner

Milan, Italy
August 1, 2016

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

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REPORT ON REVIEW OF THE HALF-YEAR CONDENSED FINANCIAL STATEMENTS

To the Shareholders of
SOGEFI S.p.A.

Introduction

We have reviewed the half-year condensed financial statements of Sogefi S.p.A., which comprise the statement of financial position as of June 30, 2016 and the income statement, statement of other comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and a summary of explanatory and supplementary notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-year condensed financial statements of Sogefi S.p.A. as of June 30, 2016 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Massimiliano Semprini
Partner

Milan, Italy
August 1, 2016

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