

2017 HALF-YEAR FINANCIAL REPORT
(Translation into English of the original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,293,395.84
MANTOVA COMPANY REGISTER AND TAX NO. 00607460201
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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

KPMG S.p.A.

Disclosure under Consob Recommendation no. 97001574 of 20 February 1997:

- (1) Powers as per Corporate Governance.
- (2) Members of the Appointment 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 (Italian Legislative Decree no. 231/2001).
- (5) *Lead independent director.*

BOARD OF DIRECTORS' REPORT

ON OPERATIONS OF THE GROUP

IN THE FIRST HALF YEAR

This 2017 Half-Year financial report contains the condensed interim consolidated financial statements of the Sogefi Group, the explanatory and supplementary notes to the condensed interim consolidated financial statements and the interim financial statements of the Holding Company Sogefi S.p.A. (the latter submitted voluntarily, although not provided for in Italian 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 2017, the world's automotive market saw a 2.8% increase in production. After sustained growth in the first quarter, the second quarter was in line with the corresponding period of 2016.

Production in Europe declined by 1.2%, with a very different trend between the first quarter (+3.6%) and the second quarter (-5.8%), significantly influenced by a "calendar effect" which resulted in more work days in the first quarter and a smaller number in the second quarter of 2016. North America recorded a sharp market downturn (-0.7% in the first half) with a negative second quarter (-3%) due to the trends in the United States. In South America production grew by 18.2%, in Asia by 3.8%.

In this context, in the first half year Sogefi reported revenues of Euro 866 million, up 8.4% from Euro 798.6 million in the same period of 2016 (+7.7% exchange rates being equal). After the 12.6% increase in the first quarter, the company's growth in the second quarter was slow yet still significant at 4.5%, better than the market in all geographic areas.

Revenues increased by 2.6% in the first half of the year despite a contraction in the second quarter (-2.7%) due in particular to the decline in motor vehicle production for the negative "calendar effect". Growth in North America continued (+11.6% in the half year despite the market slowdown in the second quarter) and especially in Asia (+32.1% in the half year, with greater acceleration in the second quarter): today the two regions account for 27.5% of the Group's sales. Finally, in South America revenues increased by 26.1% (+16.3% at constant exchange rates), reflecting the recovery in the market.

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

(in millions of Euro)	1st half 2017		1st half 2016		% change 1h 17/1h 16	Year 2016
	Amount	%	Amount	%		Amount
Europe	536.5	62.0	522.8	65.5	2.6	988.9
North America	158.0	18.2	141.5	17.7	11.6	290.6
South America	99.6	11.5	79.0	9.9	26.1	172.2
Asia	80.6	9.3	61.0	7.6	32.1	135.0
Intercompany eliminations	(8.7)	(1.0)	(5.7)	(0.7)	52.9	(12.6)
TOTAL	866.0	100.0	798.6	100.0	8.4	1,574.1

All business units recorded revenue growth in the first half year: +10.1% (+9.3% at constant exchange rates) for Air and Cooling, +9.4% (+8.6% at constant exchange rates) for Filtration, and 6.1% (5.6% at constant exchange rates) for Suspensions.

(in millions of Euro)	1st half 2017		1st half 2016		% change 1h 17/1h 16	Year 2016
	Amount	%	Amount	%		Amount
Suspensions	307.2	35.5	289.5	36.3	6.1	562.8
Filtration	296.2	34.2	270.7	33.9	9.4	535.1
Air&Cooling	264.7	30.6	240.4	30.1	10.1	480.2
Intercompany eliminations	(2.1)	(0.3)	(2.0)	(0.3)	5.0	(4.0)
TOTAL	866.0	100.0	798.6	100.0	8.4	1,574.1

The main customers of Sogefi are Ford, FCA, Renault/Nissan, PSA, GM and Daimler, which together represent 64.3% of revenues (64.7% in the first half of 2016).

(in millions of Euro)	1st half 2017		1st half 2016		% change 1h 17/1h 16	Year 2016
	Amount	%	Amount	%		Amount
<i>Group</i>						
Ford	107.8	12.4	102.4	12.8	5.3	198.0
FCA/CNH Industrial	107.1	12.4	90.9	11.4	17.8	177.5
Renault/Nissan	100.4	11.6	97.2	12.2	3.3	181.7
PSA	91.9	10.6	92.3	11.6	(0.5)	169.7
GM	81.5	9.4	70.1	8.8	16.3	157.6
Daimler	68.4	7.9	63.3	7.9	8.1	127.2
Volkswagen/Audi	36.2	4.2	33.9	4.2	6.8	64.7
Toyota	26.1	3.0	20.9	2.6	24.9	43.5
BMW	23.1	2.7	23.2	2.9	(0.4)	45.4
Other (including Aftermarket)	223.5	25.8	204.4	25.6	9.3	408.8
TOTAL	866.0	100.0	798.6	100.0	8.4	1,574.1

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

(in millions of Euro)	1st half 2017		1st half 2016		Year 2016	
	Amount	%	Amount	%	Amount	%
Sales revenues	866.0	100.0	798.6	100.0	1,574.1	100.0
Variable cost of sales	615.5	71.1	570.0	71.4	1,120.2	71.2
CONTRIBUTION MARGIN	250.5	28.9	228.6	28.6	453.9	28.8
Manufacturing and R&D overheads	80.3	9.2	74.6	9.4	147.5	9.3
Depreciation and amortization	35.6	4.1	33.6	4.2	68.8	4.4
Distribution and sales fixed expenses	22.7	2.6	23.1	2.9	44.9	2.9
Administrative and general expenses	44.8	5.2	42.7	5.4	85.0	5.4
Restructuring costs	6.0	0.7	3.5	0.4	5.3	0.3
Losses (gains) on disposal	(0.2)	-	-	-	(0.7)	-
Exchange (gains) losses	0.7	0.1	(0.6)	(0.1)	1.8	0.1
Other non-operating expenses (income)	10.8	1.2	15.1	1.9	26.7	1.7
- of which not ordinary	1.0		8.4		10.2	
EBIT	49.8	5.8	36.6	4.5	74.6	4.7
Financial expenses (income), net	12.8	1.5	16.8	2.1	31.5	2.0
Losses (gains) from equity investments	-	-	0.4	-	(3.6)	(0.2)
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	37.0	4.3	19.4	2.4	46.7	2.9
Income taxes	14.9	1.7	8.5	1.1	32.6	2.1
NET RESULT BEFORE NON-CONTROLLING INTERESTS	22.1	2.6	10.9	1.3	14.1	0.8
Loss (income) attributable to non-controlling interests	(2.1)	(0.3)	(2.6)	(0.3)	(4.7)	(0.2)
GROUP NET RESULT	20.0	2.3	8.3	1.0	9.4	0.6

The **EBITDA**¹, amounting to Euro 93.9 million, grew by 25.8% compared to Euro 74.7 million in the same period of 2016. This increase is due to growing sales revenues and improved profitability, which rose from 9.3% to 10.8%.

Profitability increased as a result of the higher contribution margin and a lower impact of indirect expenses. The impact of overall labour cost on revenues fell from 21.7% in the first half of 2016 to 20.8% in the same period of 2017.

EBIT, equal to Euro 49.8 million, grew by 36.1% compared to the first six months of 2016 (Euro 36.6 million) and represents 5.8% of revenues. The first half year result includes Euro 6 million writedowns on fixed assets in Brazil.

Result before taxes and minority interests amounted to Euro 37.0 million (Euro 19.4 million in the first half of 2016), after financial expenses of Euro 12.8 million, down from Euro 16.8 million in the corresponding period last year due to lower interest expense and fair value gains of Euro 1.2 million.

The net result amounted to Euro 20.0 million (Euro 8.3 million in the first half of 2016).

¹ EBITDA is calculated by adding to "EBIT" the item "Depreciation and amortization" and the amount of writedowns of tangible and intangible assets posted in "Other non-operating expenses (income)" for Euro 8.5 million in the first half of 2017 (Euro 4.5 million in the corresponding period last year).

Regarding the risks resulting from the claims made against Sogefi Air & Cooling S.A.S. (formerly Systèmes Moteurs S.A.S.), in the first half of 2017 there were no significant developments².

As at June 30, 2017, Sogefi Group's **workforce** was 6,799 (6,801 as at December 31, 2016), broken down as follows:

	June 30, 2017		December 31, 2016		June 30, 2016	
	Number	%	Number	%	Number	%
Managers	111	1.6	106	1.6	106	1.6
Clerical staff	1,871	27.5	1,874	27.5	1,879	27.6
Blue collar workers	4,817	70.9	4,821	70.9	4,810	70.8
TOTAL	6,799	100.0	6,801	100.0	6,795	100.0

As at June 30, 2017, equity, not including non-controlling interests, was Euro 187.4 million (Euro 172.9 million as at December 31, 2016), as illustrated in the table below.

(in millions of Euro)	Note*	June 30, 2017		December 31, 2016		June 30, 2016	
		Amount	%	Amount	%	Amount	%
Short-term operating assets	(a)	396.1		358.1		392.3	
Short-term operating liabilities	(b)	(380.8)		(356.0)		(373.9)	
Net working capital		15.3	3.2	2.1	0.4	18.4	3.6
Equity investments	(c)	0.1	-	-	-	-	-
Intangible, tangible fixed assets and other medium and long-term assets	(d)	609.7	126.1	634.2	130.0	629.4	123.1
CAPITAL INVESTED		625.1	129.3	636.3	130.4	647.8	126.7
Other medium and long-term liabilities	(e)	(141.6)	(29.3)	(148.3)	(30.4)	(136.5)	(26.7)
NET CAPITAL INVESTED		483.5	100.0	488.0	100.0	511.3	100.0
Net financial indebtedness		280.4	58.0	299.0	61.3	326.2	63.8
Non-controlling interests		15.7	3.2	16.1	3.3	16.9	3.3
Consolidated equity of the Group		187.4	38.8	172.9	35.4	168.2	32.9
TOTAL		483.5	100.0	488.0	100.0	511.3	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.

The net financial position as at June 30, 2017 was Euro 280.4 million, showing a year-over-year increase of Euro 18.6 million (Euro 299 million as at December 31, 2016) and was down by Euro 45.8 million when compared to June 30, 2016 (Euro 326.2 million).

Free Cash Flow was positive Euro 19 million in the first half year 2017, compared to being equal in the same period of 2016 (Euro -0.2 million). This increase is attributable to the improved operating performance of the group.

² For more details see the "Explanatory and Supplementary Notes to the Condensed Interim Consolidated Financial Statements", Note 2, "Principles of consolidation and valuation criteria".

The table below shows a breakdown of the cash flows of the period compared with first half and full year 2016:

(in millions of Euro)	Note*	1st half 2017	1st half 2016	Year 2016
SELF-FINANCING	(f)	72.3	47.7	109.1
Change in net working capital		(16.8)	(16.3)	(2.1)
Other medium/long-term assets/liabilities	(g)	0.8	6.2	17.5
CASH FLOW GENERATED BY OPERATIONS		56.3	37.6	124.5
Sale of equity investments	(h)	-	-	-
Net decrease from sale of fixed assets	(i)	0.2	0.2	0.3
TOTAL SOURCES		56.5	37.8	124.8
Increase in intangible assets		13.6	14.8	30.3
Purchase of tangible assets		23.5	18.9	58.8
TOTAL APPLICATION OF FUNDS		37.1	33.7	89.1
Exchange differences on assets/liabilities and equity	(l)	(0.4)	(4.3)	(4.5)
FREE CASH FLOW		19.0	(0.2)	31.2
Holding Company increases in capital		0.9	0.1	0.8
Increases in share capital of consolidated subsidiaries		0.1	0.1	0.2
Dividends paid by subsidiaries to non-controlling interests		(2.6)	(5.2)	(8.2)
Change in fair value derivative instruments		1.2	1.3	(0.7)
CHANGES IN SHAREHOLDERS' EQUITY		(0.4)	(3.7)	(7.9)
Change in net financial position	(m)	18.6	(3.9)	23.3
Opening net financial position	(m)	(299.0)	(322.3)	(322.3)
CLOSING NET FINANCIAL POSITION	(m)	(280.4)	(326.2)	(299.0)

(*) 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 indebtedness is mainly comprised of medium and long-term debts, which account for 78% of gross indebtedness as shown below:

(in millions of Euro)	June 30, 2017	December 31, 2016	June 30, 2016
Cash, banks, financial receivables and securities held for trading	76.4	99.6	102.2
Medium/long-term financial receivables	6.8	15.8	12.5
Short-term financial debts (*)	(81.3)	(148.6)	(146.5)
Medium/long-term financial debts	(282.3)	(265.8)	(294.4)
NET FINANCIAL POSITION	(280.4)	(299.0)	(326.2)

(*) Including current portions of medium/long-term financial debts

RECONCILIATION BETWEEN THE HOLDING COMPANY'S STATUTORY FINANCIAL STATEMENTS AND THE CONDENSED INTERIM 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)	<i>1st half 2017</i>	<i>1st half 2016</i>
Net profit per Sogefi S.p.A. financial statements	21.5	13.8
Group share of results of subsidiary companies included in the consolidated financial statements	30.7	22.6
Elimination of Sogefi S.p.A. dividends	(32.4)	(23.7)
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	0.2	(4.4)
NET PROFIT PER CONSOLIDATED FINANCIAL STATEMENTS	20.0	8.3

Shareholders' equity

(in millions of Euro)	<i>June 30, 2017</i>	<i>December 31, 2016</i>
Shareholders' equity per Sogefi S.p.A. financial statements	222.4	197.9
Group share of excess equity value of investments in consolidated companies over carrying value in Sogefi S.p.A. financial statements	(40.6)	(29.9)
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	5.6	4.9
SHAREHOLDERS' EQUITY PER CONSOLIDATED FINANCIAL STATEMENTS	187.4	172.9

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

Net result in the first half of 2017 amounted to Euro 21.5 million compared to Euro 13.8 million in the corresponding period of the previous year.

The increase was mainly attributable to the higher dividends distributed by subsidiaries (+Euro 8.7 million) and to lower net financial expenses (-Euro 0.9 million) partially offset by higher non-operating expenses related to the cancellation of intercompany receivables from a Brazilian subsidiary (Euro 1.8 million).

(in millions of Euro)	1st half 2017	1st half 2016	Year 2016
Financial income/expenses and dividends	24.8	15.2	29.9
Other operating revenues	7.0	10.8	22.5
Operating costs	(9.6)	(13.6)	(25.7)
Other non-operating income (expenses)	(1.7)	(0.5)	0.3
RESULT BEFORE TAXES	20.5	11.9	27.0
Income taxes	(1.0)	(1.9)	(0.7)
NET RESULT	21.5	13.8	27.7

The following table shows the main items of the statement of financial position as at June 30, 2017, compared with the figures as at December 31, 2016 and June 30, 2016:

(in millions of Euro)	Note*	June 30, 2017	December 31, 2016	June 30, 2016
Short-term assets	(n)	8.7	13.2	16.7
Short-term liabilities	(o)	(7.9)	(8.2)	(9.8)
Net working capital		0.8	5.0	6.9
Equity investments	(p)	416.4	416.7	424.1
Other fixed assets	(q)	55.6	56.9	61.2
CAPITAL INVESTED		472.8	478.6	492.2
Other medium and long-term liabilities	(r)	(1.1)	(0.6)	(1.0)
NET CAPITAL INVESTED		471.7	478.0	491.2
Net financial indebtedness		249.3	280.1	307.6
Shareholders' equity		222.4	197.9	183.6
TOTAL		471.7	478.0	491.2

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

"Net working capital" decreased by Euro 4.2 million compared to December 31, 2016, mainly due to the payments from the parent company Cir S.p.A. of net receivables of Euro 4.1 million from the tax filing system.

"Shareholders' equity" as at June 30, 2017 amounts to Euro 222.4 million, up from Euro 197.9 million as at December 31, 2016, substantially thanks to the results of the first half of 2017.

The following table shows the main items of the statement of financial position of the Company as at June 30, 2017, compared with the figures as at December 31, 2016 and June 30, 2016:

(in millions of Euro)	June 30, 2017	2016	June 30, 2016
Short-term cash investments	19.6	25.1	36.8
Short/medium-term financial receivables to third and subsidiaries	137.4	154.1	131.1
Short-term financial debts (*)	(149.5)	(210.0)	(198.6)
Medium/long-term financial debts	(256.8)	(249.3)	(276.9)
NET FINANCIAL POSITION	(249.3)	(280.1)	(307.6)

(*) Including current portions of medium/long-term financial debts

The item "Medium/long-term financial receivables to third and subsidiaries" includes the receivable of Euro 25 million as at June 30, 2017 for dividends resolved by French subsidiaries, the collection of which is scheduled within the second half year.

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

(in millions of Euro)	Note*	1st half 2017	1st half 2016	Year 2016
SELF-FINANCING	(s)	23.8	15.5	34.2
Change in net working capital	(t)	4.2	0.5	2.4
Other medium/long term assets/liabilities	(u)	1.4	1.5	2.6
CASH FLOW GENERATED BY OPERATIONS		29.4	17.5	39.2
Sale of equity investments		0.4	-	7.0
TOTAL SOURCES		29.8	17.5	46.2
Increase in intangible assets		0.9	0.5	1.1
Purchase of tangible assets		-	-	0.1
Purchase of equity investments		0.2	20.1	20.0
TOTAL APPLICATION OF FUNDS		1.1	20.6	21.2
FREE CASH FLOW		28.7	(3.1)	25.0
Holding Company increases in capital		0.9	0.1	0.8
Change in fair value derivative instruments		1.2	1.2	(0.1)
CHANGES IN SHAREHOLDERS' EQUITY		2.1	1.3	0.7
Change in net financial position	(v)	30.8	(1.8)	25.7
Opening net financial position	(v)	(280.1)	(305.8)	(305.8)
CLOSING NET FINANCIAL POSITION	(v)	(249.3)	(307.6)	(280.1)

(*) 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 2017 was positive at Euro 28.7 million, compared to Euro 3.1 million negative flow in the first half of 2016.

In addition to higher profitability and an improvement in net working capital realised in the first half of 2017, in the same period of the previous year the Company had undersigned a capital increase of Euro 20 million in favour of a Chinese subsidiary.

PERFORMANCE OF THE FILTRATION BUSINESS UNIT

In the first half of 2017, the Filtration business unit generated revenues of Euro 296.2 million (Euro 270.7 million in the first half of 2016), recording a growth of 9.4%, mainly due to strong sales growth in Asia and South America. Sales in Europe and North America increased by 4.1% and 5.7%, respectively.

EBIT amounted to Euro 13.0 million, down from Euro 14.9 million in the first six months of 2016 due to writedowns of fixed assets in Brazil for Euro 6 million.

Employees of the business unit at June 30, 2017 were 2,741 (2,735 at December 31, 2016).

PERFORMANCE OF THE SUSPENSIONS BUSINESS UNIT

In the first half of 2017 the Suspensions business unit generated revenues of Euro 307.2 million, up 6.1% compared to the first half of 2016. In contrast with moderate growth in Europe (+2.0%), the business unit recorded higher rates of growth in other geographical areas, particularly in South America.

The EBIT amounted to Euro 22.2 million, an improvement of Euro 18.1 million in the first six months of 2016, with an increase in the impact of revenue from 6.2% to 7.2%. The higher incidence of raw materials due in particular to the increase in the price of steel was more than offset by some efficiencies in variable costs and the lower incidence of fixed costs.

Employees of the business unit at June 30, 2017 were 2,610 (2,625 at December 31, 2016).

PERFORMANCE OF THE AIR & COOLING BUSINESS UNIT

In the first half of 2017, the Air & Cooling business unit reported revenues of Euro 264.7 million, up 10.1% compared to the same period last year; the increase was driven by North America, China and India.

The EBIT amounted to Euro 18.1 million (Euro 12.2 million in the first half of 2016). This increase reflects the positive performance of revenues and the lower impact of total labour costs.

Employees of the business unit at June 30, 2017 were 1,386 (1,381 at December 31, 2016).

PERFORMANCE IN THE SECOND QUARTER OF 2017

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		Period		Change	
	4.1 - 6.30.2017		4.1 - 6.30.2016			
	Amount	%	Amount	%	Amount	%
Sales revenues	426.8	100.0	408.4	100.0	18.4	4.5
Variable cost of sales	301.3	70.6	289.0	70.8	12.3	4.3
CONTRIBUTION MARGIN	125.5	29.4	119.4	29.2	6.1	5.1
Manufacturing and R&D overheads	40.4	9.5	38.3	9.4	2.1	5.6
Depreciation and amortization	17.7	4.1	17.0	4.1	0.7	3.8
Distribution and sales fixed expenses	11.6	2.7	11.6	2.8	-	(0.4)
Administrative and general expenses	22.5	5.3	21.6	5.3	0.9	4.5
Restructuring costs	1.3	0.3	1.6	0.4	(0.3)	(16.6)
Losses (gains) on disposal	(0.1)	-	-	-	(0.1)	-
Exchange (gains) losses	0.8	0.2	(1.7)	(0.4)	2.5	-
Other non-operating expenses (income)	8.2	1.9	10.4	2.5	(2.2)	(20.9)
- of which not ordinary	0.2		6.4		(6.1)	
EBIT	23.1	5.4	20.6	5.1	2.5	11.8
Financial expenses (income), net	6.5	1.5	8.4	2.1	(1.9)	(22.9)
Losses (gains) from equity investments	-	-	0.4	0.1	(0.4)	(100.0)
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS	16.6	3.9	11.8	2.9	4.8	40.1
Income taxes	7.2	1.7	5.1	1.3	2.1	41.9
NET RESULT BEFORE NON-CONTROLLING INTERESTS	9.4	2.2	6.7	1.6	2.7	(38.8)
Loss (income) attributable to non-controlling interests	(1.0)	(0.2)	(1.3)	(0.3)	0.3	25.0
GROUP NET RESULT	8.4	2.0	5.4	1.3	3.0	54.5

In the second quarter 2017, Sogefi posted revenue growth of 4.5% (amounting to Euro 426.8 million) and an increase in the contribution margin from 29.2% to 29.4% of revenues.

The **EBITDA** totalled Euro 48.8 million (Euro 40 million in the corresponding period of 2016), with a growth of 21.9%. The increase in sales and a lower impact of indirect costs more than offset the higher incidence of material costs.

EBIT amounts to Euro 23.1 million (Euro 20.6 million in the second quarter 2016).

Result before taxes and non-controlling interests was positive at Euro 16.6 million (Euro 11.8 million in the second quarter 2016), after financial expenses of Euro 6.5 million, lower than the Euro 8.4 million of the same period of the previous year.

The **Group's net result** in the second quarter 2017 was positive at Euro 8.4 million (Euro 5.4 million in the same period of the previous year).

INVESTMENTS AND RESEARCH & DEVELOPMENT ACTIVITIES

The investments totalled Euro 37.1 million in the first half year 2017 (Euro 33.7 million in the first half of the previous year). In detail, investment in tangible fixed assets amounted to Euro 23.5 million (Euro 18.9 million in the first half year 2016) and investment in intangible fixed assets amounted to Euro 13.6 million (Euro 14.8 million in the first half year 2016).

As for material investments, these were mainly geared to increasing production capacity, industrialisation of new products, improvement of industrial processes and productivity growth.

TREASURY SHARES

As at June 30, 2017, the Holding Company has 2,763,749 treasury shares in its portfolio, corresponding to 2.31% of share capital, at an average price of Euro 2.28 each. In the first half year 2017, 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 Condensed interim consolidated financial statements, in the section entitled "Related Party Transactions".

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

We point out that no transactions have been carried out with related parties 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 Procedure 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 Italian Civil Code, we point out that Sogefi S.p.A. is subject to management 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, 2017

No significant events occurred after June 30, 2017.

OUTLOOK FOR OPERATIONS

With regard to the global automotive market, the forecasts for 2017 show a positive trend, albeit to a lesser extent compared to the first half. The European market is expected to grow in the second half, while the North American market is expected to further decline.

In this context, Sogefi expects to achieve percentage growth in revenue in the mid-single digits in the second half year. The company also expects to improve its profitability on an annual basis over 2016 despite an increase in raw material costs.

Milan, July 25, 2017

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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND THE HOLDING COMPANY'S STATUTORY FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IAS/IFRS

Notes relating to the Condensed interim 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 Tangible and Intangible 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, amortization 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 line items of the Consolidated Cash Flow Statement "Exchange differences on private placement", "Recognition in the income statement of the fair value reserve in cash flow hedge" and "Other medium/long term assets/liabilities", excluding movements in Income Statement, of the fair value reserve no longer in 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 medium/long-term financial receivables and payables;
- m) these headings differ from those shown in the Consolidated Cash Flow Statement as they refer to the total net financial position and not just to cash and cash equivalents.

Notes relating to the Holding Company's Statutory Financial Statements

- (n) the heading agrees with "Total working capital" ("Totale attivo circolante operativo") in the Holding Company's statutory Statement Of Financial Position;
- (o) the heading agrees with the sum of the line items "Trade and other payables" ("Debiti commerciali e altri debiti"), "Tax payables" ("Debiti per imposte") and "Other current liabilities" ("Altre passività correnti") in the Holding Company's statutory Statement Of Financial Position;
- (p) the heading agrees with the sum of the line items "Equity investments in subsidiaries" ("Partecipazioni in società controllate"), "Equity investments in associates" ("Partecipazioni in società collegate") and "Other financial assets available for sale" ("Altre attività finanziarie disponibili per la vendita") in the Holding Company's statutory Statement Of Financial Position;
- (q) the heading agrees with the sum of the line items "Total Tangible and Intangible 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 profit" ("Utile netto d'esercizio"), "Depreciation and amortization" ("Ammortamenti immobilizzazioni materiali e immateriali"), "Accrual to Income Statement for fair value of cash flow hedging instruments" ("Stanziamiento 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"), "Exchange differences on private placement" ("Differenze cambio su private placement"), "Net change in provision for phantom stock options" ("Variazione netta fondo phantom stock option"), 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 “Waived trade receivables from the subsidiaries” (“Rinuncia crediti commerciali verso società controllate”) 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 3 November 2005, the criteria used for constructing 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 Amortization" and the writedowns of tangible and intangible fixed assets included in the item "Other non-operating expenses (income)".

"Other non-operating expenses (income)" include amounts that do not relate to ordinary business activities such as:

- writedowns of tangible and intangible fixed assets
- imputed cost of stock option and stock grant plans
- allocations to provisions for legal disputes with employees and third parties
- product warranty costs
- strategic consulting services
- other writedowns of non-ordinary financial items

"Restructuring costs" include voluntary redundancy incentives for all employee categories (managers, clerical staff, blue collar workers) and costs relating to the shutdown of a plant or the discontinuation of individual business lines (personnel costs and related costs associated with shutdown).

"Losses (gains) on disposal" include the difference between the net book value of sold assets and selling price.

Please note that at June 30, 2017 there are no non-recurring charges as defined by Consob in its communication no. DEM/6064293 of July 28, 2006.

Normalised EBITDA (used to calculate covenants): it is calculated by summing "EBITDA" and the following expenses and revenues arising from non-ordinary operations: "Restructuring costs" and "Losses (gains) on disposal".

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)

ASSETS	Note	June 30, 2017	December 31, 2016
CURRENT ASSETS			
Cash and cash equivalents	4	73,057	93,661
Other financial assets	5	3,387	5,881
<i>Working capital</i>			
Inventories	6	171,157	164,977
Trade receivables	7	190,738	158,466
Other receivables	7	6,469	6,820
Tax receivables	7	22,099	24,192
Other assets	7	5,602	3,689
TOTAL WORKING CAPITAL		396,065	358,144
TOTAL CURRENT ASSETS		472,509	457,686
NON-CURRENT ASSETS			
TANGIBLE AND INTANGIBLE FIXED ASSETS			
Land	8	12,767	12,818
Property, plant and equipment	8	237,454	243,263
Other tangible fixed assets	8	5,485	6,401
<i>Of which: leases</i>		<i>6,767</i>	<i>8,105</i>
Intangible assets	9	273,216	281,650
TOTAL TANGIBLE AND INTANGIBLE FIXED ASSETS		528,922	544,132
OTHER NON-CURRENT ASSETS			
Investments in joint ventures	10	-	-
Other financial assets available for sale	11	66	46
Non-current trade receivables	12	4	4
Financial receivables	12	6,764	15,770
Other receivables	12	30,460	29,818
Deferred tax assets	13-19	46,916	56,810
TOTAL OTHER NON-CURRENT ASSETS		84,210	102,448
TOTAL NON-CURRENT ASSETS		613,132	646,580
NON-CURRENT ASSETS HELD FOR SALE	14	3,418	3,418
TOTAL ASSETS		1,089,059	1,107,684

LIABILITIES	Note	June 30, 2017	December 31, 2016
CURRENT LIABILITIES			
Bank overdrafts and short-term loans	15	13,259	11,005
Current portion of medium/long-term financial debts and other loans	15	62,344	137,203
<i>Of which: leases</i>		1,594	1,721
TOTAL SHORT-TERM FINANCIAL DEBTS		75,603	148,208
Other short-term liabilities for derivative financial instruments	15	5,726	400
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FIN. INSTRUMENTS		81,329	148,608
Trade and other payables	16	363,377	339,086
Tax payables	16	9,027	8,664
Other current liabilities	17	8,379	8,197
TOTAL CURRENT LIABILITIES		462,112	504,555
NON-CURRENT LIABILITIES			
MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS			
Financial debts to bank	15	93,756	48,291
Other medium/long-term financial debts	15	188,593	209,906
<i>Of which: leases</i>		7,563	9,039
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS		282,349	258,197
Other medium/long-term financial liabilities for derivative financial instruments	15	-	7,550
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		282,349	265,747
OTHER LONG-TERM LIABILITIES			
Long-term provisions	18	84,226	89,317
Other payables	18	15,262	15,046
Deferred tax liabilities	19	42,095	43,950
TOTAL OTHER LONG-TERM LIABILITIES		141,583	148,313
TOTAL NON-CURRENT LIABILITIES		423,932	414,060
SHAREHOLDERS' EQUITY			
Share capital	20	62,293	62,065
Reserves and retained earnings (accumulated losses)	20	105,087	101,537
Group net profit (loss) for the period	20	19,971	9,336
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY		187,351	172,938
Non-controlling interests	20	15,664	16,131
TOTAL SHAREHOLDERS' EQUITY		203,015	189,069
TOTAL LIABILITIES AND EQUITY		1,089,059	1,107,684

CONSOLIDATED INCOME STATEMENT
(in thousands of Euro)

	Note	1st half 2017		1st half 2016	
		Amount	%	Amount	%
Sales revenues	22	865,974	100.0	798,557	100.0
Variable cost of sales	24	615,510	71.1	569,972	71.4
CONTRIBUTION MARGIN		250,464	28.9	228,585	28.6
Manufacturing and R&D overheads	25	80,291	9.2	74,531	9.4
Depreciation and amortization	26	35,559	4.1	33,616	4.2
Distribution and sales fixed expenses	27	22,725	2.6	23,069	2.9
Administrative and general expenses	28	44,827	5.2	42,700	5.4
Restructuring costs	30	5,962	0.7	3,486	0.4
Losses (gains) on disposal	31	(168)	-	17	-
Exchange losses (gains)	32	645	0.1	(566)	(0.1)
Other non-operating expenses (income)	33	10,793	1.2	15,127	1.9
- of which not ordinary		984		8,359	
EBIT		49,830	5.8	36,605	4.5
Financial expenses (income), net	34	12,806	1.5	16,843	2.1
Losses (gains) from equity investments	35	-	-	391	-
RESULT BEFORE TAXES AND NON-CONTROLLING INTERESTS		37,024	4.3	19,371	2.4
Income taxes	36	14,937	1.7	8,456	1.1
NET RESULT BEFORE NON-CONTROLLING INTERESTS		22,087	2.6	10,915	1.3
Loss (income) attributable to non-controlling interests		(2,116)	(0.3)	(2,579)	(0.3)
GROUP NET RESULT		19,971	2.3	8,336	1.0
Earnings per share (EPS) (Euro):	38				
Basic		0.171		0.072	
Diluted		0.170		0.062	

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

	<i>Note</i>	<i>1st half 2017</i>	<i>1st half 2016</i>
Net result before non-controlling interests		22,087	10,915
<i>Other Comprehensive Income:</i>			
<i>Items that will not be reclassified to profit or loss</i>			
- Actuarial gains (losses)	20	2,844	(13,211)
- Tax on items that will not be reclassified to profit or loss	20	(483)	2,510
<i>Total items that will not be reclassified to profit or loss</i>		<i>2,361</i>	<i>(10,701)</i>
<i>Items that may be reclassified to profit or loss</i>			
- Profit (loss) booked to cash flow hedge reserve	20	2,446	2,703
- Income tax relating to items that may be reclassified to profit or loss	20	(587)	(649)
- Profit (loss) booked to translation reserve	20	(11,055)	(2,660)
<i>Total items that may be reclassified to profit or loss</i>		<i>(9,196)</i>	<i>(606)</i>
<i>Other Comprehensive Income</i>		<i>(6,835)</i>	<i>(11,307)</i>
Total comprehensive result for the period		15,252	(392)
Attributable to:			
- Shareholders of the Holding Company		13,298	(2,833)
- Non-controlling interests		1,954	2,441

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Euro)

	<i>1st half 2017</i>	<i>1st half 2016</i>
Cash flows from operating activities		
Net result	19,971	8,336
Adjustments:		
- non-controlling interests	2,116	2,579
- depreciation, amortization and writedowns	44,048	38,439
- expenses recognised for share-based incentive plans	265	120
- exchange rate differences on private placement	(10,138)	(2,046)
- (not paid) interest expense on bonds	1,822	1,704
- provision in income statement of fair value derivatives in cash flow hedge	9,182	2,084
- losses/(gains) on disposal of fixed assets and non-current assets held for sale	(168)	17
- provisions for risks, restructuring and deferred taxes	6,275	(1,474)
- post-retirement and other employee benefits	(407)	(316)
- change in net working capital	(16,770)	(16,251)
- other medium/long-term assets/liabilities	(497)	4,672
CASH FLOWS FROM OPERATING ACTIVITIES	55,699	37,864
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(23,477)	(18,944)
Purchase of intangible assets	(13,630)	(14,781)
Net change in other securities	2,230	-
Sale of property, plant, equipment and businesses	357	133
Sale of intangible assets	53	43
NET CASH FLOWS FROM INVESTING ACTIVITIES	(34,467)	(33,549)
FINANCING ACTIVITIES		
Capital increase in subsidiaries from third parties	72	131
Net change in capital	901	104
Dividends paid to Holding Company shareholders and non-controlling interests	(2,544)	(5,230)
New (repayment of) bonds	(12,587)	-
New (repayment of) long-term loans	(26,345)	(23,026)
New (repayment of) finance leases	(915)	(650)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(41,418)	(28,671)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(20,186)	(24,356)
Balance at the beginning of the period	82,656	104,048
(Decrease) increase in cash and cash equivalents	(20,186)	(24,356)
Exchange differences	(2,672)	(4,615)
BALANCE AT THE END OF THE PERIOD	59,798	75,077
ADDITIONAL INFORMATIONS OF CASH FLOW STATEMENT		
Taxes paid	(5,502)	(2,066)
Financial expenses paid	(12,475)	(15,000)
Financial income collected	1,036	766

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 (accumulated losses)	Net result for the period	Total		
<i>Balance at December 31, 2015</i>	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
Net purchase of treasury shares	-	-	-	-	-	-
Other changes	-	(46)	-	(46)	46	-
<i>Comprehensive result for the period</i>						
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
<i>Total Comprehensive result for the period</i>						
	-	(11,169)	8,336	(2,833)	2,441	(392)
<i>Balance at June 30, 2016</i>	61,733	98,119	8,336	168,188	16,941	185,129

(in thousands of Euro)	Attributable to the shareholders of the parent company				Non-controlling interests	Total
	Share capital	Reserves and retained earnings (accumulated losses)	Net result for the period	Total		
<i>Balance at December 31, 2016</i>	62,065	101,537	9,336	172,938	16,131	189,069
Paid share capital increase	228	673	-	901	72	973
Allocation of 2016 net profit:						
Legal reserve	-	-	-	-	-	-
Dividends	-	-	-	-	(2,544)	(2,544)
Retained earnings	-	9,336	(9,336)	-	-	-
Recognition of share-based incentive plans	-	265	-	265	-	265
Net purchase of treasury shares	-	-	-	-	-	-
Other changes	-	(51)	-	(51)	51	-
<i>Comprehensive result for the period</i>						
Fair value measurement of cash flow hedging instruments	-	2,446	-	2,446	-	2,446
Actuarial gains (losses)	-	2,844	-	2,844	-	2,844
Tax on items booked in Other						
Comprehensive Income	-	(1,070)	-	(1,070)	-	(1,070)
Currency translation differences	-	(10,893)	-	(10,893)	(162)	(11,055)
Net result for the period	-	-	19,971	19,971	2,116	22,087
<i>Total Comprehensive result for the period</i>						
	-	(6,673)	19,971	13,298	1,954	15,252
<i>Balance at June 30, 2017</i>	62,293	105,087	19,971	187,351	15,664	203,015

EXPLANATORY AND SUPPLEMENTARY NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS: CONTENTS

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A) GENERAL ASPECTS

1. CONTENT AND FORMAT OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed Condensed interim consolidated financial statements for the period January 1 - June 30, 2017 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 Condensed interim consolidated financial statements at December 31, 2016. "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 Company's assets and liabilities, financial position and results during the half-year.

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

The interim condensed financial statements as at June 30, 2017 should be read in conjunction with the annual financial statements as at December 31, 2016.

With reference to IAS 1, the Board 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, 2017 were approved by the Board of Directors on July 25, 2017.

1.1 Format of the Condensed interim consolidated financial statements

The financial statements as at June 30, 2017 are consistent with those used for the annual report as at December 31, 2016.

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 minority interests;
- Result before taxes and non-controlling interests;
- Net result before non-controlling interests;
- Group Net result.

1.2 Content of the Condensed interim consolidated financial statements

The interim condensed Condensed interim consolidated financial statements for the six-month period ending June 30, 2017 include the Holding Company Sogefi S.p.A. and its controlled subsidiaries.

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

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

The interim condensed Condensed interim 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, except for the subsidiaries Sogefi Suspensions Heavy Duty Italy Srl and Sogefi Suspensions Passenger Car Italy Srl that have been valued at cost since such companies are not operative as at June 30, 2017.

It should be noted that in the first half year 2017 subsidiary Sogefi Suspensions S.A. increased its percentage of ownership in subsidiary S.ARA Composite S.A.S. from 95.65% to 95.98% through a share capital increase (Euro 1,890 thousand, not declared and paid out) subscribed by non-controlling interest shareholders that led to an amount of Euro 51 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, 2017 and December 31, 2016 was as follows:

<i>Business Unit</i>	<i>Region</i>	<i>Wholly-owned subsidiaries</i>	
		June 30, 2017	December 31,
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
	Morocco (*****)	1	-
Suspensions	Italy (****)	2	-
	France	2	2
	Great Britain	2	2
	Germany	2	2
	The Netherlands	1	1
	Brazil	1	1
	Argentina	1	1
Sogeti Gestion S.A.S.	France	1	1
TOTAL		30	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 and Air&Cooling business units.

(****) This subsidiary works also for Air&Cooling business unit.

(*****) These subsidiaries are not active at June 30, 2017.

<i>Business Unit</i>	<i>Region</i>	<i>Non-wholly-owned subsidiaries</i>	
		June 30, 2017	December 31,
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, 2017 are consistent with those used for the annual financial statements as of December 31, 2016 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 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.

The main items affected by these estimates are as follows:

- goodwill (Euro 126,639 thousand as at June 30, 2017): the goodwill impairment test conducted as of December 31, 2016 confirmed that there was no need to recognise any impairment loss to the values shown in the financial statements. The trend of operating results of the business units in the first half year 2017 and the forecasts for the full year 2017 are basically in line with the projections included in the 2017 - 2020 multiyear plan for the Group as approved by the management. Hence there are no indications that the goodwill might be impaired in the first half of 2017;
- recoverability of deferred tax assets related to tax losses (Euro 11,753 thousand as of June 30, 2017): as at June 30, 2017 deferred tax assets related to tax losses incurred during previous years (relating to the Holding Company Sogefi S.p.A. and subsidiaries Sogefi Italy S.p.A., Allevard Sogefi U.S.A. Inc., Sogefi Suspensions S.A., Sogefi Filtration Ltd, United Springs S.A.S., Sogefi Filtration Spain S.A.U. and Sogefi Air & Cooling S.A.S.) were accounted for to the extent of the generation of future taxable income - within the time frame 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 they are likely to be recovered taking into account that the Holding Company has joined the CIR Group tax filing system permanently. 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 49,568 thousand as of June 30, 2017): actuaries who offer their consulting services to the Group use different statistic assumptions in order to anticipate future events for the purpose of estimating pension plan expenses, liabilities and assets. Such assumptions concern discount rate, expected return on pension plan assets (this particular assumption concerns nearly exclusively British pension funds), future wage inflation rates, mortality and turnover rates;
- derivatives (Euro 7,321 thousand for assets and Euro 5,726 thousand for liabilities as at June 30, 2017): the estimate of derivatives fair value and the efficacy test on derivatives held for “hedge accounting” were performed with the aid of external consultants based on valuation models commonly used in the industry;
- provision for product warranties (Euro 16.3 million)/Other non-current receivables (Euro 9.7 million).

- 1) With regard to provision for product warranties, there are claims in progress by two customers relating to a defective component supplied starting from 2010 by subsidiary Sogefi Air & Cooling S.A.S. (formerly named Systèmes Moteurs S.A.S., “SM”) before and after it was purchased by Dayco Europe S.r.l. (in 2011). The Company believes that the defect was caused by a thermostat manufactured by a supplier of SM 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.

In June 2012 the court appointed a technical expert to write an expert witness report, initially for the purpose of determining the causes of product defect. Subsequently, the sub-suppliers and the customers, and lastly Dayco took part in the investigation process.

The court’s expert is tasked with determining the nature of the defect, the liability of the different parties involved and the amount of damages.

The expert established that the defect was caused by the thermostat manufactured by the supplier of SM.

With regard to the liability of the parties involved, the expert is analysing the different phases of the type approval procedure to allocate liability among the different parties involved (thermostat supplier, its sub-suppliers, SM as first-tier supplier, and the customers).

With regard to the determination of damages, the expert was asked to evaluate whether the damages claimed by the customers are appropriate for the purpose of allocating final damages among the parties involved.

- 2) Customers have recently reduced the total amount of their claims from Euro 188.5 million to Euro 165.4 million, broken down as follows:
 - Euro 112.4 million for past and future campaigns (previously Euro 111.3 million);
 - Euro 31.5 million for interest and other costs (previously Euro 11.3 million);

- Euro 21.5 million for damage to reputation and loss of future income (previously Euro 65.9 million).

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 in the amount of Euro 21.5 million.

Regarding the request for Euro 31.5 million for interest and other costs, the Company, supported by its legal counsel, recalculated the amounts for which details were provided by the customers and then based on the current situation fully and prudentially assessed the amounts for which details have not yet been provided.

- 3) Based on the foregoing, the claim considered by the Company today amounts to Euro 132.9 million (previously Euro 122.6 million) without this having an impact on the Company's accruals.

The Company investigated such claim thoroughly to identify the concerned production periods and – prior to the allocation of liability, if any – according to its estimates Euro 64.1 million relate to products manufactured before the SM acquisition, and Euro 68.8 million to post-acquisition periods.

In this regard, in May 2016, the Company obtained an arbitration award in the international arbitration proceedings initiated against Dayco to recover the costs incurred by SM after the acquisition.

In short, the award confirmed that Sogefi has a general right to indemnification for the claims relating to products manufactured before Sogefi purchased SM, and ordered Dayco to pay Euro 9.4 million to Sogefi for the claims already paid (including the amounts paid in connection with the above mentioned defective component). The award amount had been paid at the end of the year 2016. In 2017, an additional amount of Euro 0.3 million was collected for further claims still pending between Sogefi and Dayco at the end of 2016.

If appropriate, the Company will claim such general right to indemnification against Dayco in connection with amounts paid to customers for production lots of the defective components before Sogefi purchased SM.

The award ordered Sogefi to pay any claims relating to production lots manufactured after the acquisition.

- 4) The Company estimates the claims relating to production lots manufactured after the acquisition at Euro 68.8 million in total before liability is allocated among the different parties involved (thermostat supplier, its sub-suppliers, SM, and the customers).

The Company, supported by its legal counsel, feels that the expert can recognise only a portion of these sums.

- 5) SM paid Euro 21 million on a provisional basis for claims filed by customers. These amounts were paid 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 or under subsequent settlement agreements.

At the end of the year 2016, the Company's provision for product warranties – less total amount paid of Euro 21 million – amounted to Euro 16.3 million. This amount was re-analysed in the first half of 2017. The Company, supported by its legal counsel, confirmed this provision as being prudent.

- 6) With regard to the indemnities owed by the seller of SM shares, it is worthwhile pointing out that the Sogefi Group entered an indemnification asset totalling Euro 23.4 million in the Condensed interim consolidated financial statements in 2011, because the seller Dayco 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 proceedings, in 2016 the Company reduced the amount expected to be recovered from Dayco by Euro 4 million and consequently wrote down the indemnification asset by the same amount. After the payments of 2016 and 2017, the residual value of the indemnification asset as at June 30, 2017 was Euro 9.7 million.

Please note that both Sogefi and Dayco appealed parts of the award before the Court of Appeals in Milan. Sogefi appealed the part of the award ordering it to pay the claims concerning the products manufactured after the acquisition; Dayco appealed the part of the award confirming the validity of the indemnities in favour of Sogefi provided for by the acquisition contract. It should be noted that the validity of such indemnities was confirmed by both the award and a preliminary ruling of the Court of Appeals in Milan, that rejected Dayco's petition to stay enforcement of the award and confirmed that the award is enforceable.

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 information available at the time of preparing the financial statements. The estimate is subject to change as events evolve.

Accounting Standards, Amendments and Interpretations adopted from January 1, 2017

No new IFRS accounting standards, amendments and interpretations have become applicable on January 1, 2017.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union but not yet compulsorily applicable and not early adopted by the Group

The Group has not adopted the following new and amended standards that have been issued but are not yet applicable:

- IFRS 15 – Revenue from Contracts with Customers (issued on 28 May 2014 and supplemented with additional clarifications on 12 April 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 IFRSs, such as leases, insurance 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 from 1 January 2018, though early adoption is allowed. The amendments to IFRS 15, Clarifications to IFRS 15 – Revenue from Contracts with Customers, published by IASB on 12 April 2016, have not yet been endorsed by the European Union.

OEM/OES contracts with car manufacturers generally include three major contractual obligations:

- development of the production process for the manufacture of the goods, based on the specifications supplied by the customer;
- supply of tooling, like equipment and moulds used in the production of goods;
- supply of the goods.

The Group concluded that the supply of goods represents a distinct performance obligation, while the development of the production process does not meet the requirements to be identified as a separate performance obligation (related revenues will be recognised on the same duration of the performance obligation identified by the supply of goods); this does not constitute an alteration in the manner in which revenue from these contractual obligations is recognised in relation to the current situation.

The Group is completing the analysis of the supply of tooling where there are legal agreements with different clients in the different jurisdictions in which the Group operates (the ownership of the tooling could be transferred to the car manufacturer before the start of mass production in exchange for a fixed fee or at the end of mass production, when revenue from the sale of tooling is included in the sale price of the individual goods).

With the exception of tooling, where the analysis is still ongoing, when supplying car manufacturers the control is transferred to customers upon shipment/delivery of the goods, and, as a result, revenues will be recognised at that time, without generating any differences from the current revenue recognition policy.

The Group has analysed the contractual obligation for the warranties for the supplied components, concluding that it does not represent a distinct performance obligation because it does not provide additional services that

benefit the customers. Warranty costs will continue to be recognised under IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

The Group has identified an impact on the presentation of revenues from aftermarket customers. This is due to the marketing contributions provided to customers who meet the definition of "consideration payable to customers" in IFRS 15 and that have to be presented net of revenues. These costs are currently presented in the item "Variable cost of sales" because they are considered marketing costs provided by customers to the Group.

During the second half of 2017 the Group will finalise its analysis of the impacts arising from the application of the new standard (tooling, presentation, disclosure requirements etc.) also for the purpose of defining guidance for the year 2018.

- Final version of IFRS 9 – Financial instruments (issued on 24 July 2014). The document 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 principle, which supersedes the previous versions of IFRS 9, must be applied to financial statements as of January 1, 2018 and thereafter.

Directors expect IFRS 9 to have an impact on the balances and the relevant disclosures in the Condensed interim consolidated financial statements of the Group. Still, it will be impossible to provide a reasonable estimate as to the effects until the Group completes a detailed analysis.

IFRS and IFRIC 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 Condensed interim consolidated financial statements.

- IFRS 16 – Leases (issued on 13 January 2016) 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 liability. Lessees may elect to not recognise agreements for low-value assets or with a term of up to 12 within the scope of this standard. No significant changes are introduced for lessor accounting.

The standard applies for reporting period beginning on or after 1 January 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 Group's Condensed interim consolidated financial statements. Still, it will be impossible to provide a reasonable estimate as to the effects until the Group completes a detailed analysis of the relevant agreements.

- Amendment to IAS 12 “Recognition of Deferred Tax Assets for Unrealised Losses” (published on 19 January 2016). This document provides clarifications on the recognition of deferred tax assets for unrealised losses under certain circumstances and on the estimation of taxable income for future periods. The Directors are evaluating the possible effects of applying these amendments to the Group's Condensed interim consolidated financial statements.
- Amendments to IAS 7 “Disclosure Initiative” issued on 29 January 2016. The document provides some clarifications to improve information on financial liabilities. Specifically, the amendments require such disclosures as to allow the recipients of the financial statements to understand changes in liabilities generated by financing operations. The amendments apply as from 1 January 2017. They do not require a presentation of comparative information relating to previous years. The Directors are evaluating the possible effects of applying these amendments to the Group's Condensed interim consolidated financial statements.
- Amendments to IFRS 2 “Classification and measurement of share-based payment transactions” (issued on 20 June 2016). This document provides clarifications on how to account for the effects of vesting conditions in cash-settled share-based payments, how to classify share-based payments that include net settlement features and how to account for changes to the terms and conditions of a share-based payment that change that payment from cash-settled to equity-settled. The amendments apply as from 1 January 2018, though early adoption is allowed. The Directors are evaluating the possible effects of applying these amendments to the Group's Condensed interim consolidated financial statements.
- Document “Annual Improvements to IFRSs: 2014-2016 Cycle” (published on December 8, 2016) with major changes concerning:
 - IFRS 1 - First adoption of International Financial Reporting Standards
 - The changes eliminate some exemptions from IFRS 1 as the benefit of these exemptions is deemed to have been superseded. These

amendments are to be applied for financial periods beginning on January 1, 2018.

- IFRS 12 - Information on equity investments in other entities - The change clarifies the scope of application of IFRS 12, specifying that the disclosure required by the principle also applies to investments classified as held for sale, held for distribution to members or as discontinued operations in accordance with IFRS 5. The amendment aims at standardising the information required by IFRS principles 5 and 12. These amendments are to be applied for financial periods beginning on January 1, 2017
- IAS 28 – Equity investments in subsidiaries and joint ventures– The amendment clarifies that the option for an investment entity in risk capital or another entity qualified to measure the investments in subsidiaries and joint ventures values at fair value posted to the income statement (rather than by applying the equity method) is performed for each single investment upon initial recognition. These amendments are to be applied for financial periods beginning on January 1, 2018.

Directors do not expect any significant effect on the Condensed interim consolidated financial statements of the Group when these amendments are adopted.

- IFRIC 22 “Foreign Currency Transactions and Advance Consideration” (issued on 8 December 2016). This interpretation provides guidelines on foreign currency transactions when non-monetary advance consideration paid or received is recognised before recognition of the relating asset, expense or income. This document clarifies how an entity is to determine the date of the transaction and consequently the spot exchange rate to be used for foreign currency transactions whose consideration is paid or received in advance. IFRIC 22 applies as from 1 January 2018, though early adoption is allowed. Directors do not expect any significant effect on the Condensed interim consolidated financial statements of the Group when these amendments are adopted.
- Amendments to IAS 40 “Transfers of Investment Property” (issued on 8 December 2016). These amendments provide clarifications on the transfer a property asset to, or from, investment property. Specifically, an entity should only reclassify a property asset to or from investment property when there is evidence of a change in use of that asset. Such change in use must be supported by a specific event occurred in the past. A change in intention by the entity’s management alone is not sufficient. These amendments apply as from 1 January 2018, though early adoption is allowed. Directors do not expect any significant effect on the Condensed interim consolidated financial statements of the Group when these amendments are adopted.
- Amendments to IFRS 10 and IAS 28 “Sales or Contribution of Assets between an Investor and its Associate or Joint Venture” (issued on 11 September 2014). 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.

- IFRIC 23 – Uncertainty over income taxes treatment. In June 2017, the IASB published the interpretation of IFRIC 23 - Uncertainty over income tax treatments. The interpretation clarifies the application of recognition and measurement requirements in IAS 12 Income Taxes when there is uncertainty about tax treatment. These amendments are to be applied for financial periods beginning on January 1, 2019.

Exchange rates

The following exchange rates have been used for translation purposes:

	<i>1st half 2017</i>		<i>1st half 2016</i>		<i>F.Y. 2016</i>
	<i>Average</i>	<i>06.30</i>	<i>Average</i>	<i>06.30</i>	<i>12.31</i>
US dollar	1.0825	1.1412	1.1155	1.1102	1.0541
Pound sterling	0.8601	0.8793	0.7785	0.8265	0.8562
Brazilian real	3.4393	3.7600	4.1350	3.5898	3.4305
Argentine peso	16.9981	18.8857	15.9898	16.5810	16.7476
Chinese renminbi	7.4416	7.7387	7.2934	7.3757	7.3201
Indian rupee	71.1238	73.7463	74.9625	74.9625	71.5820
New romanian Leu	4.5364	4.5523	4.4956	4.5235	4.5391
Canadian dollar	1.4445	1.4785	1.4854	1.4384	1.4188
Mexican peso	21.0261	20.5846	20.1613	20.6356	21.7723
Hong Kong dollar	8.4161	8.9071	8.6655	8.6133	8.1753

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 are provided: Suspensions, Filtration, and Air and Cooling. Figures for the Holding Company Sogefi S.p.A. and the subsidiary Sogefi Gestion S.a.S. are also provided for the purpose of reconciliation with consolidated values.

The tables below provide the income statement and statement of financial position figures of the Group for the first half of 2016 and 2017:

(in thousands of Euro)	June 30, 2016					
	Air & Cooling	Suspensions	Filtration	Sogefi SpA / Sogefi Gestion S.A.S.	Adjustments	Sogefi Group consolidation
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	(12,801)	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

(in thousands of Euro)		June 30, 2017				
	Air & Cooling	Suspensions	Filtration	Sogefi SpA / Sogefi Gestion S.A.S.	Adjustments	Sogefi Group consolidation
REVENUES						
Sales to third parties	264,256	306,393	295,325	-	-	865,974
Intersegment sales	441	829	920	14,535	(16,725)	-
TOTAL REVENUES	264,697	307,222	296,245	14,535	(16,725)	865,974
RESULTS						
EBIT	17,609	22,182	15,670	(5,062)	(569)	49,830
Financial expenses, net						(12,806)
Income from equity investments						-
Losses from equity investments						-
Result before taxes						37,024
Income taxes						(14,937)
Loss (profit) attributable to non-controlling interests						(2,116)
NET RESULT						19,971
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	316,832	409,854	334,591	606,612	(726,254)	941,635
Unallocated assets	-	-	-	-	147,424	147,424
TOTAL ASSETS	316,832	409,854	334,591	606,612	(578,830)	1,089,059
LIABILITIES						
Segment liabilities	183,488	260,668	253,148	424,367	(235,628)	886,044
TOTAL LIABILITIES	183,488	260,668	253,148	424,367	(235,628)	886,044
OTHER INFORMATION						
Increase in tangible and intangible fixed assets	10,057	13,441	12,852	949	(192)	37,107
Depreciation, amortization and writedowns	9,781	12,578	19,369	1,745	575	44,048

Please note that the Air and Cooling business unit figures include the net book value of the Systèmes Moteurs Group (company name is now Sogefi Air & Cooling S.A.S.), deriving from local accounts – in other words, not including the fair value adjustment of net assets after the Purchase Price Allocation of 2011 – and only the adjustments arising from the Purchase Price Allocation and relating to the change in product warranty provisions (contingent liabilities booked upon PPA); the remaining adjustments arising from the 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 amortization linked to the revaluation of assets resulting from the acquisition of 40% of Sogefi Rejna S.p.A. (later merged into Sogefi Italy 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 of 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 Resorts 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, amortization and writedowns" includes writedowns of tangible fixed assets for Euro 3,825 thousand, primarily referred to the subsidiary Sogefi Filtration do Brasil Ltda., writedowns of intangible assets for Euro 4,666 thousand, mainly referred to European subsidiaries and to Sogefi Filtration do Brasil Ltda.

These assets were written down based on the recoverable value of assets at the end of the first half of 2017.

Information on the main customers

Revenues from sales to third parties as of June 30, 2017 accounting for over 10% of Group revenues are shown in the following table:

Group	Group		June 30, 2017		
	Amount	%	BU Filtration	BU Air & Cooling	BU Suspensions
Ford	107,784	12.4	28,496	42,741	36,547
FCA/CNH Industrial	107,117	12.4	44,708	35,166	27,243
Renault/Nissan	100,355	11.6	30,807	22,416	47,132
PSA	91,878	10.6	27,963	31,805	32,110

Information on geographic areas

The breakdown of revenues by geographical area is analysed in the Directors' Report and in note 22.

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

	June 30, 2016					
	Europe	South America	North America	Asia	Adjustments	Sogefi Group consolidation
TOTAL ASSETS	1,475,219	101,323	140,402	73,129	(653,615)	1,136,458

	June 30, 2017					
	Europe	South America	North America	Asia	Adjustments	Sogefi Group consolidation
TOTAL ASSETS	1,462,363	92,777	130,221	70,605	(666,907)	1,089,059

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

C 1) ASSETS

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to Euro 73,057 thousand versus Euro 93,661 thousand as of December 31, 2016 and break down as follows:

<i>(in thousands of Euro)</i>	<i>June 30, 2017</i>	<i>December 31, 2016</i>
Short-term cash investments	73,002	93,607
Cash on hand	55	54
TOTAL	73,057	93,661

“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, 2017, the Group has unused lines of credit for the amount of Euro 286,317 thousand. These funds are available for use on demand, because the conditions required for their availability are met.

Please note that this item includes Argentine Peso 26,686 thousand, i.e. the equivalent of Euro 1,413 thousand at the exchange rate in force on June 30, 2017 (Argentine Peso 18,595 thousand, the equivalent of Euro 1,110 at the exchange rate in force on December 31, 2016) held by the Argentinian subsidiaries.

5. OTHER FINANCIAL ASSETS

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

<i>(in thousands of Euro)</i>	<i>June 30, 2017</i>	<i>December 31, 2016</i>
Financial receivables	1,130	1,676
Held-to-maturity investments	1,700	3,950
Assets for derivative financial instruments	557	255
TOTAL	3,387	5,881

“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, 2017			December 31, 2016		
	Gross	Write-downs	Net	Gross	Write-downs	Net
Raw, ancillary and consumable materials	66,061	4,374	61,687	63,216	4,690	58,526
Work in progress and semi-finished products	17,496	534	16,962	16,251	384	15,867
Contract work in progress and advances	43,105	70	43,035	41,001	54	40,947
Finished goods and goods for resale	55,861	6,388	49,473	55,955	6,318	49,637
TOTAL	182,523	11,366	171,157	176,423	11,446	164,977

The net value of inventories increased by Euro 6,180 thousand compared to December 31, 2016 (at equal exchange the increase would be Euro 9,959 thousand). This increase was due to Euro 2,088 thousand for the tooling to be resold to customers included in the item "Contract work in progress and advances", and, for the remainder, to the usual seasonal trends mainly observed in European subsidiaries.

7. TRADE AND OTHER RECEIVABLES

Current receivables break down as follows:

(in thousands of Euro)	June 30, 2017	December 31, 2016
Trade receivables	190,874	157,163
Less: allowance for doubtful accounts	3,595	4,977
Trade receivables, net	187,279	152,186
Due from Parent Company	3,459	6,280
Tax receivables	22,099	24,192
Other receivables	6,469	6,820
Other assets	5,602	3,689
TOTAL	224,908	193,167

"Trade receivables" are non-interest bearing and have an average due date of 33 days, against 34 days at the end of the previous year.

It should be noted that as of June 30, 2017, the Group factored trade receivables for Euro 104,890 thousand (Euro 98,937 thousand as of December 31, 2016), including an amount of Euro 54,860 thousand which was not notified (Euro 60,804 thousand as of December 31, 2016) 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 104,890 thousand as at June 30, 2017 and Euro 98,937 thousand as at December 31, 2016) and the positive effect of exchange rates (Euro 5,410 thousand), net trade receivables show an increase of Euro 46,456

thousand mainly as a result of the increase in the Group's business activities which occurred in the second quarter of 2017 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, 2016 were collected for a total of Euro 5,882 thousand in the first half of 2017. For further details, please refer to note 39.

"Tax receivables" include tax credits due to Group companies by the tax authorities of various countries. The decrease in the item, equal to Euro 2,093 thousand, mainly refers to VAT receivables.

It does not include deferred tax assets which are treated separately.

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

(in thousands of Euro)	<i>June 30, 2017</i>	<i>December 31, 2016</i>
Amounts due from social security institutions	138	103
Amounts due from employees	202	202
Advances to suppliers	3,508	2,690
Due from others	2,621	3,825
TOTAL	6,469	6,820

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, 2017 amounted to Euro 255,706 thousand versus Euro 262,482 thousand at the end of the previous year and breaks down as follows:

<i>(in thousands of Euro)</i>					
	Land	Buildings, plant and machinery, commercial and industrial equipment	Other assets	Assets under construction and payments on account	TOTAL
<i>Balance at December 31, 2016</i>					
Historical cost	12,881	831,790	28,639	35,157	908,467
<i>of which: leases - gross value</i>	-	16,239	89	533	16,861
Accumulated depreciation	63	622,635	22,238	1,049	645,985
<i>of which: leases - accumulated depreciation</i>	-	8,667	89	-	8,756
Net value	12,818	209,155	6,401	34,108	262,482
<i>of which: leases - net value</i>	-	7,572	-	533	8,105
<i>Balance at December 31, 2016</i>					
Additions of the period	-	7,058	396	16,023	23,477
Disposals during the period, net	-	(68)	(122)	-	(190)
Exchange differences	(56)	(5,041)	(279)	(897)	(6,273)
Depreciation for the period	-	(18,782)	(1,178)	-	(19,960)
Writedowns/revaluations during the period	5	(3,619)	(211)	-	(3,825)
Reclassification of non-current assets held for sale	-	-	-	-	-
Other changes	-	11,120	478	(11,603)	(5)
<i>Balance at June 30, 2017</i>	12,767	199,823	5,485	37,631	255,706
Historical cost	12,767	833,791	28,384	38,680	913,622
<i>of which: leases - gross value</i>	-	15,646	82	-	15,728
Accumulated depreciation	-	633,968	22,899	1,049	657,916
<i>of which: leases - accumulated depreciation</i>	-	8,879	82	-	8,961
Net value	12,767	199,823	5,485	37,631	255,706
<i>of which: leases - net value</i>	-	6,767	-	-	6,767

Investments during the period amounted to Euro 23.477 thousand and mainly regard "Assets under construction and payments on account", "Buildings, plant and machinery, commercial and industrial equipment".

In the category "Assets under construction and payments on account", the main investments related in particular to the subsidiary Sogefi Filtration Ltd for the development of new products and the improvement of production processes; the subsidiary Sogefi (Suzhou) Auto Parts Co., Ltd for the new Chinese plant for the Suspensions business unit and for investments in terms of health and safety; the French companies Sogefi Filtration S.A., Sogefi Air & Cooling S.A.S. and Sogefi Suspensions S.A. for the development of new products, increased production capacity and improvement of production processes; Sogefi Italy S.p.A. and Sogefi

Suspension Brasil Ltda for increased production capacity and extraordinary maintenance; and Allevard Sogefi USA Inc. for the development of new products.

Among the most important projects in the category "Buildings, plant and machinery, commercial and industrial equipment" are the investments of the subsidiaries Sogefi Air & Cooling Canada Corp., Sogefi Engine Systems Mexico S. de R.L. de C.V. and Allevard Sogefi USA Inc. for the development of new products, Iberica de Suspensiones S.L. and Sogefi-MNR Engine Systems India Pvt Ltd to increase production capacity.

During the first half year 2017, 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 3,825 thousand and mainly relates to the subsidiary Sogefi Filtration do Brasil Ltda.

“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, 2017, tangible fixed assets are encumbered by mortgages or liens totalling Euro 3,935 thousand to guarantee loans from financial institutions, compared to Euro 5,580 thousand as of December 31, 2016. Existing guarantees refer to subsidiaries Sogefi Air & Cooling Canada Corp., Allevard IAI Suspensions Private Ltd. and Sogefi Filtration do Brasil Ltda.

Purchase commitments

As at June 30, 2017, there are binding commitments to buy tangible fixed assets for the amount of Euro 2,675 thousand (Euro 2,373 thousand as at December 31, 2016). 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, 2017 was Euro 15,728 thousand, and the related accumulated depreciation amounted to Euro 8,961 thousand.

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

9. INTANGIBLE ASSETS

At June 30, 2017 intangible assets amount to Euro 273,216 thousand against Euro 281,650 thousand at the end of the previous year and break down as follows:

(in thousands of Euro)	<i>Develop- ment costs</i>	<i>Industrial patents and intellectual property rights, concessions licences and trademarks</i>	<i>Other, assets under constructi- on and payments on account</i>	<i>Customer Relationship</i>	<i>Trade name Systemes Moteurs</i>	<i>Goodwill</i>	<i>TOTAL</i>
<i>Balance at December 31, 2016</i>							
Historical cost	211,718	65,031	25,253	19,215	8,437	149,537	479,191
Accumulated amortization	130,327	32,317	4,281	5,362	2,356	22,898	197,541
Net value	81,391	32,714	20,972	13,853	6,081	126,639	281,650
<i>Balance at December 31, 2016</i>	81,391	32,714	20,972	13,853	6,081	126,639	281,650
Additions of the period	8,014	1,004	4,612	-	-	-	13,630
Disposals during the period, net	(53)	-	-	-	-	-	(53)
Exchange differences	(1,237)	(1)	(510)	-	-	-	(1,748)
Amortization for the period	(12,792)	(1,744)	(349)	(495)	(217)	-	(15,597)
Writedowns / revaluations during the period	(4,504)	-	(162)	-	-	-	(4,666)
Other changes	6,133	12	(6,145)	-	-	-	-
<i>Balance at June 30, 2017</i>	76,952	31,985	18,418	13,358	5,864	126,639	273,216
Historical cost	218,881	65,790	22,915	19,215	8,437	149,537	484,775
Accumulated amortization	141,929	33,805	4,497	5,857	2,573	22,898	211,559
Net value	76,952	31,985	18,418	13,358	5,864	126,639	273,216

Investments in the half year amounted to Euro 13,630 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 most significant investments refer to the subsidiaries Sogefi Air & Cooling S.A.S., Sogefi Filtration S.A., Sogefi Engine Systems Mexico S. de R.L. de C.V. 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, based on its 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. and Sogefi Suspensions S.A..

“Writedowns/revaluations during the period” totalled Euro 4,666 thousand and mainly relates to no longer recoverable research and development projects of the European subsidiaries and the subsidiary 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 C.G.U. “Car Suspension” amounts to Euro 17,049 thousand.

The impairment test conducted as of December 31, 2016 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 2017, there are no indications that said assets have suffered any impairment loss in the first half of 2017 as the trend of the business units in the first half of 2017 and the forecasts for the full year 2017 are basically in line with the projections included in the 2017 - 2020 multiyear plan for the Group as approved by the management.

10. INVESTMENTS IN JOINT VENTURES

As of June 30, 2017, this item amounts to zero.

11. OTHER FINANCIAL ASSETS AVAILABLE FOR SALE

As at June 30, 2017 they amount to Euro 66 thousand (Euro 46 thousand as at December 31, 2016).

12. FINANCIAL RECEIVABLES AND OTHER NON-CURRENT RECEIVABLES

Financial receivables total Euro 6,764 thousand (Euro 15,770 thousand as of December 31, 2016) 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)	<i>June 30, 2017</i>	<i>December 31, 2016</i>
Indemnification asset	9,735	9,955
Other receivables	20,725	19,863
TOTAL	30,460	29,818

"Other receivables" include an indemnification asset of Euro 9,735 thousand owed by the seller of Sogefi Air & Cooling 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.

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, 2016 is mainly due to tax assets of the French subsidiaries.

13. DEFERRED TAX ASSETS

As of June 30, 2017, this item amounts to Euro 46,916 thousand compared to Euro 56,810 thousand as of December 31, 2016.

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 of Euro 11,753 thousand (Euro 17,164 thousand as at December 31, 2016), 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 1,185 thousand as of June 30, 2017; Euro 1,259 thousand as of December 31, 2016) and subsidiaries Allevard Sogefi U.S.A. Inc. (Euro 5,593 thousand as at June 30, 2017; Euro 8,221 thousand as at December 31, 2016), Sogefi Suspensions S.A. (Euro 3,420 thousand as at June 30, 2017, Euro 3.651 thousand as at December 31, 2016), Sogefi Filtration Ltd (Euro 37 thousand as at June 30, 2017; Euro 807 thousand as at December 31, 2016), Sogefi Filtration Spain S.A.U. (Euro 1,001 thousand as at June 30, 2017; Euro 2,310 thousand as at December 31, 2016), United Springs S.A.S. (Euro 297 thousand as of June 30, 2017; Euro 493 thousand as of December 31, 2016) and Sogefi Air & Cooling S.A.S. (Euro 204 thousand as of June 30, 2017; Euro 380 thousand as of December 31, 2016) and Sogefi Italy S.p.A. (Euro 16 thousand as at June 30, 2017; Euro 43 thousand as at December 31, 2016).

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 time frame 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.

It should also be noted that the losses incurred by the UK subsidiary can be carried forward indefinitely. The losses of the French and Spanish subsidiaries can be carried forward indefinitely but new law passed in 2012 in France and in 2016 in Spain has maintained a limit for the amount that can be utilised each year, making recovery time longer. The losses of the US subsidiary can be carried forward over a period of up to 20 years since they were incurred. The losses of the Holding Company Sogefi S.p.A. and of subsidiary Sogefi Italy S.p.A. are likely to be recovered taking into account that the companies have joined the CIR Group tax filing system in the past.

14. NON-CURRENT ASSETS HELD FOR SALE

As at 30 June 2017, non-current assets held for sale total Euro 3,418 thousand (Euro 3,418 thousand as of December 31, 2016) and relate to the plot of land and building of the Lieusaint site owned by subsidiary Sogefi Suspensions S.A., which were classified to “Non-current assets held for sale” as they will be sold in the next twelve months.

C 2) LIABILITIES AND EQUITY

15. FINANCIAL DEBTS TO BANKS AND OTHER FINANCING CREDITORS

These break down as follows:

Current portion

<i>(in thousands of Euro)</i>	<i>June 30, 2017</i>	<i>December 31, 2016</i>
Bank overdrafts and short-term loans	13,259	11,005
Current portion of medium/long-term financial debts <i>of which: leases</i>	62,344 1,594	137,203 1,721
Total loans maturing within one year	62,344	137,203
TOTAL SHORT-TERM FINANCIAL DEBTS	75,603	148,208
Other short-term liabilities for derivative financial instruments	5,726	400
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	81,329	148,608

Non-current portion

<i>(in thousands of Euro)</i>	<i>June 30, 2017</i>	<i>December 31, 2016</i>
Financial debts to banks	93,756	48,291
Other medium/long-term financial debts <i>of which: leases</i>	188,593 7,563	209,906 9,039
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	282,349	258,197
Other medium/long-term liabilities for derivative financial instruments	-	7,550
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	282,349	265,747

Bank overdrafts and short-term loans

For further details, please refer to the Analysis of the net financial position included 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, 2017:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guarantees
Sogefi S.p.A.	BNP Paribas S.A.	Sept - 2014	Nov - 2019	35,000	Euribor 3m + 153 bps variable	-	24,980	24,980	N/A
Sogefi S.p.A.	ING Bank	July - 2015	Sept - 2020	30,000	Euribor 3m + 190 bps variable	5,000	24,896	29,896	N/A
Sogefi S.p.A.	Banca Carige S.p.A	July - 2011	Sept - 2017	25,000	Euribor 3m + 225 bps variable	1,364	-	1,364	N/A
Sogefi S.p.A.	Mediobanca S.p.A	Jun - 2017	Jun - 2020	20,000	Euribor 3m + 110 bps variable	-	19,970	19,970	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	Sept - 2015	Sept - 2018	19,000	Euribor 3m + 130 bps variable	7,600	3,766	11,366	N/A
Sogefi S.p.A.	Banca Carige S.p.A	Nov - 2015	Jun - 2019	10,000	Euribor 6m + 130 bps variable	2,866	2,861	5,727	N/A
Sogefi Filtration S.A.	Société Générale	Apr - 2017	Oct - 2019	5,000	Euribor 3m + 75 bps variable	-	5,000	5,000	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	May - 2017	Aug - 2017	1,200	2 % fixed	1,200	0	1,200	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	May - 2017	Dec - 2017	4,764	120% PBOC 3m	4,764	-	4,764	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Unicredit S.p.A.	Jun - 2017	Dec - 2017	6,401	125% PBOC 3m	6,401	-	6,401	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Commerz bank	Jan - 2017	July - 2017	711	120% PBOC 6m	711	-	711	N/A
Sogefi Air & Cooling Canada Corp.	Ge Capital	Sept - 2015	Sept - 2019	4,058	4.207% fixed	1,024	1,342	2,366	YES
Sogefi Filtration do Brasil Ltda	Banco do Brasil	July - 2014	Aug - 2017	3,013	8 % fixed	3,047	0	3,047	N/A
Sogefi Filtration do Brasil Ltda	Banco do Brasil	Sept - 2015	Aug - 2018	2,660	17.96% fixed	1,101	183	1,284	YES
Sogefi Filtration do Brasil Ltda	Banco Itau	May - 2017	Nov - 2017	634	5% fixed	634	0	634	N/A
Sogefi Filtration do Brasil Ltda	Banco do Brasil	Apr - 2017	Apr - 2018	1,857	4.05% fixed	1,857	-	1,857	N/A
S.C. Sogefi Air & Cooling S.r.l	ING Bank	May - 2016	May - 2020	4,710	ROBOR 3m + 2.8%	1,449	2,898	4,347	N/A
Sogefi Suspensions S.A.	Société Générale	Apr - 2017	Oct - 2019	5,000	Euribor 3m + 75 bps variable	1,243	3,757	5,000	N/A
Sogefi Air&Cooling S.A.S.	Société Générale	May - 2017	Nov - 2019	5,000	Euribor 3m + 75 bps variable	1,243	3,757	5,000	
Other loans						20,840	346	21,186	
TOTAL						62,344	93,756	156,100	

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

Balance at December 31, 2016:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guarantees
Sogefi S.p.A.	BNP Paribas S.A.	Sep - 2014	Sep - 2017	25,000	Euribor 3m + 190 bps variable	24,939	-	24,939	N/A
Sogefi S.p.A.	ING Bank	July - 2015	Sep - 2020	30,000	Euribor 3m + 190 bps variable	-	29,879	29,879	N/A
Sogefi S.p.A.	Banca Carige S.p.A	July - 2011	Sep - 2017	25,000	Euribor 3m + 225 bps variable	4,026	-	4,026	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	Dec - 2012	Apr - 2017	15,000	Euribor 3m + 315 bps variable	3,742	-	3,742	N/A
Sogefi S.p.A.	Mediobanca S.p.A	July - 2015	Jan - 2017	20,000	Euribor 3m + 130 bps variable	19,996	-	19,996	N/A
Sogefi S.p.A.	Mediobanca S.p.A	Dec - 2015	June - 2017	20,000	Euribor 3m + 125 bps variable	19,983	-	19,983	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	Sep - 2015	Sep - 2018	19,000	Euribor 3m + 130 bps variable	7,600	7,552	15,152	N/A
Sogefi S.p.A.	Banca Carige S.p.A	Nov - 2015	June - 2019	10,000	Euribor 3m + 130 bps variable	2,848	4,289	7,137	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ING Bank	Mar - 2015	Jan - 2017	9,358	160% PBOC 1y	9,358	-	9,358	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	Nov - 2016	May - 2017	5,350	120% PBOC 3m	5,350	-	5,350	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Unicredit S.p.A.	Nov - 2016	Nov - 2017	4,097	115% PBOC 3m	4,097	-	4,097	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Commerz bank	July - 2016	June - 2017	3,005	105% PBOC 6m	3,005	-	3,005	N/A
Sogefi Air & Cooling Canada Corp.	Ge Capital	Sep - 2015	Sep - 2019	4,229	4,207% fixed	1,045	1,938	2,983	YES
Sogefi Filtration do Brasil Ltda	Banco do Brasil	July - 2014	Aug - 2017	3,322	8 % fixed	3,322	-	3,322	N/A
Sogefi Filtration do Brasil Ltda	Banco do Brasil	Sep - 2015	Aug - 2018	2,915	17,96% fixed	1,206	804	2,010	YES
Sogefi Filtration do Brasil Ltda	Banco Itau	Mar - 2016	Mar - 2017	2,591	6,2% fixed	791	-	791	N/A
S.C. Sogefi Air & Cooling S.r.l.	ING Bank	May - 2016	May - 2020	4,723	ROBOR 3m + 2,8%	1,090	3,633	4,723	N/A
Shanghai Sogefi Auto Parts Co., Ltd	Bank of China	July - 2016	Jan - 2017	2,049	105% PBOC 6m	2,049	-	2,049	N/A
Other loans						22,756	196	22,951	
TOTAL						137,203	48,291	185,494	

Other short-term liabilities for derivative financial instruments

The item includes the short-term portion of the fair value of exchange risk hedging contracts and interest 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:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Total amount at June 30, 2017	Real guarantees
Sogefi S.p.A.	Private placement	May - 2013	May - 2023	USD 115,000	Fixed coupon 600 bps	71,717	N/A
Sogefi S.p.A.	Private placement	May - 2013	May - 2020	Euro 25,000	Fixed coupon 505 bps	24,960	N/A
Sogefi S.p.A.	Equity linked bond	May - 2014	May - 2021	Euro 100,000	Fixed coupon 2% year	83,826	N/A
Leasing						7,563	
Other financial debts						527	
TOTAL						188,593	

Please note that an amount of Euro 14,396 thousand relating to the bond issue of USD 115,000 thousand was classified under “Current portion of medium/long-term financial debts” because redemption will occur by June 30, 2018.

The line “Other medium/long-term financial debts” includes other minor loans.

As of December 31, 2016, details are as follows:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Total amount at December 31, 2016	Real guarantees
Sogefi S.p.A.	Private placement	May - 2013	May - 2023	USD 115,000	Fixed coupon 600 bps	93,228	N/A
Sogefi S.p.A.	Private placement	May - 2013	May - 2020	Euro 25,000	Fixed coupon 505 bps	24,953	N/A
Sogefi S.p.A.	Equity linked bond	May - 2014	May - 2021	Euro 100,000	Fixed coupon 2% year	82,035	N/A
Leasing						9,041	
Other financial debts						649	
TOTAL						209,906	

In the first half of 2017 the Holding Company Sogefi S.p.A. entirely repaid the loans outstanding at December 31, 2016 with Mediobanca S.p.A., stipulated in July 2015 and expiring in January 2017, for a total of Euro 20 million and with Banco do Brasil S.A., stipulated in December 2012 and expiring in April 2017, for the balance of Euro 3.8 million. The loan of Euro 20 million granted by Mediobanca S.p.A in December 2015 and expiring in the month of June 2017 was replaced by a loan of the same amount and signed with the same institution in June 2017 and expiring in the month of June 2020 at a floating rate of 3-month Euribor plus a spread of 110 basis points. With reference to the bond loan originally for Usd 115 million expiring in May 2023, as per the relative contract the Holding Company Sogefi S.p.A. paid the first instalment in May, for a total sum of Usd 16.4 million.

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 21 below entitled “Analysis of the financial position”.

Other medium/long-term financial liabilities for derivative financial 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 almost the entire useful life of the asset concerned. The assets held under these leases, rental and hire contracts are booked in accordance with IAS 17 as though they were fixed assets owned by the company, disclosing their historical cost, depreciation, 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	1,989	1,594
Between 1 and 5 years	7,136	6,230
Beyond 5 years	1,365	1,333
Total lease payments	10,490	9,157
Interests	(1,333)	-
TOTAL PRESENT VALUE OF LEASE PAYMENTS	9,157	9,157

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, 2017	December 31, 2016
Trade and other payables	363,377	339,086
Tax payables	9,027	8,664
TOTAL	372,404	347,750

Details of trade and other payables are as follows:

(in thousands of Euro)	June 30, 2017	December 31, 2016
Due to suppliers	285,161	262,884
Due to Parent company	2,556	3,254
Due to tax authorities for indirect and other taxes	12,255	11,359
Due to social and security institutions	19,727	20,668
Due to employees	34,751	31,992
Other payables	8,927	8,929
TOTAL	363,377	339,086

Amounts “Due to suppliers ” are not interest-bearing and are settled on average in 68 days (66 days at December 31, 2016).

The amounts “Due to suppliers” increased by Euro 22,277 thousand (by Euro 27,232 thousand exchange rates being equal); this is mainly due to business growth in the second quarter 2017 compared to the last quarter 2016.

Amounts “Due to the parent company” refer to the debt amounting to Euro 250 thousand with the Parent Company CIR S.p.A. for services rendered in the first half of 2017 (Euro 250 thousand in the first half of 2016); Euro 831 thousand reflect the consideration due for the fiscal surplus transferred by companies that have joined the CIR Group tax filing system; the amount Euro 1,421 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.

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

17. OTHER CURRENT LIABILITIES

“Other current liabilities” include adjustments to costs and revenues for the period so as to ensure compliance with the accruals based 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)	<i>June 30, 2017</i>	<i>December 31, 2016</i>
Pension funds	49,568	53,198
Provision for employment termination indemnities	5,829	5,996
Provision for restructuring	2,260	2,106
Provision for product warranties and other risks	18,514	19,081
Lawsuits	8,055	8,936
TOTAL	84,226	89,317

Details of the main items are given below.

Pension funds

Changes in this item over the period are shown below:

(in thousands of Euro)	<i>June 30, 2017</i>	<i>December 31, 2016</i>
Opening balance	53,198	42,575
Cost of benefits charged to income statement	1,751	3,380
Amounts recognised in "Other Comprehensive Income"	(2,844)	12,929
Contributions paid	(2,007)	(2,939)
Exchange differences	(530)	(2,747)
TOTAL	49,568	53,198

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

(in thousands of Euro)	June 30, 2017	December 31, 2016
Great Britain	19,085	23,007
France	27,104	26,734
Other	3,379	3,457
TOTAL	49,568	53,198

Provision for employment termination indemnities

Changes in this item over the period are shown below:

(in thousands of Euro)	June 30, 2017	December 31, 2016
Opening balance	5,996	6,316
Accruals for the period	71	147
Amounts recognised in "Other Comprehensive Income"	-	(13)
Contributions paid	(238)	(454)
TOTAL	5,829	5,996

Provision for restructuring

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

The provision changed as follows during the period:

(in thousands of Euro)	June 30, 2017	December 31, 2016
Opening balance	2,106	5,194
Accruals for the period	1,261	1,216
Utilizations	(769)	(3,621)
Provisions not used during the period	(334)	(758)
Other changes	-	25
Exchange differences	(4)	50
TOTAL	2,260	2,106

The "Accruals for the period" mainly refer to subsidiary Sogefi Filtration S.A.

"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.

Provision for product warranties

The provision changed as follows during the period:

<i>(in thousands of Euro)</i>	<i>June 30, 2017</i>	<i>December 31, 2016</i>
Opening balance	19,081	19,716
Accruals for the period	617	2,279
Utilizations	(1,176)	(2,422)
Provisions not used during the period	-	(515)
Other changes	-	37
Exchange differences	(8)	(14)
TOTAL	18,514	19,081

The item reflects for the most part liabilities connected with product warranty risks of the Systèmes Moteurs Group for the amount of Euro 16,300 thousand. Please refer to note 2 for further details, "Consolidation principles and accounting policies".

Other payables

The item "Other payables" amounted to Euro 15,262 thousand (Euro 15,046 thousand at December 31, 2016) of which Euro 8,997 thousand (Euro 8,997 thousand as at December 31, 2016) relating to the fair value of the liabilities arising from the put option held by minority shareholders of the subsidiary Sogefi-MNR Engine Systems India Pvt Ltd (estimated fair value of the option exercise price) for a 30% stake of the company. The option can be exercised by October of each year.

19. DEFERRED TAX LIABILITIES

As of June 30, 2017, this item amounts to Euro 42,095 thousand compared to Euro 43,950 thousand as of December 31, 2016.

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 62,293 thousand as of June 30, 2017 (Euro 62,065 thousand as of December 31, 2016), split into 119,794,992 ordinary shares with a par value of Euro 0.52 each.

As at June 30, 2017, the Company has 2,763,749 treasury shares (2,878,451 as at December 31, 2016) in its portfolio, corresponding to 2.31% of share capital (2.41% as at December 31, 2016), 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 reserve	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, 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
Fair value measurement of embedded derivative (conversion option)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other changes	-	-	764	(764)	764	(762)	-	-	-	-	-	(48)	-	(46)
Fair value measurement of cash flow hedging instruments: share booked to equity	-	-	-	-	-	-	-	1,861	-	-	-	-	-	1,861
Fair value measurement of cash flow hedging instruments: share booked to income statement	-	-	-	-	-	-	-	842	-	-	-	-	-	842
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
Balance at December 31, 2016	62,065	12,640	16,159	6,572	(6,572)	2,992	(30,594)	(9,555)	(42,338)	10,091	12,201	129,941	9,336	172,938
Paid share capital increase	228	-	673	-	-	-	-	-	-	-	-	-	-	901
Allocation of 2016 net profit:														
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	9,336	(9,336)	-
Credit to equity for stock-based incentive plans	-	-	-	-	-	265	-	-	-	-	-	-	-	265
Other changes	-	-	262	(262)	262	(292)	-	-	-	-	-	(21)	-	(51)
Fair value measurement of cash flow hedging instruments: share booked to equity	-	-	-	-	-	-	-	1,604	-	-	-	-	-	1,604
Fair value measurement of cash flow hedging instruments: share booked to income statement	-	-	-	-	-	-	-	842	-	-	-	-	-	842
Actuarial gain (loss)	-	-	-	-	-	-	-	-	2,844	-	-	-	-	2,844
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(1,070)	-	-	-	(1,070)
Currency translation differences	-	-	-	-	-	-	(10,893)	-	-	-	-	-	-	(10,893)
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	-	19,971	19,971
Balance at June 30, 2017	62,293	12,640	17,094	6,310	(6,310)	2,965	(41,487)	(7,109)	(39,494)	9,021	12,201	139,256	19,971	187,351

Share premium reserve

It amounts to Euro 17,094 thousand compared to Euro 16,159 thousand in the previous year. The increase by Euro 673 thousand accounts for share subscriptions under stock option plans.

In the first half year 2017, the Holding Company Sogefi S.p.A. credited Euro 262 thousand to the Share premium reserve after the free grant of 114,702 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 262 thousand and reflect the free grant of 114,702 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 10,893 thousand mainly due to the South American, Chinese and American subsidiaries.

Reserve for actuarial gains/losses

This reserve reflects the net impact of the application of the amendment to IAS 19 "Employee Benefits" on other actuarial gains (losses) as at 1 January 2012. The item also includes actuarial gains and losses accrued after 1 January 2012 and recognised under 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 2,446 thousand which breaks down as follows:

- increase of Euro 1,179 thousand as a consequence of the change after December 31, 2016 in the fair value of the existing effective contracts;
- increase of Euro 1,267 thousand reflecting the portion of negative reserve relating to contracts no longer in hedge accounting that will be recognised in the Income Statement over the same period of time as the differentials relating to the underlying hedged item (which residual part as at June 30, 2017 is 2,322 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 7 November 2002, including the portion relating to the stock grant plan approved in 2017.

In 2017, further to Stock Grant Plan beneficiaries exercising their rights and due to the corresponding free grant of 114,702 treasury shares, the amount of Euro 292 thousand, corresponding to the fair value at right (Units) allocation date, was reclassified from "Stock-based incentive plans reserve" to the "Share premium reserve" (for Euro 262 thousand) and to the "Retained earnings reserve" (for Euro 30 thousand).

While the increase by Euro 265 thousand refers to the cost of accruing plans.

Other reserves

This item amounts to Euro 12,201 thousand (unchanged compared to 31 December 2016).

Retained earnings

These totalled Euro 139,256 thousand and include amounts of profit that have not been distributed.

The decrease of Euro 21 thousand refers to the following events:

- the interest held by subsidiary Sogefi Suspensions S.A. in S.ARA Composite S.A.S. increased from 95.65% to 95.98% through a share capital increase (Euro 1,890 thousand, declared and paid out) not subscribed by non-controlling interests that led to an amount of Euro 51 thousand being reclassified between non-controlling interests and Group's shareholders' equity;
- reclassification from the above mentioned "Stock-based incentive plans reserve" (Euro 30 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 2017			1st half 2016		
	Gross Amount	Tax effect	Net Amount	Gross Amount	Tax effect	Net Amount
- Profit (loss) booked to cash flow hedge reserve	2,446	(587)	1,859	2,703	(649)	2,054
- Actuarial profit (loss)	2,844	(483)	2,361	(13,211)	2,510	(10,701)
- Profit (loss) booked to translation reserve	(11,055)	-	(11,055)	(2,660)	-	(2,660)
Total Other Comprehensive Income, net of tax effect	(5,765)	(1,070)	(6,835)	(13,168)	1,861	(11,307)

NON-CONTROLLING INTERESTS

The balance amounts to Euro 15,664 thousand and refers to the portion of shareholders' equity attributable to non-controlling interests.

The reserve increased by Euro 51 thousand during the first half of 2017 (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)	Region	% owned by third parties			Loss (profit) attributable to non-controlling interests		Shareholders' equity attributable to non-controlling interests	
		June 30, 2017	December 31, 2016	June 30, 2016	June 30, 2017	June 30, 2016	June 30, 2017	December 31, 2016
S.Ara Composite S.A.S.	France	4.02%	4.35%	4.57%	(38)	(190)	340	326
Iberica de Suspensiones S.L.	Spain	50.00%	50.00%	50.00%	2,273	2,837	12,271	12,496
Shanghai Alleverd Spring Co., Ltd	China	39.42%	39.42%	39.42%	(55)	(31)	2,452	2,695
Alleverd IAI Suspensions Pvt Ltd	India	25.77%	25.77%	25.77%	(70)	(38)	531	545
Sogefi-MNR Engine Systems India Pvt Ltd	India	30.00%	30.00%	30.00%	-	-	-	-
Sogefi Italy S.p.A.	Italy	0.12%	0.12%	0.12%	6	1	70	69
TOTAL					2,116	2,579	15,664	16,131

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, 2017	December 31, 2016
A. Cash	73,057	93,661
B. Other cash at bank and on hand (held-to-maturity investments)	1,700	3,950
C. Financial instruments held for trading	-	-
D. Liquid funds (A) + (B) + (C)	74,757	97,611
E. Current financial receivables	1,687	1,931
F. Current payables to banks	(13,259)	(11,005)
G. Current portion of non-current indebtedness	(62,344)	(137,203)
H. Other current financial debts	(5,726)	(400)
I. Current financial indebtedness (F) + (G) + (H)	(81,329)	(148,608)
J. Current financial indebtedness, net (I) + (E) + (D)	(4,885)	(49,066)
K. Non-current payables to banks	(93,756)	(48,291)
L. Bonds issued	(180,504)	(200,216)
M. Other non-current financial debts	(8,090)	(17,240)
O. Non-current financial indebtedness (K) + (L) + (M)	(282,350)	(265,747)
P. Net indebtedness (J) + (O)	(287,235)	(314,813)
Non-current financial receivables	6,764	15,770
Financial indebtedness, net including non-current financial receivables (as per the "Net financial position" included in the Report on operations)	(280,471)	(299,043)

Details of the covenants applying to loans outstanding at the end of the first half year 2017 are as follows (see note 15 for further details on loans):

- 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 70,000 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 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 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 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, 2017, 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 2017, the Sogefi Group reported revenue growth of 8.4% at Euro 866 million (+7.7% 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 2017		1st half 2016	
	Amount	%	Amount	%
Suspensions	307,222	35.5	289,505	36.3
Filtration	296,245	34.2	270,702	33.9
Air&Cooling	264,698	30.6	240,370	30.1
Intercompany eliminations	(2,191)	(0.3)	(2,020)	(0.3)
TOTAL	865,974	100.0	798,557	100.0

All business units recorded revenue growth in the first half year: +10.1% (+9.3% at constant exchange rates) for Air and Cooling, +9.4% (+8.6% at constant exchange rates) for Filtration, and 6.1% (5.6% at constant exchange rates) for Suspensions.

By geographic area:

(in thousands of Euro)	1st half 2017		1st half 2016	
	Amount	%	Amount	%
Europe	536,492	62.0	522,816	65.5
North America	157,976	18.2	141,543	17.7
South America	99,589	11.5	78,967	9.9
Asia	80,656	9.3	61,047	7.6
Intercompany eliminations	(8,739)	(1.0)	(5,816)	(0.7)
TOTAL	865,974	100.0	798,557	100.0

Revenues increased by 2.6% in the first half of the year despite a contraction in the second quarter (-2.7%) due in particular to the decline in motor vehicle production for the negative "calendar effect". Growth in North America continued (+11.6% in the half year despite the market slowdown in the second quarter) and especially in Asia (+32.1% in the half year, with greater acceleration in the second quarter): today the two regions account for 27.5% of the Group's sales. Finally, in South America revenues increased by 26.1% (+16.3% at constant exchange rates), reflecting the recovery in the market.

The incidence of non-European countries on the Group's total revenues increased to 38% from 34.5% in the first half of 2016 thanks to the positive contribution recorded in the South American and Asian markets.

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 2015	763,744	735,306	1,499,050
FY 2016	798,557	775,534	1,574,091

24. VARIABLE COST OF SALES

Details are as follows:

(in thousands of Euro)	1st half 2017	1st half 2016
Materials	467,428	429,393
Direct labour cost	66,594	64,115
Energy costs	18,567	19,468
Sub-contracted work	23,544	19,523
Ancillary materials	10,853	10,581
Variable sales and distribution costs (*)	25,674	25,094
Royalties paid to third parties on sales	3,457	3,590
Other variable costs	(607)	(1,792)
TOTAL	615,510	569,972

The impact of “Variable cost of sales” on revenues stands at 71.1%, down from 71.4% 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 2017	1st half 2016
Labour cost	57,480	57,023
Materials, maintenance and repairs	15,156	14,200
Rental and hire charges	5,372	4,665
Personnel services	4,321	3,920
Technical consulting	4,530	3,397
Sub-contracted work	1,293	984
Insurance	1,591	1,408
Utilities	652	812
Capitalization	(12,859)	(14,261)
Other	2,755	2,383
TOTAL	80,291	74,531

“Manufacturing and R&D overheads” show an increase of Euro 5,760 thousand. Increase is Euro 5,184 thousand exchange rates being equal.

Items "Labour cost" and "Sub-contracted work", to be read in conjunction, posted an overall increase of Euro 766 thousand mainly due to the French subsidiary Sogefi Filtration S.A. for research and development project operations, to the South American subsidiaries due to inflation and to the Mexican subsidiary Sogefi Engine Systems Mexico S. de R.L. de C.V. for the development of the new production line dedicated to the Suspensions business unit.

The increase in “Materials, maintenance and repairs” by Euro 956 thousand is mainly related to bigger maintenance operations aimed at rising volumes.

“Technical consulting” increased by Euro 1,133 thousand compared to first half year 2016 as a consequence of a more extensive use of external consultants for research and development and improving the production performance mainly in the French subsidiaries Sogefi Filtration S.A., Sogefi Gestion S.A.S. and Sogefi Suspensions S.A..

Item “Capitalization” increased by Euro 1,402 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 19,480 thousand compared to Euro 19,628 thousand as of June 30, 2016.

26. DEPRECIATION AND AMORTIZATION

Details are as follows:

(in thousands of Euro)	1st half 2017	1st half 2016
Depreciation of tangible fixed assets	19,961	19,472
<i>of which: assets under finance leases</i>	802	507
Amortization of intangible assets	15,598	14,144
TOTAL	35,559	33,616

Item "Depreciation and amortization" amounts to Euro 35,559 thousand compared to Euro 33,616 thousand in the first half year 2016, with a variation of Euro 1,943 thousand (the impact of exchange rates is not significant).

Depreciation of tangible assets amounted to Euro 19,961 thousand, increased by Euro 489 thousand compared to the same period of the previous year.

Amortization of intangible assets increased by Euro 1,454 thousand, for the most part relating to European and North American subsidiaries that are the most active in research and development.

27. DISTRIBUTION AND SALES FIXED EXPENSES

The table below shows the main components of this item:

(in thousands of Euro)	1st half 2017	1st half 2016
Labour cost	14,998	15,233
Sub-contracted work	2,339	2,798
Advertising, publicity and promotion	2,361	1,687
Personnel services	1,216	1,389
Rental and hire charges	893	806
Consulting	554	616
Other	364	540
TOTAL	22,725	23,069

"Distribution and sales fixed expenses" decreased by Euro 344 thousand. Exchange rates being equal, this item increased by Euro 601 thousand.

Items "Labour cost" and "Sub-contracted work", to be read in conjunction, posted a decrease of Euro 694 thousand, mainly due to the French subsidiaries Sogefi Filtration S.A. and Sogefi Air & Cooling S.A.S. due to reductions in the workforce.

"Advertising, publicity and promotion" increased by Euro 674 thousand as a result of an increase of marketing and communication activities in the aftermarket segment of the French subsidiary Sogefi Filtration S.A.

28. ADMINISTRATIVE AND GENERAL EXPENSES

These can be broken down as follows:

(in thousands of Euro)	1st half 2017	1st half 2016
Labour cost	20,161	19,839
Personnel services	2,615	2,265
Maintenance and repairs	815	986
Cleaning and security	1,089	943
Consulting	4,829	2,806
Utilities	1,695	1,551
Rental and hire charges	1,925	2,172
Insurance	760	824
Administrative, financial, tax-related and other services provided by Parent Company	308	250
Audit fees	903	916
Directors' and statutory auditors' remuneration	478	418
Sub-contracted work	577	283
Capitalization	(919)	(470)
Indirect taxes	4,333	4,318
Other fiscal charges	1,832	1,828
Other	3,426	3,771
TOTAL	44,827	42,700

“Administrative and general expenses” increased by Euro 2,127 thousand, which would have been Euro 1,849 thousand exchange rates being equal.

The increase was mainly related to the item "Consulting" (up Euro 2,023 thousand compared to the first half of 2016) for more administrative services in the subsidiary Sogefi Filtration S.A. and for more general consulting services related to the group information system in the subsidiary Sogefi Gestion S.A.S.

The item "Capitalization" shows an increase of Euro 449 thousand attributable to the Holding Company Sogefi S.p.A. for increased capitalised IT activities compared to the first half of 2016.

“Indirect taxes” include tax charges such as property tax, taxes on sales revenues (*taxe organique* 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.

29. PERSONNEL COSTS

Personnel

Personnel costs can be broken down as follows:

(in thousands of Euro)	1st half 2017	1st half 2016
Wages, salaries and contributions	157,010	154,056
Pension costs: defined benefit plans	1,226	1,114
Pension costs: defined contribution plans	979	1,043
Imputed cost of stock option and stock grant plans	265	120
Other costs	104	86
TOTAL	159,584	156,419

With respect to the first half of the previous year, “Personnel costs” have risen by Euro 3,165 thousand (+2%). Exchange rates being equal, this item would have increased by Euro 2,402 thousand (+1.5%).

The impact of “Personnel costs” on sales revenues has decreased to 18.4% from 19.6% in the first half year 2016.

“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”.

“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 employees broken down by category is as follows:

(Number of employees)	1st half 2017	1st half 2016
Managers	109	108
Clerical staff	1,866	1,871
Blue collar workers	4,822	4,785
TOTAL	6,797	6,764

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.

In addition to the plan issued in 2017, The Group has issued plans from 2007 to 2016 of which the main details are provided below.

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 or the continued appointment as a director/executive of the Company or one of its subsidiaries throughout the vesting period of the rights.

On 26 April 2017, the Board of Directors executed the 2017 stock grant plan approved by the Shareholders' Meeting on the same day to assign a maximum of 750,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 287,144 Units (117,295 of which were Time-based Units and 169,849 Performance Units).

Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 26 July 2019 and ending on 26 April 2021. 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 2017 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 1,106 thousand overall.

Input data used for measuring the fair value of the 2017 stock grant plan are provided below:

- curve of EUR/GBP/SEK/CHF-riskless interest rates as at 26 April 2017;
- prices of the underlying (equal to price of Sogefi S.p.A. share as at 26 April 2017, and equal to Euro 4.324) and of the securities included in the benchmark basket, again as at 26 April 2017;
- standard prices of Sogefi S.p.A. share and of the securities included in the benchmark basket during the period starting on 25 March 2017 and ending on 25 April 2017 for the determination of the stock grant Performance Units limit;
- historical volatility rate of stock and exchange rates during 260 days, as at 26 April 2017;
- 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 26 April 2016 and ending on 26 April 2017.

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).

The Time-based Units were scheduled to vest in *tranches* on a three-monthly basis, accounting for 12.5% of their respective total, starting on 20 April 2013 and ending on 20 January 2015.

The Performance Units were scheduled to 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. On 20 January 2015, 92,354 Performance Units expired as per 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).

The Time-based Units were scheduled to vest in *tranches* on a three-monthly basis, accounting for 12.5% of their respective total, starting on 20 April 2014 and ending on 31 January 2016.

The Performance Units were scheduled to 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) on that date. On January 31, 2016, 421,164 Performance Units expired as per regulation.

- 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).

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

The Performance Units were scheduled to 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) on that date. On January 31, 2017, 175,109 Performance Units expired as per regulation.

- 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 20 October 2017 and ending on 20 July 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.

- 2016 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 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 July 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 provided for by the Regulation) at that date.

The imputed cost for the first half year 2017 for existing stock grant plans is Euro 265 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 2011-2017 plans:

	<i>June 30, 2017</i>	<i>December 31, 2016</i>
Not exercised/not exercisable at the start of the year	1,286,966	1,877,871
Granted during the period	287,144	500,095
Cancelled during the period	(244,937)	(717,307)
Exercised during the period	(114,702)	(373,693)
Not exercised/not exercisable at the end of the period	1,214,471	1,286,966
Exercisable at the end of the period	62,304	149,724

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:

- 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, 2017) with an initial subscription price of Euro 6.96, to be exercised between September 30, 2007 and September 30, 2017. On 22 April 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 (0.73% of the share capital as at June 30, 2017) 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 (1.95% of the share capital as of June 30, 2017) 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, 2017) 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 (2.04% of the share capital as of June 30, 2017) 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 2007-2010 plans and their average exercise price:

	<i>June 30, 2017</i>		<i>December 31, 2016</i>	
	<i>Number</i>	<i>Average price of the</i>	<i>Number</i>	<i>Average price of the</i>
Not exercised/not exercisable at the start of the year	2,254,737	2.77	4,190,737	3.16
Granted during the period	-	-	-	-
Cancelled during the period	(1,073,200)	2.66	(306,800)	3.26
Exercised during the period	(438,537)	2.05	(738,400)	1.04
Expired during the period	-	-	(890,800)	5.87
Not exercised/not exercisable at the end of the period	743,000	3.35	2,254,737	2.77
Exercisable at the end of the period	743,000	3.35	2,254,737	2.77

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 2017, the average weighted price of the Sogefi share at the exercise dates is Euro 4.62.

Details of the number of options exercisable at June 30, 2017 are given below:

	Total
Number of exercisable options remaining at December 31, 2016	2,254,737
Options matured during the period	-
Options cancelled during the period	(1,073,200)
Options exercised during the period	(438,537)
Number of exercisable options remaining at June 30, 2017	743,000

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.

It is noted that on March 31, 2017 the phantom stock option plan 2007 ceased.

Details of the number of phantom stock options as of June 30, 2017 are given below:

	<i>June 30, 2017</i>
Not exercised/not exercisable at the start of the year	840,000
Granted during the period	-
Cancelled during the period	(840,000)
Exercised during the period	-
Not exercised/not exercisable at the end of the period	-
Exercisable at the end of the period	-

30. RESTRUCTURING COSTS

The "Restructuring costs" amount to Euro 5,962 thousand (Euro 3,486 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 5,035 thousand, and of allocations to “Provision for restructuring” net of the provisions not used during the period in the amount of Euro 927 thousand.

31. LOSSES (GAINS) ON DISPOSAL

Net gains on disposal amounted to Euro 168 thousand compared to Euro 17 thousand net loss in the first six months of the previous year.

32. EXCHANGE (GAINS) LOSSES

Net exchange losses as of June 30, 2017 amount to Euro 645 thousand (Euro 566 thousand net exchange gains as of the first half year 2016) and mainly refer to the South American subsidiaries.

33. OTHER NON-OPERATING EXPENSES (INCOME)

These amount to Euro 10,793 thousand (Euro 15,127 thousand in the first six months of the previous year).

The following table shows the main elements:

(in thousands of Euro)	1st half 2017	1st half 2016
<i>of which ordinary</i>		
Write-downs of tangible and intangible fixed assets	8,491	4,434
Imputed cost of stock options and stock grant	265	120
Other ordinary expenses	1,053	2,214
<i>Total expenses (income) ordinary</i>	<i>9,809</i>	<i>6,768</i>
<i>of which not ordinary</i>		
Product warranty costs	984	4,673
Write-downs of assets	-	3,686
<i>Total expenses (income) not ordinary</i>	<i>984</i>	<i>8,359</i>
TOTAL OTHER NON-OPERATING EXPENSES (INCOME)	10,793	15,127

The item "Writedowns of tangible and intangible fixed assets", amounting to Euro 8,491 thousand, includes Euro 6.019 thousand for writedowns of fixed assets in Brazil, Euro 2,414 thousand for writedowns mainly related to research and development projects capitalised in previous years by subsidiaries for which the capitalisation requirements no longer exist and the Euro 58 thousand of lesser writedowns.

Item "Other ordinary expenses", amounting to Euro 1,053 thousand, mainly refers to legal disputes with employees and strategic advisory costs.

The item "Product warranty costs" refers for the most part to subsidiaries Sogefi Filtration S.A. and Allevard Sogefi U.S.A. Inc.

34. FINANCIAL EXPENSES (INCOME), NET

Financial expenses are detailed as follows:

(in thousands of Euro)	1st half 2017	1st half 2016
Interest on bonds	6,532	6,483
Interest on amounts due to banks	2,235	3,714
Financial charges under lease contracts	236	306
Financial component of pension funds and termination indemnities	552	619
Loss on interest-bearing hedging instruments	2,564	2,357
Net financial expenses from derivatives no more in hedge accounting	-	37
Other interest and commissions	2,867	4,093
TOTAL FINANCIAL EXPENSES	14,986	17,609

Financial income is detailed as follows:

(in thousands of Euro)	1st half 2017	1st half 2016
Financial income from Cross currency swap in cash flow hedge	577	575
Net financial income from derivatives no more in hedge accounting	1,145	-
Interest on amounts due from banks	146	133
Other interest and commissions	312	58
TOTAL FINANCIAL INCOME	2,180	766
TOTAL FINANCIAL EXPENSES (INCOME), NET	12,806	16,843

Net financial expenses posted a decrease of Euro 4,037 thousand due to lower interest expenses and the positive contribution of the change in the fair value of IRS contracts no longer in hedge accounting.

The item "Costs of interest-rate hedges" includes the differential between fixed rate and floating rate in the first half of 2017 in respect of all interest rate swap contracts in force in the period (regardless of whether they qualify for hedge accounting or not).

It should be noted that as at June 30, 2017, the impact of the change in fair value of IRS contracts no longer designated in hedge accounting is positive by an amount of Euro 1,145 thousand (negative by Euro 37 thousand as of June 30, 2016), and is comprised of:

- a financial charge of Euro 1,267 thousand reflecting the portion of the reserve previously booked to Other Comprehensive Income that will be 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 2,412 thousand corresponds to the change in fair value of these contracts compared with December 31, 2016.

35. LOSSES (GAINS) FROM EQUITY INVESTMENTS

The item is equal to zero at June 30, 2017 (negative for Euro 391 thousand at the end of the first half of 2016).

36. INCOME TAXES

The detail is given below:

(in thousands of Euro)	1st half 2017	1st half 2016
Current taxes	7,477	6,920
Deferred tax liabilities (assets)	6,629	615
Expenses (income) from Group tax filing system	831	921
TOTAL	14,937	8,456

The effective tax rate as of June 30, 2017 is equal to 40.3% (43.6% as of June 30, 2016) and is penalised by the failure to recognise deferred tax assets on the losses of the period of some subsidiaries as well as the cancellation of prepaid tax assets on tax losses of previous years as they are no longer recoverable (Euro 1,122 thousand).

37. DIVIDENDS PAID

No dividends were paid to the Holding Company shareholders during the first half year 2017.

38. EARNINGS PER SHARE (EPS)

Basic EPS

	June 30, 2017	June 30, 2016
Net result attributable to the ordinary shareholders (in thousands of Euro)	19,971	8,336
Weighted average number of shares outstanding during the period (thousands)	116,550	115,802
Basic EPS (Euro)	0.171	0.072

Diluted EPS

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

	<i>June 30, 2017</i>	<i>June 30, 2016</i>
Net result attributable to the ordinary shareholders (in thousands of Euro)	19,971	8,336
Average number of shares outstanding during the period (thousands)	116,550	115,802
Weighted average number of shares potentially under option during the period (thousands)	1,754	906
Number of shares that could have been issued at fair value (thousands)	(1,045)	(602)
Shares arising from the potential conversion of the convertible loan	-	18,572
Adjusted weighted average number of shares outstanding during the period (thousands)	117,259	134,678
<i>Diluted EPS (Euro)</i>	0.170	0.062

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 2017 amounted to Euro 3.6327, compared to Euro 1.5617 in the first half of 2016.

Please note that the Diluted EPS calculation does not include 375,000 shares 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 2017.

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 Holding 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, 2017 held 55.48% of the total shares (56.79% 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 Condensed interim 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 type of services rendered.

The Holding Company Sogefi S.p.A., because of its role of Holding company, provides administrative, financial and management services directly to the three French sub-holding operative companies (Sogefi Filtration S.A., Sogefi Suspensions S.A. and Sogefi Air & Cooling S.A.S.) which, in turn, beside dealing with the services provided by the Holding Company to the companies operating in the relevant business units, provide directly to the latter support services as well as operating and business 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 royalties fees on the Group "SAP" information system to those subsidiaries at which implementation has been completed.

The subsidiary Sogefi Gestion S.A.S. carries out centralised functions and charges Group companies for administrative, financial, legal, industrial and IT services.

As part of its activity, the Holding Company Sogefi S.p.A. makes use of the services provided by CIR S.p.A., its Parent Company, in areas such as strategic development and 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. It should be noted that Sogefi's interest in the provision of services by the parent company is considered to be preferable to services provided by third parties because of, among other things, its extensive knowledge acquired over time in its specific business and market environment.

Services provided to Sogefi S.p.A. by the Parent Company CIR S.p.A. as of June 30, 2017 amount to Euro 250 thousand (Euro 250 thousand in the first half of 2016). At June 30, 2017, amounts payable to the Parent Company CIR S.p.A. by the Holding Company Sogefi S.p.A. totalled Euro 250 thousand.

The Holding Company Sogefi S.p.A. has entered into a rental contract with the Parent Company CIR S.p.A., effective from January 1, 2017, on the offices located in Milan, via Ciovassino 1/A where Sogefi has its offices.

The Italian companies of the Sogefi Group had receivables for the amount of Euro 3,173 thousand owed by CIR S.p.A. in connection with their participation in the group tax filing system, and payables for the amount of Euro 1,421 thousand. Outstanding receivables as at December 31, 2016 were collected for a total of Euro 5,882 thousand in the first half of 2017.

At the end of the first half of 2017, the subsidiary Sogefi Italy S.p.A. recorded an income of Euro 286 thousand following the transfer of fiscal surplus to companies that have joined the CIR Group tax filing system in order to have an interest deduction; the receivable as at June 30, 2017 of the subsidiary Sogefi Italy S.p.A. to the parent company CIR S.p.A. for this consideration is equal to Euro 286 thousand.

At 30 June 2017, the Holding Company Sogefi S.p.A. records a liability amounting to Euro 831 thousand (Euro 921 thousand in the previous year) 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, 2017 is Euro 831 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 2017.

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, 2017	December 31, 2016
Receivables		
- for the Group tax filing to CIR S.p.A.	3,173	5,867
- for income following the transfer of fiscal surplus to the CIR Group	286	413
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	831	1,390
- for Director's remuneration	54	114
- for the Group tax filing to CIR S.p.A.	1,421	1,750

(in thousands of Euro)	1st half 2017	1st half 2016
Costs		
- for services received from CIR S.p.A.	250	250
- for rental contract from CIR S.p.A.	58	-
- for expense due to fiscal surplus received from the CIR Group	831	921
- for services from other related companies	-	41
Revenues		
- for income following the transfer of fiscal surplus to the CIR Group	286	413
Compensation of directors and statutory auditors		
- directors (*)	402	345
- statutory auditors	76	73
Compensation and related contributions to the ex General Manager of the Holding Company (ended in	-	-
Compensation and related contributions to the General Manager (**)	422	396
Compensation and related contributions to Manager with strategic responsibilities ex Consob resolution no. 17221/2010 (***)	214	213

(*) including also 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 grant plans for Euro 64 thousand (Euro 42 thousand in the first half 2016) booked under the item "Other non-operating expenses (income)".

(***) including also the imputed cost of stock grant plans for Euro 19 thousand (imputed cost of Euro 13 thousand in first half 2016) booked under the item "Other non-operating expenses (income)".

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, 2017 regard the following companies:

- Sogefi Filtration do Brasil Ltda for the rental of three production plant in Jarinu, under a contract that will expire in August 2034.
As at June 30, 2017, remaining payments amount to Euro 27,366 thousand, Euro 1,506 thousand of which due by the end of the year. For this contract, the company signed a bank guarantee of Euro 1,912 thousand.
- Sogefi (Suzhou) Auto Parts Co., Ltd. for the rental of the production plant in Wujiang, under a contract that will expire in September 2033.
As at June 30, 2017, total remaining payments amount to Euro 13,629 thousand, Euro 690 thousand of which due by the end of the year. The Group has not given any guarantees whatsoever for this
- Sogefi Filtration S.A. for the rental of the offices in Guyancourt. The two contracts will expire in March 2020 and May 2021, respectively. As at June 30, 2017, the remaining payments amount to Euro 2,899 thousand, Euro 778 thousand of which due by the end of the year.
The Group has not given any guarantees for this contract;
- Sogefi PC Suspensions Germany GmbH for the rental of the production plant in Völklingen. The contract expires in September 2020. As at June 30, 2017, the remaining payments amount to Euro 1,249 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, 2017, the remaining payments amount to Euro 3,978 thousand, Euro 1,055 thousand of which due by the end of the year.
For this contract Sogefi S.p.A. provided a guarantee equal to approximately 100% of the residual instalments still to fall due;

- Sogefi Engine Systems Mexico S. de R.L. de C.V. for the rental of the production plant in Monterrey. The contract expires in June 2031. As at June 30, 2017, the remaining payments amount to Euro 22,300 thousand, Euro 1,441 thousand of which due by the end of the year.
For this contract Sogefi S.p.A. provided a guarantee equal to approximately 100% of the residual instalments still to fall due.

41. INVESTMENT COMMITMENTS

At June 30, 2017, Group companies have binding commitments for investments relating to the purchase of property, plant and equipment for Euro 2,675 thousand (Euro 2,373 thousand at December 31, 2016), as already disclosed in the explanatory notes regarding tangible fixed assets.

42. GUARANTEES GIVEN

Details of guarantees are as follows:

(in thousands of Euro)	<i>June 30, 2017</i>	<i>December 31, 2016</i>
PERSONAL GUARANTEES GIVEN		
a) Sureties to third parties	7,367	7,373
b) Other personal guarantees in favour of third parties	2,273	2,463
TOTAL PERSONAL GUARANTEES GIVEN	9,640	9,836
REAL GUARANTEES GIVEN		
a) against liabilities shown in the financial statement	4,161	7,433
TOTAL REAL GUARANTEES GIVEN	4,161	7,433

The guarantees given in favour of third parties relate to guarantees given to certain customers, to suppliers for operating lease contracts and VAT tax authorities and for other indirect taxes; 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 Sogefi HD Suspensions Germany 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, 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, 2017, the Group had third-party goods and materials held at Group companies worth Euro 14,120 thousand (Euro 12,719 thousand as of December 31, 2016).

44. CONTINGENT ASSETS AND LIABILITIES

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

In January 2014, the Holding Company Sogefi S.p.A. received two notices of assessment relating to fiscal period 2009 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 a taxable amount Euro 1.8 million from IRES tax base and consequently their eligibility for VAT tax deduction.

It is noted that said assessments have already been processed by the Provincial Tax Committee and the Regional Tax Committee with a favourable outcome.

In October 2016, the Holding Company Sogefi S.p.A. received four notices of assessment relating to fiscal periods 2011 and 2012, as a result of a tax audit carried out during the first half year 2016, with two irregularities: i) undue detraction of Euro 0.6 million of VAT paid on purchases of goods and services, ii) non-deductibility from IRES tax (and relating non-deductibility for VAT of Euro 0.2 million) of the expense for services performed by parent company CIR S.p.A. (same irregularity found in the notices relating to the year 2009) for a total taxable amount of Euro 1.3 million.

The notifications have already been appealed before the Provincial Tax Commission, which issued a ruling favourable to the Company.

Based on the tax advisor's opinion, with regard to all notices of assessment, 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 likely.

This is why the Company did not set aside any amount for tax risks in financial statements as at June 30, 2017.

45. SUBSEQUENT EVENTS

No significant events occurred after June 30, 2017.

G) 46. FINANCIAL INSTRUMENTS

A) Exchange risk – not designated in hedge accounting

As at June 30, 2017 the following forward sale contracts were maintained to hedge the exchange risk on intercompany financial positions:

Company		Forward purchase / Forward sale	Date opened	Currency exchange	Spot price	Date closed	Forward price	Fair value* at 06.30.2017
Sogefi S.p.A	P	GBP 5,000,000	06/21/2017	€/currency	0.87515	08/21/2017	0.87618	(27)
Sogefi S.p.A	P	GBP 3,000,000	06/19/2017	€/currency	0.87430	08/21/2017	0.87540	(20)
Sogefi S.p.A	S	USD 11,500,000	06/26/2017	€/currency	1.11690	07/26/2017	1.11900	219
Sogefi S.p.A	S	USD 7,500,000	06/22/2017	€/currency	1.11480	07/24/2017	1.11700	156
Sogefi Filtration S.A.	P	USD 400,000	04/27/2017	€/currency	1.08910	07/20/2017	1.09329	(16)
Sogefi Filtration S.A.	P	USD 500,000	05/17/2017	€/currency	1.11070	08/04/2017	1.11490	(11)
Sogefi Air&Cooling Canada Corp.	P	USD 2,000,000	05/23/2017	CAD/currency	1.34750	07/05/2017	1.34700	(70)
Sogefi Air&Cooling Canada Corp.	P	USD 1,000,000	06/14/2017	CAD/currency	1.32000	08/03/2017	1.31990	(16)
Sogefi Air&Cooling Canada Corp.	P	USD 1,000,000	06/23/2017	CAD/currency	1.32850	08/03/2017	1.32780	(22)
Sogefi Engine systems Mexico S. de R.L. de C.V.	P	USD 8,000,000	03/29/2017	MXN/currency	18.93580	07/10/2017	19.21280	(446)
Sogefi Suspension Brasil Ltda	P	EUR 374,000	05/24/2017	USD/currency	1.12060	07/21/2017	1.12570	(6)
Sogefi Suspension Brasil Ltda	S	USD 250,000	06/08/2017	BRL/currency	3.28290	07/06/2017	3.30120	-
Sogefi Suspension Brasil Ltda	S	USD 250,000	06/08/2017	BRL/currency	3.28290	07/13/2017	3.30580	-
Sogefi Suspension Brasil Ltda	S	USD 250,000	06/08/2017	BRL/currency	3.28290	07/20/2017	3.31050	(1)
Sogefi Suspension Brasil Ltda	S	USD 250,000	06/21/2017	BRL/currency	3.32200	07/27/2017	3.34470	1
Sogefi Suspension Brasil Ltda	S	USD 250,000	06/21/2017	BRL/currency	3.32200	08/03/2017	3.34900	1
Sogefi Filtration do Brasil Ltda	P	USD 720,489	05/26/2017	BRL/currency	3.28900	11/27/2017	3.23598	6
Sogefi (Suzhou) Auto parts Co., Ltd	P	EUR 2,000,000	05/31/2017	CNY/currency	7.67000	08/31/2017	7.78000	5
Sogefi MNR Engine systems India Private Limited	P	EUR 2,000,000	04/28/2017	INR/currency	69.80000	08/28/2017	71.78000	79
Allevard IAI Suspensions Private Ltd	P	EUR 350,000	05/30/2017	INR/currency	71.96000	08/30/2017	73.79000	6

* Positive fair value was recognised in “Other financial assets – Assets for derivative financial instruments”, whereas negative fair value was recognised in “Other short-term liabilities for derivative financial instruments”.

B) Interest rate risk - in hedge accounting

During the 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, 2017:

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value at 06.30.2017	Fair value at 12.31.2016
Hedging of Sogefi S.p.A. future financial indebtedness	02/21/2013	06/01/2018	10,000	1.660%	(198)	(293)
Hedging of Sogefi S.p.A. future financial indebtedness	02/19/2013	06/01/2018	10,000	1.650%	(197)	(291)
Hedging of Sogefi S.p.A. future financial indebtedness	02/21/2013	06/01/2018	5,000	1.660%	(99)	(147)
TOTAL			25,000		(494)	(731)

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 originally 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 (currently totalling Euro 75,504 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 06.30.2017	Fair value at 12.31.2016
Private placement USD 115 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	47,143	6.0% USD receivable 5.6775% Euro payables	3,289	7,646
Private placement USD 115 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	34,285	6.0% USD receivable 5.74% Euro payables	2,324	5,396
Private placement USD 115 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	17,143	6.0% USD receivable 5.78% Euro payables	1,151	2,728
TOTAL			98,571		6,764	15,770

D) Derivatives no longer designed in hedge accounting

At June 30, 2017, the Group holds the following interest rate swap contracts that, based on the effectiveness tests carried out on June 30, 2014 (first table below) and December 31, 2014 (second table 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 Group, so that the hedging relationship was discontinued and the derivative contracts were reclassified as speculation 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 (if any) is reclassified in

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 06.30.2017	Fair value at 12.31.2016
Hedging of Sogefi S.p.A. future financial indebtedness	02/10/2011	06/01/2018	10,000	3.679%	(392)	(575)
Hedging of Sogefi S.p.A. future financial indebtedness	02/23/2011	06/01/2018	10,000	3.500%	(384)	(570)
Hedging of Sogefi S.p.A. future financial indebtedness	03/11/2011	06/01/2018	10,000	3.545%	(388)	(577)
Hedging of Sogefi S.p.A. future financial indebtedness	03/23/2011	06/01/2018	10,000	3.560%	(388)	(578)
Hedging of Sogefi S.p.A. future financial indebtedness	03/28/2011	06/01/2018	10,000	3.670%	(401)	(596)
Hedging of Sogefi S.p.A. future financial indebtedness	05/13/2011	06/01/2018	10,000	3.460%	(379)	(564)
Hedging of Sogefi S.p.A. future financial indebtedness	06/24/2011	06/01/2018	10,000	3.250%	(358)	(533)
Hedging of Sogefi S.p.A. future financial indebtedness	06/28/2011	06/01/2018	10,000	3.250%	(358)	(533)
Hedging of Sogefi S.p.A. future financial indebtedness	11/28/2011	06/01/2018	10,000	2.578%	(290)	(431)
Hedging of Sogefi S.p.A. future financial indebtedness	02/11/2013	06/01/2018	5,000	1.225%	(77)	(114)
Hedging of Sogefi S.p.A. future financial indebtedness	02/01/2013	06/01/2018	10,000	1.310%	(163)	(240)
Hedging of Sogefi S.p.A. future financial indebtedness	02/06/2013	06/01/2018	10,000	1.281%	(160)	(236)
Hedging of Sogefi S.p.A. future financial indebtedness	02/11/2013	06/01/2018	5,000	1.220%	(87)	(129)
Hedging of Sogefi S.p.A. future financial indebtedness	02/12/2013	06/01/2018	5,000	1.240%	(78)	(115)
TOTAL			125,000		(3,903)	(5,791)

Description of IRS	Date opened	Contract maturity	Notional	Fixed rate	Fair value at 06.30.2017	Fair value at 12.31.2016
Hedging of Sogefi S.p.A. future financial indebtedness	02/07/2013	06/01/2018	15,000	1.445%	(264)	(391)
Hedging of Sogefi S.p.A. future financial indebtedness	02/11/2013	06/01/2018	5,000	1.425%	(87)	(129)
Hedging of Sogefi S.p.A. future financial indebtedness	02/19/2013	06/01/2018	10,000	1.440%	(176)	(260)
Hedging of Sogefi S.p.A. future financial indebtedness	02/11/2013	06/01/2018	5,000	1.420%	(77)	(113)
Hedging of Sogefi S.p.A. future financial indebtedness	02/13/2013	06/01/2018	5,000	1.500%	(91)	(135)
TOTAL			40,000		(695)	(1,028)

The non-application of hedge accounting described above had the following impact on the financial statements as of June 30, 2017:

- a financial expense of Euro 1,267 thousand was recognised in the Income Statement; this amount reflects the portion of the reserve previously booked to “Other Comprehensive Income” that was recognised in 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 2,223 thousand reflecting the change in fair value compared to December 31, 2016 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, 2017, also taking into account a credit valuation adjustment/ debit valuation adjustment. The fair value amounts of derivatives are classified as Level 2 in fair value hierarchy, based on the significance of the inputs used in fair value measurements.

H) GROUP COMPANIES

47. LIST OF GROUP COMPANIES AS AT JUNE 30, 2017

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Direct equity investments	Currency	Share capital	Number of shares/ units	% held	Par value per share	Par value of the interest held
SOGEFI ITALY S.p.A. * Sant'Antonino di Susa (Italy)	Euro	21,978,316	21,950,990	99.88	1	21,950,990
SOGEFI FILTRATION S.A.** Guyancourt (France)	Euro	94,522,280	4,726,113	99.99998	20	94,522,260
SOGEFI SUSPENSIONS 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		20,055,000
SOGEFI GESTION S.A.S. Guyancourt (France)	Euro	100,000	10,000	100	10	100,000
SHANGHAI SOGEFI AUTO PARTS Co., Ltd Shanghai (China)	USD	13,000,000	(1)	100	(2)	13,000,000
SOGEFI AIR & COOLING S.A.S.**** Guyancourt (France)	Euro	54,938,125	36,025	100	1,525	54,938,125
SOGEFI (SUZHOU) AUTO PARTS CO., Ltd Wujiang (China)	USD	37,400,000	(1)	100	(2)	37,400,000

* The company changed name from Sogefi Rejna S.p.A. to Sogefi Italy S.p.A. on 2 August 2016.

** The company changed name from Sogefi Filtration France S.A. to Sogefi Filtration S.A. on 1 January 2017.

*** The company changed name from Sogefi Suspensions France S.A. to Sogefi Suspensions S.A. on 1 January 2017.

**** The company changed name from Sogefi Air & Refroidissement France S.A.S. to Sogefi Air & Cooling S.A.S. on 1 January 2017.

(1) Share capital is not subdivided into shares or units.

(2) Without nominal unit value.

Indirect equity investments	Currency	Share capital	Number of shares/ units	% held	Par value per share	Par value of the interest held
FILTRATION BUSINESS UNIT						
SOGEFI FILTRATION Ltd Tredegar (Great Britain) Held by Sogefi Filtration S.A.	GBP	5,126,737	5,126,737	100	1	5,126,737
SOGEFI FILTRATION SPAIN S.A.U. * Cerdanyola (Spain) Held by Sogefi Filtration S.A.	Euro	14,249,084.96	2,370,896	100	6.01	14,249,084.96
SOGEFI FILTRATION d.o.o. Medvode (Slovenia) Held by Sogefi Filtration S.A.	Euro	10,291,798	1	100	10,291,798	10,291,798
FILTER SYSTEMS MAROC S.a.r.l. ** Tanger (Marocco) Held by Sogefi Filtration S.A.	MAD	1,000,000	1,000	100	1,000	1,000,000.00
SOGEFI-MNR Engine Systems India Pvt Ltd Bangalore (India) 45% held by Sogefi Filtration S.A. 24.98% held by Sogefi Air & Cooling S.A.S. 0.02% held by Systemes Moteurs China, S.à.r.l.	INR	21,254,640	1,487,825	70	10	14,878,250
SOGEFI FILTRATION DO BRASIL Ltda São Bernardo do Campo (Brazil) 81.643962% held by Sogefi Filtration S.A. 18.3560366% held by Sogefi Filtration Spain S.A.U. 0.0000013% held by Sogefi Suspension Brasil Ltda	BRL	78,488,474	78,488,474	100	1	78,488,474
SOGEFI FILTRATION ARGENTINA S.A. Buenos Aires (Argentina) 99.4242% held by Sogefi Filtration S.A. 0.5757% held by Sogefi Italy S.p.A.	ARP	57,235,407	57,235,405	99.999	1	57,235,405

* The company changed name from Sogefi Filtration Spain S.A. to Sogefi Filtration Spain S.A.U. on 24 March 2017.

** Company founded on 27 April 2017

Indirect equity investments	Currency	Share capital	Number of shares/ units	% held	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 & Cooling S.A.S.	CAD	9,393,000	2,283	100	(2)	9,393,000
SOGEFI AIR & COOLING USA, Inc. Wilmington (U.S.A.) Held by Sogefi Air & Cooling S.A.S.	USD	100	1,000	100	0.10	100
SYSTEMES MOTEURS CHINA, S.à.r.l. Luxembourg (Luxembourg) Held by Sogefi Air & Cooling S.A.S.	Euro	12,500	125	100	100	12,500
S.C. SOGEFI AIR & COOLING S.r.l. Titesti (Romania) 99.9997% held by Sogefi Air & Cooling S.A.S. 0.0003% held by Sogefi Filtration Spain S.A.U.	RON	7,087,610	708,761	100	10	7,087,610
SOGEFI ENGINE SYSTEMS MEXICO S. de R.L. de C.V. Apodaca (Mexico) 0.000005% held by Sogefi Air & Cooling S.A.S. 99.999995% held by Sogefi Air & Cooling Canada Corp.	MXN	20,003,000		100		20,003,000
			1		1	
			1		20,000,000	
			1		2,299	
SOGEFI ENGINE SYSTEMS HONG KONG Ltd Hong Kong (Hong Kong) Held by Systemes Moteurs China, S.à.r.l.	HKD	1,000	1,000	100	1	1,000

(2) Without nominal unit value.

Indirect equity investments	Currency	Share capital	Number of shares/ units	% held	Par value per share	Par value of the interest held
SUSPENSIONS BUSINESS UNIT						
ALLEVARD SPRINGS Ltd Clydach (Great Britain) Held by Sogefi Suspensions S.A.	GBP	4,000,002	4,000,002	100	1	4,000,002
SOGEFI PC SUSPENSIONS GERMANY GmbH Volklingen (Germany) Held by Sogefi Suspensions S.A.	Euro	50,000	1	100	50,000	50,000
SOGEFI SUSPENSION ARGENTINA S.A. Buenos Aires (Argentina) 90.19% held by Sogefi Suspensions S.A. 9.80% held by Sogefi Suspension Brasil Ltda	ARP	48,858,410	48,853,430	100	1	48,853,430
IBERICA DE SUSPENSIONES S.L. (ISSA) Alsasua (Spain) Held by Sogefi Suspensions S.A.	Euro	10,529,668	5,264,834	50	1	5,264,834
SOGEFI SUSPENSION BRASIL Ltda * São Paulo (Brazil) 99.997% held by Sogefi Suspensions S.A. 0.003% held by Allevard Springs Ltd	BRL	37,161,683	37,161,683	100	1	37,161,683
UNITED SPRINGS Limited Rochdale (Great Britain) Held by Sogefi Suspensions S.A.	GBP	4,500,000	4,500,000	100	1	4,500,000
UNITED SPRINGS B.V. Hengelo (Netherlands) Held by Sogefi Suspensions S.A.	Euro	254,979	254,979	100	1	254,979
SHANGHAI ALLEVARD SPRINGS Co., Ltd Shanghai (China) Held by Sogefi Suspensions S.A.	Euro	5,335,308	1	60.58	(2)	3,231,919
UNITED SPRINGS S.A.S. Guyancourt (France) Held by Sogefi Suspensions S.A.	Euro	5,109,000	2,043,600	100	2.5	5,109,000
S.ARA COMPOSITE S.A.S. Guyancourt (France) Held by Sogefi Suspensions S.A.	Euro	13,000,000	25,000,000	96.15	0.5	12,500,000
ALLEVARD IAI SUSPENSIONS Pvt Ltd Pune (India) Held by Sogefi Suspensions S.A.	INR	372,000,000	27,613,186	74.23	10	276,131,860
SOGEFI HD SUSPENSIONS GERMANY GmbH ** Hagen (Germany) Held by Sogefi PC Suspensions Germany GmbH	Euro	50,000	(1)	100	50,000	50,000

* The company changed name from Allevard Molas do Brasil Ltda to Sogefi Suspension Brasil Ltda on 15 January 2017.

** The company changed name from Luhn & Pulvermacher-Dittmann & Neuhaus GmbH to Sogefi HD Suspensions Germany GmbH on 22 January 2017.

(1) Share capital is not subdivided into shares or units.

(2) Without nominal unit value.

EQUITY INVESTMENTS IN SUBSIDIARIES CARRIED AT COST

Direct equity investments	Currency	Share capital	Number of shares/ units	% held	Par value per share	Par value of the interest held
Sogefi Suspensions Heavy Duty Italy Srl* Puegnago sul Garda (Italy)	Euro	10,000	1	100.00	10,000	10,000
Sogefi Suspensions Passenger Car Italy Srl* Settimo Torinese (Italy)	Euro	10,000	1	100.00	10,000	10,000

* Companies founded on 23 January 2017

EQUITY INVESTMENTS IN SUBSIDIARIES CONSOLIDATED USING THE EQUITY METHOD

Indirect equity investments	Currency	Share capital	Number of shares/ units	% held	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	CNY	5,000,000	(1)	50	(2)	2,500,000

EQUITY INVESTMENTS IN OTHER COMPANIES CARRIED AT COST

Indirect equity investments	Currency	Share capital	Number of shares/ units	% held	Par value per share	Par value of the interest held
AFICO FILTERS S.A.E. Il Cairo (Egypt) Held by Sogefi Italy S.p.A.	EGP	14,000,000	24,880	17.77	100	2,488,000

(1) Share capital is not subdivided into shares or units.

(2) Without nominal unit value.



DECLARATION OF THE CONDENSED INTERIM CONSOLIDATED 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 condensed interim consolidated financial statements for the 2017 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 condensed interim consolidated financial statements as at June 30, 2017:

- 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 of the Group 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 interim consolidated 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, 2017

Managing Director
and General Manager

Laurent Hebenstreit

Manager responsible for
preparing financial reports

Yann Albrand

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

STATEMENT OF FINANCIAL POSITION
(in thousands of Euro)

ASSETS	June 30, 2017	December 31, 2016
CURRENT ASSETS		
Cash and cash equivalents	19,618	25,150
Cash pooling current accounts with subsidiaries	48,984	57,885
Other financial assets	459	200
Loans and financial receivables similar to loans with subsidiaries	25,106	218
<i>of which dividends from subsidiaries not yet collected</i>	25,019	-
WORKING CAPITAL		
Inventories	-	-
Trade receivables	7,256	11,979
<i>of which from subsidiaries</i>	4,736	6,766
<i>of which from parent company</i>	2,520	5,213
Other receivables	19	173
Tax receivables	531	324
Other assets	875	675
TOTAL WORKING CAPITAL	8,681	13,151
TOTAL CURRENT ASSETS	102,848	96,604
NON-CURRENT ASSETS		
FIXED ASSETS		
Investment properties: land	13,172	13,172
Investment properties: other	8,588	8,588
Other tangible fixed assets	229	257
<i>of which leases</i>	-	-
Intangible assets	29,384	29,946
TOTAL FIXED ASSETS	51,373	51,963
OTHER NON-CURRENT ASSETS		
Equity investments in subsidiaries	416,453	416,719
Equity investments in associates	-	-
Other financial assets available for sale	-	-
Loans and financial receivables similar to loans	62,864	95,770
<i>of which from subsidiaries</i>	56,100	80,000
<i>of which other medium/long term assets for derivatives financial instruments</i>	6,764	15,770
Other receivables	49	20
Deferred tax assets	4,128	4,937
TOTAL OTHER NON CURRENT ASSETS	483,494	517,446
TOTAL NON CURRENT ASSETS	534,867	569,409
TOTAL ASSETS	637,715	666,013

LIABILITIES	<i>June 30, 2017</i>	<i>December 31, 2016</i>
CURRENT LIABILITIES		
Bank Overdraft and short term loans	24	-
Cash pooling current accounts with subsidiaries	110,961	109,242
Current portion of medium/long term financial debts and other loans	33,343	100,494
<i>of which leases</i>	-	-
<i>of which to subsidiaries</i>	-	-
Capital shares of subsidiaries subscribed and not yet paid	-	-
TOTAL SHORT-TERM FINANCIAL DEBTS	144,328	209,736
Other short-term liabilities for derivative financial instruments	5,138	268
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	149,466	210,004
Trade and other payables	7,859	7,985
<i>of which to subsidiaries</i>	1,883	3,031
<i>of which to parent company</i>	1,134	1,504
Tax payables	63	133
Other current liabilities	9	9
TOTAL CURRENT LIABILITIES	157,397	218,131
NON-CURRENT LIABILITIES		
MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS		
Financial debts to bank	76,359	41,579
Other medium/long term financial debts	180,503	200,216
<i>of which leases</i>	-	-
TOTAL MEDIUM/LONG TERM FINANCIAL DEBTS	256,862	241,795
Other medium/long term financial liabilities for derivative financial instruments	-	7,550
TOTAL MEDIUM/LONG TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	256,862	249,345
OTHER LONG-TERM LIABILITIES		
Long-term provision	580	593
Other payables	-	-
Deferred tax liabilities	465	27
TOTAL OTHER LONG-TERM LIABILITIES	1,045	620
TOTAL NON-CURRENT LIABILITIES	257,907	249,965
SHAREHOLDERS' EQUITY		
Share capital	62,293	62,065
Reserves and retained earnings (accumulated losses)	138,648	108,131
Profit (loss) for the period	21,470	27,721
TOTAL SHAREHOLDERS' EQUITY	222,411	197,917
TOTAL LIABILITIES AND EQUITY	637,715	666,013

INCOME STATEMENT
(in thousands of Euro)

	<i>First half 2017</i>	<i>First half 2016</i>
FINANCIAL INCOME AND EXPENSES		
1) Income from equity investments	32,407	23,678
2) Other financial income	16,406	6,573
<i>of which from subsidiaries</i>	1,767	2,157
<i>of which exchange gains</i>	12,916	3,834
3) Interests expenses and other financial expenses	24,025	15,054
<i>of which to subsidiaries</i>	32	44
<i>of which exchange losses</i>	13,287	3,932
TOTAL FINANCIAL INCOME AND EXPENSES	24,788	15,197
ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS		
4) Revaluations	-	-
5) Writedowns	-	-
TOTAL VALUE ADJUSTMENTS	-	-
6) OTHER OPERATING INCOME	7,024	10,804
<i>of which from subsidiaries</i>	7,002	10,783
OTHER OPERATING EXPENSES		
7) Non-financial services	2,468	5,820
<i>of which to subsidiaries</i>	929	2,984
<i>of which to parent company</i>	310	310
8) Leases and rental	2,886	2,978
<i>of which to parent company</i>	58	-
9) Personnel	2,178	2,876
10) Depreciation, amortization and writedowns	1,538	1,458
11) Provisions for risks	-	-
12) Other provision	-	-
13) Other operating expenses	517	426
TOTAL OTHER OPERATING EXPENSES	13,558	14,201
NON-OPERATING INCOME AND EXPENSES		
14) Non operating income	80	-
15) Non operating expenses	1,856	556
NON-OPERATING PROFIT (LOSS)	(1,776)	(556)
PROFIT (LOSS) BEFORE TAXES	20,449	11,887
16) Income taxes	(1,021)	(1,899)
NET PROFIT	21,470	13,786

STATEMENT OF OTHER COMPREHENSIVE INCOME
(in thousands of Euro)

	<i>First half 2017</i>	<i>First half 2016</i>
Profit (loss) for the period	21,470	13,786
<i>Other comprehensive income (losses):</i>		
<i>Items that will not be reclassified to profit or loss:</i>		
- Actuarial gains (losses) on defined-benefit plans	-	-
- Tax effect on items that will not be reclassified to profit or loss	-	-
<i>Subtotal of items that will not be reclassified to profit or loss</i>	-	-
<i>Items that may be reclassified to profit or loss:</i>		
- Profit (loss) from fair value measurement of cash flow hedge derivatives	2,446	2,692
- Profit (loss) from fair value measurement of financial assets available for sale	-	-
- Tax effect on items that may be reclassified to profit or loss	(587)	(646)
<i>Subtotal of items that may be reclassified to profit or loss:</i>	<i>1,859</i>	<i>2,046</i>
Other Comprehensive Income net of tax effect	1,859	2,046
Total Comprehensive profit (loss) for the period	23,329	15,832

CASH FLOW STATEMENT

(in thousands of Euro)

	<i>First half 2017</i>	<i>First half 2016</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	21,470	13,786
Adjustments:		
- non collected dividends	(25,019)	(15,001)
- trade receivables waiver from subsidiaries	1,764	-
- depreciation and amortisation of tangible and intangible fixed assets	1,538	1,458
- reclassification to income statement of cash flow hedge reserve	8,993	2,072
- expenses recognized for share-based incentive plans	129	17
- exchange rate differences on private placement	(10,138)	(2,046)
- (not paid) interest expenses on bonds	1,822	1,704
- net change in provision for employment termination indemnities	(12)	(104)
- change in net working capital	2,787	1,214
- change in tax receivables/payables	(278)	(737)
- other medium/long-term assets/liabilities	630	319
CASH FLOWS FROM OPERATING ACTIVITIES	3,686	2,682
INVESTING ACTIVITIES		
Paid share capital increase in subsidiaries	(20)	(13,000)
Repayment share capital from subsidiaries	421	-
Net change in intangible and tangible fixed assets	(948)	(541)
Net change in other financial assets	(480)	404
NET CASH FLOW FROM INVESTING ACTIVITIES	(1,027)	(13,137)
FINANCING ACTIVITIES		
Paid share capital increase	900	104
New (repayment of) medium/long term loans	(31,182)	(11,520)
New (repayment of) bonds	(12,587)	-
Net cash pooling position	10,622	(4,499)
Loans and other financial receivables from subsidiaries	24,032	17,869
NET CASH FLOW FROM FINANCING ACTIVITIES	(8,215)	1,954
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,556)	(8,501)
Balance at the beginning of the period	25,150	40,241
(Decrease) increase in cash and cash equivalents	(5,556)	(8,501)
BALANCE AT THE END OF THE PERIOD	19,594	(31,740)

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 2017	First half 2016
Interests collected	2,472	2,664
Interests paid	(8,667)	(8,965)
Dividends collected	7,388	8,677
Current income tax collections (payments)	5,520	5,471

STATEMENTS OF CHANGE IN EQUITY

(in thousands of Euro)	Share Capital	Reserves and retained earnings (accumulated losses)	Profit for the period	Total Shareholders' equity
<i>Balance at December 31, 2015</i>	<i>61,681</i>	<i>112,622</i>	<i>(6,781)</i>	<i>167,522</i>
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
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
<i>Total other comprehensive profit for the period</i>	<i>-</i>	<i>2,046</i>	<i>13,786</i>	<i>15,832</i>
<i>Balance at June 30, 2016</i>	<i>61,733</i>	<i>108,059</i>	<i>13,786</i>	<i>183,578</i>

(in thousands of Euro)	Share Capital	Reserves and retained earnings (accumulated losses)	Profit for the period	Total Shareholders' equity
<i>Balance at December 31, 2016</i>	<i>62,065</i>	<i>108,131</i>	<i>27,721</i>	<i>197,917</i>
Increase in share capital restricted to the employees of Sogefi S.p.A. and its subsidiaries	228	672	-	900
Allocation of 2016 profit:				
- Retained earnings reserve	-	27,721	(27,721)	-
Recognition of share-based incentive plans	-	265	-	120
Comprehensive income for the period:				
- Actuarial gains (losses) on defined-benefit plans	-	-	-	-
- Fair value measurement of cash flow hedging instruments	-	2,446	-	2,446
- Fair value measurement of financial assets available for sale	-	-	-	-
- Tax on items booked directly to equity	-	(587)	-	(587)
- Net result for the period	-	-	21,470	21,470
<i>Total other comprehensive profit for the period</i>	<i>-</i>	<i>1,859</i>	<i>21,470</i>	<i>23,329</i>
<i>Balance at June 30, 2017</i>	<i>62,293</i>	<i>138,648</i>	<i>21,470</i>	<i>222,411</i>



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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Sogefi S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Sogefi Group comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity, consolidated cash flow statement and notes thereto, as at and for the six-month period ended 30 June 2017. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, 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 on the condensed interim consolidated financial statements.



Sogefi Group

*Report on review of condensed interim consolidated financial statements
30 June 2017*

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Sogefi Group as at and for the six-month period ended 30 June 2017 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Other matters

The consolidated financial statements as at and for the year ended 31 December 2016 and the condensed interim consolidated financial statements as at and for the six-month period ended 30 June 2016 have been respectively audited and reviewed by another auditor, who expressed an unmodified opinion on the consolidated financial statements at 31 December 2016 and unmodified conclusions on the condensed interim consolidated financial statements at 30 June 2016 on 29 March 2017 and 1 August 2016, respectively.

Milan, 28 July 2017

KPMG S.p.A.

(signed on the original)

Elisabetta C. Forni
Director of Audit