



Cogeme s&t[®]

INTERIM SIX-MONTH FINANCIAL STATEMENTS

to 30 June 2010

Board of Directors

Maurizio Testa	Chairman
Carlo Bozzini	Chief Executive Officer
Giuseppe Zudè	Executive Director
Pierantonio Merlo	Director
Marco Zanchi	Director
Valter Lazzari	Director
Luciano Lami	Director

Board of Statutory Auditors

Paolo Castaldi	Chairman
Carlo Bernardelli	Statutory Auditor
Maria Rosa Bossalini	Statutory Auditor
Fabrizia Passera	Supplementary Auditor
Marisa Guidotti	Supplementary Auditor

Independent Auditors

PKF Italia Spa

Internal Control Committee

Marco Zanchi	Chairman
Valter Lazzari	Member
Luciano Lami	Member

Remuneration committee

Luciano Lami	Chairman
Pierantonio Merlo	Member
Valter Lazzari	Member

INTERIM REVIEW OF OPERATIONS

FOREWORD

The Interim Consolidated Six-Month Financial Statements of **Gruppo Cogeme** to **30 June 2010** and the comparative data at 31 December 2009 for the Statement of Financial Position (balance sheet) and at 30 June 2009 for the Income Statement have been prepared in accordance with the International Accounting Standards approved by the European Community (hereafter singly IAS/IFRS and all together IFRS).

The Interim Consolidated Six-Month Financial Statements to 30 June 2010 show net profit of € 1.036 million after depreciation of € 7.622, net write-downs of € 275,000 and taxes of € 417,000.

There was a significant negative impact on the result for the period from € 714,000 of losses on exchange rates from valuations by the Indian subsidiary due to the performance of the Indian Rupee.

AREA OF CONSOLIDATION

COGEME S&T S.p.A., the parent company of the Group, is controlled by TMS - EKAB S.r.l., which has registered offices in via Poggiali 43, Piacenza; it owns 38.132% of the share capital.

In accordance with Article 37 of Market Regulations, "conditions that prohibit the listing of the shares of controlled companies subject to management control and coordination by other companies", it is stated that, despite the existence of a controlling interest, Cogeme S&T SpA is not subject to management control or coordination, pursuant to and in accordance with Article 2497-bis of the Italian Civil Code, by TMS-EKAB, since the latter exercises no systematic and constant influence over the management of the business of Cogeme S&T SpA or acts in such a way as would have a bearing on management decisions regarding the business, that is, on strategic and operating decisions of a financial, industrial or commercial nature concerning the business activities of the company, since every decision is independently taken by the administrative bodies of the company.

TMS-EKAB has no operational role within the Company; for example:

- Cogeme S&T has autonomous management of all financial and commercial relations with its clients and suppliers;
- all decisions regarding these relations are made by the management of Cogeme S&T, with no interference from TMS-EKAB;
- the written records of the administrative bodies of Cogeme S&T reveal no deliberations, or interventions ahead of any decision by these bodies, that may reasonably lead to the conclusion that the decisions of the subsidiary result from the imposed and prevailing wish of the parent company;
- the written records of TMS-EKAB reveal no imposed or prevailing influence on the Company;
- TMS-EKAB does not approve the budgets or the business plans of the Company or its subsidiaries;
- Cogeme S&T Spa has a number of independent directors that is adequate to guarantee that their opinion has a significant bearing on the decisions made by the Board of Directors.

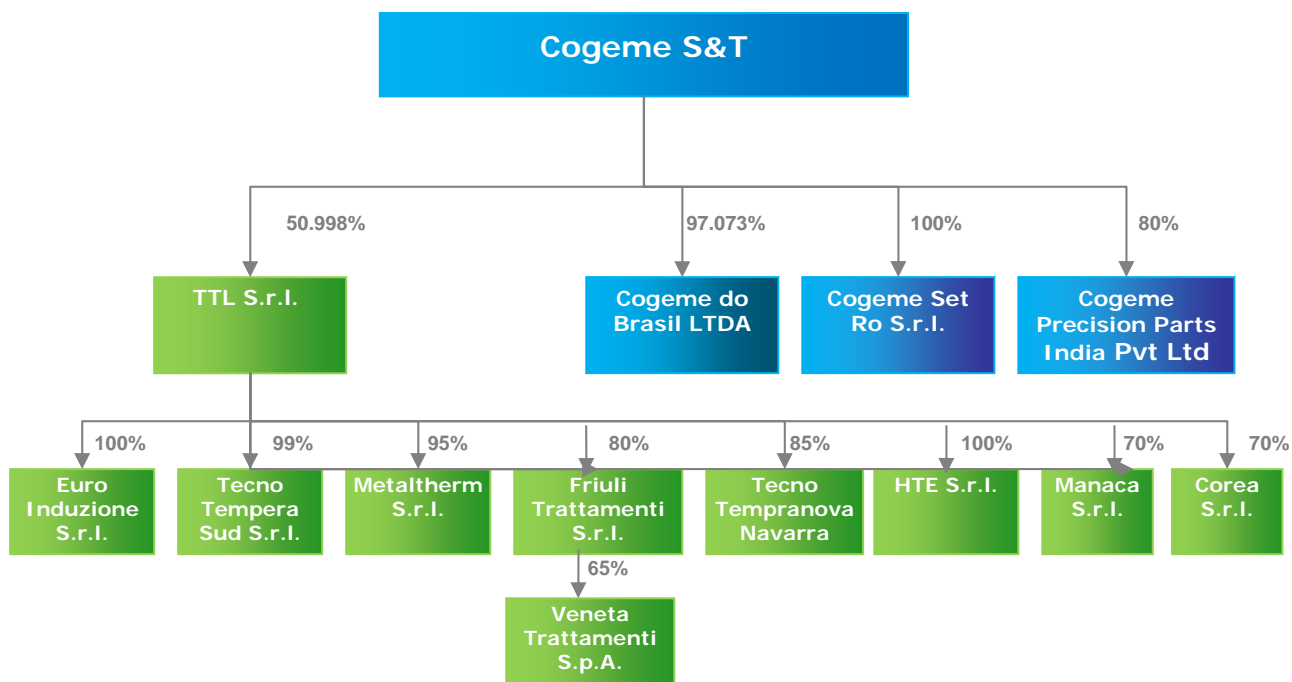
In addition to the Parent Company COGEME S&T S.p.A., the Group comprises:

- the 97.073% controlled subsidiary COGEME DO BRASIL SA (Jundiaí Sao Paulo – Brazil);
- the 100% owned subsidiary COGEME S&T RO SRL (Pitesti Bucharest - Romania);
- the 80% controlled subsidiary Cogeme Precision Parts (India) Private Limited (Pune – India);
- the 50.988% controlled subsidiary TTL Tecno Tempranova Lombarda S.r.l.

With regard to the recent ruling "*Article 36 of the Market Regulations: conditions for the stock market listing of companies with subsidiaries set up or regulated under the laws of States that are not part of the European Union*", of significant relevance to the financial statements, it should be noted that, among the subsidiaries of Cogeme S&T S.p.A., the companies Cogeme do Brasil S/A and Cogeme Precision Parts (India) fall within the provisions of this Regulation.

Therefore, procedures have already been adopted to ensure complete compliance with the aforementioned Regulation.

An organisational chart of the Group is given below:



SIGNIFICANT EVENTS IN THE FINANCIAL PERIOD UNDER REVIEW

The shareholders' meeting of Cogeme S&T S.p.A., held on 15 December 2009, approved a mandate for the Board of Directors to increase the share capital against payment, in one or more tranches for up to 10% of the pre-existing share capital within and not beyond six months of the date of approval of the mandate, through the issue of ordinary shares of nominal value €0.50 each for a maximum number of 5,612,240 shares ranking for dividend and reserved for one or more qualified Italian and/or foreign investors with no pre-emptive rights on the condition that the price corresponds to the market value as confirmed by a valuation conducted by the independent auditors. The share capital increase is to consolidate and increase the financial flexibility of the Parent Company and the Group. As part of the competitive growth strategy of Gruppo Cogeme Set, it is fundamental that financial resources compatible with the projects for expansion of the Company are available to strengthen its position in the market.

On 23 December, the Board of Directors of the Company exercised in part the mandate given it by the shareholders' meeting of 15 December 2009; the Company Fid Funds - Italy Fund subscribed to the entire share capital increase of 1,000,000 ordinary shares (each of nominal value € 0.50) at a price per share of € 0.974807 for a total of €974,807, including the share premium.

On 14 May 2010, the Board of Directors of the Company exercised the remainder of the mandate given it by the shareholders' meeting of 15 December 2009; the investment company Brainspark, listed on AIM in London, subscribed to the entire approved share capital increase of 4,612,240 ordinary shares (each of nominal value € 0.50) at a price per share of € 0.7128 for a total € 3,287,605, including the share premium.

Therefore, with the most recent share capital increase the mandate given the Board of Directors has been fulfilled.

The Board of Directors meeting of 14 May 2010 appointed Mr Marco Antonio Leonardi as the Manager responsible for preparing the Company accounts.

The Board of Directors meeting of 14 May 2010 appointed Ms. Annalisa Santuro as the Manager responsible for internal control and internal audit; in her operating role she will answer directly to the Board of Directors of the Company. The same meeting of the Board of Directors approved the Internal Audit and risk analysis plan prepared by the various company departments and already evaluated by the Internal Control Committee.

The Brazilian subsidiary has changed its company name to Cogeme do Brasil Ltda following its change to a different type of company.

ANALYSIS OF THE CAPITAL, FINANCIAL AND ECONOMIC PERFORMANCE OF THE GROUP

Cogeme –TTL Consolidated Income Statement

RECLASSIFIED INCOME STATEMENT COGEME + TTL			
(€'000)	30/06/2009	30/06/2010	Change
Revenues from sales of goods and services	29,935	38,998	30.3%
Other revenues and income	1,953	4,173	113.7%
Change in inventories	1,941	2,229	14.8%
Value of production	33,829	45,400	34.2%
Gross operating margin (EBITDA)	12,908	13,462	4.29%
% on revenues	43.1%	34.5%	
% VoP	38.2%	29.7%	
Depreciation and write-downs	7,254	8,075	11.3%
Operating profit (EBIT)	5,654	5,387	-4.7%
% on revenues	18.9%	13.8%	
% VoP	16.7%	11.9%	
Financial expenses	3,775	4,201	11.3%
Financial (income)	-234	-676	188.9%
Foreign currency losses (gains)	-312	409	-231.1%
Total financial expenses	3,229	3,934	21.8%
Pre-tax result	2,425	1,453	-40.1%
% on revenues	8.1%	3.7%	
% VoP	7.2%	3.2%	
Current taxes	1,600	650	-59.4%
(Prepaid) deferred taxes	42	-233	-654.8%
Net result	783	1,036	32.3%
% on revenues	2.6%	2.7%	
% VoP	2.3%	2.3%	
Net result attributable to the Group	668	811	21.4%
Net result attributable to minority interests	115	225	95.7%

COGEME Division Income Statement

RECLASSIFIED INCOME STATEMENT COGEME DIVISION			
(€'000)	30/06/2009	30/06/2010	Change
Revenues from sales of goods and services	15,578	23,088	48.2%
Other revenues and income	1,358	2,823	107.9%
Change in inventories	1,630	2,048	25.6%
Value of production	18,566	27,959	50.6%
Gross operating margin (EBITDA)	7,411	7,926	6.95%
% on revenues	47.6%	34.3%	
% VoP	39.9%	28.3%	
Depreciation and write-downs	3,827	4,415	15.4%
Operating profit (EBIT)	3,584	3,511	-2.0%
% on revenues	23.0%	15.2%	
% VoP	19.3%	12.6%	
Financial expenses	2,774	3,280	18.2%
Financial (income)	-229	-662	189.1%
Foreign currency losses (gains)	-312	409	-231.1%
Total financial expenses	2,233	3,027	35.6%
Pre-tax result	1,351	484	-64.2%
% on revenues	8.7%	2.1%	
% VoP	7.3%	1.7%	
Current taxes	792	329	-58.5%
(Prepaid) deferred taxes	221	-25	-111.3%
Net result	338	180	-46.7%
% on revenues	2.2%	0.8%	
% VoP	1.8%	0.6%	
Net result attributable to the Group	397	352	-11.3%
Net result attributable to minority interests	-59	-172	191.5%

TTL Division Income Statement

RECLASSIFIED INCOME STATEMENT TTL DIVISION			
(€'000)	30/06/2009	30/06/2010	Change
Revenues from sales of goods and services	14,357	15,910	10.8%
Other revenues and income	595	1,350	126.9%
Change in inventories	311	181	-41.8%
Value of production	15,263	17,441	14.3%
Gross operating margin (EBITDA)	5,497	5,536	0.71%
% on revenues	38.3%	34.8%	
% VoP	36.0%	31.7%	
Depreciation and write-downs	3,427	3,660	6.8%
Operating profit (EBIT)	2,070	1,876	-9.4%
% on revenues	14.4%	11.8%	
% VoP	13.6%	10.8%	
Financial expenses	1,001	921	-8.0%
Financial (income)	-5	-14	180.0%
Foreign currency losses (gains)	0	0	0.0%
Total financial expenses	996	907	-8.9%
Pre-tax result	1,074	969	-9.8%
% on revenues	7.5%	6.1%	
% VoP	7.0%	5.6%	
Current taxes	808	321	-60.3%
(Prepaid) deferred taxes	-179	-208	16.2%
Net result	445	856	92.4%
% on revenues	3.1%	5.4%	
% VoP	2.9%	4.9%	
Net result attributable to the Group	271	459	69.4%
Net result attributable to minority interests	174	397	128.2%

Cogeme – TTL Consolidated Statement of Financial Position

STATEMENT OF FINANCIAL POSITION		
(€ '000)	31/12/2009	30/06/2010
ASSETS		
Intangible assets	19,327	20,845
Tangible assets	120,357	120,869
Other receivables and non-current assets	120	134
Non-current tax receivables	2,229	2,121
Prepaid taxes	2,304	2,920
Total non-current assets	144,337	146,889
Inventories	20,828	25,120
Trade receivables	24,533	38,538
Other current assets	41,735	45,114
Available for sale financial assets	13,464	13,541
Cash and cash equivalents	8,608	3,271
Total current assets	109,168	125,584
Total assets	253,505	272,473
LIABILITIES		
Share capital	27,318	30,124
Capital reserves	3	3
Other reserves	37,753	44,753
Result for the period	1,950	811
Minority interests	13,082	17,104
Total capital and reserves	80,106	92,795
Non-current financial liabilities	91,978	85,569
TFR and other employee related reserves	1,996	2,048
Deferred taxes and other risk reserves	4,957	5,269
Total non-current liabilities	98,931	92,886
Current financial liabilities	48,425	55,116
Trade payables to suppliers	15,434	20,741
Tax payables	3,666	4,370
Other current payables and liabilities	6,943	6,565
Total current liabilities	74,468	86,792
Total liabilities and shareholders' funds	253,505	272,473

Cogeme Division Statement of Financial Position

STATEMENT OF FINANCIAL POSITION

(€'000)

31/12/2009

30/06/2010

ASSETS

Intangible assets	3,561	5,168
Tangible assets	68,317	68,690
Other receivables and non-current assets	120	134
Non-current tax receivables	901	999
Prepaid taxes	608	1,123
Total non-current assets	73,507	76,114
Inventories	15,596	19,699
Trade receivables	13,430	22,109
Other current assets	38,202	39,799
Available for sale financial assets	12,347	12,396
Cash and cash equivalents	8,285	2,894
Total current assets	87,860	96,897
Total assets	161,367	173,011

LIABILITIES

Share capital	25,928	28,734
Capital reserves	3	3
Other reserves	2,084	7,090
Result for the period	644	-21
Minority interests	12,420	16,459
Total capital and reserves	41,079	52,265
Non-current financial liabilities	71,512	66,848
TFR and other employee related reserves	555	562
Deferred taxes and other risk reserves	651	1,363
Total non-current liabilities	72,718	68,773
Current financial liabilities	29,959	32,528
Trade payables to suppliers	11,816	13,658
Tax payables	2,254	2,665
Other current payables and liabilities	3,541	3,122
Total current liabilities	47,570	51,973
Total liabilities and shareholders' funds	161,367	173,011

TTL Division Statement of Financial Position

STATEMENT OF FINANCIAL POSITION		
(€'000)	31/12/2009	30/06/2010
ASSETS		
Intangible assets	15,766	15,677
Tangible assets	52,040	52,179
Other receivables and non-current assets	0	0
Non-current tax receivables	1,328	1,122
Prepaid taxes	1,696	1,797
Total non-current assets	70,830	70,775
Inventories	5,232	5,421
Trade receivables	11,103	16,429
Other current assets	3,533	5,315
Available for sale financial assets	1,117	1,145
Cash and cash equivalents	323	377
Total current assets	21,308	28,687
Total assets	92,138	99,462
LIABILITIES		
Share capital	1,390	1,390
Capital reserves	-	-
Other reserves	35,669	37,663
Result for the period	1,306	832
Minority interests	662	645
Total capital and reserves	39,027	40,530
Non-current financial liabilities	20,466	18,721
TFR and other employee related reserves	1,441	1,486
Deferred taxes and other risk reserves	4,306	3,906
Total non-current liabilities	26,213	24,113
Current financial liabilities	18,466	22,588
Trade payables to suppliers	3,618	7,083
Tax payables	1,412	1,705
Other current payables and liabilities	3,402	3,443
Total current liabilities	26,898	34,819
Total liabilities and shareholders' funds	92,138	99,462

Reclassified Statements of Financial Position

Cogeme – TTL Consolidated

€ '000					
STATEMENT OF FINANCIAL POSITION					
Assets	31/12/2009	30/06/2010	Liabilities	31/12/2009	30/06/2010
FIXED ASSETS	139,684	141,714	NET FINANCIAL POSITION	84,027	86,800
Intangible assets	19,327	20,845	Current financial payables	48,425	55,116
Tangible assets	120,357	120,869	Non-current financial payables	91,978	85,569
Financial assets	0	0	Cash and available for sale financial assets	-22,072	-16,812
			Current financial assets	-34,304	-37,073
NET WORKING CAPITAL	24,449	37,881	Group net position	67,024	75,691
Inventories	20,828	25,120	Minorities	13,082	17,104
Trade receivables	24,533	38,538	Total net financial position	80,106	92,795
Trade payables	-15,434	-20,741			
Other current assets/liabilities	-5,478	-5,036			
INVESTED CAPITAL (IC)	164,133	179,595	FINANCING CAPITAL	164,133	179,595

Cogeme Division

€ '000					
STATEMENT OF FINANCIAL POSITION					
Assets	31/12/2009	30/06/2010	Liabilities	31/12/2009	30/06/2010
FIXED ASSETS	71,878	73,858	NET FINANCIAL POSITION	48,165	50,724
Intangible assets	3,561	5,168	Current financial payables	29,959	32,528
Tangible assets	68,317	68,690	Non-current financial payables	71,512	66,848
Financial assets	0	0	Cash and available for sale financial assets	-20,632	-15,290
			Current financial assets	-32,674	-33,362
NET WORKING CAPITAL	17,366	29,131	Group net position	40,052	47,483
Inventories	15,596	19,699	Minorities	1,027	4,782
Trade receivables	13,430	22,109	Total net financial position	41,079	52,265
Trade payables	-11,816	-13,658			
Other current assets/liabilities	156	981			
INVESTED CAPITAL (IC)	89,244	102,989	FINANCING CAPITAL	89,244	102,989

TTL Division

€ '000					
STATEMENT OF FINANCIAL POSITION					
Assets	31/12/2009	30/06/2010	Liabilities	31/12/2009	30/06/2010
FIXED ASSETS	67,806	67,856	NET FINANCIAL POSITION	35,862	36,076
Intangible assets	15,766	15,677	Current financial payables	18,466	22,588
Tangible assets	52,040	52,179	Non-current financial payables	20,466	18,721
Financial assets	0	0	Cash and available for sale financial assets	-1,440	-1,522
			Current financial assets	-1,630	-3,711
NET WORKING CAPITAL	7,083	8,750	Group net position	26,972	28,208
Inventories	5,232	5,421	Minorities	12,055	12,322
Trade receivables	11,103	16,429	Total net financial position	39,027	40,530
Trade payables	-3,618	-7,083			
Other current assets /liabilities	-5,634	-6,017			
INVESTED CAPITAL (IC)	74,889	76,606	FINANCING CAPITAL	74,889	76,606

Economic and Financial Indicators

The trend in the main Group economic and financial indicators is given below. In order to calculate the ratios using similar financial data, the values of the six monthly results have been calculated to give a “net profit”, “pre-tax profit” and “operating profit” for the period from 1 July 2009 to 30 June 2010.

Profitability indicators

The table below shows the profitability indicators for the periods to 31 December 2009 and 30 June 2010.

INDICI DI REDDITIVITA'		31/12/2009	30/06/2010
ROE net	<i>Net profit/ Year-end shareholders' funds *</i>	2.43%	2.26%
ROE gross	<i>Pre-tax profit/Year-end shareholders' funds *</i>	3.80%	2.23%
ROI	<i>Net operating profit/ Total assets *</i>	6.00%	5.33%
ROS	<i>Net operating profit/ Revenues *</i>	15.93%	13.81%

Return on common Equity (ROE) measures the return generated on the Company's equity: it gives an overview of the profitability of the company and shows in percentage terms the potential of the risk capital and the ability of the Company to attract capital (i.e. the return generated on the capital conferred on the company).

The decrease in **net ROE** at 30 June 2010 compared to 31 December 2009 was due to the increase in equity following the share capital increase in the first semester 2010, which increased equity more than net profit.

The decrease in **gross ROE** compared to 31 December 2009 also reflected the increase in financial expenses due to the issue of the convertible bond (Cogeme S&T 2009 - 2014).

Return on investment (ROI) measures the profitability of the invested capital or the return made on investments. ROI demonstrates the profitability and economic efficiency of the normal operations of the company irrespective of the type of funding employed.

The decrease in **ROI** reflected the increase in total invested capital (+7.48%) whilst operating profitability was substantially stable.

Return on Sales (ROS) is an indicator of the average operating profitability per unit of revenues. The figure shows the company profitability relative to the remunerative capacity of revenue flows.

The decrease in **ROS** was the result of the growth in revenues (+30%) and depreciation (+11%) which offset the growth in operating profit.

Balance sheet indicators

The following table shows the trend in financial cover for periods to 31 December 2009 and 30 June 2010.

FINANCIAL STRUCTURE INDICATORS		31/12/2009	30/06/2010
Total debt ratio	<i>(Non-current liabilities + Current liabilities)/Shareholders' funds</i>	2.16	1.94
Total financial debt/ Equity ratio	<i>Financial liabilities/ Shareholders' funds</i>	1.75	1.52

The first ratio is an indicator of the solidity of the Company.

The second ratio is a breakdown of the first ratio and shows the weighting of the two debt components (current and non-current) to equity. At 30 June 2010, both ratios show a level of indebtedness (total and financial) that was lower than at 31 December 2009 as total debt and financial debt both increased less than equity.

Liquidity indicators

The following table shows the trend in liquidity ratios for the periods to 31 December 2009 and 30 June 2010.

LIQUIDITY INDICATORS		31/12/2009	30/06/2010
Current assets – Current liabilities (€ '000)	<i>Current assets – Current liabilities</i>	34,700	38,792
Current ratio	<i>Working capital/ current liabilities</i>	1.47	1.45
Excess liquidity (€ '000)	<i>(Deferred cash + Available cash) – Current liabilities</i>	13,872	13,672
Excess liquidity ratio	<i>(Deferred cash + Available cash)/ Current liabilities</i>	1.19	1.16

The solvency ratios show the ability of the Company to service current payables.

At 30 June 2010, both ratios (the current ratio and the excess liquidity ratio) were in line with those at 31 December 2009 demonstrating the capacity of the Company to service the payments due within one year.

Indicators of fixed assets cover

The following table gives the indicators of fixed assets cover for the financial periods to 31 December 2009 and 30 June 2010.

INDICATORS OF FINANCING OF FIXED ASSETS		31/12/2009	30/06/2010
Equity – Fixed assets (€ '000)	<i>Equity – Fixed assets</i>	-59,578	-48,919
Equity/Fixed assets ratio	<i>Equity/Fixed assets</i>	0.57	0.65
(Equity + Consolidated liabilities) – Fixed assets	<i>(Equity + Consolidated liabilities) – Fixed assets</i>	32,400	36,650
(Equity + Consolidated liabilities)/Fixed assets ratio	<i>(Equity + Consolidated liabilities)/Fixed assets</i>	1.23	1.26

The first ratio refers to the structural margin and shows cover of fixed assets by equity.

The second ratio refers to the structural margin in the broadest sense and indicates how permanent and non-current sources of financing cover the financial requirements of investments made over the medium/long-term.

At 30 June 2010, both these ratios were better than at 31 December 2009 showing the increased equity solidity of the Company also due to lower investments.

FINANCIAL RATIOS		31/12/2009	30/06/2010
Debt Cover Ratio	<i>Net financial debt/EBITDA *</i>	3.41	3.45
Gearing Ratio	<i>Net financial debt/Equity</i>	1.05	0.94

The ratio of net financial debt/EBITDA was almost unchanged compared to the figure at 31 December 2009. Given the stability of current and non-current financial debt compared to the figure at 31 December 2009 and the € 550,000 increase in EBITDA, there was greater use of available liquidity in the first semester to meet the needs of the increase in production volumes and for the payment of the first instalment of interest on the bond.

Statement of cash flows

Statement of cash flows		
(€ '000)	31/12/2009	30/06/2010
Profit/loss	2.500	1.036
Total provisions and write-downs	15.910	8.991
Cash flow from operations	18.410	10.027
Cash flow from working capital	-9.960	-14.609
Cash flow from operating activities	8.450	-4.582
Cash flow from investment activities	-35.510	-9.844
Cash flow from acquisitions	0	0
Cash flow from financial activities	26.800	2.461
Total increase/decrease in cash	-260	-11.965
Cash and cash equivalents - start of the year	13.520	22.072
Bank payables - start of the year	-29.000	-37.812
Cash and cash equivalents - end of the year	22.070	16.812
Bank payables - end of the year	-37.810	-44.517
Increase/decrease in total liquid funds	-260	-11.965

Net debt

COGEME GROUP NET DEBT		
(€ '000)	31/12/2009	30/06/2010
Cash and bank assets	8,608	3,271
Financial assets held for trading	13,464	13,541
Current cash and cash equivalents	22,072	16,812
Current financial receivables	34,304	37,073
Current financial payables	48,425	55,116
Current share of financing	7,891	10,776
Current bank payables	29,921	33,741
Current leasing payables	9,046	9,301
Current "Sabatini Law" securities	1,567	1,298
Current financial debt	- 7,951	1,231
Non-current financial debt	91,978	85,569
Non-current bank financing	45,393	40,272
Non-current leasing payables	23,965	22,697
Non-current "Sabatini Law" securities	2,798	2,535
Bonds issued	19,355	19,355
IRS Payables	467	710
Net Financial Debt	84,027	86,800

Cogeme S&T Division

Net Debt Cogeme Division		
(€ '000)	31/12/2009	30/06/2010
Cash and bank assets	8,285	2,894
Financial assets held for trading	12,347	12,396
Current cash and cash equivalents	20,632	15,290
Current financial receivables	32,674	33,362
Current financial payables	29,959	32,528
Current share of financing	4,658	5,853
Current bank payables	18,601	19,489
Current leasing payables	5,924	6,344
Current "Sabatini Law" securities	776	842
Current financial debt	- 23,347	- 16,124
Non-current financial debt	71,512	66,848
Non-current bank financing	33,362	29,965
Non-current leasing payables	16,352	15,223
Non-current "Sabatini Law" securities	1,976	1,595
Bonds issued	19,355	19,355
IRS Payables	467	710
Net Financial Debt	48,165	50,724

TTL Division

Net Debt TTL Division		
(€'000)	31/12/2009	30/06/2010
Cash and bank assets	323	377
Financial assets held for trading	1,117	1,145
Current cash and cash equivalents	1,440	1,522
Current financial receivables	1,630	3,711
Current financial payables	18,466	22,588
Current share of financing	3,233	4,923
Current bank payables	11,320	14,252
Current leasing payables	3,122	2,957
Current "Sabatini Law" securities	791	456
Current financial debt	15,396	17,355
Non-current financial debt	20,466	18,721
Non-current bank financing	12,031	10,307
Non-current leasing payables	7,613	7,474
Non-current "Sabatini Law" securities	822	940
Bonds issued	-	-
IRS Payables	-	-
Net Financial Debt	35,862	36,076

GENERAL TRENDS IN THE ECONOMY AND IN THE AUTOMOTIVE SECTOR

Any consideration of the performance of the Group in the first semester of this financial year must necessarily entail a comment on the global macroeconomic environment, with particular reference to those markets in which the Group operates.

The G8 meeting held in Canada at the end of June 2010 ended with the acknowledgement that the economic recovery was under way but was still weak.

Encouraging signs also came from the International Monetary Fund (IMF), which, following a first semester of the year that proved better than expected, in July revised upwards its forecast for 2010 global economic growth, raising it from the 4.2% figure given in April to 4.6%. The IMF also believes that the global economy is highly unlikely to experience a double dip recession.

The global situation continues to show marked variations according to region with a two speed trend: on the one hand, the mature markets are slowly attempting to return to normality, whilst remaining in a state of real weakness (with specific problems such as debt and pensions) and, on the other hand, the emerging markets, where in some cases – for example, the Chinese market – there are difficulties in managing the strong growth being experienced. Within these two macro geographic areas, there are very differing situations: for example, forecasts expect Japan and the United States to lead the recovery in mature markets whilst Europe will show some, albeit much lower, growth.

As already mentioned, recovery in Europe will be slower than in other mature markets. The excessive budget deficits that threatened the solvency of countries like Greece and Portugal have necessitated greater oversight of the budgets of all Euro zone countries and have highlighted the inadequacy of the means currently available to the monetary Union. From meetings of the leading European representatives has emerged a need for new supervisory bodies capable of overseeing the true budget conditions of the sixteen countries in the Euro zone.

One cause for considerable concern is the continuing high level of unemployment.

According to the July 2010 bulletin from the IMF, the forecast for 2010 GDP growth in the Euro zone is just 1% and 1.3% for 2011. In June, the inflation trend in the Euro zone was 1.4% compared to the 1.6% of May.

The macroeconomic situation in the European Union is certainly influenced by the performance of the automotive sector. In the second quarter of 2010, auto registrations suffered a further decline. Data for these

last three months indicate a strong fall in the German market (-33% in the second quarter and -32.3% in June) with -28.7% for the entire first semester. Italy also continued its double-digit decline with registrations in June -19.1% taking the figure for the first semester to +2.9% (-15.8% just in the second semester 2010).

As mentioned above, in the second quarter 2010, the main emerging markets experienced a recovery in exports, which was coupled with the already high level of internal demand.

According to the figures of the Brazilian Central Bank, Brazil is expected to have 7% growth in 2010 driven by investments and by domestic demand and therefore avoid the effects of the ending of the tax incentives for the industry.

In India, growth in activity has been sustained. The July forecast for 2010 GDP is an increase of 9.4%, a higher figure than the 7.7% forecast given in March.

In May, due to the 1.7% month-on-month increase, the year-on-year inflation rate exceeded 10%.

Lastly, in the second quarter of 2010, growth slowed slightly in China to 10.3% (compared to 11.9% in the first quarter) giving a first semester growth figure of 11.1%. The most recent available forecasts are for 2010 growth of 10.5% and a further slowdown (to 9.6%) in the following year.

The performance of the automotive sector

With regard to the Italian automotive market, the Chairman of ANFIA (Associazione Nazionale Fra Industrie Automobilistiche) recently stated that, "the declining trend in the market continues following completion, at the end of March, of the order backlog that had accumulated in the final months of 2009 as a result of the scrappage incentives". Although there was a slight recovery compared to the -30% figure of the first semester 2009, the figures for orders in Italy continue to cause concern with a year-on-year fall of 17.5% in the second quarter, giving a decline of 24.1% for the entire first semester of 2010. In the EU27 area, there was a year-on-year drop of 7.6% in the second quarter giving almost zero year-on-year growth (+0.2%) for the first semester.

DEMAND AND TRENDS IN THE MARKETS IN WHICH THE COMPANY IS PRESENT

The global automotive market experienced a 16.8% increase in registrations in the first semester 2010. However, the first semester 2009 was marked by a sharp decline in volumes of automotive sales (-15.1%). Furthermore, annual sales growth in the last four months has shown a continuous decline, from 9.5% in March to an estimated 8.8% at the end of the first semester 2010.

Following a sharp contraction in the second quarter of the year in Western Europe as the order backlog linked to incentives was filled in some markets, the figure for the first semester was fairly stable year-on-year (+0.2%).

Amongst the principal reference markets, Germany showed a decline in six-month figures of 28.7% year-on-year whilst both France (+5.4%) and Italy (+2.9%) had slight increases although both of these countries are experiencing a very worrying effect on sales in the last few months from the ending of the auto purchase incentives. In particular, the Italian market has suffered a double-digit percentage contraction in the second quarter.

However, the positive trend in sales has continued in the UK market (+19.9%) and in Spain (+39.5%).

The Eastern European markets ended the first semester 2010 with an overall decline in registrations of 14%. The United States had overall sales growth of 16.7% year-on-year in the first semester and Japan of 21.4% although, in the first-half 2009, there had been a very marked contraction in both these countries, of -35.1% and -40% respectively.

The Brazilian and Argentinean markets continued to grow in the second quarter 2010 and both had positive figures for the first six months with sales up 17.1%.

Although there was a slight slowdown in the growth of the Chinese market, it continues to grow apace with registrations in the first semester 2010 up 46.2% year-on-year. Amongst emerging markets, the Indian market continues to perform well with growth of 33.6% in the first quarter.

The Cogeme Division had revenues up 48.2%. A more in-depth analysis of the trend in sales of products manufactured by the Company shows a strong increase in turbo and injection systems components, up 57.29% and 52.61% respectively.

The growth in turbo components reflects the manufacturing at the SWA line one at the Romanian plant, the recovery in demand for valves, and the capacity saturation of the production lines for new generation bearings in Italy. There was a slight delay in the start-up of the Indian production of this type of component due to a delay in the certification from the auto manufacturers.

It is worth highlighting that the growth in sales of injection systems (+52.61%) was concentrated in South America and Europe which, to date, have been the reference markets of the Company. There was strong growth in orders from Bosch for the Brazilian manufacturing facility and from Continental Siemens for the Italian plant.

There has been a decline in registrations in Europe in the last two months following the decision by several governments not to renew the auto incentive schemes.

Further volume growth is expected in the second semester of the current year from the Romanian manufacturing facility as the SWA line two starts operating and as new projects for new components are implemented; the Italian and Brazilian plants should maintain their volume levels whilst, in India, the first manufacturing line should start production.

The TTL Division involved in heat treatment of metal components, particularly conduction heat treatment of large size components for third-parties and heat treatment using laser technology, had a recovery in the volume of products treated compared to the previous financial year. This was primarily due to the strategic decisions made in recent years and, in particular, to the position gained in some new niche markets where new methods and applications for heat treatment have been introduced. Whilst the growth must be consolidated, the general growth environment resulted in prices for heat treatment remaining in line with those of the previous financial year and not suffering any pressure.

Sales in the first-half 2010 were € 15.910 million with an overall increase of 10.81%; the market of the TTL Group was influenced by the following factors:

- 1) the market slowdown experienced by group companies involved in component body heat treatment appears to have ended, particularly in the automotive sector (nuts and bolts, springs and other small scale components), the white goods sector (household white goods) and the furniture sector (furniture hinges);
- 2) there were also signs of recovery in induction heat treatment both in the automotive sectors and in the production of small gears and small scale components. Growth continued in the heat treatment of laminated cylinders and rods and of components for large scale plant and machine tools;
- 3) the laser heat treatment sector confirmed the trend reported at 31 December 2009, due to the uniqueness and reliability of the treatment for moulds to prevent distortion of sheet metal and plastic, and showed no signs of slowing in the first semester 2010;
- 4) in particular, the subsidiary Tecno Tempranova Navarra had an increase in business volumes that was driven by laser heat treatment for the auto sector, which grew strongly in Spain (registrations almost tripled year-on-year in the first semester 2010);
- 5) in the machinery sector, Manaca S.r.l and H.T.E. S.r.l closed the first semester 2010 with revenues +10.39% year-on-year.

RISKS AND UNCERTAINTIES

Risks connected to the management responsibilities of corporate entities

An organisational model that meets the requirements of Legislative Decree no. 231/2001 is being formulated and is at an advanced stage; this will integrate and support the already existing and operational codes of conduct within the Company.

The Board of Directors meeting of 14 November 2008, in accordance with applicable legal and regulatory requirements, approved the document which governs the timing and methods of communication of transactions involving the financial instruments of the Company by COGEME S&T and of relevant parties, in accordance with Article 114, seventh paragraph of the Consolidated Financial Law and Article 152 *sexies* ss. of the Listing Regulations

Risks connected to the acquisition and related integration into COGEME S&T of TTL-TECNO TEMPRANOVA LOMBARDA S.r.l.

On 7 October 2008, Cogeme acquired 50.988% of the share capital of TTL, a limited liability company heading a group of companies operating in the sector of heat treatment of metal components, for a total sum of € 21 million. This transaction carries the risks inherent to integrations of one or more companies into a pre-

existing group; these include those linked to the combination of assets, the coordination of management of the companies and the risk that the synergies expected from the operation are not realised. The integration process requires a significant organisational and management effort in order to realise the expected synergies, in particular as regards integration with the manufacturing process for the automotive sector.

Should the synergies not be realised, or should unforeseen and significant integration costs have to be borne, or should implementation of the complete integration fail to be achieved within the time and in the way expected, there could be negative effects on Gruppo COGEME S&T.

Risks linked to the net debt of the Group

The net debt of the Group is primarily due to the investment plan to expand and enhance production capacity in order to satisfy the needs of clients, as well as to the loan taken out to acquire TTL.

It should also be noted that, in the course of 2009, the manufacturing plant at Pune in India has been completed.

The total investment by Gruppo COGEME S&T for COGEME PRECISION PARTS (INDIA) is €16 million. The amount and timing of the investments that the Group must make on behalf of COGEME PRECISION PARTS (INDIA) will depend on the actual capital expenditure plan of the latter. Given this, it is possible that the net debt could increase further through recourse to medium/long-term credit lines.

Debt repayment is dependent on the capacity of Group companies to generate positive cash flows. There could be a negative impact on the Group should it be unable to repay its debt.

It should be noted that, given that the Group debt is floating rate debt (which is also true for Gruppo TTL), should interest rates rise, the financial liabilities of the Group could increase with consequent negative effects on the economic, balance sheet and financial situation of the Group.

Risk factors associated with the sector in which the Group operates

The results of Gruppo COGEME S&T are influenced by global economic trends and, in particular, by the economic performances of the countries in which the Company operates and by the sectors which are the end markets for its products and services.

A continuation or a further deterioration of the current world economic crisis, like any event which impacts negatively on the markets in which the Group operates, could have negative effects on the business, economic results and financial and balance sheet position of the Group.

Almost all the Group revenues generated by the automotive sector are from the sale and marketing of precision metal components to the suppliers of sub-components and sub-systems (Tier I suppliers) of the major vehicle producers (original equipment manufacturers - O.E.M.).

The Group's business in the automotive sector is, therefore, influenced by the trends that affect the automotive component sector, which is characterised by strong technological innovation, intense competition, cyclicity, potential obsolescence of the production technology and machinery employed, and by significant sub-contracting out of the manufacture of sub-systems and their components.

Any negative trend in the technology sector and, in particular, in automotive components, or significant changes in the organisational model of manufacturing that may be adopted by the leading OEMs could have a negative impact on the business and the results of the Company and of the Group.

The sector in which the companies of the Group operate in the automotive market is characterised by a limited number of operators and by strong competition.

The competitive position of the Group depends on its ability to maintain the adequate technological competency and high quality standards of the products required by its clients, to develop increasingly advanced manufacturing processes, and to implement price policies in line with those of its competitors.

The Group is well positioned to face effectively the competitive challenge given its international profile and its presence in the main reference markets of its major clients.

However, it is impossible to state with certainty that any eventual price policies that may be introduced by competitors or that any technological developments and innovations (which would allow other companies to produce and market more technologically advanced products) would not entail the risk of a drop in demand as clients defected to other suppliers, with a consequent negative impact on the business, results and financial situation of Gruppo COGEME S&T.

ENVIRONMENT & SAFETY

Management of all environment and safety and all related problems (waste management, atmospheric emissions, waste water, safety at work), is carried out by Gruppo Cogeme S&T in accordance with enacted laws in any country in which it has manufacturing facilities.

In Italy a document, "Environmental Analyses", is prepared to describe the manufacturing plant of the Company from the point of view of management of environmental aspects linked to the activities carried out. This is to ensure adherence to enacted law and, at the same time, ensure that the company continues to have an environmental management system which delivers continuous conformity over time to UNI EN ISO 14001:2004 principles.

The document is the start of a monitoring procedure which will be modified on an ongoing basis according to changes in the Company's activities over time.

QUALITY

Gruppo Cogeme conducts its activities to the highest quality standards and this has enabled it to receive and retain the following certification:

ISO 9001: 2000 awarded on 19 May 2004 and renewed in the first semester 2010 relating to certification of production quality;

ISO/TS 16949:2002 awarded on 19 May 2004 and relating to the certification of quality systems in the automotive sector, extended to include the production facility at Leresti, and renewed in the first semester 2010.

Gruppo TTL S.r.l. has quality certificates for the following companies:

- TTL Tecno Tempranova Lombarda S.r.l.

Certification of quality for conforming to ISO 9001:2000: this was awarded by RINA S.p.A. of Genoa for the following operational units: - Via Campagnola, 4 23843 Dolzago (Lc) - Via Volta, 12/14 23843 Dolzago (Lc) - Via Pelago snc 23848 Oggiono (Lc) - Via Indipendenza, 45 23885 Calco (Lc). It was first awarded on 22 December 1998; the current award dates from 25 February 2008 and is valid until 22 December 2010.

- Metaltherm S.r.l.

Certification of quality for conforming to ISO 9001:2000 certificate no. 3409/1 for heat treatment of steel. This certificate was awarded by ICIM S.p.A. of Milan for the operational unit of Merate (Lc) - Via Pertini, 33. It was first awarded on 31 March 2005; the current award dates from 31 March 2008 and is valid until 30 March 2011.

- TTS Tecno Tempera Sud S.r.l.

Quality certification for conforming to ISO 9001:2000 certificate no. IT-53190 for heat treatment of steel. The certificate was awarded by ICIM S.p.A. of Milan for the following operational units: - Via Bettolino, 14 23843 Dolzago (Lc) - Industrial zone Villa Zaccheo, 64020 Castellalto (Te). It was first awarded on 1 February 2007 and the current certificate is from November 2010 and valid until 31 January 2013.

In addition, on 25 July 2008, the environmental Certificate for conforming to UNI EN ISO 14001:2004, was awarded by QS Schaffhausen AG – this is a certification of the management systems of the Company and is valid until 25 July 2011.

- H.T.E. S.r.l.

Quality certification for conforming to ISO 9001:2000 certificate no. 4519 for the design, construction, marketing, and after-sales service of conventional and laser induction plant and machinery for the heat treatment of metals. This certificate was awarded by European Quality Assurance Limited, an English company with registered offices in Newark, Nottinghamshire, to the operational unit in Turin (To) - Strada del Francese, 87/10. It was first awarded on 5 August 2003 and the current certificate was issued on 23 January 2010 and is valid until 22 January 2013.

RESEARCH AND DEVELOPMENT

Gruppo COGEME S&T considers research and development to be fundamental given the competitive nature of the sectors in which it operates and also for maintaining and consolidating the partnerships it has built up with clients.

For the Cogeme Division, research and development is carried out at a corporate level in the Frosinone production facility. The main activity carried out there is aimed at researching better production solutions with the aim of guaranteeing results in terms of plurality. This is often achieved through use of and improvements to the production capacity of machines utilised by the Company and/or technologies available on the market. For laser applications in the TTL Division, the prospects are linked to new metal alloys which are starting to be employed in considerable quantities in some sectors. These new alloys must be tempered but are difficult to treat as there is considerable risk that their structural nature and consistency could alter. The careful and surgical use of lasers in this area is giving excellent results. Various tests are being carried out and the results appear promising. The key sectors for these products are aeronautics, armaments and the energy sector.

RELATED-PARTY TRANSACTIONS

The following table shows related-party transactions in the first semester 2010:

(€'000)	Receivables	Payables	Financing	Expenses	Revenues
Cogeme do Brasil	1,447	353	0	94	285
Cogeme S&T Ro	14,989	8,514	530	2,668	1,845
Cogeme Precision Parts India	1,200	10,751	0	6	80
TTL Srl	3,440	0	0	0	35

SECURITY DOCUMENT

In accordance with Attachment B, point 26, of Legislative Decree no. 196/2003 regarding personal data protection, the Directors declare that the Company is in compliance with the measures for personal data protection under the provisions of Legislative Decree no. 196/2003 and under the terms and conditions indicated therein and of any subsequent modifications.

Information regarding adherence to the Code of Conduct

In accordance with Article 89 *bis* of the Listing Regulations adopted by Consob deliberation no. 11971 of 14 May 1999 of Article 154-*bis* of Legislative Decree no. 58 of 24 February 1998, it is stated that the annual report on compliance with the Code of Conduct has been published in the required way.

With a view to implementing a Company code of conduct and governance, the Company is well advanced in drawing up an organisational model, as required by Decree Law no. 231/2001, which integrates and supports the existing codes of conduct that are already operational within the Company.

At the meeting of 14 November 2008, the Board of Directors approved the document that governs, in accordance with the applicable laws and regulations, the timing and means of communication by COGEME S&T of transactions that involve the financial instruments of the Company and of related companies, as required by Article 114, paragraph seven, of the Consolidated Financial Act and Article 152 *sexies* ss. of the Listing Regulations.

BUSINESS OUTLOOK

The automotive sector has been greatly penalised (drop in registrations) with a consequent slowdown in production in the second quarter 2010 due to the car scrappage incentives not being renewed in Europe.

This trend has been particularly significant throughout the automotive production process and has affected the business activity of the Group in this sector and caused a slowdown in production contracts compared to previous plans.

Despite this general context, the Group believes that it can benefit from the following factors:

- its operating presence in emerging markets, where the impact of the crisis in the automotive sector has not been so great;
- its presence in a niche sector as a supplier to major Tier I companies (therefore, in the “second level” of the chain), which has enabled the Group to meet what demand there is on the market, in particular, for components for turbo systems, which are expected to increase their penetration, also in the emerging markets in which the Group is present;
- increased cost structure flexibility: 1) its presence in different foreign markets has permitted the Group to reduce the weight of personnel costs; 2) the relationship of partner that it can boast with its clients and the reputation that it has acquired means that, in some cases, it can use plant belonging to its clients, thereby containing fixed capital investments.

The Cogeme division had strong year-on-year growth in revenues (+51%) despite the delay in the production programme of the Indian plant due to delays in certification of some systems by the automotive producers.

A recovery in volumes is expected in the second semester on the back of new indications from clients which show an increase in production and increasing market shares.

It should be noted that, in order to take advantage of market opportunities, the Company has reached a preliminary agreement for an aluminium and light alloy working patent; finalisation of this agreement depends on a technical and legal due diligence, an expert valuation on the economic value of the patent object of the transaction to confirm the valuation that has been provisionally estimated by the parties and supported by the opinion of a technical expert.

The gross operating profit of the first semester was affected by a series of non-recurring start-up costs, mainly linked to the Italian and Indian plants and an improvement in the margin is expected in the second semester.

Despite the positive results of Gruppo TTL for the first semester, it should be noted that there are several reference product areas which have very promising growth prospects. Management is, therefore, confident that in the second semester 2010 the rate of increase in sales compared to 2009 will be better or in line with that achieved in the first semester.

Patrica, 27 August 2010

For the Board of Directors
The Chief Executive Officer
Carlo Bozzini

STATEMENT OF FINANCIAL POSITION		(€'000)	31/12/2009	30/06/2010
NON-CURRENT ASSETS				
Intangible fixed assets			19.327	20.845
	Patents		326	361
	Goodwill		13.891	13.891
	Fixed assets under construction		891	2.462
	Designs/ Prototypes		4.081	4.066
	Other intangible assets		138	65
Tangible fixed assets			120.357	120.869
	Land and buildings		26.234	28.588
	Land		0	0
	Plant and machinery		36.642	36.728
	Industrial and commercial equipment		3.903	3.672
	Other assets		2.480	2.496
	Fixed assets under construction		5.987	4.030
	Improvements to third-party assets		1.214	1.404
	Assets on finance leases		43.897	43.951
<i>Other non-current assets</i>				
Investments			-	-
	in subsidiaries		-	-
	in associates		-	-
	in other companies		-	-
Other receivables and non-current assets			120	134
	Other receivables and non-current assets		120	134
Financial assets			-	-
	Equity investments		-	-
	Own shares		-	-
Tax receivables			2.229	2.121
	Tax receivables		2.229	2.121
Pre-paid taxes			2.304	2.920
	Pre-paid taxes		2.304	2.920
TOTAL NON-CURRENT ASSETS			144.337	146.889
CURRENT ASSETS				
Inventories			20.828	25.120
	Raw materials, secondary materials and consu		7.782	12.299
	Work in progress and semi-finished products		4.839	5.715
	Contract work in progress		-	-
	Finished products and goods		8.207	7.106
	Pre-payments to suppliers		-	-
Trade receivables			24.533	38.538
	Trade receivables		24.533	38.538
	Receivables from subsidiaries		-	-
	Receivables from Cogeme do Brasil		-	-
	Receivables from Cogeme set RO		-	-
Other current assets			41.735	45.114
	Other current assets		41.735	45.114
	<i>of which: financial receivables</i>		<i>34.304</i>	<i>37.073</i>
Available for sale financial assets			13.464	13.541
	Available for sale financial assets		13.464	13.541
Cash and cash equivalents			8.608	3.271
	Cash		42	88
	Banks		8.566	3.183
TOTAL CURRENT ASSETS			109.168	125.584
TOTAL ASSETS			253.505	272.473

STATEMENT OF FINANCIAL POSITION		(€'000)	31/12/2009	30/06/2010
SHAREHOLDERS' FUNDS				
Share capital			27.318	30.124
	Share capital		28.061	30.867
	Treasury stock		-743	-743
Capital reserves			3	3
Other reserves			37.753	44.753
	Fair Value reserve		2.582	2.290
	Share premium reserve		24.741	26.197
	Currency translation reserve		1.745	6.837
	IAS reserve		772	772
	Other reserves		7.913	8.657
Net profit for the year			1.950	811
	Net profit for the year		1.950	811
Minorities			13.082	17.104
	Minorities' share of equity and profit		13.082	17.104
TOTAL SHAREHOLDERS' FUNDS			80.106	92.795
NON-CURRENT LIABILITIES				
Financial payables			91.978	85.569
	Payables to banks and portion of non-current		45.393	40.272
	Payables to shareholders		-	-
	Payables for other financing		23.965	22.697
	Convertible bonds		19.355	19.355
	Payables for non-current promissory notes		2.798	2.535
	Payables for IRS swap valuations		467	710
TFR and other funds relating to personnel			1.996	2.048
	Payables for TFR		1.996	2.048
Deferred taxes			4.957	5.069
	Deferred taxes		4.957	5.069
Provision for risks and costs			-	200
	Provision for risk and costs		-	200
TOTAL NON-CURRENT LIABILITIES			98.931	92.886

CURRENT LIABILITIES		
Financial payables		
	48.425	55.116
Payables to banks and current portion of n	37.812	44.517
Payables for other current financing	9.046	9.301
Bonds	-	-
Payables for current promissory notes	1.567	1.298
Financing from shareholders	-	-
Trade payables		
	15.434	20.741
Trade payables	15.434	20.741
Tax payables		
	3.666	4.370
Tax payables	3.666	4.370
Other payables and current liabilities		
	6.943	6.565
Social security contributions	680	597
Payables to employees	1.691	2.805
Other payables	2.438	1.185
Accruals	2.134	1.978
TOTAL CURRENT LIABILITIES	74.468	86.792
TOTAL LIABILITIES	173.399	179.678
TOTAL SHAREHOLDERS' FUNDS AND LIABILITIES	253.505	272.473

INCOME STATEMENT	(€'000)	30/06/2009	30/06/2010
Revenues		29.935	38.998
	Revenues from sales of goods and services	29.935	38.998
Other revenues		1.953	4.173
	Other income and revenues	1.953	4.173
Changes in inventories		1.941	2.229
	Changes in inventories	1.941	2.229
Production for own use		0	0
	Production for own use	0	0
TOTAL VALUE OF PRODUCTION		33.829	45.400
Raw materials and consumables used		7.535	17.565
	Cost of raw materials, secondary materials, consumables	7.535	17.565
External services		5.602	6.399
	Cost of services	5.602	6.399
Costs for employee benefits		6.596	7.299
	Salaries	4.155	4.590
	Social security contributions	1.848	1.764
	Employee termination indemnities	185	321
	Other expenses	408	624
Other expenses		1.188	675
	Other operating expenses	1.188	675
TOTAL PRODUCTION COSTS		20.921	31.938
DIFFERENCE BETWEEN PRODUCTION COSTS AND REVENUES		12.908	13.462
Depreciation and write-downs		7.254	8.075
	Depreciation of intangible fixed assets	287	464
	Depreciation of tangible fixed assets	6.488	7.158
	Write-downs of intangible fixed assets	0	0
	Write-down of working capital	511	275
	Risk fund provisions	-32	178
Financial income and expenses		3.229	3.934
	Financial income	234	676
	Financial expenses	3.775	4.201
	Exchange rate gains	353	449
	Exchange rate losses	41	858
TOTAL COSTS		31.404	43.947
PRE-TAX PROFIT		2.425	1.453
Taxes		1.642	417
	Current taxes	1.600	650
	Deferred/pre-paid taxes	42	(233)
	Pre-paid taxes		
NET PROFIT		783	1.036
<i>Attributable to:</i>			
Parent Company shareholders		668	811
Minorities		115	225

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	30/06/2010	30/06/2010
Net result for the period	783	1.036
Other entries in the Statement of Comprehensive Income net of tax	2.987	4.308
Translation effect of foreign company accounts	1.582	5.806
Net changes in fair value of buildings	0	0
Net changes in fair value of financial fixed assets	0	0
Net changes in cash flow hedge reserve	-237	-292
Other changes attributable to net equity	1.642	-1.206
COMPREHENSIVE INCOME FOR THE PERIOD	3.770	5.344
<i>Attributable to:</i>		
Parent Company shareholders	3.251	4.454
Minorities	519	890

STATEMENT OF CHANGES IN EQUITY (€'000)

	Share capital	Capital and share premium reserve	Fair value reserve	Translation reserve	IAS reserve	Retained profits and IAS reserve	Minorities	Total shareholders' funds
Balance at 31.12.08	9.004	15.438	2.462	-1.988	0	8.739	10.809	44.464
Transactions with shareholders:								
Changes in share capital	18.611	9.306				-1.538		26.379
Purchase of treasury stock	-297							-297
Change in area of consolidation								0
Profit for the year						1.950	554	2.504
Other entries in the Statement of Comprehensive Income (as shown separately)								
			120	3.733		1.484	1.719	7.056
Balance at 31.12.09	27.318	24.744	2.582	1.745	0	10.635	13.082	80.106
Transactions with shareholders:								
Changes in share capital	2.806	1.456						4.262
Purchase of treasury stock								0
Change in area of consolidation								0
Profit for the year						811	225	1.036
Other entries in the Statement of Comprehensive Income (as shown separately)								
			-292	5.092		-1.206	3.797	7.391
Balance at 30.06.10	30.124	26.200	2.290	6.837	0	10.240	17.104	92.795

Statement of cash flows at 30 June 2010

(€'000)

	12/2009	06/2010
Profit (loss)	2,504	1.036
Depreciation and write-downs	13,743	7,800
Other write-downs of working capital	1,035	275
TFR provisions	569	321
Provisions for risks	29	178
Provisions for current taxes	938	650
Provisions for deferred taxes	(401)	(233)
Cash flow from operations	18,417	10,027
<u>Increase/ decrease in operating activities</u>		
Changes in inventories and pre-payments	(7,288)	(4,567)
Changes in trade receivables	5,835	(14,005)
Changes in other assets	(3,213)	(1,118)
Changes in trade payables	196	5,307
Net changes in staff-leaving indemnities	(126)	52
Changes in other payables	(4,348)	(565)
Cash out for taxes	(1,030)	287
Cash flow from working capital	(9,974)	(14,609)
CASH FLOW FROM OPERATING ACTIVITIES	8,443	(4,582)
<u>Investment activities</u>		
Net changes in intangible and tangible fixed assets	(35,458)	(9,830)
Other changes in financial fixed assets	0	0
Changes in financial fixed assets	(55)	(14)
Cash flow from investment activities	(35,513)	(9,844)
<u>Financing activities</u>		
Net changes in non-current financing and bond loan	15,049	(4,878)
Net changes in finance leases	7,036	(1,013)
Payables under the SABATINI law	(172)	(532)
Financing from shareholders	0	0
Other changes	4,891	8,884
IPO proceeds	0	0
Dividend distribution	0	0
Cash flow from financing activities	26,804	2,461
Increase/(decrease) in cash	(266)	(11,965)
Cash and cash equivalents – start of the year	13,523	22,072
Bank payables – start of the year	(28,997)	(37,812)
Cash and cash equivalents (including short-term financial investments) – end of the year	22,072	16,812
Bank payables – end of the year	(37,812)	(44,517)
Increase/(decrease) in total liquid funds	(266)	(11,965)

<p style="text-align: center;">EXPLANATORY NOTES TO THE INTERIM RESULTS FOR THE SIX MONTHS TO 30 JUNE 2010</p>

COMPANY INFORMATION

The publication of the consolidated six month interim financial statements in complete format for the six months ended 30 June 2010 was approved by the meeting of the Board of Directors of 27 August 2010. Cogeme S&T S.p.A. is a joint stock company with registered office at 21 Corso Venezia, Milan, whose principal object is the production of high precision components for second level suppliers to the automobile sector.

REGULATORY REFERENCES

In accordance with the provisions of article 154-ter of the Consolidated Financial Law - TUF (as amended by Decree Law 195/2007), Gruppo Cogeme S&T presents the Consolidated Interim Financial Statements for the six months ended 30 June 2010 including:

- The Interim Financial Statements of Gruppo Cogeme S&T for the six months to 30 June 2010
- The Interim Review of Operations
- The declaration required by article 154 bis, paragraph 5.

In accordance with the aforementioned article, and in accordance with accounting principle IAS 34, these financial statements have been prepared exclusively in consolidated format, since the Company is required to prepare Consolidated Financial Statements (with the exception of the Financial Statements for the period of the Parent Company Cogeme S&T S.p.A.).

DECLARATION OF ADHERENCE TO IAS/IFRS INTERNATIONAL ACCOUNTING STANDARDS

The interim financial statements of **Gruppo Cogeme S&T** for the six month period to **30 June 2010** have been prepared in complete format in accordance with the international accounting principles ratified by the European Community (hereinafter individually IAS/IFRS or together IFRS) and in particular with IAS 34, relating to interim financial reporting. In accordance with the provisions of IFRS no.1, we declare that in preparing the interim financial statements of Gruppo Cogeme S&T for the six month period to 30 June 2010 we have applied all the international accounting principles issued by the International Accounting Standards Board in force at the balance sheet date, including all the interpretations issued by the International Financial Reporting Interpretations Committee "IFRIC".

The comparative data for the financial statements of prior periods have also been prepared and presented in accordance with IAS/IFRS accounting principles.

The following paragraphs contain a description of the IAS/IFRS valuation criteria used by the Group to prepare the Consolidated Financial Statements and an analysis of the potential impact on the Group's economic and capital situation of the application of IFRS and IFRIC interpretations that have not yet been ratified.

AREA OF CONSOLIDATION

The area of consolidation includes the financial statements of the Parent Company COGEME S&T S.p.A., listed on the MTA market, standard class 1 segment (following the combination of the Expandi and MTA

markets from 22 June 2009) and the financial statements of subsidiary and associate companies with the exception of investments held for eventual disposal (see the following table).

Subsidiary companies are those companies controlled by the Parent Company. Control is presumed to exist where the parent company holds directly or indirectly more than half of the shares with voting rights which may, or potentially may, be exercised in Shareholders' Meetings. Associated companies are those in which the Group exercises a significant influence. It is deemed to have significant influence when it holds 20% or more of the existing or potential voting rights at the year-end accounting date

Cogeme S&T S.p.A. directly controls the following companies:

Company		Share capital	Result for The period	Shareholders' funds	Revenues	Total Assets	% held by Cogeme S&T
COGEME DO BRASIL	(Real/ '000)	22,000	3	45,009	18,957	53,848	97%
COGEME S&T RO	(Ron/ '000)	424	616	6,698	23,324	69,214	100%
COGEME PRECISION PARTS INDIA	(Rupee/ '000)	190,740	-15,454	1,101,331	53,497	1,148,220	80%
TTL S.r.l.	(€/ '000)	1,390	1,306	23,912	25,035	79,520	51%

TTL - Tecno Tempranova Lombarda s.r.l. controls the following companies:

Company	Share capital	Result for the period	Shareholders' Funds	Revenues	Total Assets	% held by TTL
Tecno Tempera Navarra s.a. (Spain)	2,400	-227	2,729	1,079	8,066	85%
H.T.E. s.r.l.	20	289	1,383	4,979	6,904	100%
Tecno Tempera Sud s.r.l.	416	-556	983	965	4,470	99%
Euroinduzione s.r.l.	20	34	169	931	554	100%
Metaltherm s.r.l.	100	-354	1,514	2,028	7,116	95%
Manaca s.r.l.	10	156	260	2,440	2,019	70%
Friuli Trattamenti s.r.l.	10	-2	7	0	1,537	80%
Corea s.r.l.	20	-85	434	194	663	70%
Veneta Trattamenti S.p.A.	2,000	-72	1,931	392	4,776	52%

It should be noted that all the percentages held refer to the percentage held by TTL in its subsidiaries and all figures are in Euro thousand.

Further information regarding TTL s.r.l. and its subsidiaries is given in the Review of Operations.

All figures regarding subsidiary Companies given in the above table are taken from the latest financial statements approved by the relevant subsidiaries and relate to the period ended 31 December 2009.

PRINCIPLES OF CONSOLIDATION

The consolidated accounts have been prepared using the Financial Statements of subsidiaries appropriately modified, where necessary, so that they adhere to the valuation criteria used by the Parent Company.

Subsidiary companies have been consolidated from the date on which the Group acquired control of them. The accounts of subsidiaries are consolidated using the line by line method thereby integrating the entire value of the assets, liabilities and all the costs and revenues, irrespective of the actual percentage held in the company. The minority share of net equity is shown in a separate entry in the Statement of Financial Position whilst that of net profit is shown in a separate entry in the Income Statement. The carrying value of consolidated shareholdings is therefore eliminated in the corresponding value of equity.

Transactions, results and the unrealised profits and losses from intergroup transactions are eliminated. The acquisition of subsidiaries and associates are accounted using the business combination provisions of IFRS 3. The acquisition cost is the current value of the assets given, equity instruments issued or liabilities assumed at the date of exchange, plus any costs directly attributable to the combination. The excess of the purchase cost of the Group share of the current value of the net assets acquired is recognised as goodwill in the assets of the statement of financial position for subsidiaries and is included in the value of investments for associates. Any negative goodwill is recognised immediately in the Income Statement.

The Consolidated Financial Statements are prepared in Euro, the working and accounting currency of the Parent Company. The working currency of the subsidiary, Cogeme Do Brasil, is the Brazilian real, whilst that of the subsidiary Cogeme RO is the Ron, that of the subsidiary Cogeme Precision Parts India is the Indian rupee, and that of the subsidiary TTL s.r.l. and the group of companies of which it is the parent company is the Euro.

The Financial Statements prepared in foreign currencies are converted into Euro using exchange rates prevailing at the year-end for items in the Statement of Financial Position (current exchange rate method), the historic exchange rates for the entries in shareholders' funds and the average exchange rates of the financial period for items of the Income Statement.

The exchange rates used to translate the Financial Statements in Real of the foreign subsidiary Cogeme do Brasil into Euro were:

- Year-end exchange rate (entries in the Statement of Financial Position)	2.208200
- Average exchange rate (Income Statement entries)	2.386841

The exchange rates used to translate the Financial Statements in Ron of the foreign subsidiary Cogeme Set Ro were:

- Year-end exchange rate (entries in the Statement of Financial Position)	4.3700
- Average exchange rate (Income Statement entries)	4.1492

The exchange rates used to translate the Financial Statements in Indian rupees of the foreign subsidiary Cogeme Precision Parts (India) were:

- Year-end exchange rate (entries in the Statement of Financial Position)	56.99300
- Average exchange rate (Income Statement entries)	60.79925

Net exchange rate differences deriving from the translation of the aforementioned entries are recognized in the Consolidated Financial Statements of Gruppo Cogeme S&T in the "Currency translation reserve" within shareholders' equity

The accounting period (first six months 2010) and the year-end accounting date of the various financial statements used to prepare the Consolidated Financial Statements are the same as those of the Parent Company Cogeme S&T S.p.A

VALUATION CRITERIA

The accounting and valuation criteria used in preparing the Consolidated Financial Statements for the six months ending 30 June 2010 are based on issued IAS/IFRS accounting standards at the year-end accounting date and on any interpretations published to date by the International Financial Reporting Interpretations Committee (IFRIC). The IAS/IFRS principles may differ from those used in preparing these Financial Statements because of the future approval of new standards, interpretations or new guidelines issued by IFRIC.

With regard to IAS/IFRS standards that permit different applications, the methods adopted in preparing the Consolidated Financial Statements, as well as the new IAS/IFRS standards and any improvements introduced, are given below.

IAS 1 Revised – Presentation of Financial Statements – The revised version of IAS 1 no longer allows the components of income, revenues and expenses, that are “changes deriving from transactions with non-owners” to be shown in the Statement of changes in Equity, but requires that they be shown separately from transactions with owners. Under the revised version of IAS 1, all changes deriving from transactions with non-owners must be shown in a single statement showing the performance in the financial period (Statement of Comprehensive Income) or in two separate statements (the Income Statement and the Statement of Comprehensive Income). These changes must also be shown separately in the Statement of Changes in Equity. The Group has retrospectively adopted the revised version of the standard from 1 January 2009, and, therefore, for the present Financial Statements, choosing to show all non-owner transactions using the two-statement approach of Consolidated Income Statement and Consolidated Statement of Comprehensive Income. The Company has therefore modified the presentation of the Statement of Changes in Equity.

As part of the 2008 annual improvements project, the IASB introduced an amendment to IAS1 Revised in which it was established that the assets and liabilities from financial hedging instruments must be classified in the Statement of Financial Position (Balance Sheet), showing current and non-current assets and liabilities separately. It should be noted that adoption of this revision required no changes to the presentation of the relevant entries for assets and liabilities from financial derivative instruments due to the mixed presentation of the distinction between current and non-current used by the Group and permitted by IAS 1

IAS2 - Inventories: the cost of inventories is determined on the basis of average weighted cost.

IAS16 - Property, plant and equipment: for buildings the valuation from the transfer date is measured using the fair value method; plant, machinery and other equipment is recognised at historic cost.

IAS17 – Finance Leases: leased assets are recognised in the financial statements using the accounting criteria in IAS 17 which requires they be depreciated on a straight line basis. The value of the assets is included in tangible fixed assets with a corresponding entry under liabilities in other financial payables.

IAS19 - Employee benefits: the adjustments due to actuarial valuations at 1 January 2005 of the defined benefits plan are recognised in net equity. For subsequent periods, any actuarial gains and losses are recognised in the Income Statement in the year in which they occurred.

IAS20 - Government grants and disclosure of government assistance: government grants are recognised as income in the Income Statement on the basis of the depreciation relating to the asset for which the assistance was received.

IAS21 – Financial charges: the financial charges attributable to the purchase, construction or production of an asset are recognised as a cost in the financial period in which they are incurred.

IAS39 – Derivative instruments - the effects of the measurement at fair value of hedging instruments are recognised in a separate reserve within net equity.

Improvement to IAS 19 – Employee benefits: the improvement to IAS 19 – Employee benefits clarifies the definition of positive/negative costs relating to past service and establishes that, in the event of curtailment of a plan, the effect that must be recognised immediately in the Income Statement must comprise only the reduction in benefits relating to future periods, whilst the effect arising from curtailment relating to past service must be recognised as a negative cost relating to past service. This improvement must be applied to all modifications to plans from 1 January 2009; it should be noted however that there was no significant accounting effect from the application of the amendment for the period to 30 June 2010.

Improvement to IAS 20 – Government grants and disclosure of government assistance:

the improvement to IAS 20 – Government grants and disclosure of government assistance requires that the benefit of a government loan at a below market rate of interest be treated as a government grant and then accounted for in accordance with IAS 20. The previous version of IAS 20 required no benefits to be separately recognised in the case of a government loan received as a grant at a below market rate of interest. Now these loans must immediately be recognised as a financial payable at fair value and deferred income for the amount corresponding to the benefit yet to be received, which is the difference of the fair value of the loan and the amount received. This benefit is then recognised as income in the income statement when and only when all conditions for the grant to be recognised are satisfied on a systematic basis over the periods necessary to match the income with the costs.

Adoption of this standard had no accounting effect on the Group.

Improvement to IAS 28 – Investments in associates: the improvement to IAS 28 – investments in associates, establishes that in the case of investments valued in accordance with the equity method, any impairment must not be allocated to the carrying value of the individual asset (and, in particular, to any existing goodwill) but to the overall value of the investment in the associate. Hence, should the impairment be reversed, this must be recognised in its entirety. Under the transition rules of the improved standard, the Group has chosen to apply the improvement to any impairment reversals after 1 January 2009. However, there has been no accounting effect from adoption of this improvement as, in the 2009 financial year, the Group did not reverse any impairment to goodwill in the carrying value of associates.

IFRS 8 – Operating segments: the IASB issued IFRS 8 in November 2006 which replaced IAS 14 - Segment Reporting for financial periods starting from 1 January 2009. The new accounting principle requires companies to give information based on operating segments using the reports used by management to take operating decisions and therefore required the identification of operating segments based on internal reporting that are regularly reviewed by management in order to allocate resources to the various segments and assess their performance. Application of this standard by the Group had no effect as the information given was already based on these elements.

EXEMPTIONS FROM IAS/IFRS ACCOUNTING PRINCIPLES

The accounting standards in the section above have been applied retrospectively in preparing the Consolidated Financial Statements to 30 June 2010, except for exemptions to retrospective application allowed under IFRS 1 and adopted by Cogeme S&T as described in the following table.

<i>Permitted exemption</i>	<i>Choice of Cogeme S&T Spa</i>
Carrying value of tangible and intangible assets	Cogeme S&T has elected to value buildings at fair value
Employee benefits	Cogeme S&T does not use the corridor method: Actuarial gains/ losses have been recognized in full at the transaction date with a corresponding entry in equity.
Composite financial instruments	Not applicable
Transition of subsidiary companies associate companies and entities subject to joint control	Not applicable
Adjustment of comparative information on financial receivables and payables	Cogeme S&T has opted for the early adoption of IAS 32 and IAS 39 from the transition date
Designation of already recognized financial instruments.	Cogeme S&T has opted for the early adoption of IAS 32 and IAS 39 from the transaction date. The exemption was applied from the transaction date.
Stock options	Not applicable.
Changes in liabilities for decommissioning, making good and similar liabilities	Not applicable.

NON-CURRENT ASSETS

Intangible fixed assets with an indefinite useful life

Intangible fixed assets with an indefinite useful life are goodwill and differences arising on consolidation. Goodwill arising from an acquisition or a business combination is initially valued at cost represented by the excess of the cost over the acquired share of the fair value net of identifiable capital gains of the assets and liabilities. After initial recognition, goodwill is valued at cost, less any eventual impairment as provided for in IAS 36 - Impairment of assets. At each year-end accounting date, the carrying amount of goodwill is subjected to an impairment test to determine any change in value.

Intangible assets with a finite useful life

Intangible assets with a finite life acquired or generated internally are recognised in assets as provided for in IAS 38 – Intangible assets – if the asset is controlled by the company, it is likely to generate future economic benefits, and the cost of the asset can be measured reliably.

The depreciation criteria applied are as follows:

- concessions, licences, brands and similar rights are amortised for the estimated length of their useful life, estimated at five years;
- other capitalised costs are amortised over a period of three to five years;
- costs of designs/ prototypes for developing new products are amortised over the length of the relevant supply contract with clients.

Any gain or loss arising from the sale of an intangible asset is measured as the difference between the selling price and the carrying value of the asset and recognised in the Income Statement at the time of the sale. At each accounting date, the residual values are examined and subjected to an impairment test measured to take account of any eventual change in value.

Tangible fixed assets

Buildings

Buildings are recognised at fair value and amortised over the estimated length of their useful life. At each year-end accounting date, the value of the buildings is compared to their fair value as measured by

independent experts. Any positive/negative outcome is recognised as an increase/decrease in equity in the fair value reserve up to the amount of the carrying value

Other tangible fixed assets

Other fixed assets are stated at their acquisition or production cost including all other direct costs sustained to bring the asset to working condition. Financial costs relating to the purchase or production of the asset are never capitalised.

Other fixed assets are amortised on a straight line basis over their expected useful life, by which is meant the estimated period for which the economic benefits associated with the asset will flow to the company. Depreciation starts when the asset becomes available for use and is calculated at a rate estimated to be representative of the expected useful life of the asset.

Given the nature of the assets included in the various categories of the Statement of Financial Position, there are no assets with a significantly different useful life (the component approach).

The useful life by category of fixed asset is shown in the following table:

<i>Category</i>	<i>Useful life</i>
Specific plant	10 years
Generic plant	10 years
Equipment	4 years
Fixtures and fittings	8 years
Electronic office equipment	5 years

The useful life and the residual value to be depreciated are measured at least at every year-end accounting date to take account of any eventual significant permanent reduction in value.

Maintenance and repair costs which have not brought any significant improvement in the production capacity or extended the useful life of the asset are charged to the Income Statement in the year in which they are incurred.

Improvements to third-party assets (operating leases) are recognised in the relevant fixed asset category as a separate asset or part of an asset and are amortised over the expected useful life; if they cannot be recognised as a separate asset or part of an asset, they are depreciated over the shorter of either the residual term of the leasing contract or the residual useful life of the asset.

Assets under finance leases are recognised in accordance with IAS 17, as tangible fixed assets with a corresponding financial payable to the lessor. Depreciation is calculated on a straight line basis for the length of the expected useful life of the asset. When there is no reasonable certainty that ownership will be obtained at the end of the lease, the asset is depreciated over the shorter of the lease term or the life of the asset.

The accounting value of tangible fixed assets remains in the Statement of Financial Position as long as that value can be recovered from their use

Impairment of assets

At each year-end accounting date the presence of any indications that tangible and intangible assets may be impaired is assessed by subjecting them to an impairment test (IAS 36) and the recoverable amounts of the assets are calculated. The recoverable amount is the higher of an asset's fair value determined by the cash flows it generates less its disposal value and the value in use measured for each individual asset, unless the asset does not generate cash flows independently of other assets. The value in use of

an asset is defined as the discounted present value of estimated future cash flows expected to arise from an asset, gross of taxes. If in future periods the asset is no longer impaired and the impairment is reduced, the carrying value of the asset is increased to reflect the new measurement of the recoverable value. The reversal of an impairment is recognized as income in the Income Statement.

Investments

These include holdings of less than 20% in enterprises and are measured at fair value with the results being carried to equity or, if the fair value cannot be measured, at cost less any impairment loss.

Other investments where the Company does not exert a significant influence are valued at fair value with any variation recognized within equity; when the fair value cannot be reliably measured, the investments are valued at adjusted cost with any impairment recognised in the Income Statement. When the reasons for the impairment no longer exist, investments valued at historic cost are revalued up to a maximum of the impairments previously made and the amount is carried in the Income Statement.

Financial assets and liabilities

Financial assets are designated under the following categories:

- *financial assets at fair value through profit and loss*: financial assets acquired primarily with the intention of generating a profit from short-term (not more than three months) price fluctuations or assets designated as such on initial recognition;
- *held-to-maturity investments*: investments in financial assets with fixed maturities and determinable or fixed payments which the group has the intention and capacity to hold to maturity;
- *loans receivable and other financial receivables*: financial assets with fixed maturities and determinable or fixed payments, not listed on an active market, and different from those designated from initial recognition as fixed assets at fair value through profit or loss or as available for sale financial assets;
- *available for sale financial assets*: financial assets other than those in the preceding paragraphs or those designated as such on original recognition.

The Group decides the designation of the financial assets at the moment of purchase; the initial recognition is the fair value at the purchase date, including transaction costs; for purchase or sale date, the settlement date of the transaction is intended.

After the initial recognition, the financial assets are recognised at fair value through the Income Statement, and the available for sale assets are valued at fair value, the held-to-maturity financial assets, as well as other loans and financial receivables, are valued at amortised cost.

The gains and losses deriving from changes in fair value of the financial assets at fair value through profit or loss are charged to the Income Statement in the year they occur.

The unrealised gains and losses deriving from changes in the fair value of available for sale financial assets are recognised in equity.

The fair value of financial assets is measured on the basis of listed offer prices or financial models. The fair value of unlisted financial assets is estimated using valuation techniques appropriate to the characteristics of the issuer. Financial assets for which the current value cannot be reliably determined are accounted at cost less impairment.

At each year-end accounting date, the presence of any indications that assets may be impaired is assessed. The recognition of any losses in the Income Statement or in equity depends on the valuation criteria of the financial asset. Previously recognised impairment losses are reversed if the reason for the original recognition of the impairment no longer exists, except for assets valued at cost

Financial payables are initially recognised at the fair value, net of transaction costs, and subsequently valued at amortised cost.

Derivative assets and liabilities are measured using the cash flow hedge method and any related differences in value are taken to reserves within equity.

CURRENT ASSETS

Inventories

Raw materials, secondary materials and consumables

Raw material, secondary materials and consumable inventories are measured using the average weighted cost method. In each case the valuation is stated as the lower of cost and net realisable value estimated in the ordinary course of business.

Inventories that are obsolete or slow moving are written down, taking into account their possible use or their estimated costs to completion.

Inventories of semi-finished and finished products

Semi-finished and finished products are valued at the lower of cost of production, including raw materials, materials, labour costs and all other direct or indirect production costs, and their net realisable value estimated in the ordinary course of business.

Receivables

Current receivables with no particular terms and conditions attached are recognised at nominal value.

Non-current receivables which do not carry interest at market rates are recognised discounting the future cash flows if the increase in the receivable is due to the passage of time. This increase is recognised in "Financial income and costs" in the Income Statement.

Receivables and payables originally expressed in currencies other than the Euro are translated using the exchange rates at the year-end accounting date; any gains or losses on receivables and payables translated at the exchange rates at the year-end accounting date, including those recognized in the original currency, are recognised in the Income Statement.

Cash and cash equivalents

Cash and cash equivalents are the amounts of cash on hand and demand deposits. An investment may be considered a cash equivalent when it is readily convertible into a known amount of cash with an insignificant risk of change in value and was not initially acquired as an investment.

NON-CURRENT LIABILITIES

Net equity

Share capital

This item is the subscribed and fully paid up share capital. Costs directly associated with increases in the share capital are carried against other reserves within net equity as long as they are variable marginal costs directly attributable to capital operations and are not otherwise avoidable.

Treasury shares

Treasury shares are recognised in a separate reserve and deducted from share capital. Gains (losses) are not recognised in the Income Statement for the purchase, sale, issue or cancellation of treasury shares.

Fair value reserve

This item includes the changes in fair value of items measured at fair value and recognized in equity.

Currency translation reserve

This entry comprises the foreign currency differences arising from the translation of the financial statements of foreign subsidiaries prepared in currencies other than the Euro.

Retained profits

This item comprises the earnings of the current financial year and of prior financial years not distributed as dividends and the reserves required under specific legal provisions.

Reserve for risks and charges, potential assets and potential liabilities

The reserves for risks and charges represent probable liabilities where the amount and/or timing of the obligation are uncertain and derive from a past event and where the fulfilment of that obligation will result in an outflow of financial resources. Provisions are made exclusively for existing obligations, either legal or implicit, which will result in an outflow of financial resources for which a reliable estimate of the amount of the obligation can be made. The amount provided represents the best estimate of the amount necessary to fulfil the obligation made at the balance sheet date. Provisions made are re-assessed at each year-end accounting date and adjusted to reflect the best current estimate.

Where settlement of the obligation is likely to be beyond the normal credit terms, the amount of the provision represents the estimated value of the future obligation discounted to its present value.

Potential assets and liabilities that are unlikely, but possible, or remote are not recognised in the Statement of Financial Position; however, information on these is provided where possible.

Derivative instruments

Derivative contracts are recognised in the Statement of Financial Position at fair value. The recognition of changes in fair value differs according to the designation of the derivative instrument (held for trading or cover) and the nature of the risk covered (Fair Value Hedge or Cash Flow Hedge).

For those contracts designated as held for trading, changes in fair value are recognised directly in the Income Statement.

For those contracts like a Fair Value Hedge, changes in fair value of the hedging instrument and of the hedged item are recognised in the Income Statement, independent of the valuation criteria adopted for the latter. In particular, adjustments to the carrying value of interest bearing instruments are amortised through the Income Statement over the residual life of the hedging contract of the asset/liability element of the hedge using the effective interest method.

For Cash Flow Hedges, changes in fair value are recognised directly in equity if the hedging instrument is determined to be an effective hedge whilst the gain or loss relating to the ineffective portion is recognised in the Income Statement. Gains and losses accumulated in equity are included in the Income Statement in the same financial period or periods in which the hedged asset or liability affects the Income Statement.

Employee benefits (TFR)

Benefits guaranteed to employees and payable when the service rendered by the employee ceases or subsequent to this date through defined benefit schemes (Employee termination indemnities [TFR], pension funds) are recognised in the financial year when the benefits mature, in accordance with the criteria and methodologies of IAS19.

The liability relating to the defined benefit plans, net of the fair value of the assets of any plan, is calculated using actuarial assumptions and is recognised in the period in which the benefit is earned; the liability is calculated by independent actuaries.

Actuarial gains or losses are charged in full to the Income Statement in the year in which they occur without the use of the so-called corridor method.

Cogeme S&T participates in State or private defined contribution plans on an obligatory or voluntary basis. The contributions paid fulfil the obligations of the Company towards its employees. The contributions are recognised as costs in the financial period in which the benefit is earned.

CURRENT LIABILITIES

Payables and other financial and/or trade liabilities with fixed terms or terms that may be determined are valued at amortised cost using the effective interest rate method.

Non-current payables where no market rate may be determined are measured by discounting the future cash flows. If the increase in payables is due to the passage of time, the increase is recognised in the Income Statement within financial income and expenses.

Revenues and costs

These are shown in the Financial Statements using the accounting concept of prudence and the accruals principle. The revenues and income, costs and expenses are carried net of the value of any products returned, discounts, allowances and premiums, as well as of any taxes directly related to the sale of products and services. Revenues are recognised when the risks and rewards of ownership have been transferred. Interest income and expenses are allocated on the basis of the interest accumulated on the net value of the financial assets and liabilities using the effective interest rate. Expenses and revenues relating to transactions in currencies other than the Euro are recognised at the exchange rate of the transaction date.

Grants

Grants where there is a formal designation are recognised as income over the period necessary to match them with the related costs. Grants on account for plant and machinery are recognised in accruals within liabilities and progressively imputed to the Income Statement within other operating income.

Income taxes

Current taxes are calculated by applying to the taxable income of each consolidated company the effective tax rates at the year-end accounting date.

Pre-paid taxes are also recognised, net of deferred taxes, where they result from timing differences between the taxable results and those in the statutory financial statements.

Assets and liabilities relating to pre-paid and deferred taxes are recognised only when there is a legal right to compensation and are entered as a receivable or payable in the Statement of Financial Position.

Related parties

As required by Consob Resolution no. 6064293 of 28/07/2006, related party transactions are not shown separately in the Statement of Financial Position and the Income Statement as they are not material. Details of the nature and size of related party transactions are given in the Notes to the Financial Statements.

Earnings per share

Earnings per share is calculated by dividing the net profit for the year in the Financial Statements, prepared according to IAS/IFRS accounting standards, attributable to the ordinary shareholders of the Parent Company, Cogeme Set, by the average number of ordinary shares in issue in the financial year.

To calculate the diluted earnings per share, the weighted average number of shares in issue is modified assuming conversion of all potential shares that would have a dilutive effect. The profit of Cogeme SET is also adjusted to account for the effects of conversion, net of any related taxes.

As required by Consob Resolution no. 6064293 of 28/07/2006, the values pertaining to related party transactions are not shown separately in the Statement of Financial Position and the Income Statement as they are not material

NOTES TO THE STATEMENT OF FINANCIAL POSITION

The following notes to the Statement of Financial Position have been prepared in accordance with the International Accounting Standards (IAS/IFRS). Further information and details are given in the tables in the Notes to the Consolidated Financial Statements of Cogeme S&T-TTL, and separately for the Cogeme division and the TTL division.

Unless indicated otherwise the values reported are shown in Euro thousands.

NON-CURRENT ASSETS

The tables below show intangible fixed assets, related provisions and movements in these entries in the course of the first six months 2010.

INTANGIBLE FIXED ASSETS
Cogeme S&T – T.T.L. Consolidated
Values and reserves

Description	31.12.2009			30.06.2010	
	Historic cost and revaluations	Accumulated depreciation	Carrying value	Change 2010	Carrying value
Designs/Prototypes	4,947	866	4,081	-15	4,066
Patents	414	88	326	35	361

Assets under construction	891	0	891	1,571	2,462
Goodwill	1,274	0	1,274	0	1,274
Other	509	371	138	-73	65
Differences on TTL acquisition	12,617	0	12,617	0	12,617
Total	20,652	1,325	19,327	1,518	20,845

Changes during the period

Change 2010	Increase	Decrease	Transfers	Translation reserve	Depreciation	Utilisation of depreciation reserve	Change
Designs/Prototypes	744	-371	0	0	-388	0	-15
Patents	73	0	0	14	-52	0	35
Assets under construction	1,571	0	0	0	0	0	1,571
Goodwill	0	0	0	0	0	0	0
Other	7	-56	0	0	-24	0	-73
Differences on T.T.L. acquisition	0	0	0	0	0	0	0
Total	2,395	-427	0	14	-464	0	1,518

Cogeme S&T Division

Values and reserves

Description	31.12.2009			30.06.2010	
	Historic cost and revaluations	Accumulated depreciation	Carrying value	Change 2010	Carrying value
Designs/Prototypes	3,280	48	3,232	78	3,310
Patents	398	81	317	36	353
Assets under construction	0	0	0	1,494	1,494
Goodwill	0	0	0	0	0
Other	12	0	12	-1	11
Total	3,690	129	3,561	1,607	5,168

Changes during the period

Change 2010	Increase	Decrease	Transfers	Translation reserve	Depreciation	Utilisation of depreciation reserve	Change
Designs/Prototypes	744	-371	0	0	-295	0	78
Patents	73	0	0	14	-51	0	36
Assets under construction	1,494	0	0	0	0	0	1,494
Goodwill	0	0	0	0	0	0	0
Other	6	0	0	0	-7	0	-1
Total	2,317	-371	0	14	-353	0	1,607

The net increase of €1.946 million reported by Cogeme S&T and its foreign subsidiaries (Brazil, Romania and India) in the first half 2010 relates principally to new product development costs (turbo systems, injection and steering systems) which will go into production in future periods at which time the process of depreciation will begin. In accordance with IAS 36, design / prototype costs are subject to impairment tests from the year in which production and sale of the new products begins.

T.T.L. Division

Values and reserves

Description	31.12.2009			30.06.2010	
	Carrying value	Change 2010	Carrying value	Change 2010	Carrying value
Designs/Prototypes	1,667	818	849	-93	756
Patents	16	7	9	-1	8
Assets under construction	891	0	891	77	968
Goodwill	1,274	0	1,274	0	1,274
Other	497	371	126	-72	54
Difference on T.T.L. acquisition	12,617	0	12,617	0	12,617
Total	16,962	1,196	15,766	-89	15,677

Change during the period

Change 2010	Increase	Decrease	Transfers	Translation reserve	Depreciation	Utilisation of depreciation reserve	Change
Designs/Prototypes	0	0	0	0	-93	0	-93
Patents	0	0	0	0	-1	0	-1
Assets under	77	0	0	0	0	0	77

construction							
Goodwill	0	0	0	0	0	0	0
Other	1	-56	0	0	-17	0	-72
Difference on T.T.L. acquisition	0	0	0	0	0	0	0
Total	78	-56	0	0	-111	0	-89

The increase of €77,000 in the item "Assets under construction and deposits" during the period is mainly composed of:

- 1) costs incurred relating to the "Laser tempering head management" research project; which is focused on the design of a dedicated innovative hardware and software laser heat treatment management system aimed at widening the trace of the laser used in the process;
- 2) costs incurred for the "deep cylinder tempering" research project; relating to the development of a multi-frequency induction tempering plant aimed at achieving heat treatment to a depth greater than that possible with the existing technology available on the market.

The original item "Goodwill" amounting to € 1.274 million that was recognised in the Consolidated Statement of Financial Position of Gruppo T.T.L. is made up of the following differences arising from acquisitions:

- acquisition of a shareholding in Metaltherm Srl by T.T.L. Tecno Tempranova Lombarda Srl for € 402,000;
- acquisition of a shareholding in Manaca Srl by T.T.L. Tecno Tempranova Lombarda Srl for € 746,000;
- acquisition of a shareholding in Corea Srl by T.T.L. Tecno Tempranova Lombarda Srl for € 14,000;
- increase of T.T.L. Tecno Tempranova Lombarda Srl's shareholding in Tecno Tempranova Navarra SA for Euro 71,000;
- acquisition of a shareholding in Veneta Trattamenti SpA by Friuli Srl for Euro 41,000.

The value of goodwill generated by the acquisition of Gruppo T.T.L., was for the first time subjected to an impairment test at the 31 December 2009 balance sheet date.

The acquisition was made in October 2008 and was initially recognised temporarily at transaction cost with allocation of the difference between the transaction cost and the corresponding share of equity to goodwill. The impairment test carried out at the 31 December 2009 balance sheet date confirmed the original valuation, and taking into account the financial charges relating to the acquisition, resulted in the recognition of goodwill valued at €12.617 million (€ 11.712 million at the acquisition date). The impairment test will be carried out annually, or more frequently in the case of extraordinary events or if there are any indications of impairment. Goodwill is not considered an asset as it cannot provide economic benefits independent of other assets or groups of assets; it cannot therefore be the subject of a separate impairment test from that of the assets from which it derives

For this reason goodwill must be allocated to a CGU or groups of CGUs whilst respecting the maximum limit for CGUs that meet the operating segment concept established by IAS 36.

For Gruppo TTL, two distinct **CGUs** have been identified that correspond to the business sectors or divisions of heat treatment and machinery manufacture.

Since the identification of the CGUs resulted in the acquisition of assets that could not be directly attributed to specific CGUs since they came into the identified CGUs from other areas, goodwill was allocated to each CGU in proportion to the revenues generated by that CGU, taking into account the weighting connected to the different profitability of the CGUs.

The allocation of goodwill is summarised in the following table:

CGU	Weighting %	Attributable investment value	Allocated value of goodwill
Heat Treatment	93.33%	21,749	11,775
Machinery	6.67%	1,555	842
Total	100.00%	23,304	12,617

The recoverable amount of goodwill recognised was assessed by comparing the carrying value of each CGU to which goodwill had been allocated and the recoverable amount, the value in use. The value in use was equivalent to the present value, at the date of the calculation, of the future cash flows that will be generated by the CGUs. A Discounted Cash Flow – DCF model was used and an appropriate discount rate applied to arrive at the present value of the estimated future cash flows. To calculate the estimated future cash flows in accordance with IAS 36, the current operating conditions of each CGU was assessed, disregarding any eventual effect from investments planned or extraordinary actions that could constitute elements of discontinuity compared to the normal business activities of the company. Given this, the forecast data should be used exclusively to analyse the fair value of the goodwill.

The forecast cash flows used in the analysis were for a period of five years; the first year is expected to have growth in line with the 2010 budget forecasts while prudent estimates of modest growth rates were used for future years.

The main assumptions underlying the analysis are given in the following table.

Cash flows	
Forecast period	5 years
Long term growth rate (G) on FCF	3%
Terminal value	Net present value in perpetuity of the cash flow generated in the last forecast year discounted by 20%

Discount rate	
Risk free rate	4.30%
Market risk premium	5.70%
Beta	1.30
WACC pre tax	8.17%

A sensitivity analysis carried out on the results showed that the figures remained higher than the carrying value even if some of the key parameters used in the analysis were changed such as:

- a 0.50% increase in the weighted average cost of capital
- a 0.50% decrease in the growth rate, G.

As shown in the attachments to the present Notes to the Financial Statements, there was no impairment of the carrying value of goodwill. Therefore, the initial recognition of goodwill and its allocation and amount is confirmed.

In reporting certain costs amongst intangible assets, the IAS/IFRS requirements regarding accounting treatment of such items has been respected as specified in the preliminary section of these notes.

TANGIBLE FIXED ASSETS

The following tables show respectively the composition of tangible assets and the related reserves and the composition of changes in the first six months of 2010.

Consolidated Cogeme S&T – T.T.L.
Values and reserves

Description	31.12.2009			30.06.2010	
	Historic cost and revaluations	Depreciation	Carrying value	Change 2010	Carrying value
Land and buildings	27,917	1,683	26,234	2,354	28,588
Plant and machinery	68,806	32,164	36,642	86	36,728
Industrial and commercial equipment	14,595	10,692	3,903	-231	3,672
Other	6,016	3,536	2,480	16	2,496
Assets under construction and deposits	5,987	0	5,987	-1,957	4,030
Improvements to third party assets	1,396	182	1,214	190	1,404
Assets on finance leases	63,424	19,527	43,897	54	43,951
Total	188,141	67,784	120,357	512	120,869

Changes during the period

Change 2010	Increase	Decrease	Reclassified	Depreciation and write-downs	Reclass. and dec. in depn. reserve	Other changes	Fair Value adjustments	Change
Land and buildings	1,465	0	0	-311	0	1,200	0	2,354
Plant and machinery	4,358	-3,569	-101	-2,154	-56	1,608	0	86
Industrial and commercial equipment	870	-493	99	-750	-78	121	0	-231
Other	325	-6	-85	-330	31	81	0	16
Assets under construction and deposits	432	-2,389	0	0	0	0	0	-1,957
Improvements to third party assets	282	0	0	-92	0	0	0	190
Assets on finance leases	3,977	-76	101	-3,895	-53	0	0	54
Total	11,709	-6,533	14	-7,532	-156	3,010	0	512

Cogeme S&T Division
Values and reserves

Description	31.12.2009			30.06.2010	
	Historic cost and revaluations	Depreciation	Carrying value	Change 2010	Carrying value
Land and buildings	19,498	1,275	18,223	963	19,186
Plant and machinery	24,584	6,783	17,801	69	17,870
Industrial and commercial equipment	3,571	2,306	1,265	-345	920
Other	2,072	709	1,363	-50	1,313
Assets under construction and deposits	878	0	878	-871	7
Improvements to third party assets	108	38	70	-6	64
Assets on finance leases	39,530	10,813	28,717	613	29,330
Total	90,241	21,924	68,317	373	68,690

Changes during the period

Change 2010	Increase	Decrease	Reclassified	Depreciation and write-downs	Reclass and dec. in deprec. reserve	Other changes and differences on translation	Fair Value adjustments	Change
Land and buildings	45	0	0	-282	0	1,200	0	963
Plant and machinery	2,599	-2,579	-101	-1,458	0	1,608	0	69
Industrial and commercial equipment	174	-489	99	-250	0	121	0	-345
Other	120	0	-85	-166	0	81	0	-50
Assets under construction and deposits	3	-874	0	0	0	0	0	-871
Improvements to third party assets	0	0	0	-6	0	0	0	-6
Assets on finance leases	2,595	-76	101	-2,007	0	0	0	613
Total	5,536	-4,018	14	-4,169	0	3,010	0	373

The increase of € 5.536 million relating to the Cogeme S&T Division in the first half of 2010 primarily refers to:

- 1) new leasing contracts for the purchase of new equipment for the production facility at Patrica (€ 2.595 million);
- 2) the direct purchase of new plant and equipment (€ 2.599 million), of which € 1.658 million was allocated to the increase in production capacity of the Indian plant, € 565,000 for the Brazilian plant, € 101,000 for the plant in Romania and € 275,000 for the plant in Patrica.

T.T.L. Division

Values and reserves

Description	31.12.2009			30.06.2010	
	Historic cost and revaluations	Depreciation	Carrying value	Change 2010	Carrying value
Land and buildings	8,419	408	8,011	1,391	9,402
Plant and machinery	44,222	25,381	18,841	17	18,858
Industrial and commercial equipment	11,024	8,386	2,638	114	2,752
Other	3,944	2,827	1,117	66	1,183
Assets under construction and deposits	5,109	0	5,109	-1,086	4,023
Improvements to third party assets	1,288	144	1,144	196	1,340
Assets on finance leases	23,894	8,714	15,180	-559	14,621
Total	97,900	45,860	52,040	139	52,179

Changes during the period

Change 2010	Increase	Decrease	Reclassified	Depreciation and write-downs	Reclass. And dec. in depn. reserve	Other changes and differences on translation	Fair Value adjustments	Change
Land and buildings	1,420	0	0	-29	0	0	0	1,391
Plant and machinery	1,759	-990	0	-696	-56	0	0	17
Industrial and commercial equipment	696	-4	0	-500	-78	0	0	114
Other	205	-6	0	-164	31	0	0	66
Assets under construction and deposits	429	-1,515	0	0	0	0	0	-1,086
Improvements to third party assets	282	0	0	-86	0	0	0	196
Assets on finance leases	1,382	0	0	-1,888	-53	0	0	-559
Total	6,173	-2,515	0	-3,363	-156	0	0	139

It should be noted with regard to Gruppo T.T.L. that:

- the increase of €1.420 million in the item "land and buildings" is attributable to the completion of construction work on the new property in Castellalto (Te) belonging to Tecno Tempera Sud S.r.l.;
- the €1.759 million increase in the item "plant and equipment" is mainly composed of:
 1. costs incurred for the technological upgrade of the induction tempering plants at the Dolzago, Oggiono and Calco production facilities;
 2. the purchase of a new industrial furnace by Metaltherm S.r.l.;

3. the purchase of two new high frequency induction tempering plants for the production site in Via Campagnola, Dolzago;
 4. the construction of generic plant for the new production site in Via Aldo Moro, Dolzago;
 5. the construction of generic plant for Veneta Trattamenti SpA's new production site in San Vito al Tagliamento (PN) and the purchase of a new lathe and other production plant by Veneta Trattamenti;
- the €1.382 million increase in the item "assets under finance leases" mainly consists of the purchase through a finance lease of new induction tempering plant, laser tempering plant and specific production plant.

OTHER NON-CURRENT ASSETS

Other receivables and other non-current assets

Details of this item are given in the following table.

Consolidated Cogeme S&T – T.T.L.

	31.12.2009	30.06.2010	Change
Guarantee deposits for property leases	0	0	0
Other deposits	62	60	-2
Cogeme S&T India contractual deposits	58	74	16
Other receivables Brazil	0	0	0
Total	120	134	14

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Guarantee deposits for property leases	0	0	0
Other deposits	62	60	-2
Cogeme S&T India contractual deposits	58	74	16
Other receivables Brazil	0	0	0
Total	120	134	14

Tax receivables

Cogeme S&T - T.T.L. Consolidated

	31.12.2009	30.06.2010	Change
TTN tax credit re: Navarre region grant	1,328	1,122	-206
Other tax receivables - Brazil	901	999	98
Total	2,229	2,121	-108

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Other tax receivables - Brazil	901	999	98

Total	901	999	98
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The balance of € 999,000 relates to import duties and other taxes regarding the subsidiary Cogeme S&T do Brasil liquidated on release from customs of machinery for which the rebate is expected over the next five years.

T.T.L. Division

	31.12.2009	30.06.2010	Change
TTN tax credit re: Navarre region grant	1,328	1,122	-206
Total	1,328	1,122	-206

The remaining € 1.122 million relates to a tax credit deriving from subsidies for investments made by the Spanish subsidiary of TTL

Prepaid taxes

Prepaid taxes refer to timing differences that are deductible in future financial periods.

Cogeme S&T - T.T.L. Consolidated

	31.12.2009	30.06.2010	Change
Credits for prepaid taxes on L488 public grants	300	254	-46
Credits for prepaid taxes on inventories write-down reserve	103	154	51
Credits for prepaid taxes on TTL prior year tax losses	1,149	1,192	43
Other	752	1,320	568
Total	2,304	2,920	616

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Credits for prepaid taxes on L488 public grants	153	132	-21
Credits for prepaid taxes on inventories write-down reserve	16	25	9
Other	439	966	527
Total	608	1,123	515

Total prepaid taxes at period end of € 918,000 relates to tax losses which can be carried forward to future periods, from the abolition of taxes on income for the year following the Tremonti tax reforms applicable to Cogeme S&T S.p.A.

It is believed that there is a reasonable certainty that these losses can be recovered as required by Italian National Accounting Principles for these items to be included amongst prepaid taxes.

T.T.L. Division

	31.12.2009	30.06.2010	Change
Credits for prepaid taxes on Navarre region grant	147	122	-25

Credits for prepaid taxes on surplus receivables write-down reserves	87	129	42
Credits for prepaid taxes on TTL prior year tax losses	1,149	1,192	43
Other	313	354	41
Total	1,696	1,797	101

The total amount of prepaid taxes at period end is made up of € 1.192 million from the effect of previous year tax losses incurred by Companies belonging to the Group. It is also believed that for these cases there exists a reasonable certainty that the losses can be recovered as required by Italian National Accounting Principles for these items to be included amongst prepaid taxes.

CURRENT ASSETS

INVENTORIES

S&T - T.T.L. Consolidated

	31.12.2009	30.06.2010	Change
Raw materials, secondary materials & consumables	7,782	12,299	4,517
Goods in production and semi-finished goods	4,839	5,715	876
Finished products and goods	8,257	7,186	-1,071
Obsolescence reserve	-50	-80	-30
Total	20,828	25,120	4,292

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Raw materials, secondary materials & consumables	6,402	10,911	4,509
Goods in production and semi-finished goods	987	1,682	695
Finished products and goods	8,257	7,186	-1,071
Obsolescence reserve	-50	-80	-30
Total	15,596	19,699	4,103

The €1.071 million reduction in the value of Finished Goods, is mainly due to the recovery of finished goods collection policies of certain major clients who had previously delayed the collection of quantities of goods produced to order. The €4.509 million increase in Raw materials, secondary materials & consumables, and the €695,000 increase in the item Goods in production and semi-finished goods are consequences of higher production volumes.

T.T.L. Division

	31.12.2009	30.06.2010	Change
Raw materials, secondary materials & consumables	1,380	1,388	8
Goods in production and semi-finished goods	3,852	4,033	181
Finished products and goods	0	0	0
Obsolescence reserve	0	0	0
Total	5,232	5,421	189

The T.T.L. Division's inventories did not change significantly. The change shown above is attributable to normal periodical fluctuations in stock levels.

TRADE RECEIVABLES

Cogeme S&T - T.T.L. Consolidated

	31.12.2009	30.06.2010	Change
Italian clients	18,513	29,860	11,347
Foreign clients	7,057	9,896	2,839
Receivables write-down reserve	-1,037	-1,218	-181
Total	24,533	38,538	14,005

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Italian clients	7,652	13,810	6,158
Foreign clients	6,168	8,689	2,521
Receivables write-down reserve	-390	-390	0
Total	13,430	22,109	8,679

The increase in Cogeme S&T trade receivables in the first half of 2010 is due to the combined impact of:

- higher sales, and, in particular the increase in sales of the Cogeme S&T RO subsidiary;
- action taken to ensure a stable start-up of the subsidiary Cogeme S&T Precision Parts India.

T.T.L. Division

	31.12.2009	30.06.2010	Change
Italian clients	10,861	16,050	5,189
Foreign clients	889	1,207	318
Receivables write-down reserve	-647	-828	-181
Total	11,103	16,429	5,326

Trade receivables rose compared with the position at 31 December 2009 due to the sale of machinery in the second quarter 2010 for which payment will be received in the coming months owing to an extension of the client's payment terms.

To adjust the nominal value of receivables to their estimated realisable value they were recognised in the accounts net of the credit write down reserve which showed the following changes.

Consolidated Cogeme S&T - T.T.L.

	31.12.2009	30.06.2010	Change

Balance at start of period	1,482	1,037	-445
Increase	376	185	-191
Decrease	-821	-4	817
Balance at period end	1,037	1,218	181

It is believed that the reserve as reported is fair in respect of the effective risk of receipt of cash from trade creditors given the solidity of the Group's clients.

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Balance at start of period	345	390	45
Increase	315	0	-315
Decrease	-270	0	270
Balance at period end	390	390	0

T.T.L. Division

	31.12.2009	30.06.2010	Change
Balance at start of period	1.137	647	-490
Increase	61	185	124
Decrease	-551	-4	547
Balance at period end	647	828	181

OTHER CURRENT ASSETS

This item is made up as follows:

Consolidated Cogeme S&T - T.T.L.

	31.12.2009	30.06.2010	Change
Tax receivables	2,414	3,471	1,057
Other receivables	35,548	37,726	2,178
Accrued income and pre-payments	3,773	3,917	144
Total	41,735	45,114	3,379

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Tax receivables	957	2,474	1,517
Other receivables	33,776	33,839	63
Accrued income and pre-payments	3,469	3,486	17
Total	38,202	39,799	1,597

Divisione T.T.L.

	31.12.2009	30.06.2010	Change
Tax receivables	1,457	997	-460
Other receivables	1,772	3,887	2,115
Accrued income and pre-payments	304	431	127
Total	3,533	5,315	1,782

The following tables show details of the receivables listed in the above table and any changes compared to 31 December 2009.

Tax receivables Consolidated Cogeme S&T - T.T.L.

	31.12.2009	30.06.2010	Change
VAT receivables - Italy	1,009	1,873	864
IRAP, IRES and withholding tax receivables	515	596	81
Other tax receivables - Italy	134	43	-91
Tax on Brazilian acquisitions	393	429	36
VAT receivables - Romania	-	-	0
Tax receivables - India	363	530	167
Total	2,414	3,471	1,057

Other receivables Consolidated Cogeme S&T - T.T.L.

The figure for other receivables is made up as follows:

	31.12.2009	30.06.2010	Change
Receivables for L 488 grant	872	788	- 84
Deposits	5,133	5,945	812
Receivables from owners/shareholders	-	2,977	2,977
Investments	-	70	70
Receivables for repayment of deposits	1,064	1,195	131
Other	25,968	24,247	- 1,721
Short term guarantee deposits	2,511	2,504	- 7
Total	35,548	37,726	2,178

Other receivables includes credits of a financial nature amounting to €37.073 million of which: €33.362 million relating to the Cogeme S&T Division and €3.711 million relating to the T.T.L. Division. At 31 December 2009 this item at the consolidated level totalled €34.304 million.

Receivables from owners/shareholders includes two loans, the first of €1.500 million for which there are justifiable economic reasons and which is expected to develop business for the heat treatment division of the Group in central Italy, the second loan of €1.237 million to the T.T.L. Division which is justified by the possibility of looking for new geographical markets, above all in the European Union.

The receivable relating to the grant received in accordance with Law 488/92 regards the recognition of a receivable carried out on the basis of Ministerial Decree no. 123296 of 23 June 2003 regarding capital investment projects presented by Cogeme S&T and Gruppo T.T.L., for which grants worth respectively €749,000 and €39,000 were made. The change in this item during the period is attributable to the receipt of the cash amount relating to Gruppo T.T.L. (€84,000).

Accruals and prepayments Consolidated Cogeme S&T - T.T.L.

	31.12.2009	30.06.2010	Change
Pre-payments	-	-	-
Other accruals	3,675	3,858	183

Accruals on interest under the Sabatini law	98	59	-	39
Total	3,773	3,917		144

Accruals and prepayments include €1.577 million relating to costs incurred by Cogeme S&T following completion of the bond issue in the first half of 2009. The income statement implications will follow the repayment plan of this bond which expires in March 2014.

AVAILABLE FOR SALE INVESTMENTS

Consolidated Cogeme S&T - T.T.L.

	31.12.2009	30.06.2010	Change
Banco do Brasil Milano	1,317	1,367	50
UBS	30	29	-1
Banca Nazionale del Lavoro	4,000	4,000	0
Insurance policy Axa - Mps	6,992	6,993	1
Insurance policy Banca Etruria	1,000	1,000	0
Banca Etruria Shares	15	12	-3
Banca Etruria short term money market fund	110	140	30
Treasury certificates maturing July 2009	0	0	0
Balance at period end	13,464	13,541	77

This item includes securities issued to guarantee lines of credit opened to all Group companies by financial institutions.

The values shown above have not changed significantly during the period.

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Banco do Brasil Milano	1,317	1,367	50
UBS	30	29	-1
Banca Nazionale del Lavoro	4,000	4,000	0
Insurance policy Axa - Mps	6,000	6,000	0
Insurance policy Banca Etruria	1,000	1,000	0
Balance at period end	12,347	12,396	49

T.T.L. Division

	31.12.2009	30.06.2010	Change
Banca Etruria Shares	15	12	-3
Insurance policy Axa - Mps	992	993	1
Banca Etruria short term money market fund	110	140	30
Treasury certificates maturing July 2009	0	0	0
Balance at period end	1,117	1,145	28

CASH and CASH EQUIVALENTS

Consolidated Cogeme S&T - T.T.L.

	31.12.2009	30.06.2010	Change
Cash	42	88	46
Bank deposits	8,566	3,183	-5,383
Total	8,608	3,271	-5,337

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Cash	30	68	38
Bank deposits	8,255	2,826	-5,429
Total	8,285	2,894	-5,391

It should be noted that the first interest payment on the corporate bond was paid in the first half of 2010.

T.T.L. Division

	31.12.2009	30.06.2010	Change
Cash	12	20	8
Bank deposits	311	357	46
Total	323	377	54

LIABILITIES
SHAREHOLDERS' FUNDS

The composition of shareholders' funds and changes to shareholders' funds are summarised in the separate tables and appendices to the interim financial statements for the first six months of 2010.

Share capital

At 30 June 2010, the fully paid in share capital was €30.867 million made up of 61,734,640 fully paid up ordinary shares each of nominal value of €0.50.

At the balance sheet date, the Parent Company held no. 289,000 of its own shares for a total purchase price of € 743,000, acquired following authorisation by the Ordinary Meeting of Shareholders on 28 April 2008 in accordance with Article 2357 of the Italian Civil Code. In accordance with IAS/IFRS international accounting standards, the share capital is shown net of the treasury stock held by the Company.

Reserves

The **share premium reserve** is composed of:

- €15.435 million relating to the capital increase carried out at the time of the listing of the shares of the parent company on the Expandi market in December 2006;
- €9.306 million derives from the capital increase carried out in the first half of 2009;
- €1.456 million derives from the share capital increase carried out in the first half of 2010.

The total balance shown in the attached table also includes parent company capital reserves of € 3,000.

The **fair value reserve** is from the valuation of buildings for € 2.999 million and a negative amount of - € 709,000 from the valuation of IRS derivative contracts.

The **currency translation reserve** arises from the difference on translation of items within shareholders' funds in the Financial Statements of subsidiaries prepared in currencies other than the Euro and recognised directly in shareholders' funds in accordance with international accounting principles. This also includes translation differences of the estimated amounts included in the shareholders' funds of subsidiary companies generated by translation of them at historical exchange rates.

The figure for Retained profits shown in the aforementioned statement are composed of the following items:

Parent company legal reserve	€/k	414
Parent company extraordinary reserve	€/k	3,475
Parent company non-distributable reserve under art. 2426 of the Civil Code	€/k	63
Parent company IAS reserve	€/k	772
Consolidation reserve	€/k	5,723
Group profit for the year	€/k	811
Parent company treasury stock reserve	€/k	743
Negative reserve for parent company capital increase costs	€/k -	1,761

The **IAS reserve** of € 772,000 results from the initial application of IAS/IFRS international accounting standards

The **consolidation reserve** comprises items in subsidiaries' shareholders' funds, which remain after assessments made relating to the historic exchange rate at inception (included in the translation reserve) and after elimination against the carrying value of these investments in the separate Parent Company accounts.

The following table showing a reconciliation of the result for the year and shareholders' funds of the parent company and consolidated accounts also illustrates the adjustments arising from consolidation at 30 June 2010:

	31.12.2009		30.06.2010	
	Result for the period	Shareholders' funds	Result for the period	Shareholders' funds
Parent Company Accounts	1,027	66,984	188	70,919
Elimination of investments and effects on fully consolidated companies	923	10,216	623	9,426
Elimination of intragroup margins on inventory	0	0	0	0
Change in depreciation of the capitalised assets of subsidiaries	0	(1,215)	0	(1,382)
Write-back of write down of intragroup loans	0	0	0	0
Write-back of revaluation/IAS reserves	0	(10,722)	0	(10,722)
Exchange differences in transformation	0	1,761	0	7,450
Write-back of costs that cannot be capitalised	0	0	0	0
Attributable to the Group	1,950	67,024	811	75,691
Attributable to minorities	554	13,082	225	17,104

Total	2,504	80,106	1,036	92,795
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NON-CURRENT LIABILITIES

FINANCIAL PAYABLES

The breakdown of financial payables is given in the following table.

Consolidated Cogeme S&T - T.T.L.

	31.12.2009	30.06.2010	Change
Payables to banks for long-term financing - Italy	45,393	40,272	-5,121
Payables on other financing	23,965	22,697	-1,268
Non-current payables on promissory notes	2,798	2,535	-263
Cogeme S&T Corporate bond	19,355	19,355	0
Payables on IRS Swap valuations	467	710	243
Total	91,978	85,569	-6,409

The value of Non-current financial payables fell as a result of repayment of the portion that expired during the period.

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Payables to banks for long-term financing - Italy	33,362	29,965	-3,397
Payables on other financing	16,352	15,223	-1,129
Non-current payables on promissory notes	1,976	1,595	-381
Cogeme S&T Corporate bond	19,355	19,355	0
Payables on IRS Swap valuations	467	710	243
Total	71,512	66,848	-4,664

T.T.L. Division

	31.12.2009	30.06.2010	Change
Payables to banks for long-term financing - Italy	12,031	10,307	-1,724
Payables on other financing	7,613	7,474	-139
Non-current payables on promissory notes	822	940	118
Total	20,466	18,721	-1,745

Payables to banks - portion of non-current financing consolidated Cogeme S&T-TTL

The following table shows the short and long term financing agreements of Cogeme S&T existing at 30 June 2010

30/06/2010	3	1,25	-
31/12/2010	2,5	1,25	7.000
30/06/2011	2,5	1,25	-
31/12/2011	2,5	1	7.000
30/06/2012	2	1	-
31/12/2012	2	1	9.000
30/06/2013	2	1	-
31/12/2013	2	1	16.500
30/06/2014	2	1	-
31/12/2014	2	1	16.500
30/06/2015	2	1	-
31/12/2015	2	1	10.000
30/06/2016	2	1	-

Financial definitions:

Debt Cover Ratio or DCR illustrates the relationship between:

- NFD (Net Financial Debt)
- EBITDA

Gearing ratio illustrates the relationship between:

- NFD (Net Financial Debt)
- SF (Shareholders' funds)

Capex

Increases in fixed assets (tangible, intangible and financial), with the exception of any eventual revaluations, gross of the related depreciation shown in the explanatory notes to the financial statements, less disposals and write-downs.

Where the Company fails to respect the commitments imposed by these covenants the Lending Bank may rescind the financing contract in accordance with article 1456 of the Italian Civil Code

During the first half of 2010 the Cogeme S&T division incurred costs of € 60,000 relating to the breach of the financial constraints regarding Capex in the period to end December 2009.

The following table shows the short and long term financing agreements of T.T.L. existing at 30 June 2010.

During first half 2010 the T.T.L. Division signed six new financing agreements details of which are shown below:

- Credito Bergamasco, amount issued €200,000 expiring on 29 June 2011;
- Banca Nazionale del Lavoro, amount issued €1,000,000 expiring on 22 January 2015;
- SAVA, amount issued €17,000 expiring on 10 November 2011;
- SAVA, amount issued €48,000 expiring on 9 May 2014;
- SAVA, amount issued €16,000 expiring on 30 December 2011;
- Carifin, amount issued €11,000 expiring on 20 October 2011.

TTL srl does not currently have any financing agreements containing conditions or covenants.

Payables for other financing consolidated Cogeme S&T - T.T.L.

This item refers to the medium/long term portion of payables to other financial institutions relating to finance leasing contracts reported in accordance with IAS 17, according to the financial method. The following table shows the long and short term composition of payables for other financing.

	31.12.2009	30.06.2010	Short term portion	Long term portion
Cogeme S&T	22,276	21,567	6,344	15,223
T.T.L.	10,735	10,431	2,957	7,474
Total	33,011	31,998	9,301	22,697

The remaining debt of € 31.998 million at 30 June 2010 includes new financing agreements to cover the purchase of plant and equipment to increase the production capacity of the Group. This effect was partially compensated by the repayment of capital portions by both Cogeme and TTL.

Long term payables for promissory notes consolidated Cogeme S&T - T.T.L.

These refer to the medium/long-term (maturing beyond five years) portion of promissory notes relating to capital expenditure made in accordance with the provisions of the Sabatini law.

A breakdown of the short and long term portions of the Sabatini promissory notes is as follows:

Beneficiary	Payable outstanding at 31.12.2009	Payable outstanding at 30.06.2010	Due within 12 months	Due beyond 12 months
COGEME S&T	2,752	2,437	842	1,595
T.T.L.	1,613	1,396	456	940
Total	4,365	3,833	1,298	2,535

Payables for IRS (Interest Rate Swaps) consolidated Cogeme S&T - T.T.L.

Issuer	Expiry	Amount	30.06.2009	31.12.2009	30.06.2010
IRS BNL	01/02/2014	488	2	3	6
IRS BNL	01/10/2013	638	4	4	8
IRS BNL	28/06/2013	6,594	169	151	161
IRS BNL	06/10/2016	14,750	0	80	381
IRS UBI	29/06/2012	4,498	253	198	154
IRS UBI	29/03/2010	2,000	79	31	0
IRS UBI	15/10/2009	1,000	22	0	0
IRS CREDEM	31/12/2009	2,500	12	0	0
Total		32,468	541	467	710

The payables shown above represent the fair value of IRS swap derivative hedging contracts signed by Cogeme S&T with leading financial institutions net of credits for prepaid tax.

The extent of exposure to such derivative financial instruments relates to hedging the interest rate risk of leasing contracts and exposure to banks for specific lines of credit

These financial instruments have been subjected to a test of effectiveness which confirmed that they are within the parameters established by IAS 39. The effectiveness of the derivative instruments at the time they were agreed was considered to be "high", but now, as a result of the crisis affecting the economy in general and, in particular, the financial system the level of effectiveness of these hedges has fallen and the Company has moved to renegotiate conditions with the relevant financial institutions.

RESERVES FOR EMPLOYEES

The amount refers to the employment termination indemnities measured using the actuarial method as required by IAS 19.

Movements in the fund during first half 2010 are shown in the following table:

Consolidated Cogeme S&T - T.T.L.

	30.06.2010
Net Present Value at start of period	1,996
Benefits paid	-37
Provisions made in the period and actuarial changes	89
Net Present Value at period end	2,048

Cogeme S&T Division

	30.06.2010
Net Present Value at start of period	555
Benefits paid	-5
Provisions made in the period and actuarial changes	12
Net Present Value at period end	562

T.T.L. Division

	30.06.2010
Net Present Value at start of period	1,441
Benefits paid	-32
Provisions made in the period and actuarial changes	77
Net Present Value at period end	1,486

The total number of employees at the consolidated level are shown in the following table.

Consolidated Cogeme S&T - T.T.L.

	Average number 31.12.2009	Average number 30.06.2010	Change
Managers	6	6	0
Office staff	174	232	58
Production workers	373	370	-3
Total	553	608	55

Cogeme S&T Division

	Average number 31.12.2009	Average number 30.06.2010	Change
Managers	4	4	0
Office staff	105	163	58
Production workers	284	281	-3
Total	393	448	55

The increase compared with the previous year is due to the strengthening of the workforce in the Group's foreign production facilities.

T.T.L. Division

	Average number 31.12.2009	Average number 30.06.2010	Change
Managers	2	2	0
Office staff	69	68	-1
Production workers	89	92	3
Total	160	162	2

DEFERRED TAXES

Details of changes in deferred taxes during the year are shown in the following table:

Consolidated Cogeme S&T - T.T.L.

	31.12.2009	30.06.2010	Change
Deferred tax payables at start of period	4,583	4,957	374
Increase from initial consolidation of T.T.L.	0	0	0
Increase in the period	1,041	702	-339
Decrease in the period	-667	-590	77
Payables at period end	4,957	5,069	112

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Deferred tax payables at start of period	260	651	391
Increase from initial consolidation of T.T.L.	0	0	0
Increase in the period	391	637	246
Decrease in the period	0	-125	-125
Payables at period end	651	1.163	512

T.T.L. Division

	31.12.2009	30.06.2010	Change
Deferred tax payables at start of period	4,323	4,306	-17
Increase from initial consolidation of T.T.L.	0	0	0
Increase in the period	650	65	-585
Decrease in the period	-667	-465	202
Payables at period end	4,306	3,906	-400

RESERVES FOR RISKS AND CHARGES

The amount of this item, €200,000 relates to estimated costs regarding the deferred payment of Ires/Irap direct taxes relating to prior years.

CURRENT LIABILITIES

FINANCIAL PAYABLES

The breakdown of the financial payables at 30 June 2010 is shown in the following table:

Consolidated Cogeme S&T - T.T.L.

	31.12.2009	30.06.2010	Change
Payables to banks including current portion of non-current debt	37,812	44,517	6,705
Payables for other financing	9,046	9,301	255
Current payables for promissory notes	1,567	1,298	-269
Total	48,425	55,116	6,691

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Payables to banks including current portion of non-current debt	23,259	25,342	2,083
Payables for other financing	5,924	6,344	420
Current payables for promissory notes	776	842	66
Total	29,959	32,528	2,569

T.T.L. Division

	31.12.2009	30.06.2010	Change
Payables to banks including current portion of non-current debt	14,553	19,175	4,622
Payables for other financing	3,122	2,957	-165
Current payables for promissory notes	791	456	-335
Total	18,466	22,588	4,122

The following tables illustrate the detail of each item.

Payables to banks including current portion of non-current debt

The table below shows the breakdown of short term bank debt and shows overdrafts, the short term portion of credit lines utilised and short term advances of all kinds.

Consolidated Cogeme S&T – T.T.L.

	31.12.2009	30.06.2010	Change
Export pre-payments	5,330	4,799	-531
Prepayments on Italian invoices	10,824	10,871	47
Overdrafts	12,535	16,791	4,256
Financing-Brazil	1,232	1,280	48
Current portion of mortgage payables	7,891	10,776	2,885
TTL SBF pre-payments	0	0	0
Total	37,812	44,517	6,705

The €6.705 million increase in this item is primarily attributable to bank advances under reserve (salvo buon fine – SBF), utilisation of overdraft facilities and the natural maturation of the short term portion of loans.

The €2.885 million increase in the short term portion of loans is partly attributable to the start of repayments of a loan from Banca Nazionale del Lavoro (amount issued €14.750 million).

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Export pre-payments	5,330	4,799	-531
Prepayments on Italian invoices	6,381	5,525	-856
Overdrafts	5,658	7,885	2,227
Financing-Brazil	1,232	1,280	48
Current portion of mortgage payables	4,658	5,853	1,195
Total	23,259	25,342	2,083

T.T.L. Division

	31.12.2009	30.06.2010	Change
Export pre-payments	0	0	0
Prepayments on Italian invoices	4,443	5,346	903
Overdrafts	6,877	8,906	2,029
Current portion of mortgage payables	3,233	4,923	1,690
Total	14,553	19,175	4,622

Payables for other current financing consolidated Cogeme S&T - T.T.L.

Payables for other financing represent the current portion of financial payables on finance leases as defined in IAS 17 and for which details have been given in the section “Non-current liabilities”.

Current payables for promissory notes

Promissory notes payable relate to the short term portion of payables for purchases made under the Sabatini law, details of which were provided in the section “Non-current liabilities”.

TRADE PAYABLES

These are payables due within the financial period and which derive from commercial agreements for supplies and services inherent to the production process. The breakdown is as follows:

Consolidated Cogeme S&T - T.T.L.

	31.12.2009	30.06.2010	Change
Trade payables - Italy	11,918	15,710	3,792
Trade payables - outside Italy	3,516	5,031	1,515
Total	15,434	20,741	5,307

The increase in trade payables at the consolidated level reflects the increase in production volume and the marketing and distribution of third party products.

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Trade payables - Italy	8,405	9,142	737
Trade payables - outside Italy	3,411	4,516	1,105
Total	11,816	13,658	1,842

T.T.L. Division

	31.12.2009	30.06.2010	Change
Trade payables - Italy	3,513	6,568	3,055
Trade payables - outside Italy	105	515	410
Total	3,618	7,083	3,465

The €3.465 million increase in trade payables is attributable to the management of orders and purchases of materials for the production and marketing of machinery by T.T.L., HTE and Manaca.

TAX PAYABLES

The breakdown of tax payables is as follows:

Consolidated Cogeme S&T - T.T.L.

	31.12.2009	30.06.2010	Change
Irap	1,218	1,619	401
Ires	1,561	1,656	95
German tax authority	0	0	0
IVA (VAT)	150	212	62
Substitute tax payable on exempt items	51	51	0
Romanian tax authority	27	126	99
Contributions for employees and professionals	519	380	-139
Cofins - ICMS - IPS taxes (Brazil)	88	137	49
Indian tax authority	52	189	137
Total	3,666	4,370	704

The increase of €704,000 in the period is attributable to the calculation of current direct taxes.

For the balance of Irap and Ires liabilities relating to previous years, the Company is taking the appropriate measures in order to achieve a resolution through payment by installment as it believes that the necessary conditions exist to make this possible.

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Irap	823	1,006	183
Ires	871	871	0
German tax authority	0	0	0
IVA (VAT)	133	133	0
Substitute tax payable on exempt items	51	51	0
Romanian tax authority	27	126	99
Contributions for employees and professionals	209	152	-57
Cofins - ICMS - IPS taxes (Brazil)	88	137	49
Indian tax authority	52	189	137
Total	2,254	2,665	411

T.T.L. Division

	31.12.2009	30.06.2010	Change
Irap	395	613	218
Ires	690	785	95
IVA (VAT)	17	79	62
Substitute tax payable on exempt items	0	0	0
Contributions for employees and professionals	310	228	-82
Total	1.412	1.705	293

OTHER PAYABLES AND OTHER CURRENT LIABILITIES
Consolidated Cogeme S&T - T.T.L.

	31.12.2009	30.06.2010	Change
Social security contributions	680	597	-83
Payables to employees	1,691	2,805	1,114
Other payables and pre-payments	2,438	1,185	-1,253
Accruals	2,134	1,978	-156
Total	6,943	6,565	-378

Social security contributions

This figure represents social security payments on salaries that were due at the balance sheet date.

Payables to employees

This amount refers to payables to employees for holiday entitlement and leave that is due but has not been taken, deferred payments (thirteenth and fourteenth month payments) and remuneration relating to June to be paid in the first ten days of July.

Other payables

The main component of this item is represented by €520,000 of interest payments due to bondholders.

Accrued charges

Almost the entire figure for accruals relates to the portion of subsidies received on the programmed investments already made.

Cogeme S&T Division

	31.12.2009	30.06.2010	Change
Social security contributions	283	244	-39
Payables to employees	863	1,473	610
Other payables and pre-payments	1,888	940	-948
Accruals	507	465	-42
Total	3,541	3,122	-419

T.T.L. Division

	31.12.2009	30.06.2010	Change
Social security contributions	397	353	-44
Payables to employees	828	1,332	504
Other payables and pre-payments	550	245	-305
Accruals	1,627	1,513	-114
Total	3,402	3,443	41

GUARANTEES AND RISK FACTORS

Cogeme Set S.p.A., in order to increase its production capacity, has invested in new machinery from its supplier, Gildemeister.

The aforementioned investments were made using assistance available under Law 28 November 1965, no. 1329 – Provisions for the purchase of new tooling machinery (Published in the Gazzetta Ufficiale no. 311 of 14.12.1965), the so-called Sabatini Law, for a total amount of €4.192 million of which the residual amount payable at 30/06/2010 was €2.437 million.

T.T.L. Tecno Tempranova Lombarda S.r.l. also made investments using the same assistance provided by Law 28 November 1965, no. 1329 for a total amount of € 2.831 million of which the residual amount payable at 30/06/2010 was € 1.396 million.

Cogeme S&T S.p.A. has agreed medium-term financing details of which follow:

- Gruppo Banca Intesa-San Paolo consisting of a mortgage taken out with Cariplo and four financing agreements with Intesa Mediocredito. As a guarantee for the financing, mortgages were taken out on the property in Frosinone and the relative future financial commitment is €1.686 million;

- Financing agreed with SIMEST covered by a guarantee from Credito Valtellinese with a related future financial commitment of € 516,000;
- It agreed a contract with SIMEST for a share capital increase of the subsidiary COGEME PRECISIONS PARTS INDIA PRIVATE LIMITED for which guarantees were provided by Banca Nazionale del Lavoro;
- MPS and Etruria against which it took out two insurance policies totalling € 2,000,000;
- financing with BNL totalling € 14,750,000 against which the company signed a guarantee contract with BNL for a total of € 4,000,000.

NOTES TO THE INCOME STATEMENT

In order to provide more complete and detailed information the Income Statement includes tables for the Consolidated Cogeme-TTL results and, separately, the results for each of the divisions Cogeme S&T and T.T.L..

REVENUES FROM SALES OF GOODS AND SERVICES

Consolidated Cogeme S&T – T.T.L.

Geographical breakdown

	30.06.2009	30.06.2010	Change	Change %
Italy	18,395	23,574	5,179	28.15%
Europe	6,351	9,488	3,137	49.39%
South America	3,314	3,838	524	15.82%
Asia	1,875	2,066	191	10.20%
North America	-	-	-	0.00%
Africa	-	32	32	100.00%
Total	29,935	38,998	9,063	30.28%

Breakdown by segment

	30.06.2009	30.06.2010	Change	Change %
Turbo	7,427	11,682	4,255	57.29%
Injection systems	6,041	9,219	3,178	52.61%
Exhaust systems	250	117	- 133	-53.20%
Suspension	166	-	- 166	-100.00%
Transmission	248	318	70	28.23%
Engine	109	160	51	46.79%
Steering	688	792	104	15.12%
Special orders	50	-	- 50	-100.00%
Machinery	2,695	2,975	280	10.39%
Heat Treatment	11,662	12,935	1,273	10.92%
Other	599	800	201	33.56%
Total	29,935	38,998	9,063	30.28%

Cogeme S&T Division

Geographical breakdown

	30.06.2009	30.06.2010	Change	Change%
Italy	5,355	9,205	3,850	71.90%
Europe	5,034	7,947	2,913	57.86%
South America	3,314	3,838	524	15.82%
Asia	1,875	2,066	191	10.20%
North America	-	-	-	0%
Africa	-	32	32	100%
Total	15,578	23,088	7,510	48.21%

Breakdown by segment

	30.06.2009	30.06.2010	Change	Change%
Turbo	7,427	11,682	4,255	57.29%
Injection systems	6,041	9,219	3,178	52.61%
Exhaust systems	250	117	-133	-53.20%
Suspension	166	-	-166	-100.00%
Transmission	248	318	70	28.23%
Engine	109	160	51	46.79%
Steering	688	792	104	15.12%
Special orders	50	-	-50	-100.00%
Other	599	800	201	33.56%
Total	15,578	23,088	7,510	48.21%

Cogeme Division revenues rose by 48.21% compared with the first half of 2009. A closer analysis of the trend of sales by product category reveals strong growth in sales of turbo system and injection system components which rose by 57.29% and 52.61% respectively.

The growth in turbo product sales are due to the start up of the first SWA line in the Romanian plant, the recovery in demand for valves and full utilisation of the new generation bearing production line installed in Italy. There has however been a slower start to production of these products in India because of delays in homologation by the automobile companies.

It should be noted that the growth (+52.61%) in injection system sales was concentrated in South America and Europe which are currently our key markets. The significant growth in significance of Bosch as a client was a key feature of the Brazilian operations while the growth of Continental Systems was of significance for the Italian plant.

European registrations have fallen in the past two months due to the expiry of government incentive schemes for the automobile market.

We expect further growth in volumes in the second half of the year, growth in output from the Romanian plant as a result of the start-up of the second SWA line and the introduction of new component projects. Volume at the Brazilian and Italian plants is expected to be stable while the first production lines to be installed in India should get fully under way.

T.T.L. Division
Geographical breakdown

	30.06.2009	30.06.2010	Change	Change %
Italy	13,040	14,369	1,329	10.19%
Europe	1,317	1,541	224	17.01%
Total	14,357	15,910	1,553	10.82%

Breakdown by segment

	30.06.2009	30.06.2010	Change	Change %
Machinery	2,695	2,975	280	10.39%
Heat Treatment	11,662	12,935	1,273	10.92%
Total	14,357	15,910	1,553	10.82%

Revenues in the first half 2010 rose 10.82% to € 15.910 million. The market in which the T.T.L. Group operates was characterised by the following developments:

- 1) The Group companies involved in heat treatment have emerged from a period of market slowdown particularly in the automobile sector (fastenings, springs and various other small components), the white goods industry (electrodomestic appliances) and the furniture industry (hinges for furniture);
- 2) There are also signs of recovery in the induction heat treatment in sectors related to the automobile industry, in the production of small gears and small scale components. Meanwhile, growth has continued in sectors involving the heat treatment of laminated cylinders and rods and components for large scale machine tools;
- 3) The laser heat treatment sector confirmed the trend reported at 31 December 2009 due to the uniqueness and reliability of this type of treatment and there was no slowdown in demand in the first half 2010 for the treatment of dies and moulds for sheet metal and plastics;
- 4) The Tecno Tempranova Navarra subsidiary reported growth in sales driven by laser heat treatment operations in the automobile sector, which grew very strongly in Spain where registrations almost tripled compared to the previous semester;
- 5) Manaca S.r.l and H.T.E. S.r.l, which both operate in the machinery market reported a 10.39% increase in sales in the first half 2010 compared to the previous period.

OTHER REVENUES AND INCOME
Consolidated Cogeme S&T - T.T.L.

Details	30.06.2009	30.06.2010	Change	Change %
Assistance under Law 488/92	95	141	46	48.42%
Capital gains on the sale of assets	1,107	3,373	2,266	204.70%
Other	594	651	57	9.60%
Production for own use	157	8	-149	-94.90%
Total	1,953	4,173	2,220	113.67%

Other revenues and income in the period of € 4.173 million, primarily consists of capital gains on the sale of assets of €3.373 million.

Revenues relating to grants awarded under Law 488/92 relates to the proportionate quota of revenues generated in the period determined pro-quota on the basis of investments made and on the useful life of the asset for which the grant was approved.

Cogeme S&T Division

Details	30.06.2009	30.06.2010	Change	Change %
Assistance under Law 488/92	65	65	0	0.00%
Capital gains on the sale of assets	1,100	2,240	1,140	103.64%

Other	36	510	474	1316.67%
Production for own use	157	8	-149	-94.90%
Total	1,358	2,823	1,465	107.88%

Capital gains refer to the sale of equipment to a strategic supplier who has also hired plant and machinery for the production of components and to whom the Group has transferred know-how and all the research and development relating to the product which will be made and supplied by this supplier. This transaction is part of a supply and partnership agreement dictated by cost rationalisation motives.

T.T.L. Division

	30.06.2009	30.06.2010	Change	Change %
Assistance under Law 488/92	30	76	46	153.33%
Capital gains on the sale of assets	7	1,133	1126	16085.71%
Other	558	141	-417	-74.73%
Production for own use	0	0	0	0.00%
Total	595	1,350	755	126.89%

CHANGE IN INVENTORIES

Consolidated Cogeme S&T - T.T.L.

	30.06.2009	30.06.2010	Change	Change %
Change in stocks of finished goods	1,941	2,229	288	14.84%
Total	1,941	2,229	288	14.84%

Please refer to the note on current assets for more details on the changes in inventories during the period.

Cogeme S&T Division

	30.06.2009	30.06.2010	Change	Change %
Change in stocks of finished goods	1,630	2,048	418	25.64%
Total	1,630	2,048	418	25.64%

T.T.L. Division

	30.06.2009	30.06.2010	Change	Change %
Change in stocks of finished goods	311	181	-130	-41.80%
Total	311	181	-130	-41.80%

COST OF RAW MATERIALS, SECONDARY MATERIALS, CONSUMABLES AND GOODS

Consolidated Cogeme S&T – T.T.L.

	30.06.2009	30.06.2010	Change	Change %
Raw materials	4,016	11,228	7,212	179.58%
Third party goods	238	2,735	2,497	1049.16%
Machine tools	781	1,302	521	66.71%
Replacement parts	0	367	367	100.00%

Consumables	254	394	140	55.12%
Other	2,246	1,539	-707	-31.48%
Total	7,535	17,565	10,030	133.11%

Cogeme S&T Division

	30.06.2009	30.06.2010	Change	Change %
Raw materials	1,940	7,410	5,470	281.96%
Third party goods	238	2,735	2,497	1049.16%
Machine tools	781	1,302	521	66.71%
Replacement parts	0	367	367	100.00%
Consumables	254	394	140	55.12%
Other	1,298	384	-914	-70.42%
Total	4,511	12,592	8,081	179.14%

The increase in Cogeme S&T Division's input costs is directly related to higher production volumes and the marketing and distribution of third party products.

T.T.L. Division

	30.06.2009	30.06.2010	Change	Change %
Consumables	254	202	-52	-20.47%
Materials for production plant	1.822	3.616	1.794	98.46%
Electricity	825	916	91	11.03%
Water	2	6	4	200.00%
Alcohol-nitrogen-ammonia-gas	79	127	48	60.76%
Lubricants	10	40	30	300.00%
Other	32	66	34	106.25%
Total	3.024	4.973	1.949	64.45%

The increase in the T.T.L. division's input costs relates to the management of orders and purchases for the production, marketing and distribution of machinery by T.T.L., HTE and Manaca.

COST OF SERVICES

A breakdown of this item is given in the following table:

Consolidated Cogeme S&T - T.T.L.

	30.06.2009	30.06.2010	Change	Change %
Third-party services	684	901	217	31.73%
External collaboration	10	207	197	1970.00%
Utilities	637	680	43	6.75%
Industrial maintenance	401	617	216	53.87%
Commercial, exhibition and commission expenses	20	93	73	365.00%
Transport	354	295	-59	-16.67%
Insurance	214	204	-10	-4.67%
Management, statutory auditor, legal and independent auditor	720	853	133	18.47%
Travel expenses	376	405	29	7.71%

Administrative services, rent and other costs	2,186	2,144	-42	-1.92%
Total	5,602	6,399	797	14.23%

Cogeme S&T Division

	30.06.2009	30.06.2010	Change	Change %
Third-party services	471	740	269	57.11%
External collaboration	10	207	197	1970.00%
Utilities	495	592	97	19.60%
Industrial maintenance	166	363	197	118.67%
Commercial, exhibition and commission expenses	16	19	3	18.75%
Transport	198	245	47	23.74%
Insurance	72	106	34	47.22%
Management, statutory auditor, legal and independent auditor	161	346	185	114.91%
Travel expenses	322	355	33	10.25%
Administrative services, rent and other costs	525	763	238	45.33%
Total	2,436	3,736	1,300	53.37%

The increase in third party service costs is due to the outsourcing of certain stages of production that the company does not yet conduct in-house. As the section of this report dealing with purchasing explains, the company is in the process of bringing more of its production in-house in order to guarantee total control of the production process. It should be noted that the external suppliers and business partners used by the company are all certified and that they adopt standards of production and control that are fully in line with the specific requirements of clients. The increase in utility costs relates to electricity costs for the larger production locations associated with the increase in production capacity.

T.T.L. Division

	30.06.2009	30.06.2010	Change	Change %
Third-party services	213	161	-52	-24.41%
Utilities	142	88	-54	-38.03%
Industrial maintenance	235	254	19	8.09%
Commercial, exhibition and commission expenses	4	74	70	1750.00%
Transport	156	50	-106	-67.95%
Insurance	142	98	-44	-30.99%
Management, statutory auditor, legal and independent auditor	559	507	-52	-9.30%
Travel expenses	54	50	-4	-7.41%
Administrative services, rent and other costs	1,661	1,381	-280	-16.86%
Total	3,166	2,663	-503	-15.89%

The item "Service costs" reveals a general decrease in all its constituents (with the sole exception of property leasing costs) due mainly to the cost containment policy implemented by all companies in the Group.

PERSONNEL EXPENSES

Consolidated Cogeme S&T - T.T.L.

	30.06.2009	30.06.2010	Change	Change %
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Salaries	4,155	4,590	435	10.47%
Social security contributions	1,848	1,764	-84	-4.55%
Employee leaving indemnities (TFR)	185	321	136	73.51%
Other	408	624	216	52.94%
Total	6,596	7,299	703	10.66%

This item comprises all expenses related to employees, including expenses for promotion, upgrading, social security payments, holidays due but not taken, and any provisions required by law or by collective labour contracts.

The increase in personnel costs is due to the strengthening of the organisational structure and production capability as a consequence of the expansion of the Group

Cogeme S&T Division

	30.06.2009	30.06.2010	Change	Change %
Salaries	1,858	1,719	-139	-7.48%
Social security contributions	935	833	-102	-10.91%
Employee leaving indemnities (TFR)	121	139	18	14.88%
Other	386	624	238	61.66%
Total	3,300	3,315	15	0.45%

T.T.L. Division

	30.06.2009	30.06.2010	Change	Change %
Salaries	2,297	2,871	574	24.99%
Social security contributions	913	931	18	1.97%
Employee leaving indemnities (TFR)	64	182	118	184.38%
Other	22	0	-22	-100.00%
Total	3,296	3,984	688	20.87%

The increase in T.T.L.'s personnel costs is attributable to the greater utilisation of the workforce involved in production of goods and services for future sale as opposed to work carried out for internal use and then capitalised.

OTHER OPERATING EXPENSES

Consolidated Cogeme S&T - T.T.L.

	30.06.2009	30.06.2010	Change	Change %
Other operating expenses – Italy (Cogeme S&T and T.T.L.)	593	411	-182	-30.69%
Other operating expenses – Brazil	469	84	-385	-82.09%
Other operating expenses – Romania	68	102	34	50.00%
Other operating expenses – India	58	78	20	34.48%
Total	1,188	675	-513	-43.18%

Cogeme S&T Division

	30.06.2009	30.06.2010	Change	Change %
Other operating expenses – Italy	313	126	-187	-59.74%
Other operating expenses – Brazil	469	84	-385	-82.09%
Other operating expenses – Romania	68	102	34	50.00%
Other operating expenses – India	58	78	20	34.48%

Total	908	390	-518	-57.05%
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T.T.L. Division

	30.06.2009	30.06.2010	Change	Change %
Other operating expenses	280	285	5	1.79%
Total	280	285	5	1.79%

DEPRECIATION AND WRITE-DOWNS
Consolidated Cogeme S&T - T.T.L.

	30.06.2009	30.06.2010	Change	Change %
Depreciation of intangible fixed assets	287	464	177	61.67%
Depreciation of tangible fixed assets	6,488	7,158	670	10.33%
Write-down of intangible assets	0	0	0	0.00%
Write-down of working capital	511	275	-236	-46.18%
Risk fund provisions	-32	178	210	0.00%
Total	7,254	8,075	821	11.32%

Depreciation rose as a result of the installation of new production capacity in previous years which came into service in the first half of 2010.

Cogeme S&T Division

	30.06.2009	30.06.2010	Change	Change %
Depreciation of intangible fixed assets	170	352	182	107.06%
Depreciation of tangible fixed assets	3,231	3,795	564	17.46%
Write-down of intangible assets	0	0	0	0.00%
Write-down of working capital	458	90	-368	-80.35%
Risk fund provisions	-32	178	210	0.00%
Total	3,827	4,415	588	15.36%

T.T.L. Division

	30.06.2009	30.06.2010	Change	Change %
Depreciation of intangible fixed assets	117	112	-5	-4.27%
Depreciation of tangible fixed assets	3,257	3,363	106	3.25%
Write-down of intangible assets	0	0	0	0.00%
Write-down of working capital	53	185	132	249.06%
Risk fund provisions	0	0	0	0.00%
Total	3,427	3,660	233	6.80%

FINANCIAL INCOME
Consolidated Cogeme S&T - T.T.L.

	30.06.2009	30.06.2010	Change	Change %
Interest on bank deposits	63	10	-53	-84.13%
Interest on investments	0	34	34	100.00%
Interest on IRS (Swaps)	0	315	315	100.00%
Other interest and financial income	171	317	146	85.38%
Exchange rate differences	353	449	96	27.20%
Total	587	1,125	538	91.65%

Cogeme S&T Division

	30.06.2009	30.06.2010	Change	Change %
Interest on bank deposits	58	1	-57	-98.28%
Interest on investments	0	34	34	100.00%
Interest on IRS (Swaps)	0	315	315	100.00%
Other interest and financial income	171	312	141	82.46%
Exchange rate differences	353	449	96	27.20%
Total	582	1,111	529	90.89%

T.T.L. Division

	30.06.2009	30.06.2010	Change	Change %
Interest on bank deposits	5	9	4	80.00%
Interest on IRS (Swaps)	0	0	0	0.00%
Other interest and financial income	0	5	5	100.00%
Total	5	14	9	180.00%

FINANCIAL COSTS

The following table gives a breakdown of financial costs for the period under review:

Consolidated Cogeme S&T - T.T.L.

	30.06.2009	30.06.2010	Change	Change %
Interest on bank overdrafts	565	437	-128	-22.65%
Interest on mortgages	1,535	1,392	-143	-9.32%
Interest on bonds	420	904	484	115.24%
Other interest and commission	423	437	14	3.31%
Interest on finance leases	701	775	74	10.56%
Exchange rate differences	41	858	817	1992.68%
Interest costs on IRS (Swaps)	125	255	130	104.00%
Interest costs paid to suppliers	6	1	-5	-83.33%
Total	3,816	5,059	1,243	32.57%

Cogeme S&T Division

	30.06.2009	30.06.2010	Change	Change %
Interest on bank overdrafts	348	154	-194	-55.75%
Interest on mortgages	1,130	1,025	-105	-9.29%
Interest on bonds	420	904	484	115.24%
Other interest and commission	256	348	92	35.94%
Interest on finance leases	489	593	104	21.27%
Exchange rate differences	41	858	817	1992.68%
Interest costs on IRS (Swaps)	125	255	130	104.00%
Interest costs paid to suppliers	6	1	-5	-83.33%
Total	2,815	4,138	1,323	47.00%

Financial costs rose mainly due to the interest payable on the convertible bond and exchange rate differences.

T.T.L. Division

	30.06.2009	30.06.2010	Change	Change %
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Interest on bank overdrafts	217	283	66	30.41%
Interest on mortgages	405	367	-38	-9.38%
Other interest and commission	167	89	-78	-46.71%
Interest on finance leases	212	182	-30	-14.15%
Total	1,001	921	-80	-7.99%

The 7.99% reduction in T.T.L.'s financial expenses is attributable to a reduction in the reference interest rate, Euribor, to which the interest rates on financial debt are indexed.

TAXES ON PROFIT FOR THE PERIOD

The taxes payable on the profit for the year are calculated applying the legally enacted rates to the taxable income, based on the current tax rules in force.

Consolidated Cogeme S&T – T.T.L.		
	30.06.2009	30.06.2010
<u>Current taxes</u>		
Ires and Irap	1,449	504
Substitute tax payable on exempt items	0	0
Tax payable on results generated in Brazil	150	63
Tax payable on results generated in Romania	1	83
Tax payable on results generated in India	0	0
	1,600	650
<u>Deferred taxes</u>		
Decrease	-77	-469
Increase	486	649
	409	180
<u>Prepaid taxes</u>		
Decrease	36	123
Increase	-403	-536
	-367	-413
<u>Total deferred and prepaid taxes</u>	42	-233
	1,642	417

Cogeme S&T Division		
	30.06.2009	30.06.2010
<u>Current taxes</u>		
Ires and Irap	641	183
Substitute tax payable on exempt items	0	0
Tax payable on results generated in Brazil	150	63
Tax payable on results generated in Romania	1	83
Tax payable on results generated in India	0	0
	792	329
<u>Deferred taxes</u>		

Decrease	-64	-126
Increase	303	616
	<u>239</u>	<u>490</u>
<u>Prepaid taxes</u>		
Decrease	21	21
Increase	-39	-536
	<u>-18</u>	<u>-515</u>
<u>Total deferred and prepaid taxes</u>	221	-25
	<u>1,013</u>	<u>304</u>

It should be noted that the reduction in the total amount of taxes compared to the previous period was primarily influenced by the lower taxable base of Cogeme S&T and T.T.L. due to the exemptions permitted by the "Tremonti-Ter" capital allowances scheme and the fractional taxation of capital gains in the period.

T.T.L. Division

	30.06.2009	30.06.2010
<u>Current taxes</u>		
Ires and Irap	808	321
Substitute tax payable on exempt items	0	
	808	321
<u>Deferred taxes</u>		
Decrease	-13	-343
Increase	183	33
	<u>170</u>	<u>-310</u>
<u>Prepaid taxes</u>		
Decrease	15	102
Increase	-364	0
	<u>-349</u>	<u>102</u>
<u>Total deferred and prepaid taxes</u>	-179	-208
	<u>629</u>	<u>113</u>

The taxes payable on the profit for the year include the effect of deferred and prepaid taxes calculated on the basis of current tax rules.

EARNINGS PER SHARE

As required by IAS 33, information is provided on the calculation of earnings per share and diluted earnings per share.

The earnings per share is calculated by dividing the net profit for the year in the Financial Statements, prepared according to IAS/IFRS accounting standards, attributable to the ordinary shareholders of the Parent Company by the average number of ordinary shares in circulation in the financial year

To calculate basic earnings per share, the net profit for the year less the share attributable to minorities was used. There are no preferred dividends, conversion of preferred shares or anything similar that would cause an adjustment to the net profit attributable to holders of the ordinary shares.

The denominator used was the number of ordinary shares in issue less the treasury stock.

Net profit attributable to shareholders (per share)	0.01320
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DIVIDENDS PAID

The Company paid no dividends in the first half of 2010.

RELATED PARTY TRANSACTIONS

Transactions with related parties of Cogeme S&T are detailed below:

	Costs	Income	Receivables	Payables
Dorado s.r.l.	18	0	83	18
La Ceec s.r.l.	4	0	0	0
TMS Ekab S.r.l.	0	0	240	0
T.R.E. S.r.l.	0	0	1,570	0
TMS s.r.l.	0	0	68	0
Other related parties	258	0	0	5
Total	280	0	1,961	23

The exchange of finished products and services with related parties in the first half 2010 was carried out under prevailing market conditions and relate to the matters described below.

Dorado S.r.l.: Refers to the property lease on the property in Salsomaggiore used as a representative office. The contract, signed on 3 September 2002, provides for an annual rent of €36,000 including annual costs and is renewable annually

La Ceec S.r.l.: Refers to management consultancy, secretarial and book-keeping services provided during the first half of 2010

TMS Ekab s.r.l.: the receivable relating to TMS Ekab S.r.l. originally amounted to €360,000, of which €120,000 was repaid during the first half 2010. The remainder will be repaid in full by 31 December 2010.

T.R.E. S.r.l.: the credit held by T.R.E. S.r.l. amounting to €1.570 million is composed of €70,000 relating to subscription to a capital increase and a further loan security of €1.500 million. At the present date the subscription to the capital increase is still open and the company therefore is not yet in possession of the shares to which it has subscribed. Subscription will be completed during the second half of 2010.

T.M.S. S.r.l.: Receivables from TMS S.r.l. refer to the residual balance relating to the sale of a receivable of €350,000 nominal which was the consideration paid for a property.

Other related parties: transactions with other related parties refers to a receivable of €52,000 relating to Mr. Maurizio Testa for prepaid expenses.

Transactions with related parties carried out by T.T.L. are as follows:

	Costs	Income	Receivables	Payables
Studio Associato Zudè Giuseppe	53	0	60	9
Dott.Merlo Pierantonio	67	0	0	11
Giudici Emanuela	17	0	0	2

3 G. S.r.l.	0	0	1,237	0
Colombo Davide	51	0	0	4
Beccalli Ruggero	59	0	48	6
Total	247	0	1,345	32

The exchange of finished products and services with related parties was carried out at the market conditions prevailing in the first half 2010 and relate to the matters described below

Studio Associato Giuseppe Zudè: The costs are for administrative and financial consultancy services The receivables are for advance payments made by the Company.

Dott. Pierantonio Merlo: The costs refer to financial consultancy services

3 G. S.r.l.: refers to short term financing paid to 3 G. S.r.l. expiring on 31 December 2010 with the possibility of extension for a further year.

Emanuela Giudici: The costs refer to payments made for consultancy services concerning a collaborative contract for quality management. The payable refers to the portion of payment for June 2010 which has yet to be paid.

Davide Colombo: Costs refer to payment as director. The payable relates to the share of remuneration for the month of June 2010 which has yet to be paid.

Ruggero Beccalli: Costs refer to payment as director. The payable relates to the share of remuneration for the month of June 2010 which has yet to be paid. The receivable relates to the payment of the consideration for the sale of the shareholding in Metaltherm s.r.l. .

REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

During the first six months of 2010 the remuneration paid to the Directors of the Parent Company for their roles in the Company totalled €85,000, distributed as follows:

Board in office till the approval of the financial statements for the year ended 31 December 2011:

Name	Office held	Period in which position held	Expiry of mandate	Remuneration approved by shareholders' meeting	Remuneration in first half 2010
Testa Maurizio	Chairman	Financial years 2009-2010-2011	Approval of accounts to 31-12-2011 (April 2012)	15	7
Bozzini Carlo	Chief Executive Officer	Financial years 2009-2010-2011	Approval of accounts to 31-12-2011 (April 2012)	135	67
Zudè Giuseppe	Executive director	Financial years 2009-2010-2011	Approval of accounts to 31-12-2011 (April 2012)	75	37
Merlo Pierantonio	Director	Financial years 2009-2010-2011	Approval of accounts to 31-12-2011 (April 2012)	15	7
Lami Luciano	Director	Financial years 2009-2010-2011	Approval of accounts to 31-12-2011 (April 2012)	15	7
Lazzari Valter	Director	Financial years 2009-2010-2011	Approval of accounts to 31-12-2011 (April 2012)	15	7
Zanchi Marco	Directort	Financial years 2009-2010-2011	Approval of accounts to 31-12-2011 (April 2012)	15	7
Balance at period end				285	139

Payment received by the Statutory Auditors of the Parent Company were € 26,000 in first half 2010.

REMUNERATION COMMITTEE PAYMENT

During first half 2010 the remuneration received by the members of the remuneration committee for payment of duties carried out on behalf of the parent company were € 9,000 distributed as follows:

Name	Expiry of mandate	Annual remuneration approved by shareholders	Remuneration in first half 2010
Merlo Pierantonio	Approval of accounts to 31-12-2011	6	3
Lami Luciano	Approval of accounts to 31-12-2011	6	3
Lazzari Walter	Approval of accounts to 31-12-2011	6	3
Balance at period end		18	9

REMUNERATION OF THE INTERNAL CONTROL COMMITTEE

During first half 2010 the remuneration received by the members of the internal control committee for payment of duties carried out on behalf of the parent company were € 12,000 distributed as follows:

Name	Expiry of mandate	Annual remuneration approved by shareholders	Remuneration in first half 2010
Zanchi Marco	Approval of accounts to 31-12-2011	9	4
Lami Luciano	Approval of accounts to 31-12-2011	9	4
Lazzari Walter	Approval of accounts to 31-12-2011	9	4
Balance at period end		27	12

REMUNERATION OF THE INDEPENDENT AUDITORS

	31.12.2009	30.06.2010
Audit of the annual and consolidated financial statements	48	37
Total	48	37

OTHER INFORMATION

There have been no significant events since the end of the period under review that would have altered the current Statement of Financial Position and financial situation of the Group, as shown in these Consolidated Financial Statements, and would require adjustments or supplementary information to the Consolidated Financial Statements.

Patrica, 27 August 2010

Chief Executive Officer
Carlo Bozzini

Manager responsible for preparing company accounts
Marco A. Leonardi

Interim consolidated financial statements for the six months to 30.06.2010

**DECLARATION RELATING TO THE INTERIM FINANCIAL STATEMENTS
PURSUANT TO ARTICLE 81-TER AND CONSOB RESOLUTION No. 11971 OF 14 MAY
1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS.**

The undersigned Mr. Marco Antonio Leonardi, Manager responsible for preparing the Company Accounts, and Mr. Carlo Bozzini, Chief Executive Officer of Cogeme S.p.A. declare, taking note also of the provisions of Article 154-bis, paragraphs 3 and 4 of Legislative Decree of 24 February 1998, No 58:

- the appropriateness in relation to the characteristics of the Group, and
- the effective application of the administrative and accounting procedures for the preparation of the Consolidated Financial Statements for the period ended 30 June 2010.

It is also declared that the interim consolidated financial statements:

- a) have been prepared in accordance with international accounting principles IFRS– International Financial Reporting Standards – adopted by the European Community in accordance with regulation 1725/2003 and subsequent amendments and as such provide a true and correct representation of the capital, economic and financial situation of the issuer and the group of companies included in the area of consolidation.
- b) correspond to the results contained in the accounting records and documents;
- c) The Directors' interim review of operations includes a reliable and consistent analysis of the business performance and results and of the situation of the company and of all of the companies included in the consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Milan, 27.08.2010

Chief Executive Officer
Mr. Carlo Bozzini

Manager responsible for
preparing the company accounts
Mr. Marco Antonio Leonardi

**Report of the Board of Statutory Auditors on the Interim Financial Statements for
the six months to 30.06.2010**

Dear Shareholders,

The Interim Financial Statements for the six months to 30 June 2010 are drawn up in accordance with IAS/IFRS International Accounting Standards.

The Interim Financial Statements for the six months to 30 June 2010 accord in form and content to IAS 1 and IFRS 1 and comply with the IAS/IFRS international accounting standards issued by the International Accounting Standards Board, including all the interpretations of the IFRIC, the International Financial Reporting Interpretations Committee, approved by the European Community.

The Interim Financial Statements for the six months to 30 June 2010 have been audited by PKF Italia S.p.A.

Given the above, we have verified that the figures used in the consolidation correspond to those of the capital and financial situation of the Parent Company and of the entities included in the area of consolidation and with the information provided by these entities, and that they adhere to the laws, accounting standards, methods and criteria stated in the Notes to the Accounts and to their correct application in relation to reality.

We confirm that the information received has been correctly used by the Parent Company and in accordance with the aforementioned Accounting Standards

The Interim Financial Statements are based on the accounting records of the Parent Company and on the information provided by the entities included in the area of consolidation, in accordance with enacted law.

The Notes to the Accounts adhere to enacted law and correspond to the form and content of the Interim Financial Statements as required by the Italian Civil Code. The Review of Operations is congruous with the data contained in the Interim Financial Statements

Piacenza 18 August 2010

On behalf of the Board of Statutory Auditors

The Chairman

Mr. Paolo Castaldi

The Auditors:

Mr. Carlo Bernardelli

Ms. Maria Rosa Bossalini