Interim financial report

at 30 June 2020

(Translation from the Italian which remains the definitive version)

Contents

CIR S.p.A.

Registered office: Via Ciovassino, 1 – 20121 Milano – **T** + 39 02 722701

Share Capital € 638.603.657 – Chamber of commerce no. 1950090

Milan Company Register/ Tax Code / VAT no. 01792930016

The Company is subject to management and coordination by F.LLI DE BENEDETTI S.p.A.

Registered office in Rome: Via del Tritone, 169 – 00187 Roma – **T** +39 06 692055.1

Corporate Bodies

at 31 July 2020

BOARD OF DIRECTORS

Honorary Chairman	CARLO DE BENEDETTI
Chairman	RODOLFO DE BENEDETTI **(*)**
Chief Executive Officer And General Manager	MONICA MONDARDINI **(*)**
Directors	PHILIPPE BERTHERAT **(1)** MARISTELLA BOTTICINI **(2)** EDOARDO DE BENEDETTI FRANCO DEBENEDETTI MARCO DE BENEDETTI PAOLA DUBINI **(2)** SILVIA GIANNINI **(1) (2)** PIA HAHN MAROCCO **(2)** FRANCESCA PASINELLI **(1) (2)** MARIA SERENA PORCARI **(1) (2) (3)**
Secretary to the Board	MASSIMO SEGRE

BOARD OF STATUTORY AUDITORS

Chairman	FRANCESCO MANTEGAZZA
Standing Statutory Auditors	MARIA MADDALENA GNUDI GAETANO REBECCHINI
Alternate Statutory Auditors	ANTONELLA DELLATORRE LUIGI MACCHIORLATTI VIGNAT GIANLUCA MARINI

INDEPENDENT AUDITORS

KPMG S.p.A.

Report pursuant to the recommendation in Consob communication DAC/RM/97001574 of 20 February 1997

(*) Powers as per Corporate Governance
(1) Member of the Appointments and Compensation Committee
(2) Member of the Control and Risk Committee
(3) Lead Independent Director

Report on operations

Report on operations

1. Key figures

The results of the first half-year were heavily influenced by the significant impacts that the spread of the Covid-19 pandemic and the related consequences had on all the activities of the CIR group, i.e. social and healthcare services through KOS, the production of components for the automotive sector through Sogefi, and the management of financial investments of the CIR holding and non-industrial subsidiaries.

In the first half of 2020, **consolidated revenue** amounted to € 856.7 million, 19.1% down on the same period of 2019. After the first two months of the year that saw growth of 9.7% over the same period of 2019, the health emergency caused an immediate and dramatic reduction in turnover, mainly due to the suspension of Sogefi's production activity.

The consolidated **gross operating profit** (EBITDA) amounted to € 103.8 million, 25.8% lower than in the first half of 2019 (€ 140.0 million).

Consolidated **operating loss** (EBIT) was € 8.3 million compared with an operating profit of € 46.0 million in the first half of 2019, reflecting the gross operating loss and the increase in amortization and depreciation due to the consolidation of the KOS business in Germany, acquired at the end of 2019.

The **loss for the period** was € 30.4 million, compared with a profit of € 1.6 million in the first half of 2019.

KOS's business was affected by the health emergency in all sectors, with a significant impact on the economic performance: in the care homes, the activity focused on the difficult management of the health emergency and new arrivals were blocked; in the rehabilitation facilities there was a decrease in patients following the slowdown in normal hospital activity, in a situation of stress for the health system and emphasis on emergencies, day hospital activities were suspended or drastically reduced, as were diagnostics; at the same time, the company focused on the implementation of the necessary protection measures for staff and guests.

Revenue amounted to € 337.2 million, up by 19.9% compared with the same period of 2019: on a like-for-like basis, compared with the first half of 2019, turnover fell by 10.6% while overall revenue grew significantly thanks to the contribution of *Charleston* (a group acquired in October 2019, operating in Germany in the care homes sector). Operating profit came to € 18.1 million, compared with € 31.6 million in 2019, due to the decline in guests and patients in Italy following the Covid-19 emergency and the higher costs incurred in protection measures to cope with and contain the effects of the pandemic. The first half-year ended with a loss of € 2.1 million compared with a profit of € 14.4 million in the first half of 2019.

Like the entire automotive industry, **Sogefi's activity** suffered very significantly from the impact of the pandemic; in fact, production was first suspended in China and subsequently, during the second half of March, in almost all its plants. At present, production in China has resumed the monthly levels in line with forecasts made before the crisis; in the remaining geographic areas, production was gradually restarted from May, following the resumption of the activities of the main customers, but with volumes still significantly lower than they were before the Covid-19 crisis; the situation in Mercosur and India remains particularly critical.

World automotive production in the first half of 2020 fell by 33% compared with the first half of 2019, with Europe and NAFTA, Sogefi's main areas of activity, at -40%. In this context, Sogefi's revenue amounted to € 519.5 million, down by 33.2% compared with the same period of 2019. In the main geographical areas the group recorded a decidedly better performance than the market and, thanks to the cost containment measures adopted, profitability (gross operating profit/turnover %) deteriorated by only two points, from 11% to 9%. Nonetheless, the operating profit was - € 18.8 million after having recorded non-recurring charges of approximately € 18 million compared with € 24.4 million in the first half of 2019. The first half-year ended with a loss of € 28.8 million and compares with a net profit for the first half of 2019 of € 6.9 million.

The **financial investments** of the holding company and subsidiaries dedicated to financial management, taking into account the turbulence and the downturn in financial markets, recognised a loss of € 5.6 million for the first half of the year and consequently a negative return of -1.4%; the portfolio of bonds and hedge funds achieved a positive return overall of 0.7%, while fair value losses were recorded due to fair value adjustments of investments in Private Equity and other equity investments for € 7.9 million.

At 30 June 2020, **consolidated net financial indebtedness,** prior to IFRS 16, amounted to € 285.7 million, a decrease of € 42.0 million compared with 31 December 2019 (€ 327.6 million). Lease liabilities under IFRS 16 at 30 June 2020 amounted to € 787.8 million, so total consolidated net financial indebtedness came to € 1,073.5 million. The liabilities under IFRS 16 mainly concern the subsidiary KOS (€ 731.8 million), which operates predominantly in leased facilities.

Net indebtedness of subsidiaries rose by € 59 million due to the increase recorded by Sogefi, mainly attributable to the trend of working capital, at a time when there was a drastic reduction in sales, with an immediate impact on receipts.

The **net financial position of the parent company** and its non-industrial subsidiaries at 30 June 2020 was € 397.1 million, an increase compared with 31 December 2019 (€ 295.7 million), thanks to the proceeds from the sale of CIR's entire investment in GEDI Gruppo Editoriale S.p.A. to EXOR (€ 102.4 million), completed on 23 April 2020.

At 30 June 2020 **equity** attributable to the owners of the parent amounted to € 728.5 million compared with € 770.7 million at 31 December 2019, the decrease was mainly attributable to the loss for the period.

The tables on the following pages provide a breakdown by business segment of the group's results and financial position, a breakdown of the contribution made by the main subsidiaries and the combined results of CIR, the parent, and the other non-industrial subsidiaries.

Income statetement by business segment and contributions to the results of the group

(in millions of euro)

CONSOLIDATED / COMBINED	1st half 2020												1st half 2019 (*)
	Revenue	Costs of production	Other operating income & expense	Amortisation, depreciation & impairment losses	Operating profit (loss)	Net financial income and expense	Dividends, net of realised and unrealised gains and losses on securities	Fair value losses on equity-accounted investments	Income taxes	Profit (loss) from discontinued operations	Non-controlling interests	Profit (loss) for the period	Profit (loss) for the period
		(1)	*(2)*			*(3)*	*(4)*						
KOS group - Healthcare	337.2	(261.2)	(12.0)	(45.8)	18.2	(16.9)	--	(0.1)	(2.8)	--	0.4	(1.2)	8.5
Sogefi group - Automotive components	519.5	(461.5)	(11.0)	(65.8)	(18.8)	(11.6)	--	--	1.0	--	13.1	(16.3)	3.9
GEDI group - Media	--	--	--	--	--	--	--	--	--	--	--	--	(8.7)
Total for main subsidiaries	**856.7**	**(722.7)**	**(23.0)**	**(111.6)**	**(0.6)**	**(28.5)**	**--**	**(0.1)**	**(1.8)**	**--**	**13.5**	**(17.5)**	**3.7**
Other subsidiaries	--	--	--	--	--	--	--	--	--	--	--	--	--
Total industrial subsidiaries	**856.7**	**(722.7)**	**(23.0)**	**(111.6)**	**(0.6)**	**(28.5)**	**--**	**(0.1)**	**(1.8)**	**--**	**13.5**	**(17.5)**	**3.7**
CIR and other non-industrial subsidiaries													
Revenue	--											--	--
Operating costs		(7.0)										(7.0)	(8.7)
Other operating income & expense			(0.2)									(0.2)	(0.8)
Amortisation, depreciation & impairment losses				(0.5)								(0.5)	(0.5)
Operating profit (loss)					(7.7)								
Net financial income and expense						0.5						0.5	0.7
Dividends and net gains (losses) from securities trading							(6.5)					(6.5)	6.5
Fair value gains (losses) on equity-accounted investments								--				--	--
Income taxes									1.2			1.2	0.7
Profit (loss) from discontinued operations										(0.4)		(0.4)	--
Total CIR and other non-industrial subsidiaries before non-recurring items	**--**	**(7.0)**	**(0.2)**	**(0.5)**	**(7.7)**	**0.5**	**(6.5)**	**--**	**1.2**	**(0.4)**	**--**	**(12.9)**	**(2.1)**
Non-recurring items	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Total attributable to the owners of the parent	**856.7**	**(729.7)**	**(23.2)**	**(112.1)**	**(8.3)**	**(28.0)**	**(6.5)**	**(0.1)**	**(0.6)**	**(0.4)**	**13.5**	**(30.4)**	**1.6**

(*) Pro-forma figures: the comparative figures for 2019 include the effects of the merger on the Group's profit (loss) for the period.

(1) This item is the sum of "changes in inventories", "costs for the purchase of goods", "costs for services" and "personnel expense" in the consolidated income statement.

This item does not take into consideration the € (0.5) million effect of intercompany eliminations.

(2) This item is the sum of "other operating income" and "other operating expense" in the consolidated income statement. This item does not take into consideration the € 0.5 million effect of intercompany eliminations.

(3) This item is the sum of "financial income" and "financial expense" in the consolidated income statement.

(4) This item is the sum of "dividends", "gains from securities trading", "losses from securities trading" and "fair value losses/gains on financial assets" in the consolidated income statement .

Statement of financial position by business segment

(in millions of euro)

COMBINED \ CONSOLIDATED	30.06.2020								31.12.2019 (*)
	Non-current assets	Other net non-current assets and liabilities	Assets and liabilities held for sale	Net working capital	Net financial position (indebtedness)	Total equity	Non-controlling interests	Equity attributable to the owners of the parent	Equity attributable to the owners of the parent
	(1)	(2)		(3)	(4)				
KOS group - Healthcare	1,497.8	(27.7)	--	(92.1)	(1,088.0)	290.0	121.1	168.9	170.2
Sogefi group - Automotive components	701.5	(106.2)	--	(52.4)	(382.6)	160.3	78.3	82.0	107.0
GEDI group - Media	--	--	--	--	--	--	--	--	102.4
Other subsidiaries	--	(0.7)	--	0.7	0.4	0.4		0.4	0.4
Total industrial subsidiaries	**2,199.3**	**(134.6)**	**--**	**(143.8)**	**(1,470.2)**	**450.7**	**199.4**	**251.3**	**380.0**
CIR and other non-industrial subsidiaries									
Non-current assets	22.4					22.4	--	22.4	22.6
Other net non-current assets and liabilities		59.8				59.8	--	59.8	75.0
Assets and liabilities held for sale			--			--	--	--	--
Net working capital				(1.7)		(1.7)	--	(1.7)	(2.6)
Net financial position					396.7	396.7	--	396.7	295.7
Total attributable to the owners of the parent	**2,221.7**	**(74.8)**	**--**	**(145.5)**	**(1,073.5)**	**927.9**	**199.4**	**728.5**	**770.7**

(*) Pro-forma figures: the comparative figures for 2019 include the effects of the merger on Group equity.

1) *This item is the sum of "intangible assets", "property, plant and equipment", "right-of-use assets", "investment property", "equity-accounted investments" and "other equity investments" in the consolidated statement of financial position.*

2) *This item is the sum of "other assets", "other financial assets" and "deferred tax assets" under non-current assets and of "other liabilities", "deferred tax liabilities", "employee benefit obligations" and "provisions for risks and charges" under non-current liabilities in the consolidated statement of financial position.*

3) *This item is the sum of "inventories", "trade receivables", "other assets" in current assets and "trade payables", "other liabilities" and "provisions for risks and charges" in current liabilities in the consolidated statement of financial position.*

4) *This item is the sum of "loan assets", "securities", "other financial assets", and "cash and cash equivalents" under current assets, of "bonds", "other loans and borrowings" and "lease liabilities" under non-current liabilities and of "bank loans and borrowings", "bonds", "other loans and borrowings" and "lease liabilities" under current liabilities in the consolidated statement of financial position.*

2. Performance of the group

In the first half of 2020, consolidated **revenue** was € 856.7 million, 19.1% down on the first half of2019 (€ 1,059.1 million). KOS recorded an increase in revenue of 19.9% while Sogefi a decrease of 33.2%. Revenue earned abroad represented 69.6% of the total, considering the international presence of Sogefi.

	1st half					
(in millions of euro)	*2020*	*%*	*2019*	*%*	*Change amount*	*%*
Healthcare						
KOS group	337.2	39.4	281.3	26.5	55.9	19.9
Automotive components						
Sogefi group	519.5	60.6	777.8	73.5	(258.3)	(33.2)
Total consolidated revenue	856.7	100.0	1,059.1	100.0	(202.4)	(19.1)

The **consolidated income statement** for the first half of 2020 compared with that of the equivalent period of 2019 is shown below, bearing in mind that the merger of CIR into COFIDE was completed in 2020. The income statement for the first half of 2019 is therefore also presented in a pro-forma version, as though the merger had already taken place, reclassifying the non-controlling interests in CIR, merged with Cofide, in the group's loss for the period.

	1st half					
(in millions of euro)	*2020*	*%*	*2019 (pro-forma)*	*%*	*2019*	*%*
Revenue	856.7	100.0	1,059.1	100.0	1,059.1	100.0
Gross operating profit *(1)*	**103.8**	**12.1**	**140.0**	**13.2**	**140.0**	**13.2**
Operating profit	**(8.3)**	**(1.0)**	**46.0**	**4.3**	**46.0**	**4.3**
Net financial expense *(2)*	(34.6)	(4.0)	(13.7)	(1.3)	(13.7)	(1.3)
Income taxes	(0.6)	(0.1)	(14.4)	(1.3)	(14.4)	(1.3)
Profit (loss) from discontinued operations	(0.4)	--	(15.0)	(1.4)	(15.0)	(1.4)
Profit including non-controlling interests	**(43.9)**	**(5.1)**	**2.9**	**0.3**	**2.9**	**0.3**
Non-controlling interests	13.5	1.6	(1.3)	(0.1)	(2.2)	(0.2)
Profit attributable to the owners of the parent	**(30.4)**	**(3.5)**	**1.6**	**(0.2)**	**0.7**	**0.1**

(1) This is the sum of "Operating profit" and "Amortisation, depreciation & impairment losses" in the consolidated income statement.
(2) This is the sum of "financial income", "financial expense", "dividends", "gains from securities trading", "losses from securities trading", "share of profit (loss) of equity-accounted investments" and "fair value gains (losses) on financial assets" in the consolidated income statement.

The **consolidated gross operating profit** for the first half of 2020 amounted to € 103.8 million (12.1% of revenue), compared with € 140.0 million in 2019 (13.2% of revenue).

The consolidated **operating loss** was € 8.3 million, versus a profit of € 46.0 million in first half of 2019; the reduction reflects the trend of the gross operating profit and the higher amortisation & depreciation of the KOS group due to the merger of Charleston.
The **net financial expense** was € 34.6 million versus € 13.6 million in the same period of 2019; net interest expense on subsidiaries' payables as well as IFRS 16 charges increased overall by € 7.5 million, from € 20.9 million to € 28.4 million, mainly due to the consolidation of *Charleston* (which recorded net interest expense of € 1.5 million and IFRS 16 charges of € 4.7 million in the half year). At the same time, the return on the financial investment portfolio was negative for € 5.6 million, due to impairment losses of -€ 7.9 million on assets, compared with a gain of € 7.7 million in the first half of 2019.

The **consolidated loss** attributable to the owners of the parent amounted to € 30.4 million versus a pro-forma profit of € 1.6 million in the same period of 2019.

The condensed interim consolidated statement of financial position of the CIR group at 30 June 2020, with comparative figures at 31 December 2019, is as follows; for ease of comparison, a pro-forma situation at 31 December 2019 is also included, i.e. as if the merger had taken place on 31 December 2019.

(in millions of euro) (1)	*30.06.2020*	*31.12.2019 (pro-forma)*	*31.12.2019*
Non-current assets	2.221.7	2,256.7	2,256.7
Net other non-current assets and liabilities	(74.8)	(52.3)	(52.3)
Assets and liabilities held for sale	--	225.9	225.9
Net working capital	(145.5)	(185.6)	(185.6)
Net invested capital	**2,001.4**	**2,244.7**	**2,244.7**
Net financial indebtedness	**(1,073.5)**	**(1,127.7)**	**(1,127.7)**
Total equity	**927.9**	**1,117.0**	**1,117.0**
Equity attributable to the owners of the parent	725.8	770.7	432.4
Non-controlling interests	199.4	346.3	684.6

(1) These figures are the result of a different combination of the items in the consolidated financial statements. For definitions, see the notes to the "Statement of financial position by business segment" shown earlier.

Net invested capital came to € 2,001.4 million at 30 June 2020, a decrease compared with 31 December 2019 (€ 2,244.7 million) due to the sale of the GEDI Group.

Consolidated **net financial indebtedness** at 30 June 2020, before the application of IFRS 16, came to € 285.7 million (compared with € 327.6 million at 31 December 2019), made up of:

- free cash flow for CIR and its non-industrial subsidiaries of € 397.1 million (€ 296.2 million at 31 December 2019) higher thanks to the proceeds from the sale of GEDI (€ 102.4 million);
- total net indebtedness of the industrial subsidiaries of € 682.8 million up by approximately € 60 million compared with € 623.8 million at 31 December 2019 (the increase derives from Sogefi and is due for two thirds to the increase in working capital due to the sudden drop in sales).

On the basis of IFRS 16, lease liabilities amounted to € 787.8 million at 30 June 2020, giving rise to a total consolidated net financial indebtedness of € 1,073.5 million.

At 30 June 2020, **equity** attributable to the owners of the parent amounted to € 728.5 million compared with € 770.7 million on a pro-forma basis at 31 December 2019, the decrease being mainly due to the loss for the period. It should be noted that the pro-forma equity at 31 December 2019 reflects the acquisition of non-controlling interests as a reclassification of their share of Group equity acquired through the merger from "Non-controlling interests" to "Equity attributable to the owners of the parent".

The **consolidated statement of cash flows** for the first half of 2020, prepared according to a "management" format, which shows the changes in net financial position, can be summarised as follows.

(in millions of euro)	*1st half 2020*	*1st half 2019*
SOURCES OF FUNDS		
Profit (loss) from continuing operations	(45.7)	30.0
Amortisation, depreciation, impairment losses & other non-monetary changes	76.0	68.6
Self-financing	**30.3**	**98.6**
Change in working capital and other non-current assets and liabilities	**(27.1)**	**(20.8)**
CASH FLOW GENERATED BY OPERATIONS	**3.2**	**77.8**
Capital increases	--	--
TOTAL SOURCES OF FUNDS	**3.2**	**77.8**
APPLICATION OF FUNDS		
Net investment in non-current assets	(56.4)	(86.0)
Consideration paid for business combinations	(10.9)	--
Net financial indebtedness of acquired companies	(3.8)	--
Payment of dividends	--	(29.4)
Purchase of treasury shares	--	(3.2)
Other changes	7.9	7.7
TOTAL APPLICATIONS OF FUNDS	**(60.4)**	**(110.9)**
CASH FLOWS FROM (USED IN) CONTINUING OPERATIONS		
CASH FLOWS FROM DISCONTINUED OPERATIONS	**102.4**	**7.2**
CASH FLOWS GENERATED (USED) IN THE YEAR	**42.0**	**(25.9)**
OPENING NET FINANCIAL INDEBTEDNESS BEFORE IFRS 16	**(327.7)**	**(219.8)**
CLOSING NET FINANCIAL INDEBTEDNESS BEFORE IFRS 16	**(285.7)**	**(245.7)**
RESIDUAL LIABILITY FOR IFRS 16	(787.8)	(384.5)
CLOSING NET FINANCIAL INDEBTEDNESS AFTER IFRS 16	**(1,073.5)**	**(630.2)**

Self-financing fell by approximately € 68 million due to the decrease in cash flows generated by the business; the application of funds reduced by approximately € 50 million due to lower investments and for not having distributed dividends in 2020, contrary to what happened in 2019.

Lastly, taking into account the proceeds from the sale of the investment in GEDI, the cash flows generated in the half year came to € 42 million, compared with a cash flows of € 25 million used in the corresponding period of 2019.
At 30 June 2020 the CIR group had 18,513 employees, compared with 18,648 at 31 December 2019.

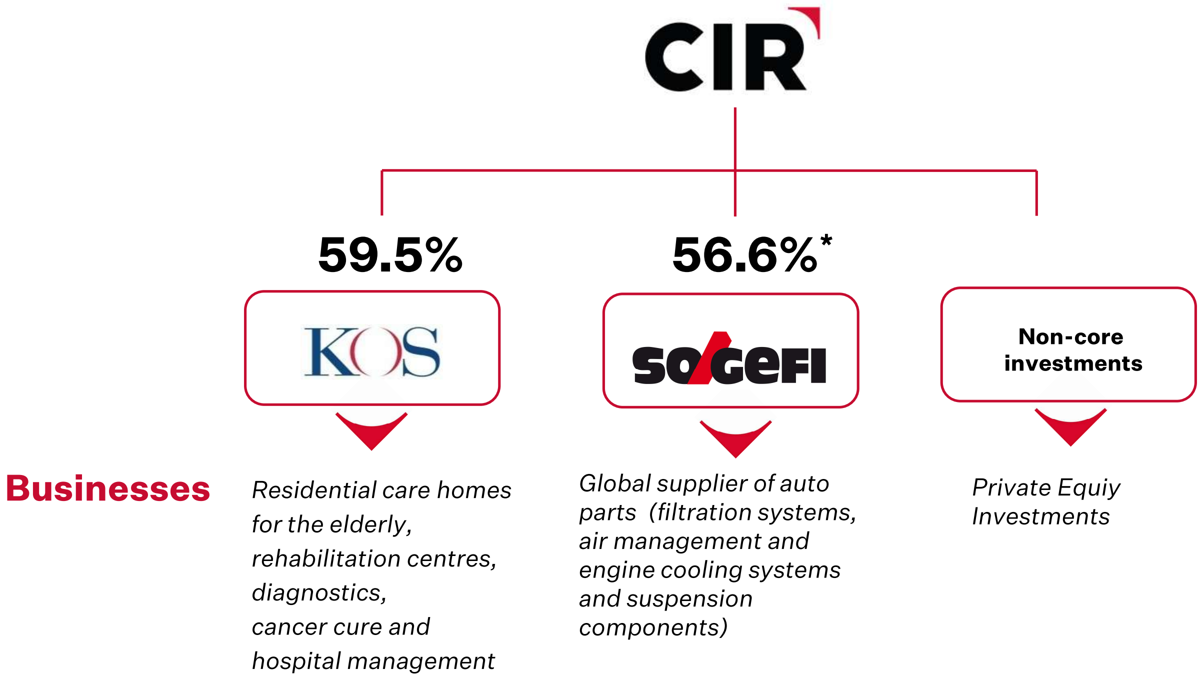
DEFINITION OF PERFORMANCE INDICATORS

In line with CESR/05-178b recommendation published on 3 November 2005 and ESMA's subsequent new guidance no. 1095/2010/EU of 15 October 2015, the criteria used to calculate the main performance indicators that management deems useful for monitoring the Group's performance are reported below.

EBITDA: this is the sum of "Operating profit" and "Amortisation, depreciation and impairment losses".

It should be noted that as at 30 June 2020 there are no non-recurring charges as defined by Consob in the DEM/6064293 communication of 28 July 2006.

Main equity investments of the Group
at 30 June 2020



(*) Percentage calculated net of treasury shares.

3. Performance of the business segments

3.1 Healthcare

The KOS group manages 90 facilities, mainly in central and northern Italy, for a total of 8,650 beds and 47 facilities in Germany, operating in the following areas:

- Long Term Care: operating in the management of residential care homes for the elderly in Italy, mainly under the Anni Azzurri brand (52 facilities), in the management of functional and psychiatric rehabilitation facilities, psychiatric treatment communities and day hospitals, mainly under the Santo Stefano (rehabilitation) and Neomesia (psychiatry) brands (37 facilities); Charleston manages residential care homes for the elderly in Germany (47 facilities and 4,049 beds); for a total of 136 facilities and 12,576 beds;
- Diagnostics and Cancer Cure: contract management of high-tech diagnostic and radiotherapy services in both public and private facilities, management of accredited radiological centres and clinics, under the Medipass brand in 16 facilities in Italy, in 3 facilities in the United Kingdom and in 16 facilities in India;
- Acute: management under concession of the public hospital in Suzzara, for a total of 123 beds.

The main indicators of the KOS group's performance in the current period are given below, with comparative figures for the equivalent period of the previous year.

(in millions of euro)	*1st half 2020*	*1st half 2019*	*Change amount*	*Change %*
Revenue	337.2	281.2	55.9	19.9
Profit (loss) for the period	(2.1)	14.4	(16.5)	n.a.

	30.06.2020	*31.12.2019*	*30.06.2019*
Net financial indebtedness before IFRS 16	(356.2)	(368.0)	(255.8)
Net financial indebtedness after IFRS 16	(1,088.0)	(1,105.3)	(579.6)
No. of employees	12,124	11,804	7,741

In the first half of 2020 the KOS group made **revenue** of € 337.2 million, an increase of 19.9% on € 281.2 million of the corresponding period of 2019. Revenue on a like-for-like basis showed a decrease of 10.5% compared with 2019, due to the reduction in guest numbers in residential and rehabilitation structures due to fewer admissions and to the suspension or reduction of day hospital, diagnostic and hospital activities. The contribution of the Charleston group, acquired at the end of 2019, amounted to € 85.6 million and led to an overall growth in turnover of 20%.
Consolidated gross operating profit was € 65.3 million, in line with the corresponding period of 2019 (€ 65.9 million), thanks to the contribution of the Charleston group, equal to € 14.8 million, which offset the effects of the Covid-19 pandemic on the remaining scope of the group, basically the activities in Italy. It should also be noted that the care home activity in Germany suffered an extremely limited impact from the health emergency

compared with what happened in Italy, both in health terms and in terms of effects on the economic and financial performance of the business.
Consolidated operating profit was € 18.1 million, compared with € 31.6 million in the first half of 2019. The decrease of € 13.6 million, in a situation of substantial stability of gross operating profit, is due to higher amortisation and depreciation resulting from the change in the scope of consolidation compared with the first six months of 2019.

The **loss for the period** was € 2.1 million, compared with a profit of € 14.4 million for the first half of 2019.

Cash flow, although positive for € 11.8 million thanks to the greater use of factoring and the sale of a property, was less than that normally generated by the activity due to the circumstances determined by the pandemic.

At 30 June 2020 the KOS group presented a **net financial indebtedness** before IFRS 16 of € 356.2 million compared with € 368.0 million at 31 December 2019.

At 30 June 2020 **consolidated equity** amounted to € 283.7 million, compared with € 285.9 million at 31 December 2019.

At 30 June 2020 KOS has committed credit lines in excess of the requirement for € 146.5 million and at 30 June the covenants of the loans have been met.

The KOS group had 12,124 employees at 30 June 2020 compared with 11,804 at 31 December 2019.

3.2 Automotive components

In the first half of 2020, the world automotive market recorded a 33% decrease in production (source IHS - July 2020) mainly due to the Covid-19 pandemic, with Europe decreasing by 41.7%, North America by 39.9%, South America by 50.6% and China by 19.7%.
The main indicators of Sogefi group's performance in the current period are given below, with comparative figures for the equivalent period of the previous year.

(in millions of euro)	*1st half 2020*	*1st half 2019*	*Change amount*	*Change %*
Revenue	519.5	777.8	(258.3)	(33.2)
Profit (loss) for the period	(28.8)	6.9	(35.7)	

	30.06.2020	*31.12.2019*	*30.06.2019*
Net financial indebtedness before IFRS 16	(327.0)	(256.2)	(267.3)
Net financial indebtedness after IFRS 16	(382.9)	(318.9)	(334.6)
No. of employees	6,366	6,818	6,683

In the first half of 2020, Sogefi's **revenue** amounted to € 519.5 million, down compared with the first half of 2019 by 33.2% at historical exchange rates and 31.2% at current exchange rates.

After the first two months of the year, in which revenue at constant exchange rates grew by 1.0%, the effects of the Covid-19 pandemic started to affect the Group from March and then more seriously in April (-79.5%) and May (-64.5%); in June there was a significant recovery, limiting the decline compared with the same period in 2019 (-24.9%).

The trend in revenue at constant exchange rates in the main geographical segments where the Group is present was significantly better than that of the market: - 32.2% in Europe, compared with -41.7% for the market, -30.5% in North America, compared with -39.9% of the market, +4% in China, compared with -19.7% of the market. On the other hand, the overall decline in revenue was in line with that recorded by the world market, due to the concentration of the group's business in the markets that recorded greater contractions (Europe and NAFTA), against a less significant presence in China, where the market decline was much more contained.

Among the various business sectors, Filtration (with a decrease in revenue of 25.7% at current exchange rates) and Air and Cooling (-29.1% at current exchange rates) recorded a much less unfavourable trend than the market thanks, for Filtration, to the greater resilience of the OES and Aftermarket channels and, for Air and Cooling, to the development of the contract portfolio especially in North America. Suspensions suffered from a greater impact of the crisis, with a decrease in revenue of 38.2% at current exchange rates, reflecting the greater concentration of activity in Europe and Mercosur and the sector's performance in these areas.

Gross operating profit amounted to € 47 million, compared with € 86.4 million in the same period of 2019, mainly due to the drop in volumes; profitability (Gross operating profit/Revenue %) was 9.1% in any case, only 2 percentage points below that of the corresponding period of 2019 (11.1%), thanks to the cost variability measures implemented.

In particular, the contribution margin recorded a slight improvement compared with the first half of 2019, from 29.4% to 29.8%, due to the favourable trend of the incidence of the cost of raw materials. This was partly due to the market and partly to the plans implemented since last year to optimise the price of steel used in the production of suspensions, which offset the impact of the inevitable production inefficiencies caused by the halt of production and its subsequent resumption and low volumes.

The incidence of fixed costs increased by about 2 percentage points, a relatively modest increase if we consider the extent of the drop in revenue, obtained thanks to the containment measures adopted, partly temporary and partly destined to become structural.

The operating loss was € 18.8 million against a profit of € 24.4 million in the first half of 2019. The operating loss reflects the trend in gross operating profit which derives from the drop in revenue mentioned earlier; it also includes the exchange losses of € 4 million (€ 1.8 million in the first half of 2019) recorded by the group's activities in North and South America, restructuring charges of € 7.3 million (€ 4.3 million in 2019) and impairment losses on assets of € 6.4 million (€ 1.9 million in 2019).

Sogefi recorded a loss for the period of € 28.8 million compared with a profit of € 6.9 million in the first half of 2019, after financial expense substantially in line with those of the same period of the previous year and tax income of € 1 million compared with tax charges for € 8.3 million in the corresponding period of the previous year.

With reference to **free cash flows**, in the first half of 2020 came to € 64.0 million compared with € 8.8 million in the first half of 2019. The reduction in operations and consequently in gross operating profit led to the contraction in operating cash flow only partially offset by the lower flow of investments. It should also be noted that approximately 80% of consumption is attributable to the increase in working capital caused by the specific circumstances which occurred during the second quarter of the year. In fact, as is generally the case in the sector, trade receivables are collected much more quickly than the payment times of suppliers, also thanks to the use of factoring. In the face of the collapse in sales in the second quarter, collections from customers consequently decreased, while payments to suppliers continued. This imbalance should gradually be reabsorbed with the resumption of activity.

Net financial indebtedness before IFRS 16 came to € 327.0 million at 30 June 2020, from € 256.2 million at the end of 2019 and € 267.3 million at the end of June 2019. Including lease liabilities in accordance with IFRS 16, the net financial indebtedness was € 382.9 million at 30 June 2020 compared with € 318.9 million at 31 December 2019.

At 30 June 2020 Sogefi has committed credit lines in excess of the requirement for € 194.2 million and at 30 June the covenants of the financing agreements have been met. Although it currently has financial resources in excess of its present needs and does not foresee an increase in debt compared with that recorded at the end of June 2020, in light of the uncertainty about the evolution of the market and in anticipation of natural maturities of outstanding loans, the parent entered into negotiations with its financial partners, with which it has long-standing relationships, to obtain renewals and new medium-term loans for a total of € 100 million.

At 30 June 2020, excluding non-controlling interests, **equity** came to € 144.9 million (€ 188.7 million at 31 December 2019).

The Sogefi Group had 6,365 employees at 30 June 2020 compared with 6,818 at 31 December 2019.

4. Non-core investments

The group manages a diversified portfolio of private equity funds, non-strategic equity investments and non-performing loans of € 62.9 million at 30 June 2020, compared with € 74.5 million at 31 December 2019, measured mainly at fair value based on the NAVs communicated by the fund managers. The decrease in the value of the portfolio compared with 31 December 2019 is attributable to distributions, net of reinvestments, of € 3.8 million and negative adjustments of € 7.9 million. Commitments for private equity fund investments outstanding at 30 June 2020 amounted to € 18.3 million.

5. Events after the reporting period

As envisaged in the agreement of 2 December 2019, on 13 July 2020, CIR bought an interest in Giano Holding S.p.A., which represents 5% of the share capital of GEDI. The purchase involved an outlay of € 11.7 million, equal to € 0.46 per GEDI share.

6. Outlook

The degree of uncertainty regarding the trend of business and results in the second half of the year remains high.

As regards Sogefi, the visibility as to how the market might evolve in the coming months is still limited; as regards the pandemic, if containment in Europe now seems reasonably consolidated, the spread in North and South America has not yet entered the containment phase; the risk of a second wave of Covid-19 also exists and, at present, it is still hard to predict the impact on demand in the automotive sector caused by the macroeconomic circumstances brought about by the pandemic. For the second half of 2020, IHS, a source commonly used by the sector, predicts that, in the absence of a second wave of Covid-19 and consequent restrictive measures on production and adverse impacts on the market, world production could stand at -10% compared with the second half of 2019, while market analysts' forecasts tend to be more cautious, anticipating a contraction in the world market of between -15% and -30%, the latter hypothesis in the event of a second wave of Covid.

In this uncertain scenario, Sogefi has incorporated into its expectations for the second half of the year a world market hypothesis of around -20%, against which it expects to be able to achieve a small operating profit, excluding restructuring charges, a significant reduction in the net loss compared with the first half and a slightly positive free cash flow.

Furthermore, in light of the market prospects that are undoubtedly full of uncertainty for future years as well, Sogefi has launched a plan for a significant reduction in fixed costs, which will be completed by the end of the first half of 2021, as well as actions to streamline the supplier footprint and management.

As regards KOS, towards the end of the half-year, there was a reversal of the trend, with a decisive recovery in the rehabilitation, acute care and services of the diagnostic and cancer cure area, while activity in the care homes sector, which fell to 75% in June, is not yet recovering. At present, we are assuming that the diagnostic and cancer cure and psychiatric rehabilitation areas can recover pre-Covid levels during the current year. For the other activities, a return to full operations is expected during 2021. In particular, the activity in care homes in Italy will be able to accelerate only once the new and recent regional directives regarding the possibility of welcoming new guests have been fully implemented by the operators and become fully operational.
Lastly, as regards the care homes area in Germany, it should be noted that the impact has been limited and the return to full operations is expected by the end of the current year.

In light of the completely extraordinary economic situation faced during the first half of the year, despite currently having financial resources in excess of present needs and while not expecting an increase in debt compared with that recorded at the end of June 2020, because of the uncertainty as to how the market will evolve and in anticipation of the natural maturities of existing loans, both companies have entered into negotiations with their financial partners, with whom they have long-standing relationships, to ensure the availability of adequate resources in the medium term.

In light of the foregoing, the CIR group expects another difficult half year but, in the absence of a second wave of Covid-19, there should be a clear improvement compared with the first half.

7. Principal risks and uncertainties to which the group is exposed

The main risk factors to which the CIR group is exposed are substantially unchangedfrom those that characterised 2019.
For risks relating to specific cases, reference should be made to section 3 "Performance of the business segments" of this Report and to section 15 the Notes to the condensed interim consolidated financial statements at 30 June 2020.

8. Other information

OTHER
CIR S.p.A. – Compagnie Industriali Riunite has its registered office in Via Ciovassino 1, 20121 Milan, Italy.

CIR shares have been quoted on the Milan Stock Exchange (MTA segment) since 1985.

This report for the period 1 January – 30 June 2020 was approved by the Board of Directors on 31 July 2020.

The parent is subject to management control and coordination by Fratelli De Benedetti S.p.A.

Condensed interim consolidated financial statements

Financial statements

Notes

Condensed interim consolidated financial statements

1. Statement of financial position

(in thousands of euro)

ASSETS	*Notes*	***30.06.2020***	***31.12.2019***
NON-CURRENT ASSETS		**2,387,158**	**2,436,085**
INTANGIBLE ASSETS	(3.a.)	668,768	670,368
PROPERTY, PLANT AND EQUIPMENT	(3.b.)	687,881	701,188
RIGHT-OF-USE ASSETS	(3.c.)	846,313	865,988
INVESTMENT PROPERTY	(3.d.)	16,133	16,481
EQUITY-ACCOUNTED INVESTEES	(3.e.)	679	851
OTHER EQUITY INVESTMENTS	(3.f.)	1,872	1,863
OTHER ASSETS	(3.g.)	43,590	45,982
OTHER FINANCIAL ASSETS	(3.h.)	56,183	67,866
DEFERRED TAX ASSETS	(3.i.)	65,739	65,498
CURRENT ASSETS		**1,122,196**	**1,055,007**
INVENTORIES	(4.a.)	120,298	119,985
TRADE RECEIVABLES	(4.b.)	174,578	241,762
of which with related parties (*)	(4.b.)	*--*	*611*
OTHER ASSETS	(4.c.)	78,968	61,029
of which with related parties (*)	(4.c.)	*105*	*105*
LOAN ASSETS	(4.d.)	18,788	23,135
SECURITIES	(4.e.)	48,331	35,482
OTHER FINANCIAL ASSETS	(4.f.)	274,400	264,278
CASH AND CASH EQUIVALENTS	(4.g.)	406,833	309,336
ASSETS HELD FOR SALE	(4.h.)	**--**	**722,587**
TOTAL ASSETS		**3,509,354**	**4,213,679**

LIABILITIES	*Notes*	***30.06.2020***	***31.12.2019***
EQUITY		**927,865**	**1,116,971**
SHARE CAPITAL	(5.a.)	625,028	345,998
RESERVES	(5.b.)	95,036	43,355
RETAINED EARNINGS	(5.c.)	38,876	112,885
LOSS FOR THE PERIOD/ YEAR		(30,418)	(69,807)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		**728,522**	**432,431**
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		199,343	684,540
NON-CURRENT LIABILITIES		**1,625,664**	**1,801,985**
BONDS	(6.a.)	202,357	310,671
OTHER LOANS AND BORROWINGS	(6.b.)	414,650	472,677
LEASE LIABILITIES	(6.c.)	768,351	786,980
OTHER LIABILITIES		59,428	60,112
DEFERRED TAX LIABILITIES	(3.i.)	59,795	56,852
EMPLOYEE BENEFIT OBLIGATIONS	(6.d.)	94,294	85,906
PROVISIONS FOR RISKS AND CHARGES	(6.e)	26,789	28,787
CURRENT LIABILITIES		**955,825**	**798,080**
BANK LOANS AND BORROWINGS	(4.g.)	9,884	8,455
BONDS	(7.a.)	112,926	40,180
OTHER LOANS AND BORROWINGS	(7.b.)	238,671	68,946
LEASE LIABILITIES	(7.c.)	74,982	72,065
TRADE PAYABLES	(7.d.)	300,810	396,391
OTHER LIABILITIES	(7.e.)	172,451	153,992
PROVISIONS FOR RISKS AND CHARGES	(7.f.)	46,101	58,051
LIABILITIES HELD FOR SALE	(4.h.)		**496,643**
TOTAL LIABILITIES AND EQUITY		**3,509,354**	**4,213,679**

(*) As per Consob Resolution no. 6064293 of 28 July 2006

2. Income statement

(in thousands of euro)

	Notes	1st half 2020	1st half 2019 (*)
REVENUE	(8)	856,677	1,059,066
CHANGE IN INVENTORIES		(9,174)	(1,797)
COSTS FOR THE PURCHASE OF GOODS	(9.a.)	(301,459)	(455,573)
COSTS FOR SERVICES	(9.b.)	(143,130)	(164,862)
PERSONNEL EXPENSE	(9.c.)	(275,405)	(275,573)
OTHER OPERATING INCOME	(9.d.)	16,221	15,503
of which with related parties (**)	(9.d.)	*156*	*301*
OTHER OPERATING EXPENSE	(9.e.)	(39,888)	(36,810)
AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES		(112,122)	(93,961)
OPERATING PROFIT (LOSS)		**(8,280)**	**45,993**
FINANCIAL INCOME	(10.a.)	3,705	4,808
FINANCIAL EXPENSE	(10.b.)	(31,711)	(24,984)
DIVIDENDS		24	14
GAINS FROM SECURITIES TRADING	(10.c.)	134	1,351
LOSSES FROM SECURITIES TRADING	(10.d.)	(240)	(1,927)
SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTEES	(3.e.)	(172)	--
FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS	(10.e.)	(6,366)	7,110
PROFIT (LOSS) BEFORE TAXES		**(42,906)**	**32,365**
INCOME TAXES	(11)	(641)	(14,416)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**(43,547)**	**17,949**
LOSS FROM DISCONTINUED OPERATIONS	(12)	(383)	(15,012)
PROFIT (LOSS) FOR PERIOD INCLUDING NON-CONTROLLING INTERESTS		**(43,930)**	**2,937**
- PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		13,512	(2,180)
- PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT		**(30,418)**	**757**
BASIC EARNINGS PER SHARE (in euro)	(13)	(0.0277)	0.0011
DILUTED EARNINGS PER SHARE (in euro) (***)	(13)	(0.0277)	0.0011
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS ACTIVITIES (in euro)	(13)	(0.0397)	0.0259
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS ACTIVITIES (in euro)	(13)	(0.0397)	0.0259

(*) Certain 1st half 2019 figures relating to "Assets held for sale" have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5 "Non-current assets held for sale and discontinued operations"

(**) As per Consob Resolution no. 6064293 of 28 July 2006

(***) In the event of a negative result, the diluted loss per share is the same as the basic loss per share.

3. Statement of comprehensive income

(in thousands of euro)

	1st half 2020	*1st half 2019 (*)*
PROFIT (LOSS) FROM CONTINUING OPERATIONS	(43,547)	17,949
OTHER COMPREHENSIVE INCOME		
ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS		
- ACTUARIAL LOSSES	(10,162)	(3,894)
- TAX EFFECT OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS	931	661
SUBTOTAL OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS	**(9,231)**	**(3,233)**
ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS		
- EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	(7,822)	48
- NET FAIR VALUE GAINS ON CASH FLOW HEDGES	510	407
- OTHER COMPREHENSIVE INCOME (EXPENSE)	--	--
- TAX EFFECT OF ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS	(123)	(97)
SUBTOTAL OF ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS	**(7,435)**	**358**
OTHER COMPREHENSIVE EXPENSE	**(16,666)**	**(2,875)**
COMPREHENSIVE INCOME (EXPENSE) FROM CONTINUING OPERATIONS	**(60,213)**	**15,074**
COMPREHENSIVE EXPENSE FROM DISCONTINUED OPERATIONS	**(383)**	**(15,012)**
COMPREHENSIVE INCOME (EXPENSE)	**(60,596)**	**62**
COMPREHENSIVE INCOME (EXPENSE) ATTRIBUTABLE TO:		
OWNERS OF THE PARENT	(39,829)	(178)
NON-CONTROLLING INTERESTS	(20,767)	240
BASIC COMPREHENSIVE LOSS PER SHARE (IN EURO)	(0.0363)	(0.0003)
DILUTED COMPREHENSIVE LOSS PER SHARE (IN EURO) (**)	(0.0363)	(0.0003)
BASIC COMPREHENSIVE EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS (IN EURO)	(0.0549)	0.0218
DILUTEDCOMPREHENSIVE EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS (IN EURO)	(0.0549)	0.0218

(*) Certain 1st half 2020 figures relating to "Assets held for sale" have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 2019 "Non-current assets held for sale and discontinued operations"

(**) In the event of a negative result, the diluted loss per share is the same as the basic loss per share.

4. Statement of cash flows

(in thousands of euro)

	1st half 2020	***1st half 2019 (*)***
OPERATING ACTIVITIES		
PROFIT (LOSS) FROM CONTINUING OPERATIONS	(43,547)	17,949
ADJUSTMENTS:		
AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES	112,122	93,961
NET FAIR VALUE GAINS (LOSSES) ON EQUITY-ACCOUNTED INVESTEES	172	--
NET ACTUARIAL GAINS ON STOCK OPTION/STOCK GRANT PLANS	1,101	1,483
CHANGES IN EMPLOYEE BENEFIT OBLIGATIONS, PROV. FOR RISKS & CHARGES	(15,722)	(2,197)
NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS	6,366	(7,110)
LOSSES (GAINS) ON DISPOSAL OF NON-CURRENT ASSETS	(53)	916
INCREASE (DECREASE) IN NON-CURRENT ASSETS/LIABILITIES	202	2,430
INCREASE IN NET WORKING CAPITAL	(23,293)	(21,758)
CASH FLOWS FROM OPERATING ACTIVITIES	**37,348**	**85,674**
of which:		
- interest paid	(15,353)	(14,432)
- income tax paid	(3,202)	(16,207)
INVESTING ACTIVITIES		
CONSIDERATION PAID FOR BUSINESS COMBINATIONS	(9,981)	--
NET FINANCIAL POSITION OF ACQUIRED COMPANIES	(182)	--
(PURCHASE) SALE OF SECURITIES	(17,806)	2,057
PURCHASE OF NON-CURRENT ASSETS	(60,353)	(91,456)
CASH FLOWS USED IN INVESTING ACTIVITIES	**(88,322)**	**(89,399)**
FINANCING ACTIVITIES		
PROCEEDS FROM CAPITAL INCREASES	30	--
OTHER CHANGES IN EQUITY	--	1,079
DRAWDOWN OF OTHER LOANS AND BORROWINGS/LOAN ASSETS	44,568	23,903
PURCHASE OF TREASURY SHARES OF GROUP COMPANIES	--	(4,686)
DIVIDENDS PAID	--	(29,321)
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	**44,598**	**(9,025)**
DECREASE IN NET CASH & CASH EQUIVALENTS OF CONTINUING OPERATIONS	**(6,376)**	**(12,750)**
OPENING CASH FLOWS/NET CASH & CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	**102,444**	**(69,940)**
OPENING NET CASH & CASH EQUIVALENTS	**300,881**	**234,744**
CLOSING NET CASH & CASH EQUIVALENTS	**396,949**	**152,054**

(*) Certain 1st half 2020 figures relating to "Assets held for sale" have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 2019 "Non-current assets held for sale and discontinued operations".

5. Statement of changes in equity

(in thousands of euro)	Attributable to the owners of the parent														
	Share capital issued	less treasury shares	Share capital	Share premium	Legal reserve	Fair value reserve	Translation reserve	Reserve for treasury shares	Stock option and stock grant reserve	Other reserves	Retained earnings	Profit for the period	Total	Non-controlling interests	Total
BALANCE AT 31 DECEMBER 2018	**359,605**	**(12,082)**	**347,523**	**5,044**	**24,292**	**(988)**	**(19,227)**	**12,082**	**--**	**30,287**	**112,263**	**4,535**	**515,811**	**920,226**	**1,436,037**
Adjustments on FTA of IFRS 16, net of tax	--	--	--	--	--	--	--	--	--	--	(1,534)	--	(1,534)	(3,252)	(4,786)
BALANCE RESTATED AT 1 JANUARY 2019	**359,605**	**(12,082)**	**347,523**	**5,044**	**24,292**	**(988)**	**(19,227)**	**12,082**	**--**	**30,287**	**110,729**	**4,535**	**514,277**	**916,974**	**1,431,251**
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Dividends to shareholders	--	--	--	--	--	--	--	--	--	(10,034)	--	--	(10,034)	(29,385)	(39,419)
Retained earnings	--	--	--	--	554	--	--	--	--	887	3,094	(4,535)	--	--	--
Equity transactions	--	(1,525)	(1,525)	--	--	--	--	1,525	--	(1,505)	--	--	(1,505)	--	(1,505)
Effects of changes in equity															
attributable to subsidiaries	--	--	--	--	--	51	(72)	--	--	2,301	--	--	2,280	(925)	1,355
Comprehensive income for the period															
Fair value gains on cash flow hedges	--	--	--	--	--	100	--	--	--	--	--	--	100	210	310
Effects of changes in equity															
attributable to subsidiaries	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Translation differences	--	--	--	--	--	--	5	--	--	--	--	--	5	43	48
Actuarial losses	--	--	--	--	--	--	--	--	--	(1,040)	--	--	(1,040)	(2,193)	(3,233)
Profit for the period	--	--	--	--	--	--	--	--	--	--	--	757	757	2,180	2,937
Comprehensive expense for the period	--	--	--	--	--	*100*	*5*	--	--	*(1,040)*	--	*757*	*(178)*	*240*	*62*
BALANCE AT 30 JUNE 2019	**359,605**	**(13,607)**	**345,998**	**5,044**	**24,846**	**(837)**	**(19,294)**	**13,607**	**--**	**20,896**	**113,823**	**757**	**504,840**	**886,904**	**1,391,744**
BALANCE AT 31 DECEMBER 2019	**359,605**	**(13,607)**	**345,998**	**5,044**	**24,846**	**(837)**	**(19,294)**	**13,607**	**--**	**20,896**	**113,823**	**757**	**504,840**	**886,904**	**1,391,744**
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--	--	30	30
Dividends to shareholders	--	--	--	--	--	--	--	--	--	--	--	--	--	(3,771)	(3,771)
Retained earnings	--	--	--	--	670	--	--	--	--	1,274	(71,751)	69,807	--	--	--
Effects of the merger	278,999	--	278,999	--	--	(535)	(15,535)	--	--	75,333	(10)	--	338,252	(338,252)	--
Equity transactions	--	31	31	--	--	--	--	(31)	--	36	(36)	--	--	--	--
Notional cost of stock options and stock grants credited	--	--	--	--	--	--	--	--	807	--	--	--	807	--	807
Effects of changes in equity															
attributable to subsidiaries	--	--	--	--	--	--	30	--	--	(957)	(2,212)	--	(3,139)	(122,437)	(125,576)
Comprehensive income for the period															
Fair value gains on cash flow hedges	--	--	--	--	--	222	--	--	--	--	--	--	222	165	387
Effects of changes in equity															
attributable to subsidiaries	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Translation differences	--	--	--	--	--	--	(4,407)	--	--	--	--	--	(4,407)	(3,415)	(7,822)
Actuarial losses	--	--	--	--	--	--	--	--	--	(5,226)	--	--	(5,226)	(4,005)	(9,231)
Profit for the period	--	--	--	--	--	--	--	--	--	--	--	(30,418)	(30,418)	(13,512)	(43,930)
Comprehensive expense for the period	--	--	--	--	--	*222*	*(4,407)*	--	--	*(5,226)*	--	*(30,418)*	*(39,829)*	*(20,767)*	*(60,596)*
BALANCE AT 30 JUNE 2020	**638,604**	**(13,576)**	**625,028**	**5,044**	**25,516**	**(1,150)**	**(39,206)**	**13,576**	**807**	**91,356**	**39,814**	**40,146**	**800,931**	**401,707**	**1,202,638**

Notes

1. Basis of preparation

These condensed interim consolidated financial statements of the group at 30 June 2020 have been prepared in compliance with the provisions of art. 154 ter para. 2 of Legislative Decree 58/98 - CFA with subsequent amendments and additions and on a going-concern basis.
In this regard, it should be noted that the groups in which CIR holds majority and controlling interests have been going through a totally unforeseeable and extraordinary period of crisis, due to the Covid-19 pandemic and its consequences in terms of suspended production and collapsing demand. This has generated a number of elements of uncertainty which have been and continue to be monitored by the management teams of the two industrial groups, as well as of CIR, which have taken action to mitigate these uncertainties as much as possible.

These condensed interim consolidated financial statements have been prepared, in condensed form, in accordance with IAS 34 "Interim Financial Reporting". This means that they do not include all of the information required for annual financial statements and should be read in conjunction with the annual report at 31 December 2019. Even though they do not include all of the information required for complete financial statement disclosure, specific notes are included to explain the events and transactions that are relevant to understand the changes in financial position and performance of the group that have taken place since the last set of annual financial statements.
The same accounting principles, recognition and measurement criteria, as well as consolidation criteria adopted in preparing the consolidated financial statements as at 31 December 2019 were also applied to these interim consolidated financial statements, with the exception of the new accounting standards in force as of 1 January 2020 for which reference is made to paragraph "Basis of consolidation".

The condensed interim consolidated financial statements at 30 June 2020 include the parent CIR S.p.A. (hereinafter "CIR") and its subsidiaries, and were prepared using the financial statements of the individual companies included in the consolidation scope; these correspond to their separate financial statements or the consolidated financial statements of sub-groups, examined and approved by their respective boards and amended and re-stated where necessary to bring them into line with the accounting policies listed below and, where compatible, with Italian regulations.

The presentation criteria adopted are as follows:

- the statement of financial position is organised by matching items on the basis of current and non-current assets and liabilities;
- the income statement is shown by type of expenditure;
- the statement of comprehensive income shows the income and expense items that are in suspense in equity;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity gives a breakdown of the changes that took place in the reporting period and in the same period of the previous year.

It should be noted that the classification, form, order and nature of the figures have not changed with respect to the approved consolidated financial statements at 31 December 2019.

These condensed interim consolidated financial statements have been prepared in thousands of euro, which is the group's presentation currency in accordance with IAS 21, except where indicated otherwise.

The condensed interim consolidated financial statements at 30 June 2020 were approved by the Board of Directors on 31 July 2020.

Merger

19 February 2020 saw completion of the merger of CIR S.p.A. - Compagnie Industriali Riunite (Merged company) and CIR S.p.A. – Compagnie Industriali Riunite (formerly Cofide – Gruppo De Benedetti S.p.A. (Merging company). All the shares of the merged company were cancelled and exchanged for ordinary shares of the merging company issued in execution of the increase in capital of € 278,998,698.00 (557,997,396 shares) on the basis of an exchange ratio of 2.01 ordinary shares of the merging company for each share of the merged company, all of par value € 0.50 each.

The merger is configured as a business combination between subjects under common control. A merger between an Issuer and its own subsidiary is an operation by which the subsidiary's assets and liabilities flow into the financial statements of the parent and the equity investment held in it is eliminated. This situation was already reflected in the condensed interim consolidated financial statements at 31 December 2019 and in the consolidated financial statements at 30 June 2019 of the merging company CIR (formerly COFIDE); financial statements which therefore already included the carrying amounts of the merged subsidiary CIR as a consequence of the line-by-line consolidation of the merged company by the merging company, with the non-controlling interests, commented below.

For a better reading of the condensed interim consolidated financial statements at 30 June 2020, information on the effects of the Transaction on consolidated equity at 31 December 2019 and the consolidated income statement for the six months ended 30 June 2019 are provided below.

In the consolidated financial statements of the merging company, the merger is configured as a purchase of non-controlling interests on the merger effective date through the issue of new shares of the parent.

The following table illustrates the effects of the Transaction on the consolidated equity of CIR S.p.A. (formerly Cofide S.p.A.):

(in thousands of euro)	Consolidated financial statements at 31.12.2019	Effects of the merger	Consolidated financial statements at 31.12.2019 (pro-forma)
	i	ii	i+ii
EQUITY	1,116,971	--	1,116,971
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	432,431	338,252	770,683
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	684,540	(338,252)	346,288

Pro-forma adjustments reflect the € 278,999 thousand increase in capital (in kind, not in cash) and the effects of the acquisition of non-controlling interests as a reclassification of the non-controlling interests in Group equity acquired through the merger (€ 338,252 thousand) from "Non-controlling interests" to "Equity attributable to the owners of the parent".

The following table illustrates the effects of the Transaction on CIR S.p.A.'s consolidated income statement at 30 June 2019 (formerly Cofide S.p.A.):

(in thousands of euro)	Consolidated financial statements at 30.06.2019	Effects of the merger	Consolidated financial statements at 30.06.2019 (pro-forma)
	i	ii	i+ii
PROFIT FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	2,937	--	2,937
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	2,180	(858)	1,322
PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT	757	858	1,615

The pro-forma adjustments relate to the recalculation of the profit attributable to non-controlling interests made as a result of the Merger. There is therefore a higher profit attributable to the merging company of € 858 thousand.

Significant estimates and assumptions

The preparation of these condensed interim consolidated financial statements and the notes thereto in accordance with IFRS requires management to make estimates and assumptions which affect the carrying amount of the assets and liabilities, as well as the disclosures made regarding contingent assets and liabilities at the reporting date.

The estimates and assumptions used are based on experience and other factors considered relevant. To a considerable extent, they are also quite subjective. The actual results could differ from these estimates.

Estimates and assumptions are reviewed periodically and the effects of any changes are reflected in the income statement in the period in which the amendment is made if the review only affects that period, or in subsequent periods if the amendment affects both the current and future periods.

As for assessing the impact of COVID-19, it has to be said that any forecasts regarding the future evolution of the current macroeconomic and financial context, in any case, feature a high degree of uncertainty, which could well reflect on the measurements and estimates made for the carrying amounts of assets and liabilities affected by a higher degree of volatility.

Consequently, compared with the consolidated financial statements at 31 December 2019, the measurements and estimates used in Sogefi's new business plan and in the simulations carried out on the existing plans of KOS have been updated in light of the above events to take into account the effects of the pandemic and of current forecasts as to how the situation is likely to evolve.

The items in the financial statements mainly affected by such a valuation process are:

- Non-financial assets subject to impairment testing;
- Inventories;
- Receivables;
- Other financial assets measured at fair value;
- Deferred tax assets;
- Provisions for risks, such as onerous contracts according to IAS 37.

The assessments made did not show significant impacts on the condensed interim consolidated financial statements. The following paragraphs of the notes to the condensed interim consolidated financial statements include the relevant information regarding the estimates listed above.

1.a. Translation of foreign companies' financial statements into euro

The financial statements of foreign subsidiaries in countries not belonging to the single currency are translated into euro at period-end exchange rates for the statement of financial position, while the income statement is translated at average exchange rates for the period. Any exchange gains or losses arising on translation of equity at the closing exchange rate and of the income statement at the average rate are recognised under "Other reserves" in equity.

The main exchange rates used are the following:

	1st half 2020		1st half 2019	
	Average exchange rate	30.06.2020	Average exchange rate	30.06.2019
US dollar	1.1015	1.1198	1.1298	1.1380
Swiss franc	--	--	1.12946	1.1105
GB pound	0.8743	0.9124	0.8750	0.8966
Brazilian real	5.4168	6.1118	4.3277	4.3511
Argentine peso	78.7859	78.7859	48.8165	48.5678
Chinese renminbi	7.7483	7.9219	7.6799	7.8185
Indian rupee	81.6993	84.6235	79.5545	78.5240
New Romanian leu	4.8174	4.8397	4.7301	4.7343
Canadian dollar	1.5031	1.5324	1.5079	1.4893
Mexican peso	23.8550	25.9470	21.7960	21.8201
Moroccan dirham	10.7643	10.8740	10.8743	10.8990
Hong Kong dollar	8.5485	8.6788	8.8976	8.8866

IAS 29 – Financial Reporting in Hyperinflationary Economies

The financial statements of the Argentine consolidated companies, which form part of the Sogefi group, were prepared at 30 June 2020 in the functional currency taking into account the effects of applying IAS 29 "Financial Reporting in Hyperinflationary Economies" in order to represent the operating results, assets and liabilities and financial position at current purchasing power at the end of the period.

This standard does not establish an absolute inflation rate above which hyperinflation occurs. The first consideration is whether or not the figures in the condensed interim consolidated financial statements ought to be restated in accordance with this IFRS. Situations that could be indicative of hyperinflation include the following:

a) the community prefers to invest its wealth in non-monetary assets or in a relatively stable foreign currency. Local currency tends to be invested immediately to maintain purchasing power;
b) the community considers monetary values not so much with respect to the local currency, but with respect to a relatively stable foreign currency. Prices may be expressed in this other currency;
c) sales and purchases on credit take place at prices which compensate for expected losses in purchasing power during the period of extended credit, even if short;
d) interest rates, wages and prices are linked to a price index;
e) the cumulative inflation rate over a three-year period approaches, or exceeds, 100%.

The condensed interim consolidated financial statements of the Argentine consolidated companies have been prepared taking account of IAS 29 as the cumulative inflation rate in Argentina for the last three years is approximately 120%.

The non-monetary figures in the statement of financial position are restated by applying the change in the general price index between the date they were first recognised and the period-end. Monetary items are not restated because they are already expressed in the current unit of measurement at the period-end. All items in the income statement are expressed in the current unit of measurement at the period-end, applying the change in the general price index between the date when the income and expenses were initially recorded in the financial statements.

1.b. Consolidation scope

The condensed interim consolidated financial statements at 30 June 2020 and those of the previous period are the result of the consolidation of CIR (parent) and all of the companies directly or indirectly controlled, jointly controlled or associated at those dates. Assets and liabilities held for sale are reclassified to specific asset and liability items to highlight these circumstances.

A list of the equity investments included in the consolidation scope, with an indication of the consolidation method used, is provided in a specific section of this report, along with a list of those that have been excluded.

1.c. Change in the consolidation scope

The main changes in the consolidation scope compared with the previous year concern the following:

- *Media*

Following the agreement dated 2 December 2019 with which CIR and EXOR signed a contract for the purchase by EXOR of CIR's 43.78% stake in GEDI and given that the conditions envisaged by IFRS 5 "Non-current assets held for sale and discontinued operations" were met, the GEDI group has been represented as a discontinued operation at 31 December 2019 and excluded from the scope of consolidation at 30 June 2020, as the sale was concluded on 23 April 2020.

In this regard, for comparative purposes, revenue & income and costs & charges items of the Media Sector were reclassified under item "Profit (loss) from discontinued operations" in the income statement and statement of comprehensive income for the six months ended 30 June 2019, whereas the individual flows generated by the assets that make up the Discontinued Operations were reclassified under item "Cash flows/net cash & cash equivalents from discontinued operations" in the statement of cash flows for the period ended 30 June 2019.

- *Healthcare*

During the first half of the year, 95% of Finoro Immobiliare S.r.l., owner of GES.CA.S Villa Armonia Nuova S.r.l., was acquired. The price paid for the transaction was € 11,905 thousand.

- *Automotive components*

There were no changes in the consolidation scope during the period.

- *Other companies*

There were no changes in the consolidation scope during the period.

2. Basis of consolidation

With the exception of what is explained below, these condensed interim consolidated financial statements have been prepared using the same accounting policies applied by the group to the consolidated financial statements, as at and for the year ended 31 December 2019.

Standards, amendments and interpretations of IFRS applied from 1 January 2020:

The following standards, amendments and interpretations were applied for the first time by the group with effect from 1 January 2020:

- Changes in references to Conceptual Framework in IFRS: The Conceptual Framework explains the basic concepts underlying financial reporting in accordance with IFRS. Its purpose is to help the IASB in developing new accounting standards, preparers of financial statements in defining an accounting principle in the absence of a specific IFRS and all those who have to understand and interpret IFRS. The main innovations introduced concern the description of new concepts that were not present in the previous version of the document, such as measurement, presentation and disclosures and derecognition, as well as the updating and clarification of certain concepts that already existed in the previous version, such as the definition of assets and liabilities, criteria for recognition of assets and liabilities in the financial statements, prudence, measurement uncertainty, substance over form, stewardship.
- Amendment to IFRS 3 "Definition of a Business": the definition of a business has been clarified, providing specific guidelines for its correct application, distinguishing the acquisition of a "business" from the acquisition of a "group".
- Definition of "materiality" (Amendment to IAS 1 and IAS 8): As part of the broader project called "Better Communication in Financial Reporting", with which the IASB aims to improve the way in which financial information is communicated to users of financial statements, the definition of "material" has been changed. This is a pervasive concept of IFRS and is at the basis not only of the recognition, measurement and presentation of the items in the financial statements, but also of the selection of additional information to be provided in the notes.
- Amendments to IFRS 9, IAS 39 and IFRS 7: they allow companies not to interrupt hedging transactions until the reform of the benchmarks for calculating interest rates has been completed. In particular, temporary exceptions were introduced to the hedge accounting provisions of IFRS 9 and IAS 39, to be mandatorily applied to all hedging transactions directly impacted by the reform of the benchmarks for determining interest rates. A hedging relationship is directly affected by the reform of the benchmarks for determining interest rates only if the reform generates uncertainties regarding the benchmark to be used for determining interest rates (defined contractually or not contractually) designated as a hedged risk and/or the timing or amount of cash flows related to the benchmarks for determining the interest rates of the hedged item or hedging instrument.

These amendments/improvements/interpretations did not have significant effects for group companies.

Standards, amendments and interpretations of IFRS not yet endorsed by the European Union:

At the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the following amendments and standards. The Directors are currently assessing the potential effects of these amendments on the group's consolidated financial statements.

- Amendments to IFRS 16 – Covid-19 Related rent concessions: The changes introduce a practical expedient that simplifies the way the lessee accounts for leases that are a direct consequence of Covid-19. The amendments are effective from 1 June 2020.
- Amendments to IFRS 4 – Extension of the temporary exemption from the application of IFRS 9 in specific circumstances until 1 January 2023.
- Amendments to IAS 16 - Property, plant and equipment with reference to the accounting relating to the sale of items before the asset relating to these items is available for use. The amendments are effective from 1 January 2022.
- Amendments to IAS 37 – Onerous Contracts, Cost of Fulfilling a Contract: this clarifies the type of costs that have to be considered, such as those needed to fulfil the contract for measurement of an onerous contract. The amendments are effective from 1 January 2022.
- Annual improvements to IFRS Standards 2018-2020. The amendments are effective from 1 January 2022.
- References to "Conceptual Framework": Amendments to IFRS 3. The amendments are effective from 1 January 2022.
- IFRS 17 – Insurance contracts. The amendments are effective from 1 January 2023
- Amendments to IAS 1: the classification of current and non-current liabilities is clarified. The amendments are effective from 1 January 2023.

STATEMENT OF FINANCIAL POSITION

3. Non-current assets

3.a. Intangible assets

(in thousands of euro)	*Opening position*			*Changes for the period*							*Closing position*		
	Original cost	Accumulated amortisation and impairment losses	Balance at 31.12.2019	Acquisitions	Business combinations and disposals		Exchange losses	Other changes	Net disposals	Amortisation and impairment losses	Original cost	Accumulated amortisation and impairment losses	Balance at 30.06.2020
					increases	decreases			cost				
Start-up and capital costs	*36*	*(36)*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*36*	*(36)*	*--*
Capitalised development costs													
- purchased	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
- produced internally	*282,512*	*(207,283)*	*75,229*	*5,469*	*--*	*--*	*(1,202)*	*6,096*	*--*	*(16,492)*	*285,879*	*(216,779)*	*69,100*
Industrial patents and intellectual property rights	*50,945*	*(27,209)*	*23,736*	*46*	*--*	*--*	*(1)*	*62*	*--*	*(1,881)*	*48,768*	*(26,806)*	*21,962*
Concessions, licences, trademarks and similar rights	*46,780*	*(32,087)*	*14,693*	*453*	*--*	*--*	*(25)*	*1,005*	*(2)*	*(1,781)*	*48,098*	*(33,755)*	*14,343*
Goodwill	*1,070,606*	*(551,747)*	*518,859*	*5,681*	*3,603*	*--*	*(286)*	*(649)*	*(72)*	*(307)*	*581,904*	*(55,075)*	*526,829*
Assets under development and payments on account													
- purchased	*4,778*	*--*	*4,778*	*1,294*	*--*	*--*	*(451)*	*(2,098)*	*(142)*	*--*	*3,381*	*--*	*3,381*
- produced internally	*24,963*	*(6,008)*	*18,955*	*4,603*	*--*	*--*	*(77)*	*(3,507)*	*--*	*(302)*	*25,802*	*(6,130)*	*19,672*
Other	*26,516*	*(12,398)*	*14,118*	*21*	*--*	*--*	*(90)*	*76*	*--*	*(644)*	*26,307*	*(12,826)*	*13,481*
Total	***1,507,136***	***(836,768)***	***670,368***	***17,567***	***3,603***	***--***	***(2,132)***	***985***	***(216)***	***(21,407)***	***1,020,175***	***(351,407)***	***668,768***

Intangible assets rose from € 670,378 thousand at 31 December 2019 to € 668,768 thousand at 30 June 2020.

GOODWILL

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Automotive sector (Sogefi group)	128,637	128,637
Healthcare sector (KOS group)	398,192	390,222
Total	**526,829**	**518,859**

The change in the period in the Healthcare sector refers to the acquisitions made during the period by the KOS group.

Goodwill has been allocated to the CGUs that were identified in the same way that management of the parent operates and manages its assets, based on the group's business segments. The above chart shows the allocation of goodwill by group business segment.

In order to perform the impairment test of goodwill, the recoverable amount of each cash generating unit, defined in accordance with IAS 36, was estimated with reference to its value in use or its fair value less costs to sell, and having regard - where applicable in the specific circumstances - to the guidelines contained in the document entitled "Impairment testing of goodwill in the context of crises in financial markets and the real economy: guidelines" issued by the O.I.V. (Italian Valuation Board).

Value in use is calculated by discounting to present value future cash flows generated by the unit in the production phase and at the time of its disposal, using an appropriate discount rate (discounted cash flow or DCF method). More specifically, in accordance with what is required by international financial reporting standards, to test the value, cash flows are considered without taking into account inflows and outflows generated by financial management or any cash flows relating to tax management. The cash flows to be discounted are therefore distinctive, unlevered operating cash flows (as they refer to individual units).

The cash flows of the individual operating units are extrapolated from the budgets and forecasts made by the management of the operating units concerned. These plans were then processed on the basis of economic trends recorded in previous periods and using the forecasts made by leading analysts on the outlook for the respective markets and more in general on the trend of each business segment.

To correctly estimate the value in use of a Cash Generating Unit, the following factors are evaluated: its expected future cash flows, expected changes in the amount and timing of these flows, the discount rate to be used and any other risk factors affecting the unit.

In order to determine the discount rate to be used, we calculated the weighted average cost of capital (WACC) invested at sector level, regardless of the financial structure of the individual company or subgroup.

The values used to calculate WACC (taken from leading financial sources) were the following:

- return on risk-free assets: for the KOS group this is equal to the twelve-month average of the rates of return on Italian 10-year debt securities (source: Bloomberg) and for the Sogefi group the annual average of 10-year debt securities of the main countries in which the group operates, weighted on the basis of revenue;

- market equity risk premium: measured as a long-term historical yield differential between equities and bonds on mature financial markets;
- unlevered Beta: determined with reference to the Beta of comparable companies in the sector;
- financial structure: the structure of the financial sources used for weighting the cost of capital was determined on the basis of a market debt ratio (D/D+E), taken from a sample of comparable companies in the sector;
- dimensional risk premium: based on long-term observations of the yield premium associated with an investment in the risk capital of a medium-sized company (Source: Ibbotson Associates).

The fair value less costs to sell an asset or group of assets (e.g. a CGU) is best expressed in the price established by a "binding sale agreement in an arm's length transaction", net of any direct disposal costs. If this information is not available, the fair value net of costs to sell is determined in relation to the following trading prices, in order of importance:

- the current price traded on an active market;
- prices for similar transactions executed previously;
- the estimated price based on information obtained by the company.

The recoverable amount of each asset is estimated with reference to the higher of its fair value less costs to dispose or its value in use, if both are available.

For the purposes of preparing these condensed interim consolidated financial statements, due to the Covid-19 health emergency, a check was carried out on any impairment losses on the goodwill allocated to the Healthcare and Automotive Sectors, in accordance with the provisions of IAS 36, comparing the carrying amount of the individual CGUs with their value in use, given by the present value of the estimated future cash flows that are supposed to derive from continuous use of the asset subject to impairment test.

The tests performed in relation to each sector are described below.

Automotive sector (SOGEFI group)

Given the presence of impairment indicators due to the ongoing health emergency, the company carried out an impairment test on the reference date of 30 June.

The goodwill allocated to the Automotive sector, which coincides with the Sogefi sub-group, amounts to about € 128.6 million. The Group has allocated all of the goodwill to a single "Automotive" CGU and then, as part of the analyses carried out for impairment testing purposes, identified specific CGUs based on the approach taken by management of the Sogefi sub-group.

In particular, consistent with the prior year and for the sole purpose of determining value in use, the operating cash flows generated by the Sogefi Group have been considered, consistent with the approach taken by the management of the sub-group, in relation to the three business units that came from acquisitions:

- fluid filters;
- air filters and cooling;
- car suspension components.

The recoverability of the amounts recorded was checked by comparing the carrying amount attributed to the CGUs, including goodwill, with their recoverable amount, identified with the value in use, represented by the present value of the future cash flows estimated to derive from the continuous use of the CGUs' assets and by their terminal value.

The Unlevered DCF method was used, based on projections made in the 2020 forecast (approved by the Board of Directors on 27 July 2020) and, for subsequent years, the projections included in the 2021-2024 Plan (adjusted to exclude the expected benefits of future projects and reorganisations), as approved by the Board of Directors on 6 July 2020. The forecast and the plan have been developed taking account of forecasts for the automotive industry, as drawn up by the most important sector sources.

The discount rate based on the weighted average cost of capital is equal to 8.97%.

The discount rate used for the cash flows was the same for all three business units. In fact, the risk is considered the same based on the fact that the divisions in question operate in the same sector and with the same type of customer.

Lastly, the terminal value was calculated using the perpetuity formula, assuming a growth rate of 2% (which is considered prudent when compared with the forecasts for the performance of the automotive sector developed by the most important sources in the sector as of 31 December 2019) and an operating cash flow based on the last year of the multi-year business plan (2024), adjusted to project a stable situation into perpetuity, using the following main hypotheses:

- an overall balance between investments and depreciation/amortisation (considering a level of investment necessary to "maintain" the business);
- a zero change in working capital.

The average cost of capital is the result of calculating the weighted average of the cost of debt (based on benchmark rates plus a spread) and the cost of the company's own capital, based on parameters for a sample of companies operating in the European automotive components sector that are considered Sogefi's peers by the main financial analysts who follow this business segment. The figures used in calculating the average cost of capital were as follows:

- financial structure of the sector: 31.6%;
- levered beta of the sector: 1.1%;
- risk-free rate: 3.13% (annual average for 10-year risk-free government bonds of the countries in which the group operates, weighted on the basis of revenue);
- risk premium: 8.1% (average risk premium, calculated by an independent source, of the main countries in which the group operates, weighted on the basis of revenue);
- spread on the cost of debt: 3.1% (estimated on the basis of the 2020 forecast).

In terms of sensitivity analyses, we would point out that:

- the impairment test reaches a level of breakeven with the following discount rates (leaving the growth rate of the terminal value at 2% and all the other assumptions of the plan unchanged): 13.8% for the Filtration CGU, 18.8% for the Air and Cooling CGU and 10.9% for the Car Suspension Components CGU;

- the impairment test reaches a level of break even with a significant reduction in operating profit in the explicit period of the plan which also has a knock-on effect on the terminal value (leaving all the other assumptions of the plan unchanged): -44.7% for the Filtration CGU, -60.4% for the Air and Cooling CGU and -24.7% for the Car Suspension Components CGU;
- the impairment test reaches a level of break even with the following rates of reduction ("g- rate") in the terminal value (keeping all the other assumptions of the plan the same): -5.3% for the Filtration CGU, -15.2% for the Air and Cooling CGU and -0.5% for the Car Suspension Components CGU.

A second level impairment test has also been carried out on the company as a whole to verify the recoverability of the carrying amount of all the CGUs and of the corporate costs/assets of the business as a whole, not allocated at CGU level. The second level impairment test was conducted by considering the sum of the cash flows of each CGU, already tested during the first level impairment test, including not only the assessment of unallocated costs, but also the cash flows of the Industrial Vehicles Suspension Components and the Precision Springs CGUs. This involved estimating the present value of corporate costs (not allocated to the CGUs); the present value of these costs has been considered as a reduction in the overall value of the company and has been estimated using after-tax cash flows and an after-tax discount rate similar to those used in the first level test. For the projection of corporate costs and the determination of cash flows, we have used criteria in line with those applied for the first level impairment test in terms of the explicit forecast period and in terms of growth (beyond the explicit forecast period).

The test carried out on the present value of projected cash flows shows that the Sogefi CGU has a value in use that exceeds its carrying amount; no impairment loss was therefore recognised.

Healthcare (KOS group)

Given the presence of impairment indicators due to the ongoing health emergency, the company carried out an impairment test on the reference date of 30 June.

The activity was carried out with reference to the business plan approved in January 2020 to which corrections were made in order to take into account the impact of the Covid-19 pandemic. The test was therefore carried out on the basis of a simulation of the original multi-year plan which was not subject to new approval by the Board of Directors. The main assumptions underlying the test were the following:

- Covid impact for the period 2020-2021 and full resumption of all activities in 2022, albeit with incremental costs in particular relating to the use of protection equipment;
- Increase in personnel expenses in 2020 and 2021 due to the need to provide more assistance and subsequent realignment to previous standards and forecasts.

The goodwill allocated to the Healthcare sector corresponds substantially to the KOS sub-group and amounts to € 398 million. As part of the analyses carried out when estimating cash flows for the impairment test, the identification of specific CGUs follows the management logic adopted by the sub-holding KOS. In order to check for any impairment in the value of goodwill and other non-current assets shown in the condensed interim consolidated financial statements, the value in use of the CGUs to which the goodwill had been allocated at the KOS sub-group level was calculated.

To calculate the terminal value we used a growth rate of 1.5% in Italy, 2% in the UK, 1.9% in Germany and 4.2% in India, in line with the average long-term rate of growth in production, the reference sector and the country in which the company operates.

The discount rate used reflects the current market valuations of the cost of money and takes into account the specific risks of the business. This discount rate net of taxation (after-tax WACC) is 5.40% for the activities in Italy, 4.7% for those in the UK, 4.45% for those in Germany and 9.0% for those in India.

The test carried out on the present value of projected cash flows shows a value in use that exceeds the carrying amount; no impairment loss was therefore recognised.

Considering that the recoverable amount is determined on the basis of estimates, the Group cannot guarantee that goodwill will not be impaired in future years. Given the persistence of the market crisis context, the various factors used in preparing the estimates could be reviewed.

3.b. Property, plant and equipment

(in thousands of euro)	Opening position: Original cost	Opening position: Accumulated depreciation and impairment losses	Opening position: Balance at 31.12.2019	Changes for the period: Acquisitions	Changes for the period: Business combinations and disposals – increases	Changes for the period: Business combinations and disposals – decreases	Changes for the period: Exchange losses	Changes for the period: Other changes	Changes for the period: Net disposals – cost	Changes for the period: Depreciation and impairment losses	Closing position: Original cost	Closing position: Accumulated depreciation and impairment losses	Closing position: Balance at 30.06.2020
Land	44,511	(673)	43,838	--	--	--	(154)	--	(1,408)	(360)	42,915	(999)	41,916
Buildings used for operating purposes	304,030	(149,967)	154,063	670	8,753	--	(1,291)	3,608	--	(5,329)	315,351	(154,876)	160,475
Plant and machinery	763,854	(559,725)	204,129	4,545	--	--	(5,076)	14,284	(1)	(21,886)	764,816	(568,821)	195,995
Industrial and commercial equipment	332,970	(233,714)	99,256	5,896	17	--	(2,884)	7,258	(301)	(20,339)	335,723	(246,828)	88,895
Other assets	204,260	(139,152)	65,108	2,584	12	--	(569)	2,917	(144)	(6,336)	195,915	(132,336)	63,579
Assets under construction and payments on account	136,231	(1,437)	134,794	41,081	--	--	(1,617)	(28,101)	(9,136)	--	138,467	(1,446)	137,021
Total	**1,785,856**	**(1,084,668)**	**701,188**	**54,776**	**8,782**	**--**	**(11,591)**	**(34)**	**(10,990)**	**(54,250)**	**1,793,187**	**(1,105,306)**	**687,881**

Property, plant and equipment went from € 701,188 thousand at 31 December 2019 to € 687,881 thousand at 30 June 2020.
It should be noted that the balances of "Industrial and commercial equipment" and "Assets under construction and payments on account" at 30 June 2020 include the investments made by the Sogefi group in tooling for € 37,291 thousand and € 56,583 thousand respectively.

DEPRECIATION RATES

Description	%
Buildings used for operating purposes	3%
Plant and machinery	10-25%
Other assets:	
- Electronic office equipment	20%
- Furniture and fittings	12%
- Motor vehicles	25%

3.c. Investment property

	Opening position			Changes for the period								Closing position		
(in thousands of euro)	Original cost	Accumulated depreciation and impairment losses	Net balance 31.12.2019	Acquisitions	Business combinations and disposals increases	Business combinations and disposals decreases	Capitalised financial expense	Exchange gains (losses)	Other changes	Net disposals cost	Amortisation, depreciation and impairment losses	Original cost	Accumulated depreciation and impairment losses	Balance at 30.06.2020
Buildings	26,489	(10,008)	16,481	--	--	--	--	--	--	--	(348)	26,489	(10,356)	16,133
Total	**26,489**	**(10,008)**	**16,481**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**(348)**	**26,489**	**(10,356)**	**16,133**

Investment property has gone from € 16,481 thousand at 31 December 2019 to € 16,133 thousand at 30 June 2020 due to depreciation for the period.
The market value is considerably higher than the carrying amount.

DEPRECIATION RATES

Description	%
Buildings	3%

3.d. Right-of-use assets

(in thousands of euro)	*Opening position* Original cost	Accumulated amortisation and impairment losses	Balance at 31.12.2019	*Changes for the period* Increases	Business combinations and disposals: increases	Business combinations and disposals: decreases	Exchange gains (losses)	Other changes	Net disposals	Amortisation and impairment losses	*Closing position* Original cost	Accumulated amortisation and impairment losses	Balance at 30.06.2020
Land	1,923	--	1,923	--	--	--	--	--	--	--	1,923	--	1,923
Buildings used for operating purposes	906,063	(72,264)	833,799	21,327	--	--	(2,280)	562	(2,980)	(32,018)	918,282	(99,872)	818,410
Plant and machinery	49,014	(25,839)	23,175	--	--	--	32	(787)	--	(2,394)	44,403	(24,377)	20,026
Industrial and commercial equipment	1,767	(1,317)	450	203	--	--	--	1	--	(104)	1,461	(911)	550
Other assets	9,607	(2,966)	6,641	430	--	--	(102)	20	(2)	(1,583)	9,563	(4,159)	5,404
Assets under construction and payments on account	--	--	--	--	--	--	--	--	--	--	--	--	--
Total	**968,374**	**(102,386)**	**865,988**	**21,960**	**--**	**--**	**(2,350)**	**(204)**	**(2,982)**	**(36,099)**	**975,632**	**(129,319)**	**846,313**

The right-of-use assets amount to € 846,313 thousand at 30 June 2020 and refer to the KOS group for € 792,540 thousand, the Sogefi group for € 53,368 thousand and the merging company CIR S.p.A. for € 405 thousand.

3.e. Equity-accounted investees

(in thousands of euro)	Balance at 31.12.2019	Increases (decreases)	Impairment losses	Dividends	Pro-share share of *Loss*	*Profit*	Other changes	Balance at 30.06.2020
Devil Peak S.r.l.	--	--	--	--	--	--	--	--
Apokos Rehab PVT Ltd	851	--	--	--	(172)	--	--	679
Total	**851**	**--**	**--**	**--**	**(172)**	**--**	**--**	**679**

3.f. Other equity investments

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Other	1,872	1,863
Total	**1,872**	**1,863**

3.g. Other assets

"Other assets" at 30 June 2020 amounted to € 43,590 thousand compared with € 45,982 thousand at 31 December 2019.

At 30 June 2020 this item was mainly made up of:

- € 6,257 thousand (unchanged compared with 31 December 2019) of unsecured and mortgage-backed financial assets held by CIR International S.A.;
- € 3,241 thousand relating to guarantee deposits;
- € 17,407 thousand due from the tax authority to the Sogefi group, relating to tax assets for research and development activities of the French subsidiaries.

3.h. Other financial assets

"Other financial assets" at 30 June 2020 amounted to € 56,183 thousand (€ 67,866 thousand at 31 December 2019) and mainly referred to investments in private equity funds and non-controlling shareholdings. The fair value measurement of these investments led to net losses in the income statement for € 7,976 thousand recorded under item 14.e "Fair value gains or losses on financial assets".

At 30 June 2020, the residual commitment for investments in private equity funds stood at € 18.3 million.

3.i. Deferred tax assets and liabilities

The amounts relate to taxes resulting from deductible temporary differences and from benefits deriving from tax losses carried forward, which are deemed to be recoverable over a reasonable time horizon.

The breakdown of "Deferred tax assets and liabilities" by type of temporary difference is as follows:

(in thousands of euro)	*30.06.2020*		*31.12.2019*	
	Total temporary differences	*Tax effect*	*Total temporary differences*	*Tax effect*
Deductible temporary differences from:				
- current assets	20,438	5,087	21,013	5,332
- non-current assets	75,389	17,879	66,358	16,231
- current liabilities	30,001	8,555	30,555	8,743
- employee benefit obligations	64,542	14,630	69,617	15,223
- provisions for risks and charges	23,046	6,507	26,691	7,198
- long-term borrowings	(3,976)	(629)	--	--
- financial instruments	356	99	520	135
- tax losses from previous years	53,067	13,611	51,500	12,636
Total deferred tax assets	**262,863**	**65,739**	**266,254**	**65,498**
Taxable temporary differences from:				
- current assets	21,957	5,452	19,548	5,165
- non-current assets	167,355	42,261	164,881	40,927
- current liabilities	53,397	12,110	49,924	11,092
- employee benefit obligations	(1,817)	(448)	(1,758)	(466)
- provisions for risks and charges	1,837	420	448	134
- financial instruments	--	--	--	--
Total deferred tax liabilities	**242,729**	**59,795**	**233,043**	**56,852**
Net deferred tax assets		**5,944**		**8,646**

Deferred tax assets have been recognised, at operational sub-group level, with reference to their recoverability based on the related business plans.

The changes in "Deferred tax assets and liabilities" during the period were as follows:

	Balance at 31.12.2019	*Use of deferred taxes from prior periods*	*Deferred taxes generated in the period*	*Exchange differences and other changes*	***Balance at 30.06.2020***
Deferred tax assets:					
- income statement	43,613	(2,508)	2,424	2,407	45,936
- equity	21,885	(202)	879	(2,759)	19,803
Deferred tax liabilities:					
- income statement	(36,004)	1,243	(461)	(4,779)	(40,001)
- equity	(20,848)	18	(20)	1,056	(19,794)
Net deferred tax assets	**8,646**	**(1,449)**	**2,822**	**(4,075)**	**5,944**

4. Current assets

4.a. Inventories

Inventories can be broken down as follows:

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Raw materials, supplies and consumables	69,930	58,624
Work in progress and semi-finished products	14,031	14,915
Finished products and goods	35,998	46,276
Payments on account	339	170
Total	**120,298**	**119,985**

The value of inventories is shown net of any write-downs made in past years or in the current period and takes into account the degree of obsolescence of finished products, goods and supplies.

4.b. Trade receivables

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Customers	174,578	241,152
Subsidiaries	--	610
Total	**174,578**	**241,762**

The decrease in the item essentially refers to the reduced level of activity recorded in the second quarter due to the Covid-19 pandemic.

Trade receivables from "customers" are interest-free and have an average maturity in line with market conditions.

Trade receivables are shown net of any accruals to the loss allowances that take credit risk into account.

In the first half of 2020, accruals to the loss allowance were made for a total of € 1,232 thousand compared with € 3,056 thousand in the first half of 2019.

"Trade receivables due from Subsidiaries" at 31 December 2019 referred to amounts due from GEDI Gruppo Editoriale S.p.A.

4.c. Other assets

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Associates	105	105
Tax receivables	37,831	36,421
Other	41,032	24,503
Total	**78,968**	**61,029**

The increase in amounts due from “others” is essentially attributable to the KOS group.

4.d. Loan assets

"Loan assets" fell from € 23,135 thousand at 31 December 2019 to € 18,788 thousand at 30 June 2020. This item includes € 6,367 thousand which relates to the fair value measurement of hedge accounting cross currency swap contracts taken out by the Sogefi group for the purpose of hedging the interest rate and currency risk on the private bond placement of USD 115 million; it also includes € 9,760 thousand due to the KOS group by factoring companies for non-recourse assignments.

4.e. Securities

This item consists of the following categories of securities:

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Equity investments in other companies	4	32
Investment funds and similar funds	24,721	24,956
Bonds	12,976	--
Other securities	10,630	10,494
Total	**48,331**	**35,482**

At 30 June 2020, the item amounted to a total of € 48,331 thousand (€ 35,482 thousand at 31 December 2019) and includes investments in investment funds by the subsidiary CIR Investimenti S.p.A. for €13,874 thousand (€ 14,028 thousand at 31 December 2019) and by the parent CIR S.p.A. for € 10,847 thousand (€ 10,928thousand at 31 December 2019), a structured security for € 10,630 thousand (€ 10,494 thousand at 31 December 2019), bonds for € 12,976 thousand held by CIR Investimenti S.p.A. and equities held by the parent CIR S.p.A..

The fair value measurement of "Securities" led to a loss in the income statement of € 485 thousand.

4.f. Other financial assets

This item totals € 274,400 thousand (€ 264,278 thousand at 31 December 2019) and refers for € 53,392 thousand (€ 43,075 thousand at 31 December 2019) to investments in hedge funds and redeemable shares in asset management companies held by CIR International S.A. The degree of liquidity of the investment is a function of the time required for the redemption of the funds, which normally varies from one to three months.

The fair value measurement of these funds generated a gain in the income statement of € 3,428 thousand. During the period, losses for € 33 thousand (gains for € 644 thousand in the same period of 2019) were realised and booked to item 10.d. "Losses on securities trading".

This item also includes € 221,008 thousand (€ 221,203 thousand at 31 December 2019) for whole-life insurance and capitalisation policies arranged with leading insurance companies by CIR Investimenti S.p.A., with yields linked to separate managed insurance funds and, in some cases, to unit-linked funds. The net yield during the period was negative for € 196 thousand (positive for € 1,642 thousand in the corresponding period of 2019).

The fair value measurement of policies with yields deriving from unit-linked funds has resulted in a loss in the income statement of € 1,333 thousand.

4.g. "Cash and cash equivalents" and "Bank loans and borrowings"

"Cash and cash equivalents" went from € 309,336 thousand at 31 December 2019 to € 406,833 thousand at 30 June 2020.

"Bank loans and borrowings" went from € 8,455 thousand at 31 December 2019 to € 9,884 thousand at 30 June 2020.

A breakdown of the changes in these two items is given in the statement of cash flows.

4.h. Assets and liabilities held for sale

Following the agreement dated 2 December 2019 with which CIR and EXOR signed a contract for the purchase by EXOR of CIR's entire 43.78% stake in GEDI and given that the conditions envisaged by IFRS 5 "Non-current assets held for sale and discontinued operations" were met, the GEDI group has been recognised as a discontinued operation at 31 December 2019. The sale took place on 23 April 2020.

5. Equity

5.a. Share capital

Share capital at 30 June 2020 amounted to € 638,603,657.00 and consisted of 1,277,207,314 shares with a par value of € 0.50 each, compared with € 359,604,959.00 at 31 December 2019 which consisted of 719,209,918 shares.

On 19 February 2020, once the absorption of CIR S.p.A. - Compagnie Industriali Riunite (merged Company) by CIR S.p.A. - Compagnie Industriali Riunite (formerly Cofide - Gruppo De Benedetti S.p.A. - Merging Company) had taken effect, all the shares of the merged company were cancelled and exchanged for ordinary shares of the merging company issued in execution of the increase in capital of € 278,998,698.00 (557,997,396 shares) on the basis of an exchange ratio of 2.01 ordinary shares of the merging company for each share of the merged company, all of par value € 0.50 each.

At 30 June 2020 the parent held 27,151,312 treasury shares (2.126% of the share capital) for an amount of € 15,309 thousand, compared with 27,214,899 treasury shares (3.784% of the share capital) for an amount of € 15,345 thousand at 31 December 2019. The decrease is due to the exercise of the stock grant plans of 63,587 shares.

The treasury shares held by the parent are deducted from equity.

The share capital is fully subscribed and paid up. None of the shares are subject to any rights, privileges or limitations on the distribution of dividends, with the exception of treasury shares.

The parent’s controlling shareholder is Fratelli De Benedetti S.p.A. with registered office in Via Valeggio 41, Turin.

Regarding stock option plans and stock grants, at 30 June 2020 there were 31,586,157 options outstanding, corresponding to an equivalent number of shares.

The notional cost of stock grants assigned to employees and allocated to a specific equity reserve amounted to € 807 thousand in the first half of 2020.

5.b. Reserves

The breakdown of "Reserves" is as follows:

(in thousands of euro)	*Share premium*	*Legal reserve*	*Fair value reserve*	*Translation reserve*	*Reserve for treasury shares*	*Stock option and stock grant reserve*	*Other reserves*	*Total reserves*
Balance at 31 December 2018	**5,044**	**24,292**	**(988)**	**(19,227)**	**12,082**	--	**30,287**	**51,490**
Adjustments on FTA of IFRS 16, net of tax	--	--	--	--	**--**	--	--	--
Balance restated at 1 January 2019	**5,044**	**24,292**	**(988)**	**(19,227)**	**12,082**	**--**	**30,287**	**51,490**
Retained earnings	--	554	--	--	**--**	--	887	1,441
Dividends to shareholders	--	--	--	--	**--**	--	(10,034)	(10,034)
Equity transactions	--	--	--	--	1,525	--	(1,505)	20
Fair value measurement of cash flow hedges	--	--	100	--	**--**	--	--	100
Effects of changes in equity attributable to subsidiaries	--	--	51	(72)	**--**	--	2,301	2,280
Translation differences	--	--	--	5	**--**	--	--	5
Actuarial losses	**--**	**--**	**--**	**--**	**--**	--	(1,040)	(1,040)
Balance at 30 June 2019	***5,044***	***24,846***	***(837)***	***(19,294)***	***13,607***	**--**	***20,896***	***44,262***
Balance at 31 December 2019	**5,044**	**24,846**	**(700)**	**(20,363)**	**13,607**	**--**	**20,921**	**43,355**
Effects of the merger	--	--	(535)	(15,535)	--	--	75,333	59,263
Retained earnings	--	670	--	--	--	--	1,274	1,944
Dividends to shareholders	--	--	--	--	--	--	--	--
Equity transactions	--	--	--	--	(31)	--	36	5
Notional cost of stock options and stock grants credited	--	--	--	--	--	807	--	807
Fair value measurement of cash flow hedges	--	--	222	--	--	--	--	222
Effects of changes in equity attributable to subsidiaries	--	--	--	30		--	(957)	(927)
Translation differences	--	--	--	(4,407)	--	--	--	(4,407)
Actuarial losses	--	--	--	--	--	--	(5,226)	(5,226)
Balance at 30 June 2020	***5,044***	***25,516***	***(1,013)***	***(40,275)***	***13,576***	***807***	***91,381***	***95,036***

The "Fair value reserve", net of tax, was negative for € 1,013 thousand and refers to the measurement of hedges (€ 918 thousand relating to the Sogefi group and € 95 thousand relating to the KOS group).

The "Translation reserve" had a negative balance of € 40,275 thousand at 30 June 2020 with the following breakdown:

(in thousands of euro)	*31.12.2019*	*Effects of the merger*	*Decreases*	***30.06.2020***
Sogefi group	(20,446)	(15,599)	(4,217)	(40,262)
KOS group	83	64	(160)	(13)
Total	**(20,363)**	**(15,535)**	**(4,377)**	**(40,275)**

The breakdown of "Other reserves" at 30 June 2020 was as follows:

(in thousands of euro)

Merger surplus	59,296
Revaluation reserve art. 6 Leg. Decree 38/2005	2,161
Other	29,924
Total	**91,381**

The changes in treasury shares during the period were as follows:

(in thousands of euro)	*Number of shares*	*Amount*
Balance at 31 December 2019	27,214,899	15,345
Increases (decreases)	(63,587)	(36)
Balance at 30 June 2020	**27,151,312**	**15,309**

5.c. Retained earnings

The changes in Retained earnings are shown in the "statement of changes in equity".

6. Non-current liabilities

6.a. Bonds

The breakdown of the item "Bonds" is as follows:

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Sogefi S.p.A. bond 2013/2023 in USD	29,166	43,722
Sogefi S.p.A. convertible bond 2% 2014/2021	--	93,739
Sogefi S.p.A. bond 2019/2025	74,640	74,610
KOS S.p.A. Private Placement 2017/2025. 2017/2024	63,717	63,625
KOS S.p.A. Private Placement 2017/2025. 2017/2025	34,834	34,975
Total	**202,357**	**310,671**

Note that the GEDI Gruppo Editoriale S.p.A. 2014/2021 Bond has been reclassified under item 7.a "Bonds" in current liabilities.

6.b. Other loans and borrowings

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Collateralised bank loans and borrowings	25,383	35,202
Other bank loans and borrowings	387,147	435,145
Other	2,120	2,330
Total	**414,650**	**472,677**

This item consists of loans to KOS group companies for € 279,499 thousand and loans to Sogefi group companies for € 135,151 thousand.

6.c. Lease liabilities

The item, amounting to € 768,351 thousand, refers to lease liabilities relating to companies in the KOS group, which operate out of mainly leased properties, for € 724,313 thousand, to companies in the Sogefi group for € 43,788 thousand and to the parent CIR S.p.A. for € 250 thousand.

6.d. Employee benefit obligations

The details of this item are as follows:

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Post-employment benefits (TFR)	32,734	31,499
Pension funds and similar obligations	61,560	54,407
Total	**94,294**	**85,906**

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Opening balance	85,906	135,091
Accrual for labour provided during the year	6,448	12,571
Increases for interest	761	1,459
(Actuarial losses	10,162	4,957
Benefits paid	(5,395)	(6,936)
Increases or decreases due to changes in the consolidation scope	1,310	887
Assets held for sale	--	(54,814)
Other changes	(4,898)	(7,309)
Closing balance	**94,294**	**85,906**

6.e. Provisions for risks and charges

The breakdown and changes in the non-current part of these provisions are as follows:

(in thousands of euro)	*Provision for pending disputes*	*Provision for restructuring charges*	*Provision for product warranties*	*Provision for other risks*	*Total*
Balance at 31 December 2019	2,597	2,238	4,678	19,274	28,787
Accruals for the period	--	2,525	487	1,570	4,582
Uses	(351)	(1,855)	(982)	(1,456)	(4,644)
Exchange gains (losses)	--	--	4	(1,303)	(1,299)
Other changes	--	(103)	(51)	(483)	(637)
Balance at 30 June 2020	**2,246**	**2,805**	**4,136**	**17,602**	**26,789**

The breakdown and changes in the current part of these provisions are as follows:

(in thousands of euro)	*Provision for pending disputes*	*Provision for restructuring charges*	*Provision for other risks*	*Total*
Balance at 31 December 2019	--	--	58,051	58,051
Accruals for the period	--	--	2,272	2,272
Uses	--	--	(14,107)	(14,107)
Exchange losses	--	--	(115)	(115)
Other changes	--	--	--	--
Balance at 30 June 2020	**--**	**--**	**46,101**	**46,101**

The "Provision for pending disputes" includes risks associated with litigation of a commercial nature and labour suits.

The provision for restructuring charges includes amounts set aside for restructuring plans that have been publicly announced and communicated to the parties concerned and refers in particular to the production reorganisation projects involving companies of the Sogefi group.

The Provision for product warranties relates to the Sogefi group.

The provision for other risks is mainly to cover disputes of miscellaneous nature of the various group companies.

It should be noted that, within the KOS group, an agreement was signed by the unions in June for the definition of the collective labour contract for Aris/Aiop non-medical employees. This agreement provides for the payment of an amount by way of contractual holiday allowance, among other provisions. The surplus provision set aside in previous years was therefore released for an amount of approximately € 9.1 million.

7. Current liabilities

7.a. Bonds

This item, totalling € 112,926 thousand, includes € 95,929 thousand for the current portion of the Sogefi S.p.A. 2014/2021 Bond, € 14,718 thousand for the current portion of the Sogefi S.p.A. Bond 2013/2023 denominated in USD and € 2,279 thousand for the current portion of the private placements issued by KOS S.p.A.

7.b. Other loans and borrowings

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Collateralised bank loans and borrowings	10,316	8,762
Other bank loans and borrowings	224,290	53,898
Other loans and borrowings	4,065	6,286
Total	**238,671**	**68,946**

This item consists of loans to Sogefi group companies for € 168,015 thousand and loans to KOS group companies for € 69,804 thousand.

7.c. Lease liabilities

The item, amounting to € 74,982 thousand, refers to lease liabilities relating to KOS group companies for € 58,573 thousand, to Sogefi group companies for € 16,260 thousand and to the subsidiary CIR S.p.A. for € 149 thousand.

7.d. Trade payables

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Suppliers	267,602	357,690
Payments on account	33,208	38,701
Total	**300,810**	**396,391**

"Payables to suppliers" include for € 177,834 thousand due to the Sogefi group and for € 88,981 thousand to the KOS group.

The decrease in this item essentially refers to the reduced level of activity recorded in the second quarter due to the Covid-19 pandemic.

"Payments on account" mainly include the liabilities recognised by the Sogefi group on FTA of IFRS 15. These liabilities represent the amounts received from customers for the sale of tooling and prototypes that will be recognised in the income statement over the life of the product.

7.e. Other liabilities

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Due to employees	71,430	61,421
Tax liabilities	27,389	29,337
Social security payables	37,184	29,883
Other	36,448	33,351
Total	**172,451**	**153,992**

The increase in the item is essentially attributable to the KOS group.

INCOME STATEMENT

8. Revenue

Breakdown by business segment

(in millions of euro)	*1st half 2020*		*1st half 2019*		*Change*
	amount	*%*	*amount*	*%*	*%*
Automotive components	519.5	60.6	777.8	73.4	(33.2)
Healthcare	337.2	39.4	281.3	26.6	19.9
Total consolidated revenue	**856.7**	**100.0**	**1,059.1**	**100.0**	**(19.1)**

Breakdown by geographical segment

(in millions of euro)

1st half 2020	*Total revenue*	*Italy*	*Other European countries*	*North America*	*South America*	*Asia*	*Other countries*
Automotive components	519.5	21.7	297.8	105.9	35.9	54.4	3.8
Healthcare	337.2	239.1	90.7	--	--	7.4	--
Total consolidated revenue	**856.7**	**260.8**	**388.5**	**105.9**	**35.9**	**61.8**	**3.8**
Percentages	100.0	30.4%	45.4%	12.4%	4.2%	7.2%	0.4%

1st half 2019	*Total revenue*	*Italy*	*Other European countries*	*North America*	*South America*	*Asia*	*Other countries*
Automotive components	777.8	40.1	431.1	153.0	76.1	73.8	3.7
Healthcare	281.3	266.8	4.8	--	--	9.7	--
Total consolidated revenue	**1,059.1**	**306.9**	**435.9**	**153.0**	**76.1**	**83.5**	**3.7**
Percentages	100.0%	29.0%	41.2%	14.4%	7.2%	7.9%	0.3%

The types of products marketed by the group and the nature of its business segment mean that revenue flows are reasonably linear throughout the period and are not subject to any particular cyclical phenomena on a like-for-like basis.

9. Operating expenses and income

9.a. Costs for the purchase of goods

Costs for the purchase of goods fell from € 455,673 thousand in the first half of 2019 to € 301,459 thousand in the corresponding period of 2020. The decrease in the item is essentially attributable to the Sogefi group due to the decline in activity following the Covid-19 pandemic.

9.b. Costs for services

This item went from € 164,862 thousand in the first half of 2019 to € 143,130 thousand in the first half of 2020, as can be seen from the following breakdown:

(in thousands of euro)	*1st half 2020*	*1st half 2019*
Technical and professional consulting	44,166	50,806
Distribution and transport costs	6,499	9,475
Outsourcing	9,150	12,777
Other	83,315	91,804
Total	**143,130**	**164,862**

The decrease in the item is essentially attributable to the Sogefi group due to the decline in activity following the Covid-19 pandemic.

9.c. Personnel expenses

Personnel expenses amounted to € 275,405 thousand in the first half of 2020 (€ 275,573 thousand in the first half of 2019) and are made up as follows:

(in thousands of euro)	*1st half 2020*	*1st half 2019*
Salaries and wages	200,945	193,626
Social security contributions	58,263	60,514
Post-employment benefits	5,853	5,397
Pensions and similar benefits	595	117
Measurement of stock option plans	1,101	1,483
Other costs	8,648	14,436
Total	**275,405**	**275,573**

The group had an average of 18,439 employees in the first half of 2020 (14,218 in the first half of 2019).

9.d. Other operating income

This item can be broken down as follows:

(in thousands of euro)	*1st half 2020*	*1st half 2019*
Provision of services to subsidiaries	105	250
Grants related to income	13	12
Gains on asset disposals	1,643	3,625
Prior period and other income	14,460	11,616
Total	**16,221**	**15,503**

Revenue from services provided to subsidiaries are the charge-back of fees for strategic and management support and specific administrative, financial and tax assistance provided to GEDI Gruppo Editoriale S.p.A. The amount for the first half of 2020 refers to services provided until 23 April 2020.

9.e. Other operating expense

This item can be broken down as follows:

(in thousands of euro)	*1st half 2020*	*1st half 2019*
Impairment and credit losses	1,428	1,863
Accruals to provisions for risks and charges	3,054	5,240
Indirect taxes	19,488	16,381
Restructuring charges	7,296	4,364
Losses on asset disposals	1,644	3,683
Miscellaneous losses and other costs	6,978	5,279
Total	**39,888**	**36,810**

"Restructuring charges" relate to the costs involved in the restructuring plans already being implemented by the Sogefi group.

10. Financial income and expense

10.a. Financial income

This item includes the following:

(in thousands of euro)	*1st half 2020*	*1st half 2019*
Interest income on bank accounts	196	253
Interest income on securities	356	347
Other interest income	1,465	2,623
Interest rate derivatives	1,673	1,351
Exchange gains	15	234
Total	**3,705**	**4,808**

10.b. Financial expense

This item includes the following:

(in thousands of euro)	*1st half 2020*	*1st half 2019*
Interest expense on bank accounts	8,898	6,695
Interest expense on bonds	6,540	5,688
Interest on lease liabilities	10,756	6,110
Other interest expense	1,661	2,508
Interest rate derivatives	483	214
Exchange losses	347	886
Other financial expense	3,026	2,883
Total	**31,711**	**24,984**

10.c. Gains from securities trading

The breakdown of "Gains from securities trading" is as follows:

(in thousands of euro)	*1st half 2020*	*1st half 2019*
Other securities and other gains	134	1,351
Total	**134**	**1,351**

10.d. Losses from securities trading

The breakdown of "Losses from securities trading" is the following:

(in thousands of euro)	*1st half 2020*	*1st half 2019*
Other securities and other losses	240	1,927
Total	**240**	**1,927**

10.e. Net fair value gains (losses) on financial assets

The net loss of € 6,366 thousand refers for € 1,610 thousand to the fair value gain on "Securities" and "Other financial assets" classified as current assets, and for € 7,976 thousand to the fair value loss of "Other financial assets" classified as non-current assets.

11. Income taxes

Income taxes can be broken down as follows:

(in thousands of euro)	*1st half 2020*	*1st half 2019*
Current taxes	1,179	14,284
Deferred taxes	(557)	132
Income taxes from prior periods	19	--
Total	**641**	**14,416**

Management recognises income taxes on the basis of the best estimate of the weighted average tax rate for the entire year, applying it to the pre-tax profit for the period, adjusted to reflect the tax effect of certain elements that arose entirely during the period. The effective tax rate in the condensed interim consolidated financial statements may therefore differ from that estimated by management for the entire year.

12. Profit (loss) from discontinued operations

This item negative for € 383 thousand refers to the costs to sell the investment in GEDI Gruppo Editoriale S.p.A. formalized on 23 April 2020.
The amount of € 15,012 thousand in the corresponding period of 2019 referred, for € 19.029 thousand to the loss realised in the first half of 2019 by the Gedi group and for € 4,017 thousand to the gain deriving from the sale of the Fraize production site of the French subsidiary Sogefi Air & Cooling S.A.S. within the Sogefi group.

13. Earnings per share

Basic earnings (loss) per share is calculated by dividing the profit or loss for the period, the profit or loss from continuing operations and the profit or loss from discontinued operations attributable to the ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing the net profit or loss for the period, the profit or loss from continuing operations and the profit (loss) from discontinued operations attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for the dilutive effects of options outstanding. Treasury shares are not included in the calculation.
The parent has only one category of potential ordinary shares, those deriving from stock option and stock grant plans assigned to employees.
The dilutive effect that these ordinary shares to be issued or assigned to stock option and stock grant plans will have on earnings per share is not significant.
In calculating the average number of options, the average fair value of the shares for each financial period was used (half-year). The average fair value of the CIR ordinary share in 2020 is € 0.4572.

In the first half of 2019, the company had no outstanding options, therefore the diluted earnings per share corresponds to the basic earnings per share.

The following chart provides information on the shares used to calculate basic and diluted earnings per share.

Basic earnings (loss) per share

	1st half 2020	*1st half 2019*
Profit (loss) for the period attributable to the owners of the parent (in thousands of euro)	(30,418)	757
Weighted average number of ordinary shares outstanding	1,096,716,080	692,667,140
Basic earnings (loss) per share (euro)	**(0.0277)**	**0.0011**

	1st half 2020	*1st half 2019*
Comprehensive expense attributable to the owners of the parent (in thousands of euro)	(39,829)	(178)
Weighted average number of ordinary shares outstanding	1,096,716,080	692,667,140
Basic loss per share (euro)	**(0.0363)**	**(0.0003)**

	1st half 2020	*1st half 2019*
Profit (loss) from continuing operations attributable to the owners of the parent (in thousands of euro)	(43,547)	17,949
Weighted average number of ordinary shares outstanding	1,096,716,080	692,667,140
Basic earnings (loss) per share (euro)	**(0.0397)**	**0.0259**

	1st half 2020	*1st half 2019*
Comprehensive income (expense) from continuing operations attributable to the owners of the parent (in thousands of euro)	(60,213)	15,074
Weighted average number of ordinary shares outstanding	1,096,716,080	692,667,140
Basic earnings (loss) per share (euro)	**(0.0549)**	**0.0218**

	1st half 2020	*1st half 2019*
Loss from discontinued operations attributable to the owners of the parent (in thousands of euro)	(383)	(15,012)
Weighted average number of ordinary shares outstanding	1,096,716,080	692,667,140
Basic loss per share (euro)	**(0.0003)**	**(0.0217)**

	1st half 2020	*1st half 2019*
Comprehensive expense from discontinued operations attributable to the owners of the parent (in thousands of euro)	(383)	(15,012)
Weighted average number of ordinary shares outstanding	1,096,716,080	692,667,140
Basic loss per share (euro)	**(0.0003)**	**(0.0217)**

Diluted earnings (loss) per share

	1st half 2020	*1st half 2019*
Profit (loss) for the period attributable to the owners of the parent (in thousands of euro)	(30,418)	n.a.
Weighted average number of ordinary shares outstanding	1,096,716,080	n.a.
Weighted average number of options	5,393,456	n.a.
No. of shares that could have been issued at fair value	--	n.a.
Adjusted weighted average number of shares outstanding	1,102,109,536	n.a.
Diluted earnings (loss) per share (in euro) (*)	**(0.0277)**	**n.a.**

	1st half 2020	*1st half 2019*
Comprehensive income (expense) attributable to the owners of the parent (in thousands of euro)	(39,829)	n.a.
Weighted average number of ordinary shares outstanding	1,096,716,080	n.a.
Weighted average number of options	5,393,456	n.a.
No. of shares that could have been issued at fair value	--	n.a.
Adjusted weighted average number of shares outstanding	1,102,109,536	n.a.
Diluted earnings (loss) per share (in euro) (*)	**(0.0363)**	**n.a.**

	1st half 2020	*1st half 2019*
Profit (loss) from continuing operations attributable to the owners of the parent (in thousands of euro)	(43,547)	n.a.
Weighted average number of ordinary shares outstanding	1,096,716,080	n.a.
Weighted average number of options	5,393,456	n.a.
No. of shares that could have been issued at fair value	--	n.a.
Adjusted weighted average number of shares outstanding	1,102,109,536	n.a.
Diluted earnings (loss) per share (in euro)	**(0.0397)**	**n.a.**

	1st half 2020	*1st half 2019*
Comprehensive income (expense) from continuing operations attributable to the owners of the parent (in thousands of euro)	(60,213)	n.a.
Weighted average number of ordinary shares outstanding	1,096,716,080	n.a.
Weighted average number of options	5,393,456	n.a.
No. of shares that could have been issued at fair value	--	n.a.
Adjusted weighted average number of shares outstanding	1,102,109,536	n.a.
Diluted earnings (loss) per share (in euro)	**(0.0549)**	**n.a.**

	1st half 2020	*1st half 2019*
Profit (loss) from discontinued operations attributable to the owners of the parent (in thousands of euro)	(383)	n.a.
Weighted average number of ordinary shares outstanding	1,096,716,080	n.a.
Weighted average number of options	5,393,456	n.a.
No. of shares that could have been issued at fair value	--	n.a.
Adjusted weighted average number of shares outstanding	1,102,109,536	n.a.
Diluted earnings (loss) per share (in euro) (*)	**(0.0003)**	**n.a.**

	1st half 2020	*1st half 2019*
Comprehensive income (expense) from discontinued operations attributable to the owners of the parent (in thousands of euro)	(383)	n.a.
Weighted average number of ordinary shares outstanding	1,096,716,080	n.a.
Weighted average number of options	5,393,456	n.a.
No. of shares that could have been issued at fair value	--	n.a.
Adjusted weighted average number of shares outstanding	1,102,109,536	n.a.
Diluted earnings (loss) per share (in euro) (*)	**(0.0003)**	**n.a.**

(*) In the event of a negative result, the diluted loss per share is the same as the basic loss per share.

14. Dividends paid

The parent did not distribute dividends during the first half of the year.

15. Financial risk management: additional disclosures (IFRS7)

The group operates in various industry and service sectors, both nationally and internationally, so its business is exposed to various kinds of financial risk, including market risk (currency risk and price risk), credit risk, liquidity risk and interest rate risk.
The group uses hedging derivatives to minimise certain types of risks.
Risk management is carried out by the central finance and treasury function on the basis of policies approved by top management and communicated to the subsidiaries on 25 July 2003.

15.a. Risk deriving from the economic situation

As extensively described in the report on operations, the economic crisis caused by the Covid-19 pandemic has led to a sharp deterioration in the economic results and financial and equity indicators of the two groups, KOS and Sogefi.
For this reason, the two groups have formulated new plans that take into account the economic/ equity effects of the current crisis, as well as the expectations that can now be formulated on the recovery of the market over the next few years.
Both plans highlight how, while assuming prudent hypotheses on the speed and extent of the recovery, the measures undertaken for Sogefi and the stability of the business for KOS, should make it possible to safeguard their profitability and financial equilibrium and show how the results can return to positive levels within one or two years.
Impairment tests carried out by Sogefi and KOS on the basis of the updated plans to incorporate the new scenario following the pandemic did not reveal any impairment of the assets recognised in the financial statements of the subsidiaries and in the consolidated financial statements of CIR.
As regards specific risks of a financial nature, at 30 June both groups complied with the covenants. Based on Sogefi's plan, no risks of a breach of covenant are currently identifiable at the next deadlines, while the foreseeable evolution in KOS's operations leads to the conclusion that we cannot exclude the risk that the parameters will not be complied with at the next two deadlines. In view of this, management has commenced discussions with the banks and bondholders in order to agree on solutions for overcoming the current phase.
As far as Sogefi is concerned, based on expected trends in cash flows and the maturities of existing loan agreements, the plan assumes that it will be possible over the next nine months to renew expiring credit lines and to take out new ones for a total of Euro 100 million; this will ensure that the group has the financial resources to support the new plan, including a liquidity reserve that will allow it to deal with possible fluctuations at such an uncertain time.
In this regard, management has entered into negotiations with its main financial partners, with whom they have long-standing relationships, to renew an existing line of credit and obtain new lines within the framework of the legislation in force in France and Italy for loans backed by State guarantees, given that the parent meets the eligibility requirements.

15.b. Market risk

Currency risk

As the group operates internationally, Sogefi in particular, it is exposed to the risk that fluctuations in exchange rates could affect the fair value of some of its assets and liabilities.
The Sogefi group produces and sells mainly in the Eurozone, but it is subject to currency risk, especially versus the GB pound, Brazilian real, US dollar, Argentine peso, Chinese renminbi and Canadian dollar.
Regarding the translation risk regarding the financial statements of international subsidiaries, the operating companies generally have a high degree of convergence between the currencies of their sourcing costs and their sales revenue, are active both in their own domestic markets and abroad and, if necessary, can arrange funding locally.

15.c. Credit risk

Credit risk can be assessed both in commercial terms by customer type, contractual terms and sales concentration, and in financial terms by type of counterparty used in financial transactions. There is no significant concentration of credit risk within the group.
Some time ago adequate policies were put in place to ensure that sales are made to customers of good standing. The counterparties for derivative products and cash transactions are exclusively financial institutions with a high credit rating. The group has policies that limit credit exposure to individual financial institutions.
Credit risk can vary depending on the business segment concerned.
In the "Automotive Components" segment there is no excessive concentration of credit risk since the Original Equipment and After-market distribution channels with which it operates are car manufacturers or large purchasing groups without any particular concentration of risk.
The "Healthcare" segment has different concentrations of receivables depending on the nature of the activities carried on by the operating companies, as well as by their different target customers, mitigated, however, by the fact that the credit exposure is spread over a large number of counterparties and customers. For example, the concentration of receivables is lower than in the case of management of residential care homes, whose revenue derive more than 50% from the number of guests in the facility and whose receivables recorded in the financial statements from public entities (mainly local health authorities and municipalities) are due from a plurality of subjects. The concentration of receivables is greater than in the case of hospital management (or of diagnostic imaging departments in hospitals) due to the fact that almost all of the revenue derives from a single subject.
The monitoring of credit risk versus customers includes grouping receivables together by type, age, whether the company is in financial difficulty or is involved in disputes and the existence of legal or insolvency proceedings.

15.d. Liquidity risk

Prudent management of liquidity risk implies maintaining sufficient liquidity and negotiable securities and ensuring an adequate supply of credit facilities to ensure adequate funding.
The group systematically meets its maturities and commitments, and such conduct enables it to operate on the market with the necessary flexibility and reliability to maintain a correct balance between funding and deployment of its financial resources.
The companies heading up the two main business segments manage their own liquidity risk directly and independently. Tight control is exercised over the net financial position and its movements in the short, medium and long term. In general, the Group follows an extremely prudent financial policy using mainly medium/long-term funding arrangements. Treasury management is centralised for the operating groups.

15.e. Interest rate risk (fair value and cash flow)

Interest rate risk depends on fluctuations in market rates, which can cause changes in the fair value of cash flows of financial assets or liabilities.
Interest rate risk mainly concerns long-term bonds issued at a fixed rate, which exposes the group to the risk of fluctuations in their fair value as interest rates change.

In line with the group's risk management policies, the parent and the subsidiaries have entered into various IRS contracts with leading financial institutions over the years in order to hedge interest rate risk on their bond issues and loans and borrowings.

15.f. Derivatives

Derivatives are measured at fair value.

For accounting purposes hedging transactions can be classified as:

- fair value hedges, if they are subject to price changes in the market value of the underlying asset or liability;
- cash flow hedges, if they are entered into against the risk of changes in cash flows from an existing asset and liability, or from a future transaction;
- hedges of net investments in foreign operations, if they are entered into to protect against currency risk from the translation of subsidiaries' equity denominated in a currency other than the group's functional currency.

For derivatives classified as fair value hedges, gains and losses resulting from both the determination of their market value and the fair value gains or losses of the element underlying the hedge are recognised to the income statement.
For instruments classified as cash flow hedges (interest rate swaps), gains and losses from marking them to market are recognised directly in equity for the part which "effectively" hedges the underlying risk, while any "non-effective" part is recognised in the income statement.

For instruments classified as hedges of a net investment in a foreign operation, gains and losses from marking them to market are recognised directly in equity for the part which "effectively" hedges the underlying risk, while any "non-effective" part is recognised in the income statement.
On initial recognition under hedge accounting, derivatives are accompanied by an effective hedging relationship which designates the individual derivative as a hedge and specifies its effectiveness parameters in relation to the financial instrument being hedged. Hedge effectiveness is tested at regular intervals, with the effective part of the relationship being recognised in equity and the ineffective part, if any, in the income statement.
More specifically, the hedge is considered effective when fair value gains or losses or changes in the cash flows of the instrument being hedged is "almost entirely" offset by the fair value gains or losses or changes in the cash flow hedges, and when the results achieved are in a range of 80%-125%.
At 30 June 2020, the group had the following derivatives accounted for as hedges, expressed at their notional amount:

a) currency hedge:

- hedging of KOS group's bank borrowings, with a notional value € 81.6 million.

b) exchange rate hedge:

- forward sales totalling USD 59.5 million to hedge investments of CIR International S.A. in hedge funds, expiring in July 2020;

The following hedging transactions have been carried out by the Sogefi group:

- forward purchase of USD 6.8 million and sale of BRL;
- forward purchase of € 0.2 million and sale of BRL;
- forward purchase of USD 0.2 million and sale of ARS;
- arrangement of cross currency swaps expiring in 2023 to hedge the private placement of bonds with a notional amount of USD 49.3 million.

15.g. Capital ratios

Management modulates the use of leverage to guarantee solidity and flexibility in the capital structure measuring the ratio of funding sources to investment activities.

15.h. Borrowing conditions

Some of the group's borrowing agreements contain special clauses which, in the event of failure to comply with certain economic and financial covenants, give the financing banks an option to claim immediate repayment if the company involved does not immediately remedy the infringement of such covenants as required under the terms and conditions of the agreements.
At 30 June 2020, all contractual clauses relating to medium and long term financial liabilities were fully complied with by the group.

Below is a summary of the main covenants relating to the borrowings of the operating sub-holding companies outstanding at the end of the first half of 2020.

- Sogefi group

The covenants relating to the debt at 30 June 2020 are described below:

- loan of € 25,000 thousand - Mediobanca S.p.A.: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3;
- loan of € 50,000 thousand - Unicredit S.p.A.: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3;
- loan of € 80,000 thousand - Banca Nazionale del Lavoro S.p.A.: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3;
- loan of € 55,000 thousand - Ing Bank N.V.: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3;
- loan of € 50,000 thousand - Intesa Sanpaolo S.p.A.: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4;

ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3;

- loan of € 25,000 thousand - Banco do Brasil S.A.: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3;
- bond of USD 115,000 thousand: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 3.5; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 4;
- bond of € 75,000 thousand: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3.

At 30 June 2020, these covenants were all complied with.

- KOS group

The KOS group has undertaken to comply with the following covenants relating to some of its loans:

- loans obtained by the parent KOS: ratio of consolidated net financial position to gross operating profit (loss) less than or equal to 3.5, ratio gross operating profit (loss)A to financial charges greater than or equal to 3 and a loan to value ratio less than 60%;

Note that for the purpose of calculating the covenants, the consolidated net financial position and gross operating profit (loss) do not take the impacts of IFRS 16 into consideration.

At 30 June 2020, these covenants were all respected.

15.i. Measurement of financial assets and liabilities and fair value hierarchy

The fair value of financial assets and liabilities is calculated as follows:

- the fair value of financial assets and liabilities with standard terms and conditions listed on an active market is measured on the basis of prices published in the active market;
- the fair value of other financial assets and liabilities (except for derivatives) is measured using commonly accepted valuation techniques based on analytical models using discounted cash flows, which as variables use prices observable in recent market transactions and broker listed prices for similar instruments.
- the fair value of derivatives that are listed on an active market is measured on the basis of market prices; if no prices are published, different approaches are used according to the type of instrument.

In particular, for the measurement of certain investments in bond instruments with no regular market, i.e. where there is an insufficient number of frequent transactions with a sufficiently limited bid-ask spread and volatility, the fair value of these instruments is measured principally on the basis of prices supplied by leading international brokers at

the parent's request. These prices are then validated by comparing them with market prices, even if limited in number, or with prices that are observable for other instruments with similar characteristics.
In measuring investments in private equity funds, fair value is determined on the basis of the NAV communicated by the fund administrators at the reporting date. Where such information is not available at the reporting date, the last official communication is used, though it must not be more than three months old at the reporting date and, if necessary, validated against more recent information made available to investors by the fund administrators.
With reference to capitalisation policies, these instruments cannot be classified as fair value level 1. This is because they are not listed and the price cannot be obtained from public info providers. It should also be considered that, given the impossibility for the investor/insured party to sell these instruments to third parties (they are linked to the life-span of the insured person), there are not even transactions that can identify the instrument as "liquid". The fair value is instead configured as level 2 because, even though they are not listed instruments, the method for determining their value is the same for all policyholders who invest in the same fund, based on information provided by the counterparty or available on the websites of insurance counterparties.

The following table gives a breakdown of financial assets and liabilities measured at fair value with an indication of whether the fair value is determined, in whole or in part, directly by reference to price quotations published in an active market ("Level 1") or estimated using prices derived from market quotations for similar assets or using valuation techniques for which all significant factors are derived from observable market data ("Level 2") or from valuation techniques based mainly on input not observable on the market, which therefore involve estimates and assumptions being made by management ("Level 3").

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES SHOWN IN THE FINANCIAL STATEMENTS

Category of financial assets and liabilities at 30 June 2020	Classification	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3
NON-CURRENT ASSETS					
OTHER FINANCIAL ASSETS	FVTPL	56,183	--	55,649	534
CURRENT ASSETS					
SECURITIES	FVTPL	48,331	26,850	21,481	--
OTHER FINANCIAL ASSETS	FVTPL	274,400	--	274,400	--

During the year, there were no transfers between the various levels of the fair value hierarchy.
In detail, financial assets classified as level 3 refer for € 134 thousand to venture capital investments held by CIR International S.A., for investments in companies operating in the IT and communications sector and for € 400 thousand to the investment made by CIR S.p.A. in October S.A.

16. Guarantees and commitments

At 30 June 2020 the position of guarantees and commitments was the following:

- CIR & financial holding companies

Commitments for private equity fund investments by CIR International for € 18.3 million.

- Sogefi group

Investment commitments

At 30 June 2020 there are binding commitments for investments relating to the purchase of property, plant and equipment of € 1,138 thousand.

Guarantees given

Details of these guarantees are as follows:

(in thousands of euro)	*30.06.2020*	*31.12.2019*
Guarantees given to third parties	2,185	2,697
Other unsecured guarantees given to third parties	2,813	2,813
Secured guarantees given for borrowings shown in the financial statements	590	666

The sureties given in favour of third parties relate to guarantees given to certain customers by Sogefi Suspensions Heavy Duty Italy S.r.l., to the supplier of a operating lease contract by Sogefi Filtration do Brasil Ltda and by Sogefi Filtration Ltd; sureties are shown at the amount of the outstanding commitment as of the reporting date. These items indicate risks, commitments and guarantees given by group companies to third parties.

"Other unsecured guarantees given to third parties" refer to the commitment of Sogefi HD Suspensions Germany GmbH to the employees' pension fund of the two business divisions at the time of the acquisition in 1996. This commitment is covered by contractual obligations on the part of the vendor, which is a leading German company.

The secured guarantees relate to Allevard IAI Suspensions Pvt Ltd which, for loans received, granted the lenders secured guarantees over property, plant and equipment and trade receivables.

Other risks

At 30 June 2020 the Sogefi group held assets belonging to third parties on its premises for € 15,786 thousand.

- <u>KOS group</u>

The following is a breakdown of the bank guarantees and other sureties given by KOS S.p.A. and/or other subsidiaries against loans of KOS S.p.A. for a total of € 22,907 thousand:

- a guarantee on behalf of KOS S.p.A. for the lease of the Via Durini offices for € 46 thousand;
- a guarantee on behalf of KOS Care S.r.l. for lease contracts worth € 22,499 thousand;
- a guarantee on behalf of Medipass S.r.l. and its subsidiaries for lease contracts worth € 137 thousand;
- a guarantee in favour of the Municipality of Sanremo as a security deposit for urbanisation works, for € 225 thousand.

At 30 June 2020, other commitments and risks amounted to € 9,798 thousand, mainly related to:

- assets on free loan for € 3,013 thousand;
- guarantees issued by Suzzara Hospital in favour of F.lli Montecchi, for € 953 thousand;
- tenders for € 91 thousand;
- contractual commitments of around € 5,741 thousand.

17. Information on the business segment

The business segments coincide with the groups of companies that CIR S.p.A. controls.

In detail:

- the KOS group: healthcare.
- the Sogefi group: automotive components;

From a geographical point of view, with the exception of the Sogefi group, business is conducted almost exclusively in Italy.

Economic and financial information by business segment is provided in the interim report on operations, whereas details of revenue by geographical segment (secondary sector) can be found in Note 8.

18. Joint ventures

The group does not hold equity investments in joint ventures at 30 June 2020.

19. Net financial position

The net financial position in accordance with Consob Resolution no. 6064293 dated 28 July 2006 is as follows:

(in thousands of euro)			*30.06.2020*	*31.12.2019*
A.	Cash and bank deposits		406,833	309,336
B.	Other cash equivalents		274,400	264,278
C.	Securities held for trading		48,331	35,482
D.	Cash and cash equivalents (A) + (B) + (C)		**729,564**	**609,096**
E.	Current loan assets		**18,788**	**23,135**
F.	Current bank loans and borrowings	(*)	(244,490)	(71,115)
G.	Bonds		(112,926)	(40,180)
H.	Current portion of non-current debt		(4,065)	(6,286)
I.	Lease liabilities		(74,982)	(72,065)
J.	Current financial indebtedness (F)+(G)+(H)+(I)		**(436,463)**	**(189,646)**
K.	Current net financial position (J)+(E)+(D)		**311,889**	**442,585**
L.	Non-current bank loans and borrowings	(**)	(412,530)	(470,347)
M.	Bonds issued		(202,357)	(310,671)
N.	Other non-current liabilities	(**)	(2,120)	(2,330)
O.	Lease liabilities		(768,351)	(786,980)
P.	Non-current financial indebtedness (L)+(M)+(N)+(O)		**(1,385,358)**	**(1,570,328)**
Q.	Net financial indebtedness (K) + (P)		**(1,073,469)**	**(1,127,743)**

(*) 234,606 thousand (€ 244,490 - € 9,884) is classified in the statement of financial position under "Other loans and borrowings".
(**) Classified under "Other loans and borrowings" – Non-current liabilities.

20. Disclosures regarding share-based payment plans

20.a. Employee payment plans at 30 June 2019 (CIR)

The following chart shows the stock option and stock grant plans of the parent CIR S.p.A.

CIR - STOCK OPTION PLANS AT 30 JUNE 2020

	Options in outstanding at start of period		Options granted during the period		Options exercised during the period		Options expired during the period		Options outstanding at the end of the period			Options exercisable at the end of the period	
	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Weighted average strike price	No. of options	Average strike price	Average duration (years)	No. of options	Weighted average strike price
2nd tranche 2009	6,202,860	0.7686	-	-	-	-	6,202,860	0.7686	-	-	-	-	-
1st tranche 2010	6,323,460	0.8064	-	-	-	-	-	-	6,323,460	0.8064	0.25	6,323,460	0.8064
2nd tranche 2010	6,166,680	0.7454	-	-	-	-	-	-	6,166,680	0.7454	0.67	6,166,680	0.7454
Total	**18,693,000**	**0.7737**	**-**	**-**	**-**	**-**	**6,202,860**	**0.7686**	**12,490,140**	**0.7763**	**0.46**	**12,490,140**	**0.7763**

CIR - STOCK GRANT PLANS AT 30 JUNE 2020

	Instruments outstanding at start of period		Instruments granted during the period		Instruments exercised during the period		Instruments vested during the period		Instruments outstanding at the end of the period			Instruments exercisable at the end of the period	
	No. of Units	Opening amount	No. of Units	Opening amount	No. of Units	Weighted average strike price	No. of Units	Weighted average strike price	No. of Units	Opening amount	Average duration (years)	No. of Units	Opening amount
Stock Grant Plan 2015	1,226,192	0.5431	-	-	-	-	-	-	1,226,192	0.5431	4.83	1,226,192	0.5431
Stock Grant Plan 2015 for the CEO	2,158,039	0.5443	-	-	-	-	-	-	2,158,039	0.5443	4.83	2,158,039	0.5443
Stock Grant Plan 2016	2,962,270	0.5267	-	-	113,755	0.5267	1,655,235	0.5267	1,193,280	0.5267	5.83	1,193,280	0.5267
Stock Grant Plan 2017	2,828,942	0.7144	-	-	132,951	0.7144	-	-	2,695,991	0.7144	6.83	672,866	0.7144
Stock Grant Plan 2018	4,107,406	0.4378	-	-	31,752	0.4378	-	-	4,075,654	0.4378	7.83	481,674	0.4378
Stock Grant Plan 2019	4,106,550	0.4557	-	-	-	-	-	-	4,106,550	0.4557	8.84	-	-
Stock Grant Plan 2019	-	-	3,640,311	0.3835	-	-	-	-	3,640,311	0.3835	9.95	-	-
Total	**17,389,399**	**0.5228**	**3,640,311**	**0.3835**	**278,458**	**0.6062**	**1,655,235**	**0.5267**	**19,096,017**	**0.4947**	**7.65**	**5,732,051**	**0.5514**

20.b. Employee payment plans at 30 June 2020 (Sogefi group)

The following table shows the total number of rights existing with respect to the stock grant plans for the period 2011-2019:

	30 June 2020	*31 December 2019*
Not exercised/not exercisable at the start of the period	927,040	1,109,427
Granted during the period	--	469,577
Cancelled during the period	(58,645)	(425,999)
Exercised during the period	(95,546)	(225,965)
Not exercised/not exercisable at the end of the period	772,849	927,040
Exercisable at the end of the period	47,923	50,113

The following table shows the total number of options outstanding and refers to the plans for 2010 with their average strike price:

	2020		*2019*	
	No. of options	*Average strike price*	*No. of options*	*Average strike price*
Not exercised/not exercisable at the start of the period	20,000	2.30	75,000	1.88
Granted during the period	--	--	--	--
Cancelled during the period	--	--	(55,000)	1.73
Exercised during the period	--	--	--	--
Expired during the period	--	--	--	--
Not exercised/not exercisable at the end of the period	20,000	2.30	20,000	2.30
Exercisable at the end of the period	20,000	2.30	20,000	2.30

The line "Not exercised/not exercisable at the end of the period" refers to the total amount of the options net of those exercised or cancelled during the current or prior periods.

The line "Exercisable at the end of the period" refers to the total amount of the options vested at the end of the period but not yet exercised.

20.c. Employee payment plans at 30 June 2020 (KOS group)

The chart below shows the stock option plans of the KOS group:

KOS - STOCK OPTION PLANS AT 30 JUNE 2020

	Options outstanding at start of period		*Options granted during the period*		*Options exercised during the period*		*Options expired during the period*		*Options outstanding at the end of the period*			*Options exercisable at the end of the period*		*Expiry date*	
	No. of options	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*No. of options*	*Weighted average strike price*	*Number*	*Weighted average strike price*	*Average duration (years)*	*No. of options*	*Weighted average strike price*	*Vesting date*	*Expiry date*
Stock Option Plan '10 rev	1,661,083	2.65	--	--	--	--	--	--	1,661,083	2.65	12.90	1,661,083	2.65	31/12/2014	17/05/2033
Stock Option Plan '16	1,495,000	7.00	--	--	--	--	--	--	1,495,000	7.00	12.90	598,000	7.00	17/05/2023	17/05/2033
Total	**3,156,083**	**4.71**	**--**	**--**	**--**	**--**	**--**	**--**	**3,156,083**	**4.71**	**12.90**	**2,259,083**	**3.80**		

21. Contingent assets/liabilities

Contingent assets

Sogefi Group

In 2006, Sogefi Filtration do Brasil Ltda took legal action to obtain the right to exclude the ICMS (Brazilian value added tax on sales) from the taxable base for PIS (social integration program) and COFINS (federal tax on social contribution on sales) for the period from January 2002 to July 2019.
On 25 July 2019, the court ruled in favour of the company, which thereby obtained the legal right to recognise these tax assets.
It should also be noted that in October 2017 the Brazilian Supreme Court (STF) expressed a favourable opinion for taxpayers with reference to the issue in question; this decision generated a legal precedent for the entire country. The company is awaiting a judgement by the Court clarifying the time frame in which these credits can be used and the amount involved. For prudence sake, the company has not recognised any tax assets at 30 June 2020 because of the issue in question, awaiting clarification from the Court.

Contingent liabilities

Certain group companies have legal disputes pending, against which their Boards have set aside risk accruals for amounts that are considered appropriate, taking into account the opinion of their consultants regarding the likelihood that significant liabilities will actually occur.

Sogefi Group

In October 2016, Sogefi S.p.A. received four notices of assessment relating to the tax years 2011 and 2012, following a tax audit in the first half of 2016, containing the following two observations: i) undue deduction of € 0.6 million of VAT paid on goods and services, ii) undue deduction for IRES purposes (and related non-deductible VAT of € 0.2 million) in costs for services rendered by the parent CIR S.p.A. for a total taxable amount of € 1.3 million, plus interest and penalties.
The notices have already been appealed before the Mantua Provincial Tax Commission, which on 14 July 2017 issued ruling 119/02/2017 that was entirely favourable to the company. The sentence was partially appealed by the Tax Authorities, which requested confirmation only of the assessments notified for VAT purposes, definitively renouncing the assessment notices issued for IRES purposes. The Company has filed counterclaims against this partial appeal. On 19 November 2019 the hearing was held at the Lombardy Regional Tax Commission, which accepted the Tax Office's argument with ruling 1/26/2020 of 2 January 2020.
In consideration of the suspension by DL 18 of 17/03/2020 (which suspended the expiry of the terms for the fulfilment of any act of civil and tax proceedings from 9 March to 15 April 2020) and by DL 23 of 08/04/2020 (which extended the deadline of 15 April 2020 to 11 May 2020), as well as a suspension of the terms during the holidays - the ruling can be challenged by the company by 5 October 2020 before the Supreme Court of Cassation.

The Directors, backed by the professional opinion of the company's tax consultant, consider that the risk of losing is possible, but not probable.
Sogefi Filtration Italy S.p.A. has a dispute with the tax authorities for the 2004 tax year. The judgement, which arose in 2009, concerns an alleged circumvention or abuse of the merger with cancellation of the shares of the "old" Sogefi Filtration S.p.A. merged into Filtrauto Italia S.r.l., which resulted in the derecognition on cancellation of the merger deficit attributed partially to goodwill and partially to revaluation of a property, in addition to interest on the loan granted by Sogefi S.p.A. to Filtrauto S.r.l. as part of the deal.
The company has challenged the assessment notices, defending the legitimacy of its approach. In 2012 the Provincial Tax Commission of Milan cancelled the assessment notices for the part relating to the accusation of circumvention/abuse. The office appealed these judgements before the Milan Regional Tax Commission. On 21 March 2014, the Milan Regional Tax Commission filed the sentence confirming cancellation of the documents already ordered at first instance. On 16 June 2014 the tax authorities filed an appeal through the state attorney. The company has filed a counter-appeal. On 5 December 2019 the Supreme Court upheld one of the grounds of appeal proposed by the state attorney and, as a result, the sentence rendered by the second instance judge was dismissed. This aspect was then referred for assessment to the regional tax commission, which will be called upon to express its opinion with a request for resumption which will be submitted in the second half of 2020.
Based on the opinion expressed by the tax consultant who follows the case and considering the almost unanimous opinion of the best legal doctrine in favour of the arguments put forward by the company regarding the circumvention and abuse of the right, which were shared by the judgements of first and second instance, management believes, as of 30 June 2020, that the risk of losing the dispute, which involves taxes of around € 3 million, penalties of the same amount and estimated interest of around € 2 million, for a total of around € 8 million, is possible but not probable.

The Sogefi group has therefore not recognised any tax provisions for contingent liabilities in the financial statements at 30 June 2020.

KOS group

During the period, the Public Prosecutor opened five criminal proceedings against managers of certain healthcare facilities with a related acquisition of documentation. In general, the allegations are strictly connected to the consequences of the pandemic and involve crimes against public health or safety in the workplace; in two cases the allegations have not yet been defined and the investigations are still against unknown persons; in one case the prosecutor has only acquired documentation. The facilities concerned have provided maximum collaboration for the investigations which are still in progress, producing all the required documentation; the investigations are still at an initial stage and it is no possible to quantify any contingent liabilities, in addition to the legal costs for which the company has some insurance coverage.
Again with regard to the problems connected to Covid-19, a number of disputes have arisen with customers, so for prudence sake we have made a provision for the deductible envisaged in the insurance contract.

22. Other information

MANAGEMENT AND COORDINATION

CIR S.p.A. is subject to management control and coordination by Fratelli De Benedetti S.p.A. (art. 2497-bis of the Italian Civil Code).

EVENTS AFTER THE REPORTING DATE

On 23 April 2020, the agreement reached with EXOR on 2 December 2019 for the sale to the latter of the entire investment of CIR in GEDI Gruppo Editoriale S.p.A., equal to 43.78% of the share capital at a price per share of € 0.46, which corresponds to a total amount of € 102.4 million. Following the conclusion of the takeover bid by EXOR, on 13 July 2020, as envisaged in the agreement of 2 December CIR acquired a stake in the share capital of Giano Holding S.p.A. CIR holds a stake in Giano Holding, which represents 5% of the share capital of GEDI. The reinvestment took place at a price of € 11,699,881.04 which corresponds to a price of € 0.46 per GEDI share.

RELATED PARTY TRANSACTIONS

On 28 October 2010 the parent adopted the Regulations on Related Party Transactions envisaged in Consob Resolution no. 17221 of 12 March 2010, as amended by Resolution no. 17389 of 23 June 2010.

The procedure lays down principles of conduct that the parent is required to adopt to ensure that related party transactions are handled properly. This means that it:

1) lays down the criteria and methods of identifying the parent's related parties;
2) establishes principles for identifying related party transactions;
3) governs the procedures for carrying out related party transactions;
4) establishes ways to ensure compliance with the related disclosure requirements.

The Board of Directors has also appointed a Related Party Transactions Committee, establishing that its members coincide with those of the Internal Control Committee, except for the system of substitutes envisaged in the procedures.

The following have been identified as related parties:

- the ultimate parent of CIR S.p.A., its subsidiaries, also including joint ventures, and its associates;
- the subsidiary entities (whose relationships are eliminated in the consolidation process), jointly controlled and the associated entities of CIR S.p.A.;

- individuals with strategic responsibilities, their close family members and any companies directly or indirectly controlled by them or subject to joint control or significant influence;

It should also be noted that CIR S.p.A. has a lease agreement with the company ROMED S.p.A.

The group's related party transactions are settled at arm's length, taking into consideration the type and the specific nature of the services provided.

The group did not carry out any transactions with related parties, as defined by Consob, or with entities other than related parties that could be considered transactions of an atypical or unusual nature, not part of its normal business administration or such as to have a significant impact on the group's results, assets and liabilities or financial situation.

The following table gives a summary of transactions with related parties:

INCOME STATEMENT - Transactions with related parties

(in thousands of euro)	*Revenue*	*Costs for the purchase of goods*	*Costs for services*	*Other operating expense*	*Other operating income*	*Financial income*	*Financial expense*	*Dividends*
Parents	--	--	--	--	--	--	--	--
Subsidiaries	--	--	--	--	105	--	--	--
Associates	--	--	--	--	--	--	--	--
Joint ventures	--	--	--	--	--	--	--	--
Other related parties	--	--	--	--	51	--	--	
Total	**--**	**--**	**--**	**--**	**156**	**--**	**--**	**--**

STATEMENT OF FINANCIAL POSITION - Transactions with related parties

	Non-current assets	*Current assets*		*Non-current liabilities*	*Current liabilities*		
(in thousands of euro)	*Other receivables*	*Trade receivables*	*Other assets*	*Other loans and borrowings*	*Other loans and borrowings*	*Trade payables*	*Other liabilities*
Parents	--	--	--	--	--	--	--
Subsidiaries	--	--	--	--	--	--	--
Associates	--	--	105	--	--	--	--
Joint ventures	--	--	--	--	--	--	--
Other related parties	--	--	--	--	--	--	--
Total	**--**	**--**	**105**	**--**	**--**	**--**	**--**

Certification of the condensed interim consolidated financial statements

Certification of the condensed interim consolidated financial statements at 30 June 2020 pursuant to art. 154-bis, paragraphs 3 and 4, of Decree Law 58/1998

1. The undersigned, Monica Mondardini, the Chief Executive Officer, and Giuseppe Gianoglio, the executive responsible for the preparation of the condensed interim consolidated financial statements of CIR S.p.A., hereby certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:
   - the appropriateness, in relation to the characteristics of the business, and
   - the effective application of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements at 30 June 2020, for the period 1 January - 30 June 2020.

2. In this respect, no significant issues have arisen which need to be reported.

3. We also certify that the condensed interim consolidated financial statements at 30 June 2020:
   - are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
   - agree with the balances on the books of account and accounting entries;
   - are able to give a true and fair view of the financial position, financial performance and cash flows of the issuer and of the companies included in the consolidation.

The report on operations at 30 June 2020 includes a reliable analysis of the group's performance and results of operations, as well as the general situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Milan, 31 July 2020

(Signed on the original)

Monica Mondardini	Giuseppe Gianoglio
Chief Executive Officer	Executive responsible for the preparation of financial statements

LIST OF EQUITY INVESTMENTS
AT 30 JUNE 2020

pursuant to art. 38.2 of Italian Legislative Decree 127/91

SUBSIDIARIES CONSOLIDATED LINE-BY-LINE

(in euro or foreign currency)

Company name	**Registered office**	**Share/quota capital**	**Currency**	**Held by**	**% investment**
CIR GROUP					
CIR INTERNATIONAL S.A.	Luxembourg	15,000,000.00	€	CIR S.p.A.	100.00
CIGA LUXEMBOURG S.À.R.L.	Luxembourg	1,000,000.00	€	CIR S.p.A.	100.00
NEXENTI ADVISORY S.R.L.	Italy	100,000.00	€	CIR S.p.A.	100.00
NEXENTI S.R.L.	Italy	50,000.00	€	CIR S.p.A.	100.00
JUPITER MARKETPLACE S.R.L.	Italy	100,000.00	€	NEXENTI S.r.l.	100.00
CIR INVESTIMENTI S.P.A.	Italy	19,426,162.00	€	CIR S.p.A.	100.00
KOS GROUP					
KOS S.P.A.	Italy	8,848,103.70	€	CIR S.p.A.	59.53
OSPEDALE DI SUZZARA S.P.A.	Italy	120,000.00	€	KOS S.p.A.	99.90
MEDIPASS S.R.L.	Italy	700,000.00	€	KOS S.p.A.	100.00
ELSIDA S.R.L.	Italy	100,000.00	€	MEDIPASS S.r.l.	100.00
ECOMEDICA S.P.A.	Italy	380,000.00	€	MEDIPASS S.r.l.	98.31
MEDIPASS HEALTHCARE LTD	UK	5,997.00	GBP	MEDIPASS S.r.l.	98.00
CLEARMEDI HEALTHCARE LTD	India	18,791,790.00	INR	MEDIPASS S.r.l.	85.52
				CLEARVIEW HEALTHCARE LTD	14.48
					100.00
MEDIPASS HEALTHCARE LEEDS & BELFAST LTD	UK	1,000.00	GBP	MEDIPASS HEALTHCARE LTD	100.00
MEDIPASS LEEDS LTD	UK	2.00	GBP	MEDIPASS HEALTHCARE LEEDS &BELFAST LTD	100.00
MEDIPASS BELFAST LTD	UK	2.00	GBP	MEDIPASS HEALTHCARE LEEDS &BELFAST LTD	100.00
KOS CARE S.R.L.	Italy	2,550,000.00	€	KOS S.p.A.	100.00
CLEARVIEW HEALTHCARE LTD	India	4,661,880.00	INR	MEDIPASS S.r.l.	85.19
HSS REAL ESTATE S.R.L.	Italy	2,064,000.00	€	KOS S.p.A.	100.00
ABITARE IL TEMPO S.R.L.	Italy	100,826.00	€	KOS CARE S.r.l.	54.00
SANATRIX S.R.L.	Italy	843,700.00	€	KOS CARE S.r.l.	91.27
SANATRIX GESTIONI S.R.L.	Italy	300,000.00	€	SANATRIX S.r.l.	99.61
JESILAB S.R.L.	Italy	80,000.00	€	KOS CARE S.r.l.	100.00
FIDIA S.R.L.	Italy	10,200.00	€	KOS CARE S.r.l.	60.00
VILLA MARGHERITA S.R.L.	Italy	20,000.00	€	KOS CARE S.r.l.	100.00
CASA DI CURA SANT'ALESSANDRO S.R.L.	Italy	10,000.00	€	KOS CARE S.r.l.	100.00
VILLA PINETA S.R.L.	Italy	78,000.00	€	KOS CARE S.r.l.	100.00
FINORO IMMOBILIARE S.R.L.	Italy	52,000.00	€	Finoro Immobiliare S.r.l.	100.00
GES.CA.S. VILLA ARMONIA NUOVA S.R.L.	Italy	52,000.00	€	Finoro Immobiliare S.r.l.	100.00
KOS GERMANY GMBH	Germany	25,000.00	€	KOS CARE S.r.l.	100.00
CHARLESTON HOLDING GMBH	Germany	1,025,000.00	€	KOS Germany GmbH	100.00
REGENTA BETRIEBSGESELLSCHAFT MBH	Germany	250,000.00	€	Charleston Holding GmbH	100.00
ELISABETHENHAUS BETRIEBSGESELLSCHAFT MBH	Germany	250,000.00	€	Charleston Holding GmbH	100.00
DIENSTLEISTUNGSGESELLSCHAFT FÜR SOZIALEINRICHTUNGEN MBH	Germany	25,600	€	Charleston Holding GmbH	100.00
WOHN- UND PFLEGEZENTRUM FRIESENHOF GMBH	Germany	25,000	€	Charleston Holding GmbH	100.00
WOHN- & PFLEGEZENTRUM GUT HANSING GMBH	Germany	50,000	€	Charleston Holding GmbH	100.00
RDS RESIDENZPARK DIENSTLEISTUNG & SERVICE GMBH	Germany	25,000	€	Wohn- & Pflegezentrum Gut Hansing GmbH	100.00

Company name	Registered office	Share/quota capital	Currency	Held by	% investment
WOHN- UND PFLEGEZENTRUM HAUS TEICHBLICK GMBH	Germany	128,150.00	€	Charleston Holding GmbH	100.00
DIENSTLEISTUNGSGESELLSCHAFT FÜR SOZIALEINRICHTUNGEN - NORD MBH	Germany	25,000.00	€	Wohn- und Pflegezentrum Haus Teichblick GmbH	100.00
WOHN- UND PFLEGEZENTRUM HAUS AM BAHNHOF GMBH	Germany	51,150.00	€	Charleston Holding GmbH	100.00
RSG ROTENBURGER SERVICEGESELLSCHAFT AM BAHNHOF MBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
WOHN- UND PFLEGEZENTRUM HAUS OTTERSBERG GMBH	Germany	51,150.00	€	Charleston Holding GmbH	100.00
OSW OTTERSBERGER SERVICEGESELLSCHAFT WÜMMEBLICK MBH	Germany	25,000.00	€	Wohn- und Pflegezentrum Haus Ottersberg GmbH	100.00
WOHN- & PFLEGEZENTRUM SEEHOF GMBH	Germany	51,200.00	€	Charleston Holding GmbH	100.00
DGS DIENSTLEISTUNGSGESELLSCHAFT SEEHOF MBH	Germany	26,000.00	€	Wohn- & Pflegezentrum Seehof GmbH	100.00
WOHN- UND PFLEGEZENTRUM HAUS SCHWANEWEDE GMBH	Germany	27,500.00	€	Charleston Holding GmbH	100.00
PROGUSTO SCHWANEWEDER SERVICEGESELLSCHAFT MBH	Germany	25,000.00	€	Wohn- und Pflegezentrum Haus Schwanewede GmbH	100.00
ALTEN- UND PFLEGEZENTRUM ZU BAKUM GMBH	Germany	51,129.00	€	Charleston Holding GmbH	100.00
APZ ZU BAKUM SERVICEGESELLSCHAFT MBH	Germany	25,000.00	€	Alten- und Pflegezentrum zu Bakum GmbH	100.00
CURATUM BETEILIGUNGS- UND VERWALTUNGSGESELLSCHAFT MBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
SENIORENDOMIZIL HAUS AM PARK GMBH	Germany	50,000.00	€	Curatum Beteiligungs- und Verwaltungsgesellschaft mbH	100.00
VSG VÖRDER SERVICE GESELLSCHAFT MBH	Germany	25,000.00	€	Seniorendomizil Haus am Park GmbH	100.00
WOHN- UND PFLEGEZENTRUM BURG AUF FEHMARN GMBH	Germany	25,000.00	€	Curatum Beteiligungs- und Verwaltungsgesellschaft mbH	100.00
FFH FEHMARNSCHE FLINKE HÄNDE SERVICEGESELLSCHAFT MBH	Germany	25,000.00	€	Wohn- und Pflegezentrum Burg auf Fehmarn GmbH	100.00
LANDHAUS GLÜCKSTADT WOHN- & PFLEGEZENTRUM GMBH	Germany	51,129.00	€	Curatum Beteiligungs- und Verwaltungsgesellschaft mbH	100.00
LH GLÜCKSTADT SERVICEGESELLSCHAFT MBH	Germany	25,000.00	€	Landhaus Glückstadt Wohn- & Pflegezentrum GmbH	100.00
WOHN- UND PFLEGEZENTRUM HAUS AM GOLDBACH GMBH	Germany	50,000.00	€	Curatum Beteiligungs- und Verwaltungsgesellschaft mbH	100.00
GBS GOLDBACH SERVICEGESELLSCHAFT MBH	Germany	25,000.00	€	Wohn- und Pflegezentrum Haus am Goldbach GmbH	100.00
WOHN- & PFLEGEZENTRUM UP'N KAMP GMBH	Germany	26,000.00	€	Curatum Beteiligungs- und Verwaltungsgesellschaft mbH	100.00
BSG BÖRDE SERVICEGESELLSHCAFT MBH	Germany	25,565.00	€	Wohn- & Pflegezentrum Up'n Kamp GmbH	100.00
SENIORENSITZ "ZWEI EICHEN" GMBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
SSB SERVICEGESELLSCHAFT SELSINGER BÖRDE MBH	Germany	25,000.00	€	Seniorensitz "Zwei Eichen" GmbH	100.00
CHARLESTON - AMBULANTE DIENSTE GMBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
SENOVUM GMBH	Germany	226,000.00	€	Charleston Holding GmbH	100.00
WOHN- UND PFLEGEHEIM LESMONA GMBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
WPH LESMONA SERVICEGESELLSCHAFT MBH	Germany	25,000.00	€	Wohn- und Pflegeheim Lesmona GmbH	100.00
SENIOREN- UND PFLEGEHAUS "DRENDEL" BETRIEBS GMBH	Germany	30,000.00	€	Charleston Holding GmbH	100.00
WOHN- UND PFLEGEEINRICHTUNG BAD CAMBERG GMBH -ANNA-MÜLLER-HAUS-	Germany	100,000.00	€	Charleston Holding GmbH	100.00
WOHN- UND PFLEGEZENTRUM HAUS KIKRA GMBH	Germany	26,000.00	€	Charleston Holding GmbH	100.00
MPS CATERING GMBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
BAYERNSTIFT - GESELLSCHAFT FÜR SOZIALE DIENSTE UND GESUNDHEIT MBH	Germany	250,000.00	€	Charleston Holding GmbH	100.00
BAYERNSTIFT SERVICE GMBH	Germany	25,000.00	€	BayernStift - Gesellschaft für Soziale Dienste und Gesundheit mbH	100.00
SLW ALTENHILFE LIEBFRAUENHAUS GMBH	Germany	50,000.00	€	BayernStift - Gesellschaft für Soziale Dienste und Gesundheit mbH	100.00

Company name	Registered office	Share/quota capital	Currency	Held by	% investment
BAYERNSTIFT MOBIL GMBH	Germany	25,000.00	€	BayernStift - Gesellschaft für Soziale Dienste und Gesundheit mbH	100.00
DIE FRANKENSCHWESTERN GMBH	Germany	25,000.00	€	Bayernstift Mobil GmbH	60.00
BRISA MANAGEMENT GMBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
WOHNPARK DR. MURKEN GMBH	Germany	25,000.00	€	Brisa Management GmbH	100.00
WOHNPARK KLOSTERGARTEN GMBH	Germany	26,000.00	€	Brisa Management GmbH	100.00
WOHNPARK SCHRIEWESHOF GMBH	Germany	25,000.00	€	Brisa Management GmbH	100.00
WOHNPARK LUISENHOF GMBH	Germany	25,000.00	€	Brisa Management GmbH	100.00
CHRISTOPHORUS SENIORENRESIDENZEN GMBH	Germany	25,000.00	€	Brisa Management GmbH	100.00
CHRISTOPHORUS PFLEGE- UND BETREUUNGSDIENSTE GMBH	Germany	25,000.00	€	Brisa Management GmbH	100.00
CHRISTOPHORUS INTENSIVPFLEGEDIENSTE GMBH	Germany	25,000.00	€	Brisa Management GmbH	100.00
WOHN- UND PFLEGEZENTRUM ESSEN GMBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
WOHN- UND PFLEGEZENTRUM MÜLHEIM GMBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
CHARLESTON DIENSTLEISTUNGSGESELLSCHAFT RUHR MBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
INOS 18-027 GMBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
SIG GMBH	Germany	25,000.00	€	Brisa Management GmbH	100.00
GSA GP GMBH	Germany	25,000.00	€	Brisa Management GmbH	100.00
GSA GMBH & CO. IMMOBILIEN VERWALTUNGS KG	Germany	5,000.00	€	Brisa Management GmbH	100.00
QLT.CARE GMBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
KOS SERVIZI SOCIETÀ CONSORTILE A R.L.	Italy	115,000.00	€	KOS S.p.A.	3.68
				KOS CARE S.r.l.	81.76
				MEDIPASS S.r.l.	2.07
				OSPEDALE DI SUZZARA S.p.A.	2.15
				SANATRIX GESTIONI S.r.l.	3.02
				ABITARE IL TEMPO S.r.l.	4.94
				FIDIA S.r.l.	0.43
				JESILAB S.r.l.	0.43
				ECOMEDICA S.p.A.	0.43
				HSS REAL ESTATE S.r.l.	0.43
				VILLA MARGHERITA S.r.l.	0.43
				ELSIDA S.r.l.	0.23
					100.00

Company name	Registered office	Share/quota capital	Currency	Held by	% investment
SOGEFI GROUP					
SOGEFI S.p.A. (*)	Italy	62,461,355.84	€	CIR S.p.A.	55.60
SOGEFI FILTRATION ITALY S.p.A.	Italy	8,000,000.00	€	SOGEFI FILTRATION S.A.	99.88
SOGEFI FILTRATION S.A.	France	120,596,780.00	€	SOGEFI S.p.A.	99.99998
SOGEFI FILTRATION Ltd	UK	5,126,737.00	GBP	SOGEFI FILTRATION S.A.	100.00
SOGEFI FILTRATION SPAIN S.A.U.	Spain	14,249,084.96	€	SOGEFI FILTRATION S.A.	100.00
SOGEFI FILTRATION d.o.o.	Slovenia	10,291,798.00	€	SOGEFI FILTRATION S.A.	100.00
SOGEFI SUSPENSIONS S.A.	France	73,868,383.00	€	SOGEFI S.p.A.	99.999
FILTER SYSTEMS MAROC S.a.r.l.	Morocco	95,000,000.00	MAD	SOGEFI FILTRATION S.A.	100.00
SOGEFI FILTRATION RUSSIA LLC	Russia	6,800,000.00	RUB	SOGEFI FILTRATION S.A.	100.00
SOGEFI GESTION S.A.S.	France	100,000.00	€	SOGEFI S.p.A.	100.00
SOGEFI U.S.A. Inc.	United States	20,055,000	USD	SOGEFI S.p.A.	100.00
SOGEFI AIR & COOLING S.A.S.	France	54,938,125.00	€	SOGEFI S.p.A.	100.00
SOGEFI FILTRATION DO BRASIL Ltda	Brazil	108,185,246.00	BRL	SOGEFI FILTRATION S.A.	92.048379
				SOGEFI FILTRATION SPAIN S.A.U.	7.95162
				SOGEFI SUSPESION BRASIL Ltda	0.000001
					100.00
SOGEFI FILTRATION ARGENTINA S.A.	Argentina	118,423,329.00	ARS	SOGEFI FILTRATION S.A.	99.681788
				SOGEFI FILTRATION ITALY S.p.A.	0.31821
					99.999998
SHANGHAI SOGEFI AUTO PARTS Co., Ltd	China	13,000,000.00	USD	SOGEFI S.p.A.	100.00
SOGEFI (SUZHOU) AUTO PARTS CO., Ltd	China	37,400,000.00	USD	SOGEFI S.p.A.	100.00
ALLEVARD SPRINGS Ltd	UK	4,000,002.00	GBP	SOGEFI SUSPENSIONS S.A.	100.00
SOGEFI PC SUSPENSIONS GERMANY GmbH	Germany	50,000.00	€	SOGEFI SUSPENSIONS S.A.	100.00
SOGEFI SUSPENSION ARGENTINA S.A.	Argentina	61,356,535.00	ARS	SOGEFI SUSPENSIONS S.A.	89.999
				SOGEFI SUSPENSIONS BRASIL Ltda	9.9918
					99.99
IBERICA DE SUSPENSIONES S.L. (ISSA)	Spain	10,529,668.00	€	SOGEFI SUSPENSIONS S.A.	50.00
SOGEFI SUSPENSION BRASIL Ltda	Brazil	37,161,683.00	BRL	SOGEFI SUSPENSIONS S.A.	99.997
				ALLEVARD SPRINGS Ltd	0.003
					100.00
UNITED SPRINGS Ltd	UK	4,500,000.00	GBP	SOGEFI SUSPENSIONS S.A.	100.00
UNITED SPRINGS B.V.	Holland	254,979.00	€	SOGEFI SUSPENSIONS S.A.	100.00
SHANGHAI ALLEVARD SPRING Co., Ltd	China	5,335,308.00	€	SOGEFI SUSPENSIONS S.A.	60.58
UNITED SPRINGS S.A.S.	France	5,109,000.00	€	SOGEFI SUSPENSIONS S.A.	100.00
SOGEFI HD SUSPENSIONS GERMANY GmbH	Germany	50,000.00	€	SOGEFI PC SUSPENSIONS GERMANY GmbH	100.00
S.ARA COMPOSITE S.A.S.	France	13,000,000.00	€	SOGEFI SUSPENSIONS S.A.	96.15

(*) 56.62% net of the treasury shares

Company name	Registered office	Share/quota capital	Currency	Held by	% investment
SOGEFI ENGINE SYSTEMS INDIA Pvt Ltd	India	21,254,640.00	INR	SOGEFI FILTRATION S.A.	64.292174
				SOGEFI AIR & COOLING S.A.S.	35.684349
				SYSTEMES MOTEURS CHINA S.à.r.l.	0.023477
					100.00
ALLEVARD IAI SUSPENSIONS Pvt Ltd	India	432,000,000.00	INR	SOGEFI SUSPENSIONS S.A.	74.23
SOGEFI AIR & COOLING CANADA CORP.	Canada	9,393,000.00	CAD	SOGEFI AIR & COOLING S.A.S.	100.00
SOGEFI AIR & COOLING USA Inc.	United States	100.00	USD	SOGEFI AIR & COOLING S.A.S.	100.00
SYSTÈMES MOTEURS CHINA S.à.r.l.	Luxembourg	12,500.00	€	SOGEFI AIR & COOLING S.A.S.	100.00
SOGEFI ENGINE SYSTEMS MEXICO S. de R.L. de C.V.	Mexico	126,246,760.00	MXN	SOGEFI AIR & COOLING CANADA CORP.	99.9999992
				SOGEFI AIR & COOLING S.A.S.	0.0000008
					100.00
S.C. SOGEFI AIR & COOLING S.r.l.	Romania	7,087,610.00	RON	SOGEFI AIR & COOLING S.A.S.	99.9997
				SOGEFI FILTRATION SPAIN S.A.U.	0.0003
					100.00
SOGEFI ENGINE SYSTEMS HONG KONG Ltd	Hong Kong	1,000.00	HKD	SYSTÈMES MOTEURS CHINA S.à.r.l.	100.00
SOGEFI SUSPENSIONS HEAVY DUTY ITALY S.p.A.	Italy	6,000,000.00	€	SOGEFI SUSPENSIONS S.A.	99.88
SOGEFI SUSPENSIONS PASSENGER CAR ITALY S.p.A.	Italy	8,000,000.00	€	SOGEFI SUSPENSIONS S.A.	99.88
SOGEFI SUSPENSION EASTERN EUROPE S.R.L.	Romania	31,395,890.00	RON	SOGEFI SUSPENSIONS S.A.	100.00

EQUITY INVESTMENTS IN ASSOCIATES
MEASURED AT EQUITY

(in euro or foreign currency)

Company name	*Registered office*	*Share/quota capital*	*Currency*	*Held by*	*% investment*
CIR GROUP					
DEVIL PEAK S.R.L.	Italy	69,659.00	€	NEXENTI S.r.l.	36.16
CIR INTERNATIONAL GROUP					
KTP GLOBAL FINANCE S.C.A.	Luxembourg	566,573.75	€	CIR INTERNATIONAL S.A.	47.55
KOS GROUP					
APOKOS REHAB PVT LTD	India	169,500,000.00	INR	KOS S.p.A.	50.00

EQUITY INVESTMENTS IN SUBSIDIARY AND ASSOCIATED COMPANIES
MEASURED AT COST (*)

(in euro or foreign currency)

Company name	***Registered office***	***Share/quota capital***	***Currency***	***Held by***	***% Investment***
KOS GROUP					
OSIMO SALUTE S.P.A.	Italy	750,000.00	€	ABITARE IL TEMPO S.r.l.	25.50
STUDIO LABORATORIO BIEMME S.R.L.	Italy	10,000.00	€	SANATRIX GESTIONI S.r.l.	100.00
CIR INTERNATIONAL GROUP					
KTP GLOBAL FINANCE MANAGEMENT S.A.	Luxembourg	31,000.00	€	CIR INTERNATIONAL S.A.	46.00

(*) Non-significant, non-operating equity investments or recently acquired equity investments, if not otherwise indicated

EQUITY INVESTMENTS IN OTHER COMPANIES
MEASURED AT COST

(in euro or foreign currency)

Company name	Registered office	Share/quota capital	Currency	Held by	% Investment
SOGEFI GROUP					
AFICO FILTERS S.A.E.	Egypt	14,000,000.00	EGP	SOGEFI FILTRATION ITALY S.p.A.	17.77
KOS GROUP					
FONDO SPAZIO SANITÀ	Italy	107,649,500.00	€	KOS CARE S.r.l.	1.11

EQUITY INVESTMENTS IN SUBSIDIARY, ASSOCIATES AND IN OTHER COMPANIES *NOT INCLUDED IN THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS*

(in euro or foreign currency)

Company name	***Registered office***	***Share/quota capital***	***Currency***	***Held by***	***% investment***
CIR GROUP					
FINAL S.A. *(in liquidation)*	France	2,324,847.00	€	CIGA LUXEMBOURG S.à.r.l.	47.73

Report of independent auditors

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

CIR - Compagnie Industriali Riunite Group

Condensed interim consolidated financial statements as at and for the six months ended 30 June 2020

(with independent auditors' report on review thereof)

KPMG S.p.A.

5 August 2020

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
CIR S.p.A. – Compagnie Industriali Riunite

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the CIR S.p.A. – Compagnie Industriali Riunite Group, comprising the statement of financial position as at 30 June 2020, the income statement and the statements of comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the CIR S.p.A. – Compagnie Industriali Riunite Group as at and for the six months ended 30 June 2020 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 5 August 2020

KPMG S.p.A.

(signed on the original)

Giovanni Rebay
Director of Audit

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