LANDIRENZO

**PRESS RELEASE**

**LANDI RENZO S.p.A.: The Board of Directors Approves Results at 30 June 2009.**

**Revenues in line with expectations and margins up on Q1, which was impacted by activities necessary to increase yearly production capacity of LPG and CNG vehicles to over 150,000 units.**

- **Consolidated revenues amounted to € 108.2 million (up 2.3% equal to € 2.4 million compared to 1H08);**
- **Gross Operating Margin (EBITDA) amounted to € 10.8 million (down 56.9% equal to € 14.3 million compared to 1H08);**
- **Operating Result (EBIT) amounted to € 6.5 million (down 71.7% equal to € 16.4 million compared to 1H08);**
- **Pre-tax loss amounted to € 5.1 million (down 77.0% equal to € 17.2 million compared to 1H08);**
- **Net profit amounted to € 3.7 million (down 76.1% equal to € 11.7 million compared to 1H08);**
- **Net Financial Position was negative at € 60.3 million.**

**Cavriago, 27 August 2009 -** The Board of Directors of Landi Renzo S.p.A. — a company listed on the electronic stock market, STAR segment, of Borsa Italiana — approved the Half-Year Report at 30 June 2009.

“The results achieved in the first six months of the year, in which revenues amounted to € 108.2 million, up by 2.3% compared to the first half of 2008, are gratifying,” said Chief Executive Officer Claudio Carnevale. “This performance, which occurred in an unfavourable market affected by the severe turbulence created on international markets by the financial crisis, is due to the growth trend in Europe, which offset the decrease in turnover in other countries. Under these circumstances — explains Carnevale — the Group was still able to create and exploit many market opportunities. This led to a need to make considerable changes to our structure and business model that could have a significant impact on our ability to create value. To offset this effect, we took measures to increase revenues and cut costs.”

During the first six months of the year, EBITDA was affected by the impact of the change of business model and one-off costs such as those required to increase production capacity of LPG- and methane-powered vehicles to over 150,000 units per year. Nonetheless, due to the steps taken, we witnessed a recovery of margins, which came to € 10.8 million overall for the six months, down by € 14.3 million (-56.9%) compared to 1H08.

In the first half of 2009, Group EBIT amounted to € 6.5 million, down by € 16.4 million (-71.7%) compared to 1H08. Pre-tax profit amounted to € 5.1 million, down by € 17.2 million (-77.0%) compared to 1H08.

The Group's net profit amounted to € 3.7 million in the first six months of 2009, down by € 11.7 million (-76.1%) compared to 1H08.

**Revenue Performance**

Total Group's consolidated revenues reached € 108.2 million at 30 June 2009. Sales of LPG systems went from € 53.6 million to € 80.1 million, up 49.3%, whereas sales of CNG systems went from € 49.1 million to € 26.6 million, down by 45.7%.

Breaking down revenues by geographical area, in the first half of 2009 the Group earned 51.0% of its consolidated revenues outside Italy. The Italian market expanded by 51.6% during the reporting period. Said increase was driven by the rise in sales of installed LPG injection systems, particularly through the OEM channel.

It should also be noted that official figures indicate that the Group has increased its share of the LPG testing segment in Italy at 30 June 2009 to 43.6% (compared to 35.8% at 30 June 2008).
Revenues increased 18.1% in Europe compared 1H08, buoyed by the strong performance of sales on Eastern European markets.

In the remaining areas, there was an improvement in the "Rest of World" region, driven in particular by India, China, Algeria and Bangladesh. South America showed signs of recovery in the second quarter as compared to the first quarter of the year.

**Margin Performance**

EBITDA for the six months was € 10.8 million, compared to € 25.2 million in 1H08.

Efficiency-boosting measures taken by the Group allowed it to contrast the decline in profitability that resulted from the change in the mix of products/services and the ensuing one-off costs.

The factors cited above had a cascade effect on other margin items, such as EBIT and net profit.

**Financial Position**

The net financial position at 30 June 2009 was negative at € 60.3 million compared to a negative net financial position of € 42.7 million at 31 March 2009, mainly due to the increase in working capital and dividends payment.

**Possible future trend in operations**

As a consequence of the first half of the year business trend and thanks to the implementation of increasing revenues and decreasing cost activities, based on the available information, the possible trend for operations will be described. Revenues in 2009 are currently expected to come to approximately € 250 million, in line with the initial growth projections. Margins, on the other hand should return to the Group's typical historical levels by year-end, although the effect of the margins reported in the first quarter, when the foundation for the sustainability of the new business model was settled, will mean that 2009 EBITDA will be about € 40 million, lower than the challenging target expected at the beginning of the year.

*Landi Renzo is a world leader in the sector of components and LPG and CNG fuel systems for motor vehicles.*
*Based in Cavriago (Reggio Emilia) and with more than 50 years' experience in the sector, Landi Renzo is distinguished by the sustained growth of its revenues and the extent of its international operations, with a presence in over 50 countries.*
*Landi Renzo S.p.A. has been listed in the STAR segment of Borsa Italiana since June 2007.*

*The officer responsible for the preparation of the Company's financial reports, Paolo Cilloni, declares, pursuant to Article 154-bis, paragraph 2 of the Consolidated Finance Act, that the accounting information contained in this press release corresponds to documented results, and to accounting records and books.*

This press release is a translation, the Italian version will prevail.

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Cavriago (RE), 27 August 2009

| ASSETS (thousands of Euros) | 30 June 2009 | 31 December 2008 | 30 June 2008 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 27,752 | 25,106 | 18,624 |
| Development expenditure | 4,059 | 3,661 | 2,044 |
| Goodwill | 51,961 | 51,961 | 2,988 |
| Other intangible assets with finite useful lives | 17,654 | 18,063 | 1,362 |
| Other non-current financial assets | 73 | 73 | 75 |
| Deferred tax assets | 4,639 | 4,059 | 2,829 |
| **Total non-current assets** | **106,138** | **102,923** | **27,921** |
| | | | |
| **Current assets** | | | |
| Trade receivables | 92,179 | 48,977 | 62,476 |
| Trade receivables - related parties | 586 | 586 | 0 |
| Inventories | 62,567 | 68,163 | 44,314 |
| Other receivables and current assets | 4,799 | 7,425 | 7,851 |
| Current financial assets | 114 | 156 | 143 |
| Cash and cash equivalents | 19,713 | 30,272 | 49,285 |
| **Total current assets** | **179,958** | **155,579** | **164,069** |
| | | | |
| **TOTAL ASSETS** | **286,096** | **258,502** | **191,990** |

| EQUITY AND LIABILITIES (thousands of Euros) | 30 June 2009 | 31 December 2008 | 30 June 2008 |
|---|---|---|---|
| **Equity attributable to the shareholders of the parent** | | | |
| Share capital | 11,250 | 11,250 | 11,250 |
| Other reserves | 105,777 | 87,154 | 87,839 |
| Profit(Loss) for the period/year | 3,664 | 26,706 | 15,337 |
| **Total equity attributable to the shareholders of the parent** | **120,691** | **125,110** | **114,427** |
| **Minority interests** | **110** | **290** | **227** |
| **TOTAL EQUITY** | **120,801** | **125,400** | **114,654** |
| | | | |
| **Non-current liabilities** | | | |
| Bank loans | 41,944 | 27,679 | 1,437 |
| Other non-current financial liabilities | 465 | 465 | 560 |
| Provisions for risks and charges | 1,018 | 495 | 284 |
| Defined benefit plans | 2,492 | 2,579 | 1,953 |
| Deferred tax liabilities | 6,805 | 6,975 | 2,010 |
| **Total non-current liabilities** | **52,724** | **38,193** | **6,244** |
| | | | |
| **Current liabilities** | | | |
| Bank overdraft and short-term loans | 37,465 | 8,465 | 3,458 |
| Other current financial liabilities | 167 | 167 | 164 |
| Trade payables | 60,790 | 66,641 | 48,324 |
| Trade payables - related parties | 2,138 | 10,350 | 6,155 |
| Tax liabilities | 5,440 | 3,581 | 8,827 |
| Other current liabilities | 6,571 | 5,705 | 4,083 |
| Other current liabilities - related parties | 0 | 0 | 79 |
| **Total current liabilities** | **112,571** | **94,909** | **71,091** |
| | | | |
| **TOTAL LIABILITIES AND EQUITY** | **286,096** | **258,502** | **191,990** |

LANDIRENZO

| INCOME STATEMENT (thousands of Euros) | 2009<br>1st Half | 2008<br>1st Half |
|---|---|---|
| **Revenues (goods and services)** | 108,064 | 105,796 |
| Revenues (goods and services) - related parties | 119 | 0 |
| Other revenue and income | 519 | 147 |
| Cost of raw materials, consumables and goods and change in inventories | -46,321 | -38,132 |
| Cost of raw materials - related parties | -2,903 | -7,941 |
| Cost for services and use of third party assets | -33,280 | -23,821 |
| Cost for services and use of third party assets - related parties | -438 | -419 |
| Personnel expenses | -13,152 | -9,639 |
| Accruals, impairment losses and other operating expenses | -1,761 | -812 |
| **Gross Operating Profit** | **10,847** | **25,179** |
| Amortisation, depreciation and impairment losses | -4,349 | -2,230 |
| **Operating Profit** | **6,498** | **22,948** |
| Financial income | 253 | 944 |
| Financial expenses | -1,020 | -441 |
| Exchange rate gains (losses) | -593 | -1,143 |
| **Profit (Loss) Before Tax** | **5,138** | **22,309** |
| Income tax expense | -1,675 | -6,970 |
| **Profit (Loss) for the period/year, of which attributable to:** | **3,463** | **15,339** |
| Minority interests | -201 | 2 |
| Shareholders of the parent | 3,664 | 15,337 |
| | | |
| Basic earnings (losses) per share (in Euros) - calculated on 112.500.000 ordinary shares | 0.0326 | 0.1363 |
| Diluted earnings (losses) per share (in Euros) | 0.0326 | 0.1363 |